Yuanta Commercial Bank Co., Ltd.

2015 Annual Report

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6.Overseas Listings and Access to the Listing Information：None

Contents

I. Letter to Shareholders

1. Business Report for 2015

Changes in the Financial Environment

Global economy in Year 2015 failed to meet the expectation, which mainly resulted from the slowing recovery of developed countries and the sliding growth of emerging countries, such as China in particular, whose sluggish economic growth impacted global economy the most. While U.S.A benefited from low oil prices and its stably rebounding job market, its domestic demand was thus escalated. The Federal Reserve System raised interest rates by 25 basis points in December 2015 so the gradual economic recovery is expected. Accelerated economic rebound in Eurozone was witness in the second half of 2015 with concerns over terrorist attacks in France, which might impact tourism and business activities in Europe and further retard the European economic recovery. Emerging economies suffered from considerable capital outflow due to expectation on the rate increase in the U.S.A. Also, prices on international commodities have been incessantly sinking. Thus, Russia and Brazil are trapped in recession. In the meantime, China is currently confronting weaker economy, which forces it to inevitably enforce such quantitative easing monetary policies as RMB depreciation, reserve requirement ratio reduction and interest rate reduction in order to boost its economy and stock market. Domestically, the export decline is increasingly worsening and domestic demand impetus is slowing so the monitoring indicator has been seen the blue light for the 7th consecutive month since June 2015, a signal to manifest that domestic economic growth is frail and the economy is vulnerable. Hence, Central Bank lowered the interest rate by 25 basis points in September and December respectively to boost the economy.

Apropos of 2016, most institutes of economic forecast expect mild economic recovery, better than 2015. Nonetheless, hidden factors such as business cycles and economic structures will drive the global economic trend toward high uncertainty. In respect of monetary policies, U.S.A may slow its interest rate increasing procedures while Japan, EU and China will sustain their QE policies. Disagreement in monetary policies of main central banks will be seen and will thus further fluctuation in financial markets. The Government, in order to facilitate economic growth, will enforce a wide variety of measures for boosting domestic and foreign demand. According to estimates announced by The Directorate General of Budget, Accounting and Statistics (DGBAS) in February 2016, the economic growth for 2016 is estimated to be 1.47%, slightly rising from 0.75% in 2015 but still vulnerable.

The domestic banking sector, influenced by uncertainty in global circumstances and economic variation, shall still stay cautious while managing risks. Further, enterprise investments turned conservative and the real estate market cooled down so growth in domestic loan will become sluggish. Interest rates continuously lowered by Central Bank narrowed interest spreads. In order to sustain stable profitability, banks will depend more on the growth of overseas business and wealth management. Overall, profitability growth of domestic banks is going to confront severer challenges.

Organizational Change

(1) For better business management, Fixed-Income Department was merged into Treasury Department in September 2015.

(2) The Competent Authorities urged banks to set up insurance departments for concurrently offering insurance agency in order to protect consumers' rights, integrate resources and mitigate taxes. The Board of Directors of the Bank thus resolved in December 2015 to set up Insurance Agent Dept. and, upon completion of according procedures, will consolidate two of our subsidiaries, Yuanta Life Insurance Agent and Yuanta Property Insurance Agent.

Actual Accomplishments in 2015

While suffering weak economy, the Bank adjusted its business structure and sources of profits step by step to zealously maximize capital utilization. As of December 31, 2015, the consolidated asset of the Bank amounted to NT$ 818 billion, a growth of 17% from NT$ 698.9 billion in 2014. Yearly accumulated net income after tax reached NT$ 4,944 million with EPS of NT$ 1.26, a growth of NT$ 402 million or 9% from NT$ 4,542 million of accumulated net income after tax in 2014. NPL Ratio, NPL Coverage Ratio and Loan Coverage Ratio are 0.18%, 719.97% and 1.31% respectively. The Bank successfully sustained quality asset while enjoying continuous profit growth.

The changes in major services are as follows:

Unit: NT$ in billion

Item	2015	2014	Growth%
Deposit Volume	637.3	549.5	16%
Loan Volume	470.4	419	12%
Foreign Exchange Sales	US$ 53 billion	US$ 33.1 billion	60%
Trust Asset	129.6	113.7	14%
Net Fee Income from Wealth Management	1.4	1.1	33%
Credit Cards in Circulation	430,000 cards	310,000 cards	40%

Major services are outlined as follows:

(1) Deposits:

To grasp market dynamics, the Bank launched savings plans in NTD and foreign currencies and promoted payroll transfer service and agency collection and payment services while enhanced the promotion of general current deposits and foreign currency deposits to further enlarge deposit scope and client base.

In 2015, the Bank embraced total average deposits of NT$ 637.3 billion, an increase of NT$ 87.8 billion from NT$ 549.5 billion in 2014. Meanwhile, demand deposits increased by NT$ 31.1 billion, and time deposits increased by NT$ 56.7 billion.

(2) Loans:

With regard to corporate banking, the Bank persistently promoted various financing projects and, in particular, enhanced the development of business in small-and-medium business enterprise clients and the credit business of OBU. In addition, through cooperating with subsidiary security companies in the Group, the Bank rendered clients with comprehensive financing, cash flow and financial management services to maximize sources of clients.

Concerning consumer banking, the Bank targeted premium client segments for mortgages while special attention was placed to residential purposes so as to maintain above-average growth momentum. Auto loan business was able to grow stably through elevating the market penetration of auto loans and developing car financing business. Its growth outnumbered that of any peer in 2015.

In 2015, the loan volume of the bank totaled NT$ 470.4 billion or an increase of NT$ 51.4 billion from NT$ 419 billion in 2014. This included NT$ 296.2 billion of loans through corporate banking, or 63% of total loan service, and NT$ 174.2 billion through consumer banking, or 37% of total loan.

(3) Foreign Exchange:

Import and export businesses were slightly weakened due to market factors but the increase in the Bank’s savings in foreign currencies and the advancement of e-channel convenience drove the growth of inward and outward remittance services. The business scope of general foreign exchange has been expanding yearly. Meanwhile, the Bank has been endeavoring to advance staffs’ expertise, expand its remittance network and better its system in hopes for furnishing professional and convenient foreign exchange services.

In 2015, foreign exchange volume of the Bank reached US$ 53 billion, an increase of US$ 19.9 billion from US$ 33.1 billion in 2014. Meanwhile, remittance service weighted 96%, with the import service standing for 3% and the export service for 1%.

(4) Trust Business:

During Year 2015, custody services were zealously expanded. One fund was added to discretionary mandated custody at the amount of NT$ 1 billion, meanwhile, another fund was added to fund custody at the amount of NT$ 3.2 billion. In custody for foreign capital, 15 clients at the amount of NT$ 2.1 billion were added, and, for discretionary mandated custody, 23 clients at the amount of NT$ 1.6 billion were added.

In 2015, the total balance of trust assets reached NT$ 129.6 billion, an increase of NT$ 15.9 billion from NT$ 113.7 billion at the end of 2014.

(5) Wealth Management:

In conformity with "Caring, Considerate and Sincere," our spirit for wealth management, the Bank aims to provide premium, comprehensive and diverse products, centering on customer satisfaction and stably promote business growth. Meanwhile, to solidify customer relationship management, the Bank, in 2015, launched the Fortune Family. According to classified client asset, exclusive rights and services to members in each class are rendered so that clients can embrace comprehensive services and customized financial advice.

In 2015, net fee income on wealth management totaled NT$ 1.43 billion, or an increase of NT$ 0.35 billion from NT$ 1.08 billion in 2014.

(6) Credit Card:

The Bank continued to focus on target clients to expand credit card business. This business model penetrates into existing card holders of high contribution. Also, in 2015, young customers and hedonistic driving lovers were targeted as primary customers to launch Yuanta iCash 2.0 (iCash Co-branded Card) and repackage All New VISA. In order to enhance the user-friendliness of card holders and raise the number of issued credit cards and consumption amount, contactless credit cards were planned.

In 2015, total credit cards in circulation reached 430,000 cards, an increase by 40% from 2014. The active card rate grew to 57% in 2015 from 48% in 2014.

Budget Implementation, Financial Status and Profitability

In 2015, the Bank's net revenue achieved NT$ 12.93 billion. Compared with the net revenue in 2014 at NT$ 11.40 billion, net revenue increased by NT$ 1.53 billion.

Major differences between 2015 and 2014 are explicated as follows:

(1) Net interest income amounted to NT$ 7.75 billion or an increase by NT$ 0.75 billion from 2014 as a result of the growth of in deposit and loan volume, the rise in interest rate spreads and the increase in interest revenue from securities investment.

(2) Net non-interest income was NT$ 5.19 billion and grew by NT$ 0.79 billion from 2014 as a result of the increase in net fee and commission income, trading and foreign exchange.

(3) Bad debt expense in 2015 amounted to NT$ 0.89 billion, an increase of NT$ 0.13 billion from 2014. Operating expenses in 2014 was NT$ 6.41 billion or an increase of NT$ 0.77 billion from 2014 which included an increase by NT$ 0.22 billion in sales tax.

(4) In conclusion, the Bank's net income before tax in 2015 was NT$ 5.64 billion. After deducting income tax at NT$ 0.70 billion, the net income was NT$ 4.94 billion with the budget achieving rate as 91%, or an increase of NT$ 0.4 billion from NT$ 4.54 billion in 2014.

Research and Development

(1) Financial Supervisory Commission (FSC) launched "Digital Financial Environment 3.0 Building Program" in 2015. During the first phase, 12 services are permitted for online application. According to the security control criteria announced by the competent authority, the Bank completed the development of Yuanta E-Teller within the least possible time and had all the related functions activated by the end of March 2015 in hope for providing financial services of customer satisfaction and convenience. As of December 31, 2015, as high as 26,000 transactions were made on this platform.

(2) Constructed a customer-greeting system. Centered on customers and introduced differentiated over-the-counter service. In addition, iStation, a hand-held system in the lobby and diverse customer recognition approaches, including over-the-counter ticketing and mobile ticketing, are built and digital pre-filled forms and walking teller services were offered in order to minimize operation costs and maximize banking service efficiency and service quality.

(3) Built Mobile Financial Consultant System so that financial consultants can dynamically serve more customers through hand-held devices.

(4) Risk Management:

A. Credit risk: Persistently constructed and enhance credit risk models, elevated efficiency in credit risk management and fortified concentration risk control and risk pricing mechanism through credit risk data mart and the statement analysis platform.

B. Market risk: Enhanced the analysis on derivatives, validated valuation models, developed according documentation and researched on calculation of capital charge for general market risk for FX options through Delta-plus approach in order to orientate the market risk management structure and mechanism toward perfection.

C. Operational risk: Consistently built a comprehensive structure for operational risk management through integration and application of managerial instruments such as Operational Risk Indicator Management System, the self-assessment system for operational risk and control and the operational risk reporting system in order to advance the ability of the Bank to monitor and improve operational risk.

(5) IT system R&D and upgrade: In order to support the Bank's operation strategies and business development, the Bank implemented new systems and projects, such as Customer-Greeting System, Mobile Financial Advisor System, CTI (Computer Telecommunication Integration), New-Generation ATM Replacement Project (Phase 1), Payment Service Provider Trusted Service Manager (PSP-TSM), Yuanta iCash and iPass

Credit Card Module, Cross-border Payment Services (O2O, Online to Offline), Computer System and Information Security Inspection Project, Mobile Device Management System, Anti-Money Laundering (AML) System, and upgraded both the operation system and the hardware facilities for Core-Banking System in order to raise system operation efficiency and security.

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

"Digitalization" and "Internationalization" are among current vital trends in the financial industry. Their critical factors are the innovation ability to improve products and services to satisfy unique demands of unique clients. FSC has been intentionally loosening restrictions to trigger innovation momentum and further advance the ability and competence of the domestic financial industry in new product development through restriction lifting.

Impacts of critical regulation changes are illustrated as follows:

(1) Amendment on "Template of Standard Form Contract for Home Loan (Auto Loan)" and "Mandatory Provisions to be Included in Standard Form Contract for Home Loan (Auto Loan)":

On November 12, 2014, FSC announced "Template of Standard Form Contract for Home Loan (Auto Loan)" and "Mandatory Provisions to be Included in Standard Form Contract for Home Loan (Auto Loan)", which would be enforced as of August 12, 2015. The Bank amended and fully executed according regulations. After such amendment, line of credit for collateral is restricted to the particular debt, unless it is otherwise consented in writing by the collateral provider as needed arise in the future. This amendment impacts the procedures and scope of debt collection in the future.

(2) Amendment of Article 47-1 of the Banking Act for the Upper Limit of Revolving Interest Rate of Credit Cards:

On February 4, 2015, the resolution of amendment on Article 47-1 of the Banking Act was announced, which stipulates that the interest rate charged by banks on cash card or the interest rate charged by institutions engaging in credit card business on revolving credit shall not exceed 15% per annum. This amendment took effect on September 1st, 2015. The customers of the Bank's credit card business mostly make full payment so this amendment affects interest revenue in a very little manner.

(3) Central Bank Approved Banks to Issue Negotiable Certificates of Deposit in Foreign Currencies:

As of July 31, 2015, Central Bank permitted Domestic Banking Unit (DBU) to issue Negotiable Certificates of Deposit (NCD) in foreign currencies. Central Bank also developed Directions for Issuance of Foreign-currency Denominated Negotiable

Certificate of Deposit by Banks and deleted the provision that deposits in foreign currencies shall not be conducted in NCD from Directions Governing Banking Enterprises for Operating Foreign Exchange Business. This measure allows banks to increase financing sources in foreign currencies and provides enterprises and individuals with investment vehicles balanced between capital liquidity and profitability.

(4) Digital Financial Environment 3.0 Building Program of FSC:

On January 13, 2015, FSC announced and activated Digital Financial Environment 3.0 Building Program. This program allows current deposit customers to enjoy financial services in the current online banking and mobile banking. Also, application for 12 common services is available online, which includes closure of accounts, designation of receiving accounts, accepting fax instruction for debit from customers' accounts, the increase of personal unsecured loan, mortgage or auto loan without guarantors, application for credit cards, credit card installment payment, opening trust account and Knowing Your Customer (KYC) due diligence procedure, online agreement with trust business recommendation or discontinuance of recommendation, and cross-selling business. The Bank made the running on March 30, 2015 to launch Yuanta E-Teller, an online financial service, to render customers with a convenient channel for services and promote and enhance the Bank's business development.

(5) FSC Intensified Management of Banks for Transaction Risk from Complicated and Risky Derivatives:

In order to solidify banks' risk control over derivatives services, product transaction conditions and product sale management, FSC, in conjunction with the banking sector and The Bankers Association, developed practical measures which feature intense managerial mechanism and required banks fully understand clients, cautiously assess line of credit and ensure the appropriateness and suitability between products and clients' risk acceptance ability in order to sustain the sound development of banks. The Bank will echo the amendment made by competent authorities and adjust according internal operation procedures in addition to intensifying trainings on legal compliance of personnel so that the Bank can further its business while observing regulations.

(6) FSC announced The Act Governing Electronic Payment Institutions:

On February 4, 2015, FSC announced The Act Governing Electronic Payment Institutions, which took effect on May 3, 2015, to consist with regulations developed in 2015 and the update provisions and regulate business operation and development so that safe and convenient capital transfer services can be offered. The said regulations developed in 2015 include Regulations Regarding Paragraph 2, Article 3 of the Act Governing Electronic Payment Institutions, Regulations Governing Cooperating with or Assisting Foreign Institutions in Engaging in Activities

Associated with Electronic Payment Business within the Territory of the Republic of China, Regulations Governing Identity Verification Mechanism and Transaction Limits for Users of Electronic Payment Institutions, Regulations Governing the Dedicated Deposit Account of Electronic Payment Institutions, Regulations Regarding Paragraph 6, Article 21 of the Act Governing Electronic Payment Institutions, Regulations Governing the Standards for Information System and Security Management of Electronic Payment Institutions, Implementation Rules for the Internal Audit and Internal Control System of Electronic Payment Institutions, Rules Governing the Administration of Electronic Payment Business and Regulations Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions.

The Bank acquired approval from FSC on September 21, 2015 to be an institute which concurrently operates mobile payment. The Bank is dedicated to launch services including collecting and making payments for real transactions as an agent, accepting deposits of funds as stored value funds and transferring funds between e-payment accounts.

(7) Amendment on The Financial Institutions Merger Act:

On December 9, 2015, amendment on The Financial Institutions Merger Act was announced. Amendments on tax preference measures in Article 13 include transferred securities are exempted from securities exchange tax, any goods or labor services transferred are deemed as not falling within the scope of imposition of business tax, the scope for the deferred land value increment tax is enlarged to cover all land owned by the extinguished institution and the goodwill generated due to merger may be equally amortized within 15 years instead of 5 years. The amended provisions took effect on the announcement date and are expected to mitigate costs of mergers of financial institutes.

(8) Amendment on Article 74 of the Banking Act:

On January 22, 2015, to expedite internationalization of the banking sector in Taiwan, Legislative Yuan passed the amendment on Article 74 of the Banking Act. The upper limit on reinvestment of banks was amended from 40% of paid-in capital to 40% of net value in order to boost capital momentum of domestic banks for foreign acquisition.

3. Latest Credit Ratings

Type of rating	Rating agency	Date	Latest Credit Ratings		
			Long-term rating	Short-term rating	Outlook
International rating	S&P	02/18/2016	BBB+	A-2	Negative
	Fitch	02/18/2016	BBB+	F2	Negative
Domestic rating	Taiwan Ratings	02/18/2016	twAA	twA-1+	Negative
	Fitch	02/18/2016	AA- (twn)	F1+ (twn)	Negative

4. Business Plan in 2016 and Outlook

In 2016, on the premises of controlling risk more cautiously and maintaining asset quality, the Bank aims to develop our services in the balanced manner and advance the Bank's services to the appropriate economic scale and market leadership. Meanwhile, the Bank will also raise 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:

(1) 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.

(2) 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.

(3) 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 national risks and establish risk warning mechanism in order to effectively minimize any possible risk.

(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 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 14, 1992, and launched its operation on February 12, 1992, Afterwards, in conformity with the development of the financial market and Government’ s financial reform, the Bank joined Fuhwa FHC 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. On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa FHC formally. On September 23, 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 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. In the future, we will continue to deploy domestic locations according to the need of business development and the group’ s development strategy, with a focus on metropolitan areas in Taiwan, including Taipei City, New Taipei City, Taichung City, Tainan City, and Kaohsiung City. We will also aggressively plan and establish overseas locations, in order to cultivate business opportunities in Taiwan, Hong Kong, and China.

The Bank set up Yuanta Property Insurance Agent Company through reinvestment on October 2, 1999, with the main business at property insurance agency services and Yuanta Life insurance agency Co., Ltd. on November 20, 2001, with the main business at life insurance agency services. In addition, Yuanta International Leasing Co., Ltd. was established on November 15, 2012, with the main business at dealership, leasing and factoring management of immovable properly / real property.

On August 5, 2015, the Bank acquired TongYang Savings Bank from Yuanta Securities Korea Co., Ltd, which is the Bank's first overseas subsidiary. On December 7 in the same year, capital increase by cash for TongYang Savings Bank was completed. Its capital amounted 1 billion pesos afterwards. TongYang Savings Bank, headquartered in Manila, Philippines, was established in August 1997 and has two branches.

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

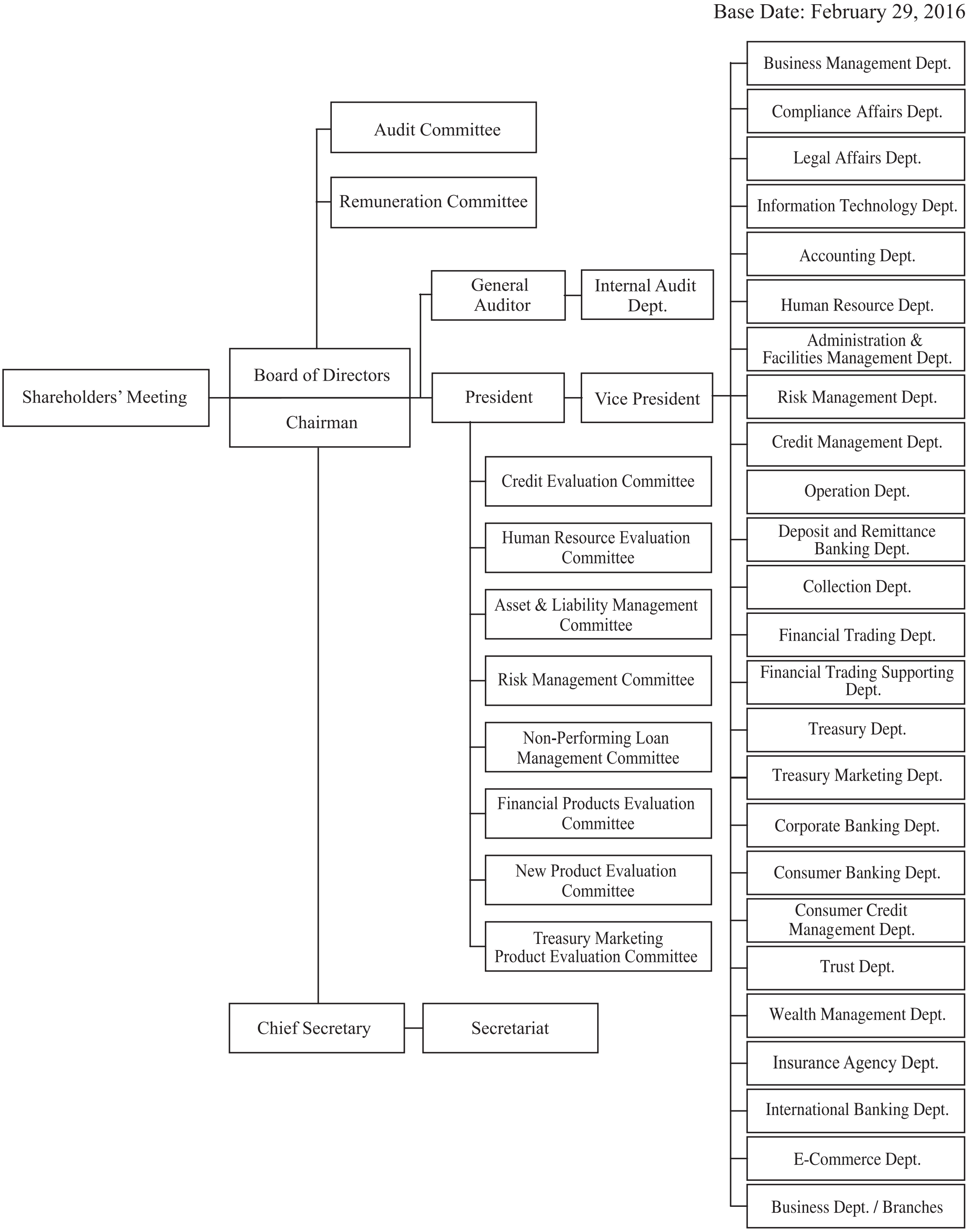
- Overseas Office: Hong Kong Representative Office, Myanmar Representative Office
- Affiliate:
  Yuanta Property Insurance Agent Company
  Yuanta Life Insurance Agent Company
  Yuanta International Leasing Company
  TongYang Savings Bank, Inc.

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

In prospect of the future, Yuanta Commercial 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



(2) Committee Duties

Base Date: February 29, 2016

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.
Compensation 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.
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.
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.
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 29, 2016

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.	Construct credit risk, market risk, operational risk, liquidity risk, and interest rate risk in banking book control mechanism. Monitor and manage risk-related affairs in the Bank
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.
Treasury Marketing Dept.	Research and develop financial products and plan, market and promote according businesses, including financial derivatives, structured products and structured notes, such as interest rates, foreign exchange rates, raw materials.
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.	Supervise budget goals, business strategies, product promotion and marketing events of insurance services.
International Banking Dept.	Planning, management, institutionalization, and processing of foreign exchange.
E-Commerce Dept.	Supervise the development of the E-Banking services, including the planning of strategies, the integration of business operation, also the related promotion and manage affairs.
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 29, 2016

Title	Nationality or Place of Registration	Name (Note 1)	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	03/30/2015 (Note 3)	3 Years	03/30/2015	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,918,361,724	–	● 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 Professore, College of Management, National Taiwan University	Director of Chunghua Telecom	–
Director		Representative of Yuanta Financial Holdings：Song-Erh Chang	06/01/2013	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	—	
		Representative of Yuanta Financial Holdings：Michael Ma	06/01/2013	3 Years	06/01/2013			● Bachelor of Commerce, University of Southern California, USA ● Chief Executive Vice President 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；Executive Assistant to CEO of Yuanta Construction Development	Director of Yuanta Foundation；Director of Yuanta Financial Holdings；Director of Yuanta Construction Development；Vice Chairman 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	

Title	Nationality or Place of Registration	Name (Note 1)	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： Jin-Long Fang	06/01/2013	3 Years	06/29/2007	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,918,361,724	—	● 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	—
		Representative of Yuanta Financial Holdings： Hsien-Tao Chiu	06/01/2013	3 Years	06/30/2005			● 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；Chairman of Taiwan Yi-Her International Corporation；Director of Fong-Long Automobile；Director of Kong-Ya Investment Corporation；Director 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
		Representative of Yuanta Financial Holdings： Chia-Lin Chin	06/01/2013	3 Years	04/16/2009			● Bachelor of Business Administration, National Chengchi University ● 25th Executives Program, Graduate School of Business Administration, National Chengchi University ● 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.	President of Yuanta Commercial Bank；Chairman of Yuanta Life Insurance Agent；Director of Yuanta Asset Management；Director of Yuanta Foundation	—

Title	Nationality or Place of Registration	Name (Note 1)	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： Frank Kuo	06/18/2014 (Note 4)	3 Years	06/18/2014	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,918,361,724	—	● MBA, the University of Texas at Arlington, USA ● President of Yuanta Venture Capital； President of Yuanta I Venture Capital；Assistant Vice President of Grand Asia Asset Management Limited	Director of Grand Asia Captial Services Pte. (Singapore)；Director of Grand Cathay Venture Capital III Co., Ltd.；Director of Qi Ding Venture Capital Co., Ltd.；Director of TSC BioVenture Capital Co., LTD.；Director of Rong Man Industrial Company；Independent Director of TSH Biopharm；Director of De Yang Biotechnology Venture Capital Co., Ltd.；Director of Top Taiwan III Venture Capital Co., Ltd.；CEO of Corporate Banking Division, Yuanta Financial Holdings；Director of Top Taiwan II Venture Capital Co., Ltd.；Director of WI Harper Group；Director of Kun Ji II Venture Capital Co., Ltd.；Director of CDIB BioScience Ventures Management Co., Ltd.；Director of TSC Venture Capital Co., Ltd.；Director of Parawin Venture Capital Capital Co., Ltd.；Director of Lian Ding Venture Capital Co., Ltd.；Director of China Power Venture Capital Co., Ltd.；Director of Yuanta Venture Capital；Director of Yuanta I Venture Capital；Director of Harbinger Venture Capital Co., Ltd.；Director of Hua-Liu Venture Capital Co., Ltd.；Manager of Yuanta Securities；Manager of Yuanta Securities (HK)；Director of Yuanta Securities Asia Financial Service Co., Ltd；PT Yuanta Securities Indonesia Commissioner；Directort of Grand Asia Asset Management；Chairman and Director of Yuanta Asia Investment	—

Title	Nationality or Place of Registration	Name (Note 1)	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： Jin-Sheng Duann	06/01/2013	3 Years	04/01/2012	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,918,361,724	—	● 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	—	—
Independent Director		Representative of Yuanta Financial Holdings： Dah-Hsian Seetoo	06/01/2013	3 Years	06/29/2007			●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；Deputy Director of Public Administration Center, National Chengchi University；Deputy Director of Civil Servant 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；Chair Professor of National Chengchi University	

Title	Nationality or Place of Registration	Name (Note 1)	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：Jung-Hsien Huang	06/01/2013	3 Years	03/19/2008	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,918,361,724	–	●Bachelor of Public Finance, National Chengchi University ●Independent Director of Yuanta Securities；Director-General of Central Trust；Counselor of Ministry of Finance；President of Taipei Bank；Vice President of Chiao Tung Bank	Independent Director of Yuanta Futures	–
		Representative of Yuanta Financial Holdings：Chwo-Ming Yu	06/01/2013	3 Years	06/01/2013			●Ph.D. in Business Administration , Michigan University, USA ●Independent Director of Antec；Consultant of Hon Hai Precision Industry；Assistant professor of Business Administration, University of Illinois at Urbana-Champaign, USA	Independent Director of Yuanta Securities；Independent Director of Advantech Corporation；Director of Higher Education Foundation；Professor of National Chengchi University	

Note 1: On June 1, 2013, Yunata Financial Holdings designated Mr. Song-Erh Chang, Mr. Michael Ma, Mr. Jin-Long Fang, Mr. Hsien-Tao Chiu, Mr. Cheng-Hsin Wang, Mr. Chia-Lin Chin, Mr. Ming-Heng Ho and Mr. Jin-Sheng Duann as the directors of the 8th term of the Company and Mr. Dah-Hsian Seetoo, Mr. Jung-Hsien Huang and Mr. Chwo-Ming Yu as the independent directors of the 8th term of the Company.

Note 2: The term of the 8th board is from June 1, 2013 to May 31, 2016.

Note 3: Yunata Financial Holdings re-appointed Mr. Chich-Chiang Fan to succeed to Mr. Rong-Jou Wang as a director of the 8th term of the Company on March 30, 2015 and elected as Chairman at the 49th Director's Meeting of the 8th term.

Note 4: Yunata Financial Holdings re-appointed Mr. Frank Kuo to succeed to Mr. Ming-Heng Ho as a director of the 8th term of the Company on June 18, 2014.

Note 5: Mr. Cheng-Hsin Wang resigned as a director on February 25, 2015.

(2) Major Institutional Shareholders:

Base Date: September 14, 2015

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd.	3.77%
	Yuan Hung Investment Co., Ltd.	3.29%
	Yuan Hsiang Investment Co., Ltd.	2.77%
	Yu Yang Investment Co., Ltd.	2.71%
	Dedicated investment account managed by Mega International Commercial Bank on behalf of Mega Securities (HK)	2.69%
	Bank of Taiwan Co., Ltd.	2.27%
	Lian Ta Investment Co., Ltd.	2.22%
	Dedicated investment account managed by Citibank (Taiwan) on behalf of Singapore Government	2.13%
	Dedicated trust property account managed by Yuanta Bank	1.67%
	Vanguard Emerging Markets Stock Index Fund managed by Standard Chartered Bank	1.64%

Note: Data for the company's top 10 major shareholders are as of Yuanta Financial Holdings' latest book closure date (09/14/2015).

(3) Key Shareholders of Major Institutional Shareholders:

Base Date: February 29, 2016

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Tsun Chueh Investment Co., Ltd.	Lian Ta Investment Co., Ltd.	19.84%
	Teng Ta Investment Co., Ltd.	19.69%
	Lien Heng Investment Co., Ltd	18.92%
	Chiu Ta Investment Co., Ltd.	18.36%
	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.	100.00%

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Dedicated investment account managed by Mega International Commercial Bank on behalf of Mega Securities (HK)	N/A	
Bank of Taiwan Co., Ltd.	Taiwan Financial Holdings Co., Ltd	100.00%
Lian Ta Investment Co., Ltd.	Chiao Hua International Investment Co., Ltd	45.79%
	Lien Heng Investment Co., Ltd	37.14%
	Chiu Ta Investment Co., Ltd.	14.02%
	Hsing Tsai Investment Co., Ltd	2.58%
	Judy Tu	0.47%
Dedicated investment account managed by Citibank (Taiwan) on behalf of Singapore Government	N/A	
Dedicated trust property account managed by Yuanta Bank	N/A	
Vanguard Emerging Markets Stock Index Fund managed by Standard Chartered Bank	N/A	

(4) Information of Managers:

A. Presidents, Vice Presidents, Assistant Vice Presidents, Department Heads and Branch Managers:

Base Date: February 29, 2016

Title	Nationality	Name	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
President	Republic of China	Chia-Lin Chin	01/01/2010	N/A	N/A	● President ● Bachelor of Business Administration, National Chengchi University ● 25th Executives Program, Graduate School of Business Administration, National Chengchi University	Director of Yuanta Commercial Bank；Chairman of Yuanta Life Insurance Agent；Director of Yuanta Asset Management；Director of Yuanta Foundation	N/A
General Auditor		Chien Weng	10/22/2012			● General Auditor ● Bachelor of Law, Fu Jen Catholic University	General Auditor of Yuanta Financial Holdings；Independent Director of Taiwan FamilyMart；Director of MacroWell OMG Digital Entertainment Corporation	
Executive Vice President		Yu-De Chuang	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 Life Insurance Agent；Supervisor of Yuanta International Leasing；Director of Yuanta Foundation	
		Tsai-Yu Chang	10/17/2013			● Supervisor of Financial Trading Dept., Treasury Marketing Dept. and Treasury Dept. ● MBA, National Chengchi University ● 29th Executives Program, Graduate School of Business Administration, National Chengchi University	Senior Vice President of Yuanta Financial Holdings；Chairman of Yuanta International Leasing；Director of Yuanta Life Insurance Agent；Supervisor of Yuanta Securities Finance；Supervisor of Yuanta Venture Capital；Supervisor of Yuanta I Venture Capital；Director of SYF Information (Samoa) Limited	

Title	Nationality	Name	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	Chung-Ping Lue	10/01/2013	N/A	N/A	● Supervisor of International Banking Dept., Financial Trading Supporting Dept., Operation Dept. and Deposit and Remittance Banking Dept. ● Master of Accounting, National Chengchi University	Director of Yuanta Life Insurance Agent；Director of Yuanta International Leasing	N/A
	Australia	Eric K.Chiu	10/01/2013			● Supervisor of Wealth Management Dept., Trust Dept. and Offshore Banking Branch ● MBA, The University of Queensland, Australia ● 28th Executives Program, Graduate School of Business Administration, National Chengchi University	N/A	
	Republic of China	Allen Wu	10/16/2014			● Supervisor of Business Management Dept. ● MBA in Industrial and Business Management, University of Mississippi, USA	Senior Vice President of Yuanta Financial Holdings；Director of TongYang Savings Bank；Director of First Securities Joint Stock Company	
		Yu Chang	03/01/2015			● Supervisor of Corporate Banking Dept. ● Master of Public Administration, National Chengchi University	Director of Yuanta International Leasing；Director of Ku Pao Home Economics & Commercial High School	
Senior Vice President		Yung-Chung Huang	05/01/2011			● Supervisor of Consumer Banking Dept. and Consumer Credit Management Dept. ● Bachelor of Business Administration, Tamkang University	Director of Yuanta Property Insurance Agent	
		Siou-Mei Chen	09/01/2014			● Supervisor of Information Technology Dept. and E-Commerce Dept. ● Bachelor of Economics, National Chung Hsing University	Vice President of Yuanta Financial Holdings；Director of Yuanta Futures	
		Tai-Yung Hsiung	03/01/2015			● Chief Secretary and Manager of Secretariat ● Bachelor of Cooperative Economics, National Chung Hsing University	Vice President of Yuanta Financial Holdings	

Title	Nationality	Name	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	Siao-Jyuan Zeng	03/01/2015	N/A	N/A	● Supervisor of Credit Management Dept. and Colletion Dept. ● MBA, National Taiwan University of Science and Technology	N/A	N/A
Vice President		Su-Hui Wu	10/01/2013			● Manager of Wealth Management Dept. ● Bachelor of Business Administration, National Chung Hsing University		
		Fan-Sheng Pu	10/01/2015			● Manager of Treasury Dept. ● MBA, National Chung Hsing University		
		Yi-Liang Su	10/01/2014			● Manager of Risk Management Dept. ● Ph.D. of Management, National Taiwan University of Science and Technology	Senior Assistant Vice President of Yuanta Financial Holdings	
		Wen-Hsiang Chang	03/01/2015			● Business Supervisor ● Bachelor of Cooperative Economics, National Chung Hsing University	N/A	
		Sin-Yu Lin	03/01/2015			● Business Supervisor and Manager of Prepatory Office of Singapore Branch ● MBA, Arizona State University, USA		
		Yeong-Jen Chen	03/01/2015			● Business Supervisor ● Bachelor of Finance and Banking, Aletheia University		
		Cheng-Ying Liu	05/11/2015			● Business Supervisor ● Master of Finance, Pace University, New York, USA		
		Wen-Jeng Chang	09/04/2015			● Manager of Offshore Banking Branch, Chief Representative of Hong Kong Representative Office and Manager of Prepatory Office of Macau Branch ● MBA, George Washington University, USA		

Title	Nationality	Name	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-Jung Huang	09/04/2015	N/A	N/A	● Manager of Information Technology Dept. ● Bachelor of Information Engineering and Computer Science, Feng Chia University	N/A	N/A
Senior Assistant Vice President		Yu-Ching Su	04/01/2009			● Manager of Accounting Dept. ● Bachelor of Accounting, Tamkang University		
		Li-Yun Chen	07/14/2014			● Manager of Human Resource Dept. ● MBA, Hofstra University, New York, USA	Assistant Vice President of Yuanta Financial Holdings	
		Mei-Chih Yu	10/13/2014			● Manager of Treasury Marketing Dept. ● Bachelor of International Business, Tamkang University	N/A	
		Ming-Shing Chen	03/01/2015			● Manager of Business Management Dept. and Corporate Banking Dept. ● Bachelor of Laws, National Taiwan University		
		Pei-Shan Lai	03/01/2015			● Business Supervisor ● Bachelor of International Trade, National Taipei University of Business		
		Shu-Jen Chen	03/18/2015			● Manager of Financial Trading Dept. ● Master of Financial Management, University of Birmingham, UK		
		Kung-He Chang	03/01/2015			● Manager of Consumer Credit Management Dept. ● Master of Applied Statistics, Fu Jen Catholic University		
		Chi-Liang Hsiao	03/01/2015			● Manager of Consumer Banking Dept. ● MBA, California State University, San Bernardino,USA		

Title	Nationality	Name	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	07/01/2008	N/A	N/A	● Manager of Financial Trading Supporting Dept. ● Bachelor of Business Administration, Tamkang University	N/A	N/A
		Mei-Ju Chen	06/20/2014			● Manager of Legal Affairs Dept. ● Master of Laws, Fu Jen Catholic University	Assistant Vice President of Yuanta Financial Holdings	
		Mei-Jhu Chang	10/01/2013			● Manager of Operation Dept. ● Dept. of Management, National Taipei College of Business	N/A	
		Wen-Ting Huang	10/01/2013			● Manager of Deposit and Remittance Banking Dept. ● Bachelor of International Trade, National Chengchi University		
		Luin-Chian Lin	02/14/2014			● Manager of International Banking Dept. ● Bachelor of Banking, Tamkang University		
		Chung-Fu Tu	09/04/2015			● Manager of Credit Management Dept. ● Bachelor of Public Finance, Feng Chia University		
		Che-Yi Chu	08/29/2014			● Manager of Trust Dept. ● Master of Finance, Tamkang University		
		Sheng-Hsing Huang	03/01/2015			● Manager of Administration & Facilities Management Dept. ● Bachelor of Accounting, Soochow University		
		Li-Jung Chang	12/01/2015			● Manager of E-Commerce Dept. ● Bachelor of Business Administration, Chinese Culture University		

Title	Nationality	Name	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	Hui-Kuo Chien	04/01/2014	N/A	N/A	● Manager of Collection Dept. ● Bachelor of Economics, Fu Jen Catholic University	N/A	N/A
		Kuo-Hsing Shen	10/02/2015			● Manager of Prepatory Office of Overseas Subsidiary ● MBA, Dallas Baptist University, USA	Chief Operating Officer of TongYang Savings Bank；Supervisor of Controlnet	
Senior Assistant Vice President		Kuang-Chung Liao	11/04/2011			● Manager of Taichung Branch ● MBA, National Sun Yat-Sen University	N/A	
		Chih-Sheng Pan	11/04/2011			● Manager of Shalu Branch ● MBA, Tunghai University		
		Hsi-Tung Chen	05/04/2015			● Manager of Sanchong Branch ● MBA, Yuan Ze University		
		Chi-Wen Tso	03/01/2015			● Manager of Lugang Branch ● Master of Finance, Chaoyang University of Technology		
		Tzu-Ping Liu	05/09/2014			● Manager of Sinjhuang Branch ● Bachelor of Accounting, Tamkang University		
		Chin-Sen Wang	03/02/2012			● Manager of Doushin Branch ● Associate Degree of Accounting and Statistics, Transworld Junior College of Commerce		
		Chung-Hsi Chuang	03/01/2015			● Manager of Nankan Branch ● Associate Degree of Public Administration, The Affiliated Administration Junior College, National Chengchi University		
		Ming-Kun Wang	03/01/2015			● Manager of Banqiao Branch ● Master of Finance, Ming Chuan University		

Title	Nationality	Name	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 Assistant Vice President	Republic of China	Chien-Wei Pan	03/01/2015	N/A	N/A	● Manager of Tianmu Branch ● Master of Finance, California State University, East Bay, USA	N/A	N/A
Assistant Vice President		Jeng-Hwa Cherng	09/09/2011			● Manager of Taipei Branch ● Master of Finance, Fu Jen Catholic University		
		Chun-Huang Lu	09/19/2013			● Manager of Nanjing East Road Branch ● MBA, National Taipei University		
		Hong-Chih Lin	05/09/2014			● Manager of Business Department ● Bachelor of International Business, Soochow University		
		Ching-Sung Chen	11/04/2011			● Manager of Hsinchu Branch ● MBA, South Australia University, Australia		
		Jui-Chien Hsieh	03/02/2012			● Manager of Changhua Branch ● Associate Degree of Accounting and Statistic, National Taipei College of Business		
		Ching-Chi Huang	09/26/2014			● Manager of Boai Branch ● Master of Money and Banking, National Kaohsiung First University of Science and Technology		
		Li-Ching Yu	03/01/2015			● Manager of Zhongli Branch ● Bachelor of International Trade, Tunghai University		
		Chun-Chieh Wu	09/19/2013			● Manager of Luodong Branch ● Bachelor of Commerce, National Taiwan University		

Title	Nationality	Name	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	Ming-Kuan Lu	04/27/2012	N/A	N/A	● Manager of Tainan Branch ● Bachelor of Statistics, National Chengchi University	N/A	N/A
		Yang-Chen Cheng	05/04/2015			● Manager of Fuchen Branch ● MBA, National Cheng Kung University		
		Cheng Liao	05/01/2015			● Manager of Jhonghe Branch ● MBA, National Chung Hsing University		
		Chien-Pin Wu	06/22/2012			● Manager of Songjiang Branch ● Bachelor of Business Administration, National Chung Hsing University		
		Yu-Ling Hsu	03/01/2015			● Manager of Hsinchu Science Park Branch ● MBA, National Central University		
		Bih-Ru Liao	09/26/2014			● Manager of Kaohsiung Branch ● Master of Financial Management, National Kaohsiung First University of Science and Technology		
		Pei-Ying Wang	03/01/2015			● Manager of Zhongshan North Road Branch ● MBA, St. John's University, USA		
		Ta-Hsiang Yuan	05/09/2014			● Manager of Minsheng Branch ● MBA, University of Southern Queensland, Australia		
		Chen-kang Yang	05/01/2015			● Manager of Sinyi Branch ● Bachelor of Economics, Soochow University		
		Tai-Yuan Huang	05/01/2015			● Manager of Beitou Branch ● MBA, University of North Alabama, USA		

Title	Nationality	Name	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	Rong-Hwa Huang	05/01/2015	N/A	N/A	● Manager of Pingzhen Branch ● Bachelor of Commerce, National Taiwan University	N/A	N/A
		Jin-Ren Syu	06/26/2015			● Manager of Chingmei Branch ● Bachelor of Business Administration, Soochow University		
		An-Kuo Hung	06/12/2015			● Manager of Chiayi Branch ● Bachelor of Business Administration, Transworld Institute of Technology		
		Tsung-Chieh Lee	02/22/2013			● Manager of Dali Branch ● Master of Accounting, National Yunlin University of Science and Technology		
		Sheng-Wen Chien	02/22/2013			● Manager of Chongde Branch ● MBA, Chaoyang University of Technology		
		Chien-Sheng Wang	06/12/2015			● Manager of Beidou Branch ● Master of Finance, National Yunlin University of Science and Technology		
		Wen-Hsiung Shih	05/01/2015			● Manager of Guting Branch ● Bachelor of Business Administration, National Chung Hsing University		
		Ming-Chia Tsai	05/09/2014			● Manager of Fongshan Branch ● Master of Economics, National Sun Yat-Sen University		
		Li-Chang Lu	09/19/2013			● Manager of Chengjhong Branch ● Associate Degree of Banking and Insurance, National Taipei College of Business		
		Tsung-hua Hsieh	02/17/2012			● Manager of Dounan Branch ● Associate Degree of Banking Management, Tamsui Institute of Business Administration		

Title	Nationality	Name	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	Ming-Hung Chang	03/22/2013	N/A	N/A	● Manager of Chengde Branch ● Associate Degree of Advertising Design, KaiNan High School of Commerce and Industry	N/A	N/A
		Zu-Jen Lee	05/01/2015			● Manager of Wende Branch ● Associate Degree of Business International Trade, Chihlee College		
		Chung-Lin Yeh	05/09/2014			● Manager of Yuanlin Branch ● Master of Accounting, Chung Yuan Christian University		
		Ching-Hui Chiu	03/01/2015			● Manager of Yonghe Branch ● Bachelor of International Business, Tamkang University		
		Chun-Hsiung Kuo	03/22/2013			● Manager of Jiali Branch ● Master of Industrial Management, National Cheng Kung University		
		Wen-Pin Lu	05/09/2014			● Manager of Sanmin Branch ● Bachelor of Business Administration, Cheng Shiu University		
		Cheng-Tung Tsai	03/06/2015			● Manager of Pingtung Branch ● Bachelor of Business Management, National Taiwan University of Science and Technology		
		Shih-Ho Tsai	05/01/2015			● Manager of Taoyuan Branch ● Bachelor of Laws, Fu Jen Catholic University		
		Yung-Li Huang	05/01/2015			● Manager of Lujhou Branch ● Bachelor of Banking, National Chengchi University		
		Mei-Jen Liu	11/27/2015			● Manager of Xindian Branch ● Bachelor of International Trade, Tamkang University		

Title	Nationality	Name	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	Hui-Ping Wu	05/01/2015	N/A	N/A	● Manager of Taosin Branch ● Bachelor of Bank Insurance, National Taipei University of Business	N/A	N/A
		Jeng-Huei Chen	06/22/2012			● Manager of Daan Branch ● MBA, Ming Chuan University		
		Shun-Ming Fanchiang	04/22/2011			● Manager of Shangsinjhuang Branch ● Bachelor of Economics, Soochow University		
		Chen-Feng Kuan	11/27/2015			● Manager of Gongguan Branch ● Bachelor of Business Management, National Dong Hwa University		
		Chih-Hung Lu	05/01/2015			● Manager of Guangfu Branch ● Bachelor of Business Administration, National Chengchi University		
Manager		Ping-Hwang Hu	03/02/2012			● Manager of Fongyuan Branch ● Bachelor of Economics, Fu Jen Catholic University		
		Ming-Sheng Chen	05/09/2014			● Manager of Fudong Branch ● Associate Degree of Bank Insurance, TaTung Junior College of Commerce		
		Yeh-Lu Lee	02/22/2013			● Manager of Wunsin Branch ● Bachelor of Economics, Tunghai University		
		Cheng-Fang Chen	04/27/2012			● Manager of Caotun Branch ● Master of Finance, National Yunlin University of Science and Technology		
		Chung-Lin Wu	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	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	Ting-I Chu	03/02/2012	N/A	N/A	● Manager of Fusing Branch ● Chief Representative of Yangon Representative Office ● Master of International Management, American Graduate School of International Management ● MBA, South Dakota University, USA	N/A	N/A
		Sheng-Feng Chen	03/02/2012			● Manager of Miaoli Branch ● Master of Economics, Feng Chia University		
		Li-Fen Chang	09/09/2011			● Manager of Dajia Branch ● Bachelor of Business Management, Ling Tung Junior College of Technology		
		Ying-Chou He	09/26/2014			● Manager of Neihu Branch ● Master in Mainland China Studies, Chinese Culture University		
		Kuo-Ching Wong	02/17/2012			● Manager of Anhe Branch ● Bachelor of Economics, National Taiwan University		
		Jie-Ping Wu	02/17/2012			● Manager of Kinmen Branch ● Master of Business Education, National Changhua University of Education Department		
		Hao Tsai	02/17/2012			● Manager of Huwei Branch ● Associate Degree of International Trade, Taichung College of Commerce		
		Che-Chin Lin	09/19/2013			● Manager of Linkou Branch ● Master of Finance, National Taiwan University of Science and Technology		
		Ming-Hsiung Lin	02/22/2013			● Manager of Jhubei Branch ● Associate Degree of International Trade, Tamsui Institute of Business Administration		

Title	Nationality	Name	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	Chin-Hao Wang	05/09/2014	N/A	N/A	● Manager of Kaiyuan Branch ● Associate Degree of Business Administration, Far Eastern College of Industrial and Commercial Management	N/A	N/A
		Hsu-Hua Liang	08/07/2012			● Manager of Zhongxiao Branch ● Associate Degree of Banking Management, Tamsui Institute of Business Administration		
		Ling-Ying Liao	02/22/2013			● Manager of Chunggang Branch ● Associate Degree of Business Administration, Ling Tung Junior College of Accounting		
		Lu-Wen Tang	09/09/2011			● Manager of Taiping Branch ● Bachelor of Finance, Chaoyang University of Technology		
		Jhe-Bin Liang	10/02/2015			● Manager of Tucheng Branch ● Bachelor of Finance, Aletheia University		
		Chi-Chang Yu	09/28/2012			● Manager of Guanqian Branch ● Bachelor of Business, National Open University		
		Chia-Lin Chiu	04/25/2014			● Manager of Datong Branch ● Bachelor of Finance, Tamkang University		
		Chao-Hsiang Chen	03/28/2014			● Manager of Songshan Branch ● Bachelor of Banking and Insurance, Feng Chia University		
		Pan-Yi Chiu	02/14/2014			● Manager of Beisanchong Branch ● Bachelor of Business, National Open University		
		Yu-Chien Hsu	02/22/2013			● Manager of Datong Branch ● Bachelor of Management Science, National Chiao Tung University		

Title	Nationality	Name	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	Kan-Lin Chen	04/22/2011	N/A	N/A	● Manager of Shuanghe Branch ● MBA, National Chengchi University	N/A	N/A
		Yen-Shan Lee	05/01/2015			● Manager of Yanping Branch ● Bachelor of Statistics, National Chung Hsing University		
		Tien-Fen Lin	09/14/2015			● Manager of Nankan Branch ● Bachelor of Business Management, National Chung Hsing University		
		Cherng-Jer Lee	02/22/2013			● Manager of Zuoying Branch ● Master of Money and Banking, National Kaohsiung First University of Science and Technology		
		Chin-Tsung Huang	03/28/2014			● Manager of Xindian Zhongzheng Branch ● MBA, National Taiwan University of Science and Technology		
		Hui-Jen Chang	12/23/2011			● Manager of Heping Branch ● MBA, Royal Roads University, Canada		
		Yung-Chang Tseng	02/17/2014			● Manager of Ximen Branch ● Master of Accounting, Kansas State University, USA		
		Chiu-Hua Chou	09/26/2014			● Manager of Shihlin Branch ● Associate Degree of Information Management, Hwa Hsia Junior College of Industrial and Commercial Management		
		San-Kuei Huang	09/19/2013			● Manager of Tungshin Branch ● Bachelor of Accounting, Chinese Culture University		

Title	Nationality	Name	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	Chao-Hung Cheng	04/07/2015	N/A	N/A	● Manager of Hualien Branch ● Bachelor of Applied Commerce, National Taipei University of Business	N/A	N/A
		Hsiao-Pei Chang	11/29/2013			● Manager of Puqian Branch ● Bachelor of Accounting, Soochow University		
		Kuo-Tsai Liu	01/24/2014			● Manager of Shulin Branch ● Bachelor of Banking and Finance, Tamkang University		
Senior Assistant Vice President		Shu-Jung Wang	10/01/2015			● Leader of Funding Group, Treasury Dept. ● Bachelor of International Trade, Fu Jen Catholic University		
Assistant Vice President		Tzu-I Huang	10/01/2015			● Leader of Trading Group, Treasury Dept. ● MBA, National Taiwan University		
		Yung-Fu Lin	04/01/2014			● Vice Manager of Information Technology Dept. ● Bachelor of Information Management, Fu Jen Catholic University		
		Chien-Ming Tseng	03/18/2015			● Vice Manager of Financial Trading Dept. ● Bachelor of Finance and Banking, Aletheia University		
		Mei-Chu Yeh	09/16/2015			● Vice Manager of Consumer Banking Dept. ● Business Association of Taipei Shixin Senior Commercial Vocational School		

Title	Nationality	Name	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	Hsiu-Yun Tsao	01/01/2015	N/A	N/A	● Leader of Public Relations Group, Business Management Dept. ● Bachelor of History, Chinese Culture University	N/A	N/A
		Tsung-Yao Chen	02/01/2014			● Leader of Corporate Banking Group, Nanjing East Road Branch ● Bachelor of Finance and Banking, Aletheia University		
		Chien-Heng Chen	10/16/2015			● Leader of Corporate Banking Group, Banqiao Branch ● Bachelor of Chinese Literature, National Taiwan 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

http://www.yuantabank.com.tw/en/

(2) State of Corporate Governance:

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
	Yes	No	Summary	
1. Equity structure and shareholders' rights of the Bank:				Conformity
(1) Did the Bank set up methods to handle shareholders' suggestions, questions, complaints and legal actions from shareholders, and implemented the procedure?	✓		(1) The Bank is wholly-owned by Yuanta Financial Holdings. 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) Did the Bank maintain list of its major shareholders and the ultimate controllers of these major shareholders?	✓		(2) Yuanta Financial Holdings is the sole shareholder of the Bank. Therefore, Yuanta Financial Holdings is the major shareholder actually controlling the Bank and the ultimate controller of the shareholder.	
(3) Did the Bank establish and execute risk control and firewall mechanism between the Bank and its affiliates?	✓		(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.	
2. Composition and responsibilities of the Board of Directors:				Conformity
(1) Did the Bank's voluntary establishment of other functional committees in additional to Remuneration Committee and Audit Committee?	✓		(1) In addition to Remuneration Committee and Audit Committee, the Bank also set up Risk Management Committee, Non-Performing Loan Management Committee, Financial Products Evaluation Committee, New Product Evaluation Committee, Credit Evaluation Committee, Human Resource Evaluation Committee, Asset & Liability Management Committee and Treasury	

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
	Yes	No	Summary	
(2) Did the Bank assess the independence of the CPA periodically?	✓		Marketing Product Evaluation Committee according to respective services. (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. Did the Bank establish communication channel with stakeholders?	✓		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
4. Information Disclosure: (1) Did the Bank establish website to disclose information concerning financial affairs and corporate governance? (2) Did the Bank have other information-disclosing 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.)?	✓ ✓		(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. (2) The Bank established the spokesperson and deputy spokesperson system to unify and integrate financial and business information and advance the timeliness of public announcement.	Conformity
5. 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 trainning, 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, takeholders 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	Conformity

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			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 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. In March 2015, a donation of NT$ 0.65 million was made to Education Charity Fund of Financial Services, founded by Taiwan Financial Services Roundtable in order to assist young students from the vulnerable households to smoothly complete their education and render them with courses on finance. B. In April 2015, the Bank donated NT$ 6.6 million to Polaris Research Institute as the research fund for macro-economy, finance and commodities of Taiwan and major countries. C. In April 2015, a donation of NT$ 13.85 million to Yuanta Foundation for talent development as well as arts and charity events.	
6. Did the Bank conduct a corporate governance self-assessment report or commissions a professional institution to compile a corporate governance assessment report? (If yes, the opinions of the Board, the results of self-assessment or commissioned assessment, major deficiencies or suggestions,	✓		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 the six facets of the corporate governance system is summarized as follows: (1) Protection over Shareholder's Equity, (2) Equal treatment of shareholders: Yuanta Financial Holdings is the sole shareholder of the Bank. Facet I and II are	Conformity

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>and its improvements)
(Note)</td><td></td><td></td><td>scored in accordance with the scores which Yuanta Financial Holdings received.
(3) Respect for rights of stakeholders and corporate social responsibilities:
The Bank designated responsible personnel to join Yuanta Financial Holdings Corporate Social Responsibility Work. Promotion Center which was founded by Yuanta Financial Holdings, 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:
Yuanta Financial Holdings developed Corporate Social Responsibility Best Practice Principles, applicable to operation activities of its subsidiaries, and posted these principles on its website. In addition, Corporate Social Responsibility 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 parent company so as to solidify stakeholders' confidence.
(4) Transparency and disclosure:
The Bank complied with regulations and disclosed according information in its annual report and its 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 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</td><td></td></tr>
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<tr><td></td><td></td><td></td><td>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:
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</td><td></td></tr>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>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 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</td><td></td></tr>
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Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			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 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.	

Note : The corporate governance self-assessment report referred to herein means the report stating the status of operation and implementation of any policies within the scope of self-assessment and stated by the Company.

(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 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, 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 Yuanta Financial Holdings. CSR Promotion Center of Yuanta Financial Holdings 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 andare 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 Yuanta Financial Holdings 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, waste water treatment and reporting on the outcome. C. We use low energy, green energy office supplies and machines. Yuanta Financial Holdings is awarded Best Green Purchasing Unit by Taipei City Government and Environmental Protection Administration for four consecutive years from 2011 to 2014. 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	✓		(2) Regarding the establishment of environment management

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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>proper environmental management systems based on the characteristics of their industries?</td><td></td><td></td><td>systems(including water conservation, energy conservation, 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 in Taipei, the Bank developed the internal managerial standards and the air-conditioning inspection approach for all business sites to carry out temperature control.
B. In order to realize water conservation, energy conservation, carbon and greenhouse gas reduction, we regularly report the outcome of conservation measures for water, electricity and other items of energy consumption.
C. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry out disinfection, rodent and insect control.
D. The use of company cars complied with energy saving and avoid unnecessary carbon emission.</td></tr>
<tr><td>(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?</td><td>✓</td><td></td><td>(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 and water usage and transportation oil. During the past 3 years, a persistent examination on greenhouse emission has been conducted. The Bank has applied for ISO 50001 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.</td></tr>
<tr><td>3. Preserving Public Welfare:
(1) Did the Bank develop management policies and procedures according to regulations and International Bill of Human Rights?</td><td>✓</td><td></td><td>(1) The Bank has complied with labor regulations and codes of its parent company Yuanta Financial Holdings 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.</td></tr>
<tr><td>(2) Did the Bank establish the employee complaint mechanism and channel and process according affairs properly?</td><td>✓</td><td></td><td>(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.</td></tr>
<tr><td>(3) Did the Bank offer employees the safe and healthy workplace and conduct safety and health education for employees periodically?</td><td>✓</td><td></td><td>(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</td></tr>
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<tr><td></td><td></td><td></td><td>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 Yuanta Financial Holdings has established the following regulation: “The employer shall have new recruits receive necessary safety and health education and trainings applicable to their new posts.” In order to protect the health and safety of all workers, we 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 2014. 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.</td></tr>
<tr><td>(4) Did the Bank establish the periodic communication mechanism and, in a reasonable approach, inform employees of the operation changes with possible significant influence?</td><td>✓</td><td></td><td>(4) A.The Company, 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 Company and employees are announced on the internal website so that employees are aware of their rights. In addition, a fully dedicated unit places daily important news of the Company on the web pages for employees to look up anytime in order to understand the latest industrial news and important news of the Company.
C. The Bank also irregularly announces the Company major changes in operation through email boxes so that employees can receive instant information.</td></tr>
<tr><td>(5) Did the Bank develop training programs on effective career and capability development for employees?</td><td>✓</td><td></td><td>(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</td></tr>
</table>

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>job rotation to nurture multifaceted financial talents and elevate their professional capabilities and legal compliance so that more thorough and professional service can be offered to clients and advancethe business expansion and performance growth.
<table>
<tr><th colspan="6">2015 Education and Training</th></tr>
<tr><th>Type</th><th>Total Course</th><th>Total Hours (Note1)</th><th>Total number of persons</th><th>Avg. training hours per person (Note 2)</th><th>Avg. training per person (Note 3)</th></tr>
<tr><td>Internal</td><td>207</td><td>76,473.15</td><td>36,500</td><td>28</td><td>13.3</td></tr>
<tr><td>External</td><td>401</td><td>16,596.40</td><td>1,757</td><td>6</td><td>0.6</td></tr>
<tr><td>Total</td><td>608</td><td>93,069.55</td><td>38,257</td><td>34</td><td>13.9</td></tr>
</table>
Note 1:Total Hours = Σ (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</td></tr>
<tr><td>(6) Did the Bank develop policies and complaint procedures for consumer rights protection on research and development, procurement, production, operation and service processes?</td><td>✓</td><td></td><td>(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 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 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.</td></tr>
<tr><td>(7) Did the Bank conform its marketing, products and services to regulations and international principles?</td><td>✓</td><td></td><td>(7) The Bank’s marketing acyivities of all products and services are in conformity with according regulations.</td></tr>
<tr><td>(8) Did the Bank evaluate the suppliers’ past records for influencing environment and society prior to the relationship establishment?</td><td></td><td>✓</td><td>(8) To fulfill the Bank 's commitment to Corporate Social Responsibilities, the Bank has requested correspondent companies (over 100 companies) provide Letter of Commitment to Clauses on Human Rights and Environment Sustainability.</td></tr>
<tr><td>(9) Did the agreement signed between the bank and its suppliers stipulate that the Bank may suspend or terminate the contract should the suppler be involved any violation of its corporate social responsibilities?</td><td></td><td>✓</td><td>(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 suppler’s violation of its corporate social responsibilities.</td></tr>
<tr><td>4. Enhance Information Disclosure:
Did the Bank disclose vital and accountable CSR information on its website and Market Observation Post System?</td><td>✓</td><td></td><td>(1)The Bank has disclosed information through its parent company Yuanta Financial Holdings website and Market Observation Post System.
(2) Yuanta Financial Holdings, the Banks’ parent company, has produced Corporate Social Responsibility Report to disclose its performance on Corporate Social Responsibility.</td></tr>
</table>

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:

None.

6. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices (e.g., systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, social and public interests, consumer rights and interests, human rights, safety and health, other corporate social responsibilities and activities, and the status of implementation.):

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:

None.

(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 and Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding, 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 Corporate Management Best Practice Principles for Yuanta Financial Holdings and Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding, 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 include 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 stipulated in Section 2, Article 7, Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and other business scopes?	✓		(3)The Bank, in conformity with "Procedures for Ethical Management and Guidelines for Conduct" of Yuanta Financial Holdings, 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 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.

Item	Implementation		
	Yes	No	Summary
2. Fully execute ethical corporate management: (1) Did the Bank evaluate ethics records of its clients and sign any agreement stipulating ethical conduct?	✓		(1) Before the Bank signs contracts of suppliers, the authorized divisions execute regulated evaluation and explain the Bank's ethical strategies and according regulations. Proper examination procedures are conducted according to The Inspection Sheet of Purchase Contract Signing Procedures. These procedures include signing Declaration Letter of Ethics Promise by suppliers, looking up any records of unethical conduct on website of Judicial Yuan, and specifying clauses of ethical conduct in the contract. In addition, transactions and procurement requires the inquiry of the stakeholder database to confirm if the supplier is a stakeholder of the company shall be confirmed through Civil Service of Doc, MOEA to fully inspect the business ethics of the trading partners and avoid transactions with any company with unethical records.
(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)Yuanta Financial Holdings, the parent company of the Bank, established Ethical Management Committee to perform ethical management and operation. The Bank designated an exclusively responsible unit (Compliance Affairs Department) for ethical-management related affairs. 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.
(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 2015, no violation against Procedures for Ethical Management and Guidelines for Conduct of Yuanta Financial Holdings was found in the result of internal audit evaluation.
(5)Did the Bank periodically host internal and external training on ethical	✓		(5) In order to fully perform ethical management and root it in daily business, the Bank conducted the bank-wide training on corporate social responsibility (including business ethics, anti-bribery and anti-corruption) for current staff. In addition, these concepts and

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>management?</td><td></td><td></td><td>principles are explained and communicated during auditing, risk management and legal compliance courses and orientation training in order to have “business ethics” deeply rooted in the Bank’s daily operation.</td></tr>
<tr><td>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 reporters from improper treatment arising from whistle-blowing?</td><td>✓
✓
✓</td><td></td><td>(1) The Bank 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 Guidelines of Yuanta Financial Holdings, 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 of violation, contents of violation, and responsive procedures on the internal website.
B.According to Yuanta Financial Holdings Procedures for Ethical Management and Guidelines for 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.</td></tr>
<tr><td>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?</td><td>✓</td><td></td><td>Information in respect of ethical management is disclosed in the Annual Report on the Bank’s website.</td></tr>
<tr><td colspan="4">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 Corporate Management Best Practice Principles and Operational Procedures and Code of Conduct for Yuanta Financial Holdings.</td></tr>
<tr><td colspan="4">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.</td></tr>
</table>

III. Fund Raising and Operational Highlights

1. Capital and Shares

(1) Sources of Capital:

Unit:NT$1,000, thousand shares；Base Date: February 29, 2016

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

Unit: thousand shares；Base Date: February 29, 2016

Types of shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	3,918,362	31,638	3,950,000	Public offering

(2) Shareholder structure:

Unit: thousand shares；Base Date: February 29, 2016

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	3,918,362	0	0	0	3,918,362
Shareholding ratio (%)	0	100%	0	0	0	100%

(3) Diffusion of ownership:

Unit: thousand shares；Base Date: February 29, 2016；Face value $10 per share

Shareholding category	Number of shareholders	Shares held	Shareholding ratio (%)
1,000,001 and above	1	3,918,362	100%
Total	1	3,918,362	100%

(4) List of principal shareholders:

Unit: thousand shares；Base Date: February 29, 2016

Shares Major shareholders	Shares held	Shareholding ratio (%)
Yuanta Financial Holdings	3,918,362	100%

(5) Market Price, Book Value, Earnings and Dividends Per Share, and the Relevant Information Over the Most Recent two years:

Year Item			2014	2015	February 29, 2016 (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$13.59	NT$13.72	NT$14.01
	After distribution		NT$12.56	Note 1	Not applicable
EPS	Weighted average shares (thousand shares)		3,918,362	3,918,362	3,918,362
	EPS	Before adjustment	NT$1.21	NT$1.26	NT$0.23
		After adjustment	NT$1.16	Note 1	Not applicable
Dividend/Share (NT$/Share)	Cash dividends		NT$0.53	Note 1	Not applicable
	Stock dividends	By earnings	NT$0.40	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

Note 1: The earning distribution for 2015 has been resolved by the Board of Directors on March 24, 2016, however, it has not been resolved by the shareholders' meeting.

Note 2: The preliminary financial data ending February 29, 2016, 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 29, 2010	Jin-Kuan-Yin-Kong-10000110840 Dated April 25, 2011	Jin-Kuan-Yin-Kong-10000110840 Dated April 25, 2011
Date of issuance	June 10, 2010	June 27,2011	August 22,2011
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 10, 2017	Duration: 7 years Maturity: June 27, 2018	Duration: 7 years Maturity: August 22, 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 12, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12, 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 25, 2011	Jin-Kuan-Yin-Kong-10000110840 Dated April 25, 2011
Date of issuance	October 27, 2011	October 27, 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 27, 2018	Duration: 10 years Maturity: October 27, 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 12, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12, 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 24, 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 22, 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 27, 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 27, 2014	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014	Jin-Kuan-Yin-Kong-10300180640 Dated June 27, 2014
Date of issuance	September 4, 2014	September 4, 2014	October 29, 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 4, 2021	Duration: 10 years Maturity: September 4, 2024	Duration: 7 years Maturity: October 29, 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 12, 2014 Taiwan Ratings: twA + (Debentures rating)	December 12, 2014 Taiwan Ratings: twA + (Debentures rating)	December 12, 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 14, 2015	Jin-Kuan-Yin-Kong-10400000510 Dated January 14, 2015	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015
Date of issuance	March 24, 2015	March 30, 2015	August 27, 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 24, 2018	Duration: 2 years Maturity: March 30, 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 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

Type of financial debentures	1^{st} term financial debentures 2015	2^{nd} term financial debentures 2015	3^{rd} term financial debentures 2015
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	Yes, Tier II	Yes, Tier II	Yes, Tier I
Credit rating organization, date of rating and rating score	February 18, 2016 Fitch Ratings: AA-(twn)	February 18, 2016 Fitch Ratings: AA-(twn)	February 18, 2016 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 12, 2015	Jin-Kuan-Yin-Kong-10400130410 Dated June 12, 2015	Jin-Kuan-Yin-Kong-10400296320 Dated December 24, 2015
Date of issuance	August 27, 2015	September 29, 2015	February 23, 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 27, 2025	Duration: Perpetual Maturity: N/A	Duration: 10 years Maturity: February 23, 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 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 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 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

Type of financial debentures	4th term financial debentures 2015	5th term financial debentures 2015	1st term financial debentures 2016
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	February 18, 2016 Taiwan Ratings: twAA	February 18, 2016 Taiwan Ratings: twAA	February 18, 2016 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 December 23, 2014, the Bank signed share purchase agreement with Yuanta Securities Korea Co., Ltd. and acquired 100% equity of TongYang Savings Bank in Philippines from Yuanta Securities Korea Co., Ltd at 12.2 billion Korean Wons. This acquisition received approval from FSC in letter of Jin-Kuan-Yin-Kong No. 10300349460 on February 2, 2015, and received approval from Central Bank of the Philippines on July 1, 2015. Both parties in this acquisition completed the delivery on August 5, 2015. 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 financial statement , the enforcement thereof and basic information of the merged or acquired financial institutions shall be disclosed:【None】

(3) Implementation of Capital Utilization Plan

A. With approval from the authority, the Bank issued subordinated debentures of NT$5 billion on April 29, 2010, issued subordinated debentures of NT$10 billion on April 25, 2011, issued subordinated debentures of NT$8 billion on June 27, 2014, issued foreign currency financial debentures of NT$5 billion (or equivalent to USD or CNY) on January 14, 2015, issued subordinated debentures of NT$10 billion (or equivalent to foreign currency) on June 12, 2015, and issued subordinated debentures of NT$10 billion (or equivalent to foreign currency) on December 24, 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 February 29, 2016, 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 29, 2010	The subordinated financial debentures of NT$5 billion	• The 1st term (2010) subordinated financial debentures of NT$5 billion were issued on June 10, 2010.
Jin-Kuan-Yin-Kong-10000110840 dated April 25, 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 27, 2011. • The 2nd term (2011) subordinated financial debentures of NT$2.35 billion were issued on August 22, 2011. • The 3rd term (2011) subordinated financial debentures A of NT$0.7 billion were issued on October 27, 2011. • The 3rd term (2011) subordinated financial debentures B of NT$4.5 billion were issued on October 27, 2011.
Jin-Kuan-Yin-Kong-10300180640 dated June 27, 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 4, 2014. • The 1st term (2014) subordinated financial debentures B of NT$4.7 billion were issued on September 4, 2014. • The 2nd term (2014) subordinated financial debentures of NT$1.7 billion were issued on October 29, 2014.
Jin-Kuan-Yin-Kong-10400000510 dated January 14, 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 24, 2015. • The 2nd term (2015) unsecured financial debentures of CNY$0.265 billion were issued on March 30, 2015.
Jin-Kuan-Yin-Kong-10400130410 dated June 12, 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 27, 2015. • The 4th term (2015) subordinated financial debentures of NT$3 billion were issued on August 27, 2015. • The 5th term (2015) perpetual non-cumulative subordinated financial debentures of NT$1.45 billion were issued on September 29, 2015.
Jin-Kuan-Yin-Kong-10400296320 dated December 24, 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 23, 2016.

3. Business Overview

(1) Business Performance for 2014~2015:

A. Revenue Breakdown:

Unit: NT$ 1,000；%

Year / Item	2015		2014 (Adjusted)	
	Amount	Proportion (%)	Amount	Proportion (%)
Net interest income	7,745,571	59.89	7,000,215	61.40
Net service fee and commission income	2,580,988	19.96	2,063,634	18.10
Gain (loss) on financial assets and financial liabilities at fair value through profit or loss	2,995,849	23.16	836,693	7.34
Realized gain on available-for-sale financial assets	279,894	2.16	306,817	2.69
Foreign exchange gain (loss)	(775,113)	(5.99)	622,016	5.46
Other non-interest income	105,575	0.82	571,473	5.01
Net revenue	12,932,764	100.00	11,400,848	100.00

B. Deposit:

Unit: NT$ in million；%

Year / Item	2015		2014 (Adjusted)		Comparison with 2014	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Checking deposits	3,144	0.48	4,830	0.83	(1,686)	(34.91)
Demand deposits	104,145	15.76	78,267	13.50	25,878	33.06
Demand saving deposits	209,915	31.76	207,501	35.80	2,414	1.16
Time deposits	220,343	33.34	184,213	31.78	36,130	19.61
Time savings deposits	123,364	18.67	104,821	18.08	18,543	17.69
Total	**660,911**	**100.00**	**579,632**	**100.00**	**81,279**	**14.02**

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	2015		2014		Comparison with 2014	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Corporate Loans	**297,456**	**61.40**	**286,073**	**63.45**	**11,383**	**3.98**
General corporate loans	191,903	39.61	191,567	42.49	336	0.18
Small-and-medium business loans	104,793	21.63	93,873	20.82	10,920	11.63
Government loans	—	—	—	—	—	—
Delinquent	760	0.16	633	0.14	127	20.06
Consumer Loans	**186,993**	**38.60**	**164,819**	**36.55**	**22,174**	**7.43**
Mortgage	158,709	32.76	142,021	31.50	16,688	11.75
Auto loans	23,712	4.89	18,513	4.11	5,199	28.08
Consumer unsecured loans	1,379	0.29	973	0.21	406	41.73
Stock-Secured Loan	2,709	0.56	2,986	0.66	(277)	(9.28)
Delinquent	37	0.01	140	0.03	(103)	(73.57)
Other (Note)	447	0.09	186	0.04	261	140.32
Total	**484,449**	**100.00**	**450,892**	**100.00**	**33,557**	**7.44**

Note: Including certificate of deposit loan and composite overdraft.

D. Foreign Exchange:

Unit: US$ 1,000；%

Item \ Year	2015		2014		Comparison with 2014	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Import business	1,748,716	3.30	1,926,802	5.82	(178,086)	(9.24)
Export business	663,204	1.25	872,199	2.63	(208,995)	(23.96)
Outward Remittance	24,329,542	45.92	14,909,193	45.01	9,420,349	63.18
Inward Remittance	26,237,392	49.53	15,418,380	46.54	10,819,012	70.17
Total	52,978,854	100.00	33,126,574	100.00	19,852,280	59.93

E. Trust Business:

Unit: NT$ 1,000；%

Item \ Year		2015	2014	Comparison with 2014	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Total balance of trust assets		129,635,017 (Note 1)	113,761,789 (Note 2)	15,873,228	13.95
Other consigned items		2,761,261	4,086,570	(1,325,309)	(32.43)
Total revenue of trust business service fee		792,277	871,120	(78,843)	(9.05)
Scale of assets under custody of investment insurance policy		1,257,694	1,229,363	28,331	2.30
The custody asset in discretionary investment account		4,915,526	4,724,376	191,150	4.05
Scale of assets under custody of foreign investment		20,181,109	22,809,139	(2,628,030)	(11.52)
Scale of assets under custody of business guarantee bond		2,425,000	3,440,000	(1,015,000)	(29.51)
Custodian service fee income		28,451	43,681	(15,230)	(34.87)
Certification of securities	Amount of certification	62,752,729	14,465,701	48,287,028	333.80
	Revenue of certification service charges	2,740	2,135	605	28.34

Note 1:Including OBU trust property in the amount of NT$1,982 million.
Note 2:Including OBU trust property in the amount of NT$1,786 million.

F. Credit card:

Unit: NT$ in million；%

Item \ Year	2015	2014	Comparison with 2014	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Number of cards issued (card)	1,158,817	1,007,442	151,375	15.03
Card in force (card)	431,033	308,050	122,983	39.92
Transaction Amount (NT$ in million)	28,558	11,535	17,023	147.58
Revolving balance (NT$ in million)	435	474	(39)	(8.23)

G. Investment:

Unit: :NT$ in million；%

Year / Item	2015	2014	Comparison with 2014	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Bond trading volume	170,485	122,978	47,507	38.63
Bill trading volume	43,433	212,025	(168,592)	(79.52)

Unit: US$ in million；%

Year / Item	2015	2014	Comparison with 2014	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Spot transaction	55,233	26,202	29,031	110.80
Forward exchange transaction	7,244	5,283	1,961	37.12
Foreign exchange SWAP	33,831	27,828	6,003	21.57
Option transaction	46,791	57,034	(10,243)	(17.96)

H. E-Banking:

Unit: in thousands

Year / Item	2015	2014	Comparison with 2014	
			Amount increase (decrease)	Increase (decrease) proportion (%)
Total Internet banking transactions	3,469	3,171	298	9.40
Total mobile banking transactions	3,220	1,468	1,752	119.35
Total cross-border payment transactions	7	0	7	-

(2) 2015 Operating Plan:

During 2015, the Bank will focus on business structure adjustment and aim to raise the efficiency of capital utilization, the share of fee income and the income of financial transaction business. Additionally, the Bank will also grasp the business opportunity of mobile payment and aggressively escalate its contribution to profit. The business plan of the Bank is summarized as follows:

A. Business Development:

a. For different target markets, the Bank will provide various products and marketing activities, through physical and online channels, to satisfy customers' diverse demand for financial services. Meanwhile, the Bank will deepen relations with existing customers and acquire potential customers to expand the customer base and cement the Bank's base for future development.

b. Respecting corporate banking business, it is planned to further acquire small-and-medium business customers, integrate resources from DBU, OBU and subsidiares of the Group and offer diverse cash flow services to maximize profitability of credit products and fee income.

c. The Bank will further its consumer banking business through actively expanding auto loans, stock-secured loans and consumer unsecured loans, fortifying promotion of credit cards and expeditious elevation of credit card issuance and transaction amounts.

d. Launch the new brand identity for wealth management through ‘‘Caring, Considerate and Sincere’’ to satisfy customer’s demand for financial management and further impress customers on the Bank wealth management brand. Additionally, the Bank will, on the foundation of professional team and diverse product, earn customer trust and acknowledgement and expand its business scale gradually.

B. Channel Management:

The domestic physical channels are deployed according to regional business distribution and wealth status to realize localization strategies. Head Office will periodically review its performance and practices to effectively advance performance of channel management. Moreover, the establishment of offshore offices will be actively assessed by International Business Team to seize overseas business opportunities. The electronic channels will be developed through promotion of online banking, mobile banking, Third-Party Payment and mobile payment to make the Bank service available everywhere.

C. Risk Management:

The Bank will enhance the control in the credit, market and operational risk by building the risk model and risk data mart. The Bank will also scrutinize the trend of industrial and national risk, the clients’ cash flow and their top-down transactions to minimize the Bank credit risk.

D. Personnel Training:

The Bank will reinforce the pre-job and on-the-job training, nurture multi-talented personnel through job rotation, and advance employees’ competence in foreign languages to cultivate international professionals, to solidify the basis for sustainable development.

(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. Develop "t wallet Digital Wallet" for mobile ATM. Customers can complete transactions such as "transfer" and "make payment" through mobile ATM on Yuanta mobile banking with ATM cards of any bank. This provides customers with secure and convenient experience of mobile finance.

b. As consumer behavior changes, the Bank aims to enhance ATM marketing and therefore plans to develop a platform for ATM marketing management to integrate the result of analysis on customer segments and provide interactive personalized ATM service. Through pushes on multimedia, it is hoped to achieve segment marketing and raise the effectiveness of marketing events.

c. Echoing the Bank's growth in credit card business, the Bank will establish the ticket module for credit cards (Yuanta iCash 2.0 and iPass) to render customers with convenient services for small-amount consumption to maximize the Bank's competency and market share.

d. The Bank acquired approval for engagement in electronic payment and will develop an integrated platform for electronic prepayment and mobile payment so that business opportunities can be explored through advancing convenience of consumers' lives.

e. Novel products, such as interest rate products and principal-guaranteed products, will be consistently introduced for TMU.

B. Risk Management:

a. Intensify the development and application of the Bank's credit risk parameters and model, including IFRS 9, loss-given default of corporate and consumer banking and persistent development of default exposure models.

b. Establish and fine-tune the personal loan application scorecard model, credit card application scorecard model and auto loan application scorecard model.

c. Build the automated risk control reporting and analysis platform through utilization of the risk data mart to maximize the efficiency for establishment of the credit risk model and the thoroughness of credit risk analysis.

d. Persistently strengthen the risk pricing mechanism by developing rating models for various businesses on the credit risk pricing framework (cost, expense, risk, and return) for the quantitative assessment of risk cost.

e. Continue to strengthen the Bank's limit setting and warning indicators, including setting China country's warning limit, adding corporate financial warnings indicator and the managerial mechanism for risky industries and specific collaterals.

f. Plan and manage the risk management structure based on overseas branches and subsidiaries business and exposure.

g. Construct bank-wide integrated major-risk-detecting mechanism to detect risks including capital adequacy, asset quality, manageability, profitability and liquidity etc. and incorporate into the detection list the sources of profit, foreign risk exposure, investment positions, off-the-balance-sheet items and public petitions.
h. Refer to the competitors or external data and managerial techniques, and persistently advance the quality and quantity of the Bank's loss database to plan the research on the quantitative model of Bank's operational risk loss database.
i. Perfect the operational risk indicator platform to continuously expand information collection channels through integrated definition and solidify the effectiveness on systematic integration of the Bank's risk indication management through introduction of operational risk indicators.
j. Strengthen the Bank's response to and compliance with Basel III.
k. Fortify the managerial mechanism of liquidity risks through calculation of liquidity coverage ratio.
l. Persistently advance the market risk managing mechanism on interest rates, foreign exchanges, equities, commodities and derivatives.
m. Plan risk assessment on comprehensive anti-money laundering and countering terrorism financing.

C. IT research and development projects:

To achieve goals in operation strategies and future business development, persistently enhance the Bank's information infrastructure, system integration and optimization and fortify risk management and operation efficiency. After the launching of Bank 3.0, the Bank strives to introduce various information technology of financial digitalization with Bank 3.0 as the development strategy to render diverse information for digital financial marketing. Furthermore, the Bank with the tendency of using big data analytics to create digital technology and the mobility of financial services needs of banks and customers. The Bank will establish various information systems in order to fortify and advance functions of internet banking, mobile banking, E-Payment and Omni-Channel customer service system and integrate virtual channels and physical branches in response to the changes in clients' financial consumption patterns. It is hoped to satisfy clients' diverse demand in financial services and perfect service efficiency and quality.

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

A. Short-Term Business Development Plans:

a. 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, OBU syndicated loans or revolving mortgages. 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.

   ii. Wealth management continues to function as the major momentum for growth of service fee income. The Bank will persistently expand its service team and solidify its planning on product linkage so that the number of clients and Asset Under Management (AUM) can be advanced effectively to drive the growth of service fee income.
   iii. Credit cards are one of important e-payment instruments. The Bank will continuously target different consumer segments, launch respective card-using promotion events, maximize client loyalty and contribution in order to escalate the number of effective cards and transaction amounts. Also, higher marginal benefits will be created through cross-sale to credit card customers.
   iv. Raise profitability of financial speculation to build the second pillar of stable interest income.

b. Grasp the trend of the banking development and Raise the commitment to e-channel development.
   i. In response to mobile communications and Internet popularization, developing e-channels will be one critical mission of banks on their journey to transformation and upgrade. The Bank will center on mobile banking, e-payment and, according to client needs, enhance its functionality and security so as to maximize number of customers and transaction amounts.
   ii. Advance the functions of the electronic financial service platform to divert customers. Normal transactions can be completed via e-service and complicated services will be offered in the counter. Tellers will be guided to become all-round talents with sales skills to maximize their contribution.
   iii. 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.
   iv. Incessantly increase functions of financial services in phone banking to boost convenience for clients' transactions.

c. Fully observe legal compliance and risk management and sustain stable asset quality.
   i. In conformity with Directions Governing Anti-Money Laundering and Countering Terrorism Financing, developed by competent authorities, establish according systems.
   ii. 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.

   iii. In response to the globalization of the Bank's business development, the Bank will enhance the collection of information on financial regulations of countries where overseas business units are established.
   iv. Persistently better risk management, advance risk-rating models and timely adjust industrial risk strategies.
   v. Enhance functions of the Bank's collection management and debt management to sustain asset quality

B. Long-Term Business Development Plans:

a. Enhance operation efficiency and stable profit growth.
   i. After the merger with TC Bank, the Bank's market share goals of saving and loan services will be set above 3% and gradually raise these goals.
   ii. Actively strive to host syndicated loans and better the fee collection of general loans in order to elevate the contribution to fee income.
   iii. 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. Render products and services which satisfy client demands and become No.1 financial institution in clients' mind.
   i. Establish the CRM system, fortify teller's cross-selling skills and, through increasing traded products, escalate customer's stickiness and contribution.
   ii. 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 TC Bank, the Bank embraced 155 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 a subsidiary in Philippines. The acquisition of the subsidiary in Korea is expected to be finished in 2016. Along with Hong Kong Branch of TC Bank, a preliminary scale of overseas deployment is visible and the full effort will be devoted to the operation of overseas business locations 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		2014	2015	February 29, 2016
Number of staff		2,614	2,754	2,758
Average age		38.13	38.53	38.71
Average seniority		7.36	7.53	7.67
Education level ratio	0.07 %	0.03 %	0.07 %	0.07 %
	14.48 %	14.34 %	14.48 %	14.24 %
	81.54 %	81.51 %	81.54 %	81.79 %
	3.81 %	4.01 %	3.81 %	3.80 %
	0.10 %	0.11 %	0.10 %	0.10 %
Certificates and licenses held by Yuanta Commercial Bank employees	Certificates/Licenses	Number of staff	Certificates/Licenses	Number of staff
	Internal Control	2,012	Investment Insurance Salesperson	997
	Trust Salesperson	1,850	Financial Knowledge and Ethics	1,673
	Life Insurance Salesperson	1,845	Financial Planning Specialist	499
	Property Insurance Salesperson	1,468	Other Financial Certificates/Licenses	6,494
	Life Insurance Salesperson to Sell Foreign Currency Receipts and Disbursements Non-investment Insured Goods			983

(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 404 events or 8 events per week in average were organized and dedicated to various charity services in 2015, including 52 self-hosted events, 167 co-hosted events and 185 sponsored events

The Foundation also integrated the extensive network and ample human resources of Yuanta Financial Holdings to promote volunteer service so that the Foundation can aim at wide targets and scope and generate stronger power for its service. During 2015, the Foundation held Yuanta Blissful Day and Volunteer Day, to accompany hundreds of children from children's shelters to attend exhibitions. Hundreds of employees participated in hepatitis prevention as the volunteers to assist as many as 5,000 citizens in the remote areas with free testing.

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 the Company. 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 Buddha Card, 1% of the consumption amount will be appropriated by the Bank to Tathagata Empirical Association, Tathagata School, Buddhismas donation; for Changhua Fellow Townsmen Association Co-brander Card, the Bank appropriates 0.2% of the consumption amount to Changhua Fellow Townsmen Association for charity use; for Sung Shan TsuHuei Temple Charity Card, the Bank appropriated 0.2% 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) 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 and data warehouse etc., are equipped with the hardwares and operation systems of IBM p-Series, IBM AS/400 I-Series, SUN M5000 and EMC Greenplum.

B. The 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 E-Commerce Service:
Implement or expand the prepaid account system, E-Counter functions for Bank 3.0, new Mobile Banking and Push Notification Service, Yuanta Bank Portal, personal internet banking and corporate internet banking functions, WebATM and mobile ACM (Automatic Checkout Machine), merchant acquiring system to meet the clients' diverse financial needs.

b. Comprehensive channel service and marketing:
Integrate CTI (Computer Telecommunication Integration), upgrade Online Financial Advisor System, support customer service on Omni-Channel, develop the adaptive platform for HCE (Host Card Emulation) for mobile payment, establish the new generation cross-platform teller system, engage in the replacement of Bank New-Generation ATM (Phase 2) and upgrade the systems of operation center so that clients can enjoy more premium service 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. Virtualize IT system and upgrade the bank-wide network; utilize virtual cloud technology for resource integration and flexibly use resources of information equipment to elevate service efficiency and service quality.

e. Information security inspection for computer system:
According to Guidelines on Computer Information System Security Assessment for Financial Institutions, the Bank will conduct "Information Security Inspection

for Computer System"; through information security evaluation, the Bank can examine the thoroughness and appropriateness of the Bank's control measures on its comprehensive computer system and solidify and enhance the Bank's protective capability of the network and information system security.

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 computer and equipment are maintained and tested periodically to safeguard the equipment operation.

b. 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 excutes 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.

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 System" and "BS 10012:2009 Personal Information Management System" and engages in semi-annual review and triennial re-assessment of BSI. 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.

(8) 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, cancer insurance, hospitalization insurance, maternity benefit, 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 2012~2015

(1) Condensed Consolidated Balance Sheet for 2012~2015

Unit: NT$1,000

Item / Year		Financial Information (Note 1)			
		2015	2014 (Note 2)	2013	2012
Cash and cash equivalents, Due from Central Bank and call loans to other banks		91,084,244	92,677,166	92,951,953	82,540,667
Financial assets at fair value through profit or loss – net		85,539,654	49,412,091	24,375,726	25,919,168
Bills and bonds purchased under resale agreements		1,937,969	—	—	—
Available-for-sale financial assets – net		41,794,256	34,767,648	31,039,688	52,179,082
Receivables – net		16,747,811	19,094,761	12,339,605	9,393,972
Current income tax assets		2,848,594	3,110,545	3,058,196	2,878,060
Bills discounted and loans – net		478,156,273	445,276,774	397,268,743	375,712,974
Held-to-maturity financial assets		14,665,264	7,345,168	4,955,516	—
Other financial assets – net		70,157,273	38,861,792	26,168,420	7,641
Property and equipment– net		5,015,333	2,160,396	2,149,569	2,372,459
Investment Property – net		1,876,961	306,052	314,808	234,390
Intangible assets – net		2,133,271	2,068,089	2,058,637	2,184,964
Deferred income tax assets – net		615,950	610,164	193,903	194,178
Other assets– net		5,396,997	3,205,017	1,495,054	749,992
Total assets		**817,969,850**	**698,895,663**	**598,369,818**	**554,367,547**
Due to Central Bank and other banks		31,901,180	5,681,005	13,072,480	13,070,340
Financial liabilities at fair value through profit or loss – net		9,714,271	5,679,085	2,336,752	1,977,281
Bills and bonds sold under repurchase agreements		10,578,602	8,340,995	—	—
Payables		11,667,119	15,830,696	10,326,621	7,994,445
Current income tax liabilities		608,110	986,876	325,264	332,460
Deposits and remittances		661,165,107	579,860,129	496,482,959	453,401,765
Bonds payable		33,000,000	23,000,000	15,000,000	15,000,000
Other financial liabilities		2,895,043	6,237,906	12,902,996	16,747,503
Provision		1,253,653	1,030,176	735,122	670,381
Deferred income tax liabilities		364,716	171,751	209,163	119,218
Other liabilities		1,042,649	731,171	731,582	660,329
Total liabilities	**Before distribution**	**764,190,450**	**647,549,790**	**552,122,939**	**509,973,722**
	After distribution	**Note 3**	**649,549,790**	**552,122,939**	**509,973,722**
Equity attributable to owners of the parent company		53,779,400	51,345,873	46,246,879	44,393,825
Share Capital	Before distribution	39,183,618	37,690,491	36,496,931	34,963,315
	After distribution	Note 3	39,183,618	37,690,491	36,496,931
Additional paid-in capital		6,038,882	6,116,883	6,116,883	6,116,883
Retained earnings	Before distribution	8,813,539	7,495,147	4,241,009	2,752,946
	After distribution	Note 3	4,002,020	3,047,449	1,219,330
Other equity		(256,639)	(228,357)	(607,944)	560,681
Prior interests under common control		—	144,848	—	—
Non-controlling interests		—	126,861	—	—
Total equity	**Before distribution**	**53,779,400**	**51,345,873**	**46,246,879**	**44,393,825**
	After distribution	**Note 3**	**49,345,873**	**46,246,879**	**44,393,825**

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

Note 2: On August 5, 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 is restructured into the indirect subsidiary of Yuanta Securities in the same conglomerate on June 11, 2014. Therefore, June 11, 2014 is the date of ab initio consolidation.

Note 3: The appropriation of the Bank's 2014 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

(2) Condensed Consolidated Statements of Comprehensive Income for 2012~2015

Unit: NT$1,000

Year / Item	Financial Information (Note 1)			
	2015	2014 (Note 2)	2013	2012
Interest income	13,050,370	11,167,221	9,798,277	9,175,638
Less：Interest expense	5,304,799	4,167,006	3,682,850	3,414,446
Net interest income	7,745,571	7,000,215	6,115,427	5,761,192
Net non-interest income	5,187,193	4,400,633	3,253,166	2,218,438
Net revenue	12,932,764	11,400,848	9,368,593	7,979,630
Provision for bad debts expenses and guarantee reserve	886,889	757,128	720,371	480,790
Operating expenses	6,405,803	5,632,982	5,239,500	5,109,778
Income from continuing operations before income tax	5,640,072	5,010,738	3,408,722	2,389,062
Income tax expense	(696,099)	(468,340)	(356,517)	(329,637)
Net income from continuing operations	4,943,973	4,542,398	3,052,205	2,059,425
Net income	4,943,973	4,542,398	3,052,205	2,059,425
Other comprehensive income (loss) (net of tax)	(177,526)	291,138	(1,200,081)	386,334
Total comprehensive income	4,766,447	4,833,536	1,852,124	2,445,759
Net income attributable to：Parent company	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	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$)	1.26	1.16	0.81	0.66

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

Note 2: On August 5, 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 is restructured into the indirect subsidiary of Yuanta Securities in the same conglomerate on June 11, 2014. Therefore, June 11, 2014 is the date of ab initio consolidation.

(3) Condensed Separate Balance Sheet for 2012~2015

Unit: NT$1,000

Year Item		Financial Information (Note 1)			
		2015	2014 (Note 2)	2013	2012
Cash and cash equivalents, Due from Central Bank and call loans to other banks		90,082,039	92,216,081	92,951,873	82,540,611
Financial assets at fair value through profit or loss – net		85,539,308	49,411,506	24,375,726	25,919,168
Bills and bonds purchased under resale agreements		1,937,969	—	—	—
Available-for-sale financial assets – net		41,791,287	34,764,718	31,037,413	52,177,668
Receivables - net		16,278,241	18,636,914	12,276,134	9,376,347
Current income tax assets		2,848,594	3,109,168	3,057,284	2,878,045
Bills discounted and loans – net		477,989,325	445,096,204	397,268,743	375,712,974
Held-to-maturity financial assets		14,494,870	7,277,780	4,955,516	—
Equity investments accounted for under the equity method – net		1,411,157	815,357	655,121	667,498
Other financial assets – net		70,138,491	38,837,359	25,842,649	7,641
Property and equipment– net		4,947,868	2,087,487	2,149,071	2,369,557
Investment Property – net		1,876,961	306,052	314,808	234,390
Intangible assets – net		2,132,733	2,067,369	2,058,637	2,184,964
Deferred income tax assets – net		583,214	582,256	193,733	193,964
Other assets– net		5,274,756	3,191,959	1,467,868	747,459
Total assets		**817,326,813**	**698,400,210**	**598,604,576**	**555,010,286**
Due to Central Bank and other banks		31,901,180	5,681,005	13,072,480	13,070,340
Financial liabilities at fair value through profit or loss – net		9,714,271	5,679,085	2,336,752	1,977,281
Bills and bonds sold under repurchase agreements		10,578,602	8,340,995	—	—
Payables		11,546,351	15,777,844	10,313,523	7,971,693
Current income tax liabilities		595,407	981,147	323,253	324,970
Deposits and remittances		660,676,235	579,560,295	496,750,456	454,075,352
Bonds payable		33,000,000	23,000,000	15,000,000	15,000,000
Other financial liabilities		2,895,043	6,237,906	12,902,996	16,747,503
Provision		1,249,615	1,027,396	735,122	670,381
Deferred income tax liabilities		364,705	171,751	209,163	119,218
Other liabilities		1,026,004	723,774	713,952	659,723
Total liabilities	**Before distribution**	**763,547,413**	**647,181,198**	**552,357,697**	**510,616,461**
	After distribution	**Note 1**	**649,181,198**	**552,357,697**	**510,616,461**
Equity attributable to owners of the parent company		53,779,400	51,219,012	46,246,879	44,393,825
Share Capital	Before distribution	39,183,618	37,690,491	36,496,931	34,963,315
	After distribution	Note 3	39,183,618	37,690,491	36,496,931
Additional paid-in capital		6,038,882	6,116,883	6,116,883	6,116,883
Retained earnings	Before distribution	8,813,539	7,495,147	4,241,009	2,752,946
	After distribution	Note 3	4,002,020	3,047,449	1,219,330
Other equity		(256,639)	(228,357)	(607,944)	560,681
Prior interests under common control		—	144,848	—	—
Total equity	**Before distribution**	**53,779,400**	**51,219,012**	**46,246,879**	**44,393,825**
	After distribution	**Note 3**	**49,219,012**	**46,245,879**	**44,393,825**

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

has been restated.

Note 2: On August 5, 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 is restructured into the indirect subsidiary of Yuanta Securities in the same conglomerate on June 11, 2014. Therefore, June 11, 2014 is the date of ab initio consolidation.

Note 3: The appropriation of the Bank's 2014 earnings is pending until the confirmation from the Board of Directors on behalf of stockholders.

(4) Condensed Separate Statements of Comprehensive Income for 2012~2015

Unit: NT$1,000

Year Item	Financial Information (Note)			
	2015	2014	2013	2012
Interest income	12,974,085	11,098,363	9,795,941	9,175,614
Less：Interest expense	5,300,401	4,164,271	3,687,102	3,415,015
Net interest income	7,673,684	6,934,092	6,108,839	5,760,599
Net non-interest income	5,093,188	4,334,051	3,218,495	2,120,604
Net revenue	12,766,872	11,268,143	9,327,334	7,881,203
Provision for bad debts expenses and guarantee reserve	869,105	758,804	720,371	480,790
Operating expenses	6,277,635	5,509,759	5,205,430	5,021,427
Income from continuing operations before income tax	5,620,132	4,999,580	3,401,533	2,378,986
Income tax expense	(673,462)	(455,064)	(349,328)	(319,561)
Net income from continuing operations	4,946,670	4,544,516	3,052,205	2,059,425
Net income	4,946,670	4,544,516	3,052,205	2,059,425
Other comprehensive income (loss) (net of tax)	(172,458)	286,166	(1,200,081)	386,334
Total comprehensive income	4,774,212	4,830,682	1,852,124	2,445,759
Net income (loss) attributable to：Parent company	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	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$)	1.26	1.16	0.81	0.66

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

(5) Condensed Consolidated Balance Sheet for 2011~2012 - R.O.C. GAAP

Unit: NT$1,000

Year Item		Financial Information (Note)	
		2012	2011
Cash and cash equivalents, Due from Central Bank and call loans to banks		82,436,828	110,417,531
Financial assets at fair value through profit or loss – net		26,023,007	14,569,643
Investments in notes and bonds under resale agreements		—	1,546,544
Receivables - net		12,171,396	12,535,440
Bills discounted and loans – net		375,712,974	348,783,971
Available-for-sale financial assets – net		51,501,159	13,245,099
Held-to-maturity financial assets		—	151,450
Equity investments accounted for under the equity method – net		—	—
Other financial assets – net		431,955	431,978
Property, plant and equipment		2,372,459	2,560,170
Intangible assets		2,184,964	2,326,540
Other assets		1,086,385	1,505,707
Total assets		**553,921,127**	**508,074,073**
Due to Central Bank and other banks		13,070,340	7,080,166
Financial liabilities at fair value through profit or loss – net		1,977,281	2,734,648
Notes and bonds payable under repurchase agreements		—	—
Deposits and remittances		453,401,765	437,896,659
Financial debentures payable		15,000,000	15,147,060
Accrued pension liabilities		172,611	127,551
Other financial liabilities		16,747,503	5,826,442
Other liabilities		9,057,133	9,155,538
Total liabilities	**Before distribution**	**509,426,633**	**477,968,064**
	After distribution	**509,426,633**	**477,968,064**
Common stock	**Before distribution**	**34,963,315**	**25,108,131**
	After distribution	**36,496,931**	**26,229,835**
Additional paid-in capital		6,116,883	2,850,363
Retained earnings	Before distribution	3,200,116	2,234,905
	After distribution	1,666,500	1,113,201
Unrealized profit or loss on available-for-sale financial assets		242,180	(72,775)
Cumulative translation adjustment		—	—
Other shareholders' equity		(28,000)	(14,615)
Minority equity		—	—
Total shareholders' equity	**Before distribution**	**44,494,494**	**30,106,009**
	After distribution	**44,494,494**	**30,106,009**

Note: The above financial information was audited by accountants.

(6) Condensed Consolidated Statements of Income for 2011~2012 - R.O.C. GAAP

Unit: NT$1,000

Item \ Year		Financial Information (Note)	
		2012	2011
Net Interest income		6,011,203	5,035,237
Net Non-interest income		1,905,244	1,781,950
Bad debts losses (Provision reversal gain)		480,790	(294,923)
Operating expenses		5,064,025	5,061,640
Continuing operating income before tax		2,371,632	2,050,470
Continue operating income after tax		2,086,915	1,706,815
Discontinued operation income (net after tax)		—	—
Extraordinary income (net after tax)		—	—
Cumulative effect of changes in accounting principles (net after tax)		—	—
Net Income		2,086,915	1,706,815
EPS(NT$)	Before adjustment	0.72	0.74
	After adjustment	0.67	0.66

Note: The above financial information was audited by accountants.

(7) Condensed Separate Balance Sheet for 2011~2012 - R.O.C. GAAP

Unit: NT$1,000

Year Item		Financial Information (Note)	
		2012	2011
Cash and cash equivalents, Due from Central Bank and call loans to banks		82,436,772	110,417,491
Financial assets at fair value through profit or loss – net		26,023,007	14,569,643
Investments in notes and bonds under resale agreements		—	1,546,544
Receivables - net		12,153,756	12,533,591
Bills discounted and loans – net		375,712,974	348,783,971
Available-for-sale financial assets – net		51,499,745	13,243,700
Held-to-maturity financial assets		—	151,450
Equity investments accounted for under the equity method – net		667,498	41,774
Other financial assets – net		431,955	431,978
Property, plant and equipment		2,369,557	2,555,956
Intangible assets		2,184,964	2,326,540
Other assets		1,083,638	1,501,513
Total assets		**554,563,866**	**508,104,151**
Due to Central Bank and other banks		13,070,340	7,080,166
Financial liabilities at fair value through profit or loss – net		1,977,281	2,734,648
Notes and bonds payable under repurchase agreements		—	—
Deposits and remittances		454,075,352	437,944,350
Financial debentures payable		15,000,000	15,147,060
Accrued pension liabilities		172,091	125,404
Other financial liabilities		16,747,503	5,826,442
Other liabilities		9,026,805	9,140,072
Total liabilities	**Before distribution**	**510,069,372**	**477,998,142**
	After distribution	**510,069,372**	**477,998,142**
Common stock	Before distribution	34,963,315	25,108,131
	After distribution	36,496,931	26,229,835
Additional paid-in capital		6,116,883	2,850,363
Retained earnings	Before distribution	3,200,116	2,234,905
	After distribution	1,666,500	1,113,201
Unrealized profit or loss on available-for-sale financial assets		242,180	(72,775)
Cumulative translation adjustment		—	—
Other shareholders' equity		(28,000)	(14,615)
Total shareholders' equity	**Before distribution**	**44,494,494**	**30,106,009**
	After distribution	**44,494,494**	**30,106,009**

Note: The above financial information was audited by accountants.

(8) Condensed Separate Statements of Income for 2011~2012 - R.O.C. GAAP

Unit: NT$1,000

Item / Year		Financial Information (Note)	
		2012	2011
Net Interest income		6,010,610	5,034,939
Net Non-interest income		1,807,410	1,735,769
Bad debts losses (Provision reversal gain)		480,790	(294,923)
Operating expenses		4,975,674	5,020,267
Continuing operating income before tax		2,361,556	2,045,364
Continue operating income after tax		2,086,915	1,706,399
Discontinued operation income (net after tax)		—	—
Extraordinary income (net after tax)		—	—
Cumulative effect of changes in accounting principles (net after tax)		—	—
Net Income		2,086,915	1,706,399
EPS(NT$)	Before adjustment	0.72	0.74
	After adjustment	0.67	0.66

Note: The above financial information was audited by accountants.

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

Year	Independent auditing firm	CPA	Auditor's opinion
2011	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified 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

(10) Consolidated Financial Analysis for 2012~2015

Item	Year	Financial Analysis (Note 1)			
		2015	2014	2013	2012
Operating performance	Ratio of deposits to loans (%)	72.77	77.15	80.25	83.00
	NPL ratio (%)	0.20	0.21	0.31	0.19
	Ratio of interest cost to annual average deposits (%)	0.70	0.68	0.68	0.66
	Ratio of interest income to annual average loans outstanding (%)	2.20	2.18	2.14	2.17
	Total assets turnover (times)	0.02	0.02	0.02	0.02
	Average operation revenue per employee (thousand NT$)	4,547	4,333	4,047	3,117
	Average profit per employee (thousand NT$)	1,738	1,726	1,318	804
Profitability	Return on tier I capital (%)	10.72	10.97	7.99	6.88
	Return on assets (%)	0.65	0.70	0.53	0.39
	Return on equity (%)	9.41	9.31	6.73	5.54
	Net income ratio (%)	38.23	39.84	32.58	25.81
	EPS (NT$)	1.26	1.16	0.81	0.66
Financial Structure	Ratio of liabilities to assets (%)	93.38	92.60	92.23	91.96
	Ratio of property and equipment to equity (%)	9.33	4.21	4.65	5.34
Growth rate	Rate of assets growth (%)	17.04	16.80	7.94	9.02
	Rate of earnings growth (%)	12.56	47.00	42.68	16.51 (Note 2)
Cash flow	Cash flow ratio (%)	Note 3	Note 3	44.66	Note 3
	Cash flow adequacy ratio (%)	139.94	955.03	2,188.06	1,260.64
	Cash flow coverage ratio (%)	Note 3	Note 3	(1,117.80)	Note 3
Ratio of liquidity reserve (%)		33.00	29.00	31.90	29.60
Total balance of secured loans of related parties (thousand NT$)		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 (%)		1.03	1.36	1.51	1.15
Scale of operations	Asset market share (%)	1.61	1.42	1.33	1.35
	Net-worth market share (%)	1.57	1.62	1.63	1.70
	Deposits market share (%)	1.76	1.64	1.50	1.46
	Loans market share (%)	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. The increase in the ratio of property and equipment to equity resulted from the increase of net property and equipment from 2014 to 2015.

B. The fall in earnings growth resulted from the revenue fall from the sale of NPL and the foreign exchange gain from 2014 to 2015.

C. The fund flow adequacy ratio descended because the net cash inflow of operation activities during the latest five years for 2015 was less than the net cash inflow of operation activities during the latest five years for 2014.

D. Total secured loans to related parties as a percentage of total loans dropped because the fall of total secured loans to related parties for 2015 fell.

Note 1: The above financial information was audited by accountants. In addition, the comparative information of 2012 was produced according to International Financial Reporting Standards (IFRSs).

Note 2: Starting January 1, 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.

Note 3: 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.

Note 4: Because of inaccessibility to information, market share of operating scale is calculated according to seperate financial statements.

Note 5: 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 8)＝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 7)
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 9)
   - (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
   - (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

Note 6: The total liabilities have deduct allowance for gurantee liability and allowance for accidental loss

Note 7: 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.

Note 8: The income means the total interest income and non-interest income.

Note 9: 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.

(11) Separate Financial Analysis for 2012~2015

Item	Year	Financial Analysis (Note 1)			
		2015	2014	2013	2012
Operating performance	Ratio of deposits to loans (%)	72.79	77.15	80.21	82.88
	NPL ratio (%)	0.18	0.19	0.31	0.19
	Ratio of interest cost to annual average deposits (%)	0.70	0.68	0.68	0.66
	Ratio of interest income to annual average loans outstanding (%)	2.19	2.17	2.14	2.17
	Total assets turnover (times)	0.02	0.02	0.02	0.01
	Average operation revenue per employee (thousand NT$)	4,636	4,311	4,057	3,092
	Average profit per employee (thousand NT$)	1,796	1,739	1,328	808
Profitability	Return on tier I capital (%)	10.78	11.03	8.04	6.89
	Return on assets (%)	0.65	0.70	0.53	0.39
	Return on equity (%)	9.42	9.33	6.73	5.54
	Net income ratio (%)	38.75	40.33	32.72	26.13
	EPS (NT$)	1.26	1.16	0.81	0.66
Financial Structure	Ratio of liabilities to assets (%)	93.37	92.61	92.24	91.96
	Ratio of property and equipment to equity (%)	9.20	4.08	4.65	5.34
Growth rate	Rate of assets growth (%)	17.03	16.67	7.85	9.14
	Rate of earnings growth (%)	12.41	46.98	42.98	16.31 (Note 2)
Cash flow	Cash flow ratio (%)	Note 3	Nots 3	44.57	Nots 3
	Cash flow adequacy ratio (%)	139.70	954.66	2,191.23	1,263.63
	Cash flow coverage ratio (%)	Note 3	Nots 3	(1,146.17)	Nots 3
Ratio of liquidity reserve (%)		33.00	29.00	31.90	29.60
Total balance of secured loans of related parties (thousand NT$)		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 (%)		1.03	1.36	1.51	1.15
Scale of operations	Asset market share (%)	1.61	1.42	1.33	1.35
	Net-worth market share (%)	1.57	1.62	1.63	1.70
	Deposits market share (%)	1.76	1.64	1.50	1.46
	Loans market share (%)	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. The increase in the ratio of property and equipment to equity resulted from the increase of net property and equipment from 2014 to 2015.

B. The fall in earnings growth resulted from the revenue fall from the sale of NPL and the foreign exchange gain from 2014 to 2015.

C. The fund flow adequacy ratio descended because the net cash inflow of operation activities during the latest five years for 2015 was less than the net cash inflow of operation activities during the latest five years for 2014.

D. Total secured loans to related parties as a percentage of total loans dropped because the fall of total secured loans to related parties for 2015 fell.

Note 1: The above financial information was audited by accountants. In addition, the comparative information of 2012 was produced according to International Financial Reporting Standards (IFRSs).

Note 2: Starting January 1, 2013, the 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.

Note 3: 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.

Note 4: The formulas of various ratios are as page 87.

(12) Financial Analysis for 2011~2012 - R.O.C. GAAP

Item (Note 2) / Year		Financial Analysis (Note 1)	
		2012	2011
Operating performance	Ratio of deposits to loans (%)	82.88	79.76
	NPL ratio (%)	0.19	0.19
	Ratio of interest cost to annual average deposits (%)	0.67	0.60
	Ratio of interest income to annual average loans outstanding (%)	2.15	2.09
	Total assets turnover (times)	0.01	0.01
	Average operation revenue per employee (thousand NT$)	3,067	2,640
	Average profit per employee (thousand NT$)	819	665
Profitability	Return on tier I capital (%)	6.84	8.24
	Return on assets (%)	0.39	0.35
	Return on shareholders' equity (%)	5.59	6.21
	Net income ratio (%)	26.69	25.20
	EPS (NT$)	0.67	0.66
Financial Structure	Ratio of liabilities to assets (%)	91.94	94.07
	Ratio of fixed assets to equity (%)	5.33	8.49
Growth rate	Rate of assets growth (%)	9.14	11.49
	Rate of earnings growth (%)	15.46	17.98
Cash flow	Cash flow ratio (%)	13.75	2.55
	Cash flow adequacy ratio (%)	1,367.83	1,451.84
	Cash flow coverage ratio (%)	(8.03)	(0.78)
Ratio of liquidity reserve (%)		29.60	31.30
Total balance of secured loans of related parties (thousand NT$)		4,793,300	5,378,015
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.15	1.36
Operating scale	Asset market share (%)	1.35	1.28
	Net-worth market share (%)	1.70	1.25
	Deposits market share (%)	1.46	1.46
	Loans market share (%)	1.56	1.50

Note 1: The above financial information was audited by accountants.

Note 2: 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／Annual average deposits
   - (4) Ratio of interest income to annual average loans outstanding＝Total interest income／Annual average amount of loans outstanding
   - (5) Total assets turnover (times)＝Operating income／Average total assets
   - (6) Average operation revenue per employee (Note 5)＝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 shareholders' Equity＝Net income／Average net shareholders' equity
   - (4) Net income ratio＝Net income／Total operating revenues
   - (5) EPS＝Income after income tax-preferred stock dividend／Weighted average number of shares issued (Note 4)
3. Financial structure
   - (1) Ratio of Liabilities to Assets＝Liabilities／Total assets (Note 3)

(2) Ratio of Fixed Assets to Equity＝Fixed assets／Shareholders' 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 6)
   - (1) Cash flow ratio＝Net cash flow from operating activities／ (interbank lending and overdraft＋Financial liabilities at fair value of payable commercial paper through income statement＋RP＋Payable accounts-current portion)
   - (2) Net cash flow adequacy ratio＝Net cash flow from operating activities for the latest five years／(Capital expenditure for the latest five years＋cash dividends)
   - (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
   - (2) Net-worth market share = net value/total net worth of all financial holdings 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

Note 3: The total liabilities have deduct allowance for gurantee liability, allowance for breach of traded secrutities and allowance for accidental loss

Note 4: 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.

Note 5: The income means the total interest income and non-interest income.

Note 6: 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.

(13) Consolidated Capital Adequacy for 2011~2015

Unit: NT$1,000

Year Item			Consolidated capital adequacy ratio		
			2015	2014	2013
Regulatory capital	Common equity Tier 1 capital		50,454,350	47,972,473	43,367,166
	Additional Tier 1 capital		6,841,515	—	—
	Tier 2 capital		21,080,944	19,003,750	11,649,461
	Regulatory capital		**78,376,809**	**66,976,223**	**55,016,627**
Risk-weighted assets	Credit risk	Standardized approach	529,595,884	471,176,159	396,135,491
		Internal ratings- based approach	—	—	—
		Securitization	—	—	—
	Operational risk	Basic indicator approach	—	—	—
		Standardized approach	20,887,182	17,517,763	15,150,838
		Advanced measurement approaches	—	—	—
	Market risk	Standardized approach	53,212,313	33,517,888	14,523,300
		Internal models approach	—	—	—
	Total amount of risk-weighted assets		**603,695,379**	**522,211,810**	**425,809,629**
Capital adequacy ratio (%)			**12.98**	**12.83**	**12.92**
Tier 1 capital ratio (%)			**9.49**	**9.19**	**10.18**
Common equity Tier 1 ratio (%)			**8.36**	**9.19**	**10.18**
Leverage ratio (%)			**6.40**	**4.68**	**5.13**
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.					

Note 1: 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".

Note 2: 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

Note 3: The above financial information was audited by accountants.

Unit: NT$1,000

Item		Year	Consolidated capital adequacy ratio	
			2012	2011
Eligible Capital	**Tier 1 capital**	Common stock	34,963,315	25,108,131
		Non-cumulative perpetual preferred stock	—	—
		Nonsol non-cumulative subordinated debts without maturity dates	—	—
		Capital collected in advance	—	—
		Capital surplus (exclusive of reserve for revaluation of fixed assets)	6,116,883	2,850,363
		Legal reserve	1,040,404	528,484
		Special reserve	72,797	22
		Retained earnings	2,086,915	1,706,399
		Minority equity	—	—
		Other shareholders' equity	(81,589)	(178,462)
		Less: Goodwill	1,924,395	1,924,395
		Less: Unamortized loss on sale of NPL	—	—
		Less: Capital deductions	314,567	634,164
		Total Tier 1 capital	**41,959,763**	**27,456,378**
	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	40,982
		Convertible bonds	—	—
		Operating reserve and allowance for bad debt	644,685	—
		Long-term subordinated bonds	14,000,000	13,728,189
		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	212,018
		Total Tier 2 capital	**14,463,214**	**13,557,153**
	Tier 3 capital	Short-term subordinated debts	—	—
		Non- perpetual preferred stock	—	—
		Total Tier 3 capital	—	—
	Eligible Capital		**56,422,977**	**41,013,531**
Total risk-weighted assets	**Credit risk**	Standardized approach	357,324,695	332,276,102
		Internal ratings-based approach	—	—
		Securitization	—	45,591
	Operational risk	Basic indicator approach	—	—
		Standardized approach	12,724,888	11,877,200
		Advanced measurement approach	—	—
	Market risk	Standardized approach	16,003,613	7,140,763
		Internal models approach	—	—
	Total risk-weighted assets		**386,053,196**	**351,339,656**
Capital adequacy ratio (%)			**14.62**	**11.67**
Ratio of Tier 1 capital in risk-based assets (%)			**10.87**	**7.81**
Ratio of Tier 2 capital in risk-based assets (%)			**3.75**	**3.86**
Ratio of Tier 3 capital in risk-based assets (%)			**—**	**—**
Ratio of common capital stock in total assets (%)			**6.31**	**4.94**

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 = 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

Note 3: The above financial information was audited by accountants.

(14) Separate Capital Adequacy for 2011~2015

Unit: NT$1,000

Year Item			Capital adequacy ratio		
			2015	2014	2013
Regulatory capital	Common equity Tier 1 capital		50,102,099	47,637,217	43,040,229
	Additional Tier 1 capital		6,488,726	—	—
	Tier 2 capital		20,375,365	18,668,496	11,321,900
	Regulatory capital		**76,966,190**	**66,305,713**	**54,362,129**
Risk-weighted assets	**Credit risk**	Standardized approach	527,772,726	470,706,649	395,721,923
		Internal ratings- based approach	—	—	—
		Securitization	—	—	—
	Operational risk	Basic indicator approach	—	—	—
		Standardized approach	20,410,221	17,262,188	14,950,575
		Advanced measurement approaches	—	—	—
	Market risk	Standardized approach	53,212,313	33,517,888	14,523,300
		Internal models approach	—	—	—
	Total amount of risk-weighted assets		**601,395,260**	**521,486,725**	**425,195,798**
Capital adequacy ratio (%)			**12.80**	**12.71**	**12.79**
Tier 1 capital ratio (%)			**9.41**	**9.13**	**10.12**
Common equity Tier 1 ratio (%)			**8.33**	**9.13**	**10.12**
Leverage ratio (%)			**6.33**	**4.66**	**5.09**

Note 1: 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”.

Note 2: 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

Note 3: The above financial information was audited by accountants.

Unit: NT$1,000

Item		Year	Capital adequacy ratio	
			2012	2011
Eligible capital	**Tier 1 capital**	Common stock	34,963,315	25,108,131
		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	2,850,363
		Legal reserve	1,040,404	528,484
		Special reserve	72,797	22
		Retained earnings	2,086,915	1,706,399
		Minority equity	—	—
		Other shareholders' equity	(81,589)	(178,462)
		Less: Goodwill	1,924,395	1,924,395
		Less: Unamortized loss on sale of NPL	—	—
		Less: Capital deductions	648,316	655,051
		Total Tier 1 capital	**41,626,014**	**27,435,491**
	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	40,982
		Convertible bonds	—	—
		Operating reserve and allowance for bad debt	644,685	—
		Long-term subordinated bonds	14,000,000	13,717,745
		Non- perpetual preferred stock	—	—
		Total of non-cumulative perpetual stock and non-cumulative subordinated debts without maturity dates exceeding 15% of total Tier I capital	—	—
		Less: Capital deductions	648,316	232,905
		Total Tier 2 capital	**14,129,465**	**13,525,822**
	Tier 3 capital	Short-term subordinated debts	—	—
		Non-perpetual preferred stock	—	—
		Total Tier 3 capital	**—**	**—**
	Eligible Capital		**55,755,479**	**40,961,313**
Total risk-weighted assets	**Credit risk**	Standardized approach	357,301,405	332,266,318
		Internal ratings-based approach	—	—
		Securitization	—	45,591
	Operational risk	Basic indicator approach	—	—
		Standardized approach	12,561,150	11,744,813
		Advanced measurement approach	—	—
	Market risk	Standardized approach	16,003,613	7,140,763
		Internal models approach	—	—
	Total weighted risk-based assets		**385,866,168**	**351,197,485**
Capital adequacy ratio (%)			**14.45**	**11.66**
Ratio of Tier 1 capital in risk-based assets (%)			**10.79**	**7.81**
Ratio of Tier 2 capital in risk-based assets (%)			**3.66**	**3.85**
Ratio of Tier 3 capital in risk-based assets (%)			—	—
Ratio of common capital stock in total assets (%)			**6.30**	**4.94**

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 = 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

Note 3: The above financial information was audited by accountants.

2. Consolidated Financial Report for 2015

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Yuanta Commercial Bank Co., Ltd. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Commercial Bank Co., Ltd. and subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

As described in Notes 1(7) and 4(3) of the consolidated financial statements, Yuanta Commercial Bank has acquired 100% of TONGYANG Savings Bank (Philippines)'s equity for ₩12.2 billion in which the consolidation date was dated August 5, 2015. The aforementioned transaction is regarded as a reorganization of an entity under common control. Therefore, in the preparation of the prior year financial statements, Yuanta Commercial Bank Co., Ltd. has retroactively adjusted the prior year financial statements as if the consolidation had occurred since the beginning pursuant to regulations.

We have also audited the parent company only financial statements of Yuanta Commercial Bank Co., Ltd. as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 24, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and of 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 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.

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2015, December 31, 2014 and January 1, 2014
(Expressed in thousands of New Taiwan dollars)

			December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
	ASSETS	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
11000	Cash and cash equivalents	6(1)	$ 10,312,609	1	$ 13,226,698	2	$ 7,332,688	1
11500	Due from Central Bank and call loans to other banks	6(2)	80,771,635	10	79,450,468	11	85,619,265	14
12000	Financial assets at fair value through profit or loss	6(3)	85,539,654	11	49,412,091	7	24,375,726	4
12500	Bills and bonds purchased under resale agreements	6(4)	1,937,969	-	-	-	-	-
13000	Receivables – net	6(5)	16,747,811	2	19,094,761	3	12,339,605	2
13200	Current income tax assets		2,848,594	-	3,110,545	-	3,058,196	-
13500	Bills discounted and loans – net	6(6)	478,156,273	58	445,276,774	64	397,268,743	67
14000	Available-for-sale financial assets – net	6(7)	41,794,256	5	34,767,648	5	31,039,688	5
14500	Held-to-maturity financial assets – net	6(8)	14,665,264	2	7,345,168	1	4,955,516	1
15500	Other financial assets – net	6(9)	70,157,273	9	38,861,792	6	26,168,420	5
18500	Property and equipment – net	6(10)	5,015,333	1	2,160,396	-	2,149,569	-
18700	Investment property – net	6(11)	1,876,961	-	306,052	-	314,808	-
19000	Intangible assets – net	6(12)	2,133,271	-	2,068,089	-	2,058,637	-
19300	Deferred income tax assets	3(1) and 6(36)	615,950	-	610,164	-	193,903	-
19500	Other assets – net	6(13)	5,396,997	1	3,205,017	1	1,495,054	-
	TOTAL ASSETS		$ 817,969,850	100	$ 698,895,663	100	$ 598,369,818	100

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2015, December 31, 2014 and January 1, 2014
(Expressed in thousands of New Taiwan dollars)

			December 31, 2015		(Adjusted) December 31, 2014		(Adjusted) January 1, 2014	
	LIABILITIES AND EQUITY	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	LIABILITIES							
21000	Due to Central Bank and other banks	6(14)	$ 31,901,180	4	$ 5,681,005	1	$ 13,072,480	2
22000	Financial liabilities at fair value through profit or loss	6(15)	9,714,271	1	5,679,085	1	2,336,752	-
22500	Bills and bonds sold under repurchase agreements	6(4)	10,578,602	1	8,340,995	1	-	-
23000	Payables	6(16)	11,667,119	2	15,830,696	2	10,326,621	2
23200	Current income tax liabilities		608,110	-	986,876	-	325,264	-
23500	Deposits and remittances	6(17)	661,165,107	81	579,860,129	83	496,482,959	83
24000	Bonds payable	6(18)	33,000,000	4	23,000,000	4	15,000,000	3
25500	Other financial liabilities	6(19)	2,895,043	-	6,237,906	1	12,902,996	2
25600	Provisions	3(1)、6(20) and (21)	1,253,653	-	1,030,176	-	735,122	-
29300	Deferred income tax liabilities	6(36)	364,716	-	171,751	-	209,163	-
29500	Other liabilities	6(22)	1,042,649	-	731,171	-	731,582	-
	TOTAL LIABILITIES		764,190,450	93	647,549,790	93	552,122,939	92
	EQUITY							
31000	**Equity attributable to owners of the parent company**							
31100	**Share capital**							
31101	Common stock	6(23)	39,183,618	5	37,690,491	5	36,496,931	6
31500	**Additional paid-in capital**	6(24)	6,038,882	1	6,116,883	1	6,116,883	1
32000	**Retained earnings**	6(25)						
32001	Legal reserve		3,772,926	-	2,438,552	-	1,666,478	-
32003	Special reserve		228,379	-	607,967	-	22	-
32005	Undistributed earnings	3(1)	4,812,234	1	4,448,628	1	2,574,509	1
32500	**Other equity**	6(26)	(256,639)	-	(228,357)	-	(607,944)	-
36000	**Prior interests under common control**		-	-	144,848	-	-	-
38000	**Non-controlling interests**		-	-	126,861	-	-	-
	TOTAL EQUITY		53,779,400	7	51,345,873	7	46,246,879	8
	TOTAL LIABILITIES AND EQUITY		$ 817,969,850	100	$ 698,895,663	100	$ 598,369,818	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, 2015 and 2014
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			2015		(Adjusted) 2014		Change
		Notes	AMOUNT	%	AMOUNT	%	Percentage%
41000	Interest income		$ 13,050,370	101	$ 11,167,221	98	17
51000	Less: Interest expense		(5,304,799)	(41)	(4,167,006)	(37)	27
	Net interest income	6(27)	7,745,571	60	7,000,215	61	11
	Net non-interest income						
49100	Net service fee and commission income	6(28)	2,580,988	20	2,063,634	18	25
49200	Gain and loss on financial assets and financial liabilities at fair value through profit or loss	6(3)and(29)	2,995,849	23	836,693	7	258
49300	Realized gain on available-for-sale financial assets	6(30)	279,894	2	306,817	3	(9)
49600	Foreign exchange gain (loss)		(775,113)	(6)	622,016	6	(225)
49700	(Losses) gain on reversal of impairment loss	6(11)and(31)	(866)	-	3,447	-	(125)
49800	Other non-interest income	6(11)and(32)	106,441	1	173,955	2	(39)
49821	Net gain on sale of non-performing loans		-	-	394,071	3	(100)
	Net revenue		12,932,764	100	11,400,848	100	13
58200	Provision for bad debt expenses and guarantee reserve		(886,889)	(7)	(757,128)	(7)	17
	Operating expenses						
58500	Employee benefit expense	6(33)	(3,722,291)	(29)	(3,225,070)	(28)	15
59000	Depreciation and amortization expenses	6(34)	(264,350)	(2)	(338,056)	(3)	(22)
59500	Other general and administrative expenses	6(35)	(2,419,162)	(19)	(2,069,856)	(18)	17
61001	**Income from continuing operations before income tax**		5,640,072	43	5,010,738	44	13
61003	Income tax expense	6(36)	(696,099)	(5)	(468,340)	(4)	(49)
64000	**Net income**		4,943,973	38	4,542,398	40	9
65000	**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)	(166,813)	(1)	(119,563)	(1)	40
65205	Change in fair value of financial liability attributable to change in credit risk of liability	3(1)、6(15) and(26)	46,919	-	-	-	-
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		28,358	-	20,326	-	40
	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)	92,232	1	100,274	1	(8)
65302	Unrealized gain or loss on available-for-sale financial assets	6(26)	(172,920)	(1)	293,887	2	(159)
65320	Income tax relating to components of other comprehensive income that will be reclassified to profit or loss	6(26) and (36)	(5,302)	-	(3,786)	-	40
65000	**Other comprehensive income (loss) (net of tax)**		(177,526)	(1)	291,138	2	(161)
66000	**Total comprehensive income**		$ 4,766,447	37	$ 4,833,536	42	(1)

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			2015		(Adjusted) 2014		Change
		Notes	AMOUNT	%	AMOUNT	%	Percentage%
	Net income attributable to:						
67101	Parent company		$ 4,949,974	38	$ 4,546,935	40	9
67105	Prior interests under common control		(3,304)	-	(2,419)	-	37
67111	Non-controlling interests		(2,697)	-	(2,118)	-	27
			$ 4,943,973	38	$ 4,542,398	40	9
	Comprehensive income attributable to:						
67301	Parent company		$ 4,782,113	37	$ 4,827,285	42	(1)
67305	Prior interests under common control		(7,901)	-	3,397	-	(333)
67311	Non-controlling interests		(7,765)	-	2,854	-	(372)
			$ 4,766,447	37	$ 4,833,536	42	(1)
	Earnings per share (in New Taiwan Dollars)						
	Basic and Diluted	6(37)	$ 1.26		$ 1.16		

(Continued)

YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2015 and 2014
(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	Non-controlling interests	Prior interests under common control	Total equity
For the year ended December 31, 2014(Adjusted)											
Balance, January 1, 2014	$ 36,496,931	$ 6,116,883	$ 1,666,478	$ 22	$ 2,573,579	$ 943	($ 608,887)	$ -	$ -	$ -	$ 46,245,949
Effects of retrospective application and retrospective restatement	-	-	-	-	930	-	-	-	-	-	930
Equity at beginning of year after adjustments	36,496,931	6,116,883	1,666,478	22	2,574,509	943	(608,887)	-	-	-	46,246,879
Appropriation and distribution of 2013 earnings											
Legal reserve appropriated	-	-	772,074	-	(772,074)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	607,945	(607,945)	-	-	-	-	-	-
Stock dividends of ordinary shares	1,193,560	-	-	-	(1,193,560)	-	-	-	-	-	-
Reorganization since merger on June 11, 2014	-	-	-	-	-	-	-	-	141,451	124,007	265,458
Net income for the year	-	-	-	-	4,546,935	-	-	-	(2,419)	(2,118)	4,542,398
Other comprehensive income for the year	-	-	-	-	(99,237)	87,217	292,370	-	5,816	4,972	291,138
Total comprehensive income for the year	-	-	-	-	4,447,698	87,217	292,370	-	3,397	2,854	4,833,536
Balance, December 31, 2014	$ 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
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	-	-	-	-	(2,000,000)	-	-	-	-	-	(2,000,000)
Reorganization under common control	-	(78,001)	-	-	-	9,370	(8,246)	-	(136,947)	(119,096)	(332,920)
Net income for the year	-	-	-	-	4,949,974	-	-	-	(3,304)	(2,697)	4,943,973
Other comprehensive income for the year	-	-	-	-	(138,455)	95,919	(172,244)	46,919	(4,597)	(5,068)	(177,526)
Total comprehensive income 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

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 24, 2016.

YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income from continuing operations before tax	$ 5,640,072	$ 5,010,738
Adjustments items		
Income and expenses items:		
Depreciation	177,997	210,185
Amortization	86,353	127,871
Provision for bad debt expense	1,329,438	1,312,662
Realized gain on available-for-sale financial assets	-	(89,443)
Interest expense	5,304,799	4,167,006
Interest income	(13,050,370)	(11,167,221)
Dividend income	(193,560)	(159,596)
Loss (gain) on disposal or retirement of property and equipment	3,593	(471)
(Gain) loss on disposal of investment property	(1,432)	352
Loss on disposal or retirement of other assets	-	52
Financial asset impairment losses	1,266	-
Reversal of impairment loss an non-financial assets	(400)	(3,447)
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	(278,027)	(2,044,985)
Increase in financial assets at fair value through profit or loss	(36,127,563)	(25,035,780)
Decrease (increase) in receivables	2,657,561	(6,355,741)
Increase in bills discounted and loans	(33,728,630)	(48,944,140)
Increase in available-for-sale financial assets	(7,200,794)	(3,470,865)
Increase in held-to-maturity financial assets	(7,320,096)	(2,358,870)
Increase in other financial assets	(31,324,798)	(12,740,122)
Increase in other assets	(670,437)	(1,725,643)
Net changes in liabilities relating to operating activities		
Increase (decrease) in due to Central Bank and other banks	26,220,175	(7,391,475)
Increase in financial liabilities at fair value through profit or loss	1,491,140	3,342,333
(Decrease) Increase in payables	(4,365,365)	5,433,584
Increase in deposits and remittances	81,304,978	82,878,603
Decrease in other financial liabilities	(3,339,422)	(6,663,911)
Increase in provisions for employee benefits	25,899	22,505
Increase (decrease) in other liabilities	311,478	(1,007)
Cash used in operations	(13,046,145)	(25,646,826)
Interest received	12,281,970	10,772,504
Interest paid	(5,103,011)	(4,099,488)
Dividend received	193,560	159,596
Income tax paid	(602,679)	(273,505)
Net cash used in by operating activities	(6,276,305)	(19,087,719)

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YUANTA COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014
(Expressed in thousands of New Taiwan dollars)

	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale financial assets	$ -	$ 129,133
Acquisition of property and equipment	(4,730,505)	(248,966)
Proceeds from disposal of property and equipment	215	959
Acquisition of intangible assets	(6,691)	(4,618)
Acquisition of investment property	(1,554,537)	-
Proceeds from disposal of investment property	11,528	8,999
Acquisition of subsidiary	(332,920)	-
Net cash used in by investing activities	(6,612,910)	(114,493)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuing bonds	10,000,000	8,000,000
Increase in bills and bonds sold under repurchase agreements	2,237,607	8,340,995
Increase in financial liabilities designated as at fair value through profit or loss on initial recognition	2,602,265	-
Decrease in lease payables	(3,441)	(1,179)
Payment of cash dividends	(2,000,000)	-
Net cash provided by financing activities	12,836,431	16,339,816
Net effect of foreign exchange rate changes on cash and cash equivalents	119,804	124,334
Effect of reorganization under common control	-	385,970
Net increase (decrease) in cash and cash equivalents	67,020	(2,352,092)
Cash and cash equivalents at beginning of year	77,471,037	79,823,129
Cash and cash equivalents at end of year	$ 77,538,057	$ 77,471,037
Components of cash and cash equivalents：		
Cash and cash equivalents as per consolidated balance sheet	$ 10,312,609	$ 13,226,698
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	65,287,479	64,244,339
Bills and bonds purchased under resale agreements qualified as cash and cash equivalents as defined by IAS 7	1,937,969	-
Cash and cash equivalents at end of reporting period	$ 77,538,057	$ 77,471,037

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 24, 2016.

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(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) The head office directs company-wide operations and opened domestic branches to promote business. As of December 31, 2015, the Bank has a trust department, an international banking department, an offshore banking unit, and 88 branches including the business department and 1 overseas representative office.

(4) The subsidiary Yuanta International Life Insurance Agent Co., Ltd. (the "Yuanta Life Insurance Agent") was incorporated under the Company Law of the Republic of China on November 20, 2001. The main business is engaged in life insurance products agency. In October, 2002 Asia Pacific Life Insurance Agent Co., Ltd. was approved to be renamed Fuhwa Life Insurance Agent Co., Ltd. and further renamed Yuanta Life Insurance Agent in September 2007.

(5) The subsidiary Yuanta Property Insurance Agent Ltd. (the "Yuanta Property Insurance Agent") was incorporated under the provisions of the Company Law of the Republic of China on October 2, 1999. The main business is engaged in property insurance products agency. In November, 2002 Fu An Property Insurance Agent Ltd. was approved to be renamed Fuhwa Property Insurance Agent Company and further renamed Yuanta Property Insurance Agent in September 2007.

(6) The subsidiary Yuanta International Leasing Co., Ltd. (the "Yuanta International Leasing") was incorporated under the provisions of the Company Law of the Republic of China on November 15, 2012. The main business is engaged in a leasing business.

(7) On August 5, 2015, the Company acquired TONGYANG Savings Bank (Philippines) Inc. (hereon referred to as "Tongyang Savings Bank") from Yuanta Securities Korea Co., Ltd. Tongyang Savings Bank was established in August, 1997, and commenced its operations in October of the same year. Its primary items of operation are those that are allowed in accordance with local regulations. Its head office is located in Manila, Philippines and it has a total of 2 branches.

(8) As of December 31, 2015, the number of the Bank's and subsidiaries' (collectively referred herein as the Consolidated Company) employees was 2,844.

(9) 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 24, 2016.

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")

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, the company shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Public Banks effective January 1, 2015 (collectively referred herein as the "2013 version of IFRS") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Consolidated Company will adjust its presentation of the statement of comprehensive income.

B. IAS 19 (revised), 'Employee benefits'

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected discount return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows.

The Consolidated Company recognized previously unrecognized past service cost by decreasing provisions by $1,121 and $862, decreasing deferred income tax assets by $191 and $147 and increasing undistributed earnings by $930 and $715 at January 1, 2014 and December 31, 2014, respectively; employee benefit expense would be increased by $259, income tax expense would be decreased by $44 for the year ended December 31, 2014.

C. Disclosures - Transfers of financial assets (amendment to IFRS 7)

The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date. The Consolidated Company includes qualitative and quantitative disclosures for all transferred financial assets.

D. IFRS 13, 'Fair value measurement'

The standard defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. Based on the Consolidated Company's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Consolidated Company will disclose additional information about fair value measurements accordingly.

E. Article 11, Paragraph 3, Subparagraph 2 of Regulations Governing the Preparation of Financial Reports by Public Banks.

The new regulation requires the amount of change in the fair value of a financial liability that is attributable to changes in the issuer's credit risk of that liability to be presented in other comprehensive income if an entity has designated the financial liability as at fair value through profit or loss. As of December 31, 2015, the Consolidated Company has financial liabilities measured at fair value through profit or loss of $46,919 arising from fair value increment to other comprehensive income for the issuer's credit risk.

F. Disclosures - Offsetting of financial instruments (amendment to IFRS 7)

The revised standard requires companies to disclose information for users of financial statements to assess the effect or potential effect to financial statements from net settled master netting arrangements. The disclosure requirements is applicable to recognised financial instruments that can be net settled under master netting arrangemens or similar agreements (no matter whether the instruments are offset in accordance with IAS 32).

The standard requires the Consolidated Company to include qualitative and quantitative disclosures for all financial instruments that can be net settled under master netting arrangements or similar agreements.

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

None.

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

A. New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

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
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (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	July 1, 2014

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
(amendments to IAS 19R)	
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
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
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
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
IFRIC 21, 'Levies'	January 1, 2014

B. The Consolidated Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated financial statements will be disclosed when the assessment is complete.

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 recognised 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) <u>Basis of consolidation</u>

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 recognised 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 recognised in profit or loss. All amounts previously recognised 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 recognised 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.

(F) On November 20, 2014, Yuanta Commercial Bank's Board of Directors resolved to acquire 100% of Tongyang Savings Bank's equity for ₩12.2 billion, where August 5, 2015 was the date of consolidation. For the consolidations between the Company and a subsidiary within Yuanta Group, pursuant to the interpretations of 2011-Ji-Mi-Zi No. 390 issued by the Accounting Research and Development Foundation, the consolidation is considered a reorganization as the acquiree is an equity under common control, and the acquiree is accounted for at the carrying amount for which Yuanta Group's long-term equity investments in its subsidiaries are accounted for. The balance of the difference between the original investment cost and the net equity value is continually appropriately accounted for by Company. In addition, pursuant to the interpretations in 2012-Ji-Mi-Zi No. 301, equity of a group's subsidiary under common control should be regarded as if it had always been consolided, and when preparing comparative financial statements, should be regarded as if the consolidation had occurred since the beginning by restating financial statements of prior years. Tongyang Savings Bank's parent company, Yuanta Securities Korea Co., Ltd., was included as Yuanta Securities Co., Ltd.'s second-tier subsidiary on June 11, 2014, and thus June 11, 2014 is the beginning date for the consolidation. However, equity under common control is presented as "prior interests under common control" in the consolidated financial statements.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of Investor	Name of Subsidiary	Main Business Activities	December 31, 2015	December 31, 2014	Note
The Bank	Yuanta Life Insurance Agency Co., Ltd.("Yuanta Life Insurance Agency")	Life insurance agency	100.00	100.00	
"	Yuanta Property Insurance Agency Co., Ltd.("Yuanta Property Insurance Agency")	Property insurance agency	100.00	100.00	
"	Yuanta International Leasing Co., Ltd.("Yuanta International Leasing")	Leasing business	100.00	100.00	
"	Tong Yang Savings Bank Inc. ("Tong Yang Savings Bank")	Bank deposits and loans	100.00	53.31	Note

Note：The company is held as equity under common control and is regarded as if the consolidation had occured since the beginning, where prior year financial statements are restated.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

Tongyang Savings Bank's operation elects an accounting year that ends in July. The consolidated financial statements are presented using the Company's accounting year.

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 are re-translated by the exchange rate of the trading date.

(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 recognised 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 recognised 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 derecognised 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 derecognised and the consideration paid is recognised 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 realise 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 amortised 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 unexisting 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 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, fourth category difficulty of recovery, and fifth category no hope of recovery. 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, allowance for doubtful accounts and guarantee reserve of credits provided to Mainland China 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. The property and equipment of the Consolidated Company are recognized on the basis of cost less accumulated depreciation and accumulated impairment. Cost includes any cost directly attributable to the acquisition of the asset.

B. If the future economic benefit generated from subsequent expenses of the asset can be measured reliably and is very likely to flow into the Consolidated Company, the subsequent expenses of property and equipment may be individually recognized as an asset or included in the carrying amount of the asset. Significant renewals and improvements incurred to increase the future economic benefits of the assets are capitalized. Routine maintenance and repairs are charged to expense as incurred.

C. The property and equipment of the Consolidated Company were initially recognized at the original cost and subsequently measured by cost model.

D. Land is not affected by depreciation. Depreciation for other assets is provided on a straight-line basis over the estimated useful lives of the assets till salvage value. Useful life is as follows:

Buildings(including auxiliary equipment)	3 ~ 55 years
Machinery and computer equipment	3 ~ 6 years
Transportation equipment	3 ~ 5 years
Leased improvements	3 ~ 10 years

Other equipment	3 ~ 20 years

E. On each consolidated balance sheet date, the Consolidated Company appropriately adjusts the salvage value and useful life of the assets.

F. Any gain or loss on disposal is calculated by the difference between the carrying amounts and proceeds on disposal, which 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 accountedfor. Impairment loss of goodwill that has been recognized shall not be reversed.

B. Computer software

Acquired computer software are 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 recognised 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 amortised historical cost would have been if the impairment had not been recognised.

(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 recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised 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 Company needs to pay in the future are recognised 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 recognised 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 Group uses interest rates of government bonds (at the balance sheet date) instead.

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

c. Pastservice costs are recognised 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 recognises expense as it can no longer withdraw an offer of termination benefits or it recognises 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 recognised 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 carryforwards 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 recognised amounts and there is an intention to settle on a net basis or realise 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 realise 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) 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's 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 recognised 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) Calculation of net defined benefit liabilities

When calculating the present value of defined pension obligations, the Company must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand	$ 3, 021, 906	$ 2,943,088
Foreign currency on hand	337,503	323,627
Checks for clearing	696,443	1,248,129
Due from other banks	6,157,757	8,605,833
Futures trading guarantees	99,000	106,021
Total	$ 10,312,609	$ 13,226,698

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

	December 31, 2015	December 31, 2014
Reserve for deposits - account A	$ 5,991,234	$ 8,402,599
Reserve for deposits - account B	15,444,376	15,171,170
Deposits by foreign subsidiary to designated accounts of respective local central banks	782,616	69,233
Reserve for deposits - foreign currency account	198,396	190,308
Reserve for deposits - inter-bank clearing fund	1,118,749	1,200,330
Time deposits	55,800,000	46,100,000
Call loans to banks	1,436,264	8,316,828
Total	$ 80,771,635	$ 79,450,468

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.

Cash and cash equivalents conformed to the definition of IAS 7 are listed below:

	December 31, 2015	December 31, 2014
Cash and cash equivalents which conformed to the definition of IAS 7	$ 65,287,479	$ 64,244,339
Cash and cash equivalents which not conformed to the definition of IAS 7		
Reserve for deposits - account B	15,444,376	15,171,170
Deposits by overseas branches to designated accounts of respective local central banks (Note)	39,780	34,959
Total	$ 80,771,635	$ 79,450,468

Note：These are deposits made to local central banks by foreign subsidiary that may not be freely deployed.

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

	December 31, 2015	December 31, 2014
Financial assets held for trading :		
Corporate bonds	$ 48,721,085	$ 23,746,138
Financial bonds	9,587,462	4,093,444
Convertible corporate bonds	7,395,319	3,669,996
Government bonds	2,680,692	473,735
Commercial paper	997,450	5,925,116
Beneficiary certificates	312,690	300.000
Stocks of companies listed on TSE or OTC	13,312	3,310
Time deposits	-	4,179,205
Derivative financial instruments	8,254,115	5,733,872
Valuation adjustment of financial assets held for trading	21,970	37,141
Subtotal	77,984,095	48,161,957
Financial assets designated as at fair value through profit or loss on initial recognition :		
Equity structured products	$ 4,555,463	$ -
Interest rate structured products	3,000,000	1,250,180
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	96	(46)
Subtotal	7,555,559	1,250,134
Total	$ 85,539,654	$ 49,412,091

For the years ended December 31, 2015 and 2014, 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,	
	2015	2014
Net gain on financial assets and liabilities held for trading	$ 3,062,642	$ 829,190
Net (loss) gain on financial assets and liabilities designated as at fair value through profit or loss	(66,793)	7,503
Total	$ 2,995,849	$ 836,693

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, 2015 and 2014, 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, 2015	December 31, 2014
Bills and bonds purchased under resale agreement	$ 1,937,969	$ -
Interest rate range	0.52%～0.79%	-
Contract resale amount	$ 1,939,493	$ -
Bills and bonds payable under repurchase agreement	$ 10,578,602	$ 8,340,995
Interest rate range	-0.15%～2.45%	-0.05%～2.90%
Contract repurchase amount	$ 10,636,049	$ 8,379,243

(5) Receivables- net

	December 31, 2015	December 31, 2014
Spot exchange receivables	$ 6,345,793	$ 10,336,957
Credit card receivables	3,748,788	2,029,005
Factoring receivables	3,001,245	3,832,525
Interest receivables	2,165,119	1,396,719
Accounts receivables	825,663	270,575
Acceptances receivables	558,205	831,113
Other receivables	636,739	475,568
Subtotal	17,281,552	19,172,462
Less: allowance for doubtful accounts	(533,741)	(77,701)
Total	$ 16,747,811	$ 19,094,761

(6) Bills discounted and loans- net

	December 31, 2015	December 31, 2014
Bills discounted	$ 267,290	$ 412,269
Overdrafts	287,255	231,891
Short-term loans	62,874,966	65,208,189
Short-term loans secured	50,960,191	43,139,768
Medium-term loans	102,836,186	94,915,187
Medium-term loans secured	98,236,021	95,808,136
Long-term loans	4,795,088	6,872,722
Long-term loans secured	163,180,870	143,135,817
Import- export negotiations	57,374	127,766
Accounts receivable factoring	406,644	513,194
Loans transferred to non-accrual loans	796,469	772,784
Subtotal	484,698,354	451,137,723
Less: allowance for credit losses	(6,448,936)	(5,783,830)
Less: Adjustment for discount	(93,145)	(77,119)
Total	$ 478,156,273	$ 445,276,774

The Consolidated Company recognized appropriate allowance for bad debts for the bills discounted, loans and receivables and other financial assets. As of December 31, 2015 and 2014, details and changes in allowance for bad debts in relation to bills discounted and loans are as follows:

	For the years ended December 31,	
Bills discounted and Loans	2015	2014
Beginning balance	$ 5,783,830	$ 5,052,374
Acquisition through business combination	-	62,547
Add : Provision	815,535	1,079,349
Foreign exchange translation adjustment and others	33,596	30,780
Less : Reversal of allowance for bad debts	-	(231,731)
Write-off of loans and advances	(184,025)	(209,489)
Ending balance	$ 6,448,936	$ 5, 783,830

	For the years ended December 31,	
Receivables and other financial assets	2015	2014
Beginning balance	$ 220,648	$ 160,144
Acquisition through business combination	-	2,295
Add : Provision	483,315	80,548
Foreign exchange translation adjustment and others	3,791	559
Less : Reversal of allowance for bad debts	-	(856)
Write-off of loans and advances	(143,010)	(22,042)
Ending balance	$ 564,744	$ 220,648

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, 2015	December 31, 2014
Bonds (including government bonds, financial bonds and corporate bonds)	$ 38,572,045	$ 31,648,627
Listed (TSE and OTC) stocks	2,583,572	2,156,931
Unlisted stocks	362,204	361,405
Valuation adjustments of available-for-sale financial assets	277,856	600,840
Subtotal	41,795,677	34,767,803
Less：Accumulated impairment	(1,421)	(155)
Total	$ 41,794,256	$ 34,767,648

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, 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

	December 31, 2014	
	Book Value	Fair Value
Held-to-maturity financial assets	$ 4,976,243	$ 5,025,199
Bond investments without active market	23,822,324	24,123,087
	$ 28,798,567	$ 29,148,286

(C) If above-mentioned government bonds were not 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 recognised in other comprehensive income for the years ended December 31, 2015 and 2014 were $961,921 and $295,216, respectively.

B. As of December 31, 2015 and 2014, 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, 2015	December 31, 2014
Government bonds	$ 14,596,521	$ 7,277,780
Corporate bonds	68,743	67,388
Total	$ 14,665,264	$ 7,345,168

A. The Consolidated Company recognised interest income on held-to-maturity financial assets amounting to $188,637 and $70,387 in profit or loss for the years ended December 31, 2015 and 2014, respectively.

B. As of December 31, 2015 and 2014, 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, 2015	December 31, 2014
Bond investments without active market	$ 70,152,815	$ 38,858,053
Advance	8,672	7,992
Non-loans reclassified to non- performing loans	26,789	138,694
Subtotal	70,188,276	39,004,739
Less: provision for credit losses	(31,003)	(142,947)
Total	$ 70,157,273	$ 38,861,792

A. The Consolidated Company recognised interest income on bond investments without active market amounting to $1,139,907 and $640,346 in profit or loss for the years ended December 31, 2015 and 2014, respectively.

B. As of December 31, 2015 and 2014, 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).

(10) Property and equipment- net

Change in property and equipment of the Consolidated Company:

Cost	Land	Buildings	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

Cost	Land	Buildings	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2014	$ 1,187,450	$ 604,262	$ 337,509	$ 34,253	$ 88,945	$ 574,859	$ 78,283	$ 2,905,561
Acquisition through business combination	-	95,673	21,262	4,122	8,932	2,397	-	132,386
Additions	-	-	22,243	7,006	6,402	29,786	183,529	248,966
Disposals	-	-	(166,056)	(5,679)	(33,769)	(221,997)	-	(427,501)
Reclassifications	652	(2,174)	25,407	-	100	36,252	(169,056)	(108,819)
Translation difference	-	3,998	889	172	373	101	-	5,533
At December 31, 2014	1,188,102	701,759	241,254	39,874	70,983	421,398	92,756	2,756,126
Accumulated depreciation								
At January 1, 2014	-	(107,080)	(224,993)	($ 20,611)	(52,632)	(350,676)	-	(755,992)
Acquisition through business combination	-	(29,178)	(20,069)	(2,135)	(7,736)	(1,479)	-	(60,597)
Depreciation	-	(19,549)	(67,654)	(3,980)	(14,670)	(100,148)	-	(206,001)
Disposals	-	-	166,008	5,679	33,717	221,609	-	427,013
Reclassifications	-	190	-	-	-	-	-	190
Translation difference	-	(225)	(850)	373	191	168	-	(343)
At December 31, 2014	-	(155,842)	(147,558)	(20,674)	(41,130)	(230,526)	-	(595,730)
Net carrying amount	$ 1,188,102	$ 545,917	$ 93,696	$ 19,200	$ 29,853	$ 190,872	$ 92,756	$ 2,160,396

(11) Investment property- net

Change in investment property of the Consolidated Company:

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

Cost	Land and land improvements	Buildings	Total
At January 1, 2014	$ 311,496	$ 130,226	$ 441,722
Disposals	(9,351)	-	(9,351)
Reclassifications	(652)	2,174	1,522
At December 31, 2014	301,493	132,400	433,893
Accumulated depreciation			
At January 1, 2014	-	(17,642)	(17,642)
Depreciation	-	(4,184)	(4,184)
Reclassifications	-	(190)	(190)
At December 31, 2014	-	(22,016)	(22,016)
Accumulated impairment			
At January 1, 2014	(109,272)	-	(109,272)
Reversal of impairment loss	3,447	-	3,447
At December 31, 2014	(105,825)	-	(105,825)
Net carrying amount	$ 195,668	$ 110,384	$ 306,052

A. The fair value of the investment property held by the Consolidated Company as of December 31, 2015 and 2014 was $1,929,772 and $353,998, respectively. Other than the investment property acquired in December, 2015 that used its contract price as its fair value, fair values 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 and other valuation approaches. These fair values are classified as Level 2 within the fair value hierarchy.

B. For the years ended December 31, 2015 and 2014, rental income from the lease of the investment property was $15,628 and $14,054, respectively.

(12) Intangible assets- net

Change in intangible assets of the Consolidated Company:

Cost	Goodwill	Computer software	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

Cost	Goodwill	Computer software	Total
At January 1, 2014	$ 1,924,395	$ 675,372	$ 2,599,767
Acquisition through business combination	-	5,387	5,387
Additions	-	4,618	4,618
Disposals	-	(500,440)	(500,440)
Reclassifications	-	95,386	95,386
Translation difference	-	187	187
At December 31, 2014	1,924,395	280,510	2,204,905
Accumulated amortization			
At January 1, 2014	-	(541,130)	(541,130)
Acquisition through business combination	-	(4,325)	(4,325)
Amortization	-	(91,635)	(91,635)
Disposals	-	500,440	500,440
Translation difference	-	(166)	(166)
At December 31, 2014	-	(136,816)	(136,816)
Net carrying amount	$ 1,924,395	$ 143,694	$ 2, 068,089

Tests of impairment for goodwill:

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:

(A) 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.

(B) Growth rate：Calculations are based on the conservatively estimated future cash flow over 10 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, 2015 and 2014, the discount rate and growth rate of key assumptions used in calculating value-in-use were 8.02%, 0.00%, 8.84%, and 0.00%, respectively.

(13) Other assets- net

	December 31, 2015	December 31, 2014
Refundable deposits-out	$ 5,101,093	$ 3,020,916
Prepaid expenses	107,937	34,830
Other deferred expenses	65,620	80,976
Others	122,347	68,295
Total	$ 5,396,997	$ 3,205,017

(14) Due to Central Bank and other banks

	December 31, 2015	December 31, 2014
Due to other banks	$ 1,675	$ 3,461
Overdrafts from other banks	-	2,422
Call loans from other banks	27,016,066	779,320
Redeposit from the directorate general of postal remittance	4,883,439	4,895,802
Total	$ 31,901,180	$ 5,681,005

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

	December 31, 2015	December 31, 2014
Financial liabilities held for trading :		
Derivative financial instruments	$ 7,144,841	$ 5,679,085
Financial liabilities designated as at fair value through profit or loss on initial recognition :		
Financial bonds	2,590,965	-
Valuation adjustment of financial liabilities designated as at fair value through profit or loss on initial recognition	(21,535)	-
Subtotal	2,569,430	-
Total	$ 9,714,271	$ 5,679,085

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 year ended December 31, 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 $46,919.

(16) Payables

	December 31, 2015	December 31, 2014
Demand remittance payables	$ 6,344,089	$ 10,353,521
Accrued expenses	1,394,138	1,139,128
Interests payables	937,660	735,872
Accounts payables	781,241	330,901
Checks for clearing	696,443	1,248,129
Bankers' acceptances payables	558,205	831,113
Factoring payables	263,003	366,174
Collections payable for customers	223,189	160,930
Compensation payables	10,102	11,187
Other payables	459,049	653,741
Total	$ 11,667,119	$ 15,830,696

(17) Deposits and remittances

	December 31, 2015	December 31, 2014
Checking deposits	$ 3,143,712	$ 4,830,425
Demand deposits	104,145,433	78,267,404
Time deposits	194,796,506	149,676,566
Negotiable certificates of deposit	25,546,500	34,536,500
Savings deposits	333,278,814	312,321,680
Remittances	254,142	227,554
Total	$ 661,165,107	$ 579,860,129

(18) Financial debentures payable

	December 31, 2015	December 31, 2014
Subordinate financial debentures	$ 33,000,000	$ 23,000,000

The details of financial debentures as of December 31, 2015 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

(19) Other financial liabilities

	December 31, 2015	December 31, 2014
Principal of structured products	$ 2,782,421	$ 6,022,114
Appropriated loan fund	107,671	207,400
Lease payables	4,951	8,392
Total	$ 2,895,043	$ 6,237,906

(20) Provisions

	December 31, 2015	December 31, 2014	January 1, 2014
Provisions for employee benefits	$ 852,402	$ 659,690	$ 517,622
Provisions for guarantee liabilities	401,251	370,486	217,500
Total	$ 1,253,653	$ 1,030,176	$ 735,122

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

	For the years ended December 31,	
	2015	2014
Beginning balance	$ 370,486	$ 217,500
Add : Provision	30,588	152,765
Foreign exchange rate changes and others	177	221
Ending balance	$ 401,251	$ 370,486

(21) Provisions for employee benefits

A. Defined benefit plans

(A) The Company and its domestic subsidiaries have 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 Company 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 Company and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	$ 1,256,913	$ 1,041,870
Fair value of plan assets	(408,549)	(384,960)
Net defined benefit liability	$ 848,364	$ 656,910

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	$ 916,070	($ 398,448)	$ 517,622
Current service cost	20,351	-	20,351
Interest expense (income)	18,322	(7,969)	10,353
	954,743	(406,417)	548,326
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,795)	(2,795)
Experience adjustments	122,358	-	122,358
	122,358	(2,795)	119, 563
Pension fund contribution	-	(9,690)	(9,690)
Pension paid	(35,231)	33,942	(1,289)
Balance at December 31	$ 1,041,870	($ 384,960)	$ 656,910

(D) The Company and its domestic subsidiaries recognized pension costs amounting to $35,218 and $30,704 in comprehensive income for the years ended December 31, 2015 and 2014, respectively.

(E) The Bank of Taiwan was commissioned to manage the Fund of the Company 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 Company and its domestic subsidiaries has no right to participate in managing and operating that fund and hence the Company 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, 2015 and 2014 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,	
	2015	2014
Discount rate	1.70%	2.00%
Future salary increases	3.00%	3.00%

For the years ended December 31, 2015 and 2014, 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 increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 158,031)	$ 187,430	$ 167,334	($ 145,269)
December 31, 2014				
Effect on present value of defined benefit obligation	($ 136,493)	$ 162,852	$ 146,139	($ 126,069)

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 Company and its domestic subsidiaries for the year ending December 31, 2016 amounts to $10,707.

(H) As of December 31, 2015, the weighted average duration of that retirement plan is 15 years.

B. Pension plans of foreign subsidiary:

The pension plan for Tongyang Savings Bank is in compliance with above-mentioned pension plan. As of December 31, 2015 and 2014 was $4,038 and $2,780, respectively, while pension expenses recognised in comprehensive income for the years ended December 31, 2015 and 2014 was $643 and $629, respectively.

C. Defined contribution plans:

(A) Effective July 1, 2005, the Company 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 Company 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, 2015 and 2014, were $106,237 and $92,980, respectively.

(22) Other liabilities

	December 31, 2015	December 31, 2014
Collections in advance	$ 792,995	$ 656,725
Refundable deposits- in	202,231	11,556
Others	47,423	62,890
Total	$ 1,042,649	$ 731,171

(23) Share capital

A. 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. As of December 31, 2014, authorized capital and paid-in capital were $38,000,000 and $37,690,491, respectively, equivalent to 3,800,000 thousand and 3,769,049 thousand shares, respectively, with a par value of $10 dollars per share.

B. 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, 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.

C. The Board of Directors resolved on May 22, 2014 on behalf of stockholders to transfer undistributed earnings amounting to $1,193,560 to increase its capital, 119,356 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 26, 2014. The registration for capital change has been completed.

(24) Capital surplus

As of December 31, 2015 and 2014, additional paid-in capital is composed of the following:

For the year ended December 31, 2015			
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

For the year ended December 31, 2014			
Share premium	Employee stock options	Change in equity of investee company accounted for under equity method	Total
$ 6,068,976	$ 47,783	$ 124	$ 6,116,883

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

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.

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 Company 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 in 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 2014 and the retained earnings transferred to capital for the year 2015 on May 28, 2015 and the distribution of earnings for the year 2013 on May 22, 2014. and the retained earnings transferred to capital for the year 2014. Details are shown as follows：

	2014 earnings		2013 earnings	
	Amount	Stock dividends per share (dollar)	Amount	Stock dividends per share (dollar)
Legal reserve	$ 1,334,374		$ 772,074	
Special reserve	(379,588)		607,945	
Cash dividends	2,000,000	$ 0.5306	-	$ -
Stock dividends	1,493,127	0.3962	1,193,560	0.3270
Total	$ 4,447,913		$ 2,573,579	

(D) Earnings distribution for the year 2015 and the retained earnings transferred to capital for the year 2016 with the approval of the Board of Directors on March 24, 2016 are as follows:

	2015 earnings	
	Amount	Stock dividends per share (dollar)
Legal reserve	$ 1,443,671	
Special reserve	28,282	
Cash dividends	1,002,084	$ 0.2557
Stock dividends	2,338,197	0.5967
Total	$ 4,812,234	

The appropriation of the Bank's 2015 earnings has been approved by the Board of Directors on March 24, 2016 and is pending until the confirmation from the Board of Directors on behalf of stockholders.

(E) Earnings distribution of the Company is resolved at the stockholder's meetings. Any relevant information such as the retained earnings transferred to capital and share distribution has been updated to be available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation.

(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, 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)

	Translation gain and loss on the financial statements of foreign operating entities	Available-for-sale financial assets	Total
Balance, January 1, 2014	$ 943	($ 608,887)	($ 607,944)
Available-for-sale financial assets			
-Evaluation adjustment in the period	-	448,464	448,464
- Realized gain and loss in the period	-	(152,308)	(152,308)
Changes in translation difference of foreign operating entities	87,217	-	87,217
Effects on income tax	-	(3,786)	(3,786)
Balance, December 31, 2014	$ 88,160	($ 316,517)	($ 228,357)

(27) Net interest income

	For the years ended December 31	
	2015	2014
Interest income		
Bills discounted and interest income on loans	$ 10,428,355	$ 9,185,010
Interest income on securities investment	1,830,210	1,064,251
Interest income from placement and call loan to other banks	702,910	839,430
Recurring interest income from credit card	56,312	58,662
Other interest income	32,583	19,868
Subtotal	13,050,370	11,167,221
Interest expense		
Interest expense of deposit	(4,463,579)	(3,696,467)
Coupon rate of bank debenture	(571,584)	(347,251)
Interest expense of Central Bank and other banks' deposit	(138,309)	(33,529)
Interest expense on bills and bonds sold under repurchase agreements	(80,107)	(18,650)
Interest expense of structured instruments	(50,595)	(67,604)
Other interest expense	(625)	(3,505)
Subtotal	(5,304,799)	(4,167,006)
Total	$ 7,745,571	$ 7,000,215

(28) Net service income

	For the years ended December 31	
	2015	2014
Service fee and commission income		
Service fee income on insurance brokerage	$ 1,234,090	$ 746,941
Service fee income on trust business	805,869	898,340
Service fee income on credit cards	625,758	210,177
Service fee income on credit extension	532,196	441,968
Service fee income on foreign exchange	77,505	76,057
Deposits and remittance and other service fee income	119,026	106,379
Subtotal	3,394,444	2,479,862
Service fee expenses and commission expense		
Service fee expense on credit cards	(526,925)	(157,242)
Service fee expense on insurance brokerage	(60,578)	(71,101)
Service fee expense on foreign exchange	(29,399)	(20,275)
Service fee expense on credit extension	(11,119)	(13,722)
Service fee expense on trust business	(10,291)	(10,411)
Deposits and remittance and other service fee expense	(175,144)	(143,477)
Subtotal	(813,456)	(416,228)
Total	$ 2,580,988	$ 2,063,634

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

	For the years ended December 31	
	2015	2014
Realized gain or loss on financial assets and liabilities at fair value through profit or loss		
Bonds	$ 1,081,552	$ 512,744
Time deposits	68,429	62,338
Commercial papers	15,735	53,661
Beneficiary certificates	(6,090)	(4,361)
Stocks	(16,276)	(41,626)
Financial debentures payable	(92,854)	-
Exchange rate-linked instrument	836,490	272,483
Interest rate-linked instrument	99,126	(165,209)
Equity linked products	46,068	-
Other derivative instruments	314	(6,102)
Subtotal	2,032,494	683,928
Unrealized gain or loss on financial assets and liabilities at fair value through profit or loss		
Bonds	(11,828)	54,901
Time deposits	(5,607)	4,671
Commercial papers	159	466
Beneficiary certificates	1,207	1,487
Stocks	(1,452)	(334)
Financial debentures payable	(25,385)	-
Exchange rate-linked instrument	977,001	134,417
Interest rate-linked instrument	27,249	(42,647)
Equity linked products	855	-
Other derivative instruments	1,156	(196)
Subtotal	963,355	152,765
Total	$ 2,995,849	$ 836,693

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, 2015 and 2014, including net interest income, the gain (loss) on disposal and dividend income, are as follows:

	For the years ended December 31	
	2015	2014
Net interest income	$ 1,112,960	$ 455,952
Gain on disposal	911,442	222,889
Dividend income	8,092	5,087
Total	$ 2,032,494	$ 683,928

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	
	2015	2014
Stock dividend income	$ 185,468	$ 154,509
Gains on disposal		
Listed (TSE and OTC) stocks	64,745	83,913
Bonds (Government bonds and Financial bonds)	34,582	2,861
Unlisted stocks	-	89,443
Subtotal	99,327	176,217
Loss on disposal		
Listed (TSE and OTC) stocks	(4,867)	(23,909)
Bonds (Government bonds)	(34)	-
Subtotal	(4,901)	(23,909)
Total	$ 279,894	$ 306,817

(31) Asset impairment (loss) losses recovery

	For the years ended December 31	
	2015	2014
Gain on reversal of investment property	$ 400	$ 3,447
Impairment loss on available-for-sale financial assets	(1,266)	-
Total	($ 866)	$ 3,447

(32) Other non-interest income

	For the years ended December 31	
	2015	2014
Gains on default fine of loans	$ 27,821	$ 32,926
Gain on bond investments without active market	21,030	46,396
Rental income on investment property	15,628	14,054
Gain and loss on trade/disposal of property	(3,593)	419
Gain (loss) on disposal of investment property	1,432	(352)
Other net losses	44,123	80,512
Total	$ 106,441	$ 173,955

(33) Employee benefit expense

	For the years ended December 31	
	2015	2014
Wages and salaries	$ 3,173,213	$ 2,748,633
Labor and health insurance fees	214,697	191,722
Pension costs	142,098	124,313
Other personnel expenses	192,283	160,402
Total	$ 3,722,291	$ 3,225,070

A. In accordance with the amended Company Act on May 20, 2015 and amended Articles of Incorporation as resolved by the Board of Directors on behalf of the stockholders' meeting on December 24, 2015, if the Company 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.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $27,221 and $27,061, respectively. The amounts were recognised in salary expenses.

For the year ended December 31, 2015, 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; for the year ended December 31, 2014, the most appropriate estimate was accrued based on the period-end (its respective year-end) income after taxes less appropriated reserves in accordance with the Articles of Incorporation 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. Employees' remuneration (bonus) of 2015 and 2014 as resolved by the Board of Directors on behalf of the stockholders' meeting were in agreement with those amounts recognised in the 2015 and 2014 financial statements.

Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and 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.

(34) Depreciation and amortization

	For the years ended December 31	
	2015	2014
Property and equipment depreciation	$ 173,195	$ 206,001
Investment property depreciation	4,802	4,184
Intangible asset amortization	52,855	91,635
Deferred assets amortization	33,498	36,236
Total	$ 264,350	$ 338,056

(35) Other general and administrative expenses

	For the years ended December 31	
	2015	2014
Tax	$ 706,502	$ 475,092
Rental expense	576,717	567,837
Repairs and maintenance	177,489	164,225
Insurance expense	167,915	152,818
Professional expense	90,284	59,082
Postage and telephone costs	89,849	81,929
Advertising expense	79,368	62,427
Donations	60,449	91,645
Utilities	59,591	62,746
Others	410,998	352,055
Total	$ 2,419,162	$ 2,069,856

(36) Income tax

A. Income tax expense

(A) Components of income tax expense:

	For the years ended December 31	
	2015	2014
Current tax:		
Income tax from current income	$ 519,943	$ 840,260
Adjustments in respect of prior years	(34,133)	42,441
Total current tax	485,810	882,701
Deferred tax:		
Origination and reversal of temporary differences	210,289	(414,361)
Income tax expense	$ 696,099	$ 468,340

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

	For the years ended December 31	
	2015	2014
Fair value gains/losses on available-for-sale financial assets	$ 5,302	$ 3,786
Remeasurement of defined benefit obligations	(28,358)	($ 20,326)

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31	
	2015	2014
Income tax from pretax income calculated at regulated tax rate	$ 956,550	$ 810,313
Adjustments in respect of prior years	(34,133)	42,441
Alternative Minimum Tax effects	212,139	16,811
Effects of items not recognized under relevant regulations	141	(1,302)
Adjusted effects on income tax exemption and other income	(438,598)	(399,923)
Income tax expense	$ 696,099	$ 468,340

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

	For the year ended December 31, 2015				
	January 1	Recognised in profit or loss	Recognised 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

	For the year ended December 31, 2014					
	January 1	Transfer due to acquisition	Recognised in profit or loss	Recognised in other comprehensive income	Others	December 31
Temporary differences:						
—Deferred tax assets:						
Unrealized exchange loss	$ -	$ -	$ 271,820	$ -	$ -	$ 271,820
Unrealized valuation loss on short-term commercial paper	22	-	(22)	-	-	-
Allowance for credit losses in excess of tax limitation	93,665	19,937	93,503	-	-	207,105
Unrealized compensation loss	1,998	-	(96)	-	-	1,902
Accrued unused compensated absences	2,624	-	329	-	-	2,953
Available-for-sale financial assets impairment loss	26	-	-	-	-	26
Employee benefit liabilities reserve	87,996	-	3,353	20,326	-	111,675
Deferred revenue of credit cards	7,402	-	(440)	-	-	6,962
Net operating loss carryforward	-	4,989	3,247	-	-	8,236
Other	170	(2,221)	1,536	-	-	(515)
Subtotal	193,903	22,705	373,230	20,326	-	610,164
—Deferred tax liabilities:						
Unrealized exchange gain	($ 11,427)	$ -	$ 11,427	$ -	$ -	$ -
Unrealized valuation gain on derivatives	(86,322)	-	50,371	-	-	(35,951)
Unrealized valuation gain on short-term commercial paper	-	-	(57)	-	-	(57)
Unrealized valuation gain on available-for-sale financial assets	(13,007)	-	-	(3,786)	-	(16,793)
Amortization of goodwill	(77,287)	-	(20,610)	-	-	(97,897)
Reserve for land revaluation increment tax	(21,120)	-	-	-	67	(21,053)
Subtotal	(209,163)	-	41,131	(3,786)	67	(171,751)
Total	($ 15,260)	$ 22,705	$ 414,361	$ 16,540	$ 67	$ 438,413

D. As of December 31, 2015, the Consolidated Company's unused loss deduction was $36,930. The validity period for the loss deduction pursuant to local regulations was before 2018.

E. As of December 31, 2015, the assessment information on the Consolidated Company's income tax returns are as follows:

	Assessment Information
Yuanta Bank	Assessed through 2009
Yuanta Life Insurance Agency	Assessed through 2013
Yuanta Property Insurance Agency	Assessed through 2013
Yuanta International Leasing	Assessed through 2013

The Bank's annual income tax returns for 2004 to 2009 were assessed by the Tax Authority and received assessment reports. The Tax Authority disallowed the amortization of goodwill and bond investments. In accordance with the law, the Company has claimed for administrative remedy to recognize the income tax expense relating to the additional income tax payable.

F. Unappropriated retained earnings

	December 31, 2015	December 31, 2014
Earnings generated in and after 1998	$ 4,812,234	$ 4,447,913

G. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was $26,757 and $22,650, respectively. The creditable tax rate of actual earnings distributed for 2014 was 0.78%. The creditable tax rate of estimated earnings distributed for 2015 was 0.56%.

(37) 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, 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	3,918,362	$ 1.26
Profit attributable to former owner of business combination under common control	($ 3,304)		$ -

	For the year ended December 31, 2014		
	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	$ 4,546,935	3,918,362	$ 1.16
Profit attributable to former owner of business combination under common control	($ 2,419)		$ -

B. The above weighted-average outstanding stocks have been adjusted retrospectively according to the ratio of capital increase from retained earnings on May 28, 2015. Basic earnings per share and diluted earnings per share before the adjustment were both $1.21 for the year ended December 31, 2014.

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
Yuanta Securities Investment Trust Co., Ltd. (“YSIT”)	Affiliated company in the same Group
Yuanta Futures Co., Ltd.	Affiliated company in the same Group
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
Funds managed by Yuanta Securities Investment Trust	Funds managed by the same group
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
Yuanta Cultural & Education Foundation (“Yuanta Foundation”)	Related party in substance
Polaris Research Institute (“Polaris Research”)	Related party in substance
Others (each related party's deposits and loans are not over 1% of total deposits and loans)	The Consolidated Company's affiliated companies and directors, supervisors and managers, and their relatives

(3) Significant transactions and balances with related parties

A. Deposits

	December 31, 2015		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits by each related party not over 1% of total deposits)	$ 40,443,327	6.12	0.00~6.42

	December 31, 2014		
Name	Ending balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits by each related party not over 1% of total deposits)	$ 28,264,820	4.87	0.00~6.42

Apart from an interest rate limit on staff demand savings deposits of 6.25~6.42% and 6.42%, for the years ended December 31, 2015 and 2014, the range of interest rate on other related parties' demand savings deposits were all 0.00%~5.00%. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2015 and 2014, interest expense on the above deposits was $366,626 and $231,738, respectively.

B. Loans

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
Mortgages	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	-		

December 31, 2014

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	185	$ 19,691	$ 9,486	$ 9,486	$ -	Credit loans and movables	None
Mortgages	402	3,670,489	2,769,954	2,769,954	-	Real estate	None
Other loans	Yuan Kun Construction	1,175,000	1,175,000	1,175,000	-	Real estate and machinery	None
	54	200,430	131,382	131,382	-	Stock, deposits and real estate	None
Total			4,085,822	4,085,822	-		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies were 0.00% to 2.62% and 0.00% to 2.25%, the interest rates on the remaining loans are ranging from 0.00 % to 5.37% and 0.00 % to 5.00% for the years ended December 31, 2015 and 2014, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2015 and 2014, interest income resulting from the above loans amounted to $69,009 and $67,033, respectively.

C. Service fee and commission

Names of related parties	For the years ended December 31	
	2015	2014
Fellow subsidiary		
Yuanta Life Insurance	$ 731,481	$ 250,091
Yuanta Securities Investment Trust	11,087	12,287
Yuanta Securities	149	230
Yuanta Asia Investment Limited	24	-
Yuanta Futures	10	9
Total	$ 742,751	$ 262,617

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, 2015	December 31, 2014
Fellow subsidiary		
Yuanta Life Insurance	$ 92,655	$ 33,901
Yuanta Securities Investment Trust	1,415	1,530
Total	$ 94,070	$ 35,431

D. Rental revenue

Names of related parties	Purpose	For the years ended December 31	
		2015	2014
Parent company			
Yuanta Financial Holdings	Office rental/ Parking lot rental	$ 125	$ -
Fellow subsidiary			
Yuanta Securities	Office rental/ Venue rental	7,887	8,412
Yuanta Futures	Venue rental	1,375	636
Yuanta Securities Investment Trust	Office rental/ Parking lot rental	743	-
Yuanta Life Insurance	Office rental/ Parking lot rental	332	-
Yuanta Securities Finance	Parking lot rental	8	-
Yuanta Venture	Parking lot rental	4	-
Total		$ 10,474	$ 9,048

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, 2015	December 31, 2014
Parent company		
Yuanta Financial Holdings	$ 827	$ -
Fellow subsidiary		
Yuanta Securities Investment Trust	4,935	-
Yuanta Life Insurance	2,205	-
Yuanta Securities	1,958	2,159
Yuanta Futures	420	158
Yuanta Securities Finance	51	-
Yuanta Venture	27	-
Total	$ 10,423	$ 2,317

E. Rent expense

		For the years ended December 31	
Names of related parties	Purpose	2015	2014
Fellow subsidiary			
Yuanta Securities	Office rental/ Venue rental	$ 173,157	$ 177,207
Yuanta Securities Finance	Office rental	2,539	2,539
Total		$ 175,696	$ 179,746

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, 2015	December 31, 2014
Fellow subsidiary		
Yuanta Securities	$ 8,678	$ 26,202
Yuanta Securities Finance	633	633
Total	$ 9,311	$ 26,835

F. Donations

	For the years ended December 31	
Names of related parties	2015	2014
Other related parties:		
Yuanta Foundation	$ 13,850	$ 11,000
Polaris Research Institute	6,600	4,600
Total	$ 20,450	$ 15,600

G. Consulting fee

	For the years ended December 31	
Names of related parties	2015	2014
Fellow subsidiary		
Yuanta Securities Investment Consulting	$ 9,780	$ 9,538
Yuanta Securities	50	2,550
Total	$ 9,830	$ 12,088

H. Commission expense

Names of related parties	For the years ended December 31 2015	2014
Fellow subsidiary		
Yuanta Securities	$ 14,663	$ 18,417
Yuanta Futures	3	-
Yuanta Asset Management	2	6
Total	$ 14,668	$ 18,423

I. Current income tax assets/liabilities

Names of related parties	December 31, 2015	December 31, 2014
Parent company		
Yuanta Financial Holdings		
Consolidated income tax return receivables	$ 2,608,784	$ 2,869,359
Consolidated income tax return payables	$ 226,974	$ 612,938

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, 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

For the year ended December 31, 2014: None.

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

	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

For the year ended December 31, 2014: None.

(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, 2015		
	Type	Purchase price	Selling price
Fellow subsidiary			
Yuanta Securities	Bond	$ 4,107,017	$ 99,412

	For the year ended December 31, 2014		
	Type	Purchase price	Selling price
Fellow subsidiary			
Yuanta Securities	Bond	$ 248,676	$ -

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

	December 31, 2015	December 31, 2014
Fellow subsidiary		
Yuanta Futures		
Futures trading guarantees	$ 114,432	$ 93,356

Service charges for trading of futures are as follows:

	For the years ended December 31	
	2015	2014
Fellow subsidiary		
Yuanta Futures	$ 545	$ 318

(E) 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

	For the years ended December 31	
Names of related parties	2015	2014
Receivables-Yuanta Securities	$ 153	$ -
Payables-Yuanta Securities	5,674	5,808
Payables-Yuanta Financial Holdings	52	36
Miscellaneous revenues -Yuanta Securities	191	328
Miscellaneous revenues -Yuanta Futures	110	-
Miscellaneous revenues - Yuanta Securities Investment Trust	5	-
Operating expenses-Yuanta Securities	120	120
Operating expenses- Yuanta Financial Holdings	-	34

(4) Information on remunerations to the Consolidated Company's key management

	For the years ended December 31	
	2015	2014
Salaries and other short-term employee benefits	$ 571,925	$ 444,207
Post-employment benefit	10,790	10,575
Total	$ 582,715	$ 454,782

8. Pledged assets

As of December 31, 2015 and 2014, the Consolidated Company's assets pledged as collateral are as follows:

Items	December 31, 2015	December 31, 2014	Purpose of pledge
Investment of debt instruments without active market			
- Government bonds	$ 9,707,412	$ 9,659,535	Foreign currency clearing overdraft guarantee
- Time deposits	4,024,800	1,632,960	Foreign currency clearing overdraft guarantee
- Government bonds	103,573	67,990	Collateral for provisional seizure
- Government bonds	97,293	96,896	OTC EBTS for bond settlement reserves
- Government bonds	87,564	77,517	Trust fund reserve
- Government bonds	49,275	49,128	Deposit guarantees of bills merchants
- Government bonds	39,420	-	Operating guarantee deposits for securities underwriting
- Government bonds	9,855	9,826	Operating guarantee deposits for securities dealing
- Government bonds	4,326	3,925	VISA International card payment reserves
Available-for-sale financial assets			
- Government bonds	2,393	2,301	Operating guarantee deposits

9. Significant contingent liabilities and unrecognised contract commitments

(1) Commitments

A. Agreements of operating leases, please refer to Note 12(4)C(C).

B. As of December 31, 2015 and 2014, capital expenditure contracted for at the balance sheet date but not yet incurred was $86,972 and $83,013 respectively.

(2) Others

	December 31, 2015	December 31, 2014
Irrevocable loan commitments	$ 25,102,457	$ 22,417,888
Unused credit commitments on credit cards	44,549,377	34,001,624
Unused L/C balance	2,427,102	2,855,407
Other guarantees	31,774,061	32,167,463
Consignment collection for others	15,732,057	16,984,417
Trust assets	129,635,017	113,761,789
Items under custody	29,616,215	33,104,200
Commitment of securities under a repurchase agreement	10,636,049	8,379,243
Commitment of securities under a resale agreement	1,939,493	-

10. Significant losses from disasters

None.

11. Significant subsequent events

(1) On August 21, 2015, the Company's Board of Directors resolved to acquire Hanshin Savings Bank in Korea for ₩135.1 billion. On March 17, 2016, FSC's approval for the above-mentioned transaction was obtained. Subsequent related procedures will be commenced once approval from the competent authorities of Korea is filed and obtained.

(2) On January 21, 2016, the Company's Board of Directors resolved to merge Yuanta International Life Insurance Agent Co., Ltd. and Yuanta Property Insurance Agency Co., Ltd.

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 prices, either directly (that is, as prices) or indirectly (that is, derived from prices) in active markets. 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:

	December 31, 2015			
Recurring fair value measurements	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	2,918,087	1,932,324	-	985,763
Bond investments	38,876,169	1,117,103	36,836,227	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

Recurring fair value measurements	December 31, 2014			
	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	$ 2,976	$ 2,976	$ -	$ -
Bond investments	32,012,475	8,454,072	20,380,051	3,178,352
Others	10,412,634	302,367	5,925,453	4,184,814
Financial assets designated as at fair value through profit or loss on initial recognition	1,250,134	-	1,250,134	-
Available-for-sale financial assets				
Stock investments	2,971,711	2,071,671	-	900,040
Bond investments	31,795,937	-	29,704,042	2,091,895
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 5,733,872	$ 11,548	$ 2,870,609	$ 2,851,715
Liabilities				
Financial liabilities at fair value through profit or loss	$ 5,679,085	$ -	$ 2,748,775	$ 2,930,310

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 bonds: 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: Reuters is referenced to discount future cash flow and calculate the present value of valuation.

(b) Options: Black-Scholes model is mainly adopted for valuation, and the quoted price 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) Limit of valuation model 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, 2015, there were no transfers from Level 1 to Level 2.

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, 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 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

	For the year ended December 31, 2014							
		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 assets at fair value through profit or loss	$ 524,476	$ 1,778,225	$ -	$ 9,669,758	$ 1,397,995	$ 3,104,543	$ 51,030	$ 10,214,881
Available-for-sale financial assets	2,779,982	89,671	239,027	12,000	-	128,745	-	2,991,935
Total	$ 3,304,458	$ 1,867,896	$ 239,027	$ 9,681,758	$ 1,397,995	$ 3,233,288	$ 51,030	$ 13,206,816

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2015 and 2014, the gains on assets were $579,864 and $2,660,632, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. As of December 31, 2015 and 2014, the gains on assets were $54,393 and $261,307, respectively.

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

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

	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

	For the year ended December 31, 2014							
		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	$ 526,905	$ 1,238,169	$ -	$ 749,007	$ 320,466	($ 95,763)	$ -	$ 2,930,310

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2015 and 2014, the losses on liabilities were $564,143 and $2,382,947, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. As of December 31, 2015, the gains on liabilities was $46,919.

Note: Transferred from /in Level 3 was due to obtaining/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, 2015				
Assets				
Financial assets at fair value through profit or loss	$ 78,593	($ 78,593)	$ -	$ -
Available-for-sale financial assets	-	-	190,860	(190,860)
Liabilities				
Financial liabilities at fair value through profit or loss	31,764	(31,764)	367,161	(367,161)
December 31, 2014				
Assets				
Financial assets at fair value through profit or loss	$ 1,021,488	($ 1,021,488)	$ -	$ -
Available-for-sale financial assets	-	-	299,194	(299,194)
Liabilities				
Financial liabilities at fair value through profit or loss	293,031	(293,031)	-	-

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 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	December 31, 2015	Valuation technique	Significant unobservable input	Range
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%

Recurring fair value measurements	December 31, 2015	Valuation technique	Significant unobservable input	Range
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, 2015		December 31, 2014	
	Book value	Fair value	Book value	Fair value
Financial assets				
Held-to-maturity financial assets	$ 14,665,264	$ 15,336,399	$ 7,345,168	$ 7,386,975
Other financial assets (Note)	63,511,895	64,794,866	32,402,757	32,727,905
Financial liabilities				
Bonds payable	33,000,000	33,446,120	23,000,000	23,299,262

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, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 15,336,399	$ 3,615,202	$ 11,721,197	$ -
Other financial assets (Note)	64,794,866	22,557,556	41,455,811	781,499
1. 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 are as follows:

(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 OTC ; foreign 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. 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 indentified 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 categorised 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) 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 sheet and items off the consolidated balance sheet and master netting arrangements. The table summarizes the relevant information:

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	1,737,211	2,584,167
For accounts off the balance sheet			
Irrevocable loan commitments	3,542,521	-	3,542,521
Unused letters of credit	107,611	-	107,611
Guarantees (including for non-performing loans)	2,641,768	-	2,641,768

December 31, 2014	Collateral (note)	Net-settled general agreement	Total
For accounts on the balance sheet			
Receivables			
-other	$ 248,988	$ -	$ 248,988
Bills discounted and loans	294,895,046	-	294,895,046
Financial assets at fair value through profit or loss	302,804	1,202,257	1,505,061
For accounts off the balance sheet			
Irrevocable loan commitments	2,796,944	-	2,796,944
Unused letters of credit	185,167	-	185,167
Guarantees (including for non-performing loans)	2,007,972	-	2,007,972

Note: The value of collaterals, except for cash items, is at present value, the others are allocated based on amount of loans.

(F) 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

Industry	December 31, 2015 Amount	December 31, 2015 %	December 31, 2014 Amount	December 31, 2014 %
Privately owned businesses	$ 247,545,444	51.07	$ 238,476,891	52.86
Government-owned businesses	8,133,040	1.68	11,166,400	2.48
Non-profit organizations	791,831	0.16	616,130	0.14
Private individuals	227,418,769	46.92	199,825,666	44.29
Financial institutions	661,320	0.14	940,558	0.21
Others	147,950	0.03	112,078	0.02
Total	$ 484,698,354	100.00	$ 451,137,723	100.00

b. Geography location

The Consolidated Company's main business activities are concentrated in Taiwan, hence there are no significant geographic credit concentration risks measured by over 5% of the balance of each component item.

c. Collateral

Collateral	December 31, 2015 Amount	December 31, 2015 %	December 31, 2014 Amount	December 31, 2014 %
Non-guaranteed	$ 156,299,901	32.25	$ 156,242,677	34.63
Guaranteed				
-Stock collateral	20,131,148	4.15	19,990,517	4.43
-Bonds collateral	7,924,175	1.63	6,547,187	1.45
-Real estate collateral	267,559,134	55.20	235,798,206	52.27
-Moveable collateral	31,580,152	6.52	31,362,211	6.95
-Notes receivable	-	-	106,204	0.03
-Guarantee	1,203,844	0.25	1,090,721	0.24
Total	$ 484,698,354	100.00	$ 451,137,723	100.00

(G) 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 or 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:

a. Credit quality analysis on bills discounted, loans, receivables and other financial assets investments

December 31, 2015

	Positions that are neither past due nor impaired							Total	Recognized losses(D)		Net
Items	Excellent	Acceptable	Weak	Unrated	Subtotal (A)	Positions that are past due but not impaired(B)	Impaired amount (C)	(A)+(B)+(C)	With individual objective evidence of impairment	Without individual objective evidence of impairment	(A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 373,397,722	$ 57,418,917	$ 8,305,986	$ 39,786,122	$ 478,908,747	$ 2,683,542	$ 3,614,397	$ 485,206,686	$ 2,417,556	$ 4,033,997	$ 478,755,133
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	9,756,163	118,399	28,683	3,125,033	13,028,278	-	21,235	13,049,513	21,235	481,616	12,546,662
Available-for-sale financial assets											
– bonds investment	38,876,169	-	-	-	38,876,169	-	-	38,876,169	-	-	38,876,169
Held-to-maturity financial assets											
– bonds investment	14,665,264	-	-	-	14,665,264	-	-	14,665,264	-	-	14,665,264

December 31, 2014

	Positions that are neither past due nor impaired							Total	Recognized losses(D)		Net
Items	Excellent	Acceptable	Weak	Unrated	Subtotal (A)	Positions that are past due but not impaired(B)	Impaired amount (C)	(A)+(B)+(C)	With individual objective evidence of impairment	Without individual objective evidence of impairment	(A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 336,344,400	$ 70,763,215	$ 4,170,889	$ 33,176,833	$ 444,455,337	$ 1,813,059	$ 5,334,042	$ 451,602,438	$ 3,452,451	$ 2,336,291	$ 445,813,696
Receivables and other financial asset											
- Credit card service	1,326,782	84,572	331,110	219,869	1,962,333	64,728	13,183	2,040,244	12,833	46,373	1,981,038
- Investment of debt instruments without active market	38,858,053	-	-	-	38,858,053	-	-	38,858,053	-	-	38,858,053
- Other	14,844,756	59,605	-	1,789,094	16,693,455	-	133,164	16,826,619	133,164	23,366	16,670,089
Available-for-sale financial assets											
– bonds investment	31,795,937	-	-	-	31,795,937	-	-	31,795,937	-	-	31,795,937
Held-to-maturity financial assets											
– bonds investment	7,345,168	-	-	-	7,345,168	-	-	7,345,168	-	-	7,345,168

Note: Total bills discounted and loans include interest receivable. As of December 31, 2015 and 2014, the interest receivable on bills discounted and loans were $508,332 and $464,715, respectively. In addition, allowances for doubtful interest receivable were $2,617 and $4,912, 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, 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	$ 26,082,263	$ 128,887,132
- Non-guaranteed	131,958,039	11,140,083	766,019	13,236,707	157,100,848
-Government-owned enterprise	8,146,656	-	-	-	8,146,656
- Others	187,177	32,694	-	303,458	523,329
Subtotal	214,949,375	38,374,577	1,711,585	39,622,428	294,657,965
Consumer finance					
- Mortgage	141,936,852	14,565,921	688,526	23,628	157,214,927
- Credit loan	779,478	64,810	372,386	136,302	1,352,976
- Auto loan	14,834,899	4,363,917	3,769,383	3,764	22,971,963
- Others	897,118	49,692	1,764,106	-	2,710,916
Subtotal	158,448,347	19,044,340	6,594,401	163,694	184,250,782
Total	$ 373,397,722	$ 57,418,917	$ 8,305,986	$ 39,786,122	$ 478,908,747

	December 31, 2014				
	Positions that are neither past due nor impaired				
By client	Excellent	Acceptable	Weak	Unrated (Note)	Total
Corporate finance					
- Guaranteed	$ 58,378,457	$ 32,310,498	$ 249,419	$ 28,409,830	$ 119,348,204
- Non-guaranteed	124,923,111	21,387,964	68,536	4,427,121	150,806,732
-Government-owned enterprise	11,183,763	-	-	-	11,183,763
- Others	479,380	34,555	-	189,013	702,948
Subtotal	194,964,711	53,733,017	317,955	33,025,964	282,041,647
Consumer finance					
- Mortgage	126,262,772	13,583,589	778,786	12,071	140,637,218
- Credit loan	266,336	20,114	478,379	138,156	902,985
- Auto loan	11,984,928	3,316,216	2,583,160	642	17,884,946
- Others	2,865,653	110,279	12,609	-	2,988,541
Subtotal	141,379,689	17,030,198	3,852,934	150,869	162,413,690
Total	$ 336,344,400	$ 70,763,215	$ 4,170,889	$ 33,176,833	$ 444,455,337

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.

(H) 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, 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	1,017,683	204,260	1,221,943
- Credit loans	8,406	1,672	10,078
- Car loans	734,448	18,358	752,806
Subtotal	2,204,221	479,321	2,683,542
Total	$ 2,219,319	$ 480,734	$ 2,700,053

Items	December 31, 2014 Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables			
- Credit card business	$ 64,320	$ 408	$ 64,728
Bills discounted and loans			
Corporate finance			
- Guaranteed	136,817	7,592	144,409
- Non-guaranteed	66,376	7,798	74,174
- Others	-	904	904
Consumer finance			
- Mortgage	797,301	154,485	951,786
- Credit loans	4,875	-	4,875
- Car loans	616,120	20,791	636,911
Subtotal	1,621,489	191,570	1,813,059
Total	$ 1,685,809	$ 191,978	$ 1,877,787

(I) 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, 2015	December 31, 2014	December 31, 2015	December 31, 2014
With individual objective evidence of impairment	Individual assessment	Corporate loan	$ 2,684,610	$ 4,169,353	$ 2,018,623	$ 3,053,579
		Mortgage	47,805	194,782	-	-
	Collective assessment	Corporate loan	223,639	150,276	136,305	88,389
		Mortgage	400,633	493,615	111,187	152,221
		Credit loan	232,645	311,500	138,000	152,137
		Auto loan	25,065	14,516	13,441	6,125
Without individual objective evidence of impairment	Collective assessment	Corporate loan	286,939,025	270,890,981	2,404,694	2,022,625
		Government-owned enterprises	8,146,656	11,183,763	-	-
		Mortgage	158,436,870	141,589,004	1,510,965	160,454
		Credit loan	1,363,054	907,860	28,460	22,927
		Auto loan	23,724,770	18,521,856	39,483	30,701
		Others	2,981,914	3,174,932	50,395	99,584
Total			$ 485,206,686	$ 451,602,438	$ 6,451,553	$ 5,788,742

Items			Receivable (Note)		Allowance for doubtful accounts (Note)	
			December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
With individual objective evidence of impairment	Individual assessment	Non-accrual loans transferred from other accounts -guarantee	$ 21,235	$ 133,164	$ 21,235	$ 133,164
	Collective assessment	Credit card business	13,034	13,183	12,740	12,833
Without individual objective evidence of impairment	Collective assessment	Credit card business	3,751,979	2,027,061	46,536	46,373
		Others	164,645,944	127,685,818	481,616	23,366
Total			$ 168,432,192	$ 129,859,226	$ 562,127	$ 215,736

Note: As of December 31, 2015 and 2014, 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 $6,345,846 and $10,337,074, 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 $508,332 and $464,715, respectively. In addition, allowance for doubtful receivables not including allowance for doubtful interest receivable on loans were $2,617 and $4,912, respectively.

(J) 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, 2015					December 31, 2014				
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		235,888	129,454,783	0.18%	718,186	304.46%	184,493	120,552,235	0.15%	1,605,634	870.30%
	Unsecured loans		574,844	168,015,974	0.34%	3,842,670	668.47%	458,542	165,532,764	0.28%	3,602,951	785.74%
Consumer banking	Mortgages		48,822	110,863,711	0.04%	1,660,034	3,400.18%	195,853	101,661,543	0.19%	296,541	151.41%
	Cash card services		-	-	-	-	-	-	-	-	-	-
	Small amount of credit loans		76,906	1,532,646	5.02%	170,380	221.54%	87,350	1,134,723	7.70%	184,079	210.74%
	Others	Guaranteed	23,120	72,598,805	0.03%	53,357	230.78%	25,084	60,482,221	0.04%	90,520	360.87%
		Non-guaranteed	1,265	2,232,435	0.06%	4,309	340.63%	2,148	1,774,237	0.12%	4,105	191.11%
Gross loan business			960,845	484,698,354	0.20%	6,448,936	671.17%	953,470	451,137,723	0.21%	5,783,830	606.61%
			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			5,554	3,760,115	0.15%	59,276	1067.29%	5,530	2,036,541	0.27%	59,206	1,070.65%
Without recourse factoring (Note 7)			-	3,001,245	-	-	-	-	3,375,741	-	-	-

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 mortgages, 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 mortgage, cash card services and small amount of credit loans, and excluding credit card services.

Note 7: Pursuant to the Banking Bureau (5) 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, 2015		December 31, 2014	
	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)	216,506	52,807	330,646	70,708
Perform in accordance with debt liquidation program and restructuring program (Note 2)	139,964	72,125	187,041	81,910
	356,470	124,932	517,687	152,618

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 Letter Jin-Guan-Yin (1) 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 Letter Jin-Guan-Yin (1) No. 09700318940 of FSC dated September 15, 2008.

b. Contract amounts of significant credit risk concentration are as follows:

(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

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2014			
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–Petrochemical Manufacturing	$ 8,231,750	16.07
2	Group B–Investment Consultancy	4,502,773	8.79
3	Group C–Air Transportation	4,194,377	8.19
4	Group D–Other Metalworking Machinery Manufacturing	3,676,665	7.18
5	Company E–Real Estate Development	2,500,000	4.88
6	Group F–Iron and Steel Smelting	2,447,097	4.78
7	Group G–Ocean Water Transportation	2,304,899	4.50
8	Company H–Real Estate Development	1,999,500	3.90
9	Group I –Books and stationery retail	1,643,000	3.21
10	Company J –Real Estate Development	1,460,300	2.85

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.

(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.

	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	8,983,733	1,853,189	351,138	282,936	196,123	11,667,119
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	$ 181,006,470	$ 105,725,607	$ 79,508,314	$ 114,818,340	$ 279,943,164	$ 761,001,895

	December 31, 2014					
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	$ 13,194,734	$ 6,418	$ 25,546	$ -	$ -	$ 13,226,698
Due from Central Bank and call loans to other banks	65,976,878	2,502,369	1,558,443	2,388,493	7,024,285	79,450,468
Financial assets at fair value through profit or loss	43,678,219	-	-	-	-	43,678,219
Receivables	13,463,924	2,913,857	1,379,133	1,313,432	114,546	19,184,892
Bills discounted and loans	52,497,728	51,635,606	25,109,584	32,533,939	289,360,866	451,137,723
Available-for-sale financial assets	3,621,401	700,549	-	430,996	30,014,702	34,767,648
Held-to-maturity financial assets	-	-	-	-	7,345,168	7,345,168
Other financial assets	1,301,572	929,842	2,867,602	1,377,810	32,527,913	39,004,739
Other capital inflow upon maturity	2,826,051	-	-	-	194,865	3,020,916
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	33,069,977	33,441,185	11,226,945	9,299,888	1,930,972	88,968,967
Cash outflow	(32,407,770)	(32,285,250)	(10,642,997)	(8,259,667)	(12,632)	(83,608,316)
Net settlement	27,361	37,616	41,225	35,096	190,941	332,239
Total	$ 197,250,075	$ 59,882,192	$ 31,565,481	$ 39,119,987	$ 368,691,626	$ 696,509,361
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	$ 1,409,398	$ 1,253,775	$ 2,842,291	$ 175,541	$ -	$ 5,681,005
Bills and bonds payable under repurchase agreements	8,340,995	-	-	-	-	8,340,995
Payables	14,114,504	1,119,153	263,616	199,117	134,306	15,830,696
Deposits and remittances	101,555,732	92,690,230	66,380,853	95,764,888	223,468,426	579,860,129
Bonds payable	-	-	-	-	23,000,000	23,000,000
Other financial liabilities	1,422,401	573	860	1,721	4,812,351	6,237,906
Other capital outflow upon maturity	2,007	-	-	-	9,549	11,556
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(28,819,496)	(30,473,253)	(6,853,092)	(6,939,883)	(9,435)	(73,095,159)
Cash outflow	29,875,905	31,491,150	7,205,690	7,909,347	1,925,015	78,407,107
Net settlement	23,255	35,599	38,813	49,595	187,216	334,478
Total	$ 127,924,701	$ 96,117,227	$ 69,879,031	$ 97,160,326	$ 253,527,428	$ 644,608,713

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, 2015 and 2014, expenses on period of 0-30 days will increase by $257,457,234 and $245,515,899, 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:

	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

	December 31, 2014			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Irrevocable loan commitments	$ 22,417,888	$ -	$ -	$ 22,417,888
Unused letters of credit	2,855,407	-	-	2,855,407
Guarantees	32,167,463	-	-	32,167,463
Lease contract commitment				
Operating lease expense (lessee)	392,163	557,480	62,164	1,011,807
Operating income (lessor)	13,324	28,123	-	41,447
Total financial lease expense (lessee)	3,345	5,570	-	8,915
The present value of finance lease expense (lessee)	3,155	5,237	-	8,392
Total financial lease income (lessor)	16,896	-	-	16,896
The present value of finance lease income (lessor)	16,449	-	-	16,449
Capital expenditure commitment	67,747	15,266	-	83,013

(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, 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)

December 31, 2014

(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	580,256,003	72,545,676	71,125,749	45,530,867	25,280,740	45,512,782	320,260,189
Primary funds outflow upon maturity	796,855,047	17,765,226	45,835,458	84,200,558	56,002,064	82,904,469	510,147,272
Gap	(216,599,044)	54,780,450	25,290,291	(38,669,691)	(30,721,324)	(37,391,687)	(189,887,083)

Note: The above amounts include only New Taiwan dollars amounts held by the Bank.

b. Structure analysis of time to maturity (USD)

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

December 31, 2014

(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	2,973,228	1,268,035	508,012	248,144	89,921	859,116
Primary funds outflow upon maturity	4,148,142	1,723,304	365,216	441,456	960,669	657,497
Gap	(1,174,914)	(455,269)	142,796	(193,312)	(870,748)	201,619

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

		December 31, 2015	December 31, 2014
	Variation of Interest-rate	Effect on other comprehensive income	Effect on other comprehensive income
Available-for-sale financial assets-Bond	Major yield-curve rises one basis point	($ 9,393)	($ 7,129)

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) 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, 2015			December 31, 2014		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange	19,680	43,259	3,486	3,338	9,184	467
Interest rate	54,379	90,117	28,933	23,105	34,663	11,888
Equity securities	6,933	14,305	510	8,400	16,310	99
Total VaR	55,189	82,201	34,898	31,183	39,669	19,729

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.

(F) As of December 31, 2015 and 2014, 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, 2015		December 31, 2014	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Bills discounted and loans	$ 1,677,934	$ 55,482,579	$ 1,635,092	$ 51,861,858
Foreign currency denominated financial liabilities				
Deposits and remittances	$ 4,009,340	$ 132,572,848	$ 2,422,795	$ 76,846,212

Note: As of December 31, 2015 and 2014, USD to TWD exchange rates were 33.066 and 31.718, respectively.

(G) 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, 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

December 31, 2014

(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	420,476,621	15,989,310	3,364,770	103,097,619	542,928,320
Interest-rate-sensitive liabilities	163,236,278	275,862,932	40,202,046	31,219,913	510,521,169
Interest-rate-sensitive gap	257,240,343	(259,873,622)	(36,837,276)	71,877,706	32,407,151
Total equity					48,846,972
Ratio of interest-rate-sensitive assets to liabilities (%)					106.35
Ratio of interest-rate-sensitive gap to equity (%)					66.34

Note 1: The above amounts 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, 2015

(Expressed in Thousands of US Dollars, %)

	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)

December 31, 2014

(Expressed in Thousands of US Dollars, %)

	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,093,658	146,446	78,653	296,955	2,615,712
Interest-rate-sensitive liabilities	1,750,973	355,205	598,936	-	2,705,114
Interest-rate-sensitive gap	342,685	(208,759)	(520,283)	296,955	(89,402)
Total equity					70,196
Ratio of interest-rate-sensitive assets to liabilities (%)					96.70
Ratio of interest-rate-sensitive gap to equity (%)					(127.36)

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).

(H) 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, 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

(I) 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, 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)(Note1)		Net amount (e)=(c)-(d)
				Financial instruments (Note2)	Cash collateral received	
Derivative instruments	$ 8,235,172	$ -	$ 8,235,172	$ 1,809,761	$ 409,382	$ 6,016,029
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)(Note1)		Net amount (e)=(c)-(d)
				Financial instruments (Note3)	Cash collateral received	
Derivative instruments	$ 7,144,841	$ -	$ 7,144,841	$ 1,737,211	$ 129,751	$ 5,277,879
Bonds sold under repurchase agreements	10,578,602	-	10,578,602	10,578,602	-	-

December 31, 2014

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)(Note1)		Net amount (e)=(c)-(d)
				Financial instruments (Note2)	Cash collateral received	
Derivative instruments	$ 5,719,569	$ -	$ 5,719,569	$ 1,233,701	$ 141,685	$ 4,344,183

December 31, 2014

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

				Related amounts not offset in the balance sheet (d)(Note1)		
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)	Financial instruments (Note3)	Cash collateral received	Net amount (e)=(c)-(d)
Derivative instruments	$ 5,679,085	$ -	$ 5,679,085	$ 1,202,257	$ 2,522,048	$ 1,954,780
Bonds sold under repurchase agreements	8,340,995	-	8,340,995	8,340,995	-	-

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 reduces 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 reduces 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.

C. Capital adequacy ratio

			December 31	
			2015	2014
Eligible Capital	Common Equity Tier 1		50,454,350	47,972,473
	Additional Tier 1 Capital		6,841,515	-
	Tier 2 Capital		21,080,944	19,003,750
	Eligible Capital		78,376,809	66,976,223
Total risk-weighted assets	Credit risk	Standardized Approach	529,595,884	471,176,159
		Internal Ratings- Based Approach	-	-
		Securitization	-	-
	Operational risk	Basic Indicator Approach	-	-
		Standardized Approach / Alternative Standardized Approach	20,887,182	17,517,763
		Advanced Measurement Approach	-	-
	Market risk	Standardized Approach	53,212,313	33,517,888
		Internal Models Approach	-	-
	Total risk-weighted assets		603,695,379	522,211,810
Capital adequacy ratio			12.98%	12.83%
Common Equity Tier 1 Ratio			8.36%	9.19%
Tier 1 Risk-based Capital Ratio			9.49%	9.19%
Leverage Ratio			6.40%	4.68%

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, 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 1)	50,525,478	Pecuniary trust	67,301,982
Bonds	8,717,593	Securities trust	2,480,534
Real estate	12,438,118	Real estate trust	12,713,251
Movables	6,750,000	Movables trust	6,750,000
Customers' securities under custody	39,503,890	Money market mutual fund	259,406
		Net income	109,277
		Accumulated deficit	516,677
Total trust assets	$ 129,635,017	Total trust liabilities	$ 129,635,017

December 31, 2014

Trust Balance Sheet

Trust assets		Trust liabilities	
Bank deposits	$ 3,668,496	Payable - Customers' securities under custody	$ 30,293,169
Stocks	8,060,720		
Funds (Note 1)	53,725,495	Pecuniary trust	66,545,730
Bonds	7,203,801	Securities trust	4,764,086
Real estate	10,810,108	Real estate trust	11,343,074
Customers' securities under custody	30,293,169	Money market mutual fund	289,505
		Net income	108,705
		Accumulated deficit	417,520
Total trust assets	$ 113,761,789	Total trust liabilities	$ 113,761,789

Note1: Includes mutual funds in money market.

Trust Income Statement

For the year ended December 31, 2015		For the year ended December 31, 2014	
Trust revenue		Trust revenue	
Interest income	$ 18,338	Interest income	$ 19,220
Investment income	9,293	Investment income	11,156
Dividend revenue	111,321	Dividend revenue	111,811
Rental income	272	Rental income	528
	139,224		142,715
Trust expenses		Trust expenses	
Management fees	20,072	Management fees	21,665
Tax expenses	4,323	Tax expenses	7,239
Insurance	2,285	Insurance	2,639
Loss on investment	1,619	Loss on investment	759
	28,299		32,302
Income before income tax	110,925	Income before income tax	110,413
Income tax expense	(1,648)	Income tax expense	(1,708)
Net income	$ 109,277	Net income	$ 108,705

Schedule of Trust Property

December 31, 2015		December 31, 2014	
Invested items	Book value	Invested items	Book value
Bank deposits	$ 5,287,843	Bank deposits	$ 3,668,496
Stocks	6,412,095	Stocks	8,060,720
Funds	50,525,478	Funds	53,725,495
Bonds	8,717,593	Bonds	7,203,801
Real estate- land	12,438,118	Real estate- land	10,810,108
Customers' securities under custody	39,503,890	Customers' securities under custody	30,293,169
Movables	6,750,000		
	$ 129,635,017		$ 113,761,789

The trust balance sheet and trust schedule of property at December 31, 2015 and 2014 include foreign currency non-discretionary money trusts and foreign currency money trusts operated by the offshore banking unit of the Company.

(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, 2015.

(8) Profitability

Items		For the years ended December 31	
		2015	2014
Return on total assets (%)	Before tax	0.74	0.77
	After tax	0.65	0.70
Return on equity (%)	Before tax	10.73	10.27
	After tax	9.41	9.31
Net profit margin ratio (%)		38.23	39.84

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.

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:

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2015		Addition		Disposal				Balance as at December 31, 2015 (Note)	
					Number of shares	Amount	Number of shares	Amount	Stock price	Selling price	Book value	Gain (loss) on disposa	Number of shares	Amount
Yuanta Bank	Stocks Tongyang Savings Bank	Investments accounted for using equity method	Yuanta Securities Korea Co., Ltd. and capital increase	A 100% owned subsidiary of the Company	-	-	1,000,000	780,289	-	-	-	-	1,000,000	659,391

Note：The balance at December 31, 2015 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:

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Yuanta Bank	Property	2015/11/26	$ 4,398,000	All payments have been made	Yuanta Securities	Related party	First time registration by the owner	-	2008/7/1	1,605,073	Valuation report issued by a real esate valuer or by referencing local transaction prices	To reduce rent expenses and satisfy the Company’s business development needs	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, 2015	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 as of December 31, 2015: None.

(B) Sale of non-performing loans for which the amount exceeded 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.

H. Significant transactions between parent company and subsidiaries

Information for the year ended December 31, 2015:

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 Life Insurance Agent	1	Accounts Receivable	65,052	Note 3	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Deposits and remittances	111,345	Note 3	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Service fee and commission income	1,026,432	Note 3	7.94%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Interest expense	439	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Accounts Receivable	353	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Deposits and remittances	10,115	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Service fee and commission income	4,930	Note 3	0.04%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Interest expense	62	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Accounts payable	6	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	157,170	Note 3	0.02%
0	Yuanta Bank	Yuanta International Leasing	1	Other liabilities	7	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Service fee and commission income	7	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	867	Note 3	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Cash	111,345	Note 3	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Accrued expense	65,052	Note 3	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Interest income	439	Note 3	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Service fee and commission expense	1,026,432	Note 3	7.94%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Cash	10,115	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Accrued expense	353	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Interest income	62	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Service fee and commission expense	4,930	Note 3	0.04%
3	Yuanta International Leasing	Yuanta Bank	2	Cash	157,170	Note 3	0.02%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
3	Yuanta International Leasing	Yuanta Bank	2	Accounts Receivable	6	Note 3	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Interest income	867	Note 3	0.01%
3	Yuanta International Leasing	Yuanta Bank	2	Other assets	7	Note 3	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other general and administrative expenses	7	Note 3	0.00%

Information for the year ended December 31, 2014:

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 Life Insurance Agent	1	Accounts Receivable	13,048	Note 3	0.00%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Deposits and remittances	57,459	Note 3	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Service fee and commission income	576,978	Note 3	5.06%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Interest expense	280	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Accounts Receivable	275	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Deposits and remittances	9,358	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Service fee and commission income	4,901	Note 3	0.04%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Interest expense	63	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Accounts payable	45	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	202,160	Note 3	0.03%
0	Yuanta Bank	Yuanta International Leasing	1	Other liabilities	7	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Service fee and commission income	7	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	1,344	Note 3	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Cash	57,459	Note 3	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Accrued expense	13,048	Note 3	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Interest income	280	Note 3	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Service fee and commission expense	576,978	Note 3	5.06%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Cash	9,358	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Accrued expense	275	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Interest income	63	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Service fee and commission expense	4,901	Note 3	0.04%
3	Yuanta International Leasing	Yuanta Bank	2	Cash	202,160	Note 3	0.03%
3	Yuanta International Leasing	Yuanta Bank	2	Accounts Receivable	45	Note 3	0.00%

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
3	Yuanta International Leasing	Yuanta Bank	2	Interest income	1,344	Note 3	0.01%
3	Yuanta International Leasing	Yuanta Bank	2	Other assets	7	Note 3	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other general and administrative expenses	7	Note 3	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.

Note 3: No significant difference from general customers.

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:

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		Limit of individual lending	Total limit of funds lent to others
													Item	Value		
1	Yuanta International Leasing	Cai Di CO.,Ltd.	Notes receivable–Capital lending	No	199,394	198,146	198,146	4.17%~5.60%	Short-term loans	-	Acquisition of assets and operation financing	-	Real estate	829,015	246,307	246,307
2	Yuanta International Leasing	Carton Constuction CO.,Ltd.	Notes receivable–Capital lending	No	19,623	-	-	4.62%	Short-term loans	-	Operation financing	-	Real estate	29,040	246,307	246,307

B. Endorsements and guarantees provided for others:None

C. Securities held at the end of period:

(Expressed in Thousands of New Taiwan Dollars)

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	As of December 31, 2015				
				Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta International Life Insurance Agent Co., Ltd.	Government bonds:							
	100 A9 Central Government Construction Bond	-	Available-for-sale financial assets	-	$ 1,006	-	$ 1,066	Note
	102 A3 Central Government Construction Bond	-	Available-for-sale financial assets	-	985	-	985	Note
					$ 1,991		$ 1,991	
Yuanta Property Insurance Agency Co., Ltd.	Government bonds:							
	100 A9 Central Government Construction Bond	-	Available-for-sale financial assets	-	$ 402	-	$ 402	Note

Note：Pledged for operating guarantee deposits.

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				Note
						Number of ready shares	Number of pro-forma shares	Total		
								Number of shares	Percentage of ownership (%)	
Yuanta International Leasing Co., Ltd.	7F., No.69, Baoqing Rd., Taipei , Taiwan	Leasing business	100	$ 620,196	$ 18,799	60,000	-	60,000	100	
Yuanta International Life Insurance Agent Co., Ltd.	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Life insurance agency	100	86,150	72,092	300	-	300	100	
Yuanta Property Insurance Agent Ltd.	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Property insurance agency	100	9,420	2,573	-	-	Note	100	
Tongyang Savings Bank	G/F Chatham House, 116 Valero Cor.V.A.Rufino (former Herrera) Sts., Salcedo Village Makati City, Philippines	Bank deposits and loans	100	695,391	(20,807)	1,000,000	-	1,000,00	100	

Note: It is a limited company.

(4) Investments in People’s Republic of China: None.

14. Segment information:

(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: Mortgages, 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 and assets and liabilities of operating segments

The Consolidated Company's measurement principles of profit and loss and assets and liabilities 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, 2015
Segment Information

	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income	$ 3,344,625	$ 1,866,980	$ 1,817,789	$ 150,579	$ 565,598	$ 7,745,571
Net service fee and commission income (loss)	472,462	124,893	1,862,395	(539)	121,777	2,580,988
Other operating income (Note)	319,778	27,241	194,092	1,860,946	205,014	2,607,071
Operating expenses	1,163,166	1,002,296	3,065,375	319,934	855,032	6,405,803
Other significant non-cash accounts						
Loss on asset impairment	-	-	-	-	(866)	(866)
Bad debts expense and guarantee liability provision	(567,556)	(85,870)	-	(215,707)	(17,756)	(886,889)
Segmental profit before tax	$ 2,406,143	$ 930,948	$ 808,901	$ 1,475,345	$ 18,735	$ 5,640,072

For the year ended December 31, 2014
Segment Information

	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	$ 2,711,192	$ 1,659,614	$ 1,718,232	($ 37,607)	$ 948,784	$ 7,000,215
Net service fee and commission income (loss)	403,754	82,177	1,497,791	(3,273)	83,185	2,063,634
Other operating income (Note)	693,277	32,949	233,942	1,089,164	284,220	2,333,552
Operating expenses	758,485	803,791	2,629,687	244,894	1,196,125	5,632,982
Other significant non-cash accounts						
Gains on reversal of asset impairment	-	-	-	-	3,447	3,447
Bad debts expense and guarantee liability provision	(1,010,051)	256,280	-	(5,085)	1,728	(757,128)
Segmental profit before tax	$ 2,039,687	$ 1,227,229	$ 820,278	$ 798,305	$ 125,239	$ 5,010,738

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 shows 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 foreigner external customer that were material. Therefore, no disclosures have been made.

3. Risk Management and Other Significant Issues

(1) Information of Credit Risk Management:

A. Credit Risk Management System in 2015

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: Asset & Liability Management Committee, Risk Management Committee, Non-Performing Loan Management Committee and Credit Evaluation Committee are subordinated to the president. 3. Risk Management Dept: (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 and group. 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 31, 2015

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Charge
Sovereigns	148,112,279	0
Non-central Government Public Sector Entities	0	0
Banks (Multilateral Development Banks included)	51,064,882	2,005,138
Corporations (Securities firms and insurance companies included)	318,884,034	23,810,006
Retailed credit	86,842,038	5,944,936
Residential Property	155,398,142	9,519,480
Equity-securities investment	5,750	1,840
Other assets	13,092,453	805,552
Total	773,399,578	42,086,952

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 2015

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.
7. Description on the Bank's accounting policies on securitization	
8. The names of ECAI used in banking books for securitization and their usage in each type of asset securitization exposure.	

Item	Contents
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 2015, the Bank has never been the originator for securitization.

C. Risk exposure and accrual capital charge for securitization :

As of December 2015, the Bank didn’t hold any investments in securitized product.

D. Information of investment in securitization products :

As of December 2015, the Bank didn’t hold any investments in securitized product.

(3) Information of Operational Risk Management:

A. Operational Risk Management System in 2015

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 New Product Review Committee and Risk Management Committee are 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

Item	Contents
	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.
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 31, 2015

Year	Gross Income	Capital Charge
2013	9,951,276	
2014	11,082,489	
2015	12,751,111	
Total	33,784,876	1,632,818

(4) Information of Market Risk Management:

A. Market Risk Management System in 2015

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 position, stop-loss 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: Asset & Liability Management Committee and Risk Management Committee are 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 Dept: (1) Responsible for researching and drafting or amending the Bank's risk management policies and market risk 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,

Item	Content
	and propose them to the 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. 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 full 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 31, 2015

Type of Risk	Capital Charge
Interest rate risk	3,473,306
Equity risk	592,783
Foreign exchange risk	190,896
Commodity risk	—
Total	4,256,985

C. Value at Risk for Trading Position (99%, one day) :

Unit: NT$1,000

Item	2015			
	December 31, 2015	Average VaR	Minimum VaR	Maximum VaR
Interest rate	81,669	54,379	28,933	90,117
Equity	583	6,933	510	14,305
Foreign Exchange	26,945	19,680	3,486	43,259
Commodity	—	—	—	—
Subtotal	109,197	80,992	—	—
Diversified effect	(36,196)	(25,803)	—	—
Total value at risk	73,001	55,189	34,898	82,201

(5) Information of Liquidity Risk Management:

A. Structure analysis of time to maturity (NT$)

Unit: NT$1,000；Base Date: December 31, 2015

	Total	0-10 days	11-30 days	31-90days	91-180 days	181-365days	Over 365days
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)

B. Structure analysis of time to maturity (US$)

Unit: US$ 1,000；Base Date: December 31, 2015

	Total	0-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	3,921,881	1,560,097	510,040	206,877	169,718	1,475,149
Primary funds inflow 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

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, 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 reporting to Board of Directors every year. Meanwhile, indicators on various liquidity risks, such as Liquidity Coverage Ratios, are set with warning values for indicators set up. 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 6~8

(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:

Echoing policies of Yuanta Financial Holdings and Asia Cup of FSC, on August 5, 2015, the Bank completed the acquisition of TongYang Savings Bank in Philippines with Yuanta Securities Korea Co., Ltd. TongYang Savings Bank in Philippines became the very first overseas subsidiary bank of the Bank and the second Taiwan-funded bank in Philippines. Philippines ranks 4th among trading partners of Taiwan in members of ASEAN. Logistics and cash flows between Taiwan and Philippines turns intense and FDI in Philippines during 2014 and 2015 grew by over 50%, a top number among members of ASEAN. Furthermore, Taiwan enterprises have been steadily increasing their investment in Philippines recently. Hence, the establishment of the subsidiary bank in Philippines can not only help serve the broad market of Taiwan enterprises but penetrate into local potential market segments to maximize the Bank's profitability.

(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 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, 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:

There's no significant litigation.

(12) Information of Crisis Management:

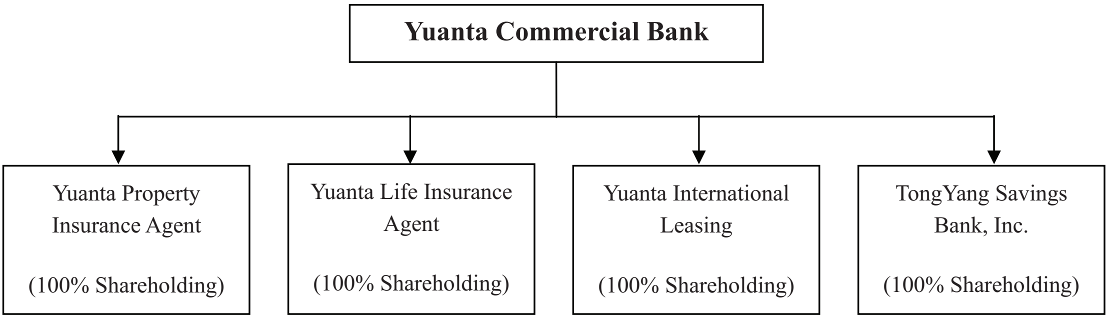
In order to perfect the Bank's crisis prevention and response mechanism, the Bank has defined the "Crisis Management Policies and Procedures" and "Manual for Crisis Management Response", so that supervisors of related units may report the emergency via the various channels and research and draft responsive 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 29, 2016



Corporate	Date of Establishment	Address	Paid-in Capital (NT$1,000)	Scope of Business
Yuanta Property Insurance Agent Ltd.	October 2, 1999	10F., No.66, Sec.1, Dunhua S. Rd., Songshan District, Taipei City	3,600	Property Insurance Agent
Yuanta Life Insurance Agent Co., Ltd.	November 20, 2001	10F., No.66, Sec.1, Dunhua S. Rd., Songshan District, Taipei City	3,000	Life Insurance Agent
Yuanta International Leasing Co., Ltd.	November 15, 2012	7F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City	600,000	Leasing
TongYang Savings Bank, Inc.	November 5, 1997	Ground Floor, Chatham House Building, 116 Valero corner Rufino Streets, Salcedo Village, Makati City, Philippines	665,355	Deposits, lending and foreign exchange

(2) Directors, Supervisors and Managers

Base Date: February 29, 2016

Corporate	Position	Name of Individual or Representative(s)	Shareholdings
Yuanta Property Insurance Agent Ltd.	Director	Yuanta Commercial Bank Statutory Representatives: Yung-Chung Huang	(a limited company)
	President	Hung-Chuan Kuo	100.00%
Yuanta Life Insurance Agent Co., Ltd.	Chairman	Yuanta Commercial Bank Statutory Representatives: Chia-Lin Chin	300,000 shares 100.00%
	Director	Yuanta Commercial Bank Statutory Representatives: Chung-Ping Lue, Tsai-Yu Chang	
	Supervisor	Yuanta Commercial Bank Statutory Representatives: Yu-De Chuang	
	President	Chia-Hao Su	
Yuanta International Leasing Co., Ltd.	Chairman	Yuanta Commercial Bank Statutory Representatives: Tsai-Yu Chang	60,000,000 shares 100.00%
	Director	Yuanta Commercial Bank Statutory Representatives: Yu Chang, Chung-Ping Lue	
	Supervisor	Yuanta Commercial Bank Statutory Representatives: Yu-De Chuang	
	President	Sheng-Tung Wen	
TongYang Savings Bank, Inc.	Chairman	Jwa Yul Chun	1,000,000,000 shares 100.00%
	Director	Allen Wu	
	Director	Regina V. Saga	
	Independent Director	Charade B. Mercado	
	Independent Director	Anna-Teresa Gozon-Abrogar	
	President	Jwa Yul Chun	

(3) Business Overview

Unit:NT$1,000；Base Date: December 31, 2015

Corporate	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT$) (after tax)
Yuanta Property Insurance Agent Ltd.	3,600	11,645	2,225	9,420	15,525	3,022	2,573	7.15
Yuanta Life Insurance Agent Co., Ltd.	3,000	220,806	134,656	86,150	1,218,565	86,731	72,092	240.31
Yuanta International Leasing Co., Ltd.	600,000	692,543	72,347	620,196	27,210	21,782	18,799	0.31
TongYang Savings Bank, Inc.	665,355	1,473,290	777,899	695,391	67,812	(20,321)	(23,503)	-

2. Milestones of Yuanta Commercial Bank in 2015

January	Launched annual “Net the potential, Grasp the Niche”, an online banking activity.
February	Cooperated with Alipay of Ant Financial to launch the Cross-Border Tuition and Miscellaneous Fee Collection Service.
	Held “Investment Prospects of Year 2016”, workshops for wealth management (three sessions in Taiwan).
March	Launched the groundbreaking “Yutanta E-Counter”, a digital finance 3.0 service.
	Relocated Neihu Branch.
May	Launched “Lucky USD”, a term deposit plan in foreign currency.
	Co-held “Boost Your Portfolio Through Compound Interest In This Low-Rate Era” with Wealth Magazine(three sessions in Taiwan).
	Launched “Mobile School Affair Network Service”.
	Launched “Customer-Oriented Comprehensive Customer Center”.
July	The 20th Anniversary Celebration for Dali Branch.
	Launched “Mobile Financial Advisor Service”.
	Extended the business hour for foreign exchange service in e-channels.
August	Added “Mobile ATM” service to mobile banking.
	Launched “Term Deposit with Premium APR in USD”.
September	Received approval for engaging in “Electronic Payment Service” (i.e., Third-Party Payment).
	Relocated Dunnan Branch and renamed it Nankang Branch.
	Held “Global Investment Prospects of Year 2016”, workshops for wealth management (four sessions in Taiwan).
October	Promoted Project Loans to Non-SMEs Conducted by Financial Institution For Economic Stimulus
	Relocated Taipei Branch
	Launched USD Premium Savings.
November	Launched Online to Offline (O2O).
December	Celebrated the opening of Nankang Branch.
	Celebrated the 24th anniversary of Shalu Branch.
	Celebrated the 24th anniversary of Changhua Branch.
	Promoted Premium Credit Guarantee for Export Loans Plan。
	Co-hosted with Wanjashan the 21th “Sweet Home-Children Drawing”, a drawing contest.
	Launched off-line Code Scanning Payment from Alipay Wallet.
	Launched with UnionPay a new service- “Chinese Students Pay Tuition Online with China UnionPay Card”.
	Launched “Differentiated Counter Service (Customer Greeting System)”.

3. Branches and Overseas Offices

Base Date: March 31, 2016

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) 312-1228	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
Pingtung Branch	(08) 735-0426	(08) 737-0121	No.690, Guangdong Rd., Pingtung County 900, Taiwan

Name	Tel	Fax	Address
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
TongYang Savings Bank, 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
TongYang Savings Bank, 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
TongYang Savings Bank, 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

Overseas Office	Tel	Fax	Address
Hong Kong Representative Office	(85) 2 2810 9313	(85) 2 2810 9310	RM. 1509, 15 F., Harcourt House, No.39, Gloucester Road, Wanchai, Hong Kong
Myanmar 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 Property Insurance Agent Ltd.	(02) 2173-6879	(02) 2772-1995	10F., No.66, Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Yuanta Life Insurance Agent Co., Ltd.	(02) 2173-6879	(02) 2772-1466	10F., No.66, Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
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.

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