



Mega International Commercial Bank

Annual Report 2015

Annual Report 2015



Notice

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

Head Office

No.100, Chi-lin Road, Taipei 10424, Taiwan

Tel : +886-2-2563-3156

Fax : +886-2-2356-8936

Website : www.megabank.com.tw

Email : megaservice@megabank.com.tw

Spokesperson

Mei-Chi Liang, Senior Executive Vice President

Tel : +886-2-2523-7256

Email : miki@megabank.com.tw

Deputy Spokesperson

Bie-Ling Lee, Senior Executive Vice President

Tel : +886-2-2541-0015

Email : bllee@megabank.com.tw

Service Network

Refer to Service Network Section for details of domestic and overseas business units

Credit Rating Agency

Moody's Investors Service Hong Kong Limited

24/F One Pacific Place, 88 Queensway, Admiralty, Hong Kong

Tel : +852-3758-1300

S&P Global Ratings

Unit 1, Level 69, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong

Tel : +852-2533-3500

Taiwan Ratings Corp.

49th Floor Taipei 101 Tower No.7, Xinyi road, Section 5, Taipei 11049, Taiwan

Tel : +886-2-8722-5800

Auditor of Financial Report

PricewaterhouseCoopers, Taiwan

27F, 333, Keelung Rd., Sec. 1, Taipei 11012, Taiwan

Tel : +886-2-2729-6666

Contents

1 *Message to Shareholders*

Operation Results of 2015
Business Plan of 2016
Development Strategies
Major Regulatory Changes and Influences
Credit Rating

4 *Bank Profile*

Historical Overview

5 *Corporate Governance Report*

Organization Chart
Directors, Supervisors & Top Management
Execution of Corporate Governance

12 *Capital Overview*

Capital & Shares
Other Fund-Raising Activities

14 *Overview of Business Operations*

Business Activities
Taiwanese Banking Industry & Market Overview
Human Resources Profile
Social Responsibility

18 *Financial Information*

Condensed Consolidated Balance Sheets
Condensed Consolidated Statements of Comprehensive Income
Major Financial Analysis

20 *Report of Independent Accountants*

Consolidated Financial Statements
Notes to Consolidated Financial Statements
Stand-alone Financial Statements

106 *Service Network*

Head Office
Domestic Branches
Overseas Branches & Representative Offices
Subsidiaries

Global economy continued to recover on a lower-than-expected pace as it was in 2014. Except for U.S. who kept up the momentum, others including Euro Zone, Japan, China as well as emerging economies were dissatisfied the previously envisioned. With regard to Taiwan, as export performance, private consumption and capital expenditure were impacted by the global economy, the economic growth rate was held back to 0.75%, the worst in recent six years.

Despite the decelerating economic growth pace across the world and increased volatility in financial market which led to lower-than-expected revenue from treasury operations, growth in Corporate Banking, Retail Banking and Wealth Management Business were outperformed. Profit before tax of the Bank reached TWD30.25 billion while financial position and asset quality remained at satisfactory level, with NPL ratio at 0.08%; coverage ratio at 1,723%; capital adequacy ratio at 13.16% and Common Equity Tier I Ratio at 11.23%, retained the preeminent position in banking industry.

With respect to global presence which focused on China and Asia Pacific region, the Bank has successively established its Suzhou Branch, Wujiang Sub-Branch, Kunshan Sub-Branch and Ningbo Branch in China following the stage of gradual opening of cross-strait financial services. In addition, by means of establishing strategic alliance and business relationship with leading Chinese banks, RMB related business volume, as well as the asset pool, have shown substantial growth. Looking ahead, the Bank will make every endeavor to entrench the service network in Asia Pacific market with the intension to build solid asset and profit pool from OBU and overseas service network.

Operation Results of 2015

I. Global & Domestic Economic Dynamics

1. Economic Growth

In 2015, the developed countries presented modest recovery while overshadowed by decelerating growth in emerging countries, as a result, the global economic growth kept at a slower-than-expected pace for a second consecutive year. To look into 2016, IMF suggests a 3.4% GDP growth rate for global economy, from which modest growth is expected for some specific advanced economies and a bottom-up growth pattern is expected for emerging countries. Nevertheless, the expectation of US dollar's appreciation along with the downturn and rebalancing risk concerns over China, which may expand the instability in global financial and commodity market, cast a shadow on brightening global prospect.

As for Taiwan, in 2015 as a whole, the real GDP rose merely a margin up. As of 2016, since the Legislative Yuan has announced budgetary increase for infrastructure and R&D investment, it is expected to move up the domestic demand and export volume. The Directorate-General of Budget, Accounting and Statistics (DGBAS) forecasts GDP growth rate at 1.47%. Nonetheless, cautions are warranted for implications from anticipated tighter U.S. monetary policy, risk arising from economic downside and the supply chain localization in China, and the volatility of oil and commodity price.

2. Financial Market

The Central Bank of Republic of China (Taiwan) maintained the major interest rate references stable until the third quarter of 2015, where economic leading indicators suggested possible economic distress ahead. In light of the signaled concerns, the Central Bank announced 0.125% interest rate cut on re-discount rate on September and December separately to 1.625%, after six and a half years of no interest rate adjustment. The average overnight call-loan rate also dropped to 0.275% by the end of December 2015.

With regard to NT dollar exchange rate, the expectation of "Shanghai-Taiwan Stock Connect" led to NT dollar appreciation from April to July 2015, and then it depreciated after Federal Reserve raised interest rate and signaled an upward trend. Affected by this confluence, the average exchange rate of NT dollar for 2015 was at NT\$31.80 to one US dollar, depreciated by 6.4% compared to NT\$29.77 for 2014, the largest depreciation recorded after 2012.

II. Change in Organization Structure

The Bank has successfully maintained the quality of loan portfolio at satisfactory level with quite low NPL ratio in a quite low level. Therefore, the Bank merged Overdue Loan & Control Department into Credit Control Department on November 2015, to reinforce the current credit quality management function by monitoring over the credit lifecycle under the same unit.

III. Operating Results in 2015

Units: millions in NTD, except as indicated

Item \ Year	2015	2014	Change (%)
Deposits (Note 1)	2,080,552	1,929,424	7.83
Loans (Note 2)	1,765,178	1,691,323	4.37
Corporate Financing	1,377,601	1,325,417	3.94
Consumers Financing (Note 3)	387,577	365,906	5.92
Foreign Exchange Business (millions in USD)	842,207	825,871	1.98
Securities Purchased	380,305	360,828	5.40
Long-term Equity Investments	23,472	25,005	-6.13
Credit Card Loans	1,230	1,363	-9.76

Note 1: including due to China Post Co.

Note 2: the figure in 2015 with amount of non-performing loans NT\$1,341 million, NPL ratio 0.08%, and coverage ratio 1,723%

Note 3: excluding credit card loans

IV. Budget Implementation

2015 Pretax Income (millions in NT dollars)	2015 Pretax Income Budget (millions in NT dollars)	Budget achievement rate (%)
30,250	26,732	113.16

Business Plan of 2016

I. Business Plan

- Sustain profits and market share by utilizing competitive advantages in Corporate Banking business.
- Expand Wealth Management Business to increase the proportion of fee revenue.
- Extend international banking business to facilitate niche marketing over international banking expertise.
- Actively engage in product innovation in response to the forthcoming Bank 3.0.
- Solidify legal compliance, enhance risk management and engage in Corporate Social Responsibility.

II. Business Objectives

With consideration of current economic and financial developments, the Bank has set up the following business targets based on competitive strategies for the year of 2016: total deposits of NT\$2,150,425 million, total loans of NT\$1,843,557 million and foreign exchange business of US\$853,000 million.

Development Strategies

- Extend the product line and layout of International Banking Services through the overseas network.
- Introduce new services to existing Global eBanking platform to retain the stickiness of the customer.
- Enhance credit risk monitoring function to upgrade the operational efficiency.
- Empower current wealth management platform and integrate messages on social media with physical service network to create new business opportunity in Digital Finance.
- Pursue strategic alliance or equity participation to broaden operational capacity worldwide.
- Collaborate with ventures targeting in areas of Fin-Tech, Big Data Analytics, Cloud Service and Internet of Things to improve the level of financial technology adoption of the Bank.
- Strengthen the AML/CFT training sessions to staffs and compliance officers of overseas branches to mitigate the regulatory gap and reduce the compliance cost.

Major Regulatory Changes and Influences

Financial Supervisory Commission aggressively promoted several new regulatory frameworks encouraging product innovation in financial institution, such as heralding the Bank 3.0 scheme and deregulating online banking, mobile payment and third-party payment businesses on January 2015, and allowing the financial holding company and banks to 100% invest in financial technologies startups in order to facilitate its own Fin-Tec resolutions on September 2015. All of those could create more room for banks to promote business and make profit.

On March 2015, to enforce the credit risk control over loan exposure to China, the Financial Supervisory Commission regulated the local banks to maintain a prudent credit risk buffer by making at least 1.5% provisions against loans to China by end of 2015, and all the call loans and due from banks as well incurred over 3 months should be 100% summed up to the exposure. The regulation would impact the net income of the banks in the short terms; however it could fortify the risk management system in the long run.

Credit Rating

As of April, 2015

Credit Rating Institute	Credit Rating		Outlook	Publication Date (Year/Month)
	Long-term	Short-term		
Moody's	A1	P-1	Stable	2016/01
S&P	A	A-1	Stable	2015/10
Taiwan Rating Corp.	twAA+	twA-1+	Stable	2015/10



Hann-Ching Wu
President

Historical Overview

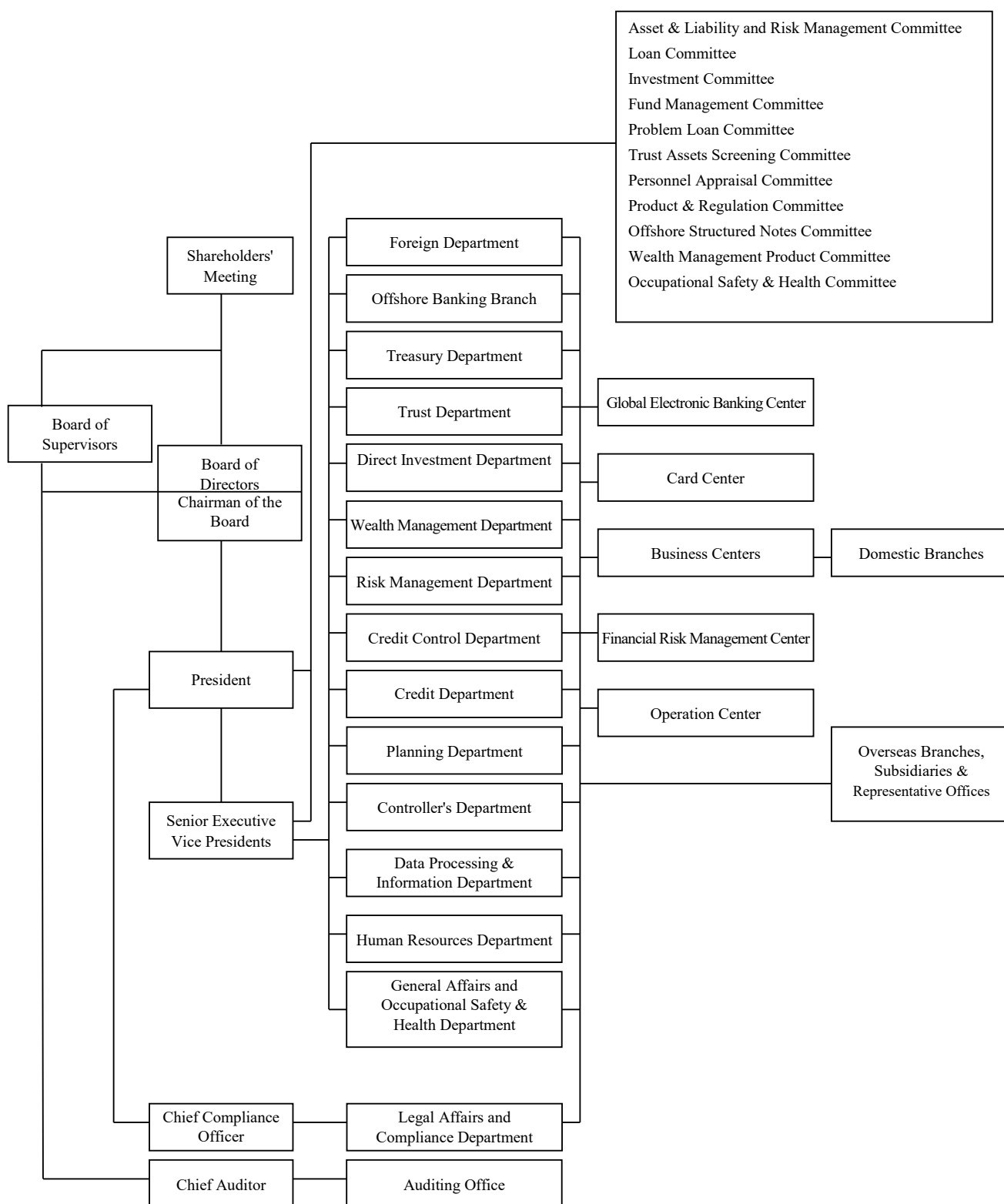
Mega International Commercial Bank Co., Ltd. (Mega ICBC) has come into being as a result of the merger of The International Commercial Bank of China and Chiao Tung Bank, effective on August 21, 2006. Both banks have been proud of their longtime histories of outstanding track records in our country.

In 1971, The Bank of China was privatized to become The International Commercial Bank of China Co., Ltd. (ICBC), whose origin dates back to the Ta Ching Bank and its predecessor, the Hupu Bank (the bank under the finance arm of the imperial court in the Ching Dynasty). The Bank of China had been entrusted with the mission to serve as an agent of the Treasury and a note-issuing bank before the establishment of the Central Bank of China in 1928. The Bank of China was designated as a licensed specialized bank for international trade and foreign exchange thereafter. Taking advantage of its specialization in foreign exchange, worldwide network of outlets and correspondence banks, superb bank assets, and excellent business performance, ICBC has become a top-notch bank in the Republic of China.

Set up five years before the founding of the Republic of China, Chiao Tung Bank Co., Ltd. (CTB) had also been delegated to act as an agent of the government coffer and a note-issuing bank in concert with the Bank of China at the outset of the Republic. Transforming from a licensed bank for industries in 1928, an industrial bank in 1975, and a development bank in 1979, CTB turned from a state-controlled bank into a privately-owned one in 1999. It has engaged in loan extensions for medium- and long-term development, innovation and guidance investment (equity investment), and venture capital ever since. For years, CTB has made significant contributions to the improvement of industrial structure and the promotion of the upgrading of industry by assisting in the development of strategic and vital industries in line with the economic policy and the economic development plan of the government.

CTB and International Securities Company formed the CTB Financial Holding Company in 2002. Late on, Chung Hsing Bills Finance Corporation and Barits International Securities Company came under the financial umbrella. On December 31, 2002, Chung Kuo Insurance Company and ICBC joined forces with the Company to form a conglomerate named Mega Financial Holding Company.

With a view to enlarging the business scale and increasing the market share, ICBC and CTB formally merged into one bank under the name of Mega International Commercial Bank Co., Ltd. on August 21, 2006. By the end of 2015, the Bank has 107 branches at home, and 22 branches, 5 sub-branch, and 4 representative offices (including marketing office) abroad. Together with the network are wholly-owned bank subsidiaries in Thailand and Canada, along with their branches, bringing the number of overseas outposts to 39 in total. It has manpower 5,478 and an aggregate paid-in capital of NT\$85.362 billion.



Directors, Supervisors & Top Management

I. Board of Directors and Supervisors

As of December 31, 2015

Title	Name	Position / Occupation
Chairman of the Board	Yeou-Tsair Tsai	Chairman of the Board Mega Financial Holding Company and Mega ICBC
Managing Director & President	Hann-Ching Wu	President Mega Financial Holding Company and Mega ICBC
Managing Director	Jen-Hui Hsu	Dean Department of Public Policy and Management, Shih Hsin University
Managing Director	Shu-Chen Wang	Director Kinko Optical Co., Ltd.
Independent Managing Director	Tien-Chang Huang	Independent Director Mega Securities Co., Ltd.
Independent Director	Kai Ma	Independent Director Taiwan Power Company
Independent Director	Tai-Long Chen	Executive Vice President of Taiwan Academy of Banking & Finance
Director	Yuan-Chung Lee	
Director	Ching-Long Lin	President Ching-Long CPAs
Director	Bie-Ling Lee	Executive Vice President of Mega Financial Holding Co. and Senior Executive Vice President of Mega ICBC
Director	In-Ming Lee	Vice President Chung Yuan Christian University
Director	Po-Cheng Chen	Director National Treasury Administration, Ministry of Finance
Director	Chuang-Hsin Chiu	Executive Vice President of Mega Financial Holding Company and Senior Executive Vice President of Mega ICBC
Director	Mei-Chi Liang	Executive Vice President of Mega Financial Holding Company and Senior Executive Vice President of Mega ICBC
Director	Chih-Hsien Hsieh	Assistant Vice President Mega ICBC
Resident Supervisor	Chyan-Long Jan	Dean School of Business, Soochow University
Supervisor	Yu-Hui Su	Professor Accounting Department, Soochow University
Supervisor	Chia-Min Hong	Vice President Administration Dept., Mega Financial Holding Co.
Supervisor	Tsung-Chih Hsu	Chief Auditor Mega Financial Holding Co.
Supervisor	Jui-Ying Tsai	Vice President Treasury Department, Mega Financial Holding Company

II. Professional Qualifications and Independence Analysis of Directors and Supervisors

As of December 31, 2015

Name	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of other public companies in which the individual is concurrently serving as an Independent Director
		Instructor or higher position in a Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the bank in a public or private Junior College, College, or University	Judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist, who has passed a national examination and been awarded a certificate in a profession necessary for the business of the bank	Have work experience in the areas of commerce, law, finance, accounting, or otherwise necessary for the business needs of the bank	1	2	3	4	5	6	7	8	9	10	
Yeou-Tsair Tsai			✓	✓	✓		✓	✓			✓	✓	✓		0
Hann-Ching Wu			✓				✓	✓			✓	✓	✓		0
Jen-Hui Hsu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Shu-Chen Wang			✓			✓	✓	✓	✓		✓	✓	✓		0
Tien-Chang Huang			✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		1
Kai Ma			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Tai-Long Chen			✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		1
Yuan-Chung Lee			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Ching-Long Lin	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Bie-Ling Lee			✓			✓	✓	✓	✓		✓	✓	✓		0
In-Ming Lee	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Po-Cheng Chen			✓	✓		✓	✓				✓	✓	✓		0
Chuang-Hsin Chiu			✓			✓	✓	✓	✓		✓	✓	✓		0
Mei-Chi Liang			✓			✓	✓	✓	✓		✓	✓	✓		0
Chih-Hsien Hsieh			✓			✓	✓	✓	✓		✓	✓	✓		0
Chyan-Long Jan	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		3
Yu-Hui Su	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		1
Chia-Min Hong		✓	✓			✓	✓				✓	✓	✓		0
Tsung-Chih Hsu			✓			✓	✓				✓	✓	✓		0
Jui-Ying Tsai			✓			✓	✓				✓	✓	✓		0

Note: Check (“✓”) the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

- Not an employee of the Company or any of its affiliates.
- Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
- Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
- Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
- Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
- Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
- Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
- Not been a person of any conditions defined in Article 30 of the Company Law.
- Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

III. Major Shareholders of the Institutional Shareholders

As of December 31, 2015

Name of the Institutional Shareholders	Top Shareholders (Percentage of Shares Ownership)
Mega Financial Holding Co., Ltd.	Ministry of Finance, R.O.C. (8.40%)
	National Development Fund, Executive Yuan, R.O.C. (6.11%)
	Chunghwa Post Co., Ltd. (3.44%)
	Fubon Life Insurance Co., Ltd. (3.22%)
	Bank of Taiwan Co., Ltd. (2.46%)
	Cathay Life Insurance Co., Ltd. (1.98%)
	Nan Shan Life Insurance Co., Ltd. (1.90%)
	Taiwan Tobacco & Liquor Corporation (1.56%)
	China Life Insurance Co., Ltd. (1.52%)
	Pou Chen Corporation (1.41%)

IV. Policies for Employees' bonuses and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised 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' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the Board of Directors that act on behalf of stockholders at the Board of Directors' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates.

Execution of Corporate Governance

I. Attendance Record

A total of thirty seven meetings of the Board of Directors were held in 2015. Attendance of directors and supervisors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)
Chairman	Yeou-Tsair Tsai	37	0	100.0
Managing Director & President	Meei-Yeh Wei	22	1	95.7
Managing Director & President	Hann-Ching Wu	14	0	100.0
Managing Director	Jen-Hui Hsu	34	3	91.9
Managing Director	Dan-Hun Lu	23	0	100.0
Managing Director	Shu-Chen Wang	14	0	100.0
Independent Managing Director	Chan-Sheng Chen	23	0	100.0
Independent Managing Director	Tien-Chang Huang	14	0	100.0
Independent Director	Kai Ma	10	0	100.0
Independent Director	Chyan-Long Jan	7	0	100.0
Independent Director	Tai-Long Chen	3	0	100.0
Director	Yuan-Chung Lee	10	0	100.0
Director	Ching-Long Lin	10	0	100.0
Director	Chen-Chia Lee	4	3	57.1
Director	Bie-Ling Lee	3	0	100.0
Director	Chin-Lan Chiang Hsiao	7	0	100.0
Director	In-Ming Lee	3	0	100.0
Director	Chao-Hsien Lai	7	0	100.0
Director	Po-Cheng Chen	3	0	100.0
Director	Ying-Ying Chang	7	0	100.0
Director	Chuang-Hsin Chiu	3	0	100.0
Director	Mei-Chi Liang	3	0	100.0
Director	Chiu-Fa Tsai	7	0	100.0
Director	Chih-Hsien Hsieh	3	0	100.0
Resident Supervisor	Jing-Twen Chen	22	0	95.7
Resident Supervisor	Chyan-Long Jan	13	0	92.9
Supervisor	Yung-Ming Chen	6	0	85.7
Supervisor	Yu-Hui Su	3	0	100.0
Supervisor	Chii-Bang Wang	7	0	100.0
Supervisor	Chia-Min Hong	3	0	100.0
Supervisor	Tsung-Chih Hsu	10	0	100.0
Supervisor	Jui-Ying Tsai	10	0	100.0

Note: 1. The Bank's directors and supervisors are appointed by the Mega Financial Holding Company.

2. None of the independent directors has a dissenting opinion or qualified opinion on the resolutions.

3. The Bank doesn't set up an auditing committee.

4. The attendance rate is calculated as the ratio of the number of Board of Directors meetings attended to the number held during the term in office.

5. The Board of Directors has performed its duties in compliance with the related laws and regulations.

II. Corporate Governance Execution and Deviations from “Corporate Governance Best-Practice Principles for Banks” and reasons

As of December 31, 2015

Item	Execution	Deviations from the Principles and Reasons
A. Ownership Structure and Shareholders' Equity 1. Handling of shareholders' suggestions and disputes 2. Major shareholders of controlling stake in the bank 3. Risk assessment and firewalls established against the operations with the affiliates	<p>All suggestions and disputes are handled according to policies and procedures.</p> <p>Mega Financial Holding Company is the Bank's sole shareholder.</p> <p>The Bank's staffs, assets and management are independent of its affiliates, and follow the authority's regulations.</p>	None
B. Organization and Responsibilities of the Board of Directors 1. Audit, Remuneration or other Functional Committees 2. Evaluating the independence of the CPAs periodically	<p>None.</p> <p>The Bank's parent company, Mega Financial Holding Company, has set up a Remuneration Committee, by which all the bank's remuneration policies or related adjustments should be approved.</p> <p>Mega Financial Holding Company has established an Audit Committee, and designated supervisors in the Bank's Board. Supervisors meetings shall be convened at any time, with the attendance of the CPAs, if necessary.</p> <p>The independence of the CPAs is evaluated while being employed.</p>	
C. Communications with Interested Parties	<p>The Bank updates the list of interested parties quarterly, and when positions alter.</p> <p>The Bank processes customer claim and support through direct customer service line.</p> <p>An internal discussion forum is provided for all staffs, accessible at any time.</p>	
D. Disclosure of Information 1. Setting up a corporate website to disclose information regarding the bank's financials, business and governance status 2. Other information disclosure channels	<p>The Bank maintains an official website (https://www.megabank.com.tw) in both Chinese and English version; on which latest information, including credit ratings, annual report, and corporate governance are available.</p> <p>The spokesperson system has been established and fully implemented.</p> <p>Investor conference is held by Mega Financial Holding Company, the sole shareholder of the Bank.</p>	

Item	Execution	Deviations from the Principles and Reasons
<p>E. Other relevant information to facilitate better understanding of the Bank's Corporate Governance practices:</p>	<p>Employee rights:</p> <p>The Bank has signed collective contracts regarding working conditions with its labor union.</p> <p>The Bank has established a Personnel Appraisal Committee, and an Occupational Safety & Health Committee, to supervise appraisal of employees and safety of working environment.</p> <p>As per Rules and Procedures of shareholders meeting of the bank, interested parties with respect to proposals shall recuse themselves from discussions or voting to avoid the conflict of interest.</p> <p>Professional training of Directors and Supervisors :</p> <p>The Bank provides directors and supervisors with opportunities enhancing their professional competency. The courses already taken include "Corporate Governance", "Guideline for the Board of Directors ", and so forth.</p> <p>Risk management policies:</p> <p>Complying with the Banking Act and other competent authorities' regulations, evaluating operational risk, the Bank has established risk management policies, guidelines and risk tolerance of every category of businesses, to secure soundness of the bank's operation.</p> <p>To ensure effective practices of risk management policies, several committees established under the management convene meetings regularly, reviewing relevant agendas, adjusting risk control measures in a timely manner. The abovementioned committees are Asset & Liability and Risk Management, Loan, Investment, Fund Management, Problem Loan, Trust Assets Screening, Personnel Appraisal, Occupational Safety & Health, Product & Regulation, and Offshore Structured Notes Committee.</p> <p>The status of risk control operations are submitted to the bank's board, the Risk Management Committee and the board of Mega Financial Holdings Company.</p> <p>The bank has purchased professional liability insurance for all directors and supervisors.</p>	<p>None</p>
<p>F. If the Company has implemented a self corporate governance evaluation or has authorized any other professional organization to conduct such an evaluation, the evaluation results, major deficiencies or suggestions, and improvements are stated as follows:</p> <p>None.</p>		

Capital & Shares

I. Source of Capital Stock

Unit: NT dollar; share

Year/Month	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark
		Shares	Amount (NTD)	Shares	Amount (NTD)	Source of Capital
2002/12	10	3,726,100,000	37,261,000,000	3,726,100,000	37,261,000,000	Public offering
2006/08	10	2,684,887,838	26,848,878,380	2,684,887,838	26,848,878,380	Issuance of new shares for merger
2011/10	10	389,012,162	3,890,121,620	389,012,162	3,890,121,620	Transference of un-appropriated earnings
2012/09	10	300,000,000	3,000,000,000	300,000,000	3,000,000,000	Issuance of common stock (Private placement)
2013/12	10	600,000,000	6,000,000,000	600,000,000	6,000,000,000	Issuance of common stock (Private placement)
2015/06	10	300,000,000	3,000,000,000	300,000,000	3,000,000,000	Issuance of common stock (Private placement)
2015/12	10	536,233,631	5,362,336,310	536,233,631	5,362,336,310	Issuance of common stock (Private placement)

II. Type of Stock

Unit: share

Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total Shares	
Ordinary Share	8,536,233,631	0	8,536,233,631	Public offering

Note: Shares have been stopped listed since the Bank joined Mega Financial Holding Company on December 31, 2002.

III. Structure of Shareholders

As of December 31, 2015

	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders		1				1
Shareholding (shares)		8,536,233,631				8,536,233,631
Percentage (%)		100.00				100.00

Note: 100% shares are held by Mega Financial Holding Company.

IV. List of Major Shareholders

As of December 31, 2015

Shareholder's Name	Shareholdings	
	Shares	Percentage
Mega Financial Holding Co., Ltd.	8,536,233,631	100.00%

Other Fund-Raising Activities

I. Issuance of preferred shares, global depository receipts, and employee share subscription warrants:

None.

II. Mergers, acquisitions, and issuance of new shares due to acquisition of shares of other companies:

None.

(Blank below)

Business Activities

I. Business Scope: Commercial banking, including a wide range of services indicated as following:

1. Domestic Branches

- Deposits
- Loans & Guarantees
- Documentary Credits
- Remittance & Bill Purchase
- Offshore Banking
- Trust Business
- Foreign Exchange Trading
- Safety Boxes Services
- Consumer Banking
- U Card, VISA Card, MasterCard, JCB Card
- Consignment Securities
- Agency Services
- Money Market Securities
- Agency for selling gold, silver, gold/silver coins, Gold Deposit Account
- Electronic Banking
- Investment Banking

2. Overseas Branches

- Deposits
- Loans & Guarantees
- Documentary Credits
- Remittance & Bill Purchase
- Foreign Exchange Trading
- Loans Backed by the Overseas Chinese Credit Guarantee Fund
- Trading Consulting Services
- Warehousing Services

(Blank below)

II. Distribution of Mega ICBC's Net Operating Income

As of December 31, 2015

Item	Amount (thousands in NT dollars)	As percentage of Net Operating Income (%)
NET INTEREST INCOME	35,486,092	71.24
NON-INTEREST INCOME	14,329,399	28.76
Fee Income – net	8,532,374	17.13
Gains on Financial Assets and Liabilities at Fair Value through Profit or Loss	-1,148,661	-2.31
Realized Gain on Available-for-Sale Financial Assets	1,190,984	2.39
Foreign Exchange Gain – net	2,837,759	5.70
Loss on Asset Impairment	-487,652	-0.98
Investment Income Recognised by the Equity Method	458,238	0.92
Other Non-interest Income	326,968	0.66
Gain on Financial Assets Carried at Cost	764,288	1.53
Gain on Sales of Non-Performing Loans	137,841	0.28
Indemnity Income	1,717,260	3.45
NET OPERATING INCOME	49,815,491	100.00

(Blank below)

Taiwanese Banking Industry & Market Overview

In 2015, domestic banks reported a record high of pretax profits exceeding NT\$360 billion, breaking the record of over NT\$300 billion kept in 2014. Non-performing loan ratio of domestic banks stood at 0.23% at the year end, dropped from the previous year's 0.25%, while coverage ratio rose to 555.43% from 516.38% at the same period. This suggested that the assets quality of the domestic banks stayed in a more satisfactory level.

Domestic banks' total loans increased to NT\$22.6 trillion or 3.05% in 2015, slightly lower than 4.56% in 2014. By sectors, loans to government-owned businesses shrunk 3.40% compared to 2014, while loans to private sector grew 2.42% up to NT\$9.6 trillion, as the private sector yielded better return. Among consumer loans, housing loans continued to grow by NT\$265.3 billion, up 4.52% to NT\$6.1 trillion at the end of 2015. However, the housing loans and construction loan dropped by 0.98% to NT\$1.6 trillion, due to negative outlook for real estate market and forthcoming tax rate raising over property.

Credit cards in circulation increased by 3.02% in 2015, while card loans dropped by 4.34%. Since Financial Supervisory Committee led to cut the ceiling rate, the scale of card loans could be shrunk further.

I. Positive Factors

Strong capital buffer and sound asset quality of Taiwanese banks bolster its' capability to response to financial volatility.

The regulatory authorities have deregulated the banking business to a considerable scale, which could broaden scopes of financial service and products, and increase income resources.

Taiwanese banks, which have built up strong franchise and dense service networks in Southeast Asia, will benefit from the burgeoning financing need in the region, thus overseas income growth is forecasted to accelerate.

Following Fed's interest raising decision, the increasing USD interest rate spread will improve the profitability of the banks.

II. Negative Factors

Domestic financial market's competition remains fierce, which constraints loan spread broadening, and limited profit growth.

While real estate market is gradually cooling down, there is little room for related loan business to expand, along with rising credit risk.

Given domestic banks' high exposure toward China, diminished Chinese growth momentum and tougher operating environment could curb overseas earning growth, and erode asset quality.

The GDP growth rate of Taiwan in 2016 is forecasted at a relative low 1.5% which will affect the retail consumption as well as profit margin of businesses.

III. Winning Strategies

Maintaining extra capital conservation buffer to broaden global presence so as to seize the business opportunities in better-yielded international syndicated loans and offshore banking business.

Employing in wealth management product innovation to suffice investment needs and boost fee revenue.

Fertilizing cyber security human capital through on-job transition training in response to the forthcoming business requirement.

Intensifying risk management and crisis management framework.

IV. Mega ICBC's Niche

Mega ICBC is irreplaceable in terms of foreign remittances, and it enjoys competitive edge in foreign exchange business. For example, the Bank's New York Branch is the only Taiwanese bank that simultaneously participates in CHIPS, Fedwire, and ACH as a member bank.

Mega ICBC owns expansive global presence, and international banking expertise, enhancing the bank's diversification and profitability.

Mega ICBC maintains the highest foreign deposit balance among domestic banks ever since.

Human Resources Profile

Item		As of December 31,	
		2015	2014
Number of Employees	Domestic	4,914	4,923
	Overseas	564	507
	Total	5,478	5,430
Average Age		42.91	42.81
Average Years of Services		17.01	16.97
Education	Ph.D.	3	2
	Master's Degree	1,149	1,101
	Bachelor's Degree	4,045	4,038
	Senior High School	255	260
	Below Senior High School	26	29

Social Responsibility

The International Commercial Bank of China Cultural and Educational Foundation was founded in 1992 by the International Commercial Bank of China Co., Ltd. (Note: The corporate name was changed into Mega International Commercial Bank Co., Ltd. after merger with Chiao Tung Bank on August 21, 2006.) The Foundation is dedicated to the service of the social vulnerable and disadvantaged groups, as well as promotion of cultural and educational events.

Condensed Consolidated Balance Sheets

Unit: Thousands in NT dollars

Item	As of December 31,	
	2015	2014
Cash and Cash Equivalents, and Due from the Central Bank and Call Loans to Banks	647,089,565	630,393,612
Financial Assets at Fair Value through Profit or Loss	47,028,384	43,697,047
Available-for-Sale Financial Assets – net	231,507,094	187,345,276
Securities Purchased under Resale Agreements	9,435,869	5,850,332
Accounts Receivable – net	142,521,355	171,053,943
Current Tax Assets	589,811	522,877
Bills Discounted and Loans – net	1,773,269,054	1,733,994,271
Held-to-Maturity Financial Assets – net	199,528,540	161,795,040
Investments Accounted for by the Equity Method – net	2,899,633	2,835,086
Other Financial Assets – net	9,985,074	13,650,563
Property and Equipment	14,278,590	14,502,322
Investment Property	868,057	671,195
Deferred Tax Assets	4,353,210	3,698,294
Other Assets – net	5,413,487	5,054,695
Total Assets	3,088,767,723	2,975,064,553
Due to the Central Bank and Commercial Banks	419,876,839	461,696,712
Borrowed Funds	45,459,095	53,906,541
Financial Liabilities at Fair Value through Profit or Loss	21,939,295	27,345,358
Securities Sold under Repurchase Agreements	547,798	50,189,662
Payables	35,948,937	36,102,125
Current Tax Liabilities	8,333,393	7,281,687
Deposits and Remittances	2,235,241,655	2,038,661,855
Financial Bonds Payable	36,200,000	50,200,000
Other Financial Liabilities	8,673,223	9,021,046
Provisions	11,923,424	10,453,201
Deferred Tax Liabilities	2,153,957	2,143,376
Other Liabilities	8,977,157	9,552,549
Total Liabilities	2,835,274,773	2,756,554,112
Equity Attributable to Owners of The Parent Company	253,492,950	218,510,441
Capital Stock	85,362,336	77,000,000
Capital Reserve	62,219,540	46,498,007
Retained Earnings	105,682,058	92,222,570
Other Equity	229,016	2,789,864
Total Equity	253,492,950	218,510,441

Condensed Consolidated Statements of Comprehensive Income

Unit: Thousands in NT dollars

Item	2015	2014
Interest Revenue	53,879,273	53,449,800
Less: Interest Expense	17,833,323	18,153,235
Net Interest Income	36,045,950	35,296,565
Net Non-Interest Income	14,195,272	15,869,712
Net Operating Income	50,241,222	51,166,277
Provision for Loan Losses and Guarantee Reversal (Reserve)	(543,892)	2,249,430
Operating Expenses	20,464,905	18,651,123
Consolidated Income from Continuing Operations Before Income Tax	30,320,209	30,265,724
Income Tax Expense	4,611,764	4,275,042
Consolidated Net Income	25,708,445	25,990,682
Total Other Comprehensive Income (After Income Tax)	(3,721,805)	3,110,813
Total Comprehensive Income	21,986,640	29,101,495

Major Financial Analysis

Item		Consolidated		Standalone	
		2015	2014	2015	2014
Financial Structure	Total Liabilities to Total Assets (%)	91.69	92.54	91.64	92.50
	Property and Equipment to Total Shareholders' Equity (%)	5.63	6.63	5.61	6.61
Solvency	Liquidity Reserve Ratio (%)	22.66	21.53	22.66	21.53
Operating Performance Analysis	Loans to Deposits Ratio (%)	80.71	86.34	80.42	85.91
	NPL Ratio (%)	0.09	0.07	0.08	0.06
	Total Assets Turnover (Number of Times)	0.02	0.02	0.02	0.02
	Average Profit per Employee (Thousands in NT dollars)	4,553	4,638	4,693	4,783
Profitability Analysis	Return on Tier 1 Capital (%)	13.41	15.18	13.56	15.38
	ROA (%)	0.85	0.90	0.85	0.90
	ROE (%)	10.89	12.40	10.89	12.40
	Net Income to Net Operating Income (%)	51.17	50.80	51.61	51.28
	Earnings per Share (NT dollars)	3.27	3.37	3.27	3.37
	Cash Dividends per Share (NT dollars)	1.50	1.44	1.50	1.44
	Shareholders' Equity per Share Before Appropriation (NT dollars)	29.70	28.38	29.70	28.38*
Capital Adequacy Ratio (%)		13.33	11.95	13.16	11.76

*: As of 2015, the Bank and its subsidiaries adopted 2013 version of IFRSs as endorsed by the FSC. Financial information was retroactively adjusted to provide comparability.

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Mega International Commercial Bank Co., Ltd. (the “Bank”) and its 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 “Rules 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 consolidated financial position of Mega International Commercial Bank Co., Ltd. and its 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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission (FSC).

The Bank’s consolidated financial statements as of and for the year ended December 31, 2015 expressed in US dollars were translated from the New Taiwan dollar consolidated financial statements using the exchange rate of US\$1:NT\$32.888 at December 31, 2015 solely for the convenience of the readers. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.



March 25, 2016

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying 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.

資誠聯合會計師事務所 PricewaterhouseCoopers, Taiwan

11012 臺北市信義區基隆路一段 333 號 27 樓 / 27F, 333, Keelung Road, Sec. 1, Xinyi Dist., Taipei City 11012, Taiwan
T: +886 (2) 2729 6666, F: +886 (2) 2757 6371, www.pwc.com/tw

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	December 31, 2015		December 31, 2014 (adjusted)	January 1, 2014 (adjusted)
		NT\$	US\$ (Unaudited-Note 4)	NT\$	NT\$
Assets					
Cash and cash equivalents	6(1) and 11(3)	\$ 145,026,871	\$ 4,409,720	\$ 164,407,531	\$ 153,233,392
Due from the Central Bank and call loans to banks	6(2) and 11(3)	502,062,694	15,265,832	465,986,081	393,159,236
Financial assets at fair value through profit or loss	6(3) and 12	47,028,384	1,429,956	43,697,047	44,481,040
Securities purchased under resale agreements	11(3) and 13	9,435,869	286,909	5,850,332	5,451,889
Receivables, net	6(4)(5)	142,521,355	4,333,537	171,053,943	159,597,172
Current tax assets	6(34)	589,811	17,934	522,877	-
Bills discounted and loans, net	6(5) and 11(3)	1,773,269,054	53,918,422	1,733,994,271	1,654,577,193
Available-for-sale financial assets, net	6(6) and 12	231,507,094	7,039,257	187,345,276	184,449,844
Held-to-maturity financial assets, net	6(7) and 12	199,528,540	6,066,910	161,795,040	182,739,356
Investments accounted for under the equity method, net	6(8)	2,899,633	88,167	2,835,086	2,781,252
Other financial assets, net	6(5)(9)	9,985,074	303,608	13,650,563	13,289,210
Property and equipment, net	6(10) and 11(3)	14,278,590	434,158	14,502,322	14,519,251
Investment property, net	6(11) and 11(3)	868,057	26,394	671,195	673,875
Deferred tax assets	6(34)	4,353,210	132,365	3,698,294	3,512,397
Other assets, net	6(12)	5,413,487	164,604	5,054,695	7,179,530
Total assets		\$ 3,088,767,723	\$ 93,917,773	\$ 2,975,064,553	\$ 2,819,644,637
Liabilities and equity					
Liabilities					
Due to the Central Bank and commercial banks	6(13) and 11(3)	\$ 419,876,839	\$ 12,766,871	\$ 461,696,712	\$ 471,876,730
Borrowed funds	6(14) and 11(3)	45,459,095	1,382,240	53,906,541	32,330,245
Financial liabilities at fair value through profit or loss	6(15)(18)	21,939,295	667,091	27,345,358	13,867,052
Securities sold under repurchase agreements	6(3)(6) and 13	547,798	16,656	50,189,662	46,532,108
Payables	6(16) and 11(3)	35,948,937	1,093,072	36,102,125	39,266,610
Current tax liabilities	6(34) and 11(3)	8,333,393	253,387	7,281,687	5,120,725
Deposits and remittances	6(17) and 11(3)	2,235,241,655	67,965,266	2,038,661,855	1,937,157,459
Financial bonds payable	6(18)	36,200,000	1,100,705	50,200,000	43,900,000
Other financial liabilities	6(20)	8,673,223	263,720	9,021,046	8,448,409
Provisions	6(19) and 11(3)	11,923,424	362,546	10,453,201	10,863,059
Deferred tax liabilities	6(34)	2,153,957	65,494	2,143,376	2,037,961
Other liabilities	6(21)	8,977,157	272,961	9,552,549	7,668,909
Total liabilities		2,835,274,773	86,210,009	2,756,554,112	2,619,069,267
Equity attributable to owners of the parent company					
Share capital					
Common stock	6(22)	85,362,336	2,595,547	77,000,000	77,000,000
Capital reserve	6(22)	62,219,540	1,891,861	46,498,007	46,499,431
Retained earnings					
Legal reserve	6(22)	66,275,324	2,015,183	58,483,334	52,841,523
Special reserve	6(22)	3,845,354	116,923	3,822,741	3,997,433
Undistributed earnings	6(23)	35,561,380	1,081,287	29,916,495	20,576,550
Other equity	6(24)	229,016	6,963	2,789,864	(339,567)
Total equity		253,492,950	7,707,764	218,510,441	200,575,370
Total liabilities and equity		\$ 3,088,767,723	\$ 93,917,773	\$ 2,975,064,553	\$ 2,819,644,637

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	Notes	For the years ended December 31,		
		2015		2014(adjusted)
		NT\$	US\$ (Unaudited-Note 4)	NT\$
Interest revenue	6(25) and 11(3)	\$ 53,879,273	\$ 1,638,265	\$ 53,449,800
Less: interest expense	6(25) and 11(3)	(17,833,323)	(542,244)	(18,153,235)
Net interest income		<u>36,045,950</u>	<u>1,096,021</u>	<u>35,296,565</u>
Non-interest income				
Net service fee income	6(26) and 11(3)	8,599,921	261,491	8,253,647
(Loss) gains on financial assets and liabilities at fair value through profit or loss	6(27)	(1,155,347)	(35,130)	1,369,008
Realized gains on available-for-sale financial assets	6(28)	1,190,984	36,213	1,276,657
Foreign exchange gain		2,907,967	88,423	3,238,975
Loss on asset impairment	6(29)	(487,652)	(14,828)	(217,087)
Investment income recognised by the equity method	6(8)	185,889	5,652	144,359
Net other non-interest income	6(30)	334,121	10,159	501,770
Gain on financial assets carried at cost	6(9)	764,288	23,239	594,855
Gain on sale of non-performing loans		137,841	4,191	707,528
Indemnity income	6(9) and 15	1,717,260	52,215	-
Net operating income		<u>50,241,222</u>	<u>1,527,646</u>	<u>51,166,277</u>
Reversal (provision) for loan losses and guarantee reserve	6(5)(19)	543,892	16,538	(2,249,430)
Operating expenses				
Employee benefits expenses	6(31) and 11(3)	(13,271,460)	(403,535)	(12,438,262)
Depreciation and amortization	6(32)	(487,667)	(14,829)	(510,921)
Other general and administrative expenses	6(33) and 11(3)	(6,705,778)	(203,897)	(5,701,940)
Consolidated income from continuing operations before income tax		<u>30,320,209</u>	<u>921,923</u>	<u>30,265,724</u>
Income tax expense	6(34)	(4,611,764)	(140,226)	(4,275,042)
Consolidated net income		<u>25,708,445</u>	<u>781,697</u>	<u>25,990,682</u>
Other comprehensive income				
Non-reclassifiable to profit or loss subsequently				
Remeasurement of defined benefit plan	6(19)	(1,398,743)	(42,530)	(22,431)
Income tax relating to the components of other comprehensive income	6(34)	237,786	7,230	3,813
Potentially reclassifiable to profit or loss subsequently				
Cumulative translation differences of foreign operations	6(24)	(221,299)	(6,729)	1,439,923
Unrealized (loss) gain on valuation of available-for-sale financial assets	6(24)	(2,361,247)	(71,797)	1,657,030
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	6(24)	21,698	660	32,478
Total other comprehensive (loss) income (after income tax)		<u>(3,721,805)</u>	<u>(113,166)</u>	<u>3,110,813</u>
Total comprehensive income		<u>\$ 21,986,640</u>	<u>\$ 668,531</u>	<u>\$ 29,101,495</u>
Consolidated net income attributable to:				
Owners of the parent		<u>\$ 25,708,445</u>	<u>\$ 781,697</u>	<u>\$ 25,990,682</u>
Consolidated comprehensive income attributable to:				
Owners of the parent		<u>\$ 21,986,640</u>	<u>\$ 668,531</u>	<u>\$ 29,101,495</u>
Consolidated earnings per share				
Basic and diluted earnings per share (in dollars)	6(35)	<u>\$ 3.27</u>	<u>\$ 0.10</u>	<u>\$ 3.37</u>

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF DOLLARS)**

	Equity attributable to owners of the parent					Other equity		
	Retained earnings					Cumulative Translation Differences of Foreign Operations	Unrealized Gain or Loss on Available-For-Sale Financial Assets	Total
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings			
For the year ended December 31, 2015 (NT Dollars)								
Balance, January 1, 2015 (adjusted)	\$ 77,000,000	\$ 46,498,007	\$ 58,483,334	\$ 3,822,741	\$ 29,916,495	\$ 550,023	\$ 2,239,841	\$ 218,510,441
Earnings distribution for 2014								
Cash dividends	-	-	-	-	(11,088,000)	-	-	(11,088,000)
Legal reserve	-	-	7,791,990	-	(7,791,990)	-	-	-
Special reserve	-	-	-	25,253	(25,253)	-	-	-
Reversal of special reserve	-	-	-	(2,640)	2,640	-	-	-
Issuance of common stock	8,362,336	15,722,164	-	-	-	-	-	24,084,500
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(631)	-	-	-	-	-	(631)
Net income for the year of 2015	-	-	-	-	25,708,445	-	-	25,708,445
Other comprehensive loss for the year of 2015	-	-	-	-	(1,160,957)	(218,660)	(2,342,188)	(3,721,805)
Balance, December 31, 2015	\$ 85,362,336	\$ 62,219,540	\$ 66,275,324	\$ 3,845,354	\$ 35,561,380	\$ 331,363	\$ 102,347	\$ 253,492,950
For the year ended December 31, 2015 (US Dollars - Unaudited-Note 4)								
Balance, January 1, 2015 (adjusted)	\$ 2,341,280	\$ 1,413,829	\$ 1,778,258	\$ 116,235	\$ 909,647	\$ 16,724	\$ 68,105	\$ 6,644,078
Earnings distribution for 2014								
Cash dividends	-	-	-	-	(337,144)	-	-	(337,144)
Legal reserve	-	-	236,925	-	(236,925)	-	-	-
Special reserve	-	-	-	768	(768)	-	-	-
Reversal of special reserve	-	-	-	(80)	80	-	-	-
Issuance of common stock	254,267	478,051	-	-	-	-	-	732,318
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(19)	-	-	-	-	-	(19)
Net income for the year of 2015	-	-	-	-	781,697	-	-	781,697
Other comprehensive loss for the year of 2015	-	-	-	-	(35,300)	(6,649)	(71,217)	(113,166)
Balance, December 31, 2015	\$ 2,595,547	\$ 1,891,861	\$ 2,015,183	\$ 116,923	\$ 1,081,287	\$ 10,075	\$ 3,112	\$ 7,707,764

(Continued)

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF DOLLARS)**

	Equity attributable to owners of the parent					Other equity		
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Differences of Foreign Operations	Unrealized Gain or Loss on Available-For-Sale Financial Assets	Total
For the year ended December 31, 2014 (NT Dollars)								
Balance, January 1, 2014 (adjusted)	\$ 77,000,000	\$ 46,499,431	\$ 52,841,523	\$ 3,997,433	\$ 20,576,550	\$ 900,707	\$ 561,140	\$ 200,575,370
Earnings distribution for 2013	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(11,165,000)	-	-	(11,165,000)
Legal reserve	-	-	5,641,811	-	(5,641,811)	-	-	-
Special reserve	-	-	-	40,081	(40,081)	-	-	-
Reversal of special reserve	-	-	-	(214,773)	214,773	-	-	-
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(1,424)	-	-	-	-	-	(1,424)
Net income for the year of 2014	-	-	-	-	25,990,682	-	-	25,990,682
Other comprehensive (loss) income for the year of 2014	-	-	-	-	(18,618)	1,450,730	1,678,701	3,110,813
Balance, December 31, 2014 (adjusted)	\$ 77,000,000	\$ 46,498,007	\$ 58,483,334	\$ 3,822,741	\$ 29,916,495	\$ 550,023	\$ 2,239,841	\$ 218,510,441

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

(Blank below)

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the years ended December 31,		
	2015		2014(adjusted)
	NT\$	US\$ (Unaudited -Note 4)	NT\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated income before income tax	\$ 30,320,209	\$ 921,923	\$ 30,265,724
Adjustments to reconcile consolidated income before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Provision for loan losses and guarantee (reversal) reserve	(543,892)	(16,538)	2,249,430
Depreciation	483,745	14,709	508,590
Amortization	3,922	120	2,331
Interest income	(53,879,273)	(1,638,265)	(53,449,800)
Dividend income	(1,133,014)	(34,451)	(1,016,306)
Interest expense	17,833,323	542,244	18,153,235
Investment income recognised under the equity method	(182,543)	(5,550)	(144,359)
Proceeds from disposal of investments under the equity method	(3,346)	(102)	-
Gain on disposal of property and equipment	(2,893)	(88)	(1,264)
Gain on disposal of foreclosed properties	-	-	(42,283)
Loss on asset impairment	487,652	14,828	217,087
Loss on retirement of property and equipment	541	16	79
Changes in assets/liabilities relating to operating activities			
Decrease in due from the Central Bank and call loans to banks	17,511,630	532,463	10,792,527
(Increase) decrease in financial assets at fair value through profit or loss	(3,331,337)	(101,293)	783,993
Decrease (increase) in receivables	28,148,653	855,894	(11,497,005)
Increase in bills discounted and loans	(39,272,959)	(1,194,143)	(80,774,453)
Increase in available-for-sale financial assets	(46,876,359)	(1,425,333)	(1,439,555)
(Increase) decrease in held-to-maturity financial assets	(37,733,500)	(1,147,333)	20,944,316
Decrease (increase) in other financial assets	3,654,019	111,105	(608,763)
(Increase) decrease in other assets	(362,941)	(11,036)	2,098,902
Decrease in due to the Central Bank and commercial banks	(41,819,873)	(1,271,585)	(10,180,018)
(Decrease) increase in financial liabilities at fair value through profit or loss	(5,406,063)	(164,378)	13,478,306
(Decrease) increase in securities sold under repurchase agreements	(49,641,864)	(1,509,422)	3,657,554
Increase (decrease) in payables	182,392	5,546	(1,700,111)
Increase in deposits and remittances	196,579,800	5,977,250	101,504,396
(Decrease) increase in other financial liabilities	(347,823)	(10,576)	572,637
Increase (decrease) in reserve for employee benefit liabilities	35,434	1,077	(51,604)
(Decrease) increase in other liabilities	(181,245)	(5,511)	2,099,784
Decrease in deposits received	(390,057)	(11,860)	(223,468)
Interest received	53,894,582	1,638,731	53,000,327
Dividend received	1,305,595	39,698	1,152,252
Interest paid	(18,016,892)	(547,826)	(17,912,701)
Income tax paid	(4,185,850)	(127,276)	(4,440,992)
Net cash provided by operating activities	47,129,773	1,433,038	77,998,788
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments under the equity method	21,924	667	-
Acquisition of investments accounted for under the equity method	(150,000)	(4,561)	-
Proceeds from capital reduction of investee accounted for under the equity method	97,877	2,976	56,467
Proceeds from disposal of property and equipment	2,893	88	1,315
Acquisitions of property and equipment	(387,520)	(11,783)	(315,243)
Proceeds from disposal of foreclosed properties	-	-	65,885
Net cash used in investing activities	(414,826)	(12,613)	(191,576)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in borrowed funds	(8,447,446)	(256,855)	21,576,296
(Decrease) increase in financial bonds payable	(14,000,000)	(425,687)	6,300,000
Payments of cash dividends and bonus	(11,088,000)	(337,144)	(11,165,000)
Proceeds from issuance of common stock	24,084,500	732,318	-
Net cash (used in) provided by financing activities	(9,450,946)	(287,368)	16,711,296
EFFECT OF EXCHANGE RATE CHANGES	(221,252)	(6,727)	1,423,817
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,042,749	1,126,330	95,942,325
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	404,967,386	12,313,530	309,025,061
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 442,010,135	\$ 13,439,860	\$ 404,967,386
CASH AND CASH EQUIVALENTS COMPOSITION:			
Cash and cash equivalents shown in consolidated balance sheet	\$ 145,026,871	\$ 4,409,720	\$ 164,407,531
Due from the Central Bank and call loans to bank meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	287,547,395	8,743,231	234,709,523
Securities purchased under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	9,435,869	286,909	5,850,332
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 442,010,135	\$ 13,439,860	\$ 404,967,386

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

(EXPRESSED IN THOUSANDS OF DOLLARS)

1. ORGANIZATION AND OPERATIONS

- (1) Mega International Commercial Bank Co., Ltd. (the "Bank"; formerly The International Commercial Bank of China Co., Ltd.) was reorganized on December 17, 1971 in accordance with the "Law for International Commercial Bank of China" as announced by the President of the Republic of China (R.O.C.) (which was then abolished in December, 2005) and other related regulations. As of December 31, 2002, the Bank became an unlisted wholly owned subsidiary of Mega Financial Holding Co. Ltd., through a share swap transaction. With the view to enlarging business scale and increasing market share, the Bank entered into a merger agreement with Chiao Tung Bank Co., Ltd. on August 21, 2006, the effective date of the merger. The Bank was later renamed Mega International Commercial Bank Co., Ltd. Mega Financial Holding Co., Ltd. holds 100% equity interest in the Bank and is the Bank's ultimate parent company.
- (2) The Bank engages in the following operations: (a) commercial banking operations authorized by the R.O.C. Banking Law; (b) foreign exchange and related operations; (c) import and export financing and guarantees; (d) financial operations related to international trade; (e) trust operations; (f) investment services on consignments by clients; (g) loan operations, including mid-term to long-term development loan and guarantee operations; (h) venture capital activities; and (i) other related operations approved by the R.O.C. government.
- (3) The Bank's business and operations are widely managed by the head office. The Bank expands its network by opening branches at key locations in both domestic and foreign markets. The Bank was incorporated as company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). As of December 31, 2015, the Bank had 107 domestic branches, 22 overseas branches, 5 overseas sub-branches, and 4 overseas representative offices.
- (4) The Trust Department of the Bank is primarily responsible for planning, management and operation of trust investment businesses regulated by the R.O.C. Banking Law.
- (5) As of December 31, 2015 and 2014, the Bank and its subsidiaries had 5,647 and 5,600 employees, respectively.

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 25 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 on April 3, 2014, commencing 2015, The Bank shall adopt the 2013 version of IFRSs (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Public Banks" effective January 1, 2015 (collectively referred herein as "the 2013 version of IFRSs") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRSs is listed below:

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

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. The revised standard eliminates the accounting policy choice that the actuarial gains and losses could be recognised based on corridor approach or recognised in profit or loss. The revised standard requires that the actuarial gains and losses can only be recognised immediately in other comprehensive income when incurred. Past service cost will be recognised immediately in the period incurred and will no longer be amortised using straight-line basis over the average period until the benefits become vested. 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, rather than when the entity is demonstrably committed to a termination. Additional disclosures are required for defined benefit plans.

The Bank recognised previously unrecognised past service cost by increasing provisions for employee benefits by NT\$332,980 and NT\$353,922, increasing deferred income tax assets by NT\$56,607 and NT\$60,167, and decreasing retained earnings by NT\$276,373 and NT\$293,755 at December 31 and January 1, 2014, respectively.

Operating expenses would be decreased by \$20,942, income tax expense would be increased by NT \$3,560 for the year ended December 31, 2014, respectively. The basic and dilutive earnings per share for the same period were not influenced.

B. 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 Bank and its subsidiaries will adjust its presentation of the statement of comprehensive income.

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value from market participants' perspective, and requires disclosures about fair value measurements. For non-financial assets only, fair value is determined based on the highest and best use of the asset. Based on the Bank and its subsidiaries's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Bank and its subsidiaries will disclose additional information about fair value measurements accordingly.

D. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. And, the Bank and its subsidiaries will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

E. Disclosures - Transfers of financial assets (amendments to IFRS 7)

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

The amendment increases quantitative and qualitative disclosures on all transferred financial assets, for the Bank and its subsidiaries.

F. Disclosures - Offsetting of financial assets (amendments to IFRS 7)

The amendment requires an entity, at the end of the reporting period, disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on the entity's financial position. These disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

The amendment increases quantitative and qualitative disclosures on recognised financial instruments, namely enforceable master netting arrangements or similar agreements, for the Bank and its subsidiaries.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Bank and its subsidiaries

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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
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 amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Bank and its subsidiaries are assessing the potential impact of the new standards, interpretations and amendments above. The impact 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 financial statements of the Bank have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and the International Financial Reporting Standards, International Accounting standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis for preparation

Except for financial assets and financial liabilities (including derivative instruments) at fair value, Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, and available-for-sale financial assets measured at fair value, these consolidated financial statements have been prepared under the historical cost convention.

The analysis of expense is classified based on the nature of expenses.

The management has to make certain significant accounting estimates based on their professional judgment and decide the accounting policy according to the IFRSs as endorsed by the FSC. Any change in the assumption could result in a significant change in the financial statements. The management of the Bank and its subsidiaries believes that the assumptions used in the consolidated statements are appropriate. For highly complicated matters, matters requiring high level of judgment, significant judgment that could have an impact on the consolidated financial statements and estimate of uncertain resource, please refer to Note 5 for further details.

(3) Basis for preparation of consolidated financial statements

A. The accompanying consolidated financial statements of the Bank and its subsidiaries are prepared in conformity with the “Regulations Governing the Preparation of Financial Reports by Public Banks”. The Bank and its subsidiaries prepares the consolidated financial statements by aggregating the Bank and its subsidiaries’ assets, liabilities, revenues and gains, and expenses and losses accounts, which have been eliminated versus owners’ equity during the consolidation. In addition, the Bank and its subsidiaries’ financial statements are prepared in the same reporting period. The accounts on the accompanying consolidated financial statements are not categorized into current and non-current items. The related accounts are properly categorized according to the nature of each accounts, and sequenced by their liquidity.

The consolidated financial statements of the Bank and its subsidiaries include financial information of all consolidated branches and the parent company for the years ended December 31, 2015 and 2014.

Subsidiaries are all entities of which the Bank holds directly or indirectly more than 50% of the total voting shares and over which the Bank has controlling power and the Bank has the power to govern the financial and operating policies where the Bank may gain profit from the activities of the branches. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Bank controls another entity.

Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Bank and its subsidiaries are eliminated from the consolidated financial statements.

Transactions and events under similar situation should adopt consistent accounting policies and valuation method in preparing consolidated financial statements. If the accounting policies of the subsidiaries are different from the accounting policies used in the consolidated financial statements, adjustments will be made in relation to the financial statements of the subsidiaries to ensure the consistency between accounting policies of the affiliated entities and those used in the consolidated financial statements.

B. The consolidated financial statements include the following directly and indirectly owned subsidiaries.

Name of subsidiaries	Relationship	Major business activities	Percentage of holding shares (%)	
			December 31, 2015	December 31, 2014
Mega International Commercial Bank (Canada)	Subsidiary of the Bank	Commercial Banking	100.00	100.00
Mega International Commercial Public Co., Ltd. (Thailand)	Subsidiary of the Bank	Commercial Banking	100.00	100.00

C. Unconsolidated entities:

Name of subsidiaries	Relationship	Major business activities	Percentage of holding shares (%)	
			December 31, 2015	December 31, 2014
Cathay Investment & Development Corporation (Bahamas)	Investee	International Investment & Exploration	100.00	100.00
Mega Management Consulting Co., Ltd.	Investee	Venture capital and management consulting etc	100.00	100.00
Cathay Investment & Warehousing Co., S.A.	Investee	1. Storage and warehousing of imported commodities 2. Manage and make the investment for the business in foreign trade business	100.00	100.00
Ramlett Finance Holdings Inc.	Investee	Real estate investment industry	100.00	100.00
Yung-Shing Industries Co.	Investee	Packaging, printing and agency of manpower service	99.56	99.56
China Products Trading Company	Investee	Investments in products businesses, storage businesses and other businesses	68.27	68.27

As the individual total assets or operating revenue amounts of the above subsidiaries are immaterial, the accounts of these subsidiaries are not included in the Bank’s consolidated financial statements although the Bank holds more than 50% equity interest in these subsidiaries. The investments of certain subsidiaries are accounted for under equity method.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4) Foreign currency translations

A. Functional and presentation currency

Items included in the financial statements of each of the Bank and its subsidiaries' entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Bank's functional and the Bank and its subsidiaries' presentation currency.

B. Transactions and balances

The transactions denominated in foreign currency or to be settled in foreign currency are translated into a functional currency at the spot exchange rate between the functional currency and the underlying foreign currency on the date of the transaction.

Foreign currency monetary items should be reported using the closing rate (market exchange rate) at the date of each balance sheet. When multiple exchange rates are available for use, they should be reported using the rate that would be used to settle the future cash flows of the foreign currency transactions or balances at the measurement date. Foreign currency non-monetary items measured at historical cost should be reported using the exchange rate at the date of the transaction. Foreign currency non-monetary items measured at fair value should be reported at the rate that existed when the fair values were determined.

Exchange differences arising when foreign currency transactions are settled or when monetary items are translated at rates different from those at which they were translated when initially recognised or in previous financial statements are reported in profit or loss in the period.

If a gain or loss on a non-monetary item is recognised in other comprehensive income, any foreign exchange component of that gain or loss is also recognised in other comprehensive income. Conversely, if a gain or loss on a non-monetary item is recognised in profit or loss, any foreign exchange component of that gain or loss is also recognised in profit or loss.

C. Translation of foreign operations

The operating results and financial position of the entire Bank and its subsidiaries' entities in the consolidated financial statements that have a functional currency (which is not the currency of a hyperinflationary economy) different from the presentation currency are translated into the presentation currency as follows:

(A) Assets and liabilities presented are translated at the Bank and its subsidiaries' closing exchange rate at the date of that balance sheet;

(B) The profit and loss presented is translated by the average exchange rate in the period (except for the situation that the exchange rate on the trade date shall be adopted when the exchange rate fluctuate rapidly); and

(C) All resulting exchange differences are recognised in other comprehensive income.

The translation differences arising from above processes are recognised as 'Cumulative translation differences of foreign operations' under equity items.

(5) Cash and cash equivalents

"Cash and cash equivalents" in the consolidated balance sheet includes cash on hand, due from other banks, short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. In respect of the consolidated statements of cash flows, cash and cash equivalents include cash and cash equivalents in the consolidated balance sheet, due from the central bank and call loans to bank meeting the definition of cash and cash equivalents as stated in IAS No.7 "Cash Flow Statements", and securities purchased under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements" as endorsed by the FSC.

(6) Bills and bonds under repurchase or resale agreements

The transactions of bills and bonds with a condition of repurchase agreement or resell agreement are accounted for under the financing method. The interest expense and interest income are recognised 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 recognised at the date of sale or purchase.

(7) Financial assets or liabilities

The financial assets and liabilities of the Bank and its subsidiaries including derivatives are recognised in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by the FSC.

A. Financial assets

The IFRSs as endorsed by the Financial Supervisory Commission apply to the entire Bank and its subsidiaries' financial assets, which are classified into four categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial assets.

(A) A regular way purchase or sale

Financial assets that are purchased or sold on a regular way purchase or sale basis should be recognised and derecognised using trade date accounting or settlement date accounting. The uniform accounting principles should be applied in the accounting for purchase and sale of financial assets of the same type. All the Bank and its subsidiaries' financial assets are accounted for using trade date accounting.

(B) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

There are two types of loans and receivables: one is originated by the Bank and its subsidiaries; the other is not originated by the Bank and its subsidiaries. Loans and receivables originated by the entity refer to the direct provision by the Group of money, merchandise or services to debtors, and loans and receivables not originated by the Group are loans and receivables other than those originated by the Group.

Loans and receivables are initially recognised at fair value, which includes the price of transaction, significant costs of transaction, significant handling fees paid or received, discount and premium, etc., and subsequently measured using the effective interest method. However, if the effect of discount is insignificant, following the “Regulations Governing the Preparation of Financial Reports by Public Banks”, loans and receivables can be measured at initial amount.

Interest accruing on loans and receivables is recognised as ‘interest revenue’. An impairment loss is recognised when there is an objective evidence of impairment on loans and receivables. Allowance for impairment is a deduction to carrying amount of loans and receivables, which is under the ‘allowance for bad debts and reserve for guarantee liabilities’ account.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling or repurchasing or gaining profit in the short-term, or if they are derivative instruments. These financial assets are initially recognised at fair value.

Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

- a. Hybrid (combined) contracts; or
- b. They eliminate or significantly reduce a measurement or recognition inconsistency; or
- c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Any changes in fair value of financial assets at fair value through profit or loss and financial assets designated as at fair value through profit or loss on initial recognition are recognised under the ‘gain/loss on financial assets and liabilities at fair value through profit or loss’ account in the consolidated statement of comprehensive income.

(D) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Bank and its subsidiaries have the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables, designated as available-for-sale financial assets and those that are designated as at fair value through profit or loss on initial recognition by subsidiaries.

Interest accruing on held-to-maturity financial assets is recognised as ‘interest revenue’. An impairment loss is recognised when there is an objective evidence of impairment on financial assets. Impairment loss is a deduction to carrying amount of financial assets, which is recognised under the ‘impairment loss on financial assets’ account.

(E) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified in held-to-maturity financial assets, financial assets at fair value through profit or loss and loans and receivables. Financial assets and liabilities that are attributed to equity and debt investments on initial recognition are assessed at fair value. Transaction costs which are attributable to the acquisition should be capitalized.

Available-for-sale financial assets are measured at fair value with changes in fair value recognised in other comprehensive income. When the financial asset is no longer recognised, the cumulative unrealized gain or loss that was previously recognised in other comprehensive income is recognised in profit or loss.

An impairment loss is recognised when there is an objective evidence of impairment. If financial assets have not been derecognised, accumulated impairment loss related to the financial assets that was previously recognised in other comprehensive income shall be reclassified to profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Any subsequent increases in fair value of an investment in an equity instrument are recognised in other comprehensive income. If the impairment loss of bond investments decreases with objective evidence indicating that an impairment loss has been incurred after the impairment is recognised, the impairment amount is reversed and recognised in current profit and loss.

Equity instruments with no quoted price in an active market are initially recognised at fair value plus acquisition or issuance cost. The fair value can be reasonably estimated when the following criteria are met at the balance sheet date: (a) the variability in the range of reasonable fair value estimate is not significant for that equity instrument; or (b) probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair value.

(F) Other financial assets

Other financial assets include investments in debt instruments without active market, overdue receivables not from lending, bill of exchange negotiated and financial assets measured at cost.

a. Debt investments with no active market

Investments in debt instruments without active market are initially recognised at fair value on the trade date plus transaction costs of acquisition or issuance. Disposal gain or loss is recognised when such investments are derecognised. Bond investments without active market are measured at amortized cost using the effective interest method.

b. Financial assets carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

B. Financial liabilities

Financial liabilities held by the Bank and its subsidiaries comprise financial liabilities at fair value through profit or loss (including financial liabilities designated as at fair value through profit or loss on initial recognition) and financial liabilities measured at amortized cost.

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

This category includes financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition.

A financial liability shall be classified as held for trading, if it is incurred principally for the purpose of repurchasing it in the near term; or on initial recognition, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative is also classified as held for trading, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument. Financial liability held for trading also includes the obligations of delivery of financial assets borrowed by the seller. Above financial liability is shown as “financial liability at fair value through profit or loss” in the consolidated balance sheet.

At initial recognition, it is not revocable if a debt instrument is designated at fair value through profit and loss. When the fair value method is adopted, the main contract and the embedded derivative need not be recognised respectively.

Any changes in fair value of financial liabilities at fair value through profit or loss and financial liabilities designated as at fair value through profit or loss on initial recognition are recognised under the ‘gain/loss on financial assets and liabilities at fair value through profit or loss’ account in the consolidated statement of comprehensive income.

(B) Financial liabilities measured at amortized cost

All other financial liabilities that are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities measured at amortized cost.

C. Determination of fair value

Fair value and level information of financial instruments are provided in Note 7.

D. Derecognition of financial instruments

The Bank and its subsidiaries derecognizes a financial asset when one of the following conditions is met:

- (A) The contractual rights to receive cash flows from the financial asset expires.
- (B) The contractual rights to receive cash flows from the financial asset have been transferred and the Bank and its subsidiaries has transferred substantially all risks and rewards of ownership of the financial asset.
- (C) The contractual rights to receive cash flows from the financial asset have been transferred; however, it has not retained control of the financial asset.

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

In case of securities lending or borrowing by the Bank and its subsidiaries or provision of bonds or stocks as security for repo trading, the Bank and its subsidiaries does not derecognize the financial asset, because substantially all risks and rewards of ownership of the financial asset are still retained in the Bank and its subsidiaries.

(8) Offsetting financial instruments

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

(9) Financial asset-evaluation, provision and reversal of impairment losses

A. The Bank and its subsidiaries would presume that a financial asset or a group of financial assets is impaired and recognize the impairment losses only if there is objective evidence that a financial asset or a group of financial assets is impaired as a result of a loss event that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

B. The criteria that the Bank and its subsidiaries use 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 Bank and its subsidiaries, 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; or
 - (H) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
 - (I) Others are implemented in accordance with the Bank and its subsidiaries' internal policies.
- C. The assessment methods of impairment on loans and receivables are based on two categories: individual and collective assessments. Individual assessments are classified as different groups based on whether there is objective evidence of significant impairment of the asset or whether the individual asset has to be specially supervised. If no objective evidence of impairment exists for an individually assessed financial asset, the asset will be classified into a group of financial assets with similar credit risk characteristics for collective assessments.
- D. After assessed impairment of loans and receivables, the Bank and its subsidiaries recognizes' impairment loss measured as the difference between the asset's carrying amount and the present value of estimated future cash flows of credit enhancement factors discounted at the asset's original effective interest rate. The credit enhancement factors include financial guarantee and net of collateral. If, in a subsequent period, the amount of the impairment loss decreased and such decrease is objectively related to an event occurred after the impairment was recognised, the amount of impairment loss recognised previously shall be reversed by adjusting the allowance for doubtful debts. The reversal shall not cause a carrying amount of the financial asset that exceeds the amortized cost of the period before recognition of the impairment loss. The amount of reversal shall be recognised in profit or loss.
- E. Above-mentioned assessments on loans and receivables are performed in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" as issued by the FSC, as well as "Financial-Supervisory-Banks Letter No. 10410001840" issued on April 23, 2015 relating to the strengthening of domestic banks' risk endurance to management of exposures in China.

(10) Derivatives

Derivatives are initially recognised 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 (e.g., Exchange-traded options), and evaluation techniques such as cash flow discounting model or option pricing model (e.g., Swap contract and foreign exchange contracts). All derivatives are recognised as assets when the fair value is positive and as liabilities when the fair value is negative.

Hybrid contract refers to financial instruments of the embedded derivatives. 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 recognised 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) Investments accounted for under the equity method

Associates are all entities over which the Bank and its subsidiaries have significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

The Bank and its subsidiaries' share of its associates' post-acquisition profits or losses is recognised in profits or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Bank and its subsidiaries' share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank and its subsidiaries do not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Bank and its subsidiaries and its associates are eliminated to the extent of the Bank and its subsidiaries' interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Bank and its subsidiaries.

When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associates and such changes not affecting the Bank and its subsidiaries' ownership percentage of the associate, the Bank and its subsidiaries recognised the Bank and its subsidiaries' share of change in equity of the associate in 'capital reserve' in proportion to its ownership.

When the bank and its subsidiaries disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as other comprehensive income in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as other comprehensive income in relation to the associate are transferred to profit or loss proportionately.

(12) Property and equipment

The property and equipment of the Bank and its subsidiaries are recognised on the basis of the historical cost less accumulated depreciation. Historical cost includes all costs directly attributable to the acquisition of the assets.

Such assets are subsequently measured using the cost model. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and its subsidiaries and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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 residual value, if each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Item	Year
Buildings and accessory equipment	1~60
Machinery and computer equipment	1~20
Transportation equipment	1~10
Other equipment	3~10

(13) Investment property

The properties held by the Bank and its subsidiaries, 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 leased out in a form of operating lease.

Part of the property may be held by the Bank and its subsidiaries and the remaining will be used to generate rental income or capital appreciation. If the property held by the Bank and its subsidiaries can be sold individually, then the accounting treatment should be made respectively.

When the future economic benefit related to the investment property is highly likely to flow into the Bank and its subsidiaries and the costs can be reliably measured, the investment property shall be recognised 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 recognised as incurred in the consolidated statement of comprehensive income.

An investment property is stated initially at its cost and measured subsequently using the cost model. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

(14) Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount or fair value less selling cost on the financial reporting date.

(15) Impairment of non-financial assets

The Bank and its subsidiaries assess 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 cost to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognised.

(16) Provisions for liabilities, contingent liabilities and contingent assets

When all the following criteria are met, the Bank and its subsidiaries shall recognize a provision:

- A. A present obligation (legal or constructive) as a result of a past event;
- B. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- C. The amount of the obligation can be reliably estimated.

If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Provisions for liabilities should be recognised 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.

Provisions are 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 obligation.

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 Bank and its subsidiaries. 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 Bank and its subsidiaries did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

Contingent asset is a possible asset 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 Bank and its subsidiaries. The Bank and its subsidiaries did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(17) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Bank and its subsidiaries to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Bank and its subsidiaries initially recognize financial guarantee contracts at fair value on the date of issuance. The Bank and its subsidiaries charge 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 recognised in deferred accounts and amortized through straight-line method during the contract term.

Subsequently, the Bank and its subsidiaries 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 recognised less, when appropriate, cumulative amortization recognised in accordance with IAS 18, "Revenue".

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

The increase in liabilities due to financial guarantee contract is recognised in "provision for loan losses and guarantee reserve".

Assessment of above guarantee reserve is in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans" announced by the FSC.

(18) Employee benefits

A. Short-term employee benefits

The Bank and its subsidiaries should recognize the undiscounted amount of the short-term benefits expected to be paid in the future as expenses in the period when the employees render service.

B. Employee preferential savings

The Bank provides preferential interest rate for employees, including flat preferential savings for current employees and flat preferential savings for retired employees and current employees. The difference gap compared to market interest rate is deemed as employee benefits.

According to Regulation Governing the Preparation of Financial Statements by Public Banks, the preferential monthly interest paid to current employees is calculated based on accrual basis, and the difference between the preferential interest rate and the market interest rate is recognised under "employee benefit expense". According to Article 30 of "Regulation Governing the Preparation of Financial Statements by Public Banks", the excessive interest arising from the interest rate upon retirement agreed with the employees in excess of general market interest rate should be recognised in accordance with IAS 19, "Employee Benefits", as endorsed by the FSC. However, various parameters should be in compliance with competent authorities if indicated otherwise.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the decisions of the Bank and its subsidiaries 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 Bank and its subsidiaries recognizes 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.

D. Post employment benefit

The pension plan of the Bank and its subsidiaries includes both Defined Benefit Plan and Defined Contribution Plan. In addition, defined contribution plan is adopted for employees working overseas according to the local regulations.

(A) Defined Contribution Plan

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.

(B) Defined Benefit Plan

- 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 Bank and its subsidiaries 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 Bank and its subsidiaries 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. Past-service costs are recognised immediately in profit or loss.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Bank and its subsidiaries calculate the number of shares based on the closing price at the previous day of the Board of Directors' resolution day.

(19) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(20) Revenue and expense

Income and expense of the Bank and its subsidiaries are recognised as incurred. Expenses consist of employee benefit expense, depreciation and amortization expense and other business and administration expenses. Dividend revenues are recognised within 'Revenues other than interest, net' in the consolidated statement of comprehensive income when the right to receive dividends is assured.

A. 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 recognised as "interest income" and "interest expense" in the consolidated statement of comprehensive income.

B. Service fee income and expense are recognised upon the completion of services of loans or other services; service fee earned from performing significant items shall be recognised upon the completion of the service, such as syndication loan service fee received from sponsor, service fee income and expense of subsequent services of loans are amortized or included in the calculation of effective interest rate of loans and receivables during the service period. When determining whether the agreed rate of interest should be adjusted to effective interest rate for interest-earning loans and receivables, the loans and receivables may be measured by the initial amounts if the effects on discount are insignificant according to the "Regulation Governing the Preparation of Financial Reports by Public Banks".

(21) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Bank and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. 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.

Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Bank and its subsidiaries and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

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 realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(22) Share capital and dividends

Dividends on ordinary shares are recognised in the financial statements in the period in which they are approved by the shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance; they are not recognised and only disclosed as subsequent event in the notes if the dividend declaration date is later than the consolidated balance sheet date.

(23) Operating segments

Information of operating segments of the Bank and its subsidiaries is reported in the same method as the internal management report provided to the chief operating decision-maker (CODM). The CODM is the person or Group in charge of allocating resources to operating segments and evaluating their performance. The (CODM) of the Bank and its subsidiaries is the Board of Directors.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Bank and its subsidiaries' accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

Management's critical judgements in applying the Bank and its subsidiaries' accounting policies that have significant impact on the consolidated financial statements are outlined below:

(1) Financial instruments (including derivative instruments) valuation

If there is no quoted market price available in an active market for financial instruments, a valuation technique will be adopted to measure the fair value. If there are observable data of similar financial instruments in the market, then the fair value of the underlying financial instruments is estimated by reference to the observable data; otherwise, the fair value is estimated using the appropriate pricing models which are commonly used in the market. The assumptions used in the pricing models should refer to the observable data in the market. However, when those data are not observable from the market and/or the assumptions used in the pricing models are more subjective, the fair value of the financial instruments may be estimated based on historical data or other information. The pricing models used by the Bank and its subsidiaries are all evaluated and tested periodically to ensure the outputs may reflect the actual data and market prices. The primary assumptions used in determining the fair values of financial instruments are provided in Note 7. The management believes the pricing models and assumptions used have appropriately determined the fair values of financial instruments.

(2) Loan impairment

The Bank and its subsidiaries' impairment evaluations are in compliance with the regulations of regulatory authorities. The Bank and its subsidiaries evaluates cash flows and impairment amounts, through model analysis and individual case assessment, on a monthly basis based on several factors, such as nature of client risk and security coverage. The Bank and its subsidiaries recognize impairment loss whenever there is observable evidence showing that impairment has occurred. This evidence includes repayment status of debtor, event that would cause delinquency in payments, and any significantly unfavorable changes in national or local economic circumstance. Future cash flows are estimated primarily based on the length of overdue time, the status of debtors, security coverage, guarantee of external institution and historical experiences. The incidence of impairment and subsequent collectability rate used in impairment evaluations are estimated based on the types of products and historical data. The Bank and its subsidiaries review the assumptions and inputs used in impairment evaluations periodically to ensure they are all reasonable

(3) Financial assets-impairment of equity investments

The Bank and its subsidiaries follow the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Bank and its subsidiaries evaluate, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If the decline of the fair value of an individual equity investment below cost was considered significant or prolonged, the Bank and its subsidiaries would suffer a loss in its financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss or being the recognition of the impairment loss on the impaired financial assets measured at cost in profit or loss.

(4) Post-employment benefit

The present value of post-employment benefit obligations are estimated based on several assumptions. Any changes in those assumptions will affect the carrying amounts of post-employment benefit obligations.

The assumptions used to determine net pension cost (revenue) comprise discount rate. The Bank and its subsidiaries determine the appropriate discount rate at the end of each year, and uses the discount rate in calculating the present value of future cash outflow of post-employment benefit obligations. The discount rate is chosen by reference to the rate of government bonds where the currency and maturity date of government bonds are in agreement with those of post-employment benefit obligations. 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	
	NT\$	US\$	NT\$	
Cash on hand and petty cash	\$ 16,728,085	\$ 508,638	\$ 14,842,201	
Checks for clearance	1,234,149	37,526	1,112,024	
Due from banks	127,064,637	3,863,556	148,453,306	
Total	\$ 145,026,871	\$ 4,409,720	\$ 164,407,531	

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

	December 31, 2015		December 31, 2014	
	NT\$	US\$	NT\$	
Reserve for deposits-category A	\$ 22,045,377	\$ 670,317	\$ 21,885,736	
Reserve for deposits-category B	37,720,741	1,146,946	36,566,092	
Reserve for deposits-general	312	9	5,700,300	
Reserve for deposits-foreign currency	729,572	22,184	431,340	
Deposits of overseas branches with foreign Central Banks	255,814,519	7,778,354	239,979,957	
Call loans to banks and bank overdrafts	176,850,399	5,377,353	87,926,666	
Import and export loans from banks	3,121,533	94,914	71,463,911	
Participate in interbank financing with risk	5,780,241	175,755	2,782,450	
Subtotal	502,062,694	15,265,832	466,736,452	
Less: allowance for doubtful accounts – import and export loans from banks	(-)	(-)	(750,371)	
Total	\$ 502,062,694	\$ 15,265,832	\$ 465,986,081	

As required by relevant laws, the reserves for deposits are calculated at required reserve ratios based on the monthly average balances of various deposit accounts. Reserve for deposits - category B cannot be used except upon the monthly adjustment of the reserve.

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

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
<u>Financial assets held for trading</u>			
Stocks	\$ 2,791,248	\$ 84,871	\$ 4,626,120
Derivative instruments	4,857,594	147,701	5,066,261
Corporate bonds	24,426,195	742,709	20,340,642
Financial bonds	14,953,347	454,675	13,664,024
Total	\$ 47,028,384	\$ 1,429,956	\$ 43,697,047

A. Gain (loss) on financial assets and liabilities held for trading and gain (loss) on financial liabilities designated as at fair value through profit or loss recognised for the years ended December 31, 2015 and 2014 are provided in Note 6(27).

B. As of December 31, 2015 and 2014, the above financial assets were not pledged to other parties as collateral for business reserves and guarantees.

C. As of December 31, 2015 and 2014, financial assets at fair value through profit or loss were sold under repurchase agreements with fair values of NT\$0 thousand and NT\$12,898,283 thousand, respectively. (Such repurchase agreements were booked under the "securities sold under repurchase agreements" account)

(4) Receivables, net

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Factoring receivable	\$ 37,366,842	\$ 1,136,185	\$ 46,390,766
Accrued interest	4,883,082	148,476	4,898,391
Acceptances receivable	8,884,055	270,131	8,587,329
Accounts receivable factoring-D/A	2,321,722	70,595	26,100,991
Accounts receivable -Credit card	4,392,227	133,551	4,319,291
Accounts receivable -Usance L/C at sight	566,463	17,224	2,903,307
Accounts receivable -Usance L/C buyout	75,146,660	2,284,926	66,887,471
Call loan to central bank receivable	3,617,684	110,000	3,482,933
Other receivables	7,316,165	222,457	9,104,016
Total	144,494,900	4,393,545	172,674,495
Less: Allowance for bad debts	(1,973,545)	(60,008)	(1,620,552)
Receivables, net	\$ 142,521,355	\$ 4,333,537	\$ 171,053,943

(5) Bills discounted and loans, net

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Bills and notes discounted	\$ 5,297	\$ 161	\$ 6,505
Overdrafts	3,275,060	99,582	2,135,984
Short-term loans	414,857,588	12,614,254	439,845,990
Medium-term loans	799,129,828	24,298,523	756,782,261
Long-term loans	566,026,842	17,210,741	536,461,755
Import/export bills negotiated	12,257,141	372,693	19,533,489
Loans transferred to non-accrual loans	1,183,527	35,987	1,148,319
Total	1,796,735,283	54,631,941	1,755,914,303
Less: Allowance for bad debts	(23,466,229)	(713,519)	(21,920,032)
Bills discounted and loans, net	\$ 1,773,269,054	\$ 53,918,422	\$ 1,733,994,271

A. As of December 31, 2015 and 2014, the amounts of reclassified non-performing loans (overdue for more than six months) were NT\$1,183,527 thousand and NT\$1,148,319 thousand, respectively, to 'overdue receivables' account. These amounts included interest receivable of NT\$8,453 thousand and NT\$6,888 thousand, respectively.

B. Movements in allowance for credit losses

Information as to the evaluations of impairment of the Bank and its subsidiaries' loans and receivables as of December 31, 2015 and 2014 was as follows:

(A) Loans

Item		December 31, 2015			
		Loans (NT\$)	Loans (US\$)	Allowance for credit losses (NT\$)	Allowance for credit losses (US\$)
With existing objective evidence of individual impairment	Individual assessment	\$ 10,360,021	\$ 315,009	\$ 2,662,517	\$ 80,957
	Collective assessment	785,745	23,892	117,172	3,563
Without existing objective evidence of individual impairment		1,785,589,517	54,293,040	20,686,540	628,999

		December 31, 2014	
Item		Loans (NT\$)	Allowance for credit losses (NT\$)
With existing objective evidence of individual impairment	Individual assessment	\$ 18,418,084	\$ 3,491,012
	Collective assessment	822,052	142,244
Without existing objective evidence of individual impairment	Collective assessment	1,736,674,167	18,286,776

(B) Receivables:

		December 31, 2015			
Item		Receivables (NT\$)	Receivables (US\$)	Allowance for credit losses (NT\$)	Allowance for credit losses (US\$)
With existing objective evidence of individual impairment	Individual assessment	\$ 115,941	\$ 3,525	\$ 79,253	\$ 2,410
	Collective assessment	268,100	8,152	26,795	814
Without existing objective evidence of individual impairment	Collective assessment	144,110,859	4,381,868	1,867,497	56,784

		December 31, 2014	
Item		Receivables (NT\$)	Allowance for credit losses (NT\$)
With existing objective evidence of individual impairment	Individual assessment	\$ 140,158	\$ 60,610
	Collective assessment	309,384	36,949
Without existing objective evidence of individual impairment	Collective assessment	172,224,953	1,522,993

The Bank and its subsidiaries has provided appropriate allowance for credit losses for bills discounted, loans, receivables, non-accrual loans transferred from overdue receivables, remittance purchased and import and export loans from banks. Movements in allowance for credit losses for the years ended December 31, 2015 and 2014 were shown below:

2015						
NT\$						
	Receivables	Bills discounted and loans	Non-accrual loans transferred from overdue receivables	Remittance acquired	Import and export loans from bank	Total
Balance, January 1	\$ 1,620,552	\$ 21,920,032	\$ 8,230	\$ 74	\$ 750,371	\$ 24,299,259
Provision (Reversal)	368,653	(1,824)	(192,643)	39	(750,371)	(576,146)
Write-off-net	(42,354)	(817,433)	-	-	-	(859,787)
Recovery of written-off credits	101,074	2,347,007	187,292	-	-	2,635,373
Effects of exchange rate changes and others	(74,380)	18,447	-	-	-	(55,933)
Balance, December 31	<u>\$ 1,973,545</u>	<u>\$ 23,466,229</u>	<u>\$ 2,879</u>	<u>\$ 113</u>	<u>\$ -</u>	<u>\$ 25,442,766</u>

2015						
US\$						
	Receivables	Bills discounted and loans	Non-accrual loans transferred from overdue receivables	Remittance acquired	Import and export loans from bank	Total
Balance, January 1	\$ 49,275	\$ 666,506	\$ 250	\$ 2	\$ 22,816	\$ 738,849
Provision (Reversal)	11,209	(55)	(5,857)	2	(22,816)	(17,517)
Write-off-net	(1,288)	(24,855)	-	-	-	(26,143)
Recovery of written-off credits	3,073	71,363	5,695	-	-	80,131
Effects of exchange rate changes and others	(2,261)	560	-	-	-	(1,701)
Balance, December 31	<u>\$ 60,008</u>	<u>\$ 713,519</u>	<u>\$ 88</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 773,619</u>

2014						
NT\$						
	Receivables	Bills discounted and loans	Non-accrual loans transferred from overdue receivables	Remittance acquired	Import and export loans from bank	Total
Balance, January 1	\$ 1,006,805	\$ 21,771,031	\$ 4,948	\$ 449	\$ -	\$ 22,783,233
Provision (Reversal)	490,971	1,356,111	3,282	(375)	750,371	2,600,360
Write-off-net	(42,065)	(2,370,138)	-	-	-	(2,412,203)
Recovery of written-off credits	122,051	1,594,847	-	-	-	1,716,898
Effects of exchange rate changes and others	42,790	(431,819)	-	-	-	(389,029)
Balance, December 31	<u>\$ 1,620,552</u>	<u>\$ 21,920,032</u>	<u>\$ 8,230</u>	<u>\$ 74</u>	<u>\$ 750,371</u>	<u>\$ 24,299,259</u>

(6) Available-for-sale financial assets – net

	December 31, 2015		December 31, 2014	
	NT\$	US\$	NT\$	
Stocks	\$ 8,823,548	\$ 268,290	\$ 9,414,696	
Commercial papers	76,145,276	2,315,291	73,045,059	
Bonds	134,546,263	4,091,044	100,251,172	
Beneficiary securities	567,601	17,259	857,103	
Beneficiary certificates	17,962	546	-	
Certificates of deposit	12,414,190	377,469	2,585,063	
Subtotal	232,514,840	7,069,899	186,153,093	
Adjustments for change in value of investment	(165,475)	(5,032)	2,220,691	
Accumulated impairment loss	(842,271)	(25,610)	(1,028,508)	
Total	\$ 231,507,094	\$ 7,039,257	\$ 187,345,276	

A. As of December 31, 2015 and 2014, the aforementioned available-for-sale financial assets amounted to NT\$14,612,323 thousand and NT\$11,419,095 thousand, respectively, and were pledged to other parties as collateral for business reserves and guarantees.

B. As of December 31, 2015 and 2014, available-for-sale financial assets were sold under repurchase agreements with fair values of NT\$499,076 thousand and NT\$39,350,519 thousand, respectively.

C. The Bank and its subsidiaries recognised (loss) gain of NT(\$1,474,828) thousand and NT\$2,612,608 thousand in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively.

D. The Bank and its subsidiaries recognised impairment loss for the long-term operating losses of the investee for the years ended December 31, 2015 and 2014. Details are provided in Note 6(29).

E. The Bank and its subsidiaries recognised interest income of NT\$3,554,187 thousand and NT\$3,177,925 thousand on holding debt instruments for the years ended December 31, 2015 and 2014, respectively.

F. For the years ended December 31, 2015 and 2014, amount realized and transferred from other equity in the statements of change in equity to current profit was NT\$886,419 thousand and NT \$955,578 thousand, respectively.

G. In consideration of increasing capital returns, the Bank and its subsidiaries have invested in structured entities issued and managed by independent third parties—Residential Mortgage Backed Security, which are accounted for by the Bank and its subsidiaries under available-for-sale financial assets-beneficiary securities. The above-mentioned asset securitization products have maturity dates within April, 2035 to December, 2035.

As of December 31, 2015 and 2014, the book value and the maximum credit risk exposure of structured entities is NT\$110,025 thousand and NT\$333,703 thousand, respectively. The Bank and its subsidiaries recognised interest income of NT\$29,003 thousand and NT\$36,904 thousand on structured entities for the years ended December 31, 2015 and 2014, respectively.

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

	December 31, 2015		December 31, 2014	
	NT\$	US\$	NT\$	
Central Bank's certificates of deposits	\$ 171,370,000	\$ 5,210,715	\$ 143,200,000	
Financial bonds	20,920,762	636,121	13,867,100	
Government bonds	3,826,080	116,337	3,623,054	
Corporate bonds	3,411,698	103,737	1,104,886	
Total	\$ 199,528,540	\$ 6,066,910	\$ 161,795,040	

A. As of December 31, 2015 and 2014, the aforementioned held-to-maturity financial assets amounting to NT\$5,546,000 thousand and NT\$5,530,800 thousand, respectively, were pledged to other parties as collateral of business reserves and guarantees.

B. The Bank and its subsidiaries recognised interest income of NT\$1,845,127 thousand and NT \$1,845,033 thousand on holding held-to-maturity financial assets for the years ended December 31, 2015 and 2014, respectively.

(8) Investments accounted for under the equity method – net

Investee Company	December 31, 2015		Percentage of Shareholding
	NT\$	US\$	
Cathay Investment & Development Corporation (Bahamas)	\$ 58,935	\$ 1,792	100.00
Mega Management Consulting Co., Ltd.	62,367	1,896	100.00
Cathay Investment & Warehousing Co., S.A.	59,950	1,823	100.00
Ramlett Finance Holdings Inc.	5,902	180	100.00
Yung Shing Industries Co.	668,539	20,328	99.56
China Products Trading Company	27,517	837	68.27
Mega 1 Venture Capital Co., Ltd.	27,323	831	25.00
IP Fund seven Limited (Note2)	1,364	41	25.00
An Feng Enterprise Co., Ltd.	11,911	362	25.00
Taiwan Finance Corporation	1,593,538	48,453	24.55
Everstrong Iron & Steel Foundry & Mfg. Corporation	43,379	1,319	22.22
China Real Estate Management Co., Ltd.	190,196	5,783	20.00
Mega Growth Venture Capital Co., Ltd.	148,712	4,522	11.81
Total	\$ 2,899,633	\$ 88,167	

Investee Company	December 31, 2014	
	NT\$	Percentage of Shareholding
Cathay Investment & Development Corporation (Bahamas)	\$ 54,769	100.00
Mega Management Consulting Co., Ltd.	48,375	100.00
Cathay Investment & Warehousing Co., S.A.	60,438	100.00
Ramlett Finance Holdings Inc.	3,428	100.00
Yung Shing Industries Co.	658,571	99.56
China Products Trading Company	27,476	68.27
United Venture Corporation (Note1)	-	25.31
Mega 1 Venture Capital Co., Ltd.	73,449	25.00
IP Fund seven Limited (Note2)	131,814	25.00
An Feng Enterprise Co., Ltd.	11,911	25.00
Taiwan Finance Corporation	1,515,092	24.55
Everstrong Iron & Steel Foundry & Mfg. Corporation	42,155	22.22
China Real Estate Management Co., Ltd.	189,024	20.00
China Insurance (Thai) Public Company Limited	18,584	25.25
Total	<u>\$ 2,835,086</u>	

Note1: Due to the investee having incurred accumulated deficit for an extended period of time, its Board of Directors resolved to dissolve the company in 2013 and completed the registry for dissolution. Subsequently, liquidation was completed in 2015.

Note2: Due to the investee having incurred accumulated deficit for an extended period of time, its Board of Directors resolved dissolve the company in 2015 and completed the registry for dissolution. However, liquidation procedures have not been completed and are expected to be completed in 2016.

- A. The carrying amount of the Bank and its subsidiaries' interests in all individually immaterial associates and the Bank and its subsidiaries' share of the operating results are summarized as follows:

	2015		2014
	NT\$	US\$	NT\$
Profit for the period	\$ 181,009	\$ 5,504	\$ 144,359
Other comprehensive income (loss) (after income tax)	22,100	672	102,487
Total comprehensive income	<u>\$ 203,109</u>	<u>\$ 6,716</u>	<u>\$ 246,846</u>

- B. The shares of associates and joint ventures that the Bank and its subsidiaries own have no quoted market price available in an active market. There is no significant restriction on fund transfer from the associates to their shareholders, i.e. distribution of cash dividends, repayment of loans or money advanced.
- C. As of December 31, 2015 and 2014, investments accounted for under the equity method were not pledged as collateral.
- D. On May 27, 2015, the Bank sold all its held shares of China Insurance (Thai) Public Company Limited, which were accounted for as investments accounted for under the equity method, recognising a gain on disposal of NT\$3,346 thousand.
- E. The Bank's investment in Mega Growth Venture Capital Co., Ltd. accounted for an ownership percentage of 11.81%. However, the combined ownership percentage of the Bank, the Bank's subsidiaries and the Bank's parent company was over 20%, thus the investment is accounted for under the equity method.

(9) Other financial assets – net

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Remittance purchased	\$ 11,047	336	34,079
Debt investments with no active market	-	-	4,000,000
Financial assets carried at cost	10,890,821	331,149	10,545,845
Nonaccrual loans transferred from overdue receivables	5,626	171	9,702
Subtotal	<u>10,907,494</u>	<u>331,656</u>	<u>14,589,626</u>
Less: Allowance for bad debts – Remittance purchased	(113)	(4)	(74)
Less: Allowance for bad debts – Nonaccrual loans transferred from overdue receivables	(2,879)	(88)	(8,230)
Less: Accumulated impairment – Financial assets carried at cost	(919,428)	(27,956)	(930,759)
Total	<u>\$ 9,985,074</u>	<u>\$ 303,608</u>	<u>\$ 13,650,563</u>

- A. As unlisted shares the Bank owns have no quoted market price available in an active market and cannot be measured reliably, they are measured at cost.
- B. The Bank held 'Class A Registered Convertible Preferred Stock' issued by Taiwan High Speed Rail Corporation ("THSRC"). The total investment was NT\$4 billion and was recognised as 'Debt investments with no active market'. In order to execute "Taiwan High Speed Rail Corporation's Financial Solution Plan", THSRC has arranged to redeem outstanding preferred stock and has announced the cancellation date of preferred stock to be on August 7, 2015. The Bank, as of the cancellation date, has recovered in its entirety the above-mentioned investment amount.

- C. THSRC was in arrears with preferred stock dividends from January 5, 2007 to August 6, 2015 for “Class A convertible bearer preferred stock” held by the Bank, totaling NT\$1,717,260 thousand. In order to execute the supporting measures of the “Taiwan High Speed Rail Corporation’s Financial Solution Plan”, pursuant to the resolution by THSRC’s special stockholders’ meetings on September 10, 2015, unpaid preferred stock dividends will be satisfied in the form of compensation. The above-mentioned amount has been recognised by the Bank in 2015 under “compensation income”, which received the compensation for unpaid preferred stock from THSRC on January 20, 2016.
- D. For the years ended December 31, 2015 and 2014, the Bank and its subsidiaries recognised the impairment loss due to investees operating at a loss over an extended period of time, please refer to Note 6(29).
- E. For the years ended December 31, 2015 and 2014, gain or loss arising from disposal and dividend income received from shares of the investee was NT\$764,288 thousand and NT\$594,855 thousand, respectively.

(10) Property and equipment – net

December 31, 2015			
Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
(In NT Thousand Dollars)			
Land and land improvements	\$ 9,282,673	\$ - (\$ 142,596)	\$ 9,140,077
Buildings and auxiliary equipment	10,122,738	(5,714,212) (14,961)	4,393,565
Computers and peripheral equipment	3,172,897	(2,681,254) -	491,643
Transportation and communication equipment	155,890	(124,408) -	31,482
Miscellaneous equipment	1,525,297	(1,303,474) -	221,823
\$ 24,259,495	(\$ 9,823,348)	(\$ 157,557)	\$ 14,278,590

December 31, 2015			
Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
(In US Thousand Dollars)			
Land and land improvements	\$ 282,251	\$ - (\$ 4,336)	\$ 277,915
Buildings and auxiliary equipment	307,794	(173,747) (455)	133,592
Computers and peripheral equipment	96,476	(81,527) -	14,949
Transportation and communication equipment	4,740	(3,783) -	957
Miscellaneous equipment	46,379	(39,634) -	6,745
\$ 737,640	(\$ 298,691)	(\$ 4,791)	\$ 434,158

December 31, 2014			
Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
(In NT Thousand Dollars)			
Land and land improvements	\$ 9,476,626	\$ - (\$ 195,567)	\$ 9,281,059
Buildings and auxiliary equipment	10,094,097	(5,524,400) (31,706)	4,537,991
Computers and peripheral equipment	3,283,565	(2,835,465) -	448,100
Transportation and communication equipment	158,822	(136,587) -	22,235
Miscellaneous equipment	1,477,467	(1,264,530) -	212,937
\$ 24,490,577	(\$ 9,760,982)	(\$ 227,273)	\$ 14,502,322

2015						
Cost	Land and land improvements	Buildings and auxiliary equipment	Transportation and communication equipment	Computers and peripheral equipment	Miscellaneous equipment	Total
(In NT Thousand Dollars)						
Balance at January 1, 2015	\$ 9,476,626	\$ 10,094,097	\$ 158,822	\$ 3,283,565	\$ 1,477,467	\$ 24,490,577
Additions for the year	-	43,322	20,716	245,888	77,594	387,520
Disposals for the year	-	(20,179)	(22,582)	(355,760)	(25,128)	(423,649)
Transfers in the current period	(193,627)	(11,776)	-	606	(168)	(204,965)
Exchange adjustments	(326)	17,274	(1,066)	(1,402)	(4,468)	10,012
Balance at December 31, 2015	<u>9,282,673</u>	<u>10,122,738</u>	<u>155,890</u>	<u>3,172,897</u>	<u>1,525,297</u>	<u>24,259,495</u>
Accumulated depreciation						
Balance at January 1, 2015	\$ -	(\$ 5,524,400)	(\$ 136,587)	(\$ 2,835,465)	(\$ 1,264,530)	(\$ 9,760,982)
Depreciation for the year	-	(200,848)	(10,643)	(202,801)	(66,743)	(481,035)
Disposals for the year	-	20,179	22,130	355,583	25,216	423,108
Transfers in the current period	-	5,829	-	(211)	-	5,618
Exchange adjustments	-	(14,972)	692	1,640	2,583	(10,057)
Balance at December 31, 2015	<u>-</u>	<u>(5,714,212)</u>	<u>(124,408)</u>	<u>(2,681,254)</u>	<u>(1,303,474)</u>	<u>(9,823,348)</u>
Accumulated impairment						
Balance at January 1, 2015	(\$ 195,567)	(\$ 31,706)	\$ -	\$ -	\$ -	(\$ 227,273)
Gain on reversal of impairment loss	52,971	16,745	-	-	-	69,716
Balance at December 31, 2015	<u>(142,596)</u>	<u>(14,961)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,557)</u>
Net book value of December 31, 2015	<u>\$ 9,140,077</u>	<u>\$ 4,393,565</u>	<u>\$ 31,482</u>	<u>\$ 491,643</u>	<u>\$ 221,823</u>	<u>\$ 14,278,590</u>

2015						
	Land and land improvements	Buildings and auxiliary equipment	Transportation and communication equipment	Computers and peripheral equipment	Miscellaneous equipment	Total
Cost	(In US Thousand Dollars)					
Balance at January 1, 2015	\$ 288,148	\$ 306,924	\$ 4,829	\$ 99,841	\$ 44,924	\$ 744,666
Additions for the year	-	1,317	630	7,477	2,359	11,783
Disposals for the year	-	(613)	(687)	(10,817)	(764)	(12,881)
Transfers in the current period	(5,887)	(358)	-	18	(5)	(6,232)
Exchange adjustments	(10)	524	(32)	(43)	(135)	304
Balance at December 31, 2015	<u>282,251</u>	<u>307,794</u>	<u>4,740</u>	<u>96,476</u>	<u>46,379</u>	<u>737,640</u>
Accumulated depreciation						
Balance at January 1, 2015	\$ -	(\$ 167,976)	(\$ 4,15)	(\$ 86,216)	(\$ 38,450)	(\$ 296,795)
Depreciation for the year	-	(6,107)	(324)	(6,167)	(2,028)	(14,626)
Disposals for the year	-	614	673	10,812	766	12,865
Transfers in the current period	-	177	-	(6)	-	171
Exchange adjustments	-	(455)	21	50	78	(306)
Balance at December 31, 2015	<u>-</u>	<u>(173,747)</u>	<u>(3,783)</u>	<u>(81,527)</u>	<u>(39,634)</u>	<u>(298,691)</u>
Accumulated impairment						
Balance at January 1, 2015	(\$ 5,945)	(\$ 964)	\$ -	\$ -	\$ -	(\$ 6,911)
Gain on reversal of impairment loss	1,609	509	-	-	-	2,120
Balance at December 31, 2015	<u>(4,336)</u>	<u>(455)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,791)</u>
Net book value of December 31, 2015	<u>\$ 277,915</u>	<u>\$ 133,592</u>	<u>\$ 957</u>	<u>\$ 14,949</u>	<u>\$ 6,745</u>	<u>\$ 434,158</u>

2014						
	Land and land improvements	Buildings and auxiliary equipment	Transportation and communication equipment	Computers and peripheral equipment	Miscellaneous equipment	Total
Cost	(In NT Thousand Dollars)					
Balance at January 1, 2014	\$ 9,472,222	\$ 9,979,697	\$ 161,035	\$ 3,275,394	\$ 1,466,115	\$ 24,354,463
Additions for the year	3,852	78,524	4,517	188,569	39,781	315,243
Disposals for the year	-	(11,947)	(8,412)	(186,905)	(34,980)	(242,244)
Exchange adjustments	552	47,823	1,682	6,507	6,551	63,115
Balance at December 31, 2014	<u>9,476,626</u>	<u>10,094,097</u>	<u>158,822</u>	<u>3,283,565</u>	<u>1,477,467</u>	<u>24,490,577</u>
Accumulated depreciation						
Balance at January 1, 2014	\$ -	(\$ 5,301,752)	(\$ 133,352)	(\$ 2,790,310)	(\$ 1,226,484)	(\$ 9,451,898)
Depreciation for the year	-	(201,045)	(10,444)	(226,579)	(67,828)	(505,896)
Disposals for the year	-	11,947	8,412	186,865	34,890	242,114
Exchange adjustments	-	(33,550)	(1,203)	(5,441)	(5,108)	(45,302)
Balance at December 31, 2014	<u>-</u>	<u>(5,524,400)</u>	<u>(136,587)</u>	<u>(2,835,465)</u>	<u>(1,264,530)</u>	<u>(9,760,982)</u>
Accumulated impairment						
Balance at January 1, 2014	(\$ 353,336)	(\$ 29,978)	\$ -	\$ -	\$ -	(\$ 383,314)
Gain on reversal of impairment loss	157,769	(1,728)	-	-	-	156,041
Balance at December 31, 2014	<u>(195,567)</u>	<u>(31,706)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(227,273)</u>
Net book value of December 31, 2014	<u>\$ 9,281,059</u>	<u>\$ 4,537,991</u>	<u>\$ 22,235</u>	<u>\$ 448,100</u>	<u>\$ 212,937</u>	<u>\$ 14,502,322</u>

(11) Investment property – net

December 31, 2015			
Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
(In NT Thousand Dollars)			
Land and land improvements	\$ 764,955	\$ -	\$ 764,955
Buildings and auxiliary equipment	174,442	(71,340)	103,102
<u>\$ 939,397</u>	<u>(\$ 71,340)</u>	<u>\$ -</u>	<u>\$ 868,057</u>
December 31, 2015			
Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
(In US Thousand Dollars)			
Land and land improvements	\$ 23,259	\$ -	\$ 23,259
Buildings and auxiliary equipment	5,304	(2,169)	3,135
<u>\$ 28,563</u>	<u>(\$ 2,169)</u>	<u>\$ -</u>	<u>\$ 26,394</u>
December 31, 2014			
Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
(In NT Thousand Dollars)			
Land and land improvements	\$ 571,328	\$ -	\$ 571,328
Buildings and auxiliary equipment	162,670	(62,803)	99,867
<u>\$ 733,998</u>	<u>(\$ 62,803)</u>	<u>\$ -</u>	<u>\$ 671,195</u>

- A. The fair value of the investment property held by the Bank and its subsidiaries as of December 31, 2015 and 2014 was NT\$3,124,338 thousand and NT\$2,761,303 thousand, respectively according to the result of valuation by an independent valuation expert using the comparison method and land development analysis approach, which is considered to be Level 2 within the fair value hierarchy.
- B. Rental income from the lease of the investment property for the years ended December 31, 2015 and 2014 was NT\$15,396 thousand and NT\$15,236 thousand, respectively; direct operating expenses incident to current rental income from investment property was NT\$9,700 thousand and NT\$7,943 thousand, respectively.
- C. For the rental revenue from the lease of the investment property among related parties, please refer to Note 11(3).
- D. None of the Bank's and its subsidiaries's investment property as at December 31, 2015 and 2014 have been pledged or provided as guarantees.

	2015		
	Land and land improvements	Buildings and auxiliary equipment	Total
	NT\$	NT\$	NT\$
<u>Original cost</u>			
Balance at January 1, 2015	\$ 571,328	\$ 162,670	\$ 733,998
Transfers in the current period	193,627	(4)	205,403
Exchange adjustments	-	174,442	(4)
Balance at December 31, 2015	764,955		939,397
<u>Accumulated depreciation</u>			
Balance at January 1, 2015	\$ -	(\$ 62,803)	(\$ 62,803)
Depreciation for the year	-	(2,710)	(2,710)
Transfers in the current period	-	(5,829)	(5,829)
Exchange adjustments	-	2	2
Balance at December 31, 2015	-	(71,340)	(71,340)
	\$ 764,955	\$ 103,102	\$ 868,057

	2015		
	Land and land improvements	Buildings and auxiliary equipment	Total
	US\$	US\$	US\$
<u>Original cost</u>			
Balance at January 1, 2015	\$ 17,372	\$ 4,946	\$ 22,318
Transfers in the current period	5,887	(358)	6,245
Exchange adjustments	-	-	-
Balance at December 31, 2015	23,259	5,304	28,563
<u>Accumulated depreciation</u>			
Balance at January 1, 2015	\$ -	(\$ 1,910)	(\$ 1,910)
Depreciation for the year	-	(82)	(82)
Transfers in the current period	-	(177)	(177)
Exchange adjustments	-	-	-
Balance at December 31, 2015	-	(2,169)	(2,169)
	\$ 23,259	\$ 3,135	\$ 26,394

	2014		
	Land and land improvements	Buildings and auxiliary equipment	Total
	NT\$	NT\$	NT\$
<u>Original cost</u>			
Balance at January 1, 2014	\$ 571,328	\$ 162,640	\$ 733,968
Exchange adjustments	-	30	30
Balance at December 31, 2014	571,328	162,670	733,998
<u>Accumulated depreciation</u>			
Balance at January 1, 2014	\$ -	(\$ 60,093)	(\$ 60,093)
Depreciation for the year	-	(2,694)	(2,694)
Exchange adjustments	-	(16)	(16)
Balance at December 31, 2014	-	(62,803)	(62,803)
	\$ 571,328	\$ 99,867	\$ 671,195

(12) Other assets – net

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Other prepaid expenses	\$ 4,061,015	\$ 123,480	\$ 3,515,265
Refundable deposits	407,745	12,398	624,431
Temporary payments	595,088	18,094	487,161
Others	349,639	10,632	427,838
Total	\$ 5,413,487	\$ 164,604	\$ 5,054,695

(13) Due to the Central Bank and commercial banks

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Call loans from the Central Bank and banks	\$ 240,309,075	\$ 7,306,892	\$ 180,981,043
Transfer deposits from China Post Co.	2,804,643	85,279	2,924,041
Overdrafts from other banks	6,774,116	205,975	7,638,015
Due to the financial institutions	40,166,749	1,221,319	56,637,561
Due to the Central Bank	129,822,256	3,947,406	213,516,052
Total	\$ 419,876,839	\$ 12,766,871	\$ 461,696,712

(14) Borrowed funds

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Refinancing to borrow funds from the Central Bank	\$ 6,528,241	\$ 198,500	\$ 7,090,097
Other funds borrowed from the Central Bank	5,031,864	153,000	2,153,084
Funds borrowed from other banks	33,898,990	1,030,740	44,663,360
Total	\$ 45,459,095	\$ 1,382,240	\$ 53,906,541

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

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Financial liabilities held for trading:			
Derivative instruments	\$ 4,757,866	\$ 144,669	\$ 7,425,472
Financial liabilities designated as at fair value through profit or loss:			
Financial bonds	17,181,429	522,422	19,919,886
Total	\$ 21,939,295	\$ 667,091	\$ 27,345,358

A. Gain (loss) on financial assets and liabilities held for trading and gain (loss) on financial liabilities designated as at fair value through profit or loss recognised for the years ended December 31, 2015 and 2014 are provided in Note 6(27).

B. Financial liabilities designated at fair value through profit or loss by the Bank is for the purpose of eliminating recognition inconsistency.

(16) Payables

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Accounts payable	\$ 11,021,991	\$ 335,137	\$ 11,197,685
Bankers' acceptances	8,952,015	272,197	8,853,391
Dividends and bonus payable	5,679,263	172,685	5,679,263
Accrued interest	2,588,662	78,711	2,772,231
Accrued expense	4,796,367	145,840	4,378,891
Collections payable for customers	903,529	27,473	1,317,775
Other payables	2,007,110	61,029	1,902,889
Total	\$ 35,948,937	\$ 1,093,072	\$ 36,102,125

(17) Deposits and remittances

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Checking deposits	\$ 33,814,589	\$ 1,028,174	\$ 32,557,844
Demand deposits	675,995,986	20,554,488	587,718,254
Time deposits	838,334,616	25,490,593	784,875,897
Demand savings deposits	408,492,456	12,420,714	382,772,237
Time savings deposits	267,626,294	8,137,506	243,865,330
Negotiable certificates of deposit	1,870,100	56,863	1,906,400
Remittances	9,107,614	276,928	4,965,893
Total	\$ 2,235,241,655	\$ 67,965,266	\$ 2,038,661,855

(18) Financial bonds payable

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Subordinated Bonds	\$ 36,200,000	\$ 1,100,705	\$ 50,200,000

Financial bonds were as follows:

Name of bond	Issuing period	Interest rate %	Total issued amount	December 31, 2015		Remark
				NT\$	US\$	
99-1 Development Financial bond	2010.12.24-2017.12.24	1.53%	10,300,000	\$ 10,300,000	\$ 313,184	Interest is paid annually. The principal is repaid at maturity.
100-1 Development Financial bond	2011.04.15-2018.04.15	1.65%	4,700,000	4,700,000	142,909	Interest is paid annually. The principal is repaid at maturity.
100-2 Development Financial bond	2011.11.24-2018.11.24	1.62%	7,900,000	7,900,000	240,209	Interest is paid annually. The principal is repaid at maturity.
101-1 Development Financial bond	2012.05.18-2019.05.18	1.48%	1,300,000	1,300,000	39,528	Interest is paid annually. The principal is repaid at maturity.
103-1 Development Financial bond	2014.03.28-2021.03.28	1.70%	4,900,000	4,900,000	148,991	Interest is paid annually. The principal is repaid at maturity.
103-2 Development Financial bond	2014.06.24-2021.06.24	1.65%	7,100,000	7,100,000	215,884	Interest is paid annually. The principal is repaid at maturity.
Total				<u>\$ 36,200,000</u>	<u>\$ 1,100,705</u>	

Name of bond	Issuing period	Interest rate %	Total issued amount	December 31, 2015		Remark
				US\$		
103-3 Financial bond	2014.11.19-2034.11.19	0.00%	USD 90,000	\$	90,000	The principal is repaid at maturity.
103-4 Financial bond	2014.11.19-2034.11.19	0.00%	USD 30,000		30,000	The principal is repaid at maturity.
103-5 Financial bond	2014.11.19-2034.11.19	0.00%	USD 130,000		130,000	The principal is repaid at maturity.
103-6 Financial bond	2014.11.19-2044.11.19	0.00%	USD 175,000		175,000	The principal is repaid at maturity.
103-7 Financial bond	2014.11.19-2044.11.19	0.00%	USD 75,000		75,000	The principal is repaid at maturity.
Total				\$	500,000	

Name of bond	Issuing period	Interest rate %	Total issued amount	December 31, 2014		Remark
				NT\$		
97-1 Development Financial bond	2008.03.20-2015.03.20	2.90%	\$ 900,000	\$	900,000	Interest is paid annually. The principal is repaid at maturity.
97-3 Development Financial bond	2008.06.26-2015.06.26	3.10%	2,900,000		2,900,000	Interest is paid annually. The principal is repaid at maturity.
97-4 Development Financial bond	2008.06.26-2015.06.26	Floating rate	6,000,000		6,000,000	Interest is paid annually. The principal is repaid at maturity.
97-8 Development Financial bond	2008.09.29-2015.09.29	3.00%	1,600,000		1,600,000	Interest is paid annually. The principal is repaid at maturity.
97-9 Development Financial bond	2008.12.23-2015.12.23	3.00%	6,400,000		6,400,000	Interest is paid annually. The principal is repaid at maturity.
99-1 Development Financial bond	2010.12.24-2017.12.24	1.53%	10,300,000		10,300,000	Interest is paid annually. The principal is repaid at maturity.
100-1 Development Financial bond	2011.04.15-2018.04.15	1.65%	4,700,000		4,700,000	Interest is paid annually. The principal is repaid at maturity.
100-2 Development Financial bond	2011.11.24-2018.11.24	1.62%	7,900,000		7,900,000	Interest is paid annually. The principal is repaid at maturity.
101-1 Development Financial bond	2012.05.18-2019.05.18	1.48%	1,300,000		1,300,000	Interest is paid annually. The principal is repaid at maturity.
103-1 Development Financial bond	2014.03.28-2021.03.28	1.70%	4,900,000		4,900,000	Interest is paid annually. The principal is repaid at maturity.
103-2 Development Financial bond	2014.06.24-2021.06.24	1.65%	7,100,000		7,100,000	Interest is paid annually. The principal is repaid at maturity.
Total				\$	54,000,000	

Name of bond	Issuing period	Interest rate %	Total issued amount	December 31, 2014		Remark
				US\$		
103-3 Financial bond	2014.11.19-2034.11.19	0.00%	USD 90,000	\$	90,000	The principal is repaid at maturity.
103-4 Financial bond	2014.11.19-2034.11.19	0.00%	USD 30,000		30,000	The principal is repaid at maturity.
103-5 Financial bond	2014.11.19-2034.11.19	0.00%	USD 130,000		130,000	The principal is repaid at maturity.
103-6 Financial bond	2014.11.19-2044.11.19	0.00%	USD 175,000		175,000	The principal is repaid at maturity.
103-7 Financial bond	2014.11.19-2044.11.19	0.00%	USD 75,000		75,000	The principal is repaid at maturity.
Total				\$	500,000	

As of December 31, 2015 and 2014, the outstanding balances of the above mentioned financial bonds amounted to US\$500 million and US\$500 million, and NT\$36.2 billion and NT\$54 billion, respectively. In addition, among the above financial bonds, the senior financial bonds with face value of US\$500 million and US\$500 million and the subordinate financial bonds with face value of NT\$0 and NT\$3.8 billion were designated as financial liabilities at fair value through profit or loss and hedged by interest rate swap contracts. As such interest rate swap contracts were valued at fair value with changes in fair value recognised as profit or loss, the financial bonds stated above were designated as financial liabilities at fair value through profit or loss in order to eliminate or significantly reduce recognition inconsistency.

(19) Provisions

	December 31, 2015	
	NT\$	US\$
Liabilities reserve for employee benefits	\$ 8,682,538	\$ 264,003
Reserve for guarantee liabilities	3,240,886	98,543
Total	\$ 11,923,424	\$ 362,546

	December 31, 2014	January 1, 2014
	NT\$	NT\$
Liabilities reserve for employee benefits	\$ 7,248,658	\$ 7,300,262
Reserve for guarantee liabilities	3,204,543	3,562,797
Total	\$ 10,453,201	\$ 10,863,059

In 2015, the Bank and its subsidiaries adopted IAS 19 of the 2013 version of IFRSs as endorsed by the FSC. Liabilities reserve for employee benefits as at December 31, 2014 and January 1, 2014 was retroactively adjusted from NT\$6,915,679 thousand and NT\$6,946,341 thousand, respectively, to NT\$7,248,658 thousand and NT\$7,300,262 thousand, respectively.

Liabilities reserve for employee benefits are as follows:

	December 31, 2015	
	NT\$	US\$
Recognised in consolidated balance sheet:		
- Defined benefit plans	\$ 5,579,717	\$ 169,658
- Employee preferential savings plans	3,102,821	94,345
Total	\$ 8,682,538	\$ 264,003

	December 31, 2014	January 1, 2014
	NT\$	NT\$
Recognised in consolidated balance sheet:		
- Defined benefit plans	\$ 4,415,698	\$ 4,698,013
- Employee preferential savings plans	2,832,960	2,602,249
Total	\$ 7,248,658	\$ 7,300,262

A. Defined contribution plans

Effective July 1, 2005, the Bank has established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Employees have the option to be covered under the New Plan. Under the New Plan, the Bank contributes 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 payment of pension benefits is based on the employees' individual pension fund accounts and the cumulative profit in such accounts, and the employees can choose to receive such pension benefits monthly or in lump sum. The pension costs under the defined contribution pension plan for the years ended December 31, 2015 and 2014 were NT\$83,678 thousand and NT\$77,473 thousand, respectively.

For employees working overseas, pension expenses under defined contribution plans are recognised according to the local regulations. For the years ended December 31, 2015 and 2014, pension expenses of current period were NT\$21,205 thousand and NT\$23,100 thousand, respectively.

B. Defined benefit plans

(A) The Bank has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Bank and its subsidiaries contribute monthly an amount equal to 8.211% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Bank would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Bank will make contributions to cover the deficit by next March.

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

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Present value of funded obligations	\$ 15,759,783	\$ 479,195	\$ 14,491,116
Fair value of plan assets	(10,180,066)	(309,537)	(10,075,418)
	\$ 5,579,717	\$ 169,658	\$ 4,415,698

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

	Present value of defined benefit obligation	Fair value of plan assets (In NT Thousand Dollars)	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	\$ 14,491,116	(\$ 10,075,418)	\$ 4,415,698
Current service cost	415,127	-	415,127
Interest expense (income)	247,537	(174,823)	72,714
	<u>15,153,780</u>	<u>(10,250,241)</u>	<u>4,903,539</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(93,043)	(93,043)
Change in financial assumptions	1,049,529	-	1,049,529
Experience adjustments	442,257	-	442,257
	<u>1,491,786</u>	<u>(93,043)</u>	<u>1,398,743</u>
Pension fund contribution	-	(722,565)	(722,565)
Paid Pension	(885,783)	885,783	-
Balance at December 31	<u>\$ 15,759,783</u>	<u>(\$ 10,180,066)</u>	<u>\$ 5,579,717</u>
	Present value of defined benefit obligation	Fair value of plan assets (In US Thousand Dollars)	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	\$ 440,620	(\$ 306,355)	\$ 134,265
Current service cost	12,622	-	12,622
Interest expense (income)	7,527	(5,316)	2,211
	<u>460,769</u>	<u>(311,671)</u>	<u>149,098</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,829)	(2,829)
Change in financial assumptions	31,912	-	31,912
Experience adjustments	13,447	-	13,447
	<u>45,359</u>	<u>(2,829)</u>	<u>42,530</u>
Pension fund contribution	-	(21,970)	(21,970)
Paid Pension	(26,933)	26,933	-
Balance at December 31	<u>\$ 479,195</u>	<u>(\$ 309,537)</u>	<u>\$ 169,658</u>
	Present value of defined benefit obligation	Fair value of plan assets (In NT Thousand Dollars)	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	\$ 14,559,066	(\$ 9,861,053)	\$ 4,698,013
Current service cost	454,683	-	454,683
Interest expense (income)	244,074	(168,658)	75,416
	<u>15,257,823</u>	<u>(10,029,711)</u>	<u>5,228,112</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(63,234)	(63,234)
Change in financial assumptions	(67,105)	-	(67,105)
Experience adjustments	152,770	-	152,770
	<u>85,665</u>	<u>(63,234)</u>	<u>22,431</u>
Pension fund contribution	-	(834,845)	(834,845)
Paid Pension	(852,372)	852,372	-
Balance at December 31	<u>\$ 14,491,116</u>	<u>(\$ 10,075,418)</u>	<u>\$ 4,415,698</u>

(D) The Bank of Taiwan was commissioned to manage the Fund of the Bank's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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.), and the performance of fund utilization is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Bank has no right to participate in managing and operating that fund and hence the Bank 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.

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

	2015	2014
Discount rate	1.25%	1.75%
Rate of future salary increases	2.00%	1.75%

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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
	(In NT Thousand Dollars)			
December 31, 2015				
Effect on present value of defined benefit obligation	(\$ 363,207)	\$ 377,445	\$ 373,683	(\$ 361,456)
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
	(In US Thousand Dollars)			
December 31, 2015				
Effect on present value of defined benefit obligation	(\$ 11,044)	\$ 11,477	\$ 11,362	(\$ 10,991)

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.

(F) Expected contributions to the defined benefit pension plans of the Bank for the year ending December 31, 2016 amounts to NT\$420,000 thousand.

(G) As of December 31, 2015, the weighted average duration of that retirement plan is 8.75 years.

C. The Bank's payment obligations of fixed-amount preferential savings of retired employees and current employees after retirement are in compliance with the internal "Rules Governing Pension Preferential Savings of Staff of Mega International Commercial Banks". The excessive interest arising from the interest rate upon retirement agreed with the employees in excess of general market interest rate should be accounted for in accordance with IAS 19, "Employee Benefits".

(A) Adjustment of assets and liabilities recognised in the consolidated balance sheets, present value of defined benefit obligation, and fair value of plan assets:

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Present value of defined benefit obligation	\$ 3,102,821	\$ 94,345	\$ 2,832,960
Less: Fair value of plan assets	-	-	-
	\$ 3,102,821	\$ 94,345	\$ 2,832,960

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
	(In NT Thousand Dollars)		
Year ended December 31, 2015			
Balance at January 1	\$ 2,832,960	\$ -	\$ 2,832,960
Interest cost	108,208	-	108,208
	2,941,168	-	2,941,168
Remeasurements:			
Change in demographic assumptions	347,480	-	347,480
Experience adjustments	366,829	-	366,829
	714,309	-	714,309
Pension fund contribution	-	(552,656)	(552,656)
Paid Pension	(552,656)	552,656	-
Balance at December 31	\$ 3,102,821	\$ -	\$ 3,102,821

	Present value of defined benefit obligation	Fair value of plan assets (In US Thousand Dollars)	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	\$ 86,140	\$ -	\$ 86,140
Interest cost	3,290	-	3,290
	<u>89,430</u>	<u>-</u>	<u>89,430</u>
Remeasurements:			
Change in demographic assumptions	10,565	-	10,565
Experience adjustments	11,154	-	11,154
	<u>21,719</u>	<u>-</u>	<u>21,719</u>
Pension fund contribution	-	(16,804)	(16,804)
Paid Pension	(16,804)	16,804	-
Balance at December 31	<u>\$ 94,345</u>	<u>\$ -</u>	<u>\$ 94,345</u>

	Present value of defined benefit obligation	Fair value of plan assets (In NT Thousand Dollars)	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	\$ 2,602,249	\$ -	\$ 2,602,249
Interest cost	99,455	-	99,455
	<u>2,701,704</u>	<u>-</u>	<u>2,701,704</u>
Remeasurements:			
Change in demographic assumptions	317,843	-	317,843
Experience adjustments	310,806	-	310,806
	<u>628,649</u>	<u>-</u>	<u>628,649</u>
Pension fund contribution	-	(497,393)	(497,393)
Paid Pension	(497,393)	497,393	-
Balance at December 31	<u>\$ 2,832,960</u>	<u>\$ -</u>	<u>\$ 2,832,960</u>

(C) Actuarial assumptions are as follows:

	2015	2014
Discount rate for employee preferential interest savings	<u>4.00%</u>	<u>4.00%</u>
Return rate on capital deposited	<u>2.00%</u>	<u>2.00%</u>
Annual decreasing ratio for account balance	<u>1.00%</u>	<u>1.00%</u>
Probability of change in preferential savings system in the future	<u>50.00%</u>	<u>50.00%</u>

Because the main actuarial assumption changed, the present value of employee preferential interest savings obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.05%	Decrease 0.05%
	(In NT Thousand Dollars)			
December 31, 2015				
Effect on present value of defined benefit obligation	(\$ 63,938)	\$ 66,406	(\$ 15,190)	\$ 15,190
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.05%	Decrease 0.05%
	(In US Thousand Dollars)			
December 31, 2015				
Effect on present value of defined benefit obligation	(\$ 1,944)	\$ 2,019	(\$ 462)	\$ 462

(D) The Bank recognised employee benefit expenses of NT\$1,347,674 thousand and NT\$1,241,597 thousand for the years ended December 31, 2015 and 2014, respectively.

D. Reserve for guarantee liabilities

The Bank had provided appropriate reserve for guarantee liabilities based on the guarantee reserve assessed. The details and movements of reserve for guarantee liabilities for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Balance at January 1	\$ 3,204,543	\$ 97,438	\$ 3,562,797
Provision (reversal)	32,254	981	(350,930)
Effects of exchange rate changes and others	4,089	124	(7,324)
Balance at December 31	<u>\$ 3,240,886</u>	<u>\$ 98,543</u>	<u>\$ 3,204,543</u>

(20) Other financial liabilities

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Appropriation for loans	\$ 1,548,053	\$ 47,070	\$ 1,447,234
Structured deposits	7,125,170	216,650	7,573,812
Total	\$ 8,673,223	\$ 263,720	\$ 9,021,046

(21) Other liabilities

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Deposits received	\$ 2,158,271	\$ 65,625	\$ 2,548,328
Advance receipt	2,956,846	89,906	3,597,087
Temporary credits	3,095,033	94,108	2,671,926
Others	767,007	23,322	735,208
Total	\$ 8,977,157	\$ 272,961	\$ 9,552,549

(22) Equity

A. Common stock

As of December 31, 2015 and 2014, the Bank's authorized and paid-in capital was NT\$85,362,336 thousand and NT \$77,000,000 thousand, respectively, and outstanding shares were 8,536,234 thousand and 7,700,000 thousand, respectively, with a par value of NT \$10 per share.

On November 7, 2014 and November 6, 2015, the Board of Directors on behalf of the stockholders' meeting resolved for a private placement capital increase of NT\$3,000,000 thousand and NT\$5,362,336 thousand, respectively, issuing 300,000 thousand shares and 536,234 thousand shares of common stock, respectively. All shares have been planned to be acquired by the Bank's parent company, Mega Financial Holding Co. Ltd. (Mega Financial Holding), for NT\$28.41 per share and NT\$29.02 per share, respectively. The authorized and actual paid-in capital after the capital increase was NT\$80,000,000 thousand and NT\$85,362,336 thousand, respectively. The applications for capital increases have been approved by the FSC and the effective date of the capital increases was on June 11, 2015 and December 30, 2015, respectively. The total issued capital after the capital increase was NT\$80,000,000 thousand and NT\$85,362,336 thousand, respectively, and issued shares were 8,000,000 thousand and 8,536,234 thousand, respectively, with a par value of NT\$10 per share.

B. Capital reserve

(A) Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Bank has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(B) On December 31, 2015 and 2014, the details of the Bank's capital surplus is as follows:

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Capital increase by cash – additional paid-in capital	\$ 31,495,952	\$ 957,673	\$ 15,773,788
Consolidation surplus arising from share conversion	30,109,277	915,509	30,109,277
Changes in additional paid-in capital of investees accounted for by the equity method	375,908	11,430	376,539
Share-based payment (Note)	238,403	7,249	238,403
	\$ 62,219,540	\$ 1,891,861	\$ 46,498,007

Note: above-mentioned share-based payment includes the subsidiaries.

C. Legal reserve and Special reserve

(A) Legal reserve

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Bank's paid-in capital. As of December 31, 2015 and 2014, the Bank's legal reserves are NT\$66,275,324 thousand and NT\$58,483,334 thousand, respectively.

(B) Special reserve

In accordance with Financial-Supervisory-Securities-Corporate No. 1010012865 of the FSC dated on April 6, 2012, upon the first-time adoption for IFRSs, equivalent amounts of special reserve with regard to the unrealized revaluation increment under the stockholders' equity and cumulative translation adjustment (gains) transferred to retained earnings should be set aside. For the said special reserve, reversal of distributed earnings shall be based on the proportion of the original ratio of special reserve provision in the subsequent use, disposal or reclassification for the related assets. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land. If the assets are investment property other than land, the amounts are reversed over the use period and should be reversed by amortized balance upon disposal. As of December 31, 2015 and 2014, the special reserve of the Bank were NT\$3,845,354 thousand and NT\$3,822,741 thousand, respectively.

In accordance with the regulations, the Bank shall set aside an equivalent amount of special reserve from earnings after tax of the current year and the undistributed earnings of the prior period based on the net decreased amount of other stockholders' equity in the current period before distributing earnings. If there is any reversal of decrease in other stockholders' equity, the earnings may be distributed based on the reversal proportion.

(23) Retained earnings and dividend policies

- A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating loss, and the remaining amount should then be set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. 2.4% of the remaining earnings (including reversible special reserve) are then distributed as bonuses to employees, and the remaining earnings plus prior year's accumulated unappropriated earnings are subject to the Board of Directors' proposal for a distribution plan and approval by the stockholders at the Ordinary Stockholders' Meeting.

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee compensation, based on the distributable profit of the current year, in a fixed amount or a ratio of profits. Bonuses to employees does not belong to surplus earning distribution. The information of amended Articles of Incorporation of the Bank is disclosed in Note 6(31).

- B. The legal reserve is to be used exclusively to offset any deficit or to increase capital by issuing new shares or distribute cash dividends according to original shareholders in proportion to the number of shares being held by each of them and is not to be used for any other purposes. For the legal reserve to be used for issuing new shares or distributing cash dividends, only the portion of the legal reserve exceeding 25% of paid-in capital may be capitalized or released.
- C. Shareholders other than those not living in ROC have imputation tax credit for the distribution of earnings after (in) 1998 based on the creditable tax rate on the dividend declaration day.

As of December 31, 2015 and 2014, cumulative unappropriated retained earnings recorded in the books were all earnings generated in and after 1998.

- D. The appropriations and distributions for 2014 and 2013 approved by the Bank's Board of Directors on the stockholders' behalf on April 24, 2015 and May 9, 2014, respectively, were as follows :

	2014	2013
	NT\$	NT\$
Legal reserve	\$ 7,791,990	\$ 5,641,811
Special reserve (Note)	25,253	40,081
Cash dividends (NT\$1.44 and NT\$1.45 dollar per share)	11,088,000	11,165,000
	<u>\$ 18,905,243</u>	<u>\$ 16,846,892</u>

Note: The Bank in accordance with the description in Note 6(22)C(B) of the relevant provisions for special reserves, reversed special reserve of NT\$2,640 thousand and NT\$214,773 thousand, for the years ended December 31, 2014 and 2013, respectively.

Information on the appropriation of the Bank's earnings as approved by the Board of Directors and during the shareholders' meeting is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

- E. The appropriation of 2015 earnings resolved by the Board of Directors on March 25, 2016 is set forth below:

	2015
	NT\$
Legal reserve	\$ 7,712,534
Special reserve	28,478
Cash dividends (NT\$1.50 dollar per share)	12,804,350
	<u>\$ 20,545,362</u>

- F. For information related to employees' bonus (compensation), please refer to Note 6(31) .

(24) Other equity

	Cumulative translation differences of foreign operations	Available-for-sale financial assets	Total
		NT\$	
January 1, 2015	\$ 550,023	\$ 2,239,841	\$ 2,789,864
Available-for-sale financial assets			
Evaluation adjustment for the year	- (1,474,828)	(1,474,828)
Realized gain and loss for the year	- (886,419)	(886,419)
Cumulative translation differences of foreign operations	(221,299)	-	(221,299)
Share of other comprehensive income of associates and joint ventures accounted for under equity method	2,639	19,059	21,698
December 31, 2015	<u>\$ 331,363</u>	<u>(\$ 102,347)</u>	<u>\$ 229,016</u>

	Cumulative translation differences of foreign operations	Available-for-sale financial assets US\$	Total
January 1, 2015	\$ 16,724	\$ 68,105	\$ 84,829
Available-for-sale financial assets			
Evaluation adjustment for the year	-	(44,844)	(44,844)
Realized gain and loss for the year	-	(26,953)	(26,953)
Cumulative translation differences of foreign operations	(6,729)	-	(6,729)
Share of other comprehensive income of associates and joint ventures accounted for under equity method	80	580	660
December 31, 2015	<u>\$ 10,075</u>	<u>(\$ 3,112)</u>	<u>\$ 6,963</u>

	Cumulative translation differences of foreign operations	Available-for-sale financial assets NT\$	Total
January 1, 2014	(\$ 900,707)	\$ 561,140	(\$ 339,567)
Available-for-sale financial assets			
Evaluation adjustment for the year	-	2,612,608	2,612,608
Realized gain and loss for the year	-	(955,578)	(955,578)
Cumulative translation differences of foreign operations	1,439,923	-	1,439,923
Share of other comprehensive income of associates and joint ventures accounted for under equity method	10,807	21,671	32,478
December 31, 2014	<u>\$ 550,023</u>	<u>\$ 2,239,841</u>	<u>\$ 2,789,864</u>

(25) Net interest income

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
<u>Interest income</u>			
Discount and loan interest income	\$ 38,421,717	\$ 1,168,260	\$ 36,544,774
Deposit and loan interest income of banks	5,000,034	152,032	8,460,956
Securities investment interest income	5,399,314	164,173	5,022,958
Interest income of forfeiting purchased	3,647,452	110,905	2,159,144
Interest income from buyout of documents against acceptance	519,504	15,796	217,124
Interest income of factoring acceptances receivable	290,015	8,818	402,976
Credit card interest income	202,501	6,157	235,261
Interest income of securities purchased under resale agreements income	44,123	1,342	27,637
Other interest income	354,613	10,782	378,970
Subtotal	<u>53,879,273</u>	<u>1,638,265</u>	<u>53,449,800</u>
<u>Interest expenses</u>			
Deposit interest expense	(\$ 13,814,915)	\$ 420,060	(\$ 13,673,190)
The Central Bank and the bank deposit interest expense	(2,751,365)	83,659	(2,764,984)
Interest expense of securities sold under repurchase agreements	(344,480)	10,474	(826,535)
Bond interest expense	(844,776)	25,686	(883,201)
Interest expense of structured products	(69,888)	2,125	-
Other interest expense	(7,899)	240	(5,325)
Subtotal	<u>(17,833,323)</u>	<u>542,244</u>	<u>(18,153,235)</u>
Total	<u>\$ 36,045,950</u>	<u>\$ 1,096,021</u>	<u>\$ 35,296,565</u>

(26) Fee income-net

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
<u>Service fee income</u>			
Trust service fee income	\$ 2,093,391	\$ 63,652	\$ 2,027,762
Import and export service fee income	656,531	19,963	784,979
Remittance service fee income	1,010,671	30,731	1,037,148
Agent service fee income	1,516,231	46,103	1,496,788
Guarantee service fee income	925,393	28,138	889,224
Loan service fee income	1,999,025	60,783	1,823,779
Other fee income	1,261,128	38,345	1,015,112
Subtotal	<u>9,462,370</u>	<u>287,715</u>	<u>9,074,792</u>
<u>Service fee charges</u>			
Agent service fee	(621,527)	(18,898)	(569,453)
Custody fee	(60,389)	(1,836)	(65,987)
Other charges	(180,533)	(5,490)	(185,705)
Subtotal	<u>(862,449)</u>	<u>(26,224)</u>	<u>(821,145)</u>
Net fee income	<u>\$ 8,599,921</u>	<u>\$ 261,491</u>	<u>\$ 8,253,647</u>

The Bank and its subsidiaries provide custody, trust, and investment management and consultation service to the third party, and therefore the Bank and its subsidiaries are involved with the exercise of planning, managing and trading decision of financial instruments. In relation to the management and exercise of trust fund and portfolio for brokerage, the Bank and its subsidiaries record and prepare the financial statements independently for internal management purposes, which are not included in the financial statements of the Bank and its subsidiaries.

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

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
<u>Realized gain or loss on financial assets and financial liabilities at fair value through profit or loss</u>			
Bond	\$ 2,568,339	\$ 78,093	\$ 1,947,359
Stock	(144,709)	(4,400)	104,014
Interest rate	471,316	14,331	261,708
Exchange rate	(1,203,728)	(36,601)	(145,541)
Options	(2,218,542)	(67,457)	(1,777,866)
Futures	730	22	8,977
Asset swap contracts	(57,521)	(1,749)	(121,463)
Credit default swap	320,515	9,746	304,929
Cross currency swap	(2,514)	(76)	(87,865)
Others	(7,501)	(229)	(11,316)
Subtotal	(273,615)	(8,320)	464,982
<u>Unrealized gain or loss on financial assets and financial liabilities at fair value through profit or loss</u>			
Bond	(3,060,075)	(93,045)	(1,017,250)
Stock	(332,642)	(10,114)	262,946
Interest rate	(380,233)	(11,561)	(228,147)
Exchange rate	(92,316)	(2,807)	51,910
Options	2,509,361	76,300	1,282,051
Futures	(107)	(3)	(346)
Asset swap contracts	486,947	14,806	(154,479)
Credit default swap	(258,604)	(7,863)	25,276
Cross currency swap	34,497	1,048	150,708
Subtotal	(1,093,172)	(33,239)	372,669
Dividend income on financial assets at fair value through profit or loss	91,755	2,790	119,625
Interest income on financial assets at fair value through profit or loss	831,678	25,288	667,064
Interest expense on financial liabilities at fair value through profit or loss	(711,993)	(21,649)	(255,332)
Total	(\$ 1,155,347)	(\$ 35,130)	\$ 1,369,008

Net income on the exchange rate instrument includes realized and unrealized gains and losses on forward exchange agreement, FX options, and exchange rate futures. Not designated as foreign exchange financial assets and liabilities, measured at fair value through profit and loss, its conversion gains or losses are included in net income under exchange rate commodities.

Interest-linked instruments include interest rate swap contracts, money market instruments, interest linked-options and other interest related instruments.

(28) Realized gains on available-for-sale financial assets

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Dividend income	\$ 304,565	\$ 9,261	\$ 321,079
Realized net gains or losses			
Fund	7,631	232	36,040
Short coupon	-	-	35
Bond	58,844	1,789	40,682
Stock	819,944	24,931	878,821
Total	\$ 1,190,984	\$ 36,213	\$ 1,276,657

(29) Loss on asset impairment

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Financial assets carried at cost - stocks	\$ 204,074	\$ 6,206	\$ 244,503
Available-for-sale-financial assets	353,294	10,742	128,625
Gain on reversal of impairment loss on property and equipment	(69,716)	(2,120)	(156,041)
Total	\$ 487,652	\$ 14,828	\$ 217,087

After the Bank's assessment, the above-mentioned financial assets have provisioned impairment losses due to objective evidences indicating impairment. For the year ended December 31, 2015, relatively significant impairments were for Alpha Imaging Technology Corp. (accounted for as available-for-sale), NexPower Technology Corp. and TMC Corp. (the latter two were accounted for as those measured at cost), which provisioned impairment amounts of NT\$232,517 thousand, NT\$77,700 thousand and NT\$35,796 thousand, respectively.

(30) Other revenue other than interest income

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Gain on sales of property and equipment	\$ 2,893	\$ 88	\$ 1,264
Loss on retirement of assets	(541)	(16)	(79)
Net income from rent	184,318	5,604	194,690
Other revenue	147,451	4,483	305,895
Total	\$ 334,121	\$ 10,159	\$ 501,770

(31) Employee benefits expenses

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Payroll expense	\$ 9,954,640	\$ 302,683	\$ 9,356,196
Staff insurance	613,571	18,656	612,190
Pension	592,724	18,023	630,672
Other staff expenses	2,110,525	64,173	1,839,204
Total	\$ 13,271,460	\$ 403,535	\$ 12,438,262

- A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating loss, and the remaining amount should then be set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. 2.4% of the remaining earnings (including reversible special reserve) are then distributed as bonuses to employees.

However, in accordance with the Company Act amended in May 20, 2015, the Bank shall distribute employee compensation, based on the distributable profit of the current year, in a fixed amount or a ratio of profits. If the Bank has accumulated deficit, earnings should be channeled to cover losses. The Bank may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the Bank meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Bank has approved the amended Articles of Incorporation of the Bank on February 5, 2016. According to the amended articles, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. In case there are earnings at the end of each fiscal year, the employees' compensation of the Bank shall be 1.7% of the amount of net profit before income tax and employees' compensation, which, in any event, shall not be less than 2.4% of the aggregate amount of the balance of earnings after taxes deduct the amount of the legal reserve and special reserve (or plus the reversible special reserve in accordance with relevant laws and regulations) at the end of each fiscal year, provided that the accumulated losses of the Bank in previous fiscal years have been covered. The amended articles will be resolved in the shareholders' meeting in 2016.

- B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at NT\$523,000 thousand and NT\$436,084 thousand, respectively. The above-mentioned amounts were recognised in salary expenses.

For the year ended December 31, 2015, employees' compensation was estimated and accrued based on 1.7% of current earnings. The employees' compensation resolved by the Board of Directors was NT\$523,141 thousand, which resulted in a difference of NT\$141 thousand as compared to the recognised amounts in the 2015 financial statements. The difference is accounted for as a change in estimate and has been adjusted in the profit or loss of 2016. The above-mentioned employees' compensation will be distributed in the form of cash.

For the year ended December 31, 2014, employees' bonus was estimated and accrued based on the current year income after taxes and the multiplier stipulated in the Articles of Incorporation, after taking into account other factors such as legal reserve. The difference between employees' bonus as resolved by the stockholders at the stockholders' meeting and the amount recognised in the 2014 financial statements was NT\$275 thousand, which is accounted for as a change in estimate and has been adjusted in the profit or loss of 2015.

Information about employees' compensation (bonus) of the Bank as resolved by the Board of Directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Depreciation and amortization

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Depreciation	\$ 483,745	\$ 14,709	\$ 508,590
Amortization	3,922	120	2,331
Total	\$ 487,667	\$ 14,829	\$ 510,921

(33) Other general and administrative expenses

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Taxes	\$ 2,392,412	\$ 72,744	\$ 1,667,938
Rental	845,459	25,707	776,067
Computer software maintenance fees	429,580	13,062	388,107
Water and electricity	138,863	4,222	161,128
Postage	209,332	6,365	204,647
Advertising and printing cost	170,188	5,175	173,010
Business development	292,823	8,904	255,295
Professional expense	411,739	12,519	406,592
Insurance charges	399,065	12,134	433,317
Donation expenses (Note)	340,689	10,359	108,882
Others	1,075,628	32,706	1,126,957
Total	<u>\$ 6,705,778</u>	<u>\$ 203,897</u>	<u>\$ 5,701,940</u>

Note: In order to successfully recover its creditor's rights under the credit case provided to Hua-Long Co., and to facilitate social stability, on November 7, 2014, the Board of Directors on behalf of the stockholders' meeting resolved to donate NT\$220,844 thousand to the Ministry of Labor under the name of the Bank as a fund for Hua-Long Co.'s employees' pension or severance pay. The creditor's right has been recovered on May 15, 2015.

(34) Income tax

A. Income tax expense

(A) Income tax:

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Current income tax:			
Income tax from current income	\$ 4,367,361	\$ 132,795	\$ 4,285,220
Tax on undistributed surplus earnings	(707,469)	21,511	173,931
Income tax attributed to adjustments of prior years income tax	56,517	(1,718)	(107,440)
Total current tax	<u>5,018,313</u>	<u>152,588</u>	<u>4,351,711</u>
Deferred income tax :	(
Origination and reversal of temporary differences	(406,549)	(12,362)	(76,669)
Income tax expense	<u>\$ 4,611,764</u>	<u>\$ 140,226</u>	<u>\$ 4,275,042</u>

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

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Remeasurement on defined benefit plan	\$ 237,786	\$ 7,230	\$ 3,813

B. Reconciliation between accounting income and income tax expense:

	2015		
	2015		2014
	NT\$	US\$	NT\$
Income tax calculated based on pre-tax income using statutory tax rate enacted in the country where the branch operates	\$ 5,710,234	\$ 173,627	\$ 5,578,705
Effects of items not recognised under relevant regulations	4,268	130	5,752
Additional 10% tax payment levied on undistributed earnings	707,469	21,511	173,931
Effect of income basic tax	491,773	14,953	1,101,585
Income tax adjustments in respect of prior years	(56,517)	(1,718)	(107,440)
Adjusted effects on income tax exemption and other adjustments	(2,245,463)	(68,277)	(2,477,491)
Income tax expense	<u>\$ 4,611,764</u>	<u>\$ 140,226</u>	<u>\$ 4,275,042</u>

C. The Bank's income tax returns through 2010 have been assessed by the National Taxation Bureau of Taipei; of which the Bank disagreed with the assessments on the 2005 and 2009 tax returns and has respectively filed for administrative proceedings and reassessments. However, in view of the conservatism principle, the Bank has adjusted its books for the above-mentioned taxations.

D. Deferred income tax assets or liabilities arising from the temporary differences are as follows:

2015				
NT\$				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets				
Allowance for doubtful accounts in excess of limit	\$ 1,520,859	\$ 261,755	\$ -	\$ 1,782,614
Reserve of guarantees in excess of limit	167,008	32,589	-	199,597
Employee benefit liabilities reserve	1,128,981	24,398	237,786	1,391,165
Unrealized impairment loss	583,643	19,466	-	603,109
Others	297,803	78,922	-	376,725
	<u>\$ 3,698,294</u>	<u>\$ 417,130</u>	<u>\$ 237,786</u>	<u>\$ 4,353,210</u>
Deferred income tax liabilities				
Land value increment tax	(\$ 1,053,300)	\$ -	\$ -	(\$ 1,053,300)
Unrealized exchange gains	(455,667)	(8,546)	-	(464,213)
Investment income accounted for under the equity method	(515,914)	(46,252)	-	(562,166)
Others	(118,495)	44,217	-	(74,278)
	<u>(\$ 2,143,376)</u>	<u>(\$ 10,581)</u>	<u>\$ -</u>	<u>(\$ 2,153,957)</u>
2015				
US\$				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets				
Allowance for doubtful accounts in excess of limit	\$ 46,244	\$ 7,959	\$ -	\$ 54,203
Reserve of guarantees in excess of limit	5,078	991	-	6,069
Employee benefit liabilities reserve	34,328	742	7,230	42,300
Unrealized impairment loss	17,746	592	-	18,338
Others	9,055	2,400	-	11,455
	<u>\$ 112,451</u>	<u>\$ 12,684</u>	<u>\$ 7,230</u>	<u>\$ 132,365</u>
Deferred income tax liabilities				
Land value increment tax	(\$ 32,027)	\$ -	\$ -	(\$ 32,027)
Unrealized exchange gains	(13,855)	(260)	-	(14,115)
Investment income accounted for under the equity method	(15,687)	(1,406)	-	(17,093)
Others	(3,603)	1,344	-	(2,259)
	<u>(\$ 65,172)</u>	<u>(\$ 322)</u>	<u>\$ -</u>	<u>(\$ 65,494)</u>
2014				
NT\$				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
Deferred income tax assets				
Allowance for doubtful accounts in excess of limit	\$ 1,214,103	\$ 306,756	\$ -	\$ 1,520,859
Reserve of guarantees in excess of limit	232,559	(65,551)	-	167,008
Employee benefit liabilities reserve	1,158,098	(32,930)	3,813	1,128,981
Unrealized impairment loss	648,757	(65,114)	-	583,643
Others	258,880	38,923	-	297,803
	<u>\$ 3,512,397</u>	<u>\$ 182,084</u>	<u>\$ 3,813</u>	<u>\$ 3,698,294</u>
Deferred income tax liabilities				
Land value increment tax	(\$ 1,053,300)	\$ -	\$ -	(\$ 1,053,300)
Unrealized exchange gains	(451,897)	(3,770)	-	(455,667)
Investment income accounted for under the equity method	(470,162)	(45,752)	-	(515,914)
Others	(62,602)	(55,893)	-	(118,495)
	<u>(\$ 2,037,961)</u>	<u>(\$ 105,415)</u>	<u>\$ -</u>	<u>(\$ 2,143,376)</u>

E. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was NT\$83,225 thousand and NT\$38,664 thousand, respectively. The creditable tax rate was 0.72% for 2014 and is estimated to be 0.22% for 2015.

(35) Earnings per share

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 years ended December 31,		2014
	2015		NT\$
	NT\$	US\$	
Weighted-average number of shares outstanding common stock (Unit: Thousands)	7,870,609		7,700,000
Profit attributable to ordinary shareholders of the Bank and its subsidiaries	\$ 25,708,445	\$ 781,697	\$ 25,990,682
Basic earnings per share (in dollars)	\$ 3.27	\$ 0.10	\$ 3.37

7. FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

(1) Overview

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial instruments are recorded at fair value upon their initial recognition, where often fair value refers to the transaction price; for subsequent measurements, other than a portion of financial instruments being measured at amortized cost, fair value is elected for measurements. The best evidence for fair value is a public quote in an active market. If the market of a financial instrument is not active, the Bank elects valuation techniques or references Bloomberg or the quotes of counterparties to measure the fair value of the financial instrument. In addition, through the valuation process, information on the counterparty's and the Bank's credit risk is also considered.

(2) Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of certain financial instruments held by the Bank and its subsidiaries (such as cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreement, accounts receivable, bills discounted and loans, held-to-maturity financial assets-Central Bank time deposits, due to Central Bank and other banks, funds borrowed from the Central Bank and other banks, bills and bonds payable under repurchase agreements, accounts payable, deposits and remittances, financial bonds payable, and other financial liabilities) are approximate to their fair values (please refer to Note 7(4)). The fair value information of financial instruments measured at fair value is provided in Note 7(5).

	NT\$	
	Book Value	Fair Value
December 31, 2015		
Held-to-maturity financial assets - investments in bonds	\$ 28,158,540	\$ 28,111,006
	US\$	
	Book Value	Fair Value
December 31, 2015		
Held-to-maturity financial assets - investments in bonds	\$ 856,195	\$ 854,750
	NT\$	
	Book Value	Fair Value
December 31, 2014		
Held-to-maturity financial assets - investments in bonds	\$ 18,595,040	\$ 18,618,174

The fair values of the above-mentioned held-to-maturity financial assets are classified as Level 1 and Level 2.

(3) Financial instruments measured at fair value

If the market quotation from the Taiwan Stock Exchange Corporation, brokers, underwriters, Industrial Trade Unions, pricing service agencies 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.

If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value, usually the fair value is measured using the market price, interest rate, foreign exchange central parity rate shown in Reuters quotation system, partially using the quoted prices from Bloomberg, OTC, and the basis for valuation is maintained consistently. 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. Fair value measured by a valuation technique is usually estimated by reference to the fair values of other financial instruments with similar terms and characteristics, or by using cash flows discounting method, or using model calculation based on the market information (such as yield rate curves from OTC, average interest rate of commercial papers from Reuters) available on the balance sheet date.

When assessing non-standardized financial instruments with lower complexity, derivative financial instruments such as interest rate swap contracts, foreign exchange swap contracts, options, the Bank and its subsidiaries use valuation techniques and models which are extensively used by the market to estimate their fair value. The parameters used in the valuation model for these kinds of financial instruments usually use the observable information as the input.

For more complicated financial instruments, such as debt instruments with embedded derivative instruments or securitization products, the Bank and its subsidiaries develop its own valuation models to estimate fair value by reference to the valuation techniques and methods which are extensively used by the same trade. Parts of parameters used in these valuation models are not observable from the market; they must be estimated by using some assumptions.

- A. NTD Central Government Bond: the yield rates across different contract length and one-hundred price bulletined by Over-The-Counter (hereinafter OTC) are used.
 - B. NTD corporate bonds, financial debentures, government bonds, bond-type beneficiary securities and designated financial debentures issued by the Group: the present value of future estimated cash flows is calculated by using the yield rate curve from OTC.
 - C. NTD short-term bills and NTD bill-type beneficiary securities: the present value of future estimated cash flows of NTD and USD short-term bills is calculated by using average interest rate of commercial papers and TAIFX3 central parity rate from Reuters, respectively.
 - D. Foreign securities: quoted prices from Bloomberg are adopted.
 - E. Listed stock: the closing price being listed in TSE is adopted.
 - F. Unlisted stock and domestic/foreign partnership-type fund: If the objective recently has representative trading, its trading price might be the best estimate of its fair value. If the objective has comparable listed trades, its fair value can be estimated by using appropriate market method, such as P/E method, P/B method, EV/EBIT method or EBITDA×EV method, taking into account the operation condition of the comparable listed companies, most recent one month trading information and its liquidity. And if the objective has no comparable instruments or its fair value cannot be estimated using market method, other valuation technique, such as net assets method or income approach, is used to estimate its fair value.
 - G. Funds: net assets value is adopted.
 - H. Derivative financial instruments:
 - (A) Foreign exchange forward contract, currency swaps, forward rate agreement, interest rate swaps and cross currency swaps: the discounting future cash flow is adopted.
 - (B) Options: Black-Scholes model is mainly adopted for valuation.
 - (C) Some structured derivative financial instruments are valued by using BGM model.
 - (D) Some foreign-currency derivatives are valued by using the quoted prices from Bloomberg.
- (4) Financial instruments not measured at fair value through profit or loss
- A. In relation to cash and cash equivalents, investments in bills and bonds under resale agreements, due from the Central Bank and call loans to banks, receivables, refundable deposits, due to the Central Bank and financial institutions, funds borrowed from the Central Bank and other banks, bills and bonds payable under repurchase agreements, payables and deposits received, the book value of the financial instruments which have a short maturity period will be considered as their fair value. While the maturities are quite closed or the future payment or receipt is closed to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.
 - B. Interest rates of the Bank and its subsidiaries' bills discounted and loans (including non-performing loans) are generally based on the benchmark interest rate plus or minus certain adjustment to reflect the market interest rate. Thus, their fair values are based on the book value after adjustments of estimated recoverability. 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. When held-to-maturity financial assets have 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. The fair value of deposits and remittances are represented by the book value.
 - E. The coupon rate of convertible bonds and bank debentures issued by the Bank and its subsidiaries is equivalent to market interest rate; therefore, fair value estimated based on the present value of future cash flows is equivalent to book value.
 - F. For other financial assets, such as investments in debt instruments without active market, financial assets measured at cost and investments accounted for under the equity method, as they have no quoted price in active market and their valuation results by using different valuation methods are significantly different, their fair value cannot be measured reliably and is not disclosed here.
- (5) Level information of financial instrument at fair value
- A. Three definitions of the Bank and its subsidiaries' financial instruments at fair value
 - (A) Level 1

Level 1 are quoted prices (unadjusted) in active markets for identical assets or liabilities. An active market refers to 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 Bank and its subsidiaries' investment in listed stock, 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

Level 2 inputs are observable prices other than quoted prices included in Level 1, including observable direct (e.g. prices) or indirect (e.g. those inferred from prices) inputs in an active market. The Bank and its subsidiaries' investments in non-popular government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments and corporate bonds issued by the Bank and its subsidiaries belong to this category.

(C) Level 3

Level 3 inputs are inputs for assets or liabilities that are unobservable in the market (unobservable inputs, e.g. option pricing model using history volatility rate, because history volatility rate cannot represent the expectation value of market participants for future volatility rate).

B. Information of fair value hierarchy of financial instruments

(In NT Thousand Dollars)

Recurring fair value measurements	December 31, 2015			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Investment in stock	\$ 2,791,248	\$ 2,791,248	\$ -	\$ -
Investment in bonds	39,379,542	2,170,654	37,208,888	-
<u>Available-for-sale financial assets</u>				
Investment in stock	8,109,063	6,342,833	1,766,230	-
Investment in bonds	134,751,677	28,391,032	106,360,645	-
Commercial paper and certificate of deposit	88,518,247	-	88,518,247	-
Other	128,107	18,082	110,025	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(17,181,429)	-	(17,181,429)	-
<u>Derivative financial assets and liabilities</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	4,857,594	-	4,857,594	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(4,757,866)	-	(4,757,866)	-
Total	\$ 256,596,183	\$ 39,713,849	\$ 216,882,334	\$ -

(In US Thousand Dollars)

Recurring fair value measurements	December 31, 2015			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Investment in stock	\$ 84,871	\$ 84,871	\$ -	\$ -
Investment in bonds	1,197,384	66,002	1,131,382	-
<u>Available-for-sale financial assets</u>				
Investment in stock	246,566	192,862	53,704	-
Investment in bonds	4,097,290	863,264	3,234,026	-
Commercial paper and certificate of deposit	2,691,506	-	2,691,506	-
Other	3,895	550	3,345	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(522,422)	-	(522,422)	-
<u>Derivative financial assets and liabilities</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	147,701	-	147,701	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(144,669)	-	(144,669)	-
Total	\$ 7,802,122	\$ 1,207,549	\$ 6,594,573	\$ -

(In NT Thousand Dollars)

Recurring fair value measurements	December 31, 2014			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial assets and liabilities</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Investment in stock	\$ 4,626,120	\$ 4,626,120	\$ -	\$ -
Investment in bonds	34,004,666	2,822,848	31,181,818	-
<u>Available-for-sale financial assets</u>				
Investment in stock	10,767,650	9,385,074	1,382,576	-
Investment in bonds	100,628,077	19,332,991	81,295,086	-
Commercial paper and certificate of deposit	75,615,846	-	75,615,846	-
Other	333,703	-	333,703	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(19,919,886)	-	(19,919,886)	-
<u>Derivative financial assets and liabilities</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss	5,066,261	-	4,851,980	214,281
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(7,425,472)	-	(7,211,191)	(214,281)
Total	\$ 203,696,965	\$ 36,167,033	\$ 167,529,932	\$ -

C. 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

(In NT Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 214,281	\$ 106,135	\$ -	\$ 14,514	\$ -	\$ (472)	\$ (334,458)	\$ -

For the year ended December 31, 2015

(In US Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 6,515	\$ 3,227	\$ -	\$ 441	\$ -	\$ (14)	\$ (10,169)	\$ -

For the year ended December 31, 2014

(In NT Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial assets at fair value through profit or loss	\$ 700,069	\$ (206,346)	\$ -	\$ 376,055	\$ -	\$ (242,019)	\$ (413,478)	\$ 214,281

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

For the year ended December 31, 2015

(In NT Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial liabilities at fair value through profit or loss	\$ (214,281)	\$ (106,135)	\$ -	\$ (14,514)	\$ -	\$ 472	\$ 334,458	\$ -

For the year ended December 31, 2015

(In US Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial liabilities at fair value through profit or loss	\$ (6,515)	\$ (3,227)	\$ -	\$ (441)	\$ -	\$ 4	\$ 10,169	\$ -

For the year ended December 31, 2014

(In NT Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial liabilities at fair value through profit or loss	\$ (1,166,222)	\$ 210,911	\$ -	\$ (617,779)	\$ -	\$ 449,66	\$ 909,163	\$ (214,281)

Due to the adoption of observable inputs rather than quoted price from counterparties, derivative financial instruments were transferred from level 3 to level 2.

D. Transfer between Level 1 and Level 2

The Bank's held 103-13 and 103-15 Category A Central Government Construction Bonds at December 31, 2015 had an amount of NT\$105,180 thousand and NT\$153,912 thousand, respectively. For the current period they were not indicative active bonds, thus they were transferred from Level 1 to Level 2.

E. 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 Bank and its subsidiaries made to the financial instruments is deemed reasonable; however, different valuation models or inputs could results in different valuation results. 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:

The Bank and its subsidiaries did not hold any Level 3 financial instruments at December 31, 2015

December 31, 2014	Effect of changes in fair value in the current profit and loss	
	NT\$	
	Favorable change	Unfavorable change
Derivative financial assets and liabilities	\$ -	\$ -

Favorable and unfavorable movements of the Bank and its subsidiaries refer to the fluctuation of fair value, and the fair value is calculated according to unobservable parameters to different extent. If the fair value of a financial instrument is affected by one or more inputs, the correlation and variance of input are not put into consideration in the above table.

8. MANAGEMENT OBJECTIVE AND POLICY FOR FINANCIAL RISK

(1) Overview

The Bank and its subsidiaries earn profits mainly from lending, financial instruments trading and investments. The Bank and its subsidiaries are supposed to bear and manage any risks from these business activities. These risks include credit risk, market risk, operating risk and liquidity risk. Among those risks, credit risk, market risk and liquidity risk have greatest impact.

The Bank and its subsidiaries regard any potential factors that might negatively affect earnings and reputation as risks. To maintain steady profits and good reputation and avoid losses from incidental events, the Bank and its subsidiaries' risk management policies focus on prevention and reduction of anticipated business risks and increase of capital in response to future anticipated risks. In order to meet the solid operating requirements by the competent authorities, depositors and other stakeholders for management objectives for risks, business risks are controlled within the tolerable scope.

(2) The organization framework of risk management

The Bank and its subsidiaries established risk management policies and guidelines and whole risk tolerance of the Group. Subsidiaries therefore follow the Bank's instructions in setting risk management organization, policies, objectives, procedures, internal control operation, risk monitor mechanism and risk limits, and report to the parent company on risk management issues.

The Board of Directors is the highest instruction unit of the Bank and its subsidiaries' risk management organization structure and is responsible for establishing risk management system, including risk management policies, organization structure, risk preference, internal control system and management of significant business cases, and the effective operation of the system. Under the Board of Directors, the Asset & Liability and Risk Management Committee is established. The risk management committee is responsible for review and monitor of risk management. The Bank and significant subsidiaries all have risk management unit, being a part of the risk management committee and responsible for supervising the establishment of risk management mechanism, risk limits setting, risk monitor and reporting.

The Bank has an Asset & Liability and Risk Management Committee established beneath its management, which is responsible for reviewing risk management tasks and related monitoring tasks. There are also several other committees and other administrative units which are responsible for assessing and monitoring the related risk of loans, investments, trading of financial products and asset & liability management. Each business management unit is responsible for identifying possible risks that may be generated within their respective jurisdictions, establishing internal control procedures and regulations, periodically measuring risk degrees and adopting response measures for possible negative effects.

Business units follow operating procedures and report to the management units directly. Risk management unit is responsible for monitor of overall risk positions and concentration and reporting to the management or Board of Directors.

Auditing office examines the operations of business and administration units regularly or irregularly to ensure the three risk management defense lines operate normally.

The Bank has assigned personnel to sit on the Board of Directors of each subsidiary to monitor the governance of each subsidiary.

(3) Credit risk

A. The source and definition of credit risk

Credit risk pertains to the risk of loss that the borrowers, issuers or counterparties might default on contracts due to deterioration in their finance or other factors.

The Bank and its subsidiaries are exposed to credit risk mainly on businesses of corporate and individual loans, guarantees, trade financing, interbank deposits and call loans and securities investments.

Credit risk is the primary risk of the Bank and its subsidiaries' capital charge.

B. Credit risk management policies

The objectives of the Bank and its subsidiaries' credit risk management are to maintain stable asset allocation strategy, careful loaning policy and excellent asset quality to secure assets and earnings.

The management mechanism of the Bank and its subsidiaries for credit risk includes:

The establishment of Asset & Liability and Risk Management, Loan and Investment committees which adopt responding measures to market environment, changes in industry, and capital limits, and review relevant regulations and cases of significant lending and investments.

Setting careful prior review procedures for lending and criteria of handling subsequent matters, regular post-lending follow-up, understanding of clients' operation and capital outflows, and increase in the frequency of review on clients with higher risk.

Classifying credit ratings based on clients' probability of default or behavior scoring with management put in practice.

Controlling concentration of credit risk by setting credit limits for individuals, corporate groups, industries, areas, and different types of collaterals.

Setting credit risk limits by reference to external ratings and prospects with attention to changes in market credit spread and risk concentration of counterparties.

The establishment of credit pre-warning list and reporting system.

Assessing assets quality regularly and setting aside sufficient reserve for losses.

Setting creditor's rights management unit and advisory committee in charge of accelerating collection of non-performing loans.

The procedures for credit risk management of the Bank and its subsidiaries and related measurement approaches are outlined below:

(A) Credit extensions

Classification of credit assets and internal risk ratings are as follows:

a. Classification of credit assets

Corporate credit risk is measured by using the borrower's default probability model with logistic regression analysis in which financial and non-financial factors are incorporated, which predicts the default probability of borrower within the next year. Besides, the extent of risk is measured by using credit rating table and taking into account the characteristics and scale of business. Lending examination and post management are dealt with based on clients' credit rating. Individual borrowers are grouped into different risk levels and managed by using application scoring and behavior scoring cards. Back-testing is conducted on internal models regularly; those models are subject to adjustments when necessary. Clients' credit ratings are reviewed annually and subject to adjustments when there is significant change in their credit ratings.

b. Internal risk rating

The internal rating for lending is classified as excellent, satisfactory, fair and weak, and corresponds to the Standard & Poor's rating as follows:

Internal risk rating	Excellent	Satisfactory	Fair	Weak
Corresponding to S&P	AAA~BBB-	BB+~ BB-	B+	B and below

(B) Interbank deposits and call loans

Before trading with other banks, the Bank and its subsidiaries must assess the credit of the counterparty; generally referencing external rating agencies, assets and scale of equity of the counterparty, and the credit rating of the counterparty's country of origin in order to set different transaction limits, as well as periodically examining the stock prices and ratings of the counterparty in order to monitor the risks of counterparty.

(C) Bonds and derivative instruments

The limits of bonds purchased by the Bank and its subsidiaries are set by considering the credit rating of bond issuers or guarantors (ex. S&P, Moody's, Fitch, Taiwan ratings or Fitch Taiwan), which needs to meet the minimum rating set by the Board of (Managing) Directors, and country risk at the application, changes in CDS quoted prices and market condition.

The Bank and its subsidiaries have set trading units and overall total risk limit for non-hedging derivative instruments, and use positive trading contract evaluation and the potential exposure as the basis for calculating credit risk and add the limit to the total credit risk limit for monitoring.

(D) Asset quality

The Bank and its subsidiaries have set the minimum requirements and examination procedures for the quality of financial assets of each type, and controls risk concentration of assets portfolios of each type based on the risk limit of each type. The Bank and its subsidiaries also monitor the changes in assets quality regularly during the duration of the assets and takes measures to maintain their quality. According to the policies and regulations, reserve for losses is provided adequately for those assets to actually reflect and safeguard the value of owners' equity.

(E) Impairment of financial assets and provision for reserves

The Bank and its subsidiaries assess at each balance sheet date whether a financial asset is impaired. If there is objective evidence that an event that occurred after the initial recognition of the asset has an impact on the future cash flows of the financial asset, the impairment loss on the financial asset should be recognised.

The objective evidence of an impairment loss is as follows:

Significant financial difficulty of the issuer or debtor;

The issuer or debtor has breached the contract;

The Creditor, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession;

It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

The disappearance of an active market for that financial asset because of financial difficulties; or 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 are in the payment status of borrowers in the group; or adverse changes in national or local economic conditions that correlate with defaults on the assets in the group.

Financial assets that are not impaired are included in the group of financial assets sharing similar credit risk characteristics for collective assessment. Financial assets that are assessed individually with impairment recognised need not be included in the collective assessment.

The amount of the impairment loss is the difference between the financial assets' book value and the estimated future cash flow discounted using the original effective interest rate. The present value of estimated future cash flows must reflect the cash flows that might generate from collaterals less acquisition or selling cost regarding the collateral.

Financial assets through collective assessment are grouped based on similar credit risk characteristics, such as types of assets, industry and collaterals. Such credit risk characteristics represent the ability of the debtors to pay all the amounts at maturities according to the contract term, which is related to future cash flows of group of financial assets. The future cash flows of group of financial assets for collective assessment are estimated based on historical impairment experience, reflecting the change in observable data for each period, and the estimation of the future cash flows should move in the same direction. The Bank and its subsidiaries review the assumptions and methods for estimation of the future cash flows regularly.

For loan loss provision and guarantee reserve, the Bank and its subsidiaries have established the regulations for assets assessment and loss reserve. According to the regulations of the Financial Supervisory Commission for banks, bills companies and insurance companies, all assets in balance sheets and off balance sheets are classified as five categories. For credit assets on balance sheets and off balance sheets, in addition to normal credit assets which shall be classified as "Category One", the remaining unsound credit assets that required special attention shall be evaluated based on the status of the creditor's the length of time overdue financial situation, and loan collaterals, and classified as "Category Two". Assets that are substandard shall be classified as "Category Three". Assets that are doubtful shall be classified as "Category Four", and assets for which there is loss shall be classified as "Category Five". "Category Two" to "Category Five" shall be assessed one by one for possible loss and set aside sufficient loss provision. And loss provision shall be also set aside for "Category One" proportionately in accordance with regulations of competent authorities.

C. Policies of hedging and mitigation of credit risk

To reduce credit risk, the Bank and its subsidiaries adopt the following policies:

(A) Obtaining collaterals and guarantors

The Bank and its subsidiaries have established policies on collateral management, mortgage loan line setting, scope of collaterals, collateral valuation, collateral management and disposal. 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 the debtor's deposits can be used to offset its liabilities to mitigate credit risks.

(B) Loan limit control

To avoid extreme credit risk concentration, subsidiaries established policies for control of credit risk concentration and set up credit extension limit for a single individual, a single group, a single industry, a single area/country, and single collateral.

(C) Master netting arrangements

The Bank's and its subsidiaries' transactions predominantly settle at gross amount. A portion of transactions have entered into master netting arrangements with counterparties or upon the event of a default may cease all transactions with the counterparties and settle by net amount in order to further reduce credit risk.

(D) Other credit enhancements

The Bank and its subsidiaries have offsetting terms within their credit contracts, which clearly define that all deposits in the Bank and its subsidiaries from debtors may be offset against their liabilities upon a credit event, and have guarantees from third parties or financial institutions, in order to decrease credit risk.

D. Maximum credit risk exposure

The maximum credit risk exposure of financial assets within the balance sheets is presented in book values. The maximum credit risk exposure of guarantees and irrevocable commitments off balance sheets is calculated based on their limits. Letters of credit and the guarantee refer to those issued but not used.

(A) The maximum credit risk exposure of financial assets of the Bank and its subsidiaries excluding collaterals or other credit enhancement instruments is approximately equal to book value. The maximum exposure to credit risk of items off balance sheet is listed below:

	December 31, 2015		December 31, 2014
	NT\$	US\$	NT\$
Credit risk exposure of items off balance sheet:			
Irrevocable commitments	\$ 166,108,998	\$ 5,050,748	\$ 171,133,933
Guarantee and letters of credit	272,848,162	8,296,283	294,133,035
Total	<u>\$ 438,957,160</u>	<u>\$ 13,347,031</u>	<u>\$ 465,266,968</u>

(B) Assets of the Bank and its subsidiaries with credit risk are analyzed as follows:

Unit: In NT Thousand Dollars

	December 31, 2015							
	Cash and cash equivalents, due from the Central Bank and call loans to banks	Bills discounted and loans	Receivables	Bills and bonds purchased under resale agreement and debt instruments	Derivative financial instruments	Other items included in balance sheet	Credit commitments	Total
Government organization	\$ 334,272,755	\$ 10,709,913	\$ 150,430	\$ 18,100,977	\$ -	\$ 10,019	\$ 81,658,932	\$ 444,903,026
Financial institution, investment and insurance	312,819,051	173,014,187	82,460,399	391,638,844	2,480,950	93	19,663,315	982,076,839
Enterprise and commerce	-	1,211,258,965	56,431,606	61,780,324	1,645,168	4,850,325	277,025,545	1,612,991,933
Individuals	-	391,311,819	4,728,797	-	50,795	314,738	58,965,383	455,371,532
Others	-	10,440,399	723,668	203,755	680,681	34,825	1,643,985	13,727,313
Total	647,091,806	1,796,735,283	144,494,900	471,723,900	4,857,594	5,210,000	438,957,160	3,509,070,643
Less: Allowance for probable losses	(2,241)	(23,466,229)	(1,973,545)	-	-	(2,992)	-	(25,445,007)
Net	<u>\$ 647,089,565</u>	<u>\$ 1,773,269,054</u>	<u>\$ 142,521,355</u>	<u>\$ 471,723,900</u>	<u>\$ 4,857,594</u>	<u>\$ 5,207,008</u>	<u>\$ 438,957,160</u>	<u>\$ 3,483,625,636</u>

Trade finance to enterprises accounted for 9.62%, totaling NT\$116,501,780 thousand. Housing mortgage loans to individuals accounted for 75.83%, totaling NT\$296,737,772 thousand.

Unit: In US Thousand Dollars

	December 31, 2015							
	Cash and cash equivalents, due from the Central Bank and call loans to banks	Bills discounted and loans	Receivables	Bills and bonds purchased under resale agreement and debt instruments	Derivative financial instruments	Other items included in balance sheet	Credit commitments	Total
Government organization	\$ 10,163,973	\$ 325,648	\$ 4,574	\$ 550,382	\$ -	\$ 305	\$ 2,482,940	\$ 13,527,822
Financial institution, investment and insurance	9,511,647	5,260,709	2,507,310	11,908,260	75,436	3	597,887	29,861,252
Enterprise and commerce	-	36,829,815	1,715,872	1,878,507	50,023	147,480	8,423,302	49,044,999
Individuals	-	11,898,316	143,785	-	1,545	9,570	1,792,915	13,846,131
Others	-	317,453	22,004	6,195	20,697	1,059	49,987	417,395
Total	19,675,620	54,631,941	4,393,545	14,343,344	147,701	158,417	13,347,031	106,697,599
Less: Allowance for probable losses	(68)	(713,519)	(60,008)	-	-	(92)	-	(773,687)
Net	\$ 19,675,552	\$ 53,918,422	\$ 4,333,537	\$ 14,343,344	\$ 147,701	\$ 158,325	\$ 13,347,031	\$ 105,923,912

Trade finance to enterprises accounted for 12.96% totaling NT\$4,946,017 thousand. Housing mortgage loans to individuals accounted for 74.96%, totaling NT\$9,157,333 thousand.

Unit: In NT Thousand Dollars

	December 31, 2014							
	Cash and cash equivalents, due from the Central Bank and call loans to banks	Bills discounted and loans	Receivables	Bills and bonds purchased under resale agreement and debt instruments	Derivative financial instruments	Other items included in balance sheet	Credit commitments	Total
Government organization	\$ 320,517,648	\$ 8,409,372	\$ 152,923	\$ 15,788,174	\$ -	\$ 35,779	\$ 84,054,289	\$ 428,958,185
Financial institution, investment and insurance	310,628,079	140,664,250	101,227,482	310,168,710	3,659,666	218	23,336,935	889,685,340
Enterprise and commerce	-	1,208,257,021	65,492,416	52,270,780	1,046,658	8,423,325	299,173,741	1,634,663,941
Individuals	-	386,807,286	4,661,779	-	41,508	311,838	56,925,808	448,748,219
Others	-	11,776,374	1,139,895	-	318,429	3,605	1,776,195	15,014,498
Total	631,145,727	1,755,914,303	172,674,495	378,227,664	5,066,261	8,774,765	465,266,968	3,417,070,183
Less: Allowance for probable losses	(752,115)	(21,920,032)	(1,620,552)	-	-	(8,304)	-	(24,301,003)
Net	\$ 630,393,612	\$ 1,733,994,271	\$ 171,053,943	\$ 378,227,664	\$ 5,066,261	\$ 8,766,461	\$ 465,266,968	\$ 3,392,769,180

Trade finance to enterprises accounted for 12.96%, totaling NT\$156,605,723 thousand. Housing mortgage loans to individuals accounted for 74.96%, totaling NT\$289,948,643 thousand.

(C) Relevant financial information on effect of the Bank's and its subsidiaries' assets exposed to credit risk, net settlement master netting arrangements and other credit improvements is as follows:

Unit: In NT Thousand Dollars

December 31, 2015	Collateral	Net settlement master netting arrangements	Other credit improvements	Total
On-Balance-Sheet Items				
Financial assets at fair value through profit or loss				
- debt instrument	\$ -	\$ -	\$ 11,166,111	\$ 11,166,111
- derivative instrument	1,441,783	616,636	-	2,058,419
Bills and bonds purchased under resale agreements	9,210,246	-	-	9,210,246
Bills discounted and loans	1,108,013,324	-	51,337,539	1,159,350,863
Available-for-sale financial assets - debt instrument	-	-	55,850,290	55,850,290
Held-to-maturity financial assets - debt instrument	-	-	3,370,705	3,370,705
Off-Balance-Sheet Items				
Irrevocable commitments	77,350,509	-	328,366	77,678,875
Guarantees and letters of credit	49,783,690	-	2,430,842	52,214,532

Unit: In US Thousand Dollars

December 31, 2015	Collateral	Net settlement master netting arrangements	Other credit improvements	Total
On-Balance-Sheet Items				
Financial assets at fair value through profit or loss				
- debt instrument	\$ -	\$ -	\$ 339,519	\$ 339,519
- derivative instrument	43,839	18,750	-	62,589
Bills and bonds purchased under resale agreements	280,049	-	-	280,049
Bills discounted and loans	33,690,505	-	1,560,981	35,251,486
Available-for-sale financial assets - debt instrument	-	-	1,698,197	1,698,197
Held-to-maturity financial assets - debt instrument	-	-	102,490	102,490
Off-Balance-Sheet Items				
Irrevocable commitments	2,351,937	-	9,985	2,361,922
Guarantees and letters of credit	1,513,734	-	73,913	1,587,647

Unit: In NT Thousand Dollars

December 31, 2014	Collateral	Net settlement master netting arrangements	Other credit improvements	Total
On-Balance-Sheet Items				
Financial assets at fair value through profit or loss				
- debt instrument	\$ -	\$ -	\$ 3,631,237	\$ 3,631,237
- derivative instrument	1,052,093	649,138	-	1,701,231
Bills and bonds purchased under resale agreements	5,775,768	-	-	5,775,768
Bills discounted and loans	1,094,063,863	-	43,298,405	1,137,362,268
Available-for-sale financial assets - debt instrument	-	-	55,860,418	55,860,418
Held-to-maturity financial assets - debt instrument	-	-	721,344	721,344
Off-Balance-Sheet Items				
Irrevocable commitments	80,259,854	-	96,152	80,356,006
Guarantees and letters of credit	51,602,976	-	2,507,105	54,110,081

Note 1: Collaterals include property, movable property, certification of authorization, securities, certificates of deposits, letter of credit and rights in property.

(1) Value of collaterals pledged for assets that arise from lending is the lower of collateral value/ market value and maximum exposure amount. If the collateral value cannot be obtained, value of collaterals must be assessed.

(2) Value of collaterals pledged for assets that do not arise from lending is the lower of market value and maximum exposure amount.

Note 2: Details of improvement to net settlement master netting arrangements and other credits are provided in Note 8(3) C. (C) and C. (D).

E. Credit risk concentration

Extreme credit risk concentration will enhance risk degree, such as large amount of risk exposure concentrated on one credit product, one client, or minor clients, or a group of clients in the same industry or with similar business or in the same area or with the same risk characteristics. When adverse economic changes occur, a financial institution may incur a significant loss.

To avoid extreme credit risk concentration, the Bank and its subsidiaries have regulated credit limit and management rules for single client, single business group and large amount of risk exposure. The Bank and its subsidiaries have to monitor and control the credit risk concentration within the limit. Status of credit risk concentration must be shown in the regular risk report by industry, area/country, collateral and other forms.

(A) Loans and credit commitments of the Bank and its subsidiaries are shown below by industry:

		Loans and credit commitments					
		December 31, 2015			December 31, 2014		
		Amount		Percentage	Amount	Percentage	
		NT\$	US\$	(%)	NT\$	(%)	
Individuals	Individuals	\$ 450,277,202	\$ 13,691,231	20.14%	\$ 443,733,094	19.98%	
Corporation	Government organization	92,368,844	2,808,588	4.13%	92,463,661	4.16%	
	Financial institution, investment and insurance	192,677,503	5,858,596	8.62%	164,001,185	7.38%	
	Enterprise and commerce						
	- Manufacturing	550,645,218	16,743,044	24.63%	612,144,001	27.56%	
	- Electricity and gas supply	109,820,565	3,339,229	4.91%	123,114,730	5.54%	
	- Wholesale and retail	176,114,363	5,354,973	7.88%	201,973,815	9.09%	
	- Transportation and storage	177,794,548	5,406,061	7.95%	165,402,990	7.45%	
	- Real estate	280,618,514	8,532,550	12.55%	244,681,778	11.02%	
	- Others	193,291,302	5,877,259	8.65%	160,113,447	7.21%	
	Others	12,084,384	367,441	0.54%	13,552,570	0.61%	
Total		\$ 2,235,692,443	\$ 67,978,972	100.00%	\$ 2,221,181,271	100.00%	

(B) Loans and credit commitments of the Bank and its subsidiaries are shown below by location:

	Loans and credit commitments				
	December 31, 2015			December 31, 2014	
	Amount		Percentage (%)	Amount	Percentage (%)
	NT\$	US\$		NT\$	
ROC	\$ 1,686,167,196	\$ 51,269,983	75.42%	\$ 1,692,236,215	76.19%
Asia	329,921,179	10,031,658	14.76%	326,654,290	14.71%
North America	113,011,992	3,436,268	5.05%	82,339,170	3.71%
Others	106,592,076	3,241,063	4.77%	119,951,596	5.39%
Total	\$ 2,235,692,443	\$ 67,978,972	100.00%	\$ 2,221,181,271	100.00%

(C) Loans and credit commitments of the Bank and its subsidiaries are shown below by collaterals:

	Loans and credit commitments			Loans and credit commitments	
	December 31, 2015			December 31, 2014	
	Amount		Percentage (%)	Amount	Percentage (%)
	NT\$	US\$		NT\$	
Unsecured	\$ 946,448,173	\$ 28,777,918	42.33%	\$ 949,352,916	42.74%
Secured					
- Secured by stocks	135,224,849	4,111,678	6.05%	129,901,387	5.85%
- Secured by bonds	124,992,654	3,800,555	5.59%	121,567,167	5.47%
- Secured by real estate	786,175,539	23,904,632	35.16%	758,697,160	34.16%
- Secured by chattel	108,735,241	3,306,228	4.86%	107,034,588	4.82%
- Secured by letter of guarantee	54,096,746	1,644,878	2.42%	45,901,662	2.07%
- Others	80,019,241	2,433,083	3.59%	108,726,391	4.89%
Total	\$ 2,235,692,443	\$ 67,978,972	100.00%	\$ 2,221,181,271	100.00%

(Blank below)

F. Financial assets credit quality and analysis of past due and impairment

(A) The Bank and its subsidiaries' financial assets credit quality and analysis of past due and impairment

Unit: In NT Thousand Dollars

December 31, 2015	Neither past due nor impaired						Past due but not impaired						Impaired	Reserve for losses	Net amount
	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal			
Maximum credit risk exposure of financial assets in balance sheet:															
Cash and cash equivalents	\$ 143,550,943	\$ 527,447	\$ -	\$ 28,339	\$ 922,383	\$ 145,029,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,241	\$ 145,026,871
Due from Central Bank and call loans to banks	494,835,011	2,520,701	1,336,751	1,863,239	1,506,992	502,062,694	-	-	-	-	-	-	-	-	502,062,694
Financial assets at fair value through profit or loss															
- Debt instruments	36,133,325	2,628,415	553,122	-	64,680	39,379,542	-	-	-	-	-	-	-	-	39,379,542
- Derivative financial instruments	2,381,617	4,747	-	-	2,471,230	4,857,594	-	-	-	-	-	-	-	-	4,857,594
Bills and bonds purchased under resale agreements	9,435,869	-	-	-	-	9,435,869	-	-	-	-	-	-	-	-	9,435,869
Receivables	70,359,334	38,639,817	2,803,379	1,819,410	30,457,184	144,079,124	4,758	550	423	897	25,107	31,735	384,041	1,973,545	142,521,355
Bills discounted and loans	582,910,908	551,525,514	223,411,631	104,716,863	320,947,499	1,783,512,415	1,176,653	262,713	143,231	385,772	108,733	2,077,102	11,145,766	23,466,229	1,773,269,054
Available-for-sale financial assets-															
Debt instruments	221,778,013	699,106	-	60,298	842,532	223,379,949	-	-	-	-	-	-	-	-	223,379,949
Held-to-maturity financial assets-															
Debt instruments	199,160,317	36,183	-	-	332,040	199,528,540	-	-	-	-	-	-	-	-	199,528,540
Other assets	44,967	682,638	-	-	4,476,769	5,204,374	-	-	-	-	-	-	5,626	2,992	5,207,008
Total	\$ 1,760,590,304	\$ 597,264,568	\$ 228,104,883	\$ 108,488,149	\$ 362,021,309	\$ 3,056,469,213	\$ 1,181,544	\$ 263,263	\$ 143,654	\$ 386,669	\$ 133,840	\$ 2,108,837	\$ 11,535,433	\$ 25,445,007	\$ 3,044,668,476

Unit: In US Thousand Dollars

December 31, 2015	Neither past due nor impaired						Past due but not impaired						Impaired	Reserve for losses	Net amount
	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal			
Maximum credit risk exposure of financial assets in balance sheet: Cash and cash equivalents Due from Central Bank and call loans to banks Financial assets at fair value through profit or loss - Debt instruments - Derivative financial instruments Bills and bonds purchased under resale agreements Receivables Bills discounted and loans Available-for-sale financial assets- Debt instruments Held-to-maturity financial assets- Debt instruments Other assets Total	\$ 4,364,842	\$ 16,038	\$ -	\$ 862	\$ 28,046	\$ 4,409,788	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68	\$ 4,409,720
	15,046,066	76,645	40,645	56,654	45,822	15,265,832	-	-	-	-	-	-	-	-	15,265,832
	1,098,678	79,921	16,818	-	1,967	1,197,384	-	-	-	-	-	-	-	-	1,197,384
	72,416	144	-	-	75,141	147,701	-	-	-	-	-	-	-	-	147,701
	286,909	-	-	-	-	286,909	-	-	-	-	-	-	-	-	286,909
	2,139,362	1,174,892	85,240	55,321	926,088	4,380,903	145	17	13	27	763	965	11,677	60,008	4,333,537
	17,724,121	16,769,810	6,793,105	3,184,045	9,758,803	54,229,884	35,777	7,988	4,355	11,730	3,306	63,156	338,901	713,519	53,918,422
	6,743,433	21,257	-	1,833	25,618	6,792,141	-	-	-	-	-	-	-	-	6,792,141
	6,055,714	1,100	-	-	10,096	6,066,910	-	-	-	-	-	-	-	-	6,066,910
	1,367	20,757	-	-	136,122	158,246	-	-	-	-	-	-	171	92	158,325
\$ 53,532,908	\$ 18,160,564	\$ 6,935,808	\$ 3,298,715	\$ 11,007,703	\$ 92,935,698	\$ 35,922	\$ 8,005	\$ 4,368	\$ 11,757	\$ 4,069	\$ 64,121	\$ 350,749	\$ 773,687	\$ 92,576,881	

Unit: In NT Thousand Dollars

December 31, 2014	Neither past due nor impaired						Past due but not impaired					Reserve for losses	Net amount
	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal	
Maximum credit risk exposure of financial assets in balance sheet:													
Cash and cash equivalents	\$ 161,729,983	2,032,062	\$ -	44,921	\$ 602,309	\$ 164,409,275	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,744
Due from Central Bank and call loans to banks	459,495,236	1,291,018	56,772	696,586	5,196,840	466,736,452	-	-	-	-	-	-	750,371
Financial assets at fair value through profit or loss													
- Debt instruments	27,167,729	3,923,052	728,291	-	2,185,594	34,004,666	-	-	-	-	-	-	-
- Derivative financial instruments	2,638,630	2,936	-	-	2,424,695	5,066,261	-	-	-	-	-	-	-
Bills and bonds purchased under resale agreements	5,850,332	-	-	-	-	5,850,332	-	-	-	-	-	-	-
Receivables	84,467,292	32,375,233	2,433,660	462,595	52,468,606	172,207,386	273	532	283	1,945	14,534	17,567	1,620,552
Bills discounted and loans available-for-sale financial assets-Debt instruments	462,990,489	515,140,781	176,487,838	67,872,965	510,072,658	1,732,564,731	166,271	383,375	128,035	2,762,393	669,362	4,109,436	21,920,032
Held-to-maturity financial assets-Debt instruments	175,375,440	868,483	-	333,703	-	176,577,626	-	-	-	-	-	-	-
Other assets	161,088,768	46,760	-	288,794	370,718	161,795,040	-	-	-	-	-	-	-
	40,027	4,582,038	-	-	4,142,998	8,765,063	-	-	-	-	-	-	-
Total	\$1,540,843,926	\$60,262,363	\$179,706,561	\$69,699,564	\$577,464,418	\$2,927,976,832	\$166,544	\$383,907	\$128,318	\$2,764,338	\$683,896	\$4,127,003	\$24,301,003

a. As of December 31, 2015 and 2014, according to the internal requirements of assets internal rating, the rate of liabilities instruments belonging to excellent level were 98.89% and 97.69%, respectively.

b. As of December 31, 2015 and 2014, the rate of due from commercial banks and call loans to bank belonging to excellent level were 98.56% and 98.45%, respectively.

c. As of December 31, 2015 and 2014, the rate of loans belonging to excellent level were 32.68% and 26.72%, respectively.

d. Bills discounted and loans of the Bank and its subsidiaries were all in accordance with requirements of credit extensions and the relevant regulations, and classified by internal rating table.

e. Bills discounted and loans of the Bank and its subsidiaries were all in accordance with requirements of credit extensions and the relevant regulations, and classified by internal rating is classified as excellent, satisfactory, fair and weak, the probability of default can corresponds to the Standard & Poor's rating; Besides, those without credit ratings are risk exposures classified by credit rating (score) table, corresponding credit default rates are yet to be confirmed, mainly as a sovereign state, banks and overseas branches customers. The Bank adopted qualified external rating as the quality control tools for sovereign states and banks, and classified by rating table for overseas branches.

(Blank below)

(B) The Bank and its subsidiaries' aging analysis of financial assets that were past due but not impaired

Financial assets might be past due but not impaired due to borrower's processing delay or other administrative reasons. According to subsidiaries' internal management rules for assets assessment, financial assets which are past due within 90 days are not regarded as impaired unless there is objective evidence that the financial assets are impaired. There are very few conditions where financial assets are past due over 90 days but not impaired.

Unit: In NT Thousand Dollars

December 31, 2015					
	Overdue for less than 1 month	Overdue for 1~3 months	Overdue for 3~6 months	Overdue for more than 6 months	Total
Account receivable	\$ 21,245	\$ 10,490	\$ -	\$ -	\$ 31,735
Bills discounted and loans					
- Government	655,052	-	-	-	655,052
- Enterprise and commerce	251,474	92,925	-	-	344,399
- Individuals	1,065,990	11,661	-	-	1,077,651
Total	\$ 1,993,761	\$ 115,076	\$ -	\$ -	\$ 2,108,837

Unit: In US Thousand Dollars

December 31, 2015					
	Overdue for less than 1 month	Overdue for 1~3 months	Overdue for 3~6 months	Overdue for more than 6 months	Total
Account receivable	\$ 646	\$ 319	\$ -	\$ -	\$ 965
Bills discounted and loans					
- Government	19,918	-	-	-	19,918
- Enterprise and commerce	7,646	2,826	-	-	10,472
- Individuals	32,413	354	-	-	32,767
Total	\$ 60,623	\$ 3,499	\$ -	\$ -	\$ 64,122

Unit: In NT Thousand Dollars

December 31, 2014					
	Overdue for less than 1 month	Overdue for 1~3 months	Overdue for 3~6 months	Overdue for more than 6 months	Total
Account receivable	\$ 11,770	\$ 5,797	\$ -	\$ -	\$ 17,567
Bills discounted and loans					
- Government	220,000	-	-	-	220,000
- Enterprise and commerce	2,612,564	-	-	-	2,612,564
- Individuals	1,272,887	3,985	-	-	1,276,872
Total	\$ 4,117,221	\$ 9,782	\$ -	\$ -	\$ 4,127,003

(C) The Bank and its subsidiaries' provisions for doubtful accounts analysis of impaired loans

Unit: In NT Thousand Dollars

December 31, 2015									
	Loans				Allowance for probable losses				Provisions for doubtful accounts/ impaired loans %
	Not impaired	Impaired						Loans net amount	
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Total	Individual assessment	Collective assessment	Total	
ROC	\$ -	\$ 1,283,853,287	\$ 8,735,573	\$ 783,070	\$ 1,293,371,930	\$ 2,204,145	\$ 14,928,530	\$ 17,132,675	\$ 1,276,239,255 153.71
Asia	-	308,581,116	658,159	1,893	309,241,168	209,620	3,623,156	3,832,776	305,408,392 34.39
North America	-	92,893,489	436,768	-	93,330,257	110,650	1,087,023	1,197,673	92,132,584 10.74
Others	-	100,261,625	529,521	782	100,791,928	138,102	1,165,003	1,303,105	99,488,823 11.69
Total	\$ -	\$ 1,785,589,517	\$ 10,360,021	\$ 785,745	\$ 1,796,735,283	\$ 2,662,517	\$ 20,803,712	\$ 23,466,229	\$ 1,773,269,054 210.53

Unit: In US Thousand Dollars

December 31, 2015									
	Loans				Allowance for probable losses				Provisions for doubtful accounts/ impaired loans %
	Not impaired	Impaired						Loans net amount	
	Individual assessment	Collective assessment	Individual assessment	Collective assessment	Total	Individual assessment	Collective assessment	Total	
ROC	\$ -	\$ 39,037,135	\$ 265,616	\$ 23,810	\$ 39,326,561	\$ 67,020	\$ 453,920	\$ 520,940	\$ 38,805,621 153.71
Asia	-	9,382,787	20,012	58	9,402,857	6,374	110,166	116,540	9,286,317 34.39
North America	-	2,824,541	13,280	-	2,837,821	3,364	33,053	36,417	2,801,404 10.74
Others	-	3,048,577	16,101	24	3,064,702	4,199	35,423	39,622	3,025,080 11.69
Total	\$ -	\$ 54,293,040	\$ 315,009	\$ 23,892	\$ 54,631,941	\$ 80,957	\$ 632,562	\$ 713,519	\$ 53,918,422 210.53

Unit: In NT Thousand Dollars

December 31, 2014										Provisions for doubtful accounts/ impaired loans %
Loans					Allowance for probable losses					
Not impaired		Impaired								
Individual assessment	Collective assessment	Individual assessment	Collective assessment	Total	Individual assessment	Collective assessment	Total	Loans net amount		
ROC	\$ -	\$ 1,265,573,449	\$ 16,435,386	\$ 822,052	\$ 1,282,830,887	\$ 3,050,591	\$ 13,426,330	\$ 16,476,921	\$ 1,266,353,966	
Asia	-	294,618,817	679,520	-	295,298,337	198,311	3,139,199	3,337,510	291,960,827	
North America	-	64,019,464	729,003	-	64,748,467	135,881	683,486	819,367	63,929,100	
Others	-	112,462,437	574,175	-	113,036,612	106,229	1,180,005	1,286,234	111,750,378	
Total	\$ -	\$ 1,736,674,167	\$ 18,418,084	\$ 822,052	\$ 1,755,914,303	\$ 3,491,012	\$ 18,429,020	\$ 21,920,032	\$ 1,733,994,271	

G. Foreclosed properties management policy

As of December 31, 2015 and 2014, other assets in the consolidated balance sheet include foreclosed properties' book value of the Bank and its subsidiaries both totalling NT\$0 thousand. According to the regulations of regulatory authorities, foreclosed properties of the Bank shall be sold within four years.

H. Supplementary information in accordance with "Regulations Governing the Preparation of Financial Reports by Public Banks"

(A) Asset quality of non-performing loans and overdue accounts

Unit: In NT Thousand Dollars, %

Month/Year			December 31, 2015				
Business/Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		\$ 473,008	\$ 651,622,322	0.07%	\$ 8,173,030	1,727.88%
	Unsecured loans		629,388	753,801,141	0.08%	10,615,113	1,686.58%
Consumer banking	Residential mortgage loans (Note 4)		478,119	296,699,744	0.16%	3,552,218	742.96%
	Cash card services		-	-	-	-	-
	Small amount of credit loans (Note 5)		750	5,477,886	0.01%	64,880	8,650.67%
	Others (Note 6)	Secured loans	18,308	88,931,480	0.02%	1,058,568	5,782.00%
		Unsecured loans	735	202,710	0.36%	2,420	329.25%
	Gross loan business			\$ 1,600,308	\$ 1,796,735,283	0.09%	\$ 23,466,229
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services			\$ 8,746	\$ 4,377,178	0.20%	\$ 49,579	566.88%
Without recourse factoring (Note 7)			\$ -	\$ 37,366,842	-	\$ 560,562	

Unit: In US Thousand Dollars, %

Month/Year			December 31, 2015				
Business/Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		\$ 14,382	\$ 19,813,376	0.07%	\$ 248,511	1,727.88%
	Unsecured loans		19,137	22,920,249	0.08%	322,765	1,686.58%
Consumer banking	Residential mortgage loans (Note 4)		14,538	9,021,520	0.16%	108,010	742.96%
	Cash card services		-	-	-	-	-
	Small amount of credit loans (Note 5)		23	166,562	0.01%	1,973	8,650.67%
	Others (Note 6)	Secured loans	557	2,704,071	0.02%	32,187	5,782.00%
		Unsecured loans	22	6,163	0.36%	73	329.25%
Gross loan business			\$ 48,659	54,631,941	0.09%	\$ 713,519	1,466.36%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services			\$ 266	\$ 133,093	0.20%	\$ 1,508	566.88%
Without recourse factoring (Note 7)			\$ -	\$ 1,136,185	-	\$ 17,045	-

Unit: In NT Thousand Dollars, %

Month/Year			December 31, 2014				
Business/Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		\$ 448,348	\$ 617,988,986	0.07%	\$ 8,068,491	1,799.60%
	Unsecured loans		386,045	751,118,032	0.05%	9,650,444	2,499.82%
Consumer banking	Residential mortgage loans (Note 4)		359,072	289,753,117	0.12%	3,147,343	876.52%
	Cash card services		-	-	-	-	-
	Small amount of credit loans (Note 5)		749	11,115,192	0.01%	118,846	15,867.29%
	Others (Note 6)	Secured loans	52,840	85,635,206	0.06%	931,650	1,763.15%
		Unsecured loans	-	303,770	-	3,258	-
Gross loan business			\$ 1,247,054	\$ 1,755,914,303	0.07%	\$ 21,920,032	1,757.75%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services			\$ 7,592	4,300,701	0.18%	\$ 65,063	856.99%
Without recourse factoring (Note 7)			\$ 4,351	\$ 46,390,766	0.01%	\$ 695,914	15,994.35%

Notes:

- The amount recognised as non-performing loans is in accordance 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 accordance with the Financial-Supervisory-Banks (4) Letter No.0944000378 dated July 6, 2005.
- Non-performing loan ratio = non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.
- 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.
- For residential mortgage loans, the borrower provides his/her (or spouses or minor) 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.
- Small amount of credit loans apply to the norms of the Financial-Supervisory-Banks (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.
- Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.
- Pursuant to the Financial-Supervisory-Banks (5) Letter No. 094000494 dated July 19, 2005, the amount of without recourse factoring will be recognised as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

(B) Non-performing loans and overdue receivables exempted from reporting to the competent authority

Unit: In NT Thousand dollars

December 31, 2015		
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Performing amounts exempted from reporting to the competent authority as debt negotiation (Note 1)	\$ 16	\$ -
Performing amounts in accordance with debt liquidation program and restructuring program (Note 2)	402	3,383
	\$ 418	\$ 3,383

Unit: In US Thousand dollars

December 31, 2015		
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Performing amounts exempted from reporting to the competent authority as debt negotiation (Note 1)	\$ -	\$ -
Performing amounts in accordance with debt liquidation program and restructuring program (Note 2)	12	103
	\$ 12	\$ 103

Unit: In NT Thousand dollars

	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
Performing amounts exempted from reporting to the competent authority as debt negotiation (Note 1)	\$ 44	\$ -
Performing amounts in accordance with debt liquidation program and restructuring program (Note 2)	427	4,166
	\$ 471	\$ 4,166

Note 1: The Bank disclosed the total amount of non- performing loans and overdue receivables exempted from reporting to the competent authority as debt negotiation in accordance with Financial-Supervisory-Banks (1) Letter No. 09510001270 dated April 25, 2006.

Note 2: The Bank disclosed the total amount of non- performing loans and overdue receivables exempted from reporting to the competent authority as debt liquidation program and restructuring program in accordance with Financial-Supervisory-Banks (1) Letter No. 09700318940 dated September 15, 2008.

(C) The Bank and its subsidiaries contract amounts of significant credit risk concentration are as follows :

Unit: In NT Thousand dollars, %

Unit: in NT thousand dollars, %

Year	December 31, 2015			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)		Total outstanding loan amount / net worth of the current year (%)
		NT\$	US\$	
1	A Company - Transportation	64,823,200	1,971,029	25.57%
2	B Group - Petroleum and Coal Products Manufacturing	41,111,940	1,250,059	16.22%
3	C Group - Marine transportation	24,892,462	756,886	9.82%
4	D Group - Other Financial Intermediation Not Elsewhere Classified	23,417,329	712,033	9.24%
5	E Group - Basic Metal Manufacturing	18,565,116	564,495	7.32%
6	F Group - Other Financial Intermediation Not Elsewhere Classified	18,510,217	562,826	7.30%
7	G Group - Iron Rolling and Extruding	16,456,579	500,382	6.49%
8	H Group - Optoelectronic Materials and Semi-conductors Manufacturing	15,298,070	465,157	6.03%
9	I Group - Other Retailers	15,267,842	464,237	6.02%
10	J Group - Real Estate	14,143,100	430,038	5.58%

Unit: In NT Thousand dollars, %

Unit: in NT thousand dollars, %

Year	December 31, 2014		
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount / net worth of the current year (%)
		NT\$	
1	A Company - Transportation	65,643,609	30.04%
2	B Group - Petroleum and Coal Products Manufacturing	46,261,543	21.17%
3	C Group - Optoelectronic Materials and Semi-conductors Manufacturing	22,341,456	10.22%
4	D Group - Other Financial Intermediation Not Elsewhere Classified	22,086,806	10.11%
5	E Group - Basic Metal Manufacturing	19,011,109	8.70%
6	F Group - Other Retailers	18,239,161	8.35%
7	G Group - Marine transportation	17,749,870	8.12%
8	H Group - Iron Rolling and Extruding	15,264,007	6.99%
9	I Group - Real Estate	13,065,900	5.98%
10	J Group - Real Estate	12,806,994	5.86%

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 the 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 would 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 Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

Note 3: Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, short-term loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), bills purchased, without recourse factoring, acceptance receivable and guarantees.

(4) Liquidity risk

A. Definition and sources of liquidity risk

The Bank and its subsidiaries define liquidity risk as the risk of financial loss to the Bank and its subsidiaries arising from default by any companies of financial instruments on the payment obligations. For example, the companies are default on payment obligations, such as withdrawals paid to depositors and loans repayment. Or, the company is unable to obtain funds within a certain period at reasonable cost in response to increased demand for assets.

B. Procedures for liquidity risk management and measurement of liquidity risk

The Bank and its subsidiaries are mainly engaged in industry related to finance. Therefore, the management for capital liquidity is very important to the Bank and its subsidiaries. The objectives for liquidity risk management are to maintain reasonable liquidity based on business development plans, ensure capability of daily payment obligations and meet business growth requirements with adequate high-liquid assets and capability of raising funds from others in case of emergency.

The financial department of the Bank and its subsidiaries is responsible for daily capital liquidity management. According to the limits authorized by the Board of (Managing) Directors, the Bank and its subsidiaries monitor the indexes of liquidity risk, execute capital procurement trading and reports the conditions of capital liquidity to the management. The Bank and its subsidiaries also reports the liquidity risk control to the Fund Management Committee, Asset & Liability and Risk Management Committee and the Board of (Managing) Directors regularly, and performs regular liquidity stress-testing to ensure sufficient capital to meet the funding requirements for increase in assets and payment obligations.

The Bank and its subsidiaries daily perform intensive control over capital sources and the period for fund gaps and liquidity risk management. Future cash flows are estimated based on the financial liability contracts due date and expected cash collection date of financial assets. The Bank and its subsidiaries also take into account the extent of practical utilization of capital in contingent liabilities such as use of loan limits, guarantees and commitments.

Assets used to pay obligations and loan commitments including cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, investments in bills and bonds under resale agreement, accounts receivable, bills discounted and loans, available-for-sale financial assets, held-to-maturity financial assets, and other financial assets are held in response to unexpected cash outflows.

The liquidity management policies of the Bank and its subsidiaries include:

- (A) Maintain the ability to perform all payment obligations immediately.
- (B) Maintain solid assets/liabilities structure to ensure medium and long-term liquidity safety.
- (C) Diversify capital sources and absorb stable core depositors to avoid depending on certain large-sum depositors or minor borrowers.
- (D) Avoid potential unknown loss risk which will increase capital cost and capital procurement pressure.
- (E) Conduct due date management to ensure that cash inflow is greater than cash outflow in short term.
- (F) Keep liquidity ratio.
- (G) Keep legal ratio for high-quality, high-liquidity assets.
- (H) Be aware of the liquidity, safety and diversity of financial instruments.
- (I) The Bank and its subsidiaries have capital emergency plans, which are reviewed regularly.
- (J) The overseas branches of the Bank must obey the regulations of ROC and the local supervisory authorities. Otherwise, they will be penalized for violation of these regulations.

C. Maturity date analysis for financial assets and liabilities held for liquidity risk management

The table below lists analysis for cash inflow and outflow of the financial assets and liabilities held by the Bank and its subsidiaries for liquidity risk management based on the remaining period at the financial reporting date to the contractual maturity date.

(Blank below)

The Bank and its subsidiaries' analysis for capital maturity gaps

UNIT : In NT Thousand Dollars

	December 31, 2015						
	1-30 days	31-90 days	91-180 days	181 days -1 year	1 year -5 years	Over 5 years	Total
Primary funds inflow upon maturity							
Cash and cash equivalents	\$ 101,918,087	\$ 23,532,902	\$ 20,118,784	\$ -	\$ -	\$ -	\$ 145,569,773
Due from the Central Bank and call loans to banks	390,380,269	101,434,856	8,874,650	1,676,660	-	-	502,366,435
Financial assets at fair value through profit or loss	7,052,315	1,492,989	1,798,695	2,043,083	28,147,853	3,020,948	43,555,883
Bills and bonds purchased under resale agreements	8,987,482	449,602	-	-	-	-	9,437,084
Receivables	33,842,537	34,413,142	18,563,695	44,794,072	7,998,052	320	139,611,818
Bills discounted and loans	90,728,470	141,151,096	202,332,823	198,691,684	766,200,199	516,170,533	1,915,274,805
Available-for-sale financial assets	71,867,920	22,495,506	34,328,834	14,541,734	108,251,530	90,524,452	342,009,976
Held-to-maturity financial assets	147,266,261	6,576,911	5,640,609	10,519,875	29,780,160	17,282	199,801,098
Other financial assets	910	1,821	1,872	5,524	920	5,626	16,673
Total	<u>852,044,251</u>	<u>331,548,825</u>	<u>291,659,962</u>	<u>272,272,632</u>	<u>940,378,714</u>	<u>609,739,161</u>	<u>3,297,643,545</u>
Primary funds outflow upon maturity							
Due to the Central Bank and commercial bank	373,627,002	2,928,429	5,928,353	5,501,789	31,328,459	650,508	419,964,540
Borrowed funds	41,808,935	2,959,581	-	176,264	514,314	-	45,459,094
Financial liabilities at fair value through profit or loss	17,231,965	1,188	-	4,312	-	16,188	17,253,653
Bills and bonds sold under repurchased agreements	252,175	295,977	-	-	-	-	548,152
Payables	15,242,918	6,797,971	1,496,353	3,271,059	872,628	5,679,346	33,360,275
Deposits and remittances	459,280,762	281,735,766	234,270,921	396,657,011	865,188,659	17,417,559	2,254,550,678
Financial bonds payable	-	83,300	213,940	285,570	25,628,170	12,200,450	38,411,430
Other financial liabilities	5,895,094	2,322,303	2,888	36,038	139,304	287,104	8,682,731
Other liabilities	177,880	355,759	365,641	1,079,136	179,856	-	2,158,272
Total	<u>913,516,731</u>	<u>297,480,274</u>	<u>242,278,096</u>	<u>407,011,179</u>	<u>923,851,390</u>	<u>36,251,155</u>	<u>2,820,388,825</u>
Gap	<u>(\$ 61,472,480)</u>	<u>\$ 34,068,551</u>	<u>\$ 49,381,866</u>	<u>(\$ 134,738,547)</u>	<u>\$ 16,527,324</u>	<u>\$ 573,488,006</u>	<u>\$ 477,254,720</u>

(Blank below)

UNIT : In US Thousand Dollars

December 31, 2015

	1-30 days	31-90 days	91-180 days	181 days -1 year	1 year -5 years	Over 5 years	Total
Primary funds inflow upon maturity							
Cash and cash equivalents	\$ 3,098,945	\$ 715,547	\$ 611,736	\$ -	\$ -	\$ -	\$ 4,426,228
Due from the Central Bank and call loans to banks	11,869,991	3,084,251	269,845	50,981	-	-	15,275,068
Financial assets at fair value through profit or loss	214,434	45,396	54,692	62,122	855,870	91,856	1,324,370
Bills and bonds purchased under resale agreements	273,275	13,671	-	-	-	-	286,946
Receivables	1,029,024	1,046,374	564,451	1,362,019	243,191	10	4,245,069
Bills discounted and loans	2,758,711	4,291,872	6,152,178	6,041,465	23,297,257	15,694,798	58,236,281
Available-for-sale financial assets	2,185,232	684,004	1,043,810	442,159	3,291,521	2,752,507	10,399,233
Held-to-maturity financial assets	4,477,811	199,979	171,510	319,870	905,502	525	6,075,197
Other financial assets	28	55	57	168	28	171	507
Total	25,907,451	10,081,149	8,868,279	8,278,784	28,593,369	18,539,867	100,268,899
Primary funds outflow upon maturity							
Due to the Central Bank and commercial bank	11,360,588	89,042	180,259	167,289	952,580	19,779	12,769,537
Borrowed funds	1,271,252	89,990	-	5,359	15,638	-	1,382,239
Financial liabilities at fair value through profit or loss	523,959	36	-	131	-	492	524,618
Bills and bonds sold under repurchased agreements	7,667	9,000	-	-	-	-	16,667
Payables	463,480	206,701	45,498	99,461	26,533	172,687	1,014,360
Deposits and remittances	13,964,995	8,566,522	7,123,295	12,060,843	26,307,123	529,602	68,552,380
Financial bonds payable	-	2,533	6,505	8,683	779,256	370,970	1,167,947
Other financial liabilities	179,247	70,612	88	1,096	4,236	8,730	264,009
Other liabilities	5,409	10,817	11,118	32,812	5,469	-	65,625
Total	27,776,597	9,045,523	7,366,763	12,375,674	28,090,835	1,102,260	85,757,382
Gap	(\$ 1,869,146)	\$ 1,035,896	\$ 1,501,516	(\$ 4,096,890)	\$ 502,534	\$ 17,437,607	\$ 14,511,517

UNIT : In NT Thousand Dollars

December 31, 2014

	1-30 days	31-90 days	91-180 days	181 days -1 year	1 year -5 years	Over 5 years	Total
Primary funds inflow upon maturity							
Cash and cash equivalents	\$ 91,903,509	\$ 44,493,692	\$ 18,652,812	\$ 10,930,730	\$ -	\$ -	\$ 165,980,743
Due from the Central Bank and call loans to banks	376,581,568	69,383,263	11,254,625	4,377,782	5,808,943	-	467,406,181
Financial assets at fair value through profit or loss	4,106,930	78,884	1,435,567	1,824,933	23,764,569	5,053,078	36,263,961
Bills and bonds purchased under resale agreements	5,851,418	-	-	-	-	-	5,851,418
Receivables	61,219,055	37,890,500	17,283,982	50,652,139	730,113	315	167,776,104
Bills discounted and loans	135,029,679	150,567,480	216,454,302	197,525,283	708,719,672	461,730,304	1,870,026,720
Available-for-sale financial assets	71,588,289	18,859,563	17,560,498	12,098,960	65,795,408	30,728,395	216,631,113
Held-to-maturity financial assets	136,606,637	8,010,879	2,172,541	5,985,251	9,110,576	25,685	161,911,569
Other financial assets	2,840	5,680	5,680	19,879	-	9,702	43,781
Total	882,889,925	329,289,941	284,820,007	283,414,957	813,929,281	497,547,479	3,091,891,590
Primary funds outflow upon maturity							
Due to the Central Bank and commercial bank	395,642,178	7,254,517	3,562,358	8,912,692	45,456,323	967,156	461,795,224
Borrowed funds	46,287,915	7,148,368	-	81,107	391,152	-	53,908,542
Financial liabilities at fair value through profit or loss	15,910,250	927,288	2,989,900	4,313	24,875	19,874	19,876,500
Bills and bonds sold under repurchased agreements	48,504,350	1,812,133	10,016	-	-	-	50,326,499
Payables	15,783,315	6,262,638	1,335,124	3,735,322	534,147	5,679,348	33,329,894
Deposits and remittances	440,072,951	322,089,908	185,626,950	339,524,181	754,754,369	15,622,466	2,057,690,825
Financial bonds payable	-	83,300	6,296,052	8,525,570	26,010,530	12,400,900	53,316,352
Other financial liabilities	6,118,339	2,491,878	139,051	33,688	161,511	92,770	9,037,237
Other liabilities	212,361	424,721	424,721	1,486,525	-	-	2,548,328
Total	968,531,659	348,494,751	200,384,172	362,303,398	827,332,907	34,782,514	2,741,829,401
Gap	(\$ 85,641,734)	(\$ 19,204,810)	\$ 84,435,835	(\$ 78,888,441)	(\$ 13,403,626)	\$ 462,764,965	\$ 350,062,189

D. Structure analysis for maturity of derivative financial assets and liabilities

(A) Derivatives settled on a net basis

Derivatives of the Bank and its subsidiaries settled on a net basis include :

- a. Foreign exchange derivatives: currency option, non-delivery forward
- b. Interest derivatives: forward rate agreement, interest rate swap, assets swap, interest rate option, bond option, interest rate futures.
- c. Credit derivatives: credit default swaps (CDS).
- d. Equity derivative: stock option
- e. Others : combined commodity

UNIT : In NT Thousand Dollars

	December 31, 2015						
	1-30 days	31-90 days	91-180 days	181 days -1 year	1 year -5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	\$ 419,794	\$ 110,923	\$ 199,432	\$ 468,281	\$ 469,817	\$ -	\$ 1,668,247
Outflow	436,364	101,085	189,174	443,603	449,609	-	1,619,835
Interest rate derivative instruments							
Inflow	50,280	169,925	184,707	1,103,979	5,530,082	22,163,837	29,202,810
Outflow	65,801	182,948	253,605	430,140	3,474,038	4,222,911	8,629,443
Credit derivative instruments							
Inflow	-	69,983	69,855	131,827	548,703	-	820,368
Outflow	-	-	-	-	-	-	-
Total inflows	\$ 470,074	\$ 350,831	\$ 453,994	\$ 1,704,087	\$ 6,548,602	\$ 22,163,837	\$ 31,691,425
Total outflows	\$ 502,165	\$ 284,033	\$ 442,779	\$ 873,743	\$ 3,923,647	\$ 4,222,911	\$ 10,249,278

UNIT : In US Thousand Dollars

	December 31, 2015						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	\$ 12,764	\$ 3,373	\$ 6,064	\$ 14,239	\$ 14,285	\$ -	\$ 50,725
Outflow	13,268	3,074	5,752	13,488	13,671	-	49,253
Interest rate derivative instruments							
Inflow	1,529	5,166	5,616	33,568	168,149	673,919	887,947
Outflow	2,001	5,563	7,711	13,079	105,632	128,403	262,389
Credit derivative instruments							
Inflow	-	2,128	2,124	4,008	16,684	-	24,944
Outflow	-	-	-	-	-	-	-
Total inflows	<u>\$ 14,293</u>	<u>\$ 10,667</u>	<u>\$ 13,804</u>	<u>\$ 51,815</u>	<u>\$ 199,118</u>	<u>\$ 673,919</u>	<u>\$ 963,616</u>
Total outflows	<u>\$ 15,269</u>	<u>\$ 8,637</u>	<u>\$ 13,463</u>	<u>\$ 26,567</u>	<u>\$ 119,303</u>	<u>\$ 128,403</u>	<u>\$ 311,642</u>

UNIT : In NT Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	\$ 180,964	\$ 76,759	\$ 133,199	\$ 390,579	\$ 571,548	\$ -	\$ 1,353,049
Outflow	187,906	75,186	130,844	379,303	546,061	-	1,319,300
Interest rate derivative instruments							
Inflow	83,184	154,548	179,470	1,056,864	4,570,734	19,685,043	25,729,843
Outflow	2,726,618	304,525	145,885	511,307	3,262,605	9,177,382	16,128,322
Credit derivative instruments							
Inflow	-	53,450	57,123	110,599	534,060	1,618	756,850
Outflow	-	-	-	-	-	-	-
Total inflows	<u>\$ 264,148</u>	<u>\$ 284,757</u>	<u>\$ 369,792</u>	<u>\$ 1,558,042</u>	<u>\$ 5,676,342</u>	<u>\$ 19,686,661</u>	<u>\$ 27,839,742</u>
Total outflows	<u>\$ 2,914,524</u>	<u>\$ 379,711</u>	<u>\$ 276,729</u>	<u>\$ 890,610</u>	<u>\$ 3,808,666</u>	<u>\$ 9,177,382</u>	<u>\$ 17,447,622</u>

(Blank below)

(B) Derivatives settled on a gross basis

Derivatives of the Bank and its subsidiaries settled on a gross basis include:

- a. Foreign exchange derivatives: forward exchange
- b. Interest derivatives: cross currency swaps and currency swaps

UNIT : In NT Thousand Dollars

December 31, 2015							
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	\$ 36,982,855	\$ 18,200,017	\$ 6,624,541	\$ 6,855,960	\$ 207,784	\$ -	\$ 68,871,157
Outflow	37,113,008	18,178,305	6,694,306	6,805,919	206,636	-	68,998,174
Interest rate derivative instruments							
Inflow	287,052,683	154,550,737	98,456,581	25,737,148	238,315	3,390,391	569,425,855
Outflow	285,730,849	153,920,189	97,454,281	25,566,614	237,151	3,069,753	565,978,837
Total inflows	\$ 324,035,538	\$ 172,750,754	\$ 105,081,122	\$ 32,593,108	\$ 446,099	\$ 3,390,391	\$ 638,297,012
Total outflows	\$ 322,843,857	\$ 172,098,494	\$ 104,148,587	\$ 32,372,533	\$ 443,787	\$ 3,069,753	\$ 634,977,011

UNIT : In US Thousand Dollars

December 31, 2015							
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	\$ 1,124,509	\$ 553,394	\$ 201,428	\$ 208,463	\$ 6,318	\$ -	\$ 2,094,112
Outflow	1,128,467	552,734	203,548	206,942	6,283	-	2,097,974
Interest rate derivative instruments							
Inflow	8,728,189	4,699,305	2,993,693	782,570	7,246	103,089	17,314,092
Outflow	8,687,997	4,680,132	2,963,217	777,384	7,211	93,340	17,209,281
Total inflows	\$ 9,852,698	\$ 5,252,699	\$ 3,195,121	\$ 991,033	\$ 13,564	\$ 103,089	\$ 19,408,204
Total outflows	\$ 9,816,464	\$ 5,232,866	\$ 3,166,765	\$ 984,326	\$ 13,494	\$ 93,340	\$ 19,307,255

UNIT : In NT Thousand Dollars

December 31, 2014							
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	\$ 29,118,147	\$ 15,364,459	\$ 9,951,303	\$ 2,479,995	\$ 1,356,880	\$ -	\$ 58,270,784
Outflow	29,218,281	15,607,300	10,098,013	2,498,221	1,356,645	-	58,778,460
Interest rate derivative instruments							
Inflow	343,667,061	71,589,619	49,354,178	46,622,413	13,841	1,372,474	512,619,586
Outflow	343,808,938	69,022,380	46,863,052	44,480,057	11,198	1,220,012	505,405,637
Total inflows	\$ 372,785,208	\$ 86,954,078	\$ 59,305,481	\$ 49,102,408	\$ 1,370,721	\$ 1,372,474	\$ 570,890,370
Total outflows	\$ 373,027,219	\$ 84,629,680	\$ 56,961,065	\$ 46,978,278	\$ 1,367,843	\$ 1,220,012	\$ 564,184,097

E. Analysis for off-balance sheet contractual commitments

UNIT : In NT Thousand Dollars

December 31, 2015							
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Irrevocable commitments	\$ 972,703	\$ 870,438	\$ 59,846,527	\$ 2,695,566	\$ 23,113,052	\$ 78,610,712	\$ 166,108,998
Financial guarantee contracts	51,556,895	54,250,919	42,740,400	98,310,823	24,631,458	1,357,667	272,848,162
Total	\$ 52,529,598	\$ 55,121,357	\$ 102,586,927	\$ 101,006,389	\$ 47,744,510	\$ 79,968,379	\$ 438,957,160

UNIT : In US Thousand Dollars

December 31, 2015							
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Irrevocable commitments	\$ 29,576	\$ 26,467	\$ 1,819,707	\$ 81,962	\$ 702,781	\$ 2,390,255	\$ 5,050,748
Financial guarantee contracts	1,567,651	1,649,566	1,299,574	2,989,261	748,949	41,282	8,296,283
Total	\$ 1,597,227	\$ 1,676,033	\$ 3,119,281	\$ 3,071,223	\$ 1,451,730	\$ 2,431,537	\$ 13,347,031

UNIT : In NT Thousand Dollars

December 31, 2014							
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Irrevocable commitments	\$ 1,711,941	\$ 7,172,058	\$ 58,004,277	\$ 1,896,535	\$ 24,013,417	\$ 78,335,705	\$ 171,133,933
Financial guarantee contracts	53,397,736	58,572,438	48,851,049	111,409,460	21,061,207	841,145	294,133,035
Total	\$ 55,109,677	\$ 65,744,496	\$ 106,855,326	\$ 113,305,995	\$ 45,074,624	\$ 79,176,850	\$ 465,266,968

- a. Off-balance sheet items include irrevocable commitments, financial guarantee contracts and leasing contractual commitments
- b. Irrevocable commitments include irrevocable arranged financing limit and credit card line commitments
- c. Financial guarantee contracts refer to guarantees and letters of credit issued

F. Analysis for maturity leasing contractual commitments

UNIT : In NT Thousand Dollars

December 31, 2015				
	Not later than one year	1 year-5 years	Over 5 years	Total
Leasing contractual commitments				
Non-cancellable aggregate minimum lease payments	\$ 492,649	\$ 829,010	\$ 679,729	\$ 2,001,388
Non-cancellable aggregate minimum lease income	160,166	243,163	12,233	415,562
Net payment	<u>\$ 332,483</u>	<u>\$ 585,847</u>	<u>\$ 667,496</u>	<u>\$ 1,585,826</u>

UNIT : In US Thousand Dollars

December 31, 2015				
	Not later than one year	1 year-5 years	Over 5 years	Total
Leasing contractual commitments				
Non-cancellable aggregate minimum lease payments	\$ 14,980	\$ 25,207	\$ 20,668	\$ 60,855
Non-cancellable aggregate minimum lease income	4,870	7,394	372	12,636
Net payment	<u>\$ 10,110</u>	<u>\$ 17,813</u>	<u>\$ 20,296</u>	<u>\$ 48,219</u>

UNIT : In NT Thousand Dollars

December 31, 2014				
	Not later than one year	1 year-5 years	Over 5 years	Total
Leasing contractual commitments				
Non-cancellable aggregate minimum lease payments	\$ 481,500	\$ 748,920	\$ 690,181	\$ 1,920,601
Non-cancellable aggregate minimum lease income	169,007	159,175	21,780	349,962
Net payment	<u>\$ 312,493</u>	<u>\$ 589,745</u>	<u>\$ 668,401</u>	<u>\$ 1,570,639</u>

G. Disclosure requirements in the "Regulations Governing the Preparation of Financial Reports by Public Banks"

(A) Maturity analysis of NTD financial instruments of the Bank

UNIT: In NT Thousand Dollars

December 31, 2015							
	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	\$ 1,713,321,538	\$ 152,807,613	\$ 212,108,363	\$ 149,411,023	\$ 123,835,595	\$ 183,338,830	\$ 891,820,114
Primary funds outflow upon maturity	2,493,940,047	94,231,560	198,816,170	271,669,356	307,279,804	522,259,322	1,099,683,835
Gap	<u>(\$ 780,618,509)</u>	<u>\$ 58,576,053</u>	<u>\$ 13,292,193</u>	<u>(\$ 122,258,333)</u>	<u>(\$ 183,444,209)</u>	<u>(\$ 338,920,492)</u>	<u>(\$ 207,863,721)</u>

UNIT: In US Thousand Dollars

December 31, 2015							
	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	\$ 52,095,644	\$ 4,646,303	\$ 6,449,415	\$ 4,543,025	\$ 3,765,373	\$ 5,574,643	\$ 27,116,885
Primary funds outflow upon maturity	75,831,308	2,865,226	6,045,250	8,260,440	9,343,219	15,879,936	33,437,237
Gap	<u>(\$ 23,735,664)</u>	<u>\$ 1,781,077</u>	<u>\$ 404,165</u>	<u>(\$ 3,717,415)</u>	<u>(\$ 5,577,846)</u>	<u>(\$ 10,305,293)</u>	<u>(\$ 6,320,352)</u>

UNIT: In NT Thousand Dollars

December 31, 2014							
	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	\$ 1,635,625,799	\$ 192,092,440	\$ 275,672,721	\$ 81,636,679	\$ 92,597,606	\$ 182,305,978	\$ 811,320,375
Primary funds outflow upon maturity	2,389,229,597	106,133,851	183,502,443	290,805,239	285,962,270	486,686,837	1,036,138,957
Gap	<u>(\$ 753,603,798)</u>	<u>\$ 85,958,589</u>	<u>\$ 92,170,278</u>	<u>(\$ 209,168,560)</u>	<u>(\$ 193,364,664)</u>	<u>(\$ 304,380,859)</u>	<u>(\$ 224,818,582)</u>

(B) Maturity analysis of USD financial instruments of the Bank

UNIT: In US Thousand Dollars

December 31, 2015						
	Total	0-30 days	31-90 days	91-180 days	181 days– 1 year	Over 1 year
Primary funds inflow upon maturity	\$ 49,192,216	\$ 19,824,266	\$ 6,928,530	\$ 4,372,053	\$ 3,886,530	\$ 14,180,837
Primary funds outflow upon maturity	65,418,953	23,744,666	9,451,321	6,520,937	8,066,411	17,635,618
Gap	(\$ 16,226,737)	(\$ 3,920,400)	(\$ 2,522,791)	(\$ 2,148,884)	(\$ 4,179,881)	(\$ 3,454,781)

December 31, 2014						
	Total	0-30 days	31-90 days	91-180 days	181 days– 1 year	Over 1 year
Primary funds inflow upon maturity	\$ 46,951,288	\$ 17,589,733	\$ 6,585,580	\$ 4,185,118	\$ 5,281,519	\$ 13,309,338
Primary funds outflow upon maturity	67,917,707	28,432,372	7,282,055	7,072,663	8,945,456	16,185,161
Gap	(\$ 20,966,419)	(\$ 10,842,639)	(\$ 696,475)	(\$ 2,887,545)	(\$ 3,663,937)	(\$ 2,875,823)

Note 1: The funds denominated in US dollars means the amount of all US dollars of the Bank.

Note 2: If overseas assets exceed 10% of total assets, supplementary information shall be disclosed.

(C) Maturity analysis of USD financial instruments of the foreign branches

UNIT : In US Thousand Dollars

December 31, 2015						
	Total	0-30 days	31-90 days	91-180 days	181 days– 1 year	Over 1 year
Primary funds inflow upon maturity	\$ 18,389,498	\$ 9,879,840	\$ 1,940,168	\$ 872,192	\$ 883,489	\$ 4,813,809
Primary funds outflow upon maturity	21,068,444	12,305,964	1,083,854	942,448	1,188,771	5,547,407
Gap	(\$ 2,678,946)	(\$ 2,426,124)	\$ 856,314	(\$ 70,256)	(\$ 305,282)	(\$ 733,598)

December 31, 2014						
	Total	0-30 days	31-90 days	91-180 days	181 days– 1 year	Over 1 year
Primary funds inflow upon maturity	\$ 17,994,406	\$ 10,605,599	\$ 1,793,273	\$ 750,828	\$ 870,644	\$ 3,974,062
Primary funds outflow upon maturity	20,208,347	12,397,830	1,644,153	1,630,766	375,053	4,160,545
Gap	(\$ 2,213,941)	(\$ 1,792,231)	\$ 149,120	(\$ 879,938)	\$ 495,591	(\$ 186,483)

(5) Market risk

A. Definition of market risk

Market risk refers the potential losses of the Bank's and its subsidiaries' on-balance-sheet and off-balance-sheet positions due to the Bank and its subsidiaries enduring fluctuations of market prices (for example: fluctuations of market interest, exchange rates, stock prices and price of products).

B. Objective of market risk management

The objective of the Bank's and its subsidiaries' market risk management is to confine risks within a tolerable scope to avoid the fluctuations of financial product prices impacting future returns and the values of assets and liabilities.

C. Market risk management policies and procedures

The Board of (Managing) Directors decided the risk tolerant limits, position limits, and loss limits. Market risk management comprises trading book control and banking book control. Trading book operation mainly pertains to the positions held by bills and securities firms due to market making. Policies for financial instrument trading of bank are based on back-to-back operation principle. Banking book is based on held-to-maturity principle and adopts hedging measures.

D. Procedures for market risk management

(A) The Bank's objectives of market risk management are respectively proposed by The Treasury Department and The Financial Risk Management Center, and then Risk Control Department summarizes and reports these objectives to Risk Management Committee of Mega Financial Holdings and the Bank's Board of Directors for assessment.

(B) Financial Risk Management Center not only prepares statement of market risk position and profit and loss of various financial instruments but regularly compiles securities investment performance evaluation and reports to the Board of (Managing) Directors for the Board's knowledge of the Bank's risk control over securities investment. Risk Management Department summarizes and

analyzes information from finance department on a daily basis. If there is any early warning indicator approaching stop-loss, Risk Management Department will request Financial Risk Management Center to inform Treasury Department of increasing attention in response to changes in market. Besides, Risk Management Department monthly summarizes and analyzes data collected from positions of various financial instruments, profit and loss assessment, analysis on risk-sensitive factors, and stress testing for senior management's knowledge of the Bank's market risk exposure profile.

E. Market risk measurement and control principle

- (A) The Bank's market risk report contains interest rate, exchange rate, positions of equity securities, credit default swap (CDS) and profit and loss assessment. Every transaction has limit and stop-loss provisions, which shall be submitted to approval management in accordance with the Bank's regulations. Stop-loss limit shall be implemented as soon as a transaction reaches the threshold. If no stop-loss limit will be implemented, trading units shall immediately make statement about reasons to not implement stop-loss limit and coping plan, which shall be submitted to senior management for approval and reported to the Board of (Managing) Directors regularly.
- (B) Non-hedging trading positions of derivative financial instruments are daily assessed based on the market value, whereas hedging trading positions of futures are daily assessed and others are assessed twice a month.
- (C) SUMMIT information system and DW information system for market risk provides functions in relation to risk management such as real-time limits, profit and loss assessment, analysis on risk-sensitive factors, stress testing, and VaR calculation.

F. Policies and procedures of trading-book risk management

The Bank and its subsidiaries daily monitor trading-book positions, changes in risk exposures, and various risk limits, including trading rooms, traders and product line risk limits.

If trading-book financial instruments have market price, the valuation of those instruments is conducted at least one time daily using the independent source and available information. If using mathematical model valuation, the assumptions and parameters used in the model are reviewed regularly.

Risk measurement methods include VaR and sensitivity analysis.

The Bank and its subsidiaries conduct stress test on the positions of its interest rate, foreign exchange rate products, equity securities and credit default swap (CDS) on the assumptions of the monthly change in interest rate, securities market index, foreign exchange rate and CDS by 1%, 15%, 3% and 100 base points, respectively, and reports to the Asset & Liability and Risk Management Committee.

G. Trading-book interest rate risk management

Trading-book interest rate risk refers to the financial loss of the decline in values of interest rate products held due to unfavorable changes in interest rates, including securities and derivatives with interest.

The Bank and its subsidiaries interest rate products are traded mainly for hedging.

The trading group screens the credits and financial positions of issuers and selects investment objectives by judging interest rate trend and a variety of country risks and based on the authorized minimum investment criteria. The Bank and its subsidiaries set trading-book trading limits and stop-loss limits (including trading rooms, traders, trading products, counterparties, and daily and overnight limits) based on business strategies and market conditions, and measure monthly the extent of impact of interest rate risk on investment portfolios using DV01 value.

H. Banking book interest rate risk management

Banking book interest rate risk mainly comes from the unmatched maturity dates of assets and liabilities or price resetting dates, and inconsistent changes in base interest rates for assets and liabilities. The Bank and its subsidiaries' interest rate risk mainly comes from the unmatched periods of interest-rate sensitive assets and liabilities of the Bank and its subsidiaries.

As the Bank and its subsidiaries have interest-rate sensitive gaps, market interest rate fluctuations have good or bad impacts on the Bank and its subsidiaries' earnings and cash flows.

The Bank and its subsidiaries manage Banking book interest rate risk by using repricing gap analysis. The interest-rate repricing gap analysis is to estimate the difference between the assets and liabilities with interest bearing that are to be due near or repriced within a certain period and measure the impact of interest rate change on net interest revenue. The analysis assumes assets and liabilities structure remain unchanged and there are parallel movements of interest rate curves, and excludes the customer behavior, basis risk, option characteristics of early repayment of bonds. The Bank and its subsidiaries calculate the change in net interest revenue for this year and also monitor the percentage of change in net interest revenue to the projection of net interest revenue for this year.

The Bank and its subsidiaries monthly analyze and monitor interest rate risk positions limits and various interest rate risk management indexes. If any risk management index exceeds limit, the Bank and its subsidiaries will adopt responding measures and report the analysis and monitoring results to the Fund Management Committee, the Asset & Liability and Risk Management Committee and the Board of Directors.

I. Foreign exchange risk management

Foreign exchange risk refers to the losses caused by the exchange of two different currencies at different times. The Bank and its subsidiaries' foreign exchange risk mainly comes from its derivative instruments business such as spot foreign exchange, forward foreign exchange and foreign exchange options. The foreign exchange trading of the Bank and its subsidiaries are mainly for offsetting customers' positions on the same day; therefore, foreign exchange risk is relatively low.

To control trading-book foreign exchange risk, subsidiaries have set trading limits and stop-loss limits for trading rooms and traders and also set the annual maximum loss limits to control the losses within the tolerable scopes.

J. The Bank and its subsidiaries' foreign exchange risk gaps

UNIT : In NT Thousand Dollars

	December 31, 2015				
	USD	AUD	RMB	EUR	JPY
Assets					
Cash and cash equivalents	\$ 104,413,297	\$ 407,787	\$ 21,972,350	\$ 2,011,151	\$ 2,261,350
Due from the Central Bank and call loans to banks	395,731,182	466,070	12,389,212	2,730,334	21,399,477
Financial assets at fair value through profit or loss	37,810,831	2,306,919	775	1,139,603	1,009
Receivables	48,740,032	4,108,989	60,892,420	1,811,053	1,888,390
Bills discounted and loans	557,267,013	37,097,367	10,107,113	22,762,021	33,028,533
Available-for-sale financial assets	46,975,580	43,187,174	29,846,677	5,245,284	-
Held-to-maturity financial assets	17,282,670	1,594,793	3,761,025	306,452	546,288
Other assets	15,271,540	9,617,567	14,311,855	(3,911,396)	1,276,504
Total assets	1,223,492,145	98,786,666	153,281,427	32,094,502	60,401,551
Liabilities					
Due to the Central Bank and commercial bank	358,371,553	4,264,077	13,516,750	2,260,385	24,084,825
Borrowed funds	45,459,094	-	-	-	-
Financial liabilities at fair value through profit or loss	20,614,005	27,140	242	1,851	1,063
Bills and bonds sold under repurchased agreements	-	-	-	-	-
Payables	16,264,816	163,361	1,106,099	427,713	1,644,420
Current tax liabilities	211,316	42,631	29,845	23,170	145,049
Deposits and remittances	807,812,448	32,311,316	104,223,969	26,485,856	24,790,121
Other liabilities	8,515,625	1,123,716	2,150,030	649,687	416,604
Total liabilities	1,257,248,857	37,932,241	121,026,935	29,848,662	51,082,082
On-balance sheet foreign exchange gap	(\$ 33,756,712)	\$ 60,854,425	\$ 32,254,492	\$ 2,245,840	\$ 9,319,469
Off-balance sheet commitments	\$ 68,973,213	\$ 1,342,322	\$ 2,168,428	\$ 12,234,400	\$ 4,027,884
NTD exchange rate	32.8880	23.9754	4.9959	35.9236	0.2730

	December 31, 2014				
	USD	AUD	RMB	EUR	JPY
Assets					
Cash and cash equivalents	\$ 58,441,549	\$ 375,309	\$ 89,048,766	\$ 1,449,118	\$ 1,870,644
Due from the Central Bank and call loans to banks	346,223,194	1,027,678	34,262,391	1,982,565	3,631,369
Financial assets at fair value through profit or loss	32,373,119	1,323,484	4,661	1,715,207	3,610
Receivables	84,777,301	2,231,788	59,687,634	595,411	3,081,715
Bills discounted and loans	546,696,873	46,927,560	5,694,348	19,242,791	40,227,337
Available-for-sale financial assets	26,716,647	36,275,680	18,384,974	4,855,744	-
Held-to-maturity financial assets	9,312,755	1,465,776	3,156,426	425,632	531,705
Other assets	1,274,174	102,162	437,861	82,840	108,094
Total assets	1,105,815,612	89,729,437	210,677,061	30,349,308	49,454,474
Liabilities					
Due to the Central Bank and commercial bank	392,872,367	4,534,188	11,862,026	1,684,064	24,520,992
Borrowed funds	48,563,838	-	-	2,877,423	-
Financial liabilities at fair value through profit or loss	21,606,886	59,393	3,986	3,527	4,351
Bills and bonds sold under repurchased agreements	21,105,519	28,339,158	-	-	-
Payables	14,741,621	240,373	1,279,509	399,966	2,477,353
Current tax liabilities	158,589	56,062	51,745	18,164	122,796
Deposits and remittances	648,450,196	30,674,475	132,848,533	24,806,957	22,560,338
Other liabilities	5,179,089	1,930,765	3,575,710	503,585	887,260
Total liabilities	1,152,678,105	65,834,414	149,621,509	30,293,686	50,573,090
On-balance sheet foreign exchange gap	(\$ 46,862,493)	\$ 23,895,023	\$ 61,055,552	\$ 55,622	(\$ 1,118,616)
Off-balance sheet commitments	\$ 79,432,760	\$ 1,107,562	\$ 1,937,304	\$ 12,917,889	\$ 6,034,443
NTD exchange rate	31.6630	26.0017	5.0971	38.5244	0.2654

K. Risk management for equity securities

Due to needs of proprietary, make market and tactic, etc., the Bank held equity securities within the regulations of the law. That market risk comprises the risk of individual equity security arising from the security's market price changes and the general market risk arising from overall equity securities market price changes.

The investment operating group mainly selects blue chip stocks which have high liquidity and sets the investment price according to fundamentals and market transactions. After the investment has been approved by the investment deliberation committee, the operational personnel purchase the stock within the maximum percentage of the approved price, as the case may be.

Daily trading records, details of investment portfolios and overview of profit or loss shall report to the management and measurement of the extent of the impact of systematic risk on investment portfolios using β value monthly. The Bank and its subsidiaries generally set a stop loss, stop interest, pre-warning and exception handling requirements, and limit control to held individual stock and industry concentration.

L. Sensitivity analysis

Sensitivity analysis of the Bank and its subsidiaries' financial instruments (including trading book and non-trading book):

December 31, 2015

UNIT : In NT Thousand Dollars

Risks	Extent of Variation	Effect on Profit or Loss	Effect on Equity
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies appreciated by 1%	(\$ 168,072)	\$ -
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies depreciated by 1%	168,072	-
Interest rate risk	Major increases in interest rates 1BPS	17,717	(23,172)
Interest rate risk	Major decline in interest rates 1BPS	(17,717)	23,172
Equity securities risk	TAIEX declined by 1%.	(28,735)	(55,601)
Equity securities risk	TAIEX increased by 1%	28,735	55,601

December 31, 2015

UNIT : In US Thousand Dollars

Risks	Extent of Variation	Effect on Profit or Loss	Effect on Equity
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies appreciated by 1%	(\$ 5,110)	\$ -
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies depreciated by 1%	5,110	-
Interest rate risk	Major increases in interest rates 1BPS	539	(705)
Interest rate risk	Major decline in interest rates 1BPS	(539)	705
Equity securities risk	TAIEX declined by 1%.	(874)	(1,691)
Equity securities risk	TAIEX increased by 1%	874	1,691

December 31, 2014

UNIT : In NT Thousand Dollars

Risks	Extent of Variation	Effect on Profit or Loss	Effect on Equity
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies appreciated by 1%	(\$ 47,016)	\$ -
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies depreciated by 1%	47,016	-
Interest rate risk	Major increases in interest rates 1BPS	226	(15,411)
Interest rate risk	Major decline in interest rates 1BPS	(226)	15,411
Equity securities risk	TAIEX declined by 1%.	(51,040)	(75,788)
Equity securities risk	TAIEX increased by 1%	51,040	75,788

M. Disclosure requirements in the "Regulations Governing the Preparation of Financial Reports by Public Banks"

Interest rate sensitivity analysis on assets and liabilities (NT Dollars)

December 31, 2015

UNIT : In NT Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	\$ 516,266,779	\$ 828,046,861	\$ 7,364,395	\$ 44,195,492	\$ 1,395,873,527
Interest rate sensitive liabilities	474,574,216	616,401,650	88,037,742	44,684,635	1,223,698,243
Interest rate sensitive gap	\$ 41,692,563	\$ 211,645,211	(\$ 80,673,347)	(\$ 489,143)	\$ 172,175,284
Net worth					\$ 239,592,215
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					114.07%
Ratio of interest rate sensitivity gap to net worth					71.86%

Interest rate sensitivity analysis on assets and liabilities (NT Dollars)
December 31, 2015

UNIT : In US Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	\$ 15,697,725	\$ 25,177,781	\$ 223,924	\$ 1,343,818	\$ 42,443,248
Interest rate sensitive liabilities	14,430,011	18,742,449	2,676,896	1,358,691	37,208,047
Interest rate sensitive gap	\$ 1,267,714	\$ 6,435,332	(\$ 2,452,972)	(\$ 14,873)	\$ 5,235,201
Net worth					\$ 7,285,095
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					114.07%
Ratio of interest rate sensitivity gap to net worth					71.86%

Interest rate sensitivity analysis on assets and liabilities (NT Dollars)
December 31, 2014

UNIT : In NT Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	\$ 517,544,862	\$ 793,633,242	\$ 5,458,866	\$ 21,875,492	\$ 1,338,512,462
Interest rate sensitive liabilities	531,933,123	577,848,161	40,867,077	41,273,642	1,191,922,003
Interest rate sensitive gap	(\$ 14,388,261)	\$ 215,785,081	(\$ 35,408,211)	(\$ 19,398,150)	\$ 146,590,459
Net worth					\$ 201,084,879
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					112.30%
Ratio of interest rate sensitivity gap to net worth					72.90%

Notes :

1. The above amounts included only New Taiwan dollar amounts by the onshore branches of the Bank (i.e. excluding foreign currency).
2. Interest rate sensitive assets and liabilities refer to the interest-earning assets and interest-bearing liabilities of which the income or costs are affected by the fluctuations in interest rates.
3. Interest rate sensitivity gap = Interest rate sensitive assets – Interest rate sensitive liabilities
4. Ratio of interest rate sensitive assets to interest rate sensitive liabilities = Interest rate sensitive assets ÷ Interest rate sensitive liabilities (referring to the current interest rate sensitive assets and liabilities denominated in New Taiwan dollars)

Interest rate sensitivity analysis on assets and liabilities (US Dollars)
December 31, 2015

UNIT : In US Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	\$ 32,285,909	\$ 1,802,050	\$ 393,155	\$ 366,323	\$ 34,847,437
Interest rate sensitive liabilities	33,693,738	1,497,285	1,141,957	535,953	36,868,933
Interest rate sensitive gap	(\$ 1,407,829)	\$ 304,765	(\$ 748,802)	(\$ 169,630)	(\$ 2,021,496)
Net worth					\$ 544,916
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					94.52%
Ratio of interest rate sensitivity gap to net worth					-370.97%

Interest rate sensitivity analysis on assets and liabilities (US Dollars)
December 31, 2014

UNIT : In US Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	\$ 31,787,537	\$ 989,720	\$ 535,738	\$ 632,660	\$ 33,945,655
Interest rate sensitive liabilities	32,523,628	1,140,004	1,000,605	502,402	35,166,639
Interest rate sensitive gap	(\$ 736,091)	(\$ 150,284)	(\$ 464,867)	\$ 130,258	(\$ 1,220,984)
Net worth					\$ 626,391
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					96.53%
Ratio of interest rate sensitivity gap to net worth					-194.92%

Note :

1. The above amounts included only US dollars denominated assets and liabilities of head office, domestic and foreign branches, and the OBU branch. Contingent assets and liabilities are excluded.
2. Interest rate sensitivity gap = Interest rate sensitive assets – Interest rate sensitive liabilities.
3. Ratio of interest rate sensitive assets to interest rate sensitive liabilities = Interest rate sensitive assets ÷ Interest rate sensitive liabilities (referring to the current interest rate sensitive assets and liabilities denominated in US dollars).

(6) Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety

In the Bank's and its subsidiaries' ordinary course of transactions, transferred financial assets that are not derecognised in their entirety are primarily debt securities provided as liens for the counterparty through repurchase agreements. Because such transactions are virtually secured loans and reflect a liability where the Bank and its subsidiaries are obligated to repurchase transferred assets with a fixed price in the future, for such transactions, the Bank and its subsidiaries may not use, sell or pledge such transferred financial assets within the effective period of the transactions; however, the Bank and its subsidiaries still bears the interest rate risk and credit risk, thus they are not derecognised in their entirety.

Information on financial assets and related financial liabilities at December 31, 2015 that were not derecognised in their entirety: None.

(7) Offsetting financial assets and financial liabilities

The Bank and its subsidiaries have engaged in financial instrument transactions that apply the offsetting requirements in Paragraph 42 of IAS 32 as endorsed by the FSC. Financial assets and financial liabilities related to these transactions are reported at net amount on the balance sheet.

The Bank and its subsidiaries have also engaged in offsetting terms that do not conform to the IFRSs. However, they have entered into enforceable master netting arrangements or similar agreements with counterparties. For example: global master repurchase agreements or similar repurchase or reverse repurchase agreements. When the above-mentioned enforceable master netting arrangements or similar agreements are elected by both parties to be settled by net amount, settlements may be made by using the net amount after the offsetting of financial assets and financial liabilities. Conversely if no such arrangements are made, settlements are made using the gross amount. However, upon the event of a default of a party, the counterparty may choose settle by net amount.

The following table lists information related to the above-mentioned offsetting of financial assets and financial liabilities.

December 31, 2015

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

UNIT : In NT Thousand Dollars

Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not offset in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	\$ 4,857,594	\$ -	\$ 4,857,594	\$ 616,636	\$ 1,441,783	\$ 2,799,175

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

Description	Gross amounts of recognised financial liabilities (a)	Gross amounts of recognised financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Not offset in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	\$ 4,757,866	\$ -	\$ 4,757,866	\$ 616,636	\$ 11,634	\$ 4,129,596

December 31, 2015

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

UNIT : In US Thousand Dollars

Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not offset in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	\$ 147,701	\$ -	\$ 147,701	\$ 18,750	\$ 43,839	\$ 85,112

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

Description	Gross amounts of recognised financial liabilities (a)	Gross amounts of recognised financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Not offset in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	\$ 144,669	\$ -	\$ 144,669	\$ 18,750	\$ 354	\$ 125,565

December 31, 2014

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

UNIT : In NT Thousand Dollars

Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities offset in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not offset in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	\$ 5,066,261	\$ -	\$ 5,066,261	\$ 649,138	\$ 1,052,093	\$ 3,365,030

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

Description	Gross amounts of recognised financial liabilities (a)	Gross amounts of recognised financial assets offset in the balance sheet (b)	Net amounts of financial liabilities presented in the balance sheet (c)=(a)-(b)	Not offset in the balance sheet(d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative instruments	\$ 7,425,472	\$ -	\$ 7,425,472	\$ 649,138	\$ 44,464	\$ 6,731,870
Repurchase agreement	49,444,677	-	49,444,677	49,444,677	-	-
Total	\$ 56,870,149	\$ -	\$ 56,870,149	\$ 50,093,815	\$ 44,464	\$ 6,731,870

(Note) Including net settlement master netting arrangements and non-cash collaterals.

9. CAPITAL MANAGEMENT

(1) Objective of capital management

- A. The Bank and its subsidiaries' qualifying self-owned capital should meet the regulatory requirements and meet the minimum regulated capital adequacy ratio. This is the basic objective of capital management of the Bank and its subsidiaries. The calculation and provision of qualifying self-owned capital and regulated capital shall follow the regulations of the competent authority.
- B. In order to have adequate capital to take various risks, the Bank and its subsidiaries shall assess the required capital with consideration of the risk portfolio it faces and the risk characteristics, and manages risk through capital allocation to realize optimum utilization of capital allocation.

(2) Capital management procedures

- A. Following the "Regulations Governing the Capital Adequacy Ratio of Banks" of the Financial Supervisory Commission, the Bank calculates capital adequacy ratio on a consolidated basis and reports this information regularly.
- B. The calculation of capital adequacy ratio of subsidiaries shall follow the regulations of regulatory authorities; if without regulations, capital adequacy ratio is computed as net of qualifying self-own capital divided by regulated capital.

(3) Capital adequacy ratio

Capital adequacy shown in the following table was calculated in accordance with "Regulations Governing the Capital Adequacy Ratio of Banks" effective on December 31, 2015 and 2014.

UNIT : In NT Thousand Dollars, %

Annual		December 31, 2015	December 31, 2014
Items			
Self-owned capital	Capital of Common equity	\$ 244,583,282	\$ 207,734,290
	Other Tier 1 Capital	-	-
	Tier 2 Capital, net	44,734,116	45,401,452
	Self-owned capital, net	289,317,398	253,135,742
Total risk -weighted assets (Note 1)	Credit risk	Standardized Approach	2,033,605,160
		Internal Ratings-Based Approach	-
		Asset securitization	1,375,313
	Operation risk	Basic Indicator Approach	89,086,413
		Standardized Approach / Alternative Standardized Approach	-
		Advanced Measurement Approaches	-
	Market risk	Standardized Approach	46,141,363
		Internal Models Approach	-
	Total risk-weighted assets		2,170,208,249
Capital adequacy ratio (Note 2)		13.33%	11.95%
Total risk assets based Capital of Common equity, net Ratio		11.27%	9.81%
Total risk assets based Tier 1 Capital, net Ratio		11.27%	9.81%
Leverage ratio		7.02%	4.17%

Note 1: The self-owned capital, risk-weighted assets and exposures amount in the table above should be filled in accordance with "Regulations Governing the Capital Adequacy Ratio of Banks" and "calculation method and table of self-owned capital and risk-weighted assets".

Note 2: Current and prior year's capital adequacy ratio should be disclosed in the annual reports. In addition to current and prior year's capital adequacy, capital adequacy ratio at the end of prior year should be disclosed in the semi-annual reports.

Note 3: The relevant formulas are as follows:

- Self-owned capital = Tier 1 Capital of Common equity, net + Other Tier 1 Capital, net + Tier 2 Capital, net
- Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5
- Capital adequacy ratio = Self-owned capital / Total risk-weighted assets
- Total risk assets based Tier 1 Capital of Common equity, net Ratio = Tier 1 Capital of Common equity, net / Total risk-weighted assets
- Total risk assets based Tier 1 Capital, net Ratio = (Tier 1 Capital of Common equity, net + Other Tier 1 Capital, net) / Total risk-weighted assets
- Gearing ratio = Tier 1 capital/ exposures amount

Note 4: For 1st quarter and 3rd quarter financial reports, the table of capital adequacy ratio is not required to be disclosed.

10. OPERATING SEGMENTS INFORMATION

(1) General information

The Bank and its subsidiaries use reported information to the Chief Operating Decision-Maker (CODM) to identify segments and geographic information. The Bank and its subsidiaries mainly focus on the businesses in Asia and North America. The disclosed operating segment by the Bank and its subsidiaries is stipulated in Article 3 of the Banking Law, and the generated income is the main source of income.

(2) Information of segment profit or loss, assets and liabilities

The Bank and its subsidiaries' management mainly focuses on the operating results of the whole bank, which is consistent with that of the consolidated statements of comprehensive income.

(3) Information of major customers

The Bank and its subsidiaries' source of income is not concentrated on transactions with a single customer or single trading.

(4) Information by products and services

All operating segments' operating results of the Bank and its subsidiaries mainly come from interest income from external clients and is measured on a consistent basis compared with the statement of comprehensive income. The segmental income also consist of internal profit and loss appropriated by the terms agreed amongst segments other than external revenue. Please refer to the information by geography for relevant components of income balances.

(5) Financial Information By Geographic Area

For the year ended December 31, 2015						
(UNIT: In NT Thousand Dollars)						
	Domestic Department	Asia (Note)	North America	Other Overseas Operating Department	Adjustment and Write-off	Total
Revenue from customers outside the Bank	\$ 41,097,238	\$ 4,962,362	\$ 2,583,711	\$ 1,863,005	(\$ 265,094)	\$ 50,241,222
Revenue from departments within the Bank	840,860	(421,904)	(15,676)	(403,634)	354	-
Total revenue	<u>\$ 41,938,098</u>	<u>\$ 4,540,458</u>	<u>\$ 2,568,035</u>	<u>\$ 1,459,371</u>	<u>(\$ 264,740)</u>	<u>\$ 50,241,222</u>
Profit or loss	<u>\$ 24,842,947</u>	<u>\$ 3,286,027</u>	<u>\$ 1,716,326</u>	<u>\$ 867,943</u>	<u>(\$ 393,034)</u>	<u>\$ 30,320,209</u>
Assets attributable to specific departments	<u>\$ 2,424,108,458</u>	<u>\$ 236,372,025</u>	<u>\$ 358,103,619</u>	<u>\$ 75,532,084</u>	<u>(\$ 5,348,463)</u>	<u>\$ 3,088,767,723</u>
For the year ended December 31, 2015						
(UNIT: In US Thousand Dollars)						
	Domestic Department	Asia (Note)	North America	Other Overseas Operating Department	Adjustment and Write-off	Total
Revenue from customers outside the Bank	\$ 1,249,612	\$ 150,887	\$ 78,561	\$ 56,647	(\$ 8,061)	\$ 1,527,646
Revenue from departments within the Bank	25,568	(12,829)	(477)	(12,273)	11	-
Total revenue	<u>\$ 1,275,180</u>	<u>\$ 138,058</u>	<u>\$ 78,084</u>	<u>\$ 44,374</u>	<u>(\$ 8,050)</u>	<u>\$ 1,527,646</u>
Profit or loss	<u>\$ 755,380</u>	<u>\$ 99,916</u>	<u>\$ 52,187</u>	<u>\$ 26,391</u>	<u>(\$ 11,951)</u>	<u>\$ 921,923</u>
Assets attributable to specific departments	<u>\$ 73,707,993</u>	<u>\$ 7,187,181</u>	<u>\$ 10,888,580</u>	<u>\$ 2,296,646</u>	<u>(\$ 162,627)</u>	<u>\$ 93,917,773</u>
For the year ended December 31, 2014						
(UNIT: In NT Thousand Dollars)						
	Domestic Department	Asia (Note)	North America	Other Overseas Operating Department	Adjustment and Write-off	Total
Revenue from customers outside the Bank	\$ 42,227,141	\$ 5,070,067	\$ 2,001,613	\$ 2,099,794	(\$ 232,338)	\$ 51,166,277
Revenue from departments within the Bank	1,110,427	(494,174)	89,238	(701,632)	(3,859)	-
Total revenue	<u>\$ 43,337,568</u>	<u>\$ 4,575,893</u>	<u>\$ 2,090,851</u>	<u>\$ 1,398,162</u>	<u>(\$ 236,197)</u>	<u>\$ 51,166,277</u>
Profit or loss	<u>\$ 25,034,458</u>	<u>\$ 3,481,472</u>	<u>\$ 1,265,210</u>	<u>\$ 712,604</u>	<u>(\$ 228,020)</u>	<u>\$ 30,265,724</u>
Assets attributable to specific departments	<u>\$ 2,344,213,429</u>	<u>\$ 212,037,549</u>	<u>\$ 351,761,865</u>	<u>\$ 78,357,223</u>	<u>(\$ 11,305,513)</u>	<u>\$ 2,975,064,553</u>

Note: amounts in Asia do not include those originating from the Republic of China.

11. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Bank and its subsidiaries are controlled by Mega Financial Holding Co., Ltd, which owns 100% of the Bank's shares. The ultimate controlling party of the Bank and its subsidiaries is Mega Financial Holding Co., Ltd.

(2) Names of the related parties and their relationship with the Bank

Names of related parties	Short name of related parties	Relationship with the Bank
Mega Bills Finance Co., Ltd.	Mega Bills	Jointly controlled by Mega Financial Holdings
Mega Securities Co., Ltd.	Mega Securities	Jointly controlled by Mega Financial Holdings
Mega Investment Trust Co., Ltd.	Mega Investment Trust	Jointly controlled by Mega Financial Holdings
Chung Kuo Insurance Co., Ltd.	Chung Kuo Insurance	Jointly controlled by Mega Financial Holdings
Mega Asset Management Co., Ltd.	Mega Asset	Jointly controlled by Mega Financial Holdings
Mega CTB Venture Capital Co., Ltd.	Mega Venture	Jointly controlled by Mega Financial Holdings
Mega Life Insurance Agency Co., Ltd.	Mega Life Insurance Agency	Jointly controlled by Mega Financial Holdings
Mega International Investment Service Corp.	Mega International Investment Service	Jointly controlled by Mega Financial Holdings
Mega Futures Co., Ltd.	Mega Futures	Jointly controlled by Mega Financial Holdings
Chunghwa Post Corporation Limited	Chunghwa Post	Director of Mega Financial Holdings
Bank of Taiwan Corp.	Bank of Taiwan	Director of Mega Financial Holdings
Waterland Financial Holdings	Waterland Financial Holdings	Supervisor of Waterland Financial Holdings(Note1)
International Bills Finance Corporation (IBF)	International Bills Finance	Supervisor of Waterland Financial Holdings
Yung-Shing Industries Co.	Yung-Shing Industries	Subsidiary of the Bank
China Products Trading Company	China Products	Subsidiary of the Bank
Mega Management Consulting Co., Ltd.	Mega Management Consulting	Subsidiary of the Bank
Cathay Investment & Development Corporation (Bahamas)	Cathay Investment (Bahamas)	Subsidiary of the Bank
Cathay Investment & Warehousing Co., S.A.	Cathay Investment & Warehousing (Panama)	Subsidiary of the Bank
Win Card Co., Ltd.	Win Card	Indirect subsidiary of the Bank
ICBC Assets Management & Consulting Co., Ltd.	ICBC Consulting	Indirect subsidiary of the Bank
Mega 1 Venture Capital Co., Ltd.	Mega 1 Venture	Equity investees
United Venture Capital Corp.	United Venture	Equity investees(Note3)
Everstrong Iron & Steel Foundry & Mfg Corp.	Everstrong Iron Steel	Equity investees
IP Fund Seven Ltd.	IP Fund seven	Equity investees
China Real Estate Management Co., Ltd.	China Real Estate	Equity investees
Taiwan Finance Co., Ltd.	Taiwan Finance	Equity investees
An Feng Enterprise Co., Ltd.	An Fang	Equity investees
Ramlett Finance Holdings Inc.	Ramlett	Equity investees
China Insurance (Thai) Public Company Limited	China Insurance (Thai)	Equity investees (Note2)
Mega Growth Venture Capital Co., Ltd.	Mega Growth Venture Capital	Equity investees
Others		Certain directors, supervisors, managers and relatives of the Bank's chairman and general manager

Note 1: The Bank resigned from supervisorship on June 20, 2014, and is no longer International Bills Finance Corporation's related party. (Related transactions listed in Note 11(3) are until June 20, 2014.)

Note 2: The company was not considered a related party as of May 27, 2015.

Note 3: The company was dissolved in 2013 and completed its liquidation on October 5, 2015

(3) Major transactions and balances with related parties

A. Due from and due to banks

	For the year ended December 31, 2015			
	Balance as of December 31	Highest Outstanding Balance	Interest Rate (%)	Total Interest Income (Expense)
		(Expressed in NT Thousand Dollars)		
Due from banks				
Fellow subsidiary:				
Mega Bills	\$ 2,765,776	\$ 3,000,000	0.45%-5.35%	\$ 1,905
Other related parties:				
Bank of Taiwan	11,296,147	19,942,773	0.01%-5.20%	715
Due to banks				
Other related parties:				
China Post	\$ 4,456,059	\$ 5,874,563	0.60%-1.52%	(\$ 40,168)
Bank of Taiwan	3,381,407	28,257,238	0.10%-9.00%	(254)

For the year ended December 31, 2015				
	Balance as of December 31	Highest Outstanding Balance	Interest Rate (%)	Total Interest Income (Expense)
		(Expressed in US Thousand Dollars)		
<u>Due from banks</u>				
Fellow subsidiary:				
Mega Bills	\$ 84,097	\$ 91,219	0.45%-5.35%	\$ 58
Other related parties:				
Bank of Taiwan	343,473	606,384	0.01%-5.20%	22
<u>Due to banks</u>				
Other related parties:				
China Post	\$ 135,492	\$ 178,623	0.60%-1.52%	(\$ 1,221)
Bank of Taiwan	102,816	859,196	0.10%-9.00%	(8)

For the year ended December 31, 2014				
	Balance as of December 31	Highest Outstanding Balance	Interest Rate (%)	Total Interest Income (Expense)
		(Expressed in NT Thousand Dollars)		
<u>Due from banks</u>				
Fellow subsidiary:				
Mega Bills	\$ 3,000,000	\$ 4,500,000	0.40%-4.30%	\$ 7,857
Other related parties:				
Bank of Taiwan	3,641,074	18,333,624	0.11%-1.48%	800
International Bill Finance(note)	95,978	2,000,000	0.40%-1.80%	1,708
<u>Due to banks</u>				
Other related parties:				
China Post	\$ 2,924,041	\$ 3,939,785	0.01%-1.52%	(\$ 39,538)
Bank of Taiwan	3,990,399	17,886,118	0.03%-5.40%	(408)

Note: As described in Note 11 (2), the Bank is no longer International Bills Finance Corporation's related party starting from June 20, 2014.

B. Loans and deposits

December 31, 2015						Total Interest Income (Expense)	% of Total	Interest Rate (%)
	Item	Counterparty	NT\$	US\$	% of Total			
For the year ended December 31, 2015	Deposits	All related parties	\$ 11,904,477	\$ 361,970	0.53%	(\$ 75,841)	0.43%	0.00%~13.00%
	Loans	All related parties	178,191	5,418	0.01%	3,818	0.01%	1.00%~5.00%
December 31, 2014						Total Interest Income (Expense)	% of Total	Interest Rate (%)
	Item	Counterparty	NT\$		% of Total			
For the year ended December 31, 2014	Deposits	All related parties	\$ 6,894,895		0.34%	(\$ 75,685)	0.42%	0.00%~13.00%
	Loans	All related parties		150,161	0.01%	3,596	0.01%	0.00%~3.63%

The interest rates shown above are similar, or approximate, to those offered to third parties. But the interest rates for savings deposits of Bank managers within the prescribed amounts are the same as for savings deposits of employees.

In compliance with the Articles 32 and 33 of Banking Law, except for consumer loans and government loans, credits extended by the Bank to any related party are fully secured, and the terms of credits extended to related parties are similar to those for third parties.

The Bank presents its transactions or account balances with related parties, in the aggregate, except for those which the amount represents over 10% of the account balance.

C. Lease agreements

Lessor

For the year ended December 31, 2015

Related Party	Lease Period	Lease Receipt Method	Rental Revenue (NT\$)	Rental Revenue (US\$)
The parent:				
Mega Financial Holdings	2014.08-2018.07	Monthly	\$ 206	\$ 6
Fellow subsidiary:				
Mega Securities	2011.02-2018.04	Monthly	17,813	542
Mega Bills	2013.01-2015.12	Monthly	35,267	1,072
		Quarterly/		
Chung Kuo Insurance	2011.08-2018.04	Semi-Annually	2,119	64
Mega Asset	2014.01-104.12	Monthly	5,901	179
Mega Investment Trust	2014.01-104.12	Monthly	10,518	320
Mega Life Insurance Agency	2014.07-2017.06	Monthly	1,321	40
The subsidiary:				
Yung-Shing Industries	2014.07-2018.09	Quarterly/Annually	2,861	87
Mega Management Consulting	2014.01-2015.12	Monthly/Annually	1,339	41
The indirect subsidiary:				
Win Card	2014.06-2019.05	Quarterly	4,637	141

For the year ended December 31, 2014

Related Party	Lease Period	Lease Receipt Method	Rental Revenue (NT\$)
The parent:			
Mega Financial Holdings	2009.08-2018.07	Monthly	\$ 206
Fellow subsidiary:			
Mega Securities	2011.02-2018.03	Monthly	21,708
Mega Bills	2013.01-2015.12	Monthly	35,877
		Quarterly/	
Chung Kuo Insurance	2011.08-2016.07	Semi-Annually	2,119
Mega Asset	2014.01-2015.12	Monthly	5,903
Mega Investment Trust	2014.01-2015.12	Monthly	10,518
Mega Life Insurance Agency	2012.08-2017.06	Monthly	1,321
The subsidiary:			
Yung-Shing Industries	2012.10-2017.06	Quarterly/Annually	2,814
Mega Management Consulting	2011.01-2015.12	Monthly/Annually	1,339
The indirect subsidiary:			
Win Card	2008.01-2019.05	Quarterly	4,787

Lessee

For the year ended December 31, 2015

Related Party	Lease Period	Lease Receipt Method	Rental Expense (NT\$)	Rental Expense (US\$)
Fellow subsidiary:				
Mega Securities	Note	Note	\$ 30,307	\$ 922
Mega Bills	2013.01-2015.12	Monthly	84,246	2,562
		Monthly/		
Chung Kuo Insurance	2006.12-2017.07	Quarterly/Annually	22,197	675
Subsidiary:				
Yung-Shing Industries	2014.12-2044.11	Monthly	20,571	625
China Products	2012.06-2018.05	Monthly	1,003	30

For the year ended December 31, 2014

Related Party	Lease Period	Lease Receipt Method	Rental Revenue (NT\$)
Fellow subsidiary:			
Mega Securities	Note	Note	\$ 32,812
Mega Bills	2013.01-2015.12	Monthly	84,246
Chung Kuo Insurance	2006.12-2017.07	Monthly	22,013
Subsidiary:			
Yung-Shing Industries	1994.12-2044.11	Monthly	7,923
China Products	2012.06-2015.05	Monthly	1,003

Note: The Bank sets up offices for collection / payment of securities trading for customers in all operating bases of Mega Securities. There are neither formal contracts nor actual lease terms. The rental fees are paid according to a certain percentage of deposit balance of each operating base.

D. Bills and bonds under resale agreements

For the year ended December 31, 2015			
NT\$			
	Amount	Ending balance	Interest revenue
Fellow subsidiary:			
Mega Bills	\$ 80,179,796	\$ -	\$ 1,556
Mega Securities	216,410,254	3,356,658	21,957
	<u>\$ 296,590,050</u>	<u>\$ 3,356,658</u>	<u>\$ 23,513</u>

For the year ended December 31, 2015			
US\$			
	Amount	Ending balance	Interest revenue
Fellow subsidiary:			
Mega Bills	\$ 2,437,965	\$ -	\$ 47
Mega Securities	6,580,219	102,063	668
	<u>\$ 9,018,184</u>	<u>\$ 102,063</u>	<u>\$ 715</u>

For the year ended December 31, 2014			
NT\$			
	Amount	Ending balance	Interest revenue
Fellow subsidiary:			
Mega Securities	\$ 136,509,011	\$ -	\$ 16,588

E. Current tax liabilities

December 31, 2015		December 31, 2014
NT\$	US\$	NT\$
Amount	Amount	Amount
Parent company:		
Mega Financial Holdings	\$ 2,084,962	\$ 63,396
		<u>\$ 1,694,061</u>

The above-mentioned payables to the parent company are net payables due to the Bank electing to jointly file profit-seeking enterprise income tax returns with its parent company as of 2003.

F. Service fees revenues

For the year ended December 31, 2015		For the year ended December 31, 2014
NT\$	US\$	NT\$
Fellow subsidiary:		
Mega Life Insurance		
Agency (Note 1)	\$ 772,244	\$ 23,481
Mega Investment Trust		
(Note 2)	32,402	985
Chung Kuo Insurance		
(Note 1)	10,545	321
	<u>\$ 815,191</u>	<u>\$ 24,787</u>
		<u>\$ 765,153</u>

Note 1: The above amount represents service fee revenues earned from acting as an agent for Mega Life Insurance Agency and Chung Kuo Insurance.

Note 2: The above amount represents service fee of sale funds revenues earned from Mega Investment Trust.

G. Insurance expense

For the year ended December 31, 2015		For the year ended December 31, 2014
NT\$	US\$	NT\$
Fellow subsidiary:		
Chung Kuo Insurance	\$ 55,871	\$ 1,699
		<u>\$ 39,852</u>

H. The Bank's processes of printing, packaging documents and labor outsourcing have been outsourced to Yung-Shing Industries Co. Under this arrangement, the Bank paid operating expenses and labor outsourcing of NT\$120,475 thousand and NT\$120,120 thousand for the years ended December 31, 2015 and 2014, respectively.

I. As of 2001, a portion of the Bank's credit card business and car loan collection business have been commissioned to its second-tier subsidiary, Win Card Co., Ltd, for operation. For the years ended December 31, 2015 and 2014, operating expenses payable in accordance with agreements were NT\$167,405 thousand and NT\$165,299 thousand, respectively.

J. Loans

December 31, 2015

(Unit: In NT Thousand dollars)

Types	Number of accounts or names of related party	Highest balance	Ending balance	Default possibility		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 for employees	18	\$ 10,295	\$ 9,334	V		None	None
Home mortgage loans	74	522,944	479,835	V		Real estate	None
Other loans	3	1,938,636	56,896	V		Real estate	None

December 31, 2015

(Unit: In US Thousand dollars)

Types	Number of accounts or names of related party	Highest balance	Ending balance	Default possibility		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 for employees	18	\$ 313	\$ 284	V		None	None
Home mortgage loans	74	15,901	14,590	V		Real estate	None
Other loans	3	58,947	1,730	V		Real estate	None

December 31, 2014

(Unit: In NT Thousand dollars)

Types	Number of accounts or names of related party	Highest balance	Ending balance	Default possibility		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 for employees	17	\$ 11,832	\$ 9,288	V		None	None
Home mortgage loans	64	554,406	469,949	V		Real estate	None
Other loans	2	194,777	106,777	V		Real estate	None

K. Financial guarantees for related parties:

(Unit: In NT Thousand dollars)

Date	Names of related party	Highest balance	Ending balance	Provision for guarantee reserve	Rate	Collateral
December 31, 2015	Chung Kuo Insurance	\$ 9,827	\$ 9,806	\$ 111	1%	The bank's deposits

(Unit: In US Thousand dollars)

Date	Names of related party	Highest balance	Ending balance	Provision for guarantee reserve	Rate	Collateral
December 31, 2015	Chung Kuo Insurance	\$ 299	\$ 298	\$ 3	1%	The bank's deposits

(Unit: In NT Thousand dollars)

Date	Names of related party	Highest balance	Ending balance	Provision for guarantee reserve	Rate	Collateral
December 31, 2014	Chung Kuo Insurance	\$ 21,813	\$ 9,441	\$ 106	1%	The bank's deposits

L. Derivative transactions with related parties as of December 31, 2015 and 2014: None.

M. Information on remunerations to the Bank's directors, supervisors, general managers and vice general manager:

	For the year ended		2014
	2015		NT\$
	NT\$	US\$	
Salaries and other short-term employee benefits	\$ 80,744	\$ 2,455	\$ 68,156
Post-employment benefits	2,565	78	2,381
Total	\$ 83,309	\$ 2,533	\$ 70,537

12. PLEDGED ASSETS

Please refer to Note 6 (3), (6) and (7) for details of the assets pledged as collateral as of December 31, 2015 and 2014.

13. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

- (1) As of December 31, 2015 and 2014, the Bank and its subsidiaries had the following commitments and contingent liabilities not reflected in the above mentioned financial statements:

	December 31, 2015	
	NT\$	US\$
Irrevocable loan commitments	\$ 107,490,342	\$ 3,268,376
Securities sold under repurchase agreement	548,152	16,667
Securities purchased under resale agreement	9,437,084	286,946
Credit card line commitments	58,618,656	1,782,372
Guarantees issued	217,349,493	6,608,778
Letters of credit	55,498,669	1,687,505
Customers' securities under custody	208,886,695	6,351,456
Properties under custody	3,458,696	105,166
Guarantee effects	142,259,758	4,325,583
Collections for customers	106,021,245	3,223,706
Agency loans payable	1,295,073	39,378
Travelers' checks consigned-in	1,877,590	57,090
Gold coins consigned-in	449	14
Goods and tickets consignments-in	2,490	76
Agent for government bonds	159,934,200	4,862,996
Short-dated securities under custody	105,969,903	3,222,145
Trust liability	534,133,051	16,240,971
Certified notes paid	6,528,240	198,499
Risk tolerance amount	440,243	13,386

	December 31, 2014	
	NT\$	
Irrevocable loan commitments	\$ 115,658,649	
Securities sold under repurchase agreement	50,326,499	
Securities purchased under resale agreement	5,851,418	
Credit card line commitments	55,475,284	
Guarantees issued	229,194,323	
Letters of credit	64,938,712	
Customers' securities under custody	198,411,865	
Properties under custody	3,448,120	
Guarantee effects	69,516,039	
Collections for customers	108,844,402	
Agency loans payable	1,669,033	
Travelers' checks consigned-in	1,896,997	
Gold coins consigned-in	453	
Goods and tickets consignments-in	2,598	
Agent for government bonds	121,688,800	
Short-dated securities under custody	47,405,741	
Investments for customers	179,661	
Trust liability	511,407,300	
Certified notes paid	7,855,405	
Risk tolerance amount	2,747,150	

14. SIGNIFICANT DISASTER LOSS

None.

15. SIGNIFICANT SUBSEQUENT EVENT

On January 20, 2016, the Bank received NT\$1,717,260 thousand as compensation for Taiwan High Speed Rail Corporation's preferred stock dividends including interest charged due to the delayed payment. Please refer to Note 6(9) for details.

16. OTHERS

- (1) Information for financial assets transfers and liabilities extinguishing

None.

- (2) Significant adjustment of organization and significant changes of management system

On November 6, 2015, the Bank's Board of Directors resolved to dissolve the Overdue Loan & Control Department. However, in order to promote a smooth integration, experienced personnel were retained. Former positions and staff of the Overdue Loan & Control Department were all transferred to the Credit Control Department, thereby integrating the Bank's credit management, subsequent loan management and delinquent collection businesses into the same unit for comprehensive operations.

- (3) Significant impact arising from changes in government laws and regulations

None.

- (4) Information for Company's share held by subsidiaries

None.

- (5) Information for private placement securities

For information on current year private placement securities, please refer to Note 6(22)

- (6) Information for discontinued operations

None.

(7) Major operating assets or liabilities transferred from (or to) other financial institutions

None.

(8) Profitability of the Bank and its subsidiaries

Units : %

Items		December 31, 2015	December 31, 2014 (Adjusted)
Return on total assets (%)	Before tax	1.00	1.04
	After tax	0.85	0.90
Return on stockholders' equity (%)	Before tax	12.85	14.44
	After tax	10.89	12.40
Net profit margin ratio (%)		51.17	50.80

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

Note 2: Return on stockholders' equity = Income before (after) income tax / average stockholders' equity.

Note 3: Net profit margin ratio = Income after income tax / total operating 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.

(9) In accordance with Article 17 of the Trust Enterprise Law, the disclosures of the trust balance sheet, trust income statement and trust property list are as follows:

A. Trust Balance Sheet

(Expressed in NT Thousand Dollars)

<u>Trust Balance Sheet</u> <u>December 31, 2015</u>			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 24,816,673	Capital borrowed	\$ 4,500,526
Short-term investments :		Payables	15,729
Mutual funds	130,151,624	Account collected in advance	40,648
Bonds	39,020,329	Tax payable	30,769
Stocks	45,570,358	Accounts withholding	973
Real estate		Other liabilities	1,342,791
Land	101,718,220	Trust capital	350,994,177
Buildings and Structures	9,937,494	Accumulated profit or loss for reserves	6,131,839
Construction in Process	8,175,180	Customers' securities under custody	171,075,599
Properties	15,601		
Customers' securities under custody	171,075,599		
Receivables	2,858		
Other assets	3,649,115		
Total trust assets	<u>\$ 534,133,051</u>	Total trust liabilities	<u>\$ 534,133,051</u>

(Expressed in US Thousand Dollars)

<u>Trust Balance Sheet</u> <u>December 31, 2015</u>			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 754,581	Capital borrowed	\$ 136,844
Short-term investments :		Payables	478
Mutual funds	3,957,420	Account collected in advance	1,236
Bonds	1,186,461	Tax payable	936
Stocks	1,385,623	Accounts withholding	30
Real estate		Other liabilities	40,829
Land	3,092,867	Trust capital	10,672,409
Buildings and Structures	302,162	Accumulated profit or loss for reserves	186,446
Construction in Process	248,576	Customers' securities under custody	5,201,763
Properties	474		
Customers' securities under custody	5,201,764		
Receivables	87		
Other assets	110,956		
Total trust assets	<u>\$ 16,240,971</u>	Total trust liabilities	<u>\$ 16,240,971</u>

(Expressed in NT Thousand Dollars)

<u>Trust Balance Sheet</u> <u>December 31, 2014</u>			
<u>Trust assets</u>		<u>Trust liabilities</u>	
Bank deposits	\$ 33,204,056	Capital borrowed	\$ 4,500,525
Short-term investments :		Payables	21,226
Mutual funds	129,318,768	Account collected in advance	42,071
Bonds	39,465,753	Tax payable	35,020
Stocks	48,179,052	Accounts withholding	942
Real estate		Other liabilities	2,295,740
Land	106,639,064	Trust capital	358,174,155
Buildings and Structures	11,343,576	Accumulated profit or loss for reserves	8,350,369
Construction in Process	1,695,635	Customers' securities under custody	137,987,252
Properties	14,328		
Customers' securities under custody	137,987,252		
Receivables	4,300		
Other assets	3,555,516		
Total trust assets	<u>\$ 511,407,300</u>	Total trust liabilities	<u>\$ 511,407,300</u>

B. Trust Income Statement

Trust Balance Sheet

	For the years ended December 31,		
	2015		2014
	NT\$	US\$	NT\$
Trust income:			
Interest income	\$ 97,789	\$ 2,973	\$ 101,684
Rental income	1,159,792	35,265	1,336,013
Dividend income	1,645,804	50,043	1,514,060
Other income	41,934	1,275	39,449
Exchange gain	2,199,415	66,876	1,966,151
Realized capital gain-Stock	306,383	9,316	321,101
Realized capital gain-Funds	2,322	71	8,173
Total trust income	5,453,439	165,819	5,286,631
Trust expenses:			
Management expenses	(82,926)	(2,521)	(65,124)
Supervisory fee	(450)	(14)	-
Repairing expenses	(50,127)	(1,524)	(62,646)
Insurance	(13,266)	(403)	(16,036)
Depreciation expense	(1,281)	(39)	(1,216)
Bad debts expense	(234)	(7)	-
Land and housing tax	(121,008)	(3,679)	-
Taxes	(15,543)	(473)	(132,392)
Interest expense	(84,177)	(2,560)	(84,796)
Service Charge Abstract	(111,652)	(3,395)	(143,994)
Accountant fees	(1,696)	(52)	(1,777)
Lawyer fees	(558)	(17)	(1,592)
Realized capital loss-Stock	(162,565)	(4,943)	(119,150)
Realized capital loss-Funds	(5)	-	-
Losses on Disposal of Property	(514)	(16)	-
Other expenses	(96,969)	(2,948)	(98,000)
Total trust expense	(742,971)	(22,591)	(726,723)
Net income before income tax (Net investment income)	4,710,468	143,228	4,559,908
Income tax expense	-	-	-
Net income after income tax(note)	\$ 4,710,468	\$ 143,228	\$ 4,559,908

C. Trust Property List

(Expressed in NT Thousand Dollars)

Trust Property List

	December 31, 2015	December 31, 2014
Bank deposits	\$ 24,816,673	\$ 33,204,056
Short-term investments:		
Mutual funds	130,151,624	129,318,768
Bonds	39,020,329	39,465,753
Stock	45,570,358	48,179,052
Real estate		
Land	101,718,220	106,639,064
Buildings and Structures	9,937,494	11,343,576
Construction in Process	8,175,180	1,695,635
Properties	15,601	14,328
Customers' securities under custody	171,075,599	137,987,252
Other assets	3,649,115	3,555,516
Total	\$ 534,130,193	\$ 511,403,000

Note: The amount of designated investment trust on foreign equity of OBU branch is NT\$33,890,298 thousand and NT\$31,998,107 thousand as of December 31, 2015 and 2014, respectively.

(10) Information for cross-sales between the Group and subsidiaries

A. Transactions between the Bank and its subsidiaries: Please refer to Note 11.

B. Joint promotion of businesses:

In order to create synergies within the group and provide customers financial services in all aspects, the Bank has continuously established other financial consulting service centers (including banking services, securities trading services, and insurance services) in its subsidiaries and simultaneously promoted service business in banking, securities and insurances areas.

C. Sharing of information or operating facilities or premises

Under the Financial Holding Company Act, Computer Process of Personal Data Protection Law, and the related regulations stipulated by MOF, when customers' information of a financial holding company's subsidiary is disclosed to the other subsidiaries under the group or exchanged between the subsidiaries for the purpose of cross selling of products, the subsidiaries receiving, utilizing, managing or maintaining the information are restricted to use the information for the joint promotion purposes only. In addition, the Bank is required to disclose its "Measures for Protection of Customers' Information" in its website. Customers also reserve the right to have their information withdrawn from the information sharing mechanism.

17. SUPPLEMENTARY DISCLOSURES

(1) Related information on material transaction items of the Bank and its subsidiaries:

A. Information regarding stock of short-term equity investment for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paid-in capital:

(Expressed In NT Thousand Dollars)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the Bank	January 1, 2015		Addition		Disposal		December 31, 2015	
					Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
The Bank	Taiwan Top 50 Tracker Fund	Financial assets at fair value through profit or loss-net	-	-	13,250	\$ 817,772	7,605	\$ 511,050	17,105	\$ 1,110,157	3,750	\$ 239,007
The Bank	Yuanta/P-shares	Financial assets at fair value through profit or loss-net	-	-	2,250	53,561	11,616	365,500	13,866	413,548	-	-
The Bank	SSE50 ETF	Financial assets at fair value through profit or loss-net	-	-	4,076	75,473	17,812	428,027	14,600	345,780	7,288	169,922
	Fuh Hwa CSI 300 A Shares Exchange Traded Fund	Financial assets at fair value through profit or loss-net	-	-	-	-	-	-	-	-	-	-
The Bank	ASE, Inc.	Financial assets at fair value through profit or loss-net	-	-	1,880	70,278	7,962	333,567	9,812	395,055	30	1,075
The Bank	Hon Hai	Financial assets at fair value through profit or loss-net	-	-	5,670	489,785	8,243	729,536	12,513	1,077,119	1,400	121,564
The Bank	TSMC	Financial assets at fair value through profit or loss-net	-	-	7,338	878,849	12,131	1,671,825	13,261	1,801,643	6,208	833,259
The Bank	MediaTek Inc.	Financial assets at fair value through profit or loss-net	-	-	219	97,758	967	371,236	1,186	435,787	-	-
The Bank	Catcher	Financial assets at fair value through profit or loss-net	-	-	322	83,114	1,629	545,525	1,709	552,441	242	77,833
The Bank	Fubon Financial Holding Co., Ltd.	Financial assets at fair value through profit or loss-net	-	-	1,940	93,733	9,300	504,166	9,970	509,818	1,270	64,291
The Bank	Taiwan Mobile Co., Ltd.	Financial assets at fair value through profit or loss-net	-	-	225	22,537	4,974	516,471	5,199	543,736	-	-
The Bank	Flexium Interconnect Inc	Financial assets at fair value through profit or loss-net	-	-	-	-	4,198	418,283	3,618	354,784	580	52,700

B. Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.

C. Information on the disposal of real estate for which the sale amount exceeded NT\$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 NT\$5 million: None.

E. Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.

F. Information regarding selling non-performing loans

(A) Summary of selling non-performing loans

(Expressed in NT Thousand dollars)

The information regarding selling non-performing loans for the year ended December 31, 2015 are as follows.

Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Company	Note
2015.02.09	CAMBRA REALTY	Corporate banking loans	\$ -	\$ 58,981	\$ 58,981	None	None	Note 1
2015.02.10	SC LOWY PRIMARY INVESTMENTS LTD	Corporate banking loans	-	78,860	78,860	None	None	Note 2

Note 1: The book value and sales price of the loan transaction were US\$0 thousand and US\$1,855.75 thousand, respectively. The currency exchange rate of the Bank was 1:31.7830.

Note 2: The book value and sales price of the loan transaction were US\$0 thousand and US\$2,481.20 thousand, respectively. The currency exchange rate of the Bank was 1:31.7830.

(B) Sale of non-performing loans exceeding NT\$1 billion (excluding sale to related parties): NONE

G. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

H. Other material transaction items which were significant to the users of the financial statements: None.

(2) Supplementary disclosure regarding investee companies:

A. Supplementary disclosure regarding investee companies:

(Expressed in NT Thousand Dollars)

Investee companies	Address	Main service	As of December 31, 2015					Share-holdings of the Bank and related enterprises		
			Percentage of ownership %	Book value	Investment income (loss)	Share (in thousands)	information on stock held	Share (in thousands)	Percentage of ownership %	Note
Cathay Investment & Development Corporation (Bahamas)	Post Office Box 3937 Nassau, Bahamas	International investment and exploration	100.00%	\$ 58,935	\$ 2,034	5	None	5	100.00%	
Mega Management Consulting Co., Ltd.	7F., No.91, Hengyang Rd., Taipei City	Management consulting industry	100.00%	62,367	34,386	1,000	None	1,000	100.00%	
Cathay Investment & Warehousing Co., S.A.	Calle 16 Colon Free Zone Local NO.4 Edificio NO.49 P. O. Box 4036 Colon Free Zone, Colon, Republic of Panama	1. Warehousing 2. Manage and make the investment for the business in foreign trade business. 3. Office rental	100.00%	59,950	(2,700)	1	None	1	100.00%	
Ramlett Finance Holdings Inc.	Calle 50 y Esquina Margarita A. de Vallarino Entrada Nuevo Campo Alegre Edificio ICBC, Panama	Real estate investment industry	100.00%	5,902	2,226	2	None	2	100.00%	
Yung-Shing Industries Co.	7F., No.100, Jilin Rd., Taipei City	Packaging, printing and agency of manpower service.	99.56%	668,539	39,600	299	None	299	99.56%	

(Expressed In NT Thousand Dollars)

Investee companies	Address	Main service	As of December 31, 2015				Share-holdings of the Bank and related enterprises			
			Percentage of ownership %	Book value \$	Investment income (loss)	Share (in thousands)	Proforma information on number of stock held	Share (in thousands)	Percentage of ownership %	Note
China Products Trading Company	7F., No.100, Jilin Rd., Taipei City	Investments in products business, storage businesses and other business	68.27%	\$ 27,517	\$ 308	68	None	68	68.27%	
United Venture Capital Corp.(Note2)	4F., No.9, Dehui St Zhongshan Dist., Taipei City	Investment industry	-	-	29	-	None	-	-	
Mega 1 Venture Capital Co., Ltd	7F., No.91, Hengyang Rd., Taipei City	Investment industry	25.00%	27,323	(59,975)	8,438	None	8,438	40.00%	
IP Fund Seven Ltd.	7F., No.122, Dunhua N. Rd., Songshan District, Taipei City	Investment industry	25.00%	1,364	58,127	25	None	25	25.00%	
An Feng Enterprise Co., Ltd.	3F., No.139, Jhengzhou Rd., Taipei City	Automatic Teller Machine rental, configure and maintain	25.00%	11,911	750	750	None	750	25.00%	
Taiwan Finance Co., Ltd.	3F., No.123, Sec. 2, Nanjing E. Rd., Taipei City	Brokerage underwriting attestation guarantee and endorsement of commercial papers, proprietary trading of government bonds and corporate bonds	24.55%	1,593,538	93,669	126,714	None	126,714	24.55%	
Everstrong Iron & Steel Foundry & Mfg Corp	NO.1 Shiquan Rd., Xiaogang Dist., Kaohsiung City	Iron and steel making	22.22%	43,379	3,140	1,760	None	1,760	22.22%	
China Real Estate Management Co., Ltd.	11F., No.35, Guangfu S. Rd., Taipei City	Real estate and property selling	20.00%	190,196	10,732	9,000	None	9,000	20.00%	
Mega Growth Venture Capital Co., Ltd.	7F., No.91, Hengyang Rd., Taipei City	Venture capital	11.81%	148,712	(1,288)	15,000	None	15,000	20.08%	
China Insurance (Thai) Public Company Limited (Note1)	36/69, 20th Floor, P.S. Tower, Asoke Sukhumvit 21 Road, Bangkok 10110, Thailand	Insurance industry	-	-	1,505	-	None	-	-	
Win Card Co., Ltd.	4F., No.99, Sec. 3, Chongyang Rd., Sanchong Dist., New Taipei City	Corporate management consulting, data processing business and general advertising services	100.00%	42,562	3381	200	None	200	100.00%	Indirect subsidiary of the Bank
ICBC Asset Management & Consulting Co., Ltd	No.100, Jilin Rd., Taipei City	Investment consulting, corporate management consulting and venture investment management consulting	100.00%	21,665	1,391	2,000	None	2,000	100.00%	Indirect subsidiary of the Bank

Note 1: On May 27, 2015, the Bank sold all its held shares of China Insurance (Thai) Public Company Limited.

Note 2: The company was dissolved in 2015 and the registry for dissolution and liquidation procedures have been completed in 2016.

B. For those investee companies that the Bank has direct or indirect control interest over, further disclosures are as follows:

- (A) Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.
- (B) Information on the disposal of the real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.
- (C) Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT\$5 million: None.
- (D) Information regarding receivables from related parties for which the amount exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.
- (E) Information regarding selling non-performing loans: None.
- (F) Information on and categories of securitized assets which are approved by the authority pursuant to the Financial Asset Securitization Act or the Real Estate Securitization Act: None.
- (G) Lending to other parties: None.
- (H) Guarantees and endorsements for other parties: None.
- (I) Information regarding securities held as of December 31, 2015:

(Expressed in NT Thousand dollars)

Investor	Name of investee and type of securities	Relationship	Account	Share / Units (in thousands)	Book value	Ownership Percentage (%)	Market value	Note
Mega Management Consulting Co., Ltd.	Stocks							
"	ID Reengineering Inc.	Equity investees	Investments accounted for by the equity method	25	\$ 361	25.00%	\$ 361	
Mega 1 Venture Capital Co., Ltd.	Stocks							
"	Kuang Ming Shipping Corp.	None	Available-for-sale financial assets	600	\$ 17,767	0.15%	\$ 2,922	
"	Thecus Technology Corp.	"	Financial assets carried at cost	719	16,620	4.01%	16,620	
"	ACTI connecting vision	"	Financial assets carried at cost	316	5,879	1.31%	5,879	
"	Yung Fa Corp.	"	Financial assets carried at cost	3,466	27,738	9.70%	27,738	
"	T ProbeLeader Co., Ltd.	"	Financial assets carried at cost	698	15,975	2.50%	15,975	
"	Mesotek Corp.	"	Financial assets carried at cost	250	365	1.15%	365	
"	Taiwan United Medical Inc.	"	Financial assets carried at cost	327	3,924	1.47%	3,924	
"	Chi Lin Optoelectronics Co., Ltd	"	Financial assets carried at cost	185	5,483	0.07%	5,483	
					\$ 93,751			
Mega Growth Venture Capital Co., Ltd.	Stocks	None						
"	JMC Aelectronics co., Ltd.	"	Available-for-sale financial assets	376	\$ 11,286	0.44%	\$ 11,286	
"	My Humble House Hospit Ality Management	"	Available-for-sale financial assets	6	323	0.06%	323	
"	allPay Electronic Payment co., Ltd.	"	Financial assets carried at cost	400	20,000	0.63%	20,000	
"	Gogoro Inc.	"	Financial assets carried at cost	667	65,822	0.71%	65,822	
					\$ 97,431			
Yung-Shing Industries Co.	Stocks	None						
"	H&H Venture Capital Investment Corp.	"	Financial assets carried at cost	1,407	\$ 5,084	8.57%	\$ 5,084	
"	Hua-sheng Venture Capital Investment Corp.	"	Financial assets carried at cost	1,215	12,145	1.67%	12,145	
"	Hi-Scene World Enterprise Co., Ltd.	"	Financial assets carried at cost	3,202	7,124	1.54%	7,124	
"	SysJust Corporation	"	Financial assets carried at cost	671	6,878	2.64%	6,878	
"	Win Card Co., Ltd.	Equity investees	Investments accounted for by the equity method	200	42,562	100.00%	42,562	
"	ICBC Assets Management & Consulting Co., Ltd.	Equity investees	Investments accounted for by the equity method	2,000	21,665	100.00%	21,665	
"	An Feng Enterprise Co., Ltd.	"	Investments accounted for by the equity method	150	2,208	5.00%	2,208	
					\$ 97,666			
ICBC Assets Management & Consulting Co., Ltd.	Stocks							
"	H&H Venture Capital Investment Corp.	None	Financial assets carried at cost	938	\$ 3,389	5.71%	3,389	
Cathay Investment & Development Corporation (Bahamas)	Funds							
"	AsiaTech Taiwan Venture Fund LP	None	Financial assets carried at cost		\$ 7,873	-	\$ 7,873	
"	Tai An Technologies Corp.	"	Financial assets carried at cost		1,957	-	1,957	
	Accumulated impairment				(7,562)			
					\$ 2,268			

(J) Information regarding securities for which the purchase or sale amount for the period exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.

(K) Information regarding trading in derivative financial instruments: None.

(L) Other material transaction items which were significant to the users of the financial statements: None.

(3) Investments in People's Republic of China:

Unit : In NT Thousand Dollars

Name of Investee Company in Mainland China	Main Business	Paid-in Capital	Investment method	Accumulated amount of investment as of January 1, 2015	For the year ended December 31, 2015		Accumulated amount of investments as of December 31, 2015	Net income of investee as of December 31, 2015	The Company's Direct/ Indirect Percentage of Ownership (%)	Investment Income (Loss) for the period (Note 2)	Carrying amount of investment as of December 31, 2015	Investment income remitted as of December 31, 2015
					Reinvestment	Withdrawal						
Mega International Commercial Bank Suzhou Branch (Including Wujiang Sub-Branch and Kunshan Sub-Branch)	Banking businesses approved by the local government	\$ 4,796,000 (Note 3)	Branch	\$ 4,796,000 (Note 3)	\$ -	\$ -	\$ 4,796,000 (Note 3)	\$ 151,172	None	\$ 151,172	\$ -	\$ -
Mega International Commercial Bank Ningbo Branch	Banking businesses approved by the local government	\$ 5,122,458 (Note 4)	Branch	\$ -	\$ 5,122,458 (Note 4)	\$ -	\$ 5,122,458 (Note 4)	(\$22,543)	None	(\$22,543)	\$ -	\$ -

Accumulated investment amounts in Mainland China as of December 31, 2015	Investment amount approved by the investment audit committee of the Ministry of Economic Affairs	Limits on investment amounts established by The investment audit committee of the Ministry of Economic Affairs (Note 1)
\$ 9,918,458 (Note 3)(Note 4)	\$ 9,918,458 (Note 3)(Note 4)	\$ 152,095,770

Note 1: Limit calculation is as follows (The Bank's net worth is \$253,492,950 thousand) $\$253,492,950 \text{ thousand} \times 60\% = \$152,095,770 \text{ thousand}$.

Note 2: Relevant operating income and expense of the subsidiary, Mega International Commercial Bank Suzhou(Including Wujiang Sub-Branch and Kunshan Sub-Branch) and Ningbo Branch have been included the gains and losses of the Bank.

Note 3: Based on the approved investment amount (RMB\$1 billion, approximately US\$160,000 thousand) pursuant to Jing-Shen-II-Zi Letter No. 10000045990 issued by the Investment Commission of the Ministry of Economic Affairs on March 31, 2011. The actual remitted amount, converted using the exchange rate at the date of remittance, was approximately US\$157,347 thousand, which converted to NTD was 4,796,000 thousand.

Note 4: Based on the approved investment amount (RMB\$1 billion, approximately US\$167,000 thousand) pursuant to Jing-Shen-II-Zi Letter No. 10300306930 issued by the Investment Commission of the Ministry of Economic Affairs on December 9, 2014. The actual remitted amount, converted using the exchange rate at the date of remittance, was approximately US\$162,411 thousand, which converted to NTD was 5,122,458 thousand.

Note5: Unit: NT thousand dollars (unless otherwise noted).

(Blank below)

(4) Significant transactions between parent company and subsidiaries

Expressed in NT Thousand Dollars

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	Mega International Commercial Bank Co., Ltd.	Mega ICBC(Canada)	1	Due from Commercial Banks	\$ 254,642	No significant difference from general customers	0.01%
0	"	"	1	Call Loans to Banks	199,206	"	0.01%
0	"	"	1	Due to Other Banks	11,901	"	0.00%
0	"	"	1	Receivables	32	"	0.00%
0	"	"	1	Interest Revenue	444	"	0.00%
0	"	"	1	Interest Expenses	26	"	0.00%
0	"	Mega ICBC(Thailand)	1	Due from Commercial Banks	50,426	"	0.00%
0	"	"	1	Call Loans to Banks	1,161,807	"	0.04%
0	"	"	1	Due to Other Banks	754,146	"	0.02%
0	"	"	1	Call Loans from other banks	124,098	"	0.00%
0	"	"	1	Interest Revenue	4,613	"	0.01%
0	"	"	1	Interest Expenses	4,904	"	0.01%
1	Mega ICBC(Canada)	Mega International Commercial Bank Co., Ltd.	2	Due from Commercial Banks	11,901	"	0.00%
1	"	"	2	Due to Other Banks	254,642	"	0.01%
1	"	"	2	Call Loans from other banks	199,206	"	0.01%
1	"	"	2	Payables	32	"	0.00%
1	"	"	2	Interest Revenue	26	"	0.00%
1	"	"	2	Interest Expenses	444	"	0.00%
1	"	Mega ICBC(Thailand)	3	Due to Other Banks	727	"	0.00%
2	Mega ICBC(Thailand)	Mega International Commercial Bank Co., Ltd.	2	Due from Commercial Banks	754,146	"	0.02%
2	"	"	2	Call Loans to Banks	124,098	"	0.00%
2	"	"	2	Due to Other Banks	50,426	"	0.00%
2	"	"	2	Call loans from other banks	1,161,807	"	0.04%
2	"	"	2	Interest Revenue	4,904	"	0.01%
2	"	"	2	Interest Expenses	4,613	"	0.01%
2	"	Mega ICBC(Canada)	3	Due from Commercial Banks	727	"	0.00%

(Note 1) The numbers in the No. column represent as follows:

- 0 for the parent company
- According to the sequential order, subsidiaries are numbered from 1.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories;

- Parent company to subsidiary.
- Subsidiary to parent company.
- Subsidiary to subsidiary.

(Note 3) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF DOLLARS)

	December 31, 2015		December 31, 2014	January 1, 2014
			(adjusted)	(adjusted)
Assets	NT\$	US\$	NT\$	NT\$
		(Unaudited)		
Assets				
Cash and cash equivalents	\$ 141,794,023	\$ 4,311,421	\$ 161,954,100	\$ 151,583,517
Due from the Central Bank and call loans to banks	501,826,253	15,258,643	466,115,473	392,015,822
Financial assets at fair value through profit or loss	47,024,122	1,429,826	43,670,656	44,465,678
Securities purchased under resale agreements	9,435,869	286,909	5,850,332	5,451,889
Receivables, net	142,291,246	4,326,540	170,898,252	159,402,685
Current tax assets	589,811	17,934	522,877	-
Bills discounted and loans, net	1,756,514,539	53,408,980	1,713,988,141	1,637,338,871
Available-for-sale financial assets, net	231,507,094	7,039,257	187,345,276	184,449,844
Held-to-maturity financial assets, net	197,651,402	6,009,833	161,087,026	181,831,669
Investments accounted for under the equity method, net	8,794,633	267,412	9,076,206	8,699,321
Other financial assets, net	9,983,801	303,570	13,649,219	13,287,945
Property and equipment, net	14,227,890	432,617	14,466,078	14,484,955
Investment property, net	868,057	26,394	671,195	673,875
Deferred tax assets	4,311,934	131,110	3,652,081	3,462,928
Other assets, net	5,405,252	164,353	5,048,855	7,174,039
Total assets	\$ 3,072,225,926	\$ 93,414,799	\$ 2,957,995,767	\$ 2,804,323,038
Liabilities and equity				
Liabilities				
Due to the Central Bank and commercial banks	\$ 417,682,508	\$ 12,700,149	\$ 459,095,355	\$ 469,353,313
Borrowed funds	44,733,966	1,360,191	53,434,282	32,126,690
Financial liabilities at fair value through profit or loss	21,936,493	667,006	27,344,357	13,861,683
Securities sold under repurchase agreements	547,798	16,656	50,189,662	46,532,108
Payables	35,683,943	1,085,014	35,856,882	39,006,223
Current tax liabilities	8,313,012	252,767	7,249,595	5,089,815
Deposits and remittances	2,222,021,878	67,563,302	2,024,967,933	1,924,879,674
Financial bonds payable	36,200,000	1,100,705	50,200,000	43,900,000
Other financial liabilities	8,673,223	263,720	9,021,046	8,448,409
Provisions	11,922,046	362,505	10,451,785	10,861,538
Deferred tax liabilities	2,153,957	65,494	2,143,376	2,037,961
Other liabilities	8,864,152	269,526	9,531,053	7,650,254
Total liabilities	2,818,732,976	85,707,035	2,739,485,326	2,603,747,668
Equity attributable to owners of the parent company				
Share capital				
Common stock	85,362,336	2,595,547	77,000,000	77,000,000
Capital reserve	62,219,540	1,891,861	46,498,007	46,499,431
Retained earnings				
Legal reserve	66,275,324	2,015,183	58,483,334	52,841,523
Special reserve	3,845,354	116,923	3,822,741	3,997,433
Undistributed earnings	35,561,380	1,081,287	29,916,495	20,576,550
Other equity	229,016	6,963	2,789,864	(339,567)
Total equity	253,492,950	7,707,764	218,510,441	200,575,370
Total liabilities and equity	\$ 3,072,225,926	\$ 93,414,799	\$ 2,957,995,767	\$ 2,804,323,038

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	For the years ended December 31,		
	2015		2014(adjusted)
	NT\$	US\$	NT\$
	(Unaudited-Note 4)		
Interest revenue	\$ 53,192,080	\$ 1,617,370	\$ 52,729,535
Less: interest expense	(17,705,988)	(538,372)	(17,995,211)
Net interest income	35,486,092	1,078,998	34,734,324
Non-interest income			
Net service fee income	8,532,374	259,437	8,176,153
(Loss) gains on financial assets and liabilities at fair value through profit or loss	(1,148,661)	(34,926)	1,334,300
Realized gains on available-for-sale financial assets	1,190,984	36,213	1,276,657
Foreign exchange gain	2,837,759	86,287	3,198,313
Loss on asset impairment	(487,652)	(14,828)	(217,087)
Investment income recognised by the equity method	458,238	13,933	410,758
Net other non-interest income	326,968	9,942	464,731
Gain on financial assets carried at cost	764,288	23,239	594,855
Gain on sale of non-performing loans	137,841	4,191	707,528
Indemnity income	1,717,260	52,215	-
Net operating income	49,815,491	1,514,701	(2,186,780)
Reversal (provision) for loan losses and guarantee reserve	544,711	16,563	
Operating expenses			
Employee benefits expenses	(13,072,291)	(397,479)	(12,243,186)
Depreciation and amortization	(477,292)	(14,513)	(498,928)
Other general and administrative expenses	(6,560,315)	(199,474)	(5,557,332)
Income from continuing operations before income tax	30,250,304	919,798	30,194,306
Income tax expense	(4,541,859)	(138,101)	(4,203,624)
Net income	25,708,445	781,697	25,990,682
Other comprehensive income			
Non-reclassifiable to profit or loss subsequently			
Remeasurement of defined benefit plan	(1,398,743)	(42,530)	(22,431)
Income tax relating to the components of other comprehensive income	237,786	7,230	3,813
Potentially reclassifiable to profit or loss subsequently			
Cumulative translation differences of foreign operations	198,203	6,027	1,163,096
Unrealized (loss) gain on valuation of available-for-sale financial assets	(2,361,247)	(71,797)	1,657,030
Share of other comprehensive (loss) income of associates and joint ventures accounted for under the equity method	(397,804)	(12,096)	309,305
Total other comprehensive (loss) income (after income tax)	(3,721,805)	(113,166)	3,110,813
Total comprehensive income	\$ 21,986,640	\$ 668,531	\$ 29,101,495
Earnings per share			
Basic and diluted earnings per share (in dollars)	\$ 3.27	\$ 0.10	\$ 3.37

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Equity attributable to owners of the parent									
	Retained earnings					Other equity				
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Differences of Foreign Operations	Unrealized Gain or Loss on Available-For-Sale Financial Assets	Total		
<u>For the year ended December 31, 2015 (NT Dollars)</u>										
Balance, January 1, 2015 (adjusted)	\$ 77,000,000	\$ 46,498,007	\$ 58,483,334	\$ 3,822,741	\$ 29,916,495	\$ 550,023	\$ 2,239,841	\$	218,510,441	
Earnings distribution for 2014										
Cash dividends	-	-	-	-	(11,088,000)	-	-	-	(11,088,000)	
Legal reserve	-	-	7,791,990	-	(7,791,990)	-	-	-	-	
Special reserve	-	-	-	25,253	(25,253)	-	-	-	-	
Reversal of special reserve	-	-	-	(2,640)	2,640	-	-	-	-	
Issuance of common stock	8,362,336	15,722,164	-	-	-	-	-	-	24,084,500	
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(631)	-	-	-	-	-	-	(631)	
Net income for the year of 2015	-	-	-	-	25,708,445	-	-	-	25,708,445	
Other comprehensive loss for the year of 2015	-	-	-	-	(1,160,957)	(218,660)	(2,342,188)	(3,721,805)		
Balance, December 31, 2015	\$ 85,362,336	\$ 62,219,540	\$ 66,275,324	\$ 3,845,354	\$ 35,561,380	\$ 331,363	\$ 102,347	\$	253,492,950	
<u>For the year ended December 31, 2015</u> <u>(US Dollars - Unaudited)</u>										
Balance, January 1, 2015 (adjusted)	\$ 2,341,280	\$ 1,413,829	\$ 1,778,258	\$ 116,235	\$ 909,647	\$ 16,724	\$ 68,105	\$	6,644,078	
Earnings distribution for 2014										
Cash dividends	-	-	-	-	(337,144)	-	-	-	(337,144)	
Legal reserve	-	-	236,925	-	(236,925)	-	-	-	-	
Special reserve	-	-	-	768	(768)	-	-	-	-	
Reversal of special reserve	-	-	-	(80)	80	-	-	-	-	
Issuance of common stock	254,267	478,051	-	-	-	-	-	-	732,318	
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(19)	-	-	-	-	-	-	(19)	
Net income for the year of 2015	-	-	-	-	781,697	-	-	-	781,697	
Other comprehensive loss for the year of 2015	-	-	-	-	(35,300)	(6,649)	(71,217)	(113,166)		
Balance, December 31, 2015	\$ 2,595,547	\$ 1,891,861	\$ 2,015,183	\$ 116,923	\$ 1,081,287	\$ 10,075	\$ 3,112	\$	7,707,764	

(Continued)

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Equity attributable to owners of the parent						
	Retained earnings				Other equity		
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Differences of Foreign Operations	Unrealized Gain or Loss on Available-For-Sale Financial Assets
For the year ended December 31, 2014 (NT Dollars)							
Balance, January 1, 2014 (adjusted)	\$ 77,000,000	\$ 46,499,431	\$ 52,841,523	\$ 3,997,433	\$ 20,576,550	(\$ 900,707)	\$ 561,140
Earnings distribution for 2013							\$ 200,575,370
Cash dividends	-	-	-	-	(11,165,000)	-	- (11,165,000)
Legal reserve	-	-	5,641,811	-	(5,641,811)	-	-
Special reserve	-	-	-	40,081	(40,081)	-	-
Reversal of special reserve	-	-	-	(214,773)	214,773	-	-
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(1,424)	-	-	-	-	- (1,424)
Net income for the year of 2014	-	-	-	-	25,990,682	-	-
Other comprehensive (loss) income for the year of 2014	-	-	-	-	(18,618)	1,450,730	1,678,701
						\$	
Balance, December 31, 2014 (adjusted)	\$ 77,000,000	\$ 46,498,007	\$ 58,483,334	\$ 3,822,741	\$ 29,916,495	550,023	\$ 2,239,841
							\$ 218,510,441

(Blank below)

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the years ended December 31,		
	2015		2014(adjusted)
	NTS	US\$ (Unaudited)	NTS
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	\$ 30,250,304	\$ 919,798	\$ 30,194,306
Adjustments to reconcile income before tax to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Provision for loan losses and guarantee (reversal) reserve	(544,711)	(16,563)	2,186,780
Depreciation	473,370	14,393	496,597
Amortization	3,922	120	2,331
Interest income	(53,192,080)	(1,617,370)	(52,729,535)
Dividend income	(1,133,014)	(34,451)	(1,016,306)
Interest expense	17,705,988	538,372	17,995,211
Investment income recognised under the equity method	(454,892)	(13,831)	(410,758)
Proceeds from disposal of investments under the equity method	(3,346)	(102)	-
Gain on disposal of property and equipment	(2,861)	(87)	(1,264)
Gain on disposal of foreclosed properties	-	-	(42,283)
Loss on asset impairment	487,652	14,828	217,087
Loss on retirement of property and equipment	511	16	79
Changes in assets/liabilities relating to operating activities			
Decrease in due from the Central Bank and call loans to banks	17,511,630	532,463	10,791,889
(Increase) decrease in financial assets at fair value through profit or loss	(3,353,466)	(101,966)	795,022
Decrease (increase) in receivables	28,356,849	862,225	(11,536,542)
Increase in bills discounted and loans	(42,522,615)	(1,292,952)	(77,944,818)
Increase in available-for-sale financial assets	(46,876,359)	(1,425,333)	(1,439,555)
(Increase) decrease in held-to-maturity financial assets	(36,564,376)	(1,111,785)	20,744,643
Decrease (increase) in other financial assets	3,653,948	111,103	(608,684)
(Increase) decrease in other assets	(360,547)	(10,963)	2,099,251
Decrease in due to the Central Bank and commercial banks	(41,412,847)	(1,259,209)	(10,257,958)
(Decrease) increase in financial liabilities at fair value through profit or loss	(5,407,864)	(164,433)	13,482,674
(Decrease) increase in securities sold under repurchase agreements	(49,641,864)	(1,509,422)	3,657,554
Increase (decrease) in payables	157,694	4,795	(1,691,452)
Increase in deposits and remittances	197,053,945	5,991,667	100,088,259
(Decrease) increase in other financial liabilities	(347,823)	(10,576)	572,637
Increase (decrease) in reserve for employee benefit liabilities	35,435	1,077	(51,605)
(Decrease) increase in other liabilities	(182,607)	(5,553)	2,100,675
Decrease in deposits received	(480,167)	(14,600)	(227,094)
Interest received	53,072,471	1,613,734	52,281,626
Dividend received	1,504,562	45,748	1,372,427
Interest paid	(17,884,610)	(543,804)	(17,748,192)
Income tax paid	(4,109,171)	(124,945)	(4,374,012)
Net cash provided by operating activities	45,793,061	1,392,394	78,998,990
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments under the equity method	21,924	667	-
Acquisition of investments accounted for under the equity method	(150,000)	(4,561)	-
Proceeds from capital reduction of investee accounted for under the equity method	97,877	2,976	56,467
Proceeds from disposal of property and equipment	2,861	87	1,315
Acquisitions of property and equipment	(360,084)	(10,949)	(302,203)
Proceeds from disposal of foreclosed properties	-	-	65,885
Net cash used in investing activities	(387,422)	(11,780)	(178,536)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in borrowed funds	(8,700,316)	(264,544)	21,307,592
(Decrease) increase in financial bonds payable	(14,000,000)	(425,687)	6,300,000
Payments of cash dividends and bonus	(11,088,000)	(337,144)	(11,165,000)
Proceeds from issuance of common stock	24,084,500	732,318	-
Net cash (used in) provided by financing activities	(9,703,816)	(295,057)	16,442,592
EFFECT OF EXCHANGE RATE CHANGES	195,676	5,950	1,147,891
NET INCREASE IN CASH AND CASH EQUIVALENTS	35,897,499	1,091,507	96,410,937
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	402,643,347	12,242,865	306,232,410
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 438,540,846	\$ 13,334,372	\$ 402,643,347
CASH AND CASH EQUIVALENTS COMPOSITION:			
Cash and cash equivalents shown in balance sheet	\$ 141,794,023	\$ 4,311,421	\$ 161,954,100
Due from the Central Bank and call loans to bank meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	287,310,954	8,736,042	234,838,915
Securities purchased under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	9,435,869	286,909	5,850,332
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 438,540,846	\$ 13,334,372	\$ 402,643,347

Head Office

No.100, Chi-lin Rd., Chung-shan Dist., Taipei 10424, Taiwan
 Tel: +886-2-25633156
 Fax: +886-2-23568936
 Email: megaservice@megabank.com.tw

As of May 20, 2016

Management Team

Hann-Chin Wu, President & Acting Chairman of the Board
 Mei-Chi Liang, Senior Executive Vice President
 Chuang-Hsin Chiu, Senior Executive Vice President
 Bie-Ling Lee, Senior Executive Vice President
 Robert Yong-Yi Tsai, Senior Executive Vice President
 Allen C.M. Chen, Senior Executive Vice President
 Tien-Lu Chen, Chief Compliance Officer
 Shou-Ling Liu, Chief Auditor

Office / Department	Manager & Title	Fax Number
Auditing Office	Shou-Ling Liu Chief Auditor	+886-2-23569801
Foreign Department	Ruey-Yuan Fu Senior Vice President & General Manager	+886-2-25632614
Offshore Banking Department	Yen Chen Senior Vice President & General Manager	+886-2-25637138
Treasury Department	Chen-Shan Lee Senior Vice President & General Manager	+886-2-25613395
Direct Investment Department	Tsung-Jen Cheng Senior Vice President & General Manager	+886-2-25630950
Trust Department	Li-Chu You Senior Vice President & General Manager	+886-2-25235002
Wealth Management Department	Fu-Yung Chen Senior Vice President & General Manager	+886-2-25631601
Risk Management Department	Shiow Lin Senior Vice President & General Manager	+886-2-23568506
Credit Control Department	Chun-Ko Su Senior Vice President & General Manager	+886-2-25310691
Credit Department	Ven-Chien Chen Senior Vice President & General Manager	+886-2-25711352
Planning Department	Jui-Chung Chuang Senior Vice President & General Manager	+886-2-23569169
Controller's Department	Mei-Lien Yih Senior Vice President & Controller	+886-2-23568601
Data Processing & Information Department	Kuo-Pao Chen Senior Vice President & General Manager	+886-2-23416430
Legal Affairs and Compliance Department	Charng Jia Tsai Senior Vice President & General Manager	+886-2-25632004
Human Resources Department	Chorng-Hwa Lan Senior Vice President & General Manager	+886-2-23569531
General Affairs and Occupational Safety & Health Department	Chia-Ying Chi Senior Vice President & Chief Secretary	+886-2-23568936

Domestic Branches

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Heng Yang Branch	Sui-Huang Lee Vice President & General Manager	No.91, Heng-yang Rd., Chung-cheng Dist., Taipei 10009, Taiwan	+886-2-23888668	+886-2-23885000
Cheng Chung Branch	Dah-Jyh Wang Senior Vice President & General Manager	No.42, Hsu-chang St., Chung-cheng Dist., Taipei 10047, Taiwan	+886-2-23122222	+886-2-23111645
Ministry of Foreign Affairs Branch	Show-Mei Tang Vice President & General Manager	Room 129, No.2, Kaitakelan Blvd., Chung-cheng Dist., Taipei 10048, Taiwan	+886-2-23482065	+886-2-23811858
Central Branch	Hong-Jeng Chen Senior Vice President & General Manager	No.123, Sec.2, Jhong-siao E. Rd., Chung-cheng Dist., Taipei 10058, Taiwan	+886-2-25633156	+886-2-23569750
South Taipei Branch	Hseigh-Fang Chuang Vice President & General Manager	No.9-1, Sec.2, Roosevelt Rd., Chung-cheng Dist., Taipei 10093, Taiwan	+886-2-23568700	+886-2-23922533
Ta Tao Cheng Branch	Ming-Huei Lee Vice President & General Manager	No.62-5, Hsi-ning N. Rd., Dah-tong Dist., Taipei 10343, Taiwan	+886-2-25523216	+886-2-25525627
Dah Tong Branch	Kuo-Liang Sun Vice President & General Manager	No.113, Nan-king W. Rd., Dah-tong Dist., Taipei 10355, Taiwan	+886-2-25567515	+886-2-25580154
Yuan Shan Branch	Ming-Kai Chao Vice President & General Manager	No.133, Sec.2, Zhong-shan N. Rd., Zhong-shan Dist., Taipei 10448, Taiwan	+886-2-25671488	+886-2-25817690
Chung Shan Branch	Te-Chen Chiang Senior Vice President & General Manager	No.15, Sec.2, Chung-shan N. Rd., Chung-shan Dist., Taipei 10450, Taiwan	+886-2-25119231	+886-2-25635554
Nanking East Road Branch	Josephine Chao-Jung Chen Vice President & General Manager	No.53, Sec.2, Nan-king E. Rd., Chung-shan Dist., Taipei 10457, Taiwan	+886-2-25712568	+886-2-25427152
North Taipei Branch	Chi-Huang Wu Vice President & General Manager	No.156-1, Sung-chiang Rd., Chung-shan Dist., Taipei 10459, Taiwan	+886-2-25683658	+886-2-25682494
Taipei Fusing Branch	Ray-Lin Liao Senior Vice President & General Manager	No.198, Sec.3, Nan-king E. Rd., Chung-shan Dist., Taipei 10488, Taiwan	+886-2-27516041	+886-2-27511704
Taipei Airport Branch	Shu-Ching Tung Vice President & General Manager	Taipei Sungshan Airport Building, No.340-9, Tun-hua N. Rd., Sung-shan Dist., Taipei 10548, Taiwan	+886-2-27152385	+886-2-27135420
Dun Hua Branch	Ching-Wen Liu Senior Vice President & General Manager	No.88-1, Dun-hua N. Rd., Sung-shan Dist., Taipei 10551, Taiwan	+886-2-87716355	+886-2-87738655
Sung Nan Branch	Tung-Lung Wu Vice President & General Manager	No.234, Sec.5, Nan-king E. Rd., Sung-shan Dist., Taipei 10570, Taiwan	+886-2-27535856	+886-2-27467271
East Taipei Branch	An-Chang Chen Vice President & General Manager	No.52, Sec.4, Min-sheng E. Rd., Sung-shan Dist., Taipei 10574, Taiwan	+886-2-27196128	+886-2-27196261
Ming Sheng Branch	Shoei-Bin Lin Vice President & General Manager	No.128, Sec.3, Ming-sheng E. Rd., Sung-shan Dist., Taipei 10596, Taiwan	+886-2-27190690	+886-2-27190688

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Ta An Branch	Yung-Cheng Yeh Vice President & General Manager	No.182, Sec.3, Hsin-yi Rd., Ta-an Dist., Taipei 10658, Taiwan	+886-2-27037576	+886-2-27006352
An Ho Branch	Ting-Hua Chang Senior Vice President & General Manager	No.62, Sec.2, An-ho Rd., Ta-an Dist., Taipei 10680, Taiwan	+886-2-27042141	+886-2-27042075
Tun Nan Branch	Yih-Chjun Ho Senior Vice President & General Manager	No.62, Sec.2, Tun-hua S. Rd., Ta-an Dist., Taipei 10683, Taiwan	+886-2-27050136	+886-2-27050682
Chung Hsiao Branch	Cheng-Chian Tsao Senior Vice President & General Manager	No.233, Sec.4, Chung-hsiao E. Rd., Ta-an Dist., Taipei 10692, Taiwan	+886-2-27711877	+886-2-27711486
World Trade Center Branch	Yu-Mei Chiu Vice President & General Manager	1F, No.333, Sec.1, Keelung Rd., Hsin-yi Dist., Taipei 11012, Taiwan	+886-2-27203566	+886-2-27576144
Hsin Yi Branch	Shu-Hua Chung Vice President & General Manager	No.65, Sec.2, Keelung Rd., Hsin-yi Dist., Taipei 11052, Taiwan	+886-2-23788188	+886-2-23772515
Taipei Branch	Shiou-Mei Lin Senior Vice President & General Manager	No.550, Sec.4, Chung-hsiao E. Rd., Hsin-yi Dist., Taipei 11071, Taiwan	+886-2-27587590	+886-2-27581265
Lan Ya Branch	Teh-Ming Wang Senior Vice President & General Manager	No.126, Sec.6, Chung-shan N. Rd., Shih-lin Dist., Taipei 11155, Taiwan	+886-2-28385225	+886-2-28341483
Tien Mou Branch	Chin-Tzu Liao Senior Vice President & General Manager	No.193, Sec.7, Chung-shan N. Rd., Shih-lin Dist., Taipei 11156, Taiwan	+886-2-28714125	+886-2-28714374
Nei Hu Branch	Jian-Pyng Lee Vice President & General Manager	No.68, Sec.4, Cheng-kung Rd., Nei-hu Dist., Taipei 11489, Taiwan	+886-2-27932050	+886-2-27932048
Nei Hu Science Park Branch	Shao-Ping Tang Vice President & General Manager	No.472, Jui-kuang Rd., Nei-hu Dist., Taipei 11492, Taiwan	+886-2-87983588	+886-2-87983536
East Nei Hu Branch	Tsuyung Ni Vice President & General Manager	No.202, Kang-chien Rd., Nei- hu Dist., Taipei 11494, Taiwan	+886-2-26275699	+886-2-26272988
Nan Gang Branch	Chin-Kun Kuo Vice President & General Manager	No.21-1, Sec.6, Jhong-siao E. Rd., Nan-gang Dist., Taipei 11575, Taiwan	+886-2-27827588	+886-2-27826685
Keelung Branch	Fu-San Lin Vice President & General Manager	No.24, Nan-jung Rd., Ren-ai Dist., Keelung 20045, Taiwan	+886-2-24228558	+886-2-24294089
Ban Qiao Branch	Ming-Jong Lin Vice President & General Manager	No.51, Sec. 1, Wen-hua Rd., Banqiao Dist., New Taipei City 22050, Taiwan	+886-2-29608989	+886-2-29608687
South Banqiao Branch	Hong-Yeh Lee Vice President & General Manager	No.148, Sec. 2, Nan-ya S. Rd., Banqiao Dist., New Taipei City 22060, Taiwan	+886-2-89663303	+886-2-89661421
Xin Dian Branch	Ying-Chiou Liaw Senior Vice President & General Manager	No.173, Sec. 2, Bei-xin Rd., Xindian Dist., New Taipei City 23143, Taiwan	+886-2-29182988	+886-2-29126480
Shuang He Branch	Yu-Sheng Cheng Vice President & General Manager	No.67, Sec. 1, Yong-he Rd., Yonghe Dist., New Taipei City 23445, Taiwan	+886-2-22314567	+886-2-22315288

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Yong He Branch	Pei-Hong Wu Vice President & General Manager	No.201, Fuhe Rd., Yong-he Dist., New Taipei City 23450, Taiwan	+886-2-29240086	+886-2-29240074
Zhong He Branch	Heh-Yeau Wu Vice President & General Manager	No.124, Sec. 2, Zhong-shan Rd., Zhonghe Dist., New Taipei City 23555, Taiwan	+886-2-22433567	+886-2-22433568
Tu Cheng Branch	Tsung-Che Liang Vice President & General Manager	No.276, Sec. 2, Zhong-yang Rd., Tucheng Dist., New Taipei City 23669, Taiwan	+886-2-22666866	+886-2-22668368
South San Chong Branch	Shih-Tsung Hsu Vice President & General Manager	No.12, Sec. 4, Chong-xin Rd., Sanchong Dist., New Taipei City 24144, Taiwan	+886-2-29748811	+886-2-29724901
San Chong Branch	Yung-Chen Huang Senior Vice President & General Manager	No.99, Sec. 3, Chong-yang Rd., Sanchong Dist., New Taipei City 24145, Taiwan	+886-2-29884455	+886-2-29837225
Xin Zhuang Branch	Ko-Cheng Chang Vice President & General Manager	No.421, Si-yuan Rd., Xinzhuang Dist., New Taipei City 24250, Taiwan	+886-2-22772888	+886-2-22772881
Si Yuan Branch	Yu-Chuan Lu Senior Vice President & General Manager	No.169, Si-yuan Rd., Xinzhuang Dist., New Taipei City 24250, Taiwan	+886-2-29986661	+886-2-29985973
Yi Lan Branch	Jing-Fu Yang Senior Vice President & General Manager	No.338, Min-zu Rd., Yilan City, Yilan County 26048, Taiwan	+886-3-9310666	+886-3-9311167
Lo Tung Branch	Chyi-Yee Chen Vice President & General Manager	No.195, Sec.2, Chun-ching Rd., Lo-tung Town, Ilan County 26549, Taiwan	+886-3-9611262	+886-3-9611260
Chung Li Branch	Shu-Te Hsu Vice President & General Manager	No.46, Fu-hsing Rd., Chung-li City, Tao-yuan County 32041, Taiwan	+886-3-4228469	+886-3-4228455
North Chung Li Branch	Shing-Chuan Lee Vice President & General Manager	No.406, Huan-pei Rd., Chung-li City, Tao-yuan County 32070, Taiwan	+886-3-4262366	+886-3-4262135
Tao Yuan Branch	Lian-Yuh Tsai Vice President & General Manager	No.2, Sec.2, Cheng-kung Rd., Tao-yuan City, Tao-yuan County 33047, Taiwan	+886-3-3376611	+886-3-3351257
Tao Hsin Branch	Ching-N Pong Vice President & General Manager	No.180, Fu-hsin Rd., Tao-yuan City, Tao-yuan County 33066, Taiwan	+886-3-3327126	+886-3-3339434
Pa Teh Branch	Yuang-Nan Wu Vice President & General Manager	No.19, Da-jhih Rd., Pa-teh City, Tao-yuan County 33450, Taiwan	+886-3-3665211	+886-3-3764012
Tao Yuan International Airport Branch	Alice Yia-Shu Lin Senior Vice President & General Manager	No.15, Hang-jan S. Rd., Da-yuan Township, Tao-yuan County 33758, Taiwan	+886-3-3982200	+886-3-3834315
Nan Kan Branch	Su-Min Liu Vice President & General Manager	No.33, Zhong-zheng Rd., Luzhu Township, Tao-yuan County 33861, Taiwan	+886-3-3525288	+886-3-3525290
Hsinchu Branch	Jung-Chang Lin Vice President & General Manager	1F、2F., No.417、419, Sec. 2, Gongdao 5th Rd., Hsinchu City 30069, Taiwan	+886-3-5733399	+886-3-5733311

Branch Name	Manager & Title	Address	Phone Number	Fax Number
North Hsinchu Branch	Lin-Hsin Yen Senior Vice President & General Manager	No.129, Chung-cheng Rd., Hsinchu City 30051, Taiwan	+886-3-5217171	+886-3-5262642
Hsinchu Science Park Chu-tsuen Branch	Chun-Ming Chou Senior Vice President & General Manager	No.21, Chu-tsuen 7th Rd., Hsinchu Science Park, Hsinchu City 30075, Taiwan	+886-3-5773155	+886-3-5778794
Hsinchu Science Park Hsin-an Branch	Yen-Rong Fu Senior Vice President & General Manager	No.1, Hsin-an Rd., Hsinchu Science Park, Hsinchu City 30076, Taiwan	+886-3-5775151	+886-3-5774044
Jhu Bei Branch	Yu-Ling Lee Vice President & General Manager	No.155, Guang-ming 1st Rd., Jhu-bei City, Hsinchu County 30259, Taiwan	+886-3-5589968	+886-3-5589998
Zhunan Science Park Branch	Deng-Quey Liu Vice President & General Manager	Rm.105, 1F No.36, Ke-yan Rd., Zhunan Township, Miaoli County 35053, Taiwan	+886-3-7682288	+886-3-7682416
Tou Fen Branch	Chu-Po Chou Vice President & General Manager	No.916, Chung-hwa Rd., Tou-fen Town, Miao-li County 35159, Taiwan	+886-3-7688168	+886-3-7688118
Taichung Branch	Rei-Chan Tsai Senior Vice President & General Manager	No.216, Ming-chuan Rd., Central Dist., Taichung 40041, Taiwan	+886-4-22281171	+886-4-22241855
Central Taichung Branch	Tzu-Chen Kung Senior Vice President & General Manager	No.194, Sec.1, San-min Rd., West Dist., Taichung 40343, Taiwan	+886-4-22234021	+886-4-22246812
South Taichung Branch	Ming-Kuang Lee Vice President & General Manager	No.257, Sec.1, Wu-chuan W. Rd., West Dist., Taichung 40347, Taiwan	+886-4-23752529	+886-4-23761670
East Taichung Branch	Yow-Der Wang Vice President & General Manager	No.330, Chin-hwa N. Rd., North Dist., Taichung 40457, Taiwan	+886-4-22321111	+886-4-22368621
North Taichung Branch	Chien-Chung Chen Vice President & General Manager	No.96, Sec. 3, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan	+886-4-23115119	+886-4-23118743
Pouchen Branch	Hwa-San Lo Vice President & General Manager	No.600, Sec.4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan	+886-4-24619000	+886-4-24613300
Rung Tzung Branch	Ching-Shien Li Vice President & General Manager	No.1650, Sec.4, Taiwan Blvd., Xitun Dist., Taichung City 40705, Taiwan (R.O.C.)	+886-4-23500190	+886-4-23591281
Tai Ping Branch	Jiunn-Horgn Shyu Vice President & General Manager	No.152, Zhong-xing E. Rd., Taiping Dist., Taichung 41167, Taiwan	+886-4-22789111	+886-4-22777546
Da Li Branch	Ya-Ling Chen Vice President & General Manager	No.600, Shuang-wen Rd., Dali Dist., Taichung 41283, Taiwan	+886-4-24180929	+886-4-24180629
Feng Yuan Branch	Shu-Er Huang Vice President & General Manager	No.519, Zhong-zheng Rd., Fengyuan Dist, Taichung 42056, Taiwan	+886-4-25285566	+886-4-25274580
Hou Li Branch	De-Chung Liao Vice President & General Manager	No.619-1, Jia-hou Rd., Houli Dist., Taichung 42151, Taiwan	+886-4-25588855	+886-4-25580166
Tan Zi Branch	Hsueh-Chu Hsieh Vice President & General Manager	No.3, Nan 2nd Rd., T.E.P.Z., Tanzi Dist., Taichung 42760, Taiwan	+886-4-25335111	+886-4-25335110

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Central Taiwan Science Park Branch	Ching-Ho Tu Vice President & General Manager	2F., No.28, Ke-ya Rd., Daya Dist., Taichung 42881, Taiwan	+886-4-25658108	+886-4-25609230
Sha Lu Branch	Hsin-Tsai Tai Vice President & General Manager	No.533, Zhong-shan Rd., Shalu Dist., Taichung 43344, Taiwan	+886-4-26656778	+886-4-26656399
Da Jia Branch	Chung-Yang Liao Vice President & General Manager	No.1033, Sec. 1, Zhong-shan Rd., Dajia Dist., Taichung 43744, Taiwan	+886-4-26867777	+886-4-26868333
North Changhua Branch	Wen-Yeong Hsieh Vice President & General Manager	No.39, Kuang-fuh Rd., Changhua City, Changhua County 50045, Taiwan	+886-4-7232111	+886-4-7243958
South Changhua Branch	Chien-Ping Wu Vice President & General Manager	No.401, Sec.1, Chung-shan Rd., Changhua City, Changhua County 50058, Taiwan	+886-4-7613111	+886-4-7622656
Lu Gang Branch	Kaung-Shu Shu Vice President & General Manager	No.254, Zhong-shan Rd., Lu-gang Town, Changhua County 50564, Taiwan	+886-4-7788111	+886-4-7788600
Yuan Lin Branch	Fu-Kuei Wu Vice President & General Manager	No.338, Sec.1, Dah-tong Rd., Yuan-lin Town, Changhua County 51056, Taiwan	+886-4-8332561	+886-4-8359359
Nan Tou Branch	Hung-Fuh Wu Vice President & General Manager	No.45, Wen-chang St., Nan-tou City, Nan-tou County 54048, Taiwan	+886-49-2232223	+886-49-2232758
Dou Liu Branch	Shoh-Chi Doong Vice President & General Manager	No. 1, Shang-hai Rd., Dou-liu City, Yun-lin County 64048, Taiwan	+886-5-5361779	+886-5-5337830
Chia Yi Branch	Jaw-Jia Chou Vice President & General Manager	No.259, Wen-hua Rd., Chia-yi City 60044, Taiwan	+886-5-2241166	+886-5-2255025
Chia Hsin Branch	Shu-Kwei Chang Vice President & General Manager	No.379, Wu-fong N. Rd., Chia-yi City 60045, Taiwan	+886-5-2780148	+886-5-2769252
Tainan Branch	Hsuan-Shu Chen Senior Vice President & General Manager	No.14, Sec.2, Chung-yi Rd., Tainan 70041, Taiwan	+886-6-2292131	+886-6-2224826
Tainan Fucheng Branch	Chun-Fu Chen Senior Vice President & General Manager	No.90, Chung-shan Rd., Tainan 70043, Taiwan	+886-6-2231231	+886-6-2203771
East Tainan Branch	Yi-Ren Hwang Vice President & General Manager	No.225, Sec.1, Chang-jung Rd., Tainan 70143, Taiwan	+886-6-2381611	+886-6-2378008
Yong Kang Branch	Suen-Pann Chen Vice President & General Manager	No.180, Zhong-shan Rd., Yongkang Dist., Tainan City 71090, Taiwan	+886-6-2019389	+886-6-2016251
Tainan Science Park Branch	Jeng-Dar Jou Vice President & General Manager	No.13, Nan-ke 3rd Rd., Xinshi Dist., Tainan 74147, Taiwan	+886-6-5052828	+886-6-5051791
Chenggong Branch	Chang-Er Kuo Vice President & General Manager	No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 80661, Taiwan.	+886-7-5352000	+886-7-3312866
Wu Fu Branch	Guang-Huei Lu Vice President & General Manager	No.82, Wu-fu 2nd Rd., Hsin-hsing Dist., Kaohsiung 80043, Taiwan	+886-7-2265181	+886-7-2260919
Hsin Hsing Branch	Kung-Yeong Wang Vice President & General Manager	No.308, Chung-shan 1st Rd., Hsin-hsing Dist., Kaohsiung 80049, Taiwan	+886-7-2353001	+886-7-2350962

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Kaohsiung Branch	Tsair-Quey Chang Vice President & General Manager	No.235, Chung-cheng 4th Rd., Qian-jin Dist., Kaohsiung 80147, Taiwan	+886-7-2515111	+886-7-2212554
Kaohsiung Metropolitan Branch	Joseph C.H. Chou Senior Vice President & General Manager	No.253, Chung-cheng 4th Rd., Qian-jin Dist., Kaohsiung 80147, Taiwan	+886-7-2510141	+886-7-2811426
Ling Ya Branch	Chong-Yin Lee Vice President & General Manager	No.8, Sze-wei 4th Rd., Ling-ya Dist., Kaohsiung 80247, Taiwan	+886-7-3355595	+886-7-3355695
San Tuo Branch	Chong-Zu Lin Vice President & General Manager	No.93, San-tuo 2nd Rd., Ling-ya Dist., Kaohsiung 80266, Taiwan	+886-7-7250688	+886-7-7211012
San Min Branch	Ching-Feng Chung Vice President & General Manager	No.225, Chung-hua 1st Rd., Gu- shsan Dist., Kaohsiung 80455, Taiwan	+886-7-5536511	+886-7-5224202
Kaohsiung Fishing Port Branch	Huey-Ru Chao Vice President & General Manager	Room 107, No.3, Yu-kang E. 2nd Rd., Kaohsiung 80672, Taiwan	+886-7-8219630	+886-7-8117912
Kaohsiung Export Processing Zone Branch	Chen-Hui Chen Vice President & General Manager	No.2, Chung 4th Rd., Kaohsiung Export Processing Zone, Kaohsiung 80681, Taiwan	+886-7-8316131	+886-7-8314393
North Kaohsiung Branch	Kuo-Hua Yeh Vice President & General Manager	No.532, Chiu-ju 2nd Rd., Kaohsiung 80745, Taiwan	+886-7-3157777	+886-7-3155506
East Kaohsiung Branch	Yaw-Ching Tseng Vice President & General Manager	No.419, Ta-shun 2nd Rd., Kaohsiung 80787, Taiwan	+886-7-3806456	+886-7-3806608
Nan Tze Branch	Yeou-An Lu Senior Vice President & General Manager	No.600-1, Chia-chang Rd., Nantze Export Processing Zone, Kaohsiung 81170, Taiwan	+886-7-3615131	+886-7-3633043
Chung Kang Branch	Ying-Liang Jhu Vice President & General Manager	No.1, Chung-kang Rd., Kaohsiung 81233, Taiwan	+886-7-8021111	+886-7-8034911
Kaohsiung International Airport Branch	Chun-Hsia Chien Vice President & General Manager	Kaohsiung International Airport, No.2, Chung-shan 4th Rd., Kaohsiung 81252, Taiwan	+886-7-8067866	+886-7-8068841
Ren Wu Branch	Ching-Shiang Tsai Vice President & General Manager	No.2, Zhong-zheng Rd., Renwu Dist., Kaohsiung 81451, Taiwan	+886-7-3711144	+886-7-3740764
Gang Shan Branch	Chyi-Fure Jiang Vice President & General Manager	No.138, Zhong-shan N. Rd., Gangshan Dist., Kaohsiung 82065, Taiwan	+886-7-6230300	+886-7-6230608
Feng Shan Branch	Shu-Kun Chang Vice President & General Manager	No.248, Zhong-shan W. Rd., Fengshan Dist., Kaohsiung 83068, Taiwan	+886-7-7473566	+886-7-7477566
Ping Tung Branch	Hsiao-Chin Ma Vice President & General Manager	No.213, Ming-tsu Rd., Ping-tung City, Ping-tung County 90078, Taiwan	+886-8-7323586	+886-8-7321651
Hua Lien Branch	Jen-Jhi Chen Vice President & General Manager	No.26, Kung-yuan Rd., Hua-lien City, Hua-lien County 97048, Taiwan	+886-3-8350191	+886-3-8360443
Kin Men Branch	Tzu-Yuan Yang Vice President & General Manager	No.37-5, Min-sheng Rd., Jin- cheng Town, Kin-men County 89345, Taiwan	+886-82-375800	+886-82-375900

Overseas Branches & Representative Offices

Branch Name	Manager & Title	Address	Phone Number	Fax Number
New York Branch	Shihming Huang Senior Vice President & General Manager	65 Liberty Street, New York, NY 10005, U.S.A.	+1-212-6084222	+1-212-6084943
Los Angeles Branch	Yi-Ming Ko Senior Vice President & General Manager	445 South Figueroa Street, Suite 1900, Los Angeles, CA 90071, U.S.A.	+1-213-4893000	+1-213-4891183
Chicago Branch	Lan Hwang Vice President & General Manager	2 North La Salle Street, Suite 1803, Chicago, IL 60602, U.S.A.	+1-312-7829900	+1-312-7822402
Silicon Valley Branch	Nian-Tzy Yeh Vice President & General Manager	333 West San Carlos Street, Suite 100, Box 8, San Jose, CA 95110, U.S.A.	+1-408-2831888	+1-408-2831678
Panama Branch	Ching-Chyi Juang Senior Vice President & General Manager	Calle 50 Y Esquina Margarita A, de Vallarino, Entrada Nuevo Campo Alegre, Edificio MEGAICBC No.74, P.O. Box 0832-01598, Panama City, Republic of Panama	+507-2638108	+507-2638392
Colon Free Zone Branch	Felix Yee-Chin Chen Vice President & General Manager	Dominador Bazan y Calle 20, Manzana 31, P.O. Box 0302-00445, Colon Free Zone, Republic of Panama	+507-4471888	+507-4414889
Paris Branch	Wen-Sheng Chiang Vice President & General Manager	131-133 Rue de Tolbiac, 75013 Paris, France	+33-1-44230868	+33-1-45821844
Amsterdam Branch	Shiow-Ling Wu Vice President & General Manager	World Trade Center, Strawinskylaan 1203, 1077XX, Amsterdam, The Netherlands	+31-20-6621566	+31-20-6649599
London Branch	Huei-Min Wang Senior Vice President & General Manager	4 th Floor, Michael House, 35 Chiswell Street, London, EC1Y 4SE, United Kingdom	+44-20-75627350	+44-20-75627369
Sydney Branch	Bi-Huei Jin Vice President & General Manager	Level 8, 10 Spring Street, Sydney NSW 2000 Australia	+61-2-92301300	+61-2-92335859
Brisbane Branch	Lung-Chin Li Vice President & General Manager	Suite 1-3, 3 Zamia Street, Sunnybank, QLD 4109, Australia	+61-7-32195300	+61-7-32195200
Melbourne Branch	Yu-Song Chen Vice President & General Manager	Level 20, 459 Collins Street, Melbourne VIC 3000, Australia	+61-3-86108500	+61-3-96200600
Tokyo Branch	Chih-Liang Chen Vice President & General Manager	7F, Kishimoto Bldg. No.2-1, Marunouchi 2-Chome, Chiyoda-Ku, Tokyo 100-0005, Japan	+81-3-32116688	+81-3-32165686
Osaka Branch	Hwa-Yueh Lin Vice President & General Manager	4-11, 3-chome, Doshomachi, Chuoku, Osaka 541-0045, Japan	+81-6-62028575	+81-6-62023127
Manila Branch	Rong-Hwa Lin Senior Vice President & General Manager	3 rd Floor, Pacific Star Bldg., Makati Avenue, Makati City, Philippines	+63-2-8115807	+63-2-8115774
Ho Chi Minh City Branch	Chien-Hung Chen Vice President & General Manager	Ground Floor, Landmark Building, 5B Ton Duc Thang, Dist 1, Ho Chi Minh City, Vietnam	+84-8-38225697	+84-8-38229191
Singapore Branch	Wei-Dei Sheu Senior Vice President & General Manager	80 Raffles Place#23-20 UOB Plaza 2 Singapore 048624	+65-62277667	+65-62271858
Labuan Branch	Ching-Tsung Wang Vice President & General Manager	Level 7 (E2), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000 F. T. Labuan, Malaysia	+60-87-581688	+60-87-581668

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Kuala Lumpur Marketing Office	Ching-Tsung Wang Vice President & General Manager	Suite 12-04, Level 12, Wisma Goldhill 67, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	+60-3-20266966	+60-3-20266799
Hong Kong Branch	Chao-Ho Lee Senior Vice President & General Manager	Suite 2201, 22/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong	+852-25259687	+852-25259014
Phnom Penh Branch	Mao-Jung Chu Vice President & General Manager	No.139, St.274 Independent Monument, BKK I, Chamkarmorn, Phnom Penh, Cambodia	+855-23-988101	+855-23-217982
Phnom Penh Airport Sub-Branch	Yao-Tsung Huang Vice President & General Manager	No. 601, Confederation De La Russie Blvd., Phum Porbrork Khangchoeung, Sangkat Karkarb, Khan Porsenchey, Phnom Penh, Cambodia	+855-23-969656	+855-23-969661
Olympic Sub-Branch	Pei-Wuu Hsieh Vice President & General Manager	No. 38B, Preah Monireth Blvd. (Street 217), Phum 10, Sangkat Toul Svay Prey 2, Khan Chamkarmorn, Phnom Penh, Cambodia	+855-23-988130	+855-23-988134
Tuol Kouk Sub-Branch	Chin-Lung Chou Vice President & General Manager	No. 2A-2B, Street 315, Phum 8, Sangkat Boeng Kak 1, Khan Tuol Kouk, Phnom Penh, Cambodia	+855-23-988156	+855-23-988155
Suzhou Branch	Robert Yong-Yi Tsai Senior Executive Vice President	RM 104,1F, Jianwu Building, No.188, Wangdun Rd., Suzhou Industrial Park, Jiangsu, China P.C.: 215028	+86-512-62966568	+86-512-62966698
Wujiang Sub-Branch	Ting-Hau Chang Vice President & General Manager	NO.768, Yundong Road, Wujiang Economic and Technological Development Zone, Suzhou, Jiangsu, China	+86-512-66086088	+86-512-66086006
Kunshan Sub-Branch	Chien-Ting Liu Vice President & General Manager	1F, No.180 Qianjin Middle Road, Kunshan, Suzhou, Jiangsu, China	+86-512-50376166	+86-512-50376169
Ningbo Branch	Wu-Hsin Tsai Vice President & General Manager	No.1880 Zhongshan East Road, Jiangdong District Ningbo, Zhejiang Province China	+86-574-87283939	+86-574-87283737
Representative Office in Bahrain	Chou-Wen Pan Vice President & Representative	Flat 1, Abulfatih Building, Block 319, Rd 1906 Al Hoora Area, P.O. Box 5806, Manama, State of Bahrain	+971-2-6815555 Ext. 248	+971-2-6817744
Representative Office in Mumbai	Jui-Chung Chuang Senior Vice President & Representative	Trade Centre, Level Ground & 1, Bandra-Kurla Complex, Bandra East, Mumbai, 400051, India	+91-22- 61623297	+91- 22-61623800
Representative Office in Abu Dhabi	Chou-Wen Pan Vice President & Representative	B1, 18 th Floor, Three Sails Tower, Corniche Rd., P.O. Box 42284, Abu Dhabi, U.A.E.	+971-2-6815555 Ext. 248	+971-2-6817744
Representative Office in Yangon	Juei-Heng Chia Vice President & Representative	Room 110, Prime Hill Business Square, No.60, Shwe Dagon Pagoda Road, Dagon Township, Yangon, Myanmar	95-1-382-710	

Subsidiaries

Mega International Commercial Bank (Canada)				
Branch Name	Manager & Title	Address	Phone Number	Fax Number
Head Office	Chung-Shin Loo Senior Vice President & Chief Executive Officer	North York Madison Centre, 4950 Yonge Street, Suite 1002, Toronto, Ontario, M2N 6K1, Canada	+1-416-9472800	+1-416-9479964
Vancouver Branch	Bao-Huei Yeh Vice President & General Manager	1095 West Pender Street, Suite 1250, Vancouver, British Columbia, V6E 2M6, Canada	+1-604-6895650	+1-604-6895625
Richmond Branch	Hon-Sum Lee (Lee Raymond) General Manager	6111 No. 3 Road, Richmond, British Columbia, V6Y 2B1, Canada	+1-604-2733107	+1-604-2733187

Mega International Commercial Bank Public Co., Ltd.				
Branch Name	Manager & Title	Address	Phone Number	Fax Number
Head Office	Jia-Hong Wu President & Chief Executive Officer	36/12 P.S. Tower, Asoke, Sukhumvit 21 Road, Klongtoey-nua, Wattana, Bangkok 10110, Thailand	+66-2-2592000	+66-2-2591330
Chonburi Branch	Tong-Hai Her Vice President & General Manager	88/89 Moo.1, Sukhumvit Road, Huaykapi Sub-District, Muang District, Chonburi Province 20130, Thailand	+66-38-192158	+66-38-192117
Bangna Branch	Ming-Feng Lee Vice President & General Manager	MD Tower, 2 nd Floor, Unit B, No.1, Soi Bangna-Trad 25, Bangna Sub-District, Bangna District Bangkok Province 10260, Thailand	+66-2-3986161	+66-2-3986157
Ban Pong Branch	Ming-Cheng Huang Vice President & General Manager	99/47-48 Sonpong Road, Ban Pong, Ratchaburi 70110, Thailand	+66-32-222882	+66-32-221666
Rayong Branch	Yang-Der Fu Vice President & General Manage	500/125 Moo 3 Tambol Tasith, Amphur Pluak Daneng, Rayong Province 21140, Thailand	+66-38-950276	+66-38-950284

Annual Report 2015



Mega International Commercial Bank

No. 100, Chi-lin Road, Taipei 10424, Taiwan, R.O.C

Tel:886-2-2563-3156 Fax:886-2-2356-8936

www.megabank.com.tw