第一銀行
First Bank

2015 ANNUAL REPORT

第一銀行 ‧ First Bank　第一銀行 ‧ First Bank

Contents

First Commercial Bank
30, Chung-King S. Road, Sec. 1
Taipei 100-05, Taiwan
Tel: 886-2-2348-1111 Fax: 886-2-2361-0036
http://www.firstbank.com.tw
e-mail: fcb@mail.firstbank.com.tw

Spokesperson
Mr. Chung-Huei Yeh
Executive Vice President

Auditor Report
PricewaterhouseCoopers
Tel: 886-2-2729-6666

Rating Agency
Taiwan Ratings Corp.
Tel: 886-2-8722-5822

Highlights

(in millions)	12.31.2015 NTD	12.31.2014 NTD	12.31.2015 USD
Major financial data at year end			
Total assets	2,437,081	2,296,743	74,120
Loan discounted, net	1,480,109	1,497,007	45,015
Deposits and remittances	1,949,301	1,826,398	59,285
Common stock	86,244	75,859	2,623
Equity	183,484	153,211	5,580
Operating results			
Total revenues	71,425	67,307	2,172
Total expenses	52,243	51,308	1,589
Pre-tax income	19,182	15,999	583
Income tax	(3,082)	(2,618)	(94)
Net income	16,100	13,381	490
Capital adequacy ratio	13.94%	11.81%	
World rank			
The Banker - by tier 1 capital (12/14)	234	237	
The Banker - by total assets (12/14)	209	204	
Distribution network			
Domestic full/mini/sub-branches	190/0/0	190/0/0	
Overseas branches/sub-branches/rep. offices/OBU	18/5/2/1	16/5/2/1	
First Commercial Bank (USA)	1 main office and 7 branches	1 main office and 7 branches	
Number of employees	7,678	7,543	

*NT$32.88:US$1.00

*The Major Financial Data and Operating Results of 2015 and 2014 are Accordance with IFRS.

History

First Commercial Bank has grown strongly and steadily with Taiwan's economic development over the last 116 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.

Message to Our Shareholders

Business Report for 2015

Ching-Nain Tsai
Chairman of the Board

Overview of Global Economy

The global economy in 2015 grew only marginally against a backdrop of slumping prices of crude oil and other major commodities, a slowdown in emerging markets and a significant decline in global trade. Given this weakness, in the second half of the year, several global institutions, including the OECD, the IMF and the World Bank, cut their 2015 and 2016 growth outlook. At the same time, diverging trends in developed economies became ever more evident. The U.S. offered relative strength with encouraging employment and inflation figures, leading to the U.S. Fed's decision to raise its benchmark federal-funds rate in December 2015 after it had spent seven years at near-zero. The eurozone's recovery continued on a slow yet steady path, supported by the ECB's monetary stimulus, lower oil prices and a weak euro despite the debt problems in Greece and the economic challenges of the refugee influx. Japan's economy continued to stumble amid flagging demand at home and abroad. China's efforts to shift its growth model from one based on external demand to one driven by domestic consumption caused a sharp decline in export and import activity, which rippled through other parts of the world.

Overview of Domestic Economy

In Taiwan, trade activity took a hit in 2015 from slowing global demand, challenges posed by the rise of China's IT supply chain and plummeting prices of crude oil and other commodities. Exports fell 10.6% to a six-year low. Private consumption also slowed down as people held off spending after the economy changed direction in the second half of the year. A short-term stimulus program launched in the year-end quarter achieved only limited success in spurring spending. Corporations also became less willing to invest in light of a sluggish housing market, a contraction in building activity and a disappointing growth outlook. Taiwan's economy grew 0.75% for the whole of 2015, the slowest pace since the 2008-09 financial crisis, reflecting weak external and internal conditions. As for interest rates, the Central Bank of R.O.C (Taiwan) cut its discount rate in the third and fourth quarter of the year by 0.125 percentage points each time to 1.625%. The local currency remained largely weak owing to the central bank's rate cuts, the U.S. tightening of monetary policy and weaker-than-expected global growth.

The financial sector did not escape unharmed by the adverse effects of stagnant world trade, which has caused Taiwan's exports to start declining every single month since February 2015. This, in turn, weighed on domestic lending activities and lenders' profit despite a higher share of profit from overseas operations. Pre-tax profit reported by domestic banks came in at NT$319.6 billion in 2015, down 0.15% from the prior year. The average return on assets and the return on equity fell to 0.75% and 10.58%, respectively. The overall asset quality nevertheless improved as banks increased their loan-loss provisions, with the average non-performing loan ratio dropping by 0.02 percentage points year-on-year to 0.23% at the end of 2015. The loan-loss coverage ratio rose by 39.05 percentage points in the year to 555.43%, a sign of improved risk coverage of local banks.

Po-Chiao Chou
President

Organizational Structure

In February 2015, we reorganized our operations in order to respond to the trends shaping the global banking industry, realize synergies and enhance operational efficiency:

- We formed Taipei Regional Center 1 and Taipei Regional Center 2 to support business growth in northern Taiwan. Loan approval and mortgage registration/cancellation, functions that were previously implemented by the Credit Approval Department 2 under the Credit Approval Division, plus claim review, credit monitoring and recovery of bad loans, functions originally owned by the Special Asset Management Department of the Special Asset Management Division, were transferred to Taipei Regional Center 1 and Taipei Regional Center 2.
- After some functions of Credit Approval Department 2 were moved to Taipei Regional Center 1 and Taipei Regional Center 2, the department's remaining functions were incorporated into Credit Approval Department 1, which was later renamed the Credit Approval Department.
- The Overseas Business Planning Department was established with the responsibility of planning, managing and overseeing overseas business operations.

- The Urban Regeneration Department was merged into the SME Banking Department in order to facilitate more efficient human resource management and to improve operational efficiency.

In April 2015, we put our overseas operations further into focus by transferring certain functions of the Overseas Business Management Departments 1 and 2 to the Overseas Business Planning Department. These functions included the evaluation, planning and implementation of investments and M&A transactions in foreign companies, as well as the creation, relocation and dissolution of overseas units.

In August of the same year, we moved to align the organization with our digital strategy in order to respond to emerging trends in digital banking and more clearly determine responsibilities and resource allocation across units.
As a result, the Electronic Banking Division was renamed the Digital Banking Division with the mission to plan, implement and manage digital banking initiatives. The structure of the division was changed accordingly:

- The Digital Application Department was created within the division to develop and promote new payment options, innovate on the customer experience, manage social media marketing and explore cross-industry collaborations.
- The Electronic Channel Service Department was renamed the Digital Channel Department to better reflect its focus on intelligent, interactive devices and wearable technologies that are increasingly adopted by the users of digital channels.
- The Customer Relationship Management Department was renamed the CRM & Marketing Department. The analysis of credit card customer profiles and transaction data was added to the responsibilities of the department in order to enable better and more efficient management of client information and leverage data analytics to achieve targeted marketing.

Moreover, the Branch Operation Supervision Department was dissolved with some of its functions, such as the oversight of operational control, compliance, self-audit and disciplinary management at the branches, transferred to the regional centers. Its other functions were merged into the Operational Planning Department of the Operation Planning & Administration Division.

Performance in 2015

During 2015, we announced "Be First with Us, Your Integrated and Innovative Partner" as our annual theme and focused on five priorities that underlined management actions and financial planning. These five priorities were:

driving cross-border connectivity and collaborations within Asia-Pacific region; integrating services to increase market penetration and customer value; innovating on products and channels to create a seamless customer experience; using capital efficiently to improve the return; and contributing to environmental sustainability and promoting values that shape a happy company culture.

Our success in the past year would not have been possible without the dedication and hard work of our employees. A discussion of selected highlights, both financial and otherwise, as follows:

Sustained Profit Growth

In 2015, our pre-tax profit increased 20.10% to another record high of NT$19,050 million, reflecting higher net interest income and net fee income as well as lower loan-loss provisions. The result demonstrated our ongoing progress in driving service penetration, increasing client engagement, improving the use of capital and enhancing return on capital.

During the year, our non-performing loan ratio set a multi-year low of 0.19% and our loan-loss coverage ratio increased to 751.03% at the end of 2015, reflecting our ability to balance risk and return and maintain sound asset quality.

Solid Capital Adequacy

We have made strategic efforts to optimize our credit portfolio, increase capital deductions and take a capital-light approach to business development by focusing on fee-based businesses. Meanwhile, our capital position was strengthened significantly following an NT$20 billion capital injection by our parent company, First Financial Holdings, in September 2015. Our total capital ratio and tier 1 capital ratio stood at 13.67% and 10.93% as of year-end 2015, far above the 2019 minimum capital requirements of 10.5% and 8.5%. The upgrade of our credit rating by international ratings agencies affirmed continued improvement in our financial fundamentals.

Strengthening Connectivity within Asia-Pacific Region

2015 was a breakthrough year for First Bank. We established our third mainland branch in Xiamen, China in April. We also opened a new branch in Vientiane, the capital of Laos, in March. Two sub-branches were opened in Chroy Changvar and Khan Mean Chey under the Phnom Penh branch in Cambodia on January 27, 2016. We continued to expand our presence in the Asia-Pacific market with 20 of our 34 overseas branches and offices located in Asia, including six in China/Hong Kong/Macau, 13 in Southeast Asia and one in Northeast Asia. We also continued with the localization of foreign branches and the delivery of cross-border services during the year, supporting multinational corporations with cross-border financing, syndicated loans, foreign loans with domestic security, receivables financing and supply and distribution chain solutions. Moreover, a mechanism designed to drive cross referrals and collaboration revenue between local and foreign units helped identify and realize revenue opportunities.

Market-Leading Positions in SME Lending and Wealth Management

In 2015, we remained the market leader in SME lending for a fifth straight year with outstanding SME loans of NT$608.2 billion. We received an excellent rating in the Financial Supervisory Commission's review of local SME lenders and were recognized with distinction for contributing to geographically balanced development. In addition, we received honors including Excellence in Direct Credit Guarantee and Outstanding Support of Young Start-up Entrepreneurs from the Small and Medium Enterprise Credit Guarantee Fund.

We continued to be one of Taiwan's top wealth managers with a long-time dedication to serving the high-net-worth market. In Global Views Monthly's Financial & Wealth Management Five Star Awards, which recognize wealth managers at two levels of performance (Excellence and Achievement), we were among the top three recipients of Award for Achievement in the categories of Best Brand Reputation, Most Recommended Wealth Manager, Best Overall Service and Best Online Platform for Investment Advisory Service. We also received an Exemplary Award in recognition of our solid performance in all the major categories. These awards were a testament to the high-quality services we provide to clients by using our in-depth knowledge of the market and client expectations.

Innovation on Products, Channels and Customer Experience

In 2015, we issued the most number of NFC-enabled contactless credit and debit cards of any local peer under a partnership with Taiwan Mobile Payment Co. We continued to offer third-party payment processing and other solutions to help merchants accept payments online and build their E-commerce presence by using high-speed mobile technologies such as 4G LTE and online marketing channels including app, social media and EDM. Other new payment methods we launched in 2015 included: an online platform to take payments of tuition from international students studying at local universities; and a mobile platform developed jointly with Chinese chat app WeChat, which allows Chinese residents travelling or doing business in Taiwan to make payments at participating Taiwanese offline retailers.

We also joined forces with the Taipei Exchange to launch the Gold Trading Platform, serving as a custodian as well as a market maker. This marked the first time we have facilitated transactions in gold in the over-the-counter market.

During 2015, rapid advancements in digital, internet and mobile technologies accelerated pace of change within First Bank. We placed 12 banking services online in support of the government's Bank 3.0 initiative, and re-designed the online banking user interface to offer a more engaging, user-friendly experience. We transformed Yung-chun Branch into a smart banking location, equipping it with Taiwan's first virtual teller machine and other digital banking facilities. We also put in place a platform for big-data analytics that gathers and leverages customer data, provides analytical insights and enables personalized customer interactions across channels.

Commitment to Corporate Social Responsibility (CSR) and Green Finance

By adhering to the Equator Principles, we continued to perform environmental and social assessment for each loan applicant based on sector-specific criteria. We also engaged our suppliers and partners to uphold sustainability in business dealings. As of December 2015, 15,660 loan applicants had signed agreements to adopt certain CSR standards; 502 suppliers had signed human rights or sustainability declarations during the quotation process or when existing contracts are being renewed; and 78 partners, including 71 asset-management firms and seven insurance companies, had signed sustainability declarations or provided CSR reports that outline their commitment to sustainable development.

In 2015, we supported a diverse range of CSR initiatives, including charitable giving, the sponsorship of arts and sports events as well as individual athletes, and public lectures on the topics of arts and culture/health and wellness/self-growth. Our employees continued to volunteer time towards communities in Taiwan and abroad, with a total of 72 service activities organized in the year. We also took steps to ensure that our headquarters and branch offices meet green building standards. Among the certifications that we earned in 2015 were a diamond-level Green Building Label awarded by the Ministry of Interior, ISO 14064-1, ISO 50001 and ISO 14001. Most notably, our corporate headquarters achieved a 20.97% carbon emissions reduction from lower usage of fuel, electricity, water and gas.

Research Support

To stay in touch with the fast-changing environment, we continued tracking the latest developments of global economies, markets and industries, and published reports on them regularly. We also conducted research on local regulatory changes as they arose and recommended solutions in response to those changes. As our business grew, we remained focused on enhancing the breadth and depth of our research and regulatory knowledge.

Budget Implementation, Growth and Profitability

Net revenue for 2015 was NT$38,275 million, an increase of NT$755 million, compared with the prior year. Pre-tax profit was NT$19,050 million, or 105.63% of our pre-tax profit target.

- Deposits
  The average balance of deposits outstanding was NT$1,854,926 million, an increase of NT$89,226 million, or 5.05%, compared with the prior year. The percentage of target achieved for 2015 was 103.80%, owing to a growing base of low-interest deposits.

- Loans

  The average balance of loans outstanding was NT$1,460,994 million, a decrease of NT$12,752 million, or 0.87%, compared with the prior year. The percentage of target achieved for 2015 was 97.33%, reflecting reduced exposure to low-interest loans.
- Wealth Management Business

  The volume of trusts increased 7.38%, or NT$17,633 million, to NT$256,590 million, reaching 97.09% of our given target. The net service fee income of insurance products sold through bancassurance increased 77.35%, or NT$963 million, to NT$2,208 million, reaching 152.27% of our given target.
- Custodian Business

  Assets under custody increased 17.38%, or NT$119,202 million, to NT$804,991 million as of year-end 2015, reaching 109.08% of our given target.

Business Plans for 2016

Heading into 2016, we will leverage our strengths of a regional network and electronic transaction capability to respond to changes in the operating environment and meet the challenges ahead. Our strategic theme for 2016 will be "Be First with Us, Your Integrated and Innovative Partner." We have identified collaboration across geographies, segments and products and integration of virtual channels with bank branches as two key priorities. By going digital, we hope to reinvent our business model, uncover new business opportunities and increase the breadth and depth of banking services. Along with these priorities are a set of actions we will implement in the year ahead, including: 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. These actions will position us to achieve our vision of becoming a regional bank, a niche bank that offers unique capabilities and, at the same time, a "happy" bank where employees can fulfill their potential and feel happy with their jobs.

2016 Strategies

Gaining Advantage through Integrated Business Process

Collaborations across business units and integrated marketing efforts at both headquarters and branch level are an important source of competitive advantage for First Bank. We will further improve cross-functional processes in 2016 by taking an integrated approach to product development, customer segmentation, operations, risk management, channel activities, staff training, performance measurement and the tracking and improvement of sales and marketing activities, with the integrated processes giving strategic and operational advantages to the organization.

In addition, we will use big data analytics and segmented marketing at branch offices to provide personalized, proactive services to our priority customers, identify potential ones, and discover more of the cross-sell potential that exists in the customer base.

Accelerating Integration of Virtual/ Physical Channels

We plan to transform the way we serve clients by delivering online and offline banking services through an integrated model that combines physical and virtual channels and creating a unified, seamless client experience. Our objectives and the specific actions developed for them include.

- Improving the delivery of online banking services through an integrated channel by investing in digital and mobile platforms;
- Improving the delivery of offline banking services through an integrated channel by equipping branches with digital facilities;
- Improving the customer experience with online banking services by using the insights gained from big-data analytics and increasing social media engagements;
- Improving the customer experience with offline banking services that enhance brand visibility and awareness.

Omni-channel distribution is critical for us to navigate the digital transition. We plan to expand access to customers through a combination of branch, online/ internet, mobile, self-service, call center and social media channels while connecting and consolidating customer data captured across multiple touch points.

Moving to a Value-Based Business Model

Following a capital injection by the parent holding company, the capital position of First Bank has significantly improved. Creating value through prudent use of capital and by increasing exposure to select sectors with strong growth prospects will guide our lending activities going forward. Value co-creation will be a key criterion for loan underwriting decisions as we take into consideration the expected value added as a result of deeper penetration within existing accounts.

Another priority for us is to promote value chain financing, cross-border transaction services, value-added trade finance, revolving mortgages and syndicated loans with select customer groups. We want to earn the right to be our clients' first choice through these value-based businesses, which help increase service penetration of existing accounts, nurture business relationships and build customer loyalty.

Connecting Customers with Asia-Pacific Business Opportunities

In 2016, we will continue our two-pronged approach to regional expansion by moving westward to China and southward to the ASEAN market. In China, we are planning new branches and sub-branches to increase our presence while improving the breadth and depth of services offered in the country. For the ASEAN market, we will seek approval to set up a new branch in Manila, the Philippines and to upgrade our representative offices in Yangon, Myanmar (Burma) and Bangkok, Thailand to full branch status while exploring opportunities for mergers and acquisitions, strategic investments or joint ventures. The SME business will continue to be our focus as we advance our goal of becoming a pan-Asia regional bank.

As we grow internationally, we plan to expand the scope of business our foreign offices can conduct and speed up the offices' transition into full-service branches. The offices should start with basic banking facilities including deposit, remittance, import-export solutions and loans to Taiwanese-owned companies before providing more advanced services such as hedging, middle-market banking and syndicated lending. Ultimately, they may branch out into retail banking and wealth management, further rounding out the range of services, building brand presence and deepening customer engagement in the markets they operate in.

Leading by Example in CSR

The CSR Committee of the Board was created to plan and implement operations and programs with respect to CSR. Corporate actions that range from the advocacy of the arts and sports to charitable giving and community involvement, promote a culture that emphasizes socially responsible behavior and practices among our staff in Taiwan and abroad. The committee has identified corporate governance, customer engagement, employee welfare, environmental sustainability and social commitment to be the five main initiatives for 2016. The trust and support from our clients, shareholders and employees will guide us in the year ahead as we continue contributing to a sustainable society where businesses and the environment coexist in harmony. We also will reiterate our commitment to giving back to the communities we serve in order to demonstrate exemplary corporate citizenship.

Discussion on Operating Environment

External Competitive Environment

China is the world's second largest economy as well as Taiwan's most important partner for bilateral trade and investments. Therefore, Taiwanese banks have gained substantial market knowledge and experience after they spent years building their presence in China. With trade and market restrictions relaxed gradually across Taiwan and China, Taiwanese banks now provide a wide range of renminbi-based deposits, remittance, loans, trade and investment products through their mainland offices, in turn attracting more Taiwanese and mainland companies to use their services.

Meanwhile, the emergence of ASEAN is making Southeast Asia an important strategic market for domestic financial companies with regional ambitions. Demand for financial services from Taiwanese-owned businesses operating in the region, as well as foreign individuals and corporations, raises the urgency for Taiwanese banks to develop insights and capabilities to compete internationally. The banks may also face challenges as they balance risks with opportunities that arise from their expansion efforts.

Regulatory Environment

The Chinese and Taiwanese governments signed a memorandum of understanding on the cooperation between the financial supervisory authorities in 2009, paving the way for financial cooperation across the Taiwan Strait. In 2010, a free trade pact, or the so-called Economic Cooperation Framework Agreement, further liberalized bilateral trade. In August 2012, the Chinese and Taiwanese governments signed a memorandum of understanding on a currency clearing agreement, followed by the appointment of the Taipei Branch of Bank of China on December 11, 2012 as the renminbi clearing bank in Taiwan. On February 6, 2013, Taiwanese banks began offering renminbi current accounts, with the availability of renminbi transfer significantly improving transaction efficiency by eliminating passage through a third country. Subsequently, renminbi-denominated Formosa Bonds were debuted, and the Shanghai Free Trade Zone was launched on the heels of the inauguration of Kunshan Deepen Cross-Strait Industrial Cooperation Experimental Zones, further facilitating trade and investment flows between China and Taiwan. In 2015, the Chinese government accelerated reforms through experimental free trade zones and opened up its financial market, paving the way for renminbi capital account convertibility in the future. However, the Cross-Strait Service Trade Agreement is still being reviewed, with the stalled process curbing room for financial cooperation and banking opportunities between Taiwan and China.

Overall Operating Environment

Heading into 2016, we expect the global market to experience increased volatility due to diverging monetary policy in major developed economies, in particular the U.S., Japan and the eurozone, slowing growth in China, depressed prices of crude oil and other commodities, capital outflows from emerging markets and rising geopolitical risks. The U.S. should continue to grow at a higher rate than other developed countries thanks to improvements in employment and consumption. In the eurozone, the ECB's loose monetary policy should underpin a steady recovery. Japan will likely grapple with the impact of growth deceleration in China and other emerging nations on its exports and capital investment, as well as sluggish domestic demand. On January 29, 2016, the Bank of Japan took key interest rates into negative territory, in its latest move to jump-start the economy. As for China, the country's structural transition should cause a decline in economic growth. The emerging world's growth may be further weakened by slowing global demand and the commodities slump. In a quarterly update issued in April 2016, the IMF estimated that the global economy grew 3.1% in 2015, and cut its forecast for growth in 2016 by 0.2 percentage points to 3.2%, suggesting that the world economy would continue to expand but at a slower pace. Taiwan's economic outlook is likely to mirror that of the global economy. The Directorate General of Budget, Accounting, and Statistics forecast in February that Taiwan's real GDP would grow at a rate of 1.47% in 2016, an improvement over the 0.75% growth rate in 2015, with economic activity poised to increase quarter after quarter.

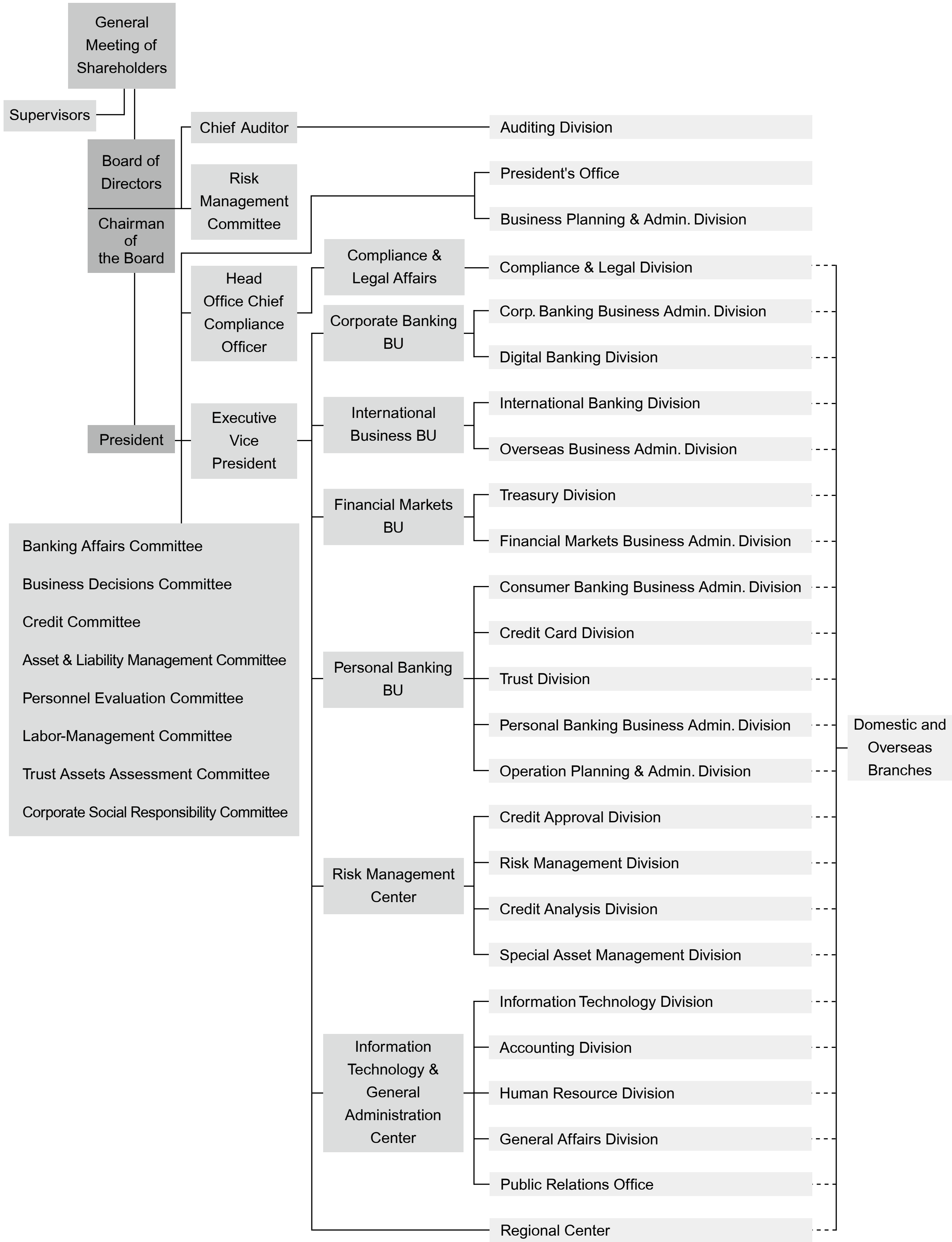
In the area of lending, local banks' exposure to the property sector will be under close scrutiny. Data from the Ministry of Interior showed that the number of building permits issued in October reached its highest level of 13,095 since January 2008, and finished 2015 with a total of 99,429 issued in the year, up 8.2% from the prior year. Increased housing supply, coupled with the exit of a luxury tax on home and land sales, may result in excess inventory of finished houses and bring down prices. As home buyers wait on the sideline in anticipation of prices falling, it is unlikely for sales volume to improve significantly. On balance, activity in the residential property market should remain sluggish in the year ahead along with low transaction volume and continued price declines. While the banking market is expected to improve in tandem with a pick-up in global growth, we will remain alert to risks and continuously monitor and respond to changes in the macroeconomic conditions.

Credit-rating Results

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

2014				
Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	September 12, 2014	twA-1+	twAA	Stable
Standard & Poor's	September 11, 2014	A-2	BBB+	Stable
Moody's	Nocember 13, 2014	P-2	A3	Stable

Organization Chart



September 2015

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.
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.	Hau-Min Chu	July 24'15	■ Ph.D., Brown University Independent Director, WahLee Industrial Corp.; Managing Director, Land Bank of Taiwan; Professor of Dept. of Money & Banking, National Chengchi University; Director, Taiwan Financial Holding Co., Ltd.; Managing Director, The Export-Import Bank of the R.O.C.; Director, Taiwan Futures Exchange; President, Hsing Kuo University of Management	Independent Director, FFHC; Independent Director, WahLee Industrial Corp.; Dean of Dept. of Money & Banking, National Chengchi University
Independent 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; Dean of School of Law, Ming Chuan University
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
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.	Independent Director, TXC Corporation; Director, Taiwan Stock Exchange; Independent Director, Taisun Holdings Co., Ltd. Dean, College of Business Management, JinWen University of Science & 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; 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; Supervisor, FCB	Supervisor, CareerJust Accounting Service; Supervisor, First-Aviva Life Insurance Co., Ltd. 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
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
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, Taiwan Incubator SME Development Corporation; President, Taiwan Small Business Integrated Assistance Center; 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.	Han-Chung Huang	July 26'12	■ M.S., National Chengchi University Revenue Officer, National Taxation Bureau of Taipei, MOF; Audit Officer, Hsinta CPAs	Supervisor, Posiflex Technology, Inc.
Supervisor	R.O.C.	Da-Bai Shen	Aug. 23'12	■ Ph.D., Tulane University, USA Director, Center for Business Innovation and Incubation, Soochow University; Member of Investment Review Committee, National Development Fund, Executive Yuan; Director, APFC Ltd.; Supervisor, SolidWizard Co., Ltd; Director, Pili International Multimedia Co.,Ltd.	Supervisor, APFC Ltd.; Director, SolidWizard Co., Ltd.; Independent Director, Pili International Multimedia Co., Ltd.; Supervisor, Grand Cathay Venture Capital II Co., Ltd.; Independent Director, Hualien Media International Co., Ltd.; Professor of Accounting Dept., Soochow University

February 29, 2016

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.	Ling-Cheng Lu	Sep. 9'13	■ A.S., Ming Chuan University SVP & Division Chief, Treasury Division and Financial Markets Business Admin. Division, FCB	Supervisor, Taipei Foreign Exchange Market Development Foundation
EVP	R.O.C.	Chung-Huei Yeh	June 27'14	■ B.A., National Taiwan University EVP & Head of Strategy Planning Department/ Spokesperson, FFHC; Head of Business Development Dept., FFHC; SVP & GM, HR Division, FCB	Director, First Consulting Co., Ltd.; Director, First Venture Capital Co., Ltd.
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.	Sheng-Shi Lu	Oct. 16'14	■ B.A., Tamkang University SVP & Head of Taichung District Center, FCB	EVP & Chief Compliance Officer , FFHC; Supervisor, FCB Leasing Co., Ltd.; Supervisor, FCB International Leasing Ltd.; Supervisor, FCB Leasing (Xiamen) Ltd.
EVP	R.O.C.	Shang-Shing Chiang	Dec. 24'15	■ B.A., Tamkang University SVP & Head of International Banking Division, FCB	Director, First Commercial Bank (USA) Chairman of International Finance Committee, The Bankers Association of the Republic of China
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. Supervisor, Taiwan Small Business Integrated Assistance Foundation
Chief Auditor	R.O.C.	Yu-Po Wu	Feb. 26'15	■ LL.B., Fu Jen Catholic University SVP & Head of Hsin-Chu Regional Center, FCB	Supervisor, First Financial Assets Management Co., Ltd.

May 9, 2016

Main Shareholders of Sole Owner FFHC

Shareholders	Holding %
Ministry of Finance	11.49
Bank of Taiwan	7.45
Hua Nan Bank	2.79
Chunghwa Post Co., Ltd.	2.34
Civil Servants' Retirement Fund	2.31
Taiwan Tobacco & Liquor Corporation	1.63
Labor Insurance Fund	1.47
Vanguard Emerging Markets Stock Index Fund	1.42
Dimensional Emerging Markets Value Fund	1.24
Government of Singapore	1.07

February 29, 2016

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. Sale of domestic mutual funds under non-discretionary trust of money service.
28. Purchase and sale of government bonds.
29. Act as broker, dealer, registrar, and underwriter for short-term debt instruments.
30. Provide financial consultation service for financing.
31. Act as agent to sell charity lottery tickets approved by the competent authorities.
32. Engage in foreign exchange margin trading.
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. Other related business approved by the competent authorities.
37. Act as agent to collect and make payments for real transactions.
38. Cooperate with or assist foreign institutions in engaging in activities associated with electronic payment business within the territory of the Republic of China.

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, registration 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.
   - Other related business approved by the competent authorities.

Main Figures for Business Operations

		2015 NT$,000	%	2014 NT$,000	%
Deposits at year end					
Current Deposits	Checking deposits	43,289,523	2.1	38,788,852	2.0
	Demand deposits	539,104,541	26.1	461,114,764	23.8
	Savings deposits	624,119,267	30.2	602,071,829	31.1
	Subtotal	1,206,513,331	58.4	1,101,975,445	56.9
Time Deposits	Time deposits	402,511,235	19.5	385,809,218	19.9
	Time savings deposits	326,935,351	15.8	325,434,661	16.8
	Subtotal	729,446,586	35.3	711,243,879	36.7
Others	Due to other banks	1,775,251	0.1	5,416,932	0.3
	Overdrafts from other banks	638,545	0.0	646,929	0.0
	Call loans from other banks	126,190,534	6.2	119,358,271	6.1
	Subtotal	128,604,330	6.3	125,422,132	6.4
Total		**2,064,564,247**	**100.0**	**1,938,641,456**	**100.0**
Loans at year end					
Corporate		740,995,937	49.8	755,952,406	50.3
Consumer		422,171,073	28.4	412,523,887	27.4
Domestic branches In foreign currencies		51,731,902	3.5	69,286,366	4.6
Foreign branches		270,431,873	18.2	263,038,509	17.5
Import-export negotiations		1,164,431	0.1	2,523,345	0.2
Total		**1,486,495,216**	**100.0**	**1,503,324,513**	**100.0**
Foreign Trade and Payment (US$,000)					
FX buy	Export negotiations and collections	4,784,407	2.6	6,155,969	2.9
	Inward remittances	94,401,191	50.7	103,927,684	50.0
	Subtotal	99,185,598	53.3	110,083,653	52.9
FX sell	Import L/Cs and collections	5,803,898	3.1	6,364,359	3.1
	Outward remittances	81,115,401	43.6	91,541,445	44.0
	Subtotal	86,919,299	46.7	97,905,804	47.1
Total		**186,104,897**	**100.0**	**207,989,457**	**100.0**
Total Revenues					
Interest income		41,314,633	63.3	41,472,499	67.4
Fees and commissions		8,621,066	13.2	7,414,297	12.1
Gains on financial assets and liabilities		1,297,688	2.0	1,457,576	2.4
Income from equity investments accounted for under the equity method		316,744	0.5	317,244	0.5
Foreign exchange gains		1,649,699	2.5	2,029,901	3.3
Other non-interest income		12,072,259	18.5	8,806,532	14.3
Total		**65,272,089**	**100.0**	**61,498,049**	**100.0**
Total Expenses					
Interest expense		13,820,411	29.9	14,334,673	31.4
Fees and commissions		1,460,914	3.2	1,224,655	2.7
Provision for credit losses		472,808	1.0	3,920,704	8.6
Business and administrative expenses		18,751,836	40.6	17,737,017	38.9
Other non-interest expenses and losses		11,715,770	25.3	8,419,205	18.4
Total		**46,221,739**	**100.0**	**45,636,254**	**100.0**

The financial data has been adjusted in accordance with IFRS since 2013.

NT$,000		2015	2014
Trust Business			
Balance at year end	Custody of funds and other investment assets	804,990,866	685,789,699
	Domestic trust assets	71,941,337	71,817,564
	Foreign trust assets	131,923,636	133,611,003
	Trustee accounts	66,002,268	48,682,280
	Family wealth trust assets	1,444,873	1,438,401
	Employee bonus trust assets	1,104,352	1,000,624
	Real estate trust assets	18,088,607	16,652,149
	Securities trust assets	89,752,214	90,326,400
	Securitization trustee assets	296,512	488,661
	Project trust assets	10,457,509	7,798,110
	Real estate escrow trust assets	1,713,076	1,370,442
	Collective management accounts	317,872	448,365
	Individual management accounts	9,049	13,881
Transaction volume	Registrar for issuance of securities	20,240,925	34,765,121
E-Banking Business			
Corporate online banking		4,892,901,000	4,837,085,000
Individual online banking		265,812,000	248,733,000
Mobile banking		44,592,000	25,319,691
Investment Business			
Transaction volume	Bills outright buy/sell (OB/OS)	202,456,830	127,145,515
	Bills repurchase/resale (RP/RS)	-	394,383
	Bills underwriting	20,700,000	7,477,000
Balance at year end	Bonds	180,316,295	150,443,985
	Stocks (short-term investment)	4,795,884	3,888,104
Credit Card Business			
Number of active cards		603,248	546,720
Transaction volume		47,004,295	41,130,264
Revolving balance of credit cards		1,373,754	1,305,245
Wealth Management Business (transaction volume)			
Mutual funds		107,989,562	120,532,814
Insurance		29,776,071	26,606,659

Market Analysis

International Network

First Bank had 190 branches in Taiwan as of the end of 2015. Abroad, we operate in the continents of Europe, Asia, North America and Oceania through a network of 18 branches (not including Offshore Banking Units, or OBUs), five sub-branches, two representative offices and a U.S.-based subsidiary bank that owns seven branches. Future 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 comprehensive 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. In recent years, the Taiwan government has begun to relax regulations on investments and foreign equity ownership in order to give local banks wider access to Southeast Asia, where competition from international banks has increased significantly. The number of mergers and acquisitions in Asia-Pacific is likely to gather speed as smaller players consolidate in order to compete against larger rivals, with the rise of regional champions raising pressure on Taiwanese banks to explore mergers and acquisitions across borders. In response to the digital revolution, we continue to launch digital banking facilities, including virtual teller machines, to deliver services beyond the traditional counter set-ups. We see 2016 as the year that ushers in a new era of digital banking and transformation of Taiwan's financial institutions.

The Demand Side

Southeast Asian economies' immense infrastructure needs and their limited fiscal resources are creating opportunities for funding partnerships for Taiwan's financial institutions. Meanwhile, the rise of digital banking is raising the need for local banks to harness technology-driven innovation, and the Financial Supervisory Commission has identified the development of a digital banking environment as one of its priorities. To date, the regulator has allowed 12 types of banking services to be processed online. The Act Governing Electronic Payment Processing Institutions, which took effect on May 3, 2015, further supports the growth of mobile payment. In addition, changes in regulations that allow banks to invest in the fintech sector are creating opportunities for banks to branch out into new areas of technology and markets, such as data analytics, cloud technology and automated investment advice.

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

First Bank has a track record of solid management, innovative thinking, successful expansion both at home and abroad, deep client relationships, and long-term performance that balances return and risk. Looking ahead, we will continue to build and strengthen our core capabilities in an ever-changing global marketplace. We will also align our strategies with trends that are shaping the business landscape in order to prepare for challenges and realize new opportunities.

Favorable Factors

- a century-old brand and a management philosophy aiming for stable growth
- the advantages of a strong local presence, a comprehensive branch network and deep client relationships
- a high level of internalization and extensive geographic coverage in Europe, the U.S. and Greater China
- a growing presence in Southeast Asia and comprehensive coverage in Asia-Pacific region
- well-positioned to capture opportunities in RMB business through an expanding footprint in China
- a track record of sustained profitability with corporate banking being a key growth driver
- the ongoing migration to digital banking channels and enhanced social media engagement
- synergies generated for the parent holding company by connecting and integrating resources
- solid asset quality 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

Unfavorable Factors

- downward risk to the economy which in turn dampens credit demand from small- and medium-sized enterprises
- excess liquidity that squeezes banks' net interest margin in a loose monetary policy environment
- a market characterized by too many banks, highly homogeneous products and fierce price competition
- 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 the constant changes in the economic and business landscape by leveraging market knowledge and sector expertise;
- take an integrated approach to business process management with the integrated processes offering a key operational advantage;

- accelerate the digital transition by strengthening digital marketing efforts and integrating customer experience across physical and virtual channels;
- create value with selective use of capital and promote value-added products and services that increase stickiness and enable long-term customer retention;
- continue a two-pronged approach to expansion by moving westward to China and southward to the ASEAN market, expand the scope of business foreign offices can conduct and accelerate their migration toward full-service branches; and
- improve sales force efficiency, develop potential successors and build a strong bench for the international talent pool in order to maintain competiveness in key positions and core skills.

Business Plans for 2016

Our annual business plan sets out the activities that we intend to carry out during this year. In 2016, our priorities are to:

Corporate Banking

- diversify along the value chains of core clients to find loan prospects;
- identify high-quality prospects and build lasting relationships with them as part of a lending initiative for industries that are important to Taiwan's sustainable economic future;
- help branches uncover clients' needs to raise funds in the syndicated loan market, focus on syndicated loans with cash flow covenants and provide related service and support;
- maintain a market-leading position in SME lending and increase the volume of loans granted with the credit guarantee facility to gain transaction volume market share;
- leverage core products and services to enable diverse client interactions and penetrate further into existing accounts with a focus on high-quality companies and those operating in industries with strong growth prospects;
- promote better understanding among clients that service comes with a price and drive service fee revenue;

Foreign Exchange and Overseas Business

- continue to promote fee-based, capital-light businesses such as foreign exchange and trade finance;
- ensure continued growth in trade finance, cross-border RMB business, trade settlement, forex swap and interbank cash management;
- give consumers access to recurring/small-sum foreign currency deposits and around-the-clock foreign exchange settlement via mobile devices to cater to users of online/internet/mobile channels;
- drive cross-border transaction volume through collaborations between local and foreign units, promote foreign currency deposit as an investment instrument and improve integrated marketing results;
- expand Asia-Pacific presence to advance the goal of becoming an Asian regional bank;

- focus on cross-border transaction services to strengthen global coverage;
- develop products and services aligned with local needs and culture and leverage proven experience and expertise in foreign markets;
- explore new products and services that facilitate trade and investment to help clients participate in regional integration;

Treasury and Financial Markets

- manage RMB funds flexibly and grow the deposit base at the appropriate time to help enhance return;
- secure mid- to long-term foreign currency funding in line with market conditions and rate levels and enhance the yield on foreign currency funds;
- seek out opportunities to manage bond issuances on the International Bond Board of the Taipei Exchange and build a high-quality investment portfolio;
- offer diverse investment strategies and add derivatives and securitization products with high transparency in order to expand the product line-up;
- strengthen cross-border trading and investment capabilities to facilitate clients' global transactions;
- focus on derivative transactions for hedging purposes rather than for trading purposes;
- meet clients' diverse financing, hedging and investment needs with new financial products;
- improve the process of selling derivatives, enhance sales capability at the branch level and increase retail sales volume;

Personal Banking

- focus on mutual funds and insurance as primary personal investment products, develop more flexible marketing campaigns and enhance the value of service;
- target the customer group of senior citizens with a product offering that includes annuity plans, life insurance and medical insurance to help them preserve and protect their assets while addressing their needs for retirement and health care needs;
- streamline the personal loan application process at bricks-and-mortar channels and improve the functions of online channels with a customer-centric focus;
- improve the range of mortgage-related insurance available that include standard and extra insurance policies and leverage mortgage banking relationships to increase mortgage life insurance and homeowners insurance sales;
- equip branches with digital banking facilities to enhance the customer experience;
- add online, mobile and paperless banking options to counter services to implement a physical/virtual integrated service model;
- develop a credit card product strategy to respond to the M-shape distribution of socio-economic classes that range from digitally-savvy young people, golden agers to upper-class top spenders to provide more targeted customer segmentation;
- grow the credit card payment and transaction businesses through a combination of digital and physical distribution networks;
- expand the businesses of cash advances and installment loans;

Digital Banking

- build the next-generation corporate banking portal, improve the features of the mobile banking app and upgrade the functions of internet banking offered by overseas branches as well as those of the global treasury system;
- expedite the process of making transactions through digital channels and drive user experience enhancements in order to increase the usage of digital channels and customer retention;
- use big-data analytics to achieve more targeted marketing and identify cross-sell opportunities;
- install an enterprise mobility management platform to integrate and digitize services and implement the ideas of marketing by walking around and working from anywhere;
- increase cross-unit and cross-industry collaborations to develop new payment tools for selected customer groups and applications;
- promote cross-border third-party payment services, such as an online to offline commerce platform in partnership with WeChat;
- increase social media engagement and reinvent the Bank's brand to attract tech-savvy young customers;

Risk Management

- set out quantitative minimum standards for liquidity in the Basel III framework and improve the management of interest rate risk and liquidity risk;
- enhance the overall risk management framework to align with growth objectives for foreign branches, cross-border business and transactions in new financial instruments;
- strengthen the identification and assessment of risks in response to the digital revolution;
- improve the skills and expertise of loan officers, increase their risk awareness and maintain the quality of credit;
- align the credit underwriting policy with changes in the operating environment and the organization's business strategies;
- use big-data analytics to gain insight into customers' value chains and strengthen risk governance;
- strengthen economic and industry research, in particular on the foreign markets, and provide targeted support to the major and emerging sectors of the economy;
- maintain sound credit quality by improving the tracking of loan accounts and deepening the review of legacy loans;
- take a differentiated approach to the management of non-performing loans, keep close track of large overdue accounts and actively collect payments on them in order to achieve the collection goal;

Information & Administration

- support the Bank's digital initiatives including upgrading and revamping the online banking system, developing the next-generation corporate banking portal, building an integrated payment platform, expanding the capabilities of cross-border payment service, adding new features to mobile banking and enhancing the functions of an app for corporate internet banking;
- strengthen technology infrastructure and information security to meet regulatory requirements and perform phase-by-phase tests on the information system in the order of importance and impact;
- refresh the corporate image, take a systematic approach to the engagement, retention, and development of talent and enable an effective recruitment process;
- maintain an agile, nimble sales force and accelerate leadership development by constantly measuring bench strength and readiness;
- promote employee health and wellbeing, raise awareness of self-health management, administer comprehensive benefit programs and maintain positive employee relations;
- review and improve financial and tax planning continuously in order to manage funds more effectively and reduce tax burden;
- allocate assets to achieve optimal results, make green finance a priority and fulfill social responsibility goals;
- contribute financial expertise to help shape an economically and socially sustainable future for communities and fulfill corporate social responsibility goals through initiatives that support causes such as the environment, arts and culture, education and sports;

Compliance

- establish points of contact for consultation, improve the clarity of legal opinion and take a more active role in reviewing contracts and other legal documents;
- handle and track major lawsuits involving the Bank;
- establish a framework for the identification and management of money laundering and terrorist financing risks;
- strengthen the oversight of compliance in overseas branches;
- improve the efficacy and implementation of the compliance function;
- anticipate and respond to changes in the regulatory environment and other issues with appropriate actions.

Corporate Governance

Item	Yes/No	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?	No Yes Yes	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?	No Yes	1. The Bank's sole shareholder is First Financial Holding Co., which has set up "Integrity Management Committee", "Remuneration Committee" and "Audit 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?	Yes		
		1. To protect the interests of customers, the Bank has established a spokesperson system, "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank" and has set up a customer feedback hotline and external website, providing for open communication with the interested parties. 2. 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.	no deficiency no deficiency
D. Disclosure of Information			
1. Does the bank set up a website to disclose financial information and corporate governance?	Yes	1. Annual Report, major financial statements and corporate governance are publicized on the Bank's website.	no deficiency

Item	Yes/No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
2. Does the bank use other methods?	Yes	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. Chung-Huei Yeh, EVP is appointed spokesperson.	no deficiency
E. Does the bank has other information related to corporate governance?	Yes	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. 2. Investor relations and stakeholders' rights Any director having a conflict of interest withdraws from voting and participation at board meetings over matters that involve an actual or potential conflict of interest for that director in compliance with the "Guideline for the Board of Directors Meetings 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
F . Does the bank has corporate governance self-assessment report?	No	subject to implementation of relevant laws and regulations.	same as left

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 and mortgages, 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, 2015

(in NT$,000)

Type of risk	Credit exposures after risk mitigation	Minimum capital requirements
Sovereigns	441,437,463	175,081
Non-central government public sector entities	459,054	8,056
Banks (including multilateral development banks)	287,490,892	8,412,382
Corporates (including securities firms and insurance co.)	851,508,605	63,925,095
Regulatory retail portfolios	250,656,215	14,610,755
Residential property	406,843,947	21,677,228
Equity investments	4,791,407	1,469,218
Other assets	56,762,584	3,206,500
Total	2,299,950,167	113,484,315

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, 2015

Item	Minimum capital requirements (in NT$,000)
Interest rate risk	722,631
Equity position risk	813,652
Foreign exchange risk	1,104,449
Commodities risk	4,498
Total	2,645,230

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, 2015

Year	Operating profit	Minimum capital requirements (in NT$,000)
2015	38,299,521	
2014	37,744,024	-
2013	33,278,231	
Total	109,321,776	5,332,172

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, 2015

(in NT$,000)

Type	Purchased or Held Securitized Products Exposure	Minimum capital requirements
Banking book		
Collateralized Mortgage Obligations	330,823	5,293
Assets Backed Securities	661,497	26,460
Trading book	-	-
Total	992,320	31,753

Information on Securitized Products as of December 31, 2015 (in NT$,000)

Items	Accounting category	Original cost	Gain/ Loss of accumulated valuation	Accumulated impairment	Book value
CMO	Held-to-maturity financial assets	330,681	-	-	330,681
ABS	Financial assets designated as at fair value through profit or loss	328,800	5,329	-	334,129
	Available-for-sale financial assets	328,800	6,876	-	335,676

Corporate Responsibility and Ethical Behavior

The Bank has always endeavored to fulfill its social responsibility. In 2015, 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 60 volunteering programs, benefiting as many as 6,482 people.
- Made Donation to our support for victims affected by Formosa Fun Coast Explosion.
- Gave our first time overseas volunteer medical consultation in Pursat Province, Cambodia.

■ Environmental Sustainability

Took part in Earth Hour (March 28) 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 2015:

- 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 Tainan in April, 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.

■ Safety and Health

- In an effort to raise awareness of safety and hygiene at work, we held educational programs regarding safety and health in the workplace regularly and provided active assistance to employees with occupational illness or injuries.
- To provide an ideal environment for customers and employees, we held carbon oxide and lighting tests in premises every six months, with all tests results meeting the safety standards.

■ 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.

Significant Financial Information - Consolidated

Condensed balance sheets (IFRS compliant)

NT$,000	**12.31.2015**	12.31.2014	12.31.2013
Cash and cash equivalents, due from the Central Bank and call loans to banks	301,787,880	240,659,807	215,115,150
Financial assets at fair value through profit or loss	87,332,352	50,114,468	41,551,918
Available-for-sale financial assets, net	88,705,301	77,674,581	85,532,583
Derivative financial assets for hedging	-	-	-
Securities purchased under resell agreements	-	-	-
Receivables, net	67,658,175	55,159,359	59,683,527
Current tax assets	1,610,276	2,420,478	2,633,667
Assets classified as held for sale	-	-	-
Loan discounted, net	1,480,108,873	1,497,006,908	1,431,260,245
Held-to-maturity financial assets, net	356,817,150	307,625,308	304,110,961
Investments measured by equity method, net	1,748,629	2,072,059	856,625
Restricted assets	-	-	-
Other financial assets, net	12,871,246	25,650,264	28,242,811
Property and equipment, net	26,988,698	27,546,466	27,729,949
Investment property, net	6,975,756	6,429,494	5,848,151
Intangible assets, net	347,268	382,777	288,446
Deferred tax assets, net	1,764,265	1,609,952	1,604,808
Others assets, net	2,364,782	2,391,093	2,224,759
Total assets	**2,437,080,651**	**2,296,743,014**	**2,206,683,600**
Deposits from the Central Bank and banks	129,174,491	126,095,434	141,375,782
Due to the Central Bank and banks	63,088	80,968	69,243
Financial liabilities at fair value through profit or loss	30,513,494	23,464,824	14,906,202
Derivative financial liabilities for hedging	-	-	7,973
Notes and bonds issued under repurchase agreements	2,608,441	4,922,050	10,966,322
Payables	63,328,273	62,324,815	56,305,037
Current tax liabilities	2,106,651	2,207,686	2,422,777
Liabilities related to assets classified as held for sale	-	-	-
Deposits and remittances	1,949,300,514	1,826,398,350	1,734,623,649
Bank notes payable	37,300,000	34,900,000	42,700,000
Preferred stock liabilities	-	-	-
Other financial liabilities	22,000,339	47,474,760	57,020,964
Provisions	6,293,640	5,732,685	5,636,839
Deferred income tax liabilities	5,720,501	5,724,379	5,750,211
Other liabilities	5,187,166	4,206,145	3,310,974
Total liabilities	**2,253,596,598**	**2,143,532,096**	**2,075,095,973**
Equity attributable to owners of parent	**183,484,053**	**153,210,918**	**131,587,627**
Common stock	86,244,000	75,859,000	66,351,000
Capital surplus	34,848,216	22,669,729	19,669,729
Retained earnings	53,778,098	47,650,662	41,759,944
Other equity interest	8,613,739	7,031,527	3,806,954
Treasury shares	-	-	-
Non-controlling interests	-	-	-
Total equity	**183,484,053**	**153,210,918**	**131,587,627**
Total liabilities and equity	**2,437,080,651**	**2,296,743,014**	**2,206,683,600**

Condensed Statements of Income (IFRS compliant)

NT$,000	2015	2014	2013
Interest incomes	42,021,429	42,198,166	37,465,086
Interest expenses	(13,905,978)	(14,406,492)	(11,994,966)
Net interest income	28,115,451	27,791,674	25,470,120
Net non-interest income	10,939,218	10,425,907	7,926,668
Net income	39,054,669	38,217,581	33,396,788
Bad debts expense and guarantee liability provision	(506,456)	(3,933,456)	(4,027,156)
Operating expenses	(19,365,772)	(18,284,896)	(16,680,386)
Income from continuing operations before income tax	19,182,441	15,999,229	12,689,246
Tax expense	(3,082,350)	(2,618,078)	(2,044,519)
Income from continuing operations, net of tax	16,100,091	13,381,151	10,644,727
Income from discontinued operations	-	-	-
Profit	16,100,091	13,381,151	10,644,727
Other comprehensive income, net of tax	994,557	3,242,140	1,165,003
Total comprehensive income	17,094,648	16,623,291	11,809,730
Profit, attributable to owners of parent	16,100,091	13,381,151	10,644,727
Profit, attributable to non-controlling interests	0	0	0
Comprehensive income attributable to owners of parent	17,094,648	16,623,291	11,809,730
Comprehensive income attributable to non-controlling interests	0	0	0
Earnings per share (In NT dollars) Basic and diluted earnings per share	2.00	1.75	1.40

Financial Ratios (IFRS compliant)

(%)	2015	2014	2013
Financial structure			
Debt ratio (total liabilities to total assets)	92.47	93.33	94.04
Property & equipment to net worth	14.71	17.98	21.07
Solvency			
Liquidity reserve ratio	27.71	25.88	24.81
Operating performance			
Loans to deposits	77.09	83.18	83.65
NPL ratio	0.19	0.20	0.47
Total assets turnover (times)	0.02	0.02	0.02
Profitability			
ROA (net income to average total assets)	0.68	0.59	0.50
ROE (net income to average shareholders' equity)	9.56	9.40	8.35
Profit margin ratio	41.22	35.01	31.87
Cash flows			
Cash flow adequacy ratio	669.76	745.02	423.41
Capital adequacy			
Capital adequacy ratio	13.94	11.81	11.08
Tier-one capital ratio	10.98	9.13	8.36

Condensed Balance Sheets (ROC GAAP compliant)

NT$,000	12.31.2012	12.31.2011
Cash and cash equivalents, due from the Central Bank and other banks	171,726,342	173,093,060
Financial assets at fair value through profit or loss	15,326,525	15,268,103
Receivables	52,169,005	56,219,293
Bills discounted and loans (remittance purchased)	1,437,982,862	1,357,301,432
Available-for-sale financial assets	71,300,737	71,540,498
Held-to-maturity financial assets	280,537,163	322,672,462
Equity investments accounted for under the equity method	1,514,916	1,412,939
Other financial assets	3,136,855	3,532,255
Property, plant and equipment	26,357,243	25,555,403
Intangible assets	248,969	159,236
Others assets	9,446,953	8,679,202
Total assets	**2,069,747,570**	**2,035,433,883**
Due to the Central Bank and other banks	153,181,697	152,998,908
Financial liabilities at fair value through profit or loss	22,795,703	25,662,026
Bills and bonds payable under repurchase agreements	3,077,230	9,479,214
Payables	60,455,293	59,537,510
Deposits and remittances	1,624,164,465	1,614,392,498
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151	27,779,073
Accrued pension liabilities	2,933,778	2,553,681
Other financial liabilities	26,536,790	17,946,078
Other liabilities	8,618,121	8,396,273
Total liabilities	**1,944,541,228**	**1,918,745,261**
Common stock	62,720,000	58,700,000
Additional paid-in capital	19,669,729	19,669,729
Retained earnings	34,540,222	30,197,856
Unrealized revaluation increments	7,205,596	6,750,704
Unrealized gains / losses on financial instruments	3,650,093	2,917,126
Cumulative translation adjustments	(1,805,998)	(854,281)
Unrecognized pension costs	(773,300)	(692,512)
Total stockholders' equity	**125,206,342**	**116,688,622**
Total liabilities and stockholders' equity	**2,069,747,570**	**2,035,433,883**

Condensed Statements of Income (ROC GAAP compliant)

NT$,000	2012	2011
Net interest income	23,442,658	21,219,022
Net non-interest income	10,660,911	10,059,175
Provision for credit losses	(5,889,866)	(5,346,832)
Operating expenses	(15,957,461)	(15,713,130)
Income from continuing operations before income tax	12,256,242	10,218,235
Income from continuing operations after income tax	10,374,835	8,624,869
Cumulative effect of a change in accounting principle	-	-
Net income	10,374,835	8,624,869
Earnings per share ($)	1.36	1.20

Financial Ratios (ROC GAAP compliant)

(%)	2012	2011
Financial structure		
Debt ratio (total liabilities to total assets)	93.95	94.27
Fixed assets to net worth	21.05	21.90
Solvency		
Liquidity reserve ratio	20.54	22.51
Operating performance		
Loans to deposits	89.67	85.05
NPL ratio	0.44	0.47
Total assets turnover (times)	0.02	0.02
Profitability		
ROA (net income to average total assets)	0.51	0.43
ROE (net income to average shareholders' equity)	8.58	8.12
Profit margin ratio	30.42	27.57
Cash flows		
Cash flow adequacy ratio	259.32	148.54
Capital adequacy		
Capital adequacy ratio	11.65	11.09
Tier-one capital ratio	8.45	8.34

Significant Financial Information - Standalone

Condensed balance sheets (IFRS compliant)

NT$,000	12.31.2015	12.31.2014	12.31.2013
Cash and cash equivalents, due from the Central Bank and call loans to banks	297,902,883	236,031,307	211,378,183
Financial assets at fair value through profit or loss	87,332,352	50,114,468	41,551,918
Available-for-sale financial assets, net	88,490,175	77,463,047	85,244,237
Derivative financial assets for hedging	-	-	-
Securities purchased under resell agreements	-	-	-
Receivables, net	62,870,032	50,202,758	54,367,660
Current tax assets	1,610,273	2,420,475	2,633,664
Assets classified as held for sale	-	-	-
Loan discounted, net	1,468,743,031	1,487,013,101	1,422,151,000
Held-to-maturity financial assets, net	356,678,138	307,529,119	304,053,858
Investments measured by equity method, net	7,136,455	6,921,652	4,560,836
Restricted assets	-	-	-
Other financial assets, net	12,871,246	25,636,828	28,230,177
Property and equipment, net	26,834,378	27,528,019	27,709,269
Investment property, net	6,975,756	6,429,494	5,848,151
Intangible assets, net	338,122	381,417	286,389
Deferred tax assets, net	1,479,200	1,381,797	1,384,874
Others assets, net	759,559	893,667	1,059,493
Total assets	**2,420,021,600**	**2,279,947,149**	**2,190,459,709**
Deposits from the Central Bank and banks	128,624,163	125,462,454	141,376,177
Due to the Central Bank and banks	63,088	80,968	69,243
Financial liabilities at fair value through profit or loss	30,513,494	23,464,824	14,906,202
Derivative financial liabilities for hedging	-	-	7,973
Notes and bonds issued under repurchase agreements	2,608,441	4,922,050	10,966,322
Payables	63,149,702	62,188,524	56,180,601
Current tax liabilities	2,043,541	2,187,360	2,419,451
Liabilities related to assets classified as held for sale	-	-	-
Deposits and remittances	1,938,129,761	1,815,526,003	1,723,640,108
Bank notes payable	37,300,000	34,900,000	42,700,000
Preferred stock liabilities	-	-	-
Other financial liabilities	18,011,070	43,466,110	52,821,627
Provisions	6,284,623	5,727,436	5,631,201
Deferred income tax liabilities	5,710,999	5,713,268	5,713,261
Other liabilities	4,098,665	3,097,234	2,439,916
Total liabilities	**2,236,537,547**	**2,126,736,231**	**2,058,872,082**
Equity attributable to owners of parent	**183,484,053**	**153,210,918**	**131,587,627**
Common stock	86,244,000	75,859,000	66,351,000
Capital surplus	34,848,216	22,669,729	19,669,729
Retained earnings	53,778,098	47,650,662	41,759,944
Other equity interest	8,613,739	7,031,527	3,806,954
Treasury shares	-	-	-
Non-controlling interests	-	-	-
Total equity	**183,484,053**	**153,210,918**	**131,587,627**
Total liabilities and equity	**2,420,021,600**	**2,279,947,149**	**2,190,459,709**

Condensed Statements of Income (IFRS compliant)

NT$,000	**2015**	2014	2013
Interest incomes	41,314,633	41,472,499	36,776,302
Interest expenses	(13,820,411)	(14,334,673)	(11,910,850)
Net interest income	27,494,222	27,137,826	24,865,452
Net non-interest income	10,780,772	10,381,690	7,911,031
Net income	38,274,994	37,519,516	32,776,483
Bad debts expense and guarantee liability provision	(472,808)	(3,920,704)	(3,922,121)
Operating expenses	(18,751,836)	(17,737,017)	(16,269,940)
Income from continuing operations before income tax	19,050,350	15,861,795	12,584,422
Tax expense	(2,950,259)	(2,480,644)	(1,939,695)
Income from continuing operations, net of tax	16,100,091	13,381,151	10,644,727
Income from discontinued operations	-	-	-
Profit	16,100,091	13,381,151	10,644,727
Other comprehensive income, net of tax	994,557	3,242,140	1,165,003
Total comprehensive income	17,094,648	16,623,291	11,809,730
Profit, attributable to owners of parent	16,100,091	13,381,151	10,644,727
Profit, attributable to non-controlling interests	-	-	-
Comprehensive income attributable to owners of parent	17,094,648	16,623,291	11,809,730
Comprehensive income attributable to non-controlling interests	-	-	-
Earnings per share (In NT dollars) Basic and diluted earnings per share	2.00	1.75	1.40

Financial Ratios (IFRS compliant)

(%)	**2015**	2014	2013
Financial structure			
Debt ratio (total liabilities to total assets)	92.42	93.28	93.99
Property & equipment to net worth	14.62	17.97	21.06
Solvency			
Liquidity reserve ratio	27.71	25.88	24.81
Operating performance			
Loans to deposits	76.94	83.12	83.64
NPL ratio	0.19	0.20	0.47
Total assets turnover (times)	0.02	0.02	0.02
Profitability			
ROA (net income to average total assets)	0.69	0.60	0.50
ROE (net income to average shareholders' equity)	9.56	9.40	8.35
Profit margin ratio	42.06	35.66	32.48
Cash flows			
Cash flow adequacy ratio	670.70	728.53	407.30
Capital adequacy			
Capital adequacy ratio	13.67	11.50	10.90
Tier-one capital ratio	10.93	9.02	8.31
Market share			
Assets	5.51	5.46	5.61
Net worth	5.84	5.30	5.05
Deposits	5.61	5.58	5.62
Loans	5.85	6.04	6.08

Condensed Balance Sheets (ROC GAAP compliant)

NT$,000	12.31.2012	12.31.2011
Cash and cash equivalents, due from the Central Bank and other banks	170,387,503	170,072,724
Financial assets at fair value through profit or loss	15,326,525	15,268,103
Receivables	52,152,616	56,174,591
Bills discounted and loans (remittance purchased)	1,429,197,217	1,346,878,428
Available-for-sale financial assets	70,435,968	70,812,945
Held-to-maturity financial assets	278,126,146	322,633,882
Equity investments accounted for under the equity method	4,361,449	4,298,225
Other financial assets	3,124,537	3,532,255
Property, plant and equipment	26,336,701	25,528,901
Intangible assets	247,655	158,941
Others assets	9,177,925	8,408,109
Total assets	**2,058,874,242**	**2,023,767,104**
Due to the Central Bank and other banks	153,182,097	152,999,324
Financial liabilities at fair value through profit or loss	22,795,703	25,662,026
Bills and bonds payable under repurchase agreements	3,077,230	9,479,214
Payables	60,444,047	59,509,109
Deposits and remittances	1,613,307,734	1,602,756,237
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151	27,779,073
Accrued pension liabilities	2,933,778	2,553,681
Other financial liabilities	26,536,790	17,946,078
Other liabilities	8,612,370	8,393,740
Total liabilities	**1,933,667,900**	**1,907,078,482**
Common stock	62,720,000	58,700,000
Additional paid-in capital	19,669,729	19,669,729
Retained earnings	34,540,222	30,197,856
Unrealized revaluation increments	7,205,596	6,750,704
Unrealized gains / losses on financial instruments	3,650,093	2,917,126
Cumulative translation adjustments	(1,805,998)	(854,281)
Unrecognized pension costs	(773,300)	(692,512)
Total stockholders' equity	**125,206,342**	**116,688,622**
Total liabilities and stockholders' equity	**2,058,874,242**	**2,023,767,104**

Condensed Statements of Income (ROC GAAP compliant)

NT$,000	2012	2011
Net interest income	23,002,580	20,761,208
Net non-interest income	10,728,485	10,162,610
Provision for credit losses	(5,808,989)	(5,300,612)
Operating expenses	(15,730,198)	(15,481,686)
Income from continuing operations before income tax	12,191,878	10,141,520
Income from continuing operations after income tax	10,374,835	8,624,869
Cumulative effect of a change in accounting principle	-	-
Net income	10,374,835	8,624,869
Earnings per share ($)	1.36	1.20

Financial Ratios (ROC GAAP compliant)

(%)	2012	2011
Financial structure		
Debt ratio (total liabilities to total assets)	93.92	94.23
Fixed assets to net worth	21.03	21.88
Solvency		
Liquidity reserve ratio	20.54	22.51
Operating performance		
Loans to deposits	89.72	84.04
NPL ratio	0.44	0.47
Total assets turnover (times)	0.02	0.02
Profitability		
ROA (net income to average total assets)	0.51	0.43
ROE (net income to average shareholders' equity)	8.58	8.12
Profit margin ratio	30.76	27.89
Cash flows		
Cash flow adequacy ratio	328.71	257.61
Capital adequacy		
Capital adequacy ratio	11.51	10.94
Tier-one capital ratio	8.41	8.28
Market share		
Assets	5.68	5.85
Net worth	5.21	5.34
Deposits	5.60	5.81
Loans	6.44	6.32

pwc 資誠

(104) PWCR15000351

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and stockholders of First Commercial Bank

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

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

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

We have also audited the financial statements of First Commercial Bank, Ltd. as of and for the years ended December 31, 2015 and 2014, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

February 26, 2016

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

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

		December 31, 2015		December 31, 2014	
ASSETS	Notes	Amount	%	Amount	%
Cash and cash equivalents	6(1) and 7	$ 45,342,673	2	$ 59,483,428	3
Due from the Central Bank and call loans to banks	6(2) and 7	256,445,207	10	181,176,379	8
Financial assets at fair value through profit or loss	6(3) and 7	87,332,352	4	50,114,468	2
Receivables, net	6(4)	67,658,175	3	55,159,359	3
Current tax assets	7	1,610,276	-	2,420,478	-
Loans discounted, net	6(5) and 7	1,480,108,873	61	1,497,006,908	65
Available-for-sale financial assets	6(6) and 8	88,705,301	4	77,674,581	3
Held-to-maturity financial assets	6(7) and 8	356,817,150	15	307,625,308	13
Investments accounted for using equity method, net	6(8)	1,748,629	-	2,072,059	-
Other financial assets, net	6(9)	12,871,246	-	25,650,264	1
Property and equipment, net	6(10)	26,988,698	1	27,546,466	1
Investment property, net	6(11)	6,975,756	-	6,429,494	1
Intangible assets, net		347,268	-	382,777	-
Deferred tax assets, net	6(34)	1,764,265	-	1,609,952	-
Other assets, net	6(12) and 8	2,364,782	-	2,391,093	-
Total Assets		$ 2,437,080,651	100	$ 2,296,743,014	100

(Continued)

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

		December 31, 2015		December 31, 2014	
LIABILITIES AND EQUITY	Notes	Amount	%	Amount	%
LIABILITIES					
Deposits from the Central Bank and banks	6(13) and 7	$ 129,174,491	5	$ 126,095,434	5
Due to the Central Bank and banks		63,088	-	80,968	-
Financial liabilities at fair value through profit or loss	6(14) and 7	30,513,494	1	23,464,824	1
Notes and bonds issued under repurchase agreements	6(15)	2,608,441	-	4,922,050	-
Payables	6(16)	63,328,273	3	62,324,815	3
Current tax liabilities	7	2,106,651	-	2,207,686	-
Deposits and remittances	6(17) and 7	1,949,300,514	80	1,826,398,350	80
Financial bonds payable	6(18)	37,300,000	2	34,900,000	2
Other financial liabilities	6(19)	22,000,339	1	47,474,760	2
Provisions	6(20)	6,293,640	-	5,732,685	-
Deferred tax liabilities	6(34)	5,720,501	-	5,724,379	-
Other liabilities	6(21)	5,187,166	-	4,206,145	-
Total Liabilities		2,253,596,598	92	2,143,532,096	93
EQUITY					
Common stock	6(22)	86,244,000	4	75,859,000	4
Capital surplus	6(22)	34,848,216	2	22,669,729	1
Retained earnings					
Legal reserve	6(22)	31,053,838	1	27,039,492	1
Special reserve	6(22)	4,074,753	-	4,077,121	-
Unappropriated earnings	6(23)	18,649,507	1	16,534,049	1
Other equity interest	6(24)	8,613,739	-	7,031,527	-
Total Equity		183,484,053	8	153,210,918	7
Total Liabilities and Equity		$ 2,437,080,651	100	$ 2,296,743,014	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				
		2015		2014		Change
	Notes	Amount	%	Amount	%	Percentage
Interest income		$ 42,021,429	108	$ 42,198,166	111	-
Less: Interest expense		(13,905,978)	(36)	(14,406,492)	(38)	(3)
Net interest income	6(25) and 7	28,115,451	72	27,791,674	73	1
Net non-interest income						
Net service fee income	6(26) and 7	7,827,181	20	6,608,641	17	18
Gains on financial assets or liabilities measured at fair value through profit or loss	6(3)(27)	957,485	3	1,297,683	3	(26)
Realized gains on available-for-sale financial assets	6(28)	352,989	1	156,549	1	125
Reversal of impairment loss on assets	6(29)	4,552	-	59,474	-	(92)
Share of profit or loss of associates accounted for using equity method	6(8)	(248,791)	(1)	(100,556)	-	147
Foreign exchange gains		1,649,699	4	2,029,901	5	(19)
Net other non-interest income	6(30) and 7	396,103	1	374,215	1	6
Net income		39,054,669	100	38,217,581	100	2
Bad debt expense and guarantee liability provisions	6(5)	(506,456)	(1)	(3,933,456)	(10)	(87)
Operating expenses						
Employee benefits expenses	6(31) and 7	(12,620,548)	(32)	(12,196,700)	(32)	3
Depreciation and amortization expenses	6(32)	(965,514)	(3)	(865,120)	(2)	12
Other general and administrative expenses	6(33) and 7	(5,779,710)	(15)	(5,223,076)	(14)	11
Income from continuing operations before income tax		19,182,441	49	15,999,229	42	20
Tax expense	6(34)	(3,082,350)	(8)	(2,618,078)	(7)	18
Profit		16,100,091	41	13,381,151	35	20

(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,				
		2015		2014		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		(708,018)	(2)	21,165	-	(3445)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		120,363	1	(3,598)	-	(3445)
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation		1,252,628	3	2,536,392	7	(51)
Unrealized gains (losses) on valuation of available-for-sale financial assets		430,726	1	582,654	2	(26)
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)	(106,740)	-	107,176	-	(200)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss		5,598	-	(1,649)	-	(439)
Other comprehensive income, net of tax		994,557	3	3,242,140	9	(69)
Total comprehensive income		$ 17,094,648	44	$ 16,623,291	44	3
Profit, attributable to owners of parent		$ 16,100,091	41	$ 13,381,151	35	20
Comprehensive income, attributable to owners of parent		$ 17,094,648	44	$ 16,623,291	44	3
Earnings per share (In NT dollars)	6(35)					
Basic and diluted earnings per share		$ 2.00		$ 1.75		$

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 available-for-sale financial assets	Total
For the year ended December 31, 2014								
Balance at January 1, 2014	$ 66,351,000	$ 19,669,729	$ 23,846,074	$ 4,077,121	$ 13,836,749	($ 234,259)	$ 4,041,213	$ 131,587,627
Legal reserve	-	-	3,193,418	-	(3,193,418)	-	-	-
Stock dividends of ordinary shares	7,508,000	-	-	-	(7,508,000)	-	-	-
Net income for the period	-	-	-	-	13,381,151	-	-	13,381,151
Other comprehensive income for the period	-	-	-	-	17,567	2,643,568	581,005	3,242,140
Capital Increase by Cash	2,000,000	3,000,000	-	-	-	-	-	5,000,000
Balance at December 31, 2014	$ 75,859,000	$ 22,669,729	$ 27,039,492	$ 4,077,121	$ 16,534,049	$ 2,409,309	$ 4,622,218	$ 153,210,918
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
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 period	-	-	-	-	16,100,091	-	-	16,100,091
Other comprehensive income for the period	-	-	-	-	(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

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	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before income tax	$ 19,182,441	$ 15,999,229
Adjustments to reconcile profit before tax to net cash provided by operating activities		
Income and expenses having no effect on cash flows		
Provision for bad debt expense and guarantee liability	3,096,109	6,223,408
Depreciation of property and equipment	759,730	678,188
Depreciation of investment property	3,730	1,469
Amortization expense	202,054	185,463
Interest income	(42,021,429)	(42,198,166)
Interest expense	13,905,978	14,406,492
Dividend income	(417,718)	(509,184)
Share of loss of associates accounted for using equity method	248,791	100,556
(Gain)loss on disposal of plant and equipment	(22,146)	2,211
Gain on disposal of investment property	(8,171)	-
Reversal of impairment loss on assets	(4,552)	(59,474)
Share-based payments	178,487	-
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(2,069,729)	(2,548,291)
Increase in financial assets at fair value through profit or loss	(37,217,884)	(8,562,550)
(Increase) decrease in receivables	(12,009,640)	4,879,310
Decrease (increase) in loans discounted	13,870,782	(71,856,850)
(Increase) decrease in available-for-sale financial assets	(10,599,994)	8,440,655
Increase in held-to-maturity financial assets	(49,191,842)	(3,514,347)
Decrease in other financial assets	12,779,018	2,644,756
Changes in operating liabilities		
Increase (decrease) in deposits from the Central Bank and banks	3,079,057	(15,280,348)
Increase in financial liabilities at fair value through profit or loss	7,048,670	8,558,622
Decrease in derivative financial liabilities for hedging	-	(7,973)
Increase in payables	833,355	5,940,109
Increase in deposits and remittances	122,902,164	91,774,701
Decrease in other financial liabilities	(25,474,421)	(9,546,204)
Decrease in liability provisions	(150,833)	(119,751)
Increase in other liabilities	981,021	895,171
Cash flows provided by operations	19,883,028	6,527,202
Interest received	41,433,547	41,815,259
Interest paid	(13,735,875)	(14,326,823)
Dividend received `	417,718	509,184
Income tax paid	(2,405,413)	(2,654,554)
Net cash flows provided by operating activities	45,593,005	31,870,268

(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	
	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for using the equity method	$ -	($ 1,208,814)
Acquisition of property and equipment	(761,886)	(1,075,089)
Acquisition of investment property	-	(484)
Increase intangible assets	(165,245)	(280,144)
Proceeds from disposal of property and equipment	34,565	-
Proceeds from disposal of investment property	28,107	-
Decrease (increase) in other assets	30,845	(159,086)
Net cash flows used in investing activities	(833,614)	(2,723,617)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(17,880)	11,725
Decrease in Notes and bonds issued under repurchase agreements	(2,313,609)	(6,044,272)
Increase (decrease) in financial bonds payable	2,400,000	(7,800,000)
Payment of cash dividends	(7,000,000)	-
Capital increase by cash	20,000,000	5,000,000
Net cash flows provided by (used in) financing activities	13,068,511	(8,832,547)
Effect of exchange rate changes on cash and cash equivalents	1,235,538	2,682,262
Net increase in cash and cash equivalents	59,063,440	22,996,366
Cash and cash equivalents at beginning of period	192,703,297	169,706,931
Cash and cash equivalents at end of period	$ 251,766,737	$ 192,703,297
The components of cash and cash equivalents：		
Cash and cash equivalents as per consolidated balance sheet	$ 45,342,673	$ 59,483,428
Due from the Central Bank and call loans to banks qualified as cash and cash equivalents as defined by IAS No. 7	206,424,064	133,219,869
Cash and cash equivalents at end of period	$ 251,766,737	$ 192,703,297

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, 2015 and 2014
(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 in the Taiwan Stock Exchange ("TSE") but remains as a public company. As of December 31, 2015, 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. Establishing overseas branches to operate business approved by the local government; and

D. 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 shareholding as of December 31, 2015..

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 26, 2015.

3. Application of new standards, amendments and interpretations

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

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

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

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

Based on the bank and it's subsidiaries evaluation, it was noted that above-mentioned affected amounts are immaterial, and additional disclosures are made in accordance with the standard.

B. IAS 1, 'Presentation of financial statements'

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

C. IFRS 13, 'Fair value measurement'

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

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

The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existingat the reporting date. The bank and its subsidiaries includes qualitative and quantitative disclosures for all transferred financial assets.

E. Disclosures – offsetting financial assets and liabilities (amendment to IFRS 7)

The amendment requires an entity to disclose offsetting rights and relevant arrangement information. The aforementioned disclosures should provide information to evaluate the effect of offsetting arrangements on an entity's financial position. The new required disclosures on offsetting, which are subject to IAS 32 "Financial instruments: Presentation" requirements on all recognised financial instruments, are also applicable to financial instruments that are subject to an enforceable master netting arrangements or similar agreements. The bank and its subsidiaries has further disclosed information on offsetting financial assets and liabilities.

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

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by IASB
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and 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 19)	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 are standards or interpretations issued by the IASB but not yet endorsed by the FSC. Actual applicability shall be based on the FSC. The bank and it's subsidiaries is still assessing the potential impact of the new standards, interpretations and amendments mentioned above.

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 prepares the consolidated financial statements by aggregating the bank and its subsidiaries's 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 it's subsidiaries has controlling power over. The bank and it's subsidiaries has 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 Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

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

Investor	Subsidiary	Business activities	Percentage of holding shares (%)(Note (3))
FCB	First Commercial Bank (USA)	Banking services	100
FCB	FCBL	Leasing(Note (1))	100
FCB	FIA	Insurance agency(Note (2))	100

Note (1) FCBL was approved to establish in May 1998. The main business includes chattel secured and repo trade, lease business and receivable factoring.

Note (2) FIA was approved to establish on December 13, 2001. The main business is the agency of various life insurance products of other insurance enterprises.

Note (3) The stock ownership ratio remained consistent as of December 31, 2015 and 2014.

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. Entities in the consolidated financial statements

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

(A) At the balance sheet date, all assets and liabilities are translated by the closing exchange rate of the bank and its subsidiaries;

(B) The profit and loss is translated by the average exchange rate in the period (unless the exchange rate fluctuate rapidly, the exchange rate on the trade date shall be adopted); and

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

The exchange difference is recognized in "exchange difference on translation of foreign financial statements" of equity item.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and a portion of currency instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss.

(5) <u>Cash and cash equivalents</u>

"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) <u>Securities purchased or sold under resell or repurchase agreements</u>

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) <u>Financial assets and financial liabilities</u>

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”, “financial assets held to maturity” 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 as 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 initialcost 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 on 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 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 instrument or financial guarantee contract. 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. 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) Offsetting financial instruments

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) Impairment evaluation and provision of loans and receivables

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 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 and its subsidiaries use to determine whether there is objective evidence of animpairment 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.

Above-mentioned impairment evaluation and provision of loans and receivables is in conformity with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the FSC and the requirements ordered by Jin-Guan-Yin-Fa-Zi No. 10410001840.

(10) Derivative instruments

Derivative instruments are initially recognized at fair value at the contract date and subsequently measured by 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

Investment of the bank and its subsidiaries accounted for using 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 and its subsidiaries's 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 and its subsidiaries's 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's 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. Additonally, 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	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, whichever is shorter.

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 for 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 is 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 and its subsidiaries's 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 performs impairment test 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 terms to maturity approximating to the terms 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 it's 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' remuneration

Employees' remuneration 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.

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.

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. Critical accounting judgments, estimates and key source of assumption uncertainty

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) Loan impairment loss

In addition to the compliance with the regulations from competent authorities, the bank and its subsidiaries evaluates risk characteristics of clients and many other factors such as secured and non-secured loans to build modules and case assessments and evaluates cash flows to calculate impairment amount by month. Recognition for impairment loss is determined by observable evidence suggesting a probable impairment. The evidence could include 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 examines 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 decides 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.

(4) Income tax

The bank and its subsidiaries needs to pay income tax in different countries and significant estimates are required when estimating the global income tax after a series of transactions and calculations to determine the ultimate tax amount. The bank and its subsidiaries recognizes additional income tax liabilities arising from tax issues based on the subsequent development of stringent evaluation and assessment on tax issues. The difference between the ultimate tax amount and the initial recognition, if any, will affect the recognition for income tax in the period and deferred income tax account.

6. Summary of significant accounts

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand	$ 13,248,109	$ 13,065,374
Checks for clearance	5,700,021	14,971,201
Due from other banks	26,394,543	31,446,853
Total	$ 45,342,673	$ 59,483,428

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

	December 31, 2015	December 31, 2014
Reserve for deposits-account A	$ 26,444,070	$ 29,585,291
Reserve for deposits-account B	47,030,692	46,153,702
Inter-Bank clearing fund	5,156,552	5,602,492
Deposits of national treasury account	125,877	93,407
Deposits of overseas branches with foreign Central Banks	9,047,384	3,064,672
Reserve for deposits- foreign currency	387,984	323,034
Call loans and overdrafts to other banks	168,257,744	96,353,781
Total	256,450,303	181,176,379
Less: Allowance for bad debt expense - call loans to banks	(5,096)	-
Total	$ 256,445,207	$ 181,176,379

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, 2015	December 31, 2014
In conformity with cash and cash equivalents as defined by IAS No.7	$ 206,424,064	$ 133,219,869
Not in conformity with cash and cash equivalents as defined by IAS No.7		
Reserve for deposits-account B	47,030,692	46,153,702
Deposits by overseas branches with foreign Central Banks (Note)	2,995,547	1,802,808
Total	$ 256,450,303	$ 181,176,379

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, 2015	December 31, 2014
Financial assets held for trading		
Short-term bills	$ 36,976,191	$ 15,440,631
Stocks	667,863	287,773
Bonds (government, financial and corporate bonds)	14,813,475	9,975,708
Derivative financial instruments	10,817,757	9,199,078
Valuation adjustment for financial assets held for trading	148,862	43,858
Subtotal	63,424,148	34,947,048
Financial assets designated as at fair value through profit or loss		
Bonds	23,976,944	15,050,650
Valuation adjustment for designated financial assets at fair value through profit or loss	(68,740)	116,770
Subtotal	23,908,204	15,167,420
Total	$ 87,332,352	$ 50,114,468

A. Details of gains (losses) on financial assets and liabilities at fair value through profit or loss for the years ended December 31, 2015 and 2014 are as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Net gain on financial assets and liabilities held for trading	$ 1,411,704	$ 862,362
Net gain (loss) on financial assets designated as at fair value through profit or loss	(454,219)	435,321
Total	$ 957,485	$ 1,297,683

B. Financial instruments designated at fair value through profit or loss of the Bank and its subsidiaries are the hybrid instruments and products to eliminate the inconsistency of accounting recognition.

(4) Receivables, net

	December 31, 2015	December 31, 2014
Spot exchange receivable	$ 34,606,960	$ 23,732,422
Factoring receivable	11,283,744	9,758,089
Interest receivable	4,772,390	4,184,508
Acceptances receivable	5,511,671	6,421,115
Credit card accounts receivable	6,175,456	5,502,474
Other receivables	6,329,069	6,525,606
Subtotal	68,679,290	56,124,214
Less: Allowance for bad accounts	(1,021,115)	(964,855)
Net amount	$ 67,658,175	$ 55,159,359

(5) Loans discounted, net

	December 31, 2015	December 31, 2014
Bills and notes discounted	$ 4,007,993	$ 5,450,725
Overdrafts	1,150,389	1,105,803
Short-term loans	430,060,152	456,242,287
Medium-term loans	433,982,789	428,183,728
Long-term loans	627,725,769	620,068,663
Import-export bills negotiations	1,164,431	2,523,346
Loans transferred to non-accrual loans	2,985,757	3,777,651
Subtotal	1,501,077,280	1,517,352,203
Less: allowance for bad accounts	(20,968,407)	(20,345,295)
Net amount	$ 1,480,108,873	$ 1,497,006,908

A. As of December 31, 2015 and 2014, please see Note 12(2)C(E) for the explanation on impaired financial assets of the Bank and its subsidiaries for the loans discounted.

B. The Bank and its subsidiaries assessed the appropriate amount of allowance for doubtful accounts; the details and movements of the allowance for doubtful accounts balance for loans discounted and receivables for the years ended December 31, 2015 and 2014 were as follows:

	For the year ended December 31, 2015	For the year ended December 31, 2014
Loans discounted (including other related receivable derived from loans)		
Beginning balance	$ 20,534,259	$ 18,198,602
Provision	2,988,801	5,899,935
Write-off	(2,459,477)	(3,774,530)
Foreign exchange and other movements	43,548	210,252
Ending balance	$ 21,107,131	$ 20,534,259
Receivables		
Beginning balance	$ 840,781	$ 1,237,059
Provision	103,843	83,473
Write-off	(52,000)	(424,043)
Foreign exchange and other movements	(5,137)	(55,708)
Ending balance	$ 887,487	$ 840,781

As of December 31, 2015 and 2014, the elimination of collection of bad debts was $2,589,653 and $2,289,952 and was recognised as bad debt expenses, respectively.

(6) Available-for-sale financial assets

	December 31, 2015	December 31, 2014
Stocks - listed	$ 6,800,547	$ 5,866,198
Short-term bills	637,087	-
Bonds	74,262,869	65,127,098
Beneficiary certificates	800,000	-
Other marketable securities	1,150,764	2,057,977
Valuation adjustment for available-for-sale financial assets	5,054,034	4,623,308
Total	$ 88,705,301	$ 77,674,581

Please refer to Note 8 for details of the above available-for-sale financial assets pledged as collateral as of December 31, 2015 and 2014.

(7) Held-to-maturity financial assets

	December 31, 2015	December 31, 2014
Certificates of deposits purchased	$ 284,145,000	$ 247,465,000
Bonds	71,936,969	58,585,504
Short-term bills	735,181	1,574,804
Total	$ 356,817,150	$ 307,625,308

Please refer to Note 8 for details of the above held-to-maturity financial assets pledged as collateral as of December 31, 2015 and 2014.

(8) Investments accounted for using equity method

A. Investments accounted for using equity method:

	December 31, 2015		December 31, 2014	
	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
East Asia Real Estate Management Co., Ltd.	$ 9,141	30%	$ 2,926	30%
FCBL Capital International (B.V.I) Ltd.	1,739,488	100%	2,069,133	100%
	$ 1,748,629		$ 2,072,059	

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

	December 31, 2015	December 31, 2014
Loss from countinuing operations	($ 248,791)	($ 100,556)
Other comprehensive (loss) income	(106,740)	107,176
Total comprehensive (loss) income	($ 355,531)	$ 6,620

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 investment income or losses from the above equity investments accounted for under the equity method, other than East Asia Real Estate Management Co., Ltd., that was recognized based on the unaudited financial statements of the same period (the Bank expects the effect to be immaterial assuming the financial statements had been audited), was recognized based on the investees' audited financial statements for the years ended December 31, 2015 and 2014.

(9) Other financial assets – net

	December 31, 2015	December 31, 2014
Bond investments without active market	$ -	$ 2,010,288
Investment in time deposits without active market	9,162,155	20,696,846
Stock investments carried at cost	3,681,053	2,941,280
Non-accrual loans transferred from other accounts (excluding loans)	22,842	62,240
Exchanged bills negotiated	5,196	4,500
Subtotal	12,871,246	25,715,154
Less: Allowance for bad debts - overdue receivable	(-)	(64,890)
	$ 12,871,246	$ 25,650,264

A. As the Bank and its subsidiaries's 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.

C. The Bank's overdue notes and debts securities affected by the financial crisis of Iceland and Washington Mutual, U.S.A. are recognized as other financial assets –overdue receivables, and the balance as of December 31, 2015 and 2014 were $0 and $15,807, respectively, with balances for allowance for doubtful loans of $0 and $2,371, respectively. The abovementioned overdue notes and debts securities have been included in debts security and prosecution procedures.

(10) Property and equipment - net

Changes in the property and equipment of the Bank and its subsidiaries for the years ended December 31, 2015 and 2014 are as follows:

	Lands and land improvements	Buildings	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

	Lands and land improvements	Buildings	Machinery and equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2014	$ 19,483,101	$ 11,554,092	$ 2,677,994	$ 819,879	$ 2,159,161	$ 837,318	$ 402,619	$ 37,934,164
Additions	-	373,291	228,994	44,830	98,557	47,307	282,110	1,075,089
Transfers	123,546	77,172	22,313	3,269	14,173	29,663	(270,136)	-
Transfer out to investment property	(580,338)	(22,760)	-	-	-	-	-	(603,098)
Disposals	(3,063)	(14,376)	(91,588)	(45,027)	(44,916)	(7,037)	-	(206,007)
Foreign exchange	-	(771)	3,089	1,520	2,758	11,975	-	18,571
At December 31, 2014	19,023,246	11,966,648	2,840,802	824,471	2,229,733	919,226	414,593	38,218,719
Accumulated depreciation								
At January 1, 2014	(2,872)	(5,047,629)	(2,152,660)	(685,475)	(1,604,009)	(711,570)	-	(10,204,215)
Depreciation	-	(273,901)	(205,962)	(40,489)	(113,187)	(44,649)	-	(678,188)
Transfer out to investment property	-	20,770	-	-	-	-	-	20,770
Disposals	2,872	14,106	91,083	44,545	44,153	7,037	-	203,796
Foreign exchange	-	-	(2,848)	(1,468)	(2,362)	(7,738)	-	(14,416)
At December 31, 2014	-	(5,286,654)	(2,270,387)	(682,887)	(1,675,405)	(756,920)	-	(10,672,253)
Book value	$ 19,023,246	$ 6,679,994	$ 570,415	$ 141,584	$ 554,328	$ 162,306	$ 414,593	$ 27,546,466

There was no interest capitalized on property and equipment acquired for the years ended December 31, 2015 and 2014.

(11) Investment property– net

Please see below table for the investment property of the Bank and its subsidiaries for the years ended December 31, 2015 and 2014:

	Lands and land improvements	Buildings	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

	Lands and land improvements	Buildings	Total
Cost			
At January 1, 2014	$ 5,833,641	$ 120,556	$ 5,954,197
Additions	-	484	484
Transferred from property and equipment	580,338	22,760	603,098
At December 31, 2014	6,413,979	143,800	6,557,779
Accumulated depreciation			
At January 1, 2014	-	(106,046)	(106,046)
Transferred from property and equipment	-	(20,770)	(20,770)
Depreciation	-	(1,469)	(1,469)
At December 31, 2014	-	(128,285)	(128,285)
Investment property– net	$ 6,413,979	$ 15,515	$ 6,429,494

A. As of December 31, 2015 and 2014, the investment property at fair value of the Bank and its subsidiaries was $16,794,950 and $14,774,822, 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, 2015 and 2014, the rental income from investment property were $81,728 and $69,824, respectively, the operating expenses from investment property were $59,225 and $50,706, respectively.

(12) Other assets - net

	December 31, 2015	December 31, 2014
Leased assets-vehicles	$ 2,180,022	$ 1,901,816
Less: Accumulated depreciation	(734,249)	(593,024)
Leased assets - net	1,445,773	1,308,792
Foreclosed assets		
Cost	77,672	76,446
Less: Accumulated impairment	(68,548)	(76,446)
Net foreclosed assets	9,124	-
Guarantee deposits paid	552,990	608,622
Prepayments	313,708	441,577
Others	43,187	32,102
Total	$ 2,364,782	$ 2,391,093

Please refer to Note 8 for details of other assets pledged as collateral as of December 31, 2015 and 2014.

(13) Deposits from the Central Bank and banks

	December 31, 2015	December 31, 2014
Call loans from other banks	$ 126,741,274	$ 119,991,671
Transfer deposits from Chunghwa Post Co. Ltd.	1,391,866	1,878,109
Overdrafts from other banks	638,545	646,929
Due to other banks	362,973	3,538,403
Due to the Central Bank	39,833	40,322
Total	$ 129,174,491	$ 126,095,434

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

	December 31, 2015	December 31, 2014
Financial liabilities for trading purpose		
Derivative instruments	$ 7,846,846	$ 5,142,741
Financial liabilities designated at fair value through profit or loss		
Bonds	21,926,400	18,101,000
Valuation adjustment	740,248	221,083
Total	$ 30,513,494	$ 23,464,824

A. The financial instruments of the Bank and its subsidiaries at fair value through profit or loss were designated to eliminate or significantly reduce recognition inconsistency.

B. For the years ended December 31, 2015 and 2014, the changes in fair value belonging to financial debentures designated at fair value through profit and loss by the Bank were $61,541 and $35,060, respectively.

C. The Bank sold the financial debentures at the face value. As of December 31, 2015 and 2014, 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, 2015	December 31, 2014
Government bonds	$ 2,608,441	$ 3,032,472
Financial bonds	-	1,889,578
Total	$ 2,608,441	$ 4,922,050

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 $2,611,586 and $4,934,374 as of December 31, 2015 and 2014, respectively.

(16) Payables

	December 31, 2015	December 31, 2014
Accounts payable	$ 12,123,989	$ 20,821,327
Spot exchange payable	34,605,287	23,734,833
Bank acceptances	5,466,524	6,585,298
Accrued expenses	4,894,725	4,954,466
Interest payable	2,346,475	2,176,372
Other payables	3,891,273	4,052,519
Total	$ 63,328,273	$ 62,324,815

(17) Deposits and remittances

	December 31, 2015	December 31, 2014
Checking accounts deposits	$ 43,288,793	$ 38,788,810
Demand deposits	543,379,780	465,291,398
Time deposits	400,411,979	382,648,772
Negotiable certificates of deposits	8,995,500	9,856,200
Savings account deposits	951,054,618	927,506,490
Remittances Outstanding	2,090,589	2,198,734
Others	79,255	107,946
Total	$ 1,949,300,514	$ 1,826,398,350

(18) Finanical bands 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 financial bond shares for the issuance of senior and subordinate bonds. This proposition was approved by the Ministry of Finance, R.O.C. and the FSC. The gross approved issuance amount was: $20 billion on June 24, 2005, $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, 2006
Issue date	April 24, July 27 and December 4, 2006
Issue amount	NT$14 billion (NT$13 billion has been paid back)
Issue price	At par
Coupon rate	2.24%~2.75%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	5 years and 6 months to 10 years

	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
Issue price	At par
Coupon rate	A:This is a zero-coupon bond with the implicit interest rate is 4.10% B: This is a zero-coupon bond with the implicit interest rate is 4.07%
Interest and repayment terms	A:The bond 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 bond 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 bond with the implicit interest rate is 4.06% B: This is a zero-coupon bond with the implicit interest rate is 4.02%
Interest and repayment terms	A:The bond can be redeemed after two years from the issue date. Theprincipal is to be paid pursuant to face value at maturity and interest is paid. B: The bond 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, 2015 and 2014, the range of interest rates of the above mentioned corporate bonds was 1.31%~4.10% and 1.11%~4.10%, respectively.

As of December 31, 2015 and 2014, the outstanding balances of the above mentioned financial bonds amounted to $59.226 and $53.001 billion New Taiwan dollars, respectively. Among the preceding mentioned financial bonds, the senior and the subordinate financial bonds with face value of $17.426 billion and $9.501 billion, $4.5 billion and $8.6 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 financial bonds stated above were designated as financial liabilities at fair value through profit or loss in order to eliminate or significantly reduce recognition inconsistency.

(19) Other financial liabilities

	December 31, 2015	December 31, 2014
Received principal of structured notes	$ 17,957,299	$ 43,379,783
Commercial papers payable	2,879,269	3,408,650
Short-term borrowing	1,110,000	600,000
Others	53,771	86,327
Total	$ 22,000,339	$ 47,474,760

These short-term borrowings were credit borrowings as of December 31, 2015, and December 31, 2014, the interest rate range were 1.12%~1.43%, and 1.16%~1.35%, respectively.

(20) Provisions

	December 31, 2015	December 31, 2014
Provisions for employee benefit	$ 5,492,799	$ 4,935,680
Reserve for guarantees	799,145	795,376
Others	1,696	1,629
Total	$ 6,293,640	$ 5,732,685

Provisions for employee benefit of actuarial value was as follows:

	December 31, 2015	December 31, 2014
Consolidated balance sheet:		
Defined benefit plans	$ 4,737,389	$ 4,179,141
Preferential saving plan for employees	716,858	716,177
Total	$ 5,454,247	$ 4,895,318

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, 2015 and 2014, the pension costs of fhe Bank and its subsidiaries under the defined contribution plan were $138,453 and $128,095, respectively.

For employees working overseas, pension expenses under defined contribution plans are recognized according to the local regulations. For the years ended December 31, 2015 and 2014, pension expenses of current period were $17,212 and $16,382, 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 theend of December 31, every year. If the account balance is not enough to pay the pensioncalculated by the aforementioned method, to the labors expected to be qualified for retirementnext 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, 2015 and 2014 were $392,011 and $405,509, respectively. As of December 31, 2015 and 2014, the balances of the pension fund deposited in the Bank of Taiwan were $6,350,230 and $6,117,775, respectively.

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

	December 31, 2015	December 31, 2014
Present value of funded obligations	$ 11,142,814	$ 10,349,101
Fair value of plan assets	(6,405,425)	(6,169,960)
Net defined benefit liability	$ 4,737,389	$ 4,179,141

(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 31,2015			
Balance at January 1	$ 10,349,101	($ 6,169,960)	$ 4,179,141

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
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 fiancial 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

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31,2014			
Balance at January 1	$ 10,241,524	($ 5,907,051)	$ 4,334,473
Current service cost	333,466	-	333,466
Interest expense (revenue)	176,681	(105,370)	71,311
	10,751,671	(6,012,421)	4,739,250
Remeasurements (Note):			
Return on plan asset	-	(34,895)	(34,895)
Experience adjustments	13,730	-	13,730
	13,730	(34,895)	(21,165)
Pension fund contribution	-	(538,944)	(538,944)
Paid Pension	(416,300)	416,300)	-
Balance at December 31	$ 10,349,101	($ 6,169,960)	$ 4,179,141

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 authorised 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, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

As of December 31, 2015 and 2014, actual return on plan assets were $165,236 and $140,265, respectively.

As of December 31, 2015 and 2014, defined benefit plan recognised through other comprehensive income a remeasurement of ($708,018) and $21,165, respectively, for net defined benefit liability

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

	December 31, 2015	December 31, 2014
Discount rate	1.40%	1.75%
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, 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 oneassumption is changed. In practice, more than one assumption may change all at once. Themethod of analysing sensitivity and the method of calculate net pension liability in thebalance sheet are the same.

(E) The Bank and its subsidiaries plans to set aside $783,055 into the defined benefit plan within one year starting from December 31, 2015.

(F) As of December 31, 2015 the weignted average duration of the retirement plan is 10.3 years.

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 $364,077 and $364,548 for the years ended December 31, 2015 and 2014, respectively. Please see Note 4(20)B for details.

(A) As of December 31, 2015 and 2014, net liability in the balance sheet was $716,858 and $716,177, 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 31,2015			
Balance at January 1	$ 716,177	$ -	$ 716,177
Interest expense (revenue)	26,739	-	26,739
	742,916	-	742,916
Remeasurements:			
Change in fiancial 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

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Year ended December 31,2014			
Balance at January 1	$ 704,315	$ -	$ 704,315
Interest expense (revenue)	26,310	-	26,310
	730,625	-	730,625
Remeasurements:			
Experience adjustments	191,724	-	191,724
	191,724	-	191,724
Pension fund contribution	-	(206,172)	(206,172)
Paid Pension	(206,172)	206,172	-
Balance at December 31	$ 716,177	$ -	$ 716,177

(C) For the years ended December 31, 2015 and 2014, 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, 2015	December 31, 2014
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, 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 analysing sensitivity and the method of calculate net pension liability in the balance sheet are the same.

D. Movements in reserve for guarantees were as follows:

	For the years ended December 31	
	2015	2014
Beginning balance	$ 795,376	$ 558,614
Provision	3,465	240,000
Foreign exchange and other movements	304	(3,238)
Ending balance	$ 799,145	$ 795,376

(21) Other liabilities

	December 31, 2015	December 31, 2014
Guarantee deposits received	$ 3,633,312	$ 2,091,909
Advance receipts	1,286,505	1,764,134
Temporary receipts and suspense accounts	189,641	208,150
Others	77,708	141,952
Total	$ 5,187,166	$ 4,206,145

(22) Equity

A. Common stock

The approved and issued capital stock were both $86,244,000 as of December 31, 2015, Total issued and outstanding shares were both 8,624,400 thousand shares of common stock with $10 (in dollars) par value per share.

On April 18, 2014, the Bank's Board of Directors has approved and on behalf of stockholders resolved to increase capital through unappropriated earnings amounting to $7,508,000 by issuing 750,800 thousand shares with a par value of $10 (in dollars per share) on June 27, 2014. The capital increase was under the approval of Financial Supervisory Commission's Letter No. 1030028255, has completed the registration and the total capital was $73,859,000 by issuing 7,385,900 thousand shares with a par value of $10 (in dollars per share) after the capital increase.

On November 20, 2014, the Bank's Board of Directors on behalf of stockholders resolved to increase capital by cash to $5,000,000 by issuing 200,000 thousand shares with private stock premiun of $25 on December 15, 2014. The capital increase was under the approval of Financial Supervisory Commission's Letter No. 10300345211, has completed the registration and the total capital was $75,859,000.

On April 17, 2015, the Bank's Board of Directors has approved and on behalf of stockholders resolved to increase capital through unappropriated earnings amounting to $2,385,000 by issuing 238,500 thousand shares with a par value of $10 (in dollars per share) on June 24, 2015. The capital increase was under the approval of Financial Supervisory Commission's Letter No. 1040021650, has completed the registration and the total capital was $78,244,000 by issuing 7,824,400 thousand shares with a par value of $10 (in dollars per share) after the capital increase.

On August 14, 2015, the Bank's Board of Directors on behalf of stockholders resolved to increase capital by cash to $20,000,000 by issuing 800,000 thousand shares with private stock premiun of $25 on September 18, 2015. The capital increase was under the approval of Financial Supervisory Commission's Letter No. 10400202310, has completed the registration and the total capital was $86,244,000.

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, 2015, the Bank and it's 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 $178,487,000.

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, 2015 and 2014, the details on the Bank's capital surplus are as follows:

	December 31, 2015	December 31, 2014
Share premium	$ 34,460,326	$ 22,460,326
Share-based payments	387,890	209,403
Total	$ 34,848,216	$ 22,669,729

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 Letter 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 Letter 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.

(23) Unappropriated earnings

A. In accordance with the Bank's Articles of Incorporation, if current year's earnings, other than paying all taxes and offsetting prior years' operating losses, 30% shall be appropriated as legal reserve and an amount equal to current year owner's equity deductions shall be appropriated a special reserve. The remainder, if any, after the Board of Directors' consideration for the banks' capital adequacy and business development needs, shall be resolved by the stockholders' at the meeting (with the Board of Directors authorized to act on their behalf) to be retained or distributed. Prior to the legal reserve exceeding paid-in capital or the equity capital to risk assets ratio exceeding banking regulations, maximum cash profits 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

Banking is a fully developed industry and the Bank, operating under a solid financial base, has maintained a stable income. The Bank has set up its dividend policy to be primarily in the form of cash dividends and supplemented by share dividends, as to increase its capital adequacy ratio and to enhance its competitiveness.

C. The appropriation of 2014 and 2013 earnings were resolved on May 8, 2015 and June 27, 2014 and were summarized as follows:

	2014		2013	
	Earnings distribution	Dividend per share (NT dollar)	Earnings distribution	Dividend per share (NT dollar)
Legal reserve	$ 4,014,346	$ -	$ 3,193,418	$ -
Cash dividends on common stock	7,000,000	0.923	-	-
Stock dividends on common stock	2,385,000	0.314	7,508,000	1.132
	$ 13,399,346	$ 1.237	$ 10,701,418	$ 1.132

D. For information on employee's remuneration (bonus) remuneration, please refer to Note 6(31)

(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, 2015	$ 2,409,309	$ 4,622,218	$ 7,031,527
Available-for-sale financial assets			
- Valuation adjustment	-	480,867	480,867
- Realised	-	(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

	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total
Balance, January 1, 2014	($ 234,259)	$ 4,041,213	$ 3,806,954
Available-for-sale financial assets			
- Valuation adjustment	-	333,375	333,375
- Realised	-	249,279	249,279
Exchange difference on the financial statements of foreign entities	2,536,392	-	2,536,392
		-	

Share of the profit or loss of associates accounted for using the equity method	107,176		107,176
Effect from income tax	-	(1,649)	(1,649)
Balance, December 31, 2014	$ 2,409,309	$ 4,622,218	$ 7,031,527

(25) Net interest income

	2015	2014
Interest income		
Interest income on loans discounted	$ 33,784,152	$ 33,376,057
Interest income on securities investment	4,645,475	4,311,281
Interest income due from bank	3,139,541	4,038,399
Interest income on credit cards recurrence	184,064	204,107
Other interest income	268,197	268,322
Subtotal	42,021,429	42,198,166
Interest expense		
Interest expense for deposits	(11,886,995)	(11,864,802)
Interest expense due to Central Banks and banks	(1,064,519)	(1,497,478)
Interest expense, financial bonds	(723,846)	(656,826)
Interest expense on structured notes	(150,862)	(243,418)
Interest expense of bonds payable under repurchase agreements	(29,321)	(104,469)
Other interest expense	(50,435)	(39,499)
Subtotal	(13,905,978)	(14,406,492)
Total	$ 28,115,451	$ 27,791,674

(26) Net service fee income

	2015	2014
Service fee income		
Trust business	$ 1,870,779	$ 1,768,432
Custodian business	494,074	468,897
Insurance agency	2,840,886	1,735,944
Foreign exchange	934,792	971,346
Credit extension	1,134,185	982,922
Credit card	818,548	715,181
Other service fee income on deposits and remittances	558,382	536,808
Overseas branches excluding OBU	751,265	727,460
Subtotal	9,402,911	7,906,990
Service fee expense		
Trust business	(134,521)	(113,780)
Custodian business	(114,204)	(100,935)
Insurance agency	(433,533)	(300,361)
Foreign exchange	(29,345)	(24,491)
Credit extension	(55,264)	(54,343)
Credit card	(395,560)	(329,509)
Other service fee expense on deposits and remittances	(384,791)	(347,400)
Overseas branches excluding OBU	(28,512)	(27,530)
Subtotal	(1,575,730)	(1,298,349)
Total	$ 7,827,181	$ 6,608,641

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

	2015	2014
Gain and loss from disposal of financial assets at fair value through profit or loss		
Short-term bills	($ 67,937)	($ 51,749)
Bonds	(89,830)	(26,706)
Stocks	(80,971)	(26,306)
Interest rate	169,557	(146,056)
Exchange rate	429,654	787,390
Options	73,968	(32,449)
Futures	(24,043)	(92,028)
Other securities	3,389	34
Subtotal	413,787	412,130
Evaluation gain and loss on financial assets at fair value through profit or loss		
Short-term bills	(4,051)	(7)
Bonds	(137,976)	280,527
Stocks	(16,307)	9,982
Interest rate	462,425	(98,054)
Exchange rate	(56,350)	109,580
Options	92,872	19,672
Futures	704	7,314
Exchange of commodities	5,271	-
Credit risk valuation adjustment	(30,854)	-
Subtotal	315,734	329,014
Coupon payment and bonus income on financial assets at fair value through profit or loss	9,503	16,456
Interest income on financial assets at fair value through profit or loss	967,021	868,750
Interest expense on financial liabilities at fair value through profit or loss	(748,560)	(328,667)
Total	$ 957,485	$ 1,297,683

Net income on exchange rate instruments are realized and unrealized gain and loss on spot and forward exchange contracts, FX options and FX futures. Financial assets and liabilities denominated in foreign currencies that are not designed for hedging and are measured at fair value through profit and loss, the translation gains and losses are also included under the net income of exchange rate instruments.

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

When the Bank and its subsidiaries designates 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

	2015	2014
Gain on disposal		
Bonds	$ 151,826	49,598
Stock	90,013	60,681
Beneficiary certificate	620	-
Subtotal	242,459	110,279
Loss on disposal		
Bonds	(15,418)	(3,344)
Stock	(176,900)	(356,214)
Subtotal	(192,318)	(359,558)
Dividends income	302,848	405,828
Total	$ 352,989	$ 156,549

(29) Reversal of impairment loss on assets

	2015	2014
Reversal of impairment loss of other financial assets	$ -	$ 52,209
Reversal of impairment loss on collaterals	4,552	7,265
	$ 4,552	$ 59,474

(30) Net other non-interest income

	2015	2014
Net gain on financial assets carried at cost	$ 105,367	$ 86,900
Net income and losses from rent	265,471	259,784
Gain on disposal of property	35,062	2,266
Loss on retired assets	(1,430)	(2,211)
Net gain (loss) on sale of foreclosed collaterals	54,898	(5,789)
Other net income and losses	(63,265)	33,265
Total	$ 396,103	$ 374,215

(31) Employee benefit expenses

	2015	2014
Wages and salaries	$ 10,800,051	$ 10,600,043
Share-based payments	178,487	-
Labour and health insurance fees	548,053	506,989
Pension costs	911,753	914,534
Other employee benefit	182,204	175,134
Total	$ 12,620,548	$ 12,196,700

A. The calculation for the employee benefit expense is based on the number of employee of 7,678and 7,543 for the year of 2015 and 2014, repectively. (Pension expenses include preferential interest deposit for retired employees amounted to $364,077 and $364,548 for the year of 2015 and 2014, repectively.)

B. In accordance with the Company's Articles of Incorporation, upon the Company's distribution of earnings, employees' bonus to be distributed shall be 1% to 8%.

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee compensation, based on the distributable profit of the current year, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channelled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

C. As of December 31, 2015 and 2014, the Bank's estimated employees' compensation (bonus) were $997,869 and $779,800, respectively. The aforementioned amounts are accounted for under employee benefit expenses.

The amount estimated for the year 2015 were based on earnings for that year and have not been approved by the Board of Directors.

D. After considering factors such as legal reserve, the estimates for 2014 and 2013 were based on 1% to 8% of income after taxes. The actual distribution amount of employees' bonus for 2014 and 2013, as resolved by the Board of Directors respectively in 2015 and 2014, was $750,697 and $571,956, respectively. This was, as compared to the respective recognized employees' bonus of $779,800 and $598,600 under operating expenses in the financial statements, a decrease of $29,103 and $26,644, respectively. The difference in amounts were due to estimation differences and have been accounted for as a change in accounting estimate subsequent to the Board of Directors' resolution for distribution, recognizing the differences as adjustments to profit or loss in 2015 and 2014. In addition, the Bank has not distributed any directors' and supervisors' remuneration.

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

(32) Depreciation and amortization

	2015	2014
Depreciation expense	$ 763,460	$ 679,657
Amortization expense	202,054	185,463
Total	$ 965,514	$ 865,120

(33) Other business and administrative expenses

	2015	2014
Taxes	$ 2,166,946	$ 1,650,646
Rental	1,044,115	958,325
Insurance premium	569,387	621,813
Post and cable	238,613	225,125
Maintenance	188,873	192,792

Water, electricity and gas	159,590	175,662
Entrustment of investigate and research	128,833	149,526
Land occupancy	135,732	135,042
Police and security	132,801	134,472
Advertising	173,088	151,199
Stationery	107,159	109,683
Others	734,573	718,791
Total	$ 5,779,710	$ 5,223,076

(34) Income tax expenses

A. Income tax expense

	2015	2014
Current tax		
Current tax on profits for the period	$ 2,960,565	$ 2,301,308
Adjustments for over provisions of prior years' income tax expense and others	154,015	352,993
Total current tax	3,114,580	2,654,301
Origination and reversal of temporary differences	(32,230)	(36,223)
Income tax expense	$ 3,082,350	$ 2,618,078

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

	2015	2014
Income tax from pretax income calculated at regulated tax rate	$ 3,261,015	$ 2,719,869
Income tax of overseas branches and adjustments for over provisions of prior years' income tax expense	154,015	352,993
Adjusted effects on income tax exemption and other income tax	(332,680)	(454,784)
Income tax expense	$ 3,082,350	$ 2,618,078

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

	2015			
Temporary differences	January 1	Recognised in profit or loss	Recognised 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	(23,871)	-	472,556
Others	(346,949)	(297,859)	5,598	(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

	2014			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Allowance for bad debt in excess of tax limits	$ 490,425	$ 211,631	$ -	$ 702,056
Impairment loss of foreclosed assets	21,626	(1,385)	-	20,241
Unappropriated employee benefit liabilities reserve	764,235	(22,460)	(3,598)	738,177
Overseas branches and overseas subsidiary	461,631	34,796	-	496,427
Others	(133,109)	(212,191)	(1,649)	(346,949)
Deferred tax assets-net	$ 1,604,808	$ 10,391	($ 5,247)	$ 1,609,952
Deferred tax liabilities:				
Increment tax on land value	$ 5,713,259	$ -	$ -	$ 5,713,259
Others	36,952	(25,832)	-	11,120
Deferred tax liabilities:-net	$ 5,750,211	($ 25,832)	$ -	$ 5,724,379

D. The bank's filed income tax returns through 2009 have been assessed and approved by the Tax Authority. However, The bank disagreed with the assessments related to "recognition of revenue from overseas branches and investment tax credit for personnel training" in 2009, and had filed for a reassessment for the income tax returns thereof in accordance with regulations. The case is currently still under assessment. In addition, for 2008's "allocation of Head Office's management fees to Offshore Banking Unit", which had been filed for reassessment, a portion was resolved to be retroactively recognised by the Ministry of Finance, R.O.C. after reassessment; 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 administrative appeal, the bank decided to cease further litigation for its 2003 administrative appeal; 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.

Income tax returns of FCBL and FIA through 2013 have been respectively assessed and approved by the Tax Authority.

E. The balance of unappropriated earnings were as follows:

As of December 31, 2015 and 2014, the balance of unappropriated earnings is generated on and after January 1, 1998.

F. As of December 31, 2015 and 2014, the balance of the imputation tax credit account was \$124,889 and \$90,820, respectively. The creditable tax rate were 0.53% and 0.60% for 2014 and is estimated to be 0.66% for 2015.

(35) Earnings per share

Basic

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

	2015	2014
Gain and loss attributable to the common stock of the bank and its subsidiaries (in thousand dollars)	$ 16,100,091	$ 13,381,151
Outstanding weighted average common stock (in thousand of shares)	8,054,537	7,633,215
Earnings per share (in dollars)	2.00	1.75

Note: The effect of capital increase from earnings for the year ended December 31, 2014 has been retroactively adjusted. Basic earnings per share and diluted earnings per share for the years ended December 31, 2015 and 2014 are the same.

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.	Substanive 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
The First Education Foundation	Over one third of total fund is donated by 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
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.	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, 2015		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ 500,000	0.23~0.43

	December 31, 2014		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ -	0.388~0.395

For the years ended December 31, 2015 and 2014, the interest income on above related parties were $1,696 and $9,129, 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, 2015		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 10,000,000	$ -	0.30~0.32

	December 31, 2014		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 3,800,000	$ -	0.388

For the years ended December 31, 2015 and 2014, the interest expense on above related parties were $920 and $40, 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, 2015	
	Ending balance	Percentage (%)
Other related parties		
Bank of Taiwan	$ 259,520	0.98

	December 31, 2014	
	Ending balance	Percentage (%)
Other related parties		
Bank of Taiwan	$ 225,695	0.72

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

D. Loans

December 31, 2015

Items	Category of related party (Note 2)	Number or name of related party (Note 1)	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

December 31, 2014

Items	Category of related party (Note 2)	Number or name of related party (Note 1)	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	23	$ 9,947	$ 8,976	$ 8,976	$ -	None	None
Residential mortgage loans	Other related parties	121	516,204	442,588	442,588	-	Real estate	None
Other loans	Subsidiary	FFAM	338,000	20,000	20,000	-	Real estate	None
Other loans	Other related parties	4	30,585	30,577	30,577	-	Certificates of deposits of the Bank、real estate	None

For the years ended December 31, 2015 and 2014, the interest income received from the above related parties were $9,388 and $11,378, respectively.

Note 1:Account numbers are calculated based on the statistics at the end of the year.

Note 2:None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually in detail.

E. Deposits

	December 31, 2015		December 31, 2014	
	Ending balance	Percentage(%)	Ending balance	Percentage(%)
Parent company				
First Financial Holding Co., Ltd.	$ 783,692	0.04	$ 1,749,883	0.10
Subsidiary				
First-Aviva Life Insurance Co., Ltd.	386,824	0.02	536,618	0.03
First Securities Inc.	704,778	0.04	387,729	0.02
Others	263,753	0.01	496,869	0.03
Other related parties				
Others (Note)	1,512,142	0.08	1,291,115	0.07
Total	$ 3,651,189	0.19	$ 4,462,214	0.25

The interest expense paid to the above related parties for years ended December 31, 2015 and 2014 were $36,260 and $44,725, 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, 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	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

December 31, 2014

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	Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2014/10/31~2015/3/30	$ 4,310,287	$ 89,032	Valuation adjustment for trading Assets – currency exchange rate	$ 89,032
Other related parties	Bank of Taiwan	Foreign exchange contracts	2014/12/30~2015/4/7	316,700	605	Valuation adjustment for trading Assets– currency exchange rate	605

Note 1: The evaluation gain and loss are those gain and loss of financial derivatives measured by fair value at the ending period as of the balance sheet date in the year.

Note 2: The balances in the balance sheet are the ending balances of financial derivative assets or liabilities of financial assets or liabilities at fair value through profit or loss.

G. Current income tax assets

	December 31, 2015	December 31, 2014
First Financial Holding Co., Ltd.(Note)	$ 910,975	$ 1,848,953

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

H. Current income tax liabilities

	December 31, 2015	December 31, 2014
First Financial Holding Co., Ltd.(Note)	$ 1,212,770	$ 1,458,550

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

I. Bank notes payable

	December 31, 2015	December 31, 2014
First-Aviva Life Insurance Co., Ltd. (FALI)	$ 343,528	$ 317,936

For the years ended December 31, 2015 and 2014, the interest expense on above related parties were $12,926 and $1,184, respectively.

J. Handling charges income and other income

	For the years ended December 31	
	2015	2014
Parent company		
First Financial Holding Co.,Ltd.	$ 21,971	$ 21,264
Subsidiary of FFHC		
First Securities Inc.	93,143	90,030
First Securities Investment Trust Co., Ltd.	43,493	49,282
First-Aviva Life Insurance Co., Ltd.	39,813	45,311
First P&C Insurance Agency	32,071	30,166
First Capital Management Inc.	11,728	15,275
First Financial Asset Management Co., Ltd.	4,488	
		4,503
Other related parties		
Others	5,919	5,459
	$ 252,626	$ 261,290

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	
	2015	2014
Parent company		
First Financial Holding Co.,Ltd.	$ 914	$ 5,858
Subsidiary of FFHC		
First Financial Asset Management Co.,Ltd.	81,471	109,473
First Securities Inc.	54,853	57,043
Other related parties		
Others	79,025	10,887
	$ 216,263	$ 183,261

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	
	2015	2014
Salaries and other short-term employee benefits	$ 88,976	$ 89,847
Post-employment benefits	2,335	3,744
Other long-term employee benefits	227	219
Share-based payments	971	-
Total	$ 92,509	$ 93,810

8. Pledged assets

Pledged assets provided by the Bank and its subsidiaries as of December 31, 2015 and 2014 were as follows:

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	

Items	December 31, 2014	Purpose of Pledge
Available-for-sale financial assets – bonds	$ 1,959,883	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	88,978	Deposits with Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank (FRB)
Refundable deposits	608,622	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 2,657,483	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) The Bank has the following commitments as of December 31, 2015 and 2014:

	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

	December 31, 2014
Unused loan commitments	$ 135,195,659
Unused credit commitments for credit cards	60,425,196
Unused letters of credit issued	31,040,109
Guarantees	79,865,265
Collections receivable for customers	140,823,599
Collections payable for customers	186,527,417
Travelers' checks consignment-in	373,388
Guaranteed notes payable	58,151,193
Trust assets	706,940,964
Customers' securities under custody	361,215,423
Book-entry for government bonds under management	162,378,800
Depository for short-term marketable securities under management	75,172,132

(2) Material litigation

Due to the collapse of the Tung Xin building caused by an earthquake on September 21, 1999, the residents filed a civil lawsuit for compensation of tort damages against Hong Cheng Building Co., Ltd., Hong Ku Construction Co., Ltd., (including their directors and supervisors) and the Bank. The court of 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 claims on compensation concerning tort damages against the Bank to the Department of Urban Development, Taipei City Government, on September 19, 2014, the Department of Urban Development, Taipei City Government filed a civil lawsuit against the Bank.

Besides, the residents of 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 against the Bank. The proceeding of the lawsuit was stayed in 2001, and reviewed under retrial of the Taipei District Court on July 29, 2014.

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, 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	-

	December 31, 2014			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets-net	$ 307,625,308	$ 1,683,624	$ 306,192,871	$ -
Other financial assets- bond instruments without active market	22,707,134	-	22,707,375	-
Non-financial assets				
Investment property	6,429,494	-	14,774,822	-

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 it's 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 it's 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 it's 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 it's 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 & financial bonds: 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. Financial bonds 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, financial bonds, 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 financial bonds 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.Hierarchy of fair value estimation of financial instruments

(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 and it's 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 financial bonds 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, 2015			
	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	$ 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	-
Derivative financial instruments				
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	$ -

Financial instruments measured at fair value	December 31, 2014			
	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	$ 15,458,680	$ -	$ 15,458,680	$ -
Bond investments	303,452	303,452	-	-
Short-term notes	9,985,838	1,887,225	8,098,613	-
Financial assets designated as at fair value through profit or loss on initial recognition	15,167,420	-	15,167,420	-
Available-for-sale financial assets				
Stock investments	10,764,513	10,764,513	-	-
Bond investments	64,848,371	208,310	64,640,061	-
Others	2,061,697	-	2,061,697	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss on initial recognition	18,322,083	-	18,322,083	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	9,199,078	125,876	9,073,202	-
Liabilities				
Financial liabilities at fair value through profit or loss	5,142,741	-	5,142,741	-
Total	$ 151,253,873	$ 13,289,376	$ 137,964,497	$ -

(C)Movements of financial assets and liabilities at fair value classified into Level 3

a. Movements of financial assets classified into Level 3 of fair value

For the year ended December 31, 2015 the bank and its subsidiaries does not hold any financial assets in level 3.

For the year ended December 31, 2014

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3 (Note)	
Derivative financial instruments	$ 588,011	$ 79,340	$ -	$ 41,221	$ -	$ 378,501	$ 330,071	$ -

In relation to the above amounts recognized in gain and loss in the period, as of December 31, 2015 and 2014, the carrying amounts of gains on assets were $0 and $79,340, respectively.

b. Movements of financial liabilities classified into Level 3 of fair value

For the year ended December 31, 2015 the bank and its subsidiaries does not hold any financial liabilities in level 3.

For the year ended December 31, 2014

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3 (Note)	
Derivative financial instruments	$ 588,011	$ 56,202	$ -	$ 64,346	$ -	$ 400,277	$ 308,282	$ -

In relation to the above amounts recognized in gain and loss in the period, as of December 31, 2015 and 2014, the carrying amounts of losses on liabilities were $0 and $56,202, respectively.

(D) Transfers between Level 1 and Level 2

With regard to the financial instruments held by the Bank and its subsidiaries, no transfers between Level 1 and Level 2 occurred during this period.

(E) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value

The fair value measurement that the Bank and its subsidiaries made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in Level 3 moves 0.2% (for example, the interest rate, etc.), the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

Financial instruments are not classified into Level 3 for the year ended December 31, 2015 and 2014.

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

The bank and it's subsidiaries are not classified in Level 3 for the year ended December 31, 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 and it's 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 it's 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 it's 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 it's subsidiaries has established a risk management policy, system, process and method. the bank and it's 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, 2014 and 2013, 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:

	December 31, 2015		December 31, 2014	
Industry	Amount	%	Amount	%
Private enterprises	$ 803,053,204	53.49	$ 819,954,876	54.04
Private individual	493,612,623	32.88	481,678,177	31.74
Overseas and others	195,868,546	13.06	175,400,546	11.56
Government institutions	5,503,104	0.37	35,465,831	2.34
State-owned organizations	-	-	3,006,132	0.20
Non-profit organizations	2,875,403	0.19	1,688,291	0.11
Financial institutions	164,400	0.01	158,350	0.01
Total	$ 1,501,077,280	100.00	$ 1,517,352,203	100.00

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

	December 31, 2015		December 31, 2014	
Geographical location	Amount	%	Amount	%
Asia	$ 1,403,107,423	93.48	$ 1,432,488,536	94.41
North America	70,996,670	4.73	61,865,391	4.08
Europe	15,828,237	1.05	12,622,434	0.83
Oceania	11,144,950	0.74	10,375,842	0.68
Total	$ 1,501,077,280	100.00	$ 1,517,352,203	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:

	December 31, 2015		December 31, 2014	
Collateral type	Amount	%	Amount	%
Unsecured loans	$ 385,713,244	25.70	$ 430,905,023	28.40
Secured loans				
-Financial collateral	25,970,882	1.73	24,215,254	1.60
-Receivables	18,882	-	34,687	-
-Real estate	768,972,272	51.23	748,670,286	49.34
-Guarantee	86,318,988	5.75	87,641,702	5.77
-Other collateral	45,783,152	3.05	58,226,112	3.84
Overseas and others	188,299,860	12.54	167,659,139	11.05
Total	$ 1,501,077,280	100.00	$ 1,517,352,203	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, 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

Expressed: In thousands of New Taiwan Dollars

December 31, 2014	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	$ -	$ -	$ 1,107,942	$ 1,107,942
Derivative instruments	921,098	2,722,147	-	3,643,245
Receivables				
Credit card business	3,563	-	-	3,563
Others	5,981,882	-	4,508,662	10,490,544
Discounts and loans	1,034,241,726	-	98,452,585	1,132,694,311
Available-for-sale financial assets				
Bond investment	-	-	1,582,660	1,582,660
Held-to-maturity financial assets				
Bond investment	-	-	6,641,513	6,641,513
Other financial assets				
Others	1,446	-	-	1,446
Items outside the table				
Irrevocable loan commitments	8,029,752	-	794,645	8,824,397
Unused letters of credit issued	7,675,080	-	1,779,650	9,454,730
All types of guarantees	16,742,487	-	7,760,602	24,503,089
Total	$ 1,073,597,034	$ 2,722,147	$ 122,628,259	$ 1,198,947,440

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 impairment of financial assets of the Bank and its subsidiaries:

Certain financial assets held by the Bank and its subsidiaries such as cash and cash equivalents, financial assets at fair value through profit and loss, bills and bonds under resale agreement, refundable deposits, operating deposits, and settlement fund and so on, while the counterparties have good credit rating, the credit risks are deemed extremely low. As a result, these financial assets are not included in the analysis on credit risk quality.

Other than the abovementioned items, credit quality analysis for the rest of financial assets is as follows:

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

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)
Receivables	$ 260,175,872	$ -	$ -	$ -	$ 260,175,872	$ 48,554	$ 857,307	$ 261,081,733	$ 664,576	$ 222,911	$ 260,194,246
Loans discounted	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

December 31, 2014	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)
Receivables	$ 183,979,108	$ -	$ -	$ -	$ 183,979,108	$ -	$ 968,686	$ 184,947,794	$ 614,564	$ 226,217	$ 184,107,013
Loans discounted	1,060,239,116	412,844,165	23,149,087	17,142,661	1,513,375,029	5,835,880	21,834,541	1,541,045,450	4,373,088	16,161,171	1,520,511,191
Total	$ 1,244,218,224	$ 412,844,165	$ 23,149,087	$ 17,142,661	$ 1,697,354,137	$ 5,835,880	$ 22,803,227	$ 1,725,993,244	$ 4,987,652	$ 16,387,388	$ 1,704,618,204

December 31, 2014	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	$ 63,834,660	$ 1,013,711	$ -	$ -	$ 64,848,371	$ -	$ -	$ 64,848,371	$ -	$ 64,848,371
-Others	2,061,697	-	-	-	2,061,697	-	-	2,061,697	-	2,061,697
Held-to-maturity financial assets										
-Certificates of time deposit purchased	247,465,000	-	-	-	247,465,000	-	-	247,465,000	-	247,465,000
-Bonds investment	57,144,316	1,441,188	-	-	58,585,504	-	-	58,585,504	-	58,585,504
-Shot-term-bills	635,019	939,785	-	-	1,574,804	-	-	1,574,804	-	1,574,804
Other financial assets										
-Bonds investment	2,010,288	-	-	-	2,010,288	-	-	2,010,288	-	2,010,288
-Investment deposits	20,696,846	-			20,696,846			20,696,846		20,696,846
Total	$ 393,847,826	$ 3,394,684	$ -	$ -	$ 397,242,510	$ -	$ -	$ 397,242,510	$ -	$ 397,242,510

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, 2015	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Receivables	$ 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

December 31, 2014	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Receivables	$ 183,979,108	$ -	$ -	$ -	$ 183,979,108
Credit card business	4,058,246	595,839	378,918	237,541	5,270,544
Consumer banking	403,476,869	3,920,396	715,473	156,984	408,269,722
Corporate banking	635,235,543	268,149,868	22,054,696	16,748,136	942,188,243
Overseas and others	17,468,458	140,178,062	-	-	157,646,520
Total	$ 1,244,218,224	$ 412,844,165	$ 23,149,087	$ 17,142,661	$ 1,697,354,137

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, 2015		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables	$ -	$ 48,554	$ 48,554
Loans discounted			
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

Items	December 31, 2014		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Loans discounted			
Credit card business	$ 11,228	$ 26,394	$ 37,622
Consumer banking	2,013,252	515,694	2,528,946
Corporate banking	3,121,234	148,078	3,269,312
Total	$ 5,145,714	$ 690,166	$ 5,835,880

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

Items			Loans discounted	Impaired amount
			December 31, 2015	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)	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)	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)	208,068,282	1,827,525
Total			$ 1,525,942,656	$ 21,107,131

Items			Loans discounted	Impaired amount
			December 31, 2014	December 31, 2014
With individual objective evidence of impairment	Individual assessment	Corporate loans-secured	$ 14,449,712	$ 2,966,985
		Residential mortgage loans	132,866	1,346
		Overseas and others (Note)	4,344,358	647,551
	Collective assessment	Corporate loans-secured	1,288,016	365,185
		Residential mortgage loans	1,352,564	277,204
		Overseas and others (Note)	267,025	114,817
Without individual objective evidence of impairment	Collective assessment	Corporate loans-secured	945,387,531	9,778,226
		Residential mortgage loans	390,540,832	4,837,539
		Overseas and others (Note)	183,282,546	1,545,406
Total			1,541,045,450	20,534,259

Note : Other including small amount of credit loans, consumer banking, cash card and credit card and credit card services and so on.

Items			Total receivables	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

Items			Total receivables	Impaired amount
			December 31, 2014	December 31, 2014
With individual objective evidence of impairment	Individual assessment	Receivables	$ 949,546	$ 611,754
		Overseas and others	19,140	2,810
Without individual objective evidence of impairment	Collective assessment	Receivables	128,701,959	62,759
		Overseas and others	55,277,149	163,458
Total			$ 184,947,794	$ 840,781

(F) Policy for assumed collateral management

The collaterals assumed by the Bank and its subsidiaries on December 31, 2015 and 2014 are of the nature of land and property and the carrying amounts were $9,124 and $0, 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, 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	0.00%	209	0.00%
	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	-

Date & year			December 31, 2014				
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		$ 1,840,977	$ 596,935,847	0.31%	$ 7,575,359	441.49%
	Unsecured loans		415,149	496,974,856	0.08%	5,839,080	1406.50%
Consumer Banking	Residential mortgage loans (Note 4)		678,218	392,081,712	0.17%	6,412,498	945.49%
	Cash cards		36	6,054	0.59%	289	802.78%
	Micro credit loans (Note 5)		9,351	4,946,692	0.19%	72,156	771.64%
	Others (Note 6)	Secured	7,481	16,116,629	0.05%	188,684	2522.18%
		Unsecured	-	40,374	-	997	-
Gross loans business			2,951,212	1,507,102,164	0.20%	20,089,063	680.71%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			10,749	5,500,769	0.20%	126,444	1176.33%
Without recourse factoring (Note 7)			-	4,829,874	-	97,581	-

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) Letter 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) Letter 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, 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

	December 31, 2014	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 3,213	$ 49,655
Perform in accordance with debt liquidation program and restructuring program (Note 2)	50,100	120,228
Total	$ 53,313	$ 169,883

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) Letter 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) Letter No. 09700318940 of the FSC dated September 15, 2008.

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

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	A. Marine freight forwarder	$ 22,101,493	12.05%
2	B. Group Iron and Steel Rolls over Extends and Crowding	11,069,000	6.03%
3	C. Group-Petroleum and Coal Products Manufacturing	10,897,221	5.94%
4	D. Group Liquid Crystal Panel and Components Manufacturing	10,823,590	5.90%
5	E. Group Retailing	10,419,801	5.68%
6	F. Group Investment Consultation	10,408,138	5.67%
7	G. Group Man-made Fiber Spinning Industry	9,838,751	5.36%
8	H. Group Unclassified Other Financial Intermediation	9,784,845	5.33%
9	I. Group Property Leasing	9,035,982	4.92%
10	J. Group Real Estate Development	8,139,543	4.44%

December 31, 2014			
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	A. Group Air Transportation	$ 21,498,630	14.03%
2	B. Group Visual Display and Terminal Service Manufacturing	15,037,812	9.82%
3	C. Group-Petroleum and Coal Products Manufacturing	14,946,777	9.76%
4	D. Group Liquid Crystal Panel and Components Manufacturing	13,678,530	8.93%
5	E. Group Iron and Steel Rolls over Extends and Crowding	10,311,498	6.73%
6	F. Group Unclassified Other Financial Intermediation	10,099,152	6.59%
7	G. Group Man-made Fiber Spinning Industry	9,319,721	6.08%
8	H. Group Investment Consultation	9,078,442	5.93%
9	I. Group Property leasing	8,474,639	5.53%
10	J. Group Air Transportation	8,340,321	5.44%

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:

Procedure

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 liquidity risk management

In order to fulfill the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets held by the Bank and its subsidiaries with high liquidity include cash and cash equivalents, deposits and call loans, financial assets at fair value through profit and loss, bills discounted and call loan, term receivables, available-for-sale financial assets, and bonds investment 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, 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

December 31, 2014	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	$ 83,865,718	$ 8,007,799	$ 6,826,298	$ 9,172,346	$ 27,711,108	$ 135,583,269
Call loans and overdrafts	70,046,973	23,637,824	2,259,802	243,793	-	96,188,392
Securities investment	286,777,849	15,350,167	6,833,063	26,073,523	116,845,931	451,880,533
Loans discounted	164,597,765	192,418,257	194,868,755	240,491,357	724,604,444	1,516,980,578
Interest receivables and income	3,240,387	620,283	239,306	562,822	16,190	4,678,988
Other capital inflow upon maturity	34,710,443	7,268,618	4,191,684	5,442,010	7,190,100	58,802,855
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	1,536,270	1,507,371	912,184	377,634	4,334	4,337,793
FX margin trading	193,159	13,397	63	-	-	206,619
Non-delivery forwards	1,618	17,787	7,372	-	-	26,777
FX options and involving stock options held	105,751	221,806	265,250	710,475	512,911	1,816,193
Commodity options held	35,194	31,118	40,368	-	-	106,680
Cross currency swap contracts (exclusive of notional principal)	109,554	173,104	218,015	610,416	8,085	1,119,174
Interest rate related contracts (interest rate swaps and asset swap excluding the principal of bonds)	5,942	1,897	41,661	22,418	1,388,048	1,459,966
Futures trading	-	21,644	-	-	104,232	125,876
Total	645,226,623	249,291,072	216,703,821	283,706,794	878,385,383	2,273,313,693
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	94,379,371	20,980,012	3,357,487	399,882	3,693,382	122,810,134
Demand deposits	46,726,461	42,695,697	37,172,765	56,832,190	922,919,459	1,106,346,572
Time deposits	143,272,177	194,316,042	135,233,698	231,724,410	16,177,556	720,723,883
Interest payables	1,371,614	365,472	265,691	283,465	34,543	2,320,785
Commercial papers payables	3,408,650	-	-	-	-	3,408,650
Bonds (bills) purchased under a repurchase agreement	2,231,919	1,794,111	846,191	49,829	-	4,922,050
Financial liabilities at fair value through profit and loss – non-derivatives	-	-	4,202,073	-	14,120,010	18,322,083
Financial Bonds payable	-	-	900,000	3,700,000	30,300,000	34,900,000
Other capital outflow upon maturity	57,069,718	4,355,285	7,508,170	1,593,902	51,209,356	121,736,431
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	507,633	623,890	214,180	90,355	8,014	1,444,072
FX margin trading	29,435	-	-	-	-	29,435
Non-delivery forwards	39,949	30,913	12,940	-	-	83,802
FX options and involving stock options written	101,383	222,619	275,619	787,537	513,025	1,900,183
Commodity options written	35,194	31,118	40,368	-	-	106,680
Cross currency swaps (excluding the notional principal)	-	-	-	41,687	34,909	76,596
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	6,638	3,964	15,597	22,166	1,453,608	1,501,973
Total	349,180,142	265,419,123	190,044,779	295,525,423	1,040,463,862	2,140,633,329
3.Gap upon maturity	$ 296,046,481	($ 16,128,051)	$ 26,659,042	($ 11,818,629)	($ 162,078,479)	$ 132,680,364

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, 2015 and 2014, the payment on period of 0-30 days will be increased by $1,158,248,696 and $1,059,620,111, 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 all less than a year:

Financial instruments contracts	December 31, 2015	December 31, 2014
Unused loan commitments (Note)	$ 119,931,228	$ 135,195,659
Unused letters of credit issued	24,161,021	31,040,109
Various guarantees	86,407,220	79,865,265
Total	$ 230,499,469	$ 246,101,033

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, 2015	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 88,261	$ 1,406,094	$ 362,618	$1,856,973
Operating lease income (Lessor)	(540,792)	(1,288,019)	(175,938)	(2,004,749)
Total	($ 452,531)	$ 118,075	$ 186,680	($ 147,776)

December 31, 2014	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 48,002	$ 1,581,911	$ 334,865	$ 1,964,778
Operating lease income (Lessor)	(480,194)	(1,342,370)	(120,258)	(1,942,822)
Total	($ 432,192)	$ 239,541	$ 214,607	$ 21,956

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, 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)	(344,317,419)	(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)

	December 31, 2014						
	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	$ 1,796,519,207	$ 287,320,796	$ 215,095,351	$ 163,361,758	$ 164,529,275	$ 249,004,767	$ 717,207,260
Primary capital outflow upon maturity	(2,551,020,779)	(115,633,139)	(154,631,388)	(322,559,377)	(372,693,217)	(512,571,377)	(1,072,932,281)
Gap	($ 754,501,572)	$ 171,687,657	$ 60,463,963	($ 159,197,619)	($ 208,163,942)	($ 263,566,610)	($ 355,725,021)

Note: The amounts listed above represent the funds denominated in New Taiwan dollars only (i.e., excluding foreign currency).

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

Expressed In Thousands of US Dollars

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)

December 31, 2014						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 19,420,139	$ 7,113,767	$ 4,617,761	$ 2,220,219	$ 1,457,970	$ 4,010,422
Primary capital outflow upon maturity	(28,316,148)	(7,912,874)	(4,720,992)	(3,453,002)	(5,044,740)	(7,184,540)
Gap	($ 8,896,009)	($ 799,107)	($ 103,231)	($ 1,232,783)	($ 3,586,770)	($ 3,174,118)

Note: The amounts listed above represent the items denominated in U.S. dollars.

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.

Policy

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.

Procedure

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 limitedto positions, gains and losses, and sensitivity measures (PVO1, 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 procedure of risk management on trading book

The so-called trading book includes the financial instrument and physical instrument position held for trading or held for hedging purpose in relation to the trading position. The positions held for trading are instruments held with an attempt to sell in short-term or gain profit or arbitrage from the actual or estimated short-term price fluctuations. For example, self-operating position, discretionary account (such as agent facilitating transaction), position generated through market transaction or the position held to offset another position in the trading book, total or major investment portfolio. For positions not included in above trading book are banking book position.

The Bank establishes specific policy and procedure for the trading strategy of trading book position in order to manage potential market risk of trading position and well control the risk within the 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, 2015		
	Average	Maximum	Minimum
Foreign exchange VaR	106,238	133,518	65,876
Interest VaR	59,454	103,296	30,365
Equity securities VaR	101,705	163,904	54,183
Total VaR	267,397	400,718	150,424

(L) Foreign exchange risk gap

As of December 31, 2015 and 2014, 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, 2015		December 31, 2014	
	USD	RMB	USD	RMB
Financial assets				
Cash and cash equivalents	$ 13,113,788	$ 9,497,905	$ 7,581,872	$ 20,763,557
Due from the Central Bank and call loans to other banks	85,895,313	26,291,868	44,145,216	12,665,068
Financial assets at fair value through profit or loss	18,984,271	502,302	12,376,554	1,322
Available-for-sale financial assets	13,318,127	9,169,957	5,282,955	1,270,146
Loans discounted	252,558,406	15,211,482	273,834,578	10,286,092
Receivables	24,856,273	6,976,187	20,036,910	6,791,078
Held-to-maturity financial assets	16,285,665	11,886,061	17,735,318	7,376,993
Other financial assets	5,196	9,162,155	28,224	20,696,846
Subtotal-financial assets	$ 425,017,039	$ 88,697,917	$ 381,021,627	$ 79,851,102
Financial liabilities				
Deposits from Central Bank and banks	$ 86,826,675	$ 5,227,671	$ 86,991,014	$ 5,717,756
Deposits and remittances	368,988,560	74,374,056	297,764,195	75,283,508
Financial liabilities at fair value through profit or loss	21,696,282	117	11,579,640	1,343
Other financial liabilities	57,696	72,557	335,702	206,632
Payables	26,336,171	1,327,473	20,131,975	2,322,165
Subtotal-financial liabilities	$ 503,905,384	$ 81,001,874	$ 416,802,526	$ 83,531,404

Note: As of December 31, 2015 and 2014, the exchange rate of USD to NTD was 32.880, and 31.670, respectively. In addition, as of December 31, 2015 and 2014, the exchange rate of RMB to NTD were 4.993, and 5.099, 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

Given that all the other variables remain constant, every NTD to USD appreciate/depreciate by 2%, NTD to RMB appreciate/depreciate by 3% or NTD to AUD and other currencies appreciate/depreciate by 4%, the sensitivity of the gain and loss on the net foreign exchange position held by the Bank and its subsidiaries is shown in the below table.

c. Equity securities risk

Given that all the other variables remain constant, if the equity price rises/falls by 4% (based on the average interest rate of Taiwan Stock Exchange Market Index in the latest three years), the fair value of listed stocks, emerging stocks in the trading book and other equity interest relating position held by the Bank and its subsidiaries are shown in the below table:

d. Sensitivity analysis is summarized as follows:

December 31, 2015 (Expressed In Thousands of New Taiwan Dollars`

Main risk	Movements	Effects on gain and loss	Effects on equity
Foreign exchange risk	NTD to USD appreciate by 2%, RMB appreciate by 3%, NTD to AUD and other currencies appreciate by 4%.(Note 1)	233,788	-
Foreign exchange risk	NTD to USD depreciate by 2%, RMB depreciate by 3%, NTD to AUD and other currencies depreciate by 4%.(Note 2)	(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 falls by 4%.	(22,608)	(189,136)
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 4%.	22,608	189,136

December 31, 2014 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effects on gain and loss	Effects on equity
Foreign exchange risk	NTD to USD appreciate by 2%, JPY and RMB appreciate by 3%, NTD to other currencies appreciate by 4%.(Note 3)	152,556	-
Foreign exchange risk	NTD to USD depreciate by 2%, JPY and RMB depreciate by 3%, NTD to other currencies depreciate by 4%.(Note 4)	(152,556)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(197,397)	(446,152)
Interest rate risk	Main interest rate curve decreases by 20 bps	185,923	529,365
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 4%.	(12,415)	(147,108)
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 4%.	12,415	147,108

Note 1: If NTD to USD, RMB, AUD, and other currencies respectively appreciate by 2%, 3%, 4%, and 4%, the effects on profit (loss) will be ($146,668), $387,628, ($571) and ($6,601), respectively.

Note 2: If NTD to USD, RMB, AUD, and other currencies respectively depreciate by 2%, 3%, 4% and 4%, the effects on profit (loss) will be $146,668, ($387,628), $571 and $6,601, respectively.

Note 3: If NTD to USD, RMB, JPY, and other currencies respectively appreciate by 2%, 3%, 3% and 4%, the effects on profit (loss) will be ($41,205), $209,718, ($2,449) and ($13,508), respectively.

Note 4: If NTD to USD, RMB, JPY, and other currencies respectively depreciate by 2%, 3%, 3% and 4%, the effects on profit (loss) will be $41,205, ($209,718), $2,449 and $13,508, 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, 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%

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2014
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,441,411,464	23,079,918	32,964,293	113,137,831	1,610,593,506
Interest-rate-sensitive liabilities	410,169,577	908,170,178	97,512,697	37,782,186	1,453,634,638
Interest-rate-sensitive gap	1,031,241,887	(885,090,260)	(64,548,404)	75,355,645	156,958,868
Net					153,210,918
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					110.80%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					102.45%

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, 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%

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2014

(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	15,628,582	2,424,202	1,008,192	414,297	19,475,273
Interest-rate-sensitive liabilities	10,792,379	6,019,120	1,081,461	108,779	18,001,739
Interest-rate-sensitive gap	4,836,203	(3,594,918)	(73,269)	305,518	1,473,534
Net					4,837,730
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					108.19%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					30.46%

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.

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, 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.

December 31, 2014

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	$ 9,073,202	$ -	$ 9,073,202	$ 2,722,147	$ 921,098	$ 5,429,957
Total	$ 9,073,202	$ -	$ 9,073,202	$ 2,722,147	$ 921,098	$ 5,429,957

(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 liabilities (a)	Gross amounts of recognised financial assets 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)	Financial instruments (Note)	
Derivative financial instruments	$ 5,142,741	$ -	$ 5,142,741	$ 2,722,147	$ 276,000	$ 2,144,594
Repurchase agreement	1,889,578	-	1,889,578	1,889,578	-	-
Total	$ 7,032,319	$ -	$ 7,032,319	$ 4,611,725	$ 276,000	$ 2,144,594

(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, 2015	December 31, 2014
Self-owned capital	Tier 1 Capital of common equity		$ 169,493,277	$ 134,228,671
	Other Tier 1 Capital		410,115	410,115
	Tier 2 Capital		45,670,690	39,640,429
	Self-owned capital		215,574,082	174,279,215
Total risk - weighted assets	Credit risk	Standardized Approach	1,444,466,679	1,384,208,051
		Internal Ratings-Based Approach	-	-
		Asset securitization	623,884	318,081
	Operation risk	Basic Indicator Approach	-	-
		Standardized Approach / Alternative Standardized Approach	68,629,425	64,201,400
		Advanced Measurement Approaches	-	-
	Market risk	Standardized Approach	33,065,375	26,628,675
		Internal Models Approach	-	-
	Total risk-weighted assets		1,546,785,363	1,475,356,207
Capital adequacy ratio (Note 2)			13.94%	11.81%
Total risk assets based Tier 1 Capital of Common equity, net Ratio			10.96%	9.10%
Total risk assets based Tier 1 Capital, net Ratio			10.98%	9.13%
Leverage ratio			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

(7) Disclosure of 2014’s leverage ratio is not required according to “Regulations Governing the Preparation of Financial Reports by Public Banks”.

(4) Profitability

Units：%

Items		For the years ended December 31, 2015	2014
Return on total assets (%)	Before tax	0.81	0.71
	After tax	0.68	0.59
Return on stockholders' equity (%)	Before tax	11.39	11.24
	After tax	9.56	9.40
Net profit margin ratio (%)		41.22	35.01

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, 2015	December 31, 2014
Bank deposits	$ 12,705,312	$ 11,186,194
Bonds	67,790,171	49,252,352
Stocks	90,174,627	91,152,688
Mutual funds	203,370,218	206,060,965
Beneficiary certificate	296,512	-
Accounts receivable	160	-
Real estate	17,387,383	15,533,438
Structured notes	1,000,000	-
Net assets under collective management accounts	317,872	448,365
Net assets under individual management accounts	9,049	13,880
Customers' securities under custody	395,979,350	333,293,082
Total	$ 789,030,654	$ 706,940,964
Trust liabilities		
Payables-customers securities under custody	$ 395,979,350	$ 333,293,082
Payables	249	44
Trust capital	392,853,518	373,519,274
Accumulated profit or loss	197,537	128,564
Total	$ 789,030,654	$ 706,940,964

As of December 31, 2015 and 2014, the Offshore Banking Unit had book balance of NTD$3,961,092 and $3,373,399 for designated money trust funds investing in foreign securities ; the Offshore Banking Unit had book balance of NT$137,839 and NT$35,736 for designated money trust funds investing in local securities, repectively.

Property List of Trust Accounts

Investment items	December 31, 2015	December 31, 2014
Bank deposits	$ 12,705,312	$ 11,186,194
Bonds	67,790,171	49,252,352
Stocks	90,174,627	91,152,688
Mutual funds	203,370,218	206,060,965
Beneficiary certificate	296,512	-
Accounts receivable	160	-
Real estate	17,387,383	15,533,438
Structured notes	1,000,000	-
Net assets under collective management accounts	317,872	448,365
Net assets under individual management accounts	9,049	13,880
Customers' securities under custody	395,979,350	333,293,082
Total	$ 789,030,654	$ 706,940,964

UNIT: In thousands of NT Dollars

Income Statement of Trust Accounts

	For the years ended December 31	
Trust revenues	2015	2014
Interest income	$ 5,081,879	$ 4,580,483
Dividend income	2,315	3,714
Realized gain on bonds	5,095	29,932
Realized gain on stocks	3,184	1,480
Realized gain on mutual funds	4,434,131	4,287,897
Gain on translation	2,028	839
Other income	2	-
Total trust revenues	9,528,634	8,904,345
Trust expenses		
Management fee	(2,730)	(2,102)
Other expense	-	(36)
Service fee	(3,723)	(935)
Realized loss on bonds	(67,512)	(153,482)
Realized loss on stocks	(4,155)	(209)
Realized loss on mutual funds	(4,278,173)	(2,818,601)
Gain on translation	(1,630)	(2,081)
Total trust expenses	(4,357,923)	(2,977,446)
Net gain before tax	5,170,711	5,926,899
Income tax expense	(411)	(60)
Net gain after tax	$ 5,170,300	$ 5,926,839

(6) Information with respect to the transferring of financial assets and extinguishing of liabilities: None.

(7) Adjustment of key organization and significant change in regulatory system: None.

(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: Please refer to Note 6(22).

(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 and its subsidiaries' engagement in co-marketing:

The Bank has entered into cross-selling 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., First P&C Insurance Agency Co., Ltd., FCB Leasing Co., Ltd. and First Insurance Agency 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 cross-selling marketing personnel. Expenses arising from joint usage of operation sites and facilities are allocated in accordance with separate agreements of the contracting parties. Remuneration apportionment and expenses allocation for cross-selling marketing personnel follow the provisions under the "First Financial Group Scope of Cross-selling Marketing and Rules for Reward".

The Bank has entered into separate cooperative promotional or cross-selling marketing contracts with First P&C Insurance Agency Co., Ltd. and First Insurance Agency Co., Ltd. to provide solicitation, introduction and services on specific insurance products. Commission agreements are signed in accordance with the terms of the contracts for the paying or receiving of commissions and the calculation of related remunerations.

The Bank has entered into cooperative contracts with First Financial Holding Co., Ltd., First-Aviva Life Insurance Co., Ltd., First Financial Asset Management Co., Ltd., First P&C Insurance Agency Co., Ltd. and First Insurance Agency 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) Information regarding significant transactions

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, 2015:

Type and name of marketable securities	General ledger account	Counterparty (Note 1)	Relationship with the investor (Note 1)	Balance as at January 1, 2015		Additions (Note 2)		Balance as at December 31, 2015	
				Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Stock	Other financial assets	Cathay Life Insurance Co., Ltd.	Non-related party	-	-	26,460	$ 738,234	26,460	$ 738,234
Stock	Available-for-sale financial assets	Taiwan High Speed Rail Corporation	Non-related party	-	-	53,300	533,000	53,300	533,000

Note 1：Marketable securities that are accounted for under the equity method.

Note 2：Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 10% of paid-in capital.

B. Acquisition of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2015: None.

C. Disposal of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2015: None.

D. Handling fee discounts for transactions with related parties over the amount of NT $5 million dollars as of December 31, 2015: None.

E. Receivables from related parties over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2015:

Company book in current tax assets	Counterparty	Relationship	Amount of related party accounts receivable	Turnover Rate	Non-performing account receivable of relater party		Accounts receivable of related party recovered	Allowance for doubtful account
					Amount	Disposal		
FCB	FFHC	Parent company	$ 910,975	-	-	-	-	-

F. Information regarding non-performing loans of subsidiaries:

(A) Summary of selling non-performing loans as of December 31, 2015:

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
2015.8.11	Eastern Finance Ltd.	Loans	$ 47,115	$ 40,576	($ 6,539)	None	None
2015.12.7	SC Lowy Primary Investments Ltd.	Financial bonds	-	26,892	26,892	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 , 2015 : None.

H. Significant transactions between parent company and subsidiaries for the year ended December 31, 2015:

(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	$ 412	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank (USA)	1	Deposits of overseas bank	20,967	〃	0.00%
1	First Commercial Bank (USA)	FCB	2	Due to overseas bank	20,967	〃	0.00%
1	First Commercial Bank (USA)	FCB	2	Deposits of overseas bank	412	〃	0.00%
0	FCB	FCBL	1	Deposits and remittances	213,455	〃	0.01%
0	FCB	FCBL	1	Receivables	13	〃	0.00%
0	FCB	FCBL	1	Payables	6	〃	0.00%
0	FCB	FCBL	1	Loan discounted - net	200,000	〃	0.01%
0	FCB	FCBL	1	Other liabilities	1	〃	0.00%
0	FCB	FCBL	1	Interest income	845	〃	0.00%
0	FCB	FCBL	1	Net other non-interest income	3,979	〃	0.01%
0	FCB	FCBL	1	Interest expense	105	〃	0.00%
0	FCB	FCBL	1	Business and administrative expense	4,168	〃	0.01%
0	FCB	FCBL	1	Net commission income	823	〃	0.00%
2	FCBL	FCB	2	Cash and cash equivalents	213,455	〃	0.01%
2	FCBL	FCB	2	Payables	13	〃	0.00%
2	FCBL	FCB	2	Receivables	6	〃	0.00%
2	FCBL	FCB	2	Other financial liabilities	200,000	〃	0.01%
2	FCBL	FCB	2	Other assets	1	〃	0.00%
2	FCBL	FCB	2	Business and administrative expense	4,802	〃	0.01%
2	FCBL	FCB	2	Interest expense	845	〃	0.00%
2	FCBL	FCB	2	Interest income	105	〃	0.00%

(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)
2	FCBL	FCB	2	Net other non-interest income	$ 4,168	No significant difference from general customers	0.01%
0	FCB	FIA	1	Deposits and remittances	514,817	〃	0.02%
0	FCB	FIA	1	Receivables	199,227	〃	0.01%
0	FCB	FIA	1	Payables	62	〃	0.00%
0	FCB	FIA	1	Other liabilities	1	〃	0.00%
0	FCB	FIA	1	Net other non-interest income	4,266	〃	0.01%
0	FCB	FIA	1	Interest expense	1,566	〃	0.00%
0	FCB	FIA	1	Net commission income	1,952,286	〃	5.00%
3	FIA	FCB	2	Cash and cash equivalents	514,817	〃	0.02%
3	FIA	FCB	2	Payables	199,227	〃	0.01%
3	FIA	FCB	2	Receivables	62	〃	0.00%
3	FIA	FCB	2	Other assets	1	〃	0.00%
3	FIA	FCB	2	Business and administrative expense	4,577	〃	0.01%
3	FIA	FCB	2	Interest income	1,566	〃	0.00%
3	FIA	FCB	2	Net commission income	1,951,975	〃	5.00%

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.

(3)Subsidiary to subsidiary.

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

I. Other significant transactions that may affect the decisions made by financial statement users as of December 31, 2015: None.

(2) Information regarding reinvested business

A. Funds lent to others:

First Commercial Bank (USA)'s banking operations are conducted within the scope of banking businesses stipulated in the Banking Act of The Republic of China and is considered a financial institution. Thus, not applicable.

(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, 2014	Balance at December 31, 2014	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	N	59,850	55,650	55,650	3.75%	2	-	Operation turnover	-	Real estate setting	120,000	946,017	1,261,357
2	FCB Leasing Co. Ltd.	Ai Kuai International, Inc.	Other receivables	N	50,000	50,000	38,669	5.53%	2	-	Operation turnover	-	Stock	55,000	946,017	1,261,357
3	FCB Leasing Co. Ltd.	I-Mei Multimedia e-Content Production & Marketing Co., Ltd.	Other receivables	N	13,652	4,662	4,662	6.80%	2	-	Operation turnover	-	Deposit	2,600	946,017	1,261,357
4	FCB Leasing Co. Ltd.	San Wen Co., Ltd.	Other receivables	N	23,698	10,723	10,723	5.80%	2	-	Operation turnover	-	Deposit	1,500	946,017	1,261,357
5	FCB Leasing Co. Ltd.	HANKY Co., Ltd.	Other receivables	N	295,985	279,530	279,530	4.18%	2	-	Operation turnover	-	Real estate setting	240,000	946,017	1,261,357
6	FCB Leasing Co. Ltd.	Kai Chu Aluminum Co., Ltd	Other receivables	N	80,000	58,000	58,000	4.38%	2	-	Operation turnover	-	Real estate setting	96,000	946,017	1,261,357
7	FCB Leasing Co. Ltd.	Che Cheng Industrial Co., Ltd.	Other receivables	N	20,000	18,858	18,858	4.58%	2	-	Operation turnover	-	Real estate setting	72,000	946,017	1,261,357
8	FCB Leasing Co. Ltd.	Fan Tai Asset Property Management Co., Ltd.	Other receivables	N	40,000	32,000	32,000	4.80%	2	-	Operation turnover	-	Real estate setting	63,800	946,017	1,261,357
9	FCB Leasing	Zhao Yi real estate Co.,	Other	N	20,000	18,250	18,250	4.61%	2	-	Operation	-	Real estate	35,850	946,017	1,261,357

(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, 2014	Balance at December 31, 2014	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 Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted
	Co. Ltd.	Ltd.	receivables								turnover		setting			
10	FCB Leasing Co. Ltd.	Asia Forging Supply Co., Ltd.	Other receivables	N	10,000	5,062	5,062	6.88%	2	-	Operation turnover	-	Deposit	2,000	946,017	1,261,357
11	FCB Leasing Co. Ltd.	Hlsc Logistics Co., Ltd.	Other receivables	N	15,000	15,000	15,000	6.04%	2	-	Operation turnover	-	Deposit	2,250	946,017	1,261,357
12	FCB Leasing Co. Ltd.	Yuans of biological Science Technologies Co., Ltd. of hall	Other receivables	N	13,921	11,208	11,208	8.11%	2	-	Operation turnover	-	Real estate setting	14,400	946,017	1,261,357
13	FCB Leasing Co. Ltd.	Taiwan Newleader Co., Ltd	Other receivables	N	7,353	4,633	4,633	7.40%	2	-	Operation turnover	-	Tickets	4,018	946,017	1,261,357
14	FCB Leasing Co. Ltd.	Ton-Dar Seafood Co., Ltd.	Other receivables	N	30,000	17,144	5,144	8.03%	2	-	Operation turnover	-	Warehouse (fish goods)	15,651	946,017	1,261,357
15	FCB Leasing Co. Ltd.	Sen Hai Trade Co., Ltd.	Other receivables	N	10,000	5,089	5,089	7.16%	1	15,000	Operation turnover	-	Deposit	2,000	315,339	1,261,357
16	FCB Leasing Co. Ltd.	Super Vision International Trading Co., Ltd.	Other receivables	N	29,000	19,807	19,807	8.75%	1	20,000	Operation turnover	19,807	Deposit	5,800	315,339	1,261,357
17	FCB Leasing Co. Ltd.	Zhen Hao Co., Ltd.	Other receivables	N	10,000	6,744	6,744	7.01%	2	-	Operation turnover	-	Deposit	2,000	946,017	1,261,357
18	FCB Leasing Co. Ltd.	Compass guarantee responsibility Changhua County Cooperative Farm	Other receivables	N	8,980	5,776	5,776	7.20%	2	-	Operation turnover	-	Personal property secured	12,000	946,017	1,261,357
19	FCB Leasing Co. Ltd.	Xuantai Food Co., Ltd.	Other receivables	N	10,582	7,457	7,457	7.35%	2	-	Operation turnover	7,457	Deposit	1,200	946,017	1,261,357
20	FCB Leasing Co. Ltd.	Chun Lin Investment Co., Ltd.	Other receivables	N	10,000	3,979	3,979	5.69%	2	-	Operation turnover	-	Pledged shares	10,206	946,017	1,261,357
21	FCB Leasing Co. Ltd.	Newera Art Co., Ltd.	Other receivables	N	9,134	3,943	3,943	8.11%	1	10,000	Operation turnover	-	Real estate setting	14,000	315,339	1,261,357
22	FCB Leasing	Coven Garden	Other	N	162,000	153,835	153,835	5.02%	1	73,600	Operation	-	Real estate	194,400	315,339	1,261,357

(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, 2014	Balance at December 31, 2014	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		
	Co. Ltd.	Construction Co., Ltd.	receivables								turnover		setting			
23	FCB Leasing Co. Ltd.	Holmes Chez International Co., Ltd.	Other receivables	N	20,000	20,000	20,000	5.30%	2	-	Operation turnover	-	Deposit	3,000	946,017	1,261,357
24	FCB Leasing Co. Ltd.	Long Life Tien Trading Co., Ltd.	Other receivables	N	10,000	9,609	9,609	6.58%	2	-	Operation turnover	-	Real estate setting	18,886	946,017	1,261,357
25	FCB Leasing Co. Ltd.	Arch-world Co., Ltd.	Other receivables	N	143,600	111,550	96,550	4.50%	1	237,000	Operation turnover	-	Real estate setting	180,000	315,339	1,261,357

Note: 1. The amount of loans for individual companies due to business transactions shall not exceed 10% net asset value of FCBL's latest financial statements. The total amount of loans for individual companies due to business transactions shall not exceed 40% net value of FCBL's latest financial statements.

2. With regard to short-term financing capital borrowers who did not have business transactions with FCB Leasing, the amount of loans for individual companies due to business transactions shall not exceed 30% net asset value of FCBL's latest financial statements. For those who have the demand for short-term financing capital, the total amount of loans shall not exceed 40% net asset value of FCBL's latest financial statements. If the borrower is FCBL's subsidiary, the amount of loans shall not exceed 40% net asset value of FCBL's latest financial statements.

3. The total amount of FCBL shall not exceed 40% 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	2,638,620	2,334,480	596,345	None	74.03%	31,533,915	N	N	N
2	FCB Leasing Co., Ltd.	FCB International	Sub-Subsidiary	9,460,174	2,945,810	2,170,080	1,134,360	None	68.82%	31,533,915	N	N	Y

		Leasing Ltd.											

Note : The 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 31,2015

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	$1,739,488	100%	$1,739,488	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 thousand	601,023	100%	601,023	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 thousand	943,014	100%	943,014	Note 2
FIA	Central Construction Bonds (92 A central debt c)	Bonds	None	Available-for- sale financial Assets	3,000 thousand	3,300	-	3,300	Note 3

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..

Note 3：For details on liens and pledges, please refer to Note 8

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	$ 3,568,956	$123,657	7,000	-	7,000	100
FCBL	6F, 94,ChungHsiaoE.Road., Sec. 2, Taipei, Taiwan	Note 4	100	3,129,688	(131,073)	300,000	-	300,000	100
FIA	9F, 30, Chung-King S. Road, Sec. 1, Taipei, Taiwan	Note 5	100	428,670	317,946	5,000	-	5,000	100
EAREM	9F, 94,ChungHsiaoE.Road., Sec.2, Taipei, Taiwan	Note 6	30	9,141	6,214	1,500	-	1,500	30
FCBL Capital International (B.V.I) Ltd.	6F, 94,ChungHsiaoE.Road, Sec. 2, Taipei, Taiwan	Note 4	100	1,739,488	-	60,050	-	60,050	100
FCB International Leasing Ltd.	Rm. 1008, Jianwu Building, No. 188, Wangdun Rd., Suzhou, China	Note 4	100	601,023	-	USD 30,000 thousand	-	USD 30,000 thousand	100
FCB Leasing (Xiamen) Ltd.	20-21F., Huli Building, Wuyuanwan Business Operations Center, Huli District,	Note 4	100	943,014	-	USD 30,000 thousand	-	USD 30,000 thousand	100

						The combined ownership of the investee company's common shares held by the Bank and its related parties (Note 1)			
								Total	
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	Number of owned shares (in thousands)	Number of pro forma shares (Note 2)	Number of shares (in thousands)	Percentage of ownership (%)
	Xiamen City								

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: Insurance industry.

Note 6: Consulting and contract certification of construction proposal.

(3) Investments in People's Republic of China

A. The Bank's investments in Shanghai branch for the year ended December 31, 2015 were 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, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	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 (USD 157,440)	(1)	$ 4,676,508 (USD 157,440)	$ -	-	$ 4,676,508 (USD 157,440)	$ 187,416	N/A	$ 187,416 (2)A

Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015	Accumulated Investments in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 6,059,439	-	$ 4,676,508 (USD 157,440)	$ 4,676,508 (USD 157,440)	$ 110,090,432

B. The Bank's investments in Chengdu branch for the year ended December 31, 2015 were 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, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	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 (USD 162,269)	(1)	$ 4,896,697 (USD 162,269)	-	-	$ 4,896,697 (USD 162,269)	($62,208)	N/A	($62,208) (2)A

Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015	Accumulated Investments in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,309,083	-	$ 4,896,697 (USD 162,269)	$ 4,896,697 (USD 162,269)	$ 110,090,432

C. The Bank's investments in Xiamen branch for the year ended December 30, 2015 were 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, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	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 (USD 162,946)	(1)	$ -	$ 5,132,801 (USD 162,946)	-	$ 5,132,801 (USD 162, 946)	($104,335)	N/A	($104,335) (2)A

Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015	Accumulated Investments in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,253,332	-	$ 5,132,801 (USD 162,946)	$ 5,132,801 (USD 162,946)	$ 110,090,432

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, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	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)	($273,868)	100%	($273,868) (2)A

Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Investments in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 601,023	-	$ 886,103 (USD 30,000)	$ 886,103 (USD 30,000)	$ 1,892,035

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, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	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)	$ 16,177	100%	$16,177 (2)A

Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Investments in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 943,014	-	$ 903,495 (USD 30,000)	$ 903,495 (USD 30,000)	$ 1,892,035

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, 2014’ 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 and its subsidiaries's operation segment reports are consistent with the internal reports provided to 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 gain and loss arising from such transactions are eliminated by the parent company upon the preparation of the consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

The operating segments of the Bank comprise loans, deposits, wealth management, treasury, 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 operating performance. The Bank has 6 major business segments which are based on global market, and there are no changes this year in relation to the components of reportable segment.

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, 2015 and 2014 were as follows:

	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	$ -	$ 1,993,214	$ 4,670,477	$ 1,480,049	$ 28,115,451
Net commision income	1,597,177	3,019	4,242,077	(25,055)	722,753	1,287,210	7,827,181
Net gain and loss on financial instruments	31,314	310,823	41,945	2,432,487	(452,488)	347,301	2,711,382
Other net income	(685)	8,532	5,203	13,595	56,794	317,216	400,655
Provision for credit losses	(2,245,380)	-	-	-	(115,264)	1,854,188	(506,456)
Operating gross margin after provision	$ 15,601,484	$ 4,075,027	$ 4,289,225	$ 4,414,241	$ 4,882,272	$ 5,285,964	38,548,213
Operating expenses							(19,365,772)
Net profit before tax after provision							$ 19,182,441

	For the year ended December 31, 2014						
	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 15,866,024	$ 4,161,351	$ -	$ 2,452,166	$ 3,915,033	$ 1,397,100	$ 27,791,674
Net commision income	1,499,078	4,230	3,236,035	(5,202)	699,717	1,174,783	6,608,641
Net gain and loss on financial instruments	35,882	332,349	58,728	2,633,433	101,694	221,491	3,383,577
Other net income	(3,472)	6,430	6,106	3,724	8,956	411,945	433,689
Provision for credit losses	(2,204,001)	-	-	-	(212,049)	(1,517,406)	(3,933,456)
Operating gross margin after provision	$ 15,193,511	$ 4,504,360	$ 3,300,869	$ 5,084,121	$ 4,513,351	$ 1,687,913	34,284,125
Operating expenses							(18,284,896)
Net profit before tax after provision							$ 15,999,229

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

December 31, 2014	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,356,419,849	$ -	$ 732,381,545	$ 238,564,715	$ 148,616,394	($ 179,239,489)	$ 2,296,743,014
Segment liabilities	4,077,331	1,730,175,889	271,213,005	208,220,293	102,166,338	(172,320,760)	2,143,532,096

(3) Geographical information

The Bank and its subsidiaries' geographical information for the years ended December 31, 2015 and 2014 are as follows:

	2015	2014
Taiwan	$ 33,726,358	$ 33,188,733
Asia	3,128,230	3,102,420
North America	1,766,324	1,525,460
Others	433,757	400,968
Total	$ 39,054,669	$ 38,217,581

(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..

pwc 資誠

(104) PWCR15000472

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and stockholders of First Commercial Bank

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Commercial Bank, Ltd. as of December 31, 2015 and 2014, and their financial performance and cash flows for the years ended in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and "Regulations Governing the Preparation of Financial Reports by Securities Firms".

PricewaterhouseCoopers, Taiwan

February 26, 2016

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

FIRST COMMERCIAL BANK, LTD.
BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2015		December 31, 2014	
ASSETS	Amount	%	Amount	%
Cash and cash equivalents	$ 45,249,970	2	$ 59,411,418	3
Due from the Central Bank and call loans to banks	252,652,913	10	176,619,889	8
Financial assets at fair value through profit or loss	87,332,352	4	50,114,468	2
Receivables, net	62,870,032	3	50,202,758	2
Current tax assets	1,610,273	-	2,420,475	-
Loans discounted, net	1,468,743,031	61	1,487,013,101	65
Available-for-sale financial assets	88,490,175	4	77,463,047	3
Held-to-maturity financial assets	356,678,138	15	307,529,119	14
Investments accounted for using equity method, net	7,136,455	-	6,921,652	-
Other financial assets, net	12,871,246	-	25,636,828	1
Property and equipment, net	26,834,378	1	27,528,019	1
Investment property, net	6,975,756	-	6,429,494	1
Intangible assets, net	338,122	-	381,417	-
Deferred tax assets, net	1,479,200	-	1,381,797	-
Other assets, net	759,559	-	893,667	-
Total Assets	$ 2,420,021,600	100	$ 2,279,947,149	100

(Continued)

FIRST COMMERCIAL BANK, LTD.
BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2015 Amount	%	December 31, 2014 Amount	%
LIABILITIES				
Deposits from the Central Bank and banks	$ 128,624,163	5	$ 125,462,454	5
Due to the Central Bank and banks	63,088	-	80,968	-
Financial liabilities at fair value through profit or loss	30,513,494	1	23,464,824	1
Notes and bonds issued under repurchase agreements	2,608,441	-	4,922,050	-
Payables	63,149,702	3	62,188,524	3
Current tax liabilities	2,043,541	-	2,187,360	-
Deposits and remittances	1,938,129,761	80	1,815,526,003	80
Financial bonds payable	37,300,000	2	34,900,000	2
Other financial liabilities	18,011,070	1	43,466,110	2
Provisions	6,284,623	-	5,727,436	-
Deferred tax liabilities	5,710,999	-	5,713,268	-
Other liabilities	4,098,665	-	3,097,234	-
Total Liabilities	2,236,537,547	92	2,126,736,231	93
EQUITY				
Common stock	86,244,000	4	75,859,000	4
Capital surplus	34,848,216	2	22,669,729	1
Retained earnings				
Legal reserve	31,053,838	1	27,039,492	1
Special reserve	4,074,753	-	4,077,121	-
Unappropriated earnings	18,649,507	1	16,534,049	1
Other equity interest	8,613,739	-	7,031,527	-
Total Equity	183,484,053	8	153,210,918	7
Total Liabilities and Equity	$ 2,420,021,600	100	$ 2,279,947,149	100

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				
	2015		2014		Change
	Amount	%	Amount	%	Percentage
Interest income	$ 41,314,633	108	$ 41,472,499	110	-
Less: Interest expense	(13,820,411)	(36)	(14,334,673)	(38)	(4)
Net interest income	27,494,222	72	27,137,826	72	1
Net non-interest income					
Net service fee income	7,160,152	19	6,189,642	17	16
Gains on financial assets or liabilities measured at fair value through profit or loss	957,485	2	1,297,683	4	(26)
Realized gains on available-for-sale financial assets	340,203	1	159,893	-	113
Reversal of impairment loss on assets	4,552	-	59,474	-	(92)
Share of profit or loss of associates accounted for using equity method	316,744	1	317,244	1	-
Foreign exchange gains	1,649,699	4	2,029,901	5	(19)
Net other non-interest income	351,937	1	327,853	1	7
Net income	38,274,994	100	37,519,516	100	2
Bad debt expenses and guarantee liability provisions	(472,808)	(1)	(3,920,704)	(11)	(88)
Operating expenses					
Employee benefits expenses	(12,189,429)	(32)	(11,836,363)	(32)	3
Depreciation and amortization expenses	(956,480)	(2)	(857,375)	(2)	12
Other general and administrative expenses	(5,605,927)	(15)	(5,043,279)	(13)	11
Income from continuing operations before income tax	19,050,350	50	15,861,795	42	20
Tax expense	(2,950,259)	(8)	(2,480,644)	(6)	19
Profit	16,100,091	42	13,381,151	36	20

(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				
	2015		2014		Change
	Amount	%	Amount	%	Percentage
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit plan	($ 708,018)	(2)	$ 21,165	-	(3445)
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	120,363	1	(3,598)	-	(3445)
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation	1,211,065	3	2,341,315	6	(48)
Unrealized gains (losses) on valuation of available-for-sale financial assets	432,370	1	578,722	1	(25)
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	(66,086)	-	304,536	1	(122)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	4,863	-	-	-	-
Other comprehensive income, net of tax	994,557	3	3,242,140	8	(69)
Total comprehensive income	$ 17,094,648	45	$ 16,623,291	44	3
Earnings per share (In NT dollars)					
Basic and diluted earnings per share	$ 2.00		$ 1.75		

FIRST COMMERCIAL BANK, LTD.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gains or losses on available-for-sale financial assets	Total
For the year ended December 31, 2014								
Balance at January 1, 2014	$ 66,351,000	$ 19,669,729	$ 23,846,074	$ 4,077,121	$ 13,836,749	($ 234,259)	$ 4,041,213	$ 131,587,627
Legal reserve	-	-	3,193,418	-	(3,193,418)	-	-	-
Stock dividends of ordinary shares	7,508,000	-	-	-	(7,508,000)	-	-	-
Net income for the period	-	-	-	-	13,381,151	-	-	13,381,151
Other comprehensive income for the period	-	-	-	-	17,567	2,643,568	581,005	3,242,140
Capital Increase by Cash	2,000,000	3,000,000	-	-	-	-	-	5,000,000
Balance at December 31, 2014	$ 75,859,000	$ 22,669,729	$ 27,039,492	$ 4,077,121	$ 16,534,049	$ 2,409,309	$ 4,622,218	$ 153,210,918
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
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 period	-	-	-	-	16,100,091	-	-	16,100,091
Other comprehensive income for the period	-	-	-	-	(587,655)	1,145,888	436,324	994,557
Capital Increase by Cash	8,000,000	12,000,000	-	-	-	-	-	20,000,000
Shared-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

FIRST COMMERCIAL BANK, LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before tax	$ 19,050,350	$ 15,861,795
Adjustments to reconcile profit before tax to net cash provided by operating activities		
Income and expenses having no effect on cash flows		
Provision for bad debt expense and guarantee liability	3,027,148	6,161,163
Depreciation of property and equipment	752,470	671,405
Depreciation of investment property	3,730	1,469
Amortization expense	200,280	184,501
Interest income	(41,314,633)	(41,472,499)
Interest expense	13,820,411	14,334,673
Dividend income	(417,718)	(509,184)
Share of loss of associates accounted for using equity method	(316,744)	(317,244)
(Gain) Loss from abandonment of plant and equipment	(22,105)	2,209
Gain on disposal of investment property	(8,171)	-
Reversal of impairment loss on assets	(4,552)	(59,474)
Share-based payments	176,069	-
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(2,069,729)	(2,548,291)
Increase in financial assets at fair value through profit or loss	(37,217,884)	(8,562,550)
(Increase) decrease in receivables	(12,109,211)	4,578,445
Decrease (increase) in loans discounted	15,220,483	(70,971,402)
(Increase) decrease in available-for-sale financial assets	(10,594,758)	8,359,912
Increase in held-to-maturity financial assets	(49,149,019)	(3,475,261)
Decrease in other financial assets	12,765,582	2,645,558
Changes in operating liabilities		
Increase (decrease) in deposits from the Central Bank and banks	3,161,709	(15,913,723)
Increase in financial liabilities at fair value through profit or loss	7,048,670	8,558,622
Decrease in derivative financial liabilities for hedging	-	(7,973)
Increase in payables	794,617	5,927,813
Increase in deposits and remittances	122,603,758	91,885,895
Decrease in other financial liabilities	(25,455,040)	(9,355,517)
Decrease in liability provisions	(150,831)	(119,757)
Increase in other liabilities	1,001,431	657,318
Cash flows provided by operations	20,796,313	6,517,903
Interest received	40,720,989	41,093,579
Interest paid	(13,653,850)	(14,254,563)
Dividend received `	417,718	509,184
Dividend received (for using equity method)	169,191	260,964
Income tax paid	(2,258,322)	(2,500,060)
Net cash flows provided by operating activities	46,192,039	31,627,007

(Continued)

FIRST COMMERCIAL BANK, LTD.
STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments accounted for using the equity method	$ -	($ 2,000,000)
Acquisition of property and equipment	(618,954)	(1,071,277)
Acquisition of investment property	-	(484)
Increase intangible assets	(155,683)	(279,906)
Proceeds from disposal of property and equpiment	34,446	-
Proceeds from disposal of investment property	28,107	-
Decrease in other assets	138,643	173,074
Net cash flows used in investing activities	(573,441)	(3,178,593)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(17,880)	11,725
Decrease in securities sold under repurchase agreements	(2,313,609)	(6,044,272)
Increase (decrease) in financial bonds payable	2,400,000	(7,800,000)
Payment of cash dividends	(7,000,000)	-
Capital increase by cash	20,000,000	5,000,000
Net cash flows provided by (used in) financing activities	13,068,511	(8,832,547)
Effect of exchange rate changes on cash and cash equivalents	1,119,834	2,488,966
Net increase in cash and cash equivalents	59,806,943	22,104,833
Cash and cash equivalents at beginning of period	188,074,797	165,969,964
Cash and cash equivalents at end of period	$ 247,881,740	$ 188,074,797
The components of cash and cash equivalents：		
Cash and cash equivalents as per balance sheet	$ 45,249,970	$ 59,411,418
Due from the Central Bank and call loans to banks qualified as cash and cash equivalents as defined by IAS No. 7	202,631,770	128,663,379
Cash and cash equivalents at end of period	$ 247,881,740	$ 188,074,797

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
  - First Insurance Agency Co., Ltd. — 100% owned

December 31, 2015

Key Figures

As of and for the year ended December 31, 2015

(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	16,079,994	12,511,037	3,568,957	214,953	122,746	17.54
FCB Leasing Co., Ltd.	3,000,000	8,486,058	5,332,667	3,153,391	87,515	-109,455	-0.36
FCBL Capital Int'l (B.V.I.) Ltd.	1,791,218	2,472,445	706,427	1,766,018	21,486	-238,416	-0.12
FCB International Leasing, Ltd.	886,103	1,849,107	1,248,085	601,022	-368,924	-273,867	-
FCB Leasing (Xiamen) Ltd.	903,495	981,105	38,092	943,013	21,717	16,179	-
First Insurance Agency Co., Ltd.	50,000	778,624	349,955	428,669	380,182	317,945	63.59

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	56, Chung King N. Rd., Sec.3, Ta Tung Dist., Taipei 103, Taiwan	886-2-25913251
Kwang-Lung Branch	82, Keelung Rd., Sec. 2, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27201701
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	3, Tun Hua S. Rd., Sec.1, Sung Shan Dist., Taipei 105, Taiwan	886-2-25793616
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

Branch	Address	Tel
Ku-Ting Branch	95, Roosevelt Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-23695222
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	84 & 86, Chung Shan 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

Branch	Address	Tel
Ta-Nan Branch	919, Jie Shou Rd., Sec. 1, Pa Teh Dist., Taoyuan City 334, Taiwan	886-3-3661966
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	105, 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

Branch	Address	Tel
Dou-Liu Branch	16, Tai Ping Rd., Dou Liu City, Yunlin County 640, Taiwan	886-5-5324311
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	438, 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
- **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: 1-626-3006026
- **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 2016

第一銀行 ・ First Bank 第一銀行 ・ First Bank 第一銀行 ・ First Bank