Yuanta Commercial Bank Co., Ltd.

2016 Annual Report

1. Contact information of company spokesperson and deputy spokesperson

	Company Spokesperson	Company Deputy Spokesperson
Name / Title	Yu-De Chuang / Executive Vice President	Allen Wu / Executive Vice President
Tel	(02)2173-6656	(02)2173-6808
E-mail	YudeChuang@yuanta.com	AllenWu@yuanta.com

2. Contact information of Yuanta Commercial Bank

Tel	(02) 2173-6699	Toll Free	0800-688-168
Website	https://www.yuantabank.com.tw	E-mail	service@yuanta.com
Address	1F-3F, 8F, No. 66 & 1F, No. 68, Dunhua S. Rd., Taipei City 105, Taiwan		

3. Contact information of stock transfer agent

Stock Transfer Agent	Register & Transfer Dept., Yuanta Securities	Tel	(02) 2586-5859
Website	http://www.yuanta.com.tw	Address	B1, No. 210, Chengde Rd., Sec. 3, Taipei City

4. Contact information of credit rating agencies

Credit Rating Agencies	Address	Tel
Taiwan Ratings Corporation	49F, No. 7, Xinyi Rd., Sec. 5, Taipei City (Taipei 101 Building)	(02) 8722-5800
Fitch Ratings Corporation	13F, No. 205, Dunhua N. Rd., Taipei City	(02) 8175-7600

5. Contact information of independent accountants

Name	Ellen Kuo; Maria Chen	Tel	(02) 2729-6666
CPA Firm	PricewaterhouseCoopers Taiwan	Address	27F, International Trade Building, No. 333, Keelung Rd., Sec. 1, Taipei City
Website	http://www.pwc.tw/		

6. Name of foreign exchanges listed where company stock is and sources for searching the said foreign listed stock：None

Contents

I. Letter to Shareholders

1. Business Report for 2016

Changes in the Financial Environment

During Year 2016, the economy of the United States of America was not recovered as robustly as expected, the economic revival of Japan and Europe slowed down and China's economy faced rebalance, global economy was therefore impacted and the economic growth rate was lower than the previous year. Meanwhile, U.S. Federal Reserve System announced to raise the interest rate again by 25 basis points in December 2016 and optimistically expected that interest rates would be raised faster in 2017. These clearly indicate that the U.S. is significantly confident toward its buoyant domestic demand. Nevertheless, such factors as the highly uncertain trade and protection policies of the newly inaugurated U.S. President Donald Trump, the rising potential of global populism and the widespread trade protectionism is going to influence global economy.

The domestic economy gradually showed positive development from the 2nd quarter of 2016 because exports surpassed expectation, Industrial Production Index turned positive and the dynamics of domestic demand slowly grew. After signaling the tenth consecutive Blue Light, Monitoring Indicators turned into Yellow-Blue during April – June period and further into Green Light during July – December with scores ascending monthly. This utterly reflected a slow recovery of domestic economy.

The operation of Taiwan's banking sector, struck by international economic changes and uncertain cross-strait policies, the sliding numbers of real estate transactions, the descending usage and construction licenses of property builders, is expected to suffer from a sluggish loan growth domestically. In addition, Central Bank reduced interest rates four times in a row from September 2015 and thus the interest rate spreads in domestic banks incessantly fell. In 2017, although the pressure of risk exposures to mainland China and provision of mortgage risks is eased, macro-economy is still so largely unpredictable that investment in domestic and foreign markets is relatively tricky. Furthermore, interest rate spreads will not be widened soon. Hence, profit growth is expected to be impacted.

Organizational Change

(1) To elevate the consistence within Yuanta Financial Holdings (YHF) and objectivity of risk management, Risk Management Dept. and Risk Management Committee were restructured to report to Board of Directors in May 2016.

(2) To utilize the development of digital finance, E-Commerce Dept. is dedicated to promoting the development of digital finance business with additional new duty of credit card acquiring service.

(3) To advance the protection of consumers' rights, the competent authorities lifted bans on the establishment of the insurance departments and concurrent operation of insurance agency

service within banks. In September 11th, 2016, the Bank established Insurance Agency Dept. and merged “Yuanta Life Insurance Agent Co., Ltd.” and “Yuanta Property Insurance Agent Ltd.”

(4) Demanded by the expansion of the overseas service network, the Bank officially commenced the operation of Overseas Business Dept. in November 2016, exclusively dedicated to the management of overseas service network.

(5) In January 2017, the Bank separated and transferred the duties of Treasury Marketing Dept. into Financial Trading Dept., Trust Dept. and Financial Trading Supporting Dept.

Actual Accomplishments in 2016

The Bank’s merger with Ta Chong Bank acquired approval from Financial Supervisory Commission (FSC) on January 17th, 2017. The two banks will be officially merged upon the completion of according procedures and system consolidation. In consideration that the scale of the bank after merger will skyrocket to over NT$ 1.2 trillion, the Bank actively implemented operation strategies of “balancing the business structure, diversifying profit sources and enhancing efficiency of capital utilization” in the second half of 2015 and hence exhibited a remarkable advancement of comprehensive performance as the following highlights:

(1) Actively adjusted the credit practices and fully implemented the “Cost, Fee, Risk and Compensation” principle. In contrast to the considerable slides of general interest rate spreads among domestic banks due to Central Bank’s continuous reduction of interest rates, the Bank embraced rising interest rate spreads and net interest income and delivered the overall performance better than those of most large-sized private banks.

(2) Elevated profitability of capital operation by optimally allotting financial asset positions.

(3) Facilitated the comprehensive financial management and fortified collaborations between financial management and such services as deposits and remittance, corporate finance and consumer finance in order to break through the bottleneck of service fee growth. Meanwhile, the Bank also proactively raised credit-related service fee to diversify sources of fee income.

As of December 31st, 2016, the consolidated asset of the Bank amounted to NT$ 866.9 billion, a growth of 6% from NT$ 818 billion in 2015. Yearly accumulated net income after tax reached NT$ 5,595 million with EPS of NT$ 1.35, a growth of NT$ 651 million or 13% from NT$ 4,944 million of accumulated net income after tax in 2015. NPL Ratio, NPL Coverage Ratio and Loan Coverage Ratio are 0.21%, 664.79% and 1.36% respectively. The Bank successfully sustained quality asset while enjoying continuous profit growth.

The changes in major services are as follows:

Item	2016	2015	Growth %
Deposit Balance	NT$ 717.6 billion	NT$ 665.8 billion	8%
Loan Balance	NT$ 497.8 billion	NT$ 484.7 billion	3%
Foreign Exchange Sales	US$ 61.7 billion	US$ 53 billion	16%
Trust Asset	NT$ 124.4 billion	NT$ 129.6 billion	-4%
Credit Cards in Circulation	580,000 cards	430,000 cards	34%
Active Credit Card Rate	64%	57%	12%

Budget Implementation, Financial Status and Profitability

In 2016, the Bank's net revenue achieved NT$ 14.00 billion. Compared with the net revenue in 2015 at NT$ 12.93 billion, net revenue increased by NT$ 1.07 billion. Meanwhile:

(1) Net interest income amounted to NT$ 8.60 billion or an increase by NT$ 0.85 billion from 2015 which was caused by increase in interest rate spread and interest revenue from security investment.

(2) Net non-interest income was NT$ 5.40 billion and grew by NT$ 0.22 billion from 2015 because of the increase in net fee revenue and commission income.

(3) Bad debt expense in 2016 amounted to NT$ 1.01 billion, an increase of NT$ 0.12 billion from 2015. Operating expenses in 2016 was NT$ 6.64 billion or an increase of NT$ 0.24 billion from 2015.

(4) In conclusion, the Bank's net income before tax in 2016 was NT$ 6.35 billion. After deducting income tax at NT$ 0.76 billion, the net income was NT$ 5.59 billion with the budget achieving rate as 100%, or an increase of NT$ 0.65 billion from NT$ 4.94 billion in 2015.

Research and Development

(1) In response to "Establish a Digital Financial Environment 3.0 Program (Bank 3.0)," launched by FSC, to ride on the financial digitalization trend, the Bank not only launched "Yuanta E-Counter" in 2015, but also persistently provided new functions according to deregulation. With these new functions launched in 2016, current customers can open digital deposit accounts online and new customers can open an account online with citizen digital certificates accompanied by real-time video.

(2) Completed the establishment of the new version of the mobile bank to further upgrade its functions and the user interface and persistently. Also, the Bank held promotions on digital channels. Through online lottery, word of mouth marketing, and social media management, the Bank aimed to market and promote the Bank's business, raise customer adherence and interaction, meet user's demands and therefore maximize customers' transactions and usage.

(3) Risk Management:

A. Credit risk: Persistently advanced the credit risk data mart and the statement analysis platform, the large exposure management system, credit risk warning system in order to perfect comprehensiveness and instantaneity of the credit risk control.

B. Market and Liquidity Risk: Performed the procedure and calculation of stress test and conducted evaluation on capital charge for interest rate or equity security options through Delta-plus approach in order to perfect the market risk management structure and mechanism.

C. Operational risk: Advanced the ability of the Bank to monitor and improve operational risk through integration and application of managerial instruments such as the self-assessment system for operational risk and control and the operational risk reporting system.

(4) IT system R&D and upgrade: To support the Bank's operation strategies and business development, the Bank established new systems and projects, such as new generation Cross-Platform Teller System, the first phase of CTI (Computer Telecommunication Integration) and New-Generation ATM Replacement, in addition to the upgrade of the operation system and the hardware for mobile bank revision and push service, new Electronic Media Messaging System and Core-Banking System in order to raise the efficiency and security of the system operation.

2. Impacts of External Competitive, Regulative and Overall Business Environment

The most vital functions which the traditional banking sector renders lie in its capital intermediation which economic development necessitates and its convenient and secure financial services. Recently, domestic banks have been deeply influenced by the development of FinTech and therefore actively devoted to the development of digital innovative services.

Because many mistakes in internal control happened in domestic banks during 2016, FSC, in 2017, oriented its major policies toward strengthening the banking structure and risk management, where anti-money laundering and countering terrorism financing are the focuses of financial supervision. FSC demanded every bank to invest more resources in fortifying its managerial mechanism in order to ensure the effectiveness of legal compliance and internal control.

In addition, the impacts of critical legal changes are described as follows:

(1) FSC revised "Regulations Governing Internal Operating Systems and Procedures for Banks Conducting Financial Derivatives Business"

After FSC discovered in 2014 the flaws which the banking sector made when engaging in RMB Target Redemption Forward, FSC took enhanced managerial practices on highly complex and risky derivatives. Also, and FSC announced the amendments of Article 7 and Article 8 of Regulations Governing Internal Operating Systems and Procedures for Banks

Conducting Financial Derivatives Business on September 9th, 2016. These amendments focused on the addition of the examination procedures on highly complex and risky derivatives and the stipulation revision on required documents when banks apply for approval from FSC on providing derivatives services, including Meeting minutes containing a resolution adopted by the board of directors (council members) or the board of managing directors. The Bank rectified its internal procedures according to regulations of the competent authorities and solidify employee training on legal compliance in order to expand the Bank's business in conformity with stipulations.

(2) FSC and Central Bank developed "Standards Implementing the Net Stable Funding Ratio of Banks"

In order to fortify management on liquidity risks, Basel Committee on Banking Supervision proposed Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in 2010 as the universal quantitative liquidity index across the globe. In 2014, it issued the calculation approach to NSFR and advised every country to implement it from 2018. In order to keep Taiwan's quantitative liquidity index consistent with global standards, FSC and Central Bank jointly announced Standards Implementing the Net Stable Funding Ratio of Banks and The Methods for Calculating the Net Stable Funding Ratio and Related Forms on December 26th, 2016, requiring banks hold sufficient long-term stable fund sources to support business development and ease the pressure on capital needed in the future. This implementing standard, which will take effect from January 1st, 2018, stipulates that the net stable funding ratio of banks calculated in accordance with the preceding article not be less than 100 percent. The Bank will comply with the regulations to calculate report and announce net stable funding ratios and maintain the ratios above legal standard.

(3) Amended "Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Banking Sector"

In order to raise the attention and ensure the complete execution of the banking sector to Anti-money laundering (AML), as well as respond to the decision of Asia/Pacific Group on Money Laundering (APG) to conduct the peer review on AML and countering terrorism financing in Taiwan during the 4th quarter, 2018, FSC made reference to the latest global standards and international legislative instances and announced the amendment of Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Banking Sector on December 2nd, 2016. In order to fully execute the corresponding procedures to anti-money laundering and countering terrorism financing, the Bank's domestic headquarter previously set up AML/CTF Group, a cross-department project team, and planned on establishing a dedicated department and supervisors in accordance with policies of the competent authorities to ensure full legal compliance. In terms of managing overseas branches, branches in Philippines has established and introduced AML to the core system in order to support AML/ CTF procedures while branches in Korea, whose managerial measures comply with local regulations, engaged in the share system among local banks.

(4) The banking sector appropriated special reserve for employee's training for financial technology development

Financial Digitalization has turned into the trend in the future financial industry. To urge the banking sector to value the rights of existing employees during digitalization, FSC required banks to appropriate 0.5%-1% from net profit from 2016 to 2018 as special reserve for expenses on employee's training for financial technology development. Through enhanced and persistent on-the-job training, it is expected to polish employee's expertise in financial technology so that this expertise can boost the momentum when the Bank develops its financial technology. The Bank has been valuing employee's multifunctional development and will persist in talent nurture programs aside from compliance with the policies.

(5) Security Finance Enterprises can provide security-collateralized loan services

On January 28th 2016, FSC deregulate the security-collateralized loan service conducted by security finance enterprises. Because such service is considerably similar to the financial loan service of the Bank's retail banking and the customer segment of these two services shares a lot in common, the Bank has turned its focus of the loan service in retail banking in order to sustain the stable growth of the comprehensive scale.

3. Latest Credit Ratings

Type of Rating	Rating Agency	Date	Credit Ratings		
			Long-term Rating	Short-term Rating	Outlook
International Rating	S&P	01/20/2017	BBB+	A-2	Stable
	Fitch	07/22/2016	BBB+	F2	Stable
National Rating	Taiwan Ratings	01/20/2017	twAA	twA-1+	Stable
	Fitch	07/22/2016	AA- (twn)	F1+ (twn)	Stable

4. Business Plan in 2017 and Outlook

During 2017, the Bank will continuously devote to keep the business and profit structure in the balanced manner as well as to fully implement the risk control and legal compliance mechanism. In addition, the Bank's integration with the Ta Chong Bank is also one of its important tasks. Retaining the characteristics and competitive advantages of the two banks is the principle for the Bank to plan the post-merger system and principles to create the greatest synergy. The Bank's operation plans are summarized as follows:

(1) Business Development

A. Credit service will focus on services with higher profitability under manageable risks, such as SME loans, lead arrangers of the domestic syndicated loan, OBU syndicated loans, saving equity mortgages, auto loans and credit loans. Reasonable interest rates for loans will be set in consideration of the Bank's capital cost and clients' overall contribution so as to maximize profits.

B. Wealth management business will focus on One Banking as the main concept, sustain the diverse product range and advance the professionalism and stability of financial advisors in order to maximize the client base and maintain the stable growth of the fee income.

C. For the customers of credit cards, the Bank will continuously launch card-using promotion events to escalate the volume of active cards, retail sales volume and revolving balance. Also, through cross-sale to credit card customers, the Bank will maximize client loyalty and contribution.

(2) Channel Development

A. In response to the popularization of mobile communications and Internet, the Bank, according to client needs, enhance its functionality and security of mobile bank and electronic payment business so as to maximize number of customers and volume of transaction.

B. Seize the business opportunities arising from the approval of electronic payment services and strive to enter into partnership with collaborative shops in hope for becoming the best platform for clients' product sale and payment services.

C. Guide clients to make transactions or inquiries through digital channels to ease off the stress on the customer representatives and reduce operational costs.

D. In terms of physical channels, the Bank embraces 152 domestic branches after the merger with Ta Chong Bank that will advance the deployment and flexibility. The Bank also continues to introduce digital services to better operating procedures in branches and further customer satisfaction.

E. In terms of the oversea market, the Bank provides services through the subsidiary banks in Philippines and Korea as well as the offices in Hong Kong and Myanmar. The Bank will dedicate its full effort to the management and operation of the Bank's overseas business offices in order to boost its contribution to profit year to year.

(3) Risk Management

A. Solidify the Bank's managerial capability in credit, market and operational risks through risk models and databases construction and develop insights in trends of industrial and national risks in order to establish risk warning mechanisms and further effectively minimize risks.

B. Set up a dedicated unit and supervisors according to regulations in "Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Banking Sector," developed by the competent authorities, for the development of managerial mechanisms, training and system establishment.

C. Fortify the Bank's risk control, legal compliance, management of internal audit and internal control of overseas business offices.

(4) Personnel Training

Utterly perform employee orientation and on-the-job training. Through job rotation, the Bank plans to cultivate multi-functional talents and intensify trainings on managers, international professionals and digital finance professionals to well prepare the Bank for future developments and demands for internationalization and thus lay the foundation for sustainability of the Bank.

II. Bank Profile and Corporate Governance

1. Introduction

Yuanta Commercial Bank ("the Bank"), formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14th, 1992, and launched its operation on February 12th, 1992. Afterwards, in conformity with the development of the financial market and Government's financial reform, the Bank joined Fuhwa FHC on August 1st, 2002, through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific Commercial Bank was approved to be renamed Fuhwa Commercial Bank. On April 2nd, 2007, Yuanta Core Pacific Securities merged with Fuhwa FHC formally. On September 23th, 2007, the Bank was renamed Yuanta Commercial Bank.

In order to broaden the Bank's operating foundation and strengthen its competency, the Bank successively acquired Toulio Credit Cooperative, Taitung Credit Cooperative, Tainan 7th and 6th Credit Cooperative from 2003 to 2005 and increased its branches as many as 70. After Purchase and Assumption 18 domestic branches of Chinfon Commercial Bank in April 2010, the Bank expanded service territory to 88 branches. On March 22nd, 2016, Ta Chong Bank was merged into Yuanta Financial Holding Co., Ltd (YFH) via share conversion and, same as the Bank, became the wholly-owned subsidiary corporation of YFH. In order to expand the operation scale, integrate resources and advance the market competency, the Bank will be merged with Ta Chong Bank. After such merger, the Bank, embracing 152 branches, will continue to deploy domestic branches according to the need of business development and the group's development strategy.

The Bank set up Yuanta Property Insurance Agent Ltd. through reinvestment on October 2nd, 1999, with the main business at property insurance agency services and Yuanta Life Insurance Agent Co., Ltd. on November 20th, 2001, with the main business at life insurance agency services. According to Regulations Governing Insurance Agents, amended by FSC on June 18th, 2015, the Bank merged two subsidiary insurance agencies into the Bank's Insurance Agency Dept., concurrently provides life insurance agency services and additional property insurance agency services, on September 11th, 2016. In addition, Yuanta International Leasing Co., Ltd. was established on November 15th, 2012, with the main business at dealership, leasing and factoring management of immovable properly / real property.

On August 5th, 2015, the Bank acquired Tong Yang Savings Bank (Philippines) from Yuanta Securities Korea Co., Ltd, which is the Bank's first overseas subsidiary. On December 7th in the same year, capital increase by cash for Tong Yang Savings Bank was completed. Its capital amounted 1 billion pesos afterwards. Tong Yang Savings Bank, headquartered in Manila, Philippines, was officially renamed Yuanta Savings Bank Philippines, Inc. on September 26th, 2016 and has two branches.

On April 25th, 2016, the Bank acquired the subsidiary of AON Corporation in Korea, Han Shin Savings Bank, to be the Bank's second overseas subsidiary. On February 13th, 2017, Han

Shin Savings Bank in Korea was renamed Yuanta Savings Bank Korea Co., Ltd., whose head office and one branch are both situated in District of Seoul.

February 2017	"Han Shin Savings Bank" in Korea was officially renamed "Yuanta Savings Bank Korea Co., Ltd."
September 2016	"Tong Yang Savings Bank" in Philippines was officially renamed "Yuanta Savings Bank Philippines, Inc."
April 2016	Acquired "Han Shin Savings Bank" in Korea, the Bank's second overseas subsidiary
August 2015	Acquired "TongYang Savings Bank," the Bank's first overseas subsidiary
April 2010	Purchase and Assumption "Chin-Fon Bank" of 18 branches; Total branches increased to 88
September 2007	Renamed "Yuanta Commercial Bank"
December 2005	Acquired and merged "Tainan 6th Credit Cooperative"; Total branches increased to 70
June 2005	Acquired and merged "Tainan 7th Credit Cooperative"; Total branches increased to 58
June 2004	Acquired and merged "Taitung Credit Cooperative"; Total branches increased to 50
July 2003	Acquired and merged "Toulio Credit Cooperative"; Total branches increased to 42
August 2002	Joined Fuhwa FHC；Renamed "Fuhwa Commercial Bank"; Total Branches 37
February 1992	"Asia Pacific Commercial Bank" was found; Total Branches 7

- Overseas Office: Hong Kong Representative Office, Myanmar Yangon Representative Office
- Affiliate:
  Yuanta International Leasing Co., Ltd.
  Yuanta Savings Bank Philippines, Inc.
  Yuanta Savings Bank Korea Co., Ltd.

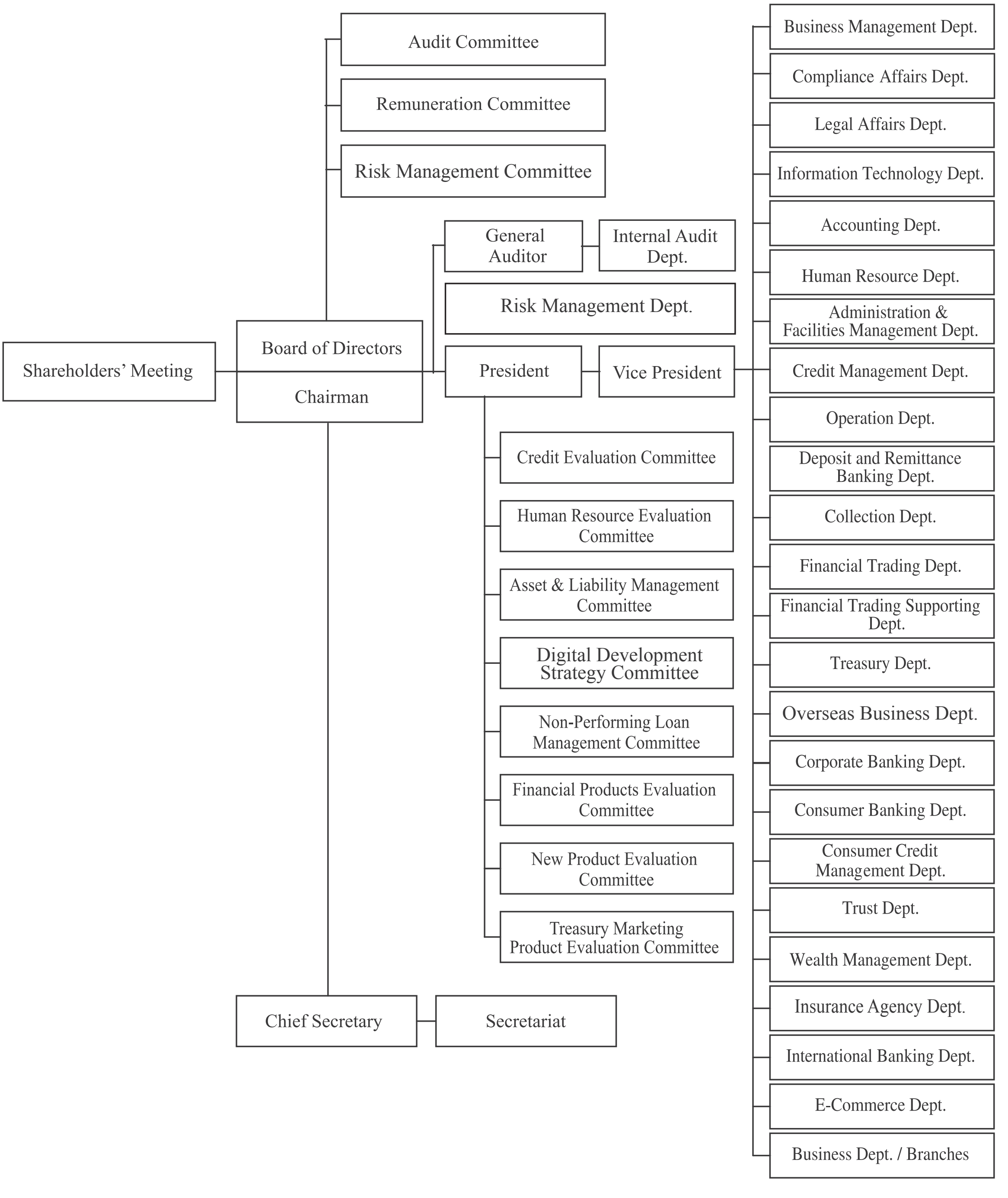
After joining YFH, the Bank has been not only carrying out a variety of important service and system reforms, but integrating the abundant resources of the security clients of YFH, which steadily uplift the Bank's asset quality and stably grow its operation scale.

In prospect of the future, the Bank will persistently observes its philosophy- Sincerity, Stability, Service, Innovation and Attentiveness- and provide more professional and all-round financial services to customers through the quality management models with risk emphasis, customer orientation and objective management in order to create maximum profit for shareholders and full perform its social responsibility.

2. Organization

(1) Organization Chart

Base Date: February 28th, 2017



(2) Committee Duties

Base Date: February 28th, 2017

Committee	Function
Audit Committee	Supervise fair presentation of the financial reports, the hiring (and dismissal), independence, and performance of certificated public accountants, the effective implementation of the internal control system, compliance with relevant laws and regulations, management of the existing or potential risks and major matters stipulated by the competent authorities.
Remuneration Committee	Assist the Board of Directors in determining performance and compensation standards for management and the remuneration structure for directors in both fair and transparent procedures and review the strategies on overall human resources.
Risk Management Committee	Develop the Bank's risk management strategies, manage matters on credit, market and operational risks and report on critical risk management such as credit rating models, market reviews and risk indicators.
Credit Evaluation Committee	Review credit cases which shall be submitted to the Committee in conformity with internal laws.
Human Resource Evaluation Committee	Review personnel and discipline-related cases which shall be submitted to the Committee in conformity with internal laws.
Asset and Liability Management Committee	Evaluate the influence of changes in domestic and foreign capital, interest rates and exchange rates on the Bank and according countermeasures; develop the bank-wide interest rates on deposits and loans, pricing strategies on internal fund transfer, and allocation of the Bank's asset and debt positions and supervise and manage indicators on liquidity risks.
Digital Development Strategy Committee	Develop digital financial business and formulate marketing strategies, virtual and physical channel and digital customer service strategies and coordinate the integration of cross-service digital financial products.
Non-Performing Loan Management Committee	Review NPL assets, collateral undertaking and disposal and loan on written-off bad debt, auction NPL assets, outsource the processing of NPL assets and review the effect of disposing NPL assets.
Financial Product Evaluation Committee	Evaluate risks and performance of financial products at launches and before/after undertaking, review sales policies, risk classification and client classification and evaluate appropriateness of sales and legal documents.
New Product Evaluation Committee	Evaluate risks and performance of new financial products at launches and before/after undertaking, review sales policies and risks of new products and evaluate appropriateness of according deed documents.
Treasury Marketing Product Evaluation Committee	Evaluate risks and performance of treasury marketing products at launches and before/after undertaking, review sales policies of treasury marketing products.

(3) Major Departments

Base Date: February 28th, 2017

Departments	Function
Internal Audit Dept.	Manage the Bank's internal audits and supervise self auditing.
Business Management Dept.	Manage and plan the organization and service locations; integrate bank-wise operation performance, develop budgetary objectives, appraise business performance and strategies, manage long-term equity investment and M&A, and plan the corporate image, marketing and advertising activities and process secretarial and administrative affairs.
Compliance Affairs Dept.	Plan, manage, appraise and execute the legal compliance system of the Bank.
Legal Affairs Dept.	Proofread legal documentation and offer assistance and legal consultancy on non-lawsuit and lawsuit cases in the Bank.
Information Technology Dept.	Develop the Bank's IT policies. Construct and execute the IMS and plan, establish and manage the information facility, system and network.
Accounting Dept.	In charge of the accounting system and procedures, accounting, compilation of the budgets, periodic financial reporting and tax affairs.
Human Resource Dept.	Manage human resource affairs, including recruitment, employment, promotion, transfer, appraisal, compensation, bonus, training, insurance and benefit.
Administration & Facilities Management Dept.	Conduct property management, including seal management, documentation, safety maintenance, construction and maintenance, procurement, and real estate rental and purchase, and other administrative affairs.
Risk Management Dept.	Establish, monitor and manage the Bank's credit risk, market risk and operational risk control mechanism, liquidity risk, measurements for Interest Rate Risk in Banking Book (IRRBB).
Credit Management Dept.	Examine, approve and review credit accounts of corporate and consumer banking. (excluding consumer loans under Consumer Credit Management Dept.) Develop on credit management policies and real estate valuation policies and review the credit application of financial products from Treasury Marketing Units.
Operation Dept.	Planning, management and implementation of back-office centralization of deposit services, loan services and lending reexamination.
Deposit and Remittance Banking Dept.	Supervise the accomplishment of budgeting objects for deposit business, plan, promote, and manage the deposit service, develop regulations, manage and train personnel.
Collection Dept.	Collect the Bank's non-performing loans and other debts. Compile and analyze assets with non-performing loans.

Departments	Function
Financial Trading Dept.	Manage the operation of trading book of the Bank, including foreign exchange, and transactions in the capital market, such as securities and derivatives.
Financial Trading Supporting Dept.	Conduct confirmation, delivery, account management, internal audit and other affairs for financial products.
Treasury Dept.	Manage bank-wide asset and debt, fund liquidation and transactions in primary and subprime markets and derivatives of fixed-income investment products, including banking book investment, gapping, launches and pricing of financial debt, short-term notes and bonds.
Corporate Banking Dept.	Supervise operational objectives, budget objectives, business development and product research and development for corporate banking business and plan and integrate services featuring projects, policies, large size, and complexity; and administrative affairs including personnel allocation and training.
Consumer Banking Dept.	Supervise, for consumer banking business, operational policies, budget objectives, business development, product research and development, marketing activities, customer services, crediting credit card users and plan and manage all of business regions.
Consumer Credit Management Dept.	Examine auto loans, stock-secured loans, mortgages, consumer unsecured loans and credit cards; manage credit card warning, disputed payments, anti-fraudulence operations; review bill collection authorized stores; develop procedures for consumer banking products.
Trust Dept.	Plan, develop and manage trust business, execute annual budget objectives, and conduct R&D and integration of wealth management products and process trust business.
Wealth Management Dept.	Supervise the operational policies, budget objectives, business development, marketing plans and manage other wealth management services.
Insurance Agency Dept.	Manage and supervise the budget achievement of insurance service, develop insurance business strategies, plan and promote insurance products and marketing activities, develop insurance service standards and manage the implementation of administration as well as plan and manage insurance consultant staffing.
International Banking Dept.	Planning, management, institutionalization, and processing of foreign exchange.
E-Commerce Dept.	Supervise the plan of the Bank's digital finance and credit card acquiring services, and integrate, promote and manage the business operation.
Overseas Business Dept.	Plan and manage foreign branch investment as well as analyze and evaluate its performance; plan and manage foreign long-term equity investment and its performance analysis.
Business Dept. / Branches	Manage services of commercial banks approved by the competent authority, execute budgetary objectives of branches, administers accounting affairs and other tasks assigned by the headquarter.

3. Directors, Supervisors and Managers

(1) Information of Directors

Base Date: February 28th, 2017

Title	Nationality or Place of Registration	Name (Note 1)	Gender	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected; Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Chairman	Republic of China	Representative of Yuanta Financial Holdings: Chich-Chiang Fan	Male	06/01/2016	3 Years	03/30/2015	100% owned by Yuanta FHC； Shareholding when Elected: 3,918,361,724 Current Shareholding: 4,152,181,519	—	● Ph.D., University of Cambridge, UK ● Chairman of THSR; Chairman of Taiwan Futures Exchange; Chairman of Taiwan Depository and Clearing Corporation; Chairman of TransAsia Airways; Chairman of Core Pacific Securities; Adjunct Professor, College of Management, National Taiwan University	Director of Yuanta Financial Holdings; Director of Ta Chong Commercial Bank	—
Director		Representative of Yuanta Financial Holdings: Song-Erh Chang	Male	06/01/2016	3 Years	05/06/2012			● Bachelor of Commerce, Tamkang University ● Chairman of Yuanta Commercial Bank；Chairman of Polaris International Securities Investment Trust Company；Chairman and President of Bank of Overseas Chinese；President of Chang Hwa Commercial Bank	—	

Title	Nationality or Place of Registration	Name (Note 1)	Gender	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected; Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director	Republic of China	Representative of Yuanta Financial Holdings: Michael Ma	Male	06/01/2016	3 Years	06/01/2013	100% owned by Yuanta FHC； Shareholding when Elected: 3,918,361,724 Current Shareholding: 4,152,181,519	—	● Bachelor of Commerce, University of Southern California, USA ● Director of Yuanta Financial Holdings; Vice Chairman of Yuanta Commercial Bank; CEO of Syspower Corporation; Director of Yuanta Core Pacific Securities; Chairman of Tzi Fu International Corporation; Director of Yuanta Construction Development	Director of Taiwan Stock Exchange; Chairman of Yuanta Foundation; Director of Yuanta Financial Holdings; Director of Yuanta Construction Development; Director of Yuanta Life; Director of Yuan Hung Investment; Director of Yuan Hsiang Investment; President of Lien Heng Investment; Director of Asia Modern Foundation; Director of TWTC International Trade Building Corporation	—
Director		Representative of Yuanta Financial Holdings: Jin-Long Fang	Male	06/01/2016	3 Years	06/29/2007			● Provincial Chiayi Senior Vocational High School ● Director of Yuanta Core Pacific Securities; Chairman of Li Ching Industry; Chairman of Yuanta United Steel Corporation; Chairman of Yuan Kun Construction	Director of Yuanta Financial Holdings; Director of Yuan Kun Construction	

Title	Nationality or Place of Registration	Name (Note 1)	Gender	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected; Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director	Republic of China	Representative of Yuanta Financial Holdings: Hsien-Tao Chiu	Male	06/01/2016	3 Years	06/30/2005	100% owned by Yuanta FHC； Shareholding when Elected: 3,918,361,724 Current Shareholding: 4,152,181,519	—	● Bachelor of Business Administration, University of Southwestern, USA ● Chairman of Taichung Securities; Standing Director of Asia Pacific Bank; Director of Asia Pacific Investment & Trust; Chairman of Asia Pacific Leasing; Chairman of Fuan Insurance Agent	Director of Yuanta Financial Holdings; Director of Yuanta Futures; Chairman of Taiwan Yi-Her International Corporation; Director of Fong-Long Automobile; Chairman of Kong-Ya Investment Corporation; Chairman of Kandlee Trading Corporation; Chairman of Yee-Hor Automobile; Director of Chen-Long Automobile; Chairman of FIAT	Executive Vice President, Eric K. Chiu, kin with the second degree
Director		Representative of Yuanta Financial Holdings: Chia-Lin Chin	Male	06/01/2016	3 Years	04/16/2009			● Bachelor of Business Administration, National Chengchi University ● President of Yuanta Commercial Bank; General Auditor of Fuhwa Financial Holdings; General Auditor of Yuanta Core Pacific Securities; Vice President of Yuanta Core Pacific Securities; Vice President of SAMPO Securities; Department Head of Atlas Technology Corp.	Director of Yuanta Asset Management; Vice Chairman of Ta Chong Commercial Bank; President of Ta Chong Commercial Bank; Director of Ta Chong International Leasing and Finance	—

<table>
<tr><th>Title</th><th>Nationality or Place of Registration</th><th>Name (Note 1)</th><th>Gender</th><th>Date Elected</th><th>Term (Years) (Note 2)</th><th>Date First Elected</th><th>Shareholding when Elected; Current Shareholding</th><th>Shares Held by Spouse & Minors or in Others’ Name</th><th>Experience & Education</th><th>Other Position</th><th>Executives, Directors, Supervisors who are spouses or within two degrees of kinship</th></tr>
<tr><td>Director</td><td rowspan="3">Republic of China</td><td>Representative of Yuanta Financial Holdings:
Jin-Sheng Duann</td><td>Male</td><td>06/01/2016</td><td>3 Years</td><td>04/01/2012</td><td rowspan="3">100% owned by Yuanta FHC；

Shareholding when Elected: 3,918,361,724

Current Shareholding: 4,152,181,519</td><td rowspan="3">—</td><td>● Bachelor of Public Finance, National Chengchi University
● Chairman of Taipei Foreign Exchange Market Development Foundation; Director-General of Department of Foreign Exchange, Central Bank; Director-General of Department of the Treasury, Central Bank</td><td>—</td><td rowspan="3">—</td></tr>
<tr><td>Director</td><td>Representative of Yuanta Financial Holdings:
Tsai-Yu Chang</td><td>Male</td><td>06/01/2016</td><td>3 Years</td><td>03/22/2016</td><td>● Master of Business Administration, National Chengchi University
● Executive Vice president of Yuanta Commercial Bank; Chief Financial Officer of Yuanta Financial Holdings; Vice President of Yuanta Securities</td><td>Chairman of Yuanta International Leasing; President of Yuanta Commercial Bank; Chairman of Yuanta Savings Bank (Korea); Director of Yuanta Foundation</td></tr>
<tr><td>Director</td><td>Representative of Yuanta Financial Holdings:
Chung-Yuan Chen</td><td>Male</td><td>06/01/2016</td><td>3 Years</td><td>06/01/2016</td><td>● Kainan High School of Commerce & Industry
● Chairman of Jue Xiu Temple; Director of Yanping High School; Director of Tung Hai Senior High School; Minister without Portfolio, Executive Yuan; Executive Director of Taiwan Power Company; Supervisor of Chang Jia M&E Engineering Corp</td><td>Director of Yuanta Financial Holdings; Director of Trilogy International Develop Co., Ltd.; Chairman of Jue Xiu Temple</td></tr>
</table>

Title	Nationality or Place of Registration	Name (Note 1)	Gender	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected; Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Ming-Ling Hsueh	Male	06/01/2016	3 Years	06/01/2016	100% owned by Yuanta FHC； Shareholding when Elected: 3,918,361,724 Current Shareholding: 4,152,181,519	—	● Master of Business Administration, Bloomsburg University of Pennsylvania, USA ● Accountant of PwC Taiwan; Independent Director of Walsin Lihwa Co.; President of PwC Taiwan; Executive Governor of Taiwan Corporate Governance Association	Independent Director of Yuanta Financial Holdings; Independent Director of TTY Biopharm Co.; Independent Director of Lite-On Technology Co.; Independent Director of Walsin Lihwa Co.; Adjunct Professor, College of Management, National Taiwan University of Science and Technology	—

Title	Nationality or Place of Registration	Name (Note 1)	Gender	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected; Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Yin-Hua Yeh	Male	06/01/2016	3 Years	06/01/2016	100% owned by Yuanta FHC； Shareholding when Elected: 3,918,361,724 Current Shareholding: 4,152,181,519	—	● PhD in Business, National Taiwan University ● Committee Member of Special Committee on Corporate Governance Reform, Executive Yuan, R.O.C.; Vice-Head of The Valuation Division of Financial Restructuring Fund, Executive Yuan, R.O.C.; Committee Member of National Development Fund, Executive Yuan, R.O.C.; Resident Supervisor of Taiwan Stock Exchange; Supervisor of Taipei Exchange; Committee Member of IPO Reviewing Committee, Taipei Exchange; Director of Securities and Futures Investors Protection Center; Advisory Committee Member of Central Deposit Insurance Corporation; Director of Taiwan Insurance Guaranty Fund ; Vice Chairman of Taiwan Corporate Governance Association.	Independent Director of Yuanta Financial Holdings; Independent Director of Yuanta Life; Independent Director of Ta Chong Commercial Bank; Director of Securities and Futures Institute; Director o f Taiwan Insurance Guaranty Fund; Supervisor of Taipei Exchange; Professor of Institute of Finance, National Chiao Tung University	—

Title	Nationality or Place of Registration	Name (Note 1)	Gender	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected; Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Independent Director	Republic of China	Representative of Yuanta Financial Holdings: Dah-Hsian Seetoo	Male	06/01/2016	3 Years	06/29/2007	100% owned by Yuanta FHC； Shareholding when Elected: 3,918,361,724 Current Shareholding: 4,152,181,519	—	● Ph.D. in Business Administration, Northwestern University, USA; MBA, University of Illinois, USA ● Chairman of Commerce Development Research Institute; Director of Yuanta Securities; Independent Director of Yuanta Core Pacific Securities; Director of Taiwan Stock Exchange; Chairman of Chinese Management Association; Deputy Director of Center for Public and Business Administration Education, National Chengchi University; Deputy Director of Civil Service Education Center, National Chengchi University; Director of Department of Business Administration, National Chengchi University; Director of Graduate Institute of Business Administration, National Chengchi University; Vice President of National Chengchi University	Independent Director of Yuanta Financial Holdings; Independent Director of Ta Chong Commercial Bank; Chair Professor of National Chengchi University	—

Title	Nationality or Place of Registration	Name (Note 1)	Gender	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected; Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Independent Director	Republic of China	Representative of Yuanta Financial Holdings：Chwo-Ming Yu	Male	06/01/2016	3 Years	06/01/2013	100% owned by Yuanta FHC； Shareholding when Elected: 3,918,361,724 Current Shareholding: 4,152,181,519	—	● Ph.D. in Business Administration , Michigan University, USA ● Independent Director of Antec Co.; Consultant of Hon Hai Precision Industry Co.; Assistant Professor of Business Administration, University of Illinois at Urbana-Champaign, USA	Independent Director of Yuanta Securities; Independent Director of Advantech Co.; Director of Higher Education Foundation; Director of National Chengchi University Business Administration Foundation; Professor of National Chengchi University	—

Note1：On June 1st, 2016, Yunata Financial Holdings designated Mr. Chich-Chiang Fan, Mr. Song-Erh Chang, Mr. Michael Ma, Mr. Jin-Long Fang, Mr. Hsien-Tao Chiu, Mr. Chia-Lin Chin, Mr. Jin-Sheng Duann , Mr. Tsai-Yu Chang and Mr. Chung-Yuan Chen as the directors of the 9th term of the Company; and Mr. Ming-Ling Hsueh, Mr Yin-Hua Yeh, Mr. Dah-Hsian Seetoo and Mr. Chwo-Ming Yu as the independent directors of the 9th term of the Company; and elected Mr. Chich-Chiang Fan as Chairman at the 1st Director's Meeting of the 9th term on June 1st, 2016.

Note2：The term of the 9th board is from June 1st, 2016 to May 31st, 2019.

(2) Major Institutional Shareholders

Base Date: July 19th, 2016

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd	3.34%
	Yuan Hung Investment Co., Ltd	2.91%
	Yuan Hsiang Investment Co., Ltd	2.46%
	Yu Yang Investment Co., Ltd	2.40%
	MEGA International Commercial Bank Co., Ltd acting as custodian for the investment account of FDT Securities Ltd	2.38%
	Bank of Taiwan Co., Ltd	2.01%
	Lian Ta Investment Co., Ltd	1.96%
	Dedicated investment account managed by Citibank (Taiwan) on behalf of Singapore Government	1.77%
	Dedicated trust property account managed by Yuanta Bank	1.65%
	Tzi Fu International Corporation	1.58%

Note: Data for the company's top 10 major shareholders are as of Yuanta financial Holdings' latest book closure date (07/19/2016).

(3) Key Shareholders of Major Institutional Shareholders

Base Date: February 28th, 2017

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders	
Tsun Chueh Investment Co., Ltd	Teng Ta Investment Co., Ltd	19.69%
	Lian Ta Investment Co., Ltd	19.84%
	Chiu Ta Investment Co., Ltd	18.36%
	Lien Heng Investment Co., Ltd	18.92%
	Hsing Tsai Investment Co., Ltd	10.23%
	Victor Ma	8.27%
	Judy Tu	4.69%
Yuan Hung Investment Co., Ltd	Mei Jia Li Investment Company Limited	45.88%
	Lien Heng Investment Co., Ltd	33.74%
	Teng Ta Investment Co., Ltd	15.38%
	Judy Tu	5.00%
Yuan Hsiang Investment Co., Ltd	Lian Ta Investment Co., Ltd	44.38%
	Lien Heng Investment Co., Ltd	19.00%
	Teng Ta Investment Co., Ltd	18.69%
	Chiu Ta Investment Co., Ltd	9.96%
	Judy Tu	5.01%
	Hsing Tsai Investment Co., Ltd	2.96%
Yu Yang Investment Co., Ltd	Tsun Chueh Investment Co., Ltd	100%

<table>
<tr><th>Name of Institutional Shareholders</th><th colspan="2">Major Shareholders of the Institutional Shareholders</th></tr>
<tr><td>MEGA International Commercial Bank Co., Ltd acting as custodian for the investment account of FDT Securities Ltd</td><td colspan="2">N/A</td></tr>
<tr><td>Bank of Taiwan Co., Ltd</td><td>Taiwan Financial Holdings Co., Ltd</td><td>100.00%</td></tr>
<tr><td rowspan="5">Lian Ta Investment Co., Ltd</td><td>Chiao Hua International Investment Co., Ltd</td><td>45.79%</td></tr>
<tr><td>Lieng Heng Investment Co., Ltd</td><td>37.14%</td></tr>
<tr><td>Chiu Ta Investment Co., Ltd</td><td>14.02%</td></tr>
<tr><td>Hsing Tsai Investment Co., Ltd</td><td>2.58%</td></tr>
<tr><td>Judy Tu</td><td>0.47%</td></tr>
<tr><td>Dedicated investment account managed by Citibank (Taiwan) on behalf of Singapore Government</td><td colspan="2">N/A</td></tr>
<tr><td>Dedicated trust property account managed by Yuanta Bank</td><td colspan="2">N/A</td></tr>
<tr><td rowspan="7">Tzi Fu International Corporation</td><td>Hsing Tsai Investment Co., Ltd</td><td>26.11%</td></tr>
<tr><td>Lieng Heng Investment Co., Ltd</td><td>19.22%</td></tr>
<tr><td>Lian Ta Investment Co., Ltd</td><td>19.00%</td></tr>
<tr><td>Yuan Hsiang Investment Co., Ltd</td><td>18.97%</td></tr>
<tr><td>Chiu Ta Investment Co., Ltd</td><td>7.91%</td></tr>
<tr><td>Modern Investment Co., Ltd</td><td>2.88%</td></tr>
<tr><td>Teng Ta Investment Co., Ltd</td><td>1.37%</td></tr>
</table>

(4) Information of the President, Vice Presidents, Department Heads and Branch Managers

Base Date: February 28th, 2017

Title	Nationality	Name	Gender	Date of Appointment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
President	Republic of China	Tsai-Yu Chang	Male	04/18/2016	—	—	● President ● MBA, National Chengchi University ● 29th Executives Program, Graduate School of Business Administration, National Chengchi University	Chairman of Yuanta International Leasing; Director of Yuanta Foundation; Chairman of Yuanta Savings Bank (Korea)	—
General Auditor	Republic of China	Chung-Ping Lue	Female	08/10/2016	—	—	● General Auditor ● Master of Accounting, National Chengchi University	—	—
Executive Vice President	Republic of China	Yu-De Chuang	Male	07/14/2014	—	—	● Supervisor and Manager of Compliance Affairs Dept. ● Master of Public Finance, National Chengchi University	Executive Vice President of Yuanta Financial Holdings; Director of Yuanta Securities Finance; Supervisor of Yuanta International Leasing; Director of Yuanta Foundation; Director of Ta Chong Commercial Bank	—
Executive Vice President	Australia	Eric K. Chiu	Male	10/01/2013	—	—	● Supervisor of Consumer Banking Dept., Consumer Credit Management Dept., Trust Dept. and Offshore Banking Unit ● MBA, The University of Queensland, Australia ● 28th Executives Program, Graduate School of Business Administration, National Chengchi University	—	—

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Executive Vice President	Republic of China	Allen Wu	Male	10/16/2014	—	—	● Supervisor of Business Management Dept. and Overseas Business Dept. ● MBA in Industrial and Business Management, University of Mississippi, USA	Senior Vice President of Yuanta Financial Holdings; Director of Yuanta Savings Bank (Phillipines); Director of First Securities Joint Stock Company	—
Senior Vice President		Yung-Chung Huang	Male	05/01/2011			● Supervisor of E-Commerce Dept., International Banking Dept. and Operation Dept. ● Bachelor of Business Administration, Tamkang University	Director of International Leasing; Director of Buddhist Sangha Health Care Foundation	
		Siou-Mei Chen	Female	09/01/2014			● Supervisor of Information Technology Dept. ● Master of Business Administration, National Taiwan University	Vice President of Yuanta Financial Holdings	
		Tai-Yung Hsiung	Male	03/01/2015			● Chief Secretary and Manager of Secretariat ● Bachelor of Cooperative Economics, National Chung Hsing University	Vice President of Yuanta Financial Holdings	
		Fan-Sheng Pu	Male	08/19/2016			● Supervisor of Financial Trading Dept. and Treasury Dept. ● Manager of Treasury Dept. ● MBA, National Chung Hsing University	—	

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Vice President	Republic of China	Wen-Ching Chu	Female	12/06/2016	—	—	● Supervisor and Manager of Legal Affairs Dept. ● Department of Law, National Chengchi University	Vice President of Yuanta Financial Holdings; Supervisor of Yuanta Securities Finance; Supervisor of Yuanta Asset Management	—
Vice President		Yi-Liang Su	Male	05/01/2016			● Supervisor of Risk Management Dept. and Financial Trading Supporting Dept. ● Manager of Risk Management Dept. ● Ph.D. of Management, National Taiwan University of Science and Technology	Senior Assistant Vice President of Yuanta Financial Holdings	
		Su-Hui Wu	Female	08/19/2016			● Supervisor of Wealth Management Dept., Deposit and Remittance Banking Dept. and Insurance Agency Dept. ● Manager of Wealth Management Dept. ● Master of Finance, National Taiwan University	—	
		Wen-Hsiang Chang	Male	03/01/2015			● Business Supervisor ● Bachelor of Cooperative Economics, National Chung Hsing University		
		Sin-Yu Lin	Female	03/01/2015			● Business Supervisor and Manager of Prepatory Office of Singapore Branch ● MBA, Arizona State University, USA		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Vice President	Republic of China	Yeong-Jen Chen	Male	03/01/2015	—	—	● Business Supervisor ● Bachelor of Finance and Banking, Aletheia University	Director of Yuanta International Leasing	—
		Cheng-Ying Liu	Male	05/11/2015			● Business Supervisor ● Master of Finance, Pace University, New York, USA	—	
		Wen-Jeng Chang	Male	09/04/2015			● Manager of Offshore Banking Unit, Chief Representative of Hong Kong Representative Office and Manager of Prepatory Office of Macau Branch ● MBA, George Washington University, USA		
		Chi-Jung Huang	Male	09/04/2015			● Manager of Information Technology Dept. ● Bachelor of Information Engineering and Computer Science, Feng Chia University		
		Yu-Sheng Tsai	Male	11/01/2016			● Manager of Overseas Business Dept. ● Master of Graduate Institute of International Business Administration, Chinese Culture University		
		Chien-Wei Pan	Male	02/01/2017			● Manager of Corporate Banking Dept. ● Master of Finance, California State University, East Bay, USA		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Vice President	Republic of China	Chi-Liang Hsiao	Male	02/01/2017	—	—	● Manager of Consumer Banking Dept. ● MBA, California State University, San Bernardino, USA	—	—
Senior Assistant Vice President	Republic of China	Yu-Ching Su	Female	04/01/2009	—	—	● Manager of Accounting Dept. ● Bachelor of Accounting, Tamkang University	—	—
Senior Assistant Vice President	Republic of China	Li-Yun Chen	Female	07/14/2014	—	—	● Manager of Human Resource Dept. ● MBA, Hofstra University, New York, USA	Assistant Vice President of Yuanta Financial Holdings	—
Senior Assistant Vice President	Republic of China	Kung-He Chang	Male	03/01/2015	—	—	● Manager of Consumer Credit Management Dept. ● Master of Applied Statistics, Fu Jen Catholic University	—	—
Senior Assistant Vice President	Republic of China	Shu-Jen Chen	Male	03/18/2015	—	—	● Manager of Financial Trading Dept. ● Master of Financial Management, University of Birmingham, UK	—	—
Senior Assistant Vice President	Republic of China	Chen-Chun Lin	Male	03/22/2016	—	—	● Manager of Administration & Facilities Management Dept. ● Associate Degree of Management, National Taipei College of Business	Assistant Vice President of Yuanta Financial Holdings	—
Senior Assistant Vice President	Republic of China	Chih-Sheng Pan	Male	05/01/2016	—	—	● Business Supervisor ● MBA, Tunghai University	—	—

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant Vice President	Republic of China	Chih-Hsun Chiang	Male	07/01/2008	–	–	● Manager of Financial Trading Supporting Dept. ● Bachelor of Business Administration, Tamkang University	–	–
		Mei-Jhu Chang	Female	10/01/2013			● Manager of Operation Dept. ● Associate Degree of Management, National Taipei College of Business		
		Luin-Chian Lin	Male	02/14/2014			● Manager of International Banking Dept. ● Bachelor of Banking, Tamkang University		
		Che-Yi Chu	Male	08/29/2014			● Manager of Trust Dept. ● Master of Finance, Tamkang University		
Senior Manager		Hui-Kuo Chien	Male	04/01/2014			● Manager of Collection Dept. ● Bachelor of Economics, Fu Jen Catholic University		
		Wen-Sen Lee	Male	05/27/2016			● Manager of E-commerce Dept. ● Bachelor of Chemical Engineering, Tamkang University		
		Ping-Chiu Liu	Male	09/11/2016			● Manager of Insurance Agency Dept. ● Master of Insurance, Feng Chia University		
		Yen-Ling Fu	Female	08/25/2016			● Deputy Manager of Deposit and Remittance Banking Dept. ● Associate Degree of Banking and Insurance, Ming Chuan Woman's Business School		

Title	Nationality	Name	Gender	Date of Appointment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Yi-Chang Hsieh	Male	04/01/2016	–	–	● Deputy Manager of Business Management Dept. ● MBA, University of Dallas, USA	–	–
		Ming-Cheng Hong	Male	02/13/2017			● Deputy Manager of Credit Management Dept. ● Bachelor of Economics, Fu Jen Catholic University		
Senior Assistant Vice President		Kuang-Chung Liao	Male	11/04/2011			● Manager of Taichung Branch ● MBA, National Sun Yat-Sen University		
		Chin-Sen Wang	Male	03/02/2012			● Manager of Doushin Branch ● Associate Degree of Accounting and Statistics, Transworld Junior College of Commerce		
		Chi-Wen Tso	Male	03/01/2015			● Manager of Lugang Branch ● PhD of Business Administration, Chaoyang University of Technology		
		Chung-Hsi Chuang	Male	03/01/2015			● Manager of Nankan Branch ● Associate Degree of Public Administration, The Affiliated Administration Junior College, National Chengchi University		
		Ming-Kun Wang	Male	03/01/2015			● Manager of Banqiao Branch ● Master of Finance, Ming Chuan University		

Title	Nationality	Name	Gender	Date of Appointment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Assistant Vice President	Republic of China	Hsi-Tung Chen	Male	05/04/2015	–	–	● Manager of Sanchong Branch ● MBA, Yuan Ze University	–	–
Assistant Vice President		Chien-Pin Wu	Male	06/22/2012			● Manager of Songjiang Branch ● Bachelor of Business Administration, National Chung Hsing University		
		Chun-Chieh Wu	Male	09/19/2013			● Manager of Luodong Branch ● Bachelor of Commerce, National Taiwan University		
		Chun-Huang Lu	Male	09/19/2013			● Manager of Nanjing East Road Branch ● MBA, National Taipei University		
		Ta-Hsiang Yuan	Male	05/09/2014			● Manager of Minsheng Branch ● MBA, University of Southern Queensland, Australia		
		Hong-Chih Lin	Male	05/09/2014			● Manager of Business Department ● Bachelor of International Business, Soochow University		
		Ching-Chi Huang	Male	09/26/2014			● Manager of Boai Branch ● Master of Money and Banking, National Kaohsiung First University of Science and Technology		
		Bih-Ru Liao	Female	09/26/2014			● Manager of Kaohsiung Branch ● MBA, National Sun Yat-Sen University		

Title	Nationality	Name	Gender	Date of Appointment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant Vice President	Republic of China	Li-Ching Yu	Male	03/01/2015	—	—	● Manager of Zhongli Branch ● Bachelor of International Trade, Tunghai University	—	—
		Pei-Ying Wang	Female	03/01/2015			● Manager of Zhongshan North Road Branch ● Master of Finance, St. John's University, USA		
		Tai-Yuan Huang	Male	05/01/2015			● Manager of Beitou Branch ● MBA, University of North Alabama, USA		
		Yang-Chen Cheng	Female	05/04/2015			● Manager of Fuchen Branch ● MBA, National Cheng Kung University		
		Jeng-Hwa Cherng	Male	05/01/2016			● Manager of Zhongxiao Branch ● Master of Finance, Fu Jen Catholic University		
		Jui-Chien Hsieh	Male	05/01/2016			● Manager of Chongde Branch ● Associate Degree of Accounting and Statistic, National Taipei College of Business		
		Yu-Ling Hsu	Female	06/13/2016			● Manager of Hsinchu Branch ● MBA, National Central University		
		Ming-Kuan Lu	Male	06/13/2016			● Manager of Hsinchu Science Park Branch ● Bachelor of Statistics, National Chengchi University		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant Vice President	Republic of China	Wen-Ting Huang	Male	08/25/2016	—	—	● Manager of Pingzhen Branch ● Master of Business Administration , National Central University	—	—
		Chen-Kang Yang	Male	08/25/2016			● Manager of Datong Branch ● Bachelor of Economics, Soochow University		
Senior Manager		Tsung-Hua Hsieh	Male	02/17/2012			● Manager of Dounan Branch ● Associate Degree of Banking Management, Tamsui Institute of Business Administration		
		Tsung-Chieh Lee	Male	02/22/2013			● Manager of Dali Branch ● Master of Accounting, National Yunlin University of Science and Technology		
		Ming-Hung Chang	Male	03/22/2013			● Manager of Chengde Branch ● Associate Degree of Advertising Design, Kai Nan High School of Commerce and Industry		
		Chun-Hsiung Kuo	Male	03/22/2013			● Manager of Jiali Branch ● Master of Industrial Management, National Cheng Kung University		
		Li-Chang Lu	Male	09/19/2013			● Manager of Chengjhong Branch ● EMBA, National Central University		
		Chung-Lin Yeh	Male	05/09/2014			● Manager of Yuanlin Branch ● Master of Accounting, Chung Yuan Christian University		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Republic of China	Wen-Pin Lu	Male	05/09/2014	—	—	● Manager of Sanmin Branch ● Bachelor of Business Administration, Cheng Shiu University	—	—
		Ming-Chia Tsai	Male	05/09/2014			● Manager of Fongshan Branch ● Master of Economics, National Sun Yat-Sen University		
		Cheng-Tung Tsai	Male	03/06/2015			● Manager of Pingtung Branch ● Bachelor of Business Management, National Taiwan University of Science and Technology		
		Shih-Ho Tsai	Male	05/01/2015			● Manager of Taoyuan Branch ● Bachelor of Laws, Fu Jen Catholic University		
		Yung-Li Huang	Male	05/01/2015			● Manager of Lujhou Branch ● Bachelor of Banking, National Chengchi University		
		Zu-Jen Lee	Female	05/01/2015			● Manager of Wende Branch ● Associate Degree of Business International Trade, Chihlee College		
		Hui-Ping Wu	Female	05/01/2015			● Manager of Taosin Branch ● Bachelor of Bank Insurance, National Taipei University of Business		
		Wen-Hsiung Shih	Male	05/01/2015			● Manager of Guting Branch ● Bachelor of Business Administration, National Chung Hsing University		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Republic of China	An-Kuo Hung	Male	06/12/2015	—	—	● Manager of Chiayi Branch ● Bachelor of Business Administration, Transworld Institute of Technology	—	—
		Chien-Sheng Wang	Male	06/12/2015			● Manager of Beidou Branch ● Master of Finance, National Yunlin University of Science and Technology		
		Jin-Ren Syu	Male	06/26/2015			● Manager of Chingmei Branch ● Bachelor of Business Administration, Soochow University		
		Mei-Jen Liu	Female	11/27/2015			● Manager of Xindian Branch ● Bachelor of International Trade, Tamkang University		
		Ching-Hsing Pan	Male	05/01/2016			● Manager of Shangsinjhuang Branch ● Master of Financial Management, National Central University		
		Meng-Wei Lin	Male	05/01/2016			● Manager of Chunggang Branch ● EMBA, National Chung Hsing University		
		Ching-Hui Chiu	Female	05/01/2016			● Manager of Heping Branch ● Bachelor of International Business, Tamkang University		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Republic of China	Shun-Ming Fanchiang	Male	05/01/2016	–	–	● Manager of Yonghe Branch ● Bachelor of Economics, Soochow University	–	–
		Hsin-Min Cheng	Male	05/01/2016			● Manager of Jhonghe Branch ● Master of Management Sciences, Tamkang University		
		Jeng-Huei Chen	Male	05/01/2016			● Manager of Tianmu Branch ● MBA, Ming Chuan University		
		Sheng-Wen Chien	Male	05/01/2016			● Manager of Taiping Branch ● MBA, Chaoyang University of Technology		
		Jo-Ti Yao	Female	06/13/2016			● Manager of Zuoying Branch ● Associate Degree of Radiological Technology, College of Yuanpei Medical Science and Technology		
		Rong-Hwa Huang	Male	08/25/2016			● Manager of Sinyi Branch ● Bachelor of Commerce, National Taiwan University		
		I-Hsuan Huang	Female	02/02/2017			● Manager of Sinjhuang Branch ● MBA, Fu Jen Catholic University		
Manager		Li-Fen Chang	Female	09/09/2011			● Manager of Dajia Branch ● Bachelor of Business Management, Ling Tung Junior College of Technology		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Hao Tsai	Female	02/17/2012	—	—	● Manager of Huwei Branch ● Associate Degree of International Trade, Taichung College of Commerce	—	—
Manager	Republic of China	Jie-Ping Wu	Male	02/17/2012	—	—	● Manager of Kinmen Branch ● Master of Business Education, National Changhua University of Education Department	—	—
Manager	Republic of China	Ting-I Chu	Male	03/02/2012	—	—	● Manager of Fusing Branch ● Chief Representative of Myanmar Yangon Representative Office ● Master of International Management, American Gaduate School of International Management ● MBA, South Dakota University, USA	—	—
Manager	Republic of China	Sheng-Feng Chen	Male	03/02/2012	—	—	● Manager of Miaoli Branch ● Master of Economics, Feng Chia University	—	—
Manager	Republic of China	Cheng-Fang Chen	Female	04/27/2012	—	—	● Manager of Caotun Branch ● Master of Finance, National Yunlin University of Science and Technology	—	—
Manager	Republic of China	Chi-Chang Yu	Male	09/28/2012	—	—	● Manager of Guanqian Branch ● Bachelor of Business, National Open University	—	—

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Yu-Chien Hsu	Male	02/22/2013	—	—	● Manager of Datong Branch ● Bachelor of Management Science, National Chiao Tung University	—	—
		Yeh-Lu Lee	Male	02/22/2013			● Manager of Wunsin Branch ● Bachelor of Economics, Tunghai University		
		Ming-Hsiung Lin	Male	02/22/2013			● Manager of Jhubei Branch ● Associate Degree of International Trade, Tamsui Institute of Business Administration		
		San-Kuei Huang	Male	09/19/2013			● Manager of Tungshin Branch ● Bachelor of Accounting, Chinese Culture University		
		Che-Chin Lin	Male	09/19/2013			● Manager of Linkou Branch ● Master of Finance, National Taiwan University of Science and Technology		
		Hsiao-Pei Chang	Female	11/29/2013			● Manager of Puqian Branch ● Bachelor of Accounting, Soochow University		
		Kuo-Tsai Liu	Male	01/24/2014			● Manager of Shulin Branch ● Bachelor of Banking and Finance, Tamkang University		

Title	Nationality	Name	Gender	Date of Appointment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Pan-Yi Chiu	Male	02/14/2014	—	—	● Manager of Beisanchong Branch ● Bachelor of Business, National Open University	—	—
		Yung-Chang Tseng	Male	02/17/2014			● Manager of Ximen Branch ● Master of Accounting, Kansas State University, USA		
		Chao-Hsiang Chen	Male	03/28/2014			● Manager of Songshan Branch ● Bachelor of Banking and Insurance, Feng Chia University		
		Chin-Tsung Huang	Male	03/28/2014			● Manager of Xindian Zhongzheng Branch ● MBA, National Taiwan University of Science and Technology		
		Chin-Hao Wang	Male	05/09/2014			● Manager of Kaiyuan Branch ● Associate Degree of Business Administration, Far Eastern College of Industrial and Commercial Management		
		Ming-Sheng Chen	Male	05/09/2014			● Manager of Fudong Branch ● Associate Degree of Bank Insurance, Ta Tung Junior College of Commerce		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Ying-Chou He	Male	09/26/2014	—	—	● Manager of Neihu Branch ● Master in Mainland China Studies, Chinese Culture University	—	—
		Chiu-Hua Chou	Female	09/26/2014			● Manager of Shihlin Branch ● Associate Degree of Information Management, Hwa Hsia Junior College of Industrial and Commercial Management		
		Chao-Hung Cheng	Male	04/07/2015			● Manager of Hualien Branch ● Bachelor of Applied Commerce, Open College Affiliated with National Taipei University of Business		
		Yen-Shan Lee	Male	05/01/2015			● Manager of Yanping Branch ● Bachelor of Statistics, National Chung Hsing University		
		Chung-Lin Wu	Male	05/01/2015			● Manager of Yongkang Branch ● Master of Economics, National Sun Yat-Sen University of Institute Interdisciplinary Studies for Social Sciences		

Title	Nationality	Name	Gender	Date of Appoint-ment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Tien-Fen Lin	Male	09/14/2015	—	—	● Manager of Nankan Branch ● Bachelor of Business Management, National Chung Hsing University	—	—
		Jhe-Bin Liang	Male	10/02/2015			● Manager of Tucheng Branch ● Bachelor of Public Finance and Taxation, Aletheia University		
		Lu-Wen Tang	Male	05/01/2016			● Manager of Shalu Branch ● Bachelor of Finance, Chaoyang University of Technology		
		Hui-Jen Chang	Female	05/01/2016			● Manager of Daan Branch ● MBA, Royal Roads University, Canada		
		Hsu-Hua Liang	Male	05/01/2016			● Manager of Shuanghe Branch ● Associate Degree of Banking Management, Tamsui Institute of Business Administration		
		Ling-Ying Liao	Female	05/01/2016			● Manager of Fongyuan Branch ● Associate Degree of Business Administration, Ling Tung Junior College of Accounting		
		Kan-Lin Chen	Male	05/01/2016			● Manager of Taipei Branch ● MBA, National Chengchi University		
		Ping-Hwang Hu	Male	05/01/2016			● Manager of Changhua Branch ● Bachelor of Economics, Fu Jen Catholic University		

Title	Nationality	Name	Gender	Date of Appointment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Cherng-Jer Lee	Male	06/13/2016	–	–	● Manager of Anhe Branch ● Master of Money and Banking, National Kaohsiung First University of Science and Technology	–	–
		Kuo-Ching Wong	Male	06/13/2016			● Manager of Tainan Branch ● Bachelor of Economics, National Taiwan University		
		Chia-Lin Chiu	Male	08/25/2016			● Manager of Guangfu Branch ● Bachelor of Finance, Tamkang University		
		Tieh-Cheng Hsieh	Male	02/02/2017			● Manager of Gongguan Branch ● Bachelor of Banking and Finance, Takming University of Science and Technology		
Senior Assistant Vice President		Mei-Chih Yu	Female	01/01/2017			● Leader of Trading Management Group, Financial Trading Supporting Dept. ● Bachelor of International Business, Tamkang University		
Assistant Vice President		Tsung-Yao Chen	Male	02/01/2014			● Leader of Corporate Banking Group, Nanjing East Road Branch ● Bachelor of Finance and Banking, Aletheia University		
		Yung-Fu Lin	Male	04/01/2014			● Vice Manager of Information Technology Dept. ● Bachelor of Information Management, Fu Jen Catholic University		

Title	Nationality	Name	Gender	Date of Appointment	Shares Held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant Vice President	Republic of China	Hsiu-Yun Tsao	Female	01/01/2015	–	–	● Leader of Public Relations Group, Business Management Dept. ● Bachelor of History, Chinese Culture University	–	–
		Chien-Ming Tseng	Male	03/18/2015			● Vice Manager of Financial Trading Dept. ● Bachelor of Finance and Banking, Aletheia University		
		Tzu-I Huang	Male	10/01/2015			● Leader of Trading Group, Treasury Dept. ● Master of International Business, National Taiwan University		
		Yen-Liang Lin	Male	06/01/2016			● Vice Manager of Information Technology Dept. ● Master of Information and Electrical Engineering, Feng Chia Univsersity		
		Chia-Chih Chien	Male	11/01/2016			● Leader of Investment Group, Treasury Dept. ● Master of Money and Banking, National Chengchi University		
		Chan-Feng Ma	Male	11/01/2016			● Overseas Business Dept. ● Bachelor of Business Administration, Soochow University		
		Cheng Liao	Male	11/01/2016			● Overseas Business Dept. ● MBA, National Chung Hsing University		
		Chung-Fu Tu	Male	02/13/2017			● Overseas Business Dept. ● Bachelor of Public Finance, Feng Chia University		

4. Corporate Governance

(1) Disclosures made in accordance with Corporate Governance Best-Practice Principles for Banks and related regulations

Disclosed in "Corporate Governance" on the Bank's website:
https://www.yuantabank.com.tw/en/

(2) State of Corporate Governance

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
1. Equity structure and shareholders' rights of the Bank: (1) Did the Bank set up methods to handle shareholders suggestions, questions, complaints and legal actions from shareholders, and implemented the procedure? (2) Did the Bank maintain list of its major shareholders and the ultimate controllers of these major shareholders? (3) Did the Bank establish and execute risk control and firewall mechanism between the Bank and its affiliates?	✓ ✓ ✓		(1) The Bank is wholly-owned by Yuanta Financial Holdings (YFH). It accords its management of the Bank with Article 26 of Financial Holdings Company Act, and maintains an unobstructed communication channels with the Bank. (2) YFH is the Bank's sole and actual controlling shareholder. Also, the Bank is also fully aware of YFH's ultimate owner. (3) The Bank and its related party have been processing their finance independently, and the performance and division of responsibilities between both parties have been defined clearly, and also audited by CPA periodically. Additionally, the Bank has also established the stakeholder query system and developed according operation procedures and the controlling mechanism all according to Article 44 and Article 45 of Financial Holdings Company Act and relevant policies of the parent company. The Bank also handled the cross-selling operation in accordance with Article 42 and 43 of Financial Holdings Company Act and the relevant regulations.	Conformity
2. Composition and responsibilities of the Board of Directors: (1) Did the Bank's voluntary establishment of other functional committees in additional to	✓		(1) In addition to Remuneration Committee and Audit Committee, the Bank also set up Risk Management Committee, Credit Evaluation	Conformity

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
Remuneration Committee and Audit Committee?			Committee, Non-Performing Loan Management Committee, Asset & Liability Management Committee, Human Resource Evaluation Committee, Financial Products Evaluation Committee, New Product Evaluation Committee, Treasury Marketing Product Evaluation Committee and Digital Development Strategy Committee. Important matters are all reported to Remuneration Committee, Audit Committee and Board of Directors.	
(2) Did the Bank assess the independence of the CPA periodically?	✓		(2) The evaluation report on the independence of certified accountants and their appointment are reported to the Audit Committee and Board of Directors for approval.	
3. If the Bank is a TWSE/GTSM-listed company, has it established a dedicated (concurrent) corporate governance unit or personnel for managing corporate governance affairs? (including but not limited to provide directors and supervisors with information required for service implementation, conduct affairs related to Board of Directors meetings, shareholders' meetings and company registration and produce meeting minutes for Board of Directors meetings and shareholders' meetings)	✓		The Bank is a public company and YFH is the sole shareholder of the Bank. Dedicated staffs are assigned to provide directors, independent directors with information required for service implementation, conduct affairs related to Board of Directors meetings and company registration and produce meeting minutes for Board of Directors meetings.	Conformity
4. Did the Bank establish communication channel with stakeholders? (including but not limited to shareholders, employees and customers etc.)	✓		The Bank has defined the "Regulations Governing Stakeholder's Suggestions and Disputes for Audit Committee" to establish the unobstructed communication and constructed "The Area for Employees and Stakeholder's Suggestions and Disputes for Audit Committee" as a communication channel on the website.	Conformity
5. Information Disclosure: (1) Did the Bank establish website to disclose information concerning financial affairs and corporate governance?	✓		(1) The Bank has built the Chinese and English websites to disclose to the public the important financial information and corporate governance information, including annual financial reports.	Conformity
(2) Did the Bank have other information-disclosing	✓		(2) The Bank established the spokesperson and deputy	

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
approaches? (e.g. English website, assignment of specific personnel to collect and disclose the Bank's information, implementation of a spokesperson system, broadcasting of investor conferences via the bank website and etc.)			spokesperson system to unify and integrate financial and business information and advance the timeliness of public announcement.	
6. Did the Bank have other important information enabling better understanding of the Bank's corporate governance status? (including but not limited to staff interests and employee care, investors relations and stakeholder's rights, director's and supervisor's further training, the implementation of risk management policies and risk evaluation criteria, the implementation of customers' policies, Bank's purchase of liabilities insurance for directors and supervisors and the donation to political parties, stakeholders and charities)	✓		Other important information enabling better understanding of the Bank's corporate governance status: (1) Staff Right and Employee Care: The Bank established Employees' Welfare Committee and, on the corporate website, set up Employee's Recommendation area as a communicative medium between employees and employers. (2) Investors Relations and Stakeholder's Rights: The Bank's sole investor is Yuanta Financial Holdings Co., Ltd., which is the only shareholder and has smooth relationship with the Bank. (3) Director's and Supervisor's Further Education: The Bank has developed "Director Further Education Procedures" and implemented director's continuing education courses according to the procedures. (4) The Implementation of Risk Management Policies and Risk Evaluation Criteria: The Bank has developed superior risk management policy approved by Board of Director, and constituted a well-structured risk management system in order to ensure various risk evaluation criteria. Meanwhile, the Bank also set up Risk Management Committee to integrate the deliberation, supervision and coordination of the Bank's risk management. (5) The Implementation of Customers' Policies: To guard customer's rights, the Bank has developed Guidelines on Consumer Protection and regulations	Conformity

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			of personal information protection. Furthermore, the Bank acquired ISO 27001, a certificate of the Information Security Management Standard (ISMS), and BS10012, a certificate of Personal Information Management System to shield customers' privacy and advance the security of personal information. (6) Bank's Purchase of Liabilities Insurance for Directors and Supervisors: The Bank has purchased liability insurance from Union Insurance Company for directors and supervisors. (7) The donation to political parties, stakeholders and charities: A. On February 6th, 2016, Meinong District of Kaohsiung City experienced a magnitude 6.4 earthquake, resulting in casualties and collapse of buildings in areas such as Tainan. In February 2016, the Bank donated NT $ 6 million to"Bureau of Social Affairs, Tainan City Government" to assist the disaster relief and reconstruction work in the disaster area. B. In March 2016, the Bank donated NT$ 6.72 million to Polaris Research Institute as the research fund for macro-economy, finance and commodities of Taiwan and major countries. C. In April 2016, a donation of NT$ 16 million to Yuanta Foundation for talent development as well as arts and charity events.	
7. In response to the result on Corporate Governance Evalutation issued by Corporate Governance Center of Taiwan Stock Exchange for the latest year, please describe issues which have been improved. For those which have not been improved, please propose issues to be improved in the higher priority and the according measures (companies not listed in			The Bank is a public and non-TWSE/GTSM-listed company so it is not listed as a company by Taiwan Stock Exchange Corporation to be evaluated on corporate governance. 〈Remark〉 The Bank participated in CG6010 (2015) Corporate Governance System Assessment, conducted by Taiwan Corporate Governance Association, in 2015 and, on January 5th 2016, was honorably certified as Excellence (valid for two years). Its observation and advice on	Not Applicable

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
evaluation are not required for completion).			the six facets of the corporate governance system is summarized as follows: (1) Protection over Shareholder's Equity, (2) Equal treatment of shareholders: YFH is the sole shareholder of the Bank. Facet I and II are scored in accordance with the scores which YFH received. (3) Respect for rights of stakeholders and corporate social responsibilities: The Bank designated responsible personnel to join YFH Corporate Social Responsibility Work Promotion Center which was founded by YFh, and executed annual missions accordingly with stable and secure growth as its goals. Honorably Awarded with Gold Award in Credit Data by Joint Credit Information Center, the Bank has embraced recognition on respecting stakeholders' rights and fully performing its Corporate Social Responsibilities (CSR). The observation and advice that the Assessment Committee presented according to this facet are summarized as follows: YFH developed CSR Best Practice Principles, applicable to operation activities of its subsidiaries, and posted these principles on its website. In addition, CSR Report was also produced. However, to ensure that stakeholders of the Bank acquire adequate information easily, it is advised to disclose on the Bank's website or annual report all of CSR practices conducted in conformity with the general policies of the YFH so as to solidify stakeholders' confidence. (4) Transparency and disclosure: The Bank complied with regulations and disclosed according information in its annual report and website. Information disclosure and transparency are generally well performed. Yet, in addition to regulatory compliance, in order to advance voluntary disclosure of critical information so that sufficient and instant information channels can be provided for stakeholders' decisions	

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			and transactions, the observation and advice that the Assessment Committee presented according to this facet are summarized as follows: A. Respecting disclosures in the Bank's annual report: a. Two functional committees, Audit Committee and Compensation Committee, were established under Board of Directors of the Bank. Its annual report disclosed members' information and the operation of these committees but failed to detail specific duties of these two functional committees. It is advised to further disclose the according duties of every functional committee. b. The Bank produced "Procedures Governing Self-Evaluation of Directors and Board of Directors" and "Procedures Governing Self-Evaluation of Audit Committee" and conducts self-evaluation procedures every year. It is advised to further develop "Procedures Governing Self-Evaluation of Compensation Committee" and fully execute this evaluation system periodically. Meanwhile, the evaluation procedures on performance of Board of Directors, functional committees and individual directors should completely disclosed in the annual report. B. The duty separation between Chairman and General Manager is a critical section of corporate governance. It is suggested to detail the specific roles and duty separation between Chairman and General Manager on the Bank's website in order to enhance the transparency and accountability of corporate governance. (5) Duties of Board of Directors:	

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			The Bank has three professional independent directors and established Audit Committee and Compensation Committee with independent directors as their committees to perform their duties in supervision. Audit Committee developed communication procedures and guidelines and established independent interaction mechanism with Internal Audit Department, CPAs and Risk Management Department. Additionally, with respect to internal auditing, Audit Committee periodically conduct internal auditing for comprehensive performance evaluation according to "Internal Audit for Performance Evaluation Questionnaire " , fill out by the Committee itself, accountants, leaders of major operation divisions and internal audit divisions in order to fully exercise its supervision functions. It is evident that the Bank has been endeavoring to solidify the capabilities of Board of Directors to completely achieve the goals of corporate governance. The observation and advice that the Assessment Committee presented according to this facet are summarized as follows: A. Corporate Governance Policies symbolizes the culture, features, systems and practices of corporate governance and shall be periodically reviewed and revised in accordance with corporate development and regulations so that these policies can well function as the corporate guidelines on sustainable development. Because regulations on corporate governance have been considerably amended for their consistency with international standards, it is advised that the Board of Directors examine corporate governance policies at least once per tenure and, in conformity with regulatory requirements and international dynamics, update principles of corporate	

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			governance practices as the basis for the Bank to fully execute its governance practices in order to ensure the Bank's timely advancement. B. Good corporate governance is founded upon integrity from top to bottom in the company. The company created code of ethical conducts but posted only on the internal website. It is suggested that regulations and practical operation on ethical conducts and integrity be announced on the corporate website. It is convenient not only for directors and employees periodically examine and observe these regulations, but also for external stakeholders to look up and understand how the Company ensures its operation of integrity, which helps strengthen stakeholders' confidence. C. The Bank renders professional courses and management training customized to high-level, mid-level, entry-level managers and management trainees and has submitted the training plans along with the annual budget to Board of Directors for approval. Notwithstanding, the Bank is advised to formulate development and succession plans of the choice, development and evaluation of candidates for important managers and to periodically submit these plans to Compensation Committee and Board of Directors for review in hope for smooth succession. D. Self-Evaluation Procedures for Board of Directors and Audit Committee has been formulated but performance evaluation standards for Compensation Committee haven't. It is recommended that the Bank refer to self-evaluation procedures of Audit Committee and established objective evaluation mechanism on comprehensive performance of Compensation Committee. In	

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guideline for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			addition, the result of evaluating Board of Directors and functional committees shall be presented and discussed periodically in the board meeting in hope for fortifying its efficiency. (6) Corporate Governance Culture: The Bank persists in voluntary participation in corporate government assessment by the Association and manifests its strong ambition to globalize itself and carry out the best corporate governance practices. This participation helps to sharpen corporate governance culture significantly. During previous reviews, active responses are made by Chairman, Independent Directors and management. According to the suggested best practices and in consideration of the features and the operation requirements, the corporate governance systems have been created and modified and developed into the optimal model and culture. A benchmark is set thereby. Nevertheless, in order to enhance corporate governance and thus achieve consistency with international trends and standards, Assessment Committee presents its observation and advice, as follows, according to the review of this facet: The Bank, in "Procedures on Reporting Major Contingencies in the Bank", clearly stipulates that directors and independent directors shall be notified of major contingencies by emails or phone after these contingencies have been reported. It is suggested to specify the notification deadlines for observation so that all members of the Board can instantly grasp critical information of the Bank in hope for directors' and supervisors' better performance of their duties.	

(3) Implementation of Social Responsibility

Item	Implementation		
	Yes	No	Summary
1. Implementation of Corporate Governance:			
(1) Did the Bank stipulate corporate social responsibility policy and examines the results of its implementation?	✓		(1) The parent company Yuanta Financial Holdings (YFH) has stipulated its "CSR Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" and established CSR Promotion Center as the exclusive dedicated unit in the Group. The Center periodically convenes meetings to review the performance of CSR implementation.
(2) Did the Bank host regular social corporate responsibility training?	✓		(2) The Bank holds corporate social responsibility training (including business ethics, anti-bribery and anti-corruption propaganda) every year. Also, it hosts courses regarding legal responsibility, professional ethics and code of conduct for new recruits to advance their concept of social responsibility and fully carry it out in their work.
(3) Did the Bank establish exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies and Board of Directors authorizes top management to address such issue and report progress to the Board?	✓		(3) The Bank conformed to the general rules and objectives developed by the parent company YFH. CSR Promotion Center of YFH periodically reports its performance of CSR implementation to the Board of Directors.
(4) Did the Bank develop reasonable salary and compensation policies, integrate employee performance appraisal system with CSR policies and set up the effective reward and penalty system?	✓		(4) The Bank's general compensation policies are performance-oriented and are structured for market competitiveness to encourage our team to fully exercise its potential and achieve high performance. In addition, to carry out corporate social responsibility, the Bank's reward and penalty rules are linked to performance appraisal to encourage and urge employees to be responsible and diligent and to ensure employees fully comply with corresponding regulations and internal audit mechanism in daily operation.
2. Fostering a Sustainable Environment:			
(1) Did the Bank endeavor to utilize all resources more efficiently and uses recyclable materials which have a low impact on the environment?	✓		(1) Fully executed by the policies and regulations of the parent company YFH to raise resource utilization efficiency and its use of recyclable materials are explained below: A. We recycle and reuse energy-intensive articles. This includes advocating and promoting the recycling and reuse of paper products, the use of recycled paper and resource recycling as well as execution status reporting. B. We properly dispose of waste. This includes advocating and promoting waste sorting and reduction and wasted water treatment. C. We use low and green energy office supplies and

Item	Implementation		
	Yes	No	Summary
			machines. YFH is awarded Best Green Purchasing Unit by Taipei City Government and Environmental Protection Administration for six consecutive years from 2011 to 2016. D. Fully utilize all office furniture to avoid waste. Meanwhile, all discard equipments are handled by the according recycling procedure.
(2) Did the Bank establish proper environmental management systems based on the characteristics of their industries?	✓		(2) Regarding the establishment of environment management systems(including water conservation, energy conservation and carbon and greenhouse gas reduction), we have taken the following measures: A. In response to the policy for the air-conditioning temperature of office buildings set up by Taipei City Government, the Bank has developed the internal managerial standards and the air-conditioning inspection approach for all business sites to carry out temperature control. B. We implemented water conservation, energy conservation and carbon and greenhouse gas reduction. C. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places to meet regulations. Also, we regularly carry out disinfection, rodent and insect control. D. The use of company cars complied with energy saving and avoid unnecessary carbon emission.
(3) Did the Bank monitor the impact of climate change on its operations and establish company strategies for energy conservation and carbon and greenhouse gas reduction?	✓		(3) The Bank engages in financial service and does not produce a significant amount of greenhouse emission. The greenhouse emission from the Bank mostly results from electricity, water and transportation oil usage. To place an emphasis on greenhouse gas, the Bank started to apply for ISO-14064-1 Greenhouse Gas Inventory System to probe into and monitor the emission of the greenhouse gas in 2017. The Bank has applied for ISO 50001, the energy management system, in 2016 and continue the implementation in 2017 to examine the use of electricity along with the following eco-friendly strategies: A. Newly established business offices shall adopt low energy-saving lights, such as LED or Cold Cathode Fluorescent Lamp, to minimize electricity expense and energy consumption. B. Used energy-saving electric fans to minimize the energy consumption of air conditioning.
3. Preserving Public Welfare: (1) Did the Bank develop management policies and procedures according to regulations and International Bill of Human Rights?	✓		(1) The Bank has complied with labor regulations and codes of its parent company YFH and developed codes of work and according personnel management rules for job seekers or employees, which specify no discrimination on ethnicity, thoughts, religions, political parties, household registry, birthplace registry, sex, sexual orientation, age and marriage, in order to construct an equal employment environment and shield employee’s legal rights. In addition, the labor management meeting is convened periodically to guard employee rights, expedite labor-management harmony and construct a mutually-benefiting and win-win prospect.

Item	Implementation		
	Yes	No	Summary
(2) Did the Bank establish the employee complaint mechanism and channel and process according affairs properly?	✓		(2) The Bank set up Employee Suggestion Mailbox as a platform of the conversation between labors and the employer and of employee complaints. The internal website also details the complaint and reporting channels and responsible units and personnel. Employees can file complaints and report through multiple channels.
(3) Did the Bank offer employees the safe and healthy workplace and conduct safety and health education for employees periodically?	✓		(3) The Bank not only observes the Group's policies and offers employees secure and healthy workplace, but also periodically executes security and security and health education. The Bank also constructed "Operation Unit Security Maintenance Procedures" to forge its security maintenance mechanism. A. Strict entrance guard and security check measures to fully protect the safety of our employees at work and in everyday life. B. Regular safety inspections of drinking water, carbon dioxide and illumination brightness. C. Regular report and inspected fire and public safety equipments. D. Regular maintained and inspect the generator, uninterruptable power supply and the elevators. E. Regular disinfection and sanitation of the environment. F. Confirming that office surveillance systems at all business locations function normally. G. Realized non-smoking working environment and provided a cozy, healthful and refreshing workplace. The Bank acquired Healthy Workplace Certificate Cigarette Prevention Logo for all of its branches. H. Regular occupational safety and firefighting trainings and drills as required by law. Moreover, based on Article 16 of the "Regulations for Labor Safety and Health Education and Training" by the Council of Labor Affairs, Executive Yuan, the Bank's parent company YFH, to protect the health and safety of all workers, hired a business supervisor holding a certificate of labor safety to hold "educational trainings for new recruits on occupational health and safety" in fiscal year 2016. The educational trainings cover the following topics: An outline of laws and regulations relating to occupational health and safety, occupational health and safety concepts as well as safety and health work rules, emergency response management, basic knowledge and drills about firefighting and emergency rescue, as well as health and safety knowhow related to work operations.
(4) Did the Bank establish the periodic communication mechanism and, in a reasonable approach, inform employees of the operation changes with possible significant influence?	✓		(4) A. The Bank, through the periodical convention of labor-management meetings, establishes a communication platform for labor and management, enhances employee's participation and assurance in company policies and develops smooth interaction in order to achieve the goal that labor and management share one mind and create a win-win situation. B. All information on rules, systems and benefits of the Bank and employees are announced on the internal

Item	Implementation		
	Yes	No	Summary
			website so that employees are aware of their rights. In addition, a fully dedicated unit places daily important news of the Bank on the web pages for employees to look up anytime in order to understand the latest industrial news and important news of the Bank. C. The Bank also irregularly announces its major changes in operation through email boxes so that employees can receive instant information.
(5) Did the Bank develop training programs on effective career and capability development for employees?	✓		(5) In response to the rapidly changing international financial environment and in accordance with corporate business strategies, the Bank is devoted to nurturing talents for business development and fortifying comprehensive organization competency. Considering employee's career development, the Bank furnish employees with diverse learning resources, including orientation training, managerial competency training for supervisor, internal instructor training, legally training, license consultancy, general competency, healthy lifestyle workshops and seminars, and trainings provided by external institutions. Additionally, through development mechanism such as senior employees offering consultancy, attending meetings and participating in projects and job rotation to nurture multifaceted financial talents and elevate employees' professional capabilities and legal compliance so that more thorough and professional service can be offered to clients and advance the business expansion and performance growth.

2016 Education and Training					
Type	Total Course	Total Hours (Note1)	Total number of persons	Avg. training hours per person (Note 2)	Avg. training per person (Note 3)
Internal	278	101,087	55,664	37.2	20.5
External	379	7,316	981	2.7	0.4
Total	608	108,403	56,645	39.9	20.9

Note 1: Total Hours =∑(Total course hours*number of participants)
Note 2: Avg. training hours per person= Total hours / Total employees
Note 3: Avg. training per person = Total number of persons / Total employees

Item	Yes	No	Summary
(6) Did the Bank develop policies and complaint procedures for consumer rights protection on research and development, procurement, production, operation and service processes?	✓		(6) A. To fully serve the Bank duty in the confidentiality of customers' personal information, the Bank developed "Guidelines on Consumer Protection," "Personal Information Protection Policies," "Personal Infromation Management Rules" and related regulations. Meanwhile, the Bank has not only disclosed Privacy Protection Statement and the measures for the confidentiality of customer data on its website, but also executed all the group's confidentiality measures for the personal information to shield customers' privacy and advance personal information security. B. The Bank uses the following avenues and procedures to handle customer complaints: a. Customer Feedback Forms are placed in the

Item	Implementation		
	Yes	No	Summary
			business hall of business units. b. The Bank's Hotline: 0800-688-168. c. E-mail: service@yuanta.com d. As soon as any complaint is made by consumers, according units will be instantly informed for response while case status and responses will stay fully controlled.
(7) Did the Bank conform its marketing, products and services to regulations and international principles?	✓		(7) The Bank's marketing activities of all products and services are in conformity with according regulations.
(8) Did the Bank evaluate the suppliers' past records for influencing environment and society prior to the relationship establishment?	✓		(8) To fulfill the Bank 's commitment to Corporate Social Responsibilities, Letter of Clauses on Human Rights and Environment Sustainability should be included in the Bank's contracts with the suppliers.
(9) Did the agreement signed between the bank and its suppliers stipulate that the Bank may suspend or terminate the contract should the suppliers be involved any violation of its corporate social responsibilities?	✓		(9) Currently the Bank has not signed any agreement with the suppliers stipulating that the Bank may suspend or terminate the contract in case of the supplier's violation of its corporate social responsibilities.
4. Enhance Information Disclosure: Did the Bank disclose vital and accountable CSR information on its website and Market Observation Post System?	✓		(1) The Bank has disclosed information through its parent company YFH website and Market Observation Post System. (2) YFH has produced Corporate Social Responsibility Report to disclose its performance on Corporate Social Responsibility.
5. If the Bank has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: Please refer to Item 1 to 4.			
6. Other important information to facilitate better understanding of the Company's corporate social responsibility Practices: For further details, please view our corporate and parent company Yuanta Financial Holdings website.			
7. If the Bank's products or corporate social responsibility reports have met the assurance standards of relevant certification institutions, they should state so below: (1) YFH 2015 CSR Report passed the accreditation of a third-party accreditation institution, British Standards Institution (BSI), in May 2016. BSI examined the inclusivity, materiality and responsiveness of an enterprise's corporate social responsibility report according to AA1000 AS:2008 Assurance Standard and GRI G4 Guidance. (2) YFH CSR Report conformed to GRI G4 "Core" options and meet the intermediate assurance level of AA1000. Also, an Independent Assurance Opinion Statement from BSI was acquired. (3) YFH CSR Report is available in both Chinese and English versions. Please download YFH CSR Report through the following web addresses:: http://www.yuanta.com/tw/IR02/IR0112/ or click the link of "Corporate Responsibility Report at http://www.yuanta.com.			

(4) The Bank's Implementation of Ethical Corporate Management and Practices

Item	Implementation		
	Yes	No	Summary
1. Develop ethical corporate management policies and solutions: (1) Did the Bank clearly express its ethical corporate management policies in regulations and external documents and the promise made by Board of Directors and Management to fully execute these policies?	✓		(1) A. In compliance with "Ethical Corporate Management Best Practice Principles for Yuanta Financial Holdings" (hereinafter referred to as "Ethical Management Principles") and "Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding" (hereinafter referred to as "Code of Conduct"), the Bank has established good corporate governance, risk management mechanism and complete internal regulations to prevent unethical conduct and create an operational environment for sustainable development. B. To fully carry out the commitment of the Board and the management to operation policies, the Bank designated a responsible unit for according affairs and periodically report its progress to the Board of Directors.
(2) Did the Bank develop programs against unethical conduct, including the detailed operating procedures, conduct guidance, penalty against violation and the dispute system, and also fully execute these programs?	✓		(2) A. In addition to "Ethical Management Principles" and "Code of Conduct", the Bank has developed "Code of Work" and "Standards on Ethical Conduct" in order that the employees and the employer are both devoted to the establishment of business ethics and business morality. Directors and managers are also required to set good examples of fully compliance with ethical principles in order to nurture the ethical and sincere corporate culture. B. The labor contract that the Bank and all of its staff signed includes the agreement of confidentiality, which stipulates that employees shall shoulder full obligation for confidentiality of the authorized services, tasks, documents and customers' data. Unless stipulated or approved, no disclosure is permitted. The same procedure shall be followed after employees left jobs. No browse or summarization of reports and documents unrelated to according duties are permitted. C. The Bank developed reward and penalty policies stipulating that any employee of material violation against ethical conduct shall be discharged or dismissed. D. The Bank set up Human Resource Evaluation Committee for reviewing employee reward and penalty cases and disputes.
(3) Did the Bank take preventive measure against operation activities involving highly risky unethical conduct	✓		(3) The Bank, in conformity with "Code of Conduct", adopt the following preventive measures against business activities with relatively high unethical risks, such as procurement: A. The Bank regulates that all employees shall not

Item	Implementation		
	Yes	No	Summary
stipulated in Section 2, Article 7, Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and other business scopes?			exploit their authority to seek illegal interest and receive preferential treatment, endowment, rebates, peculation of public money and any other illegal interest. B. The Bank developed "External Donation Procedures" to be the provision of political donations, charity donation or sponsorship. All donation and sponsorship requires approval from the authorized executives, which complies with the corresponding laws and the internal procedure.
2. Fully execute ethical corporate management: (1) Did the Bank evaluate ethics records of its clients and sign any agreement stipulating ethical conduct?	✓		(1) The Company has already drawn up the "Inspection Sheet of Purchase Contract Signing Procedures" to require every supplier to present Declaration Letter of Ethics Promise for product or equipment procurement and contract signing. Also, articles on ethical management are included in the contract. During contract reviewing, Legal Affairs Dept. always scrutinize whether the procurement contract contains the Bank's standard integrity articles.
(2) Did the Bank set up dedicated units for business ethical management subordinate to Board of Directors and report the said units' performance periodically?	✓		(2) YFH, the parent company of the Bank, has established Ethical Management Committee to perform ethical management and operation. The Bank designated Compliance Affairs Dept. as the exclusive unit for ethical-management related affairs. Internal Audit Dept., Business Management Dept., Human Resource Dept., Administration and Facilities Management Dept., Legal Affairs Dept. and Compliance Affairs Dept. of the Bank are responsible for ethical management procedures. In addition, Business Management Department compiles and reports on corporate governance and the performance of ethical management for the previous year to Board of Directors.
(3) Did the Bank develop policies against conflicts of interest, provides proper declaration channels and fully execute these policies?	✓		(3) A. Regulations Governing Procedure for Board of Directors Meetings of Public Companies, Principles on Ethical Conduct and according regulations are fully complied regarding avoidance of corporate personnel on conflict of interests, divulgence of commercial secrets, forbiddance of internal trading and the agreement of confidentiality. B. It is regulated that critical financial transaction involving stakeholders shall be approved by Board of Directors. The stakeholder query system has also been established to fully ensure that transactions involving stakeholders shall not be more preferable to counterparts.

Item	Implementation		
	Yes	No	Summary
(4) Has the Bank, to fully execute ethical management, established effective accounting and internal audit systems and conduct periodical auditing by the internal audit unit or appoint accountants to conduct such audit?	✓		(4) A. In accordance with The Banking Act of The Republic of China, Securities and Exchange Act, Company Act , Business Entity Account Act, Regulations Governing the Preparation of Financial Reports by Public Ban, International Financial Reporting Standards (IFRS) endorsed by FSC, International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) and in reference to Accounting System Models for the Banking Industry and Practical Banking and Accounting Procedures made by Bankers' Association of R.O.C, the Bank has developed the corresponding accounting system. B. The Internal Audit Department of Bank, in conformity with laws, periodically reviews and evaluates the Bank's internal audit system and the execution. During 2016, no violation against "Code of Conduct" was found in the result of internal audit evaluation.
(5) Did the Bank periodically host internal and external training on ethical management?	✓		(5) The Bank ensures full execution of ethical management policies through the following procedures: A. Hold the annual "Anti-Bribery and Corruption and Business Ethics Education" course. Every employee is required to attend this course and pass the test in order to educate them to have contract understanding and judgments on according legal and ethical conducts. B. In addition, these concepts and principles are explained and communicated during various education and training programs (such as auditing, risk management and legal compliance courses and orientation training) in order to root "business ethics" deeply in the Bank's daily operation.
3. Operation of the whistle-blowing mechanism: (1) Did the Bank develop a clear whistle-blowing and reward mechanism, establish convenient channels for the reporters and designate appropriate dedicated personnel for persons being reported? (2) Did the Bank develop standards of procedures and confidentiality mechanism on the investigation of reported cases? (3) Did the Bank execute measures to protect	 ✓ ✓ ✓		(1) The Bank has developed reward policies and set up multiple channels for employees to file complaints and report, The Employee Suggestion Mailbox is a platform of the conversation between labors and the employer and of employee complaints. The internal website also details the complaint and reporting channels and responsible units and personnel. (2)(3) A. According to "Ethical Management Principles" , the Bank provides the legitimate whistle-blowing channel and keeps the identity of the reporter and the content of the cases confidential. The Bank stipulated the penalty and dispute system against violation of ethical management and instantly discloses the information including position titles and names of violators, dates

Item	Implementation		
	Yes	No	Summary
reporters from improper treatment arising from whistle-blowing?			of violation, contents of violation, and responsive procedures on the internal website. B. According to "Code of Conduct", the Bank integrated ethical management with employee performance appraisal and human resources policies to set up a clear and effective reward and dispute system. Any employee of material violation against ethical conduct shall be discharged or dismissed according to the external and internal regulations.
4. Enhance information disclosure: Did the Bank disclose the content of principles of ethical management and its performance on website and Market Observation Post System?	✓		Information in respect of ethical management is disclosed in the Annual Report on the Bank's website and posted on the Bank's official website and Market Observation Post System.
5. If the Bank has developed its practice principles of ethical management in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please explicate its implementation and any deviation from the principles: The Bank fully complies with regulation and conducts management according to "Ethical Management Principles" and "Code of Conduct".			
6. Other important information enabling better understanding to the Bank's implementation of ethical corporate management (such as the Bank reviews and amends its practice principles of ethical corporate management.): The Bank has developed The Inspection Sheet of Purchase Contract Signing Procedures to require suppliers present the Declaration Letter of Ethics Promise for the contract signing. In addition, the Bank inquires, on the website of Judicial Yuan if there is any public record of unethical conduct in bribery or illegal political donation for any involving supplier and incorporates clauses and matters on the compliance with ethical management are embedded in the contract.			

III. Fund Raising and Operational Highlights

1. Capital and Shares

(1) Sources of Capital

Unit: NT$1,000, thousand shares; Base Date: February 28th, 2017

Date of Issue	Issue price	Authorized Capital		Paid-in Capital		Remarks
		Shares	Amount	Shares	Amount	Source of Capital
December 2002	$10	1,211,514	12,115,136	1,211,514	12,115,136	
December 2003	$10	1,050,000	10,500,000	1,050,000	10,500,000	Capital decrease to make up for loss of 161,514 thousand shares
February 2004	$10	1,350,000	13,500,000	1,350,000	13,500,000	Private placement of 300,000 thousand shares
July 2004	$10	1,400,000	14,000,000	1,400,000	14,000,000	Capitalization of earnings, 50,000 thousand shares
July 2005	$10	1,800,000	18,000,000	1,800,000	18,000,000	Capitalization of earnings, 100,000 thousand shares, and private placement of 300,000 thousand shares.
October 2007	$10	2,400,000	24,000,000	2,400,000	24,000,000	Capital decrease to make up for loss of 400,000 thousand shares, and private placement of 1,000,000 thousand shares
March 2008	$10	2,200,000	22,000,000	2,200,000	22,000,000	Capital decrease to make up for loss of 200,000 thousand shares
March 2009	$10	2,200,000	22,000,000	1,874,509	18,745,089	Capital decrease to make up for loss of 325,491 thousand shares
March 2009	$15	2,200,000	22,000,000	2,150,000	21,500,000	Private placement of 275,491 thousand shares
June 2010	$10	2,200,000	22,000,000	2,181,134	21,811,335	Capitalization of earnings, 31,134 thousand shares
June 2011	$10	2,500,000	25,000,000	2,273,313	22,733,131	Capitalization of earnings, 92,179 thousand shares
November 2011	$16	2,700,000	27,000,000	2,510,813	25,108,131	Private placement of 237,500 thousand shares
June 2012	$10	2,700,000	27,000,000	2,622,983	26,229,835	Capitalization of earnings, 112,170 thousand shares
September 2012	$13.74	3,500,000	35,000,000	3,496,331	34,963,315	Private placement of 873,348 thousand shares
June 2013	$10	3,650,000	36,500,000	3,649,693	36,496,931	Capitalization of earnings, 153,362 thousand shares
June 2014	$10	3,800,000	38,000,000	3,769,049	37,690,490	Capitalization of earnings, 119,356 thousand shares
June 2015	$10	3,950,000	39,500,000	3,918,362	39,183,618	Capitalization of earnings, 149,313 thousand shares
June 2016	$10	4,200,000	42,000,000	4,152,182	41,521,815	Capitalization of earnings, 233,820 thousand shares

Unit: thousand shares; Base Date: February 28th, 2017

Types of Shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	4,152,182	47,818	4,200,000	Public offering

(2) Shareholder Structure

Unit: thousand shares; Base Date: February 28th, 2017

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Others	Total
Persons	0	1	0	0	0	1
Shares Held (shares)	0	4,152,182	0	0	0	4,152,182
Shareholding Ratio (%)	0	100%	0	0	0	100%

(3) Dispersion of Ownership

Unit: thousand shares; Base Date: February 28th, 2017; Face value $10 per share

Shareholding Category	Number of Shareholders	Shares Held	Shareholding Ratio (%)
1,000,001 and above	1	4,152,182	100%
Total	1	4,152,182	100%

(4) List of Principal Shareholders

Unit: thousand shares; Base Date: February 28th, 2017

Shares / Major Shareholders	Shares Held	Shareholding Ratio (%)
Yuanta Financial Holdings	4,152,182	100%

(5) Market Price, Book Value, Earnings and Dividends Per Share, and the Relevant Information Over the Most Recent Two Years

Item / Year			2015	2016	February 28th, 2017 (Note 2)
Market Price/Share	Highest		Not applicable	Not applicable	Not applicable
	Lowest		Not applicable	Not applicable	Not applicable
	Average		Not applicable	Not applicable	Not applicable
Book Value/Share	Before Distribution		NT$13.72	NT$14.03	NT$14.29
	After Distribution		NT$12.71	Note 1	Not applicable
EPS	Weighted Average Shares (thousand shares)		4,152,182	4,152,182	4,152,182
	EPS	Before Adjustment	NT$1.26	NT$1.35	NT$0.24
		After Adjustment	NT$1.19	Note 1	Not applicable
Dividend/Share (NT$/Share)	Cash Dividends		NT$0.26	Note 1	Not applicable
	Stock Dividends	By Earnings	NT$0.60	Note 1	Not applicable
		By Capital Surplus	—	Note 1	Not applicable
	Accumulated Unpaid Dividends		—	Note 1	Not applicable
Return on Investment	P/E ratio		Not applicable	Not applicable	Not applicable
	Dividend Yield		Not applicable	Not applicable	Not applicable
	Cash Dividend Yield		Not applicable	Not applicable	Not applicable

Note1：The earning distribution for 2016 has been resolved by the Board of Directors on March 16th, 2017; however, it has not been resolved by the shareholders' meeting.

Note2：The preliminary financial data ending February 28th, 2017 were prepared by the Bank.

2. Financial Debentures and Capital Utilization Plan

(1) Issuance of Financial Debentures

Type of financial debentures	1st term financial debentures 2010	1st term financial debentures 2011	2nd term financial debentures 2011
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-09900149260 Dated April 29th, 2010	Jin-Kuan-Yin-Kong-10000110840 Dated April 25th, 2011	Jin-Kuan-Yin-Kong-10000110840 Dated April 25th, 2011
Date of issuance	June 10th, 2010	June 27th,2011	August 22nd,2011
Par value	NT$10,000,000	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT$	NT$	NT$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT$5 billion	NT$2.45 billion	NT$2.35 billion
Interest rate	2.3%	1.75%	1.85%
Duration	Duration: 7 years Maturity: June 10th, 2017	Duration: 7 years Maturity: June 27th, 2018	Duration: 7 years Maturity: August 22nd, 2018
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	PricewaterhouseCoopers James Huang	PricewaterhouseCoopers James Huang	PricewaterhouseCoopers James Huang
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$5 billion	NT$2.45 billion	NT$2.35 billion
Paid-in capital for previous year	NT$21,500,000 thousand	NT$21,811,335 thousand	NT$21,811,335 thousand
Net value upon final account in the previous year	NT$23,649,799 thousand	NT$24,812,541 thousand	NT$24,812,541 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	62.58%	70.11% (Note1,2,3)	79.58% (Note1,2,3)
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12th, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12th, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12th, 2014 Taiwan Ratings: twAA - (Debentures rating)

Type of financial debentures	3rd term financial debentures A 2011	3rd term financial debentures B 2011
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10000110840 Dated April 25th, 2011	Jin-Kuan-Yin-Kong-10000110840 Dated April 25th, 2011
Date of issuance	October 27th, 2011	October 27th, 2011
Par value	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City
Currency	NT$	NT$
Issuing price	Issued at par value	Issued at par value
Total amount	NT$0.7 billion	NT$4.5 billion
Interest rate	1.80%	1.95%
Duration	Duration: 7 years Maturity: October 27th, 2018	Duration: 10 years Maturity: October 27th, 2021
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	PricewaterhouseCoopers James Huang	PricewaterhouseCoopers James Huang
Certification financial Institution	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$0.7 billion	NT$4.5 billion
Paid-in capital for previous year	NT$21,811,335 thousand	NT$21,811,335 thousand
Net value upon final account in the previous year	NT$24,812,541 thousand	NT$24,812,541 thousand
Performance	None	None
Terms of redemption or early repayment	None	None
Terms and conditions of conversion and exchange	None	None
Restrictions	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	80.39% (Note2,3)	80.39% (Note2,3)
Eligible entity capital and type	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12th, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12th, 2014 Taiwan Ratings: tw AA - (Debentures rating)

Note1：Before the issuance, the Bank had an unsecured subordinated financial debentures (95-1) outstanding at NT$5 billion. The debentures matured on August 24th, 2011 and have been repaid in full.

Note2：Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-1) outstanding at NT$1.8 billion. The debentures matured on December 22nd, 2011 and have been repaid in full.

Note3：Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-2) outstanding at NT$3 billion. The debentures matured on December 27th, 2011 and have been repaid in full.

Type of financial debentures	1st term financial debentures A 2014	1st term financial debentures B 2014	2nd term financial debentures 2014
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10300180640 Dated June 27th, 2014	Jin-Kuan-Yin-Kong-10300180640 Dated June 27th, 2014	Jin-Kuan-Yin-Kong-10300180640 Dated June 27th, 2014
Date of issuance	September 4th, 2014	September 4th, 2014	October 29th, 2014
Par value	NT$10,000,000	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT$	NT$	NT$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT$1.6 billion	NT$4.7 billion	NT$1.7 billion
Interest rate	1.80%	2.00%	1.85%
Duration	Duration: 7 years Maturity: September 4th, 2021	Duration: 10 years Maturity: September 4th, 2024	Duration: 7 years Maturity: October 29th, 2021
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	Chien Yeh Law Offices Hermes Kung	Chien Yeh Law Offices Hermes Kung	Chien Yeh Law Offices Hermes Kung
Certification CPA	PricewaterhouseCoopers Ellen Kuo	PricewaterhouseCoopers Ellen Kuo	PricewaterhouseCoopers Ellen Kuo
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$1.6 billion	NT$4.7 billion	NT$1.7 billion
Paid-in capital for previous year	NT$36,496,931 thousand	NT$36,496,931 thousand	NT$36,496,931 thousand
Net value upon final account in the previous year	NT$46,245,949 thousand	NT$46,245,949 thousand	NT$46,245,949 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	46.06%	46.06%	49.73%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12th, 2014 Taiwan Ratings: twA + (Debentures rating)	December 12th, 2014 Taiwan Ratings: twA + (Debentures rating)	December 12th, 2014 Taiwan Ratings: twA + (Debentures rating)

Type of financial debentures	1st term financial debentures 2015	2nd term financial debentures 2015	3rd term financial debentures 2015
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10400000510 Dated January 14th, 2015	Jin-Kuan-Yin-Kong-10400000510 Dated January 14th, 2015	Jin-Kuan-Yin-Kong-10400130410 Dated June 12th, 2015
Date of issuance	March 24th, 2015	March 30th, 2015	August 27th, 2015
Par value	CNY$1,000,000	CNY$1,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	CNY$	CNY$	NT$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	CNY$250 million	CNY$265 million	NT$5.55 billion
Interest rate	4.6%	4.55%	4.1%
Duration	Duration: 3 years Maturity: March 24th, 2018	Duration: 2 years Maturity: March 30th, 2017	Duration: Perpetual Maturity: N/A
Priority	General financial debentures	General financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	Chien Yeh Law Offices Hermes Kung	Chien Yeh Law Offices Hermes Kung	Chien Yeh Law Offices Hermes Kung
Certification CPA	PricewaterhouseCoopers Ellen Kuo	PricewaterhouseCoopers Ellen Kuo	PricewaterhouseCoopers Ellen Kuo
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Early redemption or buy-back from the market upon 10 years after issuance is subject to the approval by the competent authority
Outstanding balance	CNY$250 million	CNY$265 million	NT$5.55 billion
Paid-in capital for previous year	NT$37,690,491 thousand	NT$37,690,491 thousand	NT$37,690,491 thousand
Net value upon final account in the previous year	NT$51,073,449 thousand	NT$51,073,449 thousand	NT$51,073,449 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	This debenture has no maturity date or specified redemption date. The Bank may early redeem or buy back this debenture from the market upon 10 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the

Type of financial debentures	1st term financial debentures 2015	2nd term financial debentures 2015	3rd term financial debentures 2015
			Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	Solidify and steady mid-to-long term capital	Solidify and steady mid-to-long term capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	52.47%	55.36%	67.36%
Eligible entity capital and type	No	No	Yes, Tier I
Credit rating organization, date of rating and rating score	July 22nd, 2016 Fitch Ratings: AA-(twn)	July 22nd, 2016 Fitch Ratings: AA-(twn)	January 20th, 2017 Taiwan Ratings: twAA

Type of financial debentures	4th term financial debentures 2015	5th term financial debentures 2015	1st term financial debentures 2016
Date of approval & approval document No.	Jin-Kuan-Yin-Kong-10400130410 Dated June 12th, 2015	Jin-Kuan-Yin-Kong-10400130410 Dated June 12th, 2015	Jin-Kuan-Yin-Kong-10400296320 Dated December 24th, 2015
Date of issuance	August 27th, 2015	September 29th, 2015	February 23rd, 2016
Par value	NT$10,000,000	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT$	NT$	NT$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT$3 billion	NT$1.45 billion	NT$5 billion
Interest rate	2.1%	4.1%	1.8%
Duration	Duration: 10 years Maturity: August 27th, 2025	Duration: Perpetual Maturity: N/A	Duration: 10 years Maturity: February 23rd, 2026
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	Chien Yeh Law Offices Hermes Kung	Chien Yeh Law Offices Hermes Kung	Chien Yeh Law Offices Hermes Kung
Certification CPA	PricewaterhouseCoopers Ellen Kuo	PricewaterhouseCoopers Ellen Kuo	PricewaterhouseCoopers Ellen Kuo
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Early redemption or buy-back from the market upon 10 years after issuance is subject to the approval by the competent authority	Repayment in a lump sum upon maturity or early redemption or buy-back from the market upon 5 years after issuance is subject to the approval by the competent authority
Outstanding balance	NT$3 billion	NT$1.45 billion	NT$5 billion
Paid-in capital for previous year	NT$37,690,491 thousand	NT$37,690,491 thousand	NT$37,690,491 thousand
Net value upon final account in the previous year	NT$51,073,449 thousand	NT$51,073,449 thousand	NT$51,345,873 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	This debenture has no maturity date or specified redemption date. The Bank may early redeem or buy back this debenture from the market upon 10 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of	The Bank may early redeem or buy back this debenture from the market upon 5 years after issuance of this debenture where one of the following requirements is met and the prior approval by the competent authority is acquired. (1). The ratio of regulatory capital to risk-weighted assets after being redeemed shall meet

Type of financial debentures	4th term financial debentures 2015	5th term financial debentures 2015	1st term financial debentures 2016
		regulatory capital to risk-weighted assets after being redeemed shall meet the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date	the minimum rate stated in Paragraph 1 of Article 5 in Regulations Governing the Capital Adequacy and Capital Category of Banks. (2). Replace the original capital instrument with a capital instrument of equivalent or higher quality. The Bank, if planning to early redeem the debenture, will announce so 30 days prior to the call date and call the debentures in face value along with accrued interest payable. Where the Bank exercises its call option, this debenture matures on the call date
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	73.85%	76.98%	79.08%
Eligible entity capital and type	Yes, Tier II	Yes, Tier I	Yes, Tier II
Credit rating organization, date of rating and rating score	January 20th, 2017 Taiwan Ratings: twAA	January 20th, 2017 Taiwan Ratings: twAA	January 20th, 2017 Taiwan Ratings: twAA

(2) Acquisitions or Assignment of Other Financial Institutes

A. CPA's opinions on share exchange ratio for mergers and acquisitions or assignment of other financial institutions for the most recent year:

On February 3rd, 2016, the Bank signed share purchase agreement with AON Corporation and acquired 100% equity of Han Shin Savings Bank in Korea from AON Corporation at 135.102 billion Korean Wons. This acquisition received approval from FSC in letter of Jin-Kuan-Yin-Kong No. 10500026760 on March 17th, 2016 and received approval from Financial Services Commission of Korea on April 14th, 2016. Both parties in this acquisition completed the delivery on April 25th, 2016 and, on February 13th, 2017, the company was renamed to Yuanta Savings Bank Korea Co., Ltd. No conversion was involved in this transaction. KPMG was appointed to issue opinions on reasonableness of share value, which concluded that the amount of this transaction was regarded reasonable.

B. Upon the resolution of the Board of Directors on any merger or acquisition of other financial institution through new share issuance in the recent year and until the date of publication of the annual report (February 28th, 2017), the enforcement thereof and basic information of the merged or acquired financial institutions shall be disclosed:

The merger of the Bank and Ta Chong Bank was approved in Board of Directors meetings of both banks on September 14th, 2016 (exercising the duty and power of the shareholders' meeting). After the merger, the Bank will be the surviving company and Ta Chong Bank will be the dissolving company. This merger acquired approval from FSC with Letter No. Jin-Kuan-Yin-Kong No.10500320920, dated January 17th, 2017. The corresponding procedures are being undertaken so the actual base date of the merger will be decided and announced after discussion between chairmen or appointers of Board of Directors in both banks.

The proportion of the share conversion in this merger is that, on the base date, every common share held by Ta Chong Bank shareholders can be exchanged for 0.8602 common share of the Bank while each share of Type C Preferred Stock of Ta Chong Bank can be exchanged for 1.0625 share of Type A Preferred Stock of the Bank. The Bank and Ta Chong Bank respectively appointed Mr.William Yu of KenWill United CPAs Firm and Ms.He-Ying Jian of Chun Hue Accounting Firm to issue the fairness opinion on share exchange ratio for mergers and acquisition which the accountants has regard reasonable and fair.

On the base date of the merger, the Bank will, according to the actual total issued shares of Ta Chong Bank, calculate actual number of newly issued shares based on the share exchange ratio aforementioned. Nevertheless, provided that changes in the share exchange ratio which is necessary because any condition specified in the merger contract occurs, chairmen or appointers of both Board of Directors shall make the according adjustment in conformity with the spirit of the merger contract.

a. Information on the financial institution involved in merger and acquisition

Name of the Financial Institute		Ta Chong Commercial Bank Co., Ltd.
Address of the Financial Institute		6F, 7F, 8F and 9F, No. 66 and 2F, 2F-1, 7F and 9F, No.68, Sec. 1, Dunhua S. Rd., Songshan Dist., Taipei City 10557, Taiwan (R.O.C.)
Responsible Person		Chien-Ping Chen
Paid-in Capital (NT$)		38,254,759,830
Main Business/Product Items		Commercial Bank
Financial Information for 2016 (Unit: NT$ thousand)	Total Assets	481,612,393
	Total Liabilities	434,940,326
	Total Shareholders' Equity	46,672,067
	Operating Income (Note)	10,470,349
	Gross Profit	Not Applicable
	Operating Gains and Losses (Note)	10,470,349
	Current Profit And Loss	1,481,073
	Earnings Per Share	0.45

Note：In banking industry, "operating income" and "operating gains and losses" mean "net revenue."

b. The implementation of new share issuance for undertaken merger and acquisition activities involving other financial institution and the effect (of new share issuance) on shareholders' equity:

This merger is going to benefit the persistent expansion of various services in the Bank's subsidiaries and advance its competence in the market so should deliver a positive effect on shareholders' equity.

(3) Implementation Capital Utilization Plan

A. With approval from the authority, the Bank issued subordinated debentures of NT$5 billion on April 29th, 2010, issued subordinated debentures of NT$10 billion on April 25th, 2011, issued subordinated debentures of NT$8 billion on June 27th, 2014, issued foreign currency financial debentures of NT$5 billion (or equivalent to USD or CNY) on January 14th, 2015, issued subordinated debentures of NT$10 billion (or equivalent to foreign currency) on June 12th, 2015, and issued subordinated debentures of NT$10 billion (or equivalent to foreign currency) on December 24th, 2015.

The Bank issues financial debentures in order to enhance capital adequacy ratio and fulfill capital demand for loans and financial operation and reduce liquidity risk.

B. As of January 31st, 2017, the Bank has issued debentures of NT$38 billion and CNY$0.515 billion. Applying amount and the according execution are itemized as follows:

Date of Approval & Approval Document No.	Total Amount	Execution
Jin-Kuan-Yin-Kong-09900149260 dated April 29th, 2010	The subordinated financial debentures of NT$5 billion	• The 1st term (2010) subordinated financial debentures of NT$5 billion were issued on June 10th, 2010.
Jin-Kuan-Yin-Kong-10000110840 dated April 25th, 2011	The subordinated financial debentures of NT$10 billion	• The 1st term (2011) subordinated financial debentures of NT$2.45 billion were issued on June 27th, 2011. • The 2nd term (2011) subordinated financial debentures of NT$2.35 billion were issued on August 22nd, 2011. • The 3rd term (2011) subordinated financial debentures A of NT$0.7 billion were issued on October 27th, 2011. • The 3rd term (2011) subordinated financial debentures B of NT$4.5 billion were issued on October 27th, 2011.
Jin-Kuan-Yin-Kong-10300180640 dated June 27th, 2014	The subordinated financial debentures of NT$8 billion	• The 1st term (2014) subordinated financial debentures A of NT$1.6 billion were issued on September 4th, 2014. • The 1st term (2014) subordinated financial debentures B of NT$4.7 billion were issued on September 4th, 2014. • The 2nd term (2014) subordinated financial debentures of NT$1.7 billion were issued on October 29th, 2014.
Jin-Kuan-Yin-Kong-10400000510 dated January 14th, 2015	The financial debentures of NT$5 billion (or equivalent to USD or CNY)	• The 1st term (2015) unsecured financial debentures of CNY$0.25 billion were issued on March 24th, 2015. • The 2nd term (2015) unsecured financial debentures of CNY$0.265 billion were issued on March 30th, 2015.
Jin-Kuan-Yin-Kong-10400130410 dated June 12th, 2015	The subordinated financial debentures of NT$10 billion (or equivalent to foreign currency)	• The 3rd term (2015) perpetual non-cumulative subordinated financial debentures of NT$5.55 billion were issued on August 27th, 2015. • The 4th term (2015) subordinated financial debentures of NT$3 billion were issued on August 27th, 2015. • The 5th term (2015) perpetual non-cumulative subordinated financial debentures of NT$1.45 billion were issued on September 29th, 2015.
Jin-Kuan-Yin-Kong-10400296320 dated December 24th, 2015	The subordinated financial debentures of NT$10 billion (or equivalent to foreign currency)	• The 1st term (2016) subordinated financial debentures of NT$5 billion were issued on February 23rd, 2016.

3. Business Overview

(1) Business Performance for 2015~2016

A. Revenue Breakdown

Unit: NT$1,000; %

Item \ Year	2016		2015	
	Amount	Proportion (%)	Amount	Proportion (%)
Net Interest Income	8,597,599	61.40	7,745,571	59.89
Net Service Fee and Commission Income	2,832,863	20.23	2,580,988	19.96
Gain (loss) on Financial Assets and Financial Liabilities at Fair Value through Profit or Loss	1,700,479	12.14	2,995,849	23.16
Realized Gain on Available-for-sale Financial Assets	260,914	1.86	279,894	2.16
Foreign Exchange Gain (Loss)	(76,776)	(0.55)	(775,113)	(5.99)
The Other Comprehensive Income of Associates/Joint Ventures Accounted for Using the Equity Method	(300)	—	—	—
Other Non-interest Income	72,919	0.53	84,545	0.66
Net Investment Gain (loss) on Debts Investment without Active Market	614,210	4.39	21,030	0.16
Net Revenue	14,001,908	100.00	12,932,764	100.00

B. Deposit

Unit: NT$ in million; %

Item \ Year	2016		2015		Comparison with 2015	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Checking Deposits	3,432	0.48	3,144	0.48	288	9.16
Demand Deposits	108,174	15.18	104,338	15.79	3,836	3.68
Demand Saving Deposits	235,909	33.10	209,554	31.71	26,355	12.58
Time Deposits	237,136	33.27	220,705	33.39	16,431	7.44
Time Saving Deposits	128,114	17.97	123,170	18.64	4,944	4.01
Total	712,765	100.00	660,911	100.00	51,854	7.85

Note：The deposits include NTD and foreign currency deposits but not the deposits from the Central Bank and Other Banks.

C. Loan

Unit: NT$ in million; %

Item \ Year	2016		2015		Comparison with 2015	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Corporate Loans	**299,898**	**60.25**	**297,456**	**61.40**	**2,442**	**0.82**
General Corporate Loans	185,884	37.34	191,903	39.61	(6,019)	(3.14)
Small-and-medium Business Loans	113,340	22.77	104,793	21.63	8,547	8.16
Government Loans	—	—	—	—	—	—
Delinquent	674	0.14	760	0.16	(86)	(11.32)
Consumer Loans	**197,864**	**39.75**	**186,993**	**38.60**	**10,871**	**5.81**
Mortgage	166,240	33.40	158,709	32.76	7,531	4.75
Auto Loans	27,575	5.54	23,712	4.89	3,863	16.29
Consumer Unsecured Loans	1,457	0.29	1,379	0.29	78	5.64
Stock-secured Loan	2,142	0.43	2,709	0.56	(567)	(20.93)
Delinquent	168	0.03	37	0.01	131	354.81
Other (Note)	282	0.06	447	0.09	(165)	(36.89)
Total	**497,762**	**100.00**	**484,449**	**100.00**	**13,313**	**2.75**

Note：Including certificate of deposit loan and composite overdraft.

D. Foreign Exchange

Unit: US$1,000; %

Item \ Year	2016		2015		Comparison with 2015	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Import Business	1,552,303	2.51	1,748,716	3.30	(196,413)	(11.23)
Export Business	500,665	0.82	663,204	1.25	(162,539)	(24.51)
Outward Remittance	29,483,543	47.75	24,329,542	45.92	5,154,001	21.18
Inward Remittance	30,207,041	48.92	26,237,392	49.53	3,969,649	15.13
Total	**61,743,552**	**100.00**	**52,978,854**	**100.00**	**8,764,698**	**16.54**

E. Trust Business

Unit: NT$1,000; %

Item \ Year		2016	2015	Comparison with 2015: Amount Increase (Decrease)	Comparison with 2015: Increase (Decrease) Proportion (%)
Total Balance of Trust Assets		124,446,204 (Note 1)	129,635,017 (Note 2)	(5,188,813)	(4.00)
Other Consigned Items		2,959,445	2,761,261	198,184	7.18
Total Revenue of Trust Business Service Fee		764,021	792,277	(28,256)	(3.57)
Scale of Assets under Custody of Investment Insurance Policy		1,125,951	1,257,694	(131,743)	(10.47)
The Custody Asset in Discretionary Investment Account		4,097,582	4,915,526	(817,944)	(16.64)
Scale of Assets under Custody of Foreign Investment		22,131,623	20,181,109	1,950,514	9.67
The Custody of Other Property		0	0	0	0.00
Scale of Assets under Custody of Business Guarantee Bond		2,330,000	2,425,000	(95,000)	(3.92)
Custodian Service Fee Income		18,752	28,451	(9,699)	(34.09)
Certification of Securities	Amount of Certification	21,573,447	62,752,729	(41,179,282)	(65.62)
	Revenue of Certification Service Charges	3,866	2,740	1,126	41.09

Note 1：Including OBU trust property in the amount of NT$2,000 million.

Note 2：Including OBU trust property in the amount of NT$1,982 million.

F. Credit Card

Unit: NT$ in million; %

Item \ Year	2016	2015	Comparison with 2015: Amount Increase (Decrease)	Comparison with 2015: Increase (Decrease) Proportion (%)
Number of Cards Issued (Card)	1,345,028	1,158,817	186,211	16.07
Card in Force (Card)	578,740	431,033	147,707	34.27
Transaction Amount (NT$ million)	45,803	28,558	17,245	60.39
Revolving Balance (NT$ million)	529	435	94	21.61

G. Investment

Unit: NT$ in million; %

Item \ Year	2016	2015	Comparison with 2015	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Bond Trading Volume	278,062	170,485	107,577	63.10
Bill Trading Volume	165,235	43,433	121,802	280.44

Unit: US$ in million; %

Item \ Year	2016	2015	Comparison with 2015	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Spot Transaction	23,824	55,233	(31,409)	(56.87)
Forward Exchange Transaction	2,565	7,244	(4,679)	(64.59)
Foreign Exchange SWAP	24,414	33,831	(9,417)	(27.84)
Option Transaction	9,851	46,791	(36,940)	(78.95)

H. E-Banking

Unit: in thousands

Item \ Year	2016	2015	Comparison with 2015	
			Amount Increase (Decrease)	Increase (Decrease) Proportion (%)
Total Internet Banking Transactions	3,338	3,469	(131)	(3.79)
Total Mobile Banking Transactions	5,734	3,220	2,514	78.06
Total Cross-border Payment Transactions	83	7	76	1,086

(2) 2016 Operating Plan

In 2016, on the premises of controlling risk more cautiously and maintaining asset quality, the Bank aims to develop the services in the balanced manner and advance the Bank’s services to the appropriate economic scale and market leadership. Meanwhile, the Bank will also raised its profitability through better capital utilization. It is planned to center the core business goals on fortifying its client base, focusing on the niche service and enhancing its pricing capability. The Bank's operation plans are summarized as follows:

A. Business Development:

a. According to dynamics of domestic and foreign financial markets and client demands, the Bank will launch according products and marketing activities, strengthen the relationship with target clients, penetrate new business with potential clients, broaden sources of clients and fortify the base for business development.

b. In respect of corporate banking, the Bank will not only actively participate in syndicated loans and strive to be the lead manager, but also better develop businesses with small-and-medium enterprise clients in order to raise earnings yield and fee income.

c. With regard to consumer banking, mortgage business will be orientated to residential purposes and revolving mortgage will be promoted more. Segmentation strategies will be still employed to promote credit card services in order to escalate the number of active credit cards and transaction amount.

d. Wealth management business will be operated with "Caring, Considerate and Sincere" as the Bank's business spirit to render clients with premium financial products and services and, with the image of a wealth management professional, maximize our brand awareness and market share.

B. Channel Development:

To grasp the trend of the mobile network and changes in consumer habits, the Bank will engage itself more in virtualization and transformation of physical channels, advance the user-friendliness of the e-channels and explore the business opportunities electronic payment. In the overseas market, the Bank currently owns a subsidiary in Philippines and a representative office in Myanmar and is finishing the acquisition of the subsidiary in Korea. With full commitment to operating overseas business offices, the Bank aims to maximize its contribution to profit year by year.

C. Risk Management:

Through risk model and database construction, the Bank will fortify its managerial capability in credit, market and operational risks, develop insights in trends of industrial and country risks and establish risk warning mechanism in order to effectively minimize any possible risk.

D. Personnel Training:

Utterly perform employee orientation and on-the-job training. Through job rotation, the Bank plans to cultivate multi-functional talents and intensify trainings on international professionals and digital finance professionals to well prepare the Bank for future developments and demands for internationalization and thus lay the foundation for sustainability of the Bank.

(3) Research and Development

In response to the globalization of the financial market, the Bank will aggressively and practically place significant attention to and grasp the update of the industry for business expansion, risk warning and integrated marketing in hope for maximizing customer satisfaction and profitability. The Bank has developed its future plans as follows:

A. Banking Service Research and Development

a. Research and evaluate e-ticket platforms to provide the existing customer segment with mobile payment experiences via O2O online payment and offline consumption. Further, collect and analyze corresponding customer behavior to this pilot project in order to build up experiences for future plans on digital wallets and mobile payment.

b. Apply biometric to customer's identity authentication in digital finance service so that customers' information can be accessed speedily and personalized financial service can be provided to customers.

B. Risk Management

a. Credit Risk

i. Develop the Loss Given Default (LGD) models and Exposure at Default (EAD) models that comply with IFRS 9 and the quantitative and qualitative standards of Basel and enhance functions on the credit rating platform for corporate finance. Besides, plan on application scorecard models or risk ranking analysis programs of credits of corporate finance, mortgages, auto loans, consumer unsecured loans and credit cards.

ii. According to the credit risk data mart, plan on application strategies and credit risk analytical dimensions and introduce the visual management platform to supply real time and multi-dimensional management reports and increase transaction data required for IFRS9 impairment models and LGD models for consumer banking.

iii. Persistently ameliorate the internal stress testing process and calculation such as simulation of the quantitative models, setting of the stress scenarios and selection and prediction of risk-linking factors.

iv. Plan on systematic management of risk exposure to China and supervision of risky industries in China.

b. Market Risk

Continuously develop and pre-calculate the managerial mechanism for maximum of the net interest income and economic value of banking book for each time band.

c. Integration Risk

Advance techniques in operational risk management, including calculation of operational risk tolerance classification and the back testing and testing of effectiveness prediction of operational risk self-review.

C. IT Research and Development Projects

a. In response to the striking wave of FinTech, the Bank aggressively applys various information technology of finance digitalization to further satisfy the demand in diverse information of financial marketing. In addition, the Bank will fortify and advance functions of online banking, mobile banking, E-Payment and Omni-Channel customer service systems and integrate virtual channels and physical branches in response to the changes in clients' financial consumption patterns.

b. In response to operation continuity, business development and thorough implementation of information security management, information development and upgrade projects which are expected to launch include the Phase II establishment of CTI System (Computer Telecommunication Integration), Smart Customer Service

System, establishment of mobile payment in HCE (Host card emulation) , establishment of new personal online banking, establishment of the new enterprise portal, establishment of the VTM (Virtual Teller Machine), establishment of the new foreign exchange system, Phase II of Wealth Management System (system upgrade of R6 Version), function advancement in account processing and authorization of credit card issuance, Supplier Financing System, introduction and application of non-structural big data, upgrade of BPM(Business Process Manager) Cross-System Integration Platform, Computer System Security Evaluation Projects (Type I and III), establishment of Tapeless Backup System, and the infrastructure improvement of computer center.

(4) The Long-Term and Short-Term Business Plans

A. Short-Term Business Development Plans

a. Complete the integration with Ta Chong Bank to maximize the merger synergy

i. Integrate systems, personnel, business, customers, organizations and management for this merger.

ii. Analyze differences in business development and systems between the two banks with retaining features and advantages of the two banks as the major goal and plan on the post-merger system and objectives in order to create synergy after the merger.

iii. Inventory manpower to elevate the flexibility of manpower dispatch and the strength of the backup; furthermore, raise personnel professionalism and expedite cultural integration through such mechanisms including training and job rotation.

b. Balance development of all services and maximize capital efficiency

i. Credit service will focus on services with higher profitability under manageable risks, such as SME loans, lead arrangers of domestic syndicated loan, OBU syndicated loans, saving equity mortgages, auto loans and credit loans. Reasonable interest rates and fees for loans will be set in consideration of the Bank's capital cost and clients' overall contribution so as to maximize profits.

ii. Wealth management business will focus on One Banking as the main concept to maximize the client base and service fee sources while sustaining the diverse product range and advance the professionalism and stability of financial advisors in order to sustain the stable fee income growth.

iii. For the customers of credit cards, the Bank will continuously launch card-using promotion events to escalate the volume of active cards, retail sales volume and revolving balance. Also, through cross-sale to credit card customers, the Bank will maximize client loyalty and contribution.

iv. Raise profitability of financial speculation to build the second pillar of stable interest income.

c. Seize the dynamic of the banking sector and raise the investment in digital channels
   i. In response to mobile communications and Internet popularization, increasingly promote the usage of mobile banking and electronic payment. According to client needs, the Bank will enhance its functionality and security so as to maximize number of customers and transaction amounts.
   ii. Seize the business opportunities arising from the approval of e-payment services and strive to enter into partnership with collaborative shops in hope for becoming the best platform for clients' product sale and payment services.
   iii. Plan on the establishment of the new version of Virtual Teller Machine (VTM) to reach balance between high service quality and low manpower cost.
   iv. Evaluate the establishment of the smart customer service to ease off the pressure on customer service representatives arising from continuous expansion of the service scale and the increasing customer queries.

d. Fully observe legal compliance and risk management and sustain the Bank's sound operation
   i. Set up a dedicated unit and supervisors according to regulations in " Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Banking Sector", developed by the competent authorities, for the development of managerial mechanisms, training and system establishment.
   ii. Fortify the Bank's risk control, legal compliance and management of internal audit and internal control of overseas branches.
   iii. Regularly collect the latest changes in financial regulations and instantly amend bylaws. Furthermore, ensure the complete compliance with regulations through periodically performing self-evaluation and assessment of legal compliance.
   iv. Persistently better risk management, advance risk-rating models and timely adjust industrial risk strategies.

B. Long-Term Business Development Plans

a. Solidify operation efficiency and stably elevate ROE and contribution per capita
   i. After the merger with Ta Chong Bank, the Bank's market share goals of deposit and loan services will be set above 3% and gradually raise these goals.
   ii. Persistently expand the Bank's wealth management business and enhance the marginal benefit of credit card service in order to broaden sources of service fee income.
   iii. Actively strive to host syndicated loans and better the fee collection of general loans in order to elevate the contribution to fee income.
   iv. Financial asset adjustment is firmly implementing according to domestic and international dynamic, and it helps to secure the investment position for banking book and build sources of stable interest income.

b. Develop digital finance, strengthen products and services and become No.1 financial institution in clients' mind

i. Develop big data analysis, assist the sales crew with precision marketing and maximize client stickiness and contribution.
ii. Corresponding to Government's deregulation on digital finance, the Bank plans to cooperate with Financial Information Service Co., Ltd. or official institutions to develop such FinTech services as block chain, the P2P exchange platform, robot finance and mobile payment etc.
iii. Grasp market changes, improve the ability of developing new financial products and satisfy financial demands of customers in every phase.

c. Penetrate the domestic market deeply and explore overseas market actively
   i. After the merger with Ta Chong Bank, the Bank embraced 152 branches, integrated with ATMs and e-channels including online banking and mobile banking. The Bank's dense operation network helps improve the convenience of services and brand awareness.
   ii. Currently the Bank owns subsidiary banks in Philippines and Korea. Along with Hong Kong Branch of Ta Chong Bank, a preliminary scale of overseas deployment has turned visible. Domestically, International Operation Dept. has been set up for dedicated management while, overseas, competent high-level supervisors from Taiwan are accredited for local management. The full effort will be devoted to the localization of overseas operation so that appropriate local operation models can be constructed to raise profit contribution year by year.
   iii. Enhance the training of international talents and encourage the staff to enhance and improve their foreign language ability and strive for opportunities in overseas visits or education.

(5) Employee Composition

Year		2015	2016	February 28th, 2017
Number of Staff		2,754	2,717	2,718
Average Age		38.53	39.46	39.62
Average Seniority		7.53	8.35	8.48
Education Level Ratio	PhD	0.07%	0.11%	0.11%
	Master Degree	14.48%	14.9%	14.86%
	University/ College	81.54%	81.07%	81.23%
	Senior High School	3.81%	3.85%	3.73%
	Lower than Senior High School	0.10%	0.07%	0.07%
Certificates and Licenses Held by Yuanta Commercial Bank Employees	Certificates/Licenses	Number of Staff	Certificates/Licenses	Number of Staff
	Internal Control	1,954	Investment Insurance Salesperson	1,189
	Trust Salesperson	1,803	Financial Knowledge and Ethics	1,613
	Life Insurance Salesperson	1,811	Financial Planning Specialist	481
	Property Insurance Salesperson	1,450	Other Financial Certificates/Licenses	6,180
	Life Insurance Salesperson to Sell Foreign Currency Receipts and Disbursements Non-investment Insured Goods			1,036

Note：On February 28th, 2017, number of staff of Yuanta Savings Bank (Philippines) is 86.
Note：On February 28th, 2017, number of staff of Yuanta Savings Bank (Korea) is 49.

(6) Corporate Social Responsibilities and Ethics

The Bank has been making donations to Yuanta Foundation for social services in cultural and education fields. Yuanta Foundation centers on caring for public welfare with initiatives on education in four educational approaches: (1) social welfare and education; (2) fostering of young talent through scholarships and other forms of academic sponsorship and professional training; (3) promotion of the arts and cultural education.; (4) social security and law education. A total of 468 events were organized and dedicated to various charity services in 2016, including 93 self-hosted events, 286 co-hosted events and 89 sponsored events.

The Foundation also integrated the extensive network and ample human resources of Yuanta Financial Holdings (YFH) to promote volunteer service so that the Foundation can aim at wide targets and scope and generate stronger power for its service. During 2016, the Foundation held Yuanta Blissful Day and Volunteer Day, to accompany hundreds of children from children's shelters to attend exhibitions. Also, the Bank created the original "Dream Big" program, combining resources to build a virtual and physical integrated charity platform to assist nine charity groups in need through not only funding but also dedication of numerous volunteers in hope to make a contribution to the whole society in terms of finance and labor!

The Foundation gathers the social service strength and hopes to set an example for various sectors in the society and encourage them to participate the public welfare events, so as to fulfill the corporate social responsibility insisted by YFH. In the future, the Foundation will persistently help more minorities and families in need, as our promise “Let dreams be not just dreams!”, and build a warmer future for Taiwan.

The Bank also cooperated with charity groups to issue co-brander cards for charitable donation. For example, for Changhua Fellow Townsmen Association Co-brander Card, the Bank appropriates a certain proportion of the consumption amount to Changhua Fellow Townsmen Association for charity use; for Sung Shan TsuHuei Temple Charity Card, the Bank appropriated a certain proportion of the consumption amount to Sung Shan TsuHuei Temple for charity use. It is hoped to feedback the society and fully carry out the Bank’s corporate social responsibilities.

(7) The Number of Non-supervisor Employees, Annual Average Employee Benefits and the Differences from the Previous Year

Non-supervisor employees in the Bank amounted to 2,588. Annual average benefits for 2016 is totaled to be NT$ 1,265,955, a rise by NT$ 66,418 from the previous year.

(8) IT Development Projects

A. Hardware and Software Configuration of Major Information Systems

The configuration of major information system, including NTD deposit and loan, domestic remittance, cross-bank transactions, foreign exchange, trust, accounting, data warehouse, wealth management and credit card authentication etc., are equipped with the hardware and operation systems of IBM p-Series, IBM AS/400 I-Series, SUN M5000, EMC Greenplum and Windows x86 server.

B. Future Development and Procurement Plans

In response to digital financial development, technical innovation and the bank-wide operation strategies and future business development, the Bank will not only continue its effort to perfect its information infrastructure and better its internal IT efficiency and information security, but also orient its business toward customer demand and aggressively advance functions of its e-channels in order to boost its business growth, accelerate the operation efficiency and maximize its customer satisfaction. The future development plans of the Bank are summarized as follows:

a. Development of Digital Finance Business

Launch projects including establishment Supplier Online Financing System, the new personal online banking system, revision of WebATM, introduction and application to non-structured big data, establishment of the new official website and Smart Customer Service System in order to satisfy customer’s diverse demand in financial services.

b. Comprehensive Channel Service and Marketing

Implement projects including the second phase of Computer Telecommunication Integration (CTI), the interface platform of Host card emulation (HCE) of mobile payments, Virtual Teller Machine (VTM) to supply our customers with highly services and marketing information.

c. In response to the establishment of overseas comprehensive service, the Bank will integrate and advance its domestic foreign exchange system and apply this experience to the operation of overseas branches (subsidiaries) in order to ameliorate the Bank's competency in FX market.

d. Introduce the tapeless backup management system. Execution of the backup procedure through Virtual Tape Library (VTL) and De-duplication functions effectively reduces costs in tape procurement and management, decreases demand in the bandwidth for offsite backup and raises the efficiency in backup storage.

e. Upgrade the network structure of the data center, utilize Top of RACK (TOR), replace the core switch and introduce the 10G backbone network in order to simplify the wiring in the machine room and strengthen network transmission efficiency. Therefore, the Bank can effectively adapt itself to the demand in the bandwidth of the network arising from diverse business growth.

C. **Emergency Backup and Security Measures**

In order to safeguard the smoothness of major system operation, local backup and remote backup mechanisms are devised for the host of each connectivity system according to the service features and conduct corresponding fail-over maneuvers to the system levels. It is not only the responding capability of the trainers, but also the effectiveness of the backup recovery procedures reviewed. In order to safeguard the equipment of the system and data storage, the Bank plans the following safety preventive measures:

a. Computer Room Security

The computer facilities of the Bank are installed with equipment against earthquake, fire, thunder and disasters. The access control system and the monitoring system are also well executed to tightly control entry and exit. Vital computers and equipments are maintained and tested periodically to safeguard the equipment operation.

b. System and Network Security

i. Firewall

Critical gateways in the internal network are shielded with Back To Back dual layer firewall to achieve double defense with different brands of hardware and software firewalls. Major external websites are setup on the N-tier structure. While the web server is placed in the DMZ area behind the layer 1 firewall, major application servers and database servers are placed behind the layer 2 firewall.

ii. IP Address Protection

The user terminal of the Bank adopted MAC and IP address blocking system to protect the internal IP addresses of the Bank from being mistakenly or falsely used.

iii. Weakness Scanning and Flaw Repair

Scanned the weakness of servers and automatically fix the system flaws of personal computers to improve system security.

iv. External Service Website Penetration Testing

Proactively conducted the penetration testing on external e-commerce websites, in order to identify security issues proactively for protection.

v. Anti-virus Mechanism

All of personal computers, servers and emails are devised with anti-virus and anti-spam mail mechanism.

vi. The Intrusion Detection System

Establish an intrusion detection system on critical gateways of external websites. Actively detect hacker’s invasion and attack and have operators instantly supervise and report such matter 24 hours a day.

vii. The Application Firewall

Establish the application firewall on critical gateways of the external website. Actively analyze and filter OSI L4-L7 Internet behavior. For illegal programming or any penetration and attack against the flaws of the system or programs, the application firewall will actively quarantine, block and report such matter to fortify the Internet defense and system security.

viii. Source Code Security

Established the inspection mechanism of source code security which automatically executes the analysis to find hidden flaws and malicious programs during the development phase of the electronic trading programs in order to avoid the poor quality programs cause any security concern, such as the attach from hackers to intensify the program quality and safety.

ix. Monitor the Changes of Files

Launch the file changed monitoring system on the e-commerce website to avoid malicious damages or false information implantation.

x. Mobile Device Management Mechanism

Strengthen enterprise’ internal management of mobile devices to ensure the data security through the establishment of Mobile Device Management Mechanism, including managing mobile device components, enhancing content security for mobile devices and establishing Internet security mechanisms for mobile devices.

xi. Protection against Distributed Denial of Service (DDoS) Attack

Subscribe to the service of protection against Distributed Denial of Service (DDoS) Attack with the Internet Service Provider for the external network, accompanied by ISP’s sandbox protection, in order to avoid DDoS attack and ensure financial services of e-banking.

xii. ATM Application Whitelisting

Establish the managerial system for ATM application whitelisting in order to advance recognition of executable applications at ATM lest any malicious software should be planted or activated in ATMs.

c. Information Security and Personal Information Protection

To advance the quality of financial service, information security management and personal information protection, the Bank utterly implements every procedures in "ISO 27001:2013 Information Security Management Systems" and "BS 10012:2009 Personal Information Management Systems" and engages in semi-annual review and triennial re-assessment of BSI. In addition, required by competent authorities and adapted to the management of digital financial information security, the Bank regularly conducted "Computer System Information Security Assessment", "Assessment on Electronic Payment Security Control Operation", "Automatic Teller Machine Information Security Attack and Defense Exercise" in order to comply with the reguirements of the Administration. Further, the Bank is persistently devoted to the enhancement of managerial mechanism of information security and personal information protection and risk management and to stronger awareness of security across the Bank in order to safeguard the confidentiality, completeness and usability of information asset so that our clientele can enjoy financial services of stronger security and higher quality.

(9) Employee Welfare

A. In addition to enrolling employees in labor insurance and national health insurance in accordance with Government's laws and regulations, the Bank also enrolled employees in group insurance, including term life insurance, injury insurance, critical illness insurance, accidental medical insurance, cancer insurance and occupational disaster insurance etc.

B. Established Employees Welfare Committee and stipulated the relevant reimbursement procedures, such as providing subsidies to marriage, maternity, disease, injury, death, emergency, children scholarship.

C. Provided employees meal reimbursement.

D. Provided preferential interest rates for savings accounts of employees, mortgages, property remodeling loans and consumer loans.

E. Provided employees with Employee Stock Ownership Trust.

IV. Financial Information and Risk Management

1. Financial Review 2012~2016

(1) Condensed Consolidated Balance Sheet for 2012~2016

Unit: NT$1,000

Item / Year		Financial Information (Note 1)				
		2016	2015 (Note 3)	2014 (Note 4)	2013	2012
Cash and cash equivalents, Due from Central Bank and call loans to other banks		111,051,887	91,084,244	92,677,166	92,951,953	82,540,667
Financial assets at fair value through profit or loss – net		75,856,017	85,539,654	49,412,091	24,375,726	25,919,168
Bills and bonds purchased under resale agreements		6,249,307	1,937,969	–	–	–
Available-for-sale financial assets – net		84,420,516	41,794,256	34,767,648	31,039,688	52,179,082
Receivables – net		18,768,134	16,747,814	19,094,761	12,339,605	9,393,972
Current income tax assets		2,852,044	2,848,594	3,110,545	3,058,196	2,878,060
Bills discounted and loans – net		490,845,954	478,156,273	445,276,774	397,268,743	375,712,974
Held-to-maturity financial assets		14,741,656	14,665,264	7,345,168	4,955,516	–
Other financial assets – net		49,570,202	70,157,273	38,861,792	26,168,420	7,641
Property and equipment– net		6,079,960	5,015,333	2,160,396	2,149,569	2,372,459
Investment Property – net		1,083,277	1,876,961	306,052	314,808	234,390
Intangible assets – net		2,545,091	2,133,271	2,068,089	2,058,637	2,184,964
Deferred income tax assets – net		437,751	615,950	610,164	193,903	194,178
Other assets– net		2,409,515	5,396,994	3,205,017	1,495,054	749,992
Total Assets		**866,911,311**	**817,969,850**	**698,895,663**	**598,369,818**	**554,367,547**
Due to Central Bank and other banks		25,624,867	31,901,180	5,681,005	13,072,480	13,070,340
Financial liabilities at fair value through profit or loss – net		5,332,985	9,714,271	5,679,085	2,336,752	1,977,281
Bills and bonds sold under repurchase agreements		7,786,562	10,578,602	8,340,995	–	–
Payables		13,277,873	11,668,104	15,830,696	10,326,621	7,994,445
Current income tax liabilities		918,818	608,110	986,876	325,264	332,460
Deposits and remittances		713,029,940	661,165,107	579,860,129	496,482,959	453,401,765
Bonds payable		38,000,000	33,000,000	23,000,000	15,000,000	15,000,000
Other financial liabilities		2,234,695	2,895,043	6,237,906	12,902,996	16,747,503
Provision		1,197,338	1,253,653	1,030,176	735,122	670,381
Deferred income tax liabilities		194,232	364,716	171,751	209,163	119,218
Other iabilities		1,060,123	1,041,664	731,171	731,582	660,329
Total liabilities	**Before distribution**	**808,657,433**	**764,190,450**	**647,549,790**	**552,122,939**	**509,973,722**
	After distribution	**Note 2**	**765,192,534**	**649,549,790**	**552,122,939**	**509,973,722**
Equity attributable to owners of the parent company		58,253,878	53,779,400	51,345,873	46,246,879	44,393,825
Share Capital	Before distribution	41,521,815	39,183,618	37,690,491	36,496,931	34,963,315
	After distribution	Note 2	41,521,815	39,183,618	37,690,491	36,496,931
Additional paid-in capital		6,038,882	6,038,882	6,116,883	6,116,883	6,116,883
Retained earnings	Before distribution	11,172,970	8,813,539	7,495,147	4,241,009	2,752,946
	After distribution	Note 2	5,473,258	4,002,020	3,047,449	1,219,330
Other equity		(479,789)	(256,639)	(228,357)	(607,944)	560,681
Prior interests under common control		–	–	144,848	–	–
Non-controlling interests		–	–	126,861	–	–
Total equity	**Before distribution**	**58,253,878**	**53,779,400**	**51,345,873**	**46,246,879**	**44,393,825**
	After distribution	**Note 2**	**52,777,316**	**49,345,873**	**46,246,879**	**44,393,825**

Note1：The above financial information was audited by accountants. Starting January 1st, 2013, the Company prepares the financial statements in accordance with Taiwan-IFRSs, and to comply with IAS1, the comparative period has been restated.

Note2：The appropriation of the Bank's 2016 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

Note3：To comply with the combinations of Yuanta Life Insurance Agent and Yuanta Property Insurance Agent, 2015 financial reports have been restated.

Note4：On August 5th, 2015, the consolidated Company acquired 100% equity of Tong Yang Savings Bank and completed the according delivery. This acquisition is Business Combination Under Common Control (BCUCC), so, when producing financial reports for the previous periods, the Bank considered itself consolidated ab initio and thus reproduced previous financial reports. Tong Yang Savings Bank was restructured into the indirect subsidiary of Yuanta Securities in the same conglomerate on June 11th, 2014. Therefore, June 11th, 2014 is the date of ab initio consolidation.

(2) Condensed Consolidated Statements of Comprehensive Income for 2012~2016

Unit: NT$1,000

Item \ Year	Financial Information (Note 1)				
	2016	2015 (Note 2)	2014 (Note 3)	2013	2012
Interest income	13,777,724	13,050,370	11,167,221	9,798,277	9,175,638
Less：Interest expense	5,180,125	5,304,799	4,167,006	3,682,850	3,414,446
Net interest income	8,597,599	7,745,571	7,000,215	6,115,427	5,761,192
Net non-interest income	5,404,309	5,187,193	4,400,633	3,253,166	2,218,438
Net revenue	14,001,908	12,932,764	11,400,848	9,368,593	7,979,630
Provision for bad debts expenses and guarantee reserve	1,006,950	886,889	757,128	720,371	480,790
Operating expenses	6,642,951	6,405,803	5,632,982	5,239,500	5,109,778
Income from continuing operations before income tax	6,352,007	5,640,072	5,010,738	3,408,722	2,389,062
Income tax expense	(757,052)	(696,099)	(468,340)	(356,517)	(329,637)
Net income from continuing operations	5,594,955	4,943,973	4,542,398	3,052,205	2,059,425
Net income	5,594,955	4,943,973	4,542,398	3,052,205	2,059,425
Other comprehensive income (loss) (net of tax)	(118,393)	(177,526)	291,138	(1,200,081)	386,334
Total comprehensive income	5,476,562	4,766,447	4,833,536	1,852,124	2,445,759
Net income attributable to: Parent company	5,594,955	4,949,974	4,546,935	3,052,205	2,059,425
Net income attributable to: Prior interests under common control	—	(3,304)	(2,419)	—	—
Net income attributable to: Uncontrolled equity	—	(2,697)	(2,118)	—	—
Comprehensive income attributable to: Parent company	5,476,562	4,782,113	4,827,285	1,852,124	2,445,759
Comprehensive income attributable to: Prior interests under common control	—	(7,901)	3,397	—	—
Comprehensive income attributable to: Uncontrolled equity	—	(7,765)	2,854	—	—
EPS(NT$) (Note 4)	1.35	1.19	1.16	0.81	0.66

Note1：The above financial information was audited by accountants. Starting January 1st, 2013, the Company prepares the financial statements in accordance with Taiwan-IFRSs, and to comply with IAS1, the comparative period has been restated.

Note2：To comply with the combinations of Yuanta Life Insurance Agent and Yuanta Property Insurance Agent, 2015 financial reports have been restated.

Note3：On August 5th, 2015, the consolidated Company acquired 100% equity of TongYang Savings Bank and completed the according delivery. This acquisition is Business Combination Under Common Control (BCUCC), so, when producing financial reports for the previous periods, the Bank considered itself consolidated ab initio and thus reproduced previous financial reports. TongYang Savings Bank was restructured into the indirect subsidiary of Yuanta Securities in the same conglomerate on June 11th, 2014. Therefore, June 11th, 2014 is the date of ab initio consolidation.

Note4：The outstanding shares have been adjusted proportionally based on the capitalization of earnings on May 26th, 2016. Before adjustment, EPS after-tax of 2015 is NT$1.26.

(3) Condensed Separate Balance Sheet for 2012~2016

Unit: NT$1,000

Item		Financial Information (Note 1) 2016	2015 (Note 3)	2014 (Note 3, 4)	2013	2012
Cash and cash equivalents, Due from Central Bank and call loans to other banks		106,013,194	90,082,158	92,216,171	92,951,873	82,540,611
Financial assets at fair value through profit or loss – net		75,856,017	85,539,308	49,411,506	24,375,726	25,919,168
Bills and bonds purchased under resale agreements		6,249,307	1,937,969	—	—	—
Available-for-sale financial assets – net		83,750,635	41,793,681	34,767,019	31,037,413	52,177,668
Receivables – net		18,319,774	16,319,285	18,673,646	12,276,134	9,376,347
Current income tax assets		2,848,594	2,848,594	3,109,168	3,057,284	2,878,045
Bills discounted and loans – net		490,029,141	477,989,325	445,096,204	397,268,743	375,712,974
Held-to-maturity financial assets		14,513,341	14,494,870	7,277,780	4,955,516	—
Equity investments accounted for under the equity method – net		4,983,889	1,315,587	758,086	655,121	667,498
Other financial assets – net		49,478,502	70,138,491	38,837,359	25,842,649	7,641
Property and equipment– net		5,818,750	4,947,906	2,087,564	2,149,071	2,369,557
Investment Property – net		1,083,277	1,876,961	306,052	314,808	234,390
Intangible assets – net		2,125,491	2,132,733	2,067,369	2,058,637	2,184,964
Deferred income tax assets – net		406,092	583,384	582,426	193,733	193,964
Other assets– net		2,174,629	5,276,578	3,194,049	1,467,868	747,459
Total assets		**863,650,633**	**817,276,830**	**698,384,399**	**598,604,576**	**555,010,286**
Due to Central Bank and other banks		25,624,867	31,901,180	5,681,005	13,072,480	13,070,340
Financial liabilities at fair value through profit or loss – net		5,332,985	9,714,271	5,679,085	2,336,752	1,977,281
Bills and bonds sold under repurchase agreements		7,786,562	10,578,602	8,340,995	—	—
Payables		13,212,014	11,604,913	15,822,935	10,313,523	7,971,693
Current income tax liabilities		918,499	606,906	985,209	323,253	324,970
Deposits and remittances		709,988,729	660,554,776	579,493,478	496,750,456	454,075,352
Bonds payable		38,000,000	33,000,000	23,000,000	15,000,000	15,000,000
Other financial liabilities		2,234,695	2,895,043	6,237,906	12,902,996	16,747,503
Provision		1,076,576	1,249,615	1,027,396	735,122	670,381
Deferred income tax liabilities		182,081	364,705	171,751	209,163	119,218
Other liabilities		1,039,747	1,027,419	725,627	713,952	659,723
Total liabilities	**Before distribution**	**805,396,755**	**763,497,430**	**647,165,387**	**552,357,697**	**510,616,461**
	After distribution	**Note 2**	**764,499,514**	**649,165,387**	**552,357,697**	**510,616,461**
Equity attributable to owners of the parent company		58,253,878	53,779,400	51,219,012	46,246,879	44,393,825
Share Capital	Before distribution	41,521,815	39,183,618	37,690,491	36,496,931	34,963,315
	After distribution	Note 2	41,521,815	39,183,618	37,690,491	36,496,931
Additional paid-in capital		6,038,882	6,038,882	6,116,883	6,116,883	6,116,883
Retained earnings	Before distribution	11,172,970	8,813,539	7,495,147	4,241,009	2,752,946
	After distribution	Note 2	5,473,258	4,002,020	3,047,449	1,219,330
Other equity		(479,789)	(256,639)	(228,357)	(607,944)	560,681
Prior interests under common control		—	—	144,848	—	—
Total equity	**Before distribution**	**58,253,878**	**53,779,400**	**51,219,012**	**46,246,879**	**44,393,825**
	After distribution	**Note 2**	**52,777,316**	**49,219,012**	**46,245,879**	**44,393,825**

Note1：The above financial information was audited by accountants. Starting January 1st, 2013, the Company prepares the financial statements in accordance with Taiwan-IFRSs, and to comply with IAS1, the comparative period has been restated.

Note2：The appropriation of the Bank's 2016 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

Note3：To comply with the combinations of Yuanta Life Insurance Agent and Yuanta Property Insurance Agent, 2015 financial reports have been restated.

Note4：On August 5th, 2015, the consolidated Company acquired 100% equity of TongYang Savings Bank and completed the according delivery. This acquisition is Business Combination Under Common Control (BCUCC), so, when producing financial reports for the previous periods, the Bank considered itself consolidated ab initio and thus reproduced previous financial reports. TongYang Savings Bank was restructured into the indirect subsidiary of Yuanta Securities in the same conglomerate on June 11th, 2014. Therefore, June 11th, 2014 is the date of ab initio consolidation.

(4) Condensed Separate Statements of Comprehensive Income for 2012~2016

Unit: NT$1,000

Item / Year	Financial Information (Note 1)				
	2016	2015 (Note 2)	2014	2013	2012
Interest income	13,618,315	12,974,127	11,098,363	9,795,941	9,175,614
Less：Interest expense	5,141,414	5,299,901	4,164,271	3,687,102	3,415,015
Net interest income	8,476,901	7,674,226	6,934,092	6,108,839	5,760,599
Net non-interest income	5,295,425	5,160,646	4,334,051	3,218,495	2,120,604
Net revenue	13,772,326	12,834,872	11,268,143	9,327,334	7,881,203
Provision for bad debts expenses and guarantee reserve	1,002,168	869,105	758,804	720,371	480,790
Operating expenses	6,427,822	6,330,031	5,509,759	5,205,430	5,021,427
Income from continuing operations before income tax	6,342,336	5,635,736	4,999,580	3,401,533	2,378,986
Income tax expense	(747,381)	(689,066)	(455,064)	(349,328)	(319,561)
Net income from continuing operations	5,594,955	4,946,670	4,544,516	3,052,205	2,059,425
Net income	5,594,955	4,946,670	4,544,516	3,052,205	2,059,425
Other comprehensive income (loss) (net of tax)	(118,393)	(172,458)	286,166	(1,200,081)	386,334
Total comprehensive income	5,476,562	4,774,212	4,830,682	1,852,124	2,445,759
Net income (loss) attributable to: Parent company	5,594,955	4,949,974	4,546,935	3,052,205	2,059,425
Net income (loss) attributable to: Prior interests under common control	—	(3,304)	(2,419)	—	—
Total comprehensive income attributable to: Parent company	5,476,562	4,782,113	4,827,285	1,852,124	2,445,759
Total comprehensive income attributable to: Prior interests under common control	—	(7,901)	3,397	—	—
EPS(NT$) (Note 3)	1.35	1.19	1.16	0.81	0.66

Note1：The above financial information was audited by accountants. Starting January 1st, 2013, the Company prepares the financial statements in accordance with Taiwan-IFRSs, and to comply with IAS1, the comparative period has been restated.

Note2：To comply with the combinations of Yuanta Life Insurance Agent and Yuanta Property Insurance Agent, 2015 financial reports have been restated.

Note3：The outstanding shares have been adjusted proportionally based on the capitalization of earnings on May 26th, 2016. Before adjustment, EPS after-tax of 2015 is NT$1.26.

(5) Independent Auditors Over the Past Five Years and their Audit Opinions

Year	Independent Auditing Firm	CPA	Auditor's Opinion
2012	PricewaterhouseCoopers, Taiwan	James Huang & Ellen Kuo	Standard unqualified opinion
2013	PricewaterhouseCoopers, Taiwan	James Huang & Ellen Kuo	Standard unqualified opinion
2014	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Standard unqualified opinion
2015	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Modified unqualified opinion
2016	PricewaterhouseCoopers, Taiwan	Ellen Kuo & Maria Chen	Standard unqualified opinion

(6) Consolidated Financial Analysis for 2012~2016

Item (Note 6) / Year		Financial Analysis (Note 1)				
		2016	2015	2014	2013	2012
Operating Performance	Ratio of deposits to loans (%)	69.34	72.15	77.15	80.25	83.00
	NPL ratio (%)	0.21	0.20	0.21	0.31	0.19
	Ratio of interest cost to annual average deposits (%)	0.59	0.70	0.68	0.68	0.66
	Ratio of interest income to annual average loans outstanding (%)	2.19	2.20	2.18	2.14	2.17
	Total assets turnover (times)	0.02	0.02	0.02	0.02	0.02
	Average operation revenue per employee (thousand NT$)	4,892	4,547	4,333	4,047	3,117
	Average profit per employee (thousand NT$)	1,955	1,738	1,726	1,318	804
Profitability	Return on tier I capital (%)	10.70	10.72	10.97	7.99	6.88
	Return on assets (%)	0.66	0.65	0.70	0.53	0.39
	Return on equity (%)	9.99	9.41	9.31	6.73	5.54
	Net income ratio (%)	39.96	38.23	39.84	32.58	25.81
	EPS (NT$)	1.35	1.19	1.16	0.81	0.66
Financial Structure	Ratio of liabilities to assets (%)	93.24	93.38	92.60	92.23	91.96
	Ratio of property and equipment to equity (%)	10.44	9.33	4.21	4.65	5.34
Growth rate	Rate of assets growth (%)	5.98	17.04	16.80	7.94	9.02
	Rate of earnings growth (%)	12.62	12.56	47.00	42.68	16.51 (Note 2)
Cash flow	Cash flow ratio (%)	41.43	Note 4	Note 4	44.66	Note 4
	Cash flow adequacy ratio (%)	296.59	116.44	955.03	2,188.06	1,260.64
	Cash flow coverage ratio (%)	1,335.73	Note 4	Note 4	(1,117.80)	Note 4
Ratio of liquidity reserve (%)		33.00	33.00	29.00	31.90	29.60
Total balance of secured loans of related parties (thousand NT$)		4,885,495	5,330,601	6,632,636	6,649,493	4,793,300
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		0.93	1.03	1.36	1.51	1.15
Scale of operations (Note 5)	Asset market share (%)	1.65	1.61	1.42	1.33	1.35
	Net-worth market share (%)	1.61	1.57	1.62	1.63	1.70
	Deposits market share (%)	1.82	1.76	1.64	1.50	1.46
	Loans market share (%)	1.72	1.72	1.65	1.56	1.56

The specified reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)

A. With the maintenance of asset quality as the premise, in 2016, the Company continuously expanded each business and raised the net income which resulted in the higher profitability and growth than 2015.

B. The fall in the rate of assets growth mainly resulted from the purchase of property and investment property during 2015.

Note1：The above financial information was audited by accountants. In addition, the comparative information of 2012 was produced according to International Financial Reporting Standards (IFRSs).

Note2：Starting January 1st, 2013, the consolidated Company prepares the financial statements in accordance with "Taiwan-IFRSs", and to comply with IAS1, the comparative period has been restated. Regarding the profit growth ratios between 2012 and 2011, earnings before tax for 2011 were produced according to R.O.C. GAAP.

Note3：To comply with the combinations of Yuanta Life Insurance Agent and Yuanta Property Insurance Agent, 2015 financial reports have been restated.

Note4：Because cash flows from operating activities in statement of cash flows are cash outflow in 2012, 2014 and 2015, it is not included for the calculation of according cash flow ratio.

Note5：Because of inaccessibility to information, market share of operating scale is calculated according to separate financial statements.

Note6：The formulas of various ratios are as follows:

1. Operating Performance
   (1) Ratio of deposits to loans＝Annual average loans outstanding／Annual average deposit (Including postal savings re-deposits)
   (2) NPL ratio＝Total NPL／Total loans outstanding
   (3) Ratio of interest cost to annual average deposits＝Total interest cost from deposits／Annual average deposits
   (4) Ratio of interest income to annual average loans outstanding＝Total interest income from loans／Annual average amount of loans outstanding
   (5) Total assets turnover (times)＝Operating income／Average total assets
   (6) Average operation revenue per employee (Note 10)＝Operating Revenues／Annual average total number of employees
   (7) Average profit per employee＝Net income after tax／total employees
2. Profitability
   (1) Return on tier I capital =Before-tax profit or loss／Total amount of tier I capital
   (2) Return on assets＝Net income／Average total assets
   (3) Return on Equity＝Net income／Average total equity
   (4) Net income ratio＝Net income／Total operating revenues
   (5) EPS＝(Net profit attributable to parent company-preferred stock dividend)／Weighted average number of shares issued (Note 8)
3. Financial structure
   (1) Ratio of Liabilities to Assets＝Liabilities／Total assets
   (2) Ratio of Property and Equipment to Equity＝Property and equipment assets／Total equity
4. Growth rate
   (1) Rate of Assets growth=(Total assets for current year－ Total assets for previous year)／Total assets for previous year
   (2) Rate of earnings growth = (Before-tax profit or loss for current year－Before-tax profit or loss for previous year)／Before-tax profit for previous year
5. Cash flow (Note 11)
   (1) Cash flow ratio＝Net cash flow from operating activities／ (interbank lending and overdraft＋payable commercial paper＋Financial liabilities at fair value through profit or loss＋RP＋Payable accounts-current portion)
   (2) Net cash flow adequacy ratio＝Net cash flow from operating activities for the latest five years／(Capital expenditure＋cash dividends for the latest five years)
   (3) Cash flow coverage ratio＝Net cash flow from operating activities／net cash flow from investing activities
6. Ratio of liquidity reserve＝Liquidity assets defined by Central Bank／Accrual liquidty reserve liabilities
7. Scale of operations
   (1) Asset market share = total assets/total assets of all financial institutions able to engage in deposit and

loan business (Note 9)

(2) Net-worth market share = net worth/total net worth of all financial institutions able to engage in deposit and loan business

(3) Deposit market share = total value of deposits/total value of deposits at all financial institutions able to engage in deposit and loan business

(4) Loan market share = total value of loans/total value of loans at all financial institutions able to engage in deposits and loan business

Note7：The total liabilities have deducted allowance for guarantee liability and allowance for accidental loss.

Note8：The following shall be noted in the equations of EPS of the preceding paragraph:

1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.
2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.
3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.

Note9：The financial institutions which could do the deposit and loan business include domestic banks, local branches of foreign and Mainland Chinese banks, credit co-operative associations and credit departments of farmers and fishermen's associations.

Note10：The income means the total interest income and non-interest income.

Note11：The following shall be considered in measuring of cash flow analysis:

1. Net cash flow from operating activities means the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure means the cash outflow from capital investment per year.
3. Cash dividends include of common and preferred stocks.
4. Gross for fixed assets means the total fixed assets before deduction of accumulated depreciation.

(7) Separate Financial Analysis for 2012~2016

Item (Note 4)	Year	Financial Analysis (Note 1) 2016	2015	2014	2013	2012
Operating performance	Ratio of deposits to loans (%)	69.51	72.80	77.15	80.21	82.88
	NPL ratio (%)	0.19	0.18	0.19	0.31	0.19
	Ratio of interest cost to annual average deposits (%)	0.59	0.70	0.68	0.68	0.66
	Ratio of interest income to annual average loans outstanding (%)	2.18	2.19	2.17	2.14	2.17
	Total assets turnover (times)	0.02	0.02	0.02	0.02	0.01
	Average operation revenue per employee (thousand NT$)	5,049	4,637	4,311	4,057	3,092
	Average profit per employee (thousand NT$)	2,051	1,787	1,739	1,328	808
Profitability	Return on tier I capital (%)	10.94	10.81	11.03	8.04	6.89
	Return on assets (%)	0.67	0.65	0.70	0.53	0.39
	Return on equity (%)	9.99	9.42	9.33	6.73	5.54
	Net income ratio (%)	40.62	38.54	40.33	32.72	26.13
	EPS (NT$)	1.35	1.19	1.16	0.81	0.66
Financial Structure	Ratio of liabilities to assets (%)	93.22	93.37	92.61	92.24	91.96
	Ratio of property and equipment to equity (%)	9.99	9.20	4.08	4.65	5.34
Growth rate	Rate of assets growth (%)	5.67	17.02	16.67	7.85	9.14
	Rate of earnings growth (%)	12.54	12.72	46.98	42.98	16.31 (Note 2)
Cash flow	Cash flow ratio (%)	44.94	Note 4	Note 4	44.57	Note 4
	Cash flow adequacy ratio (%)	313.69	116.24	954.66	2,191.23	1,263.63
	Cash flow coverage ratio (%)	(493.57)	Note 4	Note 4	(1,146.17)	Note 4
Ratio of liquidity reserve (%)		33.00	33.00	29.00	31.90	29.60
Total balance of secured loans of related parties (thousand NT$)		4,885,495	5,330,601	6,632,636	6,649,493	4,793,300
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		0.93	1.03	1.36	1.51	1.15
Scale of operations	Asset market share (%)	1.65	1.61	1.42	1.33	1.35
	Net-worth market share (%)	1.61	1.57	1.62	1.63	1.70
	Deposits market share (%)	1.82	1.76	1.64	1.50	1.46
	Loans market share (%)	1.72	1.72	1.65	1.56	1.56

The specified reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)

A. With the maintenance of asset quality as the premise, in 2016, the Company continuously expanded each business and raised the net income which resulted in the higher profitability and growth than 2015.

B. The fall in the rate of assets growth mainly resulted from the purchase of property and investment property during 2015.

Note1：The above financial information was audited by accountants. In addition, the comparative information of 2012 was produced according to International Financial Reporting Standards (IFRSs).

Note2：Starting January 1st, 2013, the consolidated Company prepares the financial statements in accordance with “Taiwan-IFRSs”, and to comply with IAS1, the comparative period has been restated. Regarding the profit growth ratios between 2012 and 2011, earnings before tax for 2011 were produced according to R.O.C. GAAP.

Note3：To comply with the combinations of Yuanta Life Insurance Agent and Yuanta Property Insurance Agent, 2015 financial reports have been restated.

Note4：Because cash flows from operating activities in statement of cash flows are cash outflow in 2012, 2014 and 2015, it is not included for the calculation of according cash flow ratio.

(8) Consolidated Capital Adequacy for 2012~2016

Unit: NT$1,000

<table>
<tr><th colspan="3" rowspan="2">Item / Year</th><th colspan="4">Consolidated Capital Adequacy Ratio</th></tr>
<tr><th>2016</th><th>2015</th><th>2014</th><th>2013</th></tr>
<tr><td rowspan="4">Regulatory Capital</td><td colspan="2">Common Equity Tier 1 Capital</td><td>54,546,613</td><td>50,454,350</td><td>47,972,473</td><td>43,367,166</td></tr>
<tr><td colspan="2">Additional Tier 1 Capital</td><td>6,912,792</td><td>6,841,515</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Tier 2 Capital</td><td>22,651,404</td><td>21,080,944</td><td>19,003,750</td><td>11,649,461</td></tr>
<tr><td colspan="2">Regulatory Capital</td><td>84,110,809</td><td>78,376,809</td><td>66,976,223</td><td>55,016,627</td></tr>
<tr><td rowspan="9">Risk-weighted Assets</td><td rowspan="3">Credit Risk</td><td>Standardized Approach</td><td>552,690,922</td><td>529,595,884</td><td>471,176,159</td><td>396,135,491</td></tr>
<tr><td>Internal ratings-based Approach</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Securitization</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td rowspan="3">Operational Risk</td><td>Basic Indicator Approach</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Standardized Approach</td><td>22,704,950</td><td>20,887,182</td><td>17,517,763</td><td>15,150,838</td></tr>
<tr><td>Advanced Measurement Approaches</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td rowspan="2">Market Risk</td><td>Standardized Approach</td><td>37,699,975</td><td>53,212,313</td><td>33,517,888</td><td>14,523,300</td></tr>
<tr><td>Internal Models Approach</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Total Amount of Risk-weighted Assets</td><td>613,095,847</td><td>603,695,379</td><td>522,211,810</td><td>425,809,629</td></tr>
<tr><td colspan="3">Capital Adequacy Ratio (%)</td><td>13.72</td><td>12.98</td><td>12.83</td><td>12.92</td></tr>
<tr><td colspan="3">Tier 1 Capital Ratio (%)</td><td>10.02</td><td>9.49</td><td>9.19</td><td>10.18</td></tr>
<tr><td colspan="3">Common Equity Tier 1 Ratio (%)</td><td>8.90</td><td>8.36</td><td>9.19</td><td>10.18</td></tr>
<tr><td colspan="3">Leverage Ratio (%)</td><td>6.60</td><td>6.40</td><td>4.68</td><td>5.13</td></tr>
<tr><td colspan="7">Please specify the reasons for the changes of capital adequacy ratios for the past two years: (If the variation does not reach 20%, the analysis can be omitted)
The changes of capital adequacy ratios for the past two years are less than 20% and waived from explanation.</td></tr>
</table>

Note1：The regulatory capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note2：The relevant formulas are as follows:

1. Regulatory capital = Common equity Tier1 capital + Additional Tier 1 capital + Tier 2 capital
2. Total amount of risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Regulatory capital / Total amount of risk-weighted assets
4. Tier 1 capital ratio＝(Common equity Tier 1 capital + additional Tier 1 capital)/ Total amount of risk-weighted assets
5. Common equity Tier 1 ratio＝Common equity Tier 1 capital / Total amount of risk-weighted assets
6. Leverage Ratio= Tier 1 capital / Exposure measurement

Note3：The above financial information was audited by accountants.

Unit: NT$1,000

Item		Year	Consolidated Capital Adequacy Ratio 2012
Eligible Capital	Tier 1 Capital	Common Stock	34,963,315
		Non-cumulative Perpetual Preferred Stock	—
		Non-cumulative Subordinated Debts without Maturity Dates	—
		Capital Collected in Advance	—
		Capital Surplus (Exclusive of Reserve for Revaluation of Fixed Assets)	6,116,883
		Legal Reserve	1,040,404
		Special Reserve	72,797
		Retained Earnings	2,086,915
		Minority Equity	—
		Other Shareholders' Equity	(81,589)
		Less: Goodwill	1,924,395
		Less: Unamortized Loss on Sale of NPL	—
		Less: Capital Deductions	314,567
		Total Tier 1 Capital	**41,959,763**
	Tier 2 Capital	Cumulative Perpetual Preferred Stock	—
		Cumulative Subordinated Debts without Maturity Dates	—
		Reserve for Revaluation of Fixed Assets	—
		45% of Unrealized Gain on Financial Assets in Available-for-sale	133,096
		Convertible Bonds	—
		Operating Reserve and Allowance for Bad Debt	644,685
		Long-term Subordinated Bonds	14,000,000
		Non- perpetual Preferred Stock	—
		Total of Non-cumulative Perpetual Preferred Stock and Non-cumulative Subordinated Debts without Maturity Dates Exceeding 15% of Total Tier 1 Capital	—
		Less: Capital Deductions	314,567
		Total Tier 2 Capital	**14,463,214**
	Tier 3 Capital	Short-term Subordinated Debts	—
		Non- perpetual Preferred Stock	—
		Total Tier 3 Capital	**—**
	Eligible Capital		**56,422,977**
Total Risk-weighted Assets	Credit Risk	Standardized Approach	357,324,695
		Internal Ratings-based Approach	—
		Securitization	—
	Operational Risk	Basic Indicator Approach	—
		Standardized Approach	12,724,888
		Advanced Measurement Approach	—
	Market Risk	Standardized Approach	16,003,613
		Internal Models Approach	—
	Total Risk-weighted Assets		**386,053,196**
Capital Adequacy Ratio (%)			**14.62**
Ratio of Tier 1 Capital in Risk-based Assets (%)			**10.87**
Ratio of Tier 2 Capital in Risk-based Assets (%)			**3.75**

Item / Year	Consolidated Capital Adequacy Ratio
	2012
Ratio of Tier 3 Capital in Risk-based Assets (%)	－
Ratio of Common Capital Stock in Total Assets (%)	**6.31**

Note1：The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "calculation method and table of self-owned capital and risk-weighted assets".

Note2：The relevant formulas are as follows:

1. Eligible capital = Tier 1 Capital + Tier 2 Capital + Tier 3 Capital
2. Total risk-weighted assets = Credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Ratio of Tier 1 capital in risk-based assets＝Tier 1 Capital / Total risk-weighted assets
5. Ratio of Tier 2 capital in risk-based assets＝Tier 2 Capital / Total risk-weighted assets
6. Ratio of Tier 3 capital in risk-based assets＝Tier 3 Capital / Total risk-weighted assets
7. Ratio of common capital stock in total assets＝Common capital stock / Total assets

Note3：The above financial information was audited by accountants.

(9) Separate Capital Adequacy for 2012~2016

Unit: NT$1,000

Item (Year)			Capital Adequacy Ratio 2016	2015	2014	2013
Regulatory Capital	Common equity Tier 1 Capital		53,720,241	50,102,099	47,637,217	43,040,229
	Additional Tier 1 Capital		5,666,820	6,488,726	—	—
	Tier 2 Capital		20,159,459	20,375,365	18,668,496	11,321,900
	Regulatory Capital		**79,546,520**	**76,966,190**	**66,305,713**	**54,362,129**
Risk-weighted Assets	Credit Risk	Standardized Approach	549,276,054	527,772,726	470,706,649	395,721,923
		Internal Ratings- based Approach	—	—	—	—
		Securitization	—	—	—	—
	Operational Risk	Basic Indicator Approach	—	—	—	—
		Standardized Approach	22,196,068	20,410,221	17,262,188	14,950,575
		Advanced Measurement Approaches	—	—	—	—
	Market risk	Standardized Approach	37,699,975	53,212,313	33,517,888	14,523,300
		Internal Models Approach	—	—	—	—
	Total Amount of Risk-weighted Assets		**609,172,097**	**601,395,260**	**521,486,725**	**425,195,798**
Capital Adequacy Ratio (%)			**13.06**	**12.80**	**12.71**	**12.79**
Tier 1 Capital Ratio (%)			**9.75**	**9.41**	**9.13**	**10.12**
Common Equity Tier 1 Ratio (%)			**8.82**	**8.33**	**9.13**	**10.12**
Leverage Ratio (%)			**6.41**	**6.33**	**4.66**	**5.09**

Note1：The regulatory capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "calculation method and table of self-owned capital and risk-weighted assets".

Note2：The relevant formulas are as follows:

1. Regulatory capital = Common equity Tier1 capital + Additional Tier 1 capital + Tier 2 capital
2. Total amount of risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Regulatory capital / Total amount of risk-weighted assets
4. Tier 1 capital ratio＝(Common equity Tier 1 capital + additional Tier 1 capital)/ Total amount of risk-weighted assets
5. Common equity Tier 1 ratio＝Common equity Tier 1 capital / Total amount of risk-weighted assets
6. Leverage Ratio= Tier 1 capital / Exposure measurement

Note3：The above financial information was audited by accountants.

Unit: NT$1,000

Item		Year	Capital Adequacy Ratio 2012
Eligible Capital	Tier 1 Capital	Common Stock	34,963,315
		Non-cumulative Preferred Stock	—
		Non-cumulative Subordinated Debts without Maturity Dates	—
		Capital Collected in Advance	—
		Capital Surplus (Exclusive of Reserve for Revaluation of Fixed Assets)	6,116,883
		Legal Reserve	1,040,404
		Special Reserve	72,797
		Retained Earnings	2,086,915
		Minority Equity	—
		Other Shareholders' Equity	(81,589)
		Less: Goodwill	1,924,395
		Less: Unamortized Loss on Sale of NPL	—
		Less: Capital Deductions	648,316
		Total Tier 1 Capital	**41,626,014**
	Tier 2 Capital	Cumulative Perpetual Preferred Stock	—
		Cumulative Subordinated Debts without Maturity Dates	—
		Reserve for Revaluation of Fixed Assets	—
		45% of Unrealized Gain on Financial Assets in Available-for-sale	133,096
		Convertible Bonds	—
		Operating Reserve and Allowance for Bad Debt	644,685
		Long-term Subordinated Bonds	14,000,000
		Non-perpetual Preferred Stock	—
		Total of Non-cumulative Perpetual Stock and Non-cumulative Subordinated Debts without Maturity Dates Exceeding 15% of Total Tier 1 Capital	—
		Less: Capital Deductions	648,316
		Total Tier 2 Capital	**14,129,465**
	Tier 3 Capital	Short-term Subordinated Debts	—
		Non-perpetual Preferred Stock	—
		Total Tier 3 Capital	**—**
	Eligible Capital		**55,755,479**
Total Risk-weighted Assets	Credit Risk	Standardized Approach	357,301,405
		Internal Ratings-based Approach	—
		Securitization	—
	Operational Risk	Basic Indicator Approach	—
		Standardized Approach	12,561,150
		Advanced Measurement Approach	—
	Market Risk	Standardized Approach	16,003,613
		Internal Models Approach	—
	Total Risk-weighted Assets		**385,866,168**
Capital Adequacy Ratio (%)			**14.45**
Ratio of Tier 1 Capital in Risk-based Assets (%)			**10.79**
Ratio of Tier 2 Capital in Risk-based Assets (%)			**3.66**

Item / Year	Capital Adequacy Ratio
	2012
Ratio of Tier 3 Capital in Risk-based Assets (%)	－
Ratio of Common Capital Stock in Total Assets (%)	**6.30**

Note1：The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "calculation method and table of self-owned capital and risk-weighted assets".

Note2：The relevant formulas are as follows:

1. Eligible capital = Tier 1 Capital + Tier 2 Capital + Tier 3 Capital
2. Total risk-weighted assets = Credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Ratio of Tier 1 capital in risk-based assets＝Tier 1 Capital / Total risk-weighted assets
5. Ratio of Tier 2 capital in risk-based assets＝Tier 2 Capital / Total risk-weighted assets
6. Ratio of Tier 3 capital in risk-based assets＝Tier 3 Capital / Total risk-weighted assets
7. Ratio of common capital stock in total assets＝Common capital stock / Total assets

Note3：The above financial information was audited by accountants.

2. Consolidated Financial Report for 2016

pwc 資誠

PWCR16000331

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Yuanta Commercial Bank Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the"Regulations Governing the Preparation of Financial Reports by Public Banks"and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Yuanta Commercial Bank Co., Ltd. and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Impairment evaluation of bills discounted and loans

Description

For the accounting policy for the impairment evaluation of bills discounted and loans, please refer to Note 4(9); for critical accounting estimates and assumption uncertainty of impairment of bills discounted and loans, please refer to Note 5; for the details on bills discounted and loans, please refer to Note 6(6). Total bills discounted and loans and their allowance for credit losses of Yuanta Commercial Bank Co., Ltd. and its subsidiaries as at December 31, 2016, were NTD 497,631,519 thousand and NTD 6,785,565 thousand, respectively.

The impairment evaluation of bills discounted and loans is conducted in accordance with International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' and relevant regulations for allowance of doubtful accounts promulgated by the competent authority. For the allowance of credit losses, the management of Yuanta Commercial Bank Co., Ltd. and its subsidiaries primarily evaluates parameters such as the borrower's future cash flows, loss rate, recovery rate, and collateral value, and relevant regulations for allowance of doubtful accounts promulgated by the competent authority. Because the amount of bills discounted and loans is material with respect to the total consolidated assets and impairment evaluation involves management's professional judgment and is highly uncertain, we have thus included the impairment evaluation of bills discounted and loans as one of the key audit matters.

How our audit addressed the matter

We obtained, understood and assessed the Yuanta Commercial Bank Co., Ltd.'s policies, internal controls, and operation procedures in relation to the credit risk management and the impairment evaluation of bills discounted and loans. We sample tested internal controls relevant to management's impairment evaluation, including periodic monitoring and management mechanism, credit files review, collateral management, and controls for the assessment, provision, and authorization of allowance for credit losses. We conducted the following procedures on the impairment of bills discounted and loans as at December 31, 2016: reviewed the classifications of bills discounted and loans on a sample basis; sample tested key parameters used in impairment evaluations; reviewed documents regarding management's evaluation of future cash flows and collateral value on a sample basis; and recalculated the allowance for credit losses and examined wheher it complied with the competent authority's related regulations.

Impairment evaluation of goodwill

Description

For the accounting policy of the impairment assessment of goodwill (intangible assets), please refer to Note 4(14) and 4(15); for the critical accounting estimates and assumption uncertainty of impairment assessment of goodwill, please refer to Note 5; for the details on goodwill, please refer to Note 6(12). Goodwill book value as at December 31, 2016, was NTD 2,334,641 thousand.

Yuanta Commercial Bank Co., Ltd. periodically performs impairment assessments on goodwill. Because the amount of goodwill is material and the parameters used in calculating recoverable amounts are made by management's professional judgment and are critical accounting estimates, we have thus included the impairment assessment of goodwill as one of the key audit matters.

How our audit addressed the matter

Our main audit procedures included obtaining asset impairment evaluation data prepared by management; assessing management's identification of cash generating units and estimation process for future cash flows; reviewed the management's prior year operation plan execution result; assessed the reasonableness of key assumptions used in impairment testing models, and examined the calculation formulas of impairment testing models.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Yuanta Commercial Bank Co., Ltd. as at and for the years ended December 31, 2016 and 2015.

pwc 資誠

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 Yuanta Commercial Bank Co., Ltd. and its subsidiaries'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 Yuanta Commercial Bank Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing Yuanta Commercial Bank Co., Ltd.'s financial reporting process.

Auditor's 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 auditor's 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 ROC GAAS 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 ROC GAAS, 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 Yuanta Commercial Bank Co., Ltd. and its subsidiaries'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 Yuanta Commercial Bank Co., Ltd. and its subsidiaries's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

pwc 資誠

to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause Yuanta Commercial Bank Co., Ltd. and its subsidiaries 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 appropriate audit evidence regarding the financial information of the 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Kuo, Puo-ju　　　　Chen Hsien-I

KUO, PUO-JU　　　　CHEN, HSIEN-I

For and on behalf of PricewaterhouseCoopers, Taiwan

March 16, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars)

	ASSETS	NOTES	December 31, 2016 Amount	%	December 31, 2015 Amount	%
11000	Cash and cash equivalents	6(1)	$ 11,770,628	1	$ 10,312,609	1
11500	Due from Central Bank and call loans to other banks	6(2)	99,281,259	11	80,771,635	10
12000	Financial assets at fair value through profit or loss	6(3)	75,856,017	9	85,539,654	11
12500	Bills and bonds purchased under resale agreements	6(4)	6,249,307	1	1,937,969	-
13000	Receivables – net	6(5)	18,768,134	2	16,747,814	2
13200	Current income tax assets		2,852,044	-	2,848,594	-
13500	Bills discounted and loans – net	6(6)	490,845,954	57	478,156,273	58
14000	Available-for-sale financial assets – net	6(7)	84,420,516	10	41,794,256	5
14500	Held-to-maturity financial assets – net	6(8)	14,741,656	2	14,665,264	2
15500	Other financial assets – net	6(9)	49,570,202	6	70,157,273	9
18500	Property and equipment – net	6(10)	6,079,960	1	5,015,333	1
18700	Investment property- net	6(11)	1,083,277	-	1,876,961	-
19000	Intangible assets – net	6(12)	2,545,091	-	2,133,271	-
19300	Deferred income tax assets	6(35)	437,751	-	615,950	-
19500	Other assets – net	6(13) and (37)	2,409,515	-	5,396,994	1
	TOTAL ASSETS		$ 866,911,311	100	$ 817,969,850	100

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	NOTES	December 31, 2016 Amount	%	December 31, 2015 Amount	%
	LIABILITIES					
21000	Due to Central Bank and other banks	6(14)	$ 25,624,867	3	$ 31,901,180	4
22000	Financial liabilities at fair value through profit or loss	6(15)	5,332,985	1	9,714,271	1
22500	Bills and bonds sold under repurchase agreements	6(4)	7,786,562	1	10,578,602	1
23000	Payables	6(16)	13,277,873	2	11,668,104	2
23200	Current income tax liabilities		918,818	-	608,110	-
23500	Deposits and remittances	6(17)	713,029,940	82	661,165,107	81
24000	Financial debentures payable	6(18)	38,000,000	4	33,000,000	4
25500	Other financial liabilities	6(19)	2,234,695	-	2,895,043	-
25600	Provisions	6(20),(21) and (37)	1,197,338	-	1,253,653	-
29300	Deferred income tax liabilities	6(35)	194,232	-	364,716	-
29500	Other liabilities	6(22)	1,060,123	-	1,041,664	-
	TOTAL LIABILITIES		808,657,433	93	764,190,450	93
	EQUITY					
31000	**Equity attributable to owners of the parent company**					
31100	**Share capital**					
31101	Common stock	6(23)	41,521,815	5	39,183,618	5
31500	**Additional paid-in capital**	6(24)	6,038,882	1	6,038,882	1
32000	**Retained earnings**	6(25)				
32001	Legal reserve		5,216,597	-	3,772,926	-
32003	Special reserve		256,661	-	228,379	-
32011	Unappropriated earnings		5,699,712	1	4,812,234	1
32500	**Other equity interest**	6(26)	(479,789)	-	(256,639)	-
	TOTAL EQUITY		58,253,878	7	53,779,400	7
	TOTAL LIABILITIES AND EQUITY		$ 866,911,311	100	$ 817,969,850	100

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

YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	ITEMS	NOTES	2016 Amount	2016 %	2015 Amount	2015 %	Change Percentage %
41000	Interest income		$ 13,777,724	98	$ 13,050,370	101	6
51000	Less: Interest expense		(5,180,125)	(37)	(5,304,799)	(41)	(2)
	Net interest income	6(27)	8,597,599	61	7,745,571	60	11
	Net non-interest income						
49100	Net service fee and commission income	6(28)	2,832,863	20	2,580,988	20	10
49200	Gain on financial assets and financial liabilities at fair value through profit or loss	6(3) and (29)	1,700,479	12	2,995,849	23	(43)
49300	Realized gain on available-for-sale financial assets	6(30)	260,914	2	279,894	2	(7)
49600	Foreign exchange loss		(76,776)	-	(775,113)	(6)	(90)
49750	Share of the profit or loss of associates and joint ventures accounted for using the equity method		(300)	-	-	-	-
49800	Other non-interest income	6(31)	72,919	1	84,545	1	(14)
49813	Gain on bond investments without active market		614,210	4	21,030	-	2821
	Net revenue		14,001,908	100	12,932,764	100	8
58200	Provision for bad debt expenses and guarantee reserve		(1,006,950)	(7)	(886,889)	(7)	14
	Operating expenses						
58500	Employee benefit expense	6(32)	(3,909,076)	(28)	(3,722,291)	(29)	5
59000	Depreciation and amortization expenses	6(33)	(292,832)	(2)	(264,350)	(2)	11
59500	Other general and administrative expenses	6(34)	(2,441,043)	(18)	(2,419,162)	(19)	1
61001	**Income from continuing operations before income tax**		6,352,007	45	5,640,072	43	13
61003	Income tax expense	6(35)	(757,052)	(5)	(696,099)	(5)	9
64000	**Net income**		5,594,955	40	4,943,973	38	13

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	ITEMS	NOTES	2016 Amount	2016 %	2015 Amount	2015 %	Change Percentage %
	Other comprehensive income						
	Components of other comprehensive income that will not be reclassified to profit or loss						
65201	Losses on remeasurements of defined benefit plans	6(21)	$ 125,847	1	($ 166,813)	(1)	(175)
65205	Change in fair value of financial liability attributable to change in credit risk of liability	6(15) and (26)	(46,917)	(1)	46,919	-	(200)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(35)	(21,090)	-	28,358	-	(174)
	Components of other comprehensive income that will be reclassified to profit or loss						
65301	Translation gain and loss on the financial statements of foreign operating entities	6(26)	(316,140)	(2)	92,232	1	(443)
65302	Unrealized gain or loss on available-for-sale financial assets	6(26)	145,447	1	(172,920)	(1)	(184)
65320	Income tax relating to components of other comprehensive income	6(26) and (35)	(5,540)	-	(5,302)	-	4
65000	**Other comprehensive loss (net of tax)**		(118,393)	(1)	(177,526)	(1)	(33)
66000	**Total comprehensive income**		$ 5,476,562	39	$ 4,766,447	37	15
	Net income attributable to:						
67101	Parent company		$ 5,594,955	40	$ 4,949,974	38	
67105	Prior interests under common control		-	-	(3,304)	-	
67111	Non-controlling interests		-	-	(2,697)	-	
			$ 5,594,955	40	$ 4,943,973	38	
	Comprehensive income attributable to:						
67301	Parent company		$ 5,476,562	39	$ 4,782,113	37	
67305	Prior interests under common control		-	-	(7,901)	-	
67311	Non-controlling interests		-	-	(7,765)	-	
			$ 5,476,562	39	$ 4,766,447	37	
	Earnings per share (in New Taiwan Dollars)						
	Basic and Diluted	6(36)	$ 1.35		$ 1.19		

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

YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
			Retained Earnings			Other equity interest					
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Undistributed earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain on available-for-sale financial assets	Change in fair value of financial liability attributable to change in credit risk	Prior interests under common control	Non-controlling interests	Total equity
For the year ended December 31, 2015											
Balance, January 1, 2015	$ 37,690,491	$ 6,116,883	$ 2,438,552	$ 607,967	$ 4,448,628	$ 88,160	($ 316,517)	$ -	$ 144,848	$ 126,861	$ 51,345,873
Appropriation and distribution of 2014 earnings											
Legal reserve appropriated	-	-	1,334,374	-	(1,334,374)	-	-	-	-	-	-
Special reserve reversed	-	-	-	(379,588)	379,588	-	-	-	-	-	-
Stock dividends of ordinary shares	1,493,127	-	-	-	(1,493,127)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(2,000,000)	-	-	-	-	-	(2,000,000)
Reorganization under common control	-	(78,001)	-	-	-	9,370	(8,246)	-	(136,947)	(119,096)	(332,920)
Net income (loss) for the year	-	-	-	-	4,949,974	-	-	-	(3,304)	(2,697)	4,943,973
Other comprehensive income (loss) for the year	-	-	-	-	(138,455)	95,919	(172,244)	46,919	(4,597)	(5,068)	(177,526)
Total comprehensive income (loss) for the year	-	-	-	-	4,811,519	95,919	(172,244)	46,919	(7,901)	(7,765)	4,766,447
Balance, December 31, 2015	$ 39,183,618	$ 6,038,882	$ 3,772,926	$ 228,379	$ 4,812,234	$ 193,449	($ 497,007)	$ 46,919	$ -	$ -	$ 53,779,400
For the year ended December 31, 2016											
Balance, January 1, 2016	$ 39,183,618	$ 6,038,882	$ 3,772,926	$ 228,379	$ 4,812,234	$ 193,449	($ 497,007)	$ 46,919	$ -	$ -	$ 53,779,400
Appropriation and distribution of 2015 earnings											
Legal reserve appropriated	-	-	1,443,671	-	(1,443,671)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	28,282	(28,282)	-	-	-	-	-	-
Stock dividends of ordinary shares	2,338,197	-	-	-	(2,338,197)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,002,084)	-	-	-	-	-	(1,002,084)
Net income for the year	-	-	-	-	5,594,955	-	-	-	-	-	5,594,955
Other comprehensive income (loss) for the year	-	-	-	-	104,757	(316,140)	139,907	(46,917)	-	-	(118,393)
Total comprehensive income (loss) for the year	-	-	-	-	5,699,712	(316,140)	139,907	(46,917)	-	-	5,476,562
Balance, December 31, 2016	$ 41,521,815	$ 6,038,882	$ 5,216,597	$ 256,661	$ 5,699,712	($ 122,691)	($ 357,100)	$ 2	$ -	$ -	$ 58,253,878

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

YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31, 2016	For the years ended December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income from continuing operations before tax	$ 6,352,007	$ 5,640,072
Adjustments items		
Income and expense items:		
Depreciation	199,380	177,997
Amortization	93,452	86,353
Provision for bad debt expense and guarantee reserve	1,484,813	1,329,438
Interest expense	5,180,125	5,304,799
Interest income	(13,777,724)	(13,050,370)
Dividend income	(120,287)	(193,560)
(Gain) loss from disposal or retirement of property and equipment	(285)	3,593
Gain on disposal of investment property	(61)	(1,432)
Proceeds from disposal of investments under the equity method	300	-
Financial asset impairment losses	6	1,266
Reversal of impairment loss on non-financial assets	757	(400)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Increase in due from Central Bank and call loans to other banks	(1,827,107)	(278,027)
Decrease (increase) in financial assets at fair value through profit or loss	9,683,637	(36,127,563)
(Increase) decrease in receivables	(1,765,434)	2,657,558
Increase in bills discounted and loans	(13,439,170)	(33,728,630)
Increase in available-for-sale financial assets	(42,181,780)	(7,200,794)
Increase in held-to-maturity financial assets	(76,392)	(7,320,096)
Decrease (increase) in other financial assets	19,619,867	(31,324,798)
Decrease (increase) in other assets	3,191,784	(670,434)
Net changes in liabilities relating to operating activities		
(Decrease) increase in due to Central Bank and other banks	(6,276,313)	26,220,175
(Decrease) increase in financial liabilities at fair value through profit or loss	(4,217,568)	1,491,140
Increase (decrease) in payables	1,470,401	(4,364,380)
Increase in deposits and remittances	48,798,004	81,304,978
Decrease in other financial liabilities	(657,210)	(3,339,422)
Increase in provisions for employee benefits	26,329	25,899
Increase in other liabilities	15,046	310,493
Cash generated from (used in) operations	11,776,577	(13,046,145)
Interest received	13,938,607	12,281,970
Dividend received	120,287	193,560
Interest paid	(5,121,390)	(5,103,011)
Income tax paid	(474,427)	(602,679)
Net cash provided by (used in) operating activities	20,239,654	(6,276,305)

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2016 and 2015
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31	
	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments under the equity method	$ 61,064	$ -
Acquisition of subsidiary	1,846,577	(332,920)
Acquisition of property and equipment	(396,149)	(4,730,505)
Proceeds from disposal of property and equipment	4,871	215
Acquisition of intangible assets	(3,825)	(6,691)
Proceeds from disposal of intangible assets	15	-
Acquisition of investment property	-	(1,554,537)
Proceeds from disposal of investment property	2,700	11,528
Net cash provided by (used in) investing activities	1,515,253	(6,612,910)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of financial debentures	5,000,000	10,000,000
(Decrease) increase in bills and bonds sold under repurchase agreements	(2,792,040)	2,237,607
Increase in financial liabilities designated as at fair value through profit or loss on initial recognition	-	2,602,265
Decrease in lease payables	(3,138)	(3,441)
Payments of cash dividends	(1,002,084)	(2,000,000)
Net cash provided by financing activities	1,202,738	12,836,431
Net effect of foreign exchange rate changes on cash and cash equivalents	(522,027)	119,804
Net increase in cash and cash equivalents	22,435,618	67,020
Cash and cash equivalents at beginning of year	77,538,057	77,471,037
Cash and cash equivalents at end of year	$ 99,973,675	$ 77,538,057
Components of cash and cash equivalents:		
Cash and cash equivalents as per consolidated balance sheet	$ 11,770,628	$ 10,312,609
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	81,953,740	65,287,479
Bills and bonds purchased under resale agreements qualified as cash and cash equivalents as defined by IAS 7	6,249,307	1,937,969
Cash and cash equivalents at end of period	$ 99,973,675	$ 77,538,057

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. History and organization

(1) Yuanta Commercial Bank Co., Ltd. (the “Bank”) was incorporated as a public company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Bank formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. The Bank is principally engaged in commercial banking activities allowed by the Banking Laws of the Republic of China (R.O.C.) and in business activities authorized by the supervising authority of the central government. In accordance with the Financial Holding Company Act, the Bank joined Fuhwa Financial Holdings on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific Commercial Bank was approved to be renamed Fuhwa Commercial Bank.

(2) On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa Financial Holdings through stock transfer and became a wholly-owned subsidiary. Under the approval of shareholders’ meeting in June 2007, Fuhwa Financial Holdings was renamed Yuanta Financial Holdings and the Bank was also renamed Yuanta Commercial Bank on September 23, 2007.

(3) In order to expand the economic scale, enhance the integration of marketing, reduce operating costs, and develop operating performance, the merger of the Bank, Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd. has been resolved at the meeting of the Board of Directors on January 21, 2016. The effective date was set on September 11, 2016. The surviving company in the merger was the Bank and the dissolved companies in the merger were Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd.

(4) The head office directs company-wide operations and opened domestic branches to promote business. As of December 31, 2016, the Bank has a trust department, an international banking department, an insurance agency department, an offshore banking unit, and 88 branches including the business department and 2 overseas representative offices.

(5) As of December 31, 2016, the number of the Bank's and subsidiaries' (collectively referred herein as the “Consolidated Company”) employees were 2,862.

(6) Yuanta Financial Holdings Co., Ltd. (the “Yuanta Financial Holdings”) is the parent company and ultimate parent company which holds 100% equity interest in the Consolidated Company.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 16, 2017.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS“) as endorsed by the Financial Supervisory Commission (“FSC”)

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC, but not yet adopted by the Consolidated Company

New standards, interpretations and amendments endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRIC 21, 'Levies'	January 1, 2014

The above standards and interpretations have to significant impact to the Consolidated Company's financial condition and operation result based on the Consolidated Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Applying IFRS 9 'Financial instruments' with IFRS 4 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Consolidated Company financial condition and operating result based on the Consolidated Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the Consolidated Company's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortized cost. Equity instruments would be classified as financial asset at the fair value through profit or loss, unless Consolidated Company may irrevocably designate an equity instrument that is not held for trading as measured at fair value through other comprehensive income.

(b) The impairment losses of debt instruments are assessed using and 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses ('ECL') or lifetime ECL. The Consolidated Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) If the instrument has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

B. IFRS 15, 'Revenue from contracts with customers'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11 'Construction contracts', IAS 18 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognized when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognize revenue when the performance obligation is satisfied

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IFRS 15, ‘Clarifications to IFRS 15 Revenue from Contracts with Customers’

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a license should be recognized at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

D. IFRS 16 ‘Leases’

IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognize a ‘right-of-use asset’ and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Consolidated Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Public Banks”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(B) Available-for-sale financial assets.

(C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. The Consolidated Company's analysis of expense is classified based on the nature of expenses.

D. The Consolidated Company classifies the economic activities as operating activities, investment activities and financing activities based on the judgment of the management. Consolidated statements of cash flows report the changes in cash and cash equivalents in the period based on operating, investing and financing activities. Cash and cash equivalents include highly liquid investments. Components of cash and cash equivalents are disclosed in Note 4(5).

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(A) All subsidiaries are included in the Consolidated Company's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Consolidated Company. The Consolidated Company controls an entity when the Consolidated Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Consolidated Company obtains control of the subsidiaries and ceases when the Consolidated Company loses control of the subsidiaries.

(B) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Consolidated Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Consolidated Company.

(C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(E) When the Consolidated Company loses control of a subsidiary, the Consolidated Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Consolidated Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2016	Ownership (%) December 31, 2015	Note
The Bank	Yuanta Life Insurance Agency Co., Ltd.("Yuanta Life Insurance Agency")	Life insurance agency	0.00	100.00	Note 1
	Yuanta Property Insurance Agency Co., Ltd.("Yuanta Property Insurance Agency")	Property insurance agency	0.00	100.00	Note 1
"	Yuanta International Leasing Co., Ltd.("Yuanta International Leasing")	Leasing business	100.00	100.00	
"	Yuanta Savings Bank (Philippines) Inc. (Yuanta Savings Bank (Philippines))	Deposits and loans of savings bank	100.00	100.00	Note 2
	Yuanta Savings Bank (Korea) Inc. (Yuanta Savings Bank (Korea))	Deposits and loans of savings bank	100.00	0.00	Note 3、4

Note 1： The merger of the Bank, Yuanta Life Insurance Agency Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd. has been resolved at the meeting of the Board of Directors on January 21, 2016. The effective date was set on September 11, 2016 and obtained an approval letter from the Department of Commerce, Ministry of Economic Affairs R.O.C. on November 10, 2016.

Note 2： On September 26, 2016, Yuanta Savings Bank (Philippines) was renamed from "Tong Yang Savings Bank (Philippines)" to "Yuanta Savings Bank (Philippines)".

Note 3： On January 14, 2016, the Board of Directors (on behalf of the interim stockholders' meeting) of the Bank resolved the motion to acquire all shares of Yuanta Savings Bank (Korea), the subsidiary of AON BGN Limited Liability Company, in cash. The case has been approved by the Financial Supervisory Commission of R.O.C. (Jin-Guan-Yin-Kong-Zi Order No. 10500026760) on March 17, 2016 and the Financial Services Commission of Korea on April 14, 2016. The acquisition date is April 25, 2016, and the total transaction amount is ₩143,426 million (approximately NT$4,082 million). After the settlement, Yuanta Savings Bank (Korea) will become the second 100% owned overseas subsidiary of the Bank.

Note 4： On February 13, 2017, Yuanta Savings Bank (Korea) was renamed from "Hanshin Savings Bank Inc" to "Yuanta Savings Bank (Korea) Inc.".

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Nature of the restrictions on fund remittance from subsidiaries to the parent company:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Consolidated Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). However, the consolidated financial statements are presented in New Taiwan dollars.

A. Foreign currency transactions and balances

(A) Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(B) Assets denominated in foreign currency are translated by the closing exchange rate at the date of balance sheet that is consolidated. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Any translation difference is recognized as gain and loss in the period.

(C) Non-monetary assets and liabilities denominated in foreign currencies:

a. Assets and liabilities carried at cost are re-translated at the exchange rates prevailing at the original transaction date.

b. Assets and liabilities held at fair value through profit or loss are re-translated at the exchange rates prevailing at the date at which the fair value is determined.

When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized in other comprehensive income, any translation difference included in the gains and losses are also recognized in other comprehensive income. When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized as gains and losses, any translation difference included in the gains and losses are also recognized as gains and losses.

B. Translation of foreign operations

If an entity has a functional currency (not in an economy with high inflation) that is different from presentation currency in the consolidated statements, its operating results and financial position is translated into presentation currency by the following procedures:

(A) All presented assets and liabilities are re-translated by the closing exchange rate prevailing at the date of the consolidated balance sheet.

(B) The presented gains and losses of Offshore Banking Unit is re-translated by the exchange rate of the trading date, and the presented gains and losses of overseas subsidiaries are re-translated by the average exchange rate of that period.

(C) All gains and losses arising from translation are recognized in other comprehensive income.

(5) Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents includes cash on hand, demand deposits and short-term highly liquid investments that is readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash and cash equivalents includes cash and cash equivalents, due from central bank and call loans to other banks, investments in notes and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7.

(6) Bills and bonds under repurchase or resale agreements

In relation to transactions of bills and securities with a condition of repurchase agreement or resale agreement, the interest expense and interest income are recognized as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

(7) Financial assets and liabilities

All financial assets and liabilities of the Consolidated Company including derivatives are recognized in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by the FSC.

A. Financial assets

All financial assets held by the Consolidated Company are classified into the following four categories: "financial assets at fair value through profit and loss", "loans and receivables", "available-for-sale financial assets" and "held-to-maturity financial assets".

(A) Regular way purchase or sale

Financial assets held by the Consolidated Company are all accounted for using trade date accounting.

(B) Financial assets at fair value through profit or loss

a. When the financial assets of the Consolidated Company are held to repurchase or resell or when the portfolio belongs to derivative instruments, or are held in a short-term profit seeking model, then they should be classified as financial assets at fair value through profit and loss and measured by fair value at initial recognition.

b. Criteria to designate financial assets and financial liabilities as at fair value through profit or loss at initial recognition are as follows:

(a) The designation can eliminate or significantly mitigate a measurement or recognition inconsistency as a result of different measuring basis of assets or liabilities; or

(b) The performance of financial instruments is assessed by fair value; or

(c) Hybrid (combined) instruments include embedded derivatives.

c. Financial assets at fair value through profit or loss are measured at fair value. Any changes in the fair value of financial assets at fair value through profit are recognized under "gain and loss of financial assets and liabilities at fair value through profit and loss".

(C) Loans and receivables

a. Receivables include loans and receivables that are originally generated, which refer to the receivables that are originated directly from money, product or service that the Consolidated Company provides to the debtors, while the latter refers to all the other loans and receivables.

b. Loans and receivables are measured at initial fair value as the transaction price, and are recognized on the basis of fair value plus significant transaction cost, expense, significant service fee charged, discount or premium factor. Subsequently, the loans and receivables shall be measured using effective interest rate method. However, according to "Regulations Governing the Preparation of Financial Reports by Public Banks" (7) and (10) of Article 10 stipulates that loans and receivables could be measured at initial amount if the effect of discounting is immaterial.

c. Bond investments without active market are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Amortization of a premium or a discount on such assets is recognized in profit or loss.

(D) Available-for-sale financial assets

a. Available-for-sale financial assets are measured by fair value plus the trading cost of acquisition upon initial recognition.

b. Available-for-sale financial assets are subsequently measured by fair value with changes in fair value recognized as other comprehensive income. The cumulative valuation gain or loss is recognized as gain and loss in the period when it is derecognized from the financial assets.

c. Because the Consolidated Company had intention and was able to hold the following assets to maturity or foreseeable future, financial assets that were initially classified as available-for-sale financial assets were reclassified to held-to-maturity financial assets and bond investments without active market in accordance with IAS 39.

(E) Held-to-maturity financial assets

a. Held-to-maturity financial assets are measured by the fair value plus the trading cost of acquisition upon initial recognition.

b. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost and interest income using the effective interest rate.

B. Financial liabilities

Financial liabilities held by the Consolidated Company include financial liabilities at fair value through profit and loss and financial liabilities carried at amortized cost.

(A) Financial liabilities at fair value through profit or loss

a. Including financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss upon initial recognition.

b. Such as financial liabilities incurred with a purpose of repurchasing or resale in a short period of time, identifiable portion of financial instruments in the portfolio belonging to the consolidated management upon initial recognition with evidence indicating that its latest operating is in a short-term profit seeking model, are classified as held for trading purpose. Derivative instruments are also classified as held for trading, including the obligation of the financial assets borrowed from short seller.

c. Criteria to designate financial liabilities as at fair value through profit or loss at initial recognition are as follows:

(a) The designation can eliminate or significantly mitigate a measurement or recognition inconsistency as a result of different measuring basis of assets or liabilities; or

(b) The performance of financial instruments is assessed by fair value; or

(c) Hybrid (combined) instruments include embedded derivatives.

d. Financial liabilities at fair value through profit and loss are recognized under financial liabilities at fair value through profit and loss in the consolidated statement of comprehensive income, and any change in fair value is recognized as "gain and loss on financial assets and liabilities at fair value through profit and loss". Except for the circumstances to avoid inappropriate accounting appropriation or except that lending commitments and financial guarantee contracts must be recognized in profit or loss, fair value movements arising from credit risk for financial liabilities designated as at fair value through profit or loss should be recognized in other comprehensive income.

(B) Financial liabilities carried at amortized cost

Financial liabilities carried at amortized cost include liabilities not classified as financial liabilities at fair value through profit or loss, financial guarantee contracts, loan commitment with a lower-than-market interest rate and the financial liabilities incurred due to continuing engagement or that the transferring of a financial asset does not meet the requirement of derecognition.

C. Derecognition of financial assets

The Consolidated Company derecognizes a financial asset when one of the following conditions is met:

(A) The contractual rights to receive cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Consolidated Company has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Consolidated Company has not retained control of the financial asset.

D. Derecognition of financial liabilities

(A) A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(B) The Consolidated Company derecognises an original financial liability and recognises a new financial liability if the terms of an existing financial liability have substantial modifications and such modifications make significant differences to the original terms. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

(8) Financial instruments offsetting

Financial assets and liabilities are offset in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(9) Impairment of financial assets

A. The Consolidated Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Consolidated Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(A) Significant financial difficulty of the issuer or debtor;

(B) A breach of contract, such as a default or delinquency in interest or principal payments;

(C) The Consolidated Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(D) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(E) The disappearance of an active market for that financial asset because of financial difficulties;

(F) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(G) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(H) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost; or

(I) Others shall be assessed based on the indicators of the Yuanta Group's internal policies.

C. When the Consolidated Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(A) Financial assets measured at amortized cost

The Consolidated Company assesses whether objective evidence exists which indicates impairment losses of material individual financial assets and impairment losses generated individually or as a group from immaterial individual financial assets. If the Consolidated Company decides that there is no objective evidence exist for the financial asset individually assessed (no matter it is material or not), the asset should be included in the financial asset portfolios sharing similar credit risk characteristics before the group assessment. Financial assets that are assessed individually with impairment recognized or continually recognized need not be included in the group assessment.

If there is any objective evidence that the financial asset is impaired, the impairment amount is the difference between the financial assets' book value and the estimated future cash flow (exclusive of the inexistent future credit loss) discounted using the original effective interest rate. The asset's book value is decreased by adjusting the account of allowance for bad debt, and loss amount is recognized under "bad debt expense and reserve for guarantee liabilities" or "asset impairment losses" depending on the nature of financial asset. If a financial asset uses floating rate, then the discounting rate used to assess impairment loss shall adopt the current effective interest rate as decided by the contract.

No matter the collateral is provided or not, by calculating the pledged financial assets to estimate the present value of future cash flow, the cash flow that may occur from the collateral can be reflected. However, the acquisition or selling cost regarding the collateral should be deducted.

Financial assets are categorized on the basis of similar credit risk characteristics in relation to collective assessment for impairment. The credit risk characteristics refer to the capability of a debtor to pay all the amounts at maturities according to the contract term (for example, asset type, overdue status, assessing procedure or rating process of the relevant credit risk may all be put into consideration). The debtor with specific representative characteristics chosen, of whom the capacity to pay amounts due as required by the contract, is closely correlated to the future cash flow estimate of each asset portfolio.

For financial assets assessed collectively, the estimate made on future cash flow is made on the basis of historical losses rate and recovery rate of the assets sharing similar credit risk characteristics within the assessment group. Historical loss experience is adjusted by the current observable information to reflect the effect on the current situation of the period in which the historical loss experience has not been reflected. Also, non-existing historical effects should be excluded.

The estimate of future cash flow movement reflects the movement in observable information of each period (such as change in real estate price, commodity price, payment status or the change in other factors giving rise to losses and loss amounts attributable to one or more events) , and the two move in the same direction. The Consolidated Company regularly reviews the methods and assumptions used to estimate future cash flow to mitigate difference between the losses estimate and actual losses experience.

When a loan to other banks or clients is confirmed to be not recoverable, the book value and related allowance for bad debt should be written off. Once the Consolidated Company completes all the necessary legal procedures and the impairment amount is confirmed, the unrecoverable loans can be written off.

In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized (for example, the upgraded credit rating of the debtor), the previously recognized impairment loss is reversed through the allowance for bad debt to the extent that the carrying amounts do not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior years. The reversal is recognized as current profit and loss.

In addition, in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", the bank shall allocate sufficient loan loss provision and reserves against liability on guarantees. Classification system classifies normal credit assets under the first category, with poorer credit assets assessed based on the securities and the length of time overdue, respectively classified as second category special mention, third category expectation of recovery, forth category difficulty of recovery, and fifth category no hope of recovery.

Pursuant to the aforementioned regulations, the Consolidated Company shall allocate a sufficient loan loss provision as well as reserves against liability on guarantees. The minimum loan loss provision and guarantee reserve shall be the sum of 1% of the outstanding balance of Category One credit asset's claim (excluding assets that represent claims against the central and local government in Taiwan), 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and the full balance of Category Five credit assets.

And, in accordance with Jin-Guan-Yin-Guo-Zi Order No. 10410001840, the provision ratio for Category One credit assets (including short-term trade finance), allowance for doubtful accounts and guarantee reserve of credits provided to Mainland China should at least reach 1.5%.

In accordance with Jin-Guan-Yin-Guo Zi Order No. 10300329440, until December 31, 2016, the provision ratio for mortgage of Category One loans deducting the policy loans that increasing from January 1, 2011, allowance for doubtful accounts should at least reach 1.5%.

(B) Available-for-sale financial assets

When the reduction of fair value of available-for-sale financial asset has been recognized in other comprehensive income and at the same time with objective evidence indicating that the impairment has incurred, even if the financial asset has not been derecognized, accumulative evaluation losses recognized in other comprehensive income shall be reclassified into gain and loss.

Equity instruments classified as available-for-sale assets, the impairment loss cannot be reversed through gain and loss. Any subsequent increase in fair value should all be recognized in other comprehensive income. Debt instruments that are classified as available-for-sale assets, if the fair value increases in the subsequent periods which can be objectively related to the incidence after the impairment loss has been recognized in gain and loss, can be reversed and recognized as gain and loss in the period.

(10) Derivative financial instruments

A. Derivative instruments are initially recognized at fair value at the contract date and subsequently measured by fair value. The fair value includes the public quotation in an active market or the latest trade price, and evaluation techniques such as cash flow discounting model or option pricing model. All derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

B. Economic characteristics and risks of the embedded derivatives and the economic characteristics of the main contract should be examined for the embedded derivatives. If the two are not closely correlated and the main contract is not a financial asset or liability at fair value through profit and loss, the main contract and embedded derivatives should be respectively recognized unless the overall hybrid contract is designated as assets or liabilities at fair value through profit and loss. The embedded derivatives are the financial assets or liabilities at fair value through profit and loss.

(11) Property and equipment

A. Property and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. Property and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year-end. The estimated useful lives of buildings and structures are 3~55 years, and the estimated useful lives of other property, plant and equipment are 3~21 years.

B. The cost of repair or maintenance of property and equipment is recorded as current expenses, significant improvements or overhaul costs are classified as capital expenditures.

C. When property and equipment are sold or disposed, the cost and accumulated depreciation are reversed from the related account, and any gain or loss on disposal is recognized in "Other non-interest income" in the consolidated statement of comprehensive income.

(12) Lease

A. In accordance with the IFRSs, the lease contracts are classified as operating lease and financing lease.

B. The lease contract of the Consolidated Company includes operating lease and finance lease.

(A) Operating lease

Payments that the Consolidated Company receives or charges under the operating lease are recognized as gain and loss on a straight-line basis during the contract term, which are recognized under "other business and administrative expenses" and "other net non-interest income", respectively.

(B) Finance lease

a. When the Consolidated Company is the lessee, the lower of fair value of lease assets or the lowest present value of the lease payment is capitalized. Rental payment is amortized to finance leasing liabilities and the interest expense is recognized. Interest expense is calculated based on the beginning balance of finance leasing liabilities of each period using the leasing embedded interest rate or incremental borrowing interest rate and recognized as gains and losses. Finance leasing liabilities are recognized under "other financial liabilities". Property and equipment acquired through finance leasing contract are measured by cost model.

b. When the Consolidated Company is the lessor, the asset is derecognized when the financing contract is signed and the lessor should record a finance lease as lease receivables at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as unrealized interest income, which is calculated based on remaining lease payment receivable using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss at period end.

(13) Investment property

A. The properties held by the Consolidated Company, with an intention to obtain long-term rental profit or capital increase or both and not being used by any other enterprises of the consolidated entities, are classified as investment property. Investment property includes the office building and land rented in a form of operating lease.

B. Part of the property may be held by the Consolidated Company for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Consolidated Company can be sold individually, then the accounting treatment should be made respectively.

C. When the future economic benefit related to the investment property is highly likely to flow into the Consolidated Company and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized as incurred in the consolidated statement of comprehensive income.

D. When there is certain replacement occurring onto the investment property, the replacement cost should be recognized in the carrying amount of the investment property given that the criteria of recognition can be met. The carrying amount of the replaced account should be derecognized.

E. Investment property is subsequently measured using the cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

F. The fair value of investment property is disclosed in the financial statements at each consolidated balance sheet date. Each year, the appraisal of fair value is conducted by external appraisal contractor, and managing segments of the Consolidated Company review the characteristics, location and status of the investment property to determine its fair value accordingly. However, the fair value of investment property does not reflect that the future capital expense can be improved or benefited from, nor the future benefit related to future expense is reflected.

(14) Intangible assets

A. Goodwill

Pursuant to IFRS 3, 'Business Combinations' as endorsed by the FSC, the excess of the consideration transferred in business combination over the net identifiable assets acquired and the net fair value of liabilities assumed shall be recognized as goodwill.

The Consolidated Company is required to perform impairment testing on its goodwill on a timely basis. Furthermore, any impairment loss is required to be recognized when impairment occurs and the carrying amount is also needed to be accounted for. Impairment loss of goodwill that has been recognized shall not be reversed.

B. Computer software

Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The cost is amortized over its estimated useful life. The computer software's estimated useful life is five to ten years.

(15) Impairment of non-financial assets

The Consolidated Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Financial bonds payable

Financial bonds payable issued by the Consolidated Company is carried at amortized cost using the effective interest method.

(17) Liabilities reserve, contingent liabilities and assets

A. The Consolidated Company recognizes liabilities when all of the following three conditions are met：

(A) present obligation (legal or constructive) has arisen as a result of past event;

(B) the outflow of economic benefits is highly probable upon settlement; and

(C) the amount is reliably measurable.

B. The Consolidated Company does not recognize liability reserve for the future operating losses. If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Liability reserve should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligation is remote.

C. When the time value may have a significant impact on a currency, the reserve is measured by the present value of expense which is required for settling the anticipated obligation. The pre-tax discount rate is used with timely adjustment that reflects the current market assessments on the time value of money and the risks specific to the liabilities.

D. Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Company. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Consolidated Company did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

E. Contingent asset is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Company. The Consolidated Company did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(18) Financial guarantee contracts

A. The Consolidated Company initially recognizes financial guarantee contracts at fair value on the date of issuance. The Consolidated Company charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognized in deferred accounts and amortized through straight-line method during the contract term.

B. Subsequently, the Consolidated Company should measure the financial guarantee contract issued at the higher of:

(A) the amount determined in accordance with IAS 37; and

(B) the amount initially recognized less, if appropriate, cumulative amortization recognized in accordance with IAS 18, “Revenue”.

C. The best estimate of the liability amount of a financial guarantee contract requires management to exercise their judgement combined with historical loss data based on the similar transaction experiences.

D. The increase in liabilities due to financial guarantee contract is recognized in “bad debt expenses and reserve for guarantee liabilities”.

E. Assessment for above guarantee reserve is assessed and set aside according to “Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans”.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments. Within the 12 months after the end of the reporting period when the services are rendered, the total undiscounted short-term pension benefits which the Consolidated Company needs to pay in the future are recognized as expenses.

(B) Defined benefit plans

a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Consolidated Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Consolidated Company uses interest rates of government bonds (at the balance sheet date) instead.

b. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

c. Past service costs are recognized immediately in profit or loss.

C. Deposits

The Consolidated Company provides preferential interest rate for its employees, including flat preferential savings for current employees. The difference gap compared to market interest rate is deemed as employee benefits.

D. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Consolidated Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Consolidated Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

E. Employees' compensation bonus and directors' and supervisors' remuneration

Employees' compensation are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(20) Income tax

A. Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except that the transactions or other matters are directly recognized in other comprehensive income or equity, and that related income taxes in the period are recognized in other comprehensive income or directly derecognized from equity, all the others should be recognized as income or expense and recorded as gain and loss in the period. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

B. Deferred income tax

(A) Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included on the consolidated balance sheet are calculated using the balance sheet liability method and recognized as deferred income tax. The temporary difference of the Consolidated Company mainly occurs due to the setting aside and transferring of valuation and pension reserve of certain financial instruments (including derivatives).

(B) The land revaluation appraisal due to the revaluation assessment in compliance with relevant regulations, deemed as taxable temporary difference, is recognized as deferred income tax liabilities.

(C) If the future taxable income is probable to provide unused loss carry forwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax asset.

C. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously. The Consolidated Company does not offset deferred income tax assets against liabilities taxed by different tax authorities.

(21) Interest income and expense

Other than those classified as financial assets and liabilities at fair value through profit and loss, all the interest income and interest expense generated from interest-bearing financial assets are calculated by effective interest rate according to relevant regulations and recognized as “interest income” and “interest expense” in the consolidated statement of comprehensive income.

(22) Net service fee and commission income

Handling fees and expenses are recognized when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognized upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortized or included in the calculation of effective interest rate of loans and receivables during the service period.

(23) Business combinations

A. The Consolidated Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Consolidated Company measures at the acquisition date components of non-controlling interests in the acquire that are present ownership interests and entitle their holders to the proportionate share of the entity’s net assets in the event of liquidation at either fair value or the present ownership instruments’ proportionate share in the recognized amounts of the acquiree’s identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognized and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognized directly in profit or loss on the acquisition date.

(24) Operating segment report

A. The Consolidated Company's operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM").

B. Inter-segmental transactions are arm's length transactions, and gain and loss arising from such transactions are eliminated by the Consolidated Company upon the preparation of consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

5. Critical accounting judgement, estimates and key sources of assumption uncertainty

The accounting policies, accounting assumptions and estimates have impacts on the Consolidated Company's consolidated financial statements. Thus, when applying significant accounting policies as described in Note 4, management needs to make appropriate judgements for the information that cannot be easily obtained through other sources and have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Consolidated Company assumptions and estimates are the best assumptions based on IFRSs, and are continually evaluated and adjusted based on historical experiences and other factors. Certain accounting policies and management's judgements have significant impact on the recognized amounts in the consolidated financial statements are outlined below:

(1) Impairment losses of loans

The Consolidated Company assesses impairment on loans quarterly and decides to recognize impairment loss mainly depending if there is any observable evidence indicating that potential impairment may occur. This evidence may include observable information that indicates worsening of the debtor's payment status. In the analysis of estimated cash flows, management makes its estimate based on the loss experience of assets with similar credit risk characteristics in the past. The Consolidated Company regularly reviews methods and assumptions used on the cash flow amount and the timing to mitigate the difference between the estimated and actual loss amount.

(2) Fair value of unlisted stocks

Unlisted stocks with no active market or quoted price use valuation technique to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in a market, the fair value of unlisted stocks is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to take only observable information as much as possible.

(3) Impairment assessment of goodwill

The assessment process of goodwill impairment relies on the subjective judgment of the Consolidated Company, including identifying cash-generating units, allocating assets and liabilities to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(12) for the information of goodwill impairment.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand	$ 4,119,370	$ 3,359,409
Checks for clearing	1,490,562	696,443
Due from other banks	6,124,388	6,157,757
Futures trading guarantees	36,308	99,000
Total	$ 11,770,628	$ 10,312,609

(2) Due from Central Bank and call loans to other banks

	December 31, 2016	December 31, 2015
Reserve for deposits - account A	$ 5,677,214	$ 5,991,234
Reserve for deposits - account B	17,269,135	15,444,376
Deposits by foreign subsidiary to designated accounts of respective local central banks	4,719,456	782,616
Reserve for deposits	1,394,274	1,317,145
Time deposits	63,100,000	55,800,000
Call loans to banks	7,121,180	1,436,264
Total	$ 99,281,259	$ 80,771,635

Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.

(Blank below)

(3) Financial assets at fair value through profit or loss

	December 31, 2016	December 31, 2015
Financial assets held for trading :		
Corporate bonds	$ 43,049,196	$ 48,721,085
Financial bonds	10,030,912	9,587,462
Commercial paper	8,092,291	997,450
Convertible corporate bonds	4,641,783	7,395,319
Time deposits	4,284,249	-
Government bonds	774,088	2,680,692
Stocks of companies listed on TSE or OTC	6,833	13,312
Beneficiary certificates	-	312,690
Derivative financial instruments	2,673,414	8,254,115
Valuation adjustment of financial assets held for trading	302,989	21,970
Subtotal	73,855,755	77,984,095
Financial assets designated as at fair value through profit or loss on initial recognition :		
Interest rate structured products	2,000,000	3,000,000
Equity structured products	-	4,555,463
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	262	96
Subtotal	2,000,262	7,555,559
Total	$ 75,856,017	$ 85,539,654

For the years ended December 31, 2016 and 2015, the net gain (loss) on financial assets and liabilities at fair value through profit or loss are as follows:

	For the years ended December 31,	
	2016	2015
Net gain on financial assets and liabilities held for trading	$ 1,717,997	$ 3,062,642
Net loss on financial assets and liabilities designated as at fair value through profit or loss	(17,518)	(66,793)
Total	$ 1,700,479	$ 2,995,849

A. Financial instruments designated as at fair value through profit or loss on initial recognition is for hybrid instruments and in order to eliminate accounting inconsistency.

B. As of December 31, 2016 and 2015, the Consolidated Company has no financial assets held for trading undertaken for repurchase agreements or pledged as collaterals.

(4) Bills and bonds purchased under resale or bills and bonds sold under repurchase agreements

	December 31, 2016	December 31, 2015
Bills and bonds purchased under resale agreement	$ 6,249,307	$ 1,937,969
Interest rate range	0.38%~2.40%	0.52%~0.79%
Contract resale amount	$ 6,255,232	$ 1,939,493
Bills and bonds payable under repurchase agreement	$ 7,786,562	$ 10,578,602
Interest rate range	0.10%~2.15%	-0.15%~2.45%
Contract repurchase amount	$ 7,802,956	$ 10,636,049

(5) Receivables- net

	December 31, 2016	December 31, 2015
Spot exchange receivables	$ 6,254,828	$ 6,345,793
Credit card receivables	5,130,931	3,748,788
Factoring receivables	2,043,560	3,001,245
Interest receivables	2,004,236	2,165,119
Acceptances receivables	1,650,748	558,205
Accounts receivable	1,561,248	825,663
Other receivables	278,095	636,742
Subtotal	18,923,646	17,281,555
Less: allowance for doubtful accounts	(155,512)	(533,741)
Total	$ 18,768,134	$ 16,747,814

(6) Bills discounted and loans- net

	December 31, 2016	December 31, 2015
Bills discounted	$ 95,021	$ 267,290
Overdrafts	265,950	287,255
Short-term loans	56,263,237	62,874,966
Short-term loans secured	53,281,139	50,960,191
Medium-term loans	97,068,212	102,836,186
Medium-term loans secured	109,658,592	98,236,021
Long-term loans	6,258,784	4,795,088
Long-term loans secured	173,721,815	163,180,870
Import- export negotiations	33,710	57,374
Accounts receivable factoring	261,421	406,644
Loans transferred to non-accrual loans	854,023	796,469
Subtotal	497,761,904	484,698,354
Less: allowance for credit losses	(6,785,565)	(6,448,936)
Less: adjustment for discount	(130,385)	(93,145)
Total	$ 490,845,954	$ 478,156,273

The Consolidated Company recognized appropriate allowance for bad debts for the bills discounted, loans and receivables and other financial assets. As of December 31, 2016 and 2015, details and changes in allowance for bad debts in relation to bills discounted and loans are as follows:

Bills discounted and Loans	For the years ended December 31, 2016	2015
Beginning balance	$ 6,448,936	$ 5,783,830
Add: Acquisition through business combination	65,918	-
Provision	956,683	815,535
Foreign exchange translation adjustment and others	-	33,596
Less: Reversal of allowance for bad debts	(60,897)	-
Write-off of loans and advances	(600,730)	(184,025)
Foreign exchange translation adjustment and others	(24,345)	-
Ending balance	$ 6,785,565	$ 6,448,936

Receivables and other financial assets	For the years ended December 31, 2016	2015
Beginning balance	$ 564,744	$ 220,648
Add: Acquisition through business combination	590	-
Provision	602,980	483,315
Foreign exchange translation adjustment and others	-	3,791
Less: Write-off of loans and advances	(788,655)	(143,010)
Foreign exchange translation adjustment and others	(11,584)	-
Ending balance	$ 368,075	$ 564,744

Please refer to Note 12(4) for the impairment assessment made on bills discounted, loans and receivables and other financial assets of the Consolidated Company.

(7) Available-for-sale financial assets- net

	December 31, 2016	December 31, 2015
Bonds (including government bonds, financial bonds and corporate bonds)	$ 81,301,046	$ 38,572,045
Listed (TSE and OTC) stocks	1,818,295	2,583,572
Short-term Transactions Instruments	645,580	-
Unlisted stocks	362,575	362,204
Valuation adjustments of available-for-sale financial assets	294,355	277,856
Subtotal	84,421,851	41,795,677
Less: accumulated impairment	(1,335)	(1,421)
Total	$ 84,420,516	$ 41,794,256

A. Reclassifications

(A) Because the Consolidated Company changed its intent to hold and was able to hold the following assets to maturity or foreseeable future, government bonds that were initially classified as available-for-sale financial assets were reclassified on September 30, 2013 in accordance with paragraph 50(e) of IAS 39. The fair value of the government bonds on the date of reclassification was as follows:

At September 30, 2013	Available-for-sale financial assets	Held-to-maturity financial assets	Bond investments without active market
Before reclassification	$ 28,651,530	$ -	$ -
After reclassification	-	4,950,298	23,701,232

(B) Book value and fair value of reclassified financial assets that have not yet been disposed of are as follows:

	December 31, 2016	
	Book Value	Fair Value
Held-to-maturity financial assets	$ 5,018,716	$ 5,175,183
Bond investments without active market	23,036,975	23,681,639
	$ 28,055,691	$ 28,856,822

	December 31, 2015	
	Book Value	Fair Value
Held-to-maturity financial assets	$ 4,997,275	$ 5,229,253
Bond investments without active market	22,939,487	23,873,955
	$ 27,936,762	$ 29,103,208

(C) If the above government bonds had not been reclassified to held-to-maturity financial assets and bond investments without active market on September 30, 2013, the gain on aforesaid government bonds that should be recognized in other comprehensive income would be $243,821 and $961,921 for the years ended December 31, 2016 and 2015, respectively.

B. The Consolidated Company recognized interest income of $872,963 and $498,776 on debt instrument held for the years ended December 31, 2016 and 2015, respectively.

C. As of December 31, 2016 and 2015, for the above available-for-sale financial assets pledged as collaterals, please refer to Note 8.

(8) Held-to-maturity financial assets– net

	December 31, 2016	December 31, 2015
Government bonds	$ 14,674,155	$ 14,596,521
Corporate bonds	67,501	68,743
Total	$ 14,741,656	$ 14,665,264

A. The Consolidated Company recognized interest income on held-to-maturity financial assets amounting to $243,402 and $188,637 in profit or loss for the years ended December 31, 2016 and 2015, respectively.

B. As of December 31, 2016 and 2015, the Consolidated Company has no held-to-maturity financial assets pledged to others as collaterals.

C. Because the Consolidated Company changed its intent to hold the following assets, a portion of the government bonds were reclassified from available-for-sale financial assets to held-to-maturity financial assets on September 30, 2013. Details of the reclassification are provided in Note 6 (7).

(9) Other financial assets- net

	December 31, 2016	December 31, 2015
Bond investments without active market	$ 49,541,169	$ 70,152,815
Advance	14,465	8,672
Non-loans reclassified to non-performing loans	209,175	26,789
Others	17,956	-
Subtotal	49,782,765	70,188,276
Less: provision for credit losses	(212,563)	(31,003)
Total	$ 49,570,202	$ 70,157,273

A. The Consolidated Company recognized interest income on bond investments without active market amounting to $1,335,404 and $1,139,907 in profit or loss for the years ended December 31, 2016 and 2015, respectively.

B. As of December 31, 2016 and 2015, details of the Consolidated Company's bond investments without active market pledged to others as collateral are provided in Note 8.

C. Because the Consolidated Company changed its intent to hold the following assets, a portion of the government bonds were reclassified from available-for-sale financial assets to bond investments without active market on September 30, 2013. Details of the reclassification are provided in Note 6 (7).

(Blank below)

(10) Property and equipment- net

Change in property and equipment of the Consolidated Company:

Cost	Land	Buildings and structures	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2016	$ 3,550,459	$ 1,157,382	$ 228,328	$ 62,086	$ 76,946	$ 421,517	$ 95,596	$ 5,592,314
Acquisition through business combination	170,760	7,180	-	1,785	69,813	-	-	249,538
Additions	-	7,770	146,370	20,310	15,198	26,311	180,190	396,149
Disposals	-	-	(52,202)	(8,642)	(21,229)	(125,913)	-	(207,986)
Reclassifications	656,965	127,058	53,768	189	1,172	15,042	(160,243)	693,951
Translation difference	(9,960)	(7,509)	(1,593)	(377)	(4,431)	(178)	-	(24,048)
At December 31, 2016	4,368,224	1,291,881	374,671	75,351	137,469	336,779	115,543	6,699,918
Accumulated depreciation								
At January 1, 2016	-	(173,958)	(110,437)	(24,554)	(46,535)	(221,497)	-	(576,981)
Acquisition through business combination	-	(3,076)	-	(1,785)	(58,020)	-	-	(62,881)
Depreciation	-	(31,119)	(55,087)	(9,476)	(16,604)	(78,205)	-	(190,491)
Disposals	-	-	51,545	5,192	21,189	125,474	-	203,400
Reclassifications	-	(1,818)	-	(67)	-	320	-	(1,565)
Translation difference	-	2,663	1,597	337	3,791	172	-	8,560
At December 31, 2016	-	(207,308)	(112,382)	(30,353)	(96,179)	(173,736)	-	(619,958)
Net carrying amount	$ 4,368,224	$ 1,084,573	$ 262,289	$ 44,998	$ 41,290	$ 163,043	$ 115,543	$ 6,079,960

Cost	Land	Buildings and structures	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2015	$ 1,188,102	$ 701,759	$ 241,255	$ 39,874	$ 70,983	$ 421,398	$ 92,756	$ 2,756,127
Additions	2,389,443	462,806	22,779	25,081	12,144	54,008	1,764,244	4,730,505
Disposals	-	-	(85,024)	(2,751)	(6,272)	(98,914)	-	(192,961)
Reclassifications	(27,086)	(5,425)	49,711	(41)	251	45,069	(1,761,404)	(1,698,925)
Translation difference	-	(1,758)	(393)	(77)	(160)	(44)	-	(2,432)
At December 31, 2015	3,550,459	1,157,382	228,328	62,086	76,946	421,517	95,596	5,592,314
Accumulated depreciation								
At January 1, 2015	-	(155,842)	(147,558)	(20,675)	(41,130)	(230,526)	-	(595,731)
Depreciation	-	(20,308)	(48,276)	(6,690)	(11,758)	(86,163)	-	(173,195)
Disposals	-	-	85,024	2,741	6,226	95,162	-	189,153
Reclassifications	-	1,641	-	24	(11)	-	-	1,654
Translation difference	-	551	373	46	138	30	-	1,138
At December 31, 2015	-	(173,958)	(110,437)	(24,554)	(46,535)	(221,497)	-	(576,981)
Net carrying amount	$ 3,550,459	$ 983,424	$ 117,891	$ 37,532	$ 30,411	$ 200,020	$ 95,596	$ 5,015,333

(11) Investment property- net

Change in investment property of the Consolidated Company:

Cost	Land and land improvements	Buildings	Total
At January 1, 2016	$ 1,620,723	$ 390,028	$ 2,010,751
Disposals	(2,639)	-	(2,639)
Reclassifications	(656,965)	(127,025)	(783,990)
At December 31, 2016	961,119	263,003	1,224,122
Accumulated depreciation			
At January 1, 2016	-	(28,365)	(28,365)
Depreciation	-	(8,889)	(8,889)
Reclassifications	-	1,797	1,797
At December 31, 2016	-	(35,457)	(35,457)
Accumulated impairment			
At January 1, 2016	(105,425)	-	(105,425)
Reversal of impairment loss	37	-	37
At December 31, 2016	(105,388)	-	(105,388)
Net carrying amount	$ 855,731	$ 227,546	$ 1,083,277

Cost	Land and land improvements	Buildings	Total
At January 1, 2015	$ 301,493	$ 132,400	$ 433,893
Additions	1,301,941	252,596	1,554,537
Disposals	(9,797)	(393)	(10,190)
Reclassifications	27,086	5,425	32,511
At December 31, 2015	1,620,723	390,028	2,010,751
Accumulated depreciation			
At January 1, 2015	-	(22,016)	(22,016)
Depreciation	-	(4,802)	(4,802)
Disposals	-	94	94
Reclassifications	-	(1,641)	(1,641)
At December 31, 2015	-	(28,365)	(28,365)
Accumulated impairment			
At January 1, 2015	(105,825)	-	(105,825)
Reversal of impairment loss	400	-	400
At December 31, 2015	(105,425)	-	(105,425)
Net carrying amount	$ 1,515,298	$ 361,663	$ 1,876,961

A. The fair value of the investment property held by the Consolidated Company as of December 31, 2016 and 2015 was $1,154,712 and $1,929,772, respectively. Other than the investment property acquired in December, 2015 that used its contract price as its fair value, were determined by the valuation results of independent valuation experts who used the direct capitalization method of the income approach, market comparison approach, cost approach, land development analysis approach and other valuation approaches. These fair values are classified as Level 2 within the fair value hierarchy.

B. For the years ended December 31, 2016 and 2015, rental income from the lease of the investment property was $38,038and $15,628, respectively.

(12) Intangible assets- net

Change in intangible assets of the Consolidated Company:

Cost	Goodwill	Computer software	Others	Total
At January 1, 2016	$ 1,924,395	$ 297,962	$ -	$ 2,222,357
Acquisition through business combination	435,597	4,437	5,051	445,085
Additions	-	3,825	-	3,825
Disposals	-	(34,067)	-	(34,067)
Reclassifications	-	50,375	-	50,375
Translation difference	(25,351)	(440)	(295)	(26,086)
At December 31, 2016	2,334,641	322,092	4,756	2,661,489
Accumulated amortization				
At January 1, 2016	-	(89,086)	-	(89,086)
Amortization	-	(61,311)	(225)	(61,536)
Disposals	-	34,052	-	34,052
Reclassifications	-	-	-	-
Translation difference	-	163	9	172
At December 31, 2016	-	(116,182)	(216)	(116,398)
Net carrying amount	$ 2,334,641	$ 205,910	$ 4,540	$ 2,545,091

Cost	Goodwill	Computer software	Others	Total
At January 1, 2015	$ 1,924,395	$ 280,510	$ -	$ 2,204,905
Additions	-	6,691	-	6,691
Disposals	-	(96,978)	-	(96,978)
Reclassifications	-	111,360	-	111,360
Translation difference	-	(3,621)	-	(3,621)
At December 31, 2015	1,924,395	297,962	-	2,222,357
Accumulated amortization				
At January 1, 2015	-	(136,816)	-	(136,816)
Amortization	-	(52,855)	-	(52,855)
Disposals	-	96,978	-	96,978
Translation difference	-	3,607	-	3,607
At December 31, 2015	-	(89,086)	-	(89,086)
Net carrying amount	$ 1,924,395	$ 208,876	$ -	$ 2,133,271

A. Test of impairment for goodwill of the Bank:

(A) The basis of determining the recoverable amount of cash generating unit:

Recoverable amount of cash generating unit as identified by the operating segments is assessed by the value-in-use, which is calculated by pre-tax cash flow of the one-year financial budget as granted by the management.

(B) The key assumptions used in calculating value-in-use are as follows:

1. Discount rate：Calculations are based on the weighted average cost of capital (WACC), taking into account risks that are specific to the cash generating units tested for impairment.

2. Growth rate：Calculations are based on the conservatively estimated future cash flow over 10 years.

B. Test of impairment for goodwill of Yuanta Savings Bank (Korea):

(A) The basis of determining the recoverable amount of cash generating unit:

Recoverable amount of cash generating unit as identified by the operating segments is assessed by the value-in-use, which is calculated by pre-tax cash flow of the five-year financial budget as granted by the management.

(B) The key assumptions used in calculating value-in-use are as follows:

1. Discount rate：Calculations are based on the weighted average cost of capital (WACC), taking into account risks that are specific to the cash generating units tested for impairment.

2. Growth rate：Calculations are based on OECD Korea GDP growth rate for the past three years.

C. Goodwill of the Consolidated Company is tested annually for impairment. The reasonableness of key assumptions used in calculating the recoverable amount of cash generating unit are assessed to ensure that the recoverable amounts of the Consolidated Company calculated through value-in-use did not exceed the carrying amount. As a result, no impairment on goodwill was determined. For the years ended December 31, 2016 and 2015, the discount rate and growth rate of key assumptions used in calculating value-in-use of the Bank were 8.81%, 0.00% and 8.02%, 0.00%, respectively. For the year ended December 31, 2016, the discount rate and growth rate of key assumptions used in calculating value-in-use of Yuanta Savings Bank (Korea) were 11.30% and 3.90%, respectively.

D. On April 25, 2016, the Consolidated Company acquired Yuanta Savings Bank (Korea) in cash. In accordance with accounting practices of the acquisition method for business combinations, the net excess of the purchase consideration over the fair value of the identifiable assets and liabilities acquired was recognized as goodwill amounting to $435,597.

(13) Other assets- net

	December 31, 2016	December 31, 2015
Refundable deposits-out	$ 1,979,288	$ 5,101,093
Prepaid expenses	89,434	109,480
Other deferred expenses	85,736	65,620
Indemnification assets	107,856	-
Others	147,201	120,801
Total	$ 2,409,515	$ 5,396,994

The details of indemnification assets are provided in Note 6(37).

(14) Due to Central Bank and other banks

	December 31, 2016	December 31, 2015
Due to other banks	$ 2,289	$ 1,675
Overdrafts from other banks	1,018,133	-
Call loans from other banks	19,735,710	27,016,066
Redeposit from the directorate general of postal remittance	4,868,735	4,883,439
Total	$ 25,624,867	$ 31,901,180

(15) Financial liabilities at fair value through profit or loss

	December 31, 2016	December 31, 2015
Financial liabilities held for trading :		
Derivative financial instruments	$ 2,994,670	$ 7,144,841
Financial liabilities designated as at fair value through profit or loss on initial recognition :		
Financial bonds	2,380,330	2,590,965
Valuation adjustment of financial liabilities designated as at fair value through profit or loss on initial recognition	(42,015)	(21,535)
Subtotal	2,338,315	2,569,430
Total	$ 5,332,985	$ 9,714,271

A. Financial derivative instruments are used as an economic hedge against fixed-rate debt instruments issued by the Consolidated Company to achieve the Consolidated Group's risk management strategy. Financial derivative instruments are measured at fair value through profit or loss. In order to eliminate accounting inconsistency, upon initial recognition, the Consolidated Company also designated the above-mentioned financial bonds as financial liabilities measured at fair value through profit or loss. The main terms of issuance are as follows:

	First series of unsecured financial debentures in 2015
Par value	CNY$250,000
Stated interest rate	Fixed interest rate at 4.60%
Period	Three years
Interest payment date	Payable semiannually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

	Second series of unsecured financial debentures in 2015
Par value	CNY$265,000
Stated interest rate	Fixed interest rate at 4.55%
Period	Two years
Interest payment date	Payable semiannually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

B. For the years ended December 31, 2016 and 2015, the accumulated movement of fair value attributable to the movement of credit risk of financial liabilities measured at fair value through profit or loss was ($46,917) and $46,919, respectively.

(16) Payables

	December 31, 2016	December 31, 2015
Demand remittance payables	$ 6,257,362	$ 6,344,089
Bankers' acceptances payables	1,650,748	558,205
Checks for clearing	1,490,562	696,443
Bonus payable	1,282,427	1,141,170
Interest payable	996,395	937,660
Factoring payables	357,251	263,003
Accounts payable	350,777	781,241
Accrued expenses	313,924	252,968
Collections payable for customers	192,130	223,189
Other payables	386,297	470,136
Total	$ 13,277,873	$ 11,668,104

(17) Deposits and remittances

	December 31, 2016	December 31, 2015
Checking deposits	$ 3,432,215	$ 3,143,712
Demand deposits	108,174,279	104,338,345
Time deposits	204,203,401	195,158,247
Negotiable certificates of deposit	32,932,500	25,546,500
Savings deposits	364,022,417	332,724,161
Remittances	265,128	254,142
Total	$ 713,029,940	$ 661,165,107

(18) Financial debentures payable

	December 31, 2016	December 31, 2015
Subordinate financial debentures	$ 38,000,000	$ 33,000,000

The details of financial debentures as of December 31, 2016 were as follows:

First series of subordinate financial debentures in 2010	
Par value	$5,000,000
Stated interest rate	Fixed interest rate at 2.30%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2011	
Par value	$2,450,000
Stated interest rate	Fixed interest rate at 1.75%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Second series of subordinate financial debentures in 2011	
Par value	$2,350,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2011(debenture A)	
Par value	$700,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2011(debenture B)	
Par value	$4,500,000
Stated interest rate	Fixed interest rate at 1.95%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2014(debenture A)	
Par value	$1,600,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2014(debenture B)	
Par value	$4,700,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Second series of subordinate financial debentures in 2014	
Par value	$1,700,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of perpetual non-cumulative subordinate financial debentures in 2015	
Par value	$5,550,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date

Fourth series of subordinate financial debentures in 2015	
Par value	$3,000,000
Stated interest rate	Fixed interest rate at 2.10%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Fifth series of perpetual non-cumulative subordinate financial debentures in 2015	
Par value	$1,450,000
Stated interest rate	Fixed interest rate at 4.10%
Period	Perpetual
Interest payment date	Payable annually
Term of principal payment	Perpetual
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2016	
Par value	$5,000,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

(19) Other financial liabilities

	December 31, 2016	December 31, 2015
Principal of structured products	$ 2,110,711	$ 2,782,421
Appropriated loan fund	122,171	107,671
Lease payables	1,813	4,951
Total	$ 2,234,695	$ 2,895,043

(20) Provisions

	December 31, 2016	December 31, 2015
Provisions for employee benefits	$ 758,862	$ 852,402
Provisions for guarantee liabilities	326,273	401,251
Provisions for litigation losses	107,856	-
Other provision	4,347	-
Total	$ 1,197,338	$ 1,253,653

The details of provisions for litigation losses are provided in Note 6(37).

Change in provisions for guarantee liabilities of the Consolidated Company is as follows:

	For the years ended December 31, 2016	For the years ended December 31, 2015
Beginning balance	$ 401,251	$ 370,486
Add: Provision	-	30,588
Foreign exchange rate changes and others	-	177
Less: Reversal	(74,850)	-
Foreign exchange rate changes and others	(128)	-
Ending balance	$ 326,273	$ 401,251

(21) Provisions for employee benefits

A. Defined benefit plans of the Bank

(A) The Bank has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Consolidated Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Bank and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Bank and its domestic subsidiaries will make contributions to cover the deficit by next March.

(B) The amounts recognized in the balance sheet are as follows:

	December 31, 2016	December 31, 2015
Present value of defined benefit obligations	$ 1,174,207	$ 1,256,913
Fair value of plan assets	(423,904)	(408,549)
Net defined benefit liability	$ 750,303	$ 848,364

(Blank below)

(C) Movements in net defined benefit liabilities are as follows:

2016	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 1,256,913	($ 408,549)	$ 848,364
Current service cost	27,306	-	27,306
Interest expense (income)	21,367	(6,945)	14,422
	1,305,586	(415,494)	890,092
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,167	3,167
Change in financial assumptions	(38,581)	-	(38,581)
Experience adjustments	(87,697)	-	(87,697)
	(126,278)	3,167	(123,111)
Liabilities assumed from business combination	869	(869)	-
Pension fund contribution	-	(10,708)	(10,708)
Pension paid	(5,970)	-	(5,970)
Balance at December 31	$ 1,174,207	($ 423,904)	$ 750,303

2015	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance at January 1	$ 1,041,870	($ 384,960)	$ 656,910
Current service cost	22,080	-	22,080
Interest expense (income)	20,837	(7,699)	13,138
	1,084,787	(392,659)	692,128
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,842)	(2,842)
Change in financial assumptions	50,240	-	50,240
Experience adjustments	119,415	-	119,415
	169,655	(2,842)	166,813
Pension fund contribution	-	(10,566)	(10,566)
Pension paid	2,471	(2,482)	(11)
Balance at December 31	$ 1,256,913	($ 408,549)	$ 848,364

(D) The Bank recognized pension costs amounting to $41,728 and $35,218 in comprehensive income for the years ended December 31, 2016 and 2015, respectively.

(E) The Bank of Taiwan was commissioned to manage the Fund of the Bank and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Bank and its domestic subsidiaries has no right to participate in managing and operating that fund and hence the Bank and its domestic subsidiaries is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(F) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2016	2015
Discount rate	1.50%	1.70%
Future salary increase rate	2.50%	3.00%

For the years ended December 31, 2016 and 2015, assumptions regarding future mortality rate are set based on the 5th Chart of Life Span Estimate, used by the Taiwan Life Insurance Enterprises.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 36,887)	$ 38,423	$ 34,592	($ 33,446)
December 31, 2015				
Effect on present value of defined benefit obligation	($ 39,508)	$ 46,858	$ 41,834	($ 36,317)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(G) Expected contributions to the defined benefit pension plans of the Bank and its domestic subsidiaries for the year ending December 31, 2017 amounts to $10,709.

(H) As of December 31, 2016, the weighted average duration of that retirement plan is 14 years.

B. Pension plans of foreign subsidiaries:

(A) The pension plan for Yuanta Savings Bank (Philippines) is in compliance with above-mentioned pension plan. As of December 31, 2016 and 2015 was $4,762 and $4,038, respectively, while pension expenses recognized in comprehensive income for the years ended December 31, 2016 and 2015 was $1,664 and $643, respectively.

(B) The pension plan for Yuanta Savings Bank (Korea) is in compliance with above-mentioned pension plan. As of December 31, 2016 was $3,797, while pension expenses recognized in comprehensive income from April 25, 2016 (the merger date) to December 31, 2016 was $5,020.

C. The Bank and its domestic subsidiaries Defined contribution plans:

(A) Effective July 1, 2005, the Bank and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Bank and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) The pension costs under defined contribution pension plans of the Consolidated Company for the years ended December 31, 2016 and 2015 were $109,471 and $106,237, respectively.

(22) Other liabilities

	December 31, 2016	December 31, 2015
Collections in advance	$ 889,302	$ 792,995
Refundable deposits- in	130,358	202,231
Others	40,463	46,438
Total	$ 1,060,123	$ 1,041,664

(23) Share capital

A. As of December 31, 2016, authorized capital and paid-in capital were $80,000,000 and $41,521,815, respectively, equivalent to 8,000,000 thousand and 4,152,182 thousand shares, respectively, with a par value of $10 dollars per share. As of December 31, 2015, authorized capital and paid-in capital were $39,500,000 and $39,183,618, respectively, equivalent to 3,950,000 thousand and 3,918,362 thousand shares, respectively, with a par value of $10 dollars per share.

B. The Board of Directors resolved on May 26, 2016 on behalf of stockholders to transfer undistributed earnings amounting to $2,338,197 to increase its capital by 233,820 thousand shares with a par value of $10 dollars per share. The Board has set the effective date of stock distribution for capital increase and earnings transferred to new stocks issuance on June 27, 2016. The registration for capital change has been completed.

C. The Board of Directors resolved on May 28, 2015 on behalf of stockholders to transfer undistributed earnings amounting to $1,493,127 to increase its capital by 149,313 thousand shares with a par value of $10 dollars per share. The Board has set the effective date of stock distribution for capital increase and earnings transferred to new stocks issuance on June 29, 2015. The registration for capital change has been completed.

(24) Capital surplus

As of December 31, 2016 and 2015, additional paid-in capital is composed of the following:

Share premium	Employee stock options	Change in equity of investee company accounted for under equity method	Total
$ 5,990,975	$ 47,783	$ 124	$ 6,038,882

As required by the Company Law, capital reserve of premiums exceeding the face value on issuance or the donation is to be used to offset any accumulated deficit. Alternatively, it may be used to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership provided that the company has no accumulated deficit. In addition, as required by Securities and Exchange Act, only 10% of the aforementioned paid-in capital reserve shall be capitalized annually in total. Unless the earnings reserve is insufficient to offset the deficit, the capital reserve shall not be used.

(25) Unappropriated earnings

A. Legal reserve

The Bank's Articles of Incorporation states that 30% of current year's earnings after paying all taxes and offsetting any accumulated deficit, should be set aside as the legal reserve. Until the legal reserve balance equals the total amount of capital, the maximum cash earnings distribution shall not exceed 15% of total amount of capital. Provided that the legal reserve equals the total amount of capital or the criteria of sound financial structure outlined by the competent authorities is met, the above rule may be exemptible. The legal reserve is to be used exclusively to offset any accumulated deficit or to increase capital by issuing new shares or to distribute cash to shareholder in proportion to their share ownership when the reserve has exceeded capital by 25%.

B. Special reserve

(A) Upon the first-time adoption of IFRSs, Financial-Supervisory-Securities-Corporate No. 1010012865 dated April 6, 2012 requires the Bank to reverse special earnings reserve in the proportion of the original recognition when the Bank subsequently uses, disposes or reclassifies related assets and the reversed portion may be distributed thereon. In addition, the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms". The "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Financial-Supervisory-Banking-Corporate No. 10010000440 dated March 23, 2011. The special reserve, after the transfer, shall not be used for purposes other than covering the losses of the company or, when the special reserve reaches 50 percent of the amount of paid-in capital, half of it may be used for capitalization.

(B) In accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10510001510, as a response to the developments in financial technology, and to ensure the rights of personnel involved in securities investment trust businesses, the Bank shall, upon appropriating the earnings of 2016 to 2018, provision 0.5% to 1% of income after taxes as special reserve. Starting from the 2017 accounting year, public banks may reverse an amount of the aforementioned special reserve commensurate to employee termination or arrangement expenditures resulting from the developments in financial technology.

C. Unappropriated earnings distribution and dividend policy

(A) According to the Bank's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes, to offset prior years' operating losses, and then to set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. The remaining earnings are subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the Ordinary Stockholders' Meeting for approval.

In order to continuously expand operation scale and enhance the profitability and capital adequacy ratio, the Bank adopts a dividend surplus policy which regulates that retained earning distribution in cash dividends shall not be less than 30% of the annual earnings to be distributed. Additionally, cash dividends distribution shall be resolved at stockholders' meeting where as share dividends distribution shall be approved by the Financial Supervisory Commission. Furthermore, any matter regarding to distribution policy shall be raised at the Board of Directors' meeting and resolved at the stockholders' meeting.

(B) After the Bank became a subsidiary of Yuanta Financial Holding Company, the rights of the stockholders were exercised by the Board of Directors.

(C) The Board of Directors has approved the distribution of earnings for the year 2015 and the retained earnings transferred to capital for the year 2016 on May 26, 2016 and the distribution of earnings for the year 2014 and the retained earnings transferred to capital for the year 2015 on May 28, 2015. and the retained earnings transferred to capital for the year 2014. Details are shown as follows：

	2015 earnings		2014 earnings	
	Amount	Stock dividends per Share (in dollars)	Amount	Stock dividends per Share (in dollars)
Legal reserve	$ 1,443,671		$ 1,334,374	
Special reserve	28,282		(379,588)	
Cash dividends	1,002,084	$ 0.2557	2,000,000	$ 0.5306
Stock dividends	2,338,197	0.5967	1,493,127	0.3962
Total	$ 4,812,234		$ 4,447,913	

(D) Earnings distribution for the year 2016 and the retained earnings transferred to capital for the year 2017 with the approval of the Board of Directors on March 16, 2017 are as follows:

	2016 earnings	
	Amount	Stock dividends per share (dollar)
Legal reserve	$ 1,678,487	
Special reserve	251,124	
Cash dividends	2,639,071	$ 0.6356
Stock dividends	1,131,030	0.2724
Total	$ 5,699,712	

The appropriation of the Bank's 2016 earnings has been approved by the Board of Directors on March 16 2017 and is pending until the confirmation from the Board of Directors on behalf of stockholders.

(E) Information about appropriation of earnings and issuance of new shares through capitalization of earnings as resolved by the Board of Directors (on behalf of the stockholders' meeting) will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Other equity items

	Translation gain and loss on the financial statements of foreign operating entities	Available-for-sale financial assets	Change in fair value of financial liability attributable to change in credit risk of the liability	Total
Balance, January 1, 2016	$ 193,449	($ 497,007)	$ 46,919	($ 256,639)
Available-for-sale financial assets				
-Evaluation adjustment in the period	-	289,827	-	289,827
- Realized gain and loss in the period	-	(144,380)	-	(144,380)
Changes in translation difference of foreign operating entities	(316,140)	-	-	(316,140)
Evaluation of credit risk	-	-	(46,917)	(46,917)
Effects on income tax	-	(5,540)	-	(5,540)
Balance, December 31, 2016	($ 122,691)	($ 357,100)	$ 2	($ 479,789)

	Translation gain and loss on the financial statements of foreign operating entities	Available-for-sale financial assets	Change in fair value of financial liability attributable to change in credit risk of the liability	Total
Balance, January 1, 2015	$ 88,160	($ 316,517)	$ -	($ 228,357)
Available-for-sale financial assets				
-Evaluation adjustment in the period	-	(72,516)	-	(72,516)
- Realized gain and loss in the period	-	(94,426)	-	(94,426)
Changes in translation difference of foreign operating entities	95,919	-	-	95,919
Reorganization	9,370	(8,246)	-	1,124
Evaluation of credit risk	-	-	46,919	46,919
Effects on income tax	-	(5,302)	-	(5,302)
Balance, December 31, 2015	$ 193,449	($ 497,007)	$ 46,919	($ 256,639)

(Blank below)

(27) Net interest income

	For the years ended December 31, 2016	2015
Interest income		
Bills discounted and interest income on loans	$ 10,557,301	$ 10,392,289
Interest income on securities investment	2,497,150	1,830,210
Interest income from placement and call loan to other banks	599,464	702,910
Recurring interest income from credit card	64,376	56,312
Interest income of factoring acceptances receivable	20,797	36,684
Other interest income	38,636	31,965
Subtotal	13,777,724	13,050,370
Interest expense		
Interest expense of deposit	(4,047,512)	(4,463,579)
Coupon rate of bank debenture	(883,689)	(571,584)
Interest expense of Central Bank and other banks' deposit	(155,785)	(138,309)
Interest expense of structured instruments	(56,082)	(50,595)
Interest expense on bills and bonds sold under repurchase agreements	(33,682)	(80,107)
Other interest expense	(3,375)	(625)
Subtotal	(5,180,125)	(5,304,799)
Total	$ 8,597,599	$ 7,745,571

(28) Net service income

	For the years ended December 31, 2016	2015
Service fee and commission income		
Service fee income on insurance brokerage	$ 1,291,965	$ 1,234,090
Service fee income on credit cards	1,011,342	625,758
Service fee income on credit extension	785,812	532,840
Service fee income on trust business	771,839	805,869
Service fee income on foreign exchange	75,092	77,505
Deposits and remittance and other service fee income	112,080	118,382
Subtotal	4,048,130	3,394,444
Service fee expenses and commission expense		
Service fee expense on insurance brokerage	(53,500)	(60,578)
Service fee expense on credit cards	(907,515)	(526,925)
Service fee expense on credit extension	(17,540)	(11,119)
Service fee expense on trust business	(6,699)	(10,291)
Service fee expense on foreign exchange	(31,813)	(28,724)
Deposits and remittance and other service fee expense	(198,200)	(175,819)
Subtotal	(1,215,267)	(813,456)
Total	$ 2,832,863	$ 2,580,988

(29) Gain or loss on financial assets and liabilities at fair value through profit or loss

	For the years ended December 31, 2016	For the years ended December 31, 2015
Realized gain or loss on financial assets and liabilities at fair value through profit or loss		
Bonds	$ 956,494	$ 1,081,552
Commercial papers	36,427	15,735
Time deposits	11,405	68,429
Beneficiary certificates	3,727	(6,090)
Stocks	(15,454)	(16,276)
Financial debentures payable	(112,141)	(92,854)
Exchange rate-linked instrument	2,032,496	836,490
Interest rate-linked instrument	347,048	99,126
Equity linked products	(23,394)	46,068
Other derivative instruments	1,706	314
Subtotal	3,238,314	2,032,494
Unrealized gain or loss on financial assets and liabilities at fair value through profit or loss		
Bonds	269,245	(11,828)
Commercial papers	160	159
Time deposits	9,099	(5,607)
Beneficiary certificates	(3,575)	1,207
Stocks	(673)	(1,452)
Financial debentures payable	67,397	(25,385)
Exchange rate-linked instrument	(1,462,577)	977,001
Interest rate-linked instrument	(414,730)	27,249
Equity linked products	(731)	855
Other derivative instruments	(1,450)	1,156
Subtotal	(1,537,835)	963,355
Total	$ 1,700,479	$ 2,995,849

A. The realized gains (losses) on the financial assets and liabilities at fair value through profit and loss of the Consolidated Company for the years ended December 31, 2016 and 2015, including net interest income, the gain (loss) on disposal and dividend income, are as follows:

	For the years ended December 31, 2016	For the years ended December 31, 2015
Net interest income	$ 1,156,354	$ 1,112,960
Gain on disposal	2,078,207	911,442
Dividend income	3,753	8,092
Total	$ 3,238,314	$ 2,032,494

B. Exchange rate-linked instruments include forward exchange contracts, foreign exchange swap contracts, cross currency swap contracts, non-delivery forwards contracts, exchange rate options and other exchange rate related instruments.

C. Interest-linked instruments include interest rate swap contracts, structured interest rate products and interest linked-options futures and other interest related instruments.

D. Equity linked products include equity futures and embedded structural equity products.

E. Any changes in fair value of the derivatives together managed with the financial instruments designated at fair value through profit or loss are listed under “gain and loss of financial assets at fair value through profit or loss”.

(30) Realized gain on available-for-sale financial assets

	For the years ended December 31, 2016	For the years ended December 31, 2015
Stock dividend income	$ 116,534	$ 185,468
Gains on disposal		
Listed (TSE and OTC) stocks	79,321	64,745
Bonds (Government bonds and Financial bonds)	197,226	34,582
Subtotal	276,547	99,327
Loss on disposal		
Listed (TSE and OTC) stocks	(129,038)	(4,867)
Bonds (Government bonds)	(2,596)	(34)
Unlisted stocks	(533)	-
Subtotal	(132,167)	(4,901)
Total	$ 260,914	$ 279,894

(31) Other non-interest income

	For the years ended December 31, 2016	For the years ended December 31, 2015
Rental income on investment property	$ 39,484	$ 15,628
Gains on default fine of loans	28,338	27,821
Gain and loss on trade/disposal of property	285	(3,593)
Gain on disposal of investment property	61	1,432
Loss on asset impairment	(763)	(866)
Other net gains or losses	5,514	44,123
Total	$ 72,919	$ 84,545

(32) Employee benefit expense

	For the years ended December 31, 2016	For the years ended December 31, 2015
Wages and salaries	$ 3,325,049	$ 3,173,213
Labor and health insurance fees	214,757	214,697
Pension costs	157,883	142,098
Other personnel expenses	211,387	192,283
Total	$ 3,909,076	$ 3,722,291

A. According to the Articles of Incorporation of the Bank, if the Bank has earnings upon the year-end, after covering accumulated deficits with current year earnings (that is income before taxes less income before appropriation of employees' compensation), the remainder, if any, shall provision 0.01% to 5% as employees' compensation.

For the years ended December 31, 2016 and 2015, employees' compensation (bonus) was accrued at $27,600 and $27,362, respectively. The amounts were recognized in salary expenses. For the year ended December 31, 2016, after considering accumulated deficits, the most appropriate estimate was accrued based on the period-end (the current year) earnings and the multiplier interval stipulated in the Articles of Incorporation; subsequently, where the accrued amounts are different from the actual distributed amounts as resolved by the Board of Directors on behalf of the stockholders' meeting, the differences are accounted for as changes in accounting estimates.

B. Employees' compensation of 2015 as resolved at the meeting of the Board of Directors was in agreement with the amount recognized in the 2015 financial statements amounting to $27,362.

(33) Depreciation and amortization

	For the years ended December 31, 2016	For the years ended December 31, 2015
Property and equipment depreciation	$ 190,491	$ 173,195
Investment property depreciation	8,889	4,802
Intangible asset amortization	61,536	52,855
Deferred assets amortization	31,916	33,498
Total	$ 292,832	$ 264,350

(34) Other general and administrative expenses

	For the years ended December 31, 2016	For the years ended December 31, 2015
Tax	$ 680,933	$ 706,502
Rental expense	535,355	576,717
Repairs and maintenance	208,640	177,489
Insurance expense	190,222	167,915
Professional expense	111,197	90,284
Postage and telephone costs	97,211	89,849
Advertising expense	76,852	79,368
Stationery	74,582	70,871
Donations	61,067	60,449
Utilities	53,668	59,591
Others	351,316	340,127
Total	$ 2,441,043	$ 2,419,162

(35) Income tax

A. Income tax expense

(A) Components of income tax expense:

	For the years ended December 31, 2016	For the years ended December 31, 2015
Current tax:		
Income tax from current income	$ 773,642	$ 519,943
Prior year income tax underestimation (overestimation)	1,827	(34,133)
Total current tax	775,469	485,810
Deferred tax:		
Origination and reversal of temporary differences	(18,417)	210,289
Income tax expense	$ 757,052	$ 696,099

(B) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the years ended December 31, 2016	For the years ended December 31, 2015
Fair value gains/losses on available-for-sale financial assets	$ 5,540	$ 5,302
Remeasurement of defined benefit obligations	21,090	(28,358)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2016	2015
Income tax from pretax income calculated at regulated tax rate	$ 1,081,468	$ 956,550
Prior year income tax underestimation (overestimation)	1,827	(34,133)
Alternative Minimum Tax effects	196,389	212,139
Effects of items not recognized under relevant regulations	1,188	141
Adjusted effects on income tax exemption and other income	(523,820)	(438,598)
Income tax expense	$ 757,052	$ 696,099

(Blank below)

C. of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2016				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Others	December 31
Temporary differences:					
—Deferred tax assets:					
Unrealized exchange loss	$ 191,358	($ 153,770)	$ -	$ -	$ 37,588
Unrealized valuation loss on derivatives	-	36,990	-	-	36,990
Allowance for credit losses in excess of tax limitation	260,627	(47,316)	-	-	213,311
Valuation loss on foreign taxable products	-	2,874			2,874
Unrealized compensation loss	1,717	-	-	-	1,717
Accrued unused compensated absences	858	3,886	-	-	4,744
Available-for-sale financial assets impairment loss	26	-	-	-	26
Employee benefit liabilities reserve	144,222	4,604	(21,090)	-	127,736
Deferred revenue of credit cards	5,361	(1,296)	-	-	4,065
Net operating loss carryforward	11,079	(2,717)	-	(1)	8,361
Other	702	(363)	-	-	339
Subtotal	615,950	(157,108)	(21,090)	(1)	437,751
—Deferred tax liabilities:					
Unrealized valuation gain on derivatives	($ 199,830)	$ 199,830	$ -	$ -	$ -
Unrealized valuation gain on short-term commercial paper	(84)	9	-	-	(75)
Valuation gain on foreign taxable products	(3,190)	3,190	-	-	-
Unrealized valuation gain on available-for-sale financial assets	(22,095)	5,597	(5,540)	1	(22,037)
Amortization of goodwill	(118,507)	(20,610)	-	-	(139,117)
Land revaluation surplus	-	(12,308)	-	455	(11,853)
Reserve for land revaluation increment tax	(20,999)	-	-	43	(20,956)
Other	(11)	(183)	-	-	(194)
Subtotal	(364,716)	175,525	(5,540)	499	(194,232)
Total	$ 251,234	$ 18,417	($ 26,630)	$ 498	$ 243,519

	2015				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Others	December 31
Temporary differences:					
—Deferred tax assets:					
Unrealized exchange loss	$ 271,820	($ 80,462)	$ -	$ -	$ 191,358
Allowance for credit losses in excess of tax limitation	207,105	53,522	-	-	260,627
Unrealized compensation loss	1,902	(185)	-	-	1,717
Accrued unused compensated absences	2,953	(2,095)	-	-	858
Available-for-sale financial assets impairment loss	26	-	-	-	26
Employee benefit liabilities reserve	111,675	4,189	28,358	-	144,222
Deferred revenue of credit cards	6,962	(1,601)	-	-	5,361
Net operating loss carryforward	8,236	2,843	-	-	11,079
Other	(515)	1,217	-	-	702
Subtotal	610,164	(22,572)	28,358	-	615,950
—Deferred tax liabilities:					
Unrealized valuation gain on derivatives	($ 35,951)	($ 163,879)	$ -	$ -	($ 199,830)
Unrealized valuation gain on short-term commercial paper	(57)	(27)	-	-	(84)
Valuation gain on foreign taxable products	-	(3,190)	-	-	(3,190)
Unrealized valuation gain on available-for-sale financial assets	(16,793)	-	(5,302)	-	(22,095)
Amortization of goodwill	(97,897)	(20,610)	-	-	(118,507)
Reserve for land revaluation increment tax	(21,053)	-	-	54	(20,999)
Other	-	(11)	-	-	(11)
Subtotal	(171,751)	(187,717)	(5,302)	54	(364,716)
Total	$ 438,413	($ 210,289)	$ 23,056	$ 54	$ 251,234

D. As of December 31, 2016, the Yuanta Savings Bank (Philippines)'s unused loss deduction was $73,171. The validity period for the loss deduction pursuant to local regulations was before 2019.

E. As of December 31, 2016, Yuanta Savings Bank (Korea)'s unused loss carry forward was $646,345. The validity period for the loss carry forward pursuant to local regulations was before 2026.

F. As of December 31, 2016, the assessment information on the Consolidated Company's income tax returns are as follows:

	Assessment Information
Yuanta Bank	Assessed through 2011
Yuanta Savings Bank (Korea)	Assessed through 2011
Yuanta Life Insurance Agency	Assessed through 2014
Yuanta Property Insurance Agency	Assessed through 2014
Yuanta International Leasing	Assessed through 2015

G. The Bank's annual income tax returns for 2008 to 2011 were assessed by the Tax Authority and received assessment reports. The Tax Authority disallowed the amortization of goodwill. In accordance with the law, the Bank has claimed for administrative remedy to recognize the income tax expense relating to the additional income tax payable

H. Shareholders living in ROC have imputation tax credit for the distribution of earnings after (in) 1998 based on the creditable tax rate on the dividend declaration day.

As of December 31, 2016 and 2015, cumulative unappropriated retained earnings recorded in the books were all earnings generated in and after 1998.

I. As of December 31, 2016 and 2015, the balance of the imputation tax credit account was $42,715 and $26,757, respectively. The creditable tax rate of actual earnings distributed for 2015 was 0.56% (cash dividend) and 1.28% (stock dividend). The creditable tax rate of estimated earnings distributed for 2016 was 0.75% (cash dividend and stock dividend).

(36) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

	For the year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 5,594,955	4,152,182	$ 1.35

	For the year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 4,949,974	4,152,182	$ 1.19
Profit attributable to former owner of business combination under common control	($ 3,304)		$ -

B. The above weighted-average outstanding stocks have been adjusted retrospectively according to the ratio of capital increase from retained earnings on May 26, 2016. Basic earnings per share before the adjustment were both $1.26 for the year ended December 31, 2015.

(37) Business combinations

A. The Bank's investment in Yuanta Savings Bank (Korea) by paying cash in exchange for shares was approved by the Financial Supervisory Commission of R.O.C. (Jin-Guan-Yin-Kong-Zi Order No. 10500026760) on March 17, 2016 and the Financial Services Commission of Korea on April 14, 2016, resulting in Yuanta Savings Bank (Korea) becoming a 100% owned subsidiary of the Bank. The transfer of shares was completed on April 25, 2016.

B. Information on the fair value of paid consideration, obtained assets and assumed liabilities for acquiring Yuanta Savings Bank (Korea) on the acquisition date is as follows:

	April 24, 2016
Acquisition consideration	$ 4,081,856
Fair value of the identifiable assets acquired and liabilities assumed	
Assets of the acquired company	6,930,199
Liabilities of the acquired company	(3,283,940)
Total identifiable net assets	3,646,259
Goodwill	$ 435,597

C. Since the Consolidated Company's consolidation of Yuanta Savings Bank (Korea) on April 25, 2016, the net revenue and loss before tax contributed by Yuanta Savings Bank (Korea) was $25,448 and $107,303, respectively. If Yuanta Savings Bank (Korea) had been consolidated as of January 1, 2016, the Consolidated Company's net revenue and profit before income tax for the year ended December 31, 2016 would have been $14,075,477 and $6,428,233, respectively.

D. The Bank and the seller (AON BGN Limited Liability Company) signed a share purchase agreement which had an indemnification clause stating that the seller must compensate and guarantee that the Bank was free from any losses resulting from or related to Yuanta Savings Bank (Korea)'s litigations. As of April 25, 2016 (the acquisition date), the Bank recognized compensatory assets and contingent liabilities resulting from the litigation of ₩4,090,869 thousand:

(A) In March 2016, Trust Investment (a borrower) petitioned to the Financial Services Commission of the Republic of Korea that Yuanta Savings Bank (Korea) overcharged expenses for prior loan cases and thus claimed Yuanta Savings Bank (Korea) should return ₩4 billion in unjustly received fees. Because Yuanta Savings Bank (Korea) believed that such a claim had no merit, Yuanta Savings Bank (Korea) filed a litigation with the Seoul District Court to confirm that obligations at issue lacked legal merit and to clarify related disputes in the petition. Upon the acquisition date of Yuanta Savings Bank (Korea), the Bank had reached an agreement with AON BGN Limited Liability Company that required AON BGN Limited Liability Company to pledge ₩5 billion to the Bank as a guarantee for losses related to the litigation. As of December 31, 2016, recognized compensatory assets or contingent liabilities resulting from the litigation were ₩4,024,469 thousand, accounted for respectively under "Other assets-net" and "Provisions". As of December 31, 2016, the aforementioned litigation is still under the judicial proceedings of the Seoul District Court. Thus, subsequent proceedings of the litigation have been assessed to have no material impact on the operations and stockholders' equity of the Bank.

(B) After the loans of a borrower of Yuanta Savings Bank (Korea) was in arrears, the real estate pledge by the managing director of the borrower was foreclosed by Yuanta Savings Bank (Korea). Subsequently, the borrower announced bankruptcy and Korea Deposit Insurance Company ("KDIC"), one of the creditors of the borrower, claimed that the collateral should have been included in the liquidation proceedings. As a result, KDIC brought forth a litigation against Yuanta Savings Bank (Korea), claiming fraudulent infringement on creditor's rights. Upon the acquisition date of Yuanta Savings Bank (Korea), the Bank has recognized ₩66,400 thousand in compensatory assets and contingent liabilities in accordance with litigation amounts. The case was adjudicated in favor of KDIC in the second instance of the district court. Yuanta Savings Bank (Korea) has elected not to appeal the verdict and has paid the compensation of ₩66,400 thousand (equivalent to NT$1,848 thousand). However, in accordance with Yuanta Savings Bank (Korea)'s equity transfer contract, the seller (AON BGN Limited Liability Company) shall indemnify the Bank for the above-mentioned compensation amount.

7. Related party transactions

(1) Parent and ultimate controlling party

Yuanta Financial Holdings is parent company and ultimate controlling party of the Consolidated Company.

(2) Names and relationship of related parties

Names of related parties	Relationship with the Bank
Yuanta Securities Finance Co., Ltd. ("Yuanta Securities Finance")	Affiliated company in the same group
Yuanta Securities Investment Consulting Co., Ltd. ("Yuanta Securities Investment Consulting")	Affiliated company in the same group
Yuanta Securities Co., Ltd. ("Yuanta Securities")	Affiliated company in the same group (Note 1)
Yuanta Securities Investment Trust Co., Ltd. ("YSIT")	Affiliated company in the same group (Note 1)
Yuanta Futures Co., Ltd. ("Yuanta Future")	Affiliated company in the same group (Note 1)
Yuanta Life Insurance Co., Ltd.	Affiliated company in the same group
Yuanta Venture Capital., Ltd. ("Yuanta Venture")	Affiliated company in the same group
Yuanta Asset Management., Ltd. ("Yuanta Asset Management")	Affiliated company in the same group
Yuanta Asia Investment Limited	Affiliated company in the same group
Tachong Bank("TC Bank")	Affiliated company in the same group
Funds managed by Yuanta Securities Investment Trust	Funds managed by the same group (Note 1)
Yuan Kun Construction Co., Ltd. ("Yuan Kun Construction")	Related party in substance
Yuanta Construction Co., Ltd. ("Yuanta Construction")	Related party in substance
Yong Feng Yu Consumer Product Group("YFYCP")	Spouse of the group's director holds a primary management position (Note 2)
Yung Chin International Investment Company Limited("Yung Chin International Investment")	A director of Yuanta Group holds a key managing position
M-Venture Investment, .Inc. ("M-Venture")	A director of Yuanta Group holds a key managing position
Yuanta Cultural & Education Foundation ("Yuanta Foundation")	Related party in substance

Names of related parties	Relationship with the Bank
Polaris Research Institute ("Polaris Research")	Related party in substance
Others	The Consolidated Company's affiliated companies and directors, supervisors and managers, and their relatives

Note 1：Yuanta Polaris Securities Co., Ltd., Yuanta Polaris International Securities Investment Trust Co., Ltd. and Yuanta Polaris Futures Co., Ltd. were renamed as Yuanta Securities Co., Ltd, Yuanta Securities Investment Trust Co., Ltd. and Yuanta Futures Co., Ltd. on July 3, 2015, May 11, 2015 and May 21, 2015, respectively.

Note 2：No longer a related party starting April 29, 2016.

(3) Significant transactions and balances with related parties

A. Deposits

December 31, 2016			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	$ 41,877,535	5.87	0.00~9.50

December 31, 2015			
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
All related parties	$ 40,443,327	6.12	0.00~6.42

Apart from an interest rate limit on staff demand savings deposits of 6.065%~6.25% and 6.25%~6.42%, for both the years ended December 31, 2016 and 2015, the range of interest rate on other related parties' demand savings deposits were 0.00%~9.5% and 0.00%~5.00%, respectively. The interest rates and other terms provided to the above related parties were the same as the respectively offered to the general public.

For the years ended December 31, 2016 and 2015, interest expense on the above deposits was $271,345 and $366,626, respectively.

(Blank below)

B. Loans

December 31, 2016

Unit: Thousands of New Taiwan dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	240	$ 35,093	$ 23,690	$ 23,690	-	Credit loans and movables	None
Home mortgage loans	409	4,050,763	3,155,232	3,155,232	-	Real estate	None
Other loans	Yuan Kun Construction	573,000	573,000	573,000	-	Real estate	None
	Yung Chin International Investment	57,850	37,692	37,692	-	Real estate	None
	Yuanta Securities	18,629	-	-	-	Real estate	None
	68	256,511	124,636	124,636	-	Stock, deposits, policy and real estate	None
Total			3,914,250	3,914,250	-		

December 31, 2015

Unit: Thousands of New Taiwan dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	233	$ 29,676	$ 18,030	$ 18,030	-	Credit loans and movables	None
Home mortgage loans	397	3,548,844	2,861,436	2,861,436	-	Real estate	None
Other loans	YFYCP	200,000	-	-	-	Credit loans	None
	Yuan Kun Construction	1,571,000	471,000	471,000	-	Real estate	None
	Yuanta Securities	7,451	-	-	-	Real estate	None
	57	277,543	100,163	100,163	-	Stock, deposits and real estate	None
Total			3,450,629	3,450,629	-		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 1.80% to 2.18% and 0.00% to 2.62%, the interest rates on the remaining loans are ranging from 0.00% to 4.99% and 0.00 % to 5.37% for the years ended December 31, 2016 and 2015, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2016 and 2015, interest income resulting from the above loans amounted to $61,889 and $69,009, respectively.

C. Service fee and commission

Names of related parties	For the years ended December 31, 2016	2015
Fellow subsidiary		
Yuanta Life Insurance	$ 308,133	$ 731,481
Yuanta Securities Investment Trust	10,805	11,087
Yuanta Securities	148	149
Yuanta Asia Investment Limited	125	24
Yuanta Futures	9	10
Total	$ 319,220	$ 742,751

The following income was mainly from commissions from sales of mutual funds and insurance and fiduciary affiliated services, the related receivables were as follows:

Names of related parties	December 31, 2016	December 31, 2015
Fellow subsidiary		
Yuanta Life Insurance	$ 13,042	$ 92,655
Yuanta Securities Investment Trust	550	1,415
Total	$ 13,592	$ 94,070

D. Rental revenue

Names of related parties	Purpose	For the years ended December 31, 2016	2015
Parent company			
Yuanta Financial Holdings	Office rental/ Parking lot rental	$ 3,422	$ 125
Fellow subsidiary			
Yuanta Securities Investment Trust	Office rental/ Parking lot rental	11,552	743
Yuanta Securities	Office rental/ Venue rental	7,668	7,887
Yuanta Life Insurance	Office rental/ Parking lot rental	4,438	332
TC Bank	Office rental	2,911	-
Yuanta Futures	Venue rental	1,748	1,375
Yuanta Securities Finance	Parking lot rental	176	8
Yuanta Venture	Parking lot rental	93	4
Total		$ 32,008	$ 10,474

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-in were as follows:

Names of related parties		December 31, 2016		December 31, 2015
Parent company				
Yuanta Financial Holdings	$	675	$	827
Fellow subsidiary				
Yuanta Securities		1,799		1,958
TC Bank		1,452		-
Yuanta Futures		420		420
Yuanta Life Insurance		18		2,205
Yuanta Securities Investment Trust		-		4,935
Yuanta Securities Finance		-		51
Yuanta Venture		-		27
Total	$	4,364	$	10,423

E. Rent expense

Names of related parties	Purpose	For the years ended December 31, 2016		2015	
Fellow subsidiary					
Yuanta Securities	Office rental/ Venue rental	$	98,329	$	173,157
Yuanta Securities Finance	Office rental		2,538		2,539
Total		$	100,867	$	175,696

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-out were as follows:

Names of related parties		December 31, 2016		December 31, 2015
Yuanta Securities	$	3,961	$	8,678
Yuanta Securities Finance		633		633
Total	$	4,594	$	9,311

F. Donations

Names of related parties	For the years ended December 31, 2016		2015	
Other related parties:				
Yuanta Foundation	$	16,000	$	13,850
Polaris Research Institute		6,720		6,600
Total	$	22,720	$	20,450

G. Consulting fee

Names of related parties	For the years ended December 31, 2016	2015
Fellow subsidiary		
Yuanta Securities Investment Consulting	$ 9,780	$ 9,780
Yuanta Securities	225	50
Other related parties:		
M-Venture	4,910	-
Total	$ 14,915	$ 9,830

H. Commission expense

Names of related parties	For the years ended December 31, 2016	2015
Fellow subsidiary		
Yuanta Securities	$ 17,409	$ 14,663
Yuanta Asset Management	2	2
Yuanta Futures	-	3
Total	$ 17,411	$ 14,668

I. Current income tax assets/liabilities

Names of related parties	December 31, 2016	December 31, 2015
Parent company		
Yuanta Financial Holdings		
Consolidated income tax receivables	$ 2,608,784	$ 2,608,784
Consolidated income tax payables	$ 538,630	$ 226,974

J. Property transactions

(A) Open-end funds raised by the related parties that the Consolidated Company acquired were as follows:

For the year ended December 31, 2016: None.

	For the year ended December 31, 2015 Purchases	Balance as of January 1	Balance as of December 31	Profit on redemption
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	$ 15,000	$ -	$ -	$ 913

(B) Exchange Traded Funds raised by the related parties that the Consolidated Company acquired were as follows:

For the year ended December 31, 2016: None.

	For the year ended December 31, 2015			
	Purchases	Balance as of January 1	Balance as of December 31	Profit on redemption
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	$ 19,115	$ -	$ -	$ 577

(C) The details of the Consolidated Company's outright purchase and sale transactions with affiliates in the open market were as follows:

	For the year ended December 31, 2016		
	Type	Purchase Price	Selling Price
Fellow subsidiary			
Yuanta Securities	Bonds	$ 113,350	$ 553,629

	For the year ended December 31, 2015		
	Type	Purchase Price	Selling Price
Fellow subsidiary			
Yuanta Securities	Bonds	$ 4,107,017	$ 99,412

(D) The details of the Consolidated Company's futures transactions with affiliates in the open market were as follows:

	December 31, 2016	December 31, 2015
Fellow subsidiary:		
Yuanta Future		
Futures trading guarantees	$ 36,308	$ 114,432

Service charges for trading of future are as follows:

	For the years ended December 31,	
	2016	2015
Fellow subsidiary:		
Yuanta Future	$ 247	$ 545

(E) As of December 31, 2016, the Consolidated Company purchased property and equipment from Yuanta Life Insurance amounting to $820 and recorded the purchases as transportation equipment; purchased equipment from Yuanta Securities amounting to $2,570 and was recorded as transportation equipment.

(F) As of December 31, 2016, the Consolidated Company sold transportation equipment to Yuanta Venture, The disposal price was $2,500 and the loss on disposal was $279.

(G) As of December 31, 2015, the Consolidated Company purchased property and equipment from Yuanta Securities amounting to $4,401,320 and recorded the purchases as land, building, transportation equipment and investment property; purchased equipment from Yuanta Construction Development amounting to $3,400 and was recorded as transportation equipment.

K. Others

	December 31, 2016	December 31, 2015
Receivables-Yuanta Securities	$ 19	$ 153
Other assets-M-Venture	14,729	-
Payables-Yuanta Securities	6,297	5,674
Payables-Yuanta Financial Holdings	287	52

	For the years ended December 31,	
	2016	2015
Miscellaneous revenues -Yuanta Securities	$ 164	$ 191
Miscellaneous revenues -Yuanta Futures	164	110
Miscellaneous revenues -Yuanta Securities Investment Trust	-	5
Operating expenses-Yuanta Securities	120	120

(4) Information on remunerations to the key management

	For the years ended December 31,	
	2016	2015
Salaries and other short-term employee benefits	$ 615,701	$ 571,925
Post-employment benefit	24,016	10,790
Total	$ 639,717	$ 582,715

(Blank below)

8. Pledged assets

As of December 31, 2016 and 2015, the Consolidated Company's assets pledged as collateral are as follows:

Items	December 31, 2016	December 31, 2015	Purpose of pledge
Investment of debt instruments without active market			
- Government bonds	$ 9,756,212	$ 9,707,412	Foreign currency clearing overdraft guarantee
- Time deposits	924,400	4,024,800	Foreign currency clearing overdraft guarantee
- Government bonds	212,029	103,573	Collateral for provisional seizure
- Government bonds	97,698	97,293	OTC EBTS for bond settlement reserves
- Government bonds	87,928	87,564	Trust fund reserve
- Government bonds	49,424	49,275	Deposit guarantees of bills merchants
- Government bonds	39,539	39,420	Operating guarantee deposits for securities underwriting
- Government bonds	9,885	9,855	Operating guarantee deposits for securities dealing
- Government bonds	4,340	4,326	VISA International card payment reserves
Available-for-sale financial assets			
- Government bonds	-	2,393	Operating guarantee deposits

9. Significant contingent liabilities and unrecognized contract commitments

(1) Commitments

A. For details on operating leases, please refer to Note 12(4)C(C).

B. As of December 31, 2016 and 2015, capital expenditures contracted for at the balance sheet date but not yet incurred was $112,464 and $86,972, respectively.

(2) For details of lawsuits, please refer to Note 6(37)D(A).

(3) Others

	December 31, 2016	December 31, 2015
Irrevocable loan commitments	$ 29,284,082	$ 25,102,457
Unused credit commitments on credit cards	56,082,399	44,549,377
Unused L/C balance	3,033,076	2,427,102
Other guarantees	24,908,493	31,774,061
Consignment collection for others	14,213,492	15,732,057
Trust assets	124,446,204	129,635,017
Items under custody	30,478,952	29,616,215
Commitment of securities under a repurchase agreement	7,802,956	10,636,049
Commitment of securities under a resale agreement	6,255,232	1,939,493

10. Significant losses from disasters

None.

11. Significant subsequent events

In accordance with Jin-Guan-Yin-Kong-Zi Letter No. 10500320920 dated January 17, 2017, Yuanta Bank was approved to merge with Ta Chong Bank. The surviving company in the merger is Yuanta Bank and the dissolved company is Ta Chong Bank. After the merger date is set, upon the merger date, in accordance with regulations, Yuanta Bank will assume Ta Chong Bank's accounted assets and liabilities, as well as all effective rights and obligations as of the merger date.

12. Others

(1) Fair value information of financial instruments

A. Outline

Fair value is the amount for which an asset could be exchanged or a liability can be settled between market participants in an orderly transaction.

B. Definition for the hierarchy classification of financial instruments measured at fair value

(A) Level 1

Inputs that are quoted prices in active markets for identical financial instruments. An active market has to satisfy all the following conditions: A market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the investments of the Consolidated Company, such as listed stocks investment, beneficiary certificates, popular Taiwan government bonds and the derivatives with a quoted price in an active market, are deemed as Level 1.

(B) Level 2

Inputs other than quoted prices in active markets, are those observable price, either directly (that is, as prices) or indirectly (that is, derived from prices) in active market. Investment of the Consolidated Company such as non-popular government bonds, corporate bonds, financial bonds, convertible corporate bonds and most derivatives are all classified within Level 2.

(C) Level 3

Inputs used to measure fair values that are not data obtainable in the market or counterparty quotes. A portion of the Consolidated Company's investments in negotiable time deposits, derivatives, available-for-sale financial assets, as well as the Consolidated Company's financial liabilities measured at fair value through profit or loss are considered as such.

(2) Financial instruments measured at fair value

A. Hierarchy of fair value estimation of financial instruments:

Recurring fair value measurements	December 31, 2016 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 4,610	$ 4,610	$ -	$ -
Bond investments	58,791,359	15,166,712	43,624,647	-
Others	12,386,372	232,116	9,916,731	2,237,525
Financial assets designated as at fair value through profit or loss on initial recognition	2,000,262	-	2,000,262	-
Available-for-sale financial assets				
Stock investments	2,504,290	1,476,811	-	1,027,479
Bond investments	81,270,988	24,702,000	55,550,165	1,018,823
Short-term notes and bills	645,238	-	645,238	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss on initial recognition	$ 2,338,315	$ -	$ -	$ 2,338,315
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 2,673,414	$ -	$ 2,097,186	$ 576,228
Liabilities				
Financial liabilities at fair value through profit or loss	$ 2,994,670	$ -	$ 2,419,739	$ 574,931

(Blank below)

Recurring fair value measurements	December 31, 2015 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 11,763	$ 11,763	$ -	$ -
Bond investments	68,404,007	21,641,821	46,762,186	-
Others	1,314,210	316,264	997,946	-
Financial assets designated as at fair value through profit or loss on initial recognition	7,555,559	-	7,555,559	-
Available-for-sale financial assets				
Stock investments	2,918,086	1,932,323	-	985,763
Bond investments	38,876,170	1,117,103	36,836,228	922,839
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss on initial recognition	$ 2,569,430	$ -	$ -	$ 2,569,430
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 8,254,115	$ 15,431	$ 7,452,758	$ 785,926
Liabilities				
Financial liabilities at fair value through profit or loss	$ 7,144,841	$ -	$ 6,360,298	$ 784,543

B. Valuation technique of fair value

(A) If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value. Market prices bulletined by major SEC and OTC, where high volume of central government bonds are traded, are the foundation of debt instruments' fair value of quoted market price in an active market and listed equity instruments.

(B) If the market quotation from Stock Exchange Corporation, Reuters, Bloomberg information, commission merchants, or competent authorities can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market. If the above condition cannot be met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price, significantly increasing price variance or extremely low trading volume are all indicators of an inactive market.

(C) If the financial instruments held by the Consolidated Company has an active market, the fair values by classification and nature are as follows:

a. NTD Central Government Bond: the yield rates across different contract length bulletined by Over-The-Counter (hereinafter OTC) are used.

b. NTD government bonds, corporate bonds, financial bonds and beneficiary securities: the yield rates across different contract length bulletined by OTC are adopted.

c. Foreign government bonds, financial bonds, corporate bonds, securitized instruments:

the quotations from Bloomberg information or Reuters are adopted.

d. Listed stocks (TSE and OTC), ETF：The closing price on the date that the stock or ETF being listed in TSE or OTC for the first-time or the prior transaction price is adopted.

e. Domestic convertible corporate bonds: reference prices for the next day bulletined by the TSE are adopted as valuation standard.

f. Domestic and overseas funds: the net fund values announced by the investment trust are adopted.

g. Overseas convertible bond: quotations from Bloomberg are adopted.

(D) If the financial instruments held by the Consolidated Company have no active market, the fair values by classification and nature are as follows:

a. NTD Central Government Bond: Bonds with lower trading volume adopt the theory price of fair value bulletined by OTC.

b. NTD local government bonds, corporate bonds, financial debentures, beneficiary securities: For bonds with lower trading volume, theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.

c. Negotiable certificates of deposit, short-term commercial papers and treasury bills: Reuters is referenced to discount future cash flow and calculate the present value of valuation.

d. Foreign financial debentures, corporate bonds, negotiable certificates of deposit and securitized instruments: When public quotes are not obtainable through the market, appropriate interest models are elected to measure value or quotes provided by counterparties are adopted as the valuation basis.

e. Interest rate structured products: Reuters is referenced to discount future cash flow and calculate the present value of valuation.

f. Equity Structured products: Interest valuation techniques elect valuation models for options to obtain reasonable theoretical prices.

g. Derivatives trading:

(a) Foreign exchange forward contract, currency swaps, interest rate swaps and cross currency swaps: quoted priced of Reuters is referenced and used to discount future cash flow.

(b) Options: Black-Scholes model is mainly adopted for valuation, and the quoted priced of Reuters is referenced.

(c) Certain foreign structured instruments use the quoted price from counterparties.

h. Unlisted stocks: The fair values of the Company's held unlisted stocks without an active market are measured by electing the market approach, income approach or replacement cost method.

C. Fair value adjustment

(A) Valuation model limit and uncertain inputs

The outputs of the valuation model are estimates and the valuation techniques may not reflect all relevant factors of the Consolidated Company's financial instruments. Thus, the estimates of the valuation model are adjusted in accordance with extra inputs, i.e. model risk or liquidity risks. Under management policy for fair value valuation model and related control procedures, management believes valuation adjustment is necessary in order to present the fair value of financial instruments in the consolidated balance sheets fairly. The price information and inputs used in the valuation are carefully assessed and adjusted based on current market conditions.

(B) Credit risk valuation adjustment

The credit risk valuation adjustment is included in the computation of fair value of financial instruments in order to reflect counterparty's credit risk and the Consolidated Company's credit quality.

D. Transfer between Level 1 and Level 2

Certain NTD Central Government bonds held by the Consolidated Company are determined to be debt instrument investments that are not in an active market according to OTC's on-the-run securities. For the year ended December 31, 2016 and 2015, there were no transfers from Level 1 to Level 2.

(Blank below)

E. Movements of financial instruments classified into Level 3 of fair value are as follows:

(A) Movements of financial assets classified into Level 3 of fair value are as follows:

	For the year ended December 31, 2016								
		Gain and loss on valuation		Addition			Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Business combination	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss	$ 785,926	($ 145,930)	$ -	$ 2,229,266	$ -	$ -	$ 56,188	($ 679)	$ 2,813,753
Available-for-sale financial assets	1,908,602	(18,530)	44,644	113,371	207,178	-	208,963	-	2,046,302
Total	$ 2,694,528	($ 164,460)	$ 44,644	$ 2,342,637	$ 207,178	$ -	$ 265,151	($ 679)	$ 4,860,055

	For the year ended December 31, 2015								
		Gain and loss on valuation		Addition			Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Business combination	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss	$ 10,214,881	$ 556,745	$ -	$ 8	$ -	$ -	($ 67,751)	$ 10,053,459	$ 785,926
Available-for-sale financial assets	2,991,935	88,964	54,393	794,279	-	-	-	2,020,969	1,908,602
Total	$ 13,206,816	$ 645,709	$ 54,393	$ 794,287	$ -	$ -	($ 67,751)	$ 12,074,428	$ 2,694,528

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2016 and 2015, the gains and losses on assets were loss of $108,138 and gain of $579,864, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. As of December 31, 2016 and 2015, the gains and losses on assets were gain of $44,644 and gain of $54,393, respectively.

Note: Transferred out /in of Level 3 due to obtained/lack of observable market data and offsetting of Level 3 financial assets and financial liabilities.

(B) Movements of financial assets classified into Level 3 of fair value are as follows:

	For the year ended December 31, 2016							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial liabilities at fair value through profit or loss	$ 3,353,973	($ 452,595)	$ 46,917	$ 4,656	$ -	$ 40,384	($ 679)	$ 2,913,246

	For the year ended December 31, 2015							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial liabilities at fair value through profit or loss	$ 2,930,310	$ 546,296	($ 46,919)	$ 2,605,178	$ -	($ 87,997)	$ 2,768,889	$ 3,353,973

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2016 and 2015, the gains and losses on liabilities were gain of $410,084 and loss of $564,143, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. As of December 31, 2016 and 2015, the gains and losses on liabilities were loss of $46,917 and gain of $46,919, respectively.

Note: Transferred out /in of Level 3 due to obtained/lack of observable market data and offsetting of Level 3 financial assets and financial liabilities.

F. Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value.

The fair value measurement that the Consolidated Company made onto the financial instruments is deemed reasonable; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input of financial instrument classified in Level 3 moves upward or downward by 10%, the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

	Change in fair value recognized in current profit and loss		Change in fair value recognized in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
December 31, 2016				
Assets				
Available-for-sale financial assets	$ -	$ -	$ 102,698	($ 102,698)
Liabilities				
Financial liabilities at fair value through profit or loss	281,300	(281,300)	47,468	(47,468)
December 31, 2015				
Assets				
Available-for-sale financial assets	$ -	$ -	$ 98,576	($ 98,576)
Liabilities				
Financial liabilities at fair value through profit or loss	110,218	(110,218)	367,161	(367,161)

Favorable and unfavorable movements of the Consolidated Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

G. Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The Consolidated Company's fair value measurements that are classified as Level 3 primarily include financial instruments measured at fair value—derivatives, financial liabilities measured at fair value through profit or loss upon initial recognition and available-for-sale financial assets—stock investments and bond investments.

Most of the Consolidated Company's fair values that are classified as Level 3 have recurring significant unobservable inputs.

Other than financial instruments that are measured by electing counterparty quotes, quantitative information on significant unobservable inputs is as follows:

Recurring fair value measurements		Fair value on December 31, 2016	Valuation technique	Significant unobservable input	Range (Weight average)
Available-for-sale financial assets					
Stock investments	$	1,026,980	Market method	Price to earnings ratio multiple	10.00~44.96
				Price to book ratio multiple	0.69~3.11
				Discount for marketability	0%~35%
Financial liabilities at fair value through profit or loss					
Financial bonds	$	2,338,315	Hybrid Model	Discount for marketability	0%~1%
				Credit Spread	0%~1%

Recurring fair value measurements		Fair value on December 31, 2015	Valuation technique	Significant unobservable input	Range (Weight average)
Available-for-sale financial assets					
Stock investments	$	985,763	Market method	Price to earnings ratio multiple	14.48~30.34
				Price to book ratio multiple	0.77~2.62
				Discount for marketability	0%~35%
Financial liabilities at fair value through profit or loss					
financial bonds	$	2,569,430	Hybrid Model	Discount for marketability	0%~1%
				Credit Spread	0%~1%

H. Valuation procedure of financial instruments classified into Level 3

Other than quotes provided by counterparties, the parent company's risk management department is responsible for verifying the fair value of financial instruments that are classified as Level 3. The risk management department assesses the independency, reliability, consistency and representativeness of sources and periodically inspects valuation models and valuation inputs for verification to ensure that valuation procedure and results adhere to IAS requirements.

(3) Financial instruments not measured at fair value

A. Fair value information：

Except for those listed in the table below, the carrying amounts of the Consolidated Company's financial instruments not measured at fair value are approximate to their fair values.

Items	December 31, 2016			
	Book value		Fair value	
Financial assets				
Held-to-maturity financial assets	$	14,741,656	$	15,366,841
Other financial assets (Note)		48,616,769		49,561,255
Financial liabilities				
Bonds payable		38,000,000		39,135,941

Items	December 31, 2015	
	Book value	Fair value
Financial assets		
Held-to-maturity financial assets	$ 14,665,264	$ 15,342,938
Other financial assets (Note)	63,511,895	64,794,866
Financial liabilities		
Bonds payable	33,000,000	33,446,120

Note: The government bonds, corporate bonds, and financial bonds which are classified as debt instruments without active market.

B. Hierarchy of fair value estimation of financial instruments:

Items	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 15,366,841	$ -	$ 15,366,841	$ -
Other financial assets (Note)	49,561,255	15,357,249	34,059,406	144,600
Financial liabilities				
Bonds payable	39,135,941	-	26,793,266	12,342,675

Items	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 15,342,938	$ 3,450,566	$ 11,892,372	$ -
Other financial assets (Note)	64,794,866	22,557,556	41,436,057	801,253
Financial liabilities				
Bonds payable	33,446,120	-	33,446,120	-

Note: The government bonds, corporate bonds, and financial bonds which are classified as debt instruments without active market.

C. Valuation technique：

The assumptions and methods used to estimate the financial instruments not measured by fair value:

(A) The financial instruments such as cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreements, receivables- net, other financial assets- net (not including debt instruments without active market), refundable deposits, due to Central Bank and other banks, payables, and deposits received. As the short maturities or future payment or receipt is close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.

(B) Bills discounted and loans: The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.

(C) Held-to-maturity financial assets: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offer by the counterparties will be adopted to measure the fair value.

(D) Other financial assets: NTD Central Government bonds that are considered bond investments without an active market elect bond yields or theoretical prices bulletined by the Taipei Exchange; government bonds, corporate bonds and financial debentures primarily elect quotes from Bloomberg. If there are no market prices available for reference, then estimates from valuation methods are elected. For the remainder of financial instruments where their future payments and receipts are approximate to their carrying amount, their carrying amount on the consolidated balance sheet date is used to estimate fair value.

(E) Deposits and remittances: Considering the nature of the banking industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. Additionally, as the maturities are less than three years to date, it is reasonable to use the carrying amount to estimate the fair value.

(F) Bonds payable: Theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.

(4) Management objective and policy for financial risk

The Bank engages in risk management under the principles of not only serving customers but also conforming to the Bank operational goal, overall risk tolerance limits, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and to create a trilateral win for all customers, shareholders, and employees. The Bank is mainly exposed to credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and commodity risks), operational risk, and liquidity risk on or off balance sheets.

The Bank established written risk management policies and guidelines which have been approved by the Board of Directors or senior managements in order to identify, measure, monitor and control credit risk, market risk, and liquidity risk.

A. Risk Management Framework:

Ultimate responsibility for the effective management of risk rests with the Board. In order to achieve the Bank's overall risk management goals, the Board of Directors is in charge of reviewing risk management policies and relating procedures, and monitoring the effectiveness of risk management systems. The Board delegates authority for monitoring the control of risks to the Audit Committee. Risk Management Committee is responsible for risk management reporting, issues discussing and policies integrate and execute. The chief executive officer delegates authority to the Credit Evaluation Committee, the Human Resource Evaluation Committee, the Assets and Liabilities Management Committee, the Risk Management Committee, the Non-Performing Loan Management Committee, the Financial Product Evaluation Committee, and the New Product Evaluation Committee. The President holds regular or ad hoc meetings with relating committees to discuss issues regarding risk management; moreover, an emergency response team is set, when faced with crises or extraordinary events, to take timely and effective actions to prevent further damage, to mitigate risks, and to stay functional.

B. Credit risk

(A) Source and definition of credit risk

Credit risk is the potential loss due to a failure of counterparty to meet its obligations to pay the Consolidated Company in accordance with the agreed terms. Credit risk may happen due to accounts on and off the balance sheet. For accounts on the balance sheet, credit risk exposure of the Consolidated Company mainly comprises of bills discounted, loans, credit card business, debt instruments, derivatives and call loans from banks, etc. Off balance sheet accounts include financial guarantees, acceptance bills, letters of credit and loan commitments that could give rise to credit risk exposure to the Consolidated Company.

(B) Principle of credit risk management

The Bank has stipulated credit risk management guidelines where the framework of credit risk management is set out, and through the building and implementation of the management system, potential credit risk relating to businesses can be carefully assessed and signaled. The Bank divided its services into consumer finance services and corporate finance services by the nature of services. With an emphasis on segregation of duties whereby the credit investigation performed independently from the credit review, risk management is effective. Detailed risk management information of corporate finance services, personal finance services, and cross-services integration is set out as follows:

a. Credit Risk Management for Corporate Finance Services: The Bank develops a credit rating model and a risk grading mechanism for loan applications, strengthens quantitative mechanisms for credit risk management, and effectively assesses the quality of credit assets and its fluctuation to secure credit assets. A credit client early warning system is established aimed at credit risk exposures from significantly unusual cases. And an information integration and communication mechanism is set to monitor the financial and operational positions of these clients, providing a timely knowledge of these clients' operations and credit status.

b. Credit Risk Management for Consumer Finance Services: The Bank controls the credit risks through credit grading mechanisms, credit investigation, credit review and overdue management systems. With these systems in place, the Bank manages to strengthen controls over consumer finance, to raise the bar on credit reviewing, to strengthen controls over credit limits, to enhance the quality of credit assets, and to cut losses arising from credit risk.

c. Cross-Services Integration of Risk Management: The bank-wide and cross-services credit risk early warning system serves as a platform for operating units to check on the financial and operational positions of clients with lower credit ratings, and it is used as a reference for loan management. To effectively manage concentration risk, a bank-wide large risk exposures guideline is set up.

(C) Credit Risk Mitigation Policies

To limit the credit risk to lie within tolerable range, the Bank sets out a rule in its credit risk management guideline that for the products provided and businesses conducted which includes all transactions arising from both banking and trading books, either on-balance or off-balance sheet, a detailed analysis should be carried out to identify any existing and potential credit risk; Before the introduction of new products or businesses, accompanying credit risk should be identified and examined in accordance with relating guidelines. As for the more complex credit services, e.g. factoring, credit-linked derivatives, etc., tailored risk management mechanisms are incorporated into relating operating guidelines.

Procedures and methods used in credit risk management for the core businesses of the Consolidated Company are as follows:

a. Credit business (including loan commitment and guarantees)

Details of credit assets classification and credit quality rating are set out as follows:

(a) Credit Assets Classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining non-performing loans are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category Three for assets deemed recoverable. Category Four for assets those are doubtful. Category Five for assets those are not recoverable.

(b) Credit Quality Rating

In response to the characteristics and scale of business, the Consolidated Company sets up credit quality rating for risk management purposes (such as implementing internal evaluation model of credit risk, setting up credit rating table or other relevant regulations).

The Consolidated Company, mainly by the statistic and professional judgment of expertise and consideration of client information, developed a business credit rating model for the purpose of evaluating the credit risk of corporate clients. The model is regularly reviewed to check if the calculation result is consistent with the actual situation. And adjustment on various inputs should be calibrated to optimize the calculation result.

Credit rating of corporate finance is categorized into 10 levels according to the risks assessment on each credit extension case. When a loan is granted, in addition to that the credit quality of the client, fund purpose, repayment source, protection of claims and credit prediction should be considered, credit risk by credit account and facility should also be respectively assessed and rated based on the corporate or consumer risk rating referencing standards.

Credit risk rating of the consumer finance is categorized by client superiority, client profession and the rating of collateral threshold.

The credit quality of borrowers can be divided into three grades as follows:

	Corporate finance	Consumer finance
Credit risk rating	Internal/External credit rating level	Credit risk rating
Excellent	Level 1~6	Excellent
Acceptable	Level 7~8	Acceptable
Weak	Level 9~10	Weak

The Bank reassesses ratings for each client at least once a year. Moreover, to ensure the reasonableness of the design and the process of credit rating system, and that of the estimates of relating risk factors, the Bank takes actual defaults into account and performs inspections and back testings on the credit rating model annually.

b. Due from and call loans to other banks

The Bank assesses the credit status of each counterparty before any transaction, and ratings assigned by domestic and foreign external ratings agencies are used in determining internal credit grades on which various credit risk exposure limits are set and then granted to different counterparties.

c. Debt instruments investment and derivatives

The risk management of the Consolidated Company's debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk. Financial institutions with which the Bank conducts derivative transactions are mostly above investment grade and each year counterparty credit risk limits at different levels are submitted to the Board for approval. The limits are the basis for credit risk control. Counterparties with no credit rating are subject to individual review and Board of Directors approval. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives approved by general credit procedures to manage credit exposure of counterparties.

The Consolidated Company divides the credit quality of debt instruments investment and derivatives into three grades as follows:

(a) Excellent: Exposure to instrument with a result of internal/external credit rating level in between 1 to 6.

(b) Acceptable: Exposure to instrument with a result of internal/external credit rating level in between 7 to 8.

(c) Weak: Exposure to instrument with a result of internal/external credit rating level in between 9 to 10.

(D) Hedging and mitigation of credit risk

a. Collateral

The Consolidated Company adopts a series of policies and measures to mitigate credit risk in relation to credit extension business. Amongst those, requesting borrowers to provide collateral is one of the most usual means. The Consolidated Company has specific criteria for acceptable collateral and collateral valuation, management and disposing procedures regarding the collateral valuation management, collateral assessment for credit facility in order to protect the credit right. Besides, protection of creditor's right, collateral terms and offsetting terms are all addressed in the credit extension contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, or various types of deposits can be used to offset its liabilities to mitigate credit risks.

Collateral for other non-credit extension business depends on the nature of financial asset.

b. Credit risk limit and credit risk concentration control

In avoidance of high risk concentration, the Consolidated Company has set up credit exposure limit for a single counterparty or a single group, and set up investment standards and risk controlling regulations for stock investment for a single person (entity) or affiliated enterprises' (group) various investment limit. In addition, in order to control concentration risk of various assets, the Consolidated Company has also set up credit limits based on the industry, enterprise of group, country, pledged stocks for credit extension and monitored risk concentration of each asset. Through the system consolidation, single counterparty, group's enterprises, affiliated enterprise, industry, nationality, ultimate risk and various credit risk concentration can be monitored.

c. Net-settled general agreement

The transactions of the Consolidated Company are usually gross-settled. However, net-settled agreements are signed with certain counterparties to further mitigate credit risk in case of any default and all transactions shall be terminated with the counterparties and settled by net amount.

(E) Management process of subsidiaries

Plan and establish all credit risk management processes of overseas subsidiaries, including formulating credit authorization procedures, establishing appropriate credit management, and periodically examining, reporting and improving asset quality etc., as well as establishing credit risk limits and managing the status of credit risk concentration in accordance with requirements of local governing authorities, operating scale, business characteristics etc., in order to establish a credit risk management culture for overseas subsidiaries and to facilitate the improvement of asset quality to adhere to the Bank's management requirements.

(F) Maximum risk exposure of the Consolidated Company

The maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit strengthening instruments, is equivalent to the carrying amount. Please see Note 9(2) for the maximum credit risk exposure of the consolidated balance sheet.

The management of the Consolidated Company believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Consolidated Company can be minimized and continuously controlled.

The financial impact related to maximum amount exposed to credit risk arises from collaterals pledged for assets on the consolidated balance sheets and items off the consolidated balance sheets and master netting arrangements. The table summarizes the relevant information:

December 31, 2016	Collateral (note)	Net-settled general agreement	Total
For accounts on the balance sheet			
Receivables			
-other	$ 228,386	$ -	$ 228,386
Bills discounted and loans	352,421,367	-	352,421,367
Financial assets at fair value through profit or loss	921,583	1,131,853	2,053,436
For accounts off the balance sheet			
Irrevocable loan commitments	2,936,737	-	2,936,737
Unused letters of credit balance	122,074	-	122,074
Guarantees (including for non-performing loans)	4,214,594	-	4,214,594

December 31, 2015	Collateral (note)	Net-settled general agreement	Total
For accounts on the balance sheet			
Receivables			
-other	$ 217,634	$ -	$ 217,634
Bills discounted and loans	328,398,453	-	328,398,453
Financial assets at fair value through profit or loss	846,956	1,737,589	2,584,545
For accounts off the balance sheet			
Irrevocable loan commitments	3,542,521	-	3,542,521
Unused letters of credit balance	107,611	-	107,611
Guarantees (including for non-performing loans)	2,641,768	-	2,641,768

Note: The value of collaterals, except for cash items, is at present value, the others are allocated based on amount of loans.

(G) Credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Consolidated Company concentrate on accounts and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The Consolidated Company does not significantly carry out transactions with single client or single counterparty and the gross amount does not exceed 5% of balance of each component item. Information regarding bills discounted, loans and overdue accounts, and the credit risk concentration by industry, location and collateral are shown as follows:

a. Industry

	December 31, 2016		December 31, 2015	
Industry	Amount	%	Amount	%
Privately owned businesses	$ 249,913,506	50.21	$ 247,545,444	51.07
Government-owned businesses	7,108,020	1.43	8,133,040	1.68
Non-profit organizations	607,430	0.12	791,831	0.16
Private individuals	238,759,144	47.97	227,418,769	46.92
Financial institutions	512,666	0.10	661,320	0.14
Others	861,138	0.17	147,950	0.03
Total	$ 497,761,904	100.00	$ 484,698,354	100.00

b. Geography location

	December 31, 2016	
Geography location	Amount	%
Republic of China	$ 441,742,850	88.75
Europe	28,219,715	5.67
Others	27,799,339	5.58
Total	$ 497,761,904	100.00

As of December 31, 2015, the Consolidated Company has no significant geographical credit concentration risks that exceeded 5% of the balance of each component item.

c. Collateral

Collateral	December 31, 2016 Amount	%	December 31, 2015 Amount	%
Non-guaranteed	$ 145,340,537	29.20	$ 156,299,901	32.25
Guaranteed				
-Stock collateral	16,457,078	3.31	20,131,148	4.15
-Bonds collateral	6,439,706	1.29	7,924,175	1.63
-Real estate collateral	294,288,189	59.12	267,554,451	55.20
-Moveable collateral	33,578,923	6.75	31,584,835	6.52
-Guarantee	1,657,471	0.33	1,203,844	0.25
Total	$ 497,761,904	100.00	$ 484,698,354	100.00

(H) Analysis on credit quality and overdue impairment of financial assets held by the Consolidated Company

Certain financial assets held by the Consolidated Company such as cash and cash equivalents, due from Central Bank and call loans to banks, financial assets at fair value through profit and loss, bills and bonds purchased under resale agreements and refundable deposits-out and so on, while the counterparties have good credit rating, the credit risks are deemed extremely low.

The credit quality analyses for the rest of financial assets are as follows:

(Blank below)

a. Credit quality analysis on bills discounted, loans, receivables and other financial assets investments

December 31, 2016

Items	Positions that are neither past due nor impaired: Excellent	Acceptable	Weak	Unrated	Subtotal (A)	Positions that are past due but not impaired(B)	Impaired amount (C)	Total (A)+(B)+(C)	Recognized losses(D): With individual objective evidence of impairment	Without individual objective evidence of impairment	Net (A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 355,985,623	$ 72,690,004	$ 11,010,029	$ 49,723,953	$ 489,409,609	$ 3,025,799	$ 5,879,646	$ 498,315,054	$ 3,212,363	$ 3,575,670	$ 491,527,021
Receivables and other financial asset											
- Credit card service	4,296,068	104,910	473,127	161,467	5,035,572	98,818	16,745	5,151,135	16,278	46,005	5,088,852
- Investment of debt instruments without active market	49,541,169	-	-	-	49,541,169	-	-	49,541,169	-	-	49,541,169
- Other	9,636,217	295,891	-	2,889,901	12,822,009	-	651,485	13,473,494	292,336	10,988	13,170,170
Available-for-sale financial assets											
– bonds investment	81,270,988	-	-	-	81,270,988	-	-	81,270,988	-	-	81,270,988
Held-to-maturity financial assets											
– bonds investment	14,741,656	-	-	-	14,741,656	-	-	14,741,656	-	-	14,741,656

December 31,2015

Items	Positions that are neither past due nor impaired: Excellent	Acceptable	Weak	Unrated	Subtotal (A)	Positions that are past due but not impaired(B)	Impaired amount(C)	Total (A)+(B)+(C)	Recognized losses(D): With individual objective evidence of impairment	Without individual objective evidence of impairment	Net (A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 373,397,722	$ 57,418,917	$ 8,305,986	$ 39,786,020	$ 478,908,645	$ 2,683,542	$ 3,614,397	$ 485,206,584	$ 2,417,556	$ 4,033,997	$ 478,755,031
Receivables and other financial asset											
- Credit card service	2,992,856	79,129	463,639	199,844	3,735,468	16,511	13,034	3,765,013	12,740	46,536	3,705,737
- Investment of debt instruments without active market	70,152,815	-	-	-	70,152,815	-	-	70,152,815	-	-	70,152,815
- Other	9,756,264	118,399	28,683	2,646,913	12,550,259	-	499,359	13,049,618	490,364	12,487	12,546,767
Available-for-sale financial assets											
- bonds investment	38,876,170	-	-	-	38,876,170	-	-	38,876,170	-	-	38,876,170
Held-to-maturity financial assets											
- bonds investment	14,665,264	-	-	-	14,665,264	-	-	14,665,264	-	-	14,665,264

Note: Total bills discounted and loans include interest receivable. As of December 31, 2016 and 2015, the interest receivable on bills discounted and loans were $553,150 and $508,230, respectively. In addition, allowances for doubtful interest receivable were $2,468 and $2,617, respectively.

b. In relation to bills discounted and loans of the Consolidated Company that were neither past due nor impaired, the credit quality analysis is based on the credit quality rating by client:

December 31, 2016					
	Positions that are neither past due nor impaired				
By client	Excellent	Acceptable	Weak	Unrated (Note)	Total
Corporate finance					
- Guaranteed	$ 71,932,740	$ 38,432,738	$ 3,970,591	$ 26,974,143	$ 141,310,212
- Non-guaranteed	110,495,411	12,533,342	796,907	22,458,148	146,283,808
-Government-owned enterprise	7,119,457	-	-	-	7,119,457
- Others	53,085	11,649	-	224,378	289,112
Subtotal	189,600,693	50,977,729	4,767,498	49,656,669	295,002,589
Consumer finance					
- Mortgage loan	147,784,884	16,015,392	637,633	3,664	164,441,573
- Credit loan	953,370	73,173	253,879	-	1,280,422
- Automobile loan	16,118,548	5,546,704	4,748,003	3,411	26,416,666
- Others	1,528,128	77,006	603,016	60,209	2,268,359
Subtotal	166,384,930	21,712,275	6,242,531	67,284	194,407,020
Total	$ 355,985,623	$ 72,690,004	$ 11,010,029	$ 49,723,953	$ 489,409,609

December 31, 2015					
	Positions that are neither past due nor impaired				
By client	Excellent	Acceptable	Weak	Unrated (Note)	Total
Corporate finance					
- Guaranteed	$ 74,657,503	$ 27,201,800	$ 945,566	$ 26,095,503	$ 128,900,372
- Non-guaranteed	131,958,039	11,140,083	766,019	13,237,750	157,101,891
-Government-owned enterprise	8,146,656	-	-	-	8,146,656
- Others	187,177	32,694	-	294,801	514,672
Subtotal	214,949,375	38,374,577	1,711,585	39,628,054	294,663,591
Consumer finance					
- Mortgage loan	141,936,852	14,565,921	688,526	4,882	157,196,181
- Credit loan	779,478	64,810	372,386	143,005	1,359,679
- Automobile loan	14,834,899	4,363,917	3,769,383	3,761	22,971,960
- Others	897,118	49,692	1,764,106	6,318	2,717,234
Subtotal	158,448,347	19,044,340	6,594,401	157,966	184,245,054
Total	$ 373,397,722	$ 57,418,917	$ 8,305,986	$ 39,786,020	$ 478,908,645

Note：Credit rating for the corporate finance is categorized as “Credit rating model” and “Risk assessment by case”, however, for those loans not classified as “Credit rating model” in above table are treated as “Risk assessment by case”. Please refer to Note 12(3)B(B) for loan management information.

(I) Aging analysis of overdue financial assets with no impairment of the Consolidated Company:

The delayed processing of the borrower and other administrative reasons may give rise to an overdue financial asset with no impairment. According to the internal risk management policy of the Consolidated Company, financial assets overdue for less than 90 days are usually not deemed impaired unless other evidence indicates otherwise.

Aging analysis of the overdue financial assets with no impairment of the Consolidated Company:

Items	December 31, 2016 Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables			
- Credit card business	$ 97,384	$ 1,434	$ 98,818
Bills discounted and loans			
Corporate finance			
- Guaranteed	54,857	281,198	336,055
- Non-guaranteed	73,153	2,300	75,453
- Other	3,514	-	3,514
Consumer finance			
- Mortgage loans	1,341,128	84,218	1,425,346
- Credit loans	15,368	2,336	17,704
- Automobile loan	1,147,959	19,196	1,167,155
- Others	547	25	572
Subtotal	2,636,526	389,273	3,025,799
Total	$ 2,733,910	$ 390,707	$ 3,124,617

Items	December 31, 2015 Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables			
- Credit card business	$ 15,098	$ 1,413	$ 16,511
Bills discounted and loans			
Corporate finance			
- Guaranteed	393,321	241,770	635,091
- Non-guaranteed	50,363	13,261	63,624
Consumer finance			
- Mortgage loans	1,017,683	204,260	1,221,943
- Credit loans	8,406	1,672	10,078
- Automobile loan	734,448	18,358	752,806
Subtotal	2,204,221	479,321	2,683,542
Total	$ 2,219,319	$ 480,734	$ 2,700,053

(Blank below)

(J) Analysis of impaired financial assets of the Consolidated Company

Impairment on bills discounted, loans and receivables of the Consolidated Company are analyzed by client below:

(Expressed in Thousands of New Taiwan Dollars)

Items			Bills discounted and loans (Note)		Allowance for doubtful accounts (Note)	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
With individual objective evidence of impairment	Individual assessment	Corporate loan	$ 4,930,682	$ 2,684,610	$ 2,918,033	$ 2,018,623
		Mortgage loan	81,452	53,463	716	3,968
	Collective assessment	Corporate loan	159,356	223,639	61,859	136,306
		Mortgage loan	457,918	395,210	112,895	111,187
		Credit loan	230,747	232,410	110,940	132,715
		Automobile loan	18,596	25,065	7,025	14,757
			895	-	895	-
Without individual objective evidence of impairment	Collective assessment	Corporate loan	288,081,566	286,939,024	1,854,141	2,404,694
		Government-owned enterprises	7,119,457	8,146,656	-	-
		Mortgage loan	165,866,921	158,415,016	1,580,462	1,512,839
		Credit loan	1,298,127	1,304,968	14,590	19,734
		Automobile loan	27,583,821	23,724,767	31,913	39,483
		Others	2,485,516	3,061,756	94,564	57,247
Total			$ 498,315,054	$ 485,206,584	$ 6,788,033	$ 6,451,553

Items			Receivable (Note)		Allowance for doubtful accounts (Note)	
			December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
With individual objective evidence of impairment	Individual assessment	Non-accrual loans transferred from other accounts -guarantee	$ -	$ 21,235	$ -	$ 21,235
		Others	651,485	478,124	292,336	469,129
	Collective assessment	Credit card business	16,745	13,034	16,278	12,740
Without individual objective evidence of impairment	Collective assessment	Credit card business	5,134,390	3,751,979	46,005	46,536
		Others	163,617,618	164,167,922	10,988	12,487
Total			$ 169,420,238	$ 168,432,294	$ 365,607	$ 562,127

Note: As of December 31, 2016 and 2015, the total receivables are the original amount (including due from Central Bank and call loans to banks, bills and bonds purchased under resale agreements, receivables (not including spot exchange receivables, revenue receivables and income tax refundable amounting to $6,242,877 and $6,340,004, respectively), other financial assets and refundable deposits-out) not excluding allowance for doubtful accounts and not excluding (including) discount (premium) adjustment; the amounts not including interest receivables were $553,150 and $508,230, respectively. In addition, allowance for doubtful receivables not including allowance for doubtful interest receivable on loans were $2,468 and $2,617, respectively.

(K) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Non-performing loans and non-performing loan asset quality

Month / Year			December 31, 2016					December 31, 2015				
Business / Items			Amount of non-performing loans	Gross loans	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio (%)	Amount of non-performing loans	Gross loans	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio (%)
Corporate banking	Secured loans		397,458	142,795,020	0.28%	933,047	234.75%	235,888	129,455,025	0.18%	717,842	304.31%
	Unsecured loans		349,295	157,099,760	0.22%	3,962,302	1,134.37%	574,844	168,015,975	0.34%	3,842,670	668.47%
Consumer banking	Residential mortgage loans		162,130	113,078,039	0.14%	1,691,461	1,043.27%	48,822	110,863,713	0.04%	1,660,035	3,400.18%
	Cash card services		-	-	-	-	-	-	-	-	-	-
	Small amount of credit loans		70,375	1,525,470	4.61%	137,795	195.80%	80,294	1,532,116	5.24%	168,506	209.86%
	Others	Guaranteed	39,393	81,555,103	0.05%	57,039	144.79%	24,583	72,598,368	0.03%	55,574	226.07%
		Non-guaranteed	2,058	1,708,512	0.12%	3,921	190.52%	1,265	2,233,157	0.06%	4,309	340.63%
Gross loan business			1,020,709	497,761,904	0.21%	6,785,565	664.79%	965,696	484,698,354	0.20%	6,448,936	667.80%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			6,020	5,142,926	0.12%	62,283	1,034.60%	5,554	3,760,115	0.15%	59,276	1,067.27%
Without recourse factoring			-	2,043,560	-	-	-	-	3,001,245	-	-	-

Note 1: The amount recognized as non-performing loans is in compliance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". The amount included in overdue accounts for credit cards is in compliance with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio=non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.

Note 3: Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards=allowance for doubtful accounts for accounts receivable of credit cards/overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 5: Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

Note 6: Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.

Note 7: Pursuant to the Banking Bureau Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2016		December 31, 2015	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	139,863	37,124	216,506	52,807
Perform in accordance with debt liquidation program and restructuring program (Note 2)	106,904	65,624	139,964	72,125
	246,767	102,748	356,470	124,932

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory the Banking Bureau (1) Letter No. 09510001270 of FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory the Banking Bureau (1) Letter No. 09700318940 of FSC dated September 15, 2008.

(Blank below)

b. Contract amounts of significant credit risk concentration are as follows:

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2016			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total Stockholders' Equity
1	Company A –Integrated Circuit Manufacturing	$ 5,000,000	8.58
2	Group B –Real Estate Development	3,929,693	6.75
3	Group C –Real Estate Development	3,414,786	5.86
4	Group D –Metal Cutting Tools and Hand Tools Manufacturing	3,377,293	5.80
5	Group E –Ocean Water Transportation	3,085,892	5.30
6	Group F –Integrated Circuit Manufacturing	2,600,000	4.46
7	Company G –Sporting Manufacturing	2,582,320	4.43
8	Company H –Other Electrical Equipment and Component Manufacturing	2,582,320	4.43
9	Company I – Real Estate Leasing	2,496,000	4.28
10	Company J –Game Industry	2,376,751	4.08

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2015			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total Stockholders' Equity
1	Group A–Air Transportation	$ 4,227,505	7.86
2	Group B–Other Metalworking Machinery Manufacturing	3,536,570	6.58
3	Group C–Ocean Water Transportation	2,945,726	5.48
4	Group D–Real Estate Development	2,730,322	5.08
5	Company E–Real Estate Development	2,500,000	4.65
6	Group F–Real Estate Development	2,235,838	4.16
7	Company G–Real Estate Development	1,790,000	3.33
8	Company H–LCD Monitors	1,653,300	3.07
9	Company I –Sporting Manufacturing	1,653,300	3.07
10	Group J –Books and Stationery Retail	1,626,560	3.02

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of enterprise group should be categorized and listed in total, and disclosed by "code" plus "industry type" (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with "Standard Industrial Classification System" of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

Note 2: Definition of enterprise group is based on the Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Reviews of Securities Listings".

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, securities financing receivable, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), remittances purchased, advance accounts for factoring receivable, acceptances receivable, and guarantees receivable.

C. Liquidity risk

Liquidity risks include fund liquidity risk and market liquidity risk. Fund liquidity risk happens when the fund supply cannot be sufficiently obtained in an expected period of time leading to a failure of fulfilling the capital need as maturity comes due. Market liquidity risk arises due to the insufficiency in market depth or the disorder which lead to the disposed or written off position held cannot be traded in a reasonable period of time and reasonable price resulting in a significant bid price or significantly discounted put price.

(A) Risk management principle, procedure and assessment

a. Principle

(a) In accordance with cost benefit analysis, the Bank achieves effective liquidity management through appropriate allocation of assets and liabilities on and off the balance sheet.

(b) As to large deposits, large loans, and block trading position of financial instruments, the Bank shall avoid excessive transaction with single client and have appropriate control over such deposits, loans, and block trading position.

(c) The Bank shall maintain smooth financing channels and consider diversity and dispersion of funding resource to ensure the disposal of various assets. For the use of limit, the Bank shall maintain appropriate available balance.

b. Procedure

(a) Liquidity risk management unit includes decision-making unit, supervisory unit (asset and liability committee), and executive unit (departments in charge of deposit and loan products and fund management unit under finance department in the Bank) for liquidity risk management. Supervisory unit appoints institution of general affairs and risk management unit, regularly supervises implementation process of executive unit, and timely monitors supervision of liquidity management indicators. Risk monitoring unit submits quarterly report to the Board of Directors and asset and liability committee to facilitate review and supervision of the state of liquidity management.

(b) Finance department works with risk management segment to establish applicable ratios and limits on liquidity risk indicators, which will be reported to the asset and liability committee and then assessed by the general management with authorization of the Board of Directors.

(c) When liquidity risk exposure exceeds the ratio supervised by liquidity risk indicators, risk management unit draws up a response plan, which will be delivered to the relevant unit for implementation upon reporting to the asset and liability committee for resolution. The asset and liability committee will keep track of enforcement of the plan regularly.

c. Assessment

(a) Set up liquidity risk indicator and warning in order to control adverse element to the liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.

(b) Use information about the Bank's non-performing credit assets and changes in external ratings addressing asset quality and external indicators as leading indicators for liquidity management to identify the Bank's liquidity risk management.

(c) Assessments are regularly made to the assets and liabilities denominated in major currencies in the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

d. Management process of subsidiaries

Plan and establish capital liquidity risk measurements and its precautionary indicators for overseas subsidiaries in order to control adverse factors against liquidity, decrease the degree of influence of adverse factors, and implement cascading reporting procedures in accordance with requirements. Timely establish an emergency response mechanism to act as a guideline for the Bank when liquidity emergencies occur.

(B) Maturity analysis for the financial assets and non-derivative liabilities held for liquidity risk management:

a. Financial assets held for liquidity risk management

In order to fulfill the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets with high liquidity were held by the Consolidated Company, including cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills discounted and loans, available-for-sale financial assets, held-to-maturity financial assets and investment of debt instruments without active market, etc..

b. Maturity analysis on non-derivative assets and liabilities

The following table illustrates the analysis made on cash outflow of non-derivative financial assets and liabilities of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. While the amounts disclosed in the table are not made based on the consolidated cash flow, certain accounts may differ from the responding accounts in the balance sheet.

c. Maturity analysis on derivative financial assets and financial liabilities by date

(a) Derivative financial instruments settled on a net basis

Derivative financial instruments of the Consolidated Company settled on a net basis include: non-delivery forward, interest rate swap, commodity options, hybrid embedded derivative instruments and other futures contract.

(b) Derivative financial instruments settled on a gross basis.

Derivative financial instruments of the Consolidated Company settled on a gross basis include: FX options, foreign exchange forward contract, cross currency swaps, foreign exchange swaps, asset swap, fixed-rate commercial paper contracts and equity options.

The following table illustrates the maturity analysis on derivative financial instruments settled on a gross and net amount basis of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. According to the assessment, the maturities on the contract are the most fundamental element to understand all the derivatives on the consolidated balance sheet. The amounts disclosed in the table are made on the basis of contractual cash flow, therefore, certain disclosed amounts may not be consistent with the corresponding accounts in the consolidated balance sheet.

(Blank below)

	December 31, 2016					
Financial assets	0~30 days	31~90 days	91~180 days	181 days ~1year	Over 1 year	Total
Non-derivative financial instruments						
Cash and cash equivalents	$ 11,474,356	$ 296,272	$ -	$ -	$ -	$ 11,770,628
Due from Central Bank and call loans to other banks	75,488,507	9,299,087	1,927,221	3,767,907	8,798,537	99,281,259
Financial assets at fair value through profit or loss	73,182,603	-	-	-	-	73,182,603
Bills and bonds purchased under resale agreements	5,826,944	422,363	-	-	-	6,249,307
Receivables	13,782,002	2,469,395	1,219,005	876,950	588,831	18,936,183
Bills discounted and loans	52,163,916	46,010,216	33,989,274	67,845,343	297,753,155	497,761,904
Available-for-sale financial assets	1,876,960	700,839	1,936,529	2,200,859	77,705,329	84,420,516
Held-to-maturity financial assets	-	-	-	-	14,741,656	14,741,656
Other financial assets	20,350	754,104	987,588	2,150,782	45,869,941	49,782,765
Other capital inflow upon maturity	1,656,476	33,875	-	2,412	286,525	1,979,288
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	13,519,885	6,718,689	2,433,896	1,020,295	-	23,692,765
Cash outflow	(12,881,897)	(6,349,952)	(2,102,158)	(380,631)	-	(21,714,638)
Net settlement	5,972	33,352	26,496	9,360	578,263	653,443
Total	$ 236,116,074	$ 60,388,240	$ 40,417,851	$ 77,493,277	$ 446,322,237	$ 860,737,679
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	$ 21,385,057	$ 1,262,444	$ 2,825,068	$ 152,298	$ -	$ 25,624,867
Financial liabilities at fair value through profit or loss	-	1,211,205	-	-	1,127,110	2,338,315
Bills and bonds payable under repurchase agreements	5,693,739	2,092,823	-	-	-	7,786,562
Payables	11,339,474	1,055,055	359,063	346,131	178,150	13,277,873
Deposits and remittances	135,632,074	113,107,307	78,299,011	117,876,746	268,114,802	713,029,940
Bonds payable	-	-	-	5,000,000	33,000,000	38,000,000
Other financial liabilities	44,059	96,490	110,492	242,204	1,741,450	2,234,695
Other capital outflow upon maturity	109,249	-	-	1,977	19,132	130,358
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(13,026,375)	(4,425,571)	(1,805,650)	(1,127,894)	(1,510,377)	(21,895,867)
Cash outflow	13,582,555	4,837,769	2,189,353	1,782,812	1,631,440	24,023,929
Net settlement	7,239	35,285	30,889	13,177	587,587	674,177
Total	$ 174,767,071	$ 119,272,807	$ 82,008,226	$ 124,287,451	$ 304,889,294	$ 805,224,849

	December 31, 2015					
Financial assets	0~30 days	31~90 days	91~180 days	181 days ~1year	Over 1 year	Total
Non-derivative financial instruments						
Cash and cash equivalents	$ 10,106,774	$ 205,835	$ -	$ -	$ -	$ 10,312,609
Due from Central Bank and call loans to other banks	65,828,033	2,351,942	1,807,493	2,798,968	7,985,199	80,771,635
Financial assets at fair value through profit or loss	77,285,539	-	-	-	-	77,285,539
Bills and bonds purchased under resale agreements	1,937,969	-	-	-	-	1,937,969
Receivables	10,798,819	2,784,463	1,341,062	1,575,738	787,315	17,287,397
Bills discounted and loans	60,541,419	55,038,732	36,988,368	58,140,145	273,989,690	484,698,354
Available-for-sale financial assets	1,931,748	-	-	3,015,369	36,847,139	41,794,256
Held-to-maturity financial assets	-	-	-	-	14,665,264	14,665,264
Other financial assets	685,894	4,940,619	2,200,135	264,800	62,096,828	70,188,276
Other capital inflow upon maturity	4,861,401	-	-	-	239,692	5,101,093
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	41,257,998	18,319,860	18,225,512	13,331,637	5,592,468	96,727,475
Cash outflow	(39,941,248)	(17,484,886)	(17,293,075)	(11,410,018)	(3,092,681)	(89,221,908)
Net settlement	23,350	19,078	34,221	50,715	775,589	902,953
Total	$ 235,317,696	$ 66,175,643	$ 43,303,716	$ 67,767,354	$ 399,886,503	$ 812,450,912
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	$ 27,648,301	$ 1,254,488	$ 2,830,366	$ 168,025	$ -	$ 31,901,180
Financial liabilities at fair value through profit or loss	-	-	-	-	2,569,430	2,569,430
Bills and bonds payable under repurchase agreements	10,578,602	-	-	-	-	10,578,602
Payables	8,984,718	1,853,189	351,138	282,936	196,123	11,668,104
Deposits and remittances	132,718,236	101,837,148	75,765,908	112,564,129	238,279,686	661,165,107
Bonds payable	-	-	-	-	33,000,000	33,000,000
Other financial liabilities	145,681	16,322	45,579	11,639	2,675,822	2,895,043
Other capital outflow upon maturity	177,322	-	-	-	24,909	202,231
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(13,097,896)	(16,613,655)	(6,992,352)	(6,975,437)	(368,773)	(44,048,113)
Cash outflow	13,843,073	17,361,537	7,475,873	8,710,067	2,769,497	50,160,047
Net settlement	9,418	16,578	31,802	56,981	796,470	911,249
Total	$ 181,007,455	$ 105,725,607	$ 79,508,314	$ 114,818,340	$ 279,943,164	$ 761,002,880

Maturity analysis for above deposits and remittances are amortized to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, As of December 31, 2016 and 2015, expenses during the period of 0-30 days will increase by $287,900,492 and $256,903,124, respectively.

(C) Maturity analysis for items off the balance sheet, lease contract and capital expense commitment

Items off the balance sheet, while the client may choose when to make a payment, are classified into the earliest time category.

Lease commitment of the Consolidated Company include operating lease and finance lease.

Operating lease commitment is the total minimum lease payments that the Consolidated Company should make as a lessee or lessor under an operating lease term which is not cancelable.

Financial lease commitment refers to the total future rental payment and the present value that the Consolidated Company as a lessee should make according to the finance lease term, or the total lease investment and the minimum lease payment receivable at present value for a lessor according to the financial lease term.

Capital expenditure commitment of the Consolidated Company refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis on off balance sheet items, lease contract commitment and capital expenditure commitment of the Consolidated Company:

(Blank below)

	December 31, 2016			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Irrevocable loan commitments	$ 29,284,082	$ -	$ -	$ 29,284,082
Unused letters of credit	3,033,076	-	-	3,033,076
Guarantees	24,908,493	-	-	24,908,493
Lease contract commitment				
Operating lease expense (lessee)	334,362	670,284	59,613	1,064,259
Operating income (lessor)	25,888	18,958	-	44,846
Total financial lease expense (lessee)	1,313	601	-	1,914
The present value of finance lease expense (lessee)	1,243	570	-	1,813
Total financial lease income (lessor)	44,664	69,106	-	113,770
The present value of finance lease income (lessor)	40,231	62,135	-	102,366
Capital expenditure commitment	106,267	6,197	-	112,464

	December 31, 2015			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Irrevocable loan commitments	$ 25,102,457	$ -	$ -	$ 25,102,457
Unused letters of credit	2,427,102	-	-	2,427,102
Guarantees	31,774,061	-	-	31,774,061
Lease contract commitment				
Operating lease expense (lessee)	318,029	640,397	95,634	1,054,060
Operating income (lessor)	45,617	38,975	-	84,592
Total financial lease expense (lessee)	3,086	2,180	-	5,266
The present value of finance lease expense (lessee)	2,895	2,056	-	4,951
Capital expenditure commitment	86,972	-	-	86,972

(D) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Structure analysis of time to maturity (NTD)

December 31, 2016

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	705,870,911	107,083,093	78,216,430	45,095,072	34,900,480	66,865,309	373,710,527
Primary funds outflow upon maturity	910,398,915	34,852,809	65,834,513	121,978,419	121,644,265	174,684,781	391,404,128
Gap	(204,528,004)	72,230,284	12,381,917	(76,883,347)	(86,743,785)	(107,819,472)	(17,693,601)

December 31, 2015

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	675,585,918	91,385,228	79,988,965	54,038,256	36,614,887	64,657,193	348,901,389
Primary funds outflow upon maturity	903,379,097	44,792,063	65,965,802	117,071,490	119,966,556	194,706,026	360,877,160
Gap	(227,793,179)	46,593,165	14,023,163	(63,033,234)	(83,351,669)	(130,048,833)	(11,975,771)

Note: The above amounts include only New Taiwan Dollars amounts held by the Bank.

b. Structure analysis of time to maturity (USD)

December 31, 2016

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	4,353,470	1,286,000	351,856	152,465	257,563	2,305,586
Primary funds outflow upon maturity	6,014,854	1,524,839	1,135,278	721,108	1,280,190	1,353,439
Gap	(1,661,384)	(238,839)	(783,422)	(568,643)	(1,022,627)	952,147

December 31, 2015

(Expressed in Thousands of US Dollars)

	Total	0 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	3,921,881	1,560,097	510,040	206,877	169,718	1,475,149
Primary funds outflow upon maturity	6,071,543	2,895,438	950,476	448,194	952,417	825,018
Gap	(2,149,662)	(1,335,341)	(440,436)	(241,317)	(782,699)	650,131

Note: The above amounts include only US Dollars amounts held by the Bank.

D. Market risk

Market risks refer to the losses on and off the balance sheet as a result of the change in market price, such as interest rate, exchange rate, equity securities and commodity price. Market risk management is there to identify, evaluate, monitor and report the risks for a purpose of ensuring that market risk of all kinds should be controlled within certain bearable level.

(A) Risk management principle

a. Principle

(a) In order to establish a well-functioning risk management system and sound business development, promote an appropriate risk management-oriented business model, achieve business objectives and enhance shareholder value, the Bank takes the Board-approved risk management policy to completely carry out risk management system and further create stable and high-quality earnings for shareholders.

(b) The Bank has gradually implemented market risk quantification based on the criteria laid down in the established risk management policy and standards. The Bank has also set up mechanisms to evaluate and manage value at risk to optimize capital allocation.

(c) Market risk management is implemented in accordance with “Market Risk Management Standards” and other relevant regulations of the Bank in order to meet operational targets and maintain sound capital adequacy ratio.

(d) The Bank established market risk information system to effectively monitor different limit control, profit and loss assessment, analysis of sensitivity factors, implementation of stress testing and calculation of value at risk in respect of positions of financial instruments held by the Bank. The relevant information will be presented at risk control meeting and the Board meeting for the senior management’s reference in determination of strategic decision.

b. Policies and procedures

(a) The Bank has already established an explicit market risk management system based on the risk management policies of the parent Yuanta Financial Holdings. This system includes risk management guidelines, risk management procedures and reasonable risk measurement methods. By implementing market risk management mechanism, the Bank can accurately identify, measure and monitor market risk changes and trends.

(b) Business domain and scope of financial instruments: the Bank established market risk management standards and defined scope of market risk management covering business domain such as foreign exchange trading, money market trading, capital market trading and derivative financial instrument transactions.

(c) The Bank established risk management procedures and took advantage of measurement methods (such as sensitivity analysis, VaR calculation, scenario simulation and stress testing) to require relevant units to set not only trading limits on various financial instruments including position limit, nominal principal limit, and stop-loss limit but also limits of authorization and limit exceeding handling procedures applicable to various limits. To increase transparency of market risk information, risk management unit reviews and submits statement of risk management on a daily basis and performs continuous monitoring and tracking in case of abnormal transactions.

(B) Procedure of market risk management

a. Recognition and measurement

(a) By establishing value at risk (VaR) measurement systems that are tailored to each financial product, the Bank continually strengthens potential loss estimation models and methods, gradually integrates them into a comprehensive risk management system that thoroughly discloses information, effectively strengthens early warning capabilities, and meets the requirements of the New Basel Capital Accord with regard to risk management quality.

(b) Both business unit and risk management unit have market risk factors for identifying exposed positions so that market risk can be measured accordingly. For interest rate instruments, except for measurement of VaR above, the impact of an interest rate shift on profit and loss is measured using price value of a basis point (DV01). Risk of holding equity securities is monitored by limits on market value and liquidity. The impact of options on the Bank is measured using Delta and Gamma. The Bank also arranges scenario and performs regular stress testing for market risk.

b. Supervision and reporting

According to different business characteristics, the Bank sets up policies governing risks of various financial instruments to cover procedures of identification, measurement, supervision and reporting. Risk management segment is assigned to keep track of the business unit's compliance.

(a) Daily transactions: the Bank's front office business and risk control of middle office belong to different units and are independent from each other. The risk management segment supervises trading positions of business unit on a daily basis to produce supervision report recording utilization of limits, market value assessment and income statement, exposed positions, and utilization of risk limit for approval of the senior management. The Bank's risk management unit also submits monthly/quarterly reports recording information about enforcement of risk management objectives, control over positions and profit or loss, sensitivity analysis, and state of VaR to audit committee and the Board of Directors for their sufficient knowledge of market risk control.

(b) Exceptional management: the Bank established explicit early-warning and limit exceeding handling procedures, which has been set to stop loss if transactions overrun market risk limit or individual limit due to market changes. Applicants filing exceptional management due to business reasons shall state reasons and handling plans clearly and report to the senior management for approval.

(C) Risk management policies for trading book

The so-called trading book refers to financial instruments and physical instruments held for trading or for hedging trading book position. The so-called positions held for trading mainly refer to positions are held with an intention to earn profit from actual or expected price variance between the purchase price and selling price. Positions not classified as trading book above are banking book positions.

a. Strategy

Various assessments and controls are implemented to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by business unit. In addition, risk limits on each portfolio of trading book are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policies and procedures

The Bank established “Market Risk Management Standards” as a significant control regulation to be followed when holding trading book positions.

c. Evaluation policy

If valuations on various financial instruments of trading book have market values, assessment shall be performed based on independent sources and accessible information at least once a day. For those evaluated by models, the Bank shall carefully adopt mathematical models to perform valuation and regularly review assumptions and inputs used in the evaluation models.

d. Measurement methods

(a) Please refer to Note 12(4)D(E) for assumptions and calculation methods for VaR.

(b) The Bank performs stress testing monthly on the assumptions of the change in interest rate, equity securities, and foreign exchange rate by 1%, 15%~20%, and 3%~5%, respectively, and reports to the senior management.

(D) Risk management for foreign exchange, equity securities, and interest rate is set out below:

a. Interest rate risk management of trading book

(a) Definition of interest rate risk

“Interest rate risk” refers to risk of loss on earnings or change in fair value of trading book position as a result of interest rate movement. Major instruments include interest-rate securities and derivatives.

The Bank’s interest rate risk mainly arises from interest rate swaps, cross currency swap, foreign exchange swap, fixed income transactions, and interest rate futures.

(b) Interest rate risk management procedures for trading book

The Bank carefully chooses underlying investment target through studies of issuer’s credit rating and financial position, state of country risk, and interest rate trends. According to business strategy and market conditions, the Bank sets up trading limit and stop-loss limit on trading book (including limits on trading room, trading representatives, and trading instruments), and reports to the senior management or the Board of Directors for approval.

(c) Measurement methods

a) Please refer to Note 12(4)D(E) for assumptions and calculation methods for VaR.

b) The Bank measures the impact of interest rate risk on investment portfolio by DV01 on a daily basis.

b. Interest rate risk management of banking book

"Interest rate risk of banking book" refers to interest rate risk from banking book position and interest rate risk faced by off-balance sheet transactions which are not classified into trading book.

(a) Strategy

The Bank's interest rate risk management strategy of banking book is used to reduce the negative impact of interest rate movement on future net interest income and net economic value of balance sheet accounts in banking book.

(b) Management process

a) Recognition and measurement

Recognition and measurement of interest rate risk in the banking book shall take account of sources of repricing risk, yield curve risk, basis risk, and characteristics of options, and measure possible impact of interest rate movement on the Bank's earnings and economic value.

b) Supervision and reporting

Risk management segment is responsible for supervision and presenting reports on various interest rate risk management objectives set by the Bank, including relevant risk data in view of earnings, economic value, stability, and concentration at monthly Asset and Liability Management Committee. In case of exceeding risk management objectives or other special circumstances that may significantly affect the Bank's earnings or economic value, the Bank will report to the senior management in advance, adopt appropriate interest rate risk mitigation method, and track effects of improvement.

c) Measurement methods

The Bank estimates the effects on profit or loss/equity on the assumption that the interest rates have parallel shift of +/-200 bps.

(c) Interest-rate-sensitive analysis

	Variation of Interest-rate	December 31, 2016 Effects on other comprehensive Income	December 31, 2015 Effects on other comprehensive Income
Available-for-sale financial assets-Bond	Major yield- curve rises one basis point	($ 18,042)	($ 9,393)

c. Foreign exchange risk management

Foreign exchange risk refers to profit or loss resulted from conversion between two different currencies at different periods. The Bank's foreign exchange risk mainly arises from foreign exchange spot, forward, foreign exchange options and other derivatives business.

(a) Policies, procedures, and measurement methods of foreign exchange risk management

To control foreign exchange risk, the Bank sets operating limit and stop-loss limit on trading room and trading representatives. The Bank also established annual maximum loss limit to control the loss within bearable level.

(b) Measurement methods

a) Please refer to Note 12(4)D(E) for assumptions and calculation methods for VaR.

b) Delta and Vega are used to measure the effect of foreign exchange risk on investment portfolio on a daily basis.

For the Bank's foreign exchange risk, the Bank performs a stress testing on the assumptions of change in exchange rate of major currency by 3%~5% on a monthly basis at least, and reports to the senior management.

d. Price risk management of equity securities

The Bank's market risk of holding equity securities includes unique risk arising from market price change of unique equity security and general market risk arising from overall market price change.

The Bank's equity security risk mainly arises from stocks, ETF, funds, and convertible corporate bonds transactions.

(a) The purpose of price risk management of equity securities

The purpose of price risk management of equity securities are to avoid material fluctuation that may worsen the Bank's financial position or cause loss on earnings and to expect sound business operation and improved effectiveness of capital utilization.

(b) Procedures for price risk management of equity securities

Procedures are used to control equity security risk and set annual maximum loss limit in order to control the loss within bearable level. Besides, for the stop-loss point set for individual share, the Bank is required to handle individual share that has met the stop-loss point in accordance with limit exceeding handling procedures for market risk.

(c) Measurement methods

a) Price risk of equity security is mainly controlled based on VaR.

b) Delta is used to measure the impact of equity security risk on investment portfolio on a daily basis.

(E) Management process of subsidiaries

When planning and establishing all financial transactions, transactions should be classified as Banking Book positions or Trading Book positions according to their held purpose. Appropriate and effective market risk limits should be elected for each business according to their product portfolio, strategy attributes, and trading purpose and risk attributes.

(F) Valuation techniques of market risk

a. Value at Risk (VaR)

VaR model is used to measure the possible maximum potential losses in investment portfolio as a result of movement in market risk factor in a specified period and confidence level. In terms of trading positions, VaR model is used as a major tool to control the market risk. The Bank currently uses 'confidence level of 99%' for estimating maximum possible losses on trading position of one day (that is VaR (99%, one day)) as a standard to measure market risk.

The Bank performs back testing of VaR model on an ongoing basis to ensure the model can continuously, reasonably, effectively measure maximum potential losses that may arise from investment portfolio.

	December 31, 2016			December 31, 2015		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange	16,315	34,952	7,445	19,680	43,259	3,486
Interest rate	35,357	68,720	24,628	54,379	90,117	28,933
Equity securities	4,305	16,306	225	6,933	14,305	510
Total VaR	38,879	75,421	23,498	55,189	82,201	34,898

b. Stress testing

Except for VaR model, the Bank regularly measures stress loss the Bank may assume in extremely abnormal stress scenario. For setting of stress scenario, the Bank comprehensively considers rationality and possibility of standard scenario, historical scenario and hypothetical scenario to completely assess possible stress loss on positions.

When stress testing exceeds risk tolerance, the Bank shall peruse market risk analysis and risk warning, then execute counter strategy to contain risk within reasonable scope.

(G) As of December 31, 2016 and 2015, the Bank's foreign currency denominated financial instruments whose balances are greater than 5% of the balance of total assets or liabilities are presented based on foreign exchange risk concentration by the carrying amount.

	December 31, 2016		December 31, 2015	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Bills discounted and loans	$ 1,677,105	$ 54,135,259	$ 1,677,934	$ 55,482,579
Foreign currency denominated financial liabilities				
Deposits and remittances	$ 3,337,850	$ 107,742,458	$ 4,009,340	$ 132,572,848

Note: As of December 31, 2016 and 2015, USD to TWD exchange rates were 32.279 and 33.066, respectively.

(Blank below)

(H) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2016

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	484,153,891	20,998,733	7,847,423	145,179,754	658,179,801
Interest-rate-sensitive liabilities	189,921,324	342,349,433	57,317,021	38,597,176	628,184,954
Interest-rate-sensitive gap	294,232,567	(321,350,700)	(49,469,598)	106,582,578	29,994,847
Total equity					55,779,377
Ratio of interest-rate-sensitive assets to liabilities (%)					104.77
Ratio of interest-rate-sensitive gap to equity (%)					53.77

December 31, 2015

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	450,203,753	20,646,256	9,324,405	140,640,090	620,814,504
Interest-rate-sensitive liabilities	164,664,416	297,166,579	53,453,335	39,162,586	554,446,916
Interest-rate-sensitive gap	285,539,337	(276,520,323)	(44,128,930)	101,477,504	66,367,588
Total equity					51,627,266
Ratio of interest-rate-sensitive assets to liabilities (%)					111.97
Ratio of interest-rate-sensitive gap to equity (%)					128.55

Note 1: The above amount include only New Taiwan Dollars held by the Bank, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities= Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities)

b. Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2016

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,745,971	236,546	168,957	931,042	4,082,516
Interest-rate-sensitive liabilities	2,951,711	367,867	559,632	-	3,879,210
Interest-rate-sensitive gap	(205,740)	(131,321)	(390,675)	931,042	203,306
Total equity					76,880
Ratio of interest-rate-sensitive assets to liabilities (%)					105.24
Ratio of interest-rate-sensitive gap to equity (%)					264.45

December 31, 2015

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,284,819	173,834	141,757	913,678	3,514,088
Interest-rate-sensitive liabilities	3,720,745	362,835	561,163	-	4,644,743
Interest-rate-sensitive gap	(1,435,926)	(189,001)	(419,406)	913,678	(1,130,655)
Total equity					65,086
Ratio of interest-rate-sensitive assets to liabilities (%)					75.66
Ratio of interest-rate-sensitive gap to equity (%)					(1,737.17)

Note 1: The above amounts include only US Dollars amounts held by the Bank, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those earning assets, interest bearing liabilities, revenues or costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities= Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to USD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities).

(I) Transfer of financial assets

Transferred financial assets that did not meet the requirements of derecognition in their entirety conducted in the Consolidated Company's ordinary course of business were primary incident to repurchase agreements of debt instruments. Because such transactions in respect to the agreements, had transferred their receivable contractual cash flows to other parties, and are reflected in the Consolidated Company's related liabilities, which indicate the obligation to repurchase transferred financial assets in a specified future period within a fixed price, the Consolidated Company, within the effective period of the transaction, cannot use, sell or pledge the already transferred financial asset, but must still bear interest risk and credit risk. Thus, such financial assets were not derecognized in its entirety.

The information in the table below analyzes financial assets and its relevant financial liabilities that do not meet the requirements of derecognition in their entirety:

	December 31, 2016	
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Bond sold under repurchase agreements	$ 2,977,358	$ 2,723,831
Available-for-sale financial assets		
Bond sold under repurchase agreements	3,294,912	2,954,436
Bond investments without active market		
Bond sold under repurchase agreements	2,346,562	2,108,295

	December 31, 2015	
Financial assets category	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Bond sold under repurchase agreements	$ 3,510,548	$ 3,303,630
Bond investments without active market		
Bond sold under repurchase agreements	6,981,551	6,574,972

(J) Offsetting financial assets and financial liabilities

The Consolidated Company has transactions that are or are similar to net settled master netting arrangements but do not meet the offsetting criteria. For example: global master repurchase agreements or similar agreements that are repurchase transactions or reverse repurchase transactions. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as below:

December 31, 2016

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet(d)(Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received	
Derivative instruments	$ 2,662,318	$ -	$ 2,662,318	$ 1,140,412	$ 161,038	$ 1,360,868
Bonds purchased under resale agreements	6,249,307	-	6,249,307	6,249,307	-	-

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet(d)(Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note 3)	Cash collateral received	
Derivative instruments	$ 2,994,670	$ -	$ 2,994,670	$ 1,131,853	$ 1,552,147	$ 310,670
Bonds sold under repurchase agreements	7,786,562	-	7,786,562	7,786,562	-	-

December 31, 2015

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet(d)(Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note 2)	Cash collateral received	
Derivative instruments	$ 8,235,172	$ -	$ 8,235,172	$ 1,810,140	$ 409,382	$ 6,015,650
Bonds purchased under resale agreements	1,937,969	-	1,937,969	1,937,969	-	-

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Related amounts not offset in the balance sheet(d)(Note 1)		Net amount (e)=(c)-(d)
				Financial instruments (Note3)	Cash collateral received	
Derivative instruments	$ 7,144,841	$ -	$ 7,144,841	$ 1,737,589	$ 4,505,976	$ 901,276
Bonds sold under repurchase agreements	10,578,602	-	10,578,602	10,578,602	-	-

Note 1: The related offsetting amount shall not exceed the recognized financial assets or liabilities.

Note 2: Including net settled master netting arrangements and non-cash collaterals.

Note 3: Including net settled master netting arrangements.

(5) Capital risk management

A. The objectives of capital management of the Consolidated Company:

(A) Meeting the minimum regulated capital adequacy ratio is the most basic objective for the qualifying self-owned capital of the financial group controlled by the Consolidated Company. The calculation of qualifying self-owned capital and legal capital should be made in compliance with regulations of competent authorities.

(B) In order to process sufficient capital to assume various risks, the Bank assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realize utilization of capital allocation.

(C) Stress testing is performed on a regular basis in compliance with regulations of competent authorities to ensure that the Consolidated Company's capital is sufficient to cover the potential loss from significant adverse events.

B. Capital management procedure:

(A) The Consolidated Company maintains the overall capital adequacy ratio and reports to the competent authorities quarterly in compliance with the regulations from competent authorities' requirements.

(B) Each risk responsible segment, accordingly by using the Consolidated Company's risk management framework in the areas of credit risk, market risk, operational risk, interest rate risk of the banking book, liquidity risk, legal compliance risk and the regulations of competent authorities, to identify, measure, monitor and report the discovery of major risks. In this way, the capital plan of the Consolidated Company indicates the current financial status, and its capital profile shall be applicable to its services and the scope of business.

(C) The objective of capital management of the Bank shall be agreed by the Board of Directors, of which an appropriate capital projection is scheduled by the finance management according to the long-term developing strategies, operating plan and characteristics of assets and liabilities. The consolidated capital adequacy ratio of the Consolidated Company is assessed and calculated by month. The risk management analyses changes in risky assets when necessary to evaluate if the Consolidated Company has sufficient capital for various risk and if it meets the objectives of capital management.

(D) In accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", the Regulatory Capital of the Consolidated Company are classified as Tier 1 Capital and the Tier 2 Capital:

a. The Tier 1 Capital includes common equity Tier 1 and additional Tier 1 capital.

(a) The common equity Tier 1 capital consists of the common equity that reduces intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, unamortized losses on sales of non-performing loans, and the statutory adjustment items calculated in accordance with other rules for calculation methods.

(b) The additional Tier 1 capital consists of the total amount of the non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts and the non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by subsidiaries, and are not directly or indirectly held by the Bank less the total amount of the deductible items in accordance with the rules for calculation guideline.

b. The range of Tier 2 capital shall include the total amount of the following items less the total amount of the deductible items in accordance with the rules for calculation guideline:

(a) The total amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium.

(b) When the real estate was recognized under International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost, the difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on available-for-sale financial assets, as well as operational reserves and loan-loss provisions.

(c) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums, which are issued by subsidiaries, and are not directly or indirectly held by the Bank.

The loan-loss provisions included in Tier 2 capital means the amount of the provisions that the bank provided in excess of the expected loss assessed according to historical loss experience.

(Blank below)

C. Capital adequacy ratio

			December 31	
			2016	2015
Eligible Capital	Common Equity Tier 1		54,546,613	50,454,350
	Additional Tier 1 Capital		6,912,792	6,841,515
	Tier 2 Capital		22,651,404	21,080,944
	Eligible Capital		84,110,809	78,376,809
Total risk-weighted assets	Credit risk	Standardized Approach	552,690,922	529,595,884
		Internal Ratings- Based Approach	-	-
		Securitization	-	-
	Operational risk	Basic Indicator Approach	-	-
		Standardized Approach / Alternative Standardized Approach	22,704,950	20,887,182
		Advanced Measurement Approach	-	-
	Market risk	Standardized Approach	37,699,975	53,212,313
		Internal Models Approach	-	-
	Total risk-weighted assets		613,095,847	603,695,379
Capital adequacy ratio			13.72%	12.98%
Common Equity Tier 1 Ratio			8.90%	8.36%
Tier 1 Risk-based Capital Ratio			10.02%	9.49%
Leverage Ratio			6.60%	6.40%

Note 1: The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier 1 Capital + Tier 2 Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Common Equity Tier 1 Ratio＝Common Equity Tier 1/Total risk-weighted assets
5. Tier 1 Risk-based Capital Ratio＝(Common Equity Tier 1+ additional Tier 1 Capital)/Total risk-weighted assets
6. Leverage Ratio= Tier 1 Capital / Exposure Measurement

(6) Content and amount of investment trust business in accordance with Trust Enterprise Act

In accordance with Article 17 of the Trust Enterprise Act, the Bank discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

December 31, 2016

Trust Balance Sheet

Trust assets			Trust liabilities		
Bank deposits	$	4,492,403	Payable - Customers' securities under custody	$	33,245,696
Stocks		11,063,824			
Funds (Note)		48,186,918	Pecuniary trust		67,944,002
Bonds		6,993,230	Securities trust		5,292,434
Structured product		3,766,607	Real estate trust		10,249,108
Real estate		9,947,526	Movables trust		6,750,000
Movables		6,750,000	Money market mutual fund		258,055
Customers' securities under custody		33,245,696	Net income		70,709
			Accumulated deficit		636,200
Total trust assets	$	124,446,204	Total trust liabilities	$	124,446,204

December 31, 2015

Trust Balance Sheet

Trust assets			Trust liabilities		
Bank deposits	$	5,287,843	Payable - Customers' securities under custody	$	39,503,890
Stocks		6,412,095			
Funds (Note)		50,525,478	Pecuniary trust		67,301,982
Bonds		4,662,922	Securities trust		2,480,534
Structured product		4,054,671	Real estate trust		12,713,251
Real estate		12,438,118	Movables trust		6,750,000
Movables		6,750,000	Money market mutual fund		259,406
Customers' securities under custody		39,503,890	Net income		109,277
			Accumulated deficit		516,677
Total trust assets	$	129,635,017	Total trust liabilities	$	129,635,017

Note: Includes mutual funds in money market.

(Blank below)

Trust Income Statement

	For the year ended December 31, 2016	For the year ended December 31, 2015
Trust revenue		
Interest income	$ 13,197	$ 18,338
Investment income (stock)	2,728	6,953
Investment income (fund)	1,355	2,340
Dividend revenue	99,583	111,321
Rental income	385	272
	117,248	139,224
Trust expenses		
Management fees	(16,387)	(20,072)
Tax expenses	(27,881)	(4,323)
Insurance	(511)	(2,285)
Loss on investment	(1,625)	(1,619)
	(46,404)	(28,299)
Loss before income tax	70,844	110,925
Income tax expense	(135)	(1,648)
Net loss	$ 70,709	$ 109,277

Schedule of Trust Property

Invested items	December 31, 2016 Book value	December 31, 2015 Book value
Bank deposits	$ 4,492,403	$ 5,287,843
Stocks	11,063,824	6,412,095
Funds	48,186,918	50,525,478
Bonds	6,993,230	4,662,922
Structured product	3,766,607	4,054,671
Real estate- land	9,947,526	12,438,118
Movables	6,750,000	6,750,000
Customers' securities under custody	33,245,696	39,503,890
	$ 124,446,204	$ 129,635,017

The trust balance sheet and trust schedule of property as at December 31, 2016 and 2015 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Bank.

(7) Cross-selling marketing strategies implemented between the Consolidated Company, the Yuanta Financial Holding Co. and its subsidiaries

A. In order to achieve the integrated benefit for financial holding company, the Group adopts the cross-selling marketing approach to take advantage of the operation channels, branches and staff to satisfy various needs of the clients, to increase the Group's sales performance and to enhance cost-saving efficiency. The cross-selling marketing approach was conducted in conformance with "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to regulate the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries, to ensure clients' rights.

B. Information exchange

Article 11 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" allows the Consolidated Company, the Yuanta Financial Holding Co. and its subsidiaries (excluding foreign subsidiaries) to share clients' information internally, yet other than clients' name and address, information should be restricted in accordance with the "Personal Information Protection Act" for any gathering, processing and using purposes.

C. Mutual use of operation facilities or place

As the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach, such entities should comply with Article 3 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to apply for approval from the Financial Supervisory Commission of the Executive Yuan and should comply with Articles 6 and 8 of the Rules for the scope and method in adopting cross-selling business.

There was no major cross-selling marketing business and information exchanged as of December 31, 2016.

(8) Profitability

Items		For the years ended December 31	
		2016	2015
Return on total assets (%)	Before tax	0.75	0.74
	After tax	0.66	0.65
Return on equity (%)	Before tax	11.34	10.73
	After tax	9.99	9.41
Net profit margin ratio (%)		39.96	38.23

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: Net profit margin ratio = Income after income tax / net revenues.

Note 4: The term "Income before (after) income tax" represents net income from January 1 to the balance sheet date of the reporting period.

(Blank below)

13. Other disclosure items

(1) Related information on material transaction items:

A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded $300 million or 10% of the Bank's paid-in capital:

Expressed in Thousands of New Taiwan Dollars

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2016		Addition		Disposal				Balance as at December 31, 2016 (Note)	
					Number of shares	Amount	Number of shares	Amount	Stock price	Selling price	Book value	Gain (loss) on dispose	Number of shares	Amount
Yuanta Bank	Stocks Yuanta Savings Bank (Korea)	Investments accounted for using equity method	AON BGN LIMITED LIABILITY COMPANY	A 100% owned subsidiary of the Bank	-	-	13,516	4,081,856	-	-	-	-	13,516	3,729,081

Note：The balance at December 31, 2016 includes investment gains or losses and the effects of reorganization.

B. Information on the acquisition of real estate for which the purchase amount exceeded $300 million or 10% of the Bank's paid-in capital:

None.

C. Information on the disposal of real estate for which the purchase amount exceeded $300 million or 10% of the Bank's paid-in capital:

None.

D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded $5 million:

None.

E. Information regarding receivables from related parties exceeding $300 million or 10% of the Bank's paid-in capital:

Expressed in Thousands of New Taiwan Dollars

The company listed Current income tax assets	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2016	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Bank	Yuanta Financial Holding	Parent Company	$ 2,608,784(Note)	-	-	-	-	-

Note：Income tax refundable arising from filing consolidated income tax returns which has been eliminated.

F. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans:

Expressed in Thousands of New Taiwan Dollars

Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Bank	Note
2016/5/20	CHOEUN SAVINGS BANK CO., LTD	Loans	57,281	57,281	-	None	None	Note

Note: The book value and sales price of the loan transaction were both KRW$2,082,945 thousand. The currency exchange rate of the Consolidated Company was 1:0.0275.

(B) Sale of non-performing loans for which the amount exceeding NT $1 billion (excluding sale to related parties) : None.

G. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

(Blank below)

H. Significant transactions between parent company and subsidiaries

Information for the year ended December 31, 2016:

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
0	Yuanta Bank	Yuanta International Leasing	1	Accounts payable	3	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	181,814	No significant difference from general customers.	0.02%
0	Yuanta Bank	Yuanta International Leasing	1	Other liabilities	7	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Service fee and commission income	7	No significant difference from general customers.	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	133	No significant difference from general customers.	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Bank deposits	181,814	No significant difference from general customers.	0.02%
3	Yuanta International Leasing	Yuanta Bank	2	Accounts receivable	3	No significant difference from general customers.	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Interest income	133	No significant difference from general customers.	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other assets	7	No significant difference from general customers.	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other general and administrative expenses	7	No significant difference from general customers.	0.00%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

I. Other significant transactions that may affect the decisions made by financial statement users: None.

(2) Information on the subsidiaries regarding fund lent to others, endorsement or guarantee provided, securities held at the end of the period, accumulative transaction amount on the same securities for more than $300 million, a transaction or engagement in derivative instrument which is equivalent to 10% of paid-in capital:

A. Funds lent to other:

(Expressed in Thousands of New Taiwan Dollars)

Number	Lending company	Borrower	Account	Related-party	Maximum balance at current period	Ending balance	Actual used amount	Interest rate	Characteristic of fund lent to others	Amount	Reason for short-term loans	Provision for credit loss	Collateral Item	Collateral Value	Limit of individual lending	Total limit of funds lent to others
1	Yuanta International Leasing	Cai Di Co., Ltd.	Notes receivable–Capital lending	No	198,146	197,944	197,944	4.17% ~ 5.60%	Short-term loans	-	Acquisition of assets and operation financing	5,542	Real estate	829,015	244,713	244,713

B. Endorsements and guarantees provided for others:None

C. Securities held at the end of period: None

D. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded $300 million or 10% of the Bank's paid-in capital: None.

E. Information of derivative instrument transactions: None.

(3) Information regarding reinvested business and consolidated stock holdings

Expressed in Thousands of New Taiwan Dollars

Name of the Investee	Investee Location	Investee's main operations	Percentage of ownership (%) at the end of current period	Carrying value of investments	Investment income recognized by the Bank for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties: Number of ready shares	Number of pro-forma shares	Total: Number of shares	Total: Percentage of ownership (%)	Note
Yuanta International Leasing	7F., No.69, Baoqing Rd., Taipei, Taiwan	Leasing business	100	$ 610,039	$ 6,762	60,000	-	60,000	100	
Yuanta Savings Bank (Philippines)	G/F Chatham House, 116 Valero Cor. V.A.Rufino (former Herrera) Sts., Salcedo Village Makati City, Philippines	Deposits and loans of saving bank	100	644,769	460	1,000,000	-	1,000,000	100	
Yuanta Savings Bank (Korea)	542,Gangnam-daero,Gangnam-gu,Seoul, Korea	Deposits and loans of saving bank	100	3,729,081	(112,291)	13,516	-	13,516	100	

(4) Investments in People's Republic of China: None.

14. <u>Segment information:</u>

(1) General information

In accordance with IFRS 8 as endorsed by the FSC, the overall performance of the operating segments is reviewed by the Board of Directors on a regular basis to determine the distribution of resources and to assess the results. All reportable segments determined by the Consolidated Company meet the disclosure requirements of IFRS 8 as endorsed by the FSC.

The Consolidated Company has a global market, comprising four major business segments; there was no change in the reporting segments during the period.

A. Corporate finance: General corporate loans, policy finance, guarantees and acceptances, receivables finance and small and medium enterprise loans, etc.

B. Consumer finance: Mortgage loans, auto loans, consumer loans, credit cards, etc.

C. Wealth management: The segment consolidates deposits, wealth management, trust business and various financial products, and provides clients with tailor-made recommendations and advice according to their asset portfolio and financial position.

D. Financial trading: Investing in and handling of foreign exchange and fixed income product, securities and other derivatives.

(2) The income sources and service types of each reporting segment

A. Measurement of the profit and loss of operating segments

The Consolidated Company's measurement principles of profit and loss of operating segments are consistent with significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.
In order to create a fair and reasonable evaluation system, the funding among segments is regarded as a lending to the third party and interest incomes and expenses should be calculated according to internal funding rates which refer to market conditions. Incomes and expenses among internal segments shall be offset in the financial reports published.
Incomes and expenses attributable to each operating segments shall be classified as profits or losses of the segment; the indirect expenses that are not attributable to any segment and back office expenses should be reasonably allocated to operating segments. Expenses that cannot be reasonably allocated should be listed under "other segments".

B. Recognition element for reporting segment

The performance appraisal for the Consolidated Company's reporting segments based on specific performance indicators which are reviewed and evaluated by the management on a regular basis is a reference for resource allocation.

(3) Information about segment profit or loss

For the year ended December 31, 2016

Segment Information	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income	$ 3,873,702	$ 2,092,768	$ 1,903,555	$ 1,561,286	($ 833,712)	$ 8,597,599
Net service fee and commission income (loss)	715,720	125,421	1,918,167	(38,434)	111,989	2,832,863
Other operating income (Note)	56,382	30,607	145,651	2,242,622	96,484	2,571,746
Operating expenses	1,142,879	1,198,818	3,146,417	1,714,738	(559,901)	6,642,951
Other significant non-cash accounts						
Provision for bad debt expenses and guarantee reserve	(614,257)	112,126	-	(500,059)	(4,760)	(1,006,950)
Share of the profit or loss of associates and joint ventures accounted for using the equity method	-	-	-	-	(300)	(300)
Segmental profit before tax	$ 2,888,668	$ 1,162,104	$ 820,956	$ 1,550,677	($ 70,398)	$ 6,352,007

For the year ended December 31, 2015

Segment Information	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income	$ 3,344,624	$ 1,866,980	$ 1,817,789	$ 1,566,241	($ 850,063)	$ 7,745,571
Net service fee and commission income (loss)	472,462	124,893	1,862,395	(26,840)	148,078	2,580,988
Other operating income (Note)	319,778	27,241	194,092	1,909,497	155,597	2,606,205
Operating expenses	1,507,627	1,261,931	3,273,223	945,902	(582,880)	6,405,803
Other significant non-cash accounts						
Provision for bad debt expenses and guarantee reserve	(567,556)	(85,870)	-	(215,707)	(17,756)	(886,889)
Segmental profit before tax	$ 2,061,681	$ 671,313	$ 601,053	$ 2,287,289	$ 18,736	$ 5,640,072

Note: net revenues include gain and loss on financial assets and liabilities at fair value through profit or loss, realized gain and loss on available-for-sale financial assets, foreign exchange gains and losses, and other non-interest income

(4) Major customer information

The Consolidated Company has diverse income sources and has no significant trade occurred to single client or transaction.

(5) Product information

The Consolidated Company's product information is identical with the segment information.

(6) Geographical information

If the Consolidated Company is categorized according to the geographic location of operating segments, there were no revenues from a single foreign external customer that was material. Therefore, no disclosures have been made.

(Blank below)

3. Risk Management and Other Significant Issues

(1) Information of Credit Risk Management

A. Credit Risk Management System in 2016

Item	Contents
1. Strategies, objectives, policies and procedure of credit risk	1. Strategies and Objectives: (1) Follow Basel III requirements to improve the Bank's ability in risk management and to meet the international standards. (2) Well found and fully implement the various risk management systems and control procedures. (3) Strengthen the information integration, analysis and precautionary effect to exert the risk management actively. 2. Policies: (1) Cultivate the business strategies and organizations valuing credit risk management, and master the qualitative and quantitative management approaches as the reference in strategy making. (2) Establish the overall credit risk management system to control possible business risks within the risk tolerance during the process of operation, in hopes of ensuring the Bank's achievement of credit risk strategic objectives. (3) Authorize independent credit risk management units and personnel to exercise job duties to ensure that the Bank's credit risk management systems is implemented effectively and to help the Board of Directors and management level perform their duties fully to fulfill the bank's credit risk management systems. (4) Establish effective methods and monitoring procedures to ensure the adequacy of capital, and express business performance in a proper manner through the risk adjustment, and maximize shareholders' value. 3. Management Procedure: Credit risk identification, measurement, monitoring and management, credit risk report and credit risk performance management.
2. Structure and organization of credit risk management	1. Board of Directors: (1) The Board of Directors is the Bank's supreme policy-making entity for risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire credit risk management objectives. (2) Audit Committee to review the risk-related proposal before proposing to the Board of Directors and communicate with the risk implementation entities. 2. Senior Management: Risk Management Committee is subordinated to the Chairman, and Asset & Liability Management Committee, Non-Performing Loan Management Committee and Credit Evaluation Committee are subordinated to the President. 3. Risk Management Department: (1) Responsible for researching or suggesting the amendments of the Bank's credit risk management policies and guidelines to be proposed to the Board of Directors for approval. (2) Establish the Bank's entire structure of measuring, controlling and evaluating quantitative risk. (3) Responsible for enforcing and controlling the Bank's credit risk management and credit risk management regulations for the various businesses to ensure all businesses apply strictly with the Bank's credit risk management policies and guidelines. 4. Credit Management Department and Other Business Units: Manage credit risks of crediting cases according to stratified empowerment, including credit review, credit management and post-loan management.

Item	Contents
	5. Internal Audit: The independent internal audit entities review the enforcement of the Bank's credit risk management systems periodically and disclose it in the audit report truly, and ensure that the relevant entities have taken the corrective actions in a timely manner.
3. Scope and characteristics of credit risk report and measurement systems	1. Scope and characteristics of credit risk report: (1) Report to Board of Directors. (Regularly)/(Integrated risk report) (2) Report to Audit Committee. (Regularly)/(Integrated risk report) (3) Monthly report to Asset & Liability Management Committee. (Integrated risk report) (4) Monthly report to Risk Management Committee. (Integrated risk report) (5) Monthly corporate and consumer banking asset quality report. (6) Monthly disclosure of limit information of country, industry, group and single person (natural & juristic). 2. Credit risk measurement systems include: (1) Capital charge calculation platform information system. (2) The credit information and investigation system: Credit rating. (3) The collection system: Asset appraisal. (4) The Bank's credit risk alarming system: The credit risk alarming mechanism. (5) Mid-term crediting management platform. (Including post loan management and the review platform) (6) Scorecards of consumer banking and credit rating models of corporate banking. (7) Large exposure system.
4. Credit risk hedging or risk reduction policies, and strategies and procedures for controlling the ongoing effectiveness of hedging and risk reduction tools	1. Credit risk hedging or risk reduction policies: (1) Review the credit risk hedging plan and execution of the centralized risk or higher risk businesses. (2) Plan to amend the Bank's regulations of risk reduction and controlling system to follow the risk reduction regulations in the Basel III. 2. Strategies and procedures for controlling effectiveness of hedging and risk reduction: Establish the collateral management system in accordance with Basel III risk reduction regulations, and ensure the ongoing effective mess of risk reduction of collaterals through periodical revaluation of collaterals, loan-to-value ratio alert, analysis of centralization and stress testing.
5. Approach for regulatory capital charge	Standardized Approach.

B. Exposure and Accrued Capital Charge upon Risk Reduction under Credit Risk Standardized Approach

Unit: NT$1,000；Base Date: December 31st, 2016

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Charge
Sovereigns	152,115,505	0
Non-central Government Public Sector Entities	0	0
Banks (Multilateral Development Banks Included)	58,429,630	2,119,934
Corporations (Securities Firms and Insurance Companies Included)	328,808,854	24,487,677
Retailed Credit	92,611,870	6,317,964
Residential Property	162,959,787	10,172,438
Equity-securities Investment	6,385	2,043
Other Assets	14,976,529	824,276
Total	809,908,560	43,924,332

Note：Capital charge is equal to the risk exposure after risk mitigation multiplied by legal minimum capital adequacy ratio.

(2) Information of Securitization Management

A. Securitization Management System in 2016

Item	Contents
1. The strategies and procedure of securitization risk management	The procedure of securitized product investment: Before the business division invests in any securitized product, investment analysis must be conducted on product credit worthiness, liquidity and profitability and such investment must be approved by the authorized levels according to the investment objectives.
2. The organization and structure of securitization management	1. In terms of asset securitization, at present, we engage only in securities investments and booked in banking book. We are not the originating bank. 2. The investment of asset securitization in banking book, the Asset and Liability Management Committee is the top management, the Treasury Department is the business execution unit, the Risk Management Department is the risk monitoring and control unit, and the Financial Trading Supporting Department is the operation settlement unit of this bank.
3. Scope and characteristics of securitization risk report and measurement systems	1. The Asset and Liability Management Committee discloses every month the positions of investment in asset securitization. When the loss on valuation exceeds the specific proportion of cost, the business execution unit should make reviews in a timely manner and propose corresponding solutions, and report the solutions to the Asset and Liability Management Committee for reference. 2. Asset securitization products with a quotation on the public market should be evaluated according to such quotation every day. If there is no quotation on the public market, products should be evaluated according to the quotation of the counterparty.
4. The hedge of securitization or risk reduction policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk reduction tools	When there is a larger risk exposure risk, assessments will be conducted to reduce risk exposure; or the approved risk reduction methods will be implemented to reduce risk to a controllable range.
5. Approach for regulatory capital charge	Standardized Approach.
6. Requirement on comprehensive qualitative disclosure, including: (1) Goals for securitization activities, risk models undertaken and retained of the Bank's re-securitization. (2) Other risks involved in securitized asset (such as liquidity risk). (3) Various roles that the Bank plays during the securitization process and the Bank's involvement in each process. (4) The description on the monitoring procedures taken for changes in credit and market risk involved in securitization risk exposure. (5) The Bank's management strategies in credit risk mitigation during the mitigation of risk retained in securitization and re-securitization.	The Bank has never served as an originator of asset securitization so no information shall be disclosed in this item.

Item	Contents
7. Description on the Bank's accounting policies on securitization	The Bank has never served as an originator of asset securitization so no information shall be disclosed in this item.
8. The names of ECAI used in banking books for securitization and their usage in each type of asset securitization exposure	
9. Explanation on any significant changes in any quantitative information from last reported period (such as any transfer of asset between banking books and trading books)	

B. Engagement in Securitization

As of December 2016, the Bank has never been the originator for securitization.

C. Risk Exposure and Accrual Capital Charge for Securitization

As of December 2016, the Bank didn't hold any investments in securitized product.

D. Information of Investment in Securitization Products

As of December 2016, the Bank didn't hold any investments in securitized product.

(3) Information of Operational Risk Management

A. Operational Risk Management System in 2016

Item	Contents
1. The strategies and procedure of operational risk management	1. Formed a risk-oriented operational model and straightened business development to achieve its operation goals and maximize shareholder value. The Bank developed risk management policies, operational risk management principles, defined the scope and duties of operational risk management, and executed risk identification, risk evaluation and reporting processes including operational risk assessment and process analysis. 2. In response to existing or potential operational risks, all divisions in the Bank take effective improvement practices and persistently track the according implementation. Before the undertaking or during the planning of new services, all related operational risks must be identified and the controls of the process marked. The Bank additionally constructed contingency plans and conducted necessary simulation to assure incessant operation amid possible severe accidents.
2. The organization and structure of operational risk management	1. Board of Directors: The supreme authority in the Bank, in charge of approving risk management policies and according principles and monitoring execution of all systems in order to achieve the goals of operational risk management. 2. Senior Management: The Risk Management Committee is established under the Chairman while the New Product Review Committee is established under the President. The Risk Management Committee supervises the implementation and promotion of risk management and reviews risk management reports of individual units, in order to ensure the effectiveness of the bank's risk management. 3. Risk Management Department: (1) Develop the operational risk management guidelines and related policies of the Bank. (2) Supervise the Bank's major operational risks and loss exposure. (3) Coordinate operational risk management with all divisions and branches. 4. All departments in Head Office, supervising divisions and branches: According to operational risk management regulations, all departments and supervising divisions developed according business regulations as standards for execution of all business divisions. 5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the performance of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units. 6. Compliance Affairs Department: Plan, manage, appraise and execute the legal compliance system of the Bank; establish the legal conveyance, consultancy, coordination and communication system; confirm instant update of all procedures and managerial rules according to the regulations; present and sign opinions conforming to the laws and bylaws; and analyze reasons and corrective opinions for major drawbacks or abuses of all division in legal compliance.
3. Scope and characteristics of operational risk report and measurement systems	We identify measure and monitor operational risk with various risk management instruments, such as operational risk loss data collection, operational risk and control self-assessment, and operational risk indicators. All divisions in the Bank conduct online risk event reporting and self assessment through the operational risk report system and the self-assessment system. Risk Management Department conducts operation process examination, compiled analysis and improvement practice tracking with the trend of risk indicator changes, internal and external losses, and the self- assessment of all divisions on control. The result of risk identification, measurement and monitoring are periodically reported to the executives.

Item	Contents
4. Operational risk hedging or risk reduction policies, and strategies procedures for controlling the continuously effectiveness of hedging and risk reduction tools	The Bank has developed regulations on operational risk hedging and risk mitigation. In response to possibilities and severity of risk, the Bank will adopt the following risk measures and procedures for risk bearing, risk averse, risk transfer, risk reduction, according indicators, risk warning, control mechanism, and corrective plans of every major products: 1. Risk bearing and tighter operation control shall be conducted for smaller loss amounts and lower frequencies. 2. Risk reduction or risk control, more intense personnel training, operating procedure improvement or system control advancement shall be conducted for smaller loss amounts and higher frequencies. 3. Risk transfer or risk mitigation shall be conducted for larger loss amounts and lower frequencies. Proper insurance and outsourcing should be undertaken after cautious evaluation. 4. Risk averse shall be conducted for large loss amounts and higher frequencies while the according business or service should not be launched or shall be stopped. Outsourcing or insurance shall require periodical evaluation on its risk, effect or the claim payment ability of the insurance company in order to ensure the risk mitigation tools will be effective constantly.
5. Approach for regulatory capital charge	Standardized Approach.

B. Accrued Capital Charge of Operational Risk

Unit: NT$1,000；Base Date: December 31st, 2016

Year	Gross Income	Capital Charge
2014	11,082,489	
2015	12,751,111	
2016	12,927,206	
Total	36,760,806	1,775,685

(4) Information of Market Risk Management

A. Market Risk Management System in 2016

Item	Content
1. Market risk management strategies and processes	1. In order to establish the fair risk management system and well found the development of business to boost the proper risk management-oriented business model and achieve the operation objectives and increase shareholders' value, the Bank's Board of Directors approves the risk management policies to fulfill the well-founded risk management system and create stable and high-quality profitability for shareholders. 2. Based on the existing risk management policies and guidelines, fulfill the quantification of market risk step by step and establish the management and appraisal mechanism for value at risk and optimal allocation of capital. 3. Scope of business and underwritten products: enact the market risk management guidelines, define the scope of market risk management; the scope of businesses may include transactions in foreign exchange market, money market and capital market, and transactions of financial derivatives. 4. Define the risk management procedure and application methods (e.g. sensitivity analysis, value at risk calculation, scenario simulation and stress testing, etc.); require the relevant entities to set the limits of the various financial product transactions, e.g. the limit of risk exposure, loss limit, value at risk limit and also the approving authority and guidelines to process the excess in the limit. In order to enhance the transparency of the information about market risk, the risk management entities shall inspect and submit the risk management report on a daily basis, and shall continue supervising and following up on extraordinary circumstances in the transactions, if any.
2. Market risk management organization and structure	1. Board of Directors: (1) The Board of Directors is the Bank's supreme policy-making entity of risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire market risk management objectives. (2) Audit Committee to review the risk-related motions before proposing them to the Board of Directors and communicate with the risk implementation entities. 2. Senior Management: Risk Management Committee is subordinated to the Chairman while Asset & Liability Management Committee is subordinated to the President. (1) Develop the Bank's market risk management guidelines and rules according to the market risk management policies approved by Board of Directors, and ensure that the Bank has the express functions and operations for market risk management, effective market risk management procedure and proper market risk management system. (2) Authorize competent employees to execute the market risk management operation and ensure that they have the ability and expertise affordable to execute the market risk management business and comply with the relevant policies and procedures. 3. Risk Management Department: (1) Responsible for researching and drafting or amending the Bank's risk management policies and market risk management guidelines to be proposed to Board of Directors for approval. (2) Work with proprietary trading entities to research and draft or amend the various financial products business control rules, and propose them to the Chairman or President for approval. (3) Plan and establish the Bank's structure of identifying, measuring and controlling market risk, execute the limit management report and inspection to alert excess in limit, in order to ensure that the various financial products businesses may strictly comply with the Bank's risk management policies and regulations.

Item	Content
	4. Business Unit: In charge of foreign exchange, securities and financial derivatives trading, and cross-Bank capital management, as well as executing transactions within limit according to the Bank's risk-control standard. 5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the Market of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units.
3. Scope and characteristics of market risk report and measurement systems	1. To provide the market risk daily management reports to disclose the positions, sensitivity analysis, value at risk, profit and loss of the various financial products. 2. The Bank measures and supervises market risks according to related risk management guidelines and employs the VaR model for quantitative integrated management of market risks. Through daily presentation of the market risk report and position analysis, the Bank is fully aware of any changes in risks.
4. The hedge of market risk or risk reduction policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk reduction tools	When the market risk exposure is getting higher, the Bank will take some approaches such as risk exposure deduction or approved hedge to lower the market risk to the controllable level.
5. Approach for regulatory capital charge	Standardized Approach.

B. Accrued Capital Charge of Market Risk

Unit: NT$1,000；Base Date: December 31st, 2016

Type of Risk	Capital Charge
Interest Rate Risk	2,481,535
Equity Risk	403,779
Foreign Exchange Risk	103,684
Commodity Risk	0
Total	3,015,998

C. Value at Risk for Trading Position (99%, one day)

Unit: NT$1,000

Item	2016			
	December 31th, 2016	Average VaR	Minimum VaR	Maximum VaR
Interest Rate	65,919	35,357	24,628	68,720
Equity	225	4,305	225	16,306
Foreign Exchange	15,112	16,315	7,445	34,952
Commodity	0	0	0	0
Subtotal	81,256	55,977	—	—
Diversified Effect	(20,689)	(17,098)	—	—
Total Value at Risk	60,567	38,879	23,498	75,241

(5) Information of Liquidity Risk Management

A. Structure Analysis of Time to Maturity (NT$)

Unit: NT$1,000；Base Date: December 31st, 2016

	Total	0-10 days	11-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary Funds Inflow upon Maturity	705,870,911	107,083,093	78,216,430	45,095,072	34,900,480	66,865,309	373,710,527
Primary Funds Outflow upon Maturity	910,398,915	34,852,809	65,834,513	121,978,419	121,644,265	174,684,781	391,404,128
Gap	(204,528,004)	72,230,284	12,381,917	(76,883,347)	(86,743,785)	(107,819,472)	(17,693,601)

Note: The table represents NT$ amount of the whole bank.

B. Structure Analysis of Time to Maturity (US$)

Unit: US$1,000；Base Date: December 31st, 2016

	Total	0-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary Funds Inflow upon Maturity	4,353,470	1,286,000	351,856	152,465	257,563	2,305,586
Primary Funds Outflow upon Maturity	6,014,854	1,524,839	1,135,278	721,108	1,280,190	1,353,439
Gap	(1,661,384)	(238,839)	(783,422)	(568,643)	(1,022,627)	952,147

Note: The table represents US$ amount of the whole bank.

C. Liquidity Management of the Bank's Asset and Funding Gap

The Bank's primary principles of liquidity management lie in the diverse, stable and reliable source of fund, diversified use of fund, and conservative and moderate funding flexibility. Market liquidity risks involve the concerns of the centralization of holding position and market volume, especially if the massive positions are impacted by market prices movement, so that quantitative and qualitative management of market liquidity risk can be conducted.

Funding liquidity risks concern on-balance-sheet items and off-balance-sheet transactions. The Bank measures possible liquidity risks and, according to different periods, periodically evaluates fund inflow, outflow and gap. According to the result of cost-benefit analysis, assets and liabilities are appropriately allocated for effective liquidity management.

The Bank manages its quantitative and qualitative liquidity risk tolerance after periodical reviewed and approved by Board of Directors every year. Meanwhile, indicators on various liquidity risks, such as Liquidity Coverage Ratio, are set with warning values for indicators set up, which are periodically reported to ALCO and Board of Directors. Periodical simulation and stress tests are conducted to manage factors against liquidity. Analysis and proper responsive measures will be adopted to minimize its impact.

(6) Effect of Changes in Foreign/Domestic Important Policies and Regulations on the Bank's Financial Business, and Responsive Action Thereof

See page 4~6

(7) The Effect of Changes in the Bank's Image on the Bank's Financial Business , and Responsive Action Thereof

The Bank always conform to the philosophy "Sincerity, Stability, Service, Innovation and Attentiveness" and to the obedience with regulations and competent authority's requirements to supply clients with more diverse, more complete and more comprehensive professional financial services and strive toward its ultimate goal-"provide ideal services to clients, create the most interest for shareholders and supply the feedback to the society wholeheartedly."

(8) Predicted Benefit, Possible Risks and Countermeasures on Consolidation and Expansion of Business Locations

The expected benefits which results from the Bank's acquisition include expanding its service network to provide more convenient financial services, broadening the Bank's client base to acquire business opportunities. Additionally, through the acquisition, asset of the Bank can be rapidly accumulated and economy of scale and scope can be achieved to advance profitability and competence. Nevertheless, in the course of this acquisition, the integration of organization culture, personnel, workforce, systems, policies and management styles will be the toughest challenges after acquisition. The Bank plans to counteract these risks through its expertise and experiences in acquisition. The Bank will cautiously conduct preceding evaluation to minimize the asymmetric information risk before acquisition. Further, after the acquisition, the likelihood of integration failure will be minimized through deliberate integration plans to maximize the acquisition synergy.

Moreover, the expected benefit of broadening the Bank'service network lies in the extension of the Bank's service territory so that the Bank can render the most suitable finance service and, through the consistent management platform, mesh a ubiquitous service network and utilize the effect of joint marketing. Furthermore, the selection of all service locations undergoes internal professional and deliberate cost-effect evaluation so that every service branch is able to bring forth its upmost benefits. Consequently, according risks are limited. In respect of overseas locations, the Bank currently embraces two subsidiary banks, Yuanta Savings Bank Philippines, Inc. and Yuanta Savings Bank Korea Co., Ltd. Through these two banks, along with Hong Kong Branch of Ta Chong Bank, an initial scale of overseas deployment has been witnessed. Highly qualified executives from Taiwan are selected as expatriates. Through experience sharing, the establishment of locally suitable operation models will be facilitated to elevate their profit contributions. In addition, in order to solidify the internal management of subsidiary banks, the Bank will assist to examine and advance various procedures and operation processes and develop supervisition index and warning mechanisms to minimize occurance of operational risks. The Bank will also fully carry out leglal compliance and risk management in order to sustain the sound operation of the Bank.

(9) Risks and Reponses for Service Centralization

A. Group Centralization Risk

The Bank has developed regulations and set up the limits for different groups and companies. These limits are adjusted timely to decentralize risk exposure the Bank undertakes.

B. Industry Centralization Risk

The Bank has developed regulations and set up the industry limits for different industries. Extra limits and guidelines have been set for China's high risk industries. These will be reviewed and amended timely in order to lest risks be excessively concentrated and to diversify risk exposure of the Bank's credit, investment and financial trading business.

C. Country Centralization Risk

Guidelines and limits to risky countries in trade have been set accordingly. The Bank's also set limit on the capital flow to China country. In order to diversify the Bank's risk exposure of its credit, investment and financial trading business, these guidelines and limits will be timely reviewed and adjusted.

(10) The Effect, Risks and Responsive Actions of Changes in the Management Rights

The Bank is a subsidiary 100% held by Yuanta Financial Holdings. Management rights did not change.

(11) Litigation and Non-Litigation

Unit: NTD$; KWD

Event	Subject-Matter Amounts of Money	Starting Date	Principal Interested Parties	Status as of the Annual Report Publication Date	Remark
The subsidiary bank of Yuanta Bank, Yuanta Savings Bank (Korea), considered that the petition, filed to FSC of Korea by the Defendant Trust Investment, indicating Yuanta Savings Bank (Korea) overcharged in previous loan cases and, therefore, the plaintiff shall repay approximately ₩ 4 billion of improperly collected fees, is gratuitous. Hence, the plaintiff filed an appeal to Seoul District Court for nonexistent debt in order to clarify the related disputes in this petition.	The affected amount is ₩4,024,468,690 (about $ 114,295,000)	September, 2016	Defendant, Trust Investment	The Plaintiff Yuanta Savings Bank (Korea) has appointed attorneys to institute legal proceedings and presented explanations to FSC of Korea. Now the case is under hearing in Seoul District Court.	When Yuanta Bank acquired Yuanta Savings Bank (Korea) (originally Han Shin Savings Bank), an agreement was made with original shareholders of Han Shin Savings Bank. The original shareholders rendered pledged deposits of ₩ 5 billion to Yuanta Bank as the security for lawsuit damage. Hence, the subsequent lawsuit has not caused any significant impacts on the operation or shareholder's equity of Yuanta Bank.

(12) Information of Crisis Management

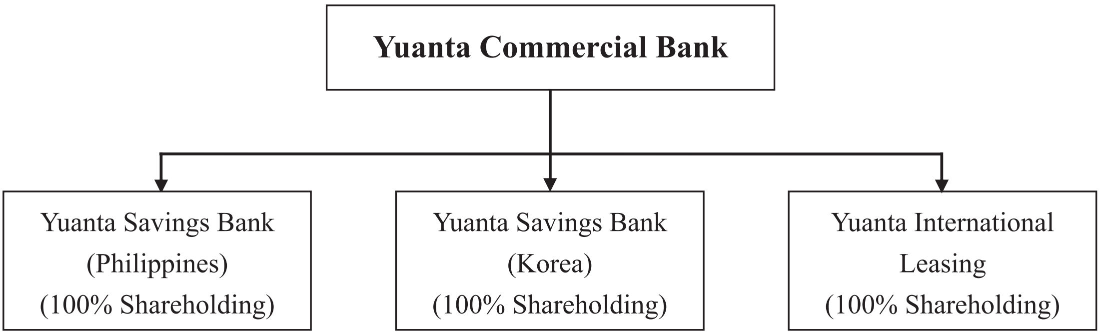
In order to perfect the Bank's crisis prevention and response mechanism, the Bank has defined the "Crisis Management Policies and Procedures" and "Manual for Crisis Management Response", so that supervisors of related units may report the emergency via the various channels and research and draft responsive practices in the case of any risk or likelihood of risk, so as to restore the operation of the Bank's businesses expeditiously and effectively to minimize the damage. Meanwhile, the Bank has defined the SOP for the various emergencies (e.g. fire, robbery, or mass protest); periodically conduct safety drill run for rapid and effective response to emergency.

V. Special Notes

1. Information of Affiliates

(1) Organization Chart

Base Date: February 28th, 2017



Unit: NT$1,000; PHP$1,000; KRW$1,000

Corporate	Date of Establishment	Address	Paid-in Capital	Scope of Business
Yuanta International Leasing Co., Ltd	November 15th, 2012	7F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City	NT$ 600,000	Leasing
Yuanta Savings Bank (Philippines)	November 5th, 1997	Ground Floor, Chatham House Building, 116 Valero corner Rufino Streets, Salcedo Village, Makati City, Philippines	PHP$1,000,000	Deposits, Lending and Foreign Exchange
Yuanta Savings Bank (Korea)	June 20th, 1988	542, Gangnam-daero, Gangnam-gu, Seoul, Korea	KRW$67,580,120	Deposits and Lending

(2) Directors, Supervisors and Managers

Base Date: February 28th, 2017

Corporate	Position	Name of Individual or Representative(s)	Shareholdings
Yuanta International Leasing Co., Ltd.	Chairman Director Supervisor President	Yuanta Commercial Bank Statutory Representatives: Tsai-Yu Chang Yung-Chung Huang, Yeong-Jen Chen Yu-De Chuang Yu-Sheng Chen	60,000,000 shares 100.00%
Yuanta Savings Bank Philippines, Inc.	Chairman(Deputy) Director Director Independent Director Independent Director President	Yuanta Commercial Bank Statutory Representatives: Kuo-Hsing Shen Allen Wu Regina V. Saga Paulino Y. Tan Anna-Teresa Gozon-Abrogar Kuo-Hsing Shen	1,000,000,000 shares 100.00%
Yuanta Savings Bank Korea Co., Ltd	Chairman Director Independent Director Independent Director President	Yuanta Commercial Bank Statutory Representatives: Tsai-Yu Chang Young-Seok Jung Ki-Young Lee Chae-Shick Chung Young-Seok Jung	13,516,000 shares 100%

(3) Business Overview

Unit: NT$1,000；Base Date: December 31st, 2016

Corporate	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT$) (after tax)
Yuanta International Leasing Co., Ltd.	600,000	624,042	14,003	610,039	22,364	8,012	6,761	0.11
Yuanta Savings Bank Philippines, Inc.	665,355	1,525,482	880,713	644,769	76,581	3,759	461	-
Yuanta Savings Bank Korea Co., Ltd.	1,923,330	5,672,362	2,439,930	3,232,432	111,587	(18,283)	(31,914)	(2.36)

2. Milestones of Yuanta Commercial Bank in 2016

March	Launched "USD Profit in Golden Monkey" Term Deposit Program
	Co-launched "JCB Precious Card" with iPASS Corporation
	Launched the online account opening service for Type II "Digital Savings Account" (IC Card Authentication)
	Corporate Online Banking provides non-predestinated remittance and scheduled transaction service
April	Acquired Han Shin Savings Bank in Korea, which became the Bank's second overseas subsidiary bank
May	Launched "The New Generation of Cross-Platform Teller System"
	Launched Computer Telecommunication Integration (CTI)
August	Passed ISO 50001 Energy Management System (EnMS) of The British Standards Institution
September	Tong Yang Savings Bank in Philippines was officially renamed "Yuanta Savings Bank (Philippines)"
	Completed merging two subsidiary insurance agencies, Yuanta Property Insurance Agent Ltd. and Yuanta Life Insurance Agent Co., Ltd. into the Bank's Insurance Agency Dept., concurrently provides life insurance agency services and additional property insurance agency services
October	Launched "Changing Foreign Currency Premium Term Deposit Plan"
	Launched "Premium Dual Foreign Currency Plan"
November	Conducted "Machinery and Equipment Upgrade Loan"
	Complied with the policy of FSC to promote "Reward Domestic Banks for New Key Industry Financing"
	Launched the online account opening service for Type I "Digital Savings Account" (Citizen Digital Certificate with Video Authentication)
December	Launched the new version of mobile banking

3. Branches and Overseas Offices

Base Date: March 31st, 2017

Name	Tel	Fax	Address
Business Department	(02) 2173-6680	(02) 2772-1909	No.66, Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Taipei Branch	(02) 2705-7888	(02) 2755-3751	No.56, Sec. 2, Dunhua S. Rd., Taipei City 106, Taiwan
Chingmei Branch	(02) 8663-6766	(02) 8663-3139	No.3, Jingwun St., Taipei City 116, Taiwan
Nanjing East Road Branch	(02) 2545-8777	(02) 2545-8118	No.221, Sec. 3, Nanjing E. Rd., Taipei City 104, Taiwan
Shihlin Branch	(02) 2837-6638	(02) 2835-5886	No.314, Zhongzheng Rd. , Taipei City 111, Taiwan
Guting Branch	(02) 2365-4567	(02) 2368-5959	No.37, Sec. 3, Roosevelt Rd., Taipei City 106, Taiwan
Neihu Branch	(02) 8751-8759	(02) 8751-9858	No.189, Gangqian Rd., Taipei City 114, Taiwan
Sinyi Branch	(02) 2703-2569	(02) 2701-2259	No.236-1, Sec. 4, Sinyi Rd., Taipei City 106, Taiwan
Songjiang Branch	(02) 2516-8608	(02) 2516-1078	No.109, Songjiang Rd., Taipei City 104, Taiwan
Tianmu Branch	(02) 2871-2558	(02) 2871-1117	No.14, Tianmu W. Rd., Taipei City 111, Taiwan
Minsheng Branch	(02) 8712-9666	(02) 8712-7077	No.52-1, Sec. 4, Minsheng E. Rd., Taipei City 105, Taiwan
Zhongshan North Road Branch	(02) 2521-7888	(02) 2521-0678	No.135, Sec. 2, Zhongshan N. Rd., Taipei City 104, Taiwan
Zhongxiao Branch	(02) 8786-7778	(02) 8786-7758	No.400, Sec. 5, Zhongxiao E. Rd., Taipei City 110, Taiwan
Chengde Branch	(02) 2592-0000	(02) 2592-1209	No.210, Sec. 3, Chengde Rd., Taipei City 103, Taiwan
Chengjhong Branch	(02) 2382-2888	(02) 2381-8399	No.42, Hengyang Rd., Taipei City 100, Taiwan
Guanqian Branch	(02) 2388-3938	(02) 2388-3218	No.15, Sec. 1, Chongqing S. Rd., Taipei City 100, Taiwan
Datong Branch	(02) 2558-5869	(02) 2550-0879	No.66, Nanjing W. Rd., Taipei City 103, Taiwan
Songshan Branch	(02) 8785-7618	(02) 8785-9711	No.675, Sec. 5, Zhongxiao E. Rd., Taipei City 110, Taiwan
Daan Branch	(02) 2395-8199	(02) 2395-6619	No.148-1, Sec. 1, Xinsheng S. Rd., Taipei City 100, Taiwan
Yanping Branch	(02) 2558-9222	(02) 2558-1700	No.57, Sec. 2, Yanping N. Rd., Taipei City 103, Taiwan
Wende Branch	(02) 2797-7988	(02) 2797-0858	No.68, Wende Rd., Taipei City 114, Taiwan
Beitou Branch	(02) 2898-2121	(02) 2897-9667	No.35, Sec. 2, Beitou Rd., Taipei City 112, Taiwan
Nankan Branch	(02)2783-2600	(02) 2783-1556	No.28, Park St., Taipei City 115, Taiwan
Gongguan Branch	(02) 2369-3955	(02) 2369-3983	No.275, Sec. 3, Roosevelt Rd., Taipei City 106, Taiwan
Heping Branch	(02) 2368-8066	(02) 2368-6158	No.212, Sec. 1, Heping E. Rd., Taipei City 106, Taiwan
Ximen Branch	(02) 2388-2768	(02) 2388-1928	No.69, Baoqing Rd., Taipei City 100, Taiwan
Guangfu Branch	(02) 8773-6667	(02) 8773-5068	3F.-1, No.300, Sec. 4, Zhongxiao E. Rd., Taipei City 106, Taiwan
Xindian Branch	(02) 2912-5799	(02) 2914-1255	No.252, Sec. 2, Beixin Rd., New Taipei City 231, Taiwan

Name	Tel	Fax	Address
Xindian Zhongzheng Branch	(02) 2911-0058	(02) 2911-7858	No.225, Zhongzheng Rd., New Taipei City 231, Taiwan
Shuanghe Branch	(02) 2245-7198	(02) 2245-0698	2F.-1, No.232, Zhonghe Rd., New Taipei City 235, Taiwan
Yonghe Branch	(02) 8231-1288	(02) 8231-1277	No.657, Zhongzheng Rd., New Taipei City 234, Taiwan
Jhonghe Branch	(02) 2245-6789	(02) 2245-5676	No.1 & No.3, Taihe St., New Taipei City 235, Taiwan
Sanchong Branch	(02) 2983-2255	(02) 2988-5810	No.111, Sec.3, Chongsin Rd. , New Taipei City 241, Taiwan
Beisanchong Branch	(02) 2982-9192	(02) 2989-3060	No.195, Jhengyi N. Rd., New Taipei City 241, Taiwan
Shangxinzhuang Branch	(02) 2990-0999	(02) 2993-3222	No.173, Siyuan Rd., New Taipei City 242, Taiwan
Xinzhuang Branch	(02) 2996-7999	(02) 8992-6322	No.246, Xintai Rd., New Taipei City 242, Taiwan
Banqiao Branch	(02) 2953-6789	(02) 2953-3386	No.69, Sec. 1, Zhongshan Rd., New Taipei City 220, Taiwan
Puqian Branch	(02) 8952-0788	(02) 8952-0828	No.125, Sec. 2, Zhongshan Rd., New Taipei City 220, Taiwan
Tucheng Branch	(02) 2270-3030	(02) 2260-5151	No.255, Sec. 1, Zhongyang Rd., New Taipei City 236, Taiwan
Luzhou Branch	(02) 2281-8958	(02) 2281-0266	No.10, Zhongshan 1st Rd., New Taipei City 247, Taiwan
Shulin Branch	(02)2675-7268	(02)2675-7255	No.99, Sec. 1, Zhongshan Rd., New Taipei City 238, Taiwan
Nankan Branch	(03) 312-9550	(03) 312-9551	No.309, Zhongzheng Rd., Taoyuan City 338, Taiwan
Zhongli Branch	(03) 426-6007	(03) 426-6017	No.7, Zhongyang E. Rd., Taoyuan City 320, Taiwan
Taoyuan Branch	(03) 356-5000	(03) 356-5001	No.375, Sec. 1, Zhuangjing Rd., Taoyuan City 330, Taiwan
Taosin Branch	(03) 338-5518	(03) 338-5618	No.51-2, Fusing Rd., Taoyuan City 330, Taiwan
Pingjhen Branch	(03) 494-2690	(03) 494-3061	No.18, Huannan Rd., Taoyuan City 324, Taiwan
Linkou Branch	(03) 328-8999	(03) 328-8668	No.118, Wenhua 3rd Rd., Taoyuan City 333, Taiwan
Hsinchu Branch	(03) 545-6688	(03) 545-6008	No.276, Minsheng Rd., Hsinchu City 300, Taiwan
Jhubei Branch	(03) 555-9199	(03) 555-7200	No.85, Guangming 6th Rd., Hsinchu County 302, Taiwan
Hsinchu Science Park Branch	(03) 666-7888	(03) 666-7688	No.267, Sec. 1, Guangfu Rd., Hsinchu City 300, Taiwan
Datong Branch	(03) 523-6600	(03) 525-7700	No.196, Linsen Rd., Hsinchu City 300, Taiwan
Luodong Branch	(03) 956-8966	(03) 956-2333	No.38, Zhongzheng N. Rd., Yilan County 265, Taiwan
Kinmen Branch	(082) 322-566	(082) 373-102	No.188-1 Mincyuan Rd., Kinmen County 893, Taiwan
Hualien Branch	(03) 831-1708	(03) 832-1169	No.167, Guolian 1st Rd., Hualien County 970, Taiwan
Miaoli Branch	(037) 336-678	(037) 336-718	No.460, Zhongzheng Rd., Miaoli County 360, Taiwan
Taichung Branch	(04) 2227-1799	(04) 2220-7499	No.8, Sec. 2, Ziyou Rd., Taichung City 400, Taiwan
Wunsin Branch	(04) 2297-0068	(04) 2296-5966	No.337, Sec. 3, Wunsin Rd., Taichung City 407, Taiwan

Name	Tel	Fax	Address
Fusing Branch	(04) 2261-6889	(04) 2262-1060	No.269, Sec. 1, Fusing Rd., Taichung City 402, Taiwan
ChongDe Branch	(04) 2232-9961	(04) 2233-1818	No.46, Sec. 2, Chongde Rd., Taichung City 406, Taiwan
ChungGang Branch	(04) 2465-0889	(04) 2465-0989	No.900, Sec. 4, Taiwan Blvd., Taichung City 407, Taiwan
Shalu Branch	(04) 2665-6656	(04) 2663-3852	No.535, Zhongshan Rd., Taichung City 433, Taiwan
Fongyuan Branch	(04) 2529-3366	(04) 2524-0028	No.23, Yuanhuan W. Rd., Taichung City 420, Taiwan
Dali Branch	(04) 2492-2288	(04) 2496-9422	No.724, Tucheng Rd., Taichung City 412, Taiwan
Dajia Branch	(04) 2688-6088	(04) 2688-6366	No.833, Sec. 1, Zhongshan Rd., Taichung City 437, Taiwan
Taiping Branch	(04) 2270-2688	(04) 2273-6000	No.53, Zhongxing Rd., Taichung City 411, Taiwan
Caotun Branch	(049) 232-1661	(049) 232-1800	No.88, Zhongxing Rd., Nantou County 542, Taiwan
Changhua Branch	(04) 726-7001	(04) 726-6992	No.898, Sec. 2, Zhongshan Rd., Changhua County 500, Taiwan
Yuanlin Branch	(04) 835-6403	(04) 835-2653	No.283, Sec. 2, Datong Rd., Changhua County 510, Taiwan
Lugang Branch	(04) 778-5799	(04) 777-9779	No.321, Zhongshan Rd., Changhua County 505, Taiwan
Beidou Branch	(04) 887-3881	(04) 887-3886	No.166, Guangfu Rd., Changhua County 521, Taiwan
Doushin Branch	(05) 535-1799	(05) 535-1313	No.29, Wunhua Rd., Yunlin County 640, Taiwan
Huwei Branch	(05) 633-9169	(05) 633-9423	No.1, Heping Rd.,Yunlin County 632, Taiwan
Dounan Branch	(05) 597-1138	(05) 597-1139	No.67, Zhongshan Rd., Yunlin County 630, Taiwan
Chiayi Branch	(05) 232-7469	(05) 232-6415	No.185, Zhongxing Rd. , Chiayi City 600, Taiwan
Yongkang Branch	(06) 312-6789	(06) 312-1528	No.511, Siaodong Rd., Tainan City 710, Taiwan
Jiali Branch	(06) 721-4888	(06) 721-0249	No.278, Wunhua Rd., Tainan City722, Taiwan
Tainan Branch	(06) 293-8688	(06) 293-8699	No.348, Sec. 1, Yonghua Rd., Tainan City 700, Taiwan
Fuchen Branch	(06) 228-1281	(06) 222-2415	No.165, Sec. 1, Minsheng Rd., Tainan City 700, Taiwan
Fudong Branch	(06) 268-7815	(06) 267-3371	No.348, Sec. 2, Dongmen Rd., Tainan City 701, Taiwan
KaiYuan Branch	(06) 238-3125	(06) 236-3661	No.461, Shengli Rd., Tainan City 704, Taiwan
Anhe Branch	(06) 255-1236	(06) 256-9941	No.226, Sec. 1, Anhe Rd., Tainan City 709, Taiwan
Zuoying Branch	(07) 581-0898	(07) 581-0798	No.158, Zuoying Avenue, Kaohsiung City 813, Taiwan
Kaohsiung Branch	(07) 282-2101	(07) 282-2168	No.143, Zhongzheng 4th Rd., Kaohsiung City 801, Taiwan
Boai Branch	(07) 558-6088	(07) 558-3699	No.491, Mingcheng 2nd Rd., Kaohsiung City 813, Taiwan
Fongshan Branch	(07) 715-2700	(07) 715-8500	No.280, Wujia 2nd Rd., Kaohsiung City 830, Taiwan
Sanmin Branch	(07) 395-1588	(07) 395-3288	No.715, Jiangong Rd., Kaohsiung City 807, Taiwan

Name	Tel	Fax	Address
Pingtung Branch	(08) 735-0426	(08) 737-0121	No.690, Guangdong Rd., Pingtung County 900, Taiwan
Tungshin Branch	(089) 324-351	(089) 324-734	No.427, Sec. 1, Zhonghua Rd., Taitung County 950, Taiwan
Offshore Banking Unit(OBU)	(02) 2173-6699	(02) 2772-2513	3F., No.66 , Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan

Overseas Subsidiary	Tel	Fax	Address
Yuanta Savings Bank Philippines, Inc.	(63) 2 845 3838	(63) 2 845 3839	Ground Floor, Chatham House Building, 116 Valero Cor. V.A. Rufino Streets, Salcedo Village, Makati City, Philippines
Yuanta Savings Bank Philippines, Inc. Alabang Branch	(63) 2 804 3628 (63) 2 804 3692	(63) 2 804 3629	Unit G3, Park Trade Center, Investment Drive, Madrigal Business Park, Alabang, Muntinlupa City, Philippines
Yuanta Savings Bank Philippines, Inc. Ortigas Branch	(63) 2 655 5630 (63) 2 477 7474	(63) 2 655 5690	Commercial Unit 4, East of Galleria Bldg., Topaz St., Ortigas Center, Pasig City, Philippines
Yuanta Savings Bank Korea Co., Ltd.	(82)2 6022 3700	(82) 2 519 2751	542, Gangnam-daero, Gangnam-gu, Seoul, Korea
Yuanta Savings Bank Korea Co., Ltd. Buk-bu Branch	(82) 2 6022 3700	(82) 2 915 1196	207, Hwarang-ro, Seongbuk-gu, Seoul, Korea

Overseas Office	Tel	Fax	Address
Hong Kong Representative Office	(85) 2 2810 9313	(85) 2 2810 9310	RM B, 9F, No.20-24 Lockhart Road, GOLDEN STAR BUILDING, Hong Kong
Myanmar Yangon Representative Office	(95) 01 230 4405 ext. 8533	(95) 01 230 5657	Suite 607, Level 6, 611 Hledan Centre, Corner of Pyay Road and Hledan Road, Kamayut Township, Yangon, Myanmar.

Affiliate	Tel	Fax	Address
Yuanta International Leasing Co., Ltd.	(02) 2173-6039	(02) 2772-5825	7F., No.69, Baoqing Rd., Taipei City 100, Taiwan

Yuanta Commercial Bank Co., Ltd.

PRINTED WITH SOY INK