第一銀行
First Bank

2016 ANNUAL REPORT

第一銀行 ▪ First Bank　第一銀行 ▪ First Bank

Contents

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Executive Vice President

Auditor Report
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Taiwan Ratings Corp.
Tel: 886-2-8722-5800

Highlights

(in millions)	12.31.2016 NTD	12.31.2015 NTD	12.31.2016 USD
Major financial data at year end			
Total assets	2,485,253	2,437,081	77,134
Loan discounted, net	1,544,206	1,480,109	47,927
Deposits and remittances	1,975,467	1,949,301	61,311
Common stock	89,064	86,244	2,764
Equity	190,631	183,484	5,917
Operating results			
Net interest income	28,449	28,115	883
Net non-interest income	13,743	10,939	427
Pre-tax income	20,639	19,182	640
Income tax	(2,940)	(3,082)	(91)
Net income	17,699	16,100	549
Capital adequacy ratio	13.51%	13.94%	
World rank			
The Banker - by tier 1 capital (12/15)	208	234	
The Banker - by total assets (12/15)	207	209	
Distribution network			
Domestic full/mini/sub-branches	189/0/0	190/0/0	
Overseas branches/sub-branches/rep. offices/OBU	19/7/2/1	18/5/2/1	
First Commercial Bank (USA)	1 main office and 7 branches	1 main office and 7 branches	
Number of employees	7,452	7,428	

*NT$32.22:US$1.00

*The Major Financial Data and Operating Results of 2016 and 2015 are Accordance with IFRS.

History

First Commercial Bank has grown strongly and steadily with Taiwan's economic development over the last 117 years, and consistently adhered to the corporate philosophy of "Customer First, Service Foremost".

The Bank is committed to transforming into a global financial institution that is not only highly recognized by employees, but also is friendly, reliable and sound from customers' perspective.

- 1899 Savings Bank of Taiwan established
- 1912 Merged with Commercial and Industrial Bank of Taiwan (est. 1910)
- 1923 Merged with Chia-I Bank (est. 1905) and Hsin-Kao Bank (est. 1916)
- 1945 Reversion of Taiwan from Japanese Governance
- 1949 The Bank was renamed First Commercial Bank of Taiwan
- 1967 The Bank started international business
- 1976 The Bank's name was shortened to First Commercial Bank
- 1998 The Bank was privatized
- 1999 Centennial Anniversary
- 2003 First Financial Holding Co. established; The Bank transformed to be a wholly owned subsidiary of FFHC
- 2004 A new corporate structure created due to the organizational reshaping
- 2006 Awarded "Bank of the Year 2006" for Taiwan by The Banker, ISO 27001 Certification from BSI
- 2007 Continued winning glory and honor awards from The Banker (UK), Asiamoney (HK) and FSC (Taiwan)
- 2008 Graded A for "Loan Promotion Program to SMEs by Taiwanese Banks" by the FSC; winning "Credit Guarantee Partner Award" from the MOEA and the FSC; awarded "The Best Visa Debit Issuer of the highest Activation Rate in 2008" by Visa organization
- 2009 Establishing the First brand image in urban regeneration financing; receiving a "2009 ANZCham Business Excellence Award"; Winning "The 2nd Information Security Awards 2009" and "Enterprise PMP Benchmarking Awards"
- 2010 Shanghai Branch opened for business on December 23, making First Bank the first Taiwanese bank to operate in China
- 2011 Signing MOUs with China's six leading banks; upgrading Hanoi Representative Office into a branch; awarded "The Best Loan Promotion Program to SMEs by Taiwanese Banks" by FSC; OBU launched RMB-denominated business
- 2013 Awarded "Bank of the Year 2013" for Taiwan by The Banker; Winning "USD RTGS Promotion Awards" from BAROC, Taiwan
- 2014 Chengdu Branch opened for business on September 15.
- 2015 Ranked No.1 in SME market share for fifth year in a row; Xiamen Branch opened for business on April 30.
- 2016 Ranked No.1 in SME market share for sixth year in a row; Manila Branch opened for business on December 16.

Message to Our Shareholders

Ching-Nain Tsai
Chairman of the Board

Business Report for 2016

Overview of Global Economy

The world economy experienced slow and uneven growth in 2016. Growth was weaker than expected in developing economies including the U.S., the euro area and Japan. China's localization policies and supply-side glut caused a marked slowdown in world trade, and deceleration in emerging nations spilled back to the slow pace of global growth. Geopolitical events such as Brexit, tensions in Middle East and the rising tide of protectionism sent shock waves throughout the financial markets. The U.S. Federal Reserve raised interest rates in December 2016 and signaled a faster pace of increases in 2017, reflecting positive momentum in the U.S. economy along with rising inflation and an improving job market. The eurozone's economic growth was steady but modest, supported by the ECB's monetary stimulus and a weak euro despite lingering debt-crisis issues, terrorist threats and economic implications of Brexit. Japan's

economy continued to stumble amid sluggish demand at home and abroad and deflationary pressures. China's efforts to rebalance its economy away from investment and towards consumption-driven growth caused a sharp decline in export and import activity, which rippled through other parts of the world.

Overview of Domestic Economy

Taiwan ended 2016 with a 1.76% decline in exports due to a global demand slowdown, plummeting commodity prices and the hangover of China's economic rebalancing. Private consumption showed relative strength thanks to increased outbound travel, promotional sales activities, rising holiday sales and favorable weather conditions, but the overall confidence was held back by slow wage and job growth. Construction activity remained sluggish due largely to a weak housing market, but semiconductor companies' migration into advanced chip-fabrication process revived investment and factory production. Taiwan's economy took a more positive turn during the second half of 2016 to lift its annual rate of growth to 1.5%. As for interest rates, the Central Bank of R.O.C (Taiwan) cut its discount rate in the first and second quarter of the year by 0.125 percentage point each time to 1.375%. These rate decisions were made in the face of extended weak economic activity abroad – plus a slow recovery of growth, a widening negative output gap and tame inflation at home. The local currency strengthened amid abundant liquidity and low interest rates globally as attractive dividend yields offered by the Taiwan market encouraged more international investment in NT dollar assets.

The financial sector did not escape unharmed by stagnant international trade as Taiwan's interest-rate cuts, aimed at jumpstarting the economy, led to lending spread compression and lower profitability. Pre-tax profit reported by domestic banks of the year totaled NT$300.1 billion, down 6.11% from the same period a year earlier. The average return on assets and return on equity in the banking industry fell to 0.68% and 9.24%, respectively. In addition, the overall asset quality deteriorated amid a challenging business environment. The non-performing loan ratio rose 0.04 percentage point to 0.27% while the loan-loss coverage ratio declined 52.50 percentage points to 502.93% in December 2016, compared with the end of 2015.

Organizational Structure

The Financial Supervisory Commission approved our applications for agency licenses for life and property/casualty insurance lines on May 13, 2016. In July of the same year, we created the Insurance Agency Division to formulate and implement insurance sales strategies, manage policy administration and supervise the agency business, with the Insurance Planning Department, the Insurance Marketing Department and the Insurance Affairs Management Department set up within the division. In addition, we put our compliance function into clearer focus by establishing the Anti-Money Laundering Department under the Compliance & Legal Division in order to address the threats of money laundering and terrorist financing and to assure more proactive monitoring and reporting of suspicious transactions. In May 2017, the Digital Technology Security Division was formed with the responsibility to plan, implement and manage an organization-wide digital security strategy, with the Security Operation Management Department and the Security Technology Control Department operating under the division.

Performance in 2016

During 2016, we identified "Be First with Us, Your Integrated and Innovative Partner" to be our annual theme and focused on five priorities that underlined management actions and financial targets. These five priorities were: optimizing and integrating business processes; accelerating the integration of virtual and physical channels; creating value through more efficient, targeted use of capital; driving cross-border business volume; and creating a happy company culture.

Our success in the past year would not have been possible without the dedication and hard work of our employees. The following is a summary of financial and operational results for 2016.

Sustained Profit Growth

In 2016, our pre-tax profit crossed the NT$20 billion mark to set a new record of NT$20.524 billion. Our pre-tax EPS were NT$2.30 per share. Our return on assets and return on equity, calculated on a pre-tax basis, reached 0.84% and 10.97%, respectively. We achieved above-peer average asset quality performance with non-performing loan ratio of 0.20% and loan-loss coverage ratio of 625.14% as of 2016 year-end, a reflection of our ability to balance between the pursuit of profit and the management of risks.

Solid Capital Adequacy

Our capital position was strengthened significantly following an NT$20 billion capital injection by our parent company, First Financial Holdings, in September 2015. Since then, we have focused on profitability rather than volume, grown fee-based income that entails little or no capital, and built on risk deduction measures in order to achieve capital efficiency improvements. Our total capital ratio and tier 1 capital ratio stood at 13.27% and 10.95% as of 2016 year-end, respectively, above the minimum capital requirements by 2019.

Po-Chiao Chou
President

Strengthening Connectivity within Asia-Pacific Region

Last year marked a new milestone in our history as we added two sub-branches in Chraoy Chongvar and Khan Mean Chey to the Phnom Penh branch in January and established a new branch in Manila in December. With these new locations, we reiterated our support of the Taiwan government's "New Southbound Policy." As of 2016, we had the most comprehensive geographic coverage of any Taiwanese bank in Southeast Asia with 21 of our 35 overseas locations situated in Asia, including six in China/Hong Kong/Macau, 14 in Southeast Asia and one in Northeast Asia. We spent the past year building local capacity in foreign markets and continuing to support multinational corporations with cross-border financing, syndicated loans, foreign loans with domestic security, receivables financing and supply and distribution chain solutions. Moreover, an incentive scheme designed to encourage client referrals and generate collaboration revenues between local and foreign offices facilitated clients' access to services across geographies and units. In December 2016, we received from Taiwan Academy of Banking and Finance an Excellence Award in recognition of our successful execution of international growth strategy.

Market-Leading Position in SME Lending and Advance in Wealth Management

During 2016, we remained Taiwan's largest SME lender for a sixth straight year with outstanding SME loans of NT$647.8 billion. Our continued efforts to improve small businesses' access to financing were recognized by an award from the Financial Supervisory Commission. In addition, we were one of Taiwan's top wealth managers with more than 400 advisors in our 189 local branches helping clients achieve their financial goals. Fee and commission income from our wealth management business increased 9.22% in 2016.

Innovation in Products, Distribution and Omnichannel

In the Financial Innovation Index released by Taiwan Academy of Banking and Finance in October 2016, we received high scores in the overall ranking of Innovative Ability, an acknowledgement of our commitment to FinTech. We continued to implement our FinTech patent strategy last year, which is critical for our success and can deliver a competitive advantage. Until April 2017, 22 of our 40 FinTech patent applications (covering 30 claims) filed with the Intellectual Property Office, Ministry of Economic Affairs have been granted. As we patented new or improved inventions that could be implemented locally, we also sought to extend our patents to systems and platforms used by our foreign business locations by filing international patent applications in order to protect our FinTech innovations.

Last year, we continued to improve the way we serve clients by integrating online and offline channels as part of our omni-channel strategy. We rolled out Taiwan's first digital branch that featured artificial intelligence and interactive banking tools, including Taiwan's first Virtual Teller Machine and Pepper, a humanoid robot built to perform services and interact with people. This new branch format not only has offered enhanced and innovative services, but also has created a new way for our brand to connect with today's digitally savvy customers. In January 2017, we launched a customer service hub that allows customers to access our representatives via phone, texts, web calls and/or Virtual Teller Machine. The historic record of customer interactions helps us translate the information we know about customers into personalized advice and solutions to their special needs.

Advocacy of Corporate Social Responsibility (CSR) and Green Finance

The CSR Committee of the Board was created in 2011 to plan and implement operations and programs with respect to CSR. We have since reported annually on our progress in corporate governance, customer engagement, employee welfare, environmental sustainability and philanthropy. In 2016, the first time that we participated in the annual Corporate Sustainability Assessment by RobecoSAM, we were added to the Dow Jones Sustainability Emerging Market Index. We have made substantial progress towards our "Go Paperless" initiative and energy targets since 2011, and our head office achieved a 20.97% carbon emissions reduction from lower usage of fuel, electricity, water and gas in four years. Over the past three years, we produced fewer carbon emissions by over 30,000 tons, approximately the annual amount of carbon held by soil and trees in green space equivalent to 97 Da-an Forest Parks. We were selected as a Gold winner by the ROC Enterprises Environmental Protection Award for two years in a row as the only financial company to receive this honor.

Budget Implementation, Growth and Profitability

Net revenue for 2016 was NT$41,537 million, an increase of NT$2,952 million compared with the prior year. Pre-tax profit was NT$20,524 million, or 102.74% of our pre-tax profit target.

- Deposits
  The average balance of deposits outstanding was NT$1,914,543 million, an increase of NT$59,617 million, or 3.21%, compared with the prior year. The percentage of target achieved for 2016 was 100.13%.
- Loans
  The average balance of loans outstanding was NT$1,488,921 million, an increase of NT$27,927 million, or 1.91%, compared with the prior year. The percentage of target achieved for 2016 was 97.12%.
- Trust Business
  The volume of trusts increased by NT$1,972 million, or 0.77%, to NT$258,562 million, reaching 87.09% of our given target.
- Custodian Business
  Assets under custody declined by NT$40,242 million, or 5.00%, to NT$764,749 million as of 2016 year-end, reaching 100.61% of our given target.

Research Support

To stay in touch with the fast-changing environment, we tracked the latest developments of global economies, markets and industries and published reports on them regularly. We conducted research on local regulatory changes as they arose and recommended solutions in response to those changes. We continued to enhance the breadth and depth of our research and regulatory knowledge in order to support future growth.

The Key Goals and Objectives Set for 2017

In the year ahead, we will leverage our Asia-Pacific regional network and electronic transaction capabilities to respond to changes and meet new challenges. Our 2017 annual theme of "Be First with Us, Your Partner for Growth and Transformation" calls on us to build on the progress we made in the past year in digitalization, service delivery, distribution and talent development to become a stronger franchise. As we seek to deliver performance above peer average, we will not overlook the importance of internal control and compliance. We also will focus on FinTech in our long-standing effort to use technology to increase the breadth and depth of our banking services. In sum, the strategic actions we are to implement in the year ahead are: creating a value proposition that reflects the diversity of our customer base; accelerating digital transformation; driving overseas business volume; strengthening governance and control; and embedding the organization with a culture of happiness. These actions will position us well to reach our goal of becoming a bank with a strong regional presence, unique competencies and capabilities, best-in-class digital banking offerings and a culture of happiness.

2017 Strategies

Using Data Analytics to Uncover Deep Customer Insights

Collaborations across geographies, units and functions will remain high priorities in 2017. We will continue our integrated approach to serving our clientele, facilitated by advanced behavior and marketing analytics. Our goals are to provide personalized services to priority customers, identify potential ones, and deliver enhanced value to and build enduring relationships with clients.

Transitioning to Digital Banking and Bridging Virtual / Physical Channels

In response to the shift in transaction activity to digital and mobile channels, we will further integrate our physical and virtual channels by upgrading technology infrastructure, using analytical tools, improving the speed and simplicity of online processes and creating a unified, seamless client experience.

Accelerating Southward Expansion and Building Global Footprint

In support of the Taiwan government's "New Southbound Policy," we will continue to strengthen our international service capabilities and deliver products and services through a combination of local focus and expertise.

Boosting Capital Efficiency and Enhancing Governance Practices

Supported by a strong capital base, we plan to further penetrate high-quality account holders with loans and other products and services to become their primary banking choice. We also will reiterate the importance of safeguarding sensitive client information and enhancing compliance to keep up with the ever-changing regulatory environment and the fast-evolving technology landscape.

Embedding Sustainability in Company Culture

We will continue to advocate corporate governance, customer engagement, employee welfare, environmental sustainability and philanthropy in 2017. The trust and support from our clients, shareholders and employees will guide us as we contribute toward a sustainable society where businesses and the environment coexist in harmony.

Discussion on Operating Environment

External competitive environment

Taiwan's banks are increasingly finding the banking market in Southeast Asia attractive. They are making regional forays in search of higher margin and growth to escape a saturated home market.

The Executive Yuan (the Cabinet) in 2016 set forth the "New Southbound Policy" based on the guidelines announced by President Tsai Ing-wen. Built around the principles of long-term partnership, multilateral engagement and mutually beneficial relationships, the policy aims to combine the resources and capabilities of ministries and agencies, local governments and the private sector to promote economic collaboration, conduct talent exchange, share resources and forge regional links with ASEAN member states, South Asian countries, Australia and New Zealand. The goal of the New Southbound Policy is to lay the groundwork for a new and mutually beneficial model of cooperation and, ultimately, to create a sense of economic community. In late 2016, we demonstrated our support of the New Southbound Policy by establishing a new branch in Manila. Going forward, we will continue to develop the geographical reach and service capabilities needed to follow our clients into Southeast Asia, but our growing network and locations could bring the challenge of balancing risks and rewards.

Regulatory Environment

At the end of 2016, the Legislative Yuan reviewed revisions to eight financial regulations, including the Banking Act, the Insurance Act, the Securities and Exchange Act, the Futures Trading Act, the Act Governing Electronic Payment Institutions, the Act Governing Issuance of Electronic Stored Value Cards, the Securities Investment Trust and Consulting Act and the Trust Enterprise Act, in an aim to create a supportive environment for financial innovation to flourish and to address cyber threats. The revisions are to take effect in mid-2017 if the legislative process proceeds on schedule. Meanwhile, the Financial Supervisory Commission proposed a bill for a "regulatory sandbox" that would enable financial institutions as well as non-financial players to experiment with FinTech solutions in a safe environment where actual products or services are provided to the customers but within a well-defined space and duration. Specific regulatory and operational requirements would be relaxed in order to allow promising FinTech innovations to develop and flourish. The responsive and forward-looking regulatory approach taken by the Financial Supervisory Commission also facilitates more effective management of cyber security issues in today's fast-evolving technology environment.

The use of non-cash transactions is giving rise to a cashless society. A digital monetary system, via credit cards or other electronic payment methods, allows governments to track transactions, including those made by criminals, with precision whereas physical cash makes illegal transactions easier to perform and increase anonymity. The Money Laundering Control Act was revised by the Legislative Yuan in late 2016 as part of the government's effort to become a member jurisdiction of the Financial Action Task Force and to ensure the compliance with international standards on anti-money laundering and terrorist financing. The revision is expected to become effective on June 28, 2017. In addition, the government is in the process of amending the Company Act and drafting regulations that govern juridical persons and mutual legal assistance treaties in order to cooperate more closely with global organizations to combat money-laundering and the financing of terrorism.

Overall Operating Environment

In the year ahead, the global markets will likely experience increased volatility amid diverging monetary policy settings as the U.S. raises rates at a measured pace and Europe and Japan slow their quantitative easing programs. Other key developments projected for 2017 include uncertain policy stances taken by the U.S. administration, political instability in eurozone, growth slowdown in China, the rise of protectionism, capital outflows from emerging markets and rising geopolitical risks. The world economy is forecast to grow modestly but risks remain high. The U.S. will continue to grow at a much faster rate than other developed nations, supported by job gains, household spending and an expansionary fiscal policy under a Trump presidency. Europe's economic recovery may be picking up speed in 2017 as the ECB's ultra-loose monetary policy will not be scaled back any time soon, but a volatile political environment due to key elections to be held throughout the year and the prospect of a full Brexit deal could derail growth in the region. In Japan, the fading impact of massive stimulus, the economy's fragile state and persistent deflation pressures will continue to weigh on the country. While China's economic rebalancing act may result in slower growth, its stabilization policy should help the country avoid the risk of a sharp economic downturn. The worst appears to soon be over for emerging markets as commodity prices rebound and stronger trade flows add economic stability, but the recovery will likely be slow. In its World Economic Outlook update in April 2017, the IMF left its forecasts for 2017 and 2018 global growth at 3.5% and 3.6%, respectively, compared with its 3.1% growth estimate for 2016. The tone of its update was rather buoyant, suggesting that the world economy could be gaining momentum. Taiwan's economic outlook should mirror that of the global economy. The Directorate General of Budget, Accounting, and Statistics forecast in February 2017 that Taiwan's real GDP would grow at a rate of 1.92% in 2017, an improvement over the 1.50% growth rate in 2016.

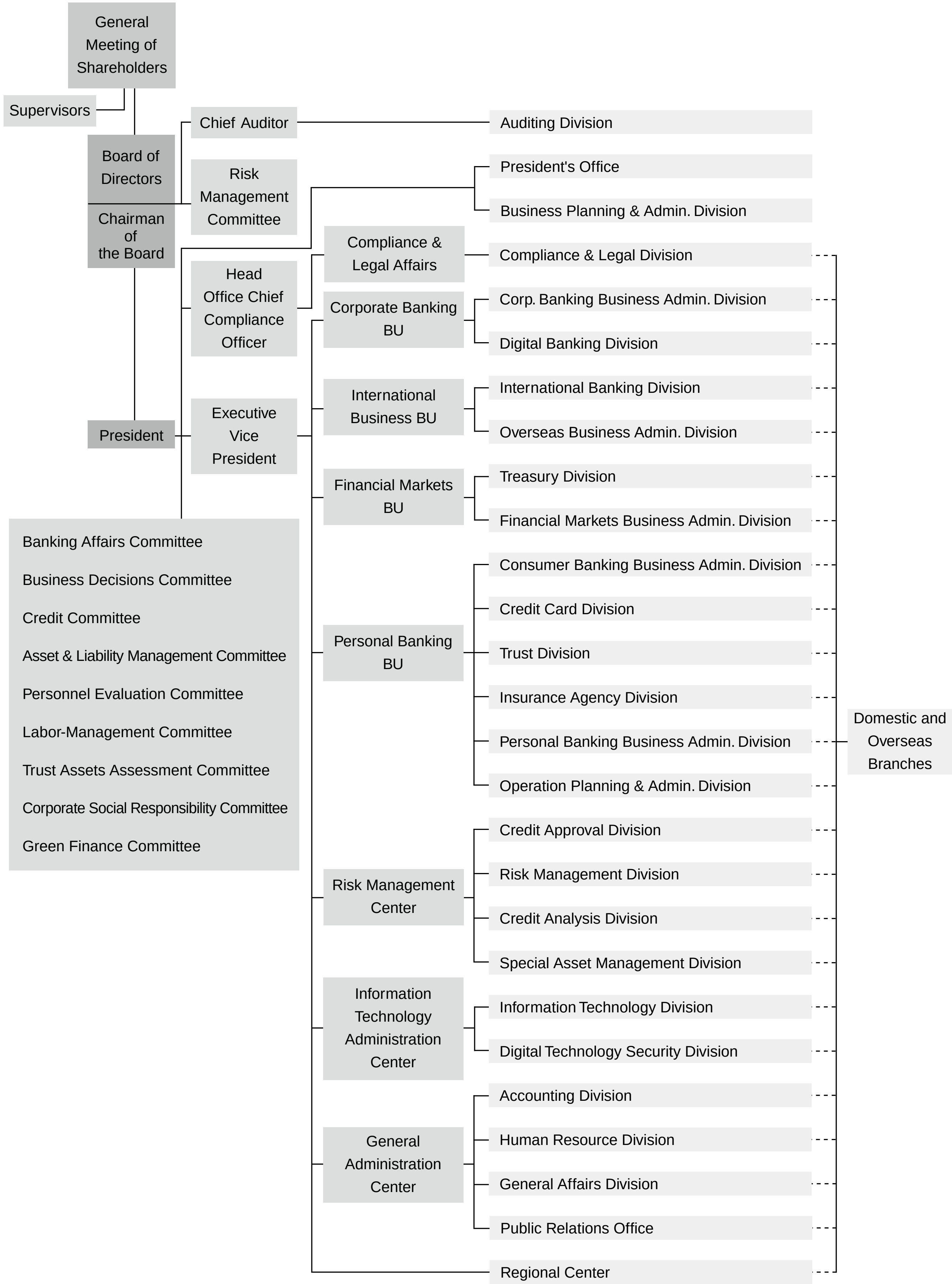
Local banks' exposure to the property sector will be worth watching. Data from the land authorities showed that total transactions of buildings in Taiwan's six largest metropolitan areas declined 16.6% to 182,000 last year, the lowest level since data first became available, as the housing market was impacted by changes in the property tax system with a marked deceleration recorded in the first quarter of 2016. The number of building transactions increased by 40.6% year-over-year to 45,000 in the first quarter of 2017, due partly to a low comparison a year ago and partly to "rigid" buyer demand. With property mostly held for own use rather than for investment and a supply glut showing no signs of improvement, home sales volume and prices should continue to decrease in the near term. Though most forecasters see stronger GDP growth in 2017, inventory of unsold new homes and increased cost of holding property could hurt overall consumer sentiment and have implications for home buyers and sellers as there is now less urgency to purchase a house. That could further impact home sales volume going forward.

Credit-rating Results

2016				
Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	September 12, 2016	twA-1+	twAA+	Stable
Standard & Poor's	September 12, 2016	A-2	A-	Stable
Moody's	December 9, 2016	P-1	A2	Stable

2015				
Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	October 5, 2015	twA-1+	twAA+	Stable
Standard & Poor's	October 5, 2015	A-2	A-	Stable
Moody's	January 5, 2016	P-1	A2	Positive

Organization Chart



May 2017

Board of Directors and Supervisors

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Chairman of the Board	R.O.C.	Ching-Nain Tsai	July 1'10	■ M.S., Industrial Management, National Cheng Kung University Director General, National Treasury Agency, MOF; President, Land Bank of Taiwan; Chairman, Taiwan Business Bank; Chairman, Taiwan Futures Exchange; Chairman, First Commercial Bank (USA)	Chairman, First Financial Holding Co., Ltd. (FFHC); Chairman, The First Education Foundation Chairman of the Board, Trust Association of R.O.C. Supervisor, Taiwan Stock Exchange Corporation
Managing Director	R.O.C.	Po-Chiao Chou	Sep. 9'13	■ B.S., National Cheng Kung University; VP & General Manager of Si Tainan Branch, FCB; SVP & General Manager of Accounting Dept. and General Affair Dept., FCB; EVP, FCB; Chairman, First Venture Capital Co., Ltd.; Chairman, First Financial Management Consulting Co.,Ltd.; Supervisor, First Securities Inc. ; Advisor & Head of Administration Management Dept. and Risk Management Dept., FFHC; EVP., FFHC: Director, The First Education Foundation	President, FCB; Director, FFHC; Director, Taiwan Small Business Integrated; Vice Chairman, The First Education Foundation; Chairman, First Commercial Bank (USA) Director, Taipei Financial Center Corporation
Managing Director	R.O.C.	Tien-Yuan Chen	Oct. 22'97	■ B.A., Tamkang University Chairman, Taiwan Coca-Cola Co., Ltd.; Director, Golden Gate Investment Co., Ltd.	Director, FFHC; Chairman, Golden Garden Investment Co., Ltd.; Chairman, Golden Gate Motor Co., Ltd.; Chairman, Golden Gate Investment Co., Ltd.; Director, The First Education Foundation
Managing Director	R.O.C.	Hsien-Feng Lee	July 13'06	■ Ph.D., Bielefeld University, Germany Advisory Committee Consultant of Council for Economic Planning and Development, Executive Yuan; Director, Farmers Bank of China	Director, FFHC; Director, Yuanta-Polaris Research Institute; Associate Professor of Dept. of Economics, National Taiwan University; CEO, Public Economics Research Center, National Taiwan University
Independent Managing Director	R.O.C.	Du-Tsuen Uang	Aug. 25'11	■ Ph.D. in Law, National Chengchi University Commissioner, Fair Trade Commission, Executive Yuan; Associate Research Fellow, Associate Professor, Institute of International Relations, National Chengchi University	Director, Hung Ching Development & Construction Co. Ltd.; Director, Sino Horizon Holdings Limited; Director, Meiko Cultural Foundation; Dean of School of Law, Ming Chuan University
Independent Director	R.O.C.	Hau-Min Chu	July 24'15	■ Ph.D., Brown University Dean & Professor of Dept. of Money & Banking, National Chengchi University; President, Hsing Kuo University of Management; Director, Taiwan Futures Exchange; Managing Director, The Export-Import Bank of the R.O.C; Director, Taiwan Financial Holding Co., Ltd..; Managing Director, Land Bank of Taiwan; Independent Managing Director, FCB	Independent Director, FFHC; Independent Director, WahLee Industrial Corp.; Independent Director, Gamma Optical Co., Ltd.; Appointed Professor of Dept. of Money & Banking, National Chengchi University; Chair Professor, Takming University of Science & Technology
Independent Director	R.O.C.	Dung-Chun Tsai	July 24'15	■ Ph.D., in Business Administration., University of Illinois. Professor, Dean of Institute of International Business and Dept. of Transportation & Communication Management Science, National Cheng Kung University	Professor of Dept. of Transportation & Communication Management Science and Institute of Telecommunications Management, CEO of Executive Master of Business Administration, National Cheng Kung University
Director	R.O.C.	Grace M. L. Jeng	Dec. 25'14	■ B.S., National Taiwan University SVP & General Manager of Yuan-Shan Branch; SVP & Chief of Personal Banking Business Admin. Division; EVP, FCB; Director, First Insurance Agency; Director, First Securities Investment Trust Co., Ltd.; Chairman; First Commercial Bank (USA)	Director & President, FFHC; Director; Taiwan Asset Management Corp.; Director, The First Education Foundation;
Director	R.O.C.	Chia-Yin, Hung	Apr. 28'11	■ Ph.D. in Law, National Chengchi University Member of Complaint Review Board for Government Procurement, Taipei City Government; Member of Legal Affairs Committee, MOEA; Member of Petitions and Appeals Committee, MOF	Professor, Dean of School of Law, Soochow University Supervisor, Taiwan Depository & Clearing Corporation
Director	R.O.C.	Jan-Yan Lin	Aug. 22'08	■ Ph.D. in Business Administration, National Chengchi University Dean of Academic Affairs, Kainan University; Secretary General, Chinese Professional Management Association	Professor of Dept. of Business Administration, Dean of Center for Global Taiwanese Business Studies, Chung Yuan Christian University
Director	R.O.C.	Shang-Wu Yu	Sep. 25'08	■ Ph.D., University of Birmingham, U.K. Chief Secretary for Chairperson, Fair Trade Commission, Executive Yuan; VP, Dean of College of Management, Tungnan University; Dean, College of Management and Language, Yuanpei University; Director, FFHC; Director, Global Link Securities Co., Ltd; Dean, College of Business Management, JinWen University of Science & Technology	Independent Director, TXC Corporation; Director, Taiwan Stock Exchange; Independent Director, Taisun Holdings Co., Ltd. Dean, College of Business Management, JinWen University of Science & Technology Chair Professor, College of Management & Design, Ming Chi University of Technology
Director	R.O.C.	Lung-Fa Hsieh	Mar. 21'13	■ Ph.D., National Chengchi University; Director, REIJU Constuction Co. Ltd.; Supervisor, Taiwan Life Insurance Co. Ltd.; Dean, College of Management, Dayeh University; Supervisor, Taiwan Depository & Clearing Corporation; VP, Dayeh University	Independent Director, Vedan International (Holdings) Ltd.,; Independent Director, Y.C.C. Parts MFG Co. Ltd.; Director, Connect secondly with limited company, headhunter of enterprise; President of Commerce Development Research Institute; Supervisor, WeShare Education & Charity Fund; Professor, Dept. of Business Administration, Chung Yuan Christian University
Director	R.O.C.	Chun-Tien Hu	July 24'15	■ Ph.D. in Economics, Princeton University Associate Professor, Professor, National Taiwan University; Research Fellow, Academia Sinica; Professor, National Kaohsiung University of Applied Science; Dean of Dept. of Economics, Chinese Culture University; Director, Bellwether International Group Ltd.; Director, Jiu Hua Investment Co., Ltd.	Professor, Dept. of Economics, Chinese Culture University
Director	R.O.C.	Hwey-Jane Lin	July 24'15	■ M.A., Doctoral Program, Accounting Dept., The Wharton School, University of Pennsylvania CEO, Taiwan Accounting Education Foundation; CEO & Committee Member, Education & Training Committee, Accounting Research and Development Foundation; Committee Member, Administrative Commission of the Cable Radio and Television Development Fund, Government Information Office, Executive Yuan; Associate Professor, Dept. of Accounting, Fu Jen Catholic University; CPA; National Chiao Tung University; Associate Professor, Dept. of Accounting, National Taiwan University; Standing Supervisor, FCB; Supervisor, First-Aviva Life Insurance Co., Ltd.	Supervisor, CareerJust Accounting Service; CEO, Education & Training Committee, Accounting Research and Development Foundation Director, Taiwan Accounting Education Foundation Adjunct Associate Professor, Dept. of Accounting, National Taiwan University

(to be continued)

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Director	R.O.C.	Hsiao-Ling Tseng	July 26'12	■ LL.B., Fu Jen Catholic University Lawyer of Lord's International Law Office; AVP & Deputy Manager of Chien-Kuo Branch, Special Asset Management Division, FCB; SAVP & Deputy General Manager of Taoyuan Branch, FCB	SAVP & Deputy General Manager of San-Chung-Pu Branch, FCB; Director, First Investment Limited; President, First Commercial Bank Industrial Union; Member of Labor Funds Supervisory Committee, Ministry of Labor
Standing Supervisor	R.O.C.	Ming-Yuan Chiu	Oct. 24'13	■ Ph. D., Bulacan State University Professor, Director of Accounting Office, Dean of Academic Affairs Dept.and General Affair Dept., Southern Taiwan University of Science and Technology; President, Tung Fang Design Institute	Standing Supervisor, Association of Private Universities and Colleges of Taiwan; President, Ching Kuo Institute of Management and Health Professor, Graduate School of Health Industry Managment
Supervisor	R.O.C.	Yih-Cherng Yang	July 19'00	■ M.S., National Taiwan University Director, FCB; Managing Director, Standing Supervisor, China Bills Finance Corp.; Director, Amcad Biomed Corporation	President, Taiwan Small Business Integrated Assistance Center; Director, Taiwan Incubator SME Development Corporation; Supervisor, Yiu Hwa Management Consultant Co., Ltd.; Independent Director, Amcad Biomed Corporation
Supervisor	R.O.C.	Liang Chen	June 30'11	■ MBA, Finance, Bernard M. Baruch College, The City University of New York Vice President, International Investments, Oppenheimer & Co. Inc.; Executive Director & Head of Asia, Investment Banking, Paine Webber Inc.; Director, Taiwan Financial Holding Co., Ltd.	Chairman, Peak Capital Co., Ltd.
Supervisor	R.O.C.	Da-Bai Shen	Aug. 23'12	■ Ph.D., Tulane University, USA External Reviewer, Securities Listing Review Committee, Taiwan Stock Exchange; Member and Convenor of Clearing Committee, Taiwan Futures Exchange; Director, Center for Business Innovation and Incubation, Soochow University; Member of Investment Review Committee, National Development Fund, Executive Yuan; Director, APFC Ltd.;Director, Supervisor, SolidWizard Co., Ltd; Director, Pili International Multimedia Co.,Ltd.; Independent Director, Hualien Media International Co., Ltd.	Supervisor, APFC Ltd.; Independent Director, Pili International Multimedia Co.,Ltd.; Supervisor, Grand Cathay Venture Capital Ⅱ Co.,Ltd; Professor of Accounting Dept., Soochow University

February 28, 2017

Executive Officers

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
President	R.O.C.	Po-Chiao Chou	Sep. 9'13	■ B.S., National Cheng Kung University VP & General Manager of Si Tainan Br.; SVP & General Manager of Accounting Dept. and General Affair Dept.; Executive Vice President, FCB	Director, FFHC; Managing Director, FCB; Chairman, First Commercial Bank (USA); Vice Chairman, The First Education Foundation; Director, Taiwan Small Business Integrated; Director, Taipei Financial Center Corporation
EVP	R.O.C.	Ying Wu	Sep. 6'12	■ B.S., National Chengchi University Supervisor, First Venture Capital Co., Ltd.; Supervisor, First Financial Management Consulting Co., Ltd. Chairman & Director, First P&C Insurance Agency Co., Ltd.; Chairman & Director, First Insurance Agency Co., Ltd.	Director, First-Aviva Life Insurance Co., Ltd Director of Business Development Committee, Trust Association of R.O.C.
EVP	R.O.C.	Huey-Chin Hung	June 27'14	■ B.A., National Chengchi University SVP & Head of Kaohsiung District Center, Credit Approval Division and Credit Analysis Division, FCB	Advisor & Head of Risk Management Department, FFHC; Supervisor, First Securities Investment Trust; Director, Taiwan Asset Management Corp.
EVP	R.O.C.	Miao-Fen Tuan	Dec. 24'15	■ MBA., The Chinese University of Hong Kong SVP & Head of Corporate Banking Business Admin. Division, FCB; Supervisor, Financial Information Service Co., Ltd.	Director, First Securities Inc.; Supervisor, Taiwan Small Business Integrated Assistance Foundation
EVP	R.O.C.	Shang-Shing Chiang	Dec. 24'15	■ B.A., Tamkang University SVP & Head of International Banking Division, FCB; Chairman of International Finance Committee, The Bankers Association of the Republic of China	EVP, Chief Compliance Officer, FFHC; Supervisor, FCB Leasing Co., Ltd.; Supervisor, FCB International Leasing, Ltd.; Supervisor, FCB Leasing (Xiamen) Ltd.; Director, First Commercial Bank (USA)
EVP	R.O.C.	Chia-Hsiang Lee	Oct. 28'16	■ MBA, University of Texas at Dallas SVP & General Manager of New York Branch, FCB	Director, First Commercial Bank (USA); Chairman of International Finance Committee, The Bankers Association of the Republic of China; Head of Overseas Business Admin. Division, FCB
EVP	R.O.C.	Pei-Wen Liu	Nov. 30'16	■ PhD, National Cheng Kung University	Supervisor, Financial Information Service Co., Ltd.; Member of Banking Automation Committee, The Bankers Association of the Republic of China
EVP	R.O.C.	Chao-Chung Chou	Dec. 16'16	■ EMBA, Dayeh University SVP & General Manager of Phnom Penh Branch, FCB	Director, First Venture Capital Co., Ltd.; Director, First Consulting Co., Ltd.
Chief Auditor	R.O.C.	Shiow-Ling Wu	Apr. 27'17	■ B.L., National Chengchi University VP & Head of International Banking Division; SVP & General Manager of Singapore Branch; SVP & Head of Auditing Division, FCB	Supervisor, First Securities Investment Trust Co., Ltd.

March 17, 2017

Main Shareholders of Sole Owner FFHC

Shareholders	Holding %
Ministry of Finance	11.49
Bank of Taiwan	7.45
Hua Nan Bank	2.56
Civil Servants' Retirement Fund	2.20
Chunghwa Post Co., Ltd.	1.76
Taiwan Tobacco & Liquor Corporation	1.32
Vanguard Emerging Markets Stock Index Fund	1.31
Government of Singapore	1.21
Dimensional Emerging Markets Value Fund	1.19
Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	0.87

February 28, 2017

Banking Operations

Scope of Operations

Banking Business Line

1. Receive all kinds of deposits.
2. Issue financial bonds.
3. Extend loans.
4. Discount bills and notes.
5. Invest in securities.
6. Engage in domestic remittances.
7. Engage in acceptance of commercial drafts.
8. Issue local letters of credit.
9. Guarantee the issuance of corporate bonds.
10. Engage in domestic guarantee business.
11. Act as collecting and paying agent.
12. Act as agent to sell government bonds, treasury bills, corporate bonds and stocks.
13. Act as securities underwriter.
14. Engage in securities trading on its own account.
15. Engage in warehousing and custodian services.
16. Engage in rental safe deposit box.
17. Engage in agency services related to the business listed on business license or approved by the competent authorities.
18. Engage in credit card business.
19. Act as agent to sell gold bullions, gold and silver coins.
20. Purchase and sale of gold bullions, gold and silver coins.
21. Engage in guarantee business of import and export of foreign trade, outward and inward remittances, foreign currency deposits and foreign currency loans.
22. Engage in outward and inward remittances and foreign currency deposits business.
23. Purchase and sale of foreign currency cash and traveler's checks.
24. Engage in derivative financial products business approved by the competent authorities.
25. Engage in trust business as regulated.
26. Handle the investment in foreign securities under non-discretionary trust of money service.
27. Purchase and sale of government bonds.
28. Act as broker, dealer, registrar and underwriter for short-term debt instruments.
29. Provide financial consultation service for financing.
30. Act as agent to sell charity lottery tickets approved by the competent authorities.
31. Engage in foreign exchange margin trading.
32. Sale of domestic mutual funds under non-discretionary trust of money service.
33. Handle the investment in domestic securities investment trust funds under non-discretionary trust of money service.
34. Purchase and sale of corporate bonds and financial bonds.
35. Engage in wealth management business.
36. Act as agent to collect and make payments for real transactions.
37. Cooperate with or assist foreign institutions in engaging in activities associated with electronic payment business within the territory of the Republic of China.
38. Concurrently conduct personal insurance agency business and simultaneously open property insurance agency business.
39. Other related business approved by the competent authorities.

Trust Business Line

1. Trust Business
    - Trust of money
    - Trust of loans and related security interests
    - Trust of securities
    - Trust of real estate
    - Trust of superficies
    - Handling discretionary investment business by means of trust
2. Affiliated business
    - Act as agent for issuance, transfer, registra-tion of securities, and for distribution and payment of dividends and bonuses.
    - Provide consultation services for securities issuance and subscription.
    - Provide registration for securities.
    - Act as trustee for issuance of bonds and engage in agency services related to the business.
    - Provide custody services.
    - Act as custodian of securities investment trust funds.
    - Provide consultation services in connection with investments, assets and real estate development.
    - Concurrently conduct securities investment consulting business.
    - Manage the real estate of elderly and disabled persons as an affiliated trust business.
    - Other related business approved by the com-petent authorities.

Main Figures for Business Operations

		2016 NT$,000	%	2015 NT$,000	%
Deposits at year end					
Current Deposits	Checking deposits	48,538,316	2.3	43,289,523	2.1
	Demand deposits	548,478,692	26.3	539,104,541	26.1
	Savings deposits	645,789,149	30.9	624,119,267	30.2
	Subtotal	1,242,806,157	59.5	1,206,513,331	58.4
Time Deposits	Time deposits	394,200,404	18.9	402,511,235	19.5
	Time savings deposits	324,094,454	15.5	326,935,351	15.8
	Subtotal	718,294,858	34.4	729,446,586	35.3
Others	Due to other banks	1,726,225	0.1	1,775,251	0.1
	Overdrafts from other banks	1,178,371	0.1	638,545	0.0
	Call loans from other banks	123,307,988	5.9	126,190,534	6.2
	Subtotal	126,212,584	6.1	128,604,330	6.3
Total		**2,087,313,599**	**100.0**	**2,064,564,247**	**100.0**
Loans at year end					
Corporate		784,269,046	50.7	740,995,937	49.8
Consumer		433,357,392	28.0	422,171,073	28.4
Domestic branches In foreign currencies		48,204,787	3.1	51,731,902	3.5
Foreign branches		279,654,708	18.1	270,431,873	18.2
Import-export negotiations		1,577,834	0.1	1,164,431	0.1
Total		**1,547,063,767**	**100.0**	**1,486,495,216**	**100.0**
Foreign Trade and Payment (US$,000)					
FX buy	Export negotiations and collections	4,039,038	2.3	4,784,407	2.6
	Inward remittances	90,011,595	52.5	94,401,191	50.7
	Subtotal	94,050,633	54.8	99,185,598	53.3
FX sell	Import L/Cs and collections	4,581,033	2.7	5,803,898	3.1
	Outward remittances	72,858,060	42.5	81,115,401	43.6
	Subtotal	77,439,093	45.2	86,919,299	46.7
Total		**171,489,726**	**100.0**	**186,104,897**	**100.0**
Total Revenues					
Interest income		40,359,605	49.0	41,314,707	62.9
Fees and commissions		9,661,541	11.7	9,349,096	14.2
Gains on financial assets and liabilities		3,288,059	4.0	1,297,688	2.0
Income from equity investments accounted for under the equity method		205,078	0.2	1,202	0.0
Foreign exchange gains		997,173	1.2	1,649,699	2.5
Other non-interest income		27,927,513	33.9	12,124,136	18.4
Total		**82,438,969**	**100.0**	**65,734,124**	**100.0**
Total Expenses					
Interest expense		12,561,786	20.3	13,818,844	29.6
Fees and commissions		1,626,287	2.6	1,559,066	3.3
Provision for credit losses		2,050,028	3.4	472,808	1.0
Business and administrative expenses		18,963,492	30.6	18,997,266	40.8
Other non-interest expenses and losses		26,713,619	43.1	11,770,669	25.3
Total		**61,915,212**	**100.0**	**46,618,653**	**100.0**

2015 figures has been adjusted due to merger of First Insurance Agency Co. Ltd. with FCB on July 1st, 2016

NT$,000		2016	2015
Trust Business			
Balance at year end	Custody of funds and other investment assets	**764,749,270**	804,990,866
	Domestic trust assets	**70,348,893**	71,941,337
	Foreign trust assets	**131,029,009**	131,923,636
	Trustee accounts	**60,695,534**	66,002,268
	Family wealth trust assets	**2,392,247**	1,444,873
	Employee bonus trust assets	**1,111,409**	1,104,352
	Real estate trust assets	**21,427,911**	18,088,607
	Securities trust assets	**88,611,646**	89,752,214
	Securitization trustee assets	**100,059**	296,512
	Project trust assets	**13,166,054**	10,457,509
	Real estate escrow trust assets	**738,846**	1,713,076
	Collective management accounts	**224,739**	317,872
	Individual management accounts	**-**	9,049
Transaction volume	Registrar for issuance of securities	**36,163,539**	**20,240,925**
E-Banking Business			
Corporate online banking		**4,335,714,000**	4,892,901,000
Individual online banking		**246,868,000**	265,812,000
Mobile banking		**65,826,000**	44,592,000
Investment Business			
Transaction volume	Bills outright buy/sell (OB/OS)	**266,847,699**	202,456,830
	Bills repurchase/resale (RP/RS)	**-**	-
	Bills underwriting	**23,320,000**	20,700,000
Balance at year end	Bonds	**224,271,841**	180,316,295
	Stocks (short-term investment)	**4,078,597**	4,795,884
Credit Card Business			
Number of active cards		**640,575**	603,248
Transaction volume		**48,941,838**	47,004,295
Revolving balance of credit cards		**1,470,622**	1,373,754
Wealth Management Business (transaction volume)			
Mutual funds		**78,516,262**	107,989,562
Insurance		**34,216,868**	30,864,790

Market Analysis

Multinational Network

First Bank had 189 branches in Taiwan as of the end of 2016. Abroad, we operate in the continents of Europe, Asia, North America and Oceania through a network of 19 branches (not including Offshore Banking Units, or OBUs), seven sub-branches, two representative offices and a U.S.-based subsidiary bank that owns seven branches. Going forward, our geographic expansion will focus on Greater China, Southeast Asia and developed economies that include the eurozone, the U.S., Japan and Australia. Our goal is to become an Asia-focused bank with a global network that supports and facilitates seamless delivery of financial services.

Supply, Demand and Growth Conditions Underlying the Banking Market

The Supply Side

Taiwan's banking market is highly fragmented and nearing saturation with little differentiation between products. Competitive pressure from non-financial firms and the internet finance sector has resulted in the erosion of profitability. Against this challenging backdrop, we continue to penetrate new market segments to enhance our profit margin, identify opportunities in the economic and geopolitical events occurring around the world, and closely monitor changes in the foreign exchange markets to hedge against possible volatility while maintaining stringent risk controls. We have launched digital banking facilities, including Virtual Teller Machines, to deliver services beyond the traditional counter set-ups. Moreover, we are exploring collaboration across the ecommerce ecosystem in response to the trend of internet-based shopping and banking.

The Demand Side

Taiwan's financial institutions have been investing into the opportunities in the burgeoning economies of Asian countries with the aim of exploring new sources of growth and diversifying risk across geographies. Many of them share the same aspiration of becoming regional champions. Meanwhile, the rise of FinTech is raising the need for banks to harness technology-driven innovation. The Financial Supervisory Commission has facilitated the development of a favorable regulatory framework, consumer protection policies, cyber security strategies and financial data and analysis required to inform their policy decision making. The regulator also has allowed more banking services to be processed online and promoted mobile payments as part of its larger effort to create a supportive environment for digital banking. In response to the trends of longer life expectancy and lower birth rates, banks are offering products designed to help people deal with the challenges of aging and fund their retirement years, including trusts for elderly individuals and reverse mortgages.

Competitive Advantages, Favorable and Unfavorable Factors for Development Prospects, and Responsive Measures

First Bank is widely recognized for the strength of execution capabilities, innovative thinking, successful expansion internationally, deep client relationships, and a track record of financial performance that balances return and risk. In order to enable economic growth and social progress, we support the government's "New Southbound Policy" and its latest effort to foster emerging, strategically important industries and initiatives that include renewable energy, biotechnology, smart machinery, national defense, the establishment of an Asia Silicon Valley, a circular economy and future agriculture technologies. Looking ahead, we will align our strategies with trends that are shaping the operating environment to prepare for challenges and realize new opportunities.

Favorable Factors

- a century-old brand and a management philosophy aiming for stable growth
- a market-leading presence, an extensive branch network and deep client relationships
- a high level of internalization and global footprint that spans Europe, the U.S. and Greater China
- a growing presence in Southeast Asia and comprehensive coverage in Asia-Pacific region
- a track record of profitable growth supported by our core strength in corporate banking
- a comprehensive portfolio of cross-border receivables financing and supply and distribution chain solutions
- a heightened focus on transition to digital channels and social media engagement
- synergies created by connecting and integrating resources of parent company First Financial Holdings
- balance sheet strength and sound risk management practices
- a concentrated shareholding structure and a stable management team
- a long-standing commitment to talent development in the context of international competition
- an increase in credit demand from SMEs amid a gradual economic recovery

Unfavorable Factors

- slowing growth in the financial sector that in turn affects the sector's contribution to Taiwan's GDP
- the rise of direct finance and alternative sources to raise capital that weaken the roles played by banks as financial intermediaries
- a banking market characterized by too many players, poor profitability and fierce price competition
- highly homogeneous products and services and a lack of innovative capacity
- relatively small-scale operations of local banks compared to those of global counterparts
- increased volatility in financial markets and macro-economic situations

To counter the adverse factors described above, we will:

Responsive Measures

- respond to changes in the business environment by leveraging market knowledge and sector expertise;
- take an integrated approach to business processes and procedures with the integrated operational model providing a key competitive advantage;
- accelerate the digital transition by strengthening digital marketing efforts and integrating customer experience across physical and virtual channels;
- create value through selective application of capital and promote value-added products and services that increase customer stickiness and retention;
- continue regional expansion by moving westward to China and southward to ASEAN, broaden the scope of business in foreign offices and speed up their migration to full-service branches in support of the Taiwan government's New Southbound Policy;
- strengthen sales capabilities, develop potential successors and build a globally-minded talent pool; and
- embed citizenship into our core business and make a positive, lasting impact on society.

Business Plans for 2017

Our annual business plan sets out the activities that we intend to carry out during this year. In 2017, our priorities are to:

Corporate Banking

- increase collaboration between local and foreign branches in order to facilitate clients' access to the international syndicated loan market;
- connect Taiwanese businesses operating in Southeast Asia with the markets of international syndicated loans and foreign currency-denominated loans;
- encourage branches to play a more active role in the loan origination and syndication process and gain share in high-profile syndicate deals by acting as a lead manager or a co-arranger;
- penetrate and cultivate prospective customers by leveraging supply chain relationships and generate new business leads across the entire value chain of clients;
- use big-data analytics to gain insight into customer profiles and their business activity in order to identify potential high-value customers and increase the success rate of acquiring new customers;
- gain an early mover advantage by building up a strong presence in newly-established industrial and science parks;
- support government policies to foster emerging, strategically important industries and initiatives that include renewable energy, biotechnology, smart machinery, national defense, the establishment of an Asia Silicon Valley, a circular economy and future agriculture technologies by providing tailored loan programs;

- maintain the Bank's market-leading position in SME lending, grow the loan book by targeting small companies operating in industrial parks and emerging new sectors, and increase the volume of loans granted with the credit guarantee facility in order to remain the preferred banking partner for small businesses;
- launch plain-vanilla and deposit-linked principal-protected investment products with the aim of expanding customer base;
- increase market share in trade finance and foreign exchange through the promotion of international syndicated loans, value chain financing and foreign currency loans;

Foreign Exchange and Overseas Business

- combine resources to produce integrated marketing plans that target clients with potential need of hedging foreign exchange risk so as to identify cross-sell opportunities and improve customer stickiness;
- promote fee-based, capital-light foreign exchange services;
- continue to introduce new foreign exchange products from foreign partners;
- enable faster and more efficient transfers of funds by leveraging the Bank's own cross-border settlement system and remittance service platform as well as the second-generation China National Advanced Payments System; drive foreign exchange fee and commission income; and develop a proprietary platform for clearing yuan trades;
- identify opportunities to acquire new clients by way of referrals and through leveraging the offices and capabilities worldwide in response to the trend in developed nations to promote manufacturing at home and key developments in global markets;
- involve overseas branches in financial markets activities in the countries they operate in, help the branches gain access to local knowledge and networks, drive overseas loan volume, promote foreign currency deposits as an investment option and increase collaboration between local and overseas offices to grow cross-border banking business;
- lead and oversee the development of customer segmentation by overseas branches in order to manage customer groups based on race/ethnicity (divided into Taiwanese, ethnic Chinese and non ethnic Chinese) in the markets they operate in;
- plan the Southeast Asia expansion strategy in line with the trends that shape the future of business, markets and trade in the region and customers'need to reach beyond existing borders;
- facilitate availability of the Worldlink Payment Services, which support payments in multiple currencies, at overseas branches to cater for business expansion in ASEAN;
- upgrade the online banking portal used by overseas branches, create websites that reflect specific language and cultural preferences of target foreign markets, and enhance the Web-based user interface of the global treasury management system;

Treasury and Financial Markets

- collaborate closely with Corporate Banking teams and front-line staff to uncover clients'demand for convertible bonds, debentures, asset swap and commercial papers;
- participate in bank consortium meetings in order to uncover clients' potential financial needs and respond to their needs in a proactive manner;
- combine resources and competences across the organization to uncover opportunities for convertible bond issuance;
- add new products (such as currency futures) in order to expand the range of investment tools available for customers;
- increase portfolio investment in foreign stocks in response to declining trading volumes on Taiwan's stock market so as to diversify the portfolio across geographic regions and reduce the overall risk;
- seek new investment targets so as to enhance returns and raise the contribution to profit from fixed-income investments;
- reduce exposure to Europe and increase holdings in emerging market debt and U.S. and Australian investment-grade corporate bonds in the portfolio in order to achieve balanced income growth;
- anticipate and meet customer needs in the loan and foreign exchange services markets and acquire new clients in the derivative business;
- up-sell and cross-sell existing clients on additional products or services to increase customers' lifetime value and loyalty;
- increase business with securities investment trust companies and help clients hedge their leasing portfolio;
- make timely trading and asset allocation moves in response to major market events;

Personal Banking

- continue to redesign branches, build digital banking facilities, streamline the banking account opening process through Virtual Teller Machine and promote digital deposit;
- use artificial intelligence, such as Pepper the humanoid robot, to enhance the overall banking experience, improve customer satisfaction and increase service levels;
- develop niche-market products, drive sales momentum and volume growth at branch offices and build a diverse lineup of trust products;
- help elderly clients to deal with the challenges of aging with tailored trusts that afford different types of protection;
- promote regular-premium savings-cum-insurance plans and investment-linked policies with a back-end load and heighten focus on protection-oriented insurance in order to improve the quality of advice and service provided by sales agents and to reach new groups of customers;
- focus sales strategies on offshore funds and funds with a back-end load from the viewpoint of sales commission, use big data analytic tools to identify marketing targets and increase penetration into customer accounts;

- launch new savings-cum-insurance plans with the option of paying either in lump sum or regularly throughout policy term, re-market investment-linked policies and boost the penetration of mortgage life insurance and property and casualty insurance;
- re-launch existing funds and promote focus funds at regular intervals in order to drive sales;
- provide loan programs tailored for priority customers and target markets;
- penetrate the revolving mortgage segment and increase customer lifetime value and loyalty;
- launch environment-oriented credit cards that contribute to a more sustainable economy and use eco-friendly packaging solutions for existing cards; apply global best practices in mobile payment acceptance;
- create a customer service hub with interactions across multiple contact points used to gain insights into customer needs and generate new sales leads;

Risk Management

- enhance the online underwriting system for overseas corporate clients and strengthen risk management;
- improve the efficiency of credit underwriting by simplifying processes and tighten controls over the lending system;
- develop processes and procedures for analyzing major risk factors which could affect credit underwriting operations;
- report suspicious activity and criminal violations in a timely manner and conduct post-loan approval audit reviews;
- strengthen the practices and accounting for expected credit loss and ensure reasonable, supportable forward-looking information, such as credit risk factors used for an ECL model, in preparation for IFRS 9 implementation;
- measure capital adequacy using various stress-test scenarios and plan long-term capital allocation accordingly;
- improve the tracking and collection of overdue accounts and non-performing legacy loans;
- apply rolling wave planning to the monitoring and management of collateral disposal;

Digital Banking and Information Technology

- develop the next-generation corporate banking portal that features enhanced transaction capability, easy navigation on all browsers, multi language support, advanced security mechanism and flexible authentication in order to deliver greater speed and convenience to corporate and institutional clients;
- enhance mobile solutions by allowing more banking transactions to be handled via app and providing an optimal viewing and interaction experience for banking across a wide range of devices through a responsive web design (RWD) approach;
- upgrade the retail internet banking platform, support log-in via a chip card at a chip-activated terminal and expand the function of online utility bill payment;

- strengthen remote control over the Bank's ATMs to securely manage the network of self-service systems and kiosks, diagnose and solve issues, and send alerts on events with notification priority configured based on event severity;
- oversee the implementation of enterprise mobility management and use "marketing by walking around" in order to improve internal efficiency and to better serve customers;
- innovate upon the Bank's existing cross-border business to develop new payment methods to facilitate e-commerce activity, expand cooperation with UnionPay and WeChat, and integrate the Bank's payments infrastructure with an all-in-one POS system developed by partner Turn Cloud Tech;
- keep up with the latest developments in FinTech, blockchain and regulatory sandbox and plan a business incubator to foster entrepreneurship and innovation;
- develop alternative options of financing by exploring the ideas underlying peer-to-peer lending, such as the use of relational database to assess risk and determine a credit rating and diversification as a safety measure to minimize any potential losses to lenders;
- deepen customer engagement, use precision marketing to acquire and retain customers, establish a bank-wide system that captures, analyzes and deciphers customer data, identify prospective corporate clients and enhance big data capability to gain greater insight into both the retail and corporate banking spaces;
- develop a platform for managing campaigns, digital channels and trigger marketing to increase the success and effectiveness of marketing communications;
- support digital banking initiatives by enhancing online banking features and functions, building advanced analytics systems for managing marketing campaigns, developing digital welcome board displays and installing Virtual Teller Machines in banking branches;
- conduct review and analysis of the architecture, protocols and tools to ensure that they are implemented according to the Bank's information security policy and sufficient to prevent attempts, such as advanced persistent threats, to breach the organization's network and data;

Administration

- enhance the engagement, retention and development of talent and provide employees with the opportunities to advance their career;
- use online channels, including cloud and social media, to attract and recruit prospective employees and reach a wider pool of candidates;
- allocate assets to achieve optimal results;
- make green finance a priority, fulfill sustainability development goals and act responsibly as a corporate citizen;
- conduct comprehensive financial and tax planning reviews in order to manage funds more effectively and reduce tax burden;
- volunteer time and expertise towards the communities, invite customers to contribute to philanthropic causes, and use digital media to facilitate effective communications and to influence public interactions;

Compliance

- establish points of contact for consultation, improve the clarity of legal opinion and review contracts and other legal documents;
- handle and track major lawsuits involving the Bank to protect and/or enforce the Bank's rights and interests;
- establish a unit responsible for coordinating efforts across the organization to identify and manage money laundering and terrorist financing risks;
- track seven key metrics for measuring oversight performance and strengthen the compliance role in foreign branches;
- improve the efficacy and implementation of the compliance function by strengthening the processes and procedures for compliance tests and employee appraisals;
- identify and address potential compliance and money laundering risk issues involving new products, services and initiatives;
- anticipate and respond to changes in the regulatory environment and other issues with appropriate actions;
- ensure staff's adherence to regulatory requirements and increase their knowledge and expertise in the field of compliance.

Corporate Governance

Item	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
A. Ownership Structure and Shareholders' Equity		
1. Does the bank develop and implement internal operating procedure to handle shareholder's suggestions, doubts, disputes and lawsuits? 2. Is the bank the major shareholder of controlling stake in the bank? 3. Has the bank developed risk assessment and firewalls established against the operations with the affiliates?	1. The Bank's sole shareholder is First Financial Holding Co.; no shareholder's suggestions, doubts, disputes and lawsuits. 2. The Bank is owned by a single shareholder, the structure is quite simple. 3. The subject matters are governed by the "Rule for Personnel, Information and Business Exchanges between First Commercial Bank and its Investee Companies." and "Rules for Long Term Equity Investment of First Commercial Bank and Subsidiary Management"	no deficiency no deficiency no deficiency
B. Organization and Responsibilities of the Board of Directors		
1. Apart from establishing remuneration committee and audit committee according to law, has the bank voluntarily established other committees with similar function? 2. Does the bank evaluate the independence of the CPAs periodically?	1. The Bank's sole shareholder is First Financial Holding Co., which has set up "Ethical Management Committee", "Remuneration Committee" and "Audit Committee". Under the supervision of the board, the Bank has set up "Risk Management Committee", "Business Decisions Committee", "Asset & Liability Management Committee" and "Personnel Evaluation Committee". 2. When the Bank employs CPAs to audit financial condition and tax filing each year, it will seek independent statement from the auditor and submits the commissioning of the auditor to the Board of Directors for approval.	no deficiency no deficiency
C. Does the bank established communications with Interested Parties?		
	1. To provide open communication with interested parties, the website of the Bank's parent company, First Financial Holding Co., has set up grievance hotlines and email addresses for employees, investors, clients of the parent company and other subsidiaries under "Stakeholder Communication" sector, and opinion questionnaire for clients, employees, investors, nonprofit organizations, communities, media, financial counterparts, government departments, suppliers, research institutes under "CSR-CSR Report" sector.	no deficiency

Item	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
	2. The Bank has established a spokesperson system, customer feedback hotline and email, and set up a customer service message board, VoIP phone and text customer service on its external website along with its branch networks, providing for open communication with the interested parties. The bank has also established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank" to protect the interests of customers 3. The Bank's internal website contains a discussion forum and bank-wide videoconferences are held regularly, providing for open communication with employees, along with the sexual harassment grievance system. 4. According to article 32 of "Labor Inspection Act", the Bank has issued "Labor Grievance Statement", which declared the agencies, persons, scope, format and the procedure of handling labor grievance. Once the Bank violates "Labor Standards Act", "Labor Insurance Act", "Labor Inspection Act" and "Employee Service Act", employees may raise a grievance to supervisors of any branch networks and administrative departments of the Bank, labor competent authorities under county or municipal government and labor inspection authorities according to legal procedure and format.	no deficiency
D. Disclosure of Information		
1. Does the bank set up a website to disclose financial information and corporate governance? 2. Does the bank use other methods?	1. Annual Report, major financial statements and corporate governance are publicized on the Bank's website. 2. The Bank has set up an English website, where Annual Report and monthly financial information, etc. are available. A spokesperson system has also been established; Mr. Chao-Chung Chou, EVP is appointed spokesperson.	no deficiency no deficiency
E. Does the bank has other information related to corporate governance?	1. Employee welfare The Bank is committed to looking after its employees' well-being through an employee welfare program that includes career development planning, continuing education and training, open channels of communication, health check-ups and regular review of the compensation system.	no deficiency

Item	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
	2. Investor relations and stakeholders' rights Any directors having conflict of interest, legal requirements and procedures of donations and stakeholders' transactions in compliance with the "Guideline for the Board of Directors Meetings of First Commercial Bank," "Policy for Credit and Non-Credit Transactions of Stakeholders of First Commercial Bank," "Instructions for Stakeholder Credit Business Management of First Commercial Bank" and "Directions of Non-Credit Transactions of Stakeholders of First Commercial Bank." 3. Implementation of continuing education for directors and supervisors In addition to supporting directors' individual needs for continuing education, the Bank provides directors and supervisors with full access to information on relevant courses. 4. Implementation of risk policies and processes: The Bank has formulated a risk management policy and established a risk governance framework for identifying, assessing, monitoring and managing risks in order to create a cohesive risk management environment. The goal is to adopt a risk-centric approach to the Bank's operations to achieve business performance targets and to enhance shareholders' return. The Risk Management Committee reviews, oversees and coordinates all risk-related activities. 5. Consumer protection policy: The Bank has established the "Consumer Protection Principles and Implementation Guidelines for First Commercial Bank" and "Financial Consumer Protection Policy and Operational Rules for First Commercial Bank" to ensure that consumer interests are protected. 6. Liability insurance for directors and supervisors: In line with First Financial Holding Company's policy, the Bank purchases directors and supervisors liability insurance to reduce or eliminate risks from damages to the Bank and its shareholders as a result of wrongful or negligent acts committed within the scope of duty by directors and supervisors.	no deficiency no deficiency no deficiency no deficiency no deficiency
F . **Does the bank has corporate governance self-assessment report?**	subject to implementation of relevant laws and regulations.	no deficiency

Risk Management Overview

Risk Governance

The Bank's risk management program is established based on its risk management strategy and business operating objectives as approved by the Board of Directors, and in accordance with the "Risk Management Policies and Guiding Principles for the First Financial Holding Company and its Subsidiaries", Basel rules, and the relevant regulations of the competent authorities of Taiwan. The Policy is to be timely adjusted in response to economic change and industry cycle, and in view of the Bank's loan portfolio, asset quality and its business promotion strategy, etc. by the governed laws; and its adjustment has to be approved by the Board of Directors or reported to the top executives for approval.

Organization and Structure

The Board of Directors is the highest level of risk management oversight.

The Risk Management Committee is in charge of risk review, risk oversight, reporting and coordination of all risk related business activities.

The Top Executives oversee the implementation of the risk management program as approved by the Board of Directors.

The Risk Management Center consists of four Divisions and six Regional Centers and is responsible for the assessment and monitoring of credit risk, market risk, operational risk and integrated risk.

A centralized management framework in relation to ***operational risk*** is employed with three lines of defense, each with its defined authority and reporting threshold:

- Units bank-wide: All units should conduct regular control of business activities and carry out operational risk management within the scope of their respective duties and responsibilities.
- Risk Management Division: This Division is responsible for establishing the Bank's risk management system, planning of management tools and procedures, and implementation of exposure monitoring and reporting bank-wide.
- Auditing Division: This Division, independent of business units, is responsible for auditing and assessing whether the management framework is operating effectively.

Credit Risk

Process

- In order to comply with the new Basel Accord and establish applicable appraisal standards, various internal and external modeling techniques for the rating of credit risk are gradually developed and further introduced to the processes of credit analysis and loans review, as well as linked with warning mechanism employed for the post-credit control, so as to establish a complete credit risk management process.
- The credit limits for the conglomerate, business type, country and stocks listed on TSE or OTC etc. have been prescribed so as to control loans concentration risk.
- To operate effectively on the process of risk management, the Bank sets up related internal auditing and control system.

Risk Reporting and Assessment

- Risk Management Report: To avoid the excessive concentration of credit risk and monitor the changes in credit rating of the loan assets, the Bank conforms to the limits for "one person", "a related person" and "a related enterprise". In addition, the credit risk analysis reports including credit rating, asset quality, NPL ratio and credit concentration etc. are submitted to the Risk Management Committee or the Board of Directors for their reviews periodically.
- Measurement system: We developed the risk modules to evaluate the risk of borrowers on the products of corporate banking, credit loans, mortgages and credit cards, which are further put into system to perform stress test in order to quantify credit risk within the Bank's risk tolerance.

Risk Hedging

- Periodic monitoring and reporting of concentration risk by group, business type, country and stocks listed on TSE or OTC. According to the market conditions, the complexity of businesses and risk management strategies, we evaluate and adjust the risk limits.
- According to borrower's credit or the type of credit limit to request proper collateral or guarantee in order to lower credit risk.

The methodology for calculating capital requirements: standardized approach.

The Credit Exposures after Risk Mitigation and Minimum Capital Requirements by the Standardized Approach as of December 31, 2016

(in NT$,000)

Type of risk	Credit exposures after risk mitigation	Minimum capital requirements
Sovereigns	451,927,753	48,634
Non-central government public sector entities	440,945	7,753
Banks (including multilateral development banks)	261,758,106	7,176,275
Corporates (including securities firms and insurance co.)	894,599,224	67,639,446
Regulatory retail portfolios	263,594,297	15,692,684
Residential property	415,376,462	22,513,856
Equity investments	4,112,133	1,264,186
Other assets	71,235,192	3,201,561
Total	2,363,044,112	117,544,395

Market Risk

Strategy

Under the market risk appetite approved by the Board of Directors, the Bank sets risk limits and management, scheduled reporting process, the internal auditing system, independent monitoring and management units, and high-level committee organizations.

Process

- Appropriate market risk management indexes and quotas are established and updated on a scheduled basis in response to changes and trends in the market.
- Risk management methods are established for different areas of business, and the recognition, measurement, monitoring, control, and reporting of market risk are included within the rules of operating procedure.
- Market risk management department reports the current status and results of market risk management to the Board of Directors or the top executives on a scheduled basis.

Risk Reporting and Assessment

- Assets and derivative products on or off the balance sheet are at risk of potential losses caused by unfavorable changes in market prices. The "market price" referred to encompasses interest rate, equity, foreign exchange rate, and commodity price, etc.
- The Bank makes its investment portfolios based on risk factors.
- The risk-measuring tools of VaR and Greek are employed to evaluate risk exposure.
- The market risk reports will themselves present the extent of risk exposure, and be used as references by the management executives to timely adjust the risk control policy.

Risk Hedging

The trading positions of financial products dealt with customers will be properly hedged or squared, and some will be held as risk assets within adequate risk tolerance. The hedging financial derivatives primarily encompass interest rate swaps, cross-currency swaps, interest rate swap options, and interest caps or floors, etc. The Bank has engaged in interest rate swaps to mitigate the fair value risk of fixed-rate loan assets held by overseas branches.

The methodology for calaulating capital requirements: standardized approach.

The Minimum Capital Requirements for Market Risk as of December 31, 2016

Item	Minimum capital requirements (in NT$,000)
Interest rate risk	569,964
Equity position risk	748,245
Foreign exchange risk	889,332
Commodities risk	0
Total	2,207,540

Operational Risk

Strategy

- A "risk appetite" instruction manual has been compiled to serve as a basis for the establishment of the Bank's risk control mechanism.
- Employees at different levels are directly charged with the management of risk within their own scope of responsibility, and are required to observe the internal control and auditing systems together with related rules.

Process

Methods of management are differentiated as risk recognition, assessment, monitoring, reporting, and countermeasures, and are exercised in line with the introduction of management tools such as Loss Data Collection (LDC), Risk and Control Self-Assessment (RCSA), Control Self-Assessment (CSA) and Key Risk Indicators (KRI).

Risk Reporting and Assessment

- Standardized operating methods are used for risk recognition and assessment so that managers would be able to observe the risk profile and constantly monitor potential risks.
- The headquarter's risk management unit discloses the status of bank-wide exposure monitoring on a regular basis, compiles bank-wide operational risk data, and reports to the top executives, the Risk Management Committee, and the Board of Directors.
- If a unit discovers a major risk exposure that threatens the Bank's financial or business situation, it must report immediately to the Auditing Division and the business management unit, and risk management unit involved must report to the chief auditor and the top executives. Should the incident induces disciplinary action by regulatory agencies, a report must also be submitted to the compliance unit.

Risk Hedging

- The primary method employed to transfer or mitigate the operational risk is insurance. To ensure the continuous implementation of those methods, RCSA and CSA are regularly conducted.
- To reduce the risk of potential losses from a stoppage of operations caused by fire, explosion, typhoon, earthquake, robbery, bank-run, labor strike, or other major incidents, the Bank has established the contingency and business non-interruption guidelines including the rules for implementation.

The methodology for calculating capital requirements: standardized approach.

The Minimum Capital Requirements for Operational Risk as of December 31, 2016

Year	Operating profit	Minimum capital requirements (in NT$,000)
2016	40,555,484	
2015	38,299,521	-
2014	37,744,024	
Total	116,599,029	5,787,648

Asset Securitization Risk

Strategy and Process

The Bank currently holds all of its securitized products as a non-originating bank, employing strategy and process the same as those for market risk management.

Risk Reporting and Assessment

- The Bank's securitization investment positions are all allocated to the banking book. Risk assessment and reporting are in accordance with the Bank's internal regulations.
- The Bank emphasizes the credit ratings and changes in market prices of the invested instruments. The results of related evaluations are reported regularly to the business management unit and top executives. Since the proportion of this investment is small, the same assessment system is employed without specific variations.

Risk Hedging

- The Bank's hedging policy for securitized products is the same as that for market risk.

The methodology for calculating capital requirements: standardized approach.

The Securitization Risk Exposures and Minimum Capital Requirements as of December 31, 2016 (in NT$,000)

Type	Purchased or Held Securitized Products Exposure	Minimum capital requirements
Banking book		
Collateralized Mortgage Obligations	246,174	3,939
Assets Backed Securities	646,032	25,841
Trading book	-	-
Total	892,206	29,780

Information on Securitized Products as of December 31, 2016 (in NT$,000)

Items	Accounting category	Original cost	Gain/ Loss of accumulated valuation	Accumulated impairment	Book value
CMO	Held-to-maturity financial assets	246,042	-	-	246,042
ABS	Financial assets designated as at fair value through profit or loss	322,200	-2,667	-	319,533
	Available-for-sale financial assets	322,200	9,016	-	331,216

Corporate Responsibility and Ethical Behavior

The Bank has always endeavored to fulfill its social responsibility. In 2016, we continued to carry out public-benefit activities summarized below:

- Held "Celebrating the Dawn of the New Year" to promote tourism.
- Made Donation to "Financial Services Industry Educational Foundation" for underprivileged students and remote & isolated community.
- Made donation to "Financially-at-Ease Program" for NCKU students.
- Co-sponsored with Ministry of Finance to hold "Uniform Invoice Cup Race", originating a uniform invoice-donation activity for disadvantaged groups.
- Provided food and supplies to socially disadvantaged groups or residents in remote areas through 70 volunteering programs, benefiting as many as 7,515 people.
- Made Donation to our support for victims affected by Tainan Earthquake and Typhoon Nepartak.
- Gave our overseas volunteer medical consultation in Pursat Province, Cambodia.

■ Environmental Sustainability

Took part in Earth Hour (March 19) and Earth Day (April 22) events by switching off lights for an hour to show our support of energy conservation and reduction of carbon footprint.

■ The First Education Foundation

The Foundation fostered the following public-benefit activities in 2016:

- Sponsored three elementary schools, and provided psychological counseling and after-school academic assistance for children in need.
- Three large concerts were held in Taipei, Taichung and Kaohsiung in March, July and December respectively.
- Invited music and dance groups made of patients and the physically challenged to perform at National Taiwan University Hospital, thus offering a creative outlet to patients and bringing to them the healing power of arts.
- Held arts exhibitions every month at the Headquarters to promote and integrate arts into everyday life, make the office space aesthetically pleasing and enrich service experience.

■ Employee Ethical Behavior

- To prevent employees from unethical behavior and doing harm to corporate image, we have not only strengthened employees ethical evaluation but have also established an abnormal behavior reporting and follow-up guidance management mechanism designed to manifest staff care management and understand their work, physical, mental, and financial status. Staff behavior is strictly regulated, and violations of moral rules are handled in accordance with the law.

■ Seminar events

- Sponsored Commercial Times and Association of Certificated Fraud Examiners, Taiwan to held "Financial Sector-Risk Management for Money Laundering and Terrorism Financing" seminar in October,
- Sponsored Commercial Times to held "2016 Fintech Creative Awards Planning Competition".

Significant Financial Information - Consolidated

Condensed balance sheets (IFRS compliant)

NT$,000	12.31.2016	12.31.2015	12.31.2014	12.31.2013	12.31.2012
Cash and cash equivalents, due from the Central Bank and call loans to banks	271,425,310	301,787,880	240,659,807	215,115,150	171,745,441
Financial assets at fair value through profit or loss	83,253,379	87,332,352	50,114,468	41,551,918	14,156,062
Available-for-sale financial assets, net	139,290,914	88,705,301	77,674,581	85,532,583	71,304,102
Derivative financial assets for hedging	-	-	-	-	-
Securities purchased under resell agreements	-	-	-	-	-
Receivables, net	54,763,105	67,658,175	55,159,359	59,683,527	55,943,016
Current tax assets	416,404	1,610,276	2,420,478	2,633,667	1,707,242
Assets classified as held for sale	-	-	-	-	-
Loan discounted, net	1,544,205,607	1,480,108,873	1,497,006,908	1,431,260,245	1,436,682,439
Held-to-maturity financial assets, net	344,583,594	356,817,150	307,625,308	304,110,961	278,537,163
Investments measured by equity method, net	1,770,970	1,748,629	2,072,059	856,625	749,202
Restricted assets	-	-	-	-	-
Other financial assets, net	7,682,304	12,871,246	25,650,264	28,242,811	5,136,855
Property and equipment, net	26,707,125	26,988,698	27,546,466	27,729,949	27,528,300
Investment property, net	6,960,837	6,975,756	6,429,494	5,848,151	5,491,850
Intangible assets, net	360,736	347,268	382,777	288,446	250,468
Deferred tax assets, net	1,585,551	1,764,265	1,609,952	1,604,808	1,586,546
Others assets, net	2,247,288	2,364,782	2,391,093	2,224,759	2,061,871
Total assets	**2,485,253,124**	**2,437,080,651**	**2,296,743,014**	**2,206,683,600**	**2,072,880,557**
Deposits from the Central Bank and banks	126,253,621	129,174,491	126,095,434	141,375,782	153,181,697
Due to the Central Bank and banks	95,859	63,088	80,968	69,243	78,151
Financial liabilities at fair value through profit or loss	23,923,922	30,513,494	23,464,824	14,906,202	21,767,918
Derivative financial liabilities for hedging	-	-	-	7,973	44,584
Notes and bonds issued under repurchase agreements	7,532,897	2,608,441	4,922,050	10,966,322	3,077,230
Payables	66,594,839	63,328,273	62,324,815	56,305,037	59,246,927
Current tax liabilities	1,582,953	2,106,651	2,207,686	2,422,777	1,077,212
Liabilities related to assets classified as held for sale	-	-	-	-	-
Deposits and remittances	1,975,466,701	1,949,300,514	1,826,398,350	1,734,623,649	1,623,901,270
Bank notes payable	37,300,000	37,300,000	34,900,000	42,700,000	42,700,000
Preferred stock liabilities	-	-	-	-	-
Other financial liabilities	40,304,757	22,000,339	47,474,760	57,020,964	29,681,472
Provisions	5,902,962	6,293,640	5,732,685	5,636,839	5,816,685
Deferred income tax liabilities	5,721,707	5,720,501	5,724,379	5,750,211	5,737,870
Other liabilities	3,941,820	5,187,166	4,206,145	3,310,974	3,160,260
Total liabilities	**2,294,622,038**	**2,253,596,598**	**2,143,532,096**	**2,075,095,973**	**1,949,471,276**
Equity attributable to owners of parent	**190,631,086**	**183,484,053**	**153,210,918**	**131,587,627**	**123,409,281**
Common stock	89,064,000	86,244,000	75,859,000	66,351,000	62,720,000
Capital surplus	34,848,216	34,848,216	22,669,729	19,669,729	19,669,729
Retained earnings	60,184,504	53,778,098	47,650,662	41,759,944	38,321,176
Other equity interest	6,534,366	8,613,739	7,031,527	3,806,954	2,698,376
Treasury shares	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Total equity	**190,631,086**	**183,484,053**	**153,210,918**	**131,587,627**	**123,409,281**
Total liabilities and equity	**2,485,253,124**	**2,437,080,651**	**2,296,743,014**	**2,206,683,600**	**2,072,880,557**

Condensed Statements of Income (IFRS compliant)

NT$,000	**2016**	2015	2014	2013	2012
Interest incomes	41,088,913	42,021,429	42,198,166	37,465,086	36,223,389
Interest expenses	(12,639,626)	(13,905,978)	(14,406,492)	(11,994,966)	(11,537,353)
Net interest income	28,449,287	28,115,451	27,791,674	25,470,120	24,686,036
Net non-interest income	13,743,171	10,939,218	10,425,907	7,926,668	8,001,595
Net income	42,192,458	39,054,669	38,217,581	33,396,788	32,687,631
Bad debts expense and guarantee liability provision	(2,221,178)	(506,456)	(3,933,456)	(4,027,156)	(3,551,425)
Operating expenses	(19,332,057)	(19,365,772)	(18,284,896)	(16,680,386)	(16,805,389)
Income from continuing operations before income tax	20,639,223	19,182,441	15,999,229	12,689,246	12,330,817
Tax expense	(2,940,687)	(3,082,350)	(2,618,078)	(2,044,519)	(1,947,395)
Income from continuing operations, net of tax	17,698,536	16,100,091	13,381,151	10,644,727	10,383,422
Income from discontinued operations	-	-	-	-	-
Profit	17,698,536	16,100,091	13,381,151	10,644,727	10,383,422
Other comprehensive income, net of tax	(2,099,071)	994,557	3,242,140	1,165,003	(391,472)
Total comprehensive income	15,599,465	17,094,648	16,623,291	11,809,730	9,991,950
Profit, attributable to owners of parent	17,698,536	16,100,091	13,381,151	10,644,727	10,383,422
Profit, attributable to non-controlling interests	0	0	0	0	0
Comprehensive income attributable to owners of parent	15,599,465	17,094,648	16,623,291	11,809,730	9,991,950
Comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share (In NT dollars) Basic and diluted earnings per share	1.99	1.93	1.69	1.35	1.31

Financial Ratios (IFRS compliant)

(%)	**2016**	2015	2014	2013	2012
Financial structure					
Debt ratio (total liabilities to total assets)	92.30	92.44	93.33	94.04	94.05
Property & equipment to net worth	14.01	14.71	17.98	21.07	22.31
Solvency					
Liquidity reserve ratio	27.33	27.71	25.88	24.81	20.54
Operating performance					
Loans to deposits	79.23	77.09	83.18	83.65	89.61
NPL ratio	0.20	0.19	0.20	0.47	0.44
Total assets turnover (times)	0.02	0.02	0.02	0.02	0.02
Profitability					
ROA (net income to average total assets)	0.72	0.68	0.59	0.50	0.50
ROE (net income to average shareholders' equity)	9.46	9.56	9.40	8.35	8.69
Profit margin ratio	41.95	41.22	35.01	31.87	31.77
Cash flows					
Cash flow adequacy ratio	332.59	669.76	745.02	423.41	-223.81
Capital adequacy					
Capital adequacy ratio	13.51	13.94	11.81	11.08	11.65
Tier-one capital ratio	11.01	10.98	9.13	8.36	8.45

Condensed Balance Sheets (ROC GAAP compliant)

NT$,000	12.31.2012
Cash and cash equivalents, due from the Central Bank and other banks	171,726,342
Financial assets at fair value through profit or loss	15,326,525
Receivables	52,169,005
Bills discounted and loans (remittance purchased)	1,437,982,862
Available-for-sale financial assets	71,300,737
Held-to-maturity financial assets	280,537,163
Equity investments accounted for under the equity method	1,514,916
Other financial assets	3,136,855
Property, plant and equipment	26,357,243
Intangible assets	248,969
Others assets	9,446,953
Total assets	**2,069,747,570**
Due to the Central Bank and other banks	153,181,697
Financial liabilities at fair value through profit or loss	22,795,703
Bills and bonds payable under repurchase agreements	3,077,230
Payables	60,455,293
Deposits and remittances	1,624,164,465
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151
Accrued pension liabilities	2,933,778
Other financial liabilities	26,536,790
Other liabilities	8,618,121
Total liabilities	**1,944,541,228**
Common stock	62,720,000
Additional paid-in capital	19,669,729
Retained earnings	34,540,222
Unrealized revaluation increments	7,205,596
Unrealized gains / losses on financial instruments	3,650,093
Cumulative translation adjustments	(1,805,998)
Unrecognized pension costs	(773,300)
Total stockholders' equity	**125,206,342**
Total liabilities and stockholders' equity	**2,069,747,570**

Condensed Statements of Income (ROC GAAP compliant)

NT$,000	2012
Net interest income	23,442,658
Net non-interest income	10,660,911
Provision for credit losses	(5,889,866)
Operating expenses	(15,957,461)
Income from continuing operations before income tax	12,256,242
Income from continuing operations after income tax	10,374,835
Cumulative effect of a change in accounting principle	-
Net income	10,374,835
Earnings per share ($)	1.31

Financial Ratios (ROC GAAP compliant)

(%)	2012
Financial structure	
Debt ratio (total liabilities to total assets)	93.95
Fixed assets to net worth	21.05
Solvency	
Liquidity reserve ratio	20.54
Operating performance	
Loans to deposits	89.67
NPL ratio	0.44
Total assets turnover (times)	0.02
Profitability	
ROA (net income to average total assets)	0.51
ROE (net income to average shareholders' equity)	8.58
Profit margin ratio	30.42
Cash flows	
Cash flow adequacy ratio	259.32
Capital adequacy	
Capital adequacy ratio	11.65
Tier-one capital ratio	8.45

Significant Financial Information - Standalone

Condensed balance sheets (IFRS compliant)

NT$,000	12.31.2016	12.31.2015	12.31.2014	12.31.2013	12.31.2012
Cash and cash equivalents, due from the Central Bank and call loans to banks	268,521,556	297,902,883	236,031,307	211,378,183	170,387,503
Financial assets at fair value through profit or loss	83,253,379	87,332,352	50,114,468	41,551,918	14,156,062
Available-for-sale financial assets, net	138,955,127	88,493,506	77,463,047	85,244,237	70,435,968
Derivative financial assets for hedging	-	-	-	-	-
Securities purchased under resell agreements	-	-	-	-	-
Receivables, net	51,348,689	62,919,918	50,202,758	54,367,660	50,926,915
Current tax assets	415,046	1,610,273	2,420,475	2,633,664	1,638,521
Assets classified as held for sale	-	-	-	-	-
Loan discounted, net	1,531,757,945	1,468,743,031	1,487,013,101	1,422,151,000	1,429,197,217
Held-to-maturity financial assets, net	344,456,759	356,678,138	307,529,119	304,053,858	276,126,146
Investments measured by equity method, net	6,760,097	6,707,786	6,921,652	4,560,836	4,361,449
Restricted assets	-	-	-	-	-
Other financial assets, net	7,682,304	12,871,246	25,636,828	28,230,177	5,124,537
Property and equipment, net	26,563,033	26,836,010	27,528,019	27,709,269	27,503,679
Investment property, net	6,960,837	6,975,756	6,429,494	5,848,151	5,491,850
Intangible assets, net	357,803	346,386	381,417	286,389	247,655
Deferred tax assets, net	1,335,428	1,479,200	1,381,797	1,384,874	1,391,563
Others assets, net	921,586	760,964	893,667	1,059,493	1,150,838
Total assets	**2,469,289,589**	**2,419,657,449**	**2,279,947,149**	**2,190,459,709**	**2,058,139,903**
Deposits from the Central Bank and banks	126,253,977	128,624,163	125,462,454	141,376,177	153,182,097
Due to the Central Bank and banks	95,859	63,088	80,968	69,243	78,151
Financial liabilities at fair value through profit or loss	23,923,922	30,513,494	23,464,824	14,906,202	21,767,918
Derivative financial liabilities for hedging	-	-	-	7,973	44,584
Notes and bonds issued under repurchase agreements	7,532,897	2,608,441	4,922,050	10,966,322	3,077,230
Payables	66,527,381	63,252,342	62,188,524	56,180,601	59,083,560
Current tax liabilities	1,584,746	2,091,567	2,187,360	2,419,451	1,058,159
Liabilities related to assets classified as held for sale	-	-	-	-	-
Deposits and remittances	1,963,243,664	1,937,614,944	1,815,526,003	1,723,640,108	1,613,307,734
Bank notes payable	37,300,000	37,300,000	34,900,000	42,700,000	42,700,000
Preferred stock liabilities	-	-	-	-	-
Other financial liabilities	37,405,279	18,011,070	43,466,110	52,821,627	26,492,206
Provisions	5,897,347	6,284,623	5,727,436	5,631,201	5,814,944
Deferred income tax liabilities	5,708,001	5,710,999	5,713,268	5,713,261	5,713,261
Other liabilities	3,185,430	4,098,665	3,097,234	2,439,916	2,410,778
Total liabilities	**2,278,658,503**	**2,236,173,396**	**2,126,736,231**	**2,058,872,082**	**1,934,730,622**
Equity attributable to owners of parent	**190,631,086**	**183,484,053**	**153,210,918**	**131,587,627**	**123,409,281**
Common stock	89,064,000	86,244,000	75,859,000	66,351,000	62,720,000
Capital surplus	34,848,216	34,848,216	22,669,729	19,669,729	19,669,729
Retained earnings	60,184,504	53,778,098	47,650,662	41,759,944	38,321,176
Other equity interest	6,534,366	8,613,739	7,031,527	3,806,954	2,698,376
Treasury shares	-	-	-	-	-
Non-controlling interests	-	-	-	-	-
Total equity	**190,631,086**	**183,484,053**	**153,210,918**	**131,587,627**	**123,409,281**
Total liabilities and equity	**2,469,289,589**	**2,419,657,449**	**2,279,947,149**	**2,190,459,709**	**2,058,139,903**

Condensed Statements of Income (IFRS compliant)

NT$,000	2016	2015	2014	2013	2012
Interest incomes	40,359,605	41,314,707	41,472,499	36,776,302	35,463,166
Interest expenses	(12,561,786)	(13,818,844)	(14,334,673)	(11,910,850)	(11,437,668)
Net interest income	27,797,819	27,495,863	27,137,826	24,865,452	24,025,498
Net non-interest income	13,739,458	11,089,682	10,381,690	7,911,031	7,997,135
Net income	41,537,277	38,585,545	37,519,516	32,776,483	32,022,633
Bad debts expense and guarantee liability provision	(2,050,028)	(472,808)	(3,920,704)	(3,922,121)	(3,393,466)
Operating expenses	(18,963,492)	(18,997,266)	(17,737,017)	(16,269,940)	(16,408,555)
Income from continuing operations before income tax	20,523,757	19,115,471	15,861,795	12,584,422	12,220,612
Tax expense	(2,825,221)	(3,015,380)	(2,480,644)	(1,939,695)	(1,837,190)
Income from continuing operations, net of tax	17,698,536	16,100,091	13,381,151	10,644,727	10,383,422
Income from discontinued operations	-	-	-	-	-
Profit	17,698,536	16,100,091	13,381,151	10,644,727	10,383,422
Other comprehensive income, net of tax	(2,099,071)	994,557	3,242,140	1,165,003	(391,472)
Total comprehensive income	15,599,465	17,094,648	16,623,291	11,809,730	9,991,950
Profit, attributable to owners of parent	17,698,536	16,100,091	13,381,151	10,644,727	10,383,422
Profit, attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of parent	15,599,465	17,094,648	16,623,291	11,809,730	9,991,950
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (In NT dollars) Basic and diluted earnings per share	1.99	1.93	1.69	1.35	1.31

Financial Ratios (IFRS compliant)

(%)	2016	2015	2014	2013	2012
Financial structure					
Debt ratio (total liabilities to total assets)	92.25	92.38	93.28	93.99	94.00
Property & equipment to net worth	13.93	14.63	17.97	21.06	22.29
Solvency					
Liquidity reserve ratio	27.33	27.71	25.88	24.81	20.54
Operating performance					
Loans to deposits	79.07	76.96	83.12	83.64	89.72
NPL ratio	0.20	0.19	0.20	0.47	0.44
Total assets turnover (times)	0.02	0.02	0.02	0.02	0.02
Profitability					
ROA (net income to average total assets)	0.72	0.69	0.60	0.50	0.51
ROE (net income to average shareholders' equity)	9.46	9.56	9.40	8.35	8.69
Profit margin ratio	42.61	41.73	35.66	32.48	32.43
Cash flows					
Cash flow adequacy ratio	335.89	670.70	728.53	407.30	-171.73
Capital adequacy					
Capital adequacy ratio	13.27	13.67	11.50	10.90	11.51
Tier-one capital ratio	10.95	10.93	9.02	8.31	8.41
Market share					
Assets	5.49	5.51	5.46	5.61	5.68
Net worth	5.70	5.84	5.30	5.05	5.21
Deposits	5.50	5.61	5.58	5.62	5.60
Loans	5.93	5.85	6.04	6.08	6.44

Condensed Balance Sheets (ROC GAAP compliant)

NT$,000	12.31.2012
Cash and cash equivalents, due from the Central Bank and other banks	170,387,503
Financial assets at fair value through profit or loss	15,326,525
Receivables	52,152,616
Bills discounted and loans (remittance purchased)	1,429,197,217
Available-for-sale financial assets	70,435,968
Held-to-maturity financial assets	278,126,146
Equity investments accounted for under the equity method	4,361,449
Other financial assets	3,124,537
Property, plant and equipment	26,336,701
Intangible assets	247,655
Others assets	9,177,925
Total assets	**2,058,874,242**
Due to the Central Bank and other banks	153,182,097
Financial liabilities at fair value through profit or loss	22,795,703
Bills and bonds payable under repurchase agreements	3,077,230
Payables	60,444,047
Deposits and remittances	1,613,307,734
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151
Accrued pension liabilities	2,933,778
Other financial liabilities	26,536,790
Other liabilities	8,612,370
Total liabilities	**1,933,667,900**
Common stock	62,720,000
Additional paid-in capital	19,669,729
Retained earnings	34,540,222
Unrealized revaluation increments	7,205,596
Unrealized gains / losses on financial instruments	3,650,093
Cumulative translation adjustments	(1,805,998)
Unrecognized pension costs	(773,300)
Total stockholders' equity	**125,206,342**
Total liabilities and stockholders' equity	**2,058,874,242**

Condensed Statements of Income (ROC GAAP compliant)

NT$,000	2012
Net interest income	23,002,580
Net non-interest income	10,728,485
Provision for credit losses	(5,808,989)
Operating expenses	(15,730,198)
Income from continuing operations before income tax	12,191,878
Income from continuing operations after income tax	10,374,835
Cumulative effect of a change in accounting principle	-
Net income	10,374,835
Earnings per share ($)	1.31

Financial Ratios (ROC GAAP compliant)

(%)	2012
Financial structure	
Debt ratio (total liabilities to total assets)	93.92
Fixed assets to net worth	21.03
Solvency	
Liquidity reserve ratio	20.54
Operating performance	
Loans to deposits	89.72
NPL ratio	0.44
Total assets turnover (times)	0.02
Profitability	
ROA (net income to average total assets)	0.51
ROE (net income to average shareholders' equity)	8.58
Profit margin ratio	30.76
Cash flows	
Cash flow adequacy ratio	328.71
Capital adequacy	
Capital adequacy ratio	11.51
Tier-one capital ratio	8.41
Market share	
Assets	5.68
Net worth	5.21
Deposits	5.60
Loans	6.44

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and stockholders of First Commercial Bank

Opinion

We have audited the accompanying consolidated balance sheets of First Commercial Bank, Ltd. and its subsidiaries (the "Group") as at December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

The Group's key audit matters for the year ended December 31, 2016 are addressed as follows:

Impairment evaluation of loans discounted

Description

For the accounting policy for the impairment evaluation of discounted loans, please refer to Note 4(9) of the consolidated financial statements; for critical accounting judgements, estimates and assumption uncertainty of impairment losses of discounted loans, please refer to Note 5(2) of the consolidated financial statements; for explanations on the details of discounted loans, please refer to Note 6(5) of the consolidated financial statements. Loans discounted and allowance for bad debts recognized for the year ended December 31, 2016, was $1,563,372,782 thousand and $19,167,175 thousand, respectively.

Credit services of the Group, which are its main business activity, are primarily corporate credit facilitations. Impairment losses on loans discounted are losses of estimated future cash flows in which there is existing objective evidence of impairment that loans may not be recovered. The Group's impairment evaluation of loans discounted is conducted in accordance with the related requirements of IAS 39, 'Financial Instruments: Recognition and Measurement' and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". If there is existing objective evidence of impairment for significant credit facilitations which exceed a certain amount or major monitored credit facilitations, then they are individually evaluated. Impairment loss is primarily provisioned according to the overdue time, current circumstances of the borrower, collateral, guarantee status of external institutions, and historical experience; if there is no existing objective evidence of impairment or if there is existing objective evidence of impairment but the credit facilitation does not exceed a certain amount, then evaluation is conducted on a group basis and impairment losses are estimated according to impairment parameters such as impairment probability, recovery rate, and effective interest rate of each group.

The aforementioned provision of impairment loss for loans discounted includes the determination of future cash flows of individual evaluations and impairment parameters for group evaluations. Because this involves subjective judgment and numerous assumptions and estimates, the method of determining assumptions and estimates will directly affect the related amount recognized. Also, considering that loans account for approximately 62% of total assets, we have thus included the individual and group impairment evaluation of the Group's loans discounted as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarized as follows:

1. Understood and assessed the related policies, internal control system, and operation procedures of assumptions and estimates (including the impairment probability, recovery rate, future cash flows, and effective interest rate) used by the Group in provisioning impairment losses for discounted loans.
2. Sampled and tested internal controls related to the provision of impairment loss, including the identification of objective evidence for impairment loss, annual reviews, management of collateral and their value assessment, controls for changing impairment parameters, and approval for provisioning of impairment loss.
3. Group evaluations
   (1) Evaluated the model assumption parameters of the Group's group assessments. For example, the appropriateness of the impairment probability, recovery rate, and effective interest rate of various groups, as well as the status of periodic updates.
   (2) Sampled and tested the completeness of impairment classification balances and the accuracy of classifications.
   (3) Filtered specific details of accounts using the system logic of the company policy to confirm the accuracy of impairment probabilities, recovery rates, and weighted-average effective interest rates, as well as to examine their consistency with the system reports.
4. Individual evaluations
   (1) Sampled and tested the completeness of the "Higher Risk Verified Accounts" list.
   (2) Compared and observed the accuracy of samples that were systematically judged as those which had objective evidence of impairment.
   (3) Evaluated the expected recovery rate, reasonableness of cash flow assumptions, and accuracy of calculations.
   (4) Determined whether the method of calculating effective interest rates was in conformity with policy requirements.

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Fair value of derivative instruments

Description

For the accounting policy for the fair value of derivative instruments, please refer to Note 4(10) of the consolidated financial statements; for critical accounting judgements, estimates and assumption uncertainty of the fair value of derivative instruments, please refer to Note 5(1) of the consolidated financial statements; for explanations on the details of the fair value of derivative instruments, please refer to Note 6(3), (14) of the consolidated financial statements; for information on the fair value and fair value hierarchy of derivative instruments, please refer to Note 12(1) of the consolidated financial statements. The fair value (subject to estimation) of derivative instruments as at December 31, 2016, was $9,421,219 thousand in assets and $7,707,009 thousand in liabilities.

The fair value of derivative instruments without an active market or public quotes of the Group are determined using valuation methods commonly used by market participants. The parameters used by valuation models of financial instruments are generally observable market information. Under such a circumstance, fair value is assessed using observable data or methods of similar financial instruments. If there are no market observable parameters, then the fair value of financial instruments are assessed using appropriate assumptions. When valuation models are elected to determine fair value, all models are calibrated in order to ensure that results reflect actual data and market prices.

Because valuation methods and parameter inputs for the aforementioned fair value of derivative instruments involve various assumptions and estimates, the methods of assumptions and estimates will directly affect the related amount recognized. We have thus included the fair value of the Group's derivative instruments as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarized as follows:

1. Obtained written policies of derivative instrument valuation to undergo understanding and assessment.
2. Sampled and tested valuation models to determine whether they have been periodically verified by the Risk Management Department.
3. Sampled and tested the Group's "Examination of valuation data of financial products" documents. Examined the content to assess whether management has periodically assessed valuation parameters and confirmed the completeness and accuracy of market data inputs

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(interest rates and exchanges rates etc.) for models.

4. Sampled derivative instruments to re-compute valuations using the model and data of Bloomberg and compared our findings to the Group's calculated value in order to assess the reasonableness.

Other matter – Parent company only financial reports

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

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group's to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Huang King-Tse

Huang, King-Tse

Chi, Shu-Mei

Chi, Shu-Mei

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2017

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.

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2016		December 31, 2015	
ASSETS	Notes	Amount	%	Amount	%
Cash and cash equivalents	6(1) and 7	$ 59,275,747	3	$ 45,342,673	2
Due from the Central Bank and call loans to banks	6(2) and 7	212,149,563	9	256,445,207	10
Financial assets at fair value through profit or loss	6(3) and 7	83,253,379	3	87,332,352	4
Receivables, net	6(4)	54,763,105	2	67,658,175	3
Current tax assets	7	416,404	-	1,610,276	-
Loans discounted, net	6(5) and 7	1,544,205,607	62	1,480,108,873	61
Available-for-sale financial assets	6(6) and 8	139,290,914	6	88,705,301	4
Held-to-maturity financial assets	6(7) and 8	344,583,594	14	356,817,150	15
Investments accounted for using equity method, net	6(8)	1,770,970	-	1,748,629	-
Other financial assets, net	6(9)	7,682,304	-	12,871,246	-
Property and equipment, net	6(10)	26,707,125	1	26,988,698	1
Investment property, net	6(11)	6,960,837	-	6,975,756	-
Intangible assets, net		360,736	-	347,268	-
Deferred tax assets, net	6(35)	1,585,551	-	1,764,265	-
Other assets, net	6(12) and 8	2,247,288	-	2,364,782	-
Total Assets		$ 2,485,253,124	100	$ 2,437,080,651	100

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2016 Amount	%	December 31, 2015 Amount	%
LIABILITIES					
Deposits from the Central Bank and banks	6(13) and 7	$ 126,253,621	5	$ 129,174,491	5
Due to the Central Bank and banks		95,859	-	63,088	-
Financial liabilities at fair value through profit or loss	6(14) and 7	23,923,922	1	30,513,494	1
Notes and bonds issued under repurchase agreements	6(15)	7,532,897	-	2,608,441	-
Payables	6(16)	66,594,839	3	63,328,273	3
Current tax liabilities	7	1,582,953	-	2,106,651	-
Deposits and remittances	6(17) and 7	1,975,466,701	79	1,949,300,514	80
Financial Bonds Payable	6(18)	37,300,000	2	37,300,000	2
Other financial liabilities	6(19)	40,304,757	2	22,000,339	1
Provisions	6(20)	5,902,962	-	6,293,640	-
Deferred tax liabilities	6(35)	5,721,707	-	5,720,501	-
Other liabilities	6(21)	3,941,820	-	5,187,166	-
Total Liabilities		2,294,622,038	92	2,253,596,598	92
EQUITY					
Common stock	6(22)	89,064,000	4	86,244,000	4
Capital surplus	6(22)	34,848,216	1	34,848,216	2
Retained earnings					
Legal reserve	6(22)	35,883,865	2	31,053,838	1
Special reserve	6(22)	4,072,621	-	4,074,753	-
Unappropriated earnings	6(23)	20,228,018	1	18,649,507	1
Other equity interest	6(24)	6,534,366	-	8,613,739	-
Total Equity		190,631,086	8	183,484,053	8
Total Liabilities and Equity		$ 2,485,253,124	100	$ 2,437,080,651	100

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, except earnings per share amount)

		For the years ended December 31,				
		2016		2015		Change
	Notes	Amount	%	Amount	%	Percentage
Interest income		$ 41,088,913	98	$ 42,021,429	108	(2)
Less: Interest expense		(12,639,626)	(30)	(13,905,978)	(36)	(9)
Net interest income	6(25) and 7	28,449,287	68	28,115,451	72	1
Net non-interest income						
Net service fee income	6(26) and 7	8,069,709	19	7,827,181	20	3
Gains on financial assets or liabilities measured at fair value through profit or loss	6(3)(27)	2,583,280	6	957,485	3	170
Realized gains on available-for-sale financial assets	6(28)	704,779	2	352,989	1	100
(Losses) gains on reversal of impairment loss on assets	6(29)	(251)	-	4,552	-	(106)
Share of profit or loss of associates accounted for using equity method	6(8)	86,930	-	(248,791)	(1)	(135)
Foreign exchange gains		997,173	2	1,649,699	4	(40)
Gains on investments in debt instrument without active market	6(30)	559,726	1	-	-	
Net other non-interest income	6(31) and 7	741,825	2	396,103	1	87
Net income		42,192,458	100	39,054,669	100	8
Bad debt expense and guarantee liability provisions	6(5)	(2,221,178)	(5)	(506,456)	(1)	339
Operating expenses						
Employee benefits expenses	6(32) and 7	(12,580,077)	(30)	(12,620,548)	(32)	-
Depreciation and amortization expenses	6(33)	(998,826)	(2)	(965,514)	(3)	3
Other general and administrative expenses	6(34) and 7	(5,753,154)	(14)	(5,779,710)	(15)	-
Income from continuing operations before income tax		20,639,223	49	19,182,441	49	8
Tax income expense	6(35)	(2,940,687)	(7)	(3,082,350)	(8)	(5)
Profit		17,698,536	42	16,100,091	41	10

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, except earnings per share amount)

		For the years ended December 31,				
		2016		2015		Change
	Notes	Amount	%	Amount	%	Percentage
Other comprehensive income	6(24)					
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan		(23,732)	-	(708,018)	(2)	(97)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		4,034	-	120,363	1	(97)
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign financial statements		(2,468,657)	(6)	1,252,628	3	(297)
Unrealized gains on valuation of available-for-sale financial assets		467,700	1	430,726	1	9
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(8)	(75,657)	-	(106,740)	-	(29)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(2,759)	-	5,598	-	(149)
Other comprehensive (loss) income, net of tax		(2,099,071)	(5)	994,557	3	(311)
Total comprehensive income		$ 15,599,465	37	$ 17,094,648	44	(9)
Profit, attributable to owners of parent		$ 17,698,536	42	$ 16,100,091	41	10
Comprehensive income, attributable to owners of parent		$ 1,599,465	37	$ 17,094,648	44	(9)
Earnings per share (In NT dollars)	6(36)					
Basic and diluted earnings per share		$	1.99	$	1.93	$

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent							
			Retained Earnings			Other Equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on valuation of available-for-sale financial assets	Total
For the year ended December 31, 2015								
Balance at January 1, 2015	$ 75,859,000	$ 22,669,729	$ 27,039,492	$ 4,077,121	$ 16,534,049	$ 2,409,309	$ 4,622,218	$ 153,210,918
Appropriation and distribution of 2014 earnings								
Legal reserve	-	-	4,014,346	-	(4,014,346)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(7,000,000)	-	-	(7,000,000)
Stock dividends of ordinary shares	2,385,000	-	-	-	(2,385,000)	-	-	-
Net income for the year	-	-	-	-	16,100,091	-	-	16,100,091
Other comprehensive income for the year	-	-	-	-	(587,655)	1,145,888	436,324	994,557
Capital increase by cash	8,000,000	12,000,000	-	-	-	-	-	20,000,000
Share-based payments	-	178,487	-	-	-	-	-	178,487
Reversal of special reserve	-	-	-	(2,368)	2,368	-	-	-
Balance at December 31, 2015	$ 86,244,000	$ 34,848,216	$ 31,053,838	$ 4,074,753	$ 18,649,507	$ 3,555,197	$ 5,058,542	$ 183,484,053
For the year ended December 31, 2016								
Balance at January 1, 2016	$ 86,244,000	$ 34,848,216	$ 31,053,838	$ 4,074,753	$ 18,649,507	$ 3,555,197	$ 5,058,542	$ 183,484,053
Appropriation and distribution of 2015 earnings								
Legal reserve	-	-	4,830,027	-	(4,830,027)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(8,452,432)	-	-	(8,452,432)
Stock dividends of ordinary shares	2,820,000	-	-	-	(2,820,000)	-	-	-
Net income for the year	-	-	-	-	17,698,536	-	-	17,698,536
Other comprehensive income for the year	-	-	-	-	(19,698)	(2,544,314)	464,941	(2,099,071)
Reversal of special reserve	-	-	-	(2,132)	2,132	-	-	-
Balance at December 31, 2016	$ 89,064,000	$ 34,848,216	$ 35,883,865	$ 4,072,621	$ 20,228,018	$ 1,010,883	$ 5,523,483	$ 190,631,086

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before income tax	$ 20,639,223	$ 19,182,441
Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities		
Income and expenses		
Provision for bad debt expense and guarantee liability	4,570,634	3,096,109
Depreciation of property and equipment	787,357	759,730
Depreciation of investment property	8,210	3,730
Amortization expense	203,259	202,054
Interest income	(41,088,913)	(42,021,429)
Interest expense	12,639,626	13,905,978
Dividend income	(655,543)	(417,718)
Share of (profit) loss of associates accounted for using equity method	(86,930)	248,791
Losses on disposal of property and equipment	3,126	-
Gains on disposal of plant and equipment	(69)	(22,146)
Gains on disposal of investment property	(11,082)	(8,171)
Reversal of impairment losses (gains) on assets	251	(4,552)
Share-based payments	-	178,487
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(1,581,496)	(2,069,729)
Decrease (increase) in financial assets at fair value through profit or loss	4,078,973	(37,217,884)
Decrease (increase) in receivables	12,537,725	(12,009,640)
(Increase) decrease in loans discounted	(68,291,632)	13,870,782
Increase in available-for-sale financial assets	(50,117,913)	(10,599,994)
Decrease (increase) in held-to-maturity financial assets	12,233,556	(49,191,842)
Decrease in other financial assets	5,188,942	12,779,018
Changes in operating liabilities		
(Decrease) increase in deposits from the Central Bank and banks	(2,920,870)	3,079,057
(Decrease) increase in financial liabilities at fair value through profit or loss	(6,589,572)	7,048,670
Increase in payables	3,273,365	833,355
Increase in deposits and remittances	26,166,187	122,902,164
Increase (decrease) in other financial liabilities	18,304,418	(25,474,421)
Decrease in liability provisions	(394,516)	(150,833)
(Decrease) increase in other liabilities	(1,245,346)	981,021
Cash flows (used in) provided by operations	(52,349,030)	19,883,028
Interest received	41,466,617	41,433,547
Interest paid	(12,646,425)	(13,735,875)
Dividend received `	655,543	417,718
Income tax paid	(2,089,193)	(2,405,413)
Net cash flows (used in) provided by operating activities	(24,962,488)	45,593,005

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for using the equity method	($ 20,000)	$ -
Acquisition of property and equipment	(522,035)	(761,886)
Acquisition of investment property	(291)	-
Increase in intangible assets	(224,830)	(165,245)
Proceeds from disposal of property and equipment	212	34,565
Proceeds from disposal of investment property	17,957	28,107
Decrease in other assets	117,238	30,845
Net cash flows used in investing activities	(631,749)	(833,614)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and banks	32,771	(17,880)
Increase (decrease) in notes and bonds issued under repurchase agreements	4,924,456	(2,313,609)
Increase in financial bonds payable	-	2,400,000
Payment of cash dividends	(8,452,432)	(7,000,000)
Capital increase by cash	-	20,000,000
Net cash flows (used in) provided by financing activities	(3,495,205)	13,068,511
Effect of exchange rate changes on cash and cash equivalents	(2,846,927)	1,235,538
Net (decrease) increase in cash and cash equivalents	(31,936,369)	59,063,440
Cash and cash equivalents at beginning of year	251,766,737	192,703,297
Cash and cash equivalents at end of year	$ 219,830,368	$ 251,766,737
The components of cash and cash equivalents：		
Cash and cash equivalents as per consolidated balance sheet	$ 59,275,747	$ 45,342,673
Due from the Central Bank and call loans to banks qualified as cash and cash equivalents as defined by IAS No. 7	160,554,621	206,424,064
Cash and cash equivalents at end of year	$ 219,830,368	$ 251,766,737

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2016 and 2015
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. Organization and business

(1) The Bank was incorporated in 1899 as a company limited by shares and had been a listed company since February 9, 1962. The Bank was privatized on January 22, 1998. On January 2, 2003, the Bank became a subsidiary of First Financial Holding Co., Ltd. ("FFHC") through an exchange of shares. After the exchange of shares, the Bank ceased from being listed on the Taiwan Stock Exchange ("TSE") but remains as a public company. As of December 31, 2016, the Bank's operating units consist of Business Division, Trust Division, Offshore Banking Branch, as well as domestic and overseas branches.

(2) The Bank's primary services are as follows:

A. Engaging in business as prescribed under the Banking Law;

B. Conducting trust business as authorized by the competent authorities;

C. Concurrently engaging in insurance agency related businesses as a commercial bank pursuant to the Insurance Act;

D. Establishing overseas branches to operate business approved by the local government; and

E. Engaging in other businesses approved by the competent authorities.

(3) The Bank's parent company is First Financial Holding Co., Ltd., which holds 100% of the Bank's shares as of December 31, 2016.

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 February 24, 2017.

3. Application of new standards, amendments, and interpretations

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

None.

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

New standards, interpretations, and amendments of the International Financial Reporting Standard as endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations, and Amendments	Effective Date by IASB
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	January 1, 2016

New Standards, Interpretations, and Amendments	Effective Date by IASB
(amendments to IFRS 11)	
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (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 above standards and interpretations have no significant impact on the Bank's and its subsidiaries' financial condition and operating result based on the Bank's and its subsidiaries' assessment.

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

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

New Standards, Interpretations, and Amendments	Effective Date by IASB
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 'Financial instruments'with IFRS 4'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfer of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017

New Standards, Interpretations, and Amendments	Effective Date by IASB
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

Except for the followings, the above standards and interpretations have no significant impact on the Bank’s and its subsidiaries’ financial condition and operating result based on the Bank’s and its subsidiaries’ assessment. The quantitative impact will be disclosed when the assessment is complete.

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Bank shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

B. IFRS 16, ‘Leases’

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

4. Summary of significant accounting policies

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

(1) Compliance statement

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Public Banks”, “Regulations Governing the Preparation of Financial Reports by Securities Firms”, 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 of preparation

A. Except for the financial assets or financial liabilities (including derivative instruments) at fair value through profit or loss, liability reserve for defined benefit plans of actuarial value and foreclosed asset (which are stated at the lower of its carrying amount or fair value less costs to sell at the end of period) these consolidated financial statements have been prepared under the historical cost convention.

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

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

(3) Basis of consolidation

A. Principles for preparation of consolidated financial statements

(A) The Bank and its subsidiaries prepare the consolidated financial statements by aggregating the Bank's and its subsidiaries assets, liabilities, revenues and expenses, which have been eliminated versus owners' equity during the consolidation. In addition, the financial statements of the Bank and its subsidiaries are made in the same reporting period. (Item included in the consolidated financial statements are not classified as current and non-current items.) Relevant items are arranged in order based on current and non-current nature.

(B) A subsidiary refers to an investee that the Bank and its subsidiaries have controlling power over. The Bank and its subsidiaries have control over an investee if the following elements are met:

a. power over the relevant activities of the investee, i.e. the investor has voting rights or other existing rights that give it the ability to direct the relevant activities;
b. exposure, or rights, to variable returns from its involvement with the investee;
c. the ability to use its power over the investee to affect the amount of the investor's returns.

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

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

			Percentage of holding shares (%)	
Investor	Subsidiary	Business activities	December 31, 2016	December 31, 2015
FCB	First Commercial Bank (USA)	Banking services	100	100
FCB	FCBL	Leasing(Note (1))	100	100
FCB	FIA	Insurance agency (Note (2))	-	100

Note (1) FCBL was approved for establishment in May 1998. Its main business includes chattel guarantees and related repo trades, lease businesses, and receivable factoring.

Note (2) FIA was approved for establishment on December 13, 2001. Its main business is the agency of various life insurance products of other insurance enterprises. On March 10, 2016, FIA's Board of Directors resolved to merge with the Bank. The merger date was approved to be July 1, 2016, pursuant to Jin-Guan-Bao-Zong No. 10502560150.

C. Unconsolidated entities：None.

D. Adjustment on different accounting periods of the subsidiaries: None.

E. Information with respect to the subsidiaries' significant restriction to transfer its funds to the parent company: None.

F. Specific operation risks of the foreign subsidiaries: None.

G. Restrictions on earnings distribution of subsidiaries: None.

(4) Foreign currency translation

A. Functional and presentation currency

Financial statements of the entities in the Bank and its subsidiaries are presented by the currency of the primary economic environment in which the entities operate (that is the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars.

B. Transactions and balances

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

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 recognized or in previous financial statements are reported in profit or loss in the period, with one exception. The exception is that exchange differences associated with the gains or losses of the parts of effective hedges of cash flow hedges or hedges of net investments in foreign operations are recognized in other comprehensive income.

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

C. Translation of foreign operations

If the Bank and its subsidiaries have a functional currency (not in an economy with high inflation) that is different from their presentation currency in the consolidated financial statements, its operating results and financial position are translated into the presentation currency using the following procedures:

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

(B) Profit or loss presented is translated using the current average exchange rate (if exchanges rates in the period fluctuate rapidly, then translations use the exchange rates of the dates of transaction); and

(C) All exchange differences arising from translation are recognized in other comprehensive income.

Exchange differences arising from the above-mentioned procedures are recognized as "Exchange differences on translation of foreign financial statements" under equity.

When preparing consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operations and monetary hedges considered a part of those net investments are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, related exchange differences that were originally recorded in other comprehensive income are reclassified to profit or loss.

(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 time deposits and investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash includes cash and cash equivalents, due from Central Bank and call loans to other banks, securities purchased under resell agreements qualified as cash and cash equivalents as defined by IAS 7.

(6) Securities purchased or sold under resell or repurchase 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 recognized as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

(7) Financial assets and financial liabilities

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

A. Financial assets

All financial assets held by the Bank and its subsidiaries are in compliance with IFRSs as endorsed by FSC, classified into following four categories: “loans and receivables”, “financial assets at fair value through profit and loss”, “available-for-sale financial assets”, “held-to-maturity financial assets” and “other financial assets”.

(A) Regular way purchase or sale

Acquisition or disposal of financial assets under general transaction practices are accounted for using trade date accounting or settlement date accounting. Treatment for acquisition and disposal of financial assets of the same category should be consistent. Financial assets held by the Bank and its subsidiaries are all accounted for using trade date accounting.

(B) Loans and receivables

The loans and receivables are the non-derivative financial assets with no quoted prices in an active market. Such financial assets with fixed or determinable receivable amounts include those originated and those not originated by the Bank and its subsidiaries. The former originated directly from money, product or service that the Bank and its subsidiaries provide to the debtors, while the latter refers to all the other loans and receivables.

Loans and receivables are measured at initial fair value of the transaction price, and are recognized on the basis of fair value plus significant transaction cost, expense or significant service fee charge, discount or premium. Subsequently, the loans and receivables shall be measured using effective interest method. However, pursuant to“Regulations Governing the Preparation of Financial Reports by Public Banks”, if there is no material effect from discounting, measurement at the initial cost is permitted.

If there is any objective evidence of impairment, impairment is recognized as impairment losses. The impairment loss is recognized in the credit side of the financial assets, which is recognized as “bad debt expense and reserve for guarantee policy”.

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

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

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

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

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

c. Hybrid instruments include embedded derivatives.

Any change in fair value of financial assets at fair value through profit and loss and financial asset designated at fair value through profit and loss at initial recognition are recognized under “ Gain or loss on financial assets and financial liabilities at fair value through profit and loss” in the consolidated statements of comprehensive income.

(D) Available-for-sale financial assets

Available-for-sale financial assets include assets designated as available-for-sale, financial assets not held to maturity, financial assets at fair value through profit and loss, non-derivative financial assets such as loans and receivables. Equity or debt investments are initially recognized at fair value plus the transaction cost of acquisition or issuance.

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

Impairment loss is recognized when there is objective evidence of impairment of available-for-sale financial assets. If the financial asset has not been derecognized, cumulative loss is reclassified from ‘other comprehensive income’ to ‘profit or losses’. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss and any subsequent change in equity is recognized in other comprehensive income. If in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss.

Equity instruments with no quoted price in an active market are initially recognized 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 variance of the reasonable estimate of an instrument’s fair value is insignificant or (b) the possibility of the estimate in the interval can be reasonably evaluated and used to estimate fair value.

(E) Held-to-maturity financial assets

Held-to-maturity financial assets are the non-derivative financial assets with fixed or determinable payments and fixed maturities and the Bank and its subsidiaries have positive intention and ability to hold to maturity, excluding loans and receivables, assets designated as available-for-sale financial assets and financial assets designated as at fair value through profit and loss upon initial recognition which shall not be treated as held-to-maturity financial assets.

Held-to-maturity financial assets are recognized at fair value plus the acquisition cost. Subsequently, held-to-maturity financial assets shall be measured using effective interest method. If there is any objective evidence of impairment, the impairment is recognized in the credit side of the financial assets’ carrying amount as “asset impairment loss”.

(F) Other financial assets

Other financial assets include bonds investment without an active market and financial assets measured at cost.

a. Bond investments with no active market

Such financial instruments are initially recognized at fair value plus acquisition or issuance cost. Gains or losses are recognized when the investments are derecognized. Bond investments with no active market shall be subsequently measured at amortized cost using the interest method.

b. Financial assets measured at cost

Equity instruments with no active market initially are recognized at fair value plus the acquisition or issuance cost. At the balance sheet date, if the interval of reasonable fair value estimates could be significant and the possibility of different estimates cannot be reasonably evaluated, cost is adopted for measurement. For financial assets measured at cost, an impairment loss shall be recognized if there is an objective evidence of impairment. The impairment loss shall not be reversed.

B. Financial liabilities

Financial liabilities held by the Bank and its subsidiaries include financial liabilities at fair value through profit and loss and financial liabilities measured at amortized cost.

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

These includes financial liabilities at fair value through profit and loss and those designated as financial liabilities at fair value through profit and loss at initial recognition.

Such as financial liabilities incurred with a purpose of repurchasing in a short period of time, identifiable portion of financial instruments in the portfolio belonging to the consolidated management at initial recognition with evidence indicating that its latest operating model is in a short-term profit seeking, are classified as held for trading purpose. Derivative instruments are designated as held for trading excluding those designated as effective hedging instruments or financial guarantee contracts. Financial liabilities held for trading also include the obligation of the financial assets borrowed from short seller. Above financial liabilities are recognized in “financial liabilities at fair value through profit and 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 recognized respectively.

In relation to financial liabilities at fair value through profit and loss and those designated as financial liabilities at fair value through profit and loss at initial recognition, any change in fair value is recognized as “gain and loss on financial assets and liabilities at fair value through profit and loss” in the statement of comprehensive income.

(B) Financial liabilities carried at amortized cost

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

C. Determination of fair value

Please refer to fair value and hierarchy information on financial instruments as addressed under Note 12(1).

D. Derecognition of financial instruments

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

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

(B) The contractual rights to receive cash flows of the financial asset have been transferred and the Bank and its subsidiaries have transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Bank and its subsidiaries have not retained control of the financial asset.

(8) <u>Offsetting financial instruments</u>

Financial assets and liabilities are offset and reported in the net amount in the balance sheet only when (1) there is a legally enforceable right to offset the recognized amounts; and (2) there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(9) <u>Impairment evaluation, provision, and reversal of loans discounted and receivables</u>

If there is any objective evidence indicating that an individual or a group of financial assets are impaired from estimated future cash flow after initial recognition, impairment exists and is recognized as impairment losses.

Impairment of loans discounted and receivables is evaluated based on individual or group classification; loans and receivables are evaluated based on whether objective evidence of significant impairment exists or whether they belong to significant monitored cases. When objective evidence of significant impairment does not exist, the assets shall be included in group of financial assets with similar characteristics and evaluate the impairment losses.

The criteria that the Bank uses to determine whether there is objective evidence of impairment loss is as follows:

A. There is no principal or interest payment after the lapse of 3 full months, or with regard to which the Credit Cooperative has sought payment from primary/subordinate debtors or has disposed of collateral.

B. If a restructured loan meets payment terms agreement, the loan may be exempted from reporting as a non-performing loan.

C. If a loan's negotiated terms meet regulations by the Bankers Association of the Republic of China in 2006, the loan may be exempted from reporting as a non-performing loan.

D. Cases approved and signed in the negotiations in accordance with the Statute for Consumer Debt Clearance.

E. Cases that are in clearance or settlement proceedings by the court's ruling.

F. Cases that have begun being reorganized by the court's ruling.

G. Cases that have been declared for bankruptcy by the court.

H. Cases that meet the self-made evaluation items of the Bank.

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

The above-mentioned evaluation process for loans discounted and receivables and provision of allowance for bad debt reference "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" promulgated by the FSC and Jin-Guan-Yin-Fa-Zi No. 10410001840 promulgated by the FSC on April 23, 2015, regarding strengthening the monitoring and risk endurance ability of domestic banks to exposures in China.

(10) Derivative instruments

Derivative instruments are initially recognized at fair value at the contract date and subsequently measured at fair value. The fair value includes the public quoted price in an active market or the latest trade price (such as options traded in Stock Exchange Corporation), and evaluation techniques such as cash flow discounting model or option pricing model (such as swap contract and foreign exchange transaction). All derivative assets are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

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

(11) Investments accounted for using equity method

Investments of the Bank and its subsidiaries accounted for using the equity method refers to investments in associates.

A. 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.

B. The Bank's and its subsidiaries' share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Bank's 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 does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. 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.

(12) Property and equipment

The property and equipment of the Bank and its subsidiaries are recognized on the basis of the historical cost less accumulated depreciation. The historical cost includes any cost directly attributable to the acquisition of the asset.

If the future economic benefit generated from subsequent cost of the asset can be measured reliably and is very likely to flow into the Bank and its subsidiaries, the subsequent cost of property and equipment including the carrying amount may be individually recognized as asset. Additionally, the carrying amounts of a replaced item are derecognized.

Major renewals and improvements incurred to increase the future economic benefits of the assets are capitalized and depreciated. Routine maintenance and repairs are charged to expense as incurred.

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

Land and improvements	3 ~ 30 years
Buildings and structures (including ancilliary equipment)	5 ~ 55 years
Transportation equipment	5 ~ 10 years
Machinery and equipment	3 ~ 4 years
Miscellaneous assets	5 ~ 17 years

Leasehold improvements are depreciated over the lease terms of the lease agreements or 5 years.

On balance sheet date, the Bank and its subsidiaries assess or appropriately adjusts the salvage value and service life of the asset. When there is an activity or change in the environment suggesting that the carrying amount may not be recovered, the Bank and its subsidiaries shall evaluate impairment on the asset. If the carrying amount of the asset is higher than the recoverable amount, the carrying amount shall be written off until it is equivalent to the recoverable amount. The recoverable amount is the higher of asset at fair value less disposal expense and value in use. Any gain or loss on disposal is calculated by the difference between the carrying amount and proceeds on disposal, and be recognized in the "Other non-interest income, net" in the statement of comprehensive income.

(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 other entities of the consolidated the Bank and its subsidiaries, are classified as investment property. Investment property includes the office building and land rented in the form of an operating lease.

Part of the property may be held by the Bank and its subsidiaries and another part generates rental income or capital increase. If the property held by the Bank and its subsidiaries can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the property is deemed as investment property in its entirety.

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

Investment property is subsequently measured by cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable to property and equipment. The fair value of investment property is disclosed in the financial statements at the balance sheet date, of which the valuation should be carried out by the appraisal segment of the Bank and its subsidiaries based on the internal appraisal guidelines.

(14) Foreclosed assets

Foreclosed properties are stated at the lower of its carrying amount or fair value less costs to sell at the end of period.

(15) Lease

When the Bank and its subsidiaries are the lessor, please refer to Note 4(13) for the accounting treatment of the leased assets satisfying investment property set out in IAS 40, “Investment Property”.

The lease contract of the Bank’s and its subsidiaries’ subsidiaries includes operating leases and finance leases.

A. Operating lease

When the Bank and its subsidiaries is the lessor or the lessee, rental payable and receivable from the operating lease is calculated through straight-line method based on the lease term, which are recognized respectively as “other non-interest income, net” and “other business and administration expense”.

B. Finance lease

When the Bank and its subsidiaries is the lessor, the asset is derecognized when the finance lease contract is signed and the present value of lease payment is recognized as lease payable. The difference between the total lease payable and present value is recognized as unrealized interest income, and transferred to interest income as incurred at period end. Rental income is calculated based on remaining lease payment receivable using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss.

When the Bank and its subsidiaries is the lessee, the lower of fair value of lease assets or the lowest present value of the lease payment is capitalized. Rental payment is amortized through financial leasing liabilities and recognized as interest income. Interest expense is calculated based on beginning balance of lease liabilities of each lease term using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss. Financing lease liabilities are recognized as "other financial liabilities". Property and equipment acquired through finance lease contracts are measured by cost model.

(16) Intangible assets

The intangible assets of the Bank and its subsidiaries consist of computer software expenditures, which are recognized by cost and amortized over its economic useful life. The maximum estimated useful life is three years.

Subsequent measurements are based on the cost model.

(17) Impairment of non-financial assets

When there is any evidence indicating a possible impairment, the Bank and its subsidiaries immediately perform impairment tests in relation to the assets applicable for IAS 36, "Impairment of Assets".

If the testing result of the cash-generating unit of an asset or an individual asset suggests that the recoverable amount is less than the carrying amount, impairment loss is recognized. Recoverable amount refers to the higher of an asset's fair value less its cost or value in use. Reassess the recoverable amount of an asset when there is an indication that the impairment loss recognized in the prior period decreases or does not exist anymore. If there is any change in the estimated recoverable amount and result in an increase, asset impairment is reversed to the extent that the carrying amounts shall not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior periods.

(18) Provisions, contingent liabilities, and contingent assets

The Bank and its subsidiaries recognizes liabilities when all of the following three conditions are met：

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

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

(C) the amount is reliably measurable.

The outflow of economic benefit as a result of settlement is determined based on the overall obligation when there are several similar obligations. Contingent assets should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligation is remote.

Measurements for provisions are at discounted present value of expenditure for settlement obligation using a pre-tax discount rate with timely adjustment made that reflects the current market assessments of the time value of money and the risks specific to the liabilities.

Contingent liability is a possible obligation that arises from a 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 a 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 obligation that arises from a 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.

(19) Financial guarantee contract

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 they are due in accordance with the original or modified terms of a debt instrument.

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

Subsequently, the Bank and its subsidiaries should measure the contract at the higher of:

A. the amount determined in accordance with IAS 37; and

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

The best estimate of the liability amount requires management to exercise their judgment and historical loss data based on the similar transaction experiences.

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

(20) Employee benefits

A. Short-term employee benefits

The Bank and its subsidiaries recognizes undiscounted short-term employee benefits due in the future as expense during the period that the service is provided.

B. Employee preferential deposit

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

According to "Regulations Governing the Preparation of Financial Statements by Public Banks", the preferential interest paid to current employees is calculated based on accrual basis, and the difference between the preferential interest and the market interest is recognized under "employee benefit expense". According to Article 30 of "Regulations Governing the Preparation of Financial Statements by Public Banks", the interest rate upon retirement agreed with the employees which exceeds general market interest rate is actualized in accordance with IAS 19, Defined Benefit Plan, as endorsed by FSC. However, various parameters should be in compliance with competent authorities if indicated otherwise.

C. Termination benefit

Termination benefit is paid to the employee being terminated who is eligible for retirement or as a result of voluntary termination in exchange of termination benefit. The Bank and its subsidiaries have made commitments in the formal detailed employment termination plan which is irrevocable, and recognizes liabilities when providing termination benefit to employees who voluntarily dismiss. Termination benefit paid 12 months after the financial reporting date should be discounted.

D. Post-employment benefit

The Bank and its subsidiaries adopts both defined benefit plan and defined contribution plan. Overseas branches and subsidiaries adopt defined benefit plans based on regulations of the country in which the entities operate.

The Bank and its subsidiaries adopted the defined contribution plan from July 1, 2005, the date that Labor Pension Act takes effect. Employees may choose to apply the pension policy of the Bank and its subsidiaries or the policy of the Act and retain their work seniority before the Act. For employees who are eligible for the Act, the Bank and its domestic subsidiaries should set aside 6% of their monthly salaries. The Bank and its subsidiaries have no other legal or constructive obligation to set aside additional reserve. Additionally, the pension in each period is recognized as pension cost in the period as incurred. Prepaid pension assets can only be recognized when there is a cash refund or deductible future pension payable.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have durations that are approximate to the durations of the related pension liability.

Remeasurement of defined benefit plan includes: (1) actuarial gains and losses; (2) return on plan assets, but not including amounts already included in net interest of net defined benefit liabilities (assets); and (3) any changes in effect of asset ceiling, but not including amounts already included in net interest of defined benefit plan. The Bank and its subsidiaries chooses to categorize remeasurement of defined benefit plan under retained earnings.

Any actuarial gains and losses on pension of the defined benefit plan are all recognized in other comprehensive income. Past-service cost is recognised immediately in profit in the period incurred.

E. Employees' compensation

Employees' compensation is 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' remuneration is different from the actual distributed amounts as resolved, the differences should be recognised based on the accounting for changes in estimates.

(21) 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 recognized 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.

(22) Income and expense

Income and expense of the Bank and its subsidiaries are recognized as incurred. Expense consists of employee benefit expense, depreciation and amortization expense and other business and administration expenses. However, interest income is recognized on a cash basis upon receiving the interest when (1) reclassified as non- accrual loans; and (2) interest from restructured loans whose maturities have been extended is not recognized as interest income but recorded in the memo accounts.

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 according to relevant regulation and recognized as “interest income” and “interest expense” in the consolidated statements of comprehensive income.

B. Handling fees and expenses are recognized when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognized upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortized or included in the calculation of effective interest rate of loans and receivables during the service period. However, according to the Article 10.7 and 10.10 of the “Regulation Governing the Preparation of Financial Reports by Public Banks”, the loans and receivables may be measured by the initial amounts if the effects on discount are insignificant.

C. For more details on rental income of operating lease and unrealized interest income of finance lease in relation to lease business, please refer to Note 4(15).

(23) Income tax

A. Current tax

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

B. Deferred tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amount of assets and liabilities included in the consolidated balance sheet are calculated through liability method and recognized as deferred income tax. The temporary difference of the Bank and its subsidiaries mainly occurs due to the revaluation on the depreciation of property and equipment and certain financial instruments (including derivatives) and provision and transferring of the reserve for pension and other post-employment benefits. Deductible temporary difference within the scope that it is probable to offset taxable income is recognized as deferred income tax.

Temporary difference related to the investees, branches and affiliated entities are recognized as deferred tax liabilities. However, when the Bank and its subsidiaries is capable of controlling the time length required to reverse the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future, the temporary difference is not recognized.

The land revaluation appraisal occurred due to the revaluation assessment in line with relevant regulations, deemed as taxable temporary difference, and is recognized as deferred tax liabilities.If the future taxable income is probable to be utilized as unused loss carryforwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax assets.

C. Consolidated tax return

Pursuant to the provisions of Tai-Cai-Shui-Zi No. 910458039, 'profit-seeking enterprises shall jointly declare and report profit-seeking enterprise income tax in accordance with Article 49 of the Financial Holding Companing Act and Article 40 of the Business Mergers And Acquisitions Act', in which where a financial holding company holds more than ninety percent of the outstanding issued shares of a domestic subsidiary, such a financial holding company may, for the tax year in which its such shareholding in the subsidiary has existed for the entire twelve months of the tax year, elect to be the tax payer itself, and jointly declare and report profit-seeking enterprise income tax. Thus, in accordance with the aforementioned Letter, the Company along with its parent company, First Financial Holding Co., Ltd. (FFHC), and affiliated companies, First Securities Inc. (FS); First Securities Investment Trust Co., Ltd. (FSIT); First Financial Asset Management Co., Ltd.; First Venture Capital Co., Ltd.; and First Financial Management Consulting Co., Ltd., elect to use a consolidated tax return for the declaration and reporting of their profit-seeking income tax and surplus retained earnings, as well as elect FFHC as the tax payer for the consolidated tax return.

The Company along with its parent company and affiliates elected the consolidated tax return to jointly declare and report their income tax. Related reimbursements and disbursements are accounted for receivables or payables and are presented in net value when preparing the consolidated financial statements.

D. Certain transactions of the Bank and its subsidiaries are recognized in other comprehensive income. The tax effects on these kinds of transactions are also recognized in other comprehensive income.

E. Current tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(24) Share capital

Incremental costs directly attributable to the issuance of new shares are shown as a deduction, net of tax, from equity. Common stock dividends distributed are recognized in equity in the year in which they are approved by the Bank and its subsidiaries's shareholders. If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

(25) Operating segments

The Bank and its subsidiaries's operating segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance.

5. <u>Critical accounting judgments, estimates and key source of assumption uncertainty</u>

The consolidated financial statements of the Bank and its subsidiaries may be affected by the adoption of accounting policies, accounting estimates and assumptions. Therefore, adoption of the significant accounting policies in Note 4 requires the management's judgment, estimate and assumption, which involves information of significant adjustment made on the carrying amount of assets and liabilities in the next financial statements due to lack of resources. Estimate and assumptions of the Bank and its subsidiaries are the best estimates compliance with IFRS as endorsed by FSC. Estimate and assumptions are made on the basis of past experience and other elements deemed to be relevant. However, the actual results may differ from the estimates. The Bank and its subsidiaries will continually monitor the estimates and assumptions and if the revision of estimate leaves an impact in the current period, the adjustment is recognized in the period. If a revision could affect both current and future periods, then the estimated revision shall be made in current and future periods.

Certain accounting policies and judgments of management could have significantly affected the recognized amounts in the consolidated financial statements. Details are as follows:

(1) Evaluation on financial instruments (including derivatives)

The Bank and its subsidiaries evaluates the financial instrument at fair value not traded in an active market or with no quoted price. The fair value may be estimated with reference to observable market price in the market if there is observable information of similar instruments. If not, fair value is calculated based on the appropriate evaluation models generally used in the market. The input used in the model should first primarily be based on the observable information in the market. However, in the event that certain information or input cannot be observed directly in the market and/or the model assumption itself is comparatively objective, then financial instrument at fair value can be retrieved from historical data or other information. Every valuation model of the Bank and its subsidiaries are assessed and tested on a regular basis to ensure the output can reflect actual information and the market price. Note 12(1)C provides the main assumptions used in determining the financial instruments at fair value. The competent authorities recognize that the valuation models and assumptions chosen can be appropriately used to determine the fair value of financial instruments.

(2) Impairment losses of discounted loans

Aside from complying with the regulations of competent authorities, the Bank and its subsidiaries establish modeles and individual case evaluations according to factors such as the risk characteristics of clients and whether there are collateral, assessing cash flows and calculating impairment amounts on a monthly basis. When determining whether to recognize impairment loss, the Bank and its subsidiaries primarily judge whether there are any objective evidence of impairment that indicate impairment has occurred. Such evidence includes the payment condition of the debtor, events related to overdue payment, and national or local economic situation that have given rise to a significant adverse movement, etc. When evaluating the future cash flows, overdue payment of the debtor, current position of the borrower, collateral, guarantee from external institutions and historical data should all be considered. Impairment occurrence rate and impairment recovery rate used in the portfolio assessment is estimated through different product types and historical data. The Bank and its subsidiaries regularly examine the assumptions used and the reasonableness of input to ensure the appropriateness of various assumptions and inputs.

(3) Post-employment benefit

The present value of post-employment benefit obligation is based on actuarial result of various assumptions, through which any change could affect the carrying amount of post-employment benefit obligation.

Discount rate is included when determining the net pension cost (income), and the Bank and its subsidiaries decide the appropriate discount rate at the end of each year, which is used to calculate the estimated present value of future cash outflow of post-employment benefit obligation needed. The Bank and its subsidiaries should consider interest rate of government bonds of the same currency and maturity in order to determine the appropriate discount rate.

6. Summary of significant accounts

(1) Cash and cash equivalents

	December 31, 2016	December 31, 2015
Cash on hand	$ 12,715,905	$ 13,248,109
Checks for clearance	20,562,987	5,700,021
Due from other banks	25,996,855	26,394,543
Total	$ 59,275,747	$ 45,342,673

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

	December 31, 2016	December 31, 2015
Reserve for deposits-account A	$ 32,969,544	$ 26,444,070
Reserve for deposits-account B	47,947,248	47,030,692
Inter-Bank clearing fund	6,028,438	5,156,552
Deposits of national treasury account	100,723	125,877
Deposits of overseas branches with foreign Central Banks	5,869,994	9,047,384
Reserve for deposits- foreign currency	393,084	387,984
Call loans and overdrafts to other banks	118,853,325	168,257,744
Total	212,162,356	256,450,303
Less: Allowance for bad debt expense - call loans to banks	(12,793)	(5,096)
Total	$ 212,149,563	$ 256,445,207

The Bank and its subsidiaries' reserve for deposits is required by the Banking Law and is determined by applying the reserve ratios set by the Central Bank to the monthly average balance of each type of deposit. The reserve amount is deposited in the reserve deposit account at the Central Bank. According to the regulations, such reserve for deposits - account B cannot be withdrawn except for monthly adjustments of the reserve for deposits.

	December 31, 2016	December 31, 2015
In conformity with cash and cash equivalents as defined by IAS No.7	$ 160,554,621	$ 206,424,064
Not in conformity with cash and cash equivalents as defined by IAS No.7		
Reserve for deposits-account B	47,947,248	47,030,692
Deposits by overseas branches with foreign Central Banks (Note)	3,660,487	2,995,547
Total	$ 212,162,356	$ 256,450,303

Note: The deposits by overseas branches are reserves required by the respective local central banks. The deposits are restricted from deployment.

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

	December 31, 2016	December 31, 2015
Financial assets held for trading		
Short-term bills	$ 23,439,935	$ 36,976,191
Stocks	480,755	667,863
Bonds (government and corporate bonds)	20,030,321	14,813,475
Derivative financial instruments	9,541,613	10,817,757
Valuation adjustment for financial assets held for trading	11,699	148,862
Subtotal	53,504,323	63,424,148
Financial assets designated as at fair value through profit or loss upon initial recognition		
Bonds	29,746,325	23,976,944
Valuation adjustment for financial assets designated at fair value through profit or loss upon initial recognition	2,731	(68,740)
Subtotal	29,749,056	23,908,204
Total	$ 83,253,379	$ 87,332,352

A. Details of gains (losses) on financial assets and liabilities at fair value through profit or loss for the years ended December 31, 2016 and 2015 are as follows:

	For the year ended December 31, 2016	For the year ended December 31, 2015
Net gain on financial assets and liabilities held for trading	$ 1,687,762	$ 1,411,704
Net gain (loss) on financial assets designated as at fair value through profit or loss	895,518	(454,219)
Total	$ 2,583,280	$ 957,485

B. The Bank's and its subsidiaries' financial assets measured at fair value through profit or loss upon initial recognition are hybrid contracts that contain one or more embedded derivative instruments that are designated as fair value through profit or loss in its entirety.

(4) Receivables, net

	December 31, 2016	December 31, 2015
Spot exchange receivable	$ 26,380,333	$ 34,606,960
Factoring receivable	5,727,798	11,283,744
Interest receivable	4,394,686	4,772,390
Acceptances receivable	6,286,176	5,511,671
Credit card accounts receivable	6,518,479	6,172,127
Other receivables	6,195,031	6,332,398
Subtotal	55,502,503	68,679,290
Less: Allowance for bad debts	(739,398)	(1,021,115)
Net amount	$ 54,763,105	$ 67,658,175

(5) Loans discounted, net

	December 31, 2016	December 31, 2015
Bills and notes discounted	$ 3,369,797	$ 4,007,993
Overdrafts	587,142	1,150,389
Short-term loans	453,750,881	430,060,152
Medium-term loans	452,490,993	433,982,789
Long-term loans	647,928,861	627,725,769
Import-export bills negotiations	1,577,834	1,164,431
Loans transferred to non-accrual loans	3,667,274	2,985,757
Subtotal	1,563,372,782	1,501,077,280
Less: allowance for bad debts	(19,167,175)	(20,968,407)
Net amount	$ 1,544,205,607	$ 1,480,108,873

A. For the Bank's and its subsidiaries' discounted loans and receivables as of December 31, 2016 and 2015, please refer *Analysis on quality and overdue impairment of financial assets of the Bank and its subsidiaries* as addressed under Note12(2)C(E).

B. Movement of allowance for bad debts

The Bank and its subsidiaries assesses loans discounted and receivables to appropriately provision allowance for bad debts. The details and movements of allowance for doubtful accounts of loans discounted and receivables for the years ended December 31, 2016 and 2015 were as follows:

	For the year ended December 31, 2016	For the year ended December 31, 2015
Loans discounted (including other related receivable derived from loans)		
Beginning balance	$ 21,107,131	$ 20,534,259
Provision	4,275,564	2,988,801
Write-off	(5,988,840)	(2,459,477)
Foreign exchange and other movements	(80,666)	43,548
Ending balance	$ 19,313,189	$ 21,107,131
Receivables		
Beginning balance	$ 887,487	$ 840,781
Provision	295,070	103,843
Write-off	(218,555)	(52,000)
Foreign exchange and other movements	(307,732)	(5,137)
Ending balance	$ 656,270	$ 887,487

As of December 31, 2016 and 2015, the recoveries of bad debts, which were accounted as deductions to bad debts expense, was $2,349,456 and $2,589,653, respectively.

(6) Available-for-sale financial assets

	December 31, 2016	December 31, 2015
Stocks - listed	$ 6,270,369	$ 6,800,547
Short-term bills	1,097,271	637,087
Bonds	125,596,041	74,262,869
Beneficiary certificates	-	800,000
Other marketable securities	805,500	1,150,764
Valuation adjustment for available-for-sale financial assets	5,521,733	5,054,034
Total	$ 139,290,914	$ 88,705,301

A. Please refer to Note 8 for details of the above available-for-sale financial assets pledged as collateral as of December 31, 2016 and 2015.

B. The par value of available-for-sale financial assets that were bonds provided as the underlying for repo trade agreements at December 31, 2016 and 2015, were $5,752,845 and $2,234,400, respectively.

(7) Held-to-maturity financial assets

	December 31, 2016	December 31, 2015
Purchased certificates of time deposits (Note)	$ 292,270,000	$ 284,145,000
Bonds	52,233,044	71,936,969
Short-term bills	80,550	735,181
Total	$ 344,583,594	$ 356,817,150

Note: the Bank’s held-to-maturity financial assets are primarily purchased certificates of time deposits. The terms of the purchased certificates of time deposits are all within 1 year.

Please refer to Note 8 for details of the above held-to-maturity financial assets pledged as collateral as of December 31, 2016 and 2015.The par value of held-to-maturity financial assets that were bonds provided as the underlying for repo trade agreements at December 31, 2016 and 2015, were $1,610,805 and $0, respectively.

(8) Investments accounted for using equity method

A. Investments accounted for using equity method:

	December 31, 2016		December 31, 2015	
Affiliated Companies	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
East Asia Real Estate Management Co., Ltd.	$ 15,446	30%	$ 9,141	30%
FCBL Capital International (B.V.I) Ltd.	1,735,524	100%	1,739,488	100%
Turn Cloud Technology Service Inc.	20,000	40%	-	-
	$ 1,770,970		$ 1,748,629	

B. The Bank's and its subsidiaries' share of the operating results in all individually immaterial associates are summarised below:

	For the year ended December 31, 2016	For the year ended December 31, 2015
Gain(loss) from countinuing operations	$ 86,930	($ 248,791)
Other comprehensive income (loss)	(75,657)	(106,740)
Total comprehensive income (loss)	$ 11,273	($ 355,531)

C. The affiliated enterprises invested by the Bank and its subsidiaries have no quoted price. The affiliated enterprises' capacity to transfer capital through the distribution of cash dividends, loan repayment or advances is not significantly restricted.

D. The profit or loss of related parties for the years ended December 31, 2016 and 2015, accounted for by the Bank through the equity method are, aside from East Asia Real Estate Management Co., Ltd.'s and Turn Cloud Technology Service Inc. concurrent financial statements which have not been audited by a certified public accountant (had the financial statements been audited, the Bank expects the effect to be immaterial), derived from concurrent financial statements of investees which have been audited and attested by a certified public accountant.

(9) Other financial assets – net

	December 31, 2016	December 31, 2015
Investment in time deposits without active market	$ 3,976,640	$ 9,162,155
Stock investments carried at cost	3,681,020	3,681,053
Non-accrual loans transferred from other accounts (excluding loans)	71,853	22,842
Exchanged bills negotiated	2,884	5,196
Subtotal	7,732,397	12,871,246
Less: Allowance for bad debts - overdue receivable	(50,093)	-
	$ 7,682,304	$ 12,871,246

A. As the Bank's and its subsidiaries' investments in unlisted stocks lack quoted marked price and their fair values cannot be measured reliably; those financial assets are accounted for at cost.

B. For methods and assumptions used to measure fair value of debt instruments with no active market, please refer to Note 12 (1) D.

(10) Property and equipment - net

Changes in the property and equipment of the Bank and its subsidiaries for the years ended December 31, 2016 and 2015 are as follows:

	Lands and land improvements	Buildings and structures	Machinery and equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2016	$ 18,955,022	$ 11,952,787	$ 2,999,541	$ 826,131	$ 2,315,733	$ 977,634	$ 55,303	$ 38,082,151
Additions	-	49,950	153,190	33,987	127,075	26,846	130,987	522,035
Transfers	-	91,874	8,593	1,858	17,134	22,584	(142,043)	-
Disposals	-	-	(564,137)	(58,570)	(31,251)	(42,858)	-	(696,816)
Foreign exchange	(1,209)	(10,625)	(2,597)	(1,135)	(4,873)	(7,081)	-	(27,520)
At December 31, 2016	18,953,813	12,083,986	2,594,590	802,271	2,423,818	977,125	44,247	37,879,850
Accumulated depreciation								
At January 1, 2016	-	(5,485,391)	(2,372,954)	(682,534)	(1,769,481)	(783,093)	-	(11,093,453)
Depreciation	-	(310,667)	(248,939)	(41,177)	(130,979)	(55,595)	-	(787,357)
Disposals	-	-	562,992	58,182	30,627	41,746	-	693,547
Foreign exchange	-	960	4,314	621	3,698	4,945	-	14,538
At December 31, 2016	-	(5,795,098)	(2,054,587)	(664,908)	(1,866,135)	(791,997)	-	(11,172,725)
Book value	$ 18,953,813	$ 6,288,888	$ 540,003	$ 137,363	$ 557,683	$ 185,128	$ 44,247	$ 26,707,125

	Lands and land improvements	Buildings and structures	Machinery and equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2015	$ 19,023,246	$ 11,966,648	$ 2,840,802	$ 824,471	$ 2,229,733	$ 919,226	$ 414,593	$ 38,218,719
Additions	60,236	137,329	205,777	40,696	103,551	63,331	150,966	761,886
Transfers	199,890	191,735	90,592	2,892	12,710	12,174	(509,993)	-
Transfer out to investment property	(319,693)	(348,133)	-	-	-	-	-	(667,826)
Disposals	(8,655)	(5,379)	(139,414)	(42,589)	(31,656)	(23,889)	-	(251,582)
Foreign exchange	(2)	10,587	1,784	661	1,395	6,792	(263)	20,954
At December 31, 2015	18,955,022	11,952,787	2,999,541	826,131	2,315,733	977,634	55,303	38,082,151
Accumulated depreciation								
At January 1, 2015	-	(5,286,654)	(2,270,387)	(682,887)	(1,675,405)	(756,920)	-	(10,672,253)
Depreciation	-	(299,301)	(239,400)	(41,361)	(125,332)	(54,336)	-	(759,730)
Transfer out to investment property	-	97,898	-	-	-	-	-	97,898
Disposals	-	3,123	138,356	42,150	31,645	23,889	-	239,163
Foreign exchange	-	(457)	(1,523)	(436)	(389)	4,274	-	(1,469)
At December 31, 2015	-	(5,485,391)	(2,372,954)	(682,534)	(1,769,481)	(783,093)	-	(11,093,453)
Book value	$ 18,955,022	$ 6,467,396	$ 626,587	$ 143,597	$ 546,252	$ 194,541	$ 55,303	$ 26,988,698

There was no interest capitalized on property and equipment acquired for the years ended December 31, 2016 and 2015.

(11) Investment property– net

Please see below table for the investment property of the Bank and its subsidiaries for the years ended December 31, 2016 and 2015:

	Lands and land improvements	Buildings and structures	Total
Cost			
At January 1, 2016	$ 6,716,547	$ 488,056	$ 7,204,603
Transferred from property and equipment	-	291	291
Disposals	(7,000)	-	(7,000)
At December 31, 2016	6,709,547	488,347	7,197,894
Accumulated depreciation			
At January 1, 2016	-	(228,847)	(228,847)
Disposals	-	(8,210)	(8,210)
At December 31, 2016	-	(237,057)	(237,057)
Investment property– net	$ 6,709,547	$ 251,290	$ 6,960,837

	Lands and land improvements	Buildings and structures	Total
Cost			
At January 1, 2015	$ 6,413,979	$ 143,800	$ 6,557,779
Transferred from property and equipment	319,693	348,133	667,826
Disposals	(17,125)	(3,877)	(21,002)
At December 31, 2015	6,716,547	488,056	7,204,603
Accumulated depreciation			
At January 1, 2015	-	(128,285)	(128,285)
Depreciation	-	(3,730)	(3,730)
Transferred from property and equipment	-	(97,898)	(97,898)
Disposals	-	1,066	1,066
At December 31, 2015	-	(228,847)	(228,847)
Investment property– net	$ 6,716,547	$ 259,209	$ 6,975,756

A. As of December 31, 2016 and 2015, the investment property at fair value of the Bank and its subsidiaries was $16,542,809 and $16,794,950, respectively. All the investment properties of the Bank and its subsidiaries are assessed by the internal appraisal expert, and market approach was adopted for all assessments.

B. For the years ended December 31, 2016 and 2015, the rental income from investment property were $87,476 and $81,728, respectively, the operating expenses from investment property were $75,581 and $59,225, respectively.

(12) Other assets - net

	December 31, 2016	December 31, 2015
Leased assets-vehicles	$ 2,000,434	$ 2,180,022
Less: Accumulated depreciation	(754,279)	(734,249)
Leased assets - net	1,246,155	1,445,773
Foreclosed assets		
Cost	68,548	77,672
Less: Accumulated impairment	(68,548)	(68,548)
Net foreclosed assets	-	9,124
Guarantee deposits paid	361,946	552,990
Prepayments	362,058	313,708
Temporary payments and suspense accounts	234,010	300
Others	43,119	42,887
Total	$ 2,247,288	$ 2,364,782

Please refer to Note 8 for details of other assets pledged as collateral as of December 31, 2016 and 2015.

(13) Deposits from the Central Bank and banks

	December 31, 2016	December 31, 2015
Call loans from other banks	$ 123,307,988	$ 126,741,274
Transfer deposits from Chunghwa Post Co. Ltd.	871,126	1,391,866
Overdrafts from other banks	1,178,371	638,545
Due to other banks	854,743	362,973
Due to the Central Bank	41,393	39,833
Total	$ 126,253,621	$ 129,174,491

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

	December 31, 2016	December 31, 2015
Financial liabilities for trading purpose		
Derivative instruments	$ 7,707,009	$ 7,846,846
Financial liabilities designated at fair value through profit or loss upon initial recognition	16,065,800	21,926,400
Financial liabilities designated at fair value through profit or loss upon initial recognition–valuation adjustment	151,113	740,248
Total	$ 23,923,922	$ 30,513,494

A. The Bank’s and its subsidiaries’ financial instruments that were designated as measured at fair value through profit or loss upon initial recognition were for the purpose of eliminating accounting inconsistency.

B. Fair value changes due to changes in the Bank’s credit risk pertaining to bank debentures measured at fair value through profit or loss issued by the Bank for the years ended December 31, 2016 and 2015, were ($134,017) and ($61,541), respectively.

C. The Bank sold the financial debentures at the face value. As of December 31, 2016 and 2015, the carrying amounts exclusive of valuation adjustment and the amounts payable to the creditors are identical.

(15) Notes and bonds issued under repurchase agreements

	December 31, 2016	December 31, 2015
Government bonds	$ 2,868,111	$ 2,608,441
Bank debentures	4,664,786	-
Total	$ 7,532,897	$ 2,608,441

The Bank and its subsidiaries are obliged to repurchase the above bonds at original sale price plus a mark-up pursuant to the repurchase agreement. The repurchase agreement amounts for such bonds and bills were $7,552,227 and $2,611,586 as of December 31, 2016 and 2015, respectively.

(16) Payables

	December 31, 2016	December 31, 2015
Accounts payable	$ 22,434,244	$ 12,171,968
Spot exchange payable	26,372,777	34,605,287
Bank acceptances	6,496,502	5,466,524
Accrued expenses	4,490,803	4,894,725
Interest payable	2,339,677	2,346,475
Other payables	4,460,836	3,843,294
Total	$ 66,594,839	$ 63,328,273

(17) Deposits and remittances

	December 31, 2016	December 31, 2015
Checking accounts deposits	$ 48,534,574	$ 43,288,793
Demand deposits	554,004,728	543,379,780
Time deposits	387,419,788	400,411,979
Negotiable certificates of deposits	13,481,359	8,995,500
Savings account deposits	969,883,603	951,054,618
Remittances Outstanding	2,122,996	2,090,589
Others	19,653	79,255
Total	$ 1,975,466,701	$ 1,949,300,514

(18) Financial Bonds Payable

In order to strengthen the capital adequacy ratio and raise mid-to-long-term operating capital for FCB, the Bank resolved through its Board of Directors to raise the quota of authorized bank debenture shares for the issuance of senior and subordinate debentures. This proposition was approved by the Ministry of Finance, R.O.C. and the FSC. The gross approved issuance amount was: $20 billion on August 18, 2006, $8 billion on June 25, 2010, $10 billion on February 25, 2011, $15 billion on February 24, 2012, $15 billion on February 27, 2014, $0.3 billion USD on October 16, 2014, $30 billion and $1.5 billion USD on February 26, 2015. The priority of claims for the above mentioned subordinate bonds only takes precedence over the remaining claims distributable for shareholders and is inferior to all other creditors. The detailed terms of each issuance are as follows:

	First to Third issues, 2007
Issue date	March 9, June 25 and December 24, 2007
Issue amount	NT$14 billion(NT$10.5 billion has been paid back)
Issue price	At par
Coupon rate	Partial interest rate is fixed (2.4%~3.16%) and partial is floating rate. Interest rate index is average interest rate of NTD 90-day commercial paper in secondary market provided by Reuters.
Interest and repayment terms	Floating rate: Interest is accrued quarterly and paid annually. The principal is to be paid pursuant to face value at maturity. Fixed rate: Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7~10 years

	First to Second issues, 2010
Issue date	September 28, 2010
Issue amount	NT$8 billion
Issue price	At par
Coupon rate	1.5%/1.92%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	First to Second issues, 2011
Issue date	March 30, June 24, 2011
Issue amount	NT$6.3 billion
Issue price	At par
Coupon rate	Fixed rate:1.65% /1.72%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 /10 years

	First to Second issues, 2012
Issue date	September 25, December 27, 2012
Issue amount	NT$15 billion
Issue price	At par
Coupon rate	Fixed rate:1.43%/1.47%/1.59%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 /10 years

	First issues, 2014
Issue date	September 26, 2014
Issue amount	NT$1 billion
Issue price	At par
Coupon rate	Fixed rate:3.5%

Interest and repayment terms	Interest is paid annually. After the expiration of five years. Early redemption would be possible if it has approval from authority.
Maturity period	No expiry date

	Second issues, 2014
Issue date	November 26, 2014
Issue amount	US $300 million ($140 million of Category A debentures were redeemed in advance)
Issue price	At par
Coupon rate	A:This is a zero-coupon debenture with the implicit interest rate is 4.10% B: This is a zero-coupon debenture with the implicit interest rate is 4.07%
Interest and repayment terms	A: The debenture can be redeemed after two years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid. B: The debenture can be redeemed after five years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	20 years

	First issues, 2015
Issue date	March 25, 2015
Issue amount	NT$7 billion
Issue price	At par
Coupon rate	A: Fixed rate:1.83% B: Fixed rate:2.05%
Interest and repayment terms	A: Interest is paid annually. The principal is to be paid pursuant to face value at maturity and interest is paid. B: Interest is paid annually. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	A: 7 years B: 10 years

	Second issues, 2015
Issue date	May 28, 2015
Issue amount	US $230 million
Issue price	At par
Coupon rate	A:This is a zero-coupon debenture with the implicit interest rate is 4.06% B: This is a zero-coupon debenture with the implicit interest rate is 4.02%
Interest and repayment terms	A: The debenture can be redeemed after two years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid. B: The debenture can be redeemed after three years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	20 years

For the years ended December 31, 2016 and 2015, the range of interest rates of the above mentioned corporate bonds was 1.43%~4.10% and 1.31%~4.10%, respectively.

As of December 31, 2016 and 2015, the outstanding balances of the above-mentioned bank debentures amounted to $53.336 and $59.226 billion New Taiwan dollars, respectively. Among the preceding mentioned bank debentures, the senior and the subordinate bank debentures with face value of $12.566 billion and $17.426 billion, $3.5 billion and $4.5 billion New Taiwan dollars were designated as held for trading financial liabilities and hedged by interest rate swap contracts. As such interest rate swap contracts were valued at fair value with changes in fair value recognized as profit or loss, the bank debentures stated above were designated as financial liabilities at fair value through profit or loss in order to eliminate or significantly reduce recognition inconsistency.

(19) Other financial liabilities

	December 31, 2016	December 31, 2015
Received principal of structured notes	$ 37,402,635	$ 17,957,299
Commercial papers payable	1,849,478	2,879,269
Short-term borrowing	1,050,000	1,110,000
Others	2,644	53,771
Total	$ 40,304,757	$ 22,000,339

These short-term borrowings were credit borrowings as of December 31, 2016 and 2015, the interest rate range were 0.89%~0.90%, and 1.12%~1.43%, respectively.

(20) Provisions

	December 31, 2016	December 31, 2015
Provisions for employee benefit	$ 5,122,017	$ 5,492,799
Reserve for guarantees	779,251	799,145
Others	1,694	1,696
Total	$ 5,902,962	$ 6,293,640

Details for the Bank’s elected provisions for employee benefit as reported by the actuarial report are as follows:

	December 31, 2016	December 31, 2015
Consolidated balance sheet:		
Defined benefit plans	$ 4,267,782	$ 4,737,389
Preferential saving plan for employees	759,199	716,858
Total	$ 5,026,981	$ 5,454,247

A. Defined contribution plans

Effective from July 1, 2005, the Bank and its subsidiaries established a funded defined contribution plan pursuant to the Labor Pension Act, which covers the employees with R.O.C. nationality and those who choose to or are required to follow the Labor Pension Act. The contributions are made monthly based on not less than 6% of the employees’ monthly salaries and are deposited in the employee's individual pension fund account at the Bureau of Labor Insurance. The payment of pension benefits is based on the employee's 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. For the years ended December 31, 2016 and 2015, the pension costs of the Bank and its subsidiaries under the defined contribution plan were $153,540 and $138,453, respectively.

For employees working overseas, pension expenses under defined contribution plans are recognized according to the local regulations. For the years ended December 31, 2016 and 2015, pension expenses of current period were $17,240 and $17,212, respectively.

B. Defined benefit plans

The Bank and its subsidiaries have a defined benefit pension plan set up in accordance with the Labor Standards Law of the R.O.C., covering all regular employees for their services prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who choose continuously to be applicable to the Labor Standards Law for the services after the implementation of the Labor Pension Act. The payment of pension benefits is based on the length of the service period and average monthly compensation in the last six months prior to retirement. Under the defined benefit plan, employees are granted two points for each year of service for the first 15 years and are granted one point for each additional year of service from the 16th year, but are subject to a maximum of 45 points. Monthly contributions made by the Bank and its subsidiaries to the pension fund that are deposited in the designated pension account at the Bank of Taiwan were based on 10% of the total monthly salaries and wages. 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 not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company will make contribution for the deficit by next March.

The net pension costs under defined contribution pension plans of the Bank for the years ended December 31, 2016 and 2015 were $392,255 and $392,011, respectively. As of December 31, 2016 and 2015, the balances of the pension fund deposited in the Bank of Taiwan were $6,527,341 and $6,350,230, respectively.

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

	December 31, 2016	December 31, 2015
Present value of funded obligations	$ 10,836,395	$ 11,142,814
Fair value of plan assets	(6,568,613)	(6,405,425)
Net defined benefit liability	$ 4,267,782	$ 4,737,389

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

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31,2016			
Balance at January 1	$ 11,142,814	($ 6,405,425)	$ 4,737,389
Current service cost	329,972	-	329,972
Interest expense (revenue)	152,148	(91,306)	60,842
	11,624,934	(6,496,731)	5,128,203
Remeasurements (Note):			
Return on plan asset	-	44,813	44,813
Change in financial assumptions	(115,222)	-	(115,222)
Experience adjustments	92,850	-	92,850
	(22,372)	44,813	22,441
Pension fund contribution	-	(882,862)	(882,862)
Paid Pension	(766,167)	766,167	-
Balance at December 31	$ 10,836,395	($ 6,568,613)	$ 4,267,782

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31,2015			
Balance at January 1	$ 10,349,101	($ 6,169,960)	$ 4,179,141
Current service cost	321,788	-	321,788
Interest expense (revenue)	178,663	(109,866)	68,797
	10,849,552	(6,279,826)	4,569,726
Remeasurements (Note):			
Return on plan asset	-	(55,370)	(55,370)
Change in financial assumptions	407,840	-	407,840
Experience adjustments	355,548	-	355,548
	763,388	(55,370)	708,018
Pension fund contribution	-	(540,355)	(540,355)
Paid Pension	(470,126)	470,126	-
Balance at December 31	$ 11,142,814	($ 6,405,425)	$ 4,737,389

Note：Return on plan asset excluding amounts included in interest income or expense.

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

As of December 31, 2016 and 2015, actual return on plan assets were $46,493 and $165,236, respectively.

As of December 31, 2016 and 2015, defined benefit plan recognized through other comprehensive income a remeasurement of ($23,732) and ($708,018), respectively, for net defined benefit liability.

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

	December 31, 2016	December 31, 2015
Discount rate	1.50%	1.40%
Future salary increases	1.50%	1.50%

Assumption on future death rate is based on the 4th historical life chart 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:

	Impact on the present value of the defined benefit obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2016			
Discount rate	±0.25%	($ 279,907)	$ 291,668
Future salary increases	±0.25%	$ 290,937	($ 280,584)

	Impact on the present value of the defined benefit obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2015			
Discount rate	±0.25%	($ 293,750)	$ 306,449
Future salary increases	±0.25%	$ 305,372	($ 294,176)

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

(E) As of December 31, 2016, the weighted average duration of that retirement plan is 10.3 years.

(F) Expected contributions to the defined benefit pension plan of the Bank and its subsidiaries in the year ended December 31, 2017 are $630,095.

C. Employee preferential savings plan

The Bank to pay an allotment for preferential savings of retired and current employees after retirement is in accordance with "First Commercial Bank's preferential savings plan for retired employees". Under the employee preferential savings plan, the Bank recognized pension cost of $427,330 and $364,077 for the years ended December 31, 2016 and 2015, respectively. Please see Note 4(20)B for details.

(A) As of December 31, 2016 and 2015, net liability in the balance sheet was $759,199 and $716,858, respectively.

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

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31,2016			
Balance at January 1	$ 716,858	$ -	$ 716,858
Interest expense	26,755	-	26,755
	743,613	-	743,613
Remeasurements:			
Change in financial assumptions	5,408	-	5,408
Experience adjustments	224,543	-	224,543
	229,951	-	229,951
Pension fund contribution	-	(214,365)	(214,365)
Paid Pension	(214,365)	214,365	-
Balance at December 31	$ 759,199	$ -	$ 759,199

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31,2015			
Balance at January 1	$ 716,177	$ -	$ 716,177
Interest expense	26,739	-	26,739
	742,916	-	742,916
Remeasurements:			
Change in financial assumptions	2,593	-	2,593
Experience adjustments	178,587	-	178,587
	181,180	-	181,180
Pension fund contribution	-	(207,238)	(207,238)
Paid Pension	(207,238)	207,238	-
Balance at December 31	$ 716,858	$ -	$ 716,858

(C) For the years ended December 31, 2016 and 2015, there are no actuarial loss, recognized in other comprehensive income.

(D) The principal actuarial assumptions of employee preferential savings plan were as follows:

	December 31, 2016	December 31, 2015
Discount rate	4.00%	4.00%
Return on capital deposited	2.00%	2.00%
Annual decreasing ratio of account balance	1.00%	1.00%
Variable ratio of preferential savings program	50.00%	50.00%

Assumption on future death rate is based on the 4th historical life chart by the Taiwan life insurance enterprises.

The analysis for the impact on the present value of the employee preferential savings plan obligation as a result of changes in the primary actuarial assumption is as follows:

	Impact on the present value of the employee preferential savings plan obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2016			
Discount rate of employee preferential savings	±0.25%	($ 11,481)	$ 11,825
Return rate of capital deposited	±0.25%	($ 94,328)	$ 94,328
Annual diminishing rate of account balance	±0.25%	($ 11,137)	$ 11,428
Potential future variable rate of preferential saving	±10.00%	$ 151,480	($ 151,480)

	Impact on the present value of the employee preferential savings plan obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2015			
Discount rate of employee preferential savings	±0.25%	($ 10,769)	$ 11,092
Return rate of capital deposited	±0.25%	($ 84,973)	$ 84,974
Annual diminishing rate of account balance	±0.25%	($ 10,441)	$ 10,713
Potential future variable rate of preferential saving	±10.00%	$ 143,372	($ 143,372)

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

(E) Expected contributions to the employee preferential savings plan of the Bank in the year ended December 31, 2017 are $100,943.

D. Movements in reserve for guarantees were as follows:

	For the years ended December 31,	
	2016	2015
Beginning balance	$ 799,145	$ 795,376
Provision	-	3,465
Foreign exchange and other movements	(19,894)	304
Ending balance	$ 779,251	$ 799,145

(21) Other liabilities

	December 31, 2016	December 31, 2015
Guarantee deposits received	$ 2,646,981	$ 3,633,312
Advance receipts	1,197,282	1,286,505
Temporary receipts and suspense accounts	1,320	189,641
Others	96,237	77,708
Total	$ 3,941,820	$ 5,187,166

(22) Equity

A. Common stock

As of December 31, 2016, the Bank's authorized and paid-in capital was both $89,064,000; outstanding shares were 8,906,400 thousand with a par value of $10 per share.

Through the resolution by its Board of Directors on April 17, 2015 and the resolution by the Board of Directors in the capacity of the stockholders' meeting on May 8, 2015, the Bank resolved to increase its capital by $2,385,000 through its unappropriated earnings, issuing 238,500 thousand shares with a par value of $10. The capital increase date was on June 24, 2015. The capital increase resolution was approved by the Financial Supervisory Commission pursuant to Financial-Supervisory-Securities-Corporate No. 1040021650. Total capital after the capital increase was $78,244,000 with 7,824,400 thousand outstanding shares and a par value of $10 per share.

On August 14, 2015, in order to strengthen its capital and develop its businesses, the Bank's Board of Directors in the capacity of the stockholders' meeting resolved to increase its capital by $20,000,000, in cash, through a private-placement by issuing 800,000 thousand shares with 25$ premium per share. Total capital after the capital increase was $86,244,000. The capital increase date was on September 18, 2015 and the Bank has completed the capital increase registration. This capital increase resolution has been approved by the Financial Supervisory Commission pursuant to Jin-Guan-Yin-Kong-Zi No. 10400202310.

Through the resolution by its Board of Directors on April 28, 2016 and the resolution by the Board of Directors in the capacity of the stockholders' meeting on June 27, 2016, the Bank resolved to increase its capital by $2,820,000 through its unappropriated earnings, issuing 282,000 thousand shares with a par value of $10. The capital increase date was on August 16, 2016. Total capital after the capital increase was $89,064,000 with 8,906,400 thousand outstanding shares and a par value of $10 per share.

B. Share-based payment-employee compensations

The Company's share-based employee compensation payments is the parent of First Financial Holding Co., Ltd. in accordance with Article 267 of the Company Act, that is, when a company issues new shares, 15% of such new shares shall be reserved for subscription by employees of the company.

(A) As of December 31, 2016, the Bank's and its subsidiaries' share-based payment is as follows:

Type of arrangement	Grant date	Quantity granted (shares)	Vesting Conditions
Re-Capitalized reserved for employee preemption	2015/9/11	187,879,797	Vested immediately

(B) Paid-in capital resulting from the share-based payment transaction was $178,487.

C. Capital surplus

As required by the Companies Act, additional paid-in capital resulting from the amount received in excess of par value of the issuance of capital stock and donated income may not only be used to offset the accumulated losses but also to issue new shares or distribute cash dividends in proportion to the number of shares being held by original shareholders. In addition, according to the Securities and Exchange Act, the additional paid-in capital used for capital increase shall not exceed 10% of total issued capital stock. A company should not use the capital surplus to cover its capital loss, unless the surplus reserve is insufficient.

As of December 31, 2016 and 2015, the details on the Bank's capital surplus are as follows:

	December 31, 2016	December 31, 2015
Share premium	$ 34,460,326	$ 34,460,326
Share-based payments	387,890	387,890
Total	$ 34,848,216	$ 34,848,216

D. Legal reserve and special reserve

(A) Legal reserves

According to the Company Law of the R.O.C., legal reserve can be used only to recover accumulated deficits or to increase capital stock and shall not be used for any other purposes. However, it is permitted that the legal reserve be used to increase capital stock if the balance of the legal reserve has reached twenty five percent of the issued capital stock, and only half of the legal reserve can be capitalized.

(B) Special reserve

Upon the first-time adoption of IFRSs, Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012 requires the Company to reverse special earnings reserve in the proportion of the original recognition when the Company subsequently uses, disposes or reclassifies related assets. If the above related assets belong to investment properties, reversal of land is made when being disposed or reclassified and others are reversed during the periods of being used. In addition, the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms". The "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Jin-Guan-Zeng-Chung No. 0990073857 dated January 11, 2011. Moreover, the additional special reserve should be transferred to "special earnings reserve" by the net of tax after the annual closing. On the other hand, if the special reserve is insufficient to write-off or to recover the amount that could be written-off or recovered, the insufficiency may be recovered or written-off through the "special earnings reserve". The special earnings reserve can only be used in offsetting an entity's deficit or 50% of such reserve can be transferred to capital given that such reserve is equivalent to 50% of the paid-in capital or more. No other purpose is permitted.

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

(23) Unappropriated earnings

A. In accordance with the Bank's Articles of Incorporation, if there are earnings upon formulating the year-end budget, other than paying all taxes and offsetting cumulative deficits, 30% shall be appropriated as legal reserve and, depending on business needs, a special reserve may be appropriated. The remainder, if any, plus prior year unappropriated earnings, is the amount distributable as bonus. After the Board of Directors' consideration for the Bank's capital adequacy and business development needs, the amount may be distributed upon a resolution by the stockholders' meeting.

Prior to legal reserve exceeding total capital or the proprietary capital to risk-weighted assets ratio exceeding banking regulations, the maximum cash dividends which may be distributed shall be distributed according to the Banking Act of the Republic of China and regulations prescribed by the central regulating authority.

B. Dividend policy for the next three years

The Bank is part of a mature industry and has stable profitability and sound financial structure. Distribution of dividends is in principle in cash; however, for the purpose of improving the Bank's proprietary capital to risk-weighted assets ratio in order to strengthen the Bank's competitiveness, distributions are support alongside with stock dividends.

C. The appropriation of 2015 and 2014 earnings were resolved on June 27, 2016 and May 8, 2015 and were summarized as follows:

	2015		2014	
	Earnings distribution	Dividend per share (NT dollar)	Earnings distribution	Dividend per share (NT dollar)
Legal reserve	$ 4,830,027	$ -	$ 4,014,346	$ -
Cash dividends on common stock	8,452,432	0.9801	7,000,000	0.923
Stock dividends on common stock	2,820,000	0.3270	2,385,000	0.314
	$ 16,102,459	$ 1.3071	$ 13,399,346	$ 1.237

D. For information on employee's remuneration (bonus) remuneration, please refer to Note 6(32)

(24) Other equity interest

	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total
Balance, January 1, 2016	$ 3,555,197	$ 5,058,542	$ 8,613,739
Available-for-sale financial assets			
- Valuation adjustment	-	763,014	763,014
- Realized	-	(295,314)	(295,314)
Exchange difference on the financial statements of foreign entities	(2,468,657)	-	(2,468,657)
Share of the profit or loss of associates accounted for using the equity method	(75,657)	-	(75,657)
Effect from income tax	-	(2,759)	(2,759)
Balance, December 31, 2016	$ 1,010,883	$ 5,523,483	$ 6,534,366

	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total
Balance, January 1, 2015	$ 2,409,309	$ 4,622,218	$ 7,031,527
Available-for-sale financial assets			
- Valuation adjustment	-	480,867	480,867
- Realized	-	(50,141)	(50,141)
Exchange difference on the financial statements of foreign entities	1,252,628	-	1,252,628
Share of the profit or loss of associates accounted for using the equity method	(106,740)	-	(106,740)
Effect from income tax	-	5,598	5,598
Balance, December 31, 2015	$ 3,555,197	$ 5,058,542	$ 8,613,739

(25) Net interest income

	2016	2015
Interest income		
Interest income on loans discounted	$ 33,315,882	$ 33,784,152
Interest income on securities investment	4,997,422	4,645,475
Interest income due from bank	2,345,558	3,139,541
Interest income on credit cards recurrence	163,384	184,064
Other interest income	266,667	268,197
Subtotal	41,088,913	42,021,429
Interest expense		
Interest expense for deposits	(10,562,747)	(11,886,995)
Interest expense due to Central Banks and banks	(1,250,387)	(1,064,519)
Interest expense, bank debentures	(652,145)	(723,846)
Interest expense on structured notes	(92,170)	(150,862)
Interest expense of bonds payable under repurchase agreements	(47,057)	(29,321)
Other interest expense	(35,120)	(50,435)
Subtotal	(12,639,626)	(13,905,978)
Total	$ 28,449,287	$ 28,115,451

(26) Net service fee income

	2016	2015
Service fee income		
Trust business	$ 1,427,089	$ 1,870,779
Custodian business	499,832	494,074
Insurance agency	3,454,448	2,840,886
Foreign exchange	923,701	934,792
Credit extension	1,306,908	1,134,185
Credit card	835,773	818,548
Other service fee income on deposits and remittances	544,366	558,382
Overseas branches excluding OBU	716,300	751,265
Subtotal	9,708,417	9,402,911
Service fee expense		
Trust business	(84,647)	(134,521)
Custodian business	(119,233)	(114,204)
Insurance agency	(493,149)	(433,533)
Foreign exchange	(38,315)	(29,345)
Credit extension	(58,231)	(55,264)
Credit card	(429,137)	(395,560)
Other service fee expense on deposits and remittances	(385,580)	(384,791)
Overseas branches excluding OBU	(30,416)	(28,512)
Subtotal	(1,638,708)	(1,575,730)
Total	$ 8,069,709	$ 7,827,181

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

	2016	2015
Gain and loss from disposal of financial assets at fair value through profit or loss		
Short-term bills	($ 84,485)	($ 67,937)
Bonds	(119,080)	(89,830)
Stocks	59,200	(80,971)
Interest rate	189,523	169,557
Exchange rate	1,524,201	429,654
Options	324,903	73,968
Futures	(426)	(24,043)
Exchange of commodities	1,239	3,389
Subtotal	1,895,075	413,787
Evaluation gain and loss on financial assets at fair value through profit or loss		
Short-term bills	6,024	(4,051)
Bonds	788,294	(137,976)
Stocks	(12,891)	(16,307)
Interest rate	(567,191)	462,425
Exchange rate	9,859	(56,350)
Options	(62,530)	92,872
Futures	(1,661)	704
Exchange of commodities	(8,109)	5,271
Credit risk valuation adjustment	14,228	(30,854)
Subtotal	166,023	315,734
Coupon payment and bonus income on financial assets at fair value through profit or loss	27,283	9,503
Interest income on financial assets at fair value through profit or loss	1,290,419	967,021
Interest expense on financial liabilities at fair value through profit or loss	(795,520)	(748,560)
Total	$ 2,583,280	$ 957,485

Net income on exchange rate instruments are realized and unrealized gain and loss on spot and forward exchange contracts, FX options and FX futures.

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

When the Bank and its subsidiaries designate a financial instrument to be measured at fair value through profit and loss, any change in fair value of the derivative managed with the financial instrument is recognized in “gain and loss on financial assets and liabilities at fair value through profit and loss”.

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

	2016	2015
Gain on disposal		
Bonds	$ 256,913	$ 151,826
Beneficiary certificate	2,171	620
Stock	81,398	90,013
Subtotal	340,482	242,459
Loss on disposal		
Bonds	(8,284)	(15,418)
Stock	(36,884)	(176,900)
Subtotal	(45,168)	(192,318)
Dividends income	409,465	302,848
Total	$ 704,779	$ 352,989

(29) (Losses) gains on reversal of impairment loss on assets

	2016	2015
(Losses) gains on reversal of impairment loss on collaterals	($ 251)	$ 4,552

(30) Investment gains on debt instruments without an active market

	2016	2015
Investment gains on preferred stock of Taiwan High Speed Rail	$ 559,726	$ -

Taiwan High Speed Rail Corporation 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. In order to execute the supporting measures of the “Taiwan High Speed Rail Corporation’s Financial Solution Plan”, pursuant to the resolution by Taiwan High Speed Rail Corporation’ extraordinary stockholders’ meetings on September 10, 2015, unpaid preferred stock dividends will be satisfied in the form of compensation. The Bank has received the compensation remitted by Taiwan High Speed Corporation on January 20, 2016.

(31) Net other non-interest income

	2016	2015
Net gain on financial assets carried at cost	$ 218,795	$ 105,367
Net income and losses from rent	263,678	265,471
Gain on disposal of property	16,177	35,062
Loss on retired assets	(3,127)	(1,430)
Net gain on sale of foreclosed collaterals	-	54,898
Other net income and losses	246,302	(63,265)
Total	$ 741,825	$ 396,103

(32) Employee benefit expenses

		2016		2015
Wages and salaries	$	10,826,072	$	10,800,051
Share-based payments		-		178,487
Labor and health insurance fees		546,625		548,053
Pension costs		990,365		911,753
Other employee benefit		217,015		182,204
Total	$	12,580,077	$	12,620,548

A. The calculation for the employee benefit expense is based on the number of employee of 7,597 and 7,631 for the year of 2016 and 2015, respectively. (Pension expenses include preferential interest deposit for retired employees amounted to $427,330 and $364,077 for the year of 2016 and 2015, respectively)

B. According to the Bank's Articles of Incorporation, if the Bank has profits before tax, 1% to 6% of income before tax prior to deductions of employees' compensation shall be provisioned as employees' compensation. However, when the Bank still has cumulative deficits, an amount to cover those deficits shall first be retained.

C. As of December 31, 2016 and 2015, the Bank's estimated employees' compensation were $880,256 and $1,005,115, respectively. The aforementioned amounts are accounted for under employee benefit expenses.

After considering earnings, employees' compensation for 2016 and 2015 were estimated on a 1% to 6% basis. Employees' compensation for 2015 as resolved by the Board of Directors in 2016 was $1,022,459. This was, as compared to employees' compensation recognized under operating expenses in the 2015 financial statement, a $24,590 increase. The difference in amounts was due to estimation differences and have been accounted for as a change in accounting estimate, recognizing the difference as adjustments to profit or loss in 2016.

D. Information about employees' compensation (bonus) of the Bank as resolved by the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange. In addition, the Bank has not distributed any directors' and supervisors' remuneration.

(33) Depreciation and amortization

		2016		2015
Depreciation expense	$	795,567	$	763,460
Amortization expense		203,259		202,054
Total	$	998,826	$	965,514

(34) Other business and administrative expenses

	2016	2015
Taxes	$ 2,081,783	$ 2,166,946
Rental	1,135,204	1,044,115
Insurance premium	545,211	569,387
Post and cable	244,712	238,613
Maintenance	182,275	188,873
Water, electricity and gas	140,346	159,590
Entrustment of investigate and research	160,334	128,833
Land occupancy	137,588	135,732
Police and security	136,174	132,801
Advertising	166,836	173,088
Stationery	106,918	107,159
Others	715,773	734,573
Total	$ 5,753,154	$ 5,779,710

(35) Income tax expenses

A. Income tax expense

	2016	2015
Current tax		
Current tax on profits for the period	$ 2,805,907	$ 2,934,167
Adjustments for over provisions of prior years' income tax expense and others	(46,415)	180,413
Total current tax	2,759,492	3,114,580
Origination and reversal of temporary differences	181,195	(32,230)
Income tax expense	$ 2,940,687	$ 3,082,350

B. Details of reconciliation between income tax expense and accounting profit

	2016	2015
Income tax from pretax income calculated at regulated tax rate	$ 3,508,668	$ 3,261,015
Adjustments for over provisions of prior years' income tax expense and others	(46,415)	180,413
Adjusted effects on income tax exemption and other income tax	(521,566)	(359,078)
Income tax expense	$ 2,940,687	$ 3,082,350

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

	2016			
Temporary differences	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Allowance for bad debt in excess of tax limits	$ 1,078,761	($ 415,287)	$ -	$ 663,474
Impairment loss of foreclosed assets	19,467	(7,814)	-	11,653
Unappropriated employee benefit liabilities reserve	832,691	(22,574)	4,034	814,151
Overseas branches and overseas subsidiary	472,556	190,959	(46)	663,469
Others	(639,210)	74,727	(2,713)	(567,196)
Deferred tax assets-net	$ 1,764,265	($ 179,989)	$ 1,275	$ 1,585,551
Deferred tax liabilities:				
Increment tax on land value	$ 5,710,999	($ 3,004)	$ -	$ 5,707,995
Others	9,502	4,210	-	13,712
Deferred tax liabilities:-net	$ 5,720,501	$ 1,206	$ -	$ 5,721,707

	2015			
Temporary differences	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Allowance for bad debt in excess of tax limits	$ 702,056	$ 376,705	$ -	$ 1,078,761
Impairment loss of foreclosed assets	20,241	(774)	-	19,467
Unappropriated employee benefit liabilities reserve	738,177	(25,849)	120,363	832,691
Overseas branches and overseas subsidiary	496,427	(24,606)	735	472,556
Others	(346,949)	(297,124)	4,863	(639,210)
Deferred tax assets-net	$ 1,609,952	$ 28,352	$ 125,961	$ 1,764,265
Deferred tax liabilities:				
Increment tax on land value	$ 5,713,259	($ 2,260)	$ -	$ 5,710,999
Others	11,120	(1,618)	-	9,502
Deferred tax liabilities:-net	$ 5,724,379	($ 3,878)	$ -	$ 5,720,501

D. The Bank's filed profit-seeking enterprise income tax returns through 2011 have been assessed and approved by the Tax Authority. For 2003's "available loss deduction", where the assessed amount disagreed with the actual amount, after the Ministry of Finance, R.O.C. maintained its original position for the Bank's filed administrative appeal on January 6, 2016, the Bank decided to cease seeking further remedies; however, because the case involves the use of loss deductions for subsequent years, thus for the year which 2003's loss deduction was exhausted (i.e. 2012), the Bank has filed to rectify the loss deduction amount for that year.

Profit-seeking enterprise income tax returns of FCBL through 2014 have been assessed and approved by the Tax Authority.

E. The balance of unappropriated earnings were as follows:

As of December 31, 2016 and 2015, the balance of unappropriated earnings is generated on and after January 1, 1998.

F. The Bank along with its parent company (FFHC) and its subsidiaries elect the consolidated tax return to jointly declare and report their income tax. FFHC is the tax payer in the consolidated tax return. Aside from the Bank's investment gains that obtained tax credits which are included the Bank's imputation tax credit account, all taxes are included into FFHC. As of December 31, 2016 and 2015, the balance of the imputation tax credit account was $81,517 and $124,889, respectively. The actual tax deduction ratio of cash dividends and stock dividends for 2015 was 1.10% and 1.25%, respectively. The expected tax deduction ratio for earning distributions for 2016 is estimated to be 0.38%.

(36) Earnings per share

Basic

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

	2016	2015
Profit or loss attributable to ordinary shareholders of the Bank (in thousand dollars)	$ 17,698,536	$ 16,100,091
Weighted average number of ordinary shares outstanding (in thousand shares)	8,906,400	8,336,537
Earnings per share (in dollars)	1.99	1.93

Note: The effect of the distribution of stock dividends for 2015 has been retrospectively adjusted for. In addition, for the years ended December 31, 2016 and 2015, basic earnings per share were equal to diluted earnings per share.

7. Related party transactions

(1) Parent and ultimate controlling company

The Bank is controlled by First Financial Holding Co., Ltd., which holds 100% of the Bank's shareholding, and the Bank's ultimate controlling company is First Financial Holding Co., Ltd.

(2) Details of the related parties

Names of related parties	Relationship with the Bank
Bank of Taiwan Co., Ltd.	Substantive related parties
Golden Garden Investment Co., Ltd.	Substantive related parties
Global Investments Co., Ltd.	Substantive related parties
Waterland Financial Holdings Co., Ltd.	Substantive related parties
East Asia Real Estate Management Co., Ltd. (EAREM)	Investee accounted for under the equity method
Turn Cloud Technology Service Inc.	Investee accounted for under the equity method
The First Education Foundation	Over one third of total fund is donated by the Bank
First Financial Holding Co., Ltd.	Parent company of the Bank
First Securities Inc. (FS)	Subsidiary of FFHC
First Securities Inc. (Asia)	Subsidiary of FFHC
First Capital Management Inc.	Subsidiary of FFHC
First Securities Investment Trust Co., Ltd. (FSIT)	Subsidiary of FFHC

Names of related parties	Relationship with the Bank
First Financial Asset Management Co., Ltd. (FFAM)	Subsidiary of FFHC
First Venture Capital Co., Ltd. (FVC)	Subsidiary of FFHC
First Financial Management Consulting Co., Ltd. (FFMC)	Subsidiary of FFHC
First P&C Insurance Agency Co., Ltd.(FPCIA) (liquidated and dissolved on July 1, 2016)	Subsidiary of FFHC
First-Aviva Life Insurance Co., Ltd. (FALI)	Subsidiary of FFHC
Mutual funds managed by FSIT	Mutual funds managed by the subsidiary of FFHC
Others	Related parties, Spouses of representatives of the Bank's directors and supervisors, chairman and president, and relatives within second degree of kinship of the Bank's chairman and president

(3) Major balances and transactions with related parties:

A. Call loans to banks

	December 31, 2016		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 11,000,000	$ 2,700,000	0.170~0.440

	December 31, 2015		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ 500,000	0.230~0.430

For the years ended December 31, 2016 and 2015, the interest income on above related parties were $1,477 and $1,696, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

B. Call loans from banks

	December 31, 2016		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 10,000,000	$ -	0.171~0.230

	December 31, 2015		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 10,000,000	$ -	0.300~0.320

For the years ended December 31, 2016 and 2015, the interest expense on above related parties were $1,191 and $920, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

C. Due from other banks

	December 31, 2016	
	Ending balance	Percentage (%)
Other related parties		
Bank of Taiwan	$ 198,629	0.76

	December 31, 2015	
	Ending balance	Percentage (%)
Other related parties		
Bank of Taiwan	$ 259,520	0.98

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

D. Loans

December 31, 2016

Items	Category of related party (Note 1)	Number or name of related party (Note 2)	Maximum balance for current period	Ending balance	Status of performance		Collateral	Terms Differences Compared to Non-Related Parties
					Performing loans	Non-performing loans		
Consumer loans	Other related parties	33	$ 14,628	$ 14,317	$ 14,317	$ -	None	None
Residential mortgage loans	Other related parties	119	483,502	442,097	442,097	-	Real estate	None
Other loans	Other related parties	5	102,473	84,352	84,352	-	Certificates of deposits of the Bank、real estate、land	None
Other loans	Sister company	FFAM	330,000	330,000	330,000	-	Real estate	None

December 31, 2015

Items	Category of related party (Note 1)	Number or name of related party (Note 2)	Maximum balance for current period	Ending balance	Status of performance		Collateral	Terms Differences Compared to Non-Related Parties
					Performing loans	Non-performing loans		
Consumer loans	Other related parties	31	$ 14,879	$ 13,333	$ 13,333	$ -	None	None
Residential mortgage loans	Other related parties	124	508,995	473,511	473,511	-	Real estate	None
Other loans	Other related parties	5	101,187	100,791	100,791	-	Certificates of deposits of the Bank、real estate、land	None

For the years ended December 31, 2016 and 2015, the interest income received from the above related parties were $7,985 and $9,388, respectively.

Note 1: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually in detail.

Note 2: Account numbers are calculated based on the statistics at the end of the year.

E. Deposits

	December 31, 2016		December 31, 2015	
	Ending balance	Percentage(%)	Ending balance	Percentage(%)
Parent company				
First Financial Holding Co., Ltd.	$ 989,780	0.05	$ 783,692	0.04
Sister company				
First-Aviva Life Insurance Co., Ltd.	234,389	0.01	386,824	0.02
First Securities Inc.	539,306	0.03	704,778	0.04
Others	293,140	0.01	263,753	0.01
Other related parties				
Others (Note)	1,599,847	0.08	1,512,142	0.08
Total	$ 3,656,462	0.18	$ 3,651,189	0.19

The interest expense paid to the above related parties for years ended December 31, 2016 and 2015 were $34,858 and $36,260, respectively.

Note: Staff savings accounts of FCB are provided to the above related parties with interest rate of 13% p.a. and limited to a balance of $480. Deposits exceeding $480 is calculated at demand savings deposit rate. Interest rates for others are the same as those offered to other customers.

F. Derivative instrument transactions

December 31, 2016

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (loss) on valuation for current period	Period-end balance: Item	Period-end balance: Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	105/11/29~106/2/2	$ 3,141,450	($ 22,473)	Valuation adjustment for trading liabilities – currency exchange rate	$ 22,473
Other related parties	Bank of Taiwan	Foreign exchange contracts	105/5/23~106/5/23	$ 2,255,400	($ 26,593)	Valuation adjustment for trading liabilities– currency exchange rate	26,593

December 31, 2015

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (loss) on valuation for current period	Period-end balance: Item	Period-end balance: Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2015/12/9~2016/2/26	$ 1,348,080	($ 5,664)	Valuation adjustment for trading liabilities – currency exchange rate	$ 5,664
Other related parties	Bank of Taiwan	Foreign exchange contracts	2015/4/24~2016/4/25	986,400	61,619	Valuation adjustment for trading Assets– currency exchange rate	61,619

Note 1: Gain (loss) on valuation for the current period refers to gains or losses resulting from year-end fair value valuation on derivative instruments as of the balance sheet date.

Note 2: Period-end balance is the year-end balance of those accounted as financial asset or liabilities measured at fair value through profit or loss.

G. Current income tax assets

	December 31, 2016	December 31, 2015
First Financial Holding Co., Ltd.(Note)	$ -	$ 910,975

Note: Receivable as a result of consolidated income tax return filing of parent company.

H. Current income tax liabilities

	December 31, 2016	December 31, 2015
First Financial Holding Co., Ltd.(Note)	$ 273,147	$ 1,212,770

Note: Payable as a result of consolidated income tax return filing of parent company.

I. Financial liabilities at fair value through profit or loss

	December 31, 2016	December 31, 2015
First-Aviva Life Insurance Co., Ltd. (FALI)	$ 350,337	$ 343,528

For the years ended December 31, 2016 and 2015, the interest expense on above related parties were $13,696 and $12,926, respectively.

J. Handling charges income and other income

	For the years ended December 31,	
	2016	2015
Parent company		
First Financial Holding Co.,Ltd.	$ 23,510	$ 21,971
Subsidiary of FFHC		
First Securities Inc.	90,026	93,143
First Securities Investment Trust Co., Ltd.	43,873	43,493
First-Aviva Life Insurance Co., Ltd.	582,334	692,914
First P&C Insurance Agency	16,879	32,432
First Capital Management Inc.	8,195	11,728
First Financial Asset Management Co., Ltd.	4,762	4,488
Other related parties		
Others	6,158	5,919
	$ 775,737	$ 906,088

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

K. Rent expense and other expenses

	For the years ended December 31,	
	2016	2015
Parent company		
First Financial Holding Co.,Ltd.	$ 1,065	$ 914
Subsidiary of FFHC		
First Financial Asset Management Co,, Ltd.	83,929	81,471
First Securities Inc.	44,949	54,853
Other related parties		
Others	10,583	79,025
	$ 140,526	$ 216,263

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

L. Information on salaries and remunerations to the Bank's directors, supervisors, president, vice-president and others:

	For the years ended December 31, 2016	For the years ended December 31, 2015
Salaries and other short-term employee benefits	$ 90,269	$ 88,976
Post-employment benefits	5,447	2,335
Other long-term employee benefits	234	227
Share-based payments	-	971
Total	$ 95,950	$ 92,509

8. Pledged assets

Pledged assets provided by the Bank and its subsidiaries as of December 31, 2016 and 2015 were as follows:

Items	December 31, 2016	Purpose of Pledge
Available-for-sale financial assets – bonds	$ 2,529,414	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank
Held-to-maturity financial assets	121,363	Deposits with Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank (FRB)
Refundable deposits	361,946	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 3,012,723	

Items	December 31, 2015	Purpose of Pledge
Available-for-sale financial assets – bonds	$ 2,089,264	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank
Held-to-maturity financial assets	132,520	Deposits with Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank (FRB)
Refundable deposits	552,990	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 2,774,774	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) The Bank has the following commitments as of December 31, 2016 and 2015:

	December 31, 2016
Unused loan commitments	$ 130,148,898
Unused credit commitments for credit cards	66,917,079
Unused letters of credit issued	32,338,366
Guarantees	76,583,755
Collections receivable for customers	138,284,060
Collections payable for customers	272,463,199
Travelers' checks consignment-in	325,018
Guaranteed notes payable	61,404,207
Trust assets	752,112,799
Customers' securities under custody	422,629,544
Book-entry for government bonds under management	211,708,500
Depository for short-term marketable securities under management	80,106,646

	December 31, 2015
Unused loan commitments	$ 119,931,228
Unused credit commitments for credit cards	64,096,707
Unused letters of credit issued	24,161,021
Guarantees	86,407,220
Collections receivable for customers	129,911,417
Collections payable for customers	260,002,074
Travelers' checks consignment-in	371,308
Guaranteed notes payable	62,167,809
Trust assets	789,030,654
Customers' securities under custody	422,405,204
Book-entry for government bonds under management	214,150,700
Depository for short-term marketable securities under management	86,991,220

(2) Material litigations

Due to the collapse of the Tung Xin building caused by an earthquake on September 21, 1999, residents of the building filed a civil lawsuit for compensation of tort damages against Hong Cheng Building Co., Ltd., Hong Ku Construction Co., Ltd. (including the directors and supervisors of the aforementioned companies), and the Bank. The court of the third instance dismissed the appeal on October 2, 2014. As for criminal liability, the Supreme Court has ruled that the employees of the Bank are not guilty. However, due to a portion of the residents transferring their compensation claims concerning tort damages by the Bank to the Department of Urban Development, Taipei City Government, on September 21, 2016, the Taipei District Court ruled to repeal a portion of the Department of Urban Development, Taipei City Government's claims (the remaining claims are still under the court's assessment). On January 5, 2017, the Bank received a civil ruling from the Taiwan High Court that reversed the Taipei District Court's civil ruling on September 21, 2016. The Bank has filed an appeal. Currently, the case is under the assessment of the Taiwan High Court. To date the ultimate outcome of the case remains uncertain.

In addition, the residents of the adjacent building, Hao Men Shi Jia, which was crushed due to the collapse of the Tung Xin building, also filed a civil lawsuit for compensation of tort damages by the Bank. The proceeding of the lawsuit was stayed in 2001. On July 29, 2014, the Taipei District Court reopened the lawsuit. Currently, the case is under the assessment of the court. The ultimate verdict as to date remains uncertain.

10. Significant losses from disasters: None.

11. Significant subsequent events: None.

12. Others:

(1) Fair value and hierarchy information on financial instruments

A. Scope

Fair value is the amount for which an asset could be exchanged or a liability can be settled between knowledgeable, willing parties in an arm’s length transaction. Financial instruments are initially recognised by fair value, which is transaction price in most cases. Subsequent recognitions are measured by fair value except that certain financial instruments are recognised by amortised cost. The best evidence of fair value is the quoted market price in an active market. If the market in which financial instruments traded is not active, the Company then adopts valuation technique or takes reference to Bloomberg, Reuters or the fair value of financial instrument from counterparties.

B. Fair value information of financial instruments

The fair value information of financial instruments measured at fair value is provided in Note 12(1) C.

Except for those listed in the table below, the carrying amount of some of the Company’s financial instruments (e.g. cash and cash equivalents, due from Central Bank and call loans to other banks, receivables, loans discounted, refundable deposits, deposits from the Central Bank and banks, due to Central Bank and other banks, bills and bonds under repurchase agreements, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits) is approximate to their fair value. (Please refer to Note 12 (1)D)

	December 31, 2016			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets-net	$ 344,583,594	$ 1,808,675	$ 343,188,546	$ -
Other financial assets- bond instruments without active market	3,976,640	-	3,976,640	-
Non-financial assets				
Investment property	6,960,837	-	16,542,809	-

	December 31, 2015			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets-net	$ 356,817,150	$ 3,770,480	$ 353,951,748	$ -
Other financial assets- bond instruments without active market	9,162,155	-	9,162,155	-
Non-financial assets				
Investment property	6,975,756	-	16,794,950	-

C. Financial instruments measured at fair value

(A) Determination of the fair value

The quoted market price is used as the fair value when the financial instruments have an active market, such as market prices provided by the Stock Exchange Corporation, Bloomberg and Reuters are all foundation of fair value for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions 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 is not met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price or significantly increasing price variance are both indicators of an inactive market.

In addition to above financial instruments with an active market, other financial instruments at fair value are assessed by evaluation technique with reference to other financial instruments at fair value with similar conditions and characteristics in actual practice, cash flow discounting method and other evaluation technique, including market information obtained by exercising the model at balance sheet date (such as yield curve used in OTC and the Taipei Interbank Offered Rate (Taibor) price curve).

When a financial instrument has no standardized evaluation and with less complexity involved, such as interest rate swap, currency swap and options. The Bank and its subsidiaries usually adopts the valuation generally accepted by market users. The inputs used in these financial instruments valuation usually are observable information in the market.

For financial instruments with higher complexity, the fair value is assessed through the valuation model developed by general valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments with no quoted market price (including debt instrument of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Bank and its subsidiaries needs to make appropriate estimates based on the assumptions.

The output of the evaluation model is always an estimate, and the valuation technique may not reflect all the relevant factors of the financial instruments held by the Bank and its subsidiaries. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk, liquidity risk or credit risk of counterparties. According to the Bank and its subsidiaries valuation model management and other related controlling procedures, the adjustment made is adequate and necessary and the balance sheet is believed to present fairly, in all material aspects, the fair value of financial instruments. The pricing information and input are prudently evaluated in the valuation process, and shall be timely adjusted by market condition.

(B) Valuation methods by financial instruments of the Bank and its subsidiaries are shown by types and nature as follows:

a. NTD Central Government Bond: the latest transaction price announced by Electronic Bond Trading System of GTSM or SEC or the yield rates across different contract lengths bulletined by OTC are used.

b. NTD corporate bonds & bank debentures: fair value of different maturities announced by GTSM is adopted. If the fair value is not available, yield rate curve of the corresponding credit rating provided by GTSM is used to compute the theory price. Securitization instruments: future cash flows discounted by market interest rate or the quotations provided by the counterparties are adopted for valuation.

c. Securitization instruments: prices quoted from Bloomberg.

d. Convertible corporate bond: closing prices bulletined by the GTSM or the latest closing prices is adopted as valuation standard.

e. NTD short-term bills: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

f. Foreign securities: prices quoted from Bloomberg, Reuters, or counterparties are adopted.

g. Listed stocks: the closing price listed in TSE or OTC is adopted.

h. Beneficiary certificates: closed-end funds use the closing price in an active market as the fair value and open-ended funds use the net asset value of the a fund as the fair value.

i. Bank debentures designated at fair value issued by the Bank: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

j. Derivatives:

(a) Call (put) warrant, stock index futures, and stock index futures options: prices quoted from an active market are deemed the fair value.

(b) Forward FX, currency swap, interest swap and cross currency swap: discounted future cash flows is adopted.

(c) Options: Black-Scholes model is mainly adopted for valuation.

(d) Certain derivatives use the quoted price from counterparties.

(C) Adjustments for credit risks

Adjustments for credit risks are mainly credit valuation adjustments and debit valuation adjustments. Definition is as follows:

a. Credit valuation adjustment (CVA) is a measurement to derivatives which are not transacted through the Stock Exchange Market, or the over the counter (OTC) derivatives. CVA reflects fair value of counterparty default and the possibility of not collecting the full market value.

b. Debit valuation adjustment (DVA) is a measurement to derivatives which are not transacted through the Stock Exchange Market, or the over the counter (OTC) derivatives. DVA is the fair value of a derivative reflecting the default of the company and the possibility of the company unable to pay the full market value.

CVA is calculated by applying loss given default (LGD) to exposure at default (EAD), along with the consideration of counterparty's probability of default (PD) (under the condition of the Bank does not default). On the other hand, DVA is calculated by applying the Bank's estimated loss to the risk exposure amount, along with the consideration of the Bank's PD (under the condition of the counterparty does not default).

D. Financial instruments not measured at fair value

The methods and assumption used by financial instruments not measured at fair value of the Bank and its subsidiaries are as follows:

(A) The book value of cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, refundable deposits, due to Central Bank and banks, fund borrowed from Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, other borrowings, deposits, and other financial liabilities which have a short maturity period will be considered as their fair value.

(B) Loans discounted (including overdue receivables and assumed receivables from leasing subsidiary): Considering the nature of the financial industry, the fair value is determined by the market rate (market price). The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for medium-term or long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.

(C) Held-to-maturity financial assets: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.

a. NTD Central Government Bond: fair value of bonds of different maturities bulletined by Over-The-Counter (hereinafter OTC).

b. NTD corporate bonds, bank debentures, government bonds and beneficiary bond certificates: future cash flow discounted by the yield curve of OTC is used to measure present valuation.

c. NTD and US short-term bills and NTD beneficiary securities: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

(D) Deposits: Considering the nature of the financial industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. Additionally, as the maturities are less than three years, it is reasonable to use the carrying amount to estimate the fair value.

(E) Financial Bonds Payable: Since the coupon rates of the bank debentures issued by the Bank approximate the market rates, the fair value based on the discounted value of expected future cash flow approximates the book value.

(F) Other financial assets- bond instruments without active market: If a quoted price is available from a transaction or a market maker, the latest transaction price and quoted price is used as foundation for fair value measurement. If no quoted market price is available for reference, the valuation method is adopted. The estimate and assumption adopted are the discounted value of expected future cash flow used to estimate the fair value.

(G) Other financial assets- financial assets measured at cost: financial assets measured at cost have no quoted market price in an active market. The variability in the range of reasonable fair value estimates is significant for the assets, and the probabilities of the estimates within the range cannot be reasonably assessed leading that the fair value cannot be reliably measured. As a result, the fair value is not disclosed.

E. <u>Hierarchy of fair value estimation of financial instruments</u>

(A)Definition for the hierarchy classification of financial instruments measured at fair value

a. Level 1

Inputs that are quoted prices unadjusted in active markets for identical assets or liabilities. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Bank’s and its subsidiaries’ investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

b. Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).The fair value of the Group’s investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments bank debentures issued by the First Group is included in Level 2.

c. Level 3

Inputs for the asset or liability that are not based on observable market data. The fair value of the Group's investment in the derivatives and certain overseas securities invested by the First Group is included in Level 3.

(B)Hierarchy of fair value estimation of financial instrument

Financial instruments measured at fair value	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 23,451,613	$ -	$ 23,451,613	$ -
Bond investments	467,235	467,235	-	-
Short-term notes	20,043,862	556,571	19,487,291	-
Financial assets designated as at fair value through profit or loss on initial recognition	29,749,056	-	29,749,056	-
Available-for-sale financial assets				
Stock investments	12,173,219	12,173,219	-	-
Short-term bills	1,096,900	-	1,096,900	-
Bond investments	125,206,756	3,038,194	122,168,562	-
Others	814,039	-	814,039	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss on initial recognition	16,216,913	-	16,216,913	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	9,541,613	120,394	9,421,219	-
Liabilities				
Financial liabilities at fair value through profit or loss	7,707,009	-	7,707,009	-
Total	$ 246,468,215	$ 16,355,613	$ 230,112,602	$ -

Financial instruments measured at fair value	December 31, 2015			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurements</u>				
<u>Non-derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 667,236	$ 667,236	$ -	$ -
Bond investments	14,950,998	2,120,192	12,830,806	-
Short-term notes	36,988,157	-	36,988,157	-
Financial assets designated as at fair value through profit or loss on initial recognition	23,908,204	-	23,908,204	-
Available-for-sale financial assets				
Stock investments	11,101,294	11,101,294	-	-
Short-term bills	636,724	-	636,724	-
Bond investments	75,011,637	3,091,333	71,920,304	-
Beneficiary securities	800,885	800,885	-	-
Others	1,154,761	-	1,154,761	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss on initial recognition	22,666,648	-	22,666,648	-
<u>Derivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss	10,817,757	127,555	10,690,202	-
Liabilities				
Financial liabilities at fair value through profit or loss	7,846,846	-	7,846,846	-
Total	$ 206,551,147	$ 17,908,495	$ 188,642,652	$ -

(C) Movement of financial assets and liabilities at fair value classified as Level 3

a. Movement of financial assets at fair value classified as Level 3

For the years ended December 31, 2016 and 2015, the Bank and its subsidiaries did not hold any Level 3 financial assets.

b. Movement of financial liabilities at fair value classified as Level 3

For the years ended December 31, 2016 and 2015, the Bank and its subsidiaries did not hold any Level 3 financial liabilities.

(D) Material transfers between Level 1 and Level 2

There were no material transfers of the Bank's and its subsidiaries' held financial instruments between Level 1 and Level 2 for the years ended December 31, 2016 and 2015.

(E) Sensitivity analysis of fair value to reasonable possible alternative assumptions for Level 3 fair value measurements

There were no financial instruments classified as Level 3 for the years ended December 31, 2016 and 2015.

(F) Quantitative information of fair value measurement for significant unobservable inputs (Level 3)

The Bank and its subsidiaries are not classified in Level 3 for the years ended December 31, 2016 and 2015 and the Bank and its subsidiaries are not quantitative information of fair value measurement for significant unobservable inputs (Level 3).

(2) Management objective and policy for financial risk

A. Scope

The Bank's and its subsidiaries' financial risk management objective incorporates the general operating strategy and financial targets. It considers risk appetite and external regulations along with other elements, through effective risk management policies, including but not limited to risk identification, evaluation, monitoring and reporting, and takes appropriate measures to control business risks and potential financial losses within an endurable range in order to ensure a sound business development for the Bank and its subsidiaries and accomplish the objective of maintaining a reasonable risk and return, to further increase shareholders' value.

The primary risks arising from operations of the Bank and its subsidiaries includes but are not limited to credit risks incident upon on-balance-sheet and off-balance-sheet transactions, market risks, operating risks and liquidity risks. In order to put into effect the risk management culture and strategy, the Bank and its subsidiaries has established a risk management policy, system, process and method. The bank and its subsidiaries abides by relevant regulations and evaluates and adjusts in a timely manner. Through managing risks, prescribing limits on each risk, monitoring and reporting periodically, as well as through the internal control and internal audit mechanisms and monitoring of high level committees, the primary risks are effectively identified, evaluated, monitored, and controlled, in order to abide regulations, accomplish strategic objectives and provide reliable financial reporting information.

B. Organization structure for risk management

Bank

The Bank's Board of Directors has the ultimate approval right in risk management. Major management risk items include overall risk management policy, risk tolerance limit, and authority wich must be approved by the Board of Directors.

Under the Board of Directors, there is a Risk Management Committee (RMC), which is headed by the Bank's President and comprised of several committee members including Executive Vice President. Besides, Credit Review Division, Credit Analysis Division, Loan Asset Management Division, and Legal Affairs Division are required to participate in the committee. Risk Management Division is a business line under Risk Management Committee. It is responsible for handling of overall affairs for the committee. RMC is responsible for integration of review, supervision, reporting and coordinating interaction between each division for firm-wide risk management. Besides, the committee needs to resolve affairs related to risk management policies and guidelines, risk authorized limits, risk tolerance limits, risk measurement methods, risk assessment procedures, risk monitoring system, and implementation report on risk management, and then deliver orders to each business segment in accordance with their responsibilities and approval procedures. RMC also submits regular reports about the risk evaluation of the Bank to the Board of Directors and supervisors.

The Auditing department regularly reviews the execution of risk management based on relevant internal control system to ensure the effective operation for risk management and assessment control, which should be reported to the Board of Directors regularly.

The Subsidiary, FCB Leasing

FCB Leasing's Board of Directors has the ultimate approval right in risk management. Major items of risk control include risk management policy, risk tolerance limit, and authority, which shall all be approved by the Board of Directors. FCB Leasing also set up Department of Management I and II to take charge of implementation and management of overall risk management strategies.

C. Credit risk

(A) Source and definition of credit risk

Financial instruments held by the Bank and its subsidiaries may incur losses if counterparties are not able to fulfill their obligations at the maturity date. Credit risk may happen due to items in or off the balance sheet. For items in the balance sheet, credit risk exposure of the Bank and its subsidiaries mainly comprises of bill discounted and loans and credit card business, securities financing, leases, deposits and call loans from banks, debt instrument and derivatives, etc. Off balance sheet items include finance guarantee, bank acceptance, letter of credit, and loan commitment.

(B) Policy for credit risk management

Risk management program and procedures are as follows:

a. Establishing the qualification condition and credit limit of the counterparty and granting different credit limits by referring to information from domestic and foreign credit rating institutions or by establishing its own rating system before each transaction;

b. Avoiding the concentration risk, that is, through limiting the amount of financing to or investing in a single customer, single industry, single conglomerate, single stock, or related parties;

c. Monitoring credit risk by industry, counterparty (individual and group) and country through the limits;

d. Setting up loan approval and review procedure for credit extension business as well as specific review policy for complicated credit extension cases;

e. Establishing policy of loan percentage on collateral, collateral appraisal, management and disposal in relation to credit extension;

f. Reporting to the senior management with regard to the summary of credit risk information.

In addition, each foreign operating entity of the Bank and its subsidiaries sets aside the loss reserve and appraises the assets quality, unless otherwise indicated by competent authorities of the domestic countries in which the subsidiaries reside, in conformity with risk management policy of each operating entity.

The Bank and its subsidiaries classify debt instruments and credit assets into 5 categories by referring to internal ratings and external rating institutions. Comparisons between the internal rating and external long-term rating scales are as follows:

No direct correlation between the internal rating of credit assets and external rating of debt investments has been shown in the following table, but merely shows two different rating scales of the same category.

Credit quality category	Internal rating of credit assets	The Debt investments	
		External rating (Note)	Taiwan rating
Low risk	Level 1 to level 7	Above level BB	Above level twBBB+
Medium risk	Level 8 to level 9	Level BB- to level B+ (including the debt investments of non rating)	twBBB～twBB+
Medium-high risk	Level 10	Level B	twBB～twBB-
High risk	Level 11 to level 12	Level B- to level C	twB+～twCCC+
Default	Level 13	Level D	

(Note) These are ratings of Moody’s, Fitch and S&P.

Procedures and methods used in credit risk management for the core businesses of the Bank and its subsidiaries are as follows:

a. Credit business (including accounts receivable of lease business, loan commitments and guarantees of the lease subsidiaries):

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

(a)Credit asset classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining unsound assets are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category three for assets deemed recoverable. Category Four for assets that are doubtful. Category Five for assets that are not recoverable. In order to manage credit extension, the Bank and its subsidiaries established Operation Guidelines for Credit Extension Assets Risks, Regulations Governing the Setting Aside of Asset Losses Valuation and Non-Performing Loans, Guidelines for Claims Receivables, Standard Procedures for Collection of Overdue receivables as the principles for managing non-performing and overdue payments.

(b)Internal risk rating

In response to the characteristics and scale of business, the Bank and its subsidiaries implement a credit risk internal evaluation module or set up a credit rating table in order to management risk.

The Bank and its subsidiaries, mainly by the statistic and professional judgement of expertise and consideration of client information, developed an objective indicator for evaluating client's credit risk. That is the "Borrower's risk rating" of the Bank and its subsidiaries, among which 13 thresholds are set up based on the default possibility, and then divided into 5 sub-categories as follows:

I. Low risk: Level 1 to level 7 have a default rate lower than 2%. Clients in this threshold usually have ability to sustain the payment of interest and principal even under the adverse impact of economic environment, and the default rate is low.

II. Medium risk: Level 8 to level 9 have a default rate ranging around 2-5%. Clients in this threshold usually have potential issues and adverse economic environment that could damage the borrower's willingness and capacity to make the payment of interest and principal.

III. Medium-high risk: Level 10 has a default rate ranging around 5-10％. Clients' ability to make the payment of interest and principal are relatively lower and easily affected by the economic fluctuation.

IV. High risk: Level 11 to level 12 have a default rate ranging from 10% and above to less than 100%. Clients' ability the make the payment of interest and principal are extremely weak with a high possibility of default.

V. Default: Level 13 has a default rate of 100%. Definition of default includes interest or principal payments that have been overdue for more than 60 days, overdue or non-performing loans transferred, suspended interest, C Chart, debt negotiation records and others.

The Bank should perform credit rating to the corporations at least once a year and to those who sign a mid-long-term credit contract at least once a year during the contract term. Same applies to the collective credit extension. Credit rating mainly processed by investigation division and regional center that are independent from operating units and only cases with certain amount and below may be processed by operating units.

Petty loans and mortgage loans are assessed through internal credit rating module, and the rest of retail banking are assessed by experts. Methods used in rating credit for petty loans and mortgage loans are as follows:

I. Credit rating for petty loans:

The credit rating results, Possibility of Default (PD), Loss Given Default (LGD) and Expected Loss (EL) are assessed by credit evaluation module of the borrowers, from which 3 categories were divided as follows: ‘Low risk’, ‘Medium high risk’ and ‘High risk’.

II. Credit rating for mortgage loans:

Possibility of default (PD), loss given default (LGD) and exposure at default (EAD) of the borrowers assessed by credit evaluation module are used to calculate the expected loss (EL). The expected loss (EL) together with cost of capital, operation cost, and service fee are integrated into information on cost aspect. In addition, information on income aspect such as interest income and service fee income are assessed based on the credit line and interest rate at the time the borrowers applied for loans to produce ‘expected profit’ (revenue minus cost) and expected loss. Based on the expected default frequency within the next year, the credit rating results are classified into four levels, which are ‘low risk’, ‘medium risk’, ‘medium-high risk’ and ‘high risk’, respectively.

b. Deposits and call loans

The Bank regularly reviews the limit (including limit of call loan) set up for every counterparty in the financial industry. The credit approval unit, with reference to credit risk limit granted based on long-term credit rating of external rating institutions, is responsible for individual assessment and implementation.

c. Debt investment and derivatives

The risk management of the Bank’s and its subsidiaries’ debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

The counterparties of the derivative instruments are mostly financial institutions being rated at BB or above, and the credit extension (including the extension of call loan) granted to each financial institution counterparty is regularly reviewed and controlled by the credit granting segment. Those counterparties without credit rating or being rated below BB should apply risk limit to the credit granting segment by case which is then managed and controlled individually. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives as approved by general credit extension procedures to manage credit exposure of counterparties.

(C) Credit risk hedging and mitigation policy

a. Collateral

The Bank and its subsidiaries adopts a series of policies and measures to mitigate credit risks in relation to credit business, and one of the most common methods is requesting the borrower for the collateral. The Bank sets up the scope of collateral that can be recovered and the appraisal, as well as the management and disposing procedures to ensure the credit right. On the other hand, the loan security, terms of collateral, conditions to writing-off are addressed in the credit extending contract. The reduced facility, shortened repayment period or whether or not a loan is deemed matured are all well defined to mitigate credit risk in case that the credit event does incur.

b. Credit risk limit and risk concentration control

The Bank complies with the Banking Act in relation to the provision of business credit to the same individual, the same related parties, or the same affiliated companies as well as residential architecture, corporate architecture. In order to effectively control credit risk concentration, the Bank sets up risk assumption limit by rating, industry types, groups, countries and listed securities based on risk management strategy, change in market environment, business complexity, and report to senior management regularly. Assessment and modification shall be performed to various credit risk assumption limit based on overall economic cycle, finance environment and business development strategy regularly (at least once a year) or irregularly.

c. Net settlement with gross agreement

The transactions of the Bank and its subsidiaries are usually carried out by gross settlement. Despite that, net settlement is signed in a form of agreement with some trading counterparties, and is executed when a default occurs and all transactions were to terminate in order to further mitigate credit risk.

d. Other credit enhancements

Primarily refers to guarantees by a third-person or credit providing institutions.

(D) Maximum credit risk exposure and concentration of the Bank and its subsidiaries

<u>Maximum credit risk exposure</u>

The maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. The maximum credit risk exposure relating to accounts off the balance sheet (without consideration of collaterals or the maximum exposure of other credit enhancements) are the unused loan commitments, unused credit commitments for credit cards, unused letters of credit and other guaranteed commitments. As of December 31, 2016 and 2015, please see Note 9 for details.

The management of the Bank and its subsidiaries believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Bank and its subsidiaries can be minimized and continuously controlled.

Credit risk concentration of the credit assets in the balance sheet

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Bank and its subsidiaries concentrate on accounts in and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either products or services), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The nature that the debtor engages in could be a sign of credit risk concentration. The credit business of bank and its subsidiaries is one of the core businesses; however, the Bank does not significantly carry out transactions with single client or single counterparty, nor does any of total trading volume to a single client or a single counterparty account for more than 5% the balance of loans discounted and overdue receivable. The credit risk concentration of the bills discounted, overdue receivables and lease business of the Bank and its subsidiaries by industry, location and collateral are shown as follows:

Loans discounted, overdue receivable and receivable from lease business of the Bank and its subsidiaries by industry are shown as follows:

Industry	December 31, 2016 Amount	December 31, 2016 %	December 31, 2015 Amount	December 31, 2015 %
Private enterprises	$ 827,420,504	52.93	$ 803,053,204	53.49
Private individual	514,147,428	32.89	493,612,623	32.88
Overseas and others	216,950,768	13.88	195,868,546	13.06
Non-profit organizations	4,188,370	0.26	2,875,403	0.19
Government institutions	665,712	0.04	5,503,104	0.37
Financial institutions	-	-	164,400	0.01
Total	$ 1,563,372,782	100.00	$ 1,501,077,280	100.00

Loans discounted, overdue receivable and receivable from lease business of the Bank and its subsidiaries by location (Note) are shown as follows:

Geographical location	December 31, 2016 Amount	December 31, 2016 %	December 31, 2015 Amount	December 31, 2015 %
Asia	$ 1,447,900,155	92.61	$ 1,403,107,423	93.48
North America	77,384,403	4.95	70,996,670	4.73
Europe	16,765,104	1.07	15,828,237	1.05
Oceania	21,323,120	1.37	11,144,950	0.74
Total	$ 1,563,372,782	100.00	$ 1,501,077,280	100.00

Note: the above geographical location is made on the basis of the branch of debtor.

Loans discounted, overdue receivable and receivable from lease business of the Bank and its subsidiaries by collateral are shown as follows:

Collateral type	December 31, 2016 Amount	December 31, 2016 %	December 31, 2015 Amount	December 31, 2015 %
Unsecured loans	$ 385,666,687	24.67	$ 385,713,244	25.70
Secured loans				
-Real estate	809,718,336	51.79	768,972,272	51.23
-Guarantee	83,070,169	5.31	86,318,988	5.75
-Other collateral	42,798,672	2.74	45,783,152	3.05
-Financial collateral	33,902,898	2.17	25,970,882	1.73
-Receivables	-	-	18,882	-
Overseas and others	208,216,020	13.32	188,299,860	12.54
Total	$ 1,563,372,782	100.00	$ 1,501,077,280	100.00

The affected financials from collateral, net settled master netting arrangements and other credit enhancement for the Bank and its subsidiaries assets exposed to credit risk are as follows:

Expressed: In thousands of New Taiwan Dollars

December 31, 2016	Collateral	Net settled master netting arrangements	Other credit enhancement	Total
Items within the table				
Financial assets measured at fair value through profit or loss				
Debt instruments	$ -	$ -	$ 3,221,286	$ 3,221,286
Derivative instruments	2,217,159	3,936,796	-	6,153,955
Others	-	-	322,200	322,200
Receivables				
Credit card business	5,003	-	-	5,003
Others	3,198,290	-	472,232	3,670,522
Discounts and loans	1,023,782,222	-	87,356,057	1,111,138,279
Available-for-sale financial assets				
Bond investment	-	-	7,453,395	7,453,395
Others	-	-	322,200	322,200
Held-to-maturity financial assets				
Bond investment	-	-	8,483,220	8,483,220
Other financial assets				
Others	1,630	-	-	1,630
Items outside the table				
Irrevocable loan commitments	5,228,160	-	293,250	5,521,410
Unused letters of credit issued	3,037,769	-	1,408,256	4,446,025
All types of guarantees	13,787,526	-	6,297,978	20,085,504
Total	$ 1,051,257,759	$ 3,936,796	$ 115,630,074	$ 1,170,824,629

Expressed: In thousands of New Taiwan Dollars

December 31, 2015	Collateral	Net settled master netting arrangements	Other credit enhancement	Total
Items within the table				
Financial assets measured at fair value through profit or loss				
Debt instruments	$ -	$ -	$ 2,300,494	$ 2,300,494
Derivative instruments	1,864,305	3,558,684	-	5,422,989
Others	-	-	328,800	328,800
Receivables				
Credit card business	4,743	-	-	4,743
Others	6,493,433	-	5,827,412	12,320,845
Discounts and loans	1,029,247,438	-	94,986,002	1,124,233,440
Available-for-sale financial assets				
Bond investment	-	-	5,907,439	5,907,439
Others	-	-	328,800	328,800
Held-to-maturity financial assets				
Bond investment	-	-	3,432,955	3,432,955
Other financial assets				
Others	1,101	-	-	1,101
Items outside the table				
Irrevocable loan commitments	5,204,899	-	293,250	5,498,149
Unused letters of credit issued	8,339,453	-	1,010,736	9,350,189
All types of guarantees	23,881,752	-	6,713,559	30,595,311
Total	$ 1,075,037,124	$ 3,558,684	$ 121,129,447	$ 1,199,725,255

Note1: “Collateral” refers to fixed and non-fixed asset liens, as well as non-fixed asset or equity pledges and guarantees; Collateral for credit assets refer to the lower of appraisal value and maximum exposure.

Note 2: Details of improvement to net settlement master netting arrangements and other credits are provided in Note 12(2) C.(c).

(E)Analysis on quality and overdue impairments of financial assets of the Bank and its subsidiaries

Because certain financial assets held by the Bank and its subsidiaries, such as cash and cash equivalents, financial assets at fair value through profit or loss, refundable deposits, operating deposits, settlement and clearing funds, and inter-bank clearing funds etc., have counterparties with a good credit rating, the Bank and its subsidiaries has judged that credit risk is extremely low. As a result, these financial assets are not included in the analysis of credit risk quality.

Other than the above-mentioned items, credit quality analysis for the remaining financial assets is as follows:

(Blank below)

a. The credit risk quality of loans discounted, receivables, and securities investment:

December 31, 2016	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)		Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)	With individual impaired evidence	With no individual impaired evidence	(A)+(B)+(C)-(D)
Due from the central bank and call loans to banks	$ 206,133,918	$ -	$ -	$ -	$ 206,133,918	$ -	$ -	$ 206,133,918	$ -	$ 12,793	$ 206,121,125
Receivables	7,832,145	-	-	-	7,832,145	110,140	882,902	8,825,187	546,075	97,402	8,181,710
Loans discounted (Note)	1,198,038,936	316,934,039	26,701,747	22,502,101	1,564,176,823	6,747,987	13,181,638	1,584,106,448	3,182,304	16,130,885	1,564,793,259
Total	$ 1,412,004,999	$ 316,934,039	$ 26,701,747	$ 22,502,101	$ 1,778,142,886	$ 6,858,127	$ 14,064,540	$ 1,799,065,553	$ 3,728,379	$ 16,241,080	$ 1,779,096,094

December 31, 2016	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)	Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)		(A)+(B)+(C)-(D)
Available-for-sale financial assets										
-Bonds investment	$ 125,206,756	$ -	$ -	$ -	$ 125,206,756	$ -	$ -	$ 125,206,756	$ -	$ 125,206,756
-Short-term bills	1,096,900	-	-	-	1,096,900	-	-	1,096,900	-	1,096,900
-Others	814,039	-	-	-	814,039	-	-	814,039	-	814,039
Held-to-maturity financial assets										
-Certificates of time deposit purchased	292,270,000	-	-	-	292,270,000	-	-	292,270,000	-	292,270,000
-Bonds investment	48,483,044	3,750,000	-	-	52,233,044	-	-	52,233,044	-	52,233,044
-Others	80,550	-	-	-	80,550	-	-	80,550	-	80,550
Other financial assets										
-Investment deposits	3,976,640	-	-	-	3,976,640	-	-	3,976,640	-	3,976,640
Total	$ 471,927,929	$ 3,750,000	$ -	$ -	$ 475,677,929	$ -	$ -	$ 475,677,929	$ -	$ 475,677,929

December 31, 2015	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)		Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)	With individual impaired evidence	With no individual impaired evidence	(A)+(B)+(C)-(D)
Due from the central bank and call loans to banks	$ 251,293,751	$ -	$ -	$ -	$ 251,293,751	$ -	$ -	$ 251,293,751	$ -	$ 5,096	$ 251,288,655
Receivables	8,882,121	-	-	-	8,882,121	48,554	857,307	9,787,982	664,576	217,815	8,905,591
Loans discounted(Note)	1,145,106,837	314,717,580	28,112,872	19,450,330	1,507,387,619	5,374,922	13,180,115	1,525,942,656	3,629,954	17,477,177	1,504,835,525
Total	$ 1,405,282,709	$ 314,717,580	$ 28,112,872	$ 19,450,330	$ 1,767,563,491	$ 5,423,476	$ 14,037,422	$ 1,787,024,389	$ 4,294,530	$17,700,088	$ 1,765,029,771

December 31, 2015	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)	Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)		(A)+(B)+(C)-(D)
Available-for-sale financial assets										
-Short-term bills	$ -	$ 636,724	$ -	$ -	$ 636,724	$ -	$ -	$ 636,724	$ -	$ 636,724
-Bonds investment	72,940,704	2,070,933	-	-	75,011,637	-	-	75,011,637	-	75,011,637
-Beneficiary securities	-	800,885	-	-	800,885	-	-	800,885	-	800,885
-Others	829,713	325,048	-	-	1,154,761	-	-	1,154,761	-	1,154,761
Held-to-maturity financial assets										
-Certificates of time deposit purchased	284,145,000	-	-	-	284,145,000	-	-	284,145,000	-	284,145,000
-Bonds investment	70,425,669	1,511,300	-	-	71,936,969	-	-	71,936,969	-	71,936,969
-Shot-term-bills	735,181	-	-	-	735,181	-	-	735,181	-	735,181
Other financial assets										
-Investment deposits	9,162,155	-	-	-	9,162,155	-	-	9,162,155	-	9,162,155
Total	$ 438,238,422	$ 5,344,890	$ -	$ -	$ 443,583,312	$ -	$ -	$ 443,583,312	$ -	$ 443,583,312

Note: includes loans (credit cards); interest receivable arising from loans; non-loan guarantees, acceptances, and account factoring transferred as overdue receivables.

b. In relation to loans discounted of the Bank and its subsidiaries that were neither past due nor impaired, the credit quality analysis is based on the credit quality rating by client:

December 31, 2016	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Other receivables (note)	$ 213,966,063	$ -	$ -	$ -	$ 213,966,063
Credit card business	4,490,295	1,362,509	322,666	114,952	6,290,422
Consumer banking	422,555,906	4,588,181	894,306	100,721	428,139,114
Corporate banking	646,627,294	246,905,940	22,950,276	19,585,138	936,068,648
Overseas and others	124,365,441	64,077,409	2,534,499	2,701,290	193,678,639
Total	$ 1,412,004,999	$ 316,934,039	$ 26,701,747	$ 22,502,101	$ 1,778,142,886

December 31, 2015	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Other receivables (note)	$ 260,175,872	$ -	$ -	$ -	$ 260,175,872
Credit card business	4,735,621	565,118	404,842	246,601	5,952,182
Consumer banking	411,107,250	4,491,089	733,974	133,159	416,465,472
Corporate banking	623,774,657	241,862,414	24,611,724	16,621,080	906,869,875
Overseas and others	105,489,309	67,798,959	2,362,332	2,449,490	178,100,090
Total	$ 1,405,282,709	$ 314,717,580	$ 28,112,872	$ 19,450,330	$ 1,767,563,491

Note: other receivables as mentioned above includes due from the central bank and call loans to banks.

c. Aging analysis of overdue financial assets with no impairment of the Bank and its subsidiaries:

The delayed processing of the borrower and other administrative reasons may give rise to an overdue financial asset with no impairment. According to the internal risk management policy of the Bank and its subsidiaries, financial assets overdue for less than 90 days are usually not deemed impaired unless other evidence indicates otherwise.

Aging analysis of the overdue financial assets with no impairment of the Bank and its subsidiaries:

Items	December 31, 2016		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables	$ -	$ 110,140	$ 110,140
Loans discounted (Note)			
Credit card business	19,515	33,520	53,035
Consumer banking	3,170,307	490,941	3,661,248
Corporate banking	2,659,744	373,960	3,033,704
Total	$ 5,849,566	$ 1,008,561	$ 6,858,127

Items	December 31, 2015		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables	$ -	$ 48,554	$ 48,554
Loans discounted (Note)			
Credit card business	13,609	23,898	37,507
Consumer banking	2,652,381	300,009	2,952,390
Corporate banking	1,148,698	1,236,327	2,385,025
Total	$ 3,814,688	$ 1,608,788	$ 5,423,476

Note: includes loans (credit cards); interest receivable arising from loans; non-loan guarantees, acceptances, and account factoring transferred as overdue receivables.

d. Analysis of impaired financial assets of the Bank and its subsidiaries

Items			Loans discounted (Note 1) December 31, 2016	Impaired amount December 31, 2016
With individual objective evidence of impairment	Individual assessment	Corporate loans-secured	$ 6,955,962	$ 1,444,755
		Residential mortgage loans	64,175	13,597
		Overseas and others (Note 2)	3,307,493	951,135
	Collective assessment	Corporate loans-secured	1,147,581	366,581
		Residential mortgage loans	1,440,294	283,970
		Overseas and others (Note 2)	266,133	122,266
Without individual objective evidence of impairment	Collective assessment	Corporate loans-secured	939,022,128	9,836,022
		Residential mortgage loans	405,374,513	4,182,644
		Overseas and others (Note 2)	226,528,169	2,112,219
Total			$ 1,584,106,448	$ 19,313,189

Items			Loans discounted (Note 1) December 31, 2015	Impaired amount December 31, 2015
With individual objective evidence of impairment	Individual assessment	Corporate loans-secured	$ 5,959,781	$ 2,133,891
		Residential mortgage loans	65,965	703
		Overseas and others (Note 2)	4,142,579	628,340
	Collective assessment	Corporate loans-secured	1,372,635	465,902
		Residential mortgage loans	1,371,837	275,153
		Overseas and others (Note 2)	267,318	125,965
Without individual objective evidence of impairment	Collective assessment	Corporate loans-secured	909,208,345	10,304,873
		Residential mortgage loans	395,485,914	5,344,779
		Overseas and others (Note 2)	208,068,282	1,827,525
Total			$ 1,525,942,656	$ 21,107,131

Note 1: includes loans (credit cards); interest receivable arising from loans; non-loan guarantees, acceptances, and account factoring transferred as overdue receivables.

Note 2: other includes small credit loans, consumer loans, debit & credit cards etc.

Items			Total receivables (Note)	Impaired amount
			December 31, 2016	December 31, 2016
With individual objective evidence of impairment	Individual assessment	Receivables	$ 882,902	$ 546,075
		Overseas and others	-	-
Without individual objective evidence of impairment	Collective assessment	Receivables	141,293,148	54,287
		Overseas and others	72,783,055	55,908
Total			$ 214,959,105	$ 656,270

Items			Total receivables (Note)	Impaired amount
			December 31, 2015	December 31, 2015
With individual objective evidence of impairment	Individual assessment	Receivables	$ 853,859	$ 664,121
		Overseas and others	3,448	455
Without individual objective evidence of impairment	Collective assessment	Receivables	191,415,665	67,623
		Overseas and others	68,808,761	155,288
Total			$ 261,081,733	$ 887,487

Note: total receivables as mentioned above includes due from the central bank and call loans to banks.

(F) Policy for assumed collateral management

The collaterals assumed by the Bank and its subsidiaries on December 31, 2016 and 2015 are of the nature of land and property and the carrying amounts were $0 and $9,124, respectively.

The assumed collateral shall be disposed once it is disposable and the proceeds of disposal shall be used to offset the remaining unpaid loan. Collaterals are classified under other assets in the consolidated balance sheet.

(G)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Asset quality of the Bank

Date & year			December 31, 2016				
Business / Items			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		$ 1,759,502	$ 657,603,798	0.27%	$ 6,942,638	394.58%
	Unsecured loans		531,581	458,892,596	0.12%	5,598,354	1053.15%
Consumer Banking	Residential mortgage loans (Note 4)		731,263	406,657,059	0.18%	6,140,060	839.65%
	Cash cards		-	2,284	-	167	-
	Micro credit loans (Note 5)		8,924	4,250,587	0.21%	51,090	572.50%
	Others (Note 6)	Secured	3,726	23,296,776	0.02%	240,213	6446.94%
		Unsecured	-	27,941	-	574	-
Gross loans business			3,034,996	1,550,731,041	0.20%	18,973,096	625.14%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			11,862	6,518,479	0.18%	144,051	1214.39%
Without recourse factoring (Note 7)			-	5,618,669	-	63,979	-

Date & year			December 31, 2015				
Business / Items			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		$ 1,119,803	$ 611,826,517	0.18%	$ 7,911,620	706.52%
	Unsecured loans		930,743	454,735,581	0.20%	6,316,135	678.61%
Consumer Banking	Residential mortgage loans (Note 4)		696,904	398,186,943	0.18%	6,218,470	892.30%
	Cash cards		-	3,435	-	209	-
	Micro credit loans (Note 5)		11,325	4,863,032	0.23%	67,511	596.12%
	Others (Note 6)	Secured	2,474	19,835,337	0.01%	223,275	9024.86%
		Unsecured	-	30,128	-	722	-
Gross loans business			2,761,249	1,489,480,973	0.19%	20,737,942	751.03%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			10,177	6,172,127	0.16%	138,724	1363.11%
Without recourse factoring (Note 7)			-	5,968,438	-	134,162	-

Note:

1. The amount recognized as non-performing loans is in compliance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amount included in overdue accounts for credit cards is in compliance with the Banking Bureau (4) No. 0944000378 dated July 6, 2005.

2. Non-performing loan ratio=non-performing loans/gross loans. Non-performing loan ratio of credit cards ＝Non-performing loan ratio of credit cards /balance of accounts receivable.

3. Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards＝allowance for doubtful accounts for accounts receivable of credit cards/ Non-performing loan ratio of credit cards.

4. For residential mortgage loans, the borrower provides his/her (or spouse’s or minor child’s) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to own house.

5. Small amount of credit loans apply to the norms of the Banking Bureau (4) No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

6. Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loans, cash card services and small amount of credit loans, and excluding credit card services.

7. Pursuant to the Banking Bureau (5) Letter No. 094000494 dated July 19, 2005 amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

b. Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2016	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 1,593	$ 25,399
Perform in accordance with debt liquidation program and restructuring program (Note 2)	38,764	126,103
Total	$ 40,357	$ 151,502

	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
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 2,312	$ 36,821
Perform in accordance with debt liquidation program and restructuring program (Note 2)	44,475	123,728
Total	$ 46,787	$ 160,549

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 the Banking Bureau (1) No. 09510001270 of the FSC dated April 25, 2006.

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 the Banking Bureau (1) No. 09700318940 of the FSC dated September 15, 2008.

c. Profile of concentration of credit risk and credit extensions of the Bank

December 31, 2016			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	Group A–Marine Freight Forwarder	$ 21,944,723	11.51%
2	Group B–Hand-crafted Fiber Spinning	13,000,085	6.82%
3	Group C–Hand-crafted Fiber Woven Fabrics	12,884,856	6.76%
4	Group D–Investment Consulting	12,050,670	6.32%
5	Group E–Iron and Steel Rolls over Extends and Crowding	10,645,012	5.58%
6	Group F–Real Estate Development	10,232,727	5.37%
7	Group G–Property Leasing	8,786,855	4.61%
8	Group H–Other Financial Services	8,140,127	4.27%
9	Group I–Other Financial Agency	7,903,743	4.15%
10	Group J–Computer Manufacturing	7,865,713	4.13%

December 31, 2015			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	Group A–Marine Freight Forwarder	$ 22,101,493	12.05%
2	Group B–Iron and Steel Rolls over Extends and Crowding	11,069,000	6.03%
3	Group C–Petroleum and Coal Products Manufacturing	10,897,221	5.94%
4	Group D–LCD Monitors and Components Manufacturing	10,823,590	5.90%
5	Group E–Retail	10,419,801	5.68%
6	Group F–Investment Consulting	10,408,138	5.67%
7	Group G–Hand-crafted Fiber Spinning	9,838,751	5.36%
8	Group H–Other Financial Agency	9,784,845	5.33%
9	Group I–Property Leasing	9,035,982	4.92%
10	Group J–Real Estate Development	8,139,543	4.44%

Note:

1. Ranking the top ten enterprise groups other than government and government enterprise according to their total outstanding loan amount.

2. Definition of enterprise group is based on the Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

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 unsecured 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), purchases in remittances, without recourse factoring, acceptance receivable and guarantees.

D. Liquidity risk

(A) Definition and resource of liquidity risk

The liquidity risk of the Bank and its subsidiaries refer to a financial loss when assets are not convertible or not enough financing aid can be obtained to inject fund for the financial liabilities soon to be matured. For instance, the client terminates the deposit contract in advance, or financing channel of call loan becomes difficult due to market influence, or deterioration on the credit default rate giving rise to unusual fund collection, difficulty in converting the financial instrument and interest sensitive insurer exercise the right to terminate contract in advance. Above events may mitigate the cash inflows from loan origination, transactions and investing activities from the lease subsidiaries.

Liquidity risk exists in the Bank's operation, which may be given rise by specific event of various industries or overall market movement, such as liquidation protocol of deposit or call loan payment, source of loan or time required for asset liquidation are affected by various industries or certain overall market events, including but not limited to insufficient depth of market, market disorder, low liquidity on funds, credit event, merging or acquisition activities, systematic impact and natural disasters.

Working capital of FCBL and FIA is sufficient, therefore there is no liquidity risk regarding inability to raise fund for meeting contractual obligations.

(B) Procedures and evaluation method used for liquidity risk management

In order to prevent liquid risk that gives rise to operating risk, crisis reaction procedures have been set up in relation to liquidity risk and fund liquidity gap shall be monitored on a regular basis.

Management procedure and evaluation method for the liquidity risk of the Bank and its subsidiaries are as follows:

<u>Procedure</u>

In consideration of the operating demand, the sources of fund need to be diverse and stable. The use of fund should avoid high concentration, and the liquid assets held should take precedence of highly liquid earning assets of high quality.

In accordance with the "Management policy of assets and liabilities" and "Management principle of liquidity and interest risk", risk management division is the investigation unit for liquidity risk indicator. Finance division is the execution unit for fund transferring. Also, attention needs to be paid on the movement of market condition and day-to-day capital liquidity to ensure appropriate liquidity and long-term profitability. Unless otherwise indicated by offshore branches, sufficient liquidity shall be maintained in accordance with the local competent authorities.

Risk management division sets up liquid position or indicator limit by the duration and implements after obtaining the approval from assets and liabilities management committee and Board of Directors. Each liquidity risk monitoring indicator are assessed and appraised regularly in the meeting of assets and liabilities management committee.

Risk management division is responsible for reporting the assets and liabilities management committee, risk management committee and Board of Directors to represent the liquidity risk and other monitoring result.

Evaluation method

The content of the liquidity risk report mainly used to estimate cash flow from various business line and the effects on fund transferring so that early warning area and target goal can be set up for cash gap and relevant indicator in order to control both under the tolerable risk limit.

Risk Management Division regularly makes "Analysis table for cash flow gap" and "Adjustment table for cash flow gap" to ensure that the cash flow gap is within the granted limit and reports to the management in relation to fund liquidity matters. Given that the limit has been reached or an obvious deteriorated indicator shown internally or externally, immediate escalation should be made to the assets and liabilities management committee for further response action and report to the Board of Directors. Given the liquidity risk, action shall be taken in accordance with "Contingent plan for liquidity risk".

(C) Duration analysis for the financial assets and liabilities held for liquidity risk management are as follows:

a. Financial assets held for the management of liquidity risk

The Bank and its subsidiaries hold cash and highly liquid, high quality interest generating assets to support payment obligations and potential emergency fund demands in the market. Assets hold for the management of liquidity risk include: cash and cash equivalents, due from the central bank and call loans to banks, financial assets measured at fair value through profit or loss, loans discounted, receivables, available-for-sale financial assets, and bond investments without an active market etc.

b. Duration analysis for the financial assets and liabilities held for liquidity risk management

The following table illustrates the cash inflow and outflow of financial assets and liabilities of the Bank and its subsidiaries held for liquidity risk management based on the remaining maturity from the balance sheet date to the contract expiration date. While the amounts disclosed in the table are not discounted by contract cash flow, certain accounts may differ from the responding accounts in the balance sheet.

December 31, 2016	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 92,692,225	$ 5,890,048	$ 5,706,339	$ 7,997,661	$ 28,534,839	$ 140,821,112
Call loans and overdrafts	92,315,658	22,413,511	3,690,924	416,088	-	118,836,181
Securities investment	254,196,931	27,915,105	7,025,828	74,096,616	202,028,972	565,263,452
Loans discounted	147,297,665	164,721,762	179,493,632	213,556,164	845,736,304	1,550,805,527
Interest receivables and income	3,939,725	507,863	312,140	417,770	51,230	5,228,728
Other capital inflow upon maturity	40,820,716	6,730,671	2,977,263	1,998,297	4,619,739	57,146,686
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	1,604,762	1,311,608	1,107,438	364,160	457	4,388,425
FX margin trading	153,354	9,533	9,722	-	-	172,609
Non-delivery forwards	215	9,989	-	-	-	10,204
FX options and involving stock options held	188,636	454,142	506,158	388,057	-	1,536,993
Commodity options held	-	-	-	72,678	-	72,678
Cross currency swap contracts (exclusive of notional principal)	-	-	91,643	128,169	17,471	237,283
Interest rate related contracts (interest rate swaps and asset swap excluding the principal of bonds)	4,622	151,947	24,618	302,797	2,519,042	3,003,026
Futures trading	-	25,921	-	-	94,474	120,395
Total	633,214,509	230,142,100	200,945,705	299,738,457	1,083,602,528	2,447,643,299
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	92,308,589	27,714,184	4,989,368	985,895	-	125,998,036
Demand deposits	53,008,054	58,698,629	54,577,838	88,086,238	995,176,342	1,249,547,101
Time deposits	147,221,739	190,140,099	136,835,573	229,485,066	21,452,928	725,135,405
Interest payables	1,377,124	445,833	254,359	263,263	204,328	2,544,907
Commercial papers payables	1,549,478	300,000	-	-	-	1,849,478
Bonds (bills) purchased under a repurchase agreement	2,963,449	3,956,366	492,287	120,795	-	7,532,897
Financial liabilities at fair value through profit and loss – non-derivatives	-	2,044,929	3,466,612	1,533,001	9,172,372	16,216,914
Financial Bonds Payable	-	-	-	8,000,000	29,300,000	37,300,000
Other capital outflow upon maturity	60,219,168	5,444,303	4,552,105	8,980,734	39,812,665	119,008,975
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	602,515	875,860	852,984	462,565	347	2,794,271
FX margin trading	2,817	208	45	-	-	3,070
Non-delivery forwards	6,829	43	-	-	-	6,872
FX options and involving stock options written	166,570	358,430	507,182	391,613	-	1,423,795
Commodity options written	-	-	-	72,799	-	72,799
Cross currency swaps (excluding the notional principal)	48,989	50,502	38,299	65,918	49,805	253,513
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	3,679	120,774	29,718	284,747	2,713,771	3,152,689
Total	359,479,000	290,150,160	206,596,370	338,732,634	1,097,882,558	2,292,840,722
3.Gap upon maturity	$ 273,735,509	($ 60,008,060)	($ 5,650,665)	($ 38,994,177)	($ 14,280,030)	$ 154,802,577

December 31, 2015	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 68,588,042	$ 7,101,031	$ 6,268,574	$ 8,839,140	$ 28,575,412	$ 119,372,199
Call loans and overdrafts	129,807,470	27,846,079	8,944,062	1,565,203	-	168,162,814
Securities investment	307,055,641	12,236,170	13,632,544	51,727,059	150,235,821	534,887,235
Loans discounted	146,218,185	171,649,609	189,860,716	246,337,919	746,483,593	1,500,550,022
Interest receivables and income	3,749,428	555,293	282,759	555,321	55,999	5,198,800
Other capital inflow upon maturity	51,990,004	7,712,787	4,196,666	5,177,821	6,245,602	75,322,880
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	909,432	1,134,891	1,018,067	200,792	-	3,263,182
FX margin trading	216,518	36,698	15,156	-	-	268,372
Non-delivery forwards	455	1,870	-	-	-	2,325
FX options and involving stock options held	252,088	386,444	627,116	1,585,278	625,131	3,476,057
Commodity options held	-	-	-	83,306	-	83,306
Cross currency swap contracts (exclusive of notional principal)	330,429	95,873	211,682	222,014	77,894	937,892
Exchange of commodities	4,298	-	-	-	-	4,298
Interest rate related contracts (interest rate swaps and asset swap excluding the principal of bonds)	86,845	12,667	11,071	77,809	2,466,378	2,654,770
Futures trading	-	33,152	-	-	94,403	127,555
Total	709,208,835	228,802,564	225,068,413	316,371,662	934,860,233	2,414,311,707
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	94,831,872	25,342,105	4,694,577	637,391	3,075,448	128,581,393
Demand deposits	53,444,795	51,613,086	45,780,069	68,716,673	992,138,868	1,211,693,491
Time deposits	137,170,347	201,758,038	139,033,234	235,281,298	22,708,753	735,951,670
Interest payables	1,346,564	414,237	320,162	278,357	113,938	2,473,258
Commercial papers payables	2,879,269	-	-	-	-	2,879,269
Bonds (bills) purchased under a repurchase agreement	1,069,444	901,616	636,191	1,190	-	2,608,441
Financial liabilities at fair value through profit and loss – non-derivatives	-	-	-	1,021,021	21,645,627	22,666,648
Financial Bonds Payable	-	-	-	-	37,300,000	37,300,000
Other capital outflow upon maturity	58,796,192	3,430,484	5,187,667	1,214,316	28,357,323	96,985,982
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	757,813	489,951	348,821	150,712	2,738	1,750,035
FX margin trading	93,990	193	-	-	-	94,183
Non-delivery forwards	5,935	4,000	838	-	-	10,773
FX options and involving stock options written	265,130	393,008	631,501	1,585,890	625,193	3,500,722
Commodity options written	-	-	-	83,537	-	83,537
Cross currency swaps (excluding the notional principal)	-	-	51,532	43,835	66,975	162,342
Exchange of commodities	4,309	-	-	-	-	4,309
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	98,644	14,966	13,636	123,419	1,990,280	2,240,945
Total	350,764,304	284,361,684	196,698,228	309,137,639	1,108,025,143	2,248,986,998
3.Gap upon maturity	$ 358,444,531	($ 55,559,120)	$ 28,370,185	$ 7,234,023	($ 173,164,910)	$ 165,324,709

Note: Derivative financial instruments and financial liabilities are disclosed at present value.

Maturity analysis for above demand deposits are amortized to each period based on historical experience of banking subsidiary. Given that all the demand deposits have to be paid in the shortest period, as of December 31, 2016 and 2015, the payment on period of 0-30 days will be increased by $1,196,539,047 and $1,158,248,696, respectively.

(D)Maturity analysis for items off the balance sheet

The loans, loan commitment and letters of credit include unused loan commitments and unused letters of credit issued. Financial guarantee contract refers that the Bank and its subsidiaries represent a guarantor and the issuer of the guaranteed letter of credit.

Terms of financial instruments contracts off the balance sheet which may require fulfillment at the earliest are less than a year:

Financial instruments contracts	December 31, 2016	December 31, 2015
Unused loan commitments (Note)	$ 130,148,898	$ 119,931,228
Unused letters of credit issued	32,338,366	24,161,021
Various guarantees	76,583,755	86,407,220
Total	$ 239,071,019	$ 230,499,469

Note: Above unused loan commitments include irrevocable loan commitment except for the significant adverse movement.

(E)Maturity analysis on lease contract and capital expense commitment

Lease commitment of the Bank and its subsidiaries includes operating lease and finance lease.

Operating lease commitment is the minimum rental that the Bank and its subsidiaries should make as a lessee or lessor under the lease term not revocable.

Capital expenditure commitment of the Bank and its subsidiaries refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis of lease contract commitment and capital expenditure commitment of the Bank and its subsidiaries:

December 31, 2016	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 66,423	$1,338,713	$ 1,258,297	$2,663,433
Operating lease income (Lessor)	(482,378)	(937,933)	(291,371)	(1,711,682)
Total	($ 415,955)	$ 400,780	$ 966,926	$ 951,751

December 31, 2015	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 83,914	$1,401,301	$ 654,912	$2,140,127
Operating lease income (Lessor)	(540,431)	(1,287,608)	(175,938)	(2,003,977)
Total	($ 456,517)	$ 113,693	$ 478,974	$ 136,150

The present value of finance lease has been recognized under finance lease liabilities. As the amount is immaterial and the liquidity risk is low, no analysis on its maturity value will be taken.

(F)Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Structure analysis of NTD time to maturity of the Bank

Expressed In Thousands of New Taiwan Dollars

	December 31, 2016						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$1,952,825,319	$264,393,645	$225,612,042	$ 184,248,272	$161,832,284	$ 270,568,239	$ 846,170,837
Primary capital outflow upon maturity	(2,681,615,546)	(139,668,254)	(176,545,606)	(353,032,259)	(388,400,951)	(487,872,361)	(1,136,096,115)
Gap	($ 728,790,227)	$124,725,391	$ 49,066,436	($ 168,783,987)	($226,568,667)	($ 217,304,122)	($289,925,278)

	December 31, 2015						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 1,911,683,905	$ 320,835,979	$240,386,384	$ 177,393,100	$ 159,643,833	$ 269,516,966	$ 743,907,643
Primary capital outflow upon maturity	(2,613,667,734)	(120,050,290)	(170,673,439)	(344,317,2419)	(358,664,205)	(477,390,305)	(1,142,572,076)
Gap	($ 701,983,829)	$ 200,785,689	$ 69,712,945	($ 166,924,319)	($ 199,020,372)	($ 207,873,339)	($ 398,664,433)

b. Structure analysis of USD time to maturity of the Bank

Expressed In Thousands of US Dollars

December 31, 2016						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 23,897,689	$ 10,222,339	$ 4,629,456	$ 2,791,439	$ 1,147,952	$ 5,106,503
Primary capital outflow upon maturity	(29,968,028)	(9,149,792)	(5,459,269)	(4,126,125)	(5,007,342)	(6,225,500)
Gap	($6,070,339)	$ 1,072,547	($ 829,813)	($ 1,334,686)	($ 3,859,390)	($ 1,118,997)

December 31, 2015						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 26,692,829	$ 10,825,317	$ 5,483,435	$ 3,062,287	$ 1,762,661	$ 5,559,129
Primary capital outflow upon maturity	(32,635,347)	(10,127,007)	(6,943,138)	(4,157,484)	(5,310,638)	(6,097,080)
Gap	($ 5,942,518)	$ 698,310	($ 1,459,703)	($ 1,095,197)	($ 3,547,977)	($ 537,951)

E. Market risk

(A) Market risk definition

Market risk occurs when the market price fluctuates leading to movement in fair value of financial instrument held by the Bank and its subsidiaries in or off the balance sheet or the future cash flow. The risk factors that could give rise to market price movement usually include interest rate, exchange rate, equity securities and instrument price. Any movement in above risk factors could result in risk of fluctuation on net profit or value of investment portfolio held by the Bank and its subsidiaries.

The market risks that the Bank and its subsidiaries faces mainly are equity securities, interest rate and exchange rate risk. Market risk position of equity securities mainly include domestic listed stocks, domestic stock index options and stock index futures and call and put warrants, etc. Positions with interest rate risk mainly include: bonds and interest-derivative instruments, such as fixed and floating interest swap and bond option, etc. Positions with exchange rate risk mainly include: the consolidated positions invested by the subsidiaries, indirect subsidiaries of the Bank and its subsidiaries, such as various derivatives denominated in foreign currency, credit-linked bonds, US government bonds, and other foreign bonds, etc.

The subsidiaty, FCB Leasing, is engaged in interest rate swap contracts for the purpose of financial hedging Gains or losses arising from changes in interest rates and gains or losses on hedged items are offset substantially. As a result, market price risk is deemed insignificant.

(B) Goal of market risk management

Major subsidiaries of the Bank and its subsidiaries have various market risk management policies, standards, key points and the regulations from competent authorities and the Bank to comply.

The Bank sets up “Management policy for market risk”, “Management standards for market risk”, “Management standards for liquidity and interest rate risk” and “Management guidelines for market risk” and others in an attempt to effectively regulate market risk and ensure that the market risk is under the Bank’s bearable capacity.

The Bank divided market risk management into trading book and banking book. Interest rate risk management in relation to trading book and banking book is provided in Note 12(2)E（F), (G) and (H). ‘Trading book’ refers to :

a. positions held with an intention to earn profit from interest rate movement or price variance between the purchase price and selling price,

b. positions held for hedging purpose, and

c. interest rate related instruments positions and equity securities positions held for brokerage or proprietary trading on which regular market value assessment and capital provision against market risk shall be made. Financial instrument positions not classified as trading book are classified into the scope of ‘banking book’.

(C) Policy and procedure for market risk management

In order to identify, evaluate, control and monitor market risks that the Bank and its subsidiaries faces and strengthen managing mechanism for market risks, management policies and procedures have been set up to effectively manage market risk and ensure that market risk is controlled under a bearable capacity.

<u>Policy</u>

The Board of the bank is the highest command and supervisory unit in charge of the granting of risk management policy, major risk assumption limit and relevant authorization. The Risk Management Committee under the Board of Directors executes various risk management implementations as resolved and granted by the Board and performs risk supervision. In addition, risk management division set up independent from the business unit is responsible for establishing market risk management structure for the market risk management.

<u>Procedure</u>

The risk management division of the Bank assesses various risk indicators regularly as required by the policies and monitors various risk indicators to be within the limits authorized by the Board of Directors. Any excess over the limits and the usage level of risk limits are summarized and reported to the Board of Directors, risk management committee, general manager, vice-general manager and other related segments.

Business unit, before the engagement in new transaction or developing new market, should identify and evaluate risk in compliance with related procedures. The evaluation module before adoption should be verified through module testing technicians in order to effectively identify various market risks. For financial instruments that cannot be assessed by market price or module evaluation, the risks should be transferred by back-to-back method to avoid that the Bank may assume uncertain market risk.

(D) Management procedure for market risk

The Bank's management procedure for market risk of interest rate risk, exchange risk and equity securities are as follows:

a. Identification and evaluation

Risk identification: When there is any new product, market or currency of a financial instrument, market risk factors and market risk source should first be identified before the underwriting is permitted.

Risk evaluation: Establish appropriate risk indicators and prescribe risk limits for management. The significant risk indicators of the subsidiaries include, but are not limited to positions, gains and losses, and sensitivity measures (PV01, Delta, Vega, and Gamma). The evaluation of investment portfolios are affected by interest risk, exchange rate risk and equity securities.

b. Monitoring and report

For financial instrument evaluated by the market price, the information of independent source should be assessed at least once a day. For those evaluated by modules, the assumption and input used in the evaluation module as provided by the market data of Reuters and Bloomberg, after the module experience is tested and granted, the calculation on evaluation and sensitivity may be carried on, which is used to control the risk incurred through investment portfolio.

The key subsidiaries of the Bank establish risk reporting programs and procedures. The risk management division should regularly present the daily report, monthly report and other risk management report to the Board of Directors and senior management based on the needs of segment heads, general manager, general president or the Board of Directors to report interest risk, exchange risk and equity securities exposure, including gain and loss, trading position, various risk indicators, risk limit usage, all limit excess or fault and so on, and regularly follow-up and send out warning reminder to ensure corrective action has been taken in a timely manner and in compliance with regulations.

(E) Risk evaluation method (market risk evaluation technique)

In order to effectively evaluate the market risks, the Bank establishes appropriate risk indicators and measurement instruments based on each investment portfolio and business characteristics of trading book and banking book. Meanwhile, by setting up risk limits and controlling mechanism, risk limit control is regularly reported to each responsible segment and reported to the Board of Directors on a weekly/monthly basis. Above risk indicators include: positions, gains and losses, sensitivity indexes (Delta, Gamma, Vega), Value-at-Risk of equity securities (VaR), stress losses and others.

Definitions of various indicators:

PV01: It is the change in related amount of interest rate instrument when the interest rate moves by 1 unit (1bp = 0.01%).

Delta: When the price of underlying asset moves by 1 unit that leads to related movement in Delta ratio of the derivative, by which is multiplied the nominal amount to measure to Delta position.

Vega: It is the change in related amount of derivative instrument when the value of underlying asset moves by 1 unit. It is the change in related amount of the interest rate instrument when the interest rate moves by 100 basic units.

Gamma: It is the change in related amount of Delta when the underlying asset value moves by 1 unit.

Interest rate-sensitive instruments are the change in related amount of PV01 that incurred to the interest rate instrument when interest rate moves by unit.

Exchange rate-sensitive instruments are the change in related amount of Delta that incurred to the exchange rate instrument when exchange rate moves by 1% of the unit.

Stress loss: Provided that all other conditions remain constant, it is the effects from ±100bp interest rate movement, ±15% overall market movement of equity securities, ±3% exchange rate fluctuation on New Taiwan Dollars versus major currencies or ±5% exchange rate fluctuation on New Taiwan Dollars versus other currencies.

(F) Policy and procedures of trading book risk management

Trading book includes financial instruments held for trading or financial instruments and physical commodity positions held for hedging purposes against trading book positions. Positions of financial instruments held for trading refers to positions held for a short-term period with the intention of selling or with the intention of profiting or fixing arbitrage profits from actual or expected short-term price fluctuations. For example, proprietary positions, agency positions (such as transaction match-making brokerage) or positions generated through market making transaction, or positions held to offset all or the majority of risks of asset or portfolio positions on the trading book. Positions not included in the above trading book positions are banking book position.

The Bank establishes specific policies and procedures for their trading strategy of trading book position in order to manage the potential market risk of trading positions and control the risk within limits.

a. Strategy

In order to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by sale units, market risk limit of the trading book is set at the level of “investment portfolio” to carry out various assessments and controls. In addition, risk limits of each portfolio are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policy and procedure of risk management

In principle, management policy is carried out based on annually revised risk limits of each investment portfolio.

c. Evaluation policy and procedure

Generally, financial instruments are assessed through Mark-to-Market, however, Mark-to-Model may be adopted if there is no fair value in the market. Nonetheless, the model should be independently verified before adoption and relevant guideline model management needs to be set up and implemented accordingly.

Evaluation procedure: The risk management unit confirms that the risk evaluation is consistent with the position information posted on the evaluation system at day-end and the market data adopted. In addition, the risk management unit monitors daily evaluation and risk limit and regularly report risk quota usage and limit exceeding event.

d. Evaluation method

The Bank executes stress testing on ±100bp interest rate movement, ±15% equity securities movement, ±3% exchange rate fluctuation and ±5% circumstance movement on a monthly basis and reports to the risk management committee regularly.

(G) Interest risk management for trading book

Risk management on the interest rate of trading book for the Bank is as follows:

a. Interest risk definition

Interest risk occurs when there is an adverse movement of interest rate resulting in change in fair value of trading book position held.

b. Management objective

The management objective of interest risk lies in effective identification, evaluation, controlling and monitoring of interest rate to enhance managing mechanism of market risk.

c. Management policy and procedure

In principle, annual risk limits are controlled based on investment portfolio of trading book with interest rate revised annually.

d. Evaluation method

Evaluation is calculated based on the risk-sensitive index verified by system calculation. In addition, stress testing is performed based on +/-100bp annual interest rate movement and reported to the risk management committee regularly.

(H) Risk management for banking book interest

Interest risk is the risk that a bank suffers from an adverse movement of interest rate or financial condition of the Bank. Interest movement might change the Bank's net interest income and other interest-sensitive incomes which further affects the Bank's earnings. Meanwhile, interest movement could also affect positions in and off the Bank's balance sheet.

The banking book risk management of the Bank is as follows:

a. Strategy

The objective of interest rate management is to improve banks' adaptability so that the earnings and economic value in the balance sheet can be assessed and managed through avoiding the impact from interest rate movement.

b. Policy and procedure of risk management

According to "Management policy of asset and liability" and "Management guideline for liquidity and interest risk" of the Bank, risk management division is the monitoring unit that is responsible for interest risk index, analysis and monitoring interest-sensitive position, and regular reporting the monitoring result of interest risk to the asset and liability management committee, risk management committee and Board of Directors.

If various interest risk indexes and stress testing results fall in the warning threshold, risk management division should issue warning notice to the asset and liability management committee. However, if interest risk index exceed the planned threshold, it should be reported to the asset and liability management committee for discussing the responding measures, which is followed by relevant business unit and reported to the Board of Directors.

c. Evaluation method

The interest rate risk of the Bank is mainly the repricing gap risk resulting from the difference between maturities and repricing date of banking book assets and liabilities and off balance sheet accounts. In order to stabilize long-term profit and business development at the same time, Risk Management Division sets up various monitoring indicators for interest rate of most common period and executes stress testing, and tests the effects on net interest income and net fair economic value within one year when the market interest rate moves by +/-200 bps, that is Interest Rate Shock from the perspective of earnings and economic value. Every interest rate risk indicator and stress testing result should be reported to management for review.

(I) Risk management for foreign exchange

a. Definition of foreign exchange

Foreign exchange risk occurs when the net foreign position held fluctuates with the currency exchange rate giving rise to an exchange gain or loss. The foreigner exchange risks of financial instruments held by the Bank and its subsidiaries mainly include foreign investment position, spot exchange and forward contract, FX option and other derivative or non-derivative instruments. Major currencies involving foreign exchange risks include: USD, EUR, JPY, HKD, AUD, CAD, RMB, etc.

b. Objective

The objective of foreign exchange lies in effective identification, evaluation, controlling and monitoring foreign exchange risk of the Bank and enhancement of management mechanism for market risk.

c. Management policy and procedure

Management policy for market risk is adjusted based on the annual risk limit revised by foreign exchange trading investment portfolio annually.

d. Evaluation method

Through risk sensitive indicators calculated by the validated system as a benchmark, the Bank regularly carries out testing and reports the results to the risk management committee given that the currency movement is provided at +/-3% and other currency movement at +/-5%.

(J) Risk management for equity securities

a. Definition of equity securities risk

The market risk of the equity securities held by the Bank includes the individual risk resulting from market price movement of each equity securities and general market risk resulting from overall market price movement.

b. Risk management objective

The objective for equity risk management lies in effective identification, evaluation, risk controlling and monitoring for the equity securities of the Group and enhancement of managing mechanism for market risk.

c. Management policy

Management policy for market risk is adjusted based on the annual risk limit revised by stock trading investment portfolio annually.

d. Evaluation method

The Bank executes stress testing on +/-15% weighted average index of taiwan stock movement on a monthly basis and reports to the risk management committee regularly.

(K) Market risk assessment techniques

Vale at Risk (VaR)

The VaR model is utilised to measure the maximum potential loss, caused by changes in market risk factors, for investment portfolios under a specific time frame and confidence level. For transaction positions, the Bank utilise the VaR model as an instrument to control market risk. Currently, the Bank's standard of measuring market risk is electing the historical simulation method to estimate VaR and setting the maximum potential loss under a 99% confidence interval. The VaR of the Bank continually undertakes backtesting in order to assess the accuracy of the model.

Expressed in thousands of NTD

	December 31, 2016		
	Average	Maximum	Minimum
Foreign exchange VaR	69,909	171,891	46,089
Interest VaR	49,185	105,999	30,633
Equity securities VaR	152,840	197,183	88,226
Total VaR	271,934	475,073	164,948

(L) Foreign exchange risk gap

As of December 31, 2016 and 2015, the following table summarizes financial instruments of foreign denominated assets and liabilities by currency of which the foreign exchange exposure is presented by the carrying amount:

Expressed In Thousands of New Taiwan Dollars

	December 31, 2016		December 31, 2015	
	USD	RMB	USD	RMB
Financial assets				
Cash and cash equivalents	$ 7,578,716	$ 4,641,311	$ 13,113,788	$ 9,497,905
Due from the Central Bank and call loans to other banks	72,362,038	16,334,264	85,895,313	26,291,868
Financial assets at fair value through profit or loss	21,336,967	230,536	18,984,271	502,302
Available-for-sale financial assets	36,812,409	16,397,280	13,318,127	9,169,957
Loans discounted	233,178,116	21,729,018	252,558,406	15,211,482
Receivables	19,644,173	2,227,550	24,856,273	6,976,187
Held-to-maturity financial assets	6,378,289	5,504,237	16,285,665	11,886,061
Other financial assets	51,770	3,976,640	5,196	9,162,155
Subtotal-financial assets	$ 397,342,478	$ 71,040,836	$ 425,017,039	$ 88,697,917
Financial liabilities				
Deposits from Central Bank and banks	$ 65,140,857	$ 5,818,294	$ 86,826,675	$ 5,227,671
Deposits and remittances	380,786,272	62,186,310	368,988,560	74,374,056
Financial liabilities at fair value through profit or loss	15,014,785	444	21,696,282	117
Other financial liabilities	11,169,610	71,154	57,696	72,557
Payables	24,135,323	3,440,672	26,336,171	1,327,473
Subtotal-financial liabilities	$ 496,246,847	$ 71,516,874	$ 503,905,384	$ 81,001,874

Note: As of December 31, 2016 and 2015, the exchange rate of USD to NTD was 32.220, and 32.880, respectively. In addition, as of December 31, 2016 and 2015, the exchange rate of RMB to NTD were 4.624, and 4.993, respectively.

(M) Sensitivity analysis

a. Interest rate risk

If the market yield curve shifts upwards or downwards by 20 bps, it could affect the assessed fair value and interest income. Items being assessed include all assets of the trading book position and banking book position, of which the interest income of banking book assets that could be affected is one year.

The Bank and its subsidiaries assumes that yield curve is the only variable when all the other interest curves remain constant and sums up the gain and loss resulting from changes in each yield curve. According to the above estimated net interest income and assessed gain and loss on fair value, sensitivity analysis is as follows:

b. Foreign exchange risk

Assuming that all the other variables remain constant, for the year ended December 31, 2016, if NTD to USD depreciates/appreciates by 3%; RMB depreciates/appreciates by 5%; AUD to other currencies depreciates/appreciates by 4%; and for the year ended December 31, 2015, if NTD to USD depreciates/appreciates by 2%; RMB depreciates/appreciates by 3%; AUD to other currencies depreciates/appreciates by 4%; then the gain or loss sensitivity analysis for the Bank holding the above foreign exchange net positions is as the table below.

c. Equity securities risk

Assuming that all the other variables remain constant, for the year ended December 31, 2016, if equity prices rise/fall by 5%; and for the year ended December 31, 2015, if equity prices rise/fall by 4% (the average rate of rises or falls in the Taiwan Stock Exchange Market Index in the most recent three years); then fair value valuation gains or losses of investment positions in listed and over-the-counter stocks in the trading book held by the Bank are as the table below.

d. Sensitivity analysis is summarized as follows:

December 31, 2016 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effect on gain or loss	Effect on equity
Foreign exchange risk	NTD to USD depreciate by 3%, NTD to RMB depreciate by 5%, NTD to AUD and other currencies depreciate by 4%.(Note 1)	138,512	-
Foreign exchange risk	NTD to USD appreciate by 3%, NTD to RMB appreciate by 5%, NTD to AUD and other currencies appreciate by 4%.(Note 2)	(138,512)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(248,496)	(806,959)
Interest rate risk	Main interest rate curve decreases by 20 bps	256,286	836,236
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 5%.	14,251	159,615
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 5%.	(14,251)	(159,615)

December 31, 2015 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effect on gain or loss	Effect on equity
Foreign exchange risk	NTD to USD depreciate by 2%, NTD to RMB depreciate by 3%, NTD to AUD and other currencies depreciate by 4%.(Note 3)	233,788	-
Foreign exchange risk	NTD to USD appreciate by 2%, NTD to RMB appreciate by 3%, NTD to AUD and other currencies appreciate by 4%.(Note 4)	(233,788)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(329,097)	(487,866)
Interest rate risk	Main interest rate curve decreases by 20 bps	353,741	505,383
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 4%.	22,608	189,136
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 4%.	(22,608)	(189,136)

Note 1: NTD to USD depreciate by 3%, NTD to RMB depreciate by 5%, NTD to AUD and other currencies respectively depreciate by 4%, the effects on profit (loss) will be $246,092, ($116,276), $2,143 and $6,553, respectively.

Note 2: NTD to USD appreciate by 3%, NTD to RMB appreciate by 5%, NTD to AUD and other currencies respectively appreciate by 4%, the effects on profit (loss) will be ($246,092), $116,276, ($2,143) and ($6,553), respectively.

Note 3: NTD to USD depreciate by 2%, NTD to RMB depreciate by 3%, NTD to AUD and other currencies respectively depreciate by 4%, the effects on profit (loss) will be ($146,668), $387,628, ($571) and ($6,601), respectively.

Note 4: NTD to USD appreciate by 2%, NTD to RMB appreciate by 3%, NTD to AUD and other currencies respectively appreciate by 4%, the effects on profit (loss) will be $146,668, ($387,628), $571 and $6,601, respectively.

(N) Disclosure made in accordance with Regulations Governing the Preparation of Financial Reports by Public Banks

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2016
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,463,251,750	13,779,281	79,596,827	164,204,087	1,720,831,945
Interest-rate-sensitive liabilities	357,717,601	986,827,936	109,629,416	40,689,116	1,494,864,069
Interest-rate-sensitive gap	1,105,534,149	(973,048,655)	(30,032,589)	123,514,971	225,967,876
Net					190,631,086
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					115.12%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					118.54%

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2015
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,470,818,003	12,343,676	54,144,062	144,062,623	1,681,368,364
Interest-rate-sensitive liabilities	368,427,537	958,424,040	98,004,434	48,589,486	1,473,445,497
Interest-rate-sensitive gap	1,102,390,466	(946,080,364)	(43,860,372)	95,473,137	207,922,867
Net					183,484,053
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					114.11%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					113.32%

Note: The amounts listed above represent the items denominated in NTD for the Bank, excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2016

(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	18,773,131	3,019,806	945,680	487,446	23,226,063
Interest-rate-sensitive liabilities	13,047,829	7,209,526	1,485,334	65,195	21,807,884
Interest-rate-sensitive gap	5,725,302	(4,189,720)	(539,654)	422,251	1,418,179
Net					5,916,545
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					106.50%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					23.97%

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2015

(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	18,838,250	2,809,207	651,904	553,077	22,852,438
Interest-rate-sensitive liabilities	12,797,911	7,419,282	1,208,751	110,494	21,536,438
Interest-rate-sensitive gap	6,040,339	(4,610,075)	(556,847)	442,583	1,316,000
Net					5,580,415
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					106.11%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					23.58%

Explanation:The amounts listed above represent the items denominated in USD for the Bank, excluding contingent assets and contingent liabilities.

Note：

A.Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

B.Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities =Interest-rate-sensitive assets / interest-rate-sensitive liabilities.

C.Interest-rate-sensitive gap = Interest-rate-sensitive assets － interest-rate-sensitive liabilities.

E. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety.

During The Bank and its subsidiaries activities, the transferred financial assets that do not meet derecognition conditions are mainly debt instruments with purchase agreements. The cash flow of the contract has been transferred and related liabilities of transferred financial assets that will be repurchased at a fixed price in the future have been reflected. The Bank and its subsidiaries may not use, sell or pledge the transferred financial assets during the valid period of the transaction. The financial assets were not derecognised as the consolidated company is still exposed to interest rate risk and credit risk.

December 31, 2015: None.

December 31, 2016 Unit: NTD thousand

Category of financial asset	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Held-to-maturity financial assets		
Repurchase arrangements	$ 1,610,805	$ 1,527,076
Available-for-sale financial assets		
Repurchase arrangements	3,291,645	3,137,710

F. Offsetting financial assets and financial liabilities

The consolidated company has financial instruments that meet the offsetting criteria in paragraph 42 of IAS 32, the gross financial liability is set off against the gross financial asset, resulting in the presentation of a net amount presented in the balance sheet.

The Bank and its subsidiaries has transactions that do not meet the offsetting criteria but follow the net settled master netting arrangements or other similar arrangements, i.e. global master repurchase agreement, global securities lending agreement or similar agreement with repurchase agreements or reverse repurchase agreement. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as below:

December 31, 2016 Unit: In thousands of New Taiwan Dollars

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 9,421,218	$ -	$ 9,421,218	$ 3,936,796	$ 2,217,159	$ 3,267,263
Total	$ 9,421,218	$ -	$ 9,421,218	$ 3,936,796	$ 2,217,159	$ 3,267,263

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

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 7,707,009	$ -	$ 7,707,009	$ 4,064,239	$ 21,703	$ 3,621,067
Repurchase arrangements	4,664,786	-	4,664,786	4,664,786	-	-
Total	$ 12,371,795	$ -	$ 12,371,795	$ 8,729,025	$ 21,703	$ 3,621,067

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

December 31, 2015

Unit: In thousands of New Taiwan Dollars

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 10,690,202	$ -	$ 10,690,202	$ 3,558,684	$ 1,864,305	$ 5,267,213
Total	$ 10,690,202	$ -	$ 10,690,202	$ 3,558,684	$ 1,864,305	$ 5,267,213

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

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 7,846,846	$ -	$ 7,846,846	$ 3,686,607	$ 164,400	$ 3,995,839
Total	$ 7,846,846	$ -	$ 7,846,846	$ 3,686,607	$ 164,400	$ 3,995,839

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

(3) Capital management

In addition, in order to establish evaluation process for capital adequacy and maintain proper self-owned capital structure of each significant subsidiary within the Bank and its subsidiaries, also to develop business and control risk on both sides for better improvement of capital utilization, subsidiaries have established capital management policies to implement the strategies of senior management and the related information shall be disclosed or reported accordingly.

The management objectives and procedures for capital management of the significant subsidiaries within the Bank and its subsidiaries are as follows:

A. Objective of capital management

(A) To ensure that the Bank and its subsidiaries comply with regulations governing capital adequacy and minimum requirements set up by competent authorities of each industry. To comply with statutory minimum requirement of eligible capital, and statutory minimum self-owned capital and risk assets ratio as shown in “Regulations Governing the Capital Adequacy and Capital Category of Banks” of competent authority.

(B) In response to the capital required from each subsidiary’s operation plan, and to make them have sufficient capital for various risks derived from capital demand, capital allocation is distributed under a goal of utilization of capital arrangement. To attain capital requirement for the business plan, to have sufficient capital for acceptance of various risks including credit risk, market risk, and operating risk, and to manage risk through capital allocation to realize risk-adjusted performance management and optimal capital allocation.

(C) To have sufficient capital in response to possible losses in stress scenario while performing regular stress testing in accordance with relevant regulations by competent authority.

B. Capital management procedures

The Board of Directors of the Bank is the highest authority of the Bank and its subsidiaries. The responsible segments of significant banking, securities and life insurance subsidiaries and others should effectively identify, evaluate, monitor and control market risk, credit risk, operating risk, banking book interest risk, liquidity risk as set up by competent authorities and comply with legal and compliance risk regulations with an attempt to reflect evaluation on the minimum capital required. The Bank also sets up separately a team for capital planning and holds a meeting to ensure the implementation of the Board’s capital strategies on a regular basis in respect of capital managing objectives, fund gap, responding measures that could impose an effect on risk assets or qualifying self-owned capital and so on.

Major procedures of evaluation on capital included:

(A) Before the start of each fiscal year, the Bank follows the business plan to set up capital adequacy ratio target in compliance with relevant regulations. The target will be implemented upon approval of the Board of Directors.

(B) To assess capital requirements for various key risks according to the capital adequacy ratio target on a monthly basis.

(C) To perform regular stress testing in order to assess whether current capital and provisions that have been made are sufficient to cope with possible losses in stress scenario.

(D) Besides, to estimate impact on self-owned capital, risk-weighted assets, and capital adequacy ratio target based on significant capital utilization, changes in market and business, and plans such as capital increase/reduction or bonds issuance in order to take countermeasures timely.

C. Capital adequacy ratio

Combined capital adequacy ratio

UNIT：In thousands of NT Dollars

Items			December 31, 2016	December 31, 2015
Self-owned capital	Tier 1 Capital of common equity		$ 175,151,489	$ 169,493,277
	Other Tier 1 Capital		405,115	410,115
	Tier 2 Capital		39,959,022	45,670,690
	Self-owned capital		215,515,626	215,574,082
Total risk - weighted assets	Credit risk	Standardized Approach	1,493,128,899	1,444,466,679
		Internal Ratings Based Approach	-	-
		Asset securitization	724,570	623,884
	Operation risk	Basic Indicator Approach	-	-
		Standardized Approach/Alternative Standardized Approach	73,737,175	68,629,425
		Advanced Measurement Approaches	-	-
	Market risk	Standardized Approach	27,594,250	33,065,375
		Internal Models Approach	-	-
	Total risk-weighted assets		1,595,184,894	1,546,785,363
Capital adequacy ratio			13.51%	13.94%
Total risk assets based Tier 1 Capital of Common equity, net Ratio			10.98%	10.96%
Total risk assets based Tier 1 Capital, net Ratio			11.01%	10.98%
Leverage ratio			6.58%	6.48%

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: The relevant formulas are as follows:

(1) Self-owned capital = Tier 1 Capital of Common equity + Other Tier 1 Capital + Tier 2 Capital。

(2) Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5

(3) Capital adequacy ratio = Self-owned capital / Total risk-weighted assets

(4) Total risk assets based Tier 1 Capital of Common equity Ratio＝ Tier 1 Capital of Common equity / Total risk-weighted assets

(5) Total risk assets based Tier 1 Capital Ratio＝(Tier 1 Capital of Common equity + Other Tier 1 Capital) / Total risk-weighted assets

(6) Gearing ratio = Tier 1 capital/ exposures amount

(4) Profitability

Units：%

Items		For the years ended December 31, 2016	2015
Return on total assets (%)	Before tax	0.84	0.81
	After tax	0.72	0.68
Return on stockholders' equity (%)	Before tax	11.03	11.39
	After tax	9.46	9.56
Net profit margin ratio (%)		41.95	41.22

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.

(5) Content and amount of investment trust business in accordance with Trust Enterprise Act

Balance Sheet of Trust Accounts

Trust assets	December 31, 2016	December 31, 2015
Bank deposits	$ 13,861,264	$ 12,705,312
Bonds	62,400,260	67,790,171
Stocks	90,305,858	90,174,627
Mutual funds	202,180,234	203,370,218
Beneficiary securities	100,059	296,512
Accounts receivable	-	160
Real estate	20,573,932	17,387,383
Structured notes	200,000	1,000,000
Net assets under collective management accounts	224,740	317,872
Net assets under individual management accounts	-	9,049
Customers' securities under custody	362,266,452	395,979,350
Total	$ 752,112,799	$ 789,030,654
Trust liabilities		
Payables-customers securities under custody	$ 362,266,452	$ 395,979,350
Payables	98	249
Trust capital	389,637,407	392,853,518
Accumulated profit or loss	208,842	197,537
Total	$ 752,112,799	$ 789,030,654

As of December 31, 2016 and 2015, the Offshore Banking Unit had book balance of NTD$3,656,993 and $3,961,092 for designated money trust funds investing in foreign securities ; the Offshore Banking Unit had book balance of NT$274,062 and NT$137,839 for designated money trust funds investing in local securities, respectively.

Property List of Trust Accounts

Investment items	December 31, 2016	December 31, 2015
Bank deposits	$ 13,861,264	$ 12,705,312
Bonds	62,400,260	67,790,171
Stocks	90,305,858	90,174,627
Mutual funds	202,180,234	203,370,218
Beneficiary securities	100,059	296,512
Accounts receivable	-	160
Real estate	20,573,932	17,387,383
Structured notes	200,000	1,000,000
Net assets under collective management accounts	224,740	317,872
Net assets under individual management accounts	-	9,049
Customers' securities under custody	362,266,452	395,979,350
Total	$ 752,112,799	$ 789,030,654

UNIT: In thousands of NT Dollars

Income Statement of Trust Accounts

	For the years ended December 31,	
	2016	2015
Trust revenues		
Interest income	$ 4,959,894	$ 5,081,879
Dividend income	2,416	2,315
Realized gain on bonds	15,788	5,095
Realized gain on stocks	2,496	3,184
Realized gain on mutual funds	1,685,745	4,434,131
Gain on translation	2,912	2,028
Other income	5	2
Total trust revenues	6,669,256	9,528,634
Trust expenses		
Management fee	(4,072)	(2,730)
Other expense	(4)	-
Service fee	(1,847)	(3,723)
Realized loss on bonds	(36,470)	(67,512)
Realized loss on stocks	(13,636)	(4,155)
Realized loss on mutual funds	(3,519,007)	(4,278,173)
Losses on disposal of property	(151)	-
Gain on translation	(601)	(1,630)
Total trust expenses	(3,575,788)	(4,357,923)
Net gain before tax	3,093,468	5,170,711
Income tax expense	(171)	(411)
Net gain after tax	$ 3,093,297	$ 5,170,300

(6) Information with respect to the transferring of financial assets and extinguishing of liabilities:

Please refer to Note 12(6) for the transfer of financial assets.

(7) Adjustment of key organization and significant change in regulatory system:

Please refer to Note 4(3)B-Note(2) for adjustment of key organization.

(8) Significant impact arising from changes in government laws and regulations:

None.

(9) Information with respect to the subsidiary holding the capital stock of parent company:

None.

(10) Information for private placement securities:

None.

(11) Information for discontinued operations:

None.

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

None.

(13) Information of the Bank's and its subsidiaries' engagement in co-marketing:

The Bank has entered into co-marketing contracts with First-Aviva Life Insurance Co., Ltd., First Securities Inc., First Venture Capital Co., Ltd., First Financial Management Consulting Co., Ltd., First Financial Asset Management Co., Ltd., and FCB Leasing Co., Ltd. The contracts are effective from the respective contract dates but are not allowed to be terminated except with the written consent of FFHC. The contracts cover joint usage of operation sites and facilities as well as the arrangement of personnel for co-marketing affairs. Expenses arising from joint usage of operation sites or facilities are allocated in accordance with separate agreements of the contracting parties. Remuneration apportionment and expenses allocation for co-marketing personnel follow the provisions under the "First Financial Group Integrated Co-marketing Scope and Remuneration Rules".

The Bank has entered into cooperative contracts with First Financial Holding Co., Ltd., First-Aviva Life Insurance Co., Ltd., and First Financial Asset Management Co., Ltd. for the joint usage of information equipment and the planning, development, implementation, operation, maintenance and management of information systems. Calculation methodologies for remuneration apportionment and expenses allocation have also been established.

13.Supplementary disclosures

(1) Significant transaction information

A. Cumulative purchases or sales of the same investee's capital stock over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2016:

None.

B. Acquisition of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2016:

None.

C. Disposal of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2016:

None.

D. Handling fee discounts for transactions with related parties over the amount of NT $5 million dollars as of December 31, 2016:

None.

E. Receivables from related parties over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2016:

None.

F. Information regarding non-performing loans of subsidiaries:

(A) Summary of selling non-performing loans as of December 31, 2016:

Transaction date (Date of contract)	Counterparty	Composition of creditor's right	Book value(Note)	Sale price	Gain (loss) on disposal	Additional terms	Relationship between counterparty and FCB
2016.11.11	SC Lowy Primary Investments Ltd.	Bank debentures	$ -	$ 148,954	($ 77,777)	None	None

Note: The carrying amount is the balance of the original loan amount after deduction of allowance for doubtful debts

G. Securitization products, including its related information, applied by subsidiaries in compliance with the "Financial Asset Securitization Act" or "Real Estate Securitization Act" as of December 31 , 2016 :

None.

H. Significant transactions between parent company and subsidiaries for the year ended December 31, 2016:

(Expressed In Thousands of New Taiwan 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	FCB	First Commercial Bank (USA)	1	Due to overseas bank	$ 356	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank (USA)	1	Deposits of overseas bank	25,188	〃	0.00%
1	First Commercial Bank (USA)	FCB	2	Due to overseas bank	25,188	〃	0.00%
1	First Commercial Bank (USA)	FCB	2	Deposits of overseas bank	356	〃	0.00%
0	FCB	FCBL	1	Deposits and remittances	165,341	〃	0.00%
0	FCB	FCBL	1	Payables	3	〃	0.00%
0	FCB	FCBL	1	Other liabilities	1	〃	0.00%
0	FCB	FCBL	1	Interest income	64	〃	0.00%
0	FCB	FCBL	1	Net other non-interest income	3,933	〃	0.01%
0	FCB	FCBL	1	Interest expense	131	〃	0.00%
0	FCB	FCBL	1	Business and administrative expense	4,202	〃	0.01%
0	FCB	FCBL	1	Net service fee income	590	〃	0.00%
2	FCBL	FCB	2	Other financial liabilities	64	〃	0.00%
2	FCBL	FCB	2	Cash and cash equivalents	165,341	〃	0.00%
2	FCBL	FCB	2	Receivables	3	〃	0.00%
2	FCBL	FCB	2	Other assets	1	〃	0.00%
2	FCBL	FCB	2	Business and administrative expense	4,507	〃	0.01%
2	FCBL	FCB	2	Interest expense	64	〃	0.00%
2	FCBL	FCB	2	Interest income	131	〃	0.00%
2	FCBL	FCB	2	Net service fee income	4,218	〃	0.01%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

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.

I. Other significant transactions that may affect the decisions made by financial statement users as of December 31, 2016:

None.

(2) Information on investees

A. Loans to others:

The Bank’s subsidiary, First Commercial Bank (USA), engages in banking operations that are banking businesses as regulated under the Banking Act of The Republic of China and is thus a financial institution. Thus, not applicable; in addition, aside from those of the following table, other subsidiaries of the Bank have not provided loan to others.

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2016	Balance at December 31, 2016	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	FCB Leasing Co., Ltd.	Punggi Construction Co., Ltd.	Other receivables – direct financing	N	$55,650	$51,450	$51,450	3.75%	2	$ –	Operation turnover	$ –	Real estate setting	$120,000	$934,790	$1,246,387

2	FCB Leasing Co. Ltd.	I-Mei Multimedia e-Content Production & Marketing Co., Ltd.	Other receivables – direct financing	N	$9,662	$2,270	$2,270	6.80%	2	$ –	Operation turnover	$ –	Deposit	$2,600	$934,790	$1,246,387
3	FCB Leasing Co. Ltd.	San Wen Co., Ltd.	Other receivables – direct financing	N	30,723	16,034	16,034	5.80%	2	–	Operation turnover	–	Deposit	1,500	934,790	1,246,387
4	FCB Leasing Co. Ltd.	HANKY Co., Ltd	Other receivables – direct financing	N	307,050	283,782	283,782	4.18%	2	–	Operation turnover	–	Real estate setting	240,000	934,790	1,246,387
5	FCB Leasing Co. Ltd.	Kai Chu Aluminum Co., Ltd	Other receivables – direct financing	N	88,000	58,800	58,800	4.51%	2	–	Operation turnover	–	Real estate setting	96,000	934,790	1,246,387
6	FCB Leasing Co. Ltd.	Che Cheng Industrial Co., Ltd.	Other receivables – direct financing	N	18,858	17,274	17,274	4.58%	2	–	Operation turnover	–	Real estate setting	72,000	934,790	1,246,387
7	FCB Leasing Co. Ltd.	Fan Tai Asset Property Management Co., Ltd.	Other receivables – direct financing	N	32,000	20,000	20,000	4.80%	2	–	Operation turnover	–	Real estate setting	63,800	934,790	1,246,387
8	FCB Leasing Co. Ltd.	Zhao Yi real estate Co., Ltd.	Other receivables – direct financing	N	18,250	-	-	4.61%	2	–	Operation turnover	–	Real estate setting	35,850	934,790	1,246,387
9	FCB Leasing Co. Ltd.	Hlsc Logistics Co., Ltd.	Other receivables – direct financing	N	15,000	5,119	5,119	6.04%	2	–	Operation turnover	–	Deposit	2,250	934,790	1,246,387
10	FCB Leasing Co. Ltd.	Yuan Ji Guo Yao Co., Ltd.	Other receivables – direct financing	N	3,000	1,539	1,539	8.30%	2	–	Operation turnover	–	Deposit	600	934,790	1,246,387
11	FCB Leasing Co. Ltd.	Tenril Corporation	Other receivables – direct financing	N	47,000	44,650	44,650	5.73%	2	–	Operation turnover	–	Real estate setting	39,687	934,790	1,246,387
12	FCB Leasing Co. Ltd.	ACT Chemical Corp.	Other receivables – direct financing	N	12,000	7,000	-	6.25%	2	–	Operation turnover	–	None	-	934,790	1,246,387
13	FCB Leasing Co. Ltd.	Chuang Jian Jian Kang Shi Ye Corp.	Other receivables – direct financing	N	8,000	6,996	6,996	6.30%	2	–	Operation turnover	–	Real estate setting	9,600	934,790	1,246,387
14	FCB Leasing Co. Ltd.	FAMOUS INFINITY LIMITED	Other receivables – direct financing	N	10,000	8,375	8,375	7.89%	2	–	Operation turnover	–	Deposit	2,000	934,790	1,246,387

15	FCB Leasing Co. Ltd.	Taiwan Shuang Long Xing Ye Corp.	Other receivables – direct financing	N	$28,000	$23,416	$23,416	5.24%	1	$ –	Operation turnover	$ –	Stock	$46,021	$934,790	$1,246,387
16	FCB Leasing Co. Ltd.	Yuans of biological Science Technologies Co., Ltd.	Other receivables – direct financing	N	21,208	11,181	11,181	8.11%	1	–	Operation turnover	–	Real estate setting	14,400	934,790	1,246,387
17	FCB Leasing Co. Ltd.	Taiwan Newleader Co., Ltd	Other receivables – direct financing	N	4,633	3,355	3,355	7.40%	2	–	Operation turnover	3,355	Tickets	4,018	934,790	1,246,387
18	FCB Leasing Co. Ltd.	Super Vision International Trading Co., Ltd.	Other receivables – direct financing	N	19,808	19,808	19,808	8.75%	1	20,000	Operation turnover	19,807	Deposit	5,800	311,597	1,246,387
19	FCB Leasing Co. Ltd.	Ever Spring Marine Aquaculture Co., Ltd.	Other receivables – direct financing	N	15,000	9,621	9,621	7.06%	2	-	Operation turnover	-	Personal property secured	6,900	934,790	1,246,387
20	FCB Leasing Co. Ltd.	Qian Jia Shi Pin Corp.	Other receivables – direct financing	N	18,000	15,387	15,387	8.65%	1	20,000	Operation turnover	-	Real estate setting	2,869	311,597	1,246,387
21	FCB Leasing Co. Ltd.	Xiang Wei Mao Yi Co., Ltd.	Other receivables – direct financing	N	15,000	11,417	11,417	6.52%	2	-	Operation turnover	-	Real estate setting	11,906	934,790	1,246,387
22	FCB Leasing Co. Ltd.	Song Yuan Qi Ye Firm	Other receivables – direct financing	N	3,000	2,865	2,865	4.52%	2	-	Operation turnover	-	Real estate setting	5,347	934,790	1,246,387
23	FCB Leasing Co. Ltd.	Compass guarantee responsibility Changhua County Cooperative Farm	Other receivables – direct financing	N	5,776	2,354	2,354	7.20%	2	-	Operation turnover	-	Personal property secured	12,000	934,790	1,246,387
24	FCB Leasing Co. Ltd.	Xuantai Food Co., Ltd.	Other receivables – direct financing	N	7,457	7,391	7,391	7.35%	2	-	Operation turnover	7,391	Deposit	1,200	934,790	1,246,387
25	FCB Leasing Co. Ltd.	Holmes Chez International Co., Ltd.	Other receivables – direct financing	N	20,000	6,822	6,822	5.30%	2	-	Operation turnover	-	Deposit	3,000	934,790	1,246,387
26	FCB Leasing Co. Ltd.	World Way Marine Transportation & Logistic Co., Ltd.	Other receivables – direct financing	N	13,000	9,995	9,995	5.71%	2	-	Operation turnover	-	None	-	934,790	1,246,387

27	FCB Leasing Co. Ltd.	Long Life Tien Trading Co., Ltd.	Other receivables – direct financing	N	$19,609	$14,746	$14,746	6.58%	2	$ –	Operation turnover	$ –	Real estate setting	$18,886	$934,790	$1,246,387
28	FCB Leasing Co. Ltd.	Jun Gu Nian Mi Chang Corp.	Other receivables – direct financing	N	15,000	10,586	10,586	4.50%	2	-	Operation turnover	-	Real estate setting	15,123	934,790	1,246,387
29	FCB Leasing Co. Ltd.	Tong Yi Ying Go Ji Corp.	Other receivables – direct financing	N	15,000	13,074	13,074	6.00%	2	-	Operation turnover	-	Real estate setting	15,330	934,790	1,246,387
30	FCB Leasing Co. Ltd.	Zhen Hao Co., Ltd.	Other receivables – direct financing	N	10,000	6,744	6,744	7.01%	2	-	Operation turnover	-	Deposit	2,000	934,790	1,246,387

Note: 1. The amount of loans granted to individual companies or firms due to business transactions shall not exceed 10% of the Bank's subsidiaries' net asset value of its latest financial statements. The total amount of loans granted due to business transactions shall not exceed 40% of the Bank's subsidiaries' net value of its latest financial statements.

2. The amount of necessary short-term facilitations to individual companies or firms which do not have business transactions with the Bank's subsidiaries shall not exceed 30% of the Bank's subsidiaries' net asset value of its latest financial statements. The amount of necessary short-term facilitations to individual companies or firms with business transactions with the Bank's subsidiaries shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements. If the borrower of the loan is a subsidiary, the amount of loans shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements.

3. The total amount of loans of the above two shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements.

B. Endorsements and guarantees provided for others:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

No.	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum balance accumulated as of the month	Ending balance of endorsement and guarantee	Actually used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statements	Maximum limit	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Name of company	Relationship										
1	FCB Leasing Co., Ltd.	FCBL Capital International (B.V.I) Ltd.	Subsidiary	9,460,174	2,641,815	2,319,840	1,087,506	None	73.57%	31,533,910	N	N	N
2	FCB Leasing Co., Ltd.	FCB International Leasing Ltd.	Sub-Subsidiary	9,460,174	2,782,240	2,750,020	762,960	None	87.21%	31,533,910	N	N	Y

Note: subsidiaries of the Bank, for business needs, may resolve through its Board of Directors to provided guarantees for external parties.

C. Securities held at the end of period:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

(Expressed In Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

December 31,2016

Investor	Name Of Investee And Type Of Securities		Relationship	Account	Shares / Units (in thousands)	Book value	Ownership Percentage (%)	Market Value (Note 1)	Note
FCBL	FCBL Capital International (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	60,500	$ 1,735,524	100%	$ 1,735,524	Note 2
FCBL Capital International (B.V.I) Ltd	FCB International Leasing Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD 30,000 thousands	589,273	100%	589,273	Note 2
FCBL Capital International (B.V.I) Ltd	FCB Leasing (Xiamen) Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD 30,000 thousands	887,438	100%	887,438	Note 2

Note 1：No transactions in active market, no clear market price.

Note 2：Long-term investments in the above table remain free of pledge or guarantee..

D. Cumulative purchases or sales of the marketable securities up to NT$300 million or over 10% of the issued capital stock:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

E. Information of derivative instrument transactions:

None.

F. Information regarding reinvested business and consolidated stock holdings:

Name of investee company (Note1)	Address	Major operating activities	Percentage of ownership (%) at the end of current period	Carrying value of investment	Investment income (loss) recognized by the Company for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties (Note 1): Number of owned shares (in thousands)	Number of pro forma shares (Note 2)	Total: Number of shares (in thousands)	Total: Percentage of ownership (%)
FIRST COMMERCIAL BANK(USA)	200 East Main Street, Alhambra, CA91801, USA	Note 3	100	$ 3,595,900	$ 98,538	7,000	-	7,000	100
FCBL	6F, 94,ChungHsiaoE.Road., Sec. 2, Taipei, Taiwan	Note 4	100	3,128,751	100,235	300,000	-	300,000	100
EAREM	9F, 94,ChungHsiaoE.Road., Sec.2, Taipei, Taiwan	Note 5	30	15,446	6,305	1,500	-	1,500	30
Turn Cloud Technology Service Inc.	11F.-11, No.99, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City 221, Taiwan	Note 6	40	20,000	-	2,000	-	2,000	40
FCBL Capital International (B.V.I) Ltd.	6F, 94,ChungHsiaoE.Road, Sec. 2, Taipei, Taiwan	Note 4	100	1,735,524	-	60,050	-	60,050	100
FCB International Leasing Ltd.	Rm. 1008, Jianwu Building, No. 188, Wangdun Rd., Suzhou, China	Note 4	100	589,273	-	USD 30,000 thousands	-	USD 30,000 thousands	100
FCB Leasing (Xiamen) Ltd.	20-21F., Huli Building, Wuyuanwan Business Operations Center, Huli District, Xiamen City	Note 4	100	887,438	-	USD 30,000 thousands	-	USD 30,000 thousands	100

Note 1:All the owned shares and pro forma shares of investee company held by the Bank, directors, supervisors, president, executive vice presidents, and its related parties defined under the R.O.C. Company Law shall be included.

Note 2:

(1) Pro forma shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed linked to Investee Company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 74 of the R.O.C. Company Law.

(2) The equity securities mentioned above are referred to as those securities under the provision of Article 11, Item 1 of the bylaws to the R.O.C. Securities and Exchange Law, for example, convertible bond and warrant.

(3) The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IAS39, for example, stock option.

Note 3: Banking industry.

Note 4: Leasing, investment consulting, and business consulting.

Note 5: Examination and advisory on construction plans and certification of contracts.

Note 6: Computer system integration services.

(3) Information on investments in Mainland China

A. The Bank's investments in Shanghai branch for the year ended December 31, 2016 were as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

nvestee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
First Commercial Bank Shanghai Branch	Banking businesses approved by local government	$ 4,676,508 (CNY 1,000,000)	(1)	$ 4,676,508 (USD 157,440)	$ -	-	$ 4,676,508 (USD 157,440)	($507,745)	N/A	($507,745) (2)B

Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016	Accumulated Investments in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,339,879	-	$ 4,676,508 (USD 157,440)	$ 4,676,508 (USD 157,440)	$ 114,378,652

B. The Bank's investments in Chengdu branch for the year ended December 31, 2016 were as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
First Commercial Bank Chengdu Branch	Banking businesses approved by local government	$ 4,896,697 (CNY1,000,000)	(1)	$ 4,896,697 (USD 162,269)	-	-	$ 4,896,697 (USD162,269)	($ 59,460)	N/A	($59,460) (2)B

Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016	Accumulated Investments in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,080,132	-	$ 4,896,697 (USD 162,269)	$ 4,896,697 (USD 162,269)	$ 114,378,652

C. The Bank's investments in Xiamen branch for the year ended December 30, 2016 were as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
First Commercial Bank Xiamen branch	Banking businesses approved by local government	$ 5,132,801 (CNY1,000,000)	(1)	$ 5,132,801 (USD162,946)	-	-	$ 5,132,801 (USD162,946)	($ 89,408)	N/A	($89,408) (2)B

Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016	Accumulated Investments in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 4,994,785	-	$ 5,132,801 (USD162,946)	$ 5,132,801 (USD162,946)	$ 114,378,652

D. Information on FCB's investment in FCB International Leasing Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I.) Ltd., are as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
FCB International Leasing Ltd.	Financial Leasing	$ 886,103 (USD 30,000)	(2)	$ 886,103 (USD 30,000)	-	-	$ 886,103 (USD 30,000)	$ 34,161	100%	$ 34,161 (2)B

Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016	Accumulated Investments in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 589,273	-	$ 886,103 (USD 30,000)	$ 886,103 (USD 30,000)	$ 1,869,581

E. Information on FCB's investment in FCB Leasing (Xiamen) Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I) Ltd. as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2016	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
FCB Leasing (Xiamen) Ltd	Financial Leasing	$ 903,495 (USD 30,000)	(2)	$ 903,495 (USD30,000)	-	-	$ 903,495 (USD30,000)	$ 14,761	100%	$14,761 (2)B

Carrying Value as of December 31, 2016	Accumulated Inward Remittance of Earnings as of December 31, 2016	Accumulated Investments in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 887,438	-	$ 903,495 (USD30,000)	$ 903,495 (USD30,000)	$ 1,869,581

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area (FCBL Capital International (B.V.I.) Ltd.), which then invested in the investee in Mainland China.

(3) Others

Note 2: In the ‘Investment income (loss) recognised by the Bank for the year ended December 31, 2016’ column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C..)

B.The financial statements that are audited and attested by R.O.C. parent company’s CPA.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by R.O.C. parent company’s CPA.)

C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

14. Disclosure of financial information by segments

(1) General information

The Bank's and its subsidiaries' operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance.

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

The operating segments of the Bank comprise of loan businesses, deposit businesses, wealth management businesses, treasury businesses, overseas business (excluding OBU), and other businesses. The operating results are reviewed by the Bank's Board of Directors (CODM) regularly and are referenced when allocating resources and evaluating operational performances.

The Bank and its subsidiaries have 6 major business segments which are based on the global market. Starting from July 1, 2016, the insurance agency businesses have been reclassified to the financial management businesses from other businesses. Segment information for the previous year has been restated for the above-mentioned component change of reportable segments in order to reflect such a change.

The operating results of the Bank's operating segments are from interest income and the Bank's Board of Directors evaluates segment performance based on the net interest income. The operating results have different income items due to different nature of the operating segments, and the Bank and its subsidiaries evaluates segment performance based on the net profit before tax of various segments. Therefore, performance of all reporting segments is presented by the net value of operating net profit less various operating expenses. Income from external clients provided for the CODM to review is measured on the same basis of the statement of comprehensive income.

Adjustments of internal pricing and transfer pricing are reflected in segment performance evaluation. Income from external clients has been allocated based on the regulated allocation standard between segments.

The internal management's operating reports are prepared based on net operating profit, including net interest income, net service fee income, recovered bad debts (provision), and loan impairment loss, net gain (loss) on financial instruments and other operating gain (loss). Measurement basis does not include non-recurring items, e.g. litigation expenses.

Segment information is mainly based on the internal management reports provided by various operating segments to the CODM, including segmental gain (loss), segmental assets, segmental liabilities and other related information.

(2)Information about segment gain (loss), assets and liabilities:

Financial information of the Bank and its subsidiaries by business for the years ended December 31, 2016 and 2015 were as follows:

For the year ended December 31, 2016	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 16,674,888	$ 3,322,407	$ -	$ 1,796,695	$ 5,341,836	$ 1,313,461	$ 28,449,287
Net service fee income	1,774,854	3,988	4,941,721	(9,892)	685,885	673,153	8,069,709
Net gain and loss on financial instruments	31,731	313,046	32,694	3,520,354	(528,045)	1,807,333	5,177,113
Other net income	(636)	8,195	3,835	14,517	28,286	442,152	496,349
(Provision) reversal of allowance for bad debts and reserves	(2,766,179)	-	-	(5,015)	(1,403,842)	1,953,858	(2,221,178)
Operating gross margin after provision	$ 15,714,658	$ 3,647,636	$ 4,978,250	$ 5,316,659	$ 4,124,120	$ 6,189,957	39,971,280
Operating expenses							(19,332,057)
Net profit before tax after provision							$ 20,639,223

For the year ended December 31, 2015	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 16,219,058	$ 3,752,653	$ -	$ 1,994,855	$ 4,670,477	$ 1,478,408	$ 28,115,451
Net service fee income	1,597,177	3,019	4,871,954	(25,055)	722,753	657,333	7,827,181
Net gain and loss on financial instruments	31,314	310,823	41,945	2,432,487	(452,488)	455,094	2,819,175
Other net income	(685)	8,532	5,203	13,595	56,794	209,423	292,862
(Provision) reversal of allowance for bad debts and reserves	(2,245,380)	-	-	-	(115,264)	1,854,188	(506,456)
Operating gross margin after provision	$ 15,601,484	$ 4,075,027	$ 4,919,102	$ 4,415,882	$ 4,882,272	$ 4,654,446	38,548,213
Operating expenses							(19,365,772)
Net profit before tax after provision							$ 19,182,441

	December 31, 2016						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,361,380,117	$ -	$ 884,862,389	$ 308,041,633	$ 150,740,864	($ 219,771,879)	$ 2,485,253,124
Segment liabilities	4,605,534	1,849,110,333	282,580,017	264,980,085	106,393,292	(213,047,223)	2,294,622,038

	December 31, 2015						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,319,654,023	$ -	$ 904,163,178	$ 284,525,657	$ 144,475,151	($ 215,737,358)	$ 2,437,080,651
Segment liabilities	4,763,605	1,842,459,407	264,199,229	243,680,555	106,516,180	(208,022,378)	2,253,596,598

(3) Geographical information

The Bank and its subsidiaries' geographical information for the years ended December 31, 2016 and 2015 are as follows:

	2016	2015
Taiwan	$ 36,298,533	$ 33,726,358
Asia	3,349,153	3,128,230
North America	2,011,183	1,766,324
Others	533,589	433,757
Total	$ 42,192,458	$ 39,054,669

(4) Information on products

The Bank's information on products is consistent with their segment, please refer to Note 14(2).

(5) Major customer information

No single external customer is deemed significant by its transactions with the Bank generating revenues which accounted for more than 10% of the net profit of the Bank.

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(105)PWCR16000351

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and stockholders of First Commercial Bank

Opinion

We have audited the accompanying balance sheets of First Commercial Bank, Ltd. (the "Company") as at December 31, 2016 and 2015, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms".

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasize matters- influences of consolidation

As described in Note 12(7), the Company merged with First Insurance Agency Co., Ltd. on July 1, 2016. The above-mentioned merger is an organizational restructure in accordance with the IFRS Q&A compilation and related interpretations promulgated by the Accounting Research and Development Foundation. Thus, when preparing comparative financial statements, the prior year financial statements have been retrospectively restated as if these entities had always been combined. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The Company's key audit matters for the year ended December 31, 2016 are addressed as follows:

Impairment evaluation of loans discounted

Description

For the accounting policy for the impairment evaluation of discounted loans, please refer to Note 4(8) of the financial statements; for critical accounting judgements, estimates and assumption uncertainty of impairment losses of discounted loans, please refer to Note 5(2) of the financial statements; for explanations on the details of discounted loans, please refer to Note 6(5) of the financial statements. Loans discounted and allowance for bad debts recognized for the year ended December 31, 2016, was $1,550,731,041 thousand and $18,973,096 thousand, respectively.

Credit services of the Company, which are its main business activity, are primarily corporate credit facilitations. Impairment losses on loans discounted are losses of estimated future cash flows in which there is existing objective evidence of impairment that loans may not be recovered. The Company's impairment evaluation of loans discounted is conducted in accordance with the related requirements of IAS 39, 'Financial Instruments: Recognition and Measurement' and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". If there is existing objective evidence of impairment for significant credit facilitations which exceed a certain amount or major monitored credit facilitations, then they are individually evaluated. Impairment loss is primarily provisioned according to the overdue time, current circumstances of the borrower, collateral, guarantee status of external institutions, and historical experience; if there is no existing objective evidence of impairment or if there is existing objective evidence of impairment but the credit facilitation does not exceed a certain amount, then evaluation is conducted on a group basis and impairment losses are estimated according to impairment parameters such as impairment probability, recovery rate, and effective interest rate of each group.

The aforementioned provision of impairment loss for loans discounted includes the determination of future cash flows of individual evaluations and impairment parameters for group evaluations. Because this involves subjective judgment and numerous assumptions and estimates, the method of determining assumptions and estimates will directly affect the related amount recognized. Also, considering that loans account for approximately 62% of total assets, we have thus included the individual and group impairment evaluation of the Company's loans discounted as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarized as follows:

1. Understood and assessed the related policies, internal control system, and operation procedures of assumptions and estimates (including the impairment probability, recovery rate, future cash flows, and effective interest rate) used by the Company in provisioning impairment losses for discounted loans.
2. Sampled and tested internal controls related to the provision of impairment loss, including the identification of objective evidence for impairment loss, annual reviews, management of collateral and their value assessment, controls for changing impairment parameters, and approval for provisioning of impairment loss.
3. Group evaluations
   (1) Evaluated the model assumption parameters of the Company's group assessments. For example, the appropriateness of the impairment probability, recovery rate, and effective interest rate of various groups, as well as the status of periodic updates.
   (2) Sampled and tested the completeness of impairment classification balances and the accuracy of classifications.
   (3) Filtered specific details of accounts using the system logic of the company policy to confirm the accuracy of impairment probabilities, recovery rates, and weighted-average effective interest rates, as well as to examine their consistency with the system reports.
4. Individual evaluations
   (1) Sampled and tested the completeness of the "Higher Risk Verified Accounts" list.
   (2) Compared and observed the accuracy of samples that were systematically judged as those which had objective evidence of impairment.
   (3) Evaluated the expected recovery rate, reasonableness of cash flow assumptions, and accuracy of calculations.
   (4) Determined whether the method of calculating effective interest rates was in conformity with policy requirements.

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Fair value of derivative instruments

Description

For the accounting policy for the fair value of derivative instruments, please refer to Note 4(9) of the financial statements; for critical accounting judgements, estimates and assumption uncertainty of the fair value of derivative instruments, please refer to Note 5(1) of the financial statements; for explanations on the details of the fair value of derivative instruments, please refer to Note 6(3), (14) of the financial statements; for information on the fair value and fair value hierarchy of derivative instruments, please refer to Note 12(1) of the financial statements. The fair value (subject to estimation) of derivative instruments as at December 31, 2016, was $9,421,219 thousand in assets and $7,707,009 thousand in liabilities.

The fair value of derivative instruments without an active market or public quotes of the Company are determined using valuation methods commonly used by market participants. The parameters used by valuation models of financial instruments are generally observable market information. Under such a circumstance, fair value is assessed using observable data or methods of similar financial instruments. If there are no market observable parameters, then the fair value of financial instruments are assessed using appropriate assumptions. When valuation models are elected to determine fair value, all models are calibrated in order to ensure that results reflect actual data and market prices.

Because valuation methods and parameter inputs for the aforementioned fair value of derivative instruments involve various assumptions and estimates, the methods of assumptions and estimates will directly affect the related amount recognized. We have thus included the fair value of the Company's derivative instruments as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarized as follows:

1. Obtained written policies of derivative instrument valuation to undergo understanding and assessment.
2. Sampled and tested valuation models to determine whether they have been periodically verified by the Risk Management Department.
3. Sampled and tested the Company's "Examination of valuation data of financial products" documents. Examined the content to assess whether management has periodically assessed valuation parameters and confirmed the completeness and accuracy of market data inputs

(interest rates and exchanges rates etc.) for models.

4. Sampled derivative instruments to re-compute valuations using the model and data of Bloomberg and compared our findings to the Company's calculated value in order to assess the reasonableness.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the group the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are

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therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang King Tse | Chi, Shu-Mei

Huang, King-Tse | Chi, Shu-Mei

For and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2017

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.

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

FIRST COMMERCIAL BANK, LTD.
BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	December 31, 2016 Amount	%	(RESTATED) December 31, 2015 Amount	%
Cash and cash equivalents	6(1) and 7	$ 59,206,858	3	$ 45,249,970	2
Due from the Central Bank and call loans to banks	6(2) and 7	209,314,698	9	252,652,913	10
Financial assets at fair value through profit or loss	6(3) and 7	83,253,379	3	87,332,352	4
Receivables, net	6(4)	51,348,689	2	62,919,918	3
Current tax assets	7	415,046	-	1,610,273	-
Loans discounted, net	6(5) and 7	1,531,757,945	62	1,468,743,031	61
Available-for-sale financial assets	6(6) and 8	138,955,127	6	88,493,506	4
Held-to-maturity financial assets	6(7)	344,456,759	14	356,678,138	15
Investments accounted for using equity method, net	6(8)	6,760,097	-	6,707,786	-
Other financial assets, net	6(9)	7,682,304	-	12,871,246	-
Property and equipment, net	6(10)	26,563,033	1	26,836,010	1
Investment property, net	6(11)	6,960,837	-	6,975,756	-
Intangible assets, net		357,803	-	346,386	-
Deferred tax assets, net	6(35)	1,335,428	-	1,479,200	-
Other assets, net	6(12) and 8	921,586	-	760,964	-
Total Assets		$ 2,469,289,589	100	$ 2,419,657,449	100

(Continued)

FIRST COMMERCIAL BANK, LTD.
BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2016 Amount	%	(RESTATED) December 31, 2015 Amount	%
LIABILITIES					
Deposits from the Central Bank and banks	6(13) and 7	$ 126,253,977	5	$ 128,624,163	5
Due to the Central Bank and banks		95,859	-	63,088	-
Financial liabilities at fair value through profit or loss	6(14) and 7	23,923,922	1	30,513,494	1
Notes and bonds issued under repurchase agreements	6(15)	7,532,897	-	2,608,441	-
Payables	6(16)	66,527,381	3	63,252,342	3
Current tax liabilities	7	1,584,746	-	2,091,567	-
Deposits and remittances	6(17) and 7	1,963,243,664	79	1,937,614,944	80
Financial bonds payable	6(18)	37,300,000	2	37,300,000	2
Other financial liabilities	6(19)	37,405,279	2	18,011,070	1
Provisions	6(20)	5,897,347	-	6,284,623	-
Deferred tax liabilities	6(35)	5,708,001	-	5,710,999	-
Other liabilities	6(21)	3,185,430	-	4,098,665	-
Total Liabilities		2,278,658,503	92	2,236,173,396	92
EQUITY					
Common stock	6(22)	89,064,000	4	86,244,000	4
Capital surplus	6(22)	34,848,216	1	34,848,216	2
Retained earnings					
Legal reserve	6(22)	35,883,865	2	31,053,838	1
Special reserve	6(22)	4,072,621	-	4,074,753	-
Unappropriated earnings	6(23)	20,228,018	1	18,649,507	1
Other equity interest	6(24)	6,534,366	-	8,613,739	-
Total Equity		190,631,086	8	183,484,053	8
Total Liabilities and Equity		$ 2,469,289,589	100	$ 2,419,657,449	100

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

FIRST COMMERCIAL BANK, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share Amount)

		For the years ended December 31,				
		2016		2015(RESTATED)		Change
	Notes	Amount	%	Amount	%	Percentage
Interest income		$ 40,359,605	97	$ 41,314,707	107	(2)
Less: Interest expense		(12,561,786)	(30)	(13,818,844)	(36)	(9)
Net interest income	6(25) and 7	27,797,819	67	27,495,863	71	1
Net non-interest income						
Net service fee income	6(26) and 7	8,035,254	19	7,790,030	20	3
Gains on financial assets or liabilities measured at fair value through profit or loss	6(3)(27)	2,583,280	6	957,485	3	170
Realized gains on available-for-sale financial assets	6(28)	704,779	2	340,203	1	107
(Losses) gains on reversal of impairment loss on assets	6(29)	-	-	4,552	-	(100)
Share of profit or loss of associates accounted for using equity method	6(8)	205,078	1	(1,202)	-	(17161)
Foreign exchange gains		997,173	2	1,649,699	4	(40)
Gains on investments in debt instrument without active market	6(30)	559,726	1	-	-	-
Net other non-interest income	6(31) and 7	654,168	2	348,915	1	87
Net income		41,537,277	100	38,585,545	100	8
Bad debt expense and guarantee liability provisions	6(5)	(2,050,028)	(5)	(472,808)	(1)	334
Operating expenses						
Employee benefits expenses	6(32) and 7	(12,328,003)	(30)	(12,366,020)	(32)	-
Depreciation and amortization expenses	6(33)	(989,672)	(2)	(957,651)	(2)	3
Other general and administrative expenses	6(34) and 7	(5,645,817)	(13)	(5,673,595)	(15)	-
Income from continuing operations before income tax		20,523,757	50	19,115,471	50	7
Tax income expense	6(35)	(2,825,221)	(7)	(3,015,380)	(8)	(6)
Profit		17,698,536	43	16,100,091	42	10

(Continued)

FIRST COMMERCIAL BANK, LTD.
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share Amount)

		For the years ended December 31,				
		2016		2015(RESTATED)		Change
	Notes	Amount	%	Amount	%	Percentage
Other comprehensive income	6(24)					
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit plan		(23,732)	-	(708,018)	(2)	(97)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		4,034	-	120,363	-	(97)
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign financial statements		(2,443,142)	(6)	1,211,065	3	(302)
Unrealized gains on valuation of available-for-sale financial assets		467,613	1	432,477	1	8
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(8)	(101,131)	-	(66,193)	-	53
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		(2,713)	-	4,863	-	(156)
Other comprehensive (loss) income, net of tax		(2,099,071)	(5)	994,557	2	(311)
Total comprehensive income		$ 15,599,465	38	$ 17,094,648	44	(9)
Earnings per share (In NT dollars)	6(36)					
Basic and diluted earnings per share		$	1.99	$	1.93	$

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

FIRST COMMERCIAL BANK, LTD.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the parent							
			Retained Earnings			Other Equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on valuation of available-for-sale financial assets	Total
For the year ended December 31, 2015								
Balance at January 1, 2015	$ 75,859,000	$ 22,669,729	$ 27,039,492	$ 4,077,121	$ 16,534,049	$ 2,409,309	$ 4,622,218	$ 153,210,918
Appropriation and distribution of 2014 earnings								
Legal reserve	-	-	4,014,346	-	(4,014,346)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(7,000,000)	-	-	(7,000,000)
Stock dividends of ordinary shares	2,385,000	-	-	-	(2,385,000)	-	-	-
Net income for the year	-	-	-	-	16,100,091	-	-	16,100,091
Other comprehensive income for the year	-	-	-	-	(587,655)	1,145,888	436,324	994,557
Capital Increase by Cash	8,000,000	12,000,000	-	-	-	-	-	20,000,000
Share-based payments	-	178,487	-	-	-	-	-	178,487
Reversal of special reserve	-	-	-	(2,368)	2,368	-	-	-
Balance at December 31, 2015	$ 86,244,000	$ 34,848,216	$ 31,053,838	$ 4,074,753	$ 18,649,507	$ 3,555,197	$ 5,058,542	$ 183,484,053
For the year ended December 31, 2016								
Balance at January 1, 2016	$ 86,244,000	$ 34,848,216	$ 31,053,838	$ 4,074,753	$ 18,649,507	$ 3,555,197	$ 5,058,542	$ 183,484,053
Appropriation and distribution of 2015 earnings								
Legal reserve	-	-	4,830,027	-	(4,830,027)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(8,452,432)	-	-	(8,452,432)
Stock dividends of ordinary shares	2,820,000	-	-	-	(2,820,000)	-	-	-
Net income for the year	-	-	-	-	17,698,536	-	-	17,698,536
Other comprehensive income for the year	-	-	-	-	(19,698)	(2,544,314)	464,941	(2,099,071)
Reversal of special reserve	-	-	-	(2,132)	2,132	-	-	-
Balance at December 31, 2016	$ 89,064,000	$ 34,848,216	$ 35,883,865	$ 4,072,621	$ 20,228,018	$ 1,010,883	$ 5,523,483	$ 190,631,086

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

FIRST COMMERCIAL BANK, LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2016	2015(RESTATED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before income tax	$ 20,523,757	$ 19,115,471
Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities		
Income and expenses		
Provision for bad debt expense and guarantee liability	4,396,262	3,027,148
Depreciation of property and equipment	779,194	752,716
Depreciation of investment property	8,210	3,730
Amortization expense	202,268	201,205
Interest income	(40,359,605)	(41,314,707)
Interest expense	12,561,786	13,818,844
Dividend income	(655,542)	(417,718)
Share of (profit) loss of associates accounted for using equity method	(205,078)	1,202
Gains on disposal of plant and equipment	(69)	(22,105)
Losses on disposal of property and equipment	3,126	-
Gains on disposal of investment property	(11,082)	(8,171)
Reversal of impairment gains on assets	-	(4,552)
Share-based payments	-	176,069
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(1,581,496)	(2,069,729)
Decrease (increase) in financial assets at fair value through profit or loss	4,078,973	(37,217,884)
Decrease (increase) in receivables	11,399,734	(12,119,854)
(Increase) decrease in loans discounted	(67,217,350)	15,220,483
Increase in available-for-sale financial assets	(49,994,008)	(10,594,757)
Decrease (increase) in held-to-maturity financial assets	12,221,379	(49,149,019)
Decrease in other financial assets	5,188,942	12,765,582
Changes in operating liabilities		
(Decrease) increase in deposits from the Central Bank and banks	(2,370,186)	3,161,709
(Decrease) increase in financial liabilities at fair value through profit or loss	(6,589,572)	7,048,670
Increase in payables	3,286,922	846,602
Increase in deposits and remittances	25,628,720	122,390,319
Increase (decrease) in other financial liabilities	19,394,209	(25,455,040)
Decrease in liability provisions	(394,508)	(150,831)
(Decrease) increase in other liabilities	(913,235)	1,001,431
Cash flows (used in) provided by operations	(50,618,249)	21,006,814
Interest received	40,738,857	40,721,062
Interest paid	(12,573,669)	(13,652,283)
Dividend received	655,542	417,718
Dividend received(accounted for using equity method)	-	3,858
Income tax paid	(1,994,595)	(2,296,689)
Net cash flows (used in) provided by operating activities	(23,792,114)	46,200,480

(Continued)

FIRST COMMERCIAL BANK, LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31, 2016	For the years ended December 31, 2015(RESTATED)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for using the equity method	($ 20,000)	$ 943
Acquisition of property and equipment	(519,557)	(620,302)
Acquisition of investment property	(291)	-
Increase in intangible assets	(221,780)	(164,549)
Proceeds from disposal of property and equipment	212	34,446
Proceeds from disposal of investment property	17,957	28,107
Decrease in other assets	(160,627)	139,477
Net cash flows used in investing activities	(904,086)	(581,878)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and banks	32,771	(17,880)
Increase (decrease) in notes and bonds issued under repurchase agreements	4,924,456	(2,313,609)
Increase in financial bonds payable	-	2,400,000
Payment of cash dividends	(8,452,432)	(7,000,000)
Capital increase by cash	-	20,000,000
Net cash flows (used in) provided by financing activities	(3,495,205)	13,068,511
Effect of exchange rate changes on cash and cash equivalents	(2,763,721)	1,119,830
Net (decrease) increase in cash and cash equivalents	(30,955,126)	59,806,943
Cash and cash equivalents at beginning of year	247,881,740	188,074,797
Cash and cash equivalents at end of year	$ 216,926,614	$ 247,881,740
The components of cash and cash equivalents：		
Cash and cash equivalents as per balance sheet	$ 59,206,858	$ 45,249,970
Due from the Central Bank and call loans to banks qualified as cash and cash equivalents as defined by IAS No. 7	157,719,756	202,631,770
Cash and cash equivalents at end of year	$ 216,926,614	$ 247,881,740

FCB Subsidiaries & Affiliates

- First Commercial Bank
  - First Commercial Bank (USA)
    100% owned
  - FCB Leasing Co., Ltd.
    100% owned
    - FCBL Capital Int'l (B.V.I.) Ltd.
      100% owned
      - FCB International Leasing , Ltd.
        100% owned
      - FCB Leasing (Xiamen) Ltd.
        100% owned

December 31, 2016

Key Figures

As of and for the year ended December 31, 2016

(in NT$,000)

	Paid-in capital	Total assets	Total liabilities	Stockholder's equity	Operating profit	Net income	EPS (in dollars)
First Commercial Bank (USA)	2,101,600	16,050,142	12,454,242	3,595,900	195,873	98,538	14.08
FCB Leasing Co., Ltd.	3,000,000	6,807,082	3,691,114	3,115,968	-44,362	83,285	0.28
FCBL Capital Int'l (B.V.I.) Ltd.	1,791,218	2,865,733	1,142,990	1,722,743	28,314	77,441	0.04
FCB International Leasing, Ltd.	886,103	1,457,786	866,376	591,410	25,668	36,399	-
FCB Leasing (Xiamen) Ltd.	903,495	948,744	61,306	887,438	19,688	14,762	-

Domestic Offices Appointed to Conduct Foreign Exchange Business

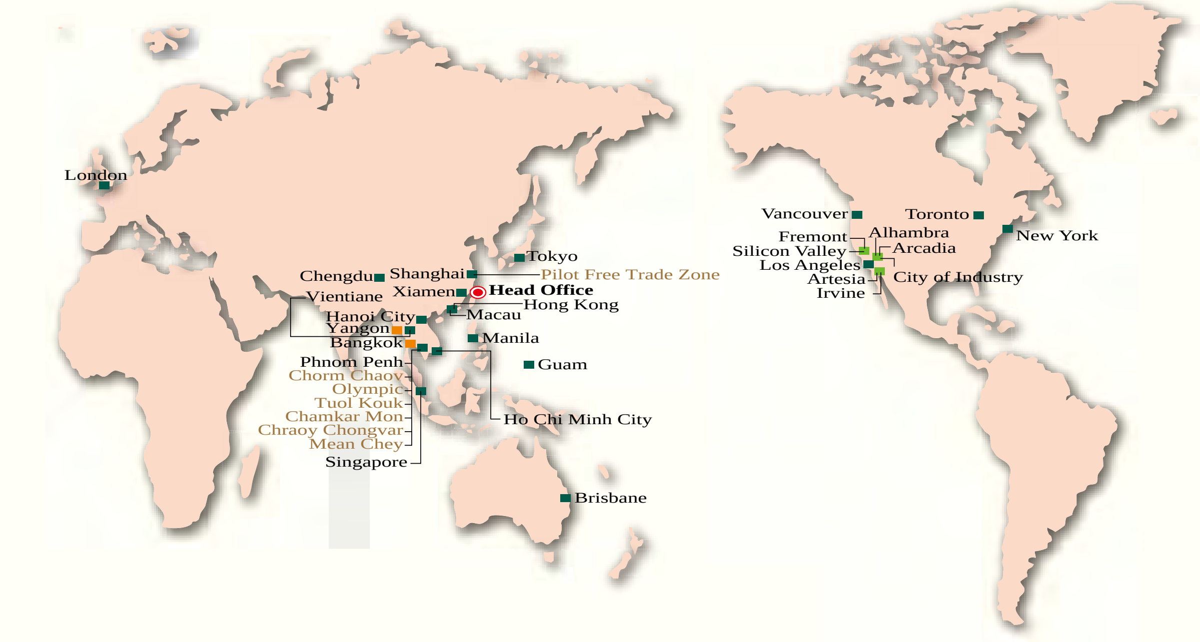
Branch	Address	Tel
International Banking Division Swift: FCBKTWTP	3 & 4 FL. 30, Chung King S. Rd., Sec.1, Taipei 100, Taiwan	886-2-23481111
Business Division	1 & 2 FL. 30, Chung King S. Rd., Sec.1, Taipei 100, Taiwan	886-2-23481111
An-Ho Branch	184, Hsin Yi Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-23256000
Nan-Kang Branch	2FL-8, 3, Park St., Nan Kang Dist., Taipei 115, Taiwan	886-2-26558777
Xi-Men Branch	52, Xining S. Rd., Wan Hua Dist., Taipei 108, Taiwan	886-2-23119111
Chung-Hsiao-Road Branch	94, Chung Hsiao E. Rd., Sec.2, Chung Cheng Dist., Taipei 100, Taiwan	886-2-23416111
Tung-Hu Branch	483 & 489, Min Chuan E. Rd., Sec.6, Nei Hu Dist., Taipei 114, Taiwan	886-2-26348811
Ching-Mei Branch	28,Ching Chung St., Wen Shan Dist., Taipei 116, Taiwan	886-2-29303011
Ta-Chih Branch	588, Ming Shui Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-85095611
Ta-Tao-Cheng Branch	63, Ti Hua St., Sec.1, Ta Tung Dist., Taipei 103, Taiwan	886-2-25553711
Hsin-Wei Branch	368 & 370, Fu Hsin S. Rd., Sec.1, Ta An Dist., Taipei 106, Taiwan	886-2-27557241
Chien-Cheng Branch	40, Cheng Teh Rd., Sec.1, Ta Tung Dist., Taipei 103, Taiwan	886-2-25556231
Hua-Shan Branch	22, Chang An E. Rd., Sec.1, Chung Shan Dist., Taipei 104, Taiwan	886-2-25368111
Ta-Tung Branch	178, Chung King N. Rd., Sec.3, Ta Tung Dist., Taipei 103, Taiwan	886-2-25913251
Hsin-Sheng Branch	8, Nanking E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25620256
Chien-Tan Branch	152, Cheng Teh Rd., Sec.4, Shih Lin Dist., Taipei 111, Taiwan	886-2-28802468
Yuan-Shan Branch	53, Min Chuan W. Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25979234
Chung-Shan Branch	61, Chung Shan N. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25211111
Chung-Lun Branch	188, Nanking E. Rd., Sec.5, Sung Shan Dist., Taipei 105, Taiwan	886-2-27606969
Nanking-East-Road Branch	125, Nanking E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25062111
Cheng-Tung Branch	103, Nanking E. Rd., Sec.3, Chung Shan Dist., Taipei 104, Taiwan	886-2-25062881
Min-Sheng Branch	131, Min Sheng E. Rd., Sec.3, Sung Shan Dist., Taipei 105, Taiwan	886-2-27138512
Sung-Chiang Branch	309, Sung Chiang Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25017171
Min-Chuan Branch	365, Fu Hsing N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-27192009
Pa-Teh Branch	111, Tun Hua S. Rd., Sec.1, Ta An Dist., Taipei 106, Taiwan	886-2-27318878
Chang-Chun Branch	169, Fu Hsin N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-27192132
Nei-Hu Branch	143 & 145, Cheng Kung Rd., Sec.3, Nei Hu Dist., Taipei 114, Taiwan	886-2-27932311
Sung-Shan Branch	1 &2 FL. 760, Pa Teh Rd., Sec.4, Sung Shan Dist., Taipei 105, Taiwan	886-2-27674111
Yen-Chi Branch	289, Chung Hsiao E. Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27315741
Kwang-Fu Branch	16, Kwang Fu N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-25773323
Hsin-Ya Branch	167, Yon Gji Rd., Hsin Yi Dist., Taipei 110, Taiwan	886-2-27655935
Yung-Chun Branch	451, Chung Hsiao E. Rd., Sec.5, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27682111
Neihu-Science-Park Branch	388, Nei Hu Rd., Sec.1, Nei Hu Dist., Taipei 114, Taiwan	886-2-87978711
Chi-Lin Branch	136, Chi Lin Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25311677
Jen-Ai Branch	50, Jen Ai Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27023111
Ta-An Branch	382, Hsin Yi Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27556811
Hsin-Yi Branch	7, Hsin Yi Rd., Sec.3, Ta An Dist., Taipei 106, Taiwan	886-2-23256811
Fu-Hsing Branch	36-10, Fu Hsing S. Rd., Sec.1, Chung Shan Dist., Taipei 104, Taiwan	886-2-27722345
Tun-Hua Branch	267, Tun Hua S. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27362711
Jen-Ho Branch	376, Jen Ai Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27556556
Shih-Mao Branch	65, Tun Hua S. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27849811
Mu-Cha Branch	11, Bao Yi Rd., Wen Shan Dist., Taipei 116, Taiwan	886-2-22345101
Sung-Mao Branch	18, Hsin Yi Rd., Sec.5, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27236111
Hsin-Hu Branch	159, Xing Ai Rd., Nei Hu Dist., Taipei 114, Taiwan	886-2-27931811
Ku-Ting Branch	95, Roosevelt Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-23695222

Branch	Address	Tel
Nan-Men Branch	94, Nan Chang Rd., Sec. 1, Chung Cheng Dist., Taipei 100, Taiwan	886-2-23947162
Kung-Kuan Branch	293, Roosevelt Rd., Sec.3, Ta An Dist., Taipei 106, Taiwan	886-2-23623111
Ho-Ping Branch	151, Ho Ping E. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27035111
Wan-Hua Branch	87, Kang Ding Rd., Wan Hua Dist., Taipei 108, Taiwan	886-2-23719221
Shuang-Yuan Branch	42, Chung Hua Rd., Sec. 2, Wan Hua Dist., Taipei 108, Taiwan	886-2-23068620
Tien-Mu Branch	60 & 62, Chung Chen Rd., Sec. 1, Shih Lin Dist., Taipei 111, Taiwan	886-2-28369898
Pei-Tou Branch	133, Guang Ming Rd., Pei Tou Dist., Taipei 112, Taiwan	886-2-28913921
Shih-Lin Branch	456 & 458, Chung Cheng Rd., Shih Lin Dist., Taipei 111, Taiwan	886-2-28370011
Chien-Kuo Branch	161 & 163, Min Sheng E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25060110
Wan-Lung Branch	347, Xing Long Rd., Sec. 2, Wen Shan Dist., Taipei 116, Taiwan	886-2-29326478
Shih-Pai Branch	100, Ming Teh Rd., Pei Tou Dist., Taipei 112, Taiwan	886-2-28209111
Pan-Chiao Branch	107, Szu Chuan Rd., Sec.1, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-29615171
Hua-Chiang Branch	329, Wen Hua Rd., Sec.1, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-22578091
Shu-Lin Branch	27-7 & 27- 8, Chung Shan Rd., Sec.1, Shu Lin Dist., New Taipei City 238, Taiwan	886-2-26833191
Tu-Cheng Branch	208, Chung Yang Rd., Sec. 3, Tu Cheng Dist., New Taipei City 236, Taiwan	886-2-22679611
Jiangzicui Branch	388, Wen Hua Rd., Sec. 2, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-82570111
Pei-Tu-Cheng Branch	37, Jin Cheng Rd., Sec. 3, Tu Cheng Dist., New Taipei City 236, Taiwan	886-2-22607811
Linkuo-Gong'er Branch	498, Chung Shan Rd., Lin Kou Dist., New Taipei City 244, Taiwan	886-2-26021101
San-Chung-Pu Branch	70, San Ho Rd., Sec.3, San Chung Dist., New Taipei City 241, Taiwan	886-2-29822111
Chang-Tai Branch	99, Chung Hsin Rd., Sec.2, San Chung Dist., New Taipei City 241, Taiwan	886-2-29884433
Lu-Chou Branch	12, Chung Shan 1st Rd., Lu Chou Dist., New Taipei City 247, Taiwan	886-2-82826788
Tou-Chien Branch	320, Hua Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-22762311
Wu-Ku Branch	90, Si Wei Rd., Wu Ku Dist., New Taipei City 248, Taiwan	886-2-29845577
Chung-Yang Branch	89, Chung Yang Rd., Sec.1, San Chung Dist., New Taipei City 241, Taiwan	886-2-29868822
Wu-Ku Ind. Zone Branch	117, Wu Gong Rd., Wu Ku Dist., New Taipei City 248, Taiwan	886-2-22997811
Tamsui Branch	183, Chung Cheng Rd., Tamsui Dist., New Taipei City 251, Taiwan	886-2-26202611
Hsin-Tien Branch	134, Chung Hsing Rd., Sec.3, Hsin Tien Dist., New Taipei City 231, Taiwan	886-2-29181835
Dapinglin Branch	82, Min Chuan Rd., Hsin Tien Dist., New Taipei City 231, Taiwan	886-2-22184651
Tai-Shan Branch	135 & 137, Ming Zhi Rd., Sec. 1, Tai Shan Dist., New Taipei City 243, Taiwan	886-2-29097111
Hsin-Chuang Branch	316, Chung Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29929001
Ying-Ko Branch	1, Jen Ai Rd., Ying Ko Dist., New Taipei City 239, Taiwan	886-2-26791921
Chung-Ho Branch	152, Chung Shan Rd.,Sec.2, Chung Ho Dist., New Taipei City 235, Taiwan	886-2-22495011
Yung-Ho Branch	296, Fu Ho Rd., Yung Ho Dist., New Taipei City 234, Taiwan	886-2-29221711
Shuang-Ho Branch	91, An Le Rd., Chung Ho Dist., New Taipei City 235, Taiwan	886-2-29408000
Lien-Cheng Branch	258, Lien Cheng Rd., Chung Ho Dist., New Taipei City 235, Taiwan	886-2-82272111
Jui-Fang Branch	76, Ming Deng Rd., Sec. 3, Jui Fang Dist., New Taipei City 224, Taiwan	886-2-24967711
Pu-Chien Branch	1FL., 3, Min Sheng Rd., Sec.1, Pan Chiao Dist., Taipei 220, Taiwan	886-2-29599211
Dan-Feng Branch	669-1, Chung Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29021111
Hsi-Chih Branch	280, Ta Tung Rd., Sec.1, Hsi Chih Dist., New Taipei City 221, Taiwan	886-2-26471688
Hsi-Ko Branch	133, Ta Tung Rd., Sec.2, Hsi Chih Dist., New Taipei City 221, Taiwan	886-2-86926000
Hsing-Fu Branch	1 & 2FL., 688, Hsing Fu Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29989111
Keelung Branch	103, Hsiao 3rd Rd., Jen Ai Dist., Keelung City 200, Taiwan	886-2-24279121
Shao-Chuan-Tou Branch	1 & 2FL., 57, Yi 1st Rd., Chung Cheng Dist., Keelung City 202, Taiwan	886-2-24266141
I-Lan Branch	152, Chung Shan Rd., Sec.3, I Lan City, I Lan County 260, Taiwan	886-3-9324111
Lo-Tung Branch	165, Chung Cheng Rd., Lo Tung Township, I Lan County 265, Taiwan	886-3-9545611-8
Su-Ao Branch	12, Chung Shan Rd., Sec.1, Su Ao Township, I Lan County 270, Taiwan	886-3-9962711-6
Tao-Yuan Branch	55, Min Tsu Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3326111
Pei-Tao Branch	258 & 260, San Min Rd., Sec. 2, Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3353131
Chung-Cheng Branch	1298 & 1300, Chung Cheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3171838
Ta-Nan Branch	919, Jie Shou Rd., Sec. 1, Pa Teh Dist., Taoyuan City 334, Taiwan	886-3-3661966

Branch	Address	Tel
Nei-Li Branch	117, Hsin Yi Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4552410
Chung-Li Branch	14, Fu Hsing Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4225111
Hsi-Li Branch	30, Chung Yang W. Rd., Sec. 2, Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4918111
Ping-Cheng Branch	68, Huan Xi Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4939211
Ta-Yuan Branch	63, Xin Sheng Rd., Ta Yuan Dist., Taoyuan City 337, Taiwan	886-3-3857111
Nan-Kan Branch	112 & 114, Chung Cheng Rd., Lu Chu Dist., Taoyuan City 338, Taiwan	886-3-3216882
Hui-Lung Branch	161, Wan Shou Rd., Sec. 1, Gui Shan Dist., Taoyuan City 333, Taiwan	886-3-82006111
Lin-Kou Branch	76 & 78, Wen Hua 2nd Rd., Gui Shan Dist., Taoyuan City 333, Taiwan	886-3-3186611
Ta-Hsi Branch	111, Kang Chuang Rd., Ta Hsi Dist., Taoyuan City 335, Taiwan	886-3-3882101
Lung-Tan Branch	80, Chung Cheng Rd., Lung Tan Dist., Taoyuan City 325, Taiwan	886-3-4991111
Hsin-Chu Branch Swift: FCBKTWTP301	3, Ing Ming St., North Dist., Hsinchu 300, P.O.Box 30, Hsinchu, Taiwan	886-3-5226111
Tung-Men Branch	216, Tung Men St., North Dist., Hsinchu 300, Taiwan	886-3-5249211
Hsinchu-Science-Park Branch	611, Kwang Fu Rd., Sec.1, East Dist., Hsinchu 300, Taiwan	886-3-5637111
Chu-Tung Branch	30, Tung Lin Rd., Chu Tung Township, Hsinchu County 310, Taiwan	886-3-5963251
Kuan-Hsi Branch	18, Cheng Yi Rd., Kuan Hsi Township, Hsinchu County 306, Taiwan	886-3-5872411
Chu-Pei Branch	210, Guang Ming 5th St., Chu Pei City, Hsinchu County 302, Taiwan	886-3-5559111
Miao-Li Branch	601, Chung Cheng Rd., Miao Li City, Miaoli County 360, Taiwan	886-37-322411
Chu-Nan Branch	53, Min Tsu St., Chu Nan Township, Miaoli County 350, Taiwan	886-37-477111
Tou-Fen Branch	67, Chung Cheng Rd., Tou Fen Township, Miaoli County 351, Taiwan	886-37-672611
Taichung Branch Swift: FCBKTWTP401	144, Tzu Yu Rd., Sec.1, West Dist., Taichung 403, P.O.Box 7, Taichung, Taiwan	886-4-22233611
Nan-Taichung Branch	33 & 35, Fu Hsing Rd., Sec.4, East Dist., Taichung 401, Taiwan	886-4-22231111
Pei-Taichung Branch	501, Taiwan Blvd., Sec. 1, Central Dist., Taichung 400, Taiwan	886-4-22238111
Chung-Kang Branch	912, Taiwan Blvd., Sec. 2, Hsi Tun Dist., Taichung 407, Taiwan	886-4-23136111
Pei-Tun Branch	696, Wen Hsin Rd., Sec.4, Pei Tun Dist., Taichung 406, Taiwan	886-4-22366111
Chin-Hua Branch	236, Chin Hua N. Rd., North Dist., Taichung 404, Taiwan	886-4-22300311
Nan-Tun Branch	668, Wu Chuan W. Rd., Sec. 2, Nan Tun Dist., Taichung 408, Taiwan	886-4-23801515
Feng-Yuan Branch	423, Chung Shan Rd., Feng Yuan Dist., Taichung 420, Taiwan	886-4-25225111
Ta-Li Branch	43, 45 & 47, Tung Lung Rd., Ta Li Dist., Taichung 412, Taiwan	886-4-24838111
Taichung-Science-Park Branch	6-3, Chung Ko Rd., Ta Ya Dist., Taichung 428, Taiwan	886-4-25659111
Tung-Shih Branch	449, Feng Shih Rd., Tung Shih Dist., Taichung 423, Taiwan	886-4-25874121
Sha-Lu Branch	355, Chung Shan Rd., Sha Lu Dist., Taichung 433, Taiwan	886-4-26621331
Ta-Chia Branch	361 & 363, Shun Tien Rd., Ta Chia Dist., Taichung 437, Taiwan	886-4-26882981
Tai-Ping Branch	1 & 2FL., 50, Chung Hsing E. Rd., Tai Ping Dist., Taichung 411, Taiwan	886-4-22799011
Ching-Shui Branch	35-10, Guang Ming Rd., Ching Shui Dist., Taichung 436, Taiwan	886-4-26238111
Ta-Ya Branch	96, Chung Ching E. Rd., Ta Ya Dist., Taichung 428, Taiwan	886-4-25686111
Nan-Tou Branch	2, Chung Shan 1st St., Nan Tou City, Nantou County 540, Taiwan	886-49-2223111
Tsao-Tun Branch	256, Tai Ping Rd., Sec. 2, Tsao Tun Township, Nantou County 542, Taiwan	886-49-2338181
Pu-Li Branch	97, Xi An Rd., Sec. 1, Pu Li Township, Nantou County 545, Taiwan	886-49-2982711
Chang-Hua Branch	48, Ho Ping Rd., Chang Hua City, Changhua County 500, Taiwan	886-4-7232161
Yuan-Lin Branch	26, Yu-Ying Rd., Yuan Lin Township, Changhua County 510, Taiwan	886-4-8328811
Lu-Kang Branch	301, Chung Shan Rd., Lu Kang Township, Changhua County 505, Taiwan	886-4-7772111
Hsi-Hu Branch	166, Chang Shui Rd., Sec. 3, Hsi Hu Township, Changhua County 514, Taiwan	886-4-8824111
Pei-Dou Branch	35, Chung Shan Rd., Sec.2, Pei Dou Township, Changhua County 521, Taiwan	886-4-8782111
Ho-Mei Branch	84, 86 & 88, Ho Xian Rd., Ho Mei Township, Changhua County 508, Taiwan	886-4-7551111
Chia-Yi Branch	307, Chung Shan Rd., East Dist., Chiayi City 600, Taiwan	886-5-2272111
Hsing-Chia Branch	425 & 427, Hsing Ye W. Rd., West Dist., Chiayi City 600, Taiwan	886-5-2859833
Pu-Tzu Branch	135, Chung Cheng Rd., Pu Tzu City, Chiayi County 613, Taiwan	886-5-3795111
Dou-Liu Branch	16, Tai Ping Rd., Dou Liu City, Yunlin County 640, Taiwan	886-5-5324311

Branch	Address	Tel
Pei-Kang Branch	96, Chung Cheng Rd., Pei Kang Township, Yunlin County 651, Taiwan	886-5-7833211
Hsi-Lo Branch	189, Yan Ping Rd., Hsi Lo Township, Yunlin County 648, Taiwan	886-5-5862131
Hu-Wei Branch	83, Chung Cheng Rd., Hu Wei Township, Yunlin County 632, Taiwan	886-5-6322330
Tainan Branch Swift: FCBKTWTP601	82, Chung Yi Rd., Sec.2, West Central Dist., Tainan 700, P.O.Box 10, Tainan, Taiwan	886-6-2224131
Fu-Chiang Branch	31, Tung Men Rd., Sec. 3, East Dist., Tainan 701, Taiwan	886-6-2904453
Chih-Kan Branch	217, Cheng Kung Rd., West Central Dist., Tainan 700, Taiwan	886-6-2268111
Chu-Hsi Branch	98, Ta Tong Rd., Sec. 1, West Central Dist., Tainan 700, Taiwan	886-6-2160111
Chin-Cheng Branch	105, Xia Lin Rd., South Dist., Tainan 702, Taiwan	886-6-2248833
An-Nan Branch	500, Hai Dian Rd., Sec. 2, An Nan Dist., Tainan 709, Taiwan	886-6-2465111
Hsin-Ying Branch	150, Chung Shan Rd., Hsin Ying Dist., Tainan 730, Taiwan	886-6-6324211
Yen-Shui Branch	57, San Fu Rd., Yen Shui Dist., Tainan 737, Taiwan	886-6-6521611
Ma-Tou Branch	12, Hsing Chung Rd., Ma Tou Dist., Tainan 721, Taiwan	886-6-5729901
Shan-Hua Branch	366, Chung Shan Rd., Shan Hua Dist., Tainan 741, Taiwan	886-6-5817350
Chia-Li Branch	225, Wen Hua Rd., Chia Li Dist., Tainan 722, Taiwan	886-6-7226111
Hsin-Hua Branch	374, Chung Cheng Rd., Hsin Hua Dist., Tainan 712, Taiwan	886-6-5901111
Ta-Wan Branch	5, Yong Ta Rd., Sec. 2, Yung Kang Dist., Tainan 710, Taiwan	886-6-2713251
Tainan-Science-Park Branch	2FL., 15, Nan Ko 3rd Rd., Hsin Shi Dist., Tainan 744, Taiwan	886-6-5051111
Kuei-Jen Branch	55 & 57, Chung Shan Rd., Sec. 2, Kuei Jen Dist., Tainan 711, Taiwan	886-6-3300111
Yung-Kang Branch	109, Chung Cheng S. Rd., Yung Kang Dist., Tainan 710, Taiwan	886-6-2513211
Kaohsiung Branch Swift: FCBKTWTP701	28, Min Chuan 1st Rd., Ling Ya Dist., Kaohsiung 802, P.O.Box16, Kaohsiung, Taiwan	886-7-3350811
Yen-Cheng Branch	115, Ta Jen Rd., Yen Cheng Dist., Kaohsiung 803, Taiwan	886-7-5519201
Hsin-Hsing Branch	17, Chung Cheng 4th Rd., Hsin Hsing Dist., Kaohsiung 800, Taiwan	886-7-2719111
San-Min Branch	291, Chung Hua 3rd Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-2718111
Ling-Ya Branch	61, Wu Fu 3rd Rd., Qian Jin Dist., Kaohsiung 801, Taiwan	886-7-2822111
Tso-Ying Branch	411 & 413, Tso Ying Avenue, Tso Ying Dist., Kaohsiung 813, Taiwan	886-7-5815511
Nan-Tzu Branch	3, Nan Tzu Rd., Nan Tzu Dist., Kaohsiung 811, Taiwan	886-7-3511211
Wu-Fu Branch	161, Chung Cheng 2nd Rd., Ling Ya Dist., Kaohsiung 802, Taiwan	886-7-2225111
Shih-Chuan Branch	57, Tsu Yu 1st Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-3112131
Chien-Cheng Branch	191, San Duo 3rd Rd., Chien Cheng Dist., Kaohsiung 806, Taiwan	886-7-3344191
Wan-Nei Branch	147, Ta Shun 2nd Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-3821526
Po-Ai Branch	426, Po Ai 2nd Rd., Tso Ying Dist., Kaohsiung 813, Taiwan	886-7-5588311
Hsiao-Kang Branch	182, Yan Hai 1st Rd., Hsiao Kang Dist., Kaohsiung 812, Taiwan	886-7-8066601
Wu-Chia Branch	1 & 2FL., 322, Bao Tai Rd., Feng Shan Dist., Kaohsiung 830, Taiwan	886-7-7260211
Feng-Shan Branch	1, Cheng Kung Rd., Feng Shan Dist., Kaohsiung 830, Taiwan	886-7-7463611
Lu-Chu Branch	1187, Chung Shan Rd., Lu Chu Dist., Kaohsiung 821, Taiwan	886-7-6963211
Kang-Shan Branch	275, Kang Shan Rd., Kang Shan Dist., Kaohsiung 820, Taiwan	886-7-6212111
Chi-Shan Branch	120, Chung Shan Rd., Chi Shan Dist., Kaohsiung 842, Taiwan	886-7-6621811
Lin-Yuan Branch	459, Lin Yuan N. Rd., Lin Yuan Dist., Kaohsiung 832, Taiwan	886-7-6436111
Tzu-Beng Branch	306, Chung Cheng Rd., Tzu Guan Dist., Kaohsiung 826, Taiwan	886-7-6172111
Ping-Tung Branch	308, Min Sheng Rd., Ping Tung City, Pingtung County 900, Taiwan	886-8-7325111
Chao-Chou Branch	107-1, Chung Shan Rd., Chao Chou Township, Pingtung County 920, Taiwan	886-8-7883771
Tung-Kang Branch	23, Chao Yang St., Tung Kang Township, Pingtung County 928, Taiwan	886-8-8350111
Heng-Chun Branch	17, Chung Cheng Rd., Heng Chun Township, Pingtung County 946, Taiwan	886-8-8893231
Wan-Luan Branch	29, Chung Cheng Rd., Wan Luan Township, Pingtung County 923, Taiwan	886-8-7811211
Hua-Lien Branch	22, Gong Yuan Rd., Hualien City, Hualien County 970, Taiwan	886-3-8324611
Tai-Tung Branch	397, Chung Hua Rd., Sec. 1, Taitung City, Taitung County 950, Taiwan	886-89-324211
Peng-Hu Branch	88, Guang Fu Rd., Ma Gong City, Penghu County 880, Taiwan	886-6-9273211

Overseas Network



Overseas Branches

- **Brisbane Branch**
  Mezzanine Fl., 199 George Street
  Brisbane QLD 4000, Australia
  Tel: 61-7-3211-1001
  Fax: 61-7-3211-1002
- **Chengdu Branch**
  Unit No.1,9,10, 16F, Chengdu IFS Tower 1,
  No.1 Hongxing Road Section 3,
  Jinjiang District, Chengdu, Sichuan Province, 610021 China
  Tel: 86-28-86586311
  Fax: 86-28-86586312
- **Guam Branch**
  1st Fl., 330 Hernan Cortes Ave.
  Hagatna, Guam 96910 U.S.A.
  P.O.Box 2461 Hagatna, Guam
  Tel: 1-671-472-6864
  Fax: 1-671-477-8921
- **Hanoi City Branch**
  8th Floor, Charmvit Tower
  117 Tran Duy Hung Road
  Trung Hoa Ward, Cau Giay District
  Hanoi City, Vietnam
  Tel: 84-43-9362-111
  Fax: 84-43-9362-112
- **Ho Chi Minh City Branch**
  21 Fl., A&B Tower
  76A Le Lai Street, District 1
  Ho Chi Minh City, Vietnam
  Tel: 84-8-3823-8111
  Fax: 84-8-3822-1747
- **Hong Kong Branch**
  Rm 1101, 11 Fl.,
  Hutchison House, 10 Harcourt Road, Central, Hong Kong
  Tel: 852-2868-9008
  Fax: 852-2526-2900
- **London Branch**
  Bowman House, 29, Wilson Street
  London EC2M 2SJ, U.K.
  Tel: 44-20-7417-0000
  Fax: 44-20-7417-0011
- **Los Angeles Branch**
  600, Wilshire Blvd., Suite 800
  Los Angeles, CA 90017, U.S.A.
  Tel: 1-213-362-0200
  Fax: 1-213-362-0244
- **Macau Branch**
  16 Fl., Finance and IT Centre of Macau
  Avenida Comercial de Macau
  Tel: 853-2857-5088
  Fax: 853-2872-2772
- **Manila Branch**
  20F., Tower6789, 6789 Ayala Avenue,
  Makati City, Metro Manila, Philippines
  Tel: 63-2-9601111
  Fax: 63-2-9446672
- **New York Branch**
  750, Third Avenue, 34th Fl.,
  New York, NY 10017, U.S.A.
  Tel: 1-212-599-6868
  Fax: 1-212-599-6133
- **Phnom Penh Branch**
  66, Norodom Blvd.
  Sangkat Cheychomnoas, Khan Daun Penh
  Phnom Penh, Cambodia
  Tel: 855-23-210026-8
  Fax: 855-23-210029
- **Chamkar Mon Sub-Branch**
  1F, No.216B, Norodom Blvd (41)
  Sangkat Tonle Basak, Khan Chamkar Mon
  Phnom Penh, Cambodia
  Tel: 855-23-726806~8
  Fax: 855-23-726809
- **Chorm Chaov Sub-Branch**
  3,5,7 & 9, Prey Chisak Village, Sangkat Chorm Chaov, Khan Dangkor
  Phnom Penh, Cambodia
  Tel: 855-23-865171~3
  Fax: 855-23-865175
- **Chraoy Chongvar Sub-Branch**
  No.F08-F09,Street National Road No6A, Phum3, Sangkat Chraoy Chongvar, Khan Chraoy Chongvar,
  Phnom Penh, Cambodia
  Tel: 855-23-432156~8
  Fax: 855-23-432159
- **Mean Chey Sub-Branch**
  No 14A&15A, Street Chaom Chau,
  Phum Damnak Thum, Sangkat Stueng Mean Chey, Khan Mean Chey, Phnom Penh, Cambodia
  Tel: 855-92-888602~3
  Fax: 855-23-210029
- **Olympic Sub-Branch**
  155AB, Street 215, Sangkat Phsar Depo 1, Khan Tuolkork
  Phnom Penh, Cambodia
  Tel: 855-23-880392~4
  Fax: 885-23-880396
- **Tuol Kouk Sub-Branch**
  No.89E, KIM IL SUNG Blvd (289)
  Sangkat Boeng Kak Ti Pir, Khan Tuol Kouk
  Phnom Penh, Cambodia
  Tel: 855-23-885891~3
  Fax: 885-23-885890
- **Shanghai Branch**
  JH Gubei 88 Building
  86, Ronghua East Road
  Shanghai 201103, China
  Tel: 86-21-2227-0611
  Fax: 86-21-3209-6117
- **Shanghai Pilot Free Trade Zone Sub-Branch**
  Room 2210-2215, Tomson International Trade Building
  No.1 JiLong Road, Pudong New District
  Shanghai 200131, China
  Tel: 86-21-2069-0611
  Fax: 86-21-2069-0500
- **Singapore Branch**
  77, Robinson Road, #01-01 and #10-01
  Singapore 068896
  Tel: 65-6593-0888
  Fax: 65-6225-1905
- **Tokyo Branch**
  23 Fl., Otemachi NOMURA Building 1-1
  Otemachi 2-Chome Chiyoda-Ku
  Tokyo 100-0004, Japan
  Tel: 81-3-3279-0888
  Fax: 81-3-3279-0887
- **Toronto Branch**
  5000 Yonge Street, Suite 1803
  Toronto, ON M2N 7E9, Canada
  Tel: 1-416-250-8788
  Fax: 1-416-250-8081
- **Vancouver Branch**
  #100-5611 Cooney Road
  Richmond, BC V6X 3J6, Canada
  Tel: 1-604-207-9600
  Fax: 1-604-207-9638
- **Vientiane Branch**
  No.61, 23 Singha Road, Phonxay Village, Saysettha District
  Vientiane Capital, Lao PDR
  Tel: 856-21-415318
  Fax: 856-21-415317
- **Xiamen Branch**
  Unit EFGH, 30F, International Plaza,
  No.8 Lujiang Road, Siming District,
  Xiamen, Fujian Province, 361001 China
  Tel: 86-592-8169111
  Fax: 86-592-2260900

Overseas Representative Office

- **Bangkok Representative Office**
  9 Fl., Sathorn City Tower
  175, South Sathorn Road
  Tungmahamek, Sathorn
  Bangkok 10120, Thailand
  Tel: 662-679-5291
  Fax: 662-679-5295
- **Yangon Representative Office**
  7, Nichol's Avenue
  Parami Road, Mayangone Township, Yangon, Myanmar
  Tel: 95-1-9669568
  Fax: 95-1-9669582

Subsidiary

First Commercial Bank (USA)

- **Head Office & Alhambra Branch**
  200 E. Main Street
  Alhambra, CA 91801, U.S.A.
  Tel: 1-626-300-6000
  Fax: 1-626-3006030
- **Arcadia Branch**
  1309 S. Baldwin Ave.
  Arcadia, CA 91007, U.S.A.
  Tel: 1-626-254-1828
  Fax: 1-626-254-1883
- **Artesia Branch**
  17808 Pioneer Blvd., Suite 108
  Artesia, CA 90701, U.S.A.
  Tel: 1-562-207-9858
  Fax: 1-562-207-9862
- **City of Industry Branch**
  18725 E. Gale Ave. Suite 150
  City of Industry, CA 91748, U.S.A.
  Tel: 1-626-964-1888
  Fax: 1-626-964-0066
- **Fremont Branch**
  46691 Mission Blvd., Suite 230,
  Fremont, CA 94539, U.S.A.
  Tel: 009-1-510-933-0270
  Fax: 009-1-510-933-0278
- **Irvine Branch**
  4250 Barranca Parkway, Suite E
  Irvine, CA 92604, U.S.A.
  Tel: 1-949-654-2888
  Fax: 1-949-654-2899
- **Silicon Valley Branch**
  1141 S. De Anza Blvd.
  San Jose, CA 95129, U.S.A.
  Tel: 1-408-253-4666
  Fax: 1-408-253-4672

April 2017

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