玉山二十四年
24th

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ANNUAL REPORT 2015

104年年報

玉山銀行 E.SUN BANK

Pure as Jade, Sturdy as Mountain.

E.SUN Spokesman

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The highest peak, the best bank.

E.SUN BANK 24th

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I. Letter to Shareholders

Dear Shareholders

The year 2015 saw quite dramatic economic swings and subdued growth. The Federal Reserve started a fresh rate hike cycle in December, and its 25-basis point rate increase ended nearly seven years of near-zero interest rates. Mainland China left behind years of hefty growth as the country changed gear to structural reform; big swings in equity prices and the yuan's interest and exchange rates sent shock waves across global markets. Export-oriented economies were hit hard by declines in consumer demand and plunges in the prices of crude oil and other commodities. On the other hand, the 2015 Paris Climate Conference managed to achieve a legally binding and universal agreement on reducing greenhouse gas emissions, thus setting a new milestone on the path toward a low-carbon global economy. These rapid changes, to be sure, posed a major challenge to businesses while also making a critical moment for testing their capability to adapt accordingly.

The year 2015 also saw E.SUN Bank score admirably yet again. Besides setting all-time highs in earnings and other financial indicators, it was simultaneously rated by two prestigious magazines—"The Asset"and"Asiamoney"—as the best domestic bank in Taiwan. Moreover, E.SUN was included as a component of the DJSI World Index, the first such honor for any local financial institution. All these accolades attest to the extensive recognition, domestic and overseas, refer to E.SUN's longtime commitment to sound business and sustainable development.

Confronted with a new era of the "fast" economy, businesses need to brace themselves for competition not only among industry peers but also across the arena-like marketplace. Keeping this in mind, we are ready to respond with a double-pronged strategy that values both internal stability and external flexibility as we abide by our hallmark: "Pure as Jade, Sturdy as Mountain." Meanwhile, we will be equally flexible in consolidating resources available throughout

the E.SUN family and our strategic partners in order to take advantage of every opportunity for fostering innovation and growth and providing customers with financial services of higher quality. Our ultimate objective is to make the favorite, most sought-after bank in Taiwan.

Another Record-Setting Year-2015

Named after Taiwan's highest peak Yushan, or Mt. Jade, E.SUN Bank is committed to making the best bank in the country. Over the years E.SUN has also stood by the principles of integrity and honesty while striving for a fresh, professional brand image. This commitment has won the trust and support of customers and the general public. As Asia increasingly asserts itself and regional integration gains momentum, E.SUN is set to focus on deepening its root in Taiwan and making inroads into Asia in its third decade. As such, E.SUN will build on its accomplishments and advantages in Taiwan to expand its reach in this part of the world and put in place a cross-border financial platform. E.SUN will also develop distinctive, localized financial services, thereby creating a bank of its own class in Asia.

With a capital adequacy ratio of 12.95%, E.SUN Bank posted another record net income of NT$11.909 billion, NT$1.80 per share in 2015. Fee income amounted to NT$13.166 billion while the ROE and ROA came in at 10.77% and 0.73% respectively. Meanwhile, the Bank was able to keep up its asset quality as well. The NPL ratio of 0.13% was supplemented by a 930% loan loss coverage ratio. In terms of the Bank's credit ratings, Moody's kept intact its long/short-term foreign-currency deposit ratings of A3/P-2 with a stable outlook.

At the end of 2015, E.SUN Bank's total assets amounted to NT$1.74 trillion; outstanding balance of all deposits, NT$1.44 trillion, and those of demand deposits and foreign currency deposits, NT$672.9 billion and NT$342.6 billion respectively; and outstanding balance of loans, NT$1.02 trillion. Combined, these numbers attest to the Bank's rapid, balanced development on all fronts. When it comes to the credit card business, E.SUN Bank continued to command the largest market share, or 23.74%, in the premium World MasterCard sector. Similarly, the Bank saw its cardholder spending increase by NT$41.2 billion to NT$252.4 billion, the highest growth rate in the local market. Moreover, the Bank not only continued to extend more SME loans than any other privately run bank in Taiwan but also emerged as a recipient of the SME Credit Guarantee Partner Awards for the 10th consecutive year, a record unparalleled by any other local peer. In a similar vein, wealth management fee income posted growth in excess of 35% for the fourth straight year. The outstanding balance of forign currency deposits rose by NT$69.9 billion, or 25.62%, while that of personal unsecured loans increased 32% to NT$87.2 billion.

In terms of financial innovation and digital banking, E.SUN is keen to pioneer changes in cash flow, retail outlets, and marketing endeavors in order to provide local businesses and consumers with a full range of convenient services. Among others, the Bank took the lead to launch cross-border, QR-code payment services that enable visitors from Mainland China to use handsets to pay for their purchases on the Alipay platform. Likewise, the Bank also took the lead to team up with Visa to introduce E.SUN Wallet, an HCE mobile credit card service platform. When Gartner handed out its first awards for innovation in digital banking in 2015, the Bank walked away with three grand awards, including the Digital Champion in Asiapac Award. E.SUN stood out not only as the biggest winner in the Asia Pacific but also as the only Taiwanese recipient of such honors.

When it comes to expanding abroad, the Bank has to date established a total of 21 overseas outlets in seven countries and territories: mainland China, Hong Kong, Singapore, Vietnam, Cambodia, Myanmar, and Los Angeles. In January 2016, E.SUN's subsidiary in China became operational. In March 2016, E.SUN secured the Central Bank of Myanmar's go-ahead and emerged as the first Taiwanese-funded bank to be granted a preliminary approval for starting a branch in Myanmar.

Strategies for Future Development

As Asia increasingly asserts itself and regional integration and financial technology gain momentum, coopetition stands out as an ongoing process commonly seen across industries, borders, and the physical and the virtual. For its part, E.SUN has long been committed to growing a double-pronged culture that values both stability and flexibility. This stability is based on a shared vision and common aspirations, a clearly defined value system, and long-term cultivation of manpower. For its flexibility, E.SUN draws from precise strategies, superb execution, and optimal allocation of

E.SUN Bank's Credit Ratings

Category	Credit Rating Agency	Long-Term Ratings	Short-Term Ratings	Outlook	Effective Date
International Ratings	Moody's	A3	P-2	Stable	2015.09
	S&P	BBB	A-2	Stable	2015.07
Domestic Ratings	Taiwan Ratings	twAA-	twA-1+	Stable	2015.07

resources. As such, the following strategies have been set for 2016:

1. Transform and upgrade branches: With the advent of digital banking, at the core of branch transformation will be 3C (Complication, Consult and sale, Core O2O). As such, emphasis will be placed on imbuing employees with multiple competences for provision of sophisticated transactions, consultation, and sales. By integrating physical and virtual dimensions, the Bank is set to maximize the value of branches and secure customer satisfaction.
2. Integrate physical and virtual channels: Embrace the Bank 3.0 era and provide customers with an exquisite banking experience by drawing on digital banking and integrating online and mobile banking as well as the Bank's official website, customer service center, automated equipment, and branches.
3. Consolidate consumer banking platforms: Establish an all-inclusive, customer-oriented consumer banking platform by consolidating internal and external resources. Put in place a seamless O2O service mechanism, strengthen risk management systematically, and add value to the lending business, thereby formulating a complete network of financial services.
4. Develop innovative payment services: In line with the government policy that promotes electronic payments, E.SUN is proactive to develop innovative payment and credit card services. Resources across the E.SUN and its strategic partners will be integrated to help customers enjoy greater convenience in making payments. In the spotlight are cross-border applications, mobile payments, and innovative collections and payments.
5. Develop most-trusted wealth management: Further enrich products and services—mutual funds, insurance, trust, and overseas bonds—and recruit and team up more wealth management specialists. Combine domestic and overseas outlets to establish a cross-border wealth management platform that serves high-asset customers. Furthermore, digitize wealth management services that integrate the physical and the virtual.
6. Build the best brand for SME services: Further bolster E.SUN's SME business by focusing on customer segmentation, channel optimization, and service integration. Build on the Bank's success in Taiwan to help overseas subsidiaries serve local SMEs.
7. Strengthen services for cross-border businesses: Cater to the specific needs of Taiwanese businesses operating offshore by building unified accounts for conglomerates and their affiliates as well as cross-border service teams and developing cross-border products. Draw on overseas outlets to provide unique cross-border financial solutions and launch into international syndicated loans and structured financing.
8. Craft an Asian financial platform: Make further inroads into this part of the world; build on Taiwan's strengths to develop overseas outlets competent enough to deliver localized services. The subsidiary in China will focus on south China and give priority to cultivating manpower and securing various business permits. For its part, the Hong Kong Branch will play a central part in developing an offshore capital allocation and wealth management center catering specifically to Taiwanese businesspeople. To foster the Cambodian subsidiary UCB's long-term development, the Bank will persist with infrastructure improvement and the extension of its proven strengths in SME and credit card services from Taiwan. Besides keeping an eye on opportunities for entering into other Asian markets, the Bank will give priority to preparing for its Yangon Branch in Myanmar and Sydney Branch in Australia and applying for a new branch in Tokyo.

Strive for Sustainable Development

Honoring corporate social responsibility and making the world a better place are E.SUN's two solid commitments to Taiwan. What the Bank asks of itself is a humbleness and willingness to feel grateful for whatever accomplishments. Every member of the E.SUN family is encouraged to act as a volunteer for social engagement. With core competence in the financial services industry as a point of departure, he or she shall take the initiative to inspire people and other businesses to help with various long-term CSR endeavors. E.SUN hopes it can help to inspire more people to follow suit and join a common cause to bring about a virtuous cycle for Taiwan.

In 2015, E.SUN became a signatory to the Equator Principles. When it comes to project financing, the Bank is proactive to work with customers not only to promote economic development but also to advance social and environmental sustainability at the same time by making use of wisdom, strategies, and methods. We will keep up our devotion to and implementation of corporate social responsibility on all fronts: governance, employees, customers, environment, and society. We are set to utilize our capacity for innovation and integration as we strive for sustainability. A summary of our efforts in this regard is as follows:

1. In terms of corporate governance, we will further upgrade the functions of the board, enhance the transparency of information disclosure, and actively participate in evaluation and assessment of such endeavors. E.SUN is winner of the Platinum Corporate Award for Management Excellence among Asian Enterprises accorded by Hong Kong's The Asset magazine for six consecutive years, marking the one and only instance in Taiwan.
2. In terms of employee care, E.SUN takes long-term cultivation of manpower seriously so that employees can be rewarded with a rosy future for their hard work. Meanwhile, E.SUN has long been recognized as a high-performing enterprise that brings employees happiness in the form of benefits and other practices superior to those prescribed by laws and regulations.
3. In terms of customer care, E.SUN, while giving priority to customer service of premium quality, is keen to work for financial innovation in a bid to satisfy customer needs on all fronts. Equal emphasis is placed on information security to keep watch over customer assets, rights, and interests.
4. In terms of environmental care, the Bank is proactive to adapt to climate change and do its part in cutting greenhouse gas emissions. After having secured external GHG verification of its headquarters and domestic branches, E.SUN is ready to usher in international carbon and water footprint certification going forward.
5. In terms of social care, E.SUN's Golden Seed Project is designed to appeal to the benevolence of those who own E.SUN's World MasterCard for building libraries at remote elementary schools of the country. As of the end of 2015, a total of 100 such libraries has been established. And now E.SUN is ready to move on to build another 100. In the days ahead, we will redouble our efforts toward sponsoring academic and educational activities, sports development, charitable events, and the humanities and arts.

The future holds many opportunities and challenges. We will abide by our beliefs and focus on sustainable development. Committed to the long-term value of business management, we will combine our core business with corporate social responsibility as we strive for innovation and progress on all fronts, thereby laying down another milestone for Taiwan's financial development. Our gratitude goes to all those who have supported, encouraged, and advised us. We will persist with our efforts toward a brighter future for both customers and the general public. Best wishes for everyone in 2016!

Gary K.L. Tseng
Chairman of the Board

Joseph N.C. Huang
President

II.Company Profile

1.Introduction

1.1 Date of Establishment : January 16, 1992

Date of Opening : February 21, 1992

1.2 Company Development

E.SUN Bank was founded by Mr. Huang Yung-Jen, now chairman of E.SUN FHC, along with a number of financial elites sharing the same ideals. By naming the Bank after Taiwan's highest peak, with profession, service and business as core value, Mr. Huang and his partners have made clear their resolve and mission to create not only the best bank but also the best-performing bank in Taiwan and Asia, and become the most be loved bank of customers.

Core Value and Sustainable Development

E.SUN Bank gives priority to building systems, growing talent, and developing information as three pillars of its bid for sustainable development. Standing by "Pure as Jade, Sturdy as Mountain" as our hallmark, we have striven to build a fresh, professional corporate image while always doing honest and sound business. Friendly, meticulous service and unconditional commitment to corporate social responsibility lay a solid foundation for our sustainable development. E.SUN is rightfully a favorite shared by employees, customers, shareholders, and society at large.

The Transaformation of the Branch Innovative Leads Operation

Customer services begin with channels. Given the evolution of consumer behavior in a fast-changing business environment, revamping channels holds the key to financial services businesses prevailing at the end of the day. For its part, E.SUN is set to undertake customer-centered reform in every aspect, including technology, organization, personnel, and integrate the virtual and physical channels to providing a premium, seamless customer experience. Emphasis will be placed on delivering differentiated services across its physical branches, overseas outlets, and e-channels. Committed to making a comprehensive network of financial services, the Bank will persist with prudent management, pioneering innovation, and top-notch service quality, thereby consistently staying abreast of competition.

Having increased domestic branches to 136, E.SUN Bank is proactive to have them complemented by virtual channels so as to bring about a higher level of efficiency. Drawing on technological advancement, it also adopts an innovative, flexible approach to solving problems and meeting needs while providing customers with a full spectrum of financial services. When it comes to expanding abroad, the Bank has to date invested a subsidiary—Union Commercial Bank (UCB)—in Cambodia and opened a Subsidiary in China; established four branches, which are Hong Kong, Los Angeles, Singapore, and Dong Nai Branch; and opened representative offices in Myanmar and Vietnam. Preparations are now under way to expand our network in China and other parts of Southeast Asia. A brief review of the Bank's history is as follows:

a.On January 28, 2002, the Bank became a subsidiary of E.SUN Financial Holding Co., Ltd..

b.In 2004, E.SUN Bank absorbed Kaohsiung Business Bank, setting a world record for the fastest consolidation of information and operational systems between two financial institutions.

c.On March 18, 2011, the Bank and Chunan Credit Cooperative signed contracts on general transfer and assumption. Both parties agreed that July 9 of the same year would be the record date for the Bank's general assumption of the latter's assets, liabilities, and operations.

d.On March 16, 2012, the Bank and Chiayi Fourth Credit Cooperative signed contracts on general transfer and assumption. Both parties agreed that November 3 of the same year would be the record date for the Bank's general assumption of the latter's assets, liabilities, and operations.

e.The Board of Directors approved the investing 70% shares in Union Commercial Bank PLC., Cambodia on March 22, 2013, and the record date for the Bank's general assumption of the latter's assets, liabilities and operations was on the August 28, 2013. In 2015, E.SUN acquired additional 5% shareholding in UCB and opened 3 new outlets. Our Cambodian subsidiary now has in total 11 branches, providing financial services including deposits, loans and credit cards etc..

f.The Board of Directors approved the application for the proposal of "Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone" Shenzhen City, Mainland China on January 24, 2014, to establish a subsidiary. And the China Banking Regulatory Commission, Beijing Office approved on the January 12, 2016 for the opening of E.SUN Bank (China) Ltd., E.SUN Bank (China), Shenzhen Branch, and E.SUN Bank (China), Dongguan Branch, and E.SUN Bank (China) Dongguan Chang'an Sub-branch.

g.The Board of Director approved the application for the proposal of investing in "BankPro E-Service Technology Co., Ltd. " for 7,875,000 shares on November 13, 2015, (58.33% of its Paid in capital). The above mentioned transfer of shares was completed on January 11, 2016.

h.E.SUN BANK was approved by the Board of Directors to merge with E.SUN Insurance Brokers on August 21, 2015. This merger was done through absorptive consolidation, E.SUN Bank was the existence company. March 25, 2016 is set to be the record date.

i.Others: none.

A Rewarding Year of Many Honors

With its image of vitality and professionalism and provision of diverse, quality services, E.SUN has long enjoyed the support and commendation of the competent authority, the general public, and specialized institutions both at home and abroad. In 2015, the Bank set a record by reaping a total of 104 domestic and overseas awards. Never letting up, the Bank will place equal emphasis on both tangible and intangible aspects of its endeavors across the economic, environmental, and social spheres as it aims for the best-performing, most-respected business. Here are some of the accolades and glories we have won over the past three years:

*2015

-E.SUN Bank received the certificate for ISO 14067 Carbon Footprint Verification

-E.SUN Bank received the certificate for ISO 14064-1:2006 Greenhouse Gases Emissions Verification

-E.SUN Bank received the Golden Service Award for 5 consecutive years (Joint Credit Information Center)

-E.SUN FHC received Sustainable Governance Award for 2 consecutive years (BSI)

-E.SUN FHC received the Golden Quality Award in 2015 Financial Brand & CSR Survey- Best CSR of FHC in 2 consecutive years (Wealth Magazine)

-E.SUN Bank received the Golden Quality Award in 2015 Financial Brand & CSR Survey- Best Service in 2 consecutive years (Wealth Magazine)

-E.SUN Bank received the Golden Quality Award in 2015 Financial Brand & CSR Survey- Best Product in 2 consecutive years (Wealth Magazine)

-E.SUN Bank received the Golden Quality Award in 2015 Financial Brand & CSR Survey- Best Domestic Bank (Wealth Magazine)

-E.SUN Bank received the Golden Quality Award in 2015 Financial Brand & CSR Survey- Best Wealth Management Bank (Wealth Magazine)

-E.SUN Bank received the Golden Quality Award in 2015 Financial Brand & CSR Survey- Best

Online Banking (Wealth Magazine)
-E.SUN Bank received the Golden Quality Award in 2015 Financial Brand & CSR Survey- Best Mobile Banking (Wealth Magazine)
-E.SUN Bank received the Golden Quality Award in 2015 Financial Brand & CSR Survey- Best Online brokerage (Wealth Magazine)
-E.SUN Bank received the merit certificate for Green Procurement in 6 consecutive years (Environmental Protection Administration)
-E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization in 7 consecutive years (Taipei City Government)
-E.SUN Bank received the Best Domestic Bank Award in Taiwan (The Asset)
-E.SUN FHC received the Platinum Award for Excellence Management in Corporate Governance in Asia in 6 consecutive years. (The Asset)
-President Mr. Joseph N.C. Huang received the award of Best Chief Executive Officer Award in Asia
(The Asset)
-E.SUN Bank received the award of Best IR Team in Asia (The Asset)
-E.SUN Bank received the award of Best Initiative in Innovation(e-Click Online Card Application) (The Asset)
-E.SUN FHC received the Top 10 Most Sustainable Company Award (Taiwan Institute for Sustainable Energy)
-E.SUN FHC received the Gold medal in financial industry for Taiwan Top 50 Corporate Sustainability Report Awards(Taiwan Institute for Sustainable Energy)
-E.SUN FHC received Transparency and Integrity Awards for Taiwan Corporate Sustainability Awards (Taiwan Institute for Sustainable Energy)
-E.SUN FHC won the top spot among recipients of the Social Inclusion Awards under the Taiwan Corporate Sustainability Awards (Taiwan Institute for Sustainable Energy).
-E.SUN Bank received the award of Digital Champion in Asiapac (Gartner)
-E.SUN Bank received the award of Most Promising Digital Business Transformation Initiative (Gartner)
-E.SUN Bank received the award of Most Innovation Application of Digital Technology to Grow the Business (Gartner)
-E.SUN Bank Ranked No.1 in financial institutions for the Five-Star Service Awards 4 times (Global Views)
-E.SUN FHC received the Top 15 Brand of Best Service Technology Innovation Award (MOEA)
-E.SUN FHC was included in Dow Jones Sustainability World Index, the first ever financial institutions in Taiwan
-E.SUN FHC was included in Dow Jones Sustainability Emerging Market Index in 2 consecutive years
-E.SUN FHC received the award of Best Medium Cap Company in Taiwan (Asiamoney)
-E.SUN Bank received the Best Domestic Bank Award in 2 consecutive years (Asiamoney)
-E.SUN Bank received the award of Best Wealth Manager in Taiwan- Rising Star (The Asset)
-E.SUN Bank received the award of Best Credit Card offering in Taiwan (Timetric)
-E.SUN Bank received the award of Highly Commended: Best Credit Card in Asia Pacific (Timetric)
-E.SUN Bank received the award of Best Bank in Payments and Collections in Asia Pacific (Global Finance)
-E.SUN FHC received the Corporate Energy Saving Award (Ministry of Economic Affair)
-E.SUN Bank received the award of Best in Treasury and working capital -SME in Taiwan in 3 consecutive years (The Asset)
-E.SUN Bank received the award of e-solution partner bank in Taiwan (The Asset)
-President Mr. Joseph N.C Huang received the award of Transaction Banker of the year(The Asian Banker)
-E.SUN Bank received the award of Risk Data and Analytics Technology Implementation of the year (with SAS) (The Asian Banker)
-E.SUN Bank received the award of Best Cash

Management Bank in Taiwan (The Asian Banker)
-E.SUN Bank received the award of Best Cash Management Project in Taiwan (Xiaomi Taiwan) (The Asian Banker)
-E.SUN Bank received the award of Best Corporate Trade Finance Deal in Taiwan (The Asian Banker)
-E.SUN Bank received the award of Best SME Bank in Taiwan (The Asian Banker)
-E.SUN Bank received the award of Best Financial Supply Chain project in Taiwan (IBM) (The Asian Banker)
-E.SUN Bank received the award of Best Cloud Based project in Taiwan (IBM and Dynasafe) (The Asian Banker)
-E.SUN Bank received the award of Best Payments Portal in Taiwan (go2tw) (The Asian Banker)
-President Mr. N.C. Joseph Huang received the award of Best CEO (Investor Relations) (Corporate Governance Asia)
-E.SUN Bank received the award of Best IR Company in Taiwan (Corporate Governance Asia)
-E.SUN Bank received the award of Best CSR in Taiwan (Corporate Governance Asia)
-CFO Ms Magi Chen received the award of 25 most influential women in treasury (Corporate Treasurer)
-E.SUN Bank received the award of Highly Commended: Best Customer Experience-Branch(Timetric)
-E.SUN Bank received the award of Highly Commended: Best Brand Engagement (Timetric)
-E.SUN Bank received SME Partner Award in 10 consecutive years (MOEA, Credit Guarantee Fund)
-E.SUN Bank received SME Partner Award (Youth Support) in 5 times (MOEA, Credit Guarantee Fund)
-E.SUN Bank received SME Partner Award (Innovation) (MOEA, Credit Guarantee Fund)
-E.SUN Bank received Best Wealth Management Product award in 2 consecutive years (Business Today Magazine)
-E.SUN FHC ranked No.1 in financial institutions(and overall No.2 among large corporate) in the Award of Excellence in Corporate Social Responsibilities 7 times (CommonWealth Magazine)
-E.SUN FHC received the certificate for ISO/IEC 27001: 2013 Information Security System
-E.SUN FHC ranked within top 5% of Corporate Governance Evaluation (TWSE)
-E.SUN FHC's CSR Report was approved by both international verification standards – AA1000 Verification Standard and GRI G4 (BSI)
-E.SUN Bank secured PAS 2060:2014 certification.
-E.SUN Bank secured ISO 20121 certification.
-E.SUN Bank pass the certificate of 'PAS 2050:2011 carbon-footprint and water-footprint for E.SUN World Credit Card and E.SUN ETC Easy Credit Card
-E.SUN FHC was awarded with the highest transparency level A++ from the Assessment of Information Transparency and Disclosure in all TSE/GTSM listed companies in 2 consecutive years (Security & Future Institute)
-E.SUN FHC received the certificate of Corporate Governance Evaluation Certification- Advanced CG6009 in 5 consecutive years (TCGA)
-E.SUN BANK received the certificate of Corporate Governance Evaluation Certification-Advanced CG6009 in 5 consecutive years(TCGA)
-E.SUN Securities received the certificate of Corporate Governance Evaluation Certification-Advanced CG6009 in 5 consecutive years (TCGA)
-E.SUN Bank received the certificate of ISO 50001 for Energy Management System
-E.SUN Bank received award for No.1 issuer for World Card in Taiwan (MasterCard)
-E.SUN Bank was chosen as one of most influential brand in 2015 (Manager today)
-E.SUN Bank received the five star award for 2015 Treasury Management award (Global View magazine)
-E.SUN Bank received merit award for referring export insurance business (Taiwan Export-Import Bank of the ROC) in 2 consecutive years.

*2014

-E.SUN Bank received " Bronze Quality award" to honor the support E.Sun has devoted to sports.

(Sports Affairs Council, Executive Yuan)
-E.SUN Bank received the Best Domestic Bank Award (Asiamoney)
-E.SUN FHC's CSR Report was approved by both international verification standards – AA1000 Verification Standard and GRI G4 (BSI)
-E.SUN FHC was included in Dow Jones Sustainability Emerging Market Index, the first ever financial institutions in Taiwan
-E.SUN FHC received the Platinum Award for Excellence Management in Corporate Governance in Asia in 5 consecutive years. (The Asset)
-E.SUN FHC ranked No.1 in financial institutions(and overall No.3 among large corporates) in the Award of Excellence in Corporate Social Responsibilities for 6 times (CommonWealth Magazine)
-E.SUN FHC received 5 awards from Taiwan Academy of Banking and Finance, including Special Contribution Award (Personal Award), Best CSR Award, Best e-banking Award, Best Business Innovation Award (Honorable Mention) and Best Trust Product Award (Honorable Mention)
-E.SUN FHC received Sustainable Governance Award (BSI)
-E.SUN FHC received the Golden Quality Award in 2014 Financial Brand & CSR Survey- Best CSR of FHC (Wealth Magazine)
-E.SUN FHC was awarded with the highest transparency level A++ from the Assessment of Information Transparency and Disclosure in all TSE/GTSM listed companies (Security & Future Institute)
-E.SUN Bank, in its capacity as head office, was a recipient of the SME Credit Guarantee Partner Awards for the 9th consecutive year (Ministry of Economic Affairs).
-E.SUN Bank received the merit certificate for Green Procurement in 5 consecutive years (Environmental Protection Administration).
-E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization in 6 consecutive years (Taipei City Government).
-E.SUN Bank received Greatest Contribution of the Year. (MasterCard)
-E.SUN Bank received the Golden Quality Award for the forth times. (JCIC)
-E.SUN Bank received its forth SME Credit Guarantee Fund Partner Awards for categories of outstanding headquarter and supporting young people (MOEA, Credit Guarantee Fund)
-E.SUN Bank received the cerfiticate for ISO 14064-1: 2006 Greenhouse Gases Emissions Verification
-E.SUN Bank received the certificate of ISO 50001 for Energy Management System
-E.SUN Bank pass the certificate of 'PAS 2050:2011' carbon-footprint and water-footprint for E.SUN World credit card and E.SUN ETC Easy Credit Card
-E.SUN Bank received the Best CRM project in Taiwan (The Asian Banker)
-E.SUN Bank received the Best Data Analysis project in Taiwan (The Asian Banker)
-E.SUN Bank received The Greater China Awards for corporates in Innovation : e-banking (The Asset)
-E.SUN Bank received the The Greater China Financial Service Award- Best SME Bank in Taiwan (The Asset)
-E.SUN Bank received the award of Highly-Recommend Best Domestic Bank in Taiwan (The Asset)
-E.SUN Bank won the Financial Innovation Award (The Asset).
-E.SUN Bank was accorded the Best Digital Solution Award of the Year (MasterCard).
-E.SUN Bank received Best Payment Product in MILSTE Award.
-E.SUN Bank received for referring export insurance business (Taiwan Export-Import Bank of the ROC)
-E.SUN Bank received first prize in Best Wealth Management Team and Best Product Award. (The Business Today Magazine)
-E.SUN Bank was a recipient of the 2014 Happy Enterprise Awards (Department of Labor, Taipei City Government).
-E.SUN Bank received the certificate for the use of product carbon-footprint label for E.SUN World credit card and E.SUN ETC Easy Credit Card (Environmental Protection Administration, Executive Yuan)

-E.SUN Bank received the Golden Quality Award in 2014 Financial Brand & CSR Survey- Best Service and Product (Wealth Magazine)
-E.SUN Bank received three SME Credit Guarantee Fund Partner Awards for categories of outstanding headquarter and supporting young people (MOEA, Credit Guarantee Fund)
-E.SUN Bank received award for Innovative Corporate in Taiwan,the only one in financial industry (Ministry of Economic Affairs)
-E.SUN Bank received the Best Payment Initiatives Award in Taiwan (E.SUN Trade in 2 consecutive years (The Asian Banker)
-E.SUN Bank received the Best in Treasury and Working Capital - SME in Taiwan award in 2 consecutive years (The Asset)
-E.SUN Bank won another Award for Best Team of Wealth Management Consultants (Business Today).
-E.SUN Securities received the certificate of ISO 50001 for Energy Management System.

*2013
-E.SUN CSR Report received the AA1000 Assurance Standards and was deemed in accordance with the Level A+ of the Global Reporting Institute G3.1 Guidelines in 2012
-E.SUN FHC ranked No.1 in financial institutions (and overall No.4 among large corporates) in the Award of Excellence in Corporate Social Responsibilities 5 times (CommonWealth Magazine)
-E.SUN FHC won its fifth exemplary award in the environmental protection subcategory of the Corporate Social Responsibility Awards (Global Views Monthly).
-E.SUN FHC was awarded with the highest transparency level A+ from the Assessment of Information Transparency and Disclosure in all TSE/GTSM listed companies in 5 consecutive years. (Security & Future Institute)
-E.SUN FHC received Platinum Award in Excellence Management in Corporate Governance in Asia in 4 consecutive years. (The Asset Magazine)
-E.SUN FHC received the merit certificate for its CSR report in 2 consecutive year (Industry Development Bureau, Ministry of Economic Affairs)
-E.SUN FHC received the certificate of ISO 14001 for Environmental Management System.
-E.SUN FHC received the certificate for ISO/IEC 27001: 2005 Information Security System.
-E.SUN FHC won an award of excellence in the private business sector of the first National Environmental Education Awards (Environmental Protection Administration, Executive Yuan).
-E.SUN FHC received the CSR award in Green Policy. (BSI)
-E.SUN FHC won top prize in the financial services industry in a survey of “green” brand names (Business Next magazine).
-E.SUN Bank received SME Partner Award in 8 consecutive years (MOEA, Credit Guarantee Fund)
-E.SUN Bank was top-ranked among financial institutions in Golden Service Award in 3 consecutive years. (CommonWealth Magazine)
-E.SUN Bank won its third Golden Award for the lending data segment (Joint Credit Information Center).
-E.SUN Bank received SME Credit Guarantee Fund Partner Award for both categories of outstanding headquarter and supporting young people (MOEA, Credit Guarantee Fund)
-E.SUN Bank received the merit certificate for Green Procurement by Private-Sector Enterprise and Organization in 5 consecutive years (Taipei City Government).
-E.SUN Bank received the merit certificate for Green Procurement in 4 consecutive years (Environmental Protection Administration).
-E.SUN Bank was rated as a bellwether entity of green procurement for a fourth year (Environmental Protection Administration,

Executive Yuan).

-E.SUN Bank received the Best Payment Initiatives Award in Taiwan (Corporate Cash Management Service.

-E.SUN Bank received the Best in Treasury and working capital-SME in Taiwan award (The Asset)

-E.SUN Bank received award of Rising Star Domestic Bank in Taiwan (The Asset Magazine)

-E.SUN Bank received first prize in Best Wealth Management Bank and Best Customer Satisfaction Award. (The Business Today Magazine)

-E.SUN Bank received the awards for its long-term support to sports (Sports Affairs Council, Executive Yuan)

-E.SUN Bank won the Excellence in Innovation Award for Foreign Currency Settlement Platform—Onshore Dollar Services (Financial Information Service Co., Ltd.).

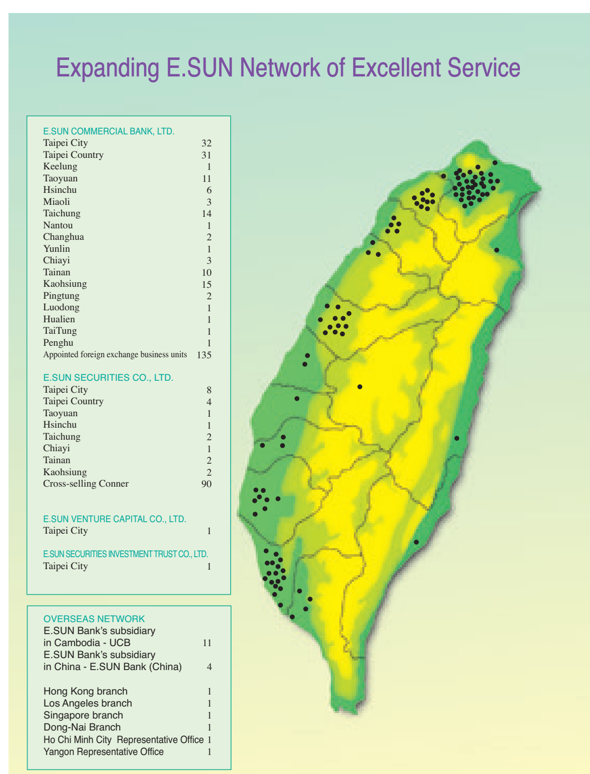
-E.SUN Bank won an excellence award in a 2013 survey on information technology innovation among service industry brand names (Institute for Information Industry).

-E.SUN Securities received Golden Torch award for innovative design (OEMCROC)

Striving for a Future of Excellence

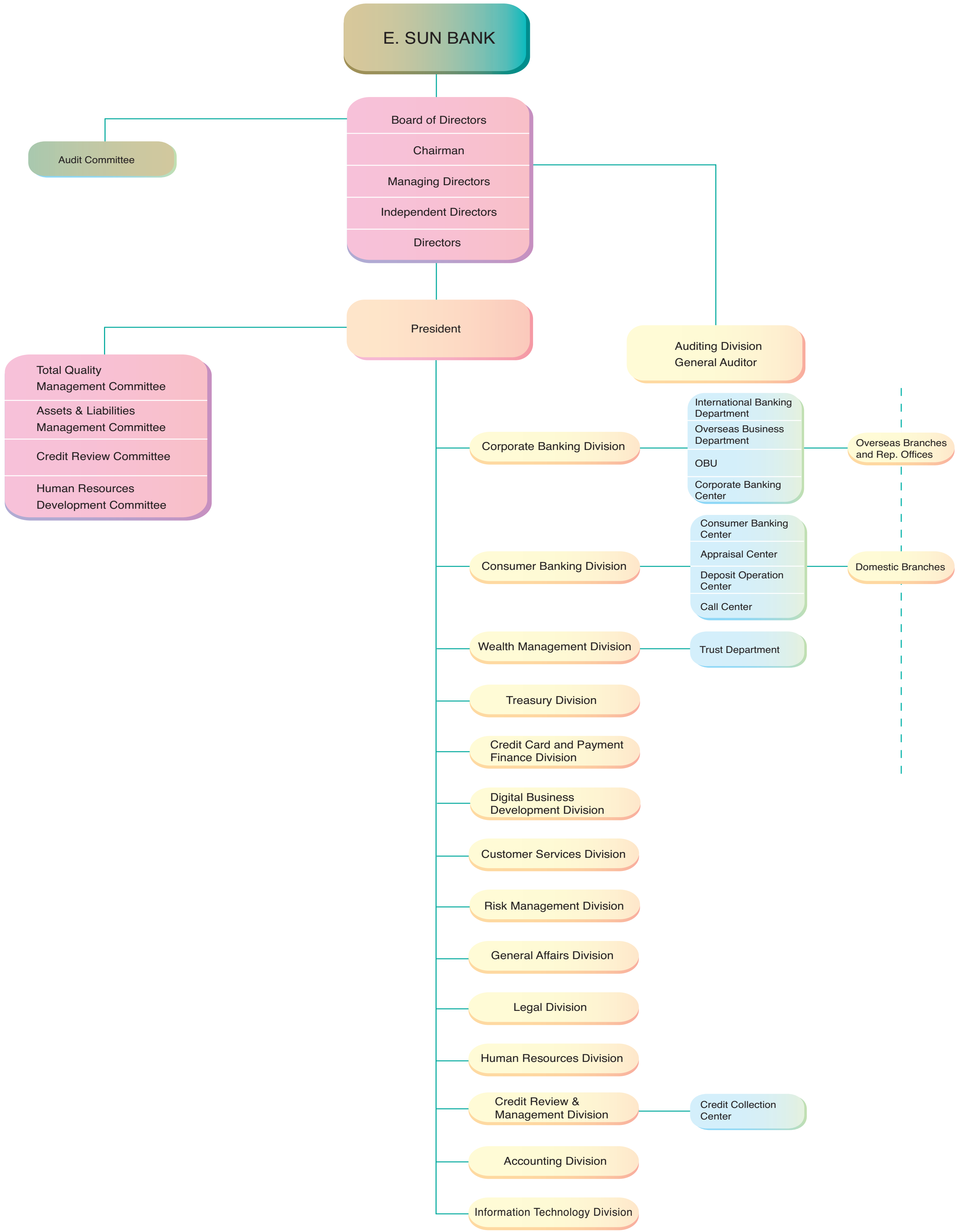
Making the best bank requires the most solid foundation. Over the years E.SUN has been devoted to deepening its root and standing by the virtues of honesty, integrity, purity, and professionalism. By crafting the best brand, service, and team, the Bank strives for balanced development across the board in order to make the favorite choice of employees, customers, and shareholders on this land it calls home.

As its third decade unfolds, E.SUN is ready to move up another rung: from outstanding to excellent. In today's fast-changing world full of uncertainties, the key to success is to strike a balance between staying steadfast and exercising flexibility. To prevail in a race marked by tortuous and chaotic paths, businesses need to cultivate the wisdom to take in the whole picture and know when to—and not to—change. The ultimate purpose of entrepreneurial endeavors is to attain sustainable co-existence alongside the community. E.SUN would like to consider itself a point of departure that can inspire more businesses and members of the general public to follow suit. It is E.SUN's belief that just as smiling is contagious, giving love promises to inspire more such deeds. E.SUN commits itself to making an uplifting force that serves its homeland. E.SUN is set to turn a new page in the history of Taiwan's financial industry as the Bank asserts itself on the international stage of the financial world.



III.Corporate Governance Report

1.Organization



2. Directors, Independent Directors and Management Team

2.1 Directors and Independent Directors

2016.01.08 Unit:1000 shares;%

Position	Nationality or place of incorporation	Representative (Name)	Date of Election	Term (years)	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC: Current Shareholdings		Shareholding in E.SUN FHC: Shareholdings of the spouse and minors		Shareholding in E.SUN FHC: Shareholdings under other's name		Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of the Management Team, Directors or Supervisors		
						Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Position	Name	Relation
Chairman	ROC	Representative of E.SUN Financial Holding Company Gary K.L. Tseng	2014.06.26	3	2010.5.14	6,136,000	100	6,684,000	100	0	0	0	0	Harvard University Master's in Public Administration, Director General of Banking Bureau, Financial Supervisory Commission	Director of E.SUN FHC	None	None	None
Managing Director & President	ROC	Representative of E.SUN Financial Holding Company Joseph N.C. Huang	2014.06.26	3	2008.6.13	6,136,000	100	6,684,000	100	0	0	0	0	MBA of the City University of New York, 23 years in Financial Industry	President of E.SUN Bank; Director and President of E.SUN FHC; Director of Cho Pharma Inc., Chairman of E.SUN Bank(China)	None	None	None
Managing Director	ROC	Representative of E.SUN Financial Holding Company Jackson Mai	2014.06.26	3	1991.12.16	6,136,000	100	6,684,000	100	0	0	0	0	Kai-Nan Commercial & Technical High School	Chairman of Hsin Tung Yang Co., Ltd., Shang Yan Investment Co., Ltd., Ding Yang Investment Co., Ltd., Cheng Yang Investment Co., Ltd., Hsin Tung Yang Real Estate Broker Co., Ltd., Yuan Shang Co., Ltd., Sheng Yang Land Holding Co., Ltd. Shang Yang Investment Co., Ltd. ; Director of Hsin Tung Yang Construction Co., Hwa Yang International Distribution Co., Ltd., Tao Garden Hotel Co., Ltd., Sheng Yang International Land Holding Co., Ltd., E.SUN FHC	None	None	None
Independent Director (Managing Director)	ROC	Representative of E.SUN Financial Holding Company Chen-Chen Chang Lin	2014.06.26	3	2007.8.16	6,136,000	100	6,684,000	100	0	0	0	0	Master of Mathematical Statistics of University of Michigan	Independent Director of E.SUN FHC, Chairman of Remuneration Committee of E.SUN FHC	None	None	None
Independent Director	ROC	Representative of E.SUN Financial Holding Company Chen-En Ko	2014.06.26	3	2007.8.16	6,136,000	100	6,684,000	100	0	0	0	0	PhD of Department of Accounting at University of Minnesota, Dean, College of Management, National Taiwan University	Professor Emeritus of Department of Accounting of NTU; Independent director of E.SUN FHC, Chang Type Microelectronics Corp., Ltd., Everlight Electronic, Novatek Co., Ltd.; Director of Cho Pharma Inc.; Member of Compensation Committee of ATEN International Co., Ltd., Zhen Ding Technology Co., and E.SUN FHC	None	None	None
Independent Director	ROC	Representative of E.SUN Financial Holding Company Ji-Ren Lee	2014.06.26	3	2007.8.16	6,136,000	100	6,684,000	100	0	0	0	0	PhD of Business Administration, University of Illinois, USA	Professor of International Business of NTU; Independent director of E.SUN FHC; Independent director and member of Compensation Committee of Acer and Wowprime; member of Compensation Committee of Nien Hsing Textile Co. Ltd., MediaTek Inc., and E.SUN FHC	None	None	None
Independent Director	ROC	Representative of E.SUN Financial Holding Company Hsin-I Lin	2014.06.26	3	2008.6.13	6,136,000	100	6,684,000	100	0	0	0	0	Bachelor of Department of Mechanical Engineering, National Cheng-Kung University	Director of Yulon Motor Co. Ltd., China Motor Co., Taiyuen Textile Co., Ltd., Yen Tjing Ling Industrial development Foundation; Independent Director and member of Compensation Committee of Sinyi Realty and E.SUN FHC; director of Acer Inc. and Shye Shyang Mechanical Industrial Co., Ltd. and Acer Foundation; Chairman of Guang Yuan Investment Co., Ltd.	None	None	None

Position	Nationality or place of incorporation	Representative (Name)	Date of Election	Term (years)	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC						Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of the Management Team, Directors or Supervisors		
								Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
						Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio			Position	Name	Relation
Director	ROC	Representative of E.SUN Financial Holding Company Rong-Chu Chen	2014.06.26	3	2005.06.10 2008.11.04 Resigned	6,136,000	100	6,684,000	100	0	0	0	0	Junan Junior High School	Chairman of Nien Hsing Textile Co., Ltd., CCP Foundation, Ron Yuan Investment Co. Ltd., Fu Yuan Investment Co., Ltd.; director of Jia Tien Sia Investment Co., Ltd. and E.SUN FHC	None	None	None
Director	ROC	Representative of E.SUN Financial Holding Company Chien-Li Wu	2014.06.26	3	1995.4.17	6,136,000	100	6,684,000	100	0	0	0	0	Chung Jung High School	Chairman of Sunlit Motors Co., Ltd., Ruen Li Transportation Co., Ltd., San Li Investment Co., Ltd., Shang Li Transportation Co., Ltd., Shan Ben International Investment Co., Shen Li Investment Co., Ltd.; director of Guang Yuan Investment Co., Ltd., Genius Technology Co., Ltd., Keeper Technology Co., Ltd., TongLit Logistic Co., Ltd., Ton Jun Co., Ltd., and E.SUN FHC; Supervisor of Jung Shing Wire Co., Ltd.	None	None	None
Director	ROC	Representative of E.SUN Financial Holding Company Magi Chen	2014.06.26	3	2011.07.07	6,136,000	100	6,684,000	100	0	0	0	0	MBA. The University of Tennessee, 38 years of experience in financial industry	CFO and Deputy President of E.SUN FHC and E.SUN Bank; Director of E.SUN FHC	None	None	None
Director	ROC	Representative of E.SUN Financial Holding Company Ben Chen	2014.06.26	3	2014.06.26	6,136,000	100	6,684,000	100	0	0	0	0	Department of Business Administration, Soochow University, 26 years experience in financial industry	Director and Deputy President of E.SUN FHC, CEO of Consumer Banking Division, ESB	None	None	None
Director	ROC	Representative of E.SUN Financial Holding Company Mao-Chin Chen	2014.06.26	3	2011.07.07	6,136,000	100	6,684,000	100	0	0	0	0	Master of Economics, National Taiwan University, 24 years of experience in financial industry	CEO of Corporate Banking Division of E.SUN Bank, CSO of E.SUN FHC and E.SUN Bank, Director of UCB	None	None	None
Director	ROC	Representative of E.SUN Financial Holding Company Louis Chang	2016.01.08	Till the end of this term	2016.01.08	6,136,000	100	6,684,000	100	0	0	0	0	Master of Business and Management National Chiao Tung University, 18 years of experience in financial industry	SEVP of of Wealth Management Division of E.SUN Bank and E.SUN FHC	None	None	None

Major Shareholders of the Institutional Shareholders

2015.12.31

Name of institutional shareholders	Major shareholders of the institutional shareholders
E.SUN Financial Holding Co., Ltd.	First State Investments (4.02%) Ron-Yuan Investment Co., Ltd. (3.24%) E.SUN Commercial Bank Trust Fiduciary trust account (2.55%) Saudi Arabian Monetary Agency (2.21%) Government of Singapore (1.89%) ABU DHABI Investment Authority (1.85%) Vanguard (1.58%) Fidelity Investment Trust (1.53%) Chunghwa Post Co., Ltd. (1.52%) Bank J. Safra Sarasin Ltd--Singapore Branch - For Clients' account (1.36%)

Professional Qualifications and Independent Analysis of Directors

Criteria / Name (note)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney. Certified Public Accountant, or Other Professional or Technical Specialist who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Chairman Gary K.L. Tseng	√	√	√	√		√	√		√	√	√	√		0
Managing Director Jackson Mai			√	√		√	√		√	√	√	√		0
Managing Director Joseph N.C. Huang			√			√	√		√	√	√	√		0
Independent Director/Managing Director Chen-Chen Chang Lin			√	√	√	√	√		√	√	√	√		0
Independent Director Chen-En Ko	√		√	√	√	√	√		√	√	√	√		3
Independent Director Ji-Ren Lee	√		√	√	√	√	√		√	√	√	√		2
Independent Director Hsin-I Lin			√	√	√	√	√		√	√	√	√		1
Director Ron-Chu Chen			√	√		√	√		√	√	√	√		0
Director Chien-Li Wu			√	√		√	√		√	√	√	√		0
Director Magi Chen			√			√	√		√	√	√	√		0
Director Ben Chen			√			√	√		√	√	√	√		0
Director Mao-Chin Chen			√			√	√		√	√	√	√		0
Director Louis Chang			√			√	√		√	√	√	√		0

Note:Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

(1)Not an employee of the Company or any of its affiliates.

(2)Not a director or supervisor of the Company or any of its affiliates. Except cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Bank holds, directly or indirectly, more than 50% of the voting shares.

(3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4)Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.

(5)Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.

(6)Not a director, supervisor, or officer, shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.

(7)Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial or accounting services or consultation to the Bank or to any affiliate of the Bank, or a spouse thereof. The restriction does not apply to any member of the remuneration committee who exercises powers pursuant to Article 7 of the Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies Whose Stock is Listed on the TWSE or Traded on the GTSM.

(8)Not having a material relationship, or a relative within the second degree of kinship to any other director of the Company.

(9)Not been a person of any conditions defined in Article 30 of the Company Law.

(10)Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

2.2 Executive Officers

2016.03.30 Unit: 1,000 shares; %

Departmen	Position	Nationality	Name	Date of Appointment	Shareholding in E.SUN FHC(2015.12.31)						Experience (Education)	Current Position with E.SUN and Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Manager of the Company		
					Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
					Shares	%	Shares	%	Shares	%			Position	Name	Relation
Headquarter	President	Taiwan R.O.C.	Joseph N.C. Huang	2011.08.01	8,010	0.1007	254	0.0032	0	0	President of E.SUN FHC	Director, President of E.SUN FHC; Managing Director of ESB; Director of Cho Pharma Inc., Chairman of E.SUN Bank (China)	None	None	None
Corporate Banking Division	Deputy President	Taiwan R.O.C.	Suka Chen	2012.01.07	1,750	0.0220	77	0.0010	0	0	CEO of Consumer Banking Division, ESB	President and Director of E.SUN Bank (China)	None	None	None
Corporate Banking Division	CSO/ CEO of Corporate Banking Division	Taiwan R.O.C.	Mao-Chin Chen	2016.01.29	1,040	0.0131	877	0.0110	0	0	SEVP of Corporate Banking Division, ESB	CSO of E.SUN FHC Director of E.SUN Bank Director of UCB	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C.	L.C. Lin	2012.01.07	392	0.0049	592	0.0074	0	0	SEVP of Corporate Banking Division, ESB	SEVP of E.SUN FHC; Chairman of E.SUN Venture Capital	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C.	Chi-Kan Chung	2015.02.06	923	0.0116	0	0	0	0	SEVP of Corporate Banking Division, ESB	Director and President of UCB	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C.	Joseph Shu	2014.01.24	814	0.0102	0	0	0	0	SEVP of Treasury Division, ESB	Deputy President and Director of E.SUN Bank (China)	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C.	Cheng-Hsien Tseng	2016.01.13	388	0.0049	0	0	0	0	General Manager of Dongguan Branch	General Manager of Dongguan Branch of E.SUN Bank (China)	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C	Hao-Chang Lien	2013.09.13	196	0.0025	0	0	0	0	Chief Compliance Officer of E.SUN FHC	General Auditor of E.SUN Bank (China)	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C	Da-Tan Lin	2014.01.24	782	0.0098	11	0.0001	0	0	EVP of Corporate Banking Division, ESB	None	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C	Cathy Kuo	2014.01.24	1,082	0.0136	0	0	0	0	EVP of Corporate Banking Division, ESB	Director, UCB	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C	Yao-Bing Lin	2016.01.22	1,055	0.0133	121	0.0015	0	0	EVP of Corporate Banking Division, ESB	Director of E.SUN Bank (China)	None	None	None

Departmen	Position	Nationality	Name	Date of Appointment	Shareholding in E.SUN FHC(2015.12.31)						Experience (Education)	Current Position with E.SUN and Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Manager of the Company		
					Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
					Shares	%	Shares	%	Shares	%			Position	Name	Relation
Corporate Banking Division	EVP	Taiwan R.O.C	Shou-Ling Hsu	2015.02.06	262	0.0033	0	0	0	0	SVP of Corporate Banking Division, ESB	None	None	None	None
OBU Branch	SVP	Taiwan R.O.C	Tung-Yu Hung	2013.02.01	438	0.0055	1	0.00001	0	0	SVP of Corporate Banking Division, ESB	Director of E.SUN Venture Capital	None	None	None
International Banking Department	EVP	Taiwan R.O.C	Maggy Chou	2016.01.22	1,183	0.0149	353	0.0044	0	0	SVP of International Banking Department, ESB	Director of TAILUNG Spectacles Industrial Co.,Ltd.	EVP	Chun-Nan Tsai	Spouse
Consumer Banking Division	CEO of Consumer Banking Division	Taiwan R.O.C	Ben Chen	2015.02.06	3,005	0.0378	954	0.0120	0	0	Deputy President of Credit Card and Payment Finance Division, ESB	Deputy President and Director of E.SUN FHC; Director of ESB;	None	None	None
Consumer Banking Division	SEVP	Taiwan R.O.C	Wu-Ming Hsieh	2014.01.24	537	0.0068	561	0.0071	0	0	SEVP of Consumer Banking Division, ESB	SEVP of E.SUN FHC; Director of E.SUN Securities	None	None	None
Consumer Banking Division	SEVP	Taiwan R.O.C	Te-Ming Chung	2015.02.06	509	0.0064	543	0.0068	0	0	EVP of Consumer Banking Division, ESB	Director of E.SUN Venture Capital	None	None	None
Consumer Banking Division	EVP	Taiwan R.O.C	Ming-Ching Dai	2015.02.06	897	0.0113	27	0.0003	0	0	SVP of Call Center, ESB	None	None	None	None
Wealth Management Division	SEVP	Taiwan R.O.C	Louis Chang	2015.02.06	1,418	0.0178	276	0.0035	0	0	EVP of Wealth Management Division, ESB	SEVP of E.SUN FHC; Director of E.SUN Bank	None	None	None
Wealth Management Division	SVP	Taiwan R.O.C	Ya-Ping Hsieh	2013.02.01	530	0.0067	0	0	0	0	VP of Wealth Management Division, ESB	None	None	None	None
Wealth Management Division	SVP	Taiwan R.O.C	Yu-Ju Chen	2015.02.06	443	0.0056	5	0.0001	0	0	VP of Wealth Management Division, ESB	Director of E.SUN Securities	None	None	None
Trust Department	SVP	Taiwan R.O.C	Chien-Chih Lin	2016.01.22	252	0.0032	0	0	0	0	VP of Trust Department, ESB	None	None	None	None
Treasury Division	CFO/ Deputy President	Taiwan R.O.C	Magi Chen	2014.01.24	1,272	0.0160	0	0	0	0	SEVP of Treasury Division, ESB	CFO of E.SUN FHC; Director of E.SUN FHC and ESB	None	None	None
Treasury Division	SEVP	Taiwan R.O.C	Hsien-Hsuan Tsai	2014.01.24	478	0.0060	0	0	0	0	EVP of Treasury Division, ESB	None	None	None	None
Treasury Division	SEVP	Taiwan R.O.C	Peter Shih	2014.01.24	665	0.0084	0	0	0	0	EVP of Treasury Division, ESB	None	None	None	None
Treasury Division	EVP	Taiwan R.O.C	Vincent Huang	2015.02.06	740	0.0093	288	0.0036	0	0	SVP of Treasury Division, ESB	None	None	None	None
Treasury Division	EVP	Taiwan R.O.C	Chao-Min Chen	2016.01.22	501	0.0063	0	0	0	0	SVP of Treasury Division, ESB	None	None	None	None
Treasury Division	SVP	Taiwan R.O.C	Sarah Chen	2011.01.24	492	0.0062	0	0	0	0	VP of Treasury Division, ESB	None	None	None	None
Credit Card and Payment Finance Division	SEVP	Taiwan R.O.C	Jung-Hua Lin	2014.01.24	796	0.0100	300	0.0038	0	0	SEVP of Credit Card and Payment Finance Division, ESB	SEVP of E.SUN FHC; Director of EasyCard Investment Holdings Co., Ltd. and EasyCard Corporation	None	None	None
Credit Card and Payment Finance Division	SEVP	Taiwan R.O.C	Fu-Chung Huang	2014.01.24	523	0.0066	39	0.0005	0	0	EVP of Credit Card and Payment Finance Division, ESB	None	None	None	None
Credit Card and Payment Finance Division	SEVP	Taiwan R.O.C	Samuel Lin	2015.02.06	544	0.0068	0	0	0	0	EVP of Credit Card and Payment Finance Division, ESB	None	None	None	None

Departmen	Position	Nationality	Name	Date of Appointment	Shareholding in E.SUN FHC(2015.12.31) Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name		Experience (Education)	Current Position with E.SUN and Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Manager of the Company		
					Shares	%	Shares	%	Shares	%			Position	Name	Relation
Audit Division	General Auditor	Taiwan R.O.C	Chung-Chen Sun	2012.04.26	165	0.0021	1,146	0.0144	0	0	SEVP of Credit Review and Management Division, ESB	None	None	None	None
Headquarter	Chief Compli-ance Officer	Taiwan R.O.C	Fion Ouyang	2016.01.22	178	0.0022	0	0	0	0	SVP of President Office, ESB	Chief Compliance Officer of E.SUN FHC	None	None	None
Headquarter	Chief Marketing Officer/ EVP	Taiwan R.O.C	Bright Wen	2016.01.22	565	0.0071	0	0	0	0	Vice Chief Marketing Officer of ESB	Chief Marketing Officer of E.SUN FHC; Supervisor of E.SUN Securities	None	None	None
Legal Division	SVP	Taiwan R.O.C	Mei-Cheng Chu	2014.01.24	198	0.0025	0	0	0	0	VP of Legal Division, ESB	None	None	None	None
General Affairs Division	EVP	Taiwan R.O.C	Chien-Yu Chou	2007.02.15	1,535	0.0193	1,094	0.0138	0	0	EVP of General Affairs Division, ESB	SEVP of E.SUN FHC	None	None	None
Accounting Division	CAO/SEVP	Taiwan R.O.C	Kuan-Her Wu	2005.02.24	414	0.0052	0	0	0	0	EVP of Accounting Division, ESB	CAO of E.SUN FHC; Supervisor of E.SUN Venture Capital	None	None	None
IT Division	CIO/SEVP	Taiwan R.O.C	Wan-Li Hsieh	2013.02.01	714	0.0090	51	0.0006	0	0	EVP of IT Division, ESB	CIO of E.SUN FHC	None	None	None
IT Division	Vice CIO/ EVP	Taiwan R.O.C	Po-Hsuan Hsu	2016.01.22	970	0.0122	333	0.0042	0	0	EVP of IT Division, ESB	Director of BankPro E-Service Technology Co., Ltd., Supervisor of E.SUN Bank (China)	SVP	Shih-Hung Feng	Spouse
Digital Business Development Division	Chief Digital Officer/ SEVP	Taiwan R.O.C	Cheng-Kuo Li	2015.02.06	891	0.0012	79	0.0010	0	0	EVP of President Office, ESB	None	None	None	None
Digital Business Development Division	SEVP	Taiwan R.O.C	Mei-Ling Liu	2016.01.22	500	0.0063	93	0.0012	0	0	EVP of Digital Business Development Division	Director of Gash Pay Supervisor of TWMP	None	None	None
HR Division	Head of HR/ SEVP	Taiwan R.O.C	J.C. Wang	2012.01.07	2,752	0.0346	832	0.0105	0	0	SEVP of HR Division, ESB	Head of HR of E.SUN FHC; Supervisor of Shan Meng Investment Co., Ltd.	None	None	None
Risk Management Division	CRO/SEVP	Taiwan R.O.C	Oliver Hsieh	2013.02.01	1,000	0.0126	0	0	0	0	EVP of Risk Management Division,ESB	CRO of E.SUN FHC	None	None	None
Credit Review and Management Division	SVP	Taiwan R.O.C	Hsiao-Lan Lin	2016.01.22	392	0.0049	341	0.0043	0	0	VP of Credit Review and Management Division, ESB	None	None	None	None
Los Angeles Branch	GM/SVP	Taiwan R.O.C	Hung-Pin Chen	2013.02.01	337	0.0042	0	0	0	0	GM/VP of Los Angeles Branch, ESB	None	None	None	None
Hong Kong Branch	GM/EVP	Taiwan R.O.C	Tsun-Jen Ke	2015.02.06	615	0.0077	0	0	0	0	GM/SVP of Hong Kong Branch, ESB	None	None	None	None
Singapore Branch	GM/SVP	Taiwan R.O.C	Yu-Yang Su	2015.02.06	546	0.0069	0	0	0	0	GM/VP of Singapore Branch, ESB	None	None	None	None
Dong Nai Branch	GM/SVP	Taiwan R.O.C	Ho-Fa Chen	2014.04.14	10	0.0001	0	0	0	0	SVP of Corporate Banking Divi-sion	None	None	None	None

2.3 Renumeration of Directors (including Independent Directors), President and Senior Executive Vice President

(1) Remuneration of Directors (including Independent Directors)

2015.12.31 Unit: NT$ thousands

Title	Name	Director Remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by directors who are also employees												Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Compensation paid to directors from an invested company other than the Company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowance (D)				Salary, Bonuses, and Allowance (E)		Severance Pay (F)		Profit Sharing-Employee Bonus (G)				Exercisable Employee Stock Options (H)		Holding Restricted Stock Options				
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	The company	Companies in the financial statements	The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock							
List as following		8,608	8,608	0	0	71,000	71,000	1,620	1,620	0.68%	0.68%	21,353	21,353	0	0	4,622	0	4,622	0	0	0	0	0	0.90%	0.90%	None

* E.SUN FHC Representative: Chairman Gary K.L. Tseng; Managing Directors: Jackson Mai, Chiu-Hsiong Huang(resigned on December 24, 2015), Chen-Chen Chang Lin; Directors: Joseph N.C. Huang, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Ron-Chu Chen, Chien-Li Wu, Magi Chen, Ben Chen, Mao-Chin Chen.

* All Bonuses to Directors in Director Remuneration has been paid to E.SUN Financial Holding Company.

Remuneration Bracket

Unit: NT$ thousands

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements (I)	The Company	Companies in the financial statements
Under NT$ 2,000,000	Joseph N.C. Huang, Jackson Mai,Chiu-Hsiong Huang, Chen-Chen Chang Lin, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Ron-Chu Chen, Chien-Li Wu, Magi Chen, Ben Chen	Joseph N.C. Huang, Jackson Mai,Chiu-Hsiong Huang, Chen-Chen Chang Lin, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Ron-Chu Chen, Chien-Li Wu, Magi Chen, Ben Chen	Joseph N.C. Huang, Jackson Mai,Chiu-Hsiong Huang, Chen-Chen Chang Lin, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Ron-Chu Chen, Chien-Li Wu	Joseph N.C. Huang, Jackson Mai,Chiu-Hsiong Huang, Chen-Chen Chang Lin, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Ron-Chu Chen, Chien-Li Wu
NT$ 2,000,000 ~ 5,000,000	Mao-Chin Chen	Mao-Chin Chen		
NT$ 5,000,000 ~ 10,000,000			Ben Chen	Ben Chen
NT$ 10,000,000 ~ 15,000,000			Maggie Chen, Mao-Chin Chen	Maggie Chen, Mao-Chin Chen
NT$ 15,000,000 ~ 30,000,000	Gary K.L. Tseng	Gary K.L. Tseng	Gary K.L. Tseng	Gary K.L. Tseng
NT$ 30,000,000 ~ 50,000,000				
NT$ 50,000,000 ~ 100,000,000	E.SUN FHC	E.SUN FHC	E.SUN FHC	E.SUN FHC
Over NT$ 100,000,000				
Total	81,228	81,228	107,203	107,203

* The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 40 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 22. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

(2) Comparison of Remuneration and the ratio of total Remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two years to Directors, Independent Directors, President and Senior Executive Vice Presidents of the Company, to the net profit after tax

Unit: NT$ thousands

Title \ Year	2015						2014					
	The Company			Companies in the Consolidated Financial Statements			The Company			Companies in the Consolidated Financial Statements		
	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax
Directors	13	107,203	0.90%	13	107,203	0.90%	17	77,202	0.76%	17	77,202	0.76%
President and SEVP	19	112,565	0.95%	19	116,635	0.98%	16	78,625	0.77%	16	78,625	0.77%

Note: 2015 Bank Net Profit after tax was 11,908,600 thousand dollars ; 2014 Bank Net Profit after tax was 10,204,320 thousand dollars.

(3) The Policies, Standards, and Portfolios for the Payment of Remuneration, the Procedures for Determining Remuneration, and the Correlation with Business Performance:

a. The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 40 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 22. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

b. The performance review system and remuneration framework for high-level managers is first screened by Renumeration Committee of E.SUN FHC, following which the board makes a final decision. Salaries of managers should reflect their professional experience, and the Company's, counterparts' and market standards and be given in accordance with E.SUN FHC Management Salary Payment Policy. The company will periodically evaluate the linkage of individual performance, profitability, operation, potential risk and salary to incentivate managers to achieve the set goal of the company which enables a manager's compensation to be closely related to operational performance. A manager's bonus will be impacted if a major risk event occurs that impacts the Company's reputation, inappropriate internal management is seen, or other abuses are documented. At the same time, the Company will carry out stress tests and scenario analysis to evaluate possible risk in the future, and the Risk Management Committee each quarter will report to the board and Auditing Committee on the level of such risk.

(4) Name of Managers who received dividend/bonus and the distribution thereof

unit : NT$thousands

Title	Name	Stock Amount	Cash Amount	Amount	Ratio of Amount to Net profit after tax (%)
President	Joseph N.C. Huang	0	13,174	13,174	0.11%
Deputy President	Suka Chen				
Deputy President	Magi Chen				
CEO of Consumer Banking	Ben Chen				
SEVP	J.C. Wang				
CEO of Corporate Banking Division	Mao-Chin Chen				
SEVP	L.C. Lin				
SEVP	Tony Wang				
SEVP	Wen-Cheng Cheng				
SEVP	Joseph Shu				
SEVP	Wu-Ming Hsieh				
SEVP	Jung-Hua Lin				
SEVP	Louis Chang				
SEVP	Yu-Kai Huang				
SEVP	Chi-Kan Chung				
Chief Compliance Officer	Fion Ouyang				
General Auditor	Chung-Chen Sun				

3. Implementation of Corporate Governance

3.1 Board of Directors

A total of 10 (A) meeting of the board of directors were held in the previous period. Director and supervisor attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B / A】	Remarks
Chairman	E.SUN FHC representative Gary K.L. Tseng	10	0	100	Re-elected
Managing Director	E.SUN FHC representative Joseph N.C.Huang	10	0	100	Elected as Managing Director on January 08, 2016
Managing Director	E.SUN FHC representative Chiu-Hsiong Huang	6	1	85.71	Resigned on December 24, 2015
Managing Director	E.SUN FHC representative Jackson Mai	9	1	90	Re-elected
Independent Director (Managing Director)	E.SUN FHC representative Chen-Chen Chang Lin	10	0	100	Re-elected
Independent Director	E.SUN FHC representative Chen-En Ko	10	0	100	Re-elected
Independent Director	E.SUN FHC representative Ji-Ren Lee	10	0	100	Re-elected
Independent Director	E.SUN FHC representative Hsin-I Lin	9	1	90	Re-elected
Director	E.SUN FHC representative Ron-Chu Chen	9	1	90	Re-elected
Director	E.SUN FHC representative Chien-Li Wu	8	2	80	Re-elected
Director	E.SUN FHC representative Magi Chen	10	0	100	Re-elected
Director	E.SUN FHC representative Ben Chen	9	1	90	Re-elected
Director	E.SUN FHC representative Mao-Chin Chen	9	1	90	Re-elected
Director	E.SUN FHC representative Louis Chang	2	0	100	Newly appointed on January 08, 2016

Other mentionable items:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None

2.Practice of Directors' avoidance of motions in conflict of interest:

Director Name	Content of Motion	Cause of Avoidance	Voting
Joseph N.C. Huang	Motion on donating portions of spending by holders of the E.SUN-Nan Shan co-brand World MasterCard to the E.SUN Volunteer Foundation and Nan Shan Happiness Fund	Motion concerning a foundation chaired by the director	Refrained from participation in discussions and voting
Joseph N.C. Huang Magi Chen Ben Chen Mao-Chin Chen	Motion on 2014 payment of year-end bonuses to senior managers	Motion concerning personal interests of the directors	Joseph N.C. Huang excused himself after reporting on payment of bonuses to senior manager under the rank of SEVP. Magi Chen, Ben Chen, and Mao-Chin Chen refrained from participation in discussions and voting
Joseph N.C. Huang Magi Chen Ben Chen Mao-Chin Chen	Motion on remuneration adjustment to senior managers	Motion concerning personal interests of the directors	Joseph N.C. Huang excused himself after reporting on payment of bonuses to senior manager under the rank of SEVP. Magi Chen, Ben Chen, and Mao-Chin Chen refrained from participation in discussions and voting
Ron-Chu Chen	Lending to Nien Hsing Textile Co., Ltd.	Motion concerning a business in which the director serves as a responsible person	Refrained from participation in discussions and voting
Joseph N.C. Huang	The motion is related to making donations to the E.SUN Volunteer Foundation.	The matter under discussion involves a Charity Foundation of which the director acts as the responsible person	Refrained from participation in discussions and voting
Mao-Chin Chen	Lending to UNION COMMERCIAL BANK PLC.	Motion concerning a business in which the director serves as a responsible person	delegated
Mao-Chin Chen	Motion on signing with the Cambodian subsidiary UCB contracts on procurement of its ATM trading platform	Motion concerning a business in which the director serves as a responsible person	Refrained from participation in discussions and voting
Hsin-I Lin	Motion on renegotiating strategic alliance with Sinyi Realty Inc.	Motion concerning a business in which the director serves as a responsible person	Refrained from participation in discussions and voting
Joseph N.C. Huang	Report on assigning a representative as director and supervisor to the Mainland China's subsidiary	Motion concerning personal interests of the director	Refrained from participation in discussions and voting
Mao-Chin Chen	Lending to UNION COMMERCIAL BANK PLC.	Motion concerning a business in which the director serves as a responsible person	Refrained from participation in discussions and voting
Mao-Chin Chen	Motion on buying Dr. Chear Ratana's stake in the Cambodian subsidiary UCB	Motion concerning a business in which the director serves as a responsible person	Refrained from participation in discussions and voting
Hsin-I Lin	Lending to Sinyi Realty Inc.	Motion concerning a business in which the director serves as a responsible person	Refrained from participation in discussions and voting
Joseph N.C. Huang	Motion on deciding on an interbank lending quota for the Mainland China's subsidiary	Motion concerning a business in which the director serves as a responsible person	Refrained from participation in discussions and voting
Ron-Chu Chen	Lending to Nien Hsing Textile Co., Ltd	The motion involves a company whose owner is a consanguinity of one of the Bank's board directors	Refrained from participation in discussions and voting
Joseph N.C. Huang	The motion is related to making donations to the E.SUN Volunteer Foundation	The matter under discussion involves a Charity Foundation of which the director acts as the responsible person	No

3. Measures taken to strengthen the functionality of the Board: The Board of Directors has established Audit Committee, Corporate Governance and Nomination Committee, Compensation Committee and Board Strategy Development Committee in June, 2008 to assist the Board in carrying out its various duties.

3.2 Audit Committee

A total of 9(A) Audit Committee meetings were held in the previous period. The attendances of Independent Directors were as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)【B / A】	Remarks
Independent Director	Chen-En Ko	9	0	100	Re-elected
Independent Director	Ji-Ren Lee	9	0	100	Re-elected
Independent Director	Chen-Chen Chang Lin	9	0	100	Re-elected
Independent Director	Hsin-I Lin	9	0	100	Re-elected

Other mentionable items:

1. If there are the circumstances referred to in Article 14-5 of Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company's response to Audit Committee's opinion should be specified: None.

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified:
   -Practice of Directors' avoidance of motions in conflict of interest:

Independent director	Content of Motion	Cause of Avoidance	Voting
Hsin-I Lin	Motion on renegotiating strategic alliance with Sinyi Realty Inc.	The matter under discussion involves an enterprise of which the independent director acts as the responsible person	No
	Lending to Sinyi Realty Inc.	The matter under discussion involves an enterprise of which the independent director acts as the responsible person	No

3.Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)

Date	Method	Object of Communication	Subject of Communication	Result
2015.01.28	Audit Committee	Appointed accountant of E.SUN Bank	CPA report	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2014 auditing work of E.SUN	Acknowledged
2015.03.18	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the result for auditing of 2014 Financial Statements	Acknowledged
2015.04.23	Audit Committee	General Auditor of E.SUN Bank	CPA report of the 2015 Q1 auditing work of E.SUN	Acknowledged
2015.08.20	Audit Conference	Appointed accountant of E.SUN Bank	CPA report of the result for auditing of 2015H1 Financial Statements	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2015 H1 auditing work of E.SUN	Acknowledged
2015.11.03	Audit Committee	General Auditor of E.SUN Bank	Report of the 2015 Q3 auditing work of E.SUN	Propose to the Boad of Director for approval and authorization
			Report of the 2016 auditing plan of E.SUN	
	Audit Conference	General Auditor and auditors of E.SUN Bank	Discussion related to internal auditing work of E.SUN Bank	Executed with the suggested matter
2016.01.07	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the plan for auditing of 2015 Financial Statements	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2015 auditing work of E.SUN	Acknowledged
2016.03.17	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the result for auditing of 2015 Financial Statements	Acknowledged

3.3 Corporate Governance Execution Status and Deviations from "Bank Governance Best-Practice Principles":

Item	State of Operation			Deviations from "Bank Corporate Governance Best Practice Principles and reasons
	Y	N	Summary	
1.Shareholding Structure and Shareholders' Equity (1)Does the Bank institute a set of internal operational procedures for handling shareholder proposals, doubts, disputes, and suits, as well as act in accordance with the said procedures? (2) Does the Bank have access to the identity of major shareholders who have actual control over the Bank as well as that of their ultimate control persons? (3) Does the Bank establish and implement risk control and management as well firewall mechanisms for its dealings with affiliated businesses?	V		(1)E.SUN FHC is the sole shareholder of the Bank. The FHC's shareholder can file opinions via the FHC's Stock service department or customer service division. Qualified persons will then handle these issues. Avenue for communication are quite smooth. (2)The Bank is a wholly owned subsidiary of E.SUN FHC. (3)Risk management committee has been set up to oversee the execution of risk management policy and culture. In addition, E.SUN risk management rules has been established. In terms of trading with interested parties, the Bank has adopted a number of internal regulations: Policy on Trading with Interested Parties, Operational Guidelines for Prevention of Insider Trading at Investees, Operational Guidelines for Addressing Common Interests of E.SUN Bank and Investees, Guidelines for Arm's-Length Transactions Between E.SUN Bank and Investees, and Internal Operational Regulations for E.SUN FHC and Subsidiaries to Comply With Article 45 of the Financial Holding Company Act.	No Difference
2.Duties and formation of Board of Directors (1)Besides setting up the Compensation Committee and Audit Committee according to law, does the Bank voluntarily set up other functional committees? (2)Does the Bank evaluate the independence of its CPAs on a regular basis?		V	(1)E.SUN FHC has also established Compenastion Committee, Corporate Governance and Nomination Committee, Board Strategy Development Committee and Corporate Social Responsibility Committee. (2)Pursuant to Article 29 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Bank engages professional, responsible, and independent CPAs to audit its finances and internal control on a regular basis. Meanwhile, the Bank's Audit Committee and Board of Directors are called upon to evaluate the suitability, independence, and fair pricing of the engaged CPA firm every six months (in the first and third quarters). For its part, the CPA firm is supposed to present a statement of independence (specifying that the CPAs responsible for audit and their spouses as well as dependent relatives have no major financial interests at stake involving the Company, either directly or indirectly, or have undermined independence in any other way). E.SUN Bank reviews every year in Q1 that its Auditing Certified Public Accountant is not a related party under Article 45 of Financial Holding Company Act of Taiwan, the interest rate offers in lending and depository business has not been surpassing those of E.SUN Bank's general customers, the Auditing Certified Public Accountant has not held the stocks of E.SUN Bank's parent company, E.SUN FHC to ensure E.SUN bank has complied.	Article 36-1 of the Corporate Governance Best-Practice Principles for Banks makes it clear that banks are supposed to establish their compensation committees. Nevertheless, as a wholly owned subsidiary of E.SUN FHC, the Bank leaves the overall performance evaluation to the Compensation Committee of the parent company
3. Has the Bank established avenues of communication with interested parties?	V		The Bank has a special division in charge of building up and maintaining list of related party and related communication. The Bank's customers can express their opinions through customer service units. Employee disputes will be handled by human resource division. The Bank and the related parties have a smooth communication channel. On the website of the Bank's parent company E.SUN FHC, there is a special section devoted to corporate social responsibility that is designed not only for CSR reporting but also for communication with stakeholders.	No Difference
4. Disclosure of information (1)Has the Bank set up website for the disclosure of financial information and its corporate governance practices? (2)Any other methods adopted by the Bank for the disclosure of information (e.g., establishing English version website, appointing persons responsible for gathering and disclosing Bank information, implementing a spokesperson system, and placing the record of analyst meeting on its website)?	V		(1) a.Disclose status of Financial information, Business operation and Corporate governance in the website (http://www.esunbank.com.tw/about/legal_info.info). b.Information disclosed include financial information, business operation, material for analyst meeting, internal control and contact information. (2)To fully follow the system of spokesman, the Bank appoints a spokesman who understand thoroughly the Bank's financial and business conditions and who are capable of coordinating among departments. In addition, the Bank also appoints a deputy spokesman when the spokesman cannot perform his / her duties. **E.SUN Bank Spokesman** Name: Magi Chen Position: Deputy President Telephone +8862-2175-1313 Email: magi@email.esunbank.com.tw **Deputy Spokesman** Name: Mao-Chin Chen Position: CEO of Corporate Banking Division Telephone: +8862-2175-1313 Email: james-0081@email.esunbank.com.tw	No Difference

Item	State of Operation			Deviations from "Bank Corporate Governance Best Practice Principles and reasons
	Y	N	Summary	
5.Has the Bank provided other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing insurance for directors and supervisors, political donation and donation to interested party and public interested group)?	V		(1)Enacted Guidelines for Minutes of Board Meetings to improve supervision and management of such meetings and to provide a regulatory basis to abide by in holding meetings. (2)The Company periodically asks directors and supervisors to take various courses. (3)The Company has established a Risk Management Division to draft and carry out risk control policies. The scope of risk reports and measurement systems cover the following: a.Credit Risk The information imparted at these events helps to establish systematic methods to manage risk derived from borrowers, counterparties, and portfolios, including creating an appropriate credit risk control environment, the adoption of credit risk controls for counterparties, and the establishment of counterparty credit ratings, along with limits on exposure to a single product, single industry, or single conglomerate. b.Market Risk The Company and all subsidiaries must establish price, currency, and interest rate fluctuation risk assessment and control mechanisms on all on-sheet and offsheet items. c.Operational Risk E.SUN is making every effort to establish operational procedures in all areas of business, and controls and auditing procedures on authorized limits, documents and custodianship of beneficiary certificates. d.Banking Book Risk E.SUN has established banking book interest risk management structure, related policy, method and procedure to measure, monitor and control Banking Book interest, and set up management index, warning threshold and limits. e.Legal and Compliance Risk E.SUN has established compliance officer system to effectively manage and improve the legal and compliance risk. f.Liquidity Risk E.SUN has established the mechanism of evaluating and monitoring liquidated positions to manage liquidity risk. g. Other Risk E.SUN has mechanisms to carry out and manage risk of reputation and other major risk via scenario stress tests, risk appetite analysis and capital adequacy. (4)E.SUN has always emphasized customer service quality. It provides customer complain channel and has implemented a number of customer protection policies. (5)In order to round out the company's corporate governance mechanism and reduce risk exposed to directors and key staff members of the company, E.SUN FHC has taken out liability insurance for directors, supervisors and key staff members. Those insured include past, present and future directors and key employees of E.SUN FHC and the FHC's subsidiaries, as well as managerial and supervisory personnel. The policies include liability insurance for these individuals, corporate compensation insurance, corporate securities claims liability coverage, and corporate employment practice liability coverage. (6)Employee disputes will be handled by Human Resource Division. This ensures smooth communication channels for interested parties. E.SUN holds knowledge sharing meetings in different region every year to disclose company's goal, policy and other employee-related information. (7)To encourage shareholders participating corporate governance, regulation of AGM is conducted, in addition, spokesman system and stock affair unit provide a communication channel for shareholders to express their opinions. Disclose status of Financial information and Business operation within the website. (8)To effectively enforce corporate governance and fulfill corporate social responsibility, the Bank has in place a set of Regulations Governing Donations, including political donation and donation to interested party and public interested group: 1.Political Donations:None 2. Interested Parties: a.E.SUN Volunteers Social Welfare and Charitable Foundation: NT$ 47,148,896. (The donation includes the E.SUN World Card activity - the E.SUN Golden Seed Project - that is jointly carried out with E.SUN Bank and E.SUN Volunteers Foundation. A portion of the World Card annual fee and certain percentage of the spending made using the card is donated to the cause, for creating 100 libraries at elementary schools in remote areas.) 3.Public Interested Group: (1)Taiwan small and medium enterprise Credit Gurantee Fund of Taiwan NT$ 76,721,444. (2)National Taiwan University NT$ 6,348,000. (3)Nan Shan Life Charity Foundation NT$2,210,248. (4)Taiwan Financial Services Roundtable － TFSR NT$ 2,500,000. (5)Taiwan Bio-development Foundation, TBF NT$ 2,500,000. (6)The Taiwan Association of Young Dreamer Alliances NT$ 1,800,000. (7)Hospice Foundation of Taiwan NT$ 1,200,000. (8)Others: NT$ 6,309,860.	No Difference

Item	State of Operation			Deviations from "Bank Corporate Governance Best Practice Principles and reasons
	Y	N	Summary	
6.Has the bank described the results of any corporate governance self-appraisals by the Company or appraisal reports commissioned by the Company, any shortcomings or suggestions presented in the reports and measures to rectify such:	V		E.SUN was honored to have secured the Taiwan Corporate Governance Association's advanced certification of its corporate governance system. E.SUN Bank received Corporate Governance Advanced Certificate from Taiwan Corporate Governance Association. In its evaluation, the Taiwan Corporate Governance Association affirmed that over the years E.SUN Bank has been proactive to have its corporate governance regime undergo assessment. An outside institution is engaged to undertake objective inspection with a view to helping enhance the Bank's corporate governance performance. In addition to its core line of business, the Bank has fulfilled corporate social responsibility to the best of its abilities, participated in a great variety of public interest endeavors, and won awards from a good number of domestic and foreign specialized institutions accordingly. For its part, the Taiwan Corporate Governance Association recommended mainly the following: the Bank's parent company E.SUN FHC should form a board of director comprising members of diverse specializations and meeting industry characteristics as well as development goals and strategies; E.SUN FHC's website should list email addresses for direct access to independent directors so as to facilitate whistleblowing. E.SUN FHC is also advised to provide all newly elected directors with comprehensive training and a diverse range of channels for advanced studies so that they can keep up with industry developments, help the board function properly, and learn more about corporate governance, thereby further enhancing the board's function and efficiency.	No Difference

3.4 State of E.SUN Achieving Trustworthy Operations and Related Measures

Implementation of Ethical Corporate Management

Item	State of Operation			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSMListed Companies" and reasons
	Y	N	Summary	
1. Establishment of ethical corporate management policies and programs. (1) Does the Bank adopt an explicit indication of its ethical corporate management policy in internal regulations and external documents; implementation of the pledge by its board of directors and management to enforce the policy rigorously and thoroughly. (2) Does the Bank adopt an unethical conduct prevention program in which operational procedures, behavioral guidelines, and a mechanism for punishment of and appeal for alleged violations are clearly defined, and enforce it without fail? (3) Does the Bank adopt preventive measures against practices listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies or other business activities with higher risk of being linked to unethical conduct?	V		(1) Based on a board of directors resolution, the Bank's parent company E.SUN FHC has established a set of "Ethical Corporate Management Principles,Operational Procedures and Guidelines (hereafter "Ethical Corporate anagement Principles," applicable to the Bank as well). It illustrates E.SUN's ethical corporate management policy, which is specified through such channels as the corporate website, external documents and investor briefings. Meanwhile, it also specifies that the board of directors, managers, and employees shall exercise the due care of a good administrator to urge the Bank to prevent unethical conduct, always review the results of preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policy. (2) To effectively forestall unethical conduct, the Bank makes ethical corporate management an integral part of its evaluation of employee performance and human resources policy. It has also established a clearly defined, effective system for setting rewards/penalties and handling complaints. (3) Standing by ethical principles and committed to honest business, the Bank refrains from engaging in business activities within its business scope that may incur a higher risk of committing acts of unethical conduct, and makes it a point to strengthen preventive measures. Meanwhile, the Bank refrains from offering political donations as it is set to uphold political neutrality.	No Difference
2. Implementation of ethical corporate management (1) Does the Bank evaluate the records of ethical/ unethical conduct of its business counterparties and include in such contract provision demanding ethical corporate management policy compliance? (2) Does the Bank establish a unit under the Board of Directors that is exclusively or concurrently responsible for promoting ethical management, and reports its status of implementation to the board on a regular basis? (3) Status of the Bank's promulgating policies for prevention of conflicts of interests and offering appropriate means for related personnel to voluntarily explain whether their interests would potentially conflict with those of the Bank. (4) To enforce ethical management, does the Bank establish effective accounting and internal control systems that are subject to regular inspection of an internal auditing department or audit by externally engaged CPAs? (5) Does the Bank offer internal and external training with regard to ethical management on a regular basis?	V		(1) In the Ethical Corporate Management Principles, it is specified that the Bank shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Bank shall include in such contract provision demanding ethical corporate management policy compliance. (2) At the Bank's parent company E.SUN FHC, the Corporate Governance and Nomination Committee is charged with the duty of setting and enforcing its ethical management policy and program for prevention of unethical conduct. The committee is also responsible for mapping out, implementing, and interpreting behavioral guidelines; handling queries and consultations;and registering and archiving related reports. Meanwhile, the committee is supposed to report its status of implementation to E.SUN FHC's Board of Directors on a regular basis. (3) The Ethical Corporate Management Principles shall specify policies for preventing conflicts of interests and provide a smooth communication and complaint filling system. Employees can file reports through a number of channels to senior management and the Human Resources Division. (4) The Bank has established an effective accounting system that prohibits any outside or secret accounts. On top of an effective internal control system, the Bank has also established an internal audit unit under the board of directors; it is required to report to the Audit Committee and the Board of Directors at least once per quarter. (5) The Bank undertakes training with regard to ethnical service principles and behavioral guidelines on a regular basis. All employees are required to attend and pass tests.	No Difference
3. Status of the Bank's implementation of its offence reporting system: (1)Does the Bank establish a mechanism that incentivizes prosecutors to step forward, put in place channels convenient for taking such action, and assign appropriate personnel to handle such cases? (2)Does the Bank set a standard operating procedure (SOP) for handling reports from prosecutors and adopt a mechanism for keeping confidentiality? (3)Does the Bank adopt measures to make sure that prosecutors do not undergo improper treatment because of their stepping forward?	V		(1) The Bank incorporates ethical management into its employee performance evaluation and human resources policy. A clearly defined, effective system of rewards and penalties is established, and multiple smooth, convenient channels are offered for employees to present information to both different levels of the management and the human resources department. Based on the Bank's pertinent operating procedure, such cases are then transferred to the relevant dedicated unit, that is, the Administrative Management Section (Legal Affairs) of the Bank's parent company E.SUN FHC. (2) When handling allegations against unethical conduct performed by its employees, the Bank shall abide by pertinent laws and regulations as well as internal rules and operating procedure while conducting investigations.Throughout the process, the identity of informants and content of their information shall be kept confidential. (3) The Bank would ensure it keeps the identity of the prosecutor confidential and provide measures of protection in an effort to protect the prosecutor from receiving unfavourable treatment or retaliation.	No Difference
4. Enforcement of information disclosure Does the Bank disclose the content and implementation status of its Principles for Ethical Management on its own website and the TSE's Market Observation Post System website?	V		The Bank's parent company E.SUN FHC has a corporate website, that discloses the Ethical Corporate Management Principles of its own as well as the Bank's ethical corporate management practices.	No Difference
5. If the Bank has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSMListed Companies, please describe any discrepancy in the Bank's implementation of the principles and explain why : No Difference.				

<table>
<tr><th rowspan="2">Item</th><th colspan="3">State of Operation</th><th rowspan="2">Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSMListed Companies" and reasons</th></tr>
<tr><th>Y</th><th>N</th><th>Summary</th></tr>
<tr><td colspan="5">6. Other important information to facilitate better understanding of the Bank's implementation of ethical corporate management (e.g., status of the Bank's reviewing and amending its own ethical corporate management principles):the ethical corporate management principles established by the Bank's parent company E.SUN FHC and practices are subject to reexamination and readjustment whenever warranted. With "Pure as Jade, Sturdy as Mountain" as its hallmark in business operation, E.SUN Bank is committed to making "a paradigm of the financial services industry and a bellwether of the service industry." Over the years E.SUN has taken action to show care for society and honor its commitment to Taiwan. E.SUN aims to be recognized as not only the best-performing enterprise but also the most-respected one in Taiwan.</td></tr>
</table>

3.5 Corporate Governance Guidelines and Regulations

Please refer to the Bank's website at http://www.esunfhc.com.tw/ir/ir.aspx

3.6 Other Important Information Enhancing Understanding of the State of the Company's Corporate Governance

The parent company, E.SUN FHC, has produced the Self-assessment Report on Corporate Governance. This document was posted on the Market Observation Post System.

3.7 Internal Control

3.7.1 Statement on Internal Control System

E.SUN COMMERCIAL BANK, LTD.

Statement on Internal Control System

18 March, 2016

On behalf of E.SUN Commercial Bank, Ltd., we hereby declare that the Company, pursuant to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, did establish an internal control system and conduct risk management from January 1 through December 31, 2015. In the meantime, an impartial and independent entity was called in to conduct audit and report its findings to the Company's Audit Committee and Board of Directors on a regular basis. Regarding securities business, according to criteria for evaluation of internal control systems required by the " Criteria for Establishment of Internal Control Systems by Securities and Futures Service Enterprises " promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission, our bank has carried out an evaluation of whether the design and implementation of our internal control system is effective. Based on a meticulous review, we affirm that all departments of the Company had been able to effectively enforce internal control and compliance-related measures during the said period, except for matters listed in the table attached below. This Statement will be an integral part of E.SUN Bank's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the aforementioned items to be disclosed will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

To Financial Supervisory Commission

Chairman Gary Tseng

President Joseph Huang

General Auditor Chung-chen Sun

Chief Compliance Officer Fion Ou Yang

E.SUN Bank's Internal Control System—Items in Need of Improvement & Status of Improvement (Record Date: December 31, 2015)

Item in Need of Improvement	Corrective Measure	Scheduled Time of Completion
In term of conducting complicated high risk derivative products such as TRF and DKO etc. for customers, the Bank should contribute high attention regarding the countermeasures and establishing a relevant mechanism. The Bank should also enhance the risk management when conducting such transactions.	1. When dealing with complicated high risk derivatives products, the Bank should establish countermeasures for the Bank's and customers' exposure, and assigned independent unit apart from marketing unit to manage and control relevant exposure. 2. Set up limits for ratio between the balance of complicated high risk derivatives products against the net value, review the design of the products, the appropriateness of the target customers, and the relevant controlling measures. 3. According to the letter of the Authority, regularly report to the board of directors information relating to the customers who purchased such products, and the security deposit thereof etc..	March 31, 2016
Keeping, on behalf of customers, blank documents bearing their signatures and/or name seals meant for transactions.	The cases have been duly dealt with. Education and training has been strengthened to prevent future incidence.	Improvement already completed.
Compiling and reporting statistics pursuant to Article 72-2 of the Banking Act.	The cases have been duly dealt with. Education and training has been strengthened to prevent future incidence.	Improvement already completed.

3.7.2 Disclosure of Any Commissioned Internal Control Review Carried out by CPA: None

3.8 Legal Infraction and Punishment and Major Shortfalls and the State of Improvement over the Past Two Years

(1)Litigation filed by prosecutors to E.SUN's managers or employees in the line of work: None.

(2)Fines levied by the FSC for Regulatory Violations:

E.SUN Bank, while undertaking marketing of financial products, was determined to have failed to establish a well-rounded internal control system or to implement it faithfully pursuant to Paragraph 1, Article 45-1 of the Banking Act. The competent authority imposed a fine of NT$4 million. In turn, the Bank has reexamined and modified its operational procedures and guidelines as well as established an adequate risk control and management mechanism.

(3)The Bank reprimanded by the FSC for deficiencies in business operations of the following:

(a) While undertaking marketing of financial products, the Bank was found to have not properly established an internal control system or effectively implement it. On top of slapping the aforesaid fine, the competent authority also issued an order for correction.

(b) While undertaking marketing of derivative products, the Bank was found not properly execute marketing operation, business management and take note of the relavant compliance matters, and has not properly establish an appropriated risk management machnism or effectively implement it. The competent authority issued an order for correction. The Bank would review the aforementioned deficiencies, edit relevant operational procedures and establish appropriate risk management machnism, and fully implement them.

(4)The Bank disciplined by the FSC pursuant to Article 61-1 of the Banking Act: None.

(5) Lossess, if any, cause d by corruption of personnel, serious accidents, or security incidents due to failure to comply with the Security Maintenance Requirements of Financial Institutions, of which the amount incurred separately or cumulatively during a given year exceeds NT$50 million (where serious accidents refer to events of fraud, theft, misappropriation, and embezzlement of company assets, false transactions, forgery of certificates and securities, acceptance of rebate, natural disasters, external force, computer hacking, theft of data, and divulgence of trade secrets and customer information):None.

(6)Other matters that require disclosure as designated by the FSC: None.

IV. Capital Overview

1. Shares and Dividends

1.1 Source of Capital

2016.03.30 Unit: thousand shares, NT$ thousands

Month/Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source	Others
2007.1.1		2,890,991	28,909,905	2,890,991	28,909,905		
2007.6.5 (note1)	10	29,009	290,095	2,920,000	29,200,000	Retained Earnings	
2007.6.21 (note2)	20	200,000	2,000,000	3,120,000	31,200,000	Cash Capital	
2009.6.26 (note3)	10	62,400	624,000	3,182,400	31,824,000	Retained Earnings	
2009.12.4 (note4)	14	180,000	1,800,000	3,362,400	33,624,000	Cash Capital	
2010.6.3 (note5)	10	147,600	1,476,000	3,510,000	35,100,000	Retained Earnings	
2011.6.13 (note6)	10	210,600	2,106,000	3,720,600	37,206,000	Retained Earnings	
2011.11.22 (note7)	15	500,000	5,000,000	4,220,600	42,206,000	Cash Capital	
2012.6.8 (note8)	10	151,900	1,519,000	4,372,500	43,725,000	Retained Earnings	
2012.11.30 (note9)	15.5	200,000	2,000,000	4,572,500	45,725,000	Cash Capital	
2013.6.6 (note10)	10	412,500	4,125,000	4,985,000	49,850,000	Retained Earnings	
2014.3.21(note11)	15	140,000	1,400,000	5,125,000	51,250,000	Cash Capital	
2014.5.19(note12)	10	435,000	4,350,000	5,560,000	55,600,000	Retained Earnings	
2014.5.23(note13)	16.6	576,000	5,760,000	6,136,000	61,360,000	Cash Capital	
2015.5.25(note 14)	10	408,000	4,080,000	6,544,000	65,440,000	Retained Earnings	
2015.6.3(note 15)	17	140,000	1,400,000	6,684,000	66,840,000	Cash Capital	

Note1 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 5, 2007 granted approval for issuance in its letter Zidi 0960027542.
Note2 : The Banking Bureau of the Financial Supervisory Committee on June 21, 2007 granted approval for issuance in its letter Zidi 09600256501.
Note3 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 26, 2009 granted approval for issuance in its letter Zidi 0980030711.
Note4 : The Banking Bureau of the Financial Supervisory Committee on December 4, 2009 granted approval for issuance in its letter Zidi 09800558761.
Note5 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 3, 2010 granted approval for issuance in its letter Zidi 0990027492.
Note6 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 13, 2011 granted approval for issuance in its letter Zidi 1000025959.
Note7 : The Banking Bureau of the Financial Supervisory Committee on November 22, 2011 granted approval for issuance in its letter Zidi 10000401021.
Note8 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 8, 2012 granted approval for issuance in its letter Zidi 1010024779.
Note9 : The Banking Bureau of the Financial Supervisory Committee on November 30, 2012 granted approval for issuance in its letter Zidi 10100388601.
Note10 : The Banking Bureau of the Financial Supervisory Committee on June 6, 2013 granted approval for issuance in its letter Zidi 1020021282.
Note11 : Ministry of Economic Affair on March 21, 2014 granted approval for issuance in its letter Zidi 10301045950.
Note12: The Financial Supervisory Committee on May 19, 2014 granted approval for issuance in its letter Zidi 1030016610.
Note13: The Financial Supervisory Committee on May 23, 2014 granted approval for issuance in its letter Zidi 10300140571.
Note14: The Financial Supervisory Committee on May 18, 2015 granted approval for issuance in its letter Zidi 1040016102.
Note15: The Financial Supervisory Committee on May 22, 2015 granted approval for issuance in its letter Zidi 10400115520.

1.2 Type of Shares

2016.03.30 Unit: Share

Type of Shares	Authorized Capital			Remark
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	6,684,000,000	0	6,684,000,000	

Note：The bank is a public company and the stock is not belong to listed or OTC stock.

1.3 Structure of Shareholders

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.4 Shareholding Distribution Status

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.5 List of Major Shareholders

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.6 Dividend Policy and Implementation Status

(1) In order to achieve the goal of sound financial structure and to enhance the self-owned capital ratio, the policy of dividend distribution of the bank shall be primarily on the basis of stock dividend. In the event that at the year dividends proposed to be distributed the bank's BIS ratio after compilation of final financial statements is greater than the requirement by the regulatory agencies, the cash dividend may therefore be distributed but shall not be less than 10% of the total dividends. However, in case of the proposed distribution of cash dividend lower than NT$0.1 per share, the bank may, at its sole discretion, opt to make such distribution out of stock dividends.Before the legal reserve equals the total capital amount, the maximum cash distribution of profit shall not exceed fifteen percent of the total paid-up capital amount.

(2) The proposed dividends payout for the 2015 financial year is NT$1.227 per share, in which cash dividend is NT$0.427 and stock dividend is NT$0.8.

1.7 Impact on business performance and earnings per share of stock dividend payment proposed at the most recent shareholders' meeting: Not applicable.

1.8 Employee Remuneration and Compensation for Directors

According to Article 40 of the Bank' s Articles of Incorporation: The earnings of the Bank in a given year (pretax profit before deduction of compensation for employees and directors) shall be reserved to cover the losses accumulated from previous years. 3% of the balance from the above shall be allocated as compensation for employees and not more than 0.6%, compensation for directors. Recipients of employee bonuses shall include employees of affiliate companies who meet certain preset conditions. Motions on employee bonuses and director compensation shall be presented before shareholders' meetings.

1.9 Information on Board-Approved Employee Remuneration and Compensation for Directors

(1) Employee bonus is NT$418,947,942 (Actual distributed: NT$357,151,194) and Directors' compensation is NT$71,000,000. (Actual distributed: NT$67,000,000)

(2) Ratio between proposed stock remuneration given out to employees and capital increments from retained earnings: All distributed as cash bonus.

1.10 Share Repurchase: None.

2. Preferred Shares Issuance: None.

3. GDR Issuance: None.

4. Employee Stock Option and Status of New Shares: None.

5. Mergers and Acquisitions with Other Financial Institutions:

The Board of Directors of E.SUN Bank approved on August 21, 2015 to purchase 5% of the shares of UCB, and set December 29, 2015 as the record date. E.SUN Bank now holds 75% shares of UCB.

6. Financing Plan and Implementation:

Analysis on previous issuances or private placement of securities and debentures have not been completed or the implementation impact of the recent 3-year financial plan has not been realized: None.

V. Operational Highlights

1. Business Activities

In 2015, E.SUN persisted with its long-term effort to strengthen risk control and management and keep up asset quality. Meanwhile, resources were integrated to provide customers with a wider array of financial products and services, thereby upgrading performance across the board. Looking ahead to 2016, the Bank believes it is time to prepare for the advent of a new banking era. Both the external competitive environment and patterns of customer behavior are set to undergo drastic changes. To adapt, the Bank will introduce innovative thinking as it strives to provide customers with more satisfying services, thereby enhancing customer value.

1.1 Corporate Banking

(1)Corporate Lending

As far as its lending policy is concerned, the Bank gives priority to identifying clients with sound operations and strong credit records as well as continuously strengthening risk control capabilities and enhancing asset quality. At the end of 2015, the outstanding balance of corporate lending stood at NT$509,064 million, representing 49.93% of the Bank’s total loan portfolio and a NT$45,196 million increase from a year earlier. Of the year’s corporate loans, 43% were extended to the manufacturing industry, 18% to wholesalers and retailers, and 15% to the financial, insurance, and real estate sectors.

In pursuit of expansion dictated by customer needs and value, the Bank is set to provide customers with whatever products and services they may need: corporate loans, syndicated lending, trade finance, project financing, wealth management, and cash management. To facilitate the overseas expansion of Taiwanese businesses, E.SUN is also proactive to integrate its cross-border service platforms spanning Greater China. E.SUN’s team of dedicated professionals is set to persist with their pursuit of a win-win situation shared by the Bank and its customers.

(2) Foreign Exchange

In order to satisfy customers demand to execute foreign exchange transaction at all times and places, we provide service through different devives, such as at branch counter, internet banking, mobile banking, telephone, fax and ATM, thus, foreign exchange transactions can be conducted across boarders and different time zones. In addition, we inniated innovated service earlier than peers, provide integrated services including notification on exchange price of internet banking, foreign exchange at night, withdraw foreign exchange through inter-bank ATM, purchase of foreign NCD. In total the Bank’s import, export, and remittance business recorded a 16% revenue increase in 2015.

1.2 Consumer Banking

(1) Deposit

At the end of 2015, the Bank's outstanding balance of deposits came in at NT$1,447,400 million, a rise of NT$168,443 million (13.17%) from a year earlier. Demand deposits amounted to NT$838,569 million, accounting for 58% of all deposits. Time deposits amounted to NT$608,831 million, 42% of all deposits. The structure of deposits is sound, and its amount remains on the rise.

(2) Mortgage Loans

At the end of 2015, the Bank's outstanding balance of mortgage loans amounted to NT$430,746 million. Mortgage loans form the core of family banking. As it grows the mortgage business, E.SUN always places equal emphasis on quantity and quality. In addition to devising multiple products and tailored services to satisfy diverse customer needs, the Bank is proactive to use the mortgage business as a platform for delivering wealth management and other services to customers as well, thereby enhancing value for both parties.

In the second half of 2015, the competent authority eased regulations over the property market. Still, transactions have remained subdued and prices are still undergoing a downward correction in certain areas. For its part, the Bank will continue to bolster risk management while abiding by pertinent laws and regulations. That is, priority will be given to focusing on quality customers, keeping a lid on the percentage of mortgage loans to transaction prices, and sticking to fair pricing in order to enhance the Bank's risk tolerance and further strengthen its mortgage business.

(3)Unsecured Personal Loans

Risk control and management lies at the core of the unsecured personal loan business. As such, E.SUN adopts a prudent approach toward promoting such loans while resorting to a well-rounded rating model for determining customer's risk characteristics and undertaking differentiated review accordingly. Meanwhile, E.SUN keeps up a cautious approach toward developing new kinds of loans that call for supplementary collateral to further increase the Bank's risk tolerance.

In response to dramatically different customer behavior in today's digital world, the Bank makes it a point to render faster, more convenient unsecured loan services so as to meet customer needs in a timely fashion. A digitized platform is put in place to enable customers to file applications and undertake identity verification online. Such an enhanced customer experience promises to inspire more people to begin using E.SUN as their bank.

In terms of marketing endeavors, the Bank draws on big data analytics to understand the behavior and potential needs of existing customers. It is also keen to get into contact with customers through all possible channels so as to achieve precision marketing and increase the odds of concluding sales. Meanwhile, operational procedures are redesigned to integrate O2O services and thus create a more satisfying customer experience.

(4)Micro SMEs

Serving micro SMEs provides branches with a perfect platform to their respective neighborhoods. Like a concentric center, branches are well-placed to maximize the value of localized business. With lending as a point of departure, they can move on to expand to salary transfer, cash flow, and other dealings with micro SMEs, thereby offering them a complete range of financial services and acting as their best advisor on business growth.

The Bank is an avid subscriber to the government's initiative to upgrade the cultural and creative industry. As such, a highlight of E.SUN's micro SME services is the extension of loans to cultural and creative ventures, thereby fostering their growth while fulfilling the Bank's corporate social responsibility.

1.3 Wealth Management

In 2015, the Bank was accorded the weekly Business Today's Best Product Award in its survey of banks in the wealth management sector and Global Views Monthly's 5-star top prize for its Financial and Banking Management Awards.

(1) Mutual Funds

Mutual funds form a pillar of the Bank's wealth management business. Given the dramatic market swings in 2015, the Bank's wealth management team helped customers take timely action to adjust their asset portfolios; developed an innovative investment framework and bolstered transaction platforms to provide customers with an investment experience of greater convenience; improved customer service by taking action to stop losses or take profits whenever warranted; strived to emerge as the exclusive or first vendor of products that are of special features and in tandem with market trends, thereby introducing a greater variety of investment options, increasing customer dealings, and creating a win-win situation. At the end of 2015, the outstanding balance of offshore assets placed in the Bank's trust accounts amounted to NT$128,244 million and that of domestic assets, NT$44,831 million.

(2) Bancassurance

Committed to guarding customer assets, the Bank is proactive to offer a full range of quality insurance products and after-sale services. As such, it has persisted with the development of insurance products that stay up to date and improvement of service quality while updating its insurance policy review in a timely fashion. The objective is to deepen customer relations by delivering tailor-made products and services that meet the needs of different stages in life. As government policy on the insurance industry is being geared toward further deregulation in 2016, the Bank is set to take swift action across the board to adapt to regulatory changes and market trends. Above all, it will prepare itself for whatever risks the future may bring in order to effectively protect customer rights and interests. Meanwhile, E.SUN is ready to draw on database analysis and integrate marketing endeavors in order to enhance marketing efficiency and meet the needs of different customer segments, thereby making the most trustworthy wealth management bank.

(3) Trust and Related Businesses

As people's mindsets change over time, trust planning is increasingly gaining attention in Taiwan. Standing by the principles of professionalism, integrity, and reliability, the Bank is committed to providing innovative, complete, and comprehensive trust services. In terms of personal trust services, E.SUN Bank took the lead to introduce insurance trust that combines long-term care and, according to one's life planning, offers options concerning children's education, post-retirement care, insurance money, and execution of wills, thereby making possible better-rounded planning of family wealth. Trust services meant for institutional clients cover advance receipts (gift coupons), employee shares/savings, restricted stock, realty development, custodianship, certification, and issuance of corporate bonds. Also offered are tailor-made trust services designed for such purposes as supplementing charitable initiatives or protecting the security of transactions.

As of the end of 2015, the outstanding balance of assets under trust stood at NT$387,597 million, a year-on-year increase of NT$67,346 million. Assets under custodianship in the form of securities stood at NT$44,025 million, while asset funds under custodianship in special accounts amounted to NT$197,938 million.

1.4 Digital Banking

Technology has changed the financial landscape. To accommodate the advent of Bank 3.0 and legislation on electronic payments, E.SUN Bank established the Digital Business Development Division in early 2015. Through integration of the Bank's ecommerce, digital marketing, big data, and IT capabilities, the new unit is intended to undertake well-rounded, forward-looking expansion and work with partners from different fields to meet customer needs and create customer value. By drawing on teamwork across all relevant departments, it aims for the development of a mobile service platform and innovation in payment services by promoting a double-pronged growth strategy that centers on physical services supplemented by virtual services.

E.SUN's devotion to and innovation in digital banking has paid off. On top of a substantial increase in earnings, it has won a good number (more than 18) of accolades over the past couple of years: Global Finance's Award for Best Bank in Payments and Collections in Asia Pacific; The Asset's Greater China Awards for Corporates in Innovation—E-Banking; The Asian Banker's Award for Best Payments Portal in Taiwan and Award for Best Payment Initiatives in Taiwan; the Taiwan Academy of Banking and Finance's Best E-Banking Award; and Gartner's Award for Digital Champion in Asiapac.

1.5 Credit Card and Payment

At the end of 2015, E.SUN Bank had 3.95 million credit cards in issuance, making it the third-largest card issuer in Taiwan. With 2.77 million cards in force and NT$252.4 billion charged on the cards in 2015, E.SUN secured a 11% share of the local market. Meanwhile, E.SUN was able to keep up asset quality as its NPL ratio of 0.23% against credit card revolving debts was superior to the market average of 0.27%.

Soliciting new customers and building a more vocal presence in the credit card market remain a priority. In the premium credit card sector, E.SUN is now ranked No. 1 in both the number of top-tier credit card market in circulation and cardholder spending. Having issued more than 3.12 million co-brand EasyCards and 38,000 co-brand icash cards, it is also the largest provider of electronic stored value cards. Meanwhile, the Bank stands out as the largest provider of co-brand ETC (electronic toll collection) cards, attesting to its status as the No. 1 choice for local motorists. By engaging authorized shops to organize sales campaigns and the like that cater to diverse customer needs, the Bank is keen to secure customer satisfaction and create customer value so that customers can't resist using E.SUN cards.

1.6. Investment

The book value of the investments by E.SUN Bank at the end of 2015 stood at NT$ 8,310 million:

1. The Bank maintains stakes in the following companies Taipei Forex Inc. (0.81%), Taiwan Futures Exchange (0.45%), Financial Information Service (2.28%), Bank Pro E-Service Technology (3.33%), Taiwan Asset Management (0.57%), Taiwan Financial Asset Service (2.94%), Sunny Asset Management Corp. (4.35%), Taiwan Incubator SME Development Corp. (3.44%), Taiwan Finance Corporation (0.41%), EASYCARD Investment Holdings Corporation (4.82%), Alliance Digital Tech Co.(4%), Taiwan Mobile Payment Co. (3.00%)

2. A Total book value of NT$ 7,773 million, 75 % shareholdings in Cambodia's Union Commercial Plc ; 100% sharehodings in E.SUN Bank (China) Ltd..

2. Business Plan

In 2016, E.SUN is ready to pursue expansion on all fronts while taking action to accommodate the growing trend for financial services to become digitized, go online, and turn mobile. The Bank will integrate brick-and-mortar and virtual services to create an innovative customer experience and upgrade performance across the board. Meanwhile, emphasis will be placed on further expanding overseas and promoting the premium E.SUN brand of quality services through localized management. Above all, E.SUN will use customer needs as its point of departure for delivering financial services that truly appeal to customers.

2.1 Corporate Banking

(1)Further expand the Bank's customer base by winning over businesses engaging in external trade while deepening relations with existing customers. Endorse government policy by supporting SMEs and cultural and creative ventures, in turn offering fresh momentum for corporate growth.

(2)Draw on such external resources as the SME Credit Guarantee Fund and world-class insurers to further strengthen risk control at large and risk management for overseas lending, thereby keeping up asset quality.

(3)In conjunction with its expanding overseas operations and cross border service, E.SUN will use information technology and expertise as a foundation, integrate the resource from our FHC, and its brand name and professional workforce as the core of its efforts to meet the service needs of customers.

(4)Continue to provide a comprehensive range of diverse financial products and services, and helping E.SUN become best partner for companies to succeed.

2.2 Consumer Banking

(1)Craft channels of warmth

Given the availability of multiple channels, E.SUN is proactive to rearrange its branch lobbies and optimize its digital platform. With the guidance of branch personnel, resources are allocated more effectively to offer a better, faster, and more comfortable customer experience. In other words, the Bank is committed to providing customers with considerate quality services through all channels, physical or virtual.

(2)Cater to customers with precision

Given technological advances and changes in customer behavior, the Bank adopts a customer-oriented approach and draws on big data analytics to consolidate information with a view to better understanding customer needs. The objective is to render services with precision at the right moment through the right channel, thereby further enhancing customer satisfaction.

(3)Speed up service delivery

Speed is a key indicator of service quality. The Bank is thus committed to revamping its infrastructure. Key tasks include consolidating the billing systems of branches, optimizing digital and DIY banking platforms, centralizing operational transactions, and streamlining more complicated transactions or procedures. Indeed, this across-the-board improvement is meant to increase the speed of E.SUN's customer service.

(4)Bolster risk control and management

As markets are invariably prone to change, we are committed to having risk control and management take precedence over business development. Placing equal emphasis on quantity and quality, the Bank pursues sound development of the lending business and drives profit growth by drawing on effective risk control and management.

2.3 Wealth Management

(1)E.SUN Bank is committed to providing customers with reliable wealth management services. Putting in place a team of high-caliber professionals and a well-rounded mechanism for responding to major incidents, the Bank is set to help customers effectively balance asset allocation in a timely fashion based on economic cycles and market trends, thereby ensuring customer satisfaction and maximizing customer value.

(2) In the mutual fund sector, special attention will be paid to ensuring the Bank's status as the exclusive or first vendor of products that come with appealing features and conform to market trends. Emphasis will also be placed on introducing a greater variety of mutual funds that meet diverse customer needs and developing more innovative trading features. The objective is to devise a smart investment mechanism that can provide customers with convenient wealth management services.

(3) E.SUN has taken the lead to launch real-time services that allow customers to easily trade overseas ETFs and equities (U.S., Hong Kong, and Shanghai shares) online. A great variety of trust offerings are provided to help customers optimize their capital use and asset allocation. Meanwhile, a portfolio management mechanism is put in place to help customers keep up to date with their investments and offer other after-sale services.

(4) Take the lead to innovate financial products and services. Give priority to developing services in relation to overseas bonds and offshore structured products. Offer complete, diverse products and customized services to win over high-asset customers. Across-the-board wealth management services are crucial to making a premium customer experience.

(5) Further innovation will be undertaken with a view to offering more convenient trust services. As digital banking increasingly becomes the norm, E.SUN is set to take customer needs as a point of departure and strengthen technological applications, thereby offering a brand-new customer experience for trusts of advance receipts and electronic payments among others. Similarly, Taiwan's ongoing demographic development also necessitates the development of nursing and care trust services. To sum up, E.SUN is set to offer a full spectrum of trust services, thereby creating a win-win situation for all parties concerned.

(6) E.SUN has taken the lead to launch a mobile app for provision of wealth management consultancy. Thus empowered, customers have instant access to digital consultancy on how to manage their wealth more wisely. In the days ahead, the Bank is ready to further refine and expand its digital wealth management services by drawing on the latest technology available and suitable for the purpose.

2.4 Digital Banking

Currently the Bank's digital banking business is divided into the following three dimensions by function:

(1)Digital Payment

Priority is given to developing innovative, cross-border, and mobile payments. Create new business models by working with local and offshore strategic partners.

(2)Digital Marketing

Draw on the Bank's big data analytics to learn more about customers' online behavior while dealing with the Bank or otherwise. In other words, understand customers and analyze their needs in order to foster customer loyalty.

(3)Digital Channel

Take "Internet+" as a point of departure for the development of digital banking products. Keep up with the local competent authority's pace of deregulating Bank 3.0 (online) services while developing a full spectrum of digital offerings. Deliver services through the Bank's official website as well as online and mobile banking platforms. Create customer value by means of contact, experience, interaction, and transaction.

2.5 Credit Card and Payment Services

(1) Develop a full range of payment products and mobile payment services to meet the needs of both individual customers and businesses.

(2) Diversify cardholder campaigns and draw from big data analysis to undertake digital marketing based on customer features and preferences. Induce customers to swipe their credit cards through as many channels as possible, thereby boosting cardholder spending.

(3) Solicit a greater number of authorized stores willing to offer discounts and provide them with diverse acquiring services. Promote cardholder loyalty and enhance the visibility of E.SUN credit cards in the market.

(4)Persist with customer-oriented innovation in operational processes and products and develop innovative payment products to create a premium customer experience.

(5)Refine systems and models as well as operational processes, thereby optimizing risk management.

3. Market Analysis

The world is increasingly characterized by complexity and changeability across the political and economic spheres. In the wake of a good number of "black swan" events, the global economy has to come to terms with what is now known as the "new normal." Recent years have seen the global economy tilt toward an imbalanced pattern: developed countries managed to regain growth momentum, though still short of expectations, while emerging economies continued to be mired in the doldrums. In particular, Mainland China's slowdown has had a sweeping impact worldwide. Together with other variables such as the yuan's dramatic slide, the Fed's rate hike, the slump in crude oil prices, Syria's ongoing civil war, and the migrant crisis in Europe, international financial markets look poised to undergo further volatility and the world economy will have to cope with many more challenges in 2016.

Uncertain Global Prospects Amid Changing Political and Economic Conditions

The global economy, once again, proved a disappointment in 2015. The U.S. grew mildly but failed to meet expectations. The euro zone staged a moderate recovery on the back of its quantitative easing initiative. Japan could not shake off its weakness amid a still far from benign international environment. For their part, emerging economies sustained a slowdown due to persistent declines in crude oil and other commodity prices as well as a stronger U.S. dollar. In February 2016, Global Insight (GI) estimated that the world economy would post a growth rate of 2.6% for the year, a bit slower than 2.7% recorded in 2014. In 2016, the U.S. should be able to stay on track for steady growth while both the euro zone and Japan would have to rely on additional monetary easing to stay afloat. Similarly, Mainland China would have to come to terms with another slowdown even as it is set to persist with structural adjustment and resort to modest stimuli. GI expected that the world economy would expand 2.7% in 2016, lower than the long-term average.

America's moderate expansion served as the primary driving force for the global economy. Although the Fed started phasing out quantitative easing, the U.S. economy managed to continue growing at a reasonable pace. After all, the QE initiative had proven effective in helping the housing market recover and private investment pick up. Indeed, improvement in the jobs market and an uptick in private consumption attested to a decisive turn of the fundamentals for the better. In 2015, American employers added 2.65 million workers to payrolls (an average of 220,000 per month), even higher than levels seen before the global financial tsunami. The unemployment rate also fell to 5% from 10% at the height of the crisis. Reflecting a gradual increase in the Index of Consumer Sentiment to 90-103, private consumption gained momentum. However, the manufacturing sector proved a bit disappointing amid declining oil prices, the Fed's rate hike, and uncertainties over the world's economic prospects. In December 2015, the ISM Manufacturing Index fell to 48.2 and the sector's capacity utilization rate also came down to 76.5% (against the long-term average of 80.1%). All in all, domestic demand seems poised to keep the U.S. economy on growth track. GI expected U.S. growth rate to be 2.4% in 2016, which is the same as the previous year. Still, caution remains warranted over the possibility of the Fed's hiking rates further, emerging markets losing momentum, the forthcoming

U.S. presidential election, and regional political upheavals.

Emerging economies had no choice but to come to terms with their faded glory. When the global financial tsunami ran high, Mainland China introduced a 4 trillion yuan market-rescue package that helped drive demand for commodities. Ample liquidity proved effective in pushing emerging economies to grow 6-7%. But things had changed drastically. Combined, the end to QE3 and the Fed's rate hike, Mainland China's structural reform, and falls in the prices of crude oil and other commodities brought a host of challenges for emerging economies: currency depreciation, capital flight, FDI contraction, and deterioration in foreign debts. Many sustained slower growth; Brazil and Russia were even mired in recessions. As a whole, according to GI estimates, emerging economies growth rate to be 3.8% in 2016, which is the same as 2015. This new normal of low growth is almost certain to undermine the recovery of developed economies.

The Mainland China's economy has been called upon to come to terms with a new normal characterized by medium-to-high growth, structure optimization, new dynamics, and multiple challenges. Unveiled in 2011, the 12th Five-Year Plan already highlighted structural reform as its theme. Breaking away from reliance on manufacturing, exportation, and infrastructure as the driving force, the economy would be transformed to one driven by the service industry and consumption instead. Since taking office in 2013, the Xi-Li leadership has been proactive to combat corruption. Faced with manufacturing overcapacity and housing bubbles, the Mainland China's authorities refrained from responding with any aggressive stimulus initiative. As a result, the Mainland China's economy lost steam: the year 2015 saw fixed assets and retail sales of consumer goods grow only 10% and 10.7% respectively while exports dropped 2.8%. With all three economic drivers losing momentum, GDP growth slowed to 6.9% for the year from 7.3% the year before. But structural reform did pay off: the tertiary sector accounted for 50.5% of GDP in 2015, up from 44.3% in 2011. By contrast, the weighting of the secondary sector fell to 40.5% from 46.1%. The 13th Five-Year Plan, which kicked off in 2016, gave priority to structural reform on the supply side: correction of overcapacity, de-stocking, de-leveraging, cost reduction, and improvement of weak links. The goal is to achieve economic growth of not less than 6.5%. But there is no denying that Mainland China's reform has entered deep-water territory and is bound to encounter numerous difficulties and challenges. Mainland China will have to live with a protracted period of adjustment while taking precautions not to get caught in the middle-income trap. As the authorities favor moderate stimulus over an overly aggressive fiscal policy or a Mainland China's version of quantitative easing, the economy is likely to head for an "L-shaped" pattern of growth. GI's projection was for Mainland China's GDP growth to decelerate further to 6.3% in 2016.

Both the euro zone and Japan opted for an expansion in quantitative easing. Despite an ongoing migrant crisis, Greece's anti-austerity referendum, and terrorist attacks in Paris, the euro zone managed a fragile recovery and largely remained politically and economically stable. For its part, the European Central Bank further expanded quantitative easing: keeping its main refinancing rate, or the price that banks pay to borrow funds from the ECB, unchanged at 0.05%; cutting its deposit rate further to -0.3%; extending its 60 billion euro a month bond-buying scheme to at least March 2017. These measures proved effective in fostering both domestic demand and manufacturing activity even though unemployment rate stayed at hefty levels of over 10%. According to GI, the euro zone is expected to grow 1.6% in 2016, accelerating from 1.5% in 2015. On the other hand, the still weak

Japanese economy delivered an erratic performance due to sluggish demand on both the domestic and external sides as well as structural difficulties. Against this backdrop, the Japanese government can be expected to expand fiscal outlays and adopt even bolder QQE initiatives, if necessary, this year. Based on GI estimates, the Japanese economy should be able to grow faster by 0.9% in 2016, compared with 2015's 0.6%.

Taiwan's Weaker-than-Expected Growth Amid Domestic, External Sluggishness

The Taiwanese economy fared poorly in 2015. The country's key economic indicator signaled recession throughout the second half of the year. After the semiconductor industry entered a period of inventory adjustment in the second quarter, the local manufacturing sector lost steam and the Taiwan Manufacturing PMI fell below 50 in the second half of the year. Combined, falls in the prices of crude oil and other commodities, the iPhone's weaker-than-expected sales, emergence of the so-called red supply chains, and slipping demand across emerging markets pushed down the country's outbound shipments and export orders by 10.6% and 4.4% respectively. On the domestic side, private investment turned cautious amid uncertain economic prospects. Even the semiconductor industry, which had provided much of the economy's growth momentum in recent years, also curtailed its capital expenditures. Consumer confidence also slipped and retail sales grew a mere 0.3%. In response, the government introduced a string of stimulus measures in the fourth quarter to encourage local people to do shopping. For its part, the central bank resorted to two rounds of 12.5-basis point rate cuts and eased credit controls over the property market. All in all, growth projections underwent multiple downward revisions amid worrying signs seen both at home and abroad. Some skeptics even doubted Taiwan's chances of managing 1% GDP growth for 2015. For its part, Taiwan's Directorate General of Budget, Accounting and Statistics (DGBAS) predicted that GDP growth would decelerate to 0.75% in 2015 from 3.92% the year before. On the other hand, the jobless rate of 3.78% recorded for November 2015 was close to levels seen before the onslaught of the global financial tsunami. Moreover, there was no significant increase in the number of companies that forced employees to take leave without pay. As such, the reality of the economy might have been better than what the aforesaid numbers suggested. Consumption should be able to pick up gradually so long as the global economy stops short of worsening even further.

According to statistics compiled by the National Development Council, the Taiwanese economy last peaked in October 2014. If experience is any guide, the country's economic contraction normally lasts an average of 15 months. It is thus plausible to presume that the economy might have hit bottom in December 2015. As a new year unfolds, export performance will prove critical. Indeed, unfavorable factors are still in place, but exports can be expected to return to growth track on the back of new IT products making their debuts and an unusually low base of comparison after the ongoing inventory adjustment runs its course. While both the semiconductor and aviation industries should be able to offer some momentum, private investment looks poised to increase only slightly as the construction industry is all but certain to stay cautious. Similarly, private consumption is unlikely to expand significantly amid far from promising economic prospects. According to the DGBAS, Taiwan should be able to see GDP growth accelerate to 1.47% in 2016 from 0.75% a year earlier.

Oil Prices Likely to Fall Further Amid Demand-Supply Imbalance

The price of crude oil is a political as well as economic issue. Coupled with a weaker-than-expected global economy, the price of crude oil began heading for a downward spiral in mid-2014. In order to preserve their market share and keep pressure on shale oil producers, OPEC countries did not respond with output cuts. Conversely, as price drops readily led to fiscal deficits, oil-producing countries had no choice but to further expand output so as to improve their balance sheets and in turn preserve political stability. An evil cycle formed as oil prices dipped further. On the other hand, new investment in shale oil slowed but output continued to increase thanks to higher efficiency and lower costs in bringing the product to market. In 2015, Brent Crude plunged 36.3% to US$35.7 a barrel from US$56 at the end of 2014.

The price of crude oil is expected to stay relatively low as supply looks poised to go up further. In December 2015, the U.S. lifted a 40-year ban on crude oil exports and OPEC countries also removed a ceiling on their crude oil output. Meanwhile, Iran will soon return to the global oil market after the U.S. and European countries lifted their economic embargo on the country in January 2016. Amid fears of a further mismatch between demand and supply, Brent Crude fell below the US$30 a barrel mark on January 15, 2016. Leading investment institutions forecast that the price of crude oil is likely to fluctuate within the US$20-50 range this year. The all but certain plunge of oil prices can only aggravate volatility on the international political landscape: countries that rely heavily on oil dollars—Russia, Saudi Arabia, and Venezuela—are likely to experience a heightening in social instability and political impact. Meanwhile, an anticipated shift in overseas investment by sovereign funds will only bring more swings across financial markets.

Monetary Policy Variance's Effect to Financial Markets

As far as monetary policy is concerned, developed countries are going separate ways. Europe and Japan have opted for expanding their respective QE initiative to add economic momentum while the Fed, reacting to America's ongoing moderate expansion, resumed a rate hike cycle and ended a seven-year period of near-zero interest rates in December 2015. The Fed also made it clear that it would adopt a gradual approach toward hiking rates in accordance with changes in economic conditions going forward. It is now generally expected that the Fed will settle for 2-4 rate hikes in 2016. The Fed's US$4.5 trillion balance sheet derived from three rounds of QE, however, may largely offset the desired effect of higher interest rates even though these will offer more leeway for monetary policy adjustment down the road.

The dollar continued to strengthen in 2015 on the back of America's economic expansion and expectations of the Fed's switching to rate hike mode. The U.S. Dollar Index posted a 9.3% year-on-year increase, and the dollar is expected to strengthen even further as more rate hikes are all but certain this year. Movements of the yuan also came under the spotlight. In 2015, the People's Bank of Mainland China undertook more reform, such as readjusting the mechanism for setting the daily central parity rate for the yuan and initiating the CFETS RMB Index, to grant market forces a greater say over the value of the Mainland China's currency. Meanwhile, the Mainland China's economy slowed, exports contracted 2.8%, and the CPI rose a mere 1.4%, thereby giving room for the PBOC to resort to such easing measures as cutting rates and reducing deposit reserve requirement ratios. Despite the aforesaid conditions conducive to a weaker Mainland China's currency, it depreciated no more than 4.7%, a margin smaller than those of many other currencies, in 2015. This is the case probably because of Mainland China's commitment to making the yuan an international currency. In December 2015, the IMF decided to include the yuan in the SDR basket. On the other hand, yuan depreciation may trigger a currency war and undermine Mainland China's political interests even as its benefits for the economy may well prove limited. For its part, the PBOC will surely want to retain its control over the exchange rate of the yuan. Beginning in November 2015, the yuan already came under mounting pressure to depreciate. If and when the Fed decides to hasten rate hikes, the yuan may find it increasingly difficult to depreciate only slowly.

Against Taiwan's sluggish economic growth, widening output gap, and still benign inflationary environment, the central bank kept in place a largely accommodative monetary policy. In December 2015, the bank decided on a second 12.5-basis point cut in its benchmark discount rate while leaving the target range for M2 growth at 2.5%-6.5% in 2016. Separately, the Taiwan dollar largely retained its appreciation mode in the first five months of the year. Only when local exports began to weaken and the yuan lost steam did the central bank adopt a hands-off stance over the currency's reverting to depreciation track. After falling 4.2% to 33.066 to the dollar in 2015, the Taiwan dollar is expected to depreciate even further as the U.S. dollar is poised to stay strong in 2016.

4. Financial Products R&D and Business Status

In terms of corporate banking, E.SUN gives priority to creating customer value, refining service procedure and efficiency, and developing custom-made products and services. Above all, the Bank has been committed to developing SME services and making the best brand name on this front. On top of securing a dominant position in the local market for SME loans, it has consistently won the commendation of the government's SME Credit Guarantee Fund. E.SUN Bank was accorded the SME Credit Guarantee Partner Awards for 10 consecutive years (2005-2014), a record unparalleled by any other local peer. In the days ahead, the Bank is ready to further expand its customer base across Greater China, launch into cross-border syndicated lending and project financing, and persist with provision of secure, convenient electronic banking services.

In keeping with advances in financial technology, E.SUN makes it a point to upgrade its e-channels whenever warranted to provide customers with more convenient services. A highlight on the consumer banking front is the E-Lending platform that allows customers to do the following online: evaluation of possible loan amounts and interest rates, filing applications, and undertaking identity verification. That is, e-tools are made available for customers to assess their own loan qualifications and complete the application-filing process in no time. When it comes to foreign currency deposits, the Bank took the lead to launch the E.SUN Preferential Day campaign that offers a limited amount of special online discounts by a given deadline. Moreover, this is supplemented by other services—notifications of foreign currencies hitting preset price targets, nighttime forex swaps, and reassignment of Taiwan dollar demand deposits as foreign currency time deposits—to effectively meet every possible foreign currency need customers may have. In terms of DIY banking, the Bank is committed to further enhancing its capability to render a wider variety of ATM services. In addition to offering custom-made services and interactive experiences, the Bank is also proactive to draw on data analytics and identify customer needs, thereby taking the initiative to deliver optimal services as warranted and making a platform for integrating cross-selling opportunities.

In terms of wealth management, E.SUN makes it a point to consider all that matters to customers. The Bank takes the initiative to understand what they need and does its utmost to meet all such needs. A high-caliber research team and top-notch wealth management consultants work together to provide customers with tailor-made investment portfolios and strategies so that customer assets and E.SUN can grow side by side. In the days ahead, the Bank will focus on the following areas:
(1)Recruit more competent people to better serve

wealth management customers and offer comprehensive training for delivery of quality, specialized services.

(2)Cater to both existing and potential customers by forming a team of professionals and offering exclusive products and services, thereby meeting customer needs in different stages of lives and cementing customer satisfaction and loyalty.

(3)Strengthen the research capability needed to provide real-time market information and analytical comments as well as a better-rounded mechanism for responding to emergencies, providing customers with timely information and investment recommendations, and assisting them in adjusting investment portfolios whenever warranted, thereby enhancing their investment efficiency and satisfaction with the Bank.

(4)Persist with introduction of innovative products and adopt stringent review and selection processes to expand product mix, thereby meeting diverse customer needs.

(5)Further upgrade retail outlets, develop an automated wealth management platform, and consolidate mobile apps and online banking services, thereby providing customers with timely, convenient, and friendly services, bringing to focus E.SUN's unique strengths, and creating customer value.

E.SUN is proud to present digital banking products mainly in the following two areas:

(1) Bank 3.0 services:

a. E-Lending: E.SUN draws on big data analytics to enable online applications for unsecured loans. It takes only three minutes to complete the entire procedure—loan calculation, loan application, identity verification, and loan activation—online.

b. E-Card: With this electronic service, customers can complete their online applications for credit cards in one minute.

(2) Innovative payment services:

a. Shopping on Taobao: E.SUN's exclusive service allows customers to use their physical accounts in Taiwan—a common and simple instrument they are familiar with—to pay for purchases on Mainland China's largest C2C and B2C websites (Taobao and Tmall).

b. E.SUN-PayPal Worldwide: E.SUN's exclusive partnership with PayPal enables Taiwanese vendors to withdraw funds from the latter's accounts effortlessly.

c. E.SUN Trade: Taiwanese vendors can thus readily sell their goods to Mainland China's consumers online.

d. QR-Code Payment: E.SUN took the lead to give free and independent travelers from Mainland China the option of using a familiar instrument to shop in Taiwan: paying for their purchases on the Alipay platform.

In term of credit card and payment sector, an unusual aspect of E.SUN's World MasterCard is to be found in the E.SUN Golden Seed Project. Parts of cardholders' annual fees and general payments are used as donations toward setting up libraries for elementary schools in remote areas. As of end of 2015, E.SUN Bank has opened 100 libraries at the remote area, we will continue to execute related CSR activities and provide differentiated service to create VIP customers' value.

E.SUN produced credit card that works with different currencies, which has dollars, Europe and Yen, three options to choose for payment.

E.SUN, tried to lead the market, developed the sevice of online application of credit card, customer of E.SUN who has saving account and cardholder and apply our credit card online, no paper application form is needed to submit, creating value and convinience of digital banking. The first bank which integrate credit card and mobile phone, by downloading E.SUN wallet, allowing the credit card number to be stored in the Cloud, and applying coding techonology to simulate the credit card number to execute the NFC transaction. And there is no need to change SIM card.

Take the business opportunity of mobile payment and receipt, continue to expand RQ Code and mPOS (Mobile Point of Sale) acquiring business, integrate with billboard shipping, online donation and cash on delivery, expanding the payment range of credit card.

E.SUN Co-branded easy card and E.SUN Co-branded icash card, satisify customers' micropayment need, in the same time, apply UUPON and OPENPOINT points exchange activies, creating customers' value.

Through data analysis to forsee customers' preference, supply shops on discount and continue to develop operation channel, using mutiple ways to contact customers, satisfying demands of different customer group, increase the customers billing amount and fruquency of swiping cards.

To build a stronger capacity for managing the risks of financial products, the Bank is proactive to upgrade its market risk management system. Employees charged with financial engineering responsibilities are also called upon to further enhance their professional competence so that the Bank can place the risks of financial products under effective control. In a similar vein, research is undertaken to learn more about the risk factors of especially complex derivatives. Thanks to the measures cited above, the Bank is able to build a stronger analytical ability for protecting its transactions and investment holdings against market swings. Based on the same analytical ability, it is able to lay down related countermeasures and a quota management mechanism, thereby keeping track of the risk brought by market volatility for the Bank's investment and trading positions.

The Bank adheres to conventions set by the competent authority in establishing its internal control regime that comprises self-assessment as the first line of defense, legal compliance and risk management as the second, and internal audits as the third. Combined, these are faithfully enforced to ensure the effectiveness of the internal control regime both in design and in implementation. As is dictated by ongoing developments in different business lines, the Bank updates its internal control self-checklist whenever warranted and conducts self-assessment on a regular basis so as to ensure a better-rounded internal control system. When it comes to operational risk management, the Bank has enforced comprehensive rules and regulations. These are complemented by management tools such as risk control self-assessment, key risk indicators, and collection of operational risk loss data, as the Bank persistently identifies, evaluates and monitors operational risk.

Innovation is one of the most effective strategies for creating long-term value. It also holds the key to E.SUN's across-the-board development going forward. The Bank is set to continue working on the following:

Stay abreast of the latest trends in IT development and customer needs; conduct marketing that integrates different product lines; further refine financial products and innovate customer experiences.

Give priority to upholding asset quality in the lending business. Strengthen risk management while running systems in a safe and reliable manner; develop and utilize various models and tools for risk identification; cultivate a risk control and management mindset to facilitate both pre-event prevention and post-event evaluation.

Integrate the virtual and the brick-and-mortar and create a tailor-made customer experience that is simple, fast, and convenient; provide corporate and individual clients with the newest cash flow services, thereby maximizing customer value.

E.SUN Bank's R&D Expenditures in recent two years: Unit: NT$ thousand

Item	2015	2014
R&D Expenditures	120,547	83,875

5. Human Resource

Nurture Core Competitiveness and Create an Animated Team of High Performance

Since its inception in 1992, E.SUN Bank has put in place a mentor program. Through their experience sharing and guidance, mentors help every new entrant get to know about the E.SUN family and become part of it. In turn, all E.SUN employees can better enjoy both their work and lives. The Bank strives to cultivate a corporate culture characterized by teamwork, harmony, and happiness. That is, the Bank values a team of professionals committed to working together to get jobs done rather than extraordinary individuals aiming for personal glories. With the Chairman serving as an example for all to emulate, emphasis is placed on inspiring employees to work together as a team that commands the capacity required for doing great things. As its third decade unfolds, E.SUN is called upon to attain higher ground and overcome more formidable challenges. And competent people hold the key to the Bank's prevailing in this test. Talent cultivation needs to be updated in order to adapt to organizational needs and provide the Bank with more high-caliber people capable of putting ideas into practice. In the days ahead, E.SUN pledges to stand by the core values of its corporate culture as it helps employees develop proper work ethics and a viable life philosophy. Above all, encouragement and assistance will be given to all employees to attain and surpass their goals, helping to nurture more financial experts.

Create Transient Advantages in Today's Fast Economy

Organizational restructuring is required to provide customers with more valuable financial consultancy services and adapt to the advent of digital banking. But people also need to change: they must be flexible enough while holding on to certain qualities that are supposed to stay intact at all times. As such, there is a need for employees to strengthen their capacity for innovation and work together toward building a learning organization. A strategy of "change" is warranted for coping with a changeable environment. "Constant," however, is equally important and valuable so it is of utmost importance to bolster core competence and abide by core beliefs. E.SUN makes it a point to recruit people of diverse backgrounds and provide them with comprehensive training. Above all, a digital learning platform is offered to employees who are assigned to different posts on a rotational basis, thereby encouraging them to familiarize themselves with different disciplines and make professionals with cross-sector competence. At the end of the day, this will prove crucial to E.SUN making real its vision: emerging as the best-performing, most-trusted business.

A Yearned-after, Favorite Business with Soul

To make Taiwan's No. 1 bank of excellence, E.SUN needs not only a clearly defined strategy but also the capability of employees to implement it without fail. For E.SUN, it is no less than a long-term commitment to drawing on teamwork and experience sharing to forge unity among all employees, refine the Bank's human resources regime, and accumulate intelligence capital.

5.1 E.SUN Bank Human Resource information

Item \ Year		2016.3.30	2015	2014
No. of Employees		7,672	7,841	6,762
Average Age		31.6	31.3	31.8
Average Years of Service		6.8	6.5	6.7
Educational Background (%)	Master's	22	21.9	21.9
	Bachelor's	71.9	72	70.9
	College	5.4	5.3	6.5
	High School (Vocational)	0.7	0.8	0.7
Number of Professional License	Bank	22,345	22,376	19,643
	Insurance	8,582	8,540	7,054
	Security	6,782	6,860	6,311
	Others	454	452	525

5.2 Advanced Training for Employees

(1)In accordance with its employee training guidelines, E.SUN arranges training and education opportunities for its employees each year.

(2)Based on the Bank's employee training and study guidelines, the supervisors in each department select employees to attend training courses or workshops either in Taiwan or overseas.

(3)People hold the key to E.SUN's sustainable development. To bolster human capital, the Bank has established its own human resources development center that offers comprehensive training for cultivation of top-notch financial professionals. To cultivate leaders for today and tomorrow, the Bank also launched the E.SUN Excellence Academy in 2013 to provide would-be managers and executives with systematic, well-organized training, the Excellence Academy completed 3 traninig courses in 2015.

(4)In 2015 , the Bank offered 294 classes under its internal training program and sent employees to attend another 585classes organized by other specialized institutions. Combined, attendees totaled 60,553.

(5)Education and training expenses amounted to 0.98% of total revenue in 2015.

5.3 Number of Non-Managerial Level Staff, Their Average Expense on Welfare and the Difference Comparing to the previous year

The number of non-managerial level staff was 7,017, their average expense for welfare were NT$1.002 million per person, which was NT$17,247 more comparing to 2014, a 8.9% increase in aggregate expense for welfare.

5.4 Advocacy and Implementation of Employee Behavior and Ethics Code Concepts

(1)E.SUN's employees must sign a pledge to fulfill the E.SUN employee service and behavior guidelines and regulations.

(2)E.SUN will disclose these guidelines and regulations both on internal and external websites to enable employees to browse through and familiarize with the information at will.

(3)E.SUN will periodically publicize and provide online quizzes for its employees on the information included in the guidelines and regulations.

(4)Strengthen management to ensure the security of personal information is in line with the Personal Information Protection Act.

6. Corporate Responsibility and Ethical Behavior

The Bank has long built a distinct corporate culture under which everyone is humble and feel grateful for whatever accomplishments E.SUN may enjoy at the end of the day. It is thus committed to honoring its corporate social responsibility and devoting itself to public interest, environmental sustainability, academic and educational, artistic and cultural undertakings as well as sports activities and volunteer services. E.SUN hopes it can help to inspire more people to follow suit and join a common cause to bring about a brighter future for Taiwan.

In the area of social welfare, apart from continuing to implement the E.SUN Golden Seed Project and E.SUN Concern for School children Program, the Bank also issues the "E.SUN Volunteer Passport" to encourage E.SUN employees to participate in various public interest activities. In the E.SUN Bicycle Ride Around Taiwan: "Sending Love Every where" campaign, E.SUN donated NT$10,000 to the E.SUN Concern for Schoolchildren Program for each kilometer that the volunteer participants rode. In total, it donated NT$10 million. E.SUN's sponsorship of a shift to growing organic rice at Nanan Village in Hualien County helped farmers and provided tangible support to Taiwan’s agriculture as a whole. Separately, as of the end of 2015, the Bank had donated 100 E.SUN libraries, thereby benefitting 50,000 schoolchildren.

In terms of environmental protection, apart from adopting the ISO 14001 environmental management system and ISO 50001 energy management system, the Bank also completed ISO 14064-1 greenhouse gas stocktaking at its headquarters and all local branches for two consecutive years. Through the adoption of “E.SUN’s electronic application for credit card”, it has proven that using “E.SUN’s electronic application for credit card” can significantly reduce more than half of the carbon emission it would have produce if credit card in applied at the branch counter.

The Bank has demonstrated its commitment to mitigating environment al impact by bringing down pollution and energy consumption. E.SUN has also taken the initiative to subscribe to the Carbon Disclosure Project (CDP) by becoming a CDP signatory. In the meantime, E.SUN endorses domestic and foreign environmental protection activities, and supports international efforts to conserve energy and reduce carbon emissions, including sigining the “Equator Principle”, become one of the 82 members of financial institution and organizing 30 sessions in the north area of Taiwan on the topic related to protection of Taiwan Black Bear.

E.SUN provides academic opportunities to outstanding students exhibiting potential, offering these individuals with scholarships so they can complete the education free from financial worries. To date, the Bank has provided scholarships to 82 students over the past 11 years under its Outstanding Manager Training Program. E.SUN has, in conjunction with National Taiwan University, established the E.SUN Academic Prize, which has awarded to 10 individuals. This is aimed at helping to raise the research standards in Taiwan's field of management. E.SUN is also actively providing assistance to the Financial Supervisory Commission in activities carried out in neighborhoods and on campuses to promote proper concepts among the public and students with regards to spending and other banking related knowledge. E.SUN, jointly host the “Big Data Digital Marketing Application Competition” for 4 consecutives years, cooperate with GOOGLE for ”Google Digital Mars Plan”, actively increase the ability of digital marketing and global view of the Taiwanese student, expecting to extend the corporate social responsibility to the campus, and stimulate the the finanacial service to become highly techonological.

On another front, E.SUN has been providing resources to improve the environment in Taiwan to foster the development of baseball. The Bank established the E.SUN Youth Baseball Fund Special Account, as of the end of 2015, E.SUN had offered subsidies for the purchase of baseball gear at 22 local schools, including Huade Vocational High School Techonogoly & Home Economics, National Yuli Senior High School, and National Tainan Senior Marine Fishery Vocational School etc,.

E.SUN continues to hold blood drives, helping hospitals to increase their reserves of blood. Meanwhile, E.SUN employees and volunteers continue to accompany children living in orphanages to baseball games and storytelling activities. Assistance is also provided to tutor children, clean up neighborhoods, and hold charity and fund-raising activities. It hopes these efforts will enable children to have happy memories as they grow up and bring love and compassion to every corner that needs it.

E.SUN takes up corporate social responsibility as a long-term commitment.Taking the inspiration from Taiwan’s tallest peak Yushan, E.SUN does its best in every aspect of business to attain the ultimate goal of making the best bank in this country. Meanwhile, E.SUN FHC was included in the “Dow Jones Sustainability Indices, DJSI” and “DJSI Emerging Markets”, was rated by Common Wealth magazine as the local large –enterprise No.2 (financial industry’s No.1) recipient of its CommonWealth Corporate Citizen Award for seven time, citation by the Environmental Protection Administration (EPA) as a bellwether entity of “green procurement” for the sixth consecutive year and selected by Taipei City government as an outstanding company of “green procurement in the private sector” for senventh consecutive times; Received Credit Guarantee Partner Awards for both institutions and individuals from the Ministry of Economic Affairs for the tenth straight year; the Joint Credit Information Center’s Golden Quality Award for the lending data segment for 5 consecuttive years. As can be verified by the accolades cited above, the Bank not only provides customers with innovated and high-tech financial services but also acts as a positive force of love and care capable of inspiring the entire community to follow its lead.

The Bank's commitment to corporate social responsibility and customer service has won extensive commendation of both the general public and international institutions. In 2015, the Bank secured the top spot for Global Views Monthly's Five-Star Service (Outstanding Service) Awards in the financial industry for the fourth year in a row and was rated by Commonwealth magazine as the local financial industry's No. 1 recipient of its Commonwealth Corporate Citizen Award for the seventh consecutive year. Meanwhile, E.SUN was included as a component of both the DJSI World and DJSI Emerging Markets indices, the first and only such honor for any financial services business from Taiwan. To prevail in the Bank 3.0 era, E.SUN has taken the lead to introduce a good number of innovative services by drawing on what the latest technological advances have to offer. As such, it won Gartner's Digital Champion in Asiapacific Award and Award for Most Innovative Application of Digital Technology to Grow the Business in 2015. Drawing on its service, professionalism, and technology, E.SUN aims for the best possible customer experience.

VI. Financial Information

Contents

1. Condensed Financial Statements from 2011~2015

(1) Condensed Balance Sheet (Consolidated)

Unit NT$1,000

Item / Year		Financial data 2013-2015 (Note1) 2015	2014 (Note 4)	2013 (Note 5)	As of February 29, 2016 (Note 2)
Cash and cash equivalents、due from the central bank and call loans to banks		103,947,460	89,599,108	79,225,351	161,444,474
Financial assets at fair value through profit or loss		348,549,110	291,623,957	283,198,494	409,011,287
Available-for-sale financial assets		129,776,329	84,815,997	71,157,160	122,261,532
Derivative financial assets for hedging		0	0	0	0
Securities purchased under resell agreements		896,844	152,758	0	877,280
Receivables, net		71,298,309	65,391,506	56,093,380	76,725,356
Current tax assets		0	138,082	159,549	18,567
Assets held for sale, net		0	0	0	0
Discounts and loans, net		1,021,994,720	934,613,524	828,238,170	1,006,760,535
Held-to-maturity financial assets, net		5,289,839	5,915,792	8,593,699	5,490,843
Investments accounted for using equity method, net		0	0	0	0
Restricted assets		0	0	0	0
Other financial assets, net		40,563,130	49,961,102	15,499,801	1,865,303
Properties and equipment, net		26,117,062	20,247,436	18,486,668	26,331,419
Investment properties, net		755,735	923,833	1,057,348	727,335
Intangible assets		5,881,172	5,622,067	5,496,292	5,951,318
Deferred tax assets, net		484,248	113,386	181,998	154,486
Other assets		4,847,412	2,825,666	1,563,680	4,818,344
Total assets		1,760,401,370	1,551,944,214	1,368,951,590	1,822,438,079
Due to the Central Bank and other banks		71,170,130	58,199,621	47,645,621	69,723,907
Funds borrowed from the Central Bank and other banks		0	0	0	0
Financial liabilities at fair value through profit or loss		35,836,236	22,494,142	5,838,296	54,902,677
Derivative financial liabilities for hedging		0	0	0	0
Securities sold under repurchase agreements		8,034,391	13,117,523	6,254,291	7,440,433
Payables		18,073,164	18,261,090	15,634,527	27,663,492
Current tax liabilities		890,912	863,108	409,930	1,226,469
Liabilities directly associated with assets held for sale		0	0	0	0
Deposits and remittances		1,459,086,105	1,284,727,612	1,157,482,350	1,492,271,858
Bonds payable		44,950,000	43,800,000	47,500,000	45,116,350
Preferred stock liabilities		0	0	0	0
Other financial liabilities		1,864,035	2,349,300	2,195,311	921,112
Provisions		471,382	313,599	380,251	455,808
Deferred tax liabilities		1,260,329	781,528	745,553	779,046
Other liabilities		1,639,584	1,528,846	1,452,548	2,507,466
Total liabilities	Before distribution	1,643,276,268	1,446,436,369	1,285,538,678	1,703,008,618
	After distribution	(Note3)	1,449,572,305	1,287,126,678	0
Equity attributable to owners of the Company		116,391,310	104,722,892	82,750,226	118,595,016
Retained earnings	Before distribution	66,840,000	61,360,000	49,850,000	66,840,000
	After distribution	(Note3)	65,440,000	54,200,000	
Other equity		19,139,073	17,825,058	12,573,696	19,203,674
Total equity	Before distribution	29,012,240	24,505,503	20,170,387	31,411,319
	After distribution	(Note3)	17,289,567	14,232,387	0
Other equity		1,399,997	1,032,331	156,143	1,140,023
Treasury stock		0	0	0	0
Non-controlling interests		733,792	784,953	662,686	834,445
Total equity	Before distribution	117,125,102	105,507,845	83,412,912	119,429,461
	After distribution	(Note3)	102,371,909	81,824,912	0

Note1: Based on audited financial statements.
Note2: From January 1, 2016 to February 29 the financial information ARE colorectal number.
Note3: Earnings distribution of the year (ended February 28) 2015 shall be resolved in the shareholder's meeting.
Note4: The 2014 Financial data were adopted from the CPA report of year 2014.
Note5: The 2013 Financial data were adopted from the CPA report of year 2013.

(2) Condensed Statement of Comprehensive Income (Consolidated)

Unit:NT$1,000, Except Earnings Per Share

Item \ Year	Financial data 2013-2015 (Note 1)			As of February 29, 2016 (Note 2)
	2015	2014 (Note 3)	2013 (Note 4)	
Interest revenue	29,636,188	26,830,870	22,330,735	4,934,735
Interest expense	(12,385,430)	(11,544,801)	(9,443,827)	(2,157,573)
Net interest	17,250,758	15,286,069	12,886,908	2,777,162
Net revenues and gains other than interest	18,700,844	15,402,392	13,072,553	3,166,399
Total net revenues	35,951,602	30,688,461	25,959,461	5,943,561
Bad-debt expenses and provision for losses on guarantees	(3,565,789)	(2,033,689)	(1,706,514)	(48,863)
Operating Expenses	(18,622,875)	(16,560,024)	(13,725,279)	(3,087,516)
Income before income tax from continuing operations	13,762,938	12,094,748	10,527,668	2,807,182
Income tax (expense) benefit	(1,791,726)	(1,813,652)	(1,680,158)	(415,076)
Net income from continuing operation	11,971,212	10,281,096	8,847,510	2,392,106
Net income (loss) from discontinued operations	0	0	0	0
Net income (loss)	11,971,212	10,281,096	8,847,510	2,392,106
Other comprehensive income for the year, net of tax	322,036	990,475	147,390	(20,921)
Total comprehensive income	12,293,248	11,271,571	8,994,900	2,371,185
Net income attributable to owners of the Company	11,908,600	10,204,320	8,847,604	2,378,103
Net income attributable to non-controlling interests	62,612	76,776	(94)	14,003
Total comprehensive income attributable to owners of the Company	12,197,962	11,149,304	8,998,778	2,349,822
Total comprehensive income attributable to non-controlling interests	95,286	122,267	(3,878)	21,363
Earnings per share (New Taiwan Dollars)	1.80	1.74	1.64	0.36

Note 1: Above the respective annual financial statements were confirmed by CPA.
Note 2: From January 1, 2016 to February 29, the financial information ARE colorectal number.
Note 3: The 2014 Financial data were adopted from the CPA report of year 2014.
Note 4: The 2013 Financial data were adopted from the CPA report of year 2013.

(3) Condensed Balance Sheet (Unconsolidated)

Unit: NT$1,000

Item / Year		Financial data 2013-2015 (Note 1)			As of February 29, 2016 (Note 3)
		2015	2014 (Note 4)	2013 (Note 5)	
Cash and cash equivalents、due from the central bank and call loans to banks		95,632,114	86,748,320	76,148,621	149,779,176
Financial assets at fair value through profit or loss		348,549,110	291,623,957	283,198,494	409,011,287
Available-for-sale financial assets		129,769,543	84,810,507	71,152,842	122,255,079
Derivative financial assets for hedging		0	0	0	0
Securities purchased under resell agreements		896,844	152,758	0	877,280
Receivables, net		71,276,123	65,358,517	56,058,752	75,791,919
Current tax assets		0	138,082	159,549	4,089
Assets held for sale, net		0	0	0	0
Discounts and loans, net		1,011,082,173	925,015,590	822,018,909	989,273,602
Held-to-maturity financial assets, net		5,289,839	5,915,792	8,593,699	5,490,843
Investments accounted for using equity method, net		7,772,615	2,465,142	2,065,612	13,787,769
Restricted assets		0	0	0	0
Other financial assets, net		40,061,689	50,748,101	15,495,332	1,863,738
Properties and equipment, net		21,878,315	19,737,442	18,140,151	21,883,779
Investment properties, net		728,099	923,833	1,057,348	727,335
Intangible assets		4,489,317	4,266,282	4,181,034	4,482,564
Deferred tax assets, net		456,760	113,045	181,626	121,331
Other assets		4,749,116	2,771,256	1,533,172	4,651,160
Total assets		1,742,631,657	1,540,788,624	1,359,985,141	1,800,000,951
Due to the Central Bank and other banks		69,855,781	57,462,374	47,037,326	67,670,373
Funds borrowed from the Central Bank and other banks		0	0	0	0
Financial liabilities at fair value through profit or loss		35,836,236	22,494,142	5,838,296	54,902,677
Derivative financial liabilities for hedging		0	0	0	0
Securities sold under repurchase agreements		8,034,391	13,117,523	6,254,291	7,440,432
Payables		17,763,734	17,972,885	15,409,929	27,024,312
Current tax liabilities		815,278	795,726	374,974	1,211,196
Liabilities directly associated with assets held for sale		0	0	0	0
Deposits and remittances		1,444,866,004	1,275,843,789	1,150,641,738	1,474,183,982
Bonds payable		44,950,000	43,800,000	47,500,000	44,950,000
Preferred stock liabilities		0	0	0	0
Other financial liabilities		761,451	1,966,844	1,927,219	921,112
Provisions		471,382	313,599	380,251	451,040
Deferred tax liabilities		1,254,631	780,031	743,421	779,046
Other liabilities		1,631,459	1,518,819	1,127,470	1,845,846
Total liabilities	Before distribution	1,626,240,347	1,436,065,732	1,277,234,915	1,681,380,016
	After distribution	(Note 2)	1,439,201,668	1,278,822,915	(Note 3)
Equity attributable to owners of the Company		116,391,310	104,722,892	82,750,226	118,620,935
Capital stock	Before distribution	66,840,000	61,360,000	49,850,000	66,840,000
	After distribution	(Note 2)	65,440,000	54,200,000	(Note 3)
Capital surplus		19,139,073	17,825,058	12,573,696	19,203,674
Retained earnings	Before distribution	29,012,240	24,505,503	20,170,387	31,408,298
	After distribution	(Note 2)	17,289,567	14,232,387	(Note 3)
Other equity		1,399,997	1,032,331	156,143	1,168,963
Treasury stock		0	0	0	0
Non-controlling interests		0	0	0	0
Total equity	Before distribution	116,391,310	104,722,892	82,750,226	118,620,935
	After distribution	(Note 2)	101,586,956	81,162,226	(Note 3)

Note 1: Based on audited financial statements.
Note 2: From January 1, 2016 to February 29, the financial information ARE colorectal number.
Note 3: Earnings distribution of the year (ended February 28) 2015 shall be resolved in the shareholder's meeting.
Note 4: The 2014 Financial data were adopted from the CPA report of year 2014.
Note 5: The 2013 Financial data were adopted from the CPA report of year 2013.

(4) Condensed Statement of Comprehensive Income (Unconsolidated)

Unit:NT$1,000, Except Earnings Per Share

Item \ Year	Financial data 2015-2013 (Note 1)			As of February 29, 2016 (Note 2)
	2015	2014 (Note 4)	2013 (Note 5)	
Interest revenue	28,556,372	26,084,131	22,121,594	4,681,926
Interest expense	(11,908,824)	(11,201,430)	(9,343,458)	(2,033,900)
Net interest	16,647,548	14,882,701	12,778,136	2,648,026
Net revenues and gains other than interest	18,591,843	15,428,592	13,020,825	3,149,416
Total net revenues	35,239,391	30,311,293	25,798,961	5,797,442
Bad-debt expenses and provision for losses on guarantees(Note 3)	(3,482,751)	(2,033,204)	(1,653,829)	(56,482)
Operating Expenses	(18,106,068)	(16,313,723)	(13,631,177)	(2,961,805)
Income before income tax from continuing operations	13,650,572	11,964,366	10,513,955	2,779,155
Income tax (expense) benefit	(1,741,972)	(1,750,242)	(1,666,351)	(404,074)
Net income from continuing operation	11,908,600	10,214,124	8,847,604	2,375,081
Net income (loss) from discontinued operations	0	0	0	0
Net income (loss)	11,908,600	10,214,124	8,847,604	2,375,081
Other comprehensive income for the year, net of tax	289,362	944,984	151,174	(586,204)
Total comprehensive income	12,197,962	11,159,108	8,998,778	1,788,877
Net income attributable to owners of the Company	11,908,600	10,214,124	8,847,604	2,375,081
Net income attributable to non-controlling interests	0	0	0	0
Total comprehensive income attributable to owners of the Company	12,197,962	11,159,108	8,998,778	1,788,877
Total comprehensive income attributable to non-controlling interests	0	0	0	0
Earnings per share (New Taiwan Dollars)	1.80	1.63	1.64	0.36

Note 1: Above the respective annual financial statements were confirmed by CPA.

Note 2: From January 1, 2016 to February 29 the financial information ARE colorectal number.

Note 3: Due to increased lending in 2015 compared with 0.88 one hundred million in 2014, so the bad debt expense and liability guarantee ready escrow increase.

Note 4: The 2014 Financial data were adopted from the CPA report of year 2014.

Note 5: The 2013 Financial data were adopted from the CPA report of year 2013.

(5) Condensed Balance Sheet – ROC GAAP

Unit:NT$1,000

Item \ Year		Financial data for the most recent five years (Note) (2012、2011) 2012	2011
Cash and cash equivalents、due from the central bank and call loans to banks		78,924,090	64,947,853
Financial assets at fair value through profit or loss		61,142,893	52,152,745
Securities purchased under resell agreements		210,893	29,789
Available-for-sale financial assets		76,155,007	52,860,765
Discounts and loans, net		735,406,720	656,008,834
Receivables, net		44,304,823	42,260,221
Held-to-maturity financial assets		211,168,563	253,283,859
Investments accounted for using equity method, net		0	0
Properties		16,373,001	15,599,517
Intangible assets		4,137,558	4,036,275
Other financial assets		4,392,491	3,497,546
Other assets, net		3,672,695	2,667,589
Total assets		1,235,888,704	1,147,344,993
Due to the Central Bank and other banks		46,652,824	38,052,926
Deposits and remittances		1,029,974,595	962,841,827
Financial liabilities at fair value through profit or loss		6,971,106	7,850,768
Securities sold under repurchase agreements		4,957,725	13,247,387
Bank debentures		47,000,000	39,000,000
Preferred stock liabilities		0	0
Accrued pension liabilities		0	0
Other financial liabilities		1,412,646	1,943,643
Other liabilities		23,641,084	19,498,901
Other liabilities	Before distribution	1,160,609,980	1,082,435,452
	After distribution	1,161,926,255	1,082,857,928
Capital stock	Before distribution	45,725,000	42,206,000
	After distribution	49,850,000	45,725,000
Capital surplus		12,345,531	11,037,856
Retained earnings	Before distribution	17,130,721	11,893,202
	After distribution	11,689,446	9,951,726
Cumulative translation adjustments		305,901	(221,557)
Unrealized valuation gains (losses) on financial instruments		(228,429)	(5,960)
Total stockholders' equity	Before distribution	75,278,724	64,909,541
Total	After distribution	73,962,449	64,487,065

Note : Above the respective annual financial statements were confirmed by CPA.

(6) Condensed Statement of Income – ROC GAAP

Unit:NT$1,000, Except Earnings Per Share

Item \ Year	Financial data for the most recent five years (Note) (2012、2011)	
	2012	2011
Net interest	14,095,682	12,600,196
Total net revenues and gains other than interest	9,113,184	6,253,999
Bad-debt expenses	(2,019,923)	(4,540,028)
Operating expenses	(12,689,540)	(10,711,433)
Income before income tax from continuing operations	8,499,403	3,602,734
Net income from continuing operations	7,718,995	3,157,630
Net income from discontinuing operations	0	0
Net extraordinary gain(loss) (After income tax)	0	0
Cumulative effect of changes in accounting principles (After income tax)	0	0
Net income	7,718,995	3,157,630
Basic earnings per share (NT$)	1.64	0.84

Note : Above the respective annual financial statements were confirmed by CPA.

2.CPAs' Auditing Opinion from 2011 to 2015

Chen Li Chi, CPA, and Chang Ryh Yan, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the years of 2011 to 2012, ended on December 31, and issued modified unqualified opinion reports ; Huang Jui Chan, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2013, ended on December 31, and issued an unqualified opinion report ; Huang Jui Chan, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2014 to 2015, ended on December 31, and issued an unqualified opinion report.

3.Financial Analysis from 2011 to 2015

(1) Financial Analysis

(Consolidated)

Unit:NT$1,000

Item		Financial data 2013-2015 (2015)	(2014)	(2013)	As of February 29, 2016 (Note 4)
Operating ratio	Ratio of loans to deposits (%)	70.97	73.61	72.40	68.44
	NPL ratio (%) (Note5)	0.13	0.19	0.22	0.15
	Ratio of interest expenses to average deposit(%)	0.79	0.78	0.73	0.72
	Ratio of interest revenues to average loans(%)	2.23	2.24	2.22	2.30
	Total assets turnover (Times)	0.02	0.02	0.02	0.02
	Average revenue per employee	4,650	4,341	3,951	4,306
	Average net income per employee	1,548	1,454	1,347	1,733
Profitability ratio	Ratio of return on tier 1 capital (%)	12.85	13.67	14.20	14.11
	Ratio of return on total assets (%)	0.73	0.70	0.68	0.80
	Ratio of return on equity (%)	10.77	10.88	11.23	12.13
	Profit margin ratio (%)	33.30	33.50	34.29	40.25
	Basic earnings per share (NT$)	1.80	1.74	1.64	0.36
Financial structure	Ratio of debt to assets (%)	93.35	93.20	93.91	93.45
	Ratio of properties and equipment to shareholders' equity (%)	22.30	19.19	22.16	22.05
Ratio of growing	Ratio of assets growing (%)	13.43	13.37	10.73	3.52
	Ratio of income growing (%)	13.70	14.89	24.12	22.38
Cash Flow (Note 2)	Cash flow ratio (%) (Note6)	13.14	5.89	(Note 1)	13.14
	Cash flow Adequacy ratio (%)	167.80	102.36	329.77	167.80
	Cash flow content ratio (%)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Ratio of liquidity preparation (%)		27.27	23.81	26.27	29.72
Secured loan balance of related-party		11,565,228	10,224,768	8,946,196	11,672,599
Ratio of secured loans balance of related-party		1.12	1.08	1.07	1.14
Operating Scale (Note 3)	Market share of assets (%)	3.46	3.16	3.03	3.58
	Market share of equity (%)	3.42	3.35	2.94	3.49
	Market share of deposit (%)	4.42	4.13	3.94	4.52
	Market share of assets loans (%)	4.26	4.03	3.74	4.21

Note 1: No further analysis to negative result of cash flows from operating activities.
Note 2: The Company used 2015 cash flow data to calculate cash flow ratios as of February 29, 2016.
Note 3: The Company used 2015 data as denominator to calculate operating scale as of February 29, 2016.
Note 4: From January 1, 2016 to February 29, the financial information ARE colorectal number.
Note 5: The NPL ratio is lower than the previous year, mainly because the default amount of corporate finance collateral loan has decreased.
Note 6: The cash flow ratio and cash flow adequacy ratio increase, mainly because the amount of deposit and remittance have increased, which causing an increase in net cash flow from operating activities.

1. Operating Ratio
    (1) Ratio of loans to deposits = Total loans / Total deposits
    (2) NPL ratio = Nonperforming loans / Total loans
    (3) Interest expense to average total deposits = Total interest expense / Average total deposit.
    (4) Interest revenue to average total loans = Total interest revenue / Average total loans
    (5) Total assets turnover rate = Net income / Total asset
    (6) Average revenue per employee = Net revenues / Employee
    (7) Average net income per employee = Net income / Employee
2. Profitability ratio
    (1) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
    (2) Ratio of return on total assets = Income after income tax / Average total assets
    (3) Ratio of return on stockholders'equity = Income after income tax / Average stockholders'equity
    (4) Profit margin ratio = Income after income tax / Net revenues
    (5) Earnings per share =(Income after income tax - Dividends for preferred stocks) / Average issued shares
3. Financial structure
    (1) Ratio of debt to assets = Total liabilities / Total assets
    (2) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.
4. Ratio of growing
    (1) Ratio of assets growing =(Total assets - Last year total assets) / Last year total assets
    (2) Ratio of income growing =(Income before income tax - Last year income before income tax) / Last year income before income tax
5. Analyses for liquidity
    (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities sold under repurchased agreements + Current portion of Payables)
    (2) Cash flow adequacy ratio = Net cash provided by operating activities(from 2011 to 2015) / from 2011 to 2015(capital expenditure + Cash dividends)
    (3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities
6. Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided
7. Operating Scale
    (1) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.
    (2) Market share of equity = Total stockholders'equity / Total stockholders'equity of all financial institutions which are qualified in deposit and loan business.
    (3) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
    (4) Market share of loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(Unconsolidated)

Unit:NT$1,000

Year \ Item		Financial data 2013-2015			As of February 29, 2016 (Note 5)
		2015	2014	2013	
Operating ratio	Ratio of loans to deposits (%)	70.90	73.35	72.27	67.98
	NPL ratio (%) (Note6)	0.13	0.18	0.20	0.15
	Ratio of interest expenses to average deposit (%)	0.77	0.79	0.72	0.68
	Ratio of interest revenues to average loans (%)	2.25	2.95	2.23	2.20
	Total assets turnover (Times)	0.02	0.02	0.02	0.02
	Average revenue per employee	4,821	4,483	4,054	4,520
	Average net income per employee	1,629	1,509	1,390	1,852
Profitability ratio	Ratio of return on tier 1 capital (%)	12.98	13.53	14.16	14.56
	Ratio of return on total assets (%)	0.73	0.70	0.68	0.80
	Ratio of return on equity(%)	10.77	10.89	11.23	12.13
	Profit margin ratio (%)	33.79	33.67	34.29	40.97
	Basic earnings per share (NT$)	1.80	1.74	1.64	0.36
Financial structure	Ratio of debt to assets (%)	93.32	93.20	93.92	93.41
	Ratio of properties and equipment to shareholders' equity(%)	18.8	18.85	21.92	18.45
Ratio of growing	Ratio of assets growing (%)	13.1	13.29	10.00	3.29
	Ratio of income growing (%)	14.09	13.70	23.96	22.16
Cash Flow (Note 3)	Cash flow ratio (%) (Note7)	11.57	6.40	(Note 1)	11.57
	Cash flow Adequacy ratio (%) (Note7)	142.46	103.95	341.35	142.46
	Cash flow content ratio (%)	(Note 2)	(Note 2)	(Note 1)	(Note 2)
Ratio of liquidity preparation (%)		27.27	23.81	26.27	29.72
Secured loan balance of related-party		11,565,228	10,224,768	8,946,196	11,672,599
Ratio of secured loans balance of related-party		1.13	1.08	1.08	1.17
Operating Scale (Note 4)	Market share of assets (%)	3.42	3.14	3.01	3.54
	Market share of equity (%)	3.40	3.33	2.92	3.47
	Market share of deposit (%)	4.38	4.11	3.92	4.47
	Market share of assets loans (%)	4.22	3.99	3.71	4.13

Note 1: No further analysis to negative result of cash flows from operating activities.
Note 2: No further analysis to negative result of cash provided by investing activities.
Note 3: The Company used 2015 cash flow data to calculate cash flow ratios as of February 29, 2016.
Note 4: The Company used 2015 data as denominator to calculate operating scale as of February 29, 2016.
Note 5: Asset growth faster than previous year due to increase in overall loan balance in 2015.
Note 6: The NPL ratio is lower than the previous year, mainly because the default amount of corporate finance collateral loan in 2015 has decreased.
Note 7: The cash flow ratio and cash flow adequacy ratio are higher than last year, mainly because the amount of deposit increased, which causing an increase in net cash inflow from operating activities.

1. Operating Ratio
   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) NPL ratio = Nonperforming loans / Total loans
   (3) Interest expense to average total deposits = Total interest expense to deposits / Average total deposit.
   (4) Interest revenue to average total loans = Total interest revenue from loans / Average total loans
   (5) Total assets turnover rate = Net income / Total asset
   (6) Average revenue per employee = Net revenues / Employee
   (7) Average net income per employee = Net income / Employee
2. Profitability ratio
   (1) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
   (2) Ratio of return on total assets = Income after income tax / Average total assets
   (3) Ratio of return on equity = Income after income tax / Average total equity
   (4) Profit margin ratio = Income after income tax / Net revenues
   (5) Earnings per share =(income and loss attributable to owners of the Company - Dividends for preferred stocks) / Average issued shares
3. Financial structure
   (1) Ratio of debt to assets = Total liabilities / Total assets
   (2) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.
4. Ratio of growing
   (1) Ratio of assets growing =(Total assets - Last year total assets) / Last year total assets
   (2) Ratio of income growing =(Income before income tax - Last year income before income tax) / Last year income before income tax
5. Analyses for liquidity
   (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit or loss + Securities sold under repurchased agreements + Current portion of Payables)
   (2) Cash flow adequacy ratio = Net cash provided by operating activities(from 2011 to 2015) / from 2011 to 2015 (capital expenditure + Cash dividends)
   (3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities
6. Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided
7. Operating Scale
   (1) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.
   (2) Market share of equity = Total shareholders' equity / Total shareholders' equity of all financial institutions which are qualified in deposit and loan business.
   (3) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
   (4) Market share of loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(2)Financial Analysis – ROC GAAP

Unit:NT$1,000

Item		Financial data 2011-2012 (2012)	Financial data 2011-2012 (2011)
Operating ratio	Ratio of loans to deposits(%)	72.25	68.87
	NPL ratio(%)	0.17	0.20
	Ratio of interest expenses to average deposit(%)	0.79	0.71
	Ratio of interest revenues to average loans(%)	2.29	2.18
	Total assets turnover (Times)	0.02	0.02
	Average revenue per employee	3,959	3,557
	Average net income per employee	1,225	596
Profitability ratio	Ratio of return on tier 1 capital (%)	12.95	6.54
	Ratio of return on total assets(%)	0.60	0.28
	Ratio of return on stockholders' equity(%)	10.24	5.27
	Profit margin ratio(%)	30.93	16.75
	Basic earnings per share (NT$)	1.64	0.84
Debt Paying Ability	Interest protection multiples (%)	192.43	142.68
Financial structure	Ratio of debt to assets(%)	93.95	94.34
	Ratio of properties to stockholders' equity(%)	21.88	24.03
Ratio of growing	Ratio of assets growing(%)	7.73	6.77
	Ratio of income growing(%)	135.43	(21.51)
Cash Flow	Cash flow ratio(%)	Note	23.00
	Cash flow Adequacy ratio(%)	5.60	1.30
	Cash flow content ratio(%)	Note	(31.75)
Ratio of liquidity preparation(%)		29.13	29.13
Secured loan balance of related-party		7,731,951	6,330,065
Ratio of secured loans balance of related-party		1.04	0.95
Operating Scale	Market share of assets (%)	3.00	2.88
	Market share of equity (%)	2.87	2.69
	Market share of deposit (%)	3.71	3.58
	Market share of assets loans (%)	3.44	3.16

Note : No further analysis to negative result of cash flows from operating activities.

1. Operating Ratio
   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) NPL ratio = Nonperforming loans / Total loans
   (3) Interest expense to average total deposits = Total interest expense / Average total deposit.
   (4) Interest revenue to average total loans = Total interest revenue / Average total loans
   (5) Total assets turnover rate = Net income / Total asset
   (6) Average revenue per employee = Net revenues / Employee
   (7) Average net income per employee = Net income / Employee
2. Profitability ratio
   (1) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
   (2) Ratio of return on total assets = Income after income tax / Average assets
   (3) Ratio of return on stockholders'equity = Income after income tax / Average stockholders'equity
   (4) Profit margin ratio = Income after income tax / Net revenues
   (5) Earnings per share =(Income after income tax - Dividends for preferred stocks) / Average issued shares
3. Financial structure
   (1) Ratio of debt to assets = Total liabilities / Total assets
   (2) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.
4. Ratio of growing
   (1) Ratio of assets growing =(Total assets - Last year total assets) / Last year total assets
   (2) Ratio of income growing =(Income before income tax - Last year income before income tax) / Last year income before income tax
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   (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities sold under repurchased agreements + Current portion of Payables)
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   (3) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
   (4) Market share of loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(3) Capital adequacy Ratio

Unit:NT$1,000

Item			Financial data 2013-2015 (Consolidated) 2015	2014	2013	As of February 29, 2016 (Consolidated)
Eligible capital	Common equity		110,664,625	99,485,005	77,370,270	112,305,147
	Other Tier 1 capital		4,037,931	69,309	-	11,797,625
	Tier 2 capital		47,928,415	37,332,551	35,976,930	55,091,581
	Eligible capital		162,630,971	136,886,865	113,347,200	179,194,353
Risk-weighted assets	Credit risk	Standardized approach	1,136,426,589	988,940,372	860,041,617	1,160,608,270
		Internal ratings - based approach	-	-	-	-
		Securitization	8,025	282,960	383,089	8,116
	Operational risk	Basic indicator approach	-	58,324,925	49,532,300	-
		Standardized approach/alternative standardized approach	51,601,050	-	-	51,601,050
		Advanced measurement approach	-	-	-	-
	Market risk	Standardized approach	32,340,863	26,168,36	16,408,800	43,644,875
		Internal model approach	-	-	-	-
	Risk-weighted assets		1,220,376,527	1,073,718,620	926,365,806	1,255,862,311
Capital adequacy ratio			13.33%	12.75%	12.24%	14.27%
Ratio of Tier 1 capital to risk-weighted assets			9.40%	9.27%	8.35%	9.88%
Ratio of the common equity to risk-weighted assets			9.07%	9.27%	8.35%	8.94%
Ratio of leverage (Note8)			6.01%	5.78%	4.91%	6.29%

Note 1: Eligible capital = Common equity + other Tier 1 capital + Tier 2 capital.
Note 2: Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
Note 3: Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
Note 4: Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital / Risk-weighted assets.
Note 5: Ratio of Tier 2 capital to risk-weighted assets = Tier 2 capital / Risk-weighted assets.
Note 6: Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital / Risk-weighted assets.
Note 7: Ratio of common stock to total assets = Common stock / Total assets.
Note 8: Leverage Ratio is disclosured from 2015.

Unit:NT$1,000

Item			Financial data 2013-2015 (Unconsolidated) 2015	2014	2013	As of February 29, 2016 (Unconsolidated)
Eligible capital	Common equity		109,386,814	99,069,970	77,614,374	109,618,990
	Other Tier 1 capital		1,894,276	-	-	8,156,117
	Tier 2 capital		43,557,492	35,932,509	34,739,284	47,734,406
	Eligible capital		154,838,582	135,002,479	112,353,658	165,509,513
Risk-weighted assets	Credit risk	Standardized approach	1,112,343,800	976,538,114	849,331,474	1,113,737,470
		Internal ratings - based approach	-	-	-	-
		Securitization	8,025	282,960	383,089	8,116
	Operational risk	Basic indicator approach	-	57,955,163	49,288,988	-
		Standardized approach/alternative standardized approach	50,812,588	-	-	50,812,588
		Advanced measurement approach	-	-	-	-
	Market risk	Standardized approach	32,340,863	26,168,363	16,408,800	43,644,875
		Internal model approach	-	-	-	-
	Risk-weighted assets		1,195,505,276	1,060,944,600	915,412,351	1,208,203,049
Capital adequacy ratio			12.95%	12.72%	12.27%	13.70%
Ratio of Tier 1 capital to risk-weighted assets			9.31%	9.34%	8.48%	9.75%
Ratio of the common equity to risk-weighted assets			9.15%	9.34%	8.48%	9.07%
Ratio of leverage (Note8)			5.89%	5.86%	4.94%	6.06%

Note 1: Eligible capital = Common equity + other Tier 1 capital + Tier 2 capital.
Note 2: Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
Note 3: Capital adequacy ratio = Eligible capital / Risk-weighted assets.
Note 4: Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital / Risk-weighted assets.
Note 5: Ratio of Tier 2 capital to risk-weighted assets = Tier 2 capital / Risk-weighted assets.
Note 6: Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital / Risk-weighted assets.
Note 7: Ratio of common stock to total assets = Common stock / Total assets.
Note 8: Leverage Ratio is disclosured from 2015.

(4) Capital adequacy Ratio – ROC GAAP

Unit:NT$1,000

Item			Financial data 2011-2012 2012	2011
Equity Capital	Tier 1 capital	Common stock	45,725,000	42,206,000
		Non-cumulative Preferred Shares	0	0
		Perpetual non-cumulative subordinated debentures	0	0
		Capital collected in advance	0	0
		Additional paid-in capital(excluding reserve derived from rise in value of fixed assets)	12,345,531	11,037,856
		Legal reserve	9,442,173	8,494,884
		Special reserve	305,423	83,866
		Retained earnings	7,383,125	3,314,452
		Minority interest	0	0
		Other stockholders' equity	(349,597)	(398,778)
		Less : Goodwill	3,808,089	3,798,806
		Less : non-amortized loss on the sales of NPL	0	0
		Less : Capital allowances	170,386	555,935
		Total tier 1 capital	70,873,180	60,383,539
	Tier 2 capital	Perpetual accumulated preferred shares	0	0
		Perpetual cumulative subordinated debentures	0	0
		Reserve derived from rise in value of fixed assets	0	0
		45%of capital surplus via unrealized long-term equity investment	192,181	77,067
		Convertible bonds	0	0
		Operating reserve and bad loan provisioning	6,029,700	4,100,476
		Long-term subordinated debentures	26,500,000	18,300,000
		Non-perpetual preferred shares	0	0
		The total of perpetual non-cumulative preferred & subordinated debentures excess of 15 of Tier 1 capital	0	0
		Less : Capital allowances	170,386	555,935
		Total tier 2 capital	32,551,495	21,921,608
	Tier 3 capital	Short-term subordinated debentures	0	0
		Non-cumulative preferred shares	0	0
		Total tier 3 capital	0	0
	Equity Capital		103,424,675	82,305,147
Weighted Risk Assets	Credit Risk	The standardized approach	725,386,677	609,421,646
		Internal rating-based approach	0	0
		Securitization	265,725	1,195,353
	Operational Risk	Basic indicator approach	42,592,125	36,140,025
		Standardized approach/Alternative standardized approach	0	0
		Advanced measurement approach	0	0
	Market Risk	The standardized approach	14,833,625	22,810,125
		The standardized approach	0	0
	Total risk-weighted assets		783,078,152	669,567,149
Capital Adequacy Ratio (%)			13.21%	12.29%
Ratios of tier 1 capital to risk-weighted assets(%)			9.05%	9.02%
Ratios of tier 2 capital to risk-weighted assets(%)			4.16%	3.27%
Ratios of tier 3 capital to risk-weighted assets(%)			0	0
Ratios of common stockholders' equity to total assets(%)			3.70%	3.68%

Note 1: Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
Note 2: Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
Note 3: Capital adequacy ratio = Eligible capital / Risk-weighted assets.
Note 4: Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital / Risk-weighted assets.
Note 5: Ratio of Tier 2 capital to risk-weighted assets = Tier 2 capital / Risk-weighted assets.
Note 6: Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital / Risk-weighted assets.
Note 7: Ratio of common stock to total assets = Common stock / Total assets.

4. Audit Committee Report

Audit Committee Report.

Audit Committee Report

To: E.SUN Bank

The 2015 consolidated financial statements of E.SUN Bank ("the Bank") have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Public Banks","Guidelines Governing the Preparation of Financial Reports by Securities Firms","International Financial Reporting Standards","International Accounting Standards","IFRIC Inter pretations" and "SIC Interpretations" endorsed by the Financial Supervisory Commission of the Republic of China. The 2015 standalone financial statements of the Bank have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Public Banks" and "Guidelines Governing the Preparation of Financial Reports by Securities Firms". CPA Huang Jui Chan and CPA Lai Kwan Chung of Deloitte & Touche have been appointed by the Bank to audit the financial statements. After reviewing the financial statements, the Audit Committee has found them to meet the requirements of the applicable laws and guidelines. The report is hereby prepared in accordance with Article 14-4 and Article 36 of Security and Exchange Law and submitted along with the financial statements of the Bank for the Board's approval.

Chen-En Ko
Convener
Audit Committee
E.SUN Bank

Date: March 17, 2016

VII. Risk Management

1.Risk Management

E. S U N 's business development policies place security and liquidity first, followed by returns and then growth. E.SUN's main six business divisions including consumer banking, corporate banking, wealth management, treasury, credit card and payment finance, and digital banking division have all established risk management units that are responsible for direct management of risk operations. Regarding product designation, operational procedures and business marketing, E.SUN is continuously engaging in risk measurement, supervision and control tasks that are independent of the respective business operations.

Apart from each risk management unit under different business divisions, E.SUN has established the Risk Management Division in order to centralize screening, supervision and coordination of the Bank 's risk management mechanisms. The divison is incharge of drafting risk management policies and principles that serve as a guide for all business units. It also supervises and coordinates the operation of risk management mechanisms in these offices. In addition, E.SUN's risk management policies are linked with capital adequacy. Guidelines under the latest rule of Basel Accord have been used as a basis in formulating rules and procedures that are intended to ensure an appropriate risk appetite, risk reporting lines, and capital adequacy. The aforementioned reports are reviewed regularly and reported to the board and Risk Management Committee of the E.SUN FHC as foundations for adjustment for risk management related policies and operational strategies.

1. Qualitative and Quantitative Information Concerning Risk Types

1.1 Credit Risk Management System and Capital Charges

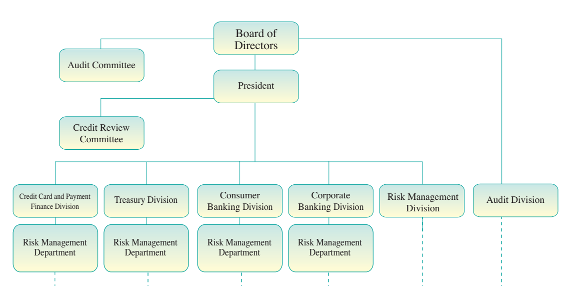
(1) Credit Risk Management System

a. Credit Risk Strategies, Goals, Policies and Processes

The objective of the Bank's risk management and development strategy is to comply with the regulatory system and to establish "General Principles of Credit Risk Management", internal lending and transaction with counterparties' risk control mechanisms, thus continuing to assess and to follow with domestic and foreign economic and financial trends, make adjustments to internal criteria as appropriate. E.SUN complies with the latest rules of Basel, set up comprehensive credit management system and adopt credit evaluation models. The control of credit risk concentration is covered in the Bank's internal regulation, via composing different limits for credit risk and counterparties, for instances, credit limit, sector, country and group type to comply with regulations set forth by authorities. If unusual or emergency happens, E.SUN bank will report accordingly.

b. Credit Risk Management Organization and Framework

Each main business division has established a risk management unit to facilitate the identification and handling of risk on the front line, to establish acceptance risk limits, and create indicators for use in monitoring risk. In addition, the Credit Committe is responsible for assessing material credit risk related proposal. For its part, the Risk Management Division formulates risk management policies and principles, bears responsibility for assessing and monitoring Bank-wide risk management quality, and regularly reports to the board and the Risk Management Committee of the E.SUN FHC. E.SUN's credit risk management organization is shown in the schematic diagram below.



c. Scope and Features of Credit Risk Reporting and Measurement System

The objective of Bank units responsible for establishing risk controls and managing risk, as well as credit risk assessment and management procedures, is to screen credit risk, engage in credit rating, manage the level of credit extended, mid-term management, and monitor loans after they have been disbursed. Every unit which is responsible for risk management in E.SUN adopts various measures to effectively monitor such risk and regularly produces reports that detail its efforts to manage credit risk. The Bank also releases data that provide a true picture on all types of credit risk, including sovereign risk, trading counterparty credit risk, large amounts of exposure, concentration of credit in specific industries, and amount of credit extended to a single institution or conglomerate. This data is forwarded to managers instantaneously at all levels so they are aware of the level of risk exposure.

To comply with New Basel Accord, E.SUN has used existing historical customer data to develop the Internal Rating System, which is regarded as the framework of measuring credit risk and also has completed the roll-out of credit risk data mart, a consumer banking and corporate banking IRB model. The IRB rating model has been integrated with the Bank's credit processing system(CPS). In addition, reviews and improvements to the mechanisms are constantly being carried out, including credit risk control policies, measurement procedures, and credit development strategies.

d. Credit Risk Hedging and Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Mitigation Tools

Credit risk mitigation refers to techniques used to reduce credit risk, thereby reducing total risk-based assets and required capital charges. For instance, collateral, third-party guarantees, trading credit derivatives as a hedge, using the counterparty's deposits to offset its liabilities or asset securitization can be used to shift credit risk from the Bank. E.SUN's credit handbook explicitly states that in order to avoid losses associated with defaults by a counterparty, collateral must be provided by the counterparty or a third party. Should the customer default, be unable to repay the loan or become insolvent, the collateral will be disposed based on clear procedural guidelines. At the same time, E.SUN effectively reduces its credit risk by requiring guarantees from the Taiwan Small and Medium Enterprise Credit Guarantee Fund on lending to SMEs and credit insurance for personal credit loans.

e. Approach to Determining Regulatory Capital Charges: Standardized Approach.

The Standardized Approach to Credit Risk: Exposure after Risk Mitigation and Capital Charges

2015.12.31 unit : NT$ thousand

Category of Exposure	Exposure after Risk Mitigation	Capital Charges
Sovereign	118,374,344	6,136
Public Sector (Non-central government)	0	0
Banks (including multilateral development banks)	158,884,832	6,468,285
Corporate (including securities and insurance companies)	493,094,708	36,604,611
Retail Bonds	564,688,137	36,783,484
Residential Real Estate	128,317,477	4,624,187
Equity Investments	246,122	78,759
Other Assets	49,744,254	2,948,840
Total	1,513,349,874	87,514,302

1.2 Asset Securitization Risk Management System, Exposure and Capital Charge

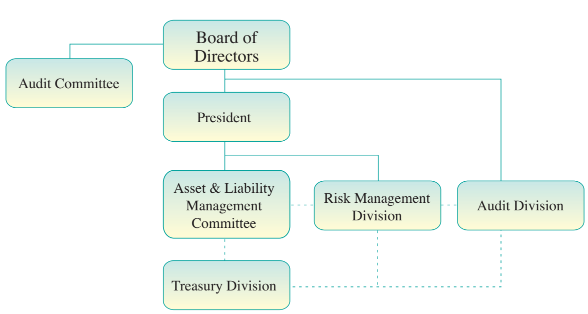
(1)Asset Securitization Risk Management System

a. Asset Securitization Managerial Strategy and Processes

Asset securitization aims to reduce the risk of structured bonds in bond funds, enhance secondary market liquidity, expand participation in the securitized product market, and build global markets for Taiwan's securitized products.

b. Asset Securitization Management Organization and Framework

Regulators have prescribed that the board of directors of the originating organization must approve asset securitization cases, and securitized products may be issued by a trust organization only upon approval by regulators. Consequently, E.SUN obtains board approval for each instance of asset securitization, and it manages each case separately, in an effort to comply with the requirement set forth by the competent authority. The Treasury Division is responsible for instigating asset securitization cases, financial assessment and implementation of relevant issuance procedures. The Risk Management Division bears responsibility for asset securitization risk management and fair value assessment. E.SUN's asset securitization risk management organization is shown in the diagram below.



c. Scope and Features of Asset Securitization Reporting and Measurement System

The Bank, as the initiator of the securitization, is responsible for creating a fair value assessment of the securities. The Bank and the financial advisor for each case establish a cash flow model prior to issuance. The model is used in conjunction with market data to generate an estimated cash flow. This data is then entered into the Reuters Kondor+ system to appraise market value and thereby accurately reflect the current situation of market risk.

d. Asset Securitization Hedging and Risk Mitigation Policies; Strategies and Processes for Monitoring the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

Risk avoidance and risk mitigation tools comply with related rules set forth by regulators and internal risk control mechanisms. They are adjusted at appropriate times based on domestic and foreign economic and financial trends in order to ensure that they remain effective.

e. Approach to Determining Regulatory Capital Charges:Standardized Approach.

1.3 Operational Risk Management System, Exposure and Capital Charges

(1) Operational Risk Management System

a. Operational Risk Strategy and Processes

E.SUN believes the internal measures to minimize operational risk are founded on an excellent operating system, a high degree of risk awareness among all employees, a rule-abiding and disciplined corporate culture. E.SUN is using the three lines of defense model, which includes self assessment, compliance and risk management and internal audit, to ensure the effectiveness of the design and execution of internal control system. In addition to providing extensive education and training to personnel, E.SUN has also drafted rules and regulations to guard against operational risk. In addition, in order to ensure protection against risk caused by external events, E.SUN continuously monitors the market environment, customer behavior, changes in technology, and laws and regulations. This enables it to be sensitive to any steps that need to be taken and react appropriately and immediately

Since its adoption of the Standardized Approach to calculate the capital charge of operational risk, the Bank has to date completed installation of management mechanisms and systems. Besides further improving ongoing and post-incident control, the Bank has also sought to strengthen preventive endeavors so as to identify potential risks before they materialize. E.SUN received the approval from Financial Supervisory Commission in June 2014 for applying the Standardized Approach to calculate the capital charge of operational risk, and started executing this approach from the first quarter of 2015.

The Bank's operational risk management process consists of process analysis, risk identification, risk evaluation, risk treatment and monitoring. Among the tools adopted are Risk Control Self-Evaluation, Key Risk Indicators (KRIs) and Operational Risk Loss Data Collection. Drawing on the management instruments cited above, the Bank is able to keep an across-theboard update of operational risk and take corrective measures wherever greater risks are posed, thereby keeping operational risk under control.

b. Operational Risk Management Organization and Framework

As the Bank's highest-ranking decision maker with regard to operational risk management, the board of directors is charged with setting operational risk management guidelines and risk appetite among other key decisions on this front in accordance with the Bank's operating strategy and business environment. That is, it is responsible to ensure that the Bank's operational risk management mechanism works effectively. In turn, the Risk Management Division is given the duty of designing and introducing the Bank's operational risk management mechanism, setting and revising operational risk management regulations, and tracking and monitoring operational risk management practices at all the business divisions. Besides presenting suggestions on corrective measures, it is also supposed to consolidate operational risk management information across the Bank and report it to the board. For their part, business divisions shall map out operational manuals and regulations as the basis of their supervising operating units ' implementation of operational risk management. In accordance with the operational regulations laid down by business divisions, operating units are supposed to work with the former in identifying operational risk and undertake all the necessary risk management tasks prescribed by the Bank. It is the duty of the Auditing Division to evaluate and verify if every division and unit has adopted an effective operational risk management framework, process and system on a regular basis.

c. Scope and Features of Operational Risk Reporting and Measurement System

Through Risk Control Self-Assessment conducted on a regular basis, the Bank grades potential operational risk exposure into a number of levels, from slight to severe, and devises action plans accordingly. Meanwhile, KRIs are adopted to monitor operational risk changes and offer early warning; threshold values are set for these KRIs to serve as the basis for determining if countermeasures are warranted. When it comes to Operational Loss Data Collection, the Bank uses 8 categories of risk event and 7 types of loss event to keep track of operational risk as it occurs and come up with an appropriate action plan to keep it under control.

The operational risk management unit at the headquarter will regularly disclose information detailing its monitoring of operational risk throughout the Bank. Operational risk data and other related information is compiled and presented in reports to senior management, the Risk Management Committee, and the board of directors.

d. Operational Risk Hedging or Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools
E.SUN has taken out general insurance to cover the daily operations of its branches. This insurance covers cash on hand, cash in transport, cash in automated machinery, machinery and asset in offices and employee fidelity. By outsourcing some operation and taking insurance, the Bank transferred some operation risks.

e. Approach to Determining Regulatory Capital Charges: Basic Indicator Approach.

As of December 31,2015 unit:NT$ thousand

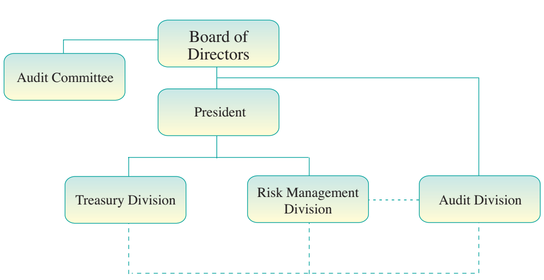
Year	Gross Income	Capital Charged
2013	25,576,103	–
2014	30,222,837	
2015	35,206,480	
Total	91,005,420	4,065,007

1.4 Market Risk Management System, Exposure and Capital Charges

(1) Market Risk Management System

a. Market Risk Managerial Strategy and Processes
In order to avoid excessive risk from fluctuations in the prices of equities, products, interest rates and foreign exchange rates, and from any linkage between these prices of these items, all financial product transactions must be carried out in accordance with the Principle of Market Risk Management, Guidelines on Authorities of Handling Financial Transactions and Procedures for Handling Derivatives Transactions. In addition, VaR must be calculated in accordance with definitions set for by the Bank for International Settlements, in an effort to control E.SUN's market risk.

b. Market Risk Management Organization and Framework
E.SUN has set forth market risk management policies. In addition, the Risk Management Division is responsible for risk management and fair value assessment of financial products and report to the board and the Risk Management Committee of the E.SUN FHC periodically on market risk portfolio and stress testing. The abovementioned controlling procedures are applied in order to fully realize market risk management objectives. The Bank's market risk management organizational framework is shown in the diagram below.



c. Scope and Features of Market Risk Reporting and Measurement System

Regarding market risk management, E.SUN presently employs the Reuters Kondor+ system, Numerix software for evaluation and Bloomberg data mart to monitor trading positions and real-time pricing. The system also generates VaR for all transactions carried out in the Bank and all investment positions, helping to monitor the risks. Besides, E.SUN Bank uses KGR system to manage real-time position limits, taking market volatility into consideration to manage counter-party risk limits.

d. Market Risk Hedging and Risk Mitigation Policies ; Strategies and Processes for Monitoring the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

The Bank uses derivatives such as credit default swaps or total return swaps to ensure credit safeguards and thereby reduces counterparty risk.

e. Approach to Determining Regulatory Capital Charges

Foreign exchange options positions of the Bank are calculated using sensitivity analysis (Delta-plus), for which E.SUN has been approved to do by the regulatory authority. All other financial products are calculated using the standardized approach.

(2) Market Risk Capital Charged

2015.12.31 unit : NT$ thousand

Risk Type	Capital Charged
Interest rate risk	1,408,485
Equity Securities risk	594,352
FX risk	573,916
Commodity Risk	10,516
Option based on simple method	-
Total	2,587,269

1.5 Liquidity Risk Management and Asset and Liability Maturity Analysis

E.SUN has drafted liquidity risk management poli cy, asset and liabilities management policy, interest rate risk management procedure and principles for liquidity risk management. Various control factors are monitored on a daily basis, and Bank wide liquidity risk is regularly subjected to stress tests to ensure the expected impact on the liquidity is within the acceptable level, and reported to Asset-Liability Management Committee every month.

2. Important policies adopted and changes in the legal environment at home and abroad, their effect on the Bank's finances and operations, and measures taken in response:

2.1 Financial Consumer Protection

(1) Amendment of the Financial Consumer Protection Act

On February 4, 2015, the Legislative Yuan, or Taiwan’s parliament, passed revisions to the Financial Consumer Protection Act in a third and final reading. In the spotlight is the requirement for financial services enterprises, before entering into a contract with a financial consumer, to explain its important aspects and disclose the associated risks in such a way that the latter can fully understand. Meanwhile, regulations are put in place over the sale of sophisticated, high-risk products, remunerations for salespeople, punitive damages, and administrative controls and penalties. In response, the Bank has already incorporated financial consumer protection into its internal control and audit system to ensure statutory compliance and enhance protection of E.SUN customers. As the Bank continues to deliver specialized services, it will give priority to protecting customer rights and interests.

(2) Establishment of a mechanism for settling consumer disputes.

On May 25, 2015, the FSC instructed financial services enterprises to establish their respective consumer dispute settlement system to enhance settlement efficiency and quality and protect the rights and interests of financial consumers. On August 21 of the same year, the Bank set down its consumer dispute settlement guideline with a view to handling such incidents in a fair, reasonable, and effective manner while ensuring E.SUN's statutory compliance on this front.

(3) Implementation of the principle of treating customers fairly

On December 31, 2015, the FSC instructed all financial services enterprises to introduce their respective policy and strategy with respect to fair treatment of customers as part of protection of financial consumers. For its part, E.SUN Bank has conducted a policy and strategy on principle of equal treatment to the customers and would incorporate them into its corporate culture, thereby enhancing customer confidence and fostering E.SUN's sustainable development.

(4) Revision of the standard-form contract for consumer loans

On November 12, 2014, the FSC made public a standard-form contract template for mortgages and automobile loans, which took effect on August 12, 2015. For its part, the Bank already modified its contract documents meant for mortgages and unsecured loans accordingly so as not to incur consumer disputes. Priority is now given to ensuring the equality of both parties to these contracts and upholding customer rights and interests.

2.2 New Era of Financial Innovation

(1) Implementation of the Act Governing Electronic Payment Institutions

On February 4, 2015, the Legislative Yuan, or Taiwan's parliament, passed the Act Governing Electronic Payment Institutions in a third and final reading. In tandem with the rapid advances on the electronics and IT fronts and keeping up with the latest cash flow and payment models, the new legislation is designed to strengthen management of such institutions, bolster consumer confidence in electronic payments, and usher in an environment conducive to small and personal businesses. For its part, the Bank wasted no time in setting up its Digital Business Development Division in early 2015 to take charge of drafting pertinent policies, crafting a digital banking brand name, developing innovative applications, and establishing digital channels and platforms. In other words, the new entity is given the responsibility of enabling E.SUN to chart a new path in a watershed year for financial innovation.

(2) New Milestone for Electronic Services

As noted above, the FSC is proactive to promote Bank 3.0, a brand-new digital banking environment for financial services enterprises to grow and thrive. On January 13, 2015, it gave the go-ahead for deposit account holders to do the following online: placing deposits, applying for loans or credit cards, and taking advantage of joint marketing and wealth management services. Meanwhile, the Bankers Association was given the responsibility of drafting relevant self-discipline regulations for banks to follow. For its part, the Bank is already delivering services relating to deposits, loans, and credit cards electronically. With digital technology as its accelerator, E.SUN is keen to maximize customer convenience in every aspect of its diverse financial services, thereby creating a most rewarding customer experience.

(3) Deregulation of FinTech Investment

On September 16, 2015, the FSC decided to include information technology and financial technology (FinTech) ventures as the "financial related businesses" provided for in Paragraph 4, Article 74 of the Banking Act and Subparagraph 11, Paragraph 2, Article 36 of the Financial Holding Company Act. The objective is to facilitate the financial industry's launching into the digital era and help related enterprises enhance their competitiveness. Recently the Bank won FSC approval for investing in BankPro E-Service Technology Co., Ltd. This project represents not only E.SUN's first stride toward launching into the financial technology arena but also a critical move to further enhance its competitiveness as a financial innovator.

2.3 Implementation of the Dodd-Frank Act

(1) Volcker Rule

As part of the Dodd-Frank Act, the Volcker Rule imposes restrictions on commercial banks with regard to proprietary trading and investment in hedge and private equity funds in the U.S. in order to prevent their excessive risk exposure and thus reduce the odds of systematic risks. It went into effect on July 21, 2015. The Volcker Rule, however, makes it clear that the offshore proprietary trading of foreign banks is exempted from the aforesaid restriction. As such, the Bank expects to sustain a far from significant impact. On the other hand, E.SUN Bank's Los Angeles Branch is not required to report specified information regarding its trading activity to the competent authority of the U.S. as its trading assets and liabilities do not exceed US$10 billion. The Guideline for E.SUN FHC and Subsidiaries to Comply With the Volcker Rule was conducted on May 21, 2015 and has been put into effect since.

(2) Enhanced Prudential Standards

Section 165 of the Dodd-Frank Act mainly has to do with capital requirements, leverage and debt-to-equity ratio limitations, internal liquidity, stress testing, and the establishment of risk committees in the U.S. The Bank already commissioned an external consultancy firm to map out a process control and compliance program, which is slated to be completed and implemented by June 30, 2016.

3. Effect of developments in science and technology as well as industrial change on the Bank's finances and operations, and measures taken in response:

As mobile payments increasingly become the norm, global transactions making use of this new service will soon exceed the US$700 billion mark. The E.SUN Wallet app stands out as the first Near Field Communication (NFC) cellular credit card service in Taiwan that incorporates the latest Host Card Emulation (HCE) technology. Upon downloading, E.SUN Wallet offers the convenience of mobile phones doubling as credit cards in no time. Drawing on the latest HCE technology, this E.SUN service stores credit card data in the cloud and enables transactions to proceed by using a virtual card number. The beauty is customer convenience: users are not confined by either phone numbers or handset models and need not go to their telecom operators for replacing an exclusive SIM card designed to accommodate NFC features. Security is all but guaranteed as HCE cellular credit card services make use of virtual card numbers, thereby doing away with the risk of real card numbers being leaked. Placing equal emphasis on security and convenience, the Bank is ready to introduce a richer variety of financial services on its mobile payment platform and deliver a smarter customer experience going forward.

4. Impact of Changes in the Bank's Image on the Company's Risk Management, and Countermeasures

E.SUN has made every effort to be a model in terms of corporate governance and to provide comprehensive financial services in accordance with laws and regulations of authorities. Transparency is provided for transactions carried out by affiliated parities in order to avoid conflicts of interest. At the same time, the Bank emphasizes protecting the interests of shareholders, providing better framework in risk management, employees training and benefit s to employees. E.SUN is committed to social welfare and environmental protection causes and it has made every effort to transfer its commitment in practice. In order to maintain its image, internal departments will make correction thereof if any of its actions lead to damage or decline in its image. E.SUN desires to be an example of an outstanding company and seeks to fulfill its corporate social responsibility, thereby continually maintaining its image.

5. Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures: None

6. Anticipated Benefits and Possible Risks of Expansion, and Countermeasures

At the end of 2015, the Bank had a total 136 domestic branches and 4 overseas branches, which are Los Angeles, Hong Kong, Singapore, and Dong Nai). Faced with the competition posed by digital banking, physical outlets need to be upgraded in the following three dimensions as well: Complication—sophisticated transactions such as syndicated loans and wealth management services; Consulting—better-rounded consultancy services; Core to O2O—physical branches as the link between online and offline transactions.

Committed to creating the best possible customer experience and enhancing customer value, the Bank is set to draw on the application of innovative technologies and analytics of big data to keep track of every aspect of customer dealings. Equally important is to readjust retail outlets and integrate the virtual with the physical so that a fully consolidated, comprehensive network of financial services can be established to solve customer problems and meet customer needs. As far as risk management goes, there is no denying that the weaker-than-expected performance of certain branches has posed operational risk. In addition to monitoring their ongoing endeavors to expand business, the Bank is set to minimize the impact by resorting to its stringent internal control mechanism.

7. Anticipated Benefits and Possible Risks from Concentration of Operations, and Countermeasures.

(1)Concentration of Operations
Monitor any changes in the financial industry, stay abreast of macroeconomic and industrial trends, and adjust business strategies when warranted.

(2)Concentration of Counterparties Set ceilings of risk exposure with regard to recipients of loans and investment, both by industry and by individual conglomerate.

(3)Concentration of Secured Lending Business
Impose loan-to-value ratio ceilings in accordance with the categories and locations of collateral. Impose a ceiling on the outstanding balance of loans to property investors; pay special attention to the weighting of loans taken by each region.

(4)Concentration of Unsecured Lending Business
Set ceilings over unsecured loans in accordance with potential borrowers' creditworthiness and age. Strengthen risk management by undertaking control and management accordingly on a regular basis.

8.Influence of Changes in Ownership of the Bank, Possible Risks and Countermeasures

E.SUN Commercial Bank, a 100% owned subsidiary of E.SUN Financial Holding Company at the end of 2015, had no major change in managerial authority.

9.Effect upon and risk to the Bank in the event a major quantity of shares belonging to director(s) or shareholder(s) holding greater than 1% stake in the Bank has been transferred or has other wise changed hands, and mitigation measures:

Up till the end of 2015 , none of the Bank 's director or shareholders holding greater than 1% stake in the Bank had transferred a major quantity of shares or had it change hands otherwise.

10.Litigious or Non-litigious Incidents: None.

11.Other Major Risk Countermeasures: None.

12.Crisis Management and Response Mechanism:

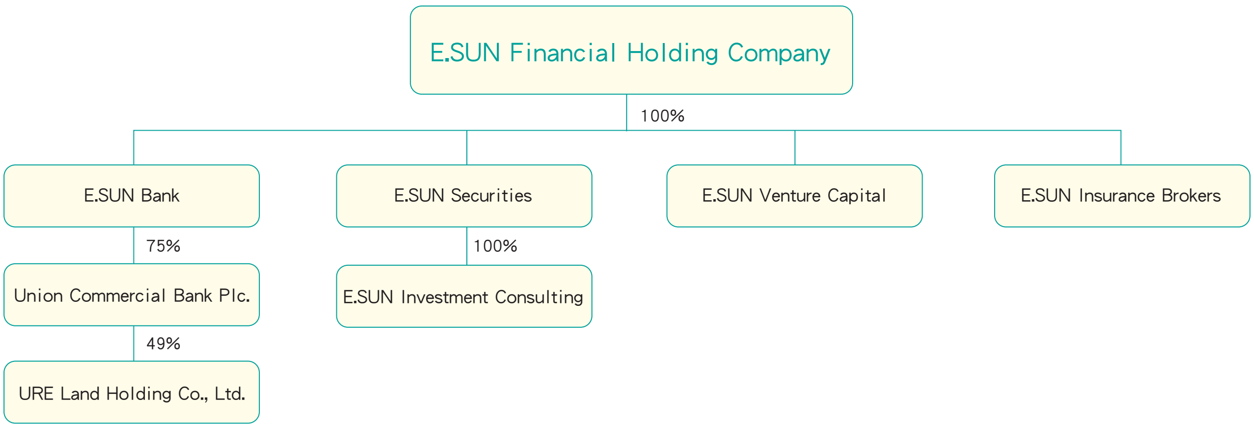
E.SUN has established Emergency Response and Crisis Management Regulations, and Rules to Maintain Safety. These measures were written to supervise the Bank to deal with emergent and extraordinary events, ensuring the safety of the Bank. Besides, the Bank will follow and take safe measures described in the Emergency Response of Personal Information Invasion, to prevent, report and respond to the event of personal information invasion. In addition, in the event of emergencies or irregular events, E.SUN has created a Crisis Management Task Force and Safety Management Team that take actions and provides real-time reports and notification upon any irregular internal or external events. Furthermore, E.SUN has formulated countermeasures and contingency plans. The company follows plans and steps to effectively prevent crises from expanding and has instituted a realtime notification system. Each business unit also carries out drills on a regular basis to determine the effectiveness of contingency measures, and has heightened alertness to uphold security. This strengthens the Bank's ability to address emergences and handle and manage crises in a well thought-out manner to prevent a repeat of crises.

VIII. Special Disclosure

1. Summary of Affiliated Companies

1.1 Consolidated Operating Report on Affiliated Companies

(1) Organization Chart of Affiliated Companies



(2) Operation Status of Affiliated Companies

As of December 31, 2015 Unit: NT$ thousand

Name	Capital	Total Asset	Total Liability	Net Worth	2015 P/L (after tax)	EPS (after tax in NT$)
E.SUN FHC	79,517,000	128,351,218	7,424,112	120,927,106	12,816,347	1.63
E.SUN Securities	4,000,000	11,246,775	6,485,207	4,761,568	152,990	0.38
E.SUN Venture Capital	2,272,000	3,839,113	19,547	3,819,566	167,961	0.74
E.SUN Insurance Brokers	113,000	1,281,061	14,817	1,133,244	758,682	67.14
E.SUN Investment Consulting	50,000	66,829	10,531	56,298	1,190	0.24
Union Commercial Bank Plc.	1,233,750	21,903,004	19,657,466	2,245,538	257,344	6,862.52
URE Land Holding Co., Ltd.	33	413,419	398,130	15,289	7,025	7,024.94

*Note1: The accounts in the Balance Sheet of Union Commercial Bank Plc. are converted to NTD using the exchange rate for settlement of December 31, 2015 which is 32.9. The accounts in the Profit and Loss Statement of Union Commercial Bank Plc. are converted to NTD using the average exchange rate for settlement of the year 2015, which is 31.9212540.

*Note2: The share par values of Union Commercial Bank Plc. and URE Land Holding Co., Ltd. are US$1,000 and US$1 respectively.

(3) Range of Operations of E.SUN Bank and Affiliates

Business includes banking operations and investment in domestic and overseas banking-related businesses as approved by regulatory agencies and investment mangement, broking, underwriting and dealing of securities, venture capital, life insurance broking, non-life insurance broking, securities investment consulting, and lease, sales and purchase of real estate. Each affiliate is an independent institution and each carries out its respective line of business.

1.2 Report on Affiliation

As of December 31, 2015

Name of Controlling Company	Reason of Control	Shareholding and Pledge status of Controlling Company			Representation of Directors, Independent Directors or Managers of Controlling Company
		No. of Shareholding	Shareholding Ratio	Pledged Share Number	
E.SUN Financial Holding Company	100% shareholding	6,684,000,000 shares	100%	0 share	Title and name as following note

*Note:
Chairman: Kuo-Lieh Tseng
Managing Directors: Jackson Mai, Chen-Chen Chang Lin (also being Independent Director)
Independent Directors: Chen-En Ko, Ji-Ren Lee, Hsin-I Lin
Directors: Joseph N.C. Huang, Ron-Chu Chen, Chien-Li Wu, Ben Chen, Magi Chen, Mao-Chin Chen

1.3 Other Important Transaction:

E.SUN Bank received a fee of NTD 46,772 thousand from E.SUN FHC for sharing the resource of IT system in 2015.

1.4 Guarantee for Affiliated Companies: None

2. Representation of Consolidated Financial Statements of Affiliated Enterprises

Representation

March 18, 2016

On behalf of E.SUN Commercial Bank, Ltd., we hereby declare that the company's 2015 Affiliation Report (Period from Jan.1, 2015 to Dec. 31, 2015) followed the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". There is no material discrepancy with the information disclosed in the notes of financial report for the said period.

E.SUN Commercial Bank, Ltd.

Chairman

3.Private Placement Securities and Financial Debentures in the Most Recent Years: None

4.The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

5.Other Required Supplementary Disclosure: None

Appendix

E.SUN Commercial Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
E.SUN Commercial Bank, Ltd.

We have audited the accompanying consolidated balance sheets of E.SUN Commercial Bank, Ltd. (the "Bank") and its subsidiaries (collectively, the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, 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 Attestation of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2015 and 2014 and its consolidated financial performance and consolidated 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 (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of E.SUN Commercial Bank, Ltd. as of and for the years ended December 31, 2015 and 2014 and have issued an unqualified opinion thereon in our report dated March 18, 2016.

Deloitte & Touche

March 18, 2016

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014 (Applied Retrospectively)	
ASSETS	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 35)	$ 36,545,545	2	$ 29,508,760	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4 and 7)	67,401,915	4	60,090,348	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 36)	348,549,110	20	291,623,957	19
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 9)	896,844	-	152,758	-
RECEIVABLES, NET (Notes 4, 10 and 36)	71,298,309	4	65,391,506	4
CURRENT TAX ASSETS (Notes 4, 32 and 35)	-	-	138,082	-
DISCOUNTS AND LOANS, NET (Notes 4, 11 and 36)	1,021,994,720	58	934,613,524	60
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 12 and 36)	129,776,329	8	84,815,997	6
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 4, 13 and 36)	5,289,839	-	5,915,792	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 14 and 35)	40,563,130	2	49,961,102	3
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 15)	26,117,062	2	20,247,436	1
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	755,735	-	923,833	-
INTANGIBLE ASSETS, NET (Notes 4 and 17)	5,881,172	-	5,622,067	-
DEFERRED TAX ASSETS (Notes 4 and 32)	484,248	-	113,386	-
OTHER ASSETS, NET (Notes 4, 18, 35 and 37)	4,847,412	-	2,825,666	-
TOTAL	$ 1,760,401,370	100	$ 1,551,944,214	100
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS (Notes 19 and 35)	$ 71,170,130	4	$ 58,199,621	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	35,836,236	2	22,494,142	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 12, 13 and 20)	8,034,391	-	13,117,523	1
PAYABLES (Notes 21 and 35)	18,073,164	1	18,261,090	1
CURRENT TAX LIABILITIES (Notes 4, 32 and 35)	890,912	-	863,108	-
DEPOSITS AND REMITTANCES (Notes 22 and 35)	1,459,086,105	83	1,284,727,612	83
BANK DEBENTURES (Note 23)	44,950,000	3	43,800,000	3
OTHER FINANCIAL LIABILITIES (Notes 24, 35 and 37)	1,864,035	-	2,349,300	-
PROVISIONS (Notes 4, 25 and 26)	471,382	-	349,186	-
DEFERRED TAX LIABILITIES (Notes 4 and 32)	1,260,329	-	781,528	-
OTHER LIABILITIES (Notes 27 and 35)	1,639,584	-	1,528,846	-
Total liabilities	1,643,276,268	93	1,446,471,956	93
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock				
Common stock	66,840,000	4	61,360,000	4
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	18,803,652	1	17,547,343	1
From treasury stock transactions	483	-	483	-
Others	334,938	-	277,232	-
Total capital surplus	19,139,073	1	17,825,058	1
Retained earnings				
Legal reserve	17,204,363	1	14,143,067	1
Special reserve	83,866	-	83,866	-
Unappropriated earnings	11,724,011	1	10,242,983	1
Total retained earnings	29,012,240	2	24,469,916	2
Other equity	1,399,997	-	1,032,331	-
Total equity attributable to owners of the Bank	116,391,310	7	104,687,305	7
NON-CONTROLLING INTERESTS	733,792	-	784,953	-
Total equity	117,125,102	7	105,472,258	7
TOTAL	$1,760,401,370	100	$1,551,944,214	100

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014 (Applied Retrospectively)		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST REVENUE (Notes 4, 28 and 35)	$ 29,636,188	82	$ 26,830,870	88	10
INTEREST EXPENSE (Notes 4, 28 and 35)	(12,385,430)	(34)	(11,544,801)	(38)	7
NET INTEREST	17,250,758	48	15,286,069	50	13
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 29 and 35)	11,855,990	33	9,910,424	32	20
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4 and 30)	7,023,386	19	3,273,385	11	115
Realized gains on available-for-sale financial assets (Notes 4 and 12)	324,596	1	177,759	1	83
Foreign exchange gains (losses), net (Note 4)	(825,841)	(2)	1,866,333	6	(144)
Reversal of impairment losses on assets (Notes 4 and 16)	180	-	314	-	(43)
Other noninterest gains, net (Note 35)	322,533	1	174,177	-	85
Subtotal	18,700,844	52	15,402,392	50	21
TOTAL NET REVENUES	35,951,602	100	30,688,461	100	17
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON GUARANTEES (Notes 4 and 11)	(3,565,789)	(10)	(2,033,689)	(6)	75
OPERATING EXPENSES (Notes 4, 15, 16, 17, 26, 31 and 35)					
Employee benefits	(8,479,480)	(24)	(7,799,918)	(26)	9
Depreciation and amortization	(1,192,343)	(3)	(1,004,819)	(3)	19
General and administrative	(8,951,052)	(25)	(7,745,483)	(25)	16
Total operating expenses	(18,622,875)	(52)	(16,550,220)	(54)	13

(Concluded)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014 (Applied Retrospectively)		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	$ 13,762,938	38	$ 12,104,552	40	14
INCOME TAX EXPENSE (Notes 4 and 32)	(1,791,726)	(5)	(1,813,652)	(6)	(1)
NET INCOME	11,971,212	33	10,290,900	34	16
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4 and 26):					
Remeasurement of defined benefit plans	(125,649)	(1)	68,796	-	(283)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(85,103)	-	-	-	-
Items that will not be reclassified subsequently to profit or loss	(210,752)	(1)	68,796	-	(406)
Items that may be reclassified subsequently to profit or loss (Notes 4 and 32):					
Exchange differences on the translation of financial statements of foreign operations	629,304	2	871,496	3	(28)
Unrealized gains on available-for-sale financial assets	712	-	199,655	1	(100)
Income tax relating to items that may be reclassified subsequently to profit or loss	(97,228)	-	(149,472)	(1)	(35)
Items that may be reclassified subsequently to profit or loss, net of income tax	532,788	2	921,679	3	(42)
Other comprehensive income for the year, net of income tax	322,036	1	990,475	3	(67)
TOTAL COMPREHENSIVE INCOME	$ 12,293,248	34	$ 11,281,375	37	9

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014 (Applied Retrospectively)		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 11,908,600	33	$ 10,214,124	34	17
Non-controlling interests	62,612	-	76,776	-	(18)
	$ 11,971,212	33	$ 10,290,900	34	16
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 12,197,962	34	$ 11,159,108	36	9
Non-controlling interests	95,286	-	122,267	1	(22)
	$ 12,293,248	34	$ 11,281,375	37	9
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 33)					
Basic	$1.80		$1.63		

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

(Concluded)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Capital Stock (Note 34)		
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 34)
BALANCE AT JANUARY 1, 2014	4,985,000	$ 49,850,000	$ 12,573,696
Effect of retrospective application	-	-	-
BALANCE AT JANUARY 1, 2014 AS APPLIED RETROSPECTIVELY	4,985,000	49,850,000	12,573,696
Appropriation of 2013 earnings			
Legal reserve	-	-	-
Cash dividends	-	-	-
Stock dividends	435,000	4,350,000	-
Capital increase	716,000	7,160,000	4,724,000
Share-based payment arrangements involving ESFHC's common stock	-	-	527,362
Net income for the year ended December 31, 2014	-	-	-
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-
Total comprehensive income for the year ended December 31, 2014	-	-	-
BALANCE AT DECEMBER 31, 2014	6,136,000	61,360,000	17,825,058
Effect of retrospective application	-	-	-
BALANCE AT JANUARY 1, 2015 AS APPLIED RETROSPECTIVELY	6,136,000	61,360,000	17,825,058
Appropriation of 2014 earnings			
Legal reserve	-	-	-
Cash dividends	-	-	-
Stock dividends	408,000	4,080,000	-
Capital increase	140,000	1,400,000	980,000
Share-based payment arrangements involving ESFHC's common stock	-	-	334,015
Acquisition of interest in subsidiary	-	-	-
Net income for the year ended December 31, 2015	-	-	-
Other comprehensive income for the year ended December 31, 2015, net of income tax	-	-	-
Total comprehensive income for the year ended December 31, 2015	-	-	-
BALANCE AT DECEMBER 31, 2015	6,684,000	$ 66,840,000	$ 19,139,073

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

Equity Attributable to Owners of the Bank							
Retained Earnings (Notes 4 and 34)			Other Equity				
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains on Available-for-sale Financial Assets (Note 4)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss	Non-controlling Interests (Notes 4 and 34)	Total Equity
$ 11,595,872	$ 83,866	$ 8,490,649	$ (94,049)	$ 250,192	$-	$ 662,686	$ 83,412,912
-	-	(45,391)	-	-	-	-	(45,391)
11,595,872	83,866	8,445,258	(94,049)	250,192	-	662,686	83,367,521
2,547,195	-	(2,547,195)	-	-	-	-	-
-	-	(1,588,000)	-	-	-	-	(1,588,000)
-	-	(4,350,000)	-	-	-	-	-
-	-	-	-	-	-	-	11,884,000
-	-	-	-	-	-	-	527,362
-	-	10,214,124	-	-	-	76,776	10,290,900
-	-	68,796	685,756	190,432	-	45,491	990,475
-	-	10,282,920	685,756	190,432	-	122,267	11,281,375
14,143,067	83,866	10,242,983	591,707	440,624	-	784,953	105,472,258
-	-	59,830	-	-	(59,830)	-	-
14,143,067	83,866	10,302,813	591,707	440,624	(59,830)	784,953	105,472,258
3,061,296	-	(3,061,296)	-	-	-	-	-
-	-	(3,135,936)	-	-	-	-	(3,135,936)
-	-	(4,080,000)	-	-	-	-	-
-	-	-	-	-	-	-	2,380,000
-	-	-	-	-	-	-	334,015
-	-	(84,521)	12,267	218	-	(146,447)	(218,483)
-	-	11,908,600	-	-	-	62,612	11,971,212
-	-	(125,649)	493,333	6,781	(85,103)	32,674	322,036
-	-	11,782,951	493,333	6,781	(85,103)	95,286	12,293,248
$ 17,204,363	$ 83,866	$ 11,724,011	$ 1,097,307	$ 447,623	$ (144,933)	$ 733,792	$ 117,125,102

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014 (Applied Retrospectively)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 13,762,938	$ 12,104,552
Adjustments for:		
Depreciation expenses	882,771	776,910
Amortization expenses	309,572	227,909
Bad-debt expenses	3,557,240	2,031,915
Gains on financial assets and liabilities at fair value through profit or loss	(7,023,386)	(3,273,385)
Interest expense	12,385,430	11,544,801
Interest revenue	(29,636,188)	(26,830,870)
Dividend income	(169,363)	(100,379)
Provision for losses on guarantees	8,549	1,774
Salary expenses on share-based payments	334,015	527,362
Gains on disposal of properties and equipment	(4,687)	(8,886)
Losses (gains) on disposal of investment properties	(2,562)	1,384
Gains on disposal of investments	(180,324)	(125,531)
Reversal of impairment losses on non-financial assets	(180)	(314)
Losses (gains) on disposal of foreclosed collaterals	(8,884)	2,926
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to other banks	(4,590,329)	(1,096,468)
Increase in financial assets at fair value through profit or loss	(50,974,811)	(4,959,604)
Increase in securities purchased under resell agreements	(878,983)	(17,861)
Increase in receivables	(5,231,957)	(7,835,261)
Increase in discounts and loans	(91,181,192)	(108,656,664)
Increase in available-for-sale financial assets	(46,351,788)	(13,774,175)
Decrease in held-to-maturity financial assets	628,643	2,639,585
Decrease (increase) in other financial assets	9,407,737	(34,423,283)
Increase in other assets	(3,831)	(77,976)
Increase in due to the Central Bank and other banks	12,970,509	10,554,000
Increase in financial liabilities at fair value through profit or loss	10,340,783	13,375,262
Increase (decrease) in securities sold under repurchase agreements	(5,083,132)	6,863,232
Increase (decrease) in payables	(253,173)	2,438,893
Increase in deposits and remittances	174,358,493	127,245,262
Decrease in other financial liabilities	(1,116,804)	(186,817)
Decrease in provision of employee benefits	(12,412)	(9,804)
Increase (decrease) in other liabilities	251,975	(24,263)
Cash used in operations	(3,505,331)	(11,065,774)
Interest received	33,917,987	29,832,960
Dividend received	183,650	105,296
Interest paid	(12,435,808)	(11,331,310)
Income tax paid	(1,629,518)	(1,389,493)
Net cash provided by operating activities	16,530,980	6,151,679

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E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015	2014 (Applied Retrospectively)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiary	$ -	$ (80,026)
Payments for properties and equipment	(6,426,798)	(2,453,876)
Proceeds of the disposal of properties and equipment	10,179	60,980
Increase in refundable deposits	(2,016,644)	(1,191,640)
Payments for intangible assets	(339,740)	(213,958)
Proceeds of the disposal of foreclosed collaterals	8,997	5,210
Payments for investment properties	(234,705)	-
Proceeds of the disposal of investment properties	10,665	8,479
Increase in other assets	(4,565)	(4,001)
Net cash used in investing activities	(8,992,611)	(3,868,832)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	368,831	-
Proceeds of the issuance of bank debentures	8,750,000	3,500,000
Repayment of bank debentures	(7,600,000)	(7,200,000)
Increase in long-term borrowings	372,823	97,632
Increase in guarantee deposits received	-	228,858
Decrease in guarantee deposits received	(90,571)	-
Cash dividends paid	(3,135,936)	(1,588,000)
Capital increase	2,380,000	11,884,000
Change in non-controlling interest	(218,483)	-
Net cash provided by financing activities	826,664	6,922,490
EFFECT OF EXCHANGE RATES CHANGE ON CASH AND CASH EQUIVALENTS	1,250,084	219,347
INCREASE IN CASH AND CASH EQUIVALENTS	9,615,117	9,424,684
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	32,023,080	22,598,396
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 41,638,197	$ 32,023,080

(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

Reconciliations of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of December 31, 2015 and 2014:

	2015	2014 (Applied Retrospectively)
Cash and cash equivalents in the consolidated balance sheets	$ 36,545,545	$ 29,508,760
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	5,092,652	2,379,423
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	-	134,897
Cash and cash equivalents, end of the year	$ 41,638,197	$ 32,023,080

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

(Concluded)

1. ORGANIZATION AND OPERATIONS

E.SUN Commercial Bank, Ltd. (the "Bank") engages in banking activities permitted by the Banking Law.

As of December 31, 2015, the Bank had a business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), 5 overseas branches, 135 domestic branches and 2 representative offices (in Ho Chi Minh City, Vietnam and in Yangon, Myanmar).

The operations of the Bank's Trust Department consist of planning, managing and operating a trust business. These operations are regulated under the Banking Law and Trust Law of the Republic of China (ROC).

On December 10, 2001, the Bank's stockholders approved the establishment of E.SUN Financial Holding Company, Ltd. (ESFHC) through a share swap. Thus, ESFHC acquired the shares of the Bank, E.SUN Bills Finance Corp. (E.SUN Bills) and E.SUN Securities Corp. The board of directors designated January 28, 2002 as the effective date of the related share swap. After the share swap, the Bank became a 100% subsidiary of ESFHC. Also, on January 28, 2002, the trading of the Bank's stock on the Taiwan Stock Exchange (TSE) was stopped, and ESFHC's stock started to be traded on the TSE.

To integrate resources, enhance operating effectiveness, strengthen the Bank's equity structure, and ensure its long-term development, the stockholders resolved on August 25, 2006 for the Bank to merge with E.SUN Bills, with the Bank as the surviving entity. The effective date of the share swap and the merger recording date were both December 25, 2006.

The Bank acquired the assets, liabilities and business of Chiayi The Fourth Credit Cooperative and Chu Nan Credit-Cooperative Association on November 3, 2012 and July 9, 2011, respectively.

Union Commercial Bank PLC. (UCB) was founded in March 1994, under the Laws of the Kingdom of Cambodia. The head office of UCB was established in Phnom Penh; UCB also established 8 branches. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. The Bank obtained control of UCB on August 28, 2013, and included UCB in the consolidated financial statements from the acquisition date.

For more information on E.SUN Bank (China), Ltd., please refer to Note 46.

The operating units of the Bank and its subsidiaries (collectively, the "Company") maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

For the years ended December 31, 2015 and 2014, employees number of the Company (E.SUN Bank (China), Ltd. preparatory office and UCB excluded) averaged 7,310 and 6,823, respectively. For the years ended December 31, 2015 and 2014, employees number of E.SUN Bank (China), Ltd. preparatory office and UCB averaged 422 and 252, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved and authorized for issue of the consolidated financial statements in their meeting on March 18, 2016.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC).

Rule No. 1030010325 and Rule No. 10310006010 issued by the Financial Supervisory Commission (FSC), stipulated that the Company should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms starting January 1, 2015.

Except for the following, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, and Regulations Governing the Preparation of Financial Reports by Securities Firms would not have any material impact on the Company's accounting policies:

1)IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Upon initial application of IFRS 12, the disclosure will be more extensive in the Company's annual consolidated financial statements.

2)IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive, for example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015. Refer to Note 39 for related disclosures.

3)Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Company retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and the changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. Items expected to be reclassified to profit or loss are the exchange differences on the translation of financial statements of foreign operations and unrealized gains (losses) on available-for-sale financial assets. However, the application of the above amendments will not have any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

4)Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to provision for employee benefits and retained earnings. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Company elects not to present 2014 comparative information about the sensitivity of the defined benefit obligation.

5)Recognition and measurement of financial liabilities designated as at fair value through profit or loss

Based on the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, for a financial liability designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If this accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

Under the Q&A for the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on September 19, 2014, the Company has chosen to apply the amendment above retrospectively to retained earnings on January 1, 2015. Thus, upon initial application of the amendment above, as of January 1, 2015, the retained earnings increased by $59,830 thousand and other equity decreased by $59,830 thousand.

In summary, the impact on the current period of the application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the 2013 IFRSs version is summarized as below:

Impact on assets, liabilities and equity

	December 31, 2015	Note
Increase in provision for employee benefits	$ 25,783	4)
Increase in retained earnings	$ 119,150	4), 5)
Decrease in changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	$ (144,933)	5)
Decrease in equity	$ (25,783)	4), 5)

Impact on total comprehensive income and earnings per share

	For the Year Ended December 31, 2015	Note
Increase in gains on financial assets and liabilities at fair value through profit or loss	$ 85,103	5)
Decrease in operating expense	$ (9,804)	4)
Increase in net income for the year	$ 94,907	
Items that will not be reclassified to profit or loss:		
Decrease in changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	$ (85,103)	5)
Decrease in other comprehensive income for the year, net of income tax	$ (85,103)	
Increase in total comprehensive income for the year	$ 9,804	
Increase in basic earnings per share (New Taiwan dollars)	$ 0.01	

The impact on the prior reporting periods is summarized as below:

Impact on assets, liabilities and equity

	As Originally Stated	Adjustments Arising from Initial Application	As Applied Retrospectively
December 31, 2014			
Provision for employee benefits	$ 138,712	$ 35,587	$ 174,299
Retained earnings	$ 24,505,503	$ (35,587)	$ 24,469,916
Equity	$ 105,507,845	$ (35,587)	$ 105,472,258
January 1, 2014			
Provision for employee benefits	$ 207,508	$ 45,391	$ 252,899
Retained earnings	$ 20,170,387	$ (45,391)	$ 20,124,996
Equity	$ 83,412,912	$ (45,391)	$ 83,367,521

Impact on total comprehensive income

	As Originally Stated	Adjustments Arising from Initial Application	As Applied Retrospectively
For the year ended December 31, 2014			
Operating expense	$ 16,560,024	$ (9,804)	$ 16,550,220
Net income for the year	$ 10,281,096	$ 9,804	$ 10,290,900
Total comprehensive income for the year	$ 11,271,571	$ 9,804	$ 11,281,375

Impact on earnings per share

For the year ended December 31, 2014	As Originally Stated	Adjustments Arising from Initial Application	As Applied Retrospectively
Basic earnings per share (New Taiwan dollars)	$ 1.63	$ -	$ 1.63

b. New IFRSs in issue but not yet endorsed by FSC

On March 10, 2016, the FSC announced the scope of the 2016 version of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" and those with undetermined effective date. In addition, the FSC announced that the Company should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

The Company has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	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
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value.

For the Company's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

— Identify the contract with the customer;
— Identify the performance obligations in the contract;
— Determine the transaction price;
— Allocate the transaction price to the performance obligations in the contracts; and
— Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

4) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Company should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Company as lessor.

When IFRS 16 becomes effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements 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 IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c. Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (UCB (including UCB's subsidiary) and E.SUN Bank (China), Ltd. (preparatory office).

The accounting policies of the Bank and subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes. The Bank's financial statements include the accounts of the Head Office, OBU, and all branches. All intra-bank transactions and balances have been eliminated.

Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

For more information on the consolidated entities, please refer to Table 1 (attached).

Foreign-currency Transactions

The Bank records foreign-currency transactions in the respective currencies in which these are denominated. Every month-end, foreign currency income and expenses are translated into New Taiwan dollars at the prevailing exchange rates. At month-end, monetary assets and liabilities denominated in foreign currencies are reported using the prevailing exchange rates, and exchange differences are recognized in profit or loss. Nonmonetary assets and liabilities measured at fair value are translated using the prevailing exchange rates at month-end. Translation differences on nonmonetary assets and liabilities measured at fair value are recognized in profit or loss, except for translation difference arising from nonmonetary items of which the change in fair values is recognized in other comprehensive income, in which case, the translation differences are also recognized directly in other comprehensive income. Nonmonetary assets and liabilities that are classified as carried at cost are recognized at the exchange rate on the transaction date.

In preparing the consolidated financial statements, foreign operations' financial statements are translated at the following rates: Assets and liabilities - the prevailing exchange rates on the balance sheet date; and income and expenses - at the average exchange rate for the period. Translation difference net of income tax is recorded as "other comprehensive income" and accumulated in equity, and is attributed to the owner of the Bank and non-controlling interests.

Current and Noncurrent Assets and Liabilities

The consolidated financial statements, however, do not show the classification of current or noncurrent assets/liabilities because the banking industry accounts for the major parts of the consolidated accounts. Thus, accounts in the consolidated financial statements are instead categorized by nature and sequenced by their liquidity.

Cash and Cash Equivalents

In the consolidated balance sheet, cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents defined in the consolidated balance sheet, due from the central bank, call loans to other banks and securities purchased under resell agreements that correspond to the definition of cash and cash equivalents in IAS 7 - "Statement of Cash Flows," as endorsed by the FSC.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss (FVTPL), available-for-sale (AFS) financial assets, held-to-maturity financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as designated as at FVTPL upon initial recognition if:

— Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
— The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
— The contract contains one or more embedded derivatives

so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 39.

2)Available-for-sale (AFS) financial assets

AFS financial assets are nonderivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at fair value through profit or loss.

AFS financial assets are stated at fair value at each balance sheet date. Fair value is determined in the manner described in Note 39.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed or is determined to be impaired.

Cash dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated on the basis of the new number of investee's shares held.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

3) Held-to-maturity financial assets

Held-to-maturity financial assets are nonderivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity.

After initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

4) Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents, due from the central bank and call loans to other banks, receivables, debt instruments with no active market) are measured at amortized cost using the effective interest method less any impairment.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of financial assets, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

— Significant financial difficulty of the asset issuer and debtor;
— The financial assets becoming overdue;
— Probability that the debtor will enter into bankruptcy or undergo financial reorganization.

Financial assets carried at amortized cost (loans and receivables) that are individually assessed had no objective evidence of impairment are further assessed collectively for impairment. Objective evidence of impairment for a portfolio of receivables could include the Company's past difficulty in collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on financial assets.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows with consideration to the collaterals and guarantees, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an AFS financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

For AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. For AFS debt instruments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss will not be reversed in subsequent periods.

Impairment loss on financial asset is recognized by reducing its carrying amount through the use of an allowance account. When financial assets are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized in profit and loss.

Under FSC guidelines, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectible, on the basis of the customers' financial position, valuation of collaterals and the length of time the principal repayments or interest payments have become overdue.

The Bank made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectible, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions. For the sound credit assets, minimum provisions should be contributed before December 31, 2014 as required by the FSC. Furthermore, the FSC stipulated that banks should make at least 1.5% provisions each before December 31, 2015 and December 31, 2016 for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions.

Credits deemed uncollectible may be written off if the write-off is approved by the board of directors.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received, receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

<u>Equity instruments</u>

The Company classifies the debt and equity instruments issued either as financial liabilities or as equity in accordance with the substance of the contractual agreements and the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except for the cases stated below, all financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as at FVTPL.

A financial liability is classified as designated as at FVTPL upon initial recognition if:

— Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

— The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 39.

2) Financial guarantee contracts

Financial guarantee contracts issued by the Company are not designated as at FVTPL and are subsequently measured at the higher of (a) the amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; or (b) the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with revenue recognition policies.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivatives

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a liability.

Derivatives embedded in nonderivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

Overdue Loans

Under FSC guidelines, the Bank classifies loans and other credits (including accrued interest) that past due for at least six months as overdue loans.

Overdue loans (except other credits) are classified as discounts and loans, and the remaining are classified as other financial assets.

Securities Purchased/Sold Under Resell/Repurchase Agreements

Securities purchased under resell agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resell agreements or interest incurred on repurchase agreements is recognized as interest revenue or interest expense over the life of each agreement.

Investment Properties

Investment properties are properties owned specifically to generate profit through rental income and/or capital gains. Land for which the future purpose of use has not been decided is classified under investment properties.

Investment properties are initially recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation by the straight-line method.

Any gain or loss recognized on derecognition of the investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the investment property is derecognized.

Properties and Equipment

Properties and equipment are initially recognized at cost and subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

Land for self-use is not depreciated. Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss recognized on the disposal or retirement of an item of property and equipment is the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Company as a lessor</u>

Rental income from operating leases is recognized in revenues over the lease periods on a straight-line basis. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

Lease incentives offered in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term.

<u>The Company as a lessee</u>

Lease payments under an operating lease are expensed on a straight-line basis over the lease period. Under operating lease, contingent rentals are recognized as expenses at current period.

Lease incentives received in the operating leases are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Goodwill

Goodwill (part of intangible assets) from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For impairment test purposes, goodwill is allocated to each cash-generating unit (CGU) that benefits from the synergy of a business combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arised from the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current period, and subsequent reversal of impairment loss is not allowed.

On disposal of the relevant cash-generating unit, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

Intangible Assets Other Than Goodwill

Separate acquisition

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. At year-end, the Company examines its estimates of the asset useful lives, residual values and amortization method with the effect of any changes in estimate accounted for on a prospective basis. Unless the Company expects to dispose of an intangible asset before the end of its useful life, the residual value of an intangible asset with limited useful life is estimated to be zero.

Acquisition as part of a business combination

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

Derecognition

Gains or losses recognized on derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets (except goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. The recoverable amount is the higher of fair value less selling costs or value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. If asset impairment loss reverses, the increase in the carrying amount resulting from reversal is credited to earnings. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized.

Foreclosed Collaterals

Foreclosed collaterals (part of other assets) are recorded at the fair value on recognition and recorded at the lower of cost or net fair value as of the balance sheet date. Net fair value falling below book value indicates impairment, and impairment loss should be recognized. If the net fair value recovers, the recovery of impairment loss is recognized as gain. For foreclosed collaterals that should have been disposed of in the statutory term, unless the disposal period is prolonged, an additional provision for losses should be made and impairment loss should be recognized, as required under a FSC directive.

Provisions

Provision is the best estimate of the consideration required to settle a present obligation at the balance sheet date, taking into account the risks and uncertainties on the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the settlement amount will be received and the amount of the receivable can be measured reliably.

Recognition of Revenue

Interest revenue on loans is recorded on an accrual basis. Under the guidance of the FSC, no interest revenue is recognized on loans that are classified as overdue loans. The interest revenue on these loans is recognized upon collection of the loans and credits.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Company's obligation is fulfilled.

Employee Benefits

Short-term employee benefits

Short-term and non-discounted employee benefits are recognized as expenses in the current period as services are rendered.

Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Preferential interest deposits for employees

The preferential interest deposit for entitled employees is for deposits within a certain amount. The preferential rates for employees' deposits in excess of market rate should be treated as employee benefit.

Share-based Payment

The Company's employees subscribed for the reserved shares of E.SUN Financial Holding Company, Ltd., (ESFHC) in accordance with the Financial Holding Company Act, and the Company recognized the fair value of the stock options under salary expenses and under capital surplus for share-based payment on the grant date, i.e., the date when the Company and its employees made an agreement for the employees to subscribe for ESFHC's shares.

Taxation

Income tax expense is the sum of tax currently and deferred income tax.

Current income tax

Income tax at a rate of 10% of unappropriated earnings is expensed in the year when the stockholders resolve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary difference arising from initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed each balance sheet date and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences based on the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred taxes arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

ESFHC and subsidiaries elected to file consolidated tax returns for periods starting in 2003. However, since the Bank applied the accounting treatment mentioned in the preceding paragraph to income tax, any distribution of cash payments and receipts among the consolidated group members is recorded as current tax assets or current tax liabilities.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expenses as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Business combination involving entities under common control is not accounted for by acquisition method but accounted for at the carrying amounts of the entities. Prior period comparative information in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the Company's management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Unless stated in other notes, the following are the critical judgments, assumptions and estimation uncertainty that the Company's management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

a. Impairment losses on loans

The Company monthly assesses loans collectively. When determining whether an impairment loss should be recognized, the Company mainly seeks for observable evidence that indicates impairment. Objective evidence of impairment of a portfolio of loans and receivables could include the Company's past difficulty in collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on loans and receivables. The management uses past loss experience on assets that have similar credit risk characteristics to estimate the expected future cash flows. The Company reviews the methods and assumptions of cash flow estimation regularly to eliminate the difference between expected and actual loss.

b. Fair values of financial instruments

Fair values of financial instruments in an inactive market or with no quoted market prices are determined by valuation techniques. Under these circumstances, fair values are derived from observable market data of other similar financial assets. When there are no observable inputs in the market, the fair values of financial instruments are estimated by making appropriate assumptions. The Company applies appropriate valuation models to determine the fair values of financial instruments subjective to valuation techniques. All models are fine-tuned to ensure the valuation results fairly reflect actual market information and prices. The Company's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

For the fair value determination of financial instruments, refer to Note 39 to the consolidated financial statements.

c. Income tax

The Company is required to make substantive estimates when calculating income tax. The final tax assessment is based on considerable transactions and calculations. When the final tax amount differs from the amount on original recognition, the difference affects the recognition of both current and deferred income tax. The realizability of deferred tax assets mainly depends on the future profitability and any other taxable temporary differences. If actual profit is less than expected, a significant reversal of deferred tax assets may be incurred, and an income tax expense should be recognized to the extent of the reversal.

d. Employee benefits

The calculation of the present value of post-employment benefits is based on the actuarial result based on several assumptions. Any change in these assumptions may affect the carrying amount of post-employment benefits.

One of the assumptions used for determining the defined benefit costs is discount rate. The Company determines appropriate discount rates at the end of each year and estimates the present values of future cash outflows resulting from fulfilling the post-employment obligation by the discount rates. To better determine the discount rates, the Company takes into account the interest rates of high-quality corporate bonds or government bonds, with currencies the same as those of post-employment benefit payments, and with durations that match those of the corresponding pension liabilities.

Other significant assumptions for post-employment benefits are subject to current market condition.

e. Impairment of goodwill

The assessment of impairment of goodwill requires the Company to estimate the value in use of the cash-generating units (CGUs) to which goodwill has been allocated. For calculating the value in use, management is required to estimate the future cash flows expected to arise from each CGU and the discount rate to be used in calculating present value. If the actual cash flow falls below expectation, an impairment loss might be incurred.

f. Impairment assessment on available-for-sale equity investments

Objective evidences of the impairment of available-for-sale equity investments include the fair value of that investment falling significantly or constantly below the cost. Subjective judgments are required when assessing the impairment. The Company's management considers past market fluctuation, historical prices of the investment and other factors that affect the performance of the industries to which the investees belong to make subjective judgments.

6. CASH AND CASH EQUIVALENTS

	December 31 2015	December 31 2014
Cash on hand	$ 11,582,933	$ 10,900,798
Checks for clearing	3,224,135	5,665,826
Due from banks	21,728,279	12,924,488
Cash in transit	10,198	17,648
	$ 36,545,545	$ 29,508,760

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2015 and 2014 are shown in the consolidated statements of cash flows.

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	December 31 2015	December 31 2014
Deposit reserves - account A	$ 19,503,943	$ 19,422,069
Deposit reserves - account B	35,927,275	32,110,614
Reserves for deposits - foreign currency deposits	276,360	237,525
Due from the Central Bank - other	8,514,237	5,036,850
Deposit in the Central Bank - deposits of government agencies	11,269	15,447
Call loans to banks	2,847,850	2,029,597
Banks overdrafts	26,668	-
Trade finance advance - interbank	298,800	1,250,744
	67,406,402	60,102,846
Less: Allowance for possible losses	(4,487)	(12,498)
	$ 67,401,915	$ 60,090,348

(Concluded)

As required by law, the deposit reserves are calculated by applying the prescribed rates to the average monthly balances of various types of deposit accounts. The deposit reserves - account B is subject to withdrawal restrictions, but deposit reserves - account A and foreign-currency deposit reserves may be withdrawn anytime.

Under the "Directions for a National Treasury Agent Bank Acting on Behalf of the Central Bank of the Republic of China Handling National Treasury Matters," the Bank redeposits 60% of the receipts of deposit of government agencies in the Central Bank of the Republic of China, and the amount is subject to withdrawal restrictions.

8.FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	2014
Held-for-trading financial assets		
Negotiable certificates of deposits of the Central Bank	$ 213,147,107	$ 189,550,083
Commercial paper	31,421,813	18,643,134
Currency option contracts	12,214,549	9,867,080
Currency swap contracts	2,749,243	1,362,102
Bank debentures	1,511,244	1,605,854
Overseas bonds	1,128,577	1,138,842
Interest rate swap contracts	797,194	613,083
Non-deliverable forward contracts	735,484	210,911
Forward contracts	450,876	488,048
Listed stocks - domestic	87,716	251,331
Futures exchange margins	78,906	55,482
Convertible corporate bonds	28,950	111,610
Metal commodity swap contracts	4,561	20,806
Total return swap contract	-	2,017,287
Treasury bills	-	1,871,270
	264,356,220	227,806,923
Financial assets designated as at fair value through profit or loss		
Bank debentures	42,728,954	33,432,363
Corporate bonds	41,094,464	29,924,136
Overseas government bonds	369,472	460,535
	84,192,890	63,817,034
	$ 348,549,110	$ 291,623,957
Held-for-trading financial liabilities		
Currency option contracts	$ 11,855,302	$ 9,802,082
Currency swap contracts	2,103,497	1,537,709
Interest rate swap contracts	623,695	514,918
Forward contracts	611,540	421,505
Non-deliverable forward contracts	530,175	75,096
Assets swap option contracts	618	3,668
Cross-currency swap contracts	-	13,882
Metal commodity swap contracts	-	1,498
	15,724,827	12,370,358
Financial liabilities designated as at fair value through profit or loss		
Bank debentures (Note 23)	19,769,915	9,794,493
Structured products	341,494	329,291
	20,111,409	10,123,784
	$ 35,836,236	$ 22,494,142

(Concluded)

The Company engages in derivative transactions mainly to accommodate customers' needs, manage its exposure positions and hedge against its exchange rate and interest rate exposures as well as its credit risks as a bondholder.

The contract (nominal) amounts of derivative transactions by the Company as of December 31, 2015 and 2014 were as follows:

	December 31	
	2015	2014
Currency option contracts	$ 841,736,971	$ 1,140,661,020
Currency swap contracts	200,411,338	165,543,230
Interest rate swap contracts	72,427,217	95,039,898
Forward contracts	41,833,525	38,940,518
Non-deliverable forward contracts	16,613,040	5,942,478
Metal commodity swap contracts	74,639	221,933
Assets swap option contracts	30,000	80,000
Total return swap contract	-	2,013,970
Cross-currency swap contracts	-	272,700

The amount of underlying assets of the total return swap contract was $8,055,880 thousand as of December 31, 2014.

The open positions of futures transactions of the Company as of December 31, 2015 and 2014, were as follows:

		December 31, 2015			
		Open Position		Contract Amounts or Premium	
Items	Products	Buy/Sell	Number of Contracts	Paid (Charged)	Fair Values
Futures contracts	MCU	Buy	19	$ 76,088	$ 74,047
	MCU	Sell	3	11,606	11,683

		December 31, 2014			
		Open Position		Contract Amounts or Premium	
Items	Products	Buy/Sell	Number of Contracts	Paid (Charged)	Fair Values
Futures contracts	MCU	Buy	13	$ 66,801	$ 65,131
	MCU	Sell	4	20,589	20,072
	MNI	Buy	40	130,421	114,508

9.SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for $896,844 thousand and $152,758 thousand under resell agreements as of December 31, 2015 and 2014, respectively, will subsequently be sold for $901,122 thousand and $153,164 thousand, respectively.

10.RECEIVABLES, NET

	December 31 2015	December 31 2014
Receivables on credit cards	$ 45,458,705	$ 38,503,154
Accounts receivable factored without recourse	17,750,474	22,406,261
Accrued interest	3,987,370	3,454,488
Acceptances	1,600,646	1,908,653
Accounts receivable	3,559,663	489,676
Others	773,619	491,658
	73,130,477	67,253,890
Less: Allowance for possible losses	(1,832,168)	(1,862,384)
	$ 71,298,309	$ 65,391,506

The allowances for possible losses on receivables assessed for impairment as of December 31, 2015 and 2014, were as follows:

Items		December 31, 2015 Receivables	December 31, 2015 Allowance for Possible Losses	December 31, 2014 Receivables	December 31, 2014 Allowance for Possible Losses
With objective evidence of impairment	Assessment for individual impairment	$ 42,458	$ 7,357	$ 8,516	$ 4,975
	Assessment for collective impairment	1,815,653	546,828	1,888,515	667,786
With no objective evidence of impairment	Assessment for collective impairment	69,110,266	1,277,983	63,911,232	1,189,623
Total		70,968,377	1,832,168	65,808,263	1,862,384

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31 2015	For the Year Ended December 31 2014
Balance, January 1	$ 1,862,384	$ 1,867,536
Reversal of provision for possible losses	(136,069)	(146,399)
Write-offs	(444,474)	(421,937)
Recovery of written-off receivables	541,153	553,881
Effects of exchange rate changes and other changes	9,174	9,303
Balance, December 31	$ 1,832,168	$ 1,862,384

11.DISCOUNTS AND LOANS, NET

	December 31	
	2015	2014
Loans		
Short-term	$ 258,399,651	$ 226,693,643
Medium-term	261,176,649	246,974,493
Long-term	510,987,282	464,934,534
Overdue loans	647,231	1,448,387
Bills negotiated and discounts	3,740,509	5,263,801
	1,034,951,322	945,314,858
Less: Allowance for possible losses	(12,852,020)	(10,541,495)
Less: Adjustment of premium or discount	(104,582)	(159,839)
	$ 1,021,994,720	$ 934,613,524

As of December 31, 2015 and 2014, the loan and credit balances of the Bank, for which the accrual of interest revenues was discontinued, amounted to $581,578 thousand and $1,341,008 thousand, respectively. The unrecognized interest revenues on these loans and credits of the Bank were $29,470 thousand and $25,891 thousand for the years ended December 31, 2015 and 2014, respectively.

The allowances for possible losses on discounts and loans assessed for impairment as of December 31, 2015 and 2014 were as follows:

Items		December 31, 2015		December 31, 2014	
		Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses
With objective evidence of impairment	Assessment for individual impairment	$ 1,710,249	$ 1,108,977	$ 2,290,967	$ 1,450,810
	Assessment for collective impairment	2,939,081	1,686,102	2,448,652	734,497
With no objective evidence of impairment	Assessment for collective impairment	1,030,301,992	10,056,941	940,575,239	8,356,188
Total		1,034,951,322	12,852,020	945,314,858	10,541,495

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31	
	2015	2014
Balance, January 1	$ 10,541,495	$ 9,207,459
Provision for possible losses	3,701,452	2,166,328
Write-offs	(2,042,155)	(1,587,563)
Recovery of written-off credits	583,704	682,043
Effects of exchange rate changes and other changes	67,524	73,228
Balance, December 31	$ 12,852,020	$ 10,541,495

The bad-debt expenses and provision for losses on guarantees in 2015 and 2014 were as follows:

	For the Year Ended December 31	
	2015	2014
Provision (reversal of provision) for possible losses on call loans to other banks	$ (8,243)	$ 11,986
Provision for possible losses on discounts and loans	3,701,452	2,166,328
Reversal of provision for possible losses on receivables	(136,069)	(146,399)
Provision for possible losses on remittance	100	-
Provision for possible losses on guarantees	8,549	1,774
	$ 3,565,789	$ 2,033,689

The FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions. Thus, the Bank made this required minimum provision in 2015. As of December 31, 2015, the Bank was in compliance with the FSC's provision requirement for both type of credit assets.

12.AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	December 31	
	2015	2014
Government bonds	$ 56,462,559	$ 29,921,676
Bank debentures	44,605,100	28,730,334
Corporate bonds	23,644,070	23,574,735
Listed stocks	3,621,445	2,409,013
Overseas bonds	1,427,117	149,000
Beneficial securities under securitization	16,038	31,239
	$ 129,776,329	$ 84,815,997

As of December 31, 2015 and 2014, the available-for-sale financial assets, which amounted to $7,970,663 thousand and $12,624,083 thousand, respectively, had been sold under repurchase agreements.

13. HELD-TO-MATURITY FINANCIAL ASSETS, NET

	December 31	
	2015	2014
Overseas bonds	$ 3,060,784	$ 2,799,331
Government bonds	1,721,935	2,047,006
Corporate bonds	441,320	854,660
Overseas certificates of deposits	65,800	63,340
Bank debentures	-	130,085
Beneficial securities under securitization	-	21,370
	$ 5,289,839	$ 5,915,792

As of December 31, 2015 and 2014, the held-to-maturity financial assets, which amounted to $253,680 thousand and $524,691 thousand, respectively, had been sold under repurchase agreements.

In 2015, the Company disposed of some debt instruments because of the severe deterioration of debtors' credits and other concerns. However, the amount disposed of was only a small portion of the held-to-maturity financial assets, and the Company had no intention to reclassify the rest of these investments. As of December 31, 2015, the accumulated disposal amounts from the past three years were $21,067 thousand, and the accumulated realized losses on disposal were $2,154 thousand. The accumulated disposal amounts were 0.40% of held-to-maturity financial assets as of December 31, 2015.

14. OTHER FINANCIAL ASSETS, NET

	December 31	
	2015	2014
Due from banks	$ 39,029,667	$ 48,459,440
Debt instruments with no active market, net	987,000	950,100
Financial assets carried at cost, net	542,473	546,373
Others	3,990	5,189
	$ 40,563,130	$ 49,961,102

Financial assets carried at cost were unlisted common stocks with no quoted market prices in an active market and with fair values that could not be reliably measured. Thus, these assets were measured at cost less accumulated impairment.

Debt instruments with no active market were as follows:

	December 31	
	2015	2014
Corporate bonds	$ 658,000	$ 950,100
Bank debentures	329,000	-
	$ 987,000	$ 950,100

Due from banks were deposits with restriction on early termination and time deposits with maturities longer than three months.

15.PROPERTIES AND EQUIPMENT, NET

	December 31 2015	December 31 2014
Carrying amount		
Land	$ 12,894,076	$ 12,158,369
Buildings	5,318,373	5,239,620
Computers	1,437,767	1,072,516
Transportation equipment	208,446	190,208
Miscellaneous equipment	985,794	669,756
Prepayments for properties and equipment	5,272,606	916,967
	$ 26,117,062	$ 20,247,436

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
Cost							
Balance, January 1, 2015	$ 12,158,369	$ 7,852,525	$ 3,373,480	$ 636,714	$ 2,105,298	$ 916,967	$ 27,043,353
Addition	396,793	275,002	619,231	63,752	429,392	4,671,508	6,455,678
Disposal	(4,052)	(618)	(179,571)	(41,060)	(41,451)	-	(266,752)
Net exchange difference	10,944	2,947	2,230	1,994	982	4,356	23,453
Reclassification and others	332,022	176,141	46,156	1,051	89,377	(320,225)	324,522
Balance, December 31, 2015	$ 12,894,076	$ 8,305,997	$ 3,861,526	$ 662,451	$ 2,583,598	$ 5,272,606	$ 33,580,254
Balance, January 1, 2014	$ 11,526,220	$ 7,232,924	$ 3,199,259	$ 595,572	$ 1,888,707	$ 419,613	$ 24,862,295
Addition	442,029	422,457	428,704	80,670	268,190	822,155	2,464,205
Disposal	(28,038)	(27,270)	(259,250)	(42,761)	(57,237)	-	(414,556)
Net exchange difference	16,327	2,817	3,018	3,233	4,748	1,115	31,258
Reclassification and others	201,831	221,597	1,749	-	890	(325,916)	100,151
Balance, December 31, 2014	$ 12,158,369	$ 7,852,525	$ 3,373,480	$ 636,714	$ 2,105,298	$ 916,967	$ 27,043,353

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
Accumulated depreciation and impairment						
Balance, January 1, 2015	$ -	$ (2,612,905)	$ (2,300,964)	$ (446,506)	$ (1,435,542)	$ (6,795,917)
Disposal	-	535	179,568	39,726	41,431	261,260
Depreciation expenses	-	(326,179)	(300,873)	(45,644)	(202,252)	(874,948)
Net exchange difference	-	(687)	(1,490)	(1,581)	(1,441)	(5,199)
Reclassification and others	-	(48,388)	-	-	-	(48,388)
Balance, December 31, 2015	$ -	$ (2,987,624)	$ (2,423,759)	$ (454,005)	$ (1,597,804)	$ (7,463,192)
Balance, January 1, 2014	$ -	$ (2,296,043)	$ (2,312,197)	$ (437,787)	$ (1,329,600)	$ (6,375,627)
Disposal	-	6,411	259,170	39,666	57,105	362,352
Depreciation expenses	-	(318,438)	(245,593)	(46,246)	(159,221)	(769,498)
Net exchange difference	-	(487)	(2,344)	(2,139)	(3,826)	(8,796)
Reclassification and others	-	(4,348)	-	-	-	(4,384)
Balance, December 31, 2014	$ -	$ (2,612,905)	$ (2,300,964)	$ (446,506)	$ (1,435,542)	$ (6,795,917)

Depreciation is calculated by the straight-line method over service lives estimated as follows:

Buildings	
Main buildings	20 to 50 years
Equipment installed in buildings	10 to 15 years
Computers	3 to 8 years
Transportation equipment	4 to 10 years
Miscellaneous equipment	4 to 20 years

16.INVESTMENT PROPERTIES, NET

	December 31	
	2015	2014
Land	$ 635,176	$ 735,097
Buildings	120,559	188,736
	$ 755,735	$ 923,833

	Land	Buildings	Total
Cost			
Balance, January 1, 2015	$ 735,109	$ 256,917	$ 992,026
Addition	196,799	37,906	234,705
Disposal	(7,898)	(578)	(8,476)
Reclassification	(288,827)	(146,617)	(435,444)
Balance, December 31, 2015	$ 635,183	$ 147,628	$ 782,811
Balance, January 1, 2014	$ 817,354	$ 306,190	$ 1,123,544
Disposal	(9,863)	(753)	(10,616)
Reclassification	(72,382)	(48,520)	(120,902)
Balance, December 31, 2014	$ 735,109	$ 256,917	$ 992,026

	Land	Buildings	Total
Accumulated depreciation and impairment			
Balance, January 1, 2015	$ (12)	$ (68,181)	$ (68,193)
Depreciation expenses	-	(7,823)	(7,823)
Disposal	-	373	373
Reversal of impairment losses recognized in profit or loss	5	175	180
Reclassification	-	48,387	48,387
Balance, December 31, 2015	$ (7)	$ (27,069)	$ (27,076)
Balance, January 1, 2014	$ (282)	$ (65,914)	$ (66,196)
Depreciation expenses	-	(7,412)	(7,412)
Disposal	-	753	753
Reversal of impairment losses recognized in profit or loss	270	44	314
Reclassification	-	4,348	4,348
Balance, December 31, 2014	$ (12)	$ (68,181)	$ (68,193)

(Concluded)

Investment properties (except for land) are depreciated through 50 years on a straight-line basis.

As of December 31, 2015 and 2014, the fair values of investment properties were $1,464,467 thousand and $2,251,135 thousand, respectively. According to amount, the fair values were based on the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), or the comparison of price of the comparable property from the Bank's appraisal center.

The revenues generated from the investment properties are summarized as follows:

	For the Year Ended December 31	
	2015	2014
Rental income from investment properties	$ 28,762	$ 38,842
Direct operating expenses of investment properties that generate rental income	(6,607)	(6,466)
Direct operating expenses of investment properties that do not generate rental income	(6,827)	(7,777)
	$ 15,328	$ 24,599

17. INTANGIBLE ASSETS, NET

	December 31	
	2015	2014
Goodwill	$ 4,465,432	$ 4,440,753
Computer software	693,149	423,938
Banking licenses	524,821	505,200
Core deposits	190,813	244,684
Customer relationship	6,957	7,492
	$ 5,881,172	$ 5,622,067

	Goodwill	Computer Software	Core Deposits	Customer Relationship	Banking Licenses	Total
Balance, January 1, 2015	$ 4,440,753	$ 423,938	$ 244,684	$ 7,492	$ 505,200	$ 5,622,067
Separate acquisition	-	403,702	-	-	-	403,702
Amortization expenses	-	(245,509)	(60,234)	(535)	-	(306,278)
Reclassification	-	110,923	-	-	-	110,923
Net exchange difference	24,679	95	6,363	-	19,621	50,758
Balance, December 31, 2015	$ 4,465,432	$ 693,149	$ 190,813	$ 6,957	$ 524,821	$ 5,881,172
Balance, January 1, 2014	$ 4,404,709	$ 330,395	$ 277,983	$ 8,027	$ 475,178	$ 5,496,292
Separate acquisition	-	249,641	-	-	-	249,641
Amortization expenses	-	(176,958)	(46,994)	(535)	-	(224,487)
Reclassification	-	20,751	-	-	-	20,751
Net exchange difference	36,044	109	13,695	-	30,022	79,870
Balance, December 31, 2014	$ 4,440,753	$ 423,938	$ 244,684	$ 7,492	$ 505,200	$ 5,622,067

The above intangible assets with limited useful lives are amortized on a straight-line basis by the useful lives as follows:

Computer software	3-4 years
Core deposits	5-16 years
Customer relationship	17 years

In testing assets for impairment, the Company uses as recoverable amounts (a) value in use for an operating segment defined as a cash-generating unit (CGU) and (b) net fair value for an investment property. Goodwill on the acquisition of UCB, the subsidiary, the Kaohsiung Business Bank Co., Ltd., Chu Nan Credit-Cooperative Association and Chiayi The Fourth Credit Cooperative was allocated to operating segments (CGUs with allocated goodwill). The Company estimates the next five years' cash flows of a CGU by taking into consideration the actual performance of each CGU, business cycle, etc. under the going-concern assumption. The discounted present value of cash flows is used to determine the value in use of each CGU. The discount rates for future cash flows of CGUs were determined using the capital asset pricing model (CAPM). The testing for asset impairment showed that no impairment losses had been incurred.

18.OTHER ASSETS, NET

	December 31	
	2015	2014
Refundable deposits, net	$ 4,636,576	$ 2,619,932
Prepaid expenses	190,525	178,861
Others	20,311	26,873
	$ 4,847,412	$ 2,825,666

19.DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2015	2014
Call loans from banks	$ 63,883,482	$ 50,004,942
Deposits from Chunghwa Post Co., Ltd.	3,393,345	3,599,441
Due to banks	2,575,087	2,594,799
Bank overdraft	305,120	1,019,808
Call loans from the Central Bank	987,000	950,100
Due to the Central Bank	26,096	30,531
	$ 71,170,130	$ 58,199,621

20.SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for $8,034,391 thousand and $13,117,523 thousand under repurchase agreements as of December 31, 2015 and 2014, respectively, would subsequently be purchased for $8,069,478 thousand and $13,165,426 thousand, respectively.

21. PAYABLES

	December 31	
	2015	2014
Checks for clearing	$ 3,224,135	$ 5,665,826
Accounts payable	3,023,822	1,293,346
Accrued expenses	2,709,779	2,394,397
Accrued interest	1,992,922	2,020,517
Factored accounts payable	1,800,560	1,801,559
Acceptances	1,576,654	1,904,700
Collections payable	699,582	656,145
Payables on credit cards	559,364	629,735
Tax payable	276,460	291,319
Others	2,209,886	1,603,546
	$ 18,073,164	$ 18,261,090

22. DEPOSITS AND REMITTANCES

	December 31	
	2015	2014
Deposits		
Checking	$ 12,459,207	$ 14,196,225
Demand	406,254,365	319,792,368
Savings - demand	420,709,502	363,486,698
Time	344,390,558	324,658,908
Negotiable certificates of deposits	1,378,600	1,671,500
Savings - time	264,452,817	252,104,708
Treasury deposits	8,581,748	8,341,507
Remittances	859,308	475,698
	$ 1,459,086,105	$ 1,284,727,612

23. BANK DEBENTURES

Bonds issued by the Bank were as follows:

	December 31	
	2015	2014
Bonds issued on June 24, 2005; 2.75% interest, payable annually; principal repayable on maturity (10 years after the issue date).	$ -	$ 5,000,000
Subordinated bonds issued on February 15, 2008; 3.10% interest, payable annually; principal repayable on maturity (7 years after the issue date).	-	2,300,000
Subordinated bonds issued on October 24, 2008; 3.15% interest, payable annually; principal repayable on maturity (7 years after the issue date).	-	300,000
Two types of subordinated bonds issued on April 3, 2009; interest rate at (a) 2.15% for Type A bond and (b) 2.50% for Type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for Type A bond and 7 years for Type B bond after the issue date).	300,000	300,000
Subordinated bonds issued on July 17, 2009; 2.50% interest payable annually; principal repayable on maturity (7 years after the issue date).	900,000	900,000
Subordinated bonds issued on October 20, 2009; 2.35% interest payable annually; principal repayable on maturity (7 years after the issue date).	1,500,000	1,500,000
Subordinated bonds issued on May 28, 2010; 2.20% interest payable annually; principal repayable on maturity (7 years after the issue date).	3,000,000	3,000,000
Subordinated bonds issued on July 13, 2010; 2.20% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,500,000	2,500,000
Subordinated bonds issued on May 24, 2011; 1.73% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,100,000	2,100,000

(Continued)

	December 31	
	2015	2014
Subordinated bonds issued on October 28, 2011; 1.80% interest payable annually; principal repayable on maturity (7 years after the issue date).	$ 2,900,000	$ 2,900,000
Subordinated bonds issued on April 27, 2012; 1.58% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,280,000	2,280,000
Subordinated bonds issued on June 28, 2012; 1.68% interest payable annually; principal repayable on maturity (10 years after the issue date).	2,720,000	2,720,000
Two types of subordinated bonds issued on August 27, 2012; interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	8,000,000	8,000,000
Two types of subordinated bonds issued on May 24, 2013; interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,300,000	2,300,000
Subordinated bonds issued on August 28, 2013; 1.75% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,700,000	2,700,000
Two types of subordinated bonds issued on December 19, 2013; interest rate at (a) 1.75% for type A bond and (b) 1.85% for type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for type A bond and 7 years for type B bond after the issue date).	1,500,000	1,500,000
Two types of subordinated bonds issued on March 7, 2014; interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date)	3,500,000	3,500,000
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	5,000,000	-
Two types of subordinated bonds issued on September 29, 2015; interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,750,000	-
	$44,950,000	$ 43,800,000

(Concluded)

To eliminate the accounting mismatch, the Bank designated the bank debentures as at fair value through profit or loss, which are summarized below:

	December 31	
	2015	2014
Unsecured bonds USD-denominated issued in 2014	$ 10,623,138	$ 9,794,493
Unsecured USD-denominated subordinated bonds issued in 2015	2,897,425	-
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued in 2015	2,789,284	-
Unsecured USD-denominated subordinated bonds issued in 2015	2,133,291	-
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued in 2015	1,326,777	-
	$ 19,769,915	$ 9,794,493

On August 27, 2014, the Bank issued bank debentures amounting to US$300,000 thousand with a 20-year maturity and 0% interest rate. The Bank may either redeem the bonds at an agreed-upon price every August 27 after two years from the issue date, or make bond repayments on the maturity date.

On May 27, 2015, the Bank issued unsecured subordinated bank debentures amounting to US$85,000 thousand with a 30-year maturity and 0% interest rate. Under the Regulations Governing Issuance of Bank Debentures by Banks and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On May 27, 2015, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$85,000 thousand with no maturity date and with a 4.97% interest payable annually on July 1 under certain interest payment conditions. Under the Regulations Governing Issuance of Bank Debentures by Banks and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On October 28, 2015, the Bank issued unsecured subordinated bank debentures amounting to US$63,000 thousand with a 30-year maturity and 0% interest rate. Under the Regulations Governing Issuance of Bank Debentures by Banks and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On October 28, 2015, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$43,000 thousand with no maturity date and with a 5.10% interest payable annually on July 1 under certain interest payment conditions. Under the Regulations Governing Issuance of Bank Debentures by Banks and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

To hedge against its exposure to interest rate risk due to the issuance of the above bank debentures, the Bank entered into interest rate swap (IRS) contracts, which are measured at fair value. The changes in fair value of the IRS contracts are recognized in profit or loss. To eliminate an accounting mismatch, the Bank also designated the bank debentures as at fair value through profit or loss.

On January 22, 2016, the Bank issued unsecured subordinated bank debentures amounting to US$240,000 thousand with a 30-year maturity and 0% interest rate. Under the Regulations Governing Issuance of Bank Debentures by Banks and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On January 22, 2016, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$240,000 thousand with no maturity date and with a 5.10% interest payable annually on July 1 under certain interest payment conditions. Under the Regulations Governing Issuance of Bank Debentures by Banks and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

To increase the Bank's capital adequacy ratio and to strengthen its capital structure, the Bank applied for the issuance of unsecured foreign currency-denominated noncumulative perpetual subordinated bank debentures and long-term subordinated bank debentures amounting to US$1,000,000 thousand; and subordinated bank debentures amounting to NT$5,000,000 thousand. The applications were approved by the FSC on March 18, 2015 and September 10, 2015, respectively.

As of the date of the consolidated financial statements were authorized for issue, debentures amounting to NT$1,250,000 thousand had not yet been issued.

To increase the Bank's capital adequacy ratio and to strengthen its capital structure, the Bank's board approved the issuance of noncumulative perpetual subordinated bank debentures and long-term subordinated bank debentures amounting up to NT$10,000,000 thousand (equivalent to foreign currency) in the meeting on March 18, 2016. The Bank is going to apply for the approval of this issuance to the FSC.

24. OTHER FINANCIAL LIABILITIES

	December 31	
	2015	2014
Long-term borrowing	$ 723,800	$ 380,040
Principal of structured products	465,090	1,581,896
Short-term borrowing	378,350	-
Guarantee deposits received	296,793	387,364
Appropriations for loans	2	-
	$ 1,864,035	$ 2,349,300

25. PROVISIONS

	December 31	
	2015	2014
Provision for employee benefits	$ 287,536	$ 174,299
Provision for losses on guarantees	160,947	152,262
Others	22,899	22,625
	$ 471,382	$ 349,186

26. RETIREMENT BENEFIT PLAN

a. Defined contribution plan

The pension mechanism under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Under the Act, the Company makes monthly contribution equal to 6% of each employee's monthly salary to employees' pension accounts in the Bureau of Labor Insurance.

The Company recognized expenses of $236,877 thousand and $210,737 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2015 and 2014 in accordance with the defined contribution plan.

b. Defined benefit plan

The Company has a defined benefit pension plan for all regular employees. Under this plan, the pension is calculated on the basis of an employee's seniority accumulated since the hire date in accordance with the Labor Standards Act.

The Company makes monthly contributions, equal to 2% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan under management of Bureau of Labor Funds, Ministry of Labor (the "Bureau"). The difference between the contributions and the pension costs based on actuarial calculations is deposited in a financial institution in the name of the employees' pension fund administration committee. Starting from July 1, 2005, the Company has made monthly contributions to the pension fund by the foregoing pension calculation for the employees that choose to continue being subject to the Labor Standards Act.

The pension fund is managed by the Bureau and the Company has no right to influence the investment policy and strategy. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2015	**2014**
Present value of defined benefit obligation	$ 1,673,966	$ 1,507,105
Fair value of plan assets	(1,386,430)	(1,332,806)
Net defined benefit liability (part of provision for employee benefits)	$ 287,536	$ 174,299

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Total**
Balance at January 1, 2014	$ 1,501,944	$ (1,249,045)	$ 252,899
Service cost			
Current service cost	22,174	-	22,174
Net interest expense (income)	30,039	(25,396)	4,643
Recognized in profit or loss	52,213	(25,396)	26,817
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (49,714)	$ (49,714)
Actuarial gain - changes in financial assumptions	(11,920)	-	(11,920)
Actuarial gain - experience adjustments	(7,162)	-	(7,162)
Recognized in other comprehensive income	(19,082)	(49,714)	(68,796)
Contributions from the employer	-	(36,621)	(36,621)
Benefits paid	(27,970)	27,970	-
Balance at December 31, 2014	1,507,105	(1,332,806)	174,299
Service cost			
Current service cost	21,394	-	21,394
Net interest expense (income)	30,585	(27,391)	3,194
Recognized in profit or loss	51,979	(27,391)	24,588
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(37,988)	(37,988)
Actuarial loss - changes in financial assumptions	112,000	-	112,000
Actuarial loss - experience adjustments	51,637	-	51,637
Recognized in other comprehensive income	163,637	(37,988)	125,649
Contributions from the employer	-	(37,000)	(37,000)
Benefits paid	(48,755)	48,755	-
Balance at December 31, 2015	$ 1,673,966	$ (1,386,430)	$ 287,536

(Concluded)

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	**2014**
Discount rate	1.60%	2.05%
Expected rates of return on plan assets	1.60%	2.05%
Expected rates of future salary increase	2.50%	2.50%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31, 2015
Discount rate(s)	
0.25% increase	$ (63,420)
0.25% decrease	$ 66,571
Expected rate(s) of salary increase	
0.25% increase	$ 64,762
0.25% decrease	$ (62,064)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As of December 31, 2015 and 2014, the expected contributions to the plan for the next year was $37,500 thousand and $37000 thousand, respectively. The average duration of the defined benefit obligation was 15.60 years and 15.82 years, respectively.

27.OTHER LIABILITIES

	December 31	
	2015	2014
Advance receipts	$ 1,201,359	$ 1,128,443
Deferred revenue	431,043	388,031
Others	7,182	12,372
	$ 1,639,584	$ 1,528,846

28.NET INTEREST

	For the Year Ended December 31	
	2015	2014
Interest revenue		
From discounts and loans	$ 23,070,422	$ 20,668,098
From investments	2,038,332	1,654,711
From due from banks and call loans to banks	2,016,183	1,999,796
From revolving interests of credit cards	1,872,826	2,024,464
Others	638,425	483,801
	29,636,188	26,830,870
Interest expense		
From deposits	(10,657,002)	(9,731,277)
From issuing bank debentures	(829,742)	(942,931)
From due to the Central Bank and other banks	(651,346)	(556,197)
Others	(247,340)	(314,396)
	(12,385,430)	(11,544,801)
	$ 17,250,758	$ 15,286,069

29.SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2015	2014
Service fee income		
From credit cards	$ 4,435,757	$ 4,036,467
From trust business	3,121,624	2,660,330
From cross-selling	2,674,390	1,733,627
From loans	1,626,514	1,286,787
Others	1,526,893	1,599,591
	13,385,178	11,316,802
Service charge		
From agency	(632,732)	(616,416)
From cross-bank transactions	(290,201)	(257,825)
From computer processing	(300,492)	(237,440)
Others	(305,763)	(294,697)
	(1,529,188)	(1,406,378)
	$ 11,855,990	$ 9,910,424

30. GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31, 2015				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Held-for-trading financial assets	$ 14,287	$ 1,895,453	$ 4,403,560	$ 1,490,599	$ 7,803,899
Financial assets designated as at fair value through profit or loss	-	2,225,387	29,568	(119,181)	2,135,774
Held-for-trading financial liabilities	-	-	(2,139,718)	(336,801)	(2,476,519)
Financial liabilities designated as at fair value through profit or loss	-	(636,447)	-	196,679	(439,768)
	$ 14,287	$ 3,484,393	$ 2,293,410	$ 1,231,296	$ 7,023,386

	For the Year Ended December 31, 2014				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Held-for-trading financial assets	$ 4,917	$ 1,900,626	$ 1,037,024	$ 2,208,599	$ 5,151,166
Financial assets designated as at fair value through profit or loss	-	1,356,570	41,280	13,350	1,411,200
Held-for-trading financial liabilities	-	-	(750,974)	(2,267,960)	(3,018,934)
Financial liabilities designated as at fair value through profit or loss	-	(155,662)	-	(114,385)	(270,047)
	$ 4,917	$ 3,101,534	$ 327,330	$ (160,396)	$ 3,273,385

31. EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2015	2014
Employee benefit		
Salaries	$ 7,166,049	$ 6,616,684
Insurance	490,785	443,972
Excessive interest from preferential rates	156,741	143,698
Retirement benefits	261,465	237,554
Others	404,440	358,010
Depreciation expenses	882,771	776,910
Amortization expenses	309,572	227,909

For the year ended December 31, 2014, the bonus to employees and remuneration to directors under the Bank's Articles of Incorporation amended before January 8, 2016, which totaled $429,025 thousand were accrued on the basis of past experience. To comply with the Company Act as amended in May 2015, the stockholders approved the amendment of the Articles of Incorporation of the Bank on January 8, 2016. The amended Articles of Incorporation of the Bank stipulate the distribution of employees' compensation and remuneration to directors at 3% and at no higher than 0.6%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors (this distribution may be made only if any accumulated deficits have been canceled). For the year ended December 31, 2015, the employees' compensation and the remuneration to directors were $418,948 thousand and $80,000 thousand, respectively. The board of directors resolved in their meeting to distribute $418,948 thousand as the employees' compensation and $79,000 thousand as the remuneration to directors in cash for the year ended December 31, 2015 on March 18, 2016 and a report of such distribution shall be submitted to the shareholders' meeting.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus/compensation and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The bonus to employees and the remuneration to directors for 2014 and 2013, which were approved in the stockholders' meetings on April 24, 2015 and April 25, 2014, respectively, were as follows:

	2014	2013
Bonus to employees - cash	$ 357,151	$ 315,851
Remuneration to directors - cash	67,000	63,170

The differences between the amounts of the bonus to employees and the remuneration to directors for 2014 and 2013, which were approved in the stockholders' meeting, and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014 and 2013, respectively, were both resulted from changes of the estimation. The differences were recognized in profit and loss for the years ended December 31, 2015 and 2014, respectively.

Information on the bonus to employees resolved in the Bank's stockholders' meeting or employees' compensation is available on the Market Observation Post System website of the Taiwan Stock Exchange (http://emops.tse.com.tw).

32.INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current tax		
Current year	$ 1,787,957	$ 1,634,939
Additional 10% income tax on unappropriated earnings	-	8,392
Prior year's adjustments	(6,918)	215,198
	1,781,039	1,858,529
Deferred tax		
Current year	11,155	85,281
Prior year's adjustments	(468)	(130,158)
	10,687	(44,877)
Income tax expense recognized in profit or loss	$ 1,791,726	$ 1,813,652

A reconciliation of accounting profit and current income tax expenses were as follows:

	For the Year Ended December 31	
	2015	2014
Income before tax from continuing operations	$ 13,762,938	$ 12,104,552
Income tax expense at the 17% statutory rate	$ 2,339,699	$ 2,057,774
Nondeductible expenses in determining taxable income	60,512	101,650
Tax-exempt income	(828,698)	(702,296)
Additional income tax under the Alternative Minimum Tax Act	233,496	48,917
Additional 10% income tax on unappropriated earnings	-	8,392
Land revaluation increment tax	493	-
Unrecognized deductible temporary differences	(94,647)	140,154
Effect of different tax rate of overseas branches operating in other jurisdictions	88,257	74,021
Adjustments for prior year's income tax	(7,386)	85,040
Income tax expense recognized in profit or loss	$ 1,791,726	$ 1,813,652

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
Deferred tax		
Recognized in other comprehensive income:		
Exchange differences on the translation of financial statements of foreign operations	$ 103,557	$ 140,456
Unrealized gains or losses on available-for-sale financial assets	(6,329)	9,016
Total income tax expenses recognized in other comprehensive income	$ 97,228	$ 149,472

c.Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Consolidated tax return receivables	$ -	$ 138,082
Current tax liabilities		
Consolidated tax return payables	$ 755,881	$ 721,810
Income tax payable	135,031	141,298
	$ 890,912	$ 863,108

d. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities were as follows:

For the year ended December 31, 2015

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Others	Closing Balance
Temporary differences						
Financial instruments at fair value through profit or loss	$ 53,742	$ 61,088	$ -	$ -	$ -	$ 114,830
Allowance for possible losses	-	266,220	-	-	-	266,220
Available-for-sale financial assets	1,490	-	6,808	-	-	8,298
Other financial assets	3,383	(521)	-	-	-	2,862
Investment properties	66	(30)	-	-	-	36
Properties and equipment	3,410	266	-	-	-	3,676
Foreclosed collaterals	2,133	-	-	-	-	2,133
Other assets	107	-	-	-	-	107
Payable for annual leave	34,705	3,823	-	-	-	38,528
Other liabilities	14,009	6,061	-	-	-	20,070
Others	341	167	-	18	-	526
	113,386	337,074	6,808	18	-	457,286
Unused loss carryforward	-	27,339	-	(377)	-	26,962
	$ 113,386	$ 364,413	$ 6,808	$ (359)	$ -	$ 484,248

(Continued)

Deferred tax liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Others	Closing Balance
Temporary differences						
Available-for-sale financial assets	$ 8,095	$ 220	$ 479	$ 43	$ -	$ 8,837
Properties and equipment	279	4,105	-	137	-	4,521
Financial instruments at fair value through profit or loss	-	355,047	-	-	-	355,047
Share of profit of subsidiaries, accounted for using the equity method	30,119	10,607	-	-	-	40,726
Intangible assets	512,550	4,850	-	-	-	517,400
Unrealized foreign exchange gains	19,018	739	-	2	-	19,759
Provision of land revaluation increment tax	91,495	(468)	-	-	(517)	90,510
Exchange differences on foreign operations	119,972	-	103,557	-	-	223,529
	$ 781,528	$ 375,100	$ 104,036	$ 182	$ (517)	$ 1,260,329

(Concluded)

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Financial instruments at fair value through profit or loss	$ 10,489	$ 43,253	$ -	$ -	$ 53,742
Allowance for possible losses	104,702	(104,702)	-	-	-
Available-for-sale financial assets	5,815	-	(4,325)	-	1,490
Share of profit of subsidiaries, accounted for using the equity method	37	(37)	-	-	-
Other financial assets	3,383	-	-	-	3,383
Investment properties	74	(8)	-	-	66
Properties and equipment	2,731	679	-	-	3,410
Foreclosed collaterals	2,133	-	-	-	2,133
Other assets	107	-	-	-	107
Payable for annual leave	31,671	3,034	-	-	34,705
Other liabilities	-	14,009	-	-	14,009
Exchange differences on foreign operations	20,484	-	(20,484)	-	-
Others	372	(52)	-	21	341
	$ 181,998	$ (43,824)	$ (24,809)	$ 21	$ 113,386

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
Deferred tax liabilities					
Temporary differences					
Available-for-sale financial assets	$ 3,181	$ 173	$ 4,691	$ 50	$ 8,095
Properties and equipment	394	(135)	-	20	279
Share of profit of subsidiaries, accounted for using the equity method	-	30,119	-	-	30,119
Intangible assets	632,232	(119,682)	-	-	512,550
Unrealized foreign exchange gains	18,161	824	-	33	19,018
Provision of land revaluation increment tax	91,585	(90)	-	-	91,495
Exchange differences on foreign operations	-	-	119,972	-	119,972
	$ 745,553	$ (88,791)	$ 124,663	$ 103	$ 781,528

(Concluded)

e. Unrecognized deferred tax assets

	December 31	
	2015	2014
Deductible temporary difference	$ 1,829,255	$ 2,408,905

f. Imputed tax credit is summarized as follows:

	December 31	
	2015	2014
Balance of the imputation credit account (ICA)	$ 34,205	$ 19,166

For the distribution of the 2014 earnings, the actual creditable ratios were 0.19% and 0.18% for cash dividends and stock dividends, respectively. For the distribution of the 2015 earnings, the Bank estimates the creditable ratios were 0.29% for both cash dividends and stock dividends.

The actual stockholders' imputation credits should be based on the balance of the ICA as of the dividend distribution date. As a result, the estimated 2015 creditable ratios may differ from the actual creditable ratios.

g. The unappropriated earnings generated before January 1, 1998 as of December 31, 2015 and 2014 was zero at each period-end date.

h. The income tax returns through 2009 had been examined by the tax authorities. For the aggregate amount of goodwill amortization of $5,301,760 thousand, which resulted from the Bank's acquisition of Kaohsiung Business Bank Co., Ltd. (KBB) and was reported in the income tax returns for 2004 to 2008, the tax authorities disapproved the related expense because the authorities considered the goodwill on the purchase of KBB's assets, liabilities and operations as having resulted mainly from a subsidy authorized by the Executive Yuan to be released from the Resolution Trust Corporation fund and not the Bank's use of its own cash. The Bank disagreed with the tax authorities' decision and initiated an administrative litigation against the examined income tax returns from 2004 to 2008. The bank consulted the authorities and requested recognition of part of the amortization expenses on goodwill reported in the income tax returns from 2004 to 2009; nevertheless, the Bank had accrued the estimated income tax expense. The tax authorities have reexamined the income tax returns from 2004 to 2008 in accordance with the results of their consultation.

33. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share were as follows:

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
For the year ended December 31, 2015			
Basic earnings per share Net income	$ 11,908,600	6,625,315	$ 1.80
For the year ended December 31, 2014			
Basic earnings per share Net income	$ 10,214,124	6,270,322	$ 1.63

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The basic earnings per share after income tax were retrospectively adjusted as followings:

Unit: NT$ Per Share

	For the Year Ended December 31, 2014	
	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 1.74	$ 1.63

34. EQUITY

a. Capital stock

Common stock

	December 31	
	2015	**2014**
Authorized number of shares (in thousands)	6,684,000	6,136,000
Authorized capital	$ 66,840,000	$ 61,360,000
Number of shares issued (in thousands)	6,684,000	6,136,000
Common stock issued	$ 66,840,000	$ 61,360,000

Common stock issued has a NT$10 par value. Each share has one voting right and the right to receive dividends.

On January 24, 2014, the board of directors of the Bank resolved to increase its capital by $2,324,000 thousand through private placement, to issue 140,000 thousand shares at NT$16.60 per share. ESFHC subscribed for all the new shares. This issuance was approved by the Ministry of Economic Affairs (MOEA).

On April 25, 2014, the board of directors of the Bank resolved to increase its capital by $9,560,000 thousand through private placement, to issue 576,000 thousand shares at NT$16.597222 per share. ESFHC subscribed for all the new shares. This issuance was approved by the MOEA.

The stockholders resolved to use the 2013 unappropriated earnings of $4,350,000 thousand as stock dividends consisting of 435,000 thousand shares on April 25, 2014. This issuance was approved by the MOEA.

On April 24, 2015, the broad of directors of the Bank resolved to increase its capital by $2,380,000 thousand through private placement, to issue 140,000 thousand shares at NT$17.00 per share. ESFHC subscribed for all the new shares. This issuance was approved by the MOEA.

The stockholders resolved to use the 2014 unappropriated earnings of $4,080,000 thousand as stock dividends consisting of 408,000 thousand shares. This issuance was approved by the MOEA.

b. Capital surplus

Under the current or the proposed amended Articles of Incorporation of ESFHC, the employees of ESFHC's subsidiaries could be included in the distribution of bonus to employees or employees' compensation. Thus, the Bank recognized the estimated distribution of share bonus to the Bank's employees or employees' stock compensation under both salary expenses and capital surplus at $334,938 thousand and $277,232 thousand for the years ended December 31, 2015 and 2014, respectively. If the actual distribution of share bonus to the Bank's employees or employees' stock compensation differ from the estimated distribution, this change should be treated as a change in accounting estimate, and the related accrued expenses and capital surplus should be adjusted in the year of ESFHC's stockholders' approval of the distribution. The distributions of share bonus of 2014 and 2013 to the Bank's employees resolved by ESFHC's stockholders were $276,308 thousand and $228,759 thousand, respectively. The differences resulted from changes in accounting estimate were adjusted in profit or loss for the years ended December 31, 2015 and 2014.

Under the related regulations, capital surplus may be used to offset a deficit. Capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be transferred to common stock on the basis of the percentage of shares held by the stockholders. Any capital surplus transferred to common stock should be within a certain percentage prescribed by law. The foregoing capital surplus may be distributed as cash dividends as well.

Capital surplus arising from equity investments under the equity method should not be distributed for any purpose.

In their meeting on March 5, 2014, ESFHC's board of directors resolved to increase its capital by issuing new shares and reserved 15% of the new shares for the subscription by the employees of ESFHC and its subsidiaries. The Bank recognized $250,449 thousand, the fair value of the options on the grant date, under salary expenses for share-based payment and under capital surplus for the year ended December 31, 2014.

c. Special reserve
Under FSC guidelines, the Bank reclassified the trading loss reserve of $83,866 thousand accrued until December 31, 2010 to special reserve. This special reserve may be used to offset deficit. If the Bank has no deficit and the special reserve exceeds 50% of the Bank's paid-in capital, half of the excess may be used to issue new shares. Furthermore, when the special reserve exceeds the Bank's paid-in capital, the Bank may, under the FSC's approval, reclassify the excess back to unappropriated earnings.

d. Appropriation of earnings
The Bank's Articles of Incorporation provide that the following should be appropriated from the annual net income less any accumulated deficit:

1) The Articles of Incorporation (before revision on April 25, 2014)

a) 30% as legal reserve;

b) Special reserve, if needed; and

c) From any remainder -

i. 94% as dividends;

ii. 1% as remuneration to directors; and

iii. 5% as bonus to employees.

The stockholders may decide not to declare any dividends or decide to distribute only a portion of the distributable earnings.

2) The Articles of Incorporation (before revision on January 8, 2016)

a) 30% as legal reserve and special reserve (legal reserve and special reserve are appropriated in accordance with related regulations after revision on April 24, 2015);

b) Special reserve, if needed; and

c) From any remainder and reversal of special reserve:

i. No more than 1% as remuneration to directors;

ii. 5% as bonus to employees; and

iii. For the remainder and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders.

3) The Articles of Incorporation(after revision on January 8, 2016)

a) Legal reserve and special reserve in accordance with related regulations;

b) Special reserve, if needed; and

c) From any remainder, reversal of special reserve and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders.

Under the Bank's dividend policy, the issuance of stock dividends takes precedence over the payment of cash dividends to strengthen the Bank's financial structure. This policy is also intended to improve the Bank's capital adequacy ratio and keep it at a level higher than the ratio set under relevant regulations. When dividends are declared, cash dividends must be at least 10% of total dividends declared, unless the resulting cash dividend per share falls below NT$0.10. However, cash dividends should not be more than 15% of paid-in capital if legal reserve is less than the total paid-in capital.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Bank made consequential amendments to the Bank's Articles of Incorporation on January 8, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and the actual distributions, please refer to Note 31.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Bank's paid-in capital. This reserve should only be used to offset deficit. When the reserve exceeds 25% of the Bank's paid-in capital, the excess may be used to issue new shares or distribute cash dividends. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital. But when the legal reserve equals the Bank's paid-in capital, this 15% limit may be waived.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section (such as exchange differences on the translation of financial statements of foreign operations and unrealized gains or losses on available-for-sale financial assets). The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years and such special reserve should not be appropriated. Afterward, if there is any reversal of the decrease in other stockholders' equity, the Bank is allowed to appropriating retained earnings from the reversal amount.

The imputation credits for stockholders are calculated on the creditable ratio on the date of dividend distribution.

The appropriations from the earnings of 2014 and 2013 were approved in the stockholders' meetings on April 24, 2015 and April 25, 2014, respectively. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2014	2013	2014	2013
Legal reserve	$ 3,061,296	$ 2,547,195		
Cash dividends	3,135,936	1,588,000	$ 0.511	$ 0.31
Stock dividends	4,080,000	4,350,000	0.665	0.85

The appropriation from the earnings of 2015 had been proposed by the Bank's board of directors on March 18, 2016. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 3,517,203	
Cash dividends	2,854,268	$ 0.427
Stock dividends	5,347,000	0.8

Information on earnings appropriation or deficit offsetting can be accessed through the Web site of the Taiwan Stock Exchange (http://emops.tse.com.tw).

e. Non-controlling interests

	For the Year Ended December 31	
	2015	2014
Balance, January 1	$ 784,953	$ 662,686
Attributable to non-controlling interests		
Net income	62,612	76,776
Unrealized gains on available-for-sale financial assets	260	207
Exchange differences on the translation of financial statement of foreign operations	32,414	45,284
Acquisition of non-controlling interests in subsidiary (Note 44)	(146,447)	-
Balance, December 31	$ 733,792	$ 784,953

35.RELATED-PARTY TRANSACTIONS

E.SUN Financial Holding Company, Ltd. (ESFHC) is the parent company of the Bank and the ultimate controller of the E.SUN Group. All transactions, balances, income and expenses between the Bank and the subsidiaries (related parties of the Bank) are eliminated on a consolidated basis. In addition to those mentioned in Table 2 and in other notes, the significant related-party transactions are summarized as follows:

a. Related parties

Related Party	Relationship with the Bank
E.SUN Financial Holding Company, Ltd. (ESFHC)	Parent company
E.SUN Securities Co., Ltd., E.SUN Venture Capital Co., Ltd., E.SUN Insurance Broker Co., Ltd. and E.SUN Securities Investment Consulting Corp.	Sister companies
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation	One third of the funds are donated by the Company
Others	Main management of the parent company (ESFHC) and the Company and other related parties

b. Significant transactions between the Company and related parties

1)Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended December 31, 2015				
Sister companies	$ 367,600	$ -	$ 16	
Key management	231,036	197,219	2,677	
Others	1,735,060	1,565,983	22,771	
	$ 2,333,696	$ 1,763,202	$ 25,464	1.280-2.430
For the year ended December 31, 2014				
Sister companies	204,100	-	9	
Key management	175,160	172,135	1,984	
Others	1,491,820	1,373,252	17,712	
	$ 1,871,080	$ 1,545,387	$ 19,705	1.330-2.417

2)Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Interest Rate (%)
For the year ended December 31, 2015				
Parent company	$ 6,061,714	$ 1,004,970	$ 8,348	
Sister companies	3,784,812	3,219,011	15,965	
Key management	481,514	246,571	1,748	
Others	1,699,254	907,560	13,644	
	$ 12,027,294	$ 5,378,112	$ 39,705	0.000-6.760
For the year ended December 31, 2014				
Parent company	$ 14,299,230	$ 2,710,290	$ 16,395	
Sister companies	3,551,183	2,328,250	17,295	
Key management	925,970	169,603	1,700	
Others	1,826,676	689,165	12,181	
	$ 20,603,059	$ 5,897,308	$ 47,571	0.000-6.900

Note:The sum of the respective highest balances of each account for the years ended December 31, 2015 and 2014.

	December 31	
	2015	2014
3) Consolidated tax return receivables (part of current tax assets)		
Parent company	$ -	$ 138,082
4) Refundable deposit (part of other assets)		
Sister companies	$ 1,086	$ 1,086

	December 31	
	2015	2014
5) Prepaid expense (part of other assets)		
Sister companies	$ 2,423	$ 2,423
6) Interest payable (part of payables)		
Parent company	$ -	$ 6,726
Sister companies	538	977
Key management	185	223
Others	916	789
	$ 1,639	$ 8,715
7) Remuneration to directors (part of payables)		
Parent company	$ 80,000	$ 71,500
8) Consolidated tax return payables (part of current tax liabilities)		
Parent company	$ 755,881	$ 721,810
9) Guarantee deposits received (part of other financial liabilities)		
Parent company	$ 1,472	$ 1,472
Sister companies	3,173	7,610
	$ 4,645	$ 9,082
10) Unearned revenue (part of other liabilities)		
Parent company	$ 505	$ 455
Sister companies	26,287	794
	$ 26,792	$ 1,249

The Bank's parent company, ESFHC, has filed consolidated corporate tax returns, i.e., including the Bank's income tax return, from 2003, as allowed by certain tax regulations.

	For the Year Ended December 31	
	2015	2014
11) Rental revenue (part of other noninterest gains, net)		
Parent company	$ 6,154	$ 5,608
Sister companies	16,970	29,197
	$ 23,124	$ 34,805

	For the Year Ended December 31	
	2015	2014
12) Rental income from operating assets (part of other noninterest gains, net)		
Parent company	$ 99	$ 121
Sister companies	4,632	5,690
	$ 4,731	$ 5,811
13) Donation (part of general and administrative expenses)		
E.SUN Foundation	$ -	$ 15,000
E.SUN Volunteer & Social Welfare Foundation	47,149	63,850
	$ 47,149	$ 78,850
14) Other (part of general and administrative expenses)		
Parent company	$ 75,500	$ 73,137
Sister companies	14,539	14,362
Others	1,825	1,489
	$ 91,864	$ 88,988

The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity and for E.SUN Foundation's cultural and educational promotion.

15)Directors as credit guarantors

	Amount	Interest Rate (%)	Rate of Guarantee Service Fee (%)
December 31, 2015	$ 60,000	1.73	-
December 31, 2014	$ 40,000	1.76	-

16)In August 2012, E.SUN Volunteer & Social Welfare Foundation entrusted some properties to the Bank. The Bank charged $64 thousand and $110 thousand (part of service fee income, net) accordingly for the years ended December 31, 2015 and 2014, respectively.

The Bank has operating lease contracts with related parties, which cover certain office spaces within the Bank's building. The monthly or quarterly rentals, which had been prepaid by the lessees, were based on rentals for buildings near the Bank.

The interest rates shown above are similar to, or approximate, those offered to third parties. However, the interest rates for saving deposits given to managers of the Bank are the same as the interest rates of employees' savings deposits within a certain amount.

Under the Banking Law, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

c. Salaries, bonuses and remuneration to key management

The salaries, bonuses and remuneration to the directors and other key management for the years ended December 31, 2015 and 2014 are summarized as follows:

	For the Year Ended December 31	
	2015	2014
Salaries and other short-term employment benefits	$ 190,912	$ 174,192
Retirement benefits	1,425	1,336
Interest arising from the employees' preferential rates in excess of normal rates	528	461
	$ 192,865	$ 175,989

36.PLEDGED ASSETS

a. In addition to those mentioned in other notes, the pledged assets were as follows:

	December 31	
	2015	2014
Financial assets at fair value through profit or loss (face value)	$ 23,890,900	$ 25,632,076
Available-for-sale financial assets (face value)	1,819,602	1,556,894
Held-to-maturity financial assets (face value)	2,391,670	1,694,220
	$ 28,102,172	$ 28,883,190

As of December 31, 2015 and 2014, the foregoing bonds and securities, with aggregate face value of $18,200,000 thousand and $19,770,000 thousand, respectively, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as the Bank's liquidity reserve.

For covering its call loans from the CB, the Bank had provided collaterals consisting of securities with aggregate face values of $5,000,000 thousand as of December 31, 2015 and 2014, respectively. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.

b. To expand its capital sourcing and enhance its liquidity position, the Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. For this access, the Branch pledged the following assets:

	(In Thousands of U.S. Dollars)	
Date	Outstanding Loan Balance	Collateral Value
December 31, 2015	$ 15,000	$ 7,571

37. CONTINGENCIES AND COMMITMENTS

In addition to those mentioned in other notes, the contingencies and commitments were as follows:

a. E.SUN Bank

1) Lease agreements on premises occupied by the Bank's branches are operating lease. Rentals are calculated on the basis of the leased areas and are payable monthly, quarterly or semiannually. As of December 31, 2015, refundable deposits on these leases totaled $1,016,610 thousand (part of refundable deposits). Minimum future annual rentals are as follows:

	December 31	
	2015	2014
Within one year	$ 772,179	$ 744,350
Over one year to five years	1,666,340	1,740,393
Over five years	739,582	172,341
	$ 3,178,101	$ 2,657,084

The lease payments recognized as expenses are as follows:

	For the Year Ended December 31	
	2015	2014
Minimum lease payments	$ 621,081	$ 532,304
Contingent rentals	3,660	2,921
	$ 624,741	$ 535,225

2) Lease agreements on investment properties owned by the Bank and rent to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of December 31, 2015, refundable deposits on these leases totaled $10,974 thousand (part of guarantee deposits received). Minimum future annual rentals are as follows:

	December 31	
	2015	2014
Within one year	$ 19,592	$ 39,267
Over one year to five years	44,012	120,774
	$ 63,604	$ 160,041

3) Agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by the Bank's branches amounted to approximately $2,530,571 thousand. As of December 31, 2015, the remaining unpaid amount was approximately $869,992 thousand.

b. Union Commercial Bank (UCB)

1) Lease agreements on premises occupied by UCB are operating lease. As of December 31, 2015, refundable deposits on these leases totaled $13,634 thousand. Minimum future annual rentals are as follows:

	December 31	
	2015	2014
Within one year	$ 19,554	$ 9,240
Over one year to five years	54,319	34,969
Over five years	111,371	19,929
	$ 185,244	$ 64,138

2) Decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately $882,389 thousand. As of December 31, 2015, the remaining unpaid amount was approximately $672,400 thousand.

38. THE BANK'S AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Year Ended December 31			
	2015		2014	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents and other financial assets - due from banks	$ 59,511,220	2.93	$ 52,092,398	3.34
Call loans to banks	6,681,721	0.35	7,759,632	1.18
Due from the Central Bank	33,864,826	0.50	31,499,501	0.53
Held-for-trading financial assets - bonds	2,767,626	2.95	2,752,067	2.80
Held-for-trading financial assets - bills	231,375,304	0.78	221,819,201	0.82
Financial assets designated as at fair value through profit or loss - bonds	76,839,968	2.90	54,370,341	2.50
Securities purchased under resell agreements	702,384	1.57	72,179	0.82
Accounts receivable factored without recourse	21,089,250	2.85	18,382,918	2.45
Discounts and loans	977,956,492	2.26	887,047,686	2.25
Receivables on credit cards	21,139,260	8.74	19,234,820	10.47
Available-for-sale financial assets - bonds	102,689,087	1.85	82,492,622	1.73
Held-to-maturity financial assets	5,453,967	1.81	8,164,698	1.91
Debt instruments with no active market	1,138,592	3.52	2,648,713	2.74
Interest-bearing liabilities				
Due to the Central Bank and other banks	$ 66,011,026	1.04	$ 70,907,400	0.84
Financial liabilities at fair value through profit or loss	13,829,905	4.55	3,457,251	4.22
Securities sold under repurchase agreements	8,602,101	1.35	13,711,968	1.36
Demand deposits	355,900,445	0.23	289,487,954	0.23
Savings - demand deposits	392,693,786	0.35	352,314,990	0.35
Time deposits	339,279,053	1.35	305,617,304	1.38
Savings - time deposits	263,520,312	1.34	245,675,035	1.35
Negotiable certificates of deposits	1,277,789	0.53	1,356,329	0.53
Bank debentures	43,825,302	1.89	50,516,238	2.15
Principal of structured products	955,072	2.98	2,327,081	2.94

39.FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are not measured at fair value.

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or that the fair values cannot be reasonably measured.

	December 31			
	2015		2014	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets				
Held-to-maturity financial assets	$ 5,289,839	$ 5,324,005	$ 5,915,792	$ 5,982,769
Debt instruments with no active market	987,000	1,014,969	950,100	951,109
Financial liabilities				
Bank debentures	44,950,000	45,355,540	43,800,000	43,909,250

Fair value hierarchy as of December 31, 2015

	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 5,324,005	$ 4,981,384	$ 342,621	$ -
Debt instruments with no active market	1,014,969	-	1,014,969	-
Financial liabilities				
Bank debentures	45,355,540	-	45,355,540	-

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis.

b. The valuation techniques and assumptions the Company uses for determining fair values are as follows:

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied.

The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments.

The Company estimated the fair value of each forward contract on the basis of the exchange rates quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method, unless the fair values of these two types of contracts are provided by counter-parties. Fair values of currency option contracts are based on estimates made using the Black Scholes model, binomial method or Monte Carlo simulation. Fair values of credit default swap contracts are valuated using the discount spread method or modified Hull-White model. The fair values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollar, U.S. dollar, etc.) to be used for payments. As of December 31, 2015 and 2014, the discount rates used ranged from 0.233% to 1.960% and from 0.391% to 2.321%, respectively, for the New Taiwan dollar and from 0.410% to 2.633% and from 0.175% to 2.688%, respectively, for the U.S. dollar.

If there are trade prices or prices quoted by major market players, the latest trade prices and quoted prices are used as the basis for evaluating the fair value of debt instruments with no active market, which are classified as other financial assets; otherwise, the Company uses the foregoing valuation techniques to determine fair value.

c. The fair value hierarchies of the Company's financial instruments as of December 31, 2015 and 2014 were as follows:

	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 87,716	$ 87,716	$ -	$ -
Debt instruments	2,668,771	2,668,771	-	-
Others	244,568,920	-	244,568,920	-
Financial assets designated as at fair value through profit or loss	84,192,890	8,436,610	75,756,280	-
Available-for-sale financial assets				
Stocks	3,621,445	3,621,445	-	-
Debt instruments	126,154,884	113,575,717	12,563,129	16,038
Liabilities				
Financial liabilities at fair value through profit or loss	20,111,409	-	20,111,409	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	17,030,813	78,906	16,951,907	-
Liabilities				
Financial liabilities at fair value through profit or loss	15,724,827	-	15,724,827	-

	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 251,331	$ 251,331	$ -	$ -
Debt instruments	2,856,306	2,856,306	-	-
Others	210,064,487	-	210,064,487	-
Financial assets designated as at fair value through profit or loss	63,817,034	10,113,784	53,703,250	-
Available-for-sale financial assets				
Stocks	2,403,523	2,403,523	-	-
Debt instruments	82,406,984	67,835,173	14,540,572	31,239
Liabilities				
Financial liabilities at fair value through profit or loss	10,123,784	-	10,123,784	-

(Continued)

	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 14,634,799	$ 55,482	$ 14,579,317	$ -
Liabilities				
Financial liabilities at fair value through profit or loss	12,370,358	-	12,370,358	-

(Concluded)

d. Other information on financial assets and liabilities in Level 3 for the years ended December 31, 2015 and 2014 is as follows:

For the year ended December 31, 2015

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Issuance	Transfer to Level 3	Sale or Disposal	Transfer from Level 3	
Assets								
Available-for-sale financial assets	$ 31,239	$ -	$ (15,201)	$ -	$ -	$ -	$ -	$ 16,038

For the year ended December 31, 2014

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Issuance	Transfer to Level 3	Sale or Disposal	Transfer from Level 3	
Assets								
Financial assets at fair value through profit or loss								
Held-for-trading financial assets	$ 5,585	$ -	$ -	$ -	$ -	$ (5,585)	$ -	$ -
Available-for-sale financial assets	28,918	-	2,321	-	-	-	-	31,239
Liabilities								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	5,585	-	-	-	-	(5,585)	-	-

e. Information on the financial liabilities designated as at fair value through profit or loss is as follows:

	December 31	
	2015	2014
Difference between carrying amounts and the amounts due on maturity		
Fair value	$ 20,111,409	$ 10,123,784
Amounts due on maturity	20,110,080	10,010,254
	$ 1,329	$ 113,530

	Change in Fair Values Resulting from Credit Risk Variations
Change in amount in the period	
For the year ended December 31, 2015	$ 85,103
For the year ended December 31, 2014	$ 59,830
Accumulated amount of change	
As of December 31, 2015	$ 144,933
As of December 31, 2014	$ 59,830

The change in fair value of bank debentures and structured products resulting from credit risk variation is the difference between the total change in fair value and the change in fair value due to market risk variations of the bank debentures and structured products. The change in fair value resulting from market risk variations is calculated using the benchmark yield rate plus a fixed credit spread. The fair values of bank debentures and structured products are the present value of future cash flows discounted by the benchmark yield rate quoted in the market as of the balance sheet date plus the credit spread estimated using the interest rates of the debt issuers' borrowings with similar maturities.

f. Information on financial risk management

1) Risk management

The Bank established the risk management division to draw up the principles and policies of risk management to be followed by each department, to coordinate and monitor the enforcement of risk management policies of each department, and to deliberate whether proposals brought up by each risk-based unit to deal with a variety of issues are suitable for the Bank.

2) Credit risk

Credit risk refers to the Company's exposure to financial losses due to inability of customers or counter-parties to meet the contractual obligations on financial instruments. Credit risk exists in both on- and off- balance sheet items. The on-balance sheet exposure to credit risks is mainly in loans and the credit card business, due from other banks, call loans to other banks, investment in debt instrument and derivatives. The off-balance sheet exposure to credit risks is mainly in financial guarantees, acceptance, letter of credits and loan commitments.

To ensure its credit risks fall within the acceptable range, the Company has stipulated in the Guidelines for Credit Risk Management that for all the products provided and businesses conducted, including all on- and off- balance sheet transactions in the banking and trading books, the Company should make a detailed analysis to identify existing and potential credit risks. Before launching new products or businesses, the Company ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factored without recourse and credit derivative instruments, etc., the Company also requires the use of a certain risk management system described in related rules and guidelines. The assessment of asset qualities and provision for possible losses of the overseas operating units, unless regulated by the local authorities, are in accordance with the Company's risk management policies and guidelines.

The measurement and management of credit risks from the Company's main businesses are as follows:

a) Loans and credit card business (including loan commitment and guarantees):

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectible. The Company also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

For risk management purposes, the Company rates credit qualities (by using an internal rating model for credit risk, a credit score table, etc.) in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, the Company has developed a credit rating model for clients. The Company reviews the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result. Except the petit credits and residential mortgages, which are assessed by using the credit rating model, consumer loans are assessed individually for default risks.

The Company classifies the credit qualities of corporate loans as strong, medium and weak. The Company evaluates the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, the Company annually conducts validity test and back testing on the models using data on customers' actual defaults.

b) Due from and call loans to other banks

The Company evaluates the credit status of counter-parties before deals are closed. The Company grants different limits to the counter-parties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes.

c) Investment in debt instruments and derivatives

The Company identifies and manages credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counter-party risks.

The other banks with which the Company conducts derivative transactions are mostly considered investment grade. The Company monitors the credit limits (including lending limits) by counter-parties. The credits extended to counter-parties that are not rated as investment grade are assessed case by case. The credits extended to counter-parties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

The Company classifies the debt instruments and derivatives into different categories, which are mainly based on the credit ratings provided by external credit agencies (Moody's, S&P, Fitch or Taiwan Ratings).

The Company has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the debt, the Company manages and assesses the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, the Company stipulates the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that the Company reserves the right to reduce the granted quota, to reduce the repayment period, to demand immediate settlement or to offset the debts of the borrowers by their deposits in the Company in order to reduce the credit risks. The requirements for collaterals for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collaterals.

To avoid the concentration of credit risks, the Company has included credit limits for a single counter-party and for a single group in its credit-related guidelines. The Company has also included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, the Company set credit limits by industry, conglomerate, country, transactions collateralized by stocks, and other categories and integrated within one system the supervision of concentration of credit risk in these categories.

The Company settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counter-parties or some circumstances where the transactions with counter-parties are terminated due to defaults.

The maximum exposures of assets on the consolidated balance sheets to credit risks without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts. The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument are stated as follows:

	December 31	
	2015	**2014**
Irrevocable loan commitments issued	$ 95,251,392	$ 95,276,277
Credit card commitments	319,845,197	293,718,648
Letters of credit issued yet unused	8,955,148	12,354,288
Other guarantees	15,280,656	15,005,585

The management of the Company believes its ability to minimize the credit risk exposures of the off-balance sheet items is mainly attributed to its rigorous evaluation of credit extended and the periodic reviews of these credits.

Concentration of credit risk exists when counter-parties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Group or industry, regions and collaterals that were 10% or more of total outstanding loans were as follows:

Credit Risk Profile by Group or Industry	December 31			
	2015		2014	
	Amount	%	Amount	%
Natural person	$ 510,397,703	48	$ 465,198,756	48
Manufacturing	231,022,272	22	228,159,252	23
Wholesale, retail and restaurants	100,071,132	9	103,803,637	11

Credit Risk Profile by Regions	December 31			
	2015		2014	
	Amount	%	Amount	%
Domestic	$ 917,441,897	87	$ 826,126,386	85

Credit Risk Profile by Collaterals	December 31			
	2015		2014	
	Amount	%	Amount	%
Unsecured	$ 318,280,110	30	$ 286,172,371	29
Secured				
Real estate	638,251,125	60	579,281,193	60

Some financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counter-parties have rather high credit ratings.

In addition to the above assets, credit quality analyses on other financial assets are as follows:

a)Credit quality analysis on discounts, loans and receivables

December 31, 2015	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	$ 42,604,075	$ 1,068,400	$ 1,786,230	$ 45,458,705	$ 530,923	$ 891,227	$ 44,036,555
Others	27,489,258	110,633	71,881	27,671,772	23,262	386,756	27,261,754
Discounts and loans	1,022,354,704	7,947,288	4,649,330	1,034,951,322	2,795,079	10,056,941	1,022,099,302

December 31, 2014	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	$ 35,521,729	$ 1,120,996	$ 1,860,429	$ 38,503,154	$ 657,858	$ 906,065	$ 36,939,231
Others	28,684,595	29,539	36,602	28,750,736	14,903	283,558	28,452,275
Discounts and loans	933,842,900	6,732,339	4,739,619	945,314,858	2,185,307	8,356,188	934,773,363

b) Credit quality analysis on discounts and loans neither past due nor impaired (based on credit ratings of clients)

December 31, 2015	Neither Past Due Nor Impaired			
	Strong	Medium	Weak	Total
Consumer loans				
Residential mortgage	$ 120,197,264	$ 138,905,836	$ 6,643,669	$ 265,746,769
Petit credit	37,543,587	34,924,086	5,262,321	77,729,994
Others	73,177,111	84,567,048	4,202,711	161,946,870
Corporate loans				
Secured	109,495,053	115,126,783	6,424,750	231,046,586
Unsecured	188,247,277	89,526,386	8,110,822	285,884,485
Total	$ 528,660,292	$ 463,050,139	$ 30,644,273	$ 1,022,354,704

December 31, 2014	Neither Past Due Nor Impaired			
	Strong	Medium	Weak	Total
Consumer loans				
Residential mortgage	$ 119,304,121	$ 138,751,567	$ 6,535,400	$ 264,591,088
Petit credit	11,833,102	37,574,055	9,201,570	58,608,727
Others	62,103,704	72,227,063	3,530,783	137,861,550
Corporate loans				
Secured	105,056,035	89,080,003	11,494,703	205,630,741
Unsecured	175,625,436	88,352,385	3,172,973	267,150,794
Total	$ 473,922,398	$ 425,985,073	$ 33,935,429	$ 933,842,900

c) Credit quality analysis on securities

December 31, 2015	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total(A)+(B)+(C)	Provision for Impairment Loss (D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	$ 87,092,745	$ 38,256,572	$ 805,567	$ 126,154,884	$ -	$ -	$ 126,154,884	$ -	$ 126,154,884
Equities	1,047,052	1,698,105	876,288	3,621,445	-	-	3,621,445	-	3,621,445
Held-to-maturity financial assets									
Bonds	4,782,719	164,500	-	4,947,219	-	311,365	5,258,584	34,545	5,224,039
Others	-	65,800	-	65,800	-	-	65,800	-	65,800
Other financial assets									
Bonds	329,000	658,000	-	987,000	-	-	987,000	-	987,000
Equities	-	-	524,302	524,302	-	35,006	559,308	16,835	542,473

December 31, 2014	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total(A)+(B)+(C)	Provision for Impairment Loss (D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	$ 52,834,265	$ 28,369,371	$ 1,203,348	$ 82,406,984	$ -	$ -	$ 82,406,984	$ -	$ 82,406,984
Equities	541,162	1,188,008	679,843	2,409,013	-	-	2,409,013	-	2,409,013
Held-to-maturity financial assets									
Bonds	5,202,590	158,350	21,370	5,382,310	-	525,564	5,907,874	55,422	5,852,452
Others	63,340	-	-	63,340	-	-	63,340	-	63,340
Other financial assets									
Bonds	316,700	316,700	316,700	950,100	-	-	950,100	-	950,100
Equities	-	-	524,118	524,118	-	42,155	566,273	19,900	546,373

The processing delays by the borrowers and other administrative reasons may cause financial assets to become past due but not impaired. As defined in the internal rules governing the Company’s risk management, financial asset that are past due within 90 days are not deemed as impaired, unless there are other evidences that indicate impairment.

The vintage analysis of financial assets that are past due but not impaired is as follows:

Item	December 31, 2015		
	Past Due Up to 1 Month	Past Due by Over 1 Month - 3 Months	Total
Receivables			
Credit cards	$ 890,103	$ 178,297	$ 1,068,400
Others	30,053	80,580	110,633
Discounts and loans			
Consumer loans			
Residential mortgage	1,654,135	224,191	1,878,326
Petit credit	1,391,173	217,498	1,608,671
Others	1,025,484	159,222	1,184,706
Corporate loans			
Secured	1,072,989	1,327,180	2,400,169
Unsecured	782,800	92,616	875,416

Item	December 31, 2014		
	Past Due Up to 1 Month	Past Due by Over 1 Month - 3 Months	Total
Receivables			
Credit cards	$ 881,745	$ 239,251	$ 1,120,996
Others	14,450	15,089	29,539
Discounts and loans			
Consumer loans			
Residential mortgage	1,816,764	145,230	1,961,994
Petit credit	1,252,025	233,653	1,485,678
Others	946,940	55,305	1,002,245
Corporate loans			
Secured	559,879	911,745	1,471,624
Unsecured	475,125	335,673	810,798

3) Market risk

Market risk refers to the risk of fluctuation in the fair values or the future cash flows of the on- and off- balance sheet instruments held by the Company because of market price changes. The risk factors which cause market price changes usually include interest rates, exchange rates, and the prices of equity securities and commodities. Changes in these risk factors will cause risk of fluctuation in the net income or in the value of investment portfolio of the Company.

The main market risks the Company faces are the risks on equity securities, interest rates, and exchange rate risks. The equity securities exposed to market risks mainly include stocks listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market and stock index futures in Taiwan; the instruments exposed to interest rate risk mainly include bonds and interest rate derivatives such as the fixed-for-floating interest rate swap; and the instruments exposed to exchange rate risk mainly include the consolidated positions of the investment held by the Company, such as the derivatives denominated in foreign currency and foreign-currency bonds.

The Bank monitors the market risk positions and the tolerable loss of the Bank in accordance with the goals of risk management and the amount limits authorized by the board of directors.

The Bank has set up market risk information systems to effectively monitor the management of amount limits on financial instruments, to evaluate the profit and loss, to conduct sensitivity analysis, stress test and calculation of value at risk (VaR), etc. The result is reported in the meetings of risk management and to the board of directors as their reference for making managerial decisions.

The Company mainly divides the positions exposed to market risks into investment portfolios held for trading and investment portfolios not held for trading. The portfolios are monitored by the Risk Management Division, and the management results are reported regularly to the board of directors and the supervisors of each division.

The business units and the risk management units both identify market risk factors for the Company's exposed positions in order to measure market risks. Market risk factors refer to the factors that affect interest rates, exchange rates and values of held financial instruments such as equity securities, etc. The Company analyzes the impact of risk factors on its holding positions, profit or loss, negative result of stress test, sensitivity, VaR, etc., and measures the levels within which the investment portfolios and equity securities might suffer from interest rate risks, exchange rate risks, etc.

The risk management division reports regularly to the board of directors the achievement of management objectives on market risks, the control of holding positions and profit and loss, the sensitivity analysis, the stress test, the value at risk of equity securities, etc. for their understanding of the Bank's market risk control. The Bank also has sound mechanisms for reporting and set limits and stop-loss regulations for all the transactions. If a trade reaches the stop-loss limit, the stop-loss will be executed immediately. Trades that do not follow the stop-loss rule should be reported to the management for their approval, and the reasons for their noncompliance as well as corresponding strategies should also be presented to the management.

The Bank uses the VaR model and stress tests to evaluate risks on investment portfolios for trading. The Bank also assesses market risks and evaluates the maximum expected loss of positions through making assumptions on changes in various market conditions. The board of directors set amount limits based on VaR. The whole risk management process is monitored daily by the Risk Management Division.
VaR statistically estimates the potential loss of the positions due to adverse market movements. It is the "maximum potential loss" the Bank may suffer within a certain confidence interval (99%), so it is still probable that the actual loss is larger than the value at risk to some extent. VaR model assumes that the Bank holds the positions at least for the minimum holding periods (10 days) before they can be settled, and that the market fluctuation in these 10 days is similar to that in the past.

The Bank evaluates historical market fluctuation based on historical data in the past two years. The Bank evaluates the VaR of its holding positions using the variance/covariance method. The computation will be used for periodic examinations and verification of assumptions and parameters used. However, this evaluation method cannot prevent losses from significant market fluctuations.

Information on the VaR of the Bank is as follows:

For the year ended December 31, 2015

Historical Values at Risk (99%, 10-day)	**Average**	**Minimum**	**Maximum**	**December 31, 2015**
By risk type				
Currency	$ 1,624,826	$ 942,046	$ 2,629,495	$ 1,957,360
Interest	1,425,463	773,306	2,105,512	2,105,512
Equity	159,724	126,659	187,988	186,131
Risk diversification	(1,052,459)	-	-	(1,353,905)
Total risk exposure	$ 2,157,554			$ 2,895,098

For the year ended December 31, 2014

	Average	**Minimum**	**Maximum**	**December 31, 2014**
By risk type				
Currency	$ 1,048,533	$ 765,781	$ 1,357,583	$ 914,462
Interest	490,058	187,219	1,190,236	900,592
Equity	111,062	88,565	137,544	133,785
Risk diversification	(419,971)	-	-	(635,880)
Total risk exposure	$ 1,229,682			$ 1,312,959

Stress test is used to measure the greatest potential losses of the portfolio of risk assets under the worst scenarios. It is performed by the Risk Management Division, and it includes (a) a stress test on risk factors, in which the stress test is applied to all kinds of risks; and (b) a temporary stress test, in which the stress test is applied to special investment positions or specific investment areas, for example, areas where exchange rates fluctuate dramatically. The results of stress tests are reported to the senior management.

For the information on significant foreign-currency financial assets and liabilities, refer to Table 3.

4)Liquidity risk

Liquidity risk refers to the possibility of financial loss resulting from the shortage of funds in meeting the needs of asset acquisition or debt repayment on maturity. Examples are the depositors' withdrawal of deposits before maturity, difficulty in raising funds from other banks or worsening funding conditions due to the fluctuations in specific markets, unstable recovery of money due to credit defaults, deterioration of the convertibility of financial instruments, early termination of interest-sensitive instruments, etc. These situations might result in decrease of cash inflows from loans, trades and investments. In some extreme cases, lack of liquidity may cause decrease of asset values in balance sheets, disposal of assets or other situations in which loan commitments cannot be met. Liquidity risks exist in all banking operations, and are influenced by specific events from industries or markets, including but not limited to credit events, mergers and acquisitions, systematic risks in the industry or natural disasters.

Liquidity risk management is done by the Money Market Division and monitored by the Risk Management Division. The procedures include (a) maintaining daily money market operations and monitoring future cash flows to ensure the meeting of liquidity requirements; (b) holding an appropriate amount of readily convertible and highly liquid assets to prevent from unpredictable events that disrupt cash flows; (c) monitoring the liquidity ratios for the balance sheets in accordance with internal and external policies; and (d) managing security products during their remaining maturity periods. Liquidity risk monitoring and reporting are based on the valuation and prediction of future cash flows from different terms to maturity (maturity gap is used by the Bank as a tool to manage liquidity risk). The prediction of cash flows involves the cash outflows at the maturity dates of the financial liabilities and the cash inflows at the receipt dates of financial assets.

For maintaining solvency and meeting the needs of emergency assistance arrangements, the Company holds cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial assets, held-to-maturity financial assets, and debt instruments with no active market, etc.

The liquidity reserve ratios of the Bank for December 2015 and 2014 were 27.71% and 23.81%, respectively.

The Company disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those that shown in the consolidated balance sheets.

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 39,721,702	$ 28,852,214	$ 2,014,940	$ 581,274	$ -	$ 71,170,130
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	-	20,110,080	20,110,080
Securities sold under repurchase agreements	5,069,764	811,348	2,160,531	27,835	-	8,069,478
Payables	16,690,087	290,496	306,291	428,117	66,195	17,781,186
Deposits and remittances	406,637,633	161,615,380	178,646,340	296,511,728	415,675,024	1,459,086,105
Bank debentures	-	-	300,000	2,400,000	42,250,000	44,950,000
Other items of cash outflow on maturity	206,492	-	61,459	1,267,084	329,000	1,864,035

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 34,724,821	$ 21,030,294	$ 1,835,389	$ 579,111	$ 30,006	$ 58,199,621
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	-	10,010,254	10,010,254
Securities sold under repurchase agreements	9,661,528	2,138,901	1,313,389	51,608	-	13,165,426
Payables	16,561,523	239,640	555,967	438,518	143,773	17,939,421
Deposits and remittances	702,095,138	106,408,942	148,113,704	140,046,029	188,063,799	1,284,727,612
Bank debentures	-	2,300,000	5,000,000	300,000	36,200,000	43,800,000
Other items of cash outflow on maturity	1,049,419	316,188	-	491,443	492,250	2,349,300

The Company assessed the maturity dates of contracts to understand the basic elements of all derivative financial instruments shown in the consolidated balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities is as follows:

a)Derivative financial liabilities to be settled at net amount

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	$ 8,644	$ 73,810	$ 441,040	$ 6,812	$ -	$ 530,306

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	$ -	$ -	$ 75,096	$ -	$ -	$ 75,096

b)Derivative financial liabilities to be settled at gross amounts

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 63,291,005	$ 62,600,322	$ 43,622,601	$ 68,300,292	$ 3,428,630	$241,242,850
Cash inflow	63,274,996	62,075,974	44,077,033	69,307,419	3,509,585	242,245,007
Interest derivatives						
Cash outflow	2,447	42,393	78,157	13,761	19,626,859	19,763,617
Cash inflow	4,598	66,526	46,792	14,678	24,732,024	24,864,618
Total cash outflow	63,293,452	62,642,715	43,700,758	68,314,053	23,055,489	261,006,467
Total cash inflow	63,279,594	62,142,500	44,123,825	69,322,097	28,241,609	267,109,625
Net cash outflow (inflow)	$ 13,858	$ 500,215	$ (423,067)	$ (1,008,044)	$ (5,186,120)	$ (6,103,158)

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 88,336,636	$ 38,503,109	$ 30,949,552	$ 44,521,630	$ 2,214,978	$ 204,525,905
Cash inflow	88,013,371	38,594,001	30,895,912	44,823,632	2,208,866	204,535,782
Interest derivatives						
Cash outflow	48,615	31,100	37,439	167,122	9,922,188	10,206,464
Cash inflow	26,703	25,580	41,799	173,607	12,863,504	13,131,193
Total cash outflow	88,385,251	38,534,209	30,986,991	44,688,752	12,137,166	214,732,369
Total cash inflow	88,040,074	38,619,581	30,937,711	44,997,239	15,072,370	217,666,975
Net cash outflow (inflow)	$ 345,177	$ (85,372)	$ 49,280	$ (308,487)	$ (2,935,204)	$ (2,934,606)

The Company conducted the maturity analysis of off-balance sheet items based on the residual maturities as of the consolidated balance sheet dates. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 4,845,365	$ 7,222,342	$ 13,764,273	$ 28,931,039	$ 40,488,373	$ 95,251,392
Credit card commitments	5,136,746	835,119	2,722,328	14,630,233	296,520,771	319,845,197
Letters of credit issued yet unused	2,457,254	4,298,412	1,368,176	231,663	599,643	8,955,148
Other guarantees	2,359,279	2,691,466	2,944,889	4,647,652	2,637,370	15,280,656

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 8,564,819	$ 7,475,104	$ 13,682,456	$ 30,902,272	$ 34,651,626	$ 95,276,277
Credit card commitments	1,893,325	656,410	1,683,008	5,487,596	283,998,309	293,718,648
Letters of credit issued yet unused	3,006,534	6,703,545	1,238,054	419,698	986,457	12,354,288
Other guarantees	2,597,859	3,805,142	1,378,296	4,630,750	2,593,538	15,005,585

g. Transfers of financial assets.

Most of the transferred financial assets of the Company that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right on cash flow of the transferred financial assets would be transferred to other entities and the associated liabilities of the Company's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Company is restricted to use, sell or pledge the transferred financial assets throughout the term of transaction, and is still exposed to interest rate risks and credit risks on these instruments, the transferred financial assets are not derecognized in their entirety. The details of financial assets that are not derecognized in their entirety and the associated financial liabilities are as following:

	December 31, 2015				
Category of Financial Assets	Carrying Amount of Transferred Financial Asset	Carrying Amount of Associated Financial Liability	Fair Value of Transferred Financial Asset	Fair Value of Associated Financial Liability	Fair Value of Net Position
Available-for-sale financial assets - securities sold under repurchase agreements	$ 7,970,663	$ 7,740,106	$ 7,970,663	$ 7,740,106	$ 230,557
Held-to-maturity financial assets - securities sold under repurchase agreements	253,680	294,285	256,623	294,285	(37,662)

h. Offsetting financial assets and financial liabilities.

The Company is eligible to present certain derivative assets and derivative liabilities on a net basis on the balance sheet since the offsetting criteria are met. Cash collateral has also been paid by part of counterparties for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be set off against the net amount of the derivative assets and derivative liabilities in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheet or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2015

Financial Assets	Gross Amount of Recognized Financial Asset	Gross Amount of Recognized Financial Liability Offset in the Balance Sheet	Net Amount of Financial Asset Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet: Financial Instrument	Related Amount Not Offset in the Balance Sheet: Cash Collateral Received	Net Amount
Derivatives	$ 17,030,813	$ -	$ 17,030,813	$ (3,709,231)	$ (2,341,756)	$ 10,979,826
Resell agreements	898,936	-	898,936	(898,936)	-	-
	$ 17,929,749	$ -	$ 17,929,749	$ (4,608,167)	$ (2,341,756)	$ 10,979,826

Financial Liabilities	Gross Amount of Recognized Financial Liability	Gross Amount of Recognized Financial Asset Offset in the Balance Sheet	Net Amount of Financial Liability Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet: Financial Instrument	Related Amount Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 15,724,827	$ -	$ 15,724,827	$ (3,709,231)	$ (3,930,234)	$ 8,085,362
Repurchase agreements	8,049,909	-	8,049,909	(8,049,909)	-	-
Settlements	354,585	-	354,585	-	-	354,585
	$ 24,129,321	$ -	$ 24,129,321	$ (11,759,140)	$ (3,930,234)	$ 8,439,947

December 31, 2014

Financial Assets	Gross Amount of Recognized Financial Asset	Gross Amount of Recognized Financial Liability Offset in the Balance Sheet	Net Amount of Financial Asset Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet: Financial Instrument	Related Amount Not Offset in the Balance Sheet: Cash Collateral Received	Net Amount
Derivatives	$ 14,634,799	$ -	$ 14,634,799	$ (5,792,380)	$ (3,499,327)	$ 5,343,092
Resell agreements	153,009	-	153,009	(153,009)	-	-
Settlements	11,971	-	11,971	(11,971)	-	-
	$ 14,799,779	$ -	$ 14,799,779	$ (5,957,360)	$ (3,499,327)	$ 5,343,092

Financial Liabilities	Gross Amount of Recognized Financial Liability	Gross Amount of Recognized Financial Asset Offset in the Balance Sheet	Net Amount of Financial Liability Presented in the Balance Sheet	Related Amount Not Offset in the Balance Sheet: Financial Instrument	Related Amount Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Derivatives	$ 12,370,358	$ -	$ 12,370,358	$ (5,792,380)	$ (2,134,241)	$ 4,443,737
Repurchase agreements	13,147,872	-	13,147,872	(13,147,872)	-	-
Settlements	163,516	-	163,516	(11,971)	-	151,545
	$ 25,681,746	$ -	$ 25,681,746	$ (18,952,223)	$ (2,134,241)	$ 4,595,282

40.CAPITAL MANAGEMENT

The two main objectives of capital management of the Bank are (a) meeting the requirements for legal capital set by the authorities and building an effective system for capital management and (b) balancing risk control and business development under the premise of "undertaking risks and earning returns on capital" and maximizing the stockholders' profits.

The Banking Law and related regulations require that the Bank maintains both standalone and consolidated ratios of regulatory capital to risk-weighted assets (including ratio of the common equity to risk-weighted assets, ratio of Tier 1 capital to risk-weighted assets and capital adequacy ratio (CAR)) should comply with the minimum ratio requested by authorities.

The capital of the Bank is jointly managed by the Capital Management Team and the Risk Management Division. The management process starts from the evaluation and adjustments to plans or budgets by using different quantitative methods that consider risks, returns and growth rates. Subsequently, the evaluation and adjustments are used to confirm the total amount of capital requirement and is eventually used to allocate the capital to the respective branches and operating units. The whole process takes into consideration the quantitative risk assessment, plans and budgets, capital balance and allocation of economic capitals to corresponding units on the basis of risk appetite. The process is a combination of risk appetite, capital management, risk management, managerial decisions and performance assessment.

Information on the Bank's CAR is as follows:

(Unit: In Thousands of New Taiwan Dollars, %)

Items			Year: December 31, 2015 Standalone	Consolidated
Eligible capital	Common equity		$ 109,386,814	$ 110,664,625
	Other Tier 1 capital		1,894,276	4,037,931
	Tier 2 capital		43,557,492	47,928,415
	Eligible capital		154,838,582	162,630,971
Risk-weighted assets	Credit risk	Standardized approach	1,112,343,800	1,136,426,589
		Internal ratings-based approach	-	-
		Securitization	8,025	8,025
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	50,812,588	51,601,050
		Advanced measurement approach	-	-
	Market risk	Standardized approach	32,340,863	32,340,863
		Internal model approach	-	-
	Risk-weighted assets		1,195,505,276	1,220,376,527
Capital adequacy ratio			12.95	13.33
Ratio of common equity to risk-weighted assets			9.15	9.07
Ratio of Tier 1 capital to risk-weighted assets			9.31	9.40
Leverage ratio			5.89	6.01

(Unit: In Thousands of New Taiwan Dollars, %)

Items			Year: December 31, 2014 Standalone	Consolidated
Eligible capital	Common equity		$ 99,069,970	$ 99,485,005
	Other Tier 1 capital		-	69,309
	Tier 2 capital		35,932,509	37,332,551
	Eligible capital		135,002,479	136,886,865
Risk-weighted assets	Credit risk	Standardized approach	976,538,114	988,942,372
		Internal ratings-based approach	-	-
		Securitization	282,960	282,960
	Operational risk	Basic indicator approach	57,955,163	58,324,925
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	26,168,363	26,168,363
		Internal model approach	-	-
	Risk-weighted assets		1,060,944,600	1,073,718,620
Capital adequacy ratio			12.72	12.75
Ratio of common equity to risk-weighted assets			9.34	9.27
Ratio of Tier 1 capital to risk-weighted assets			9.34	9.27
Leverage ratio			5.86	5.78

Note 1:Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk - Weighted Assets of Banks."

Note 2:Formulas used were as follows:

1)Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.

2)Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3)Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4)Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.

5)Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.

6)Leverage ratio = Tier 1 capital ÷ Exposure measurement.

41. THE BANK'S ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Asset quality: Table 4 (attached)

b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

	December 31, 2015			December 31, 2014		
Rank (Note 1)	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of E.SUN Bank's Equity
1	Group A Broadcasting of cable and other chargeable programs	$ 7,611,950	6.54	Group D Smelting and refining of iron and steel	$ 7,433,885	7.10
2	Group B Ocean transportation	7,200,676	6.19	Group E Manufacture of liquid crystal panel and components	7,370,048	7.04
3	Group C Activities of head offices	6,423,566	5.52	Group K Manufacture of liquid crystal panel and components	6,555,393	6.26
4	Group D Smelting and refining of iron and steel	6,111,810	5.25	Group B Ocean transportation	5,985,127	5.72
5	Group E Manufacture of liquid crystal panel and components	4,714,232	4.05	Group C Activities of head offices	5,236,049	5.00
6	Group F Manufacture of petrochemical raw materials	4,402,324	3.78	Group G Activities of head offices	4,430,288	4.23
7	Group G Activities of head offices	4,227,595	3.63	Group L Wholesale of computers, computer peripheral equipment and software	4,064,660	3.88
8	Group H Real estate development	4,176,737	3.59	Group M Activities of head offices	4,028,075	3.85
9	Group I Manufacture of computers	4,159,073	3.57	Group H Real estate development	3,709,000	3.54
10	Group J Manufacture of computers	3,980,545	3.42	Group N Petroleum and coal products manufacturing	3,553,079	3.39

Note 1: The list shows rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the Group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c.Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars, %)

December 31, 2015

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,126,065,020	$ 10,857,942	$ 11,496,673	$ 73,639,510	$ 1,222,059,145
Interest rate-sensitive liabilities	292,370,308	726,128,365	75,652,033	51,926,600	1,146,077,306
Interest rate sensitivity gap	833,694,712	(715,270,423)	(64,155,360)	21,712,910	75,981,839
Net worth					106,937,585
Ratio of interest rate-sensitive assets to liabilities					106.63
Ratio of interest rate sensitivity gap to net worth					71.05

December 31, 2014

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,023,692,360	$ 8,776,468	$ 16,689,204	$ 94,685,786	$ 1,143,843,818
Interest rate-sensitive liabilities	319,975,079	631,929,007	78,819,022	85,672,718	1,116,395,826
Interest rate sensitivity gap	703,717,281	(623,152,539)	(62,129,818)	9,013,068	27,447,992
Net worth					96,859,871
Ratio of interest rate-sensitive assets to liabilities					102.46
Ratio of interest rate sensitivity gap to net worth					28.34

Note 1:The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2:Interest rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note 3:Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4:Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity (U.S. Dollars)

(In Thousands of U.S. Dollars, %)

December 31, 2015

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 7,846,493	$ 360,455	$ 81,838	$ 561,532	$ 8,850,318
Interest rate-sensitive liabilities	7,271,985	933,054	741,439	735,619	9,682,097
Interest rate sensitivity gap	574,508	(572,599)	(659,601)	(174,087)	(831,779)
Net worth					173,812
Ratio of interest rate-sensitive assets to liabilities					91.41
Ratio of interest rate sensitivity gap to net worth					(478.55)

December 31, 2014

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 6,162,979	$ 480,568	$ 433,994	$ 955,731	$ 8,033,272
Interest rate-sensitive liabilities	6,251,693	750,724	710,895	854,374	8,567,686
Interest rate sensitivity gap	(88,714)	(270,156)	(276,901)	101,357	(534,414)
Net worth					176,051
Ratio of interest rate-sensitive assets to liabilities					93.76
Ratio of interest rate sensitivity gap to net worth					(303.56)

Note 1:The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2:Interest rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note 3:Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4:Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

Unit: %

Items		December 31, 2015	December 31, 2014
Return on total assets	Before income tax	0.83	0.82
	After income tax	0.73	0.70
Return on equity	Before income tax	12.35	12.77
	After income tax	10.77	10.90
Net income ratio		33.79	33.70

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

Note 2:Return on equity = Income before (after) income tax/Average equity

Note 3:Net income ratio = Income after income tax/Total net revenues

Note 4:Income before (after) income tax represents income for each period-end date.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

December 31, 2015

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,375,235,152	$ 342,737,230	$ 94,998,135	$ 112,474,351	$ 127,590,469	$ 213,912,796	$ 483,522,171
Main capital outflow on maturity	1,682,794,356	48,744,094	77,766,697	176,943,619	195,732,688	322,087,528	861,519,730
Gap	(307,559,204)	293,993,136	17,231,438	(64,469,268)	(68,142,219)	(108,174,732)	(377,997,559)

December 31, 2014

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,215,639,738	$ 285,543,310	$ 57,698,917	$ 70,288,417	$ 71,746,541	$ 104,385,687	$ 625,976,866
Main capital outflow on maturity	1,507,157,488	52,668,083	67,248,846	158,952,483	177,383,502	291,467,591	759,436,983
Gap	(291,517,750)	232,875,227	(9,549,929)	(88,664,066)	(105,636,961)	(187,081,904)	(133,460,117)

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

(In Thousands of U.S. Dollars)

December 31, 2015

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 14,245,107	$ 4,941,326	$ 1,669,966	$ 1,832,840	$ 1,658,023	$ 4,142,952
Main capital outflow on maturity	15,603,114	3,811,464	3,983,642	2,923,342	3,329,884	1,554,782
Gap	(1,358,007)	1,129,862	(2,313,676)	(1,090,502)	(1,671,861)	2,588,170

December 31, 2014

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 11,402,096	$ 3,562,969	$ 1,385,424	$ 1,507,114	$ 1,501,293	$ 3,445,296
Main capital outflow on maturity	11,661,534	3,840,409	2,169,229	2,078,410	2,858,330	715,156
Gap	(259,438)	(277,440)	(783,805)	(571,296)	(1,357,037)	2,730,140

Note: The above amounts included only U.S. dollar amounts held by the Bank.

42. TRUST BUSINESS UNDER THE TRUST LAW

a. Trust-related items, as shown in the following balance sheet, statements of income and trust property list

The trust-related items shown below were managed by the Bank's Trust Department. However, these items were not included in the Company's consolidated financial statements.

Balance Sheets of Trust Accounts

December 31, 2015 and 2014

Trust Assets	**2015**	**2014**	**Trust Liabilities**	**2015**	**2014**
Cash in banks	$ 3,838,833	$ 2,886,681	Account payable on securities under custody	$ 197,938,446	$ 146,099,293
Short-term investments	180,770,814	165,987,613	Other liabilities	2	-
Land	5,048,499	5,277,307	Trust capital		
Securities under custody	197,938,446	146,099,293	Cash	208,664,445	179,820,097
			Securities	2,310,942	1,608,405
			Real estate	5,047,894	5,298,014
			Reserves and accumulated deficit	(29,279,100)	(17,469,250)
			Net income	2,913,963	4,894,335
Total assets	$ 387,596,592	$ 320,250,894	Total liabilities	$ 387,596,592	$ 320,250,894

Trust Property List

December 31, 2015 and 2014

	2015	2014
Cash in banks	$ 3,838,833	$ 2,886,681
Stocks	3,667,531	2,601,165
Mutual funds	159,803,759	153,309,394
Bonds	17,299,524	10,077,054
Land	5,048,499	5,277,307
Securities under custody	197,938,446	146,099,293
	$ 387,596,592	$ 320,250,894

Statements of Income on Trust Accounts

For the Years Ended December 31, 2015 and 2014

	2015	2014
Revenues		
Interest	$ 13,549	$ 7,821
Cash dividend	5,774,467	3,109,258
Realized capital gain - common stock	977	793
Property gain	2,729,191	3,431,004
Service fee income	35	60
Realized capital gain	688,725	118,835
Revenues from beneficial certificates	1,301	367
Revenues from rent for stocks	45	-
	9,208,290	6,668,138
Expenses		
Management fees	302,433	586,797
Supervisor fees	120	120
Service fees	792	556
Property loss	5,982,099	1,161,814
Income tax	959	648
Other expenses	5,845	16,007
Principal redemption fee	-	4,521
Tax expenditures	38	38
Realized capital loss	2,041	3,302
	6,294,327	1,773,803
Net income	$ 2,913,963	$ 4,894,335

b. Nature of trust business operations under the Trust Law: Note 1.

43. ALLOCATION OF REVENUE, COST AND EXPENSE THAT RESULTED FROM THE SHARING OF RESOURCES BETWEEN E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Under cooperation arrangements, the Bank and E.SUN Securities shared some equipment and operating sites; thus, related expenses were allocated as follows:

	Bank	E.SUN Securities	Total	Allocation Method
For the year ended December 31, 2015				
Broadcasting and security systems	$ 72	$ 71	$ 143	50% each
Others	742	645	1,387	Utilities - 50% each. Building maintenance fee - based on space actually occupied
	$ 814	$ 716	$ 1,530	
For the year ended December 31, 2014				
Rental expense	$ 540	$ 270	$ 810	The Bank - 2/3 and E.SUN Securities - 1/3
Broadcasting and security systems	36	36	72	50% each
Others	1,283	1,187	2,470	Utilities - 50% each. Building maintenance fee - based on space actually occupied
	$ 1,859	$ 1,493	$ 3,352	

Under cooperation arrangements, the Bank and E.SUN Insurance Broker Co., Ltd. (ESIB) shared some equipment and operating sites, personnel, and an Internet service system and provided cross-selling financial services. The service fees earned by the Bank were based on 70% of the gross revenue derived from the insurance companies' products sold by the Bank. For the years ended December 31, 2015 and 2014, ESIB should have paid the Bank $2,668,389 thousand and $1,727,616 thousand, respectively; the unpaid amounts were $54,223 thousand as of December 31, 2014.

The cross-selling transactions between the Bank and E.SUN Securities were as follows (the amounts below refer to the Bank):

	For the Year Ended December 31	
	2015	2014
Revenue	$ 6,001	$ 6,011
Expense	$ 75,049	$ 75,694

44. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On December 29, 2015, the Company acquired from non-controlling interests for additional 5% shares of UCB, which increased its continuing interest from 70% to 75%.

The above transaction was accounted for as equity transaction, since the Company did not cease to have control over the subsidiary.

	UCB
Cash consideration paid	$ 218,483
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	(146,447)
Reattribution of other equity from non-controlling interests	
Exchange differences arising on the translation of the financial statements of foreign operations	12,267
Fair value remeasurement of available-for-sale financial asset	218
Differences arising from equity transaction (reduced retained earnings)	$ 84,521

45. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

To expand business applying economies of scale, improve effectiveness through integrated marketing, reduce operating costs and develop operating synergy, the Bank's stockholders approved on August 21, 2015 the Bank's merger with E.SUN Insurance Broker Co., Ltd. (ESIB), with the Bank as extended company and ESIB as dissolved company. Under the merger agreement, the share swap ratio between ESIB and E.SUN Bank was 1:3.91, which may be adjusted in accordance with the authorities' review or the related terms in the agreement. The target effective date of this merger is March 25, 2016, which is subject to change depending on circumstances and only with the consent of the chairmen of the Bank and ESIB. This merger was awaiting the approval of the authorities.

To expand business in electronic commerce, the Bank's board of directors approved the acquisition of 7,875 thousand shares of BankPro E-Service Technology Co., Ltd.'s common shares. This acquisition was approved by the authorities and settled on January 11, 2016.

On January 12, 2016, the China Bank Regulatory Commission approved E.SUN Bank's establishment of a subsidiary, E.SUN Bank (China), Ltd. and its business launched on March 11, 2016.

46. ADDITIONAL DISCLOSURES

a. Significant transactions and investees:

1) Financing provided: Not applicable.

2) Endorsement/guarantee provided: Not applicable.

3) Marketable securities held: Not applicable.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital (the Bank disclosed its investments acquired or disposed of): Table 5 (attached).

5) Acquisition of individual real estates at costs of at least NT$300 million or 10% of the paid-in capital: Table 6 (attached).

6) Disposal of individual real estates at costs of at least NT$300 million or 10% of the paid-in capital: None.

7) Financial asset securitization: In the second quarter of 2007, the Bank entered into trust contracts with the Hong Kong and Shanghai Banking Corporation Limited (HSBC, the trustee) and transferred the Bank's rights and risks on bondholding to the trustee in accordance with the Financial Asset Securitization Act. The trustee issued beneficial securities named E.SUN CBO 2007-1 and E.SUN CBO 2007-2 to investors and passed to the Bank the funds raised on securities issuance and the sold equity securities with interest receivable. The Bank is the servicer of E.SUN CBO 2007-1. For the year ended December 31, 2014, the service income resulting from the contracts was $300 thousand.

8) Allowance of service fees to related parties amounting to at least NT$5 million: None.

9) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: None.

10) Sale of nonperforming loans: None.

11) Other significant transactions which may affect the decisions of users of financial reports: Note 45 to the consolidated financial statements.

12) The related information and proportionate share in investees: Table 7 (attached).

13) Derivative transactions: Notes 8 and 39 to the consolidated financial statements.

b. Investment in Mainland China:

Based on "Regulations Governing Approvals of Banks to Engage in Financial Activities between the Taiwan Area and the Mainland Area," the Bank set up the Dongguan Branch in Mainland China.

The FSC approved the Bank's establishment in China of a subsidiary, E.SUN Bank (China), Ltd. (ESBC), with an estimated capital of CNY2 billion. In March 2015, the China Bank Regulatory Commission (CBRC) approved this establishment and required the Bank to first set up ESBC as a preparatory office responsible for establishing a banking business. When ESBC becomes ready to operate, it applied to CBRC again for its formal launch. In January 2016, ESBC began its formal launch after acquiring the CBRC's approval and obtaining an operating license. The registered capital of ESBC is CNY2 billion, and the Bank remitted to ESBC an investment of CNY1 billion in May 2015. The remainder of the registered capital will be transferred from the operating capital of the Bank's Dongguan Branch, an entity which had earlier been reorganized as ESBC's Dongguan Branch.

The information on E.SUN Bank (China), Ltd. and Dongguan Branch's major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at period-end, the remitted investment profits and the limit on the amount of investment in Mainland China - is shown in Table 8 (attached).

c. Business relationship and significant transactions among the parent company and subsidiaries: Table 9 (attached).

47. OPERATING SEGMENTS

The information reported to the Company's chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company's reportable segments are as follows:

a. Corporate Banking Unit, which handles corporate loans, foreign exchange business, and financial banking operations;

b. Individual Banking Unit, which handles home mortgage, unsecured personal loans (UPLs), wealth management, and credit cards;

c. Others, including the business other than those handled by the Corporate Banking and Individual Banking units.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenues, expenses and related information of the Company's reportable segments were as follows:

(In Millions of New Taiwan Dollars)

	For the Year Ended December 31, 2015			
	Corporate Banking Unit	**Individual Banking Unit**	**Others**	**Total**
Net interest revenues (expenses)	$ 4,725	$ 13,836	$ (1,310)	$ 17,251
Total net revenues	$ 12,925	$ 23,128	$ (101)	$ 35,952
Bad-debt expenses and provision for losses on guarantees	(1,405)	(1,744)	(417)	(3,566)
Operating expenses	(3,279)	(14,124)	(1,220)	(18,623)
Income (loss) before income tax	$ 8,241	$ 7,260	$ (1,738)	$ 13,763

	For the Year Ended December 31, 2014 (Applied Retrospectively)			
	Corporate Banking Unit	**Individual Banking Unit**	**Others**	**Total**
Net interest revenues (expenses)	$ 4,031	$ 11,916	$ (661)	$ 15,286
Total net revenues	$ 10,144	$ 19,539	$ 1,006	$ 30,689
Bad-debt expenses and provision for losses on guarantees	(1,365)	(803)	134	(2,034)
Operating expenses	(2,969)	(12,309)	(1,272)	(16,550)
Income (loss) before income tax	$ 5,810	$ 6,427	$ (132)	$ 12,105

CONSOLIDATED ENTITIES
DECEMBER 31, 2015 AND 2014

Entities included in the consolidated financial statements

Investor Company	Investee Company	Location
E.SUN Commercial Bank, Ltd.	E.SUN (China), Ltd. Preparatory Office Union Commercial Bank PLC.	China Cambodia
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia

Note 1:For more information on E.SUN Bank (China), Ltd., please refer to Note 46.

Note 2:Union Commercial Bank PLC. holds a 49% interest in URE Land Holding Co., Ltd. In the Articles of Incorporation of URE Land Holding Co., Ltd., Union Commercial Bank PLC. has power to control the composition of the board of director and owns at least 90% of economic benefit of URE Land Holding Co., Ltd.; hence, URE Land Holding Co., Ltd. is deemed as a subsidiary of Union Commercial Bank PLC.

TABLE 1

Businesses and Products	Percentage of Ownership (%)		Note
	December 31, 2015	December 31, 2014	
Banking	100.00	-	Note 1
Banking	75.00	70.00	
Real estate leasing and management	90.00	90.00	Note 2

RELATED-PARTY TRANSACTIONS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

Loans
December 31, 2015

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2015 (Note)	Ending Balance
Consumer loans	122	$ 74,699	$ 49,667
Self-used residential mortgage	255	1,055,937	923,996
Other loans	Other loans	943,370	789,539
Other loans	E.SUN Securities	15,000	-
Other loans	E.SUN Securities	15,000	-
Other loans	E.SUN Securities	6,000	-
Other loans	E.SUN Securities	6,000	-
Other loans	E.SUN Securities	8,700	-
Other loans	E.SUN Securities	8,000	-
Other loans	E.SUN Securities	6,000	-
Other loans	E.SUN Securities	15,000	-
Other loans	E.SUN Securities	15,000	-
Other loans	E.SUN Securities	7,000	-
Other loans	E.SUN Securities	3,000	-
Other loans	E.SUN Securities	4,000	-
Other loans	E.SUN Securities	26,000	-
Other loans	E.SUN Securities	10,000	-
Other loans	E.SUN Securities	19,000	-
Other loans	E.SUN Securities	11,000	-
Other loans	E.SUN Securities	6,500	-
Other loans	E.SUN Securities	7,400	-
Other loans	E.SUN Securities	10,000	-
Other loans	E.SUN Securities	6,000	-
Other loans	E.SUN Securities	8,000	-
Other loans	E.SUN Securities	30,000	-
Other loans	E.SUN Securities	5,000	-
Other loans	E.SUN Securities	24,000	-
Other loans	E.SUN Securities	5,000	-
Other loans	E.SUN Securities	13,000	-
Other loans	E.SUN Securities	26,000	-
Other loans	E.SUN Securities	4,000	-
Other loans	E.SUN Securities	15,000	-
Other loans	E.SUN Securities	10,000	-
Other loans	E.SUN Securities	10,000	-
Other loans	E.SUN Securities	8,000	-
Other loans	E.SUN Securities	2,000	-
Other loans	E.SUN Securities	3,000	-

TABLE 2

Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
Normal Loans	Nonperforming Loans		
$ 49,667	$ -	Land and buildings as collateral for part of the loans	None
923,996	-	Land and buildings	None
789,539	-	Land, buildings, plant and other properties	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
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-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None

(Continued)

December 31, 2014

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2014 (Note)	Ending Balance
Consumer loans	145	$ 95,331	$ 51,175
Self-used residential mortgage	236	940,063	740,071
Other loans	Others	980,007	754,141
Other loans	E.SUN Securities	4,000	-
Other loans	E.SUN Securities	8,300	-
Other loans	E.SUN Securities	7,400	-
Other loans	E.SUN Securities	6,400	-
Other loans	E.SUN Securities	4,000	-
Other loans	E.SUN Securities	7,000	-
Other loans	E.SUN Securities	9,000	-
Other loans	E.SUN Securities	3,000	-
Other loans	E.SUN Securities	12,000	-
Other loans	E.SUN Securities	11,000	-
Other loans	E.SUN Securities	9,000	-
Other loans	E.SUN Securities	7,000	-
Other loans	E.SUN Securities	7,000	-
Other loans	E.SUN Securities	14,000	-
Other loans	E.SUN Securities	7,000	-
Other loans	E.SUN Securities	9,000	-
Other loans	E.SUN Securities	8,000	-
Other loans	E.SUN Securities	13,000	-
Other loans	E.SUN Securities	12,000	-
Other loans	E.SUN Securities	6,000	-
Other loans	E.SUN Securities	10,000	-
Other loans	E.SUN Securities	11,000	-
Other loans	E.SUN Securities	3,000	-
Other loans	E.SUN Securities	3,000	-
Other loans	E.SUN Securities	13,000	-

Note: The sum of the respective highest balances of each account for the years ended December 31, 2015 and 2014.

(Concluded)

Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
Normal Loans	Nonperforming Loans		
$ 51,175	$ -	Land and buildings as collateral for part of the loans	None
740,071	-	Land and buildings	None
754,141	-	Land, buildings, plant and other properties	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
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-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None
-	-	Certificate of deposits	None

TABLE 3

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON SIGNIFICANT FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES
DECEMBER 31, 2015 AND 2014
(In Thousands)

	December 31					
	2015			2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
USD	$ 10,056,432	32.9000	$ 330,856,613	$ 9,120,877	31.6700	$ 288,858,175
CNY	16,084,701	4.9967	80,370,426	15,956,531	5.0998	81,375,117
AUD	689,092	23.9970	16,536,141	588,311	26.0170	15,306,087
HKD	2,694,871	4.2447	11,438,919	2,942,397	4.0824	12,012,042
JPY	18,787,941	0.2732	5,132,865	44,323,219	0.2656	11,772,247
EUR	149,750	35.9400	5,382,015	83,660	38.5390	3,224,173
SGD	28,626	23.2575	665,769	25,259	23.9961	606,117
NZD	11,645	22.5170	262,210	12,976	24.8510	322,467
GBP	5,004	48.7680	244,035	3,471	49.3290	171,221
CHF	6,797	33.2960	226,313	788	32.0610	25,264
ZAR	39,340	2.1161	83,247	34,375	2.7399	94,184
CAD	6,177	23.7310	146,586	19,258	27.3280	526,283
SEK	2,206	3.9103	8,626	2,233	4.0922	9,138
THB	80,721	0.9119	73,609	26,054	0.9635	25,103
MXN	3,997	1.8930	7,566	3,075	2.1495	6,610
MYR	77	7.6640	590	77	9.0740	699
VND	6,672,048	0.0015	10,008	-	-	-
Financial liabilities						
USD	11,332,667	32.9000	372,844,744	9,248,344	31.6700	292,895,054
CNY	13,617,067	4.9967	68,040,399	11,154,817	5.0998	56,887,336
AUD	829,134	23.9970	19,896,729	593,359	26.0170	15,437,421
HKD	1,786,150	4.2447	7,581,671	1,956,087	4.0824	7,985,530
JPY	29,652,163	0.2732	8,100,971	41,101,856	0.2656	10,916,653
EUR	18,088	35.9400	650,083	134,837	38.5390	5,196,483
SGD	22,980	23.2575	534,457	13,910	23.9961	333,786
NZD	49,112	22.5170	1,105,855	31,874	24.8510	792,101
GBP	28,424	48.7680	1,386,182	119,824	49.3290	5,910,798
CHF	6,148	33.2960	204,704	6,346	32.0610	203,459
ZAR	2,455,014	2.1161	5,195,055	1,882,071	2.7399	5,156,686
CAD	54,600	23.7310	1,295,713	43,278	27.3280	1,182,701
SEK	12,394	3.9103	48,464	11,732	4.0922	48,010
THB	18,463	0.9119	16,836	23,156	0.9635	22,311
MXN	18,687	1.8930	35,374	12,457	2.1495	26,776
MYR	-	7.6640	-	-	9.0740	-
VND	5,879,991	0.0015	8,820	-	-	-

TABLE 4

E.SUN COMMERCIAL BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, %)

Period			December 31, 2015					December 31, 2014				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 266,386	$ 221,321,993	0.12	$ 2,503,664	939.86	$ 849,697	$198,309,465	0.43	$2,241,587	263.81
	Unsecured		298,980	291,569,057	0.10	3,570,578	1,194.25	273,776	271,510,344	0.10	2,862,746	1,045.65
Consumer banking	Housing mortgage (Note 4)		285,813	267,915,888	0.11	3,857,602	1,349.69	130,930	266,679,386	0.05	3,113,965	2,378.34
	Cash card		139	5,214	2.67	2,074	1,492.09	177	7,293	2.43	124	70.06
	Small-scale credit loans (Note 5)		446,685	79,921,836	0.56	968,052	216.72	414,370	60,223,711	0.69	735,981	177.61
	Other (Note 6)	Secured	44,531	155,768,150	0.03	1,586,815	3,563.39	40,621	132,794,878	0.03	1,328,901	3,271.46
		Unsecured	7,914	7,247,832	0.11	74,430	940.49	1,717	5,994,442	0.03	60,786	3,540.24
Loan			1,350,448	1,023,749,970	0.13	12,563,215	930.30	1,711,288	935,519,519	0.18	10,344,090	604.46
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit cards			106,804	45,537,607	0.23	1,422,107	1,331.51	88,047	38,508,335	0.23	1,563,923	1,776.24
Accounts receivable factored without recourse (Note 7)			-	17,750,474	-	246,795	-	-	22,406,261	-	228,683	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			32,783					45,903				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			118,316					158,486				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			906,398					624,586				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,186,792					1,236,058				

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.
Coverage ratio of receivables: Allowance for possible losses for receivables ÷ Nonperforming receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumers' banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance	
					Shares	Amount
E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd. Preparatory Office	Equity investment under equity method	-	-	-	$ -
	Union Commercial Bank Plc.	Equity investment under equity method	Dr. Ratana	-	26	2,465,142

Note 1:Consisting of $4,930,000 thousand acquisition costs, $82,017 thousand as the net loss from equity investment under the equity method and $67,832 thousand as the net other comprehensive income from equity investment under the equity method. For more information on E.SUN Bank (China), Ltd., please refer to Note 46.

Note 2:Consisting of $218,483 thousand acquisition costs, $144,415 thousand as the net profit from equity investment under the equity method, $100,796 thousand as the net other comprehensive income from equity investment under the equity method and $72,036 thousand as the adjustment of actual acquisition of interest in subsidiary.

Note 3:When preparing the consolidated financial statements, the amount had been eliminated.

TABLE 5

Acquisition		Disposal				Ending Balance	
Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
-	$ 4,915,815 (Note 1)	-	$ -	$ -	$ -	-	$ 4,915,815 (Notes 1 and 3)
2	391,658 (Note 2)	-	-	-	-	28	2,856,800 (Note 3)

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Name	Property	Transaction Date	Transaction Amount	Payment Term/ Payment Status	Counter-party
E.SUN Commercial Bank, Ltd.	Construction of new building for the operation of credit card and payment division	2013.06.21	$ 1,498,000	$1,007,931 has been paid as of December 31, 2015	Hsin Tung Yang Construction Co., Ltd.
Union Commercial Bank Plc.	Construction of new building for the operation of UCB's head office	2014.12.18	US$ 21,835 thousand	Has not been paid as of December 31, 2015	LBL International
E.SUN Commercial Bank, Ltd.	Construction of new building for Yiwen branch of the Bank	2015.06.12	$ 410,800	$82,160 has been paid as of December 31, 2015	Zhonglu Construction Co., Ltd., Mr. Lee, Mr. Lee
E.SUN Bank (China), Ltd. Preparatory Office	Construction of new building for Qianhai Excellence Financial Center	2015.04.23	CNY 660,000 thousand	CNY660,000 thousand	Shenzhen Qianhai Excellence Vicome Investment Co., Ltd.
E.SUN Commercial Bank, Ltd.	Construction of new building for the Taipei branch of the Bank	2015.07.09	$ 415,000	$ 415,000	Tung Mung Development Construction Co., Ltd.

TABLE 6

Nature of Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
	Owner	Relationship	Transfer Date	Amount			
-	-	-	-	$ -	Bid	For the operation of E.SUN Bank's credit card and payment division after construction completed	None
-	-	-	-	-	Negotiation	For the operation of UCB's head office	None
-	-	-	-	-	Appraisal	For relocating the branch of the Bank	None
-	-	-	-	-	Appraisal	For the operation of the head office of E.SUN Bank (China), Ltd.	None
-	-	-	-	-	Appraisal	For the operation of the branch of the Bank	None

INFORMATION ON AND PROPORTIONATE SHARE IN INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership
E.SUN Commercial Bank, Ltd. (the "Bank")	Finance-related business			
	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	0.45
	Financial Information Service Co., Ltd.	Taipei	Information service	2.28
	Taiwan Asset Management Corporation	Taipei	Acquisition of delinquent loans	0.57
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94
	Taiwan Finance Corp.	Taipei	Bills financing	0.41
	Sunny Asset Management Co.	Taipei	Acquisition of delinquent loans	4.35
	Taiwan Mobile Payment Co.	Taipei	Information service	3.00
	BankPro E-Service Technology Co., Ltd.	Taipei	E-commerce application service	3.33
	Union Commercial Bank Plc.	Phnom Penh Cambodia	Commercial banking	75.00
	E.SUN Bank (China), Ltd. Preparatory Office	Mainland China	Commercial banking	100.00
	Non-finance-related business			
	Apex Venture Capital Corp.	Taipei	Investment	4.67
	Taiwan Incubator Small & Medium Enterprises Development Co., Ltd.	Taipei	Small and medium enterprise incubation	3.44
	EASYCARD Investment Holding Co., Ltd.	Taipei	Investment	4.82
	Alliance Digital Tech Co.	Taipei	Information service	4.00

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates have been included in accordance with the Company Law.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of the Banking Law.

b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of "Securities and Exchange Law Enforcement Rules."

c. Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Accounting Standards No. 39.

Note 3: For more information on E.SUN Bank (China), Ltd., please refer to Note 46.

TABLE 7

Carrying Value	Investment Gain	Proportionate Share of the Bank and its Affiliates in Investees (Note 1)				Note
		Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
				Shares (Thousands)	Percentage of Ownership	
$ 2,000	$ 640	160	-	160	0.81	
9,000	2,543	1,337	-	1,337	0.45	
108,954	26,617	11,876	-	11,876	2.28	
75,000	6,084	7,500	-	7,500	0.57	
50,000	-	5,000	-	5,000	2.94	
21,355	1,124	2,120	-	2,120	0.41	
2,607	284	261	-	261	4.35	
18,000	-	1,800	-	1,800	3.00	
4,500	1,296	775	-	775	5.74	
2,856,800	144,415	28	-	28	75.00	
4,915,815	(82,017)	-	-	-	100.00	Note 3
-	3,065	1,093	-	1,093	4.67	
18,171	-	2,425	-	2,425	3.44	
218,951	3,392	4,557	-	4,557	4.82	
9,000	-	900	-	900	4.00	

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015
Dongguan Branch	Deposits, loans, import and export, exchange and foreign exchange business	$ 4,828,742 (Note 1)	Direct	$ 4,828,742 (Note 1)
E.SUN Bank (China), Ltd. Preparatory Office (Note 3)	Deposits, loans, import and export, exchange and foreign exchange business	4,930,000 (Note 1)	Direct	-

Accumulated Investment in Mainland China as of December 31, 2015	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
$9,758,742 (Note 1)	$9,758,742 (Note 1)	$70,275,061

Note 1:Translation into New Taiwan dollars at the spot rates on the dates of investment outflow from Taiwan.

Note 2:Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the larger of 60 % of the Bank's net assets value or 60% the Company's consolidated net asset value.

Note 3:For more information on E.SUN Bank (China), Ltd., please refer to Note 46.

TABLE 8

Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
Outflow	Inflow					
$ -	$ -	$ 4,828,742 (Note 1)	100	$ 30,865	$ 5,488,844	$ -
4,930,000 (Note 1)	-	4,930,000 (Note 1)	100	(82,017)	4,915,815	-

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counter-party	Transaction Flow (Note 2)
0	E.SUN Commercial Bank, Ltd.	Union Commercial Bank Plc.	a
1	Union Commercial Bank Plc.	E.SUN Commercial Bank, Ltd.	b
0	E.SUN Commercial Bank, Ltd.	Union Commercial Bank Plc.	a
1	Union Commercial Bank Plc.	E.SUN Commercial Bank, Ltd.	b
0	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd. Preparatory Office	a
2	E.SUN Bank (China), Ltd. Preparatory Office	E.SUN Commercial Bank, Ltd.	b

Note 1:The parent company and subsidiaries are numbered as follows:
a.Parent company: 0.
b.Subsidiaries are numbered sequentially from 1.

Note 2:Transaction flows are as follows:
a.From parent company to subsidiary.
b.From subsidiary to parent company.
c.Between subsidiaries.

Note 3:For calculating the percentages, asset or liability account is divided by the total consolidated assets and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4:The terms for the transactions between the transaction companies and related parties are similar to those for unrelated parties.

Note 5:Referring to transactions exceeding $100,000 thousand.

TABLE 9

Description of Transactions (Notes 3 and 5)				
Financial Statement Account	Amounts		Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
Due to the Central Bank and other banks	$	116,987	Note 4	0.01
Cash and cash equivalents		116,987	Note 4	0.01
Discounts and loans		2,800,744	Note 4	0.16
Other financial liabilities		2,800,744	Note 4	0.16
Other receivables		248,815	Note 4	0.01
Other payables		248,815	Note 4	0.01

Moving Towards More Glories, Highly Recognized

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

ASIAMONEY BEST BANKS 2014 | ASIAMONEY BEST BANKS 2015 | Gartner

In 2015, the Bank set a record by reaping a total of 104 domestic and overseas awards!

- E.SUN FHC was included in” Dow Jones Sustainability World Index” and in “Dow Jones Sustainability Emerging Market Index”, the first ever financial institutions in Taiwan.
- E.SUN Bank received 3 awards from Gartner, including “Digital Champion in Asia pacific”, the only company in Asia.
- E.SUN Bank received the Best Domestic Bank Award from “Asiamoney” in 2 consecutive years; E.SUN Bank received the “Best Domestic Bank Award” in Taiwan from “The Asset”.
- E.SUN Bank received 9 awards from “The Asian Banker”, the most in the financial institution in Taiwan, including the “Best Cash Management Bank in Taiwan” and “Best SME Bank in Taiwan”; President Mr. Joseph N.C Huang received the award of “Transaction Banker of the year”, the first financial institution in Taiwan received this award.
- E.SUN Bank received 7 awards from the “Business Today Magazine”, including the “Best Wealth Management Product”, the Bank which received the most awards.

E.SUN Commercial Bank, Ltd.

Chairman of the Board

March 30, 2016 Printed

Service Network of E.SUN Bank

Branch	phone
Head Office Business Division	+886 2 2719 1313
Customer Service Division	+886 2 2175 1313
International Banking Department/OBU	+886 2 2175 1313
Trust Department	+886 2 2175 1313
Credit Card and Payment Finance Division	+886 2 2182 1313
Nanching East Road Branch	+886 2 2760 1313
Chengjhong Branch	+886 2 2389 1313
Chengtung Branch	+886 2 2504 1313
Hsinyi Branch	+886 2 8789 1313
Keelungroad Branch	+886 2 2378 1313
Tienmu Branch	+886 2 2835 1313
Minsheng Branch	+886 2 2509 1313
Songjiang Branch	+886 2 2562 1313
Fuhsing Branch	+886 2 2771 1313
Tunnan Branch	+886 2 2754 1313
Changchun Branch	+886 2 2546 1313
Chungshan Branch	+886 2 2537 1313
Neihu Branch	+886 2 2659 1313
Chenggong Branch	+886 2 2791 8813
Songshan Branch	+886 2 3765 1313
Heping Branch	+886 2 2362 1313
Mincyuan Branch	+886 2 2568 1313
Jhonglun Branch	+886 2 2731 1313
Daan Branch	+886 2 2755 1313
Guting Branch	+886 2 2364 1313
Beitou Branch	+886 2 2895 1313
Donghu Branch	+886 2 2632 1313
Xinhu Branch	+886 2 8791 6613
Shilin Branch	+886 2 2834 1313
Mujha Branch	+886 2 2936 1313
Jhongsiao Branch	+886 2 8772 1313
Dongmen Branch	+886 2 2321 1313
Jiancheng Branch	+886 2 2556 1313
Nangang Branch	+886 2 2789 1313
Renai Branch	+886 2 2708 1313
Taipei Branch	+886 2 2507 1313
Hsinchuang Branch	+886 2 2202 1313
North Hsinchuang Branch	+886 2 2997 1313
Sinshu Branch	+886 2 2203 1313
Shwangho Branch	+886 2 2923 1313
Yonghe Branch	+886 2 2949 1313
Jixian Branch	+886 2 8283 1313
Yung An Branch	+886 2 8921 1313
Jhonghe Branch	+886 2 2222 1313
Liancheng Branch	+886 2 8228 1313
Nanshijiao Branch	+886 2 2942 8813
Taihe Branch	+886 2 2242 1313
Banciao Branch	+886 2 8257 1313
Puchain Branch	+886 2 2963 1313
Banhsin Branch	+886 2 8952 1313
SinBan District Branch	+886 2 2954 1313

Branch	phone
Guangfu Branch	+886 2 2957 1313
Sanchung Branch	+886 2 2280 1313
Chongsin Branch	+886 2 2984 1313
Er-Chong Branch	+886 2 2278 1313
East Sanchung Branch	+886 2 2971 1313
Tucheng Branch	+886 2 2274 1313
SouthTucheng Branch	+886 2 2267 1313
Shulin Branch	+886 2 8675 1313
Hueilong Branch	+886 2 2689 1313
Wugu Branch	+886 2 2290 1313
Sindian Branch	+886 2 2916 1313
Beisin Branch	+886 2 8911 1313
Sanxia Branch	+886 2 8970 6613
Lujhou Branch	+886 2 2848 1313
Taishan Branch	+886 2 2297 1313
Xizhi Branch	+886 2 2647 6613
Taoyuan Branch	+886 3 332 1313
South Taoyuan Branch	+886 3 337 1313
Taoyin Branch	+886 3 375 1313
Linkou Branch	+886 3 396 1313
Nankan Branch	+886 3 352 1313
Bade Branch	+886 3 367 1313
Yiwen Branch	+886 3 357 1313
Zhongyuan Branch	+886 3 428 1313
Jhongli Branch	+886 3 427 1313
Lisin Branch	+886 3 492 1313
Yangmei Branch	+886 3 488 1313
Hsinchu Branch	+886 3 523 1313
Guanghua Branch	+886 3 533 1313
Juke Branch	+886 3 564 1313
JhuBei Branch	+886 3 554 1313
Sinfong Branch	+886 3 557 1313
Lioujia Branch	+886 3 658 9013
Jhunan Branch	+886 3 746 1313
Toufen Branch	+886 3 766 3571
Houlong Branch	+886 3 773 1313
Taichung Branch	+886 4 2254 1313
Wunsin Branch	+886 4 2291 1313
Dadun Branch	+886 4 2320 1313
Nantun Branch	+886 4 2380 1313
Situn Branch	+886 4 2461 1313
Daya Branch	+886 4 2568 1313
Fongyuan Branch	+886 4 2512 1313
Jhonggong Branch	+886 4 2350 8913
Beitun Branch	+886 4 2241 6813
Longjing Branch	+886 4 2636 6813
Dali Branch	+886 4 2418 1313
Wuquan Branch	+886 4 2377 1313
Taiping Branch	+886 4 2270 8813
Wurih Branch	+886 4 2260 8813
Caotun Branch	+886 4 9238 1313

Branch	phone
Changhua Branch	+886 4 728 1313
Yuanlin Branch	+886 4 836 1313
Douliou Branch	+886 5 532 1313
Chiayi Branch	+886 5 223 1313
East Chiayi Branch	+886 5 216 1313
Puzih Branch	+886 5 379 1313
Tainan Branch	+886 6 241 1313
East Tainan Branch	+886 6 289 1313
Jinhua Branch	+886 6 291 1313
Annan Branch	+886 6 357 1313
Chiali Branch	+886 6 721 1313
Yanhang Branch	+886 6 253 1313
Yungkang Branch	+886 6 201 1313
South Yungkang Branch	+886 6 313 1313
Rende Branch	+886 6 270 6613
Sinying Branch	+886 6 656 8813
Kaohsiung Branch	+886 7 336 1313
Dashun Branch	+886 7 727 1313
Lingya Branch	+886 7 716 1313
Cianjhen Branch	+886 7 761 1313
Chihsien Branch	+886 7 235 1313
Zuoying Branch	+886 7 559 1313
Nanzih Branch	+886 7 364 1313
North Kaohsiung Branch	+886 7 350 1313
Dachang Branch	+886 7 341 1313
Chengcing Branch	+886 7 386 1313
Siaogang Branch	+886 7 807 1313
Fongshan Branch	+886 7 743 1313
Gangshan Branch	+886 7 621 1313
Linyuan Branch	+886 7 643 1313
Houjhuang Branch	+886 7 702 1313
Pingtung Branch	+886 8 733 1313
Donggang Branch	+886 8 835 1313
Keelung Branch	+886 2 2427 1313
Luodong Branch	+886 3 957 1313
Hualien Branch	+886 3 831 1313
Taitung Branch	+886 8 936 1313
Penghu Branch	+886 6 927 1313
Los Angeles Branch	+1 626 810 2400
Hong Kong Branch	+852 3405 6168
Singapore Branch	+65 6533 1313
Dong Nai Branch	+84 61 367 1313
E.SUN Bank (China)	+86 755 8898 1313
Dongguan Branch	+86 769 2868 1313
Dongguan Changan Sub-branch	+86 769 2330 8813
Ho Chi Minh City Representative Office	+84 8 3835 1313
Yangon Representative Office	+95 9 3333 1313
Union Commercial Bank Plc.	+855 23 427 995

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