Taishin Financial Holding Co., Ltd. 2015 Annual Report

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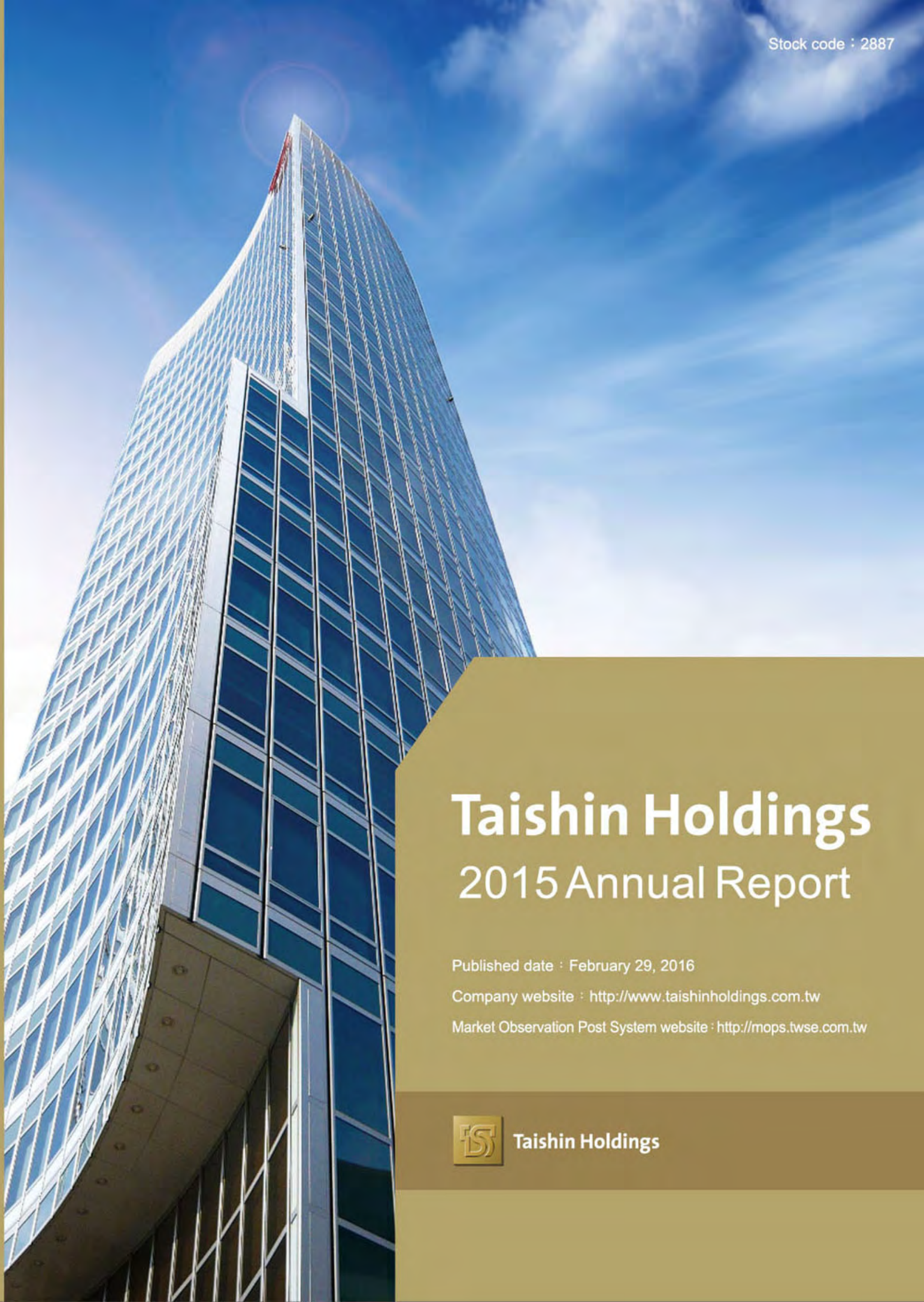

Taishin Holdings
2015 Annual Report

Published date：February 29, 2016

Company website：http://www.taishinholdings.com.tw

Market Observation Post System website：http://mops.twse.com.tw

Taishin Holdings

I. Names, titles, phone numbers, and e-mail addresses of spokesman and acting Spokesman

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E-mail address: spokesperson@taishinholdings.com.tw

Acting spokesman: David Lee
Title: Vice President
Tel: 886-2-5576-2112
E-mail address: spokesperson@taishinholdings.com.tw

II. Addresses and phone number of Taishin Financial Holding Company and subsidiaries

- **Taishin Financial Holding Co., Ltd.**
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  Tel: 886-2-2326-8888
  Website: http://www.taishinholdings.com.tw

- **Taishin International Bank Co., Ltd.**
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  Tel: 886-2-2568-3988
  Website: http://www.taishinbank.com.tw

- **Taishin Securities Co., Ltd.**
  Address: 2F, No.44, Sec. 2, Jhongshan N. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
  Tel: 886-2-2181-5888
  Website: http://www.tssco.com.tw

- **Taishin Asset Management Co., Ltd.**
  Address: 2F-3, No.9, Dehui St., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
  Tel: 886-2-2596-9388
  Website: None.

- **Taishin Venture Capital Investment Co., Ltd.**
  Address: 18F, No.118, Sec. 4, Ren-ai Rd., Da-an Dist., Taipei City 106, Taiwan (R.O.C.)
  Tel: 886-2-2706-6919
  Website: None.

- **Taishin Securities Investment Trust Co., Ltd.**
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  Tel: 886-2-2501-1000
  Website: http://www.tsit.com.tw

- **Taishin Securities Investment Advisory Co., Ltd.**
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  Tel: 886-2-5589-9558
  Website: http://www.tss-c.com.tw

III. Name, address, website, and phone number of the institution for handling stock register

Name: Stock Affairs Agency Department of Taishin International commercial Bank
Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Jhongshan Dist., Taipei City 104, Taiwan (R.O.C.)
Website: http://www.taishinbank.com.tw
Tel: 886-2-2504-8125

IV. Names, addresses, and phone numbers of credit rating institutions

Name: Fitch Ratings
Address: 13F, No.205, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)
Website: http://www.fitchratings.com.tw
Tel: 886-2-8175-7600

Name: Taiwan Ratings
Address: 49F, Taipei 101 Tower, No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Website: http://www.taiwanratings.com
Tel: 886-2-8722-5800

V. Name, address, website, and phone number of certified public accountant and accounting firm for the financial statement in the recent year

CPAs: Qinzhen Yang , Jerry Gung
Name of accounting firm: Deloitte & Touche Tax Consulting Co., Ltd.
Address: 12F, No. 156, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)
Website: http://www.deloitte.com.tw
Tel: 886-2-2545-9988

VI. Names of Exchanges Where Overseas Securities Are Listed and Methods of Inquiry: None.

Taishin Holdings

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Message to Shareholders

I. Message to Shareholders

Dear Shareholders,

Global economic growth fell short of expectations in 2015. As China undergoes structural reform and slowing economic growth, stock markets and foreign exchange markets responded accordingly in midyear. China's annual growth rate fell to 6.9%, and the spillovers are causing economic stagnation in other export-dependent Asian countries and emerging countries. Meanwhile, most of the recovery in developed countries appeared to be slow. The United States took the lead with a steady 2.4% growth for two consecutive years, while the Eurozone reported a mild growth of 1.5%. Japan, with diminishing results from Abenomics, achieved only a 0.5% growth for the year.

Economies around the world generally faced downward pressure on growth, except for the recovery in the United States. The phenomenon also led to strong divergence in the monetary policies of major economies. The U.S. Federal Reserve raised interest rates by 0.25 percentage points in December 2015, ending seven years of a monetary policy that held the rates near zero and returning to business as usual. Europe and Japan continued with quantitative easing and even deployed negative interest rates in an effort to stimulate flagging economies. China also cut benchmark rates several times and injected cash into the market to ease the pressure of capital outflow. Flows of hot money became unpredictable amid divergent monetary policies, thereby introducing making international financial markets extremely volatile.

Meanwhile, Taiwan was not immune to the adverse effects of the global economy. In 2015, both export orders and total exports were lower compared to the previous year, and the growth rates were -4.4% and -10.9%, respectively. Economic growth for the year showed early promise but was later dragged down by stagnant export demand. The preliminary estimate is only 0.75% at an inflation rate of -0.31%, both of which are the lowest records since the economy rebounded in 2009 after the financial crisis. Therefore, the central bank considered the short term economic cycle in Taiwan and the long term economic structure, and decided to lower interest rates by 0.125 percentage points in both board meetings in September 2015 and in December 2015. These economic factors also led to a stagnant stock market. Combined with returning international USD capital in the second half of the year, TWSE once reached 10,000 points during midday trading in April 2015 before starting a downward spiral. The market closed at 8,338 points at the end of the year, down by 10.4% from 9,307 in the previous year.

Over the past several years, the Financial Supervisory Commission (FSC) has been opening the banking industry to more opportunities that have contributed to the growth of profitability. In 2015, China's economic growth slowed down and dramatic renminbi devaluation in August sent shock waves across international financial markets. As a result, profits fell for overseas branches of domestic banks and OBUs, leading to a slight decrease of NTD319.6 billion in pretax earnings for domestic banks as a whole. The return on assets (ROA) was 0.75%, and the return on equity (ROE) was 10.58%. Asset quality continued to become more optimized. The average nonperforming loan ratio for domestic banks was only 0.23% at the end of 2015, while the debt coverage ratio reached 555%.

In 2015, after-tax profit attributable to shareholders of Taishin Financial Holdings amounted to NTD13.2 billion. This represented an EPS of NTD1.39, an ROE of 11.78%, and net worth per ordinary share of NTD12.41. In contrast to the massive loss recognized for loss of control over Chang Hwa Bank in the previous year, profit has returned to its previous level.

In October 2015, Fitch Ratings gave the company a long-term credit rating of A+(twn) and a short-term credit rating of F1(twn), while Taiwan Ratings Corp. gave the company a long-term rating of "twA" and a short-term rating of "twA-1;" both rating agencies had concluded a "Stable" outlook for the company.

In terms of capital structure, the company was able to maintain its capital adequacy ratio at a healthy 126.73%, and reduce debt ratio from 21.5% at the end of 2014 to 18.9% at the end of 2015.

With respect to overseas expansion, the Company has established financial leasing companies in Nanjing and Tianjin to provide leasing, trade, and insurance agency services. The Company will also proceed to set up banking centers after the Cross-Strait Service Trade Agreement comes into effect. In addition to the existing Hong Kong Branch, Singapore Branch, and Vietnam Office, the Yangon Branch in Myanmar opened in January 2016, and the Tokyo Branch in Japan and the Brisbane Branch in Australia are scheduled to open later in 2016. Meanwhile, the application for the Long An Branch in Vietnam was submitted at the end of 2015 as planned. In the future, the Company will continue to expand its overseas presence, offering more comprehensive and higher quality services to customers.

The Company has been investing in the development of digital finance for several years in active support of the FSC's Digital Banking 3.0 Project. So far, the Bank has launched 12 services for which online application is available. The "24-hour online service counter" has also been launched to offer online application for services such as credit cards and loans. Moreover, the Bank also made plans for digital wallet and electronic ticketing trust services. Its license to provide electronic payment services was approved in November 2015. The Foreign Currency Import/ Export Trading and Loan System for wholesale banking services went live in January 2015. The system offers real time services in response to customer needs. It is also able to quickly maneuver domestic/overseas branches to gain competitive advantages in response to the constantly changing financial markets.

Performances of the company's two major business units, retail banking group and wholesale banking group, follow:

Retail Banking Group

As of the end of 2015, the size of Taishin Bank's mortgage portfolio stood at NTD 369.1 billion, representing a 6% YOY growth; its auto loan balance amounted to NTD 34.1 billion, representing a 10% YOY growth and again ranked first among financial institutions of similar caliber; it had 3.55 million credit cards outstanding, ranking 4th with a 9% market share; lastly, Taishin Bank had 89,000 card accepting merchants nationwide, ranking 3rd with a 20% market share.

Payment services: The Rose Card celebrated its 20th anniversary. Taishin Bank adopted an innovative marketing strategy and rebranded the Rose Card statement, Dedication Makes a Woman Beautiful. The campaign was aimed at younger groups. Taishin Bank caters to different groups by offering a variety of credit cards. In particular, it launched a Dual Currency Credit Card in November 2015. The card is available in three currencies, US Dollar, Euro, and Japanese Yen. It helps cardholders manage overseas spending and reduce exposure to exchange rate volatility. Meanwhile, Taishin Bank has also teamed up with Shinkong Mitsukoshi—Taiwan's largest departmental store chain and TKEC—a local retailer of tourism, telecommunication, and dining services to offer customers exceptional value in shopping, travel, and entertainment. Meanwhile, the Ever Rich Infinite Card targets high end customers with overseas travel and luxury shopping needs. The partnership with PXMART also provided shopping options closer to the everyday life.

Taishin Bank is also devoted to the development of mobile payment opportunities. In October 2015, Taishin Bank was the first bank to launch the NFC SIM Easycard credit card. To make online transactions easier to use, Taishin Bank was the first to launch the MasterPass digital wallet and work with several leading e-commerce platform operators to offer an exclusive app bundled with Taishin Bank card services. It is an ideal combination that satisfies customers' online and offline payment needs. Furthermore, to make shopping in Taiwan easier for visitors from China, Taishin Bank launched the UnionPay Flash Pay Service in September 2015. The service allows no-signature-required transactions under NTD3,000, and is available on 14,000 credit card readers and mPOS terminals in well known chain stores and restaurants.

Electronic financial services: To offer a more user friendly digital finance experience, Taishin Bank was the first bank to introduce the interbank deposit feature at its ATMs in April 2015 to satisfy the demand for alternative payment

options for online shopping. The Bank launched the stored value payment accounts in August 2015 to offer a new payment option besides credit card and debit card in a card reader for members of e-commerce platforms. Now P2P card free payments between stored value payment accounts and transaction limit settings are also available. In addition, Taishin Bank's license to provide electronic payment services was approved in November 2015. The Taishin Bank Mobile Wallet app was launched in 2015 with the mission to increase the percentage of electronic transactions in Taiwan.

Wealth management: Taishin Bank was named one of the Top 50 Private Banking Brands by The Banker in June 2015. It is the only financial institution from Taiwan to be included in the ranking. Taishin offers a variety of services for different customer segments such as individuals, households, and business owners. Tailored financial planning and consulting services are available as a combination of TWD and foreign currency deposits, investment products, short- and medium-term insurance policies, and consumer loans and one-stop tax and asset allocation advisory services, all of which are aimed at building stronger customer relationships.

Securities brokerage services: The Company will continue working closely with various distributors to provide more comprehensive services to individual and corporate customers. It is also committed to keep refining the ease and convenience of its electronic platforms, in order to satisfy customer demand for easier and quicker e-trades. In 2015, Taishin Securities was able to grow the market share of its brokerage business by 29% and margin trade balance by 30% over the previous year and continues to work toward becoming a leading brand in the market.

Wholesale Banking Group

Corporate lending: Loan balances owed from state-owned and private institutions totaled NTD203.8 billion at the end of 2015, 15th among the 39 domestic banks. As a result of its support to the government's SME credit extension policy and successes achieved in expanding its customer base, Taishin Bank's lending to SMEs had grown by 9.4% to NTD99.4 billion by the end of 2015, which exceeded the peer average growth of 5.6%.

Other wholesale banking services: Taishin Bank remained in the lead in factoring services, with volume totaling NTD212.6 billion in 2015; financial derivatives amounted to USD95.0 billion in terms of notional principal, ranking fourth among domestic banks; lastly, Taishin Bank provided share administration services to a total of 187 companies traded on the TWSE/TPEX and the Emerging Stock Market, which ranked it 4th among peers.

With respect to new services, domestic banking units (DBU) started offering foreign currency negotiable certificates of deposit (NCD) in late August 2015 as another investment vehicle for corporations and individuals. As deregulation continues, Taishin Bank will endeavor to satisfy the investment needs of local and international customers.

Taishin Bank was named Taiwan Domestic Technology & Operations Bank of the Year by Asian Banking & Finance in July 2015. Taishin Bank won the honor with its newly launched Foreign Currency Import/Export Trading and Loan System. The system has improved operational efficiency by 40% since implementation, and cut the preparation time before new product launch by nearly half. The multi-currency, multilingual system is deployed at domestic and overseas branches to ensure effective response at minimum risk and optimal cost to rapidly changing financial markets.

Securities underwriting services: Taishin Securities handled a total of 10 securities underwriting cases, which accounted for a 4.3% market share, in 2015.

In addition to the above personal and wholesale banking services, the value of assets under management by Taishin Securities Investment Trust reached NTD89.2 billion. In particular, TSIT has NTD79.8 billion in publicly offered funds, which accounts for a 3.6% market share and ranks ninth place among domestic investment trusts. Assets under management will continue to advance toward the NTD100.0 billion mark. Investment trust performance: The Company was recognized with quite a number of awards for its business performance in the past year at the Best

Fund Award. It receives awards including a Best Fund Award for Taishin Hi Div Yield Balanced Fund, an award in the 5-year category for Domestic Bond Stock Balance Fund, the Taiwan Multi-asset Fund Award from Smart Magazine Taiwan Fund Awards, and awards in both the 3-year and 5-year TWD balance fund categories from Lipper Fund Awards Taiwan. Taishin China Equity Fund was recognized for excellence and nominated in both categories of the 3-year and 5-year domestic equity funds - general shares from the Best Fund Award.

Future Development

Following China's structural reform, regional economic integration among the ASEAN countries, and rising popularity of FinTech, the government has been adopting policies to provide strong support for financial institutions. One of the examples is the policy that encourages expansion in other parts of Asia to facilitate overseas expansion and transformation of Taiwanese businesses. The "alternative inward capital" solution was proposed to improve Taiwan's investment management and innovation capabilities. Expansion of offshore business units, such as OBUs, OSUs, and OIUs, had their scope of business relaxed to enable Taiwan to become one of the financial planning hubs in Asia Pacific. An environment is created to accommodate digital finance and allow online application for financial services. In addition, electronic payment services were deregulated to encourage growth of e-commerce and application for financial patents.

Going forward, The Company will make it part of its mission to deliver excellence by taking advantage of a strong local presence and its forward momentum in international markets and digital finance. The Company will strive to expand its business scope and provide customers with a friendly banking experience while committing to stringent risk management. Moreover, the Company will explore opportunities for co-operation overseas and in China by incorporating risk management into the operating platforms to provide customers with optimal service quality and efficiency.

With respect to corporate governance and corporate social responsibility, the Company ranked in the top 5% of TWSE's first Corporate Governance Evaluation in 2015. It is also one of the constituents of the TWSE Corporate Governance 100 Index. The Company also ranked in the top 5% of TWSE's second Corporate Governance Evaluation in April 2016. The Company has published its first Taishin FHC CSR (Corporate Social Responsibility) Report and become the first financial institution in Taiwan to be certified by both the AA1000 Assurance Standard and the International Standard on Assurance Engagements (ISAE) 3000. The Company will continue its commitment to good corporate governance and corporate social responsibility practices in order to fulfill the promise of maintaining sustainable business development.

Every Taishin employee has long dedicated themselves to delivering the best banking services with “integrity, commitment, innovation and cooperation” in mind. Even in the pursuit of profitability, we have been able to demonstrate the innovation and customer-centric values that have helped shape Taiwan’s banking industry as a whole. Looking ahead, Taishin will continue to adhere to this mission and adopt a visionary approach to build up its competitiveness as a regional financial institution in Asia, while striving to deliver comprehensive services and maximizing profits to benefit customers, shareholders and employees alike.

Chairman
Taishin Financial Holding
April 2016

II

Brief Introduction to the Financial Holding Company

II. Brief Introduction to the Financial Holding Company

A. Date of establishment

Feb. 18, 2002

B. Origin of the financial holding firm

In the wake of the enactment of the Financial Institutions Merger Law and the Financial Holding Company Law, financial-institution merger and the cross selling of financial products have become an industrial trend. Taishin Financial Holding Co., Ltd. was established on Feb. 18, 2002 via share swap with Taishin International Bank following the latter's merger with Da An Commercial Bank. Subsequently, Taishing Financial Holding put Taishin Securities and Taishin Bills Finance under its fold on Dec. 31, 2002, via the respective share-swap ratios of 1:1.2 and 1:1.3.

In addition, in order to help domestic financial institutions alleviate the pressure of high NPL (non-performing loan) ratio and liquidate their bad assets, the company set up a 100% venture Taishin Asset Management Co., Ltd. in Aug. 2002. In Oct. 2002, with the approval of the Ministry of Finance (MOF), it put under its auspices Taishin Marketing Consultant Co., Ltd., which became its subsidiary, with the aim of enhancing marketing efficacy and lowering marketing cost. Moreover, in September 2002 the company established Taishin Venture Capital, making its business structure even more complete and enabling it to offer clients plural product lineup, so as to help staff achieve even better performance by enriching the depth and magnitude of their industrial knowledge.

On Oct. 18, 2004, the company's subsidiary Taishin International Bank took over the Tenth Credit Cooperative of Hsinchu, further expanding the company's banking branches deployment and business scale and winning it an advantageous market position, so as to facilitate its effort in boosting profit and achieving the maximum benefits for shareholders, clients, and employees.

On Oct. 3, 2005, the company obtained 22.5% controlling stake in Chang Hwa Bank at cost of NT$36.5 billion before reshuffling the latter's board of directors and making the bank its subsidiary. The move boosted the company's total assets to NT$2.35 trillion, the second largest among domestic financial holding firms, and made it one of the domestic financial firms with the largest amount of banking branches, paving the way for the company to become a domestic leading brand.

In 2006, the company introduced three strategic foreign partners, Newbridge Capital of the U.S., Nomura Group, and QE International (L) Ltd., which together invested NT$35 billion in the company by private placement, strengthening the company's capital structure and boosting its capital adequacy ratio.

On March 18, 2009, the company's subsidiary Taishin Securities acquired a 55% stake in Taishin Investment Trust, thereby transforming the latter into its 100%-owned subsidiary. The buyout has enabled Taishin Securities to expand its produce resources and offer clients more comprehensive wealth-management services, facilitating its efforts to seek the maximum synergy effect under the principle of "client first," in the hope of creating a win-win outcome for shareholders and clients.

On Dec. 19, 2009, Taishin Securities, the company's subsidiary, completed its merger with KGI Securities, enabling Taishin Financial Holding to concentrate its resources on banking business.

On April 9, 2010, the company took over Tung Hsing Securities and subsequently renamed it Taishin Securities, thereby offering customers even more complete and comprehensive financial services.

On July 26, 2010, Taishin Investment Trust and Taishing Securities Investment Advisory were put into the fold of the financial holding company again, becoming its subsidiaries. On Dec.18, in the same year, Taishin Investment Trust acquired Taiwan Industrial Bank Securities Investment Trust, further expanding the scale and market share of the assets under its management.

On Jan. 22, 2011, subsidiary Taishin Bank took over Taishin Bills Finance, in order to cut costs, effectively integrate the financial holding company's internal resources, and create high yield, making the company a financial holding company centering on a quality bank.

On April 27, 2011, the company acquired Franklin Insurance Brokers Co., Ltd. (renamed as Taishin Holdings Insurance Brokers on May 16, 2011), thereby enabling other subsidiaries to access property and life insurance products and provide complete product lineup for sales service.

On October 17, 2011, Taishin Financial Leasing (China) under Taishin Financial Holdings opened its door in Nanjing and obtained a national leasing license to provide financial leasing services for corporate clients.

On July 5, 2012, Taishin Financial Leasing (Tianjin) was founded in Tianjin and officially obtained a three-in-one license to provide leasing, factoring, installment sales. It was the first foreign company to obtain this type of license.

The opening of Taishin Bank's Singapore Branch on June 24, 2014 was not only a new milestone in Taishin group's overseas expansion, but also serves as an important gateway to the regional and global economy. The branch will be working closely with Singapore and Southeast Asian banks to actively participate in syndicated lending. It will also develop other banking services such as bilateral lending, trade financing, accounts receivable financing etc, and offer customers a broad range of wealth management solutions involving mutual funds and bond investments. The branch's future customer focus will be in China and Southeast Asia.

The Taishin Bank Yangon Representative Office in Myanmar officially opened for business on January 21, 2016. It is the Bank's second overseas representative office following the establishment of the Ho Chi Minh City Representative Office in Vietnam. The Yangon Office will be upgraded to a branch location in the future when deemed appropriate.

Honors of the Company-

2015.12	【Taishin Holdings】	Winner of the BSI Environmental Governance Practice Award
2015.12	【Taishin Holdings】	Gold Award in The Asset's Excellence in Management and Corporate Governance Awards
2015.12	【 Taishin Bank 】	Winner of the Wealth Magazine Consumer Financial Brands & FHC CSR Award – "Best Banking Services"
2015.11	【Taishin Holdings】	Winner of Silver Award in Taiwan Institute for Sustainable Energy's Corporate Sustainability Report Award – Financial Institutions
2015.10	【Taishin Holdings】	Winner of the Ministry of Culture's 12th Arts & Business Award – Long Term Sponsorship
2015.10	【 Taishin Bank 】	Named Best Private Bank for Digital Communication by The Banker and PWM
2015.09	【 Taishin Bank 】	Named Highly Commended – Outstanding Global Private Bank by PBI
2015.09	【 Taishin Bank 】	Named Highly Commended – Best Marketing Campaign by Cards & Electronic Payments International
2015.07	【 Taishin Bank 】	Winner of Taiwan Domestic Technology & Operations Bank of the Year, Domestic Retail Bank of the Year – Taiwan, Mobile Banking Initiative of the Year – Taiwan, and Credit Card Initiative of the Year – Taiwan by Asian Banking & Finance
2015.06	【 Taishin Bank 】	Named one of the Top 50 Private Banking Brands by The Banker
2015.06	【 Taishin Bank 】	Winner of Asian Banker's Best Customer Relationship Management – Taiwan and Best ATM & Kiosk Project – Taiwan
2015.06	【 Taishin Bank 】	Winner of Timetric Best Technology Implementation – Back Office, Best Use of Personalization, and Customer Experience – Wealth Management
2015.06	【 Taishin Bank 】	Named Best Private Bank in Taiwan by PBI
2015.04	【 Taishin Bank 】	Winner of Asian Banker's The Internet & Mobile Security Technology Implementation of the Year
2015.03	【 Taishin Bank 】	Winner of Global Views Banking and Wealth Management Survey – Excellence Award and Most Improvement Award
2015.03	【 Taishin Bank 】	Winner of Retail Banker International (RBI) Best Marketing Campaign, Excellence in Mass Affluent Banking, and Excellence in Mobile Banking – Customisation
2015.03	【 Taishin Bank 】	Winner of Asian Banker's Best Credit Card Product

III

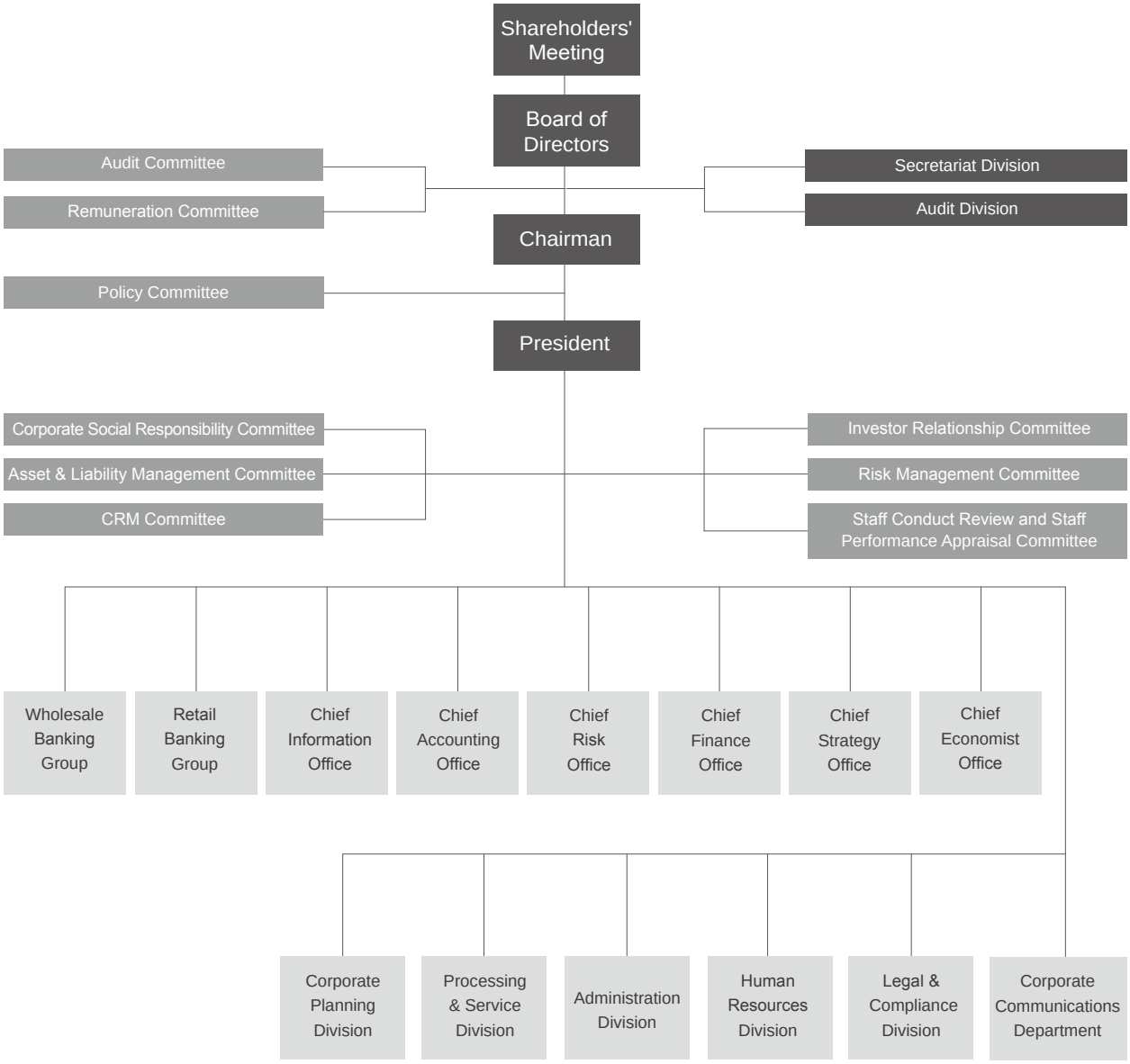
Corporate Governance

III. Corporate Governance

A. The organization of the financial holding firm

a. Organization chart

Base date: March 1, 2016



1. Responsibilities of major units

(1)Chief Economist Office

- Provide analytical information on regional economies, industrial trend, as well as prospects of general global economy, exchange rate, interest rate, and the world's major stock markets and industries to Taishin Financial Holding Group, including the company and its subsidiaries.
- In response to the need of the board of directors and managerial units of the company and subsidiaries for decision making and business need, provide expert analysis, evaluation, and opinions, to assist with risk assessment and business promotion, in addition tracking the status and prospects of companies with public share offering in Taiwan and proposing industrial assessment and analytical report.

(2)Wholesale Banking Group

- Research, marketing strategy, and management of corporate-banking products and system for the company and subsidiaries.
- Preparation, planning, and business management of the overseas branches and invested companies of the company and subsidiaries.
- Management of corporate-banking assets and credit extension of the company and subsidiaries.
- Assistance for subsidiaries in providing financial consulting service for corporate syndicated loan, merger, and restructuring.
- Assistance for subsidiaries in providing service for share listing on the centralized market, over-the-counter market, and emerging enterprise market.
- Planning for the development and marketing of capital-market products.
- R&D for forex, field-yield products (bills and bonds) and derivatives, assistance for subsidiaries to manage sales and tractions related corporate banking.
- Formulation, execution, and management of external contracts and documents related corporate banking business of the company and subsidiaries.

(3)Retail Banking Group

- Assist subsidiaries in planning the marketing strategy of credit card, cash card, and customers of personal wealth-management and fortune management branches (including investment and consumer banking products).
- Assist subsidiaries in product R&D and management of overdue debt collection.
- Assist subsidiaries in the planning and execution of consumer-banking businesses, such as CRM (customer relationship management) marketing and phone/database marketing.
- Formulation, execution, and management of external contracts and documents for consumer-banking business of the company and subsidiaries.

(4)Chief Strategy Office

- In charge of formulating medium- and long-term development strategies for the financial holding company and subsidiaries.
- Track the execution of the existing strategies of the company and subsidiaries and analyze, assess, and evaluate its performance.

(5)Chief Finance Office

- Planning and management of the bank's liquidity risk and bankbook interest risk, as well as supervision and evaluation of subsidiaries.
- Planning and management of the structural deployment of assets and liabilities and the deployment of fund utilization.
- Planning, implementation, and management of asset-based securities business, as well as supervision and evaluation of subsidiaries.
- Implementation of credit ranking, and assistance for subsidiaries to undertake credit rating.
- Planning, execution, and management of the company's non-strategic long-term investment; execution and management of strategic long-term investment; and supervision and evaluation of subsidiaries.
- Planning and management of short-term securities and mutual-fund investment business of subsidiaries and collection and analysis of dynamic information of short-term securities market.
- Analysis and management of the operation, performance, and risk of subsidiaries'investment-type products, decision making for investment-type products, and study of the regulator's related regulations.
- Communications, contact, and the setup of long-term relationship with institutional investors.

(6)Chief Risk Office

- Planning and management of the management mechanism for credit risk, market risk, and operating risk.
- Disclosure of the risk-management execution and risk-exposure position.
- Planning and establishment of integrated risk-management platform.

(7)Chief Accounting Office

- Performance management:
  - In charge of the compilation of the annual budget of the financial holding firm and the planning and management of annual business goals.
  - Analysis and evaluation of the performance in achieving budget and business goal (balanced scorecard).
  - Evaluation of the efficacy of marketing program and compensation system.
  - Planning and management of performance management information system (MIS), budget testing, and activity based costing/management system (ABC/M) of the Company and its subsidiaries and report preparation.
  - Design and evaluation of internal pricing rules based on the MIS system and activity based costing/management system (ABC/M) of the Company and its subsidiaries.
- Accounting management:
  - In charge of the planning and management of the accounting policy of the financial holding company.
  - Research of and consulting for various financial issues.
  - Compilation, analysis, and reporting of the financial information of the financial holding company.
  - Handling of the accounting operation of the financial holding company.

(8)Chief Information Office

- Formulation of information policy.
- Application, integration, and proposal of new information technologies.
- Evaluation of major information investments.

(9)Human Resources Division

- Formulation, revision, organizational planning, and publication of the financial holding company's human-resources regulations and policy.
- Management of personnel recruitment, appointment, and performance evaluation.
- Employee compensations and welfare; the design, execution, and management of the communications channel with employees.
- Research, planning, revision, compilation, and execution of staff-training courses and materials.
- Formulation, execution, and management of human resources-related contracts and documents of the company and subsidiaries.

(10)Administration Division

- Drafting, formulation, and execution of the regulations and system of the company’ s administrative and general affairs.
- Acceptance and sending of official documents.
- Evaluation and execution of the company’ s major general affairs, construction/improvement and procurement.
- Formulation, execution, and management of external contracts and documents of the company’ s administrative affairs.
- Assistance for subsidiaries in the planning and management of administrative services.

(11)Legal Division

- Policy making:
  - Assists the company and its subsidiaries in devising, formulating and implementing policies in line with laws.
  - Offers consultation on legal affairs concerning the company and its subsidiaries.
  - Assists in reviewing and supervising various contracts and correspondences used by the company and its subsidiaries.
- Regulatory compliance:
  - Drafting, formulation, and execution of regulations and policy for legal compliance for the company and subsidiaries.
  - Study, transmission, inquiry, coordination, and communications for legal-compliance affairs for the company and subsidiaries.
  - Execution, supervision, and evaluation of legal-compliance affairs for the company and subsidiaries.

(12)Processing & Service Division

- Drafting and formulation of Processing & Service regulations and policy for subsidiaries.
- Planning of Operation flow, establishment and management of the centralized operation system for subsidiaries.
- Launch workflow reformed project and evaluation and review the result for subsidiaries.
- Formulation and management of Processing & Service -related external contracts and documents for subsidiaries.

(13)Corporate Planning Division

- Planning and execution of major strategic projects.
- Analysis and management of capital planning and BIS (Bank of International Settlement) ratio.
- Planning and management of long-term investments.
- Coordination and communications with the regulator.
- Business-related communications and coordination among various business groups and subsidiaries of the financial holding company.
- Formulation, execution, and management of general planning-related external contracts and documents for the company and subsidiaries.
- Planning, establishment, execution, and management of the organizations of the company and subsidiaries.
- Follow-up on progress of strategy implementation at the Company and its subsidiaries.
- Coordinates and supervises corporate governance practices across the company and subsidiaries.

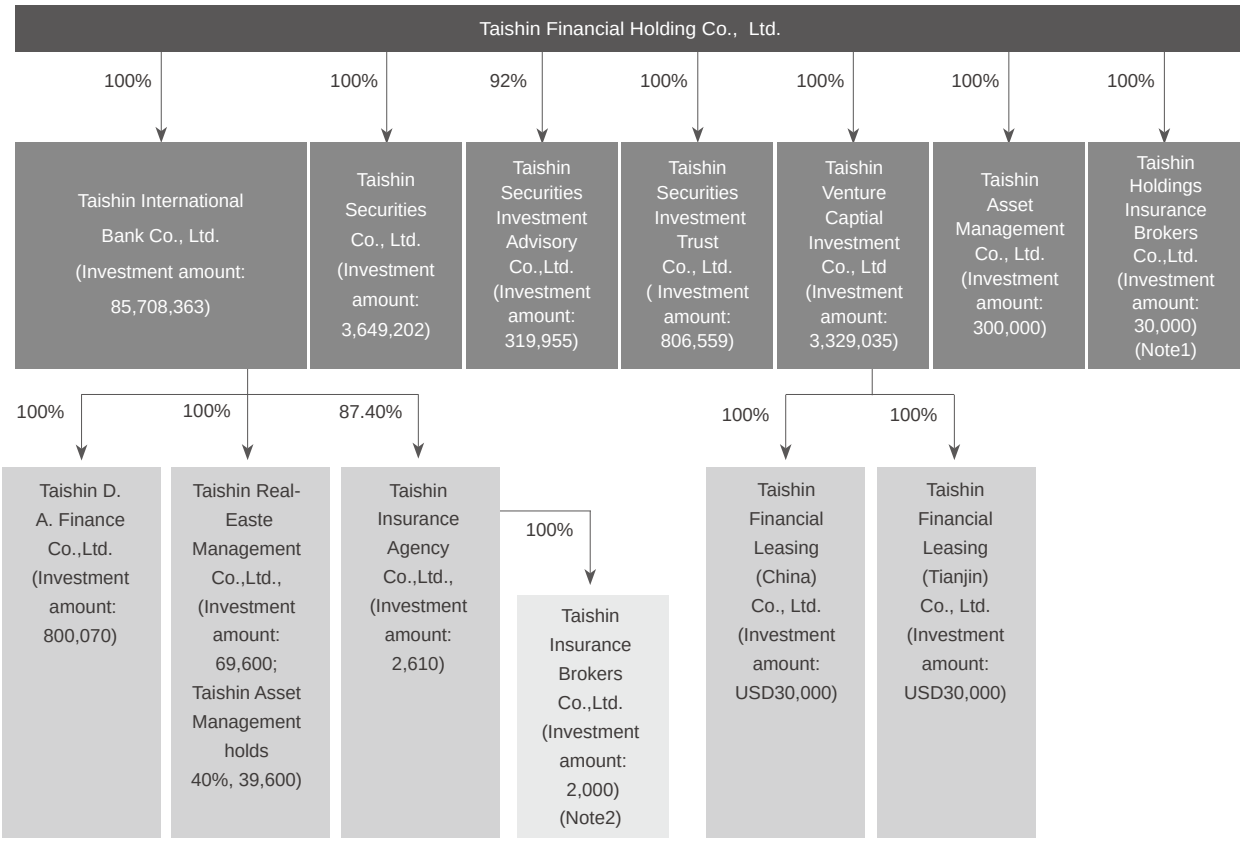
(14)Corporate Communications Department

- Drafting, formulation, and execution of public-relations regulations and policy for the company and subsidiaries.
- Planning, establishment, execution, and review of public relations with the government, media, shareholders, creditors, elected representatives, and customers for the company and subsidiaries.
- Planning, establishment, execution, and review of the corporate public image of the company and subsidiaries.
- Planning, establishment, execution, and review of the prevention of the corporate-image risk and crisis-management mechanism of the company and subsidiaries.
- Formulation, execution, and management of public relations-related external contracts and documents for the company and subsidiaries.

2. Affiliated Companies

The Organizational Chart of Taishin Financial Holding and Its Affiliates

Base date: Dec.31 , 2015; Unit: NT $1,000



Note 1: On Apirl 24, 2016, subsidiary Taishin Bank took over Taishin holding Insurance Brokers Co., Ltd..

Note 2: Liquidation of Taishin Insurance Brokers Co., Ltd. was completed on March 14, 2016.

B. Data of directors, supervisors, president, senior vice presidents and department heads

a. Data of directors

Title	Country or place of registration	Name	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding	
						Amount of shares	Share of stake(%)	Amount of shares	Share of stake (%)
Chairman	R.O.C.	Hsiang-Chao Co., Ltd. Representative：Wu, Tong-Liang	2015.06.12 (2015.07.01)	Three years	2007.06.15	7,664,755	0.08	7,664,755	0.08
Director	R.O.C.	Tong Shan Investment Co., Ltd. Representative：Kuo, Jui-Sung	2015.06.12 (2015.07.01)	Three years	2001.12.07	111,927,594	1.17	111,927,594	1.17
Director	R.O.C.	Tai-Ho Investment Co., Ltd. Representative：Wu, Cheng-Ching	2015.06.12 (2015.07.01)	Three years	2004.12.07	45,435,913	0.47	45,435,913	0.47
Director	R.O.C.	Chia Hao Co., Ltd. Representative：Wu, Tong-Shung	2015.06.12 (2015.07.01)	Three years	2015.06.12	15,000,000	0.16	15,000,000	0.16
Director	R.O.C.	Chia Hao Co., Ltd. Representative：Lin, Long-Su	2015.06.12 (2015.07.01)	Three years	2015.06.12	15,000,000	0.16	15,000,000	0.16
Director	R.O.C.	Santo Arden Co., Ltd. Representative：Wang, Chu-Chan	2015.06.12 (2015.07.01)	Three years	2013.06.21	2,889,185	0.03	4,489,185	0.05
Independent Director	R.O.C.	Lin, Neng-Pai	2015.06.12 (2015.07.01)	Three years	2007.06.15	0	0.00	0	0.00
Independent Director	R.O.C.	Lin, Yi-Fu	2015.06.12 (2015.07.01)	Three years	2015.06.12	0	0.00	0	0.00
Independent Director	R.O.C.	Wang, Por-Yuan	2015.06.12 (2015.07.01)	Three years	2015.06.12	0	0.00	0	0.00

Note 1: Representative Wu, Tong-Liang, is concurrently acting as Chairman of Taishin International Bank, Chairman of Taishin Charity Foundation, Director of Taishin Real Estate Management, Director of Taishin Asset Management Co.,Ltd., Director of An-Sin Real Estate Management, Director of Shin Kong Mitsukoshi Department Store, Director of Shin Kong Lohas, Director of Shin Kong Construction and Development, Director of Wangtien Woolen Textile, Director of The Great Taipei Gas, Director of Taiwan Shin Kong Security, Director of Hsien-Shun Enterprise, Director of Shin-Yun Enterprise, Director of Jui-Siang Investment, Director of Kuei-Yuan Investment, Director of Yung-Kuang, Director of Beitou Hotel, Director of ShinKong Co. Ltd., Director of Shin Kong Chao Feng,Supervisor of Bo-Rui, Supervisor of Shin Kong Agriculture & Animal husbandry, Supervisor of Shin Kong Hae-Yang, Supervisor of Chin-Shan Investment.

Note 2: Representative Jui-Sung Kuo, is concurrently acting as Chairman of Jui-Fang Co., Director of Taishin International Bank, Director of An-Long Enterprise, Director of TECO Image Systems, Director of Century Development, Director of Shin-Hai Gas Co., Ltd., Director of Xing An Enterprise, Supervisor of SerComm Co..

Note 3: Representative Cheng-Ching Wu, is concurrently acting as Chairman of TASCO Chemical, Chairman of EXCEL Chemical, Chairman of Ming-Xing Chemical, Chair man of Tuntex Petrochemical Inc., Chairman of SAFEWAY GAS Co., Chairman of Ho-Shin Co., Chairman of Chang-Fong Transportation, Chairman of TNS Logistics International Corp, Director of Chang Hwa Commrecial Bank, Director of China Investment & Development, Directro of CIDC Consultants, Directro of Shun-Li-Tong Transportation.

Base date: Feb. 28, 2015

Stake of spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the company		
Amount of shares	Share of stake	Amount of shares	Share of stake(%)			Title	Name	Relationship
0	0.00	0	0.00	Director, First Bank, Supervisor, Hua Nan Bank MBA, University of California, LA	Note 1	Director Supervisor	Jui-Sung Kuo Long-Su Lin	Brother-in-law Brother-in-law
0	0.00	0	0.00	Director, International Bank of Taipei, Professor, Department of Information Science, Business School, Soochow University, Ph.D. in Physics, New Hampshire University	Note 2	Chairman Supervisor	Wu, Tong-Liang Long-Su Lin	Brother-in-law Brother-in-law
0	0.00	0	0.00	Manging Director of Chang Hwa Commercial Bank, Chairman of TASCO,Chemical Ph.D. in Engineering, Tokyo University	Note 3	None	None	None
0	0.00	0	0.00	Chairman of Taishin Asset Management, Supervisor of TECO Image System Co., Ltd., Department of Accounting and Statistics, National Chengchi University	Note 4	None	None	None
0	0.00	0	0.00	Director, Taishin Financial Holding, Taishin Bank, Ph.D. in Chemistry, Virginia State University	Note 5	Chairman Supervisor	Wu, Tong-Liang Jui-Sung Kuo	Brother-in-law Brother-in-law
0	0.00	0	0.00	Standing Supervisor, Taishin Financial Holdings, Taishin Bank, Director and Supervisor of The Great Taipei Gas Co., Kaohsiung Medical College Pharmaceutical department	Note 6	None	None	None
0	0.00	0	0.00	Chairman, Taiwan Power Co., Dean, College of Management at National Taiwan University Ph.D. in Business, Ohio State University	Note 7	None	None	None
0	0.00	0	0.00	Minister of Ministry of Economic Affairs, Standing Representative of WTO, Department of Accounting and Statistics,National Chengchi University	Note 8	None	None	None
0	0.00	0	0.00	Chairman, Sercomm Corporation Director, Monte Jode Science & Teconology Associate of Taiwan Ph.D. in Physics, Carnegie Mellon University in U.S.A.	Note 9	None	None	None

Note 4: Representative Wu, Tong-Shung, is concurrently acting as Chairman of Taishin Asset Management Co., Ltd., Chairman of Taishin Real-Estate Management Co., Ltd., Chairman of MiTAC Construction and Development, Director of Taishin International Bank, Director of AN-SIN Real Estate Management, Director of Taiwan Hotfrog Co., Ltd, Supervisor of Taishin Venture capital, Supervisor of Taishin Securities Co., Ltd., Supervisor of Taishin Insurance Agency Co., Ltd., Supervisor of Tung-Yu Technology Co., Ltd..

Note 5: Representative Long-Su Lin, is concurrently acting as Chairman of Chun-Ying Interior Design, Director of Taishin International Bank, Director of MiTAC Construction and Development, Director of Nica-Orient Development, Director of Virgin Enterprise, Director of Gyu-Kaku, Director of International Advanced Music, Director of Music Duck, Chairman of Ennead Inc., Chairman of Ennead Leasing.

Note 6: Representative Chu-Chan Wang, is concurrently acting as Chairman of Pan City Co., Chairman of Hsien-Shun Enterprise, Chairman of Santo Arden Co., Director of Taishin International Bank, Supervisor of Tai-Wa Co.and The Great Taipei Gas Co.

Note 7: Lin, Neng-Pai is concurrently acting as Independent Director of Taishin FHC, Independent Director of Darfon Electronics, Director of Wistron NeWeb Corporation, Director of TECO Image Systems.

Note 8: Lin, Yi-Fu is concurrently acting as Independent Director of Taishin International Bank, Swissray Global Healthcare Holding Limited, Nanya Teconology Corp., Supervisor of CHO Pharma Inc..

Note 9: Wang, Por-Yuan, is concurrently acting as Chairman of Sercomm Corporation, Director of Monte Jode Science & Teconology Associate of Taiwan, Independent Director of UPC Teconology Co.,Director of Taiwan Cement Co. and Prosperity Dielectrics Co., Ltd..

1. Major shareholders of institutional shareholders

Base date: Feb. 29, 2016

Names of Institutional shareholders	Major shareholders of institutional shareholders
Hsiang-Chao Co., Ltd.	Wu, Tong-Liang 81%,Bo-Rui Co., Ltd. 19%
Tong Shan Investment Co., Ltd.	Ruey-Shin Enterprise Co., Ltd. 78.75%, Guei-Lan Wu 3.125%, Eugene Wu 3.125%, Anthony Wu 3.125%, Wu, Tong-Liang 3.125%, Hsien Hsien Hsu 2.50%, Ruo-Nan Sun 2.50%, Hsin Hua Ho 1.875%, Eric Wu 1.875%
Tai-Ho Investment Co., Ltd.	Wu Shang-Bin 26.09%, Fong-He Development Co.,Ltd. 19.96%, He-Cheng Invest Co.,Ltd.18.15%, Da-Jan Development Invest Co.,Ltd.18.00%, Su-Yue Yang 7.02%, Wu Pei- Jyuan 5.06%, Fong-He Invest Co.,Ltd. 2.50%, He-Fong Invest Co.,Ltd. 2.50%, Wu Pei-Rong 0.72%
Chia Hao Co., Ltd.	Wu, Tong-Liang 98.97%, Peng , Hsueh-Fen 1.03%
Santo Arden Co., Ltd.	Chu-Chan Wang 33.65%, Li-Wan Chang 25.15%, Wei-Ren Wang 20.22%,Wei-Hao Wang 20.98%

2. Major shareholders of major institutional shareholders

Base date: Feb. 29, 2016

Names of major Institutional Shareholders	Major shareholders of major institutional shareholders
Bo-Rui Co., Ltd.	Ching-Wei Co., Ltd. 51.92%, Hsi-Wei Wu 24.04%, Hsi-Hao Wu 24.04%
Ruey-Shin Enterprise Co., Ltd.	Chin Shan Investment Co., Ltd. 20.83%, Kuei-Yuan Investment Co., Ltd. 20.83%, Eugene Wu 16.67%, Wu, Tong-Liang 13.28%, Anthony Wu 13.02%, Eric Wu 12.24%, Hsien Hsien Hsu 1.04%, Ruo-Nan Sun 1.04%, Hsin Hua Ho 1.04%
Fong-He Development Co., Ltd.	Su-Yue Yang 21.15%, Tai-He Enterprise Invest Co.Ltd., 19.86%, He-Cheng Invest Co., Ltd. 19.72%, Wu Shang-Bin 17.31%, Wu Pei-Jyuan 17.31%, Wu Pei-Rong 4.65%
He-Cheng Invest Co., Ltd.	Su-Yue Yang 30.20%, Wu Shang-Bin 30.20%, Wu Pei-Jyuan 18.90%, Wu Pei-Rong 18.90%, Fong-He Development Co., Ltd. 1.80%
Da-Jan Investment Development Co., Ltd.	He-Cheng Invest Co., Ltd. 32.85%, Fong-He Development Co., Ltd. 19.64%, Fong-He Invest Co., Ltd. 19.41%, He-Fong Invest Co., Ltd. 19.41%, Su-Yue Yang 7.72%, Wu Shang-Bin 0.46%, Wu Pei-Rong 0.26%, Wu Pei-Jyuan 0.25%
Fong-He Investment Co., Ltd.	(BVI)ALL BEST Co.Ltd., 99.01%, Wu Pei-Jyuan 0.99%
He-Fong Investment Co., Ltd.	(BVI)PRECISION MASTER Co.Ltd., 99.01%, Wu Pei-Juan 0.99%

3. Information on directors and supervisors

Base date: Feb. 29, 2016

Qualifications / Name	Possession of over five-year working experience and the following professional qualifications			Compliance with independence (Note)										Number of other companies of public offering where the board director or supervisor serves as independent director
	Instructor or higher teaching positions at college departments of commerce, legal affairs, finance, accounting, or others related to the bank's operation	Judge, prosecutor, lawyers,public certified accountant, or other professionals or technicians with national licenses related to the bank's operation	Working experience in commerce, legal affairs, finance, accounting, or other fields related to the bank's operation	1	2	3	4	5	6	7	8	9	10	
Wu, Tong-Liang			✓	✓				✓	✓	✓		✓		0
Kuo, Jui-Sung	✓		✓	✓		✓		✓	✓	✓		✓		0
Wu, Cheng-Ching			✓	✓	✓	✓			✓	✓	✓	✓		0
Wu, Tong-Shung	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓		0
Lin, Long-Su			✓	✓		✓		✓	✓	✓		✓		0
Wang, Chu-Chan			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Lin, Neng-Pai	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Lin, Yi-Fu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Wang, Por-Yuan			✓	✓	✓	✓	✓	✓	✓	✓	√	✓	✓	1

Note: Mark with a check (✓) under the code number for conformance to the following conditions:

(1)Not an employee of another bank or its affiliates.

(2)Not a director or supervisor of another bank or its affiliates.

(3)Not owning, along with his/her spouse and offspring before the age of majority or in others' names, over 1% stake in another bank including stake in others' names, or one of the 10 largest individual shareholders in the bank.

(4)Not a spouse, relative within second-degree kinship, or relative within fifth-degree kinship of direct lineage of the persons specified in the three items above.

(5)Not a director, supervisor, or employee of an institutional shareholder with over 5% stake in another bank or being one of the five largest institutional shareholders in the bank.

(6)Not a director, supervisor, manager, or shareholder with over 5% stake of a company or institution which has financial or business exchange with another bank.

(7)Not a professional, or owner, partner, director, supervisor, manager, or spouse of one with such position of companies or institutions offering business, legal, financial, accounting, or consulting services to another bank or its affiliates; however, this excludes remuneration committee members who exercise their duties in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

(8)Not a spouse or a relative within second-degree kinship of one of other directors.

(9)Not an offender of items stipulated in article 30 of the Company Law.

(10)Not a representative of government or corporate body elected via method specified in article 27 of Company Law.

b. President, Senior Vice-presidents and Department Heads

Title	Country	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others	
				Amount of shares	Share of Stake (%)	Amount of shares	Share of Stake (%)	Amount of shares	Share of Stake (%)
President and Chief Executive Officer, Wholesale Banking Group	R.O.C.	Joseph Jao	2012.01.02	384,766	0.00	0	0.00	0	0.00
Chief Executive Officer, Retail Banking Group	R.O.C.	Oliver Shang	2011.02.01	368,276	0.00	0	0.00	0	0.00
Chief Auditor	R.O.C.	Howard Wu	2010.04.29	872,442	0.01	24,141	0.00	0	0.00
Chief Strategy Officer	R.O.C.	Daniel Tsai	2008.12.11	706,508	0.01	1,752	0.00	0	0.00
Chief Information Officer	R.O.C.	BR Ho	2009.02.01	2,025,533	0.02	0	0.00	0	0.00
Chief Financial Officer	R.O.C.	Welch Lin	2009.12.25	3,341,844	0.03	0	0.00	0	0.00
Chief Accounting Officer	R.O.C.	Ann Cheng	2005.09.05	641,989	0.01	922,256	0.01	0	0.00
Chief Risk Officer	R.O.C.	Jey Chen	2012.03.23	0	0.00	0	0.00	0	0.00
Senior Vice President	R.O.C.	Frank Lin	2011.02.03	392,121	0.00	28,602	0.00	0	0.00
Senior Vice President	R.O.C.	Jai, Lu-June	2011.09.23	161,153	0.00	0	0.00	0	0.00
Senior Vice President	R.O.C.	David Chang	2012.08.17	1,176,227	0.01	179	0.00	0	0.00
Senior Vice President	R.O.C.	Janice Liang	2014.03.28	113,285	0.00	48,541	0.00	0	0.00

Base date: Feb. 29, 2016

Education and working experience	Current jobs with the financial holding company and other companies	Being the spouse or relative within 2 tiers of other managers		
		Title	Name	Relationship
Governor of East West Bank (China) Co., Ltd. University of Missouri-Columbia, Master of Business Administration	Director of Taishin Securities, Taishin D. A. Finance, Taishin Bank Foundation for Arts and Culture Supervisor of Taishin Financial Leasing (China), Taishin Financial Leasing (Tianjin)	Nil		
Chief Executive Officer,Chinattust Financial Holding University of Delaware, Master of Business Administration	Chairman of Taishin Holdings Insurance Brokers, Director of Taishin Securities, Taishin D. A. Finance ,Easy Card Corp.and EASYCARD Investment Holdings Corporation, Taiwan Mobile Payment Co.	Nil		
Vice President of Citi Bank Baker University, U.S.A., Master of Science	-	Nil		
President of Taishin Bank EMBA, National Chiao Tung University	Chairman of Taishin Financial Leasing (Tianjin), Director of Taishin Financial Leasing (China), Shareholder of Chien-Lung Investment	Nil		
Vice president for technology and industrial consulting, SAP Taiwan Master of Management Information Systems, National Chengchi University	Senior Vice President of Taishin Bank	Nil		
President, ABN AMRO Asia Limited, Taipei Branch University of California, Los Angeles (UCLA),Master Of Business Administration	Chairman of Taishin Securities, Director of Taishin Venture Capital,Taishin Asset Management Supervisor of Taishin Holdings Insurance Brokers, Taishin Real Estate Management, Taishin D. A. Finance, Director of Taishin Insurance Agency, Yuantai Foreign Exchange Brokerage, San-Ding Biotech Co., Diamond Bio Fund&Diamond Capital Inc.,Shin-yao Investment, Supervisor of Tehlin Co.,Ltd ,Tehlin Investment and An-Chieh Investment	Nil		
Vice president, ABN AMRO BANK University of New Haven, Master of Business Administration	Supervisor of Taishin Securities Senior Vice President of Taishin Bank	Nil		
Vice President of KGI The University of Texas At Austin, Doctor of Philosophy in Mathematics	Vice President of Taishin Bank	Nil		
Assistant Vice President of Taishin Bank University of Southern California, USA, Master of Public Administration	Vice President of Taishin Bank	Nil		
Vice President of Taishin Bank Department of Law, National Taiwan University	Vice President of Taishin Bank	Nil		
Vice President of Taishin Bank Department of Business MBA, National Chung Hsing University	Director of Taishin Insurance Agency Vice President of Taishin Bank, Supervisor of Hsiang Chao Investment,Weifeng Investment, Chia-hao Investment, Yiheng Investment, Chingwei Co.,Ltd.	Nil		
Vice presidents of Taishin Bank University of Southern California, USA, Master of Science in Education	Vice President of Taishin Bank	Nil		

C. Latest year compensations for directors, supervisors, presidents, and vice presidents

1. Latest year compensations for directors (including independent directors)

Title	Name	Compensations for directors								Share of combination of A,B,C and D in after-tax net profit	
		Compensations(A)		Job-leaving and retirement payment(B)		Compensations from distribution of earnings (C)		Expende for business execution(D)			
		The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement
Chairman	Bo-Rui Co., Ltd. (2015.07.01 relief of duty) / Hsiang-Chao Investment Co., Ltd. (2015.07.01 on board)	57,866	81,208	0	0	115,886	115,886	3,562	10,148	1.34%	1.57%
	Wu, Tong-Liang										
Director	Tong Shan Investment Co., Ltd.										
	Kuo, Jui-Sung										
Director	Tai-Ho Investment Co., Ltd.										
	Wu, Cheng-Ching										
Director	Hsiang-Chao Investment Co., Ltd. (2015.07.01 relief of duty) /Chia Hao Co., Ltd. (2015.07.01 on board)										
	Wu, Tong-Shung										
Director	Chia Hao Co., Ltd. (2015.07.01 on board)										
	Lin, Long-Su (2015.07.01 on board)										
Director	Santo Arden Co., Ltd.										
	Wang, Chu-Chan										
Director	Bo-Rui Co., Ltd. (2015.07.01 relief of duty)										
	Thomas K.H.Wu (2015.07.01 relief of duty)										
Director	Hsiang-Chao Investment Co., Ltd. (2015.07.01 relief of duty)										
	Steve S.F. Shieh (2015.07.01 relief of duty)										
Independent Director	Lin, Neng-Pai										
Independent Director	Wang, Por-Yuan (2015.07.01 on board)										
Independent Director	Lin, Yi-Fu (2015.07.01 on board)										
Independent Director	Chih-Kang Wang (2015.07.01 relief of duty)										

Note 1: Compensations of the driver is NT 2,316,000.

Note 2: All recipients of director remuneration, except for independent directors, are institutional directors. The actual amount of remuneration in 2015 was as decided by the board of directors.

Note 3: The Company did not make any pension benefit payments or contribute to the pension plan. None of the companies reported in the financial statements paid any pension benefits, but contributed NTD98,000 to the pension plan.

Base date: Dec 31, 2015; Unit: NT$1,000

Remuneration as an employee												Share of combination of A、B、C、D、E、F and G in after-tax net profit		Compensations from invested companies other than subsidiaries
Salary, bonus, and special allowance(E)		Job-leaving and retirement payment (F)		Employee dividend-sharing (G)				Amount of shares for employee warrants (H)		Amount of restricted stock units				
The company	All companies in the financial statement	The company	All companies in the financial statement	The bank		All companies in the financial statement		The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement	
				Cash dividend	Stock dividend	Cash dividend	Stock dividend							
1,000	25,986	0	98	0	0	0	0	46,780,000 shares	46,780,000 shares	0	0	1.35%	1.76%	3

Compensation brackets of directors

Compensation brackets of board directors	Names of directors			
	The combined compensation of (A+B+C+D)		The combined compensation of (A+B+C+D+E+F+G)	
	The company	All companies in the consolidated financial statement	The company	All companies in the consolidated financial statement
Lower than NT$2 M.	Wu, Cheng-Ching/ Lin, Long-Su/ Thomas K.H.Wu/ Steve S.F. Shieh	Wu, Cheng-Ching/ Thomas K.H.Wu/ Steve S.F. Shieh	Wu, Cheng-Ching/ Lin, Long-Su/ Thomas K.H.Wu/ Steve S.F. Shieh	Wu, Cheng-Ching/ Thomas K.H.Wu/
NT$2 M. (inclusive)- NT$5 M. (exclusive)	Kuo, Jui-Sung/ Wu, Tong-Shung/ Wang, Chu-Chan	Kuo, Jui-Sung/ Lin, Long-Su	Kuo, Jui-Sung/ Wu, Tong-Shung/ Wang, Chu-Chan	Kuo, Jui-Sung/ Lin, Long-Su
NT$5 M. (inclusive)- NT$10 M. (exclusive)	Wang, Por-Yuan// Lin, Yi-Fu / Chih-Kang Wang/	Wu, Tong-Shung/ Wang, Chu-Chan/ Wang, Por-Yuan/ Lin, Yi-Fu/ Chih-Kang Wang/	Wang, Por-Yuan/ Lin, Yi-Fu/ Chih-Kang Wang/	Wang, Chu-Chan/ Steve S.F. Shieh/ Wang, Por-Yuan/ Lin, Yi-Fu/ Chih-Kang Wang
NT$10 M. (inclusive)- NT$15 M (exclusive)	Lin, Neng-Pai/ Tong Shan Investment Co., Ltd./ Tai-Ho Investment Co., Ltd./ Hsiang-Chao Investment Co., Ltd./ Santo Arden Co., Ltd.	Lin, Neng-Pai/ Tong Shan Investment Co., Ltd./ Tai-Ho Investment Co., Ltd./ Hsiang-Chao Investment Co., Ltd./ Santo Arden Co., Ltd.	Lin, Neng-Pai/ Tong Shan Investment Co., Ltd./ Tai-Ho Investment Co., Ltd./ Hsiang-Chao Investment Co., Ltd./ Santo Arden Co., Ltd.	Lin, Neng-Pai/ Tong Shan Investment Co., Ltd./ Tai-Ho Investment Co., Ltd./ Hsiang-Chao Investment Co., Ltd./ Santo Arden Co., Ltd.
NT$15 M. (inclusive)- NT$30 M. (exclusive)	Bo-Rui Co., Ltd.	Bo-Rui Co., Ltd.	Bo-Rui Co., Ltd.	Wu, Tong-Shung/ Bo-Rui Co., Ltd.
NT$30 M. (inclusive)- NT$50 M. (exclusive)	Wu, Tong-Liang/ Hsiang-Chao Co., Ltd.	Hsiang-Chao Co., Ltd.	Wu, Tong-Liang/ Hsiang-Chao Co., Ltd.	Hsiang-Chao Co., Ltd.
NT$50 M. (inclusive)- NT$100 M. (exclusive)		Wu, Tong-Liang		Wu, Tong-Liang
Over NT$100 M.				
Total	18	18	18	18

Note: Compensations in the table are different from incomes for income tax law. Therefore, figures in the table are mainly for information disclosure and cannot be used as the basis for taxation.

2. Compensations for supervisors

Base date: Dec 31, 2015; Unit: NT$1,000

Title	Name	Compensations for supervisors								Share of combination of A, B, C and D in after- tax net profit		Compensations from invested companies other than subsidiaries
		Compensation (A)		Job-leaving or retirement payment (B)		Compensations from distribution of earnings (C)		Expense for business execution (D)				
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	
Standing Supervisor	Chishung Co., Ltd. (2015.07.01 relief of duty)	4,989	9,114	0	0	16,841	16,841	250	620	0.17%	0.20%	None
Standing Supervisor	Jimmy Y.T. Tsay (2015.07.01 relief of duty)											
Supervisor	Royal International Co., Ltd (2015.07.01 relief of duty)											
Supervisor	Henry C.S. Kao (2015.07.01 relief of duty)											
Supervisor	Taishin International Investment & Development Co., Ltd. (2015.07.01 relief of duty)											
Supervisor	Lin, Long-Su (2015.07.01 relief of duty)											

Note 1: All recipients of supervisor remuneration are institutional supervisors. The actual amount of remuneration in 2015 was as decided by the board of directors.
Note 2: Neither the Company or any of the companies reported in the financial statements paid any pension benefits or contributed to the pension plan.

Compensation brackets for the company's supervisors

Compensation brackets for the company's supervisors	Names of supervisors	
	Combined amount of (A+B+C+ D)	
	The company	All companies in the financial statement
Under NT$2 M.	Jimmy Y.T. Tsay/ Henry C.S. Kao/Lin, Long-Su	Henry C.S. Kao
NT$2 M.(inclusive)-NT$5 M. (exclusive)	Royal International Co., Ltd./ Taishin International Investment & Development Co., Ltd.	Jimmy Y.T. Tsay/ Lin, Long-Su/ Royal International Co., Ltd./ Taishin International Investment & Development Co., Ltd
NT$5 M. (inclusive)-NT$10 M. (exclusive)		
NT$10 M. (inclusive)-NT$15 M. (exclusive)	Chishung Co., Ltd.	Chishung Co., Ltd
NT$15 M. (inclusive)-NT$30 M. (exclusive)		
NT$30 M. (inclusive)-NT$50 (exclusive)		
NT$50 M. (inclusive)-NT$100 M. (exclusive)		
Over NT$100 M.		
Total	6	6

Note: Compensations in the table are different from incomes for income tax law and the figures are mainly for information disclosure and cannot be used as the basis for taxation.

3. Compensations for president and vice presidents

Title	Name	Salary(A)		Job-leaving or retirement payment (B)		Bonus and special allowance (C)	
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement
President and Chief Executive Officer	Joseph Jao	30,009	67,994	394	1,188	37,151	71,768
Chief Executive Officer	Oliver Shang						
Chief Auditor	Howard Wu						
Chief Strategy Officer	Daniel Tsai						
Chief Information Officer	BR Ho						
Chief Financial Officer	Welch Lin						
Chief Risk Officer	Jey Chen						
Chief Accounting Officer	Ann Cheng						
Senior Vice President	Wilson Chou						
Senior Vice President	David Chang						
Senior Vice President	Frank Lin						
Senior Vice President	Lu-June Jai						
Senior Vice President	Janice Liang						
Senior Vice President	Chao-Min Lin (2015.01.23 relief of duty)						

Note: The company has paid NT$0 in pension benefits and contributed NT$394,000 to the defined benefit plan. All companies reported in the financial statements paid NT$0 in pension benefits in total, and contributed a total of NT$1,188,000 to the defined benefit plan.

Base date: Dec.31, 2015; Unit: NT$1,000

Employee dividend-sharing(D)				Share of the combined value of A.B. C and D in after-tax net profit(%)		Amount of employee warrants (shares)		Amount of restricted stock units		Compensations from invested companies other than subsidiaries
The Company		All companies in the financial statement								
Cash dividend	Stock dividend	Cash dividend	Stock dividend	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	
0	0	0	0	0.51	1.71	6,965,500 shares	6,965,500 shares	0	0	208

Compensation brackets for the company's President and senior vice presidents

Compensation brackets for the company's president and vice presidents	Names of president and vice presidents	
	The Company	All companies in the financial statement
Under NT$2 M.	BR Ho/Ann Cheng/Jey Chen/Wilson Chou/ Frank Lin/David Chang/Janice Liang/Lu-June Jai/Chao-Min Lin	Chao-Min Lin
NT$2 M.(inclusive)-NT$5 M. (exclusive)		Janice Liang
NT$5 M. (inclusive)-NT$10 M. (exclusive)	Howard Wu/Daniel Tsai	Howard Wu /Daniel Tsai/BR Ho/Ann Cheng/ Jey Chen/Wilson Chou/Frank Lin/David Chang/ Lu-June Jai
NT$10 M. (inclusive)-NT$15 M. (exclusive)	Welch Lin	
NT$15 M. (inclusive)-NT$30 M. (exclusive)	Joseph Jao/Oliver Shang	Joseph Jao/ Oliver Shang/ Welch Lin
NT$30 M. (inclusive)-NT$50 (exclusive)		
NT$50 M. (inclusive)-NT$100 M. (exclusive)		
Over NT$100 M.		
Total	14	14

Note: Compensations in the table are different from incomes for income tax law and the figures are mainly for information disclosure and cannot be used as the basis for taxation.

4. Manager’s name and the distribution of employee bonus payout: None.

d. Analytical comparisons of the shares of company’s compensations for board directors, supervisors, president, and vice presidents in the after-tax net profits in the recent two years, as listed in the company’s financial statement and the consolidated financial statement, and explanation of the compensation policy, standards, and makeup, the procedure for settingcompensations, and their association with business performance and risk of future follow.

1. In 2015, total compensations for directors, supervisors, president, and vice presidents accounted for 2.03% of the after-tax net profit t and the share listed in the consolidated financial statement was 3.03%. In 2014, total compensations for directors, supervisors, president, and vice presidents accounted for 7.75% of the after-tax net profit and the share listed in the consolidated financial statement was 17.85%.

2. The company’s compensation policy

(1)The management approved remuneration based on the company's overall revenue and performance for the year, the number and status of sales targets fulfilled, as well as the outcomes of employee individual performance assessments.

(2)Various factors and reference points may be considered in determining the standards for actual allowances and remuneration of directors and supervisors on an annual basis. This includes the remuneration standards of managers, degree of salary adjustments, generally accepted industry practices, whether there have been any major changes in the company’ s business situation and/or performance level, the seniority of the corporate representative of the director or supervisor in question, technical ability, extent of participation in the management of the company’ s operations, and the value of their contributions and amount of assumed risk. Any adjustment to the aforesaid standards must be reviewed and approved by the board of directors before taking effect.

C. Status of Corporate Governance

a. Information on the operation of the board of directors

In the recent fiscal year (2015), the board of directors convened 16 times and status of attendance by directors and supervisors follows:

Title	Name	Attendance in Person	Attendance by proxy	Actual attendance rate (%)	Note
Chairman	Bo-Rui Co., Ltd. Representative: Wu, Tong-Liang	8	1	88.89	Re-appointed (appointed 2015.06.12)
Chairman	Hsiang-Chao Co., Ltd. Representative: Wu, Tong-Liang	6	1	85.71	Re-appointed (appointed 2015.06.12)
Director	Tong Shan Investment Co., Ltd. Representative: Kuo,Jui-Sung	14	2	87.50	Re-appointed (appointed 2015.06.12)
Director	Tai-Ho Investment Co., Ltd. Representative: Wu, Cheng-Ching	14	2	87.50	Re-appointed (appointed 2015.06.12)
Director	Hsiang-Chao Co., Ltd. Representative: Wu, Tong-Shung	7	2	77.78	Re-appointed (appointed 2015.06.12)
Director	Chia Hao Co., Ltd. Representative: Wu, Tong-Shung	6	1	85.71	New appointment (appointed 2015.06.12)
Director	Chia Hao Co., Ltd. Representative: Lin, Long-Su	6	1	85.71	New appointment (appointed 2015.06.12)
Director	Santo Arden Co., Ltd., Representative: Wang, Chu-Chan	16	0	100.00	Re-appointed (appointed 2015.06.12)
Director	Bo-Rui Co., Ltd. Representative: Thomas K.H. Wu	9	0	100.00	Re-appointed (appointed 2015.06.12)
Director	Hsiang-Chao Co., Ltd. Representative: Steve S.F. Shieh	8	1	88.89	Re-appointed (appointed 2015.06.12)
Independent Director	Chih-Kang Wang	7	2	77.78	Re-appointed (appointed 2015.06.12)
Independent Director	Lin, Neng-Pai	15	1	93.75	Re-appointed (appointed 2015.06.12)
Independent Director	Lin, Yi-Fu	7	0	100.00	New appointment (appointed 2015.06.12)
Independent Director	Wang, Por-Yuan	5	2	71.43	New appointment (appointed 2015.06.12)
Standing Supervisor	Chishung Co., Ltd. Representative: Jimmy Y.T. Tsay	8	0	88.89	Re-appointed (appointed 2015.06.12)
Supervisor	Taishin International Investment & Development Co., Ltd. Representative: Lin, Long-Su	9	0	100.00	Re-appointed (appointed 2015.06.12)
Supervisor	Royal International Co., Ltd. Representative: Henry C.S. KAO	6	0	66.67	Re-appointed (appointed 2015.06.12)

Note: The attendance rate(%) of a director/supervisor is calculated by his/her actual number of attendance and the number of meetings of the board of directors during his/her term

Other items of mandatory registration:

1. For items listed in Article 14-3, Securities Transaction Law and resolutions passed by the board of directors for which independent directors have opposing or reserved opinions on record or in written form, specify the date and number of the meeting of the board of directors, the contents of the case, and opinions of independent directors, and responses of the board of directors: None.

2. For avoidance by directors for cases involving the interests of them, specify the name of the board director, contents of the case, reason for avoidance, and the status of their participation in voting: The company implements avoidance of interest for related cases according to related laws/regulations.

3. Targets for strengthening the function of the board of directors in current year and the recent year (such as the setup of auditing committee and enhancement of information transparency) and the evaluation of their execution: In order to strengthen the governance of the board of directors, the company already formulated rules of order to the meeting of the board of directors, instituted independent directors since 2007, and took out liabilities insurance for board directors and key executives in the end of 2007. Due to the existence of supervisors, the company decides not to establish auditing committee for the time being. The Company assembled the Remuneration Committee in 2011. Three independent directors were elected at a 2015 shareholders meeting, and the Audit Committee was assembled to replace the supervisors. The Organizational Rules of the Audit Committee were also established in 2015..

b. Operation of the auditing committee or the participation of supervisors in the operation of board of directors

1. Information on the operation of Audit Committee:

1.1 In the recent fiscal year (2015) Audit Committee convened 6 times and status of attendance:

Title	Name	Actual number of attendance	Attendance by Proxy	Attendance rate (%)	Note
Independent Director	Lin, Neng-Pai	5	1	83.33	New appointment (appointed 2015.06.12)
Independent Director	Lin, Yi-Fu	6	0	100.00	New appointment (appointed 2015.06.12)
Independent Director	Wang, Por-Yuan	5	1	83.33	New appointment (appointed 2015.06.12)

1.2 Other items which should be recorded:

(1)All matters listed in Article 14-5 of the Securities Exchange Act and the other matters that had not been passed by the Audit Committee agreed by more than two-thirds of the Board of Directors, have been tabled for resolution. The date and session of the Board of Directors meeting, contents of motion, results of resolution by the Audit Committee and the company's handling of the opinion of the Audit Committee should be clearly stated：None.

(2)With respect to execution of cases in which the Independent Directors abstain themselves on the ground of conflict of interest, the name of the independent Directors, contents of motion, reasons for abstention and participation in voting should be clearly stated：None.

(3)Between independent directors and internal auditors and CPAs

A. Between independent directors and internal auditors in second half of 2015

(a)The Company created the Audit Committee in July 2015. The committee consists of all independent directors, who have regular meetings with the chief auditor. Instructions made in such meetings will be implemented by the audit office. Minutes of the meetings will be submitted to the board of directors for review.

(b)The board of directors and chief auditor will attend the meetings.

(c)Independent directors and the chief auditor will exchange views on the agenda during board meetings or prior to their own meetings.

(d)Audit reports on the Company and its subsidiaries prepared by the audit office will be provided to each independent director.

(e)The audit office will present regular audit reports to the board of directors and the Audit Committee every quarter. The reports will contain information such as a summary of audit practices at the subsidiaries and key items in internal and external audits.

B. Between independent directors and CPAs in second half of 2015

The Company's CPAs report audit plans, findings and results to the supervisors/Audit Committee and discuss the Company's financial and general business conditions by having meetings. (Note: The Audit Committee was established on July 1,2015 to replace the role of the supervisors on the board of directors.)

2. Supervisors attendance the practice of Board of Directors

2.1 In the recent fiscal year (2015) the board of directors convened 9 times and status of attendance:

Title	Name	Actual number of attendance	Attendance rate (%)	Note
Standing Supervisor	Chishung Co., Ltd. Representative：Jimmy Y.T. Tsay	8	88.89	Re-appointed (appointed 2015.06.12)
Supervisor	Taishin International Investment & Development Co., Ltd. Representative: Lin, Long-Su	9	100.00	Re-appointed (appointed 2015.06.12)
Supervisor	Royal International Co., Ltd. Representative: Henry C.S. Kao	6	66.67	Re-appointed (appointed 2015.06.12)

Note: The attendance rate(%) of a director/supervisor is calculated by his/her actual number of attendance and the number of meetings of the board of directors during his/her term.

2.2 Other items which should be recorded：

(1)The makeup and responsibilities of supervisors:

(1.1)Communication between supervisors and employees/shareholders (such as communications channel and method)

Supervisors can communicate with employees anytime in the exercise of their duties and employee can reflect and express their opinions to the human resources division via the company's internal website.

(1.2)Status of the communication of supervisors with in-house auditing chief and CPA

A. Status of the communication between supervisors and in-house auditing chief

(a)The company's supervisors regularly hold communications meetings with the general auditor and minutes of the meeting are submitted to the board of directors.

(b)Supervisors and chief auditor of the bank attend the meetings of the board of directors and communicate with directors during and before the meetings over various affairs of the bank.

(c)The auditing reports for the company and its subsidiaries auditing division are submitted to supervisors for inspection.

(d)The company's auditing division regularly submits "auditing report" in the meeting of the board of directors by quarterly, with the contents of the report including the conducting of auditing operation and major audited items, both internal and external ones. Attending supervisors, therefore, can also understand the contents of the report.

(e)Investigation reports on major incidents of the company and its subsidiaries (such as irregularities, natural disaster, and major losses) are all submitted to supervisors.

(f) Supervisors can communicate and discuss with chief auditor over the aforementioned affairs or other affairs anytime.

B. Status of the communications between supervisors/ The Audit Committee and CPAs

The Company's CPAs report audit plans, findings and results to the supervisors/Audit Committee and discuss the Company's financial and general business conditions by having meetings. (Note: The Audit Committee was established on July 1, 2015 to replace the role of the supervisors on the board of directors.)

(2)Opinions expressed by supervisors in the meetings of the board of directors which should be put on record, including the date and number of the meeting, contents of the case, resolutions of the meeting, and response of the board to the opinions: None.

c. Disclosure information in accordance with the guidelines of the practical corporate governance of the holding industry

Please refer to the company's website at: http://www.taishinholdings.com.tw .

d. Status of the Holding's corporate governance and its deviation from the guidelines for the practical corporate governance of the holdings industry and reasons

Item	Operating Status			Deviation from the guidelines of the practical corporate governance of the holding industry and reasons
	Yes	No	Summary Descriptions	
1. Shareholding structure and shareholders' rights within the financial holding company				
(1)Has the financial holding company implemented a set of internal procedures to process shareholders' suggestions, queries, disputes and litigations?		✓	The company has provided "IR Contact" and "Contactus" links on its website that shareholders may use to raise suggestions, queries, disputes and litigations.	No internal procedures have been established, though several means of communication are available on the company website.
(2)Is the financial holding company constantly informed of the identities of its major shareholders and the controlling stakeholder?	✓		The shareholder services department is responsible for gathering information on the company's major shareholders. This information is also disclosed in the company's annual reports.	No deviation
(3)Has the financial holding company established and implemented risk management and firewalls in affiliated companies?	✓		Risk management practices and firewalls that the company has set up in affiliated companies: The company and its main subsidiaries (including Taishin Bank and Taishin Securities etc.) all have independent risk management units in place to perform risk controls within their fields of business. The company has established a "Related Party Transaction Policy" and rules of implementation to regulate transactions with stakeholders. The company and its main subsidiaries (including Taishin Bank and Taishin Securities etc.) have implemented security policies to protect their information systems. Access to sensitive information is protected by firewalls and is permitted only for risk management purposes and when instructed by the competent authority.	No deviation
2. Constitution and obligations of the board of directors				
(1)Apart from the Remuneration Committee and Audit Committee, has the financial holding company assembled other functional committees at its own discretion?	✓		Taishin Financial Holding had assembled its own "Remuneration Committee" in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" on 2011.9.22. The committee had held seven meetings in total by the fourth quarter of 2014. The Company created the Audit Committee on July 1, 2015. The Audit Committee is made up of three independent directors, and has had 6 meetings as of the end of December 2015. Auditors" independence and suitability are reviewed each year by assessing a number of considerations such as the CPAs' background, whether they are stakeholders of the company, whether they have been penalized, and whether they have been auditing the company's financials for more than 5 years. Auditors are required to issue a declaration of independence and are appointed based on the board of directors' decision.	No deviation
(2)Does the financial holding company conduct regular assessments on the independence of its financial statement auditors?	✓			

Item	Operating Status			Deviation from the guidelines of the practical corporate governance of the holding industry and reasons
	Yes	No	Summary Descriptions	
3. Has the financial holding company established any communication channels with stakeholders?	✓		1. The company has implemented a "Stakeholder Information System" in which the company and its subsidiaries create stakeholder profiles and make them available for inquiry. Stakeholders are also reminded on a regular basis to verify the correctness of their information. 2. The company complies with laws in the disclosure of financial, business and material information in the Market Observation Post System. This information is made publicly available simultaneously on the company's website. The company also has a designated spokesperson and investor relations mailbox available to serve as communication channels with stakeholders. 3. The company will create a Stakeholders Section on its website in 2015 as a means to communicate and consolidate queries from stakeholders (e.g. employees, suppliers, consumers and customers), so that the company can gain a better understanding of stakeholders' expectations and needs.	No deviation
4. Disclosure of information				
(1)Has the financial holding company established a website that discloses financial, business, and corporategovernance-related information? (2)Has the financial holding company adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?	✓		The company has disclosed financial, business and other information relevant to its operations onto its website. This information has also been reported online according to related regulations on material disclosure. The company has established an English website and assigned various departments to gather and disclose information on a regular basis. In addition, a public information reporting system has also been created with personnel assigned to gather and disclose information via the system. The company has a spokesperson mechanism in place to facilitate external communications. All material information relevant to investors' interests is announced using the Market Observation Post System and press releases. The spokesperson provides further elaboration where deemed necessary. The company prepares its corporate social responsibility report in both Chinese and English. This report has been made accessible at the company's website and on Market Observation Post System (MOPS). The company holds quarterly investor conferences; conference proceedings are recorded and uploaded onto the company's website and MOPS on the same day.	No deviation

Item	Operating Status			Deviation from the guidelines of the practical corporate governance of the holding industry and reasons
	Yes	No	Summary Descriptions	
5. Does the financial holding companyhave other information that enables a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, stakeholders' rights, continuing education of directors/ supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, insuring against liabilities of company directors and supervisors, and donation to political parties, stakeholders and charity organizations)	✓		1. Employees' rights and concern for employees: The company places emphasis on the rights and interests of employees and on harmonious employer- employee relationships; for this reason, an employee relations unit has been created to respond to employee queries. Taishin Financial Holding believes that satisfied employees are the key to satisfied customers. The Chairman and the management have long dedicated themselves to building a working environment characterized by respect, care, support and self- motivated growth. By organizing various events and providing communication channels and learning resources, employees are given the chance to work in a humane, respectful and progressive environment and to grow in step with the company. (1)Offering of competitive remuneration and welfare packages a.Remuneration: Taishin Financial Holding offers competitive salary levels in order to recruit and retain top talents. b.Employee assistance program: The company engages specialists from Teacher Chang Foundation to help employees resolve their problems outside of work. c.Employee Welfare Committee The committee organizes a variety of events such as birthday celebrations, trips, hiking, ball games and competitions to enrich employees' lifestyles and enhance teamwork. d.Taishin Stress Relief Workshop: The company hires blind masseurs and masseuses to help employees relieve work stress, creating a happy and healthy work environment while contributing towards charity. (2)The company respects the opinions of its employees and has channels of communication in place. a.Group-wide surveys: All employees are invited to participate in online surveys as a means of formal communication; the survey also helps to raise the level of employee engagement within the company. b.Regular morning meetings: These meetings are organized to discuss the company's re- organization efforts, key projects, and to recognize employees who have displayed the values of Taishin in their work. Through the use of two-way communication, employees are able to align themselves with the corporate culture and values. 2. Investor relations: In addition to the quarterly investor conferences, the company also participates in investor forums and investment road shows both local and abroad. The IR Department addresses investors on issues of concern via email, telephone or face-to-face meeting, and makes relevant disclosures over the company's website. 3. Protection of consumers' or customers' interests: The company and all its subsidiaries adopt stringent measures to protect customer information. The group has implemented personal information management policies, information security policies, firewalls, and customer information confidentiality measures in accordance with the Financial Holding Company Act, Guidelines for Cross Marketing among Subsidiaries of Financial Holding Company, Personal Information Protection Act and other relevant regulations stipulated by the competent authority. 4. Risk management policies and risk assessment standards:The company and each of its subsidiaries have independent risk management units in place; they have also committed substantial resources to the development of risk management systems, and managing of credit, market and operational risks using both qualitative and quantitative means.	No deviation

Item	Operating Status			Deviation from the guidelines of the practical corporate governance of the holding industry and reasons
	Yes	No	Summary Descriptions	
	✓		5. Directors' and supervisors' ongoing training:The company's directors and supervisors have all satisfied the required training hours; the progress of their training has been updated onto MOPS. 6. The company is insured against liabilities of its directors and supervisors. These insurance policies are reviewed on a yearly basis to ensure adequate	No deviation
6. Has the financial holding company prepared a corporate governance self-assessment report or commissioned a professional organization to compile a corporate governance assessment report?	✓		The company is part of TSEC's (Taiwan Stock Exchange Corporation) corporate governance assessment program. The company has already submitted its self-assessment online, (The results had been announced in April 2016). In order to keep up with international practices and promote the concept of sustainable operations, the company is in midst of drafting and verifying its 2015 corporate social responsibility report.	No deviation

e. Status of structure, responsibilities and operations of the Remuneration Committee

1. Members of the Remuneration Committee

Position (Note 1)	Qualifications / Name	More than 5 years work experience and the following qualifications			Compliance with independent status (Note 2)								Number of positions as Remuneration Committee member in other public listed companies	Note3
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects related to the company's operations in apublic or private tertiary institution	Nationally certified judge, prosecutor, attorney, accountant, or holder of professional qualifications related to the company's operations	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8		
Independent director	Lin, Neng-Pai	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	3	N/A
Independent director	Lin, Yi-Fu			✓	✓	✓	✓	✓	✓	✓	✓	✓	2	N/A
Independent director	Wang, Por-Yuan			✓	✓	✓	✓	✓	✓	✓	✓	✓	1	N/A

Note 1: Please specify whether a director, independent director, or other.

Note 2: Place a"✓" if the member meets the following condition during the two years prior to election and at any time during service.

(1)Not employed by the company or any of its affiliated companies.

(2)Not a director or supervisor of the Company or its affiliated companies. This criterion does not apply to independent directors of the compny,its parent company, or subsidiaries in which the company holds more than a 50% direct or indirect voting interest.

(3)Does not hold more than 1% of the company's outstanding shares in own name or in other names such as spouse, minor children, nominee shareholders etc, and is not one of the company's ten largest natural-person shareholders.

(4)Not a spouse, second degree kin or closer, or a direct blood relative of third degree or closer to anyone listed in the three preceding clauses.

(5)Not a director, supervisor, or employee of a corporate shareholder that owns more than 5% of the company's outstanding shares, and is not a director, supervisor, or employee of any of the top five corporate shareholders.

(6)Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any companies or institutions that have a financial or business relationship with the company.

(7)Not a professional person, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse of anyone listed herein.

(8)Does not meet any of the descriptions stated in Article 30 of the Company Act.

Note 3: For members who have been identified as directors, please state whether they are subject to Article 6, Paragraph 5 of the "Regulations Goerning the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter."

2. Status of Operations of the Remuneration Committee

(1) The company's Remuneration Committee consists of three members.

(2) Term of service: From July 1, 2015 until June 30, 2018. The Remuneration Committee held 2 meeting (A) in the most recent year; details of members' attendance are as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance rate (%) (B/A)	Remarks
Convener	Lin, Neng-Pai	2	0	100%	
Member	Lin, Yi-Fu	2	0	100%	
Member	Wang, Por-Yuan	2	0	100%	

Other remarks:

1. In the event where a Remuneration Committee proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and the way the company processed the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any member object or express qualified opinions to a resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

f. Fulfillment of social responsibilities

Item	Operating status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reason
	Yes	No	Summary description	
1. Implementation of corporate governance				
(1)Does the company have a corporate social responsibility policy or system in place? Is progress reviewed on a regular basis?	✓		The company adheres to four principles in planning and administration of its corporate social responsibility: implementing corporate governance, contributing to the development of sustainable environment, supporting public interest and charity activities, and disclosing information on corporate social responsibility. The company had developed a corporate social responsibility code of conduct in 2014; it was approved by the board of directors and implemented with immediate effect. This policy applies to all operations of the holding company, the bank and other subsidiaries. Relevant campaigns encompass economic, societal, and eco-environmental aspects such as stakeholder communication, corporate social responsibility, arts promotion, energy conservation and carbon reduction, energy management, green space development, employee benefits, employee training, workplace health and safety, and supplier management. Details of implementation and results such as the establishment of the Corporate Sustainability Committee and various guidelines, the strengthened corporate governance practice, the addition CSR section on the company website, and plans for ISO50001 certification and IDP agreements can be found under p.34-36 of the annual reports and the company's 2014 Corporate SocialResponsibility Report. In addition, the company had established a corporate governance code of conduct and integrity policy in 2014 to guide its corporate governance practices.	In accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies "
(2)Does the company organize social responsibility training on a regular basis?			The company arranges for its directors, supervisors, accounting, finance and audit personnel to attend corporate governance courses both on a regular and irregular basis. Courses on corporate ethics, banking regulations and code of conduct are mandatory to attend for all new recruits.	

Item	Operating status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reason
	Yes	No	Summary description	
(3) Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and reports its progress to the board of directors?	✓		In 2014, the company had developed the Guidelines for Establishment of the Corporate Sustainability Committee and established the Corporate Sustainability Committee to specialize in the planning and making of corporate social responsibility decisions. The Corporate Sustainability Committee is to be chaired by the president and consists of executive managers serving as executive members. In addition, the company and its subsidiaries as well as foundations shall appoint CSR contacts to provide support and ensure fulfillment of corporate social responsibility. The committee convened three meetings to discuss corporate governance and corporate social responsibility related matters in 2015.	In accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies "
(4)Has the company implemented a reasonable remuneration system that commensurates employees' performance appraisals with CSR?Is the remuneration system supported by an effective reward/discipline system?			The company offers comprehensive and competitive remuneration that aims to deliver higher corporate performance, shareholder returns, and employee welfare. Taishin Financial Holding was included as one of the initial compositions of "Taiwan High Compensation 100 Index;" this demonstrates the company's commitment to share its success with employees. In addition, the bank has included CSR as part of employees' appraisal criteria, and assesses it on a yearly basis to ensure that CSR policies are soundly implemented from the top-down.	
2. Development of sustainable environment				
(1)Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		Meanwhile, push e-office and paperless office; installstationery collection boxes to achieve more efficientutilization of resources. Promote "using love as energy" event, urging employees to ride bicycles, take mass transportation vehicles, and embrace car pooling, so as to reduce carbon emission, enhance health, and fulfill the commitment to environmental protection. Demonstrate the respect of and care for the nature and actively rally employees, their families, and clients to "use love as energy and love the earth together".	In accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies "
(2)Has the company developed an appropriate environmental management system, given its distinctive characteristics?			In its formal organizational structure, the company has set up labor security and sanitation section, which adheres to the concept of "the premise for safety of environmental design and priority of precautionary measures, "in order to create a sanitary, safe, and healthy environment for Taishin Holding. The labor security and sanitation section is in charge of various tasks, including pushing of tobacco-hazard prevention law and maintenance of the quality of working environment via semiannual inspection of operating environment.(Note: The company's security measures include installing access control and security systems, as well as employing security guards in business premises. Workplace inspection is an inspection of carbon dioxide gas concentration and lighting in a workplace.)	
(3)Is the company aware of how climate changes affect its business activities? Are there any actions taken to measure and reduce greenhouse gas emission and energy use?			For environmental protection and anti-global warming, Taishin has dedicated to the environmental protection and energy conservation. During summertime, it pushes "Cool Biz" event, asking employees to shed garment during office time and set air-conditioning temperature at 26 Celsius degrees. In line with the measures of Taiwan power, terminate the function of air conditioning irregularly and regularly check the contract power capacity of various office buildings. During off hours, control the use of elevators t one side at various buildings, to cut power consumption. Install T5 energy-saving lighting fixtures for office lighting and regional power circuit, to reduce power consumption and achieve the goal of environmental protection.	

Item	Operating status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reason
	Yes	No	Summary description	
3. Uphold public benefits				
(1)Has the company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		The company's working rules have been approved by the regulator and publicized. The personnel rules are formulated according to the regulations of labor laws/decrees, for the purpose of protecting the labor rights of employees. In addition to offering fair compensation, recruitment, training and promotion opportunities and introducing safety measures for female employees, the company has issued declarations over the intranet with regards to workers' rights and human rights, and organized physical as well as online training to raise employees' awareness on work-life balance.	In accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies "
(2)Does the company have means through which employeesmay raise complaints? Are employee complaints being handled properly?			The company has implemented mail boxes (physical and e-mail) and phone lines exclusively for processing employees' complaints. These complaints are handled by dedicated employee relations officers.	
(3)Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?			The company has a safety and health policy in place that complies with relevant laws. Safety of the work place is inspected twice a year, fire equipment and exits are serviced yearly, and public safety is inspected every two years. First-aid kits, certified medical staff, as well as health and safety supervisors have been deployed throughout the business premises. With regards to regular health checks, the company offers benefits that exceed legal requirement standards, and subsidizes health checkups once every two years for general staff and once per year for managerial staff. In terms of training, all new recruits are required to undergo safety and health orientation upon arrival, whereas existing employees need to be re-trained once every three years.	
(4)Does the company have channels to communicate with employees on a regular basis, and inform them of operational changes that may be of a significant impact?			The company has appointed representatives as required by law to hold regular employer-employee meetings. In addition, it publishes details of internal communication onto the intranet to keep employees informed of management decisions that may be of significant impact to them. Meanwhile, employee mail boxes and hotlines have been made available as a private means to express opinions.	
(5)Has the company implemented an effective training program that helps employees develop skills over the course of their career?			New recruits are given a complete orientation upon arrival; Subsequently, each division will arrange respective courses and training that employees are expected to attend. For career development, the company has an individual development program (IDP) and a training credit system that employees may utilize to improve the skills required.	
(6)Has the company implemented consumer protection and grievance policies with regards to its research, development, procurement, production, operating and service activities?			The company embodies subsidiaries involved in different business activities such as banking, securities, investment trust, investment consultancy, and insurance agency. We adopt stringent practices to protect consumers'/customers' information when offering products to them. Necessary confidentiality measures have been taken to ensure the security of all consumers'/customers' information. Subsidiary - Taishin Bank has an entire chapter in its internal operations manual dedicated to confidentiality and protecting consumers' and customers' interests. All loan agreements have been drawn up according to the authority's standard terms, guidelines and the Consumer Protection Law, which state clearly all rights and obligations between the counterparties. The company has set up a consumer protection system supported by grievance procedures and a complaint department specialized in handling such affairs. They serve as channels through which consumers may communicate about products and services offered by the company. Below are the relevant disclosures: a. dedicated around-the-clock customer service line: (02)2655-3355 b. Head office dedicated customer complaint line: (02)2700- 3166 and 0800-079-885,Business hours Monday to Friday 09:00-12:00, 13:30-17:30 c. Fax Number for Complaints:(02)5571-9396	

Item	Operating status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/ GTSM Listed Companies" and reason
	Yes	No	Summary description	
(7)Has the company complied with laws and international standards with regards to the marketing and labeling of products and services?	✓		The company has implemented Advertising, Solicitation and Promotion Policies to guide its operations since December 2011 based on the authority's "Guidelines on Advertising, Business Solicitation and Promotion for Financial Service Providers" introduced in Letter No. Financial-Supervisory- Law-10000707321.-	In accordance with "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies "
(8)Does the company evaluate suppliers' environmental and social conducts before commencing business relationships?			For the selection of suppliers and public bidding for various procurements, the company follows the "measures governing procurement and supplier management, "so as to assure products have stable quality and meet the requirements. When evaluating or auditing a particular supplier, the company may take into consideration the supplier's fulfillment of its CSR commitments, including: moral standards, workers' rights, environmental sustainability, and any other CSR aspects specified by law. Only suppliers that conform with requirements can be certified and registered to provide services or products to the company. The company has implemented a set of "Supplier Management Guidelines" to make sure that suppliers do comply and fulfill their corporate social responsibilities for the benefit of stakeholders. Meanwhile, priority will be accorded to local suppliers in order to avoid resources being wasted on transportation. When choosing suppliers, the company would take into consideration whether the prospect has duly complied with the Labor Standards Act particularly with regards to child labor, forced labor, work hours, compensation, discrimination, freedom of association, and negotiation. Health and safety have also been included as part of the assessment criteria. In addition to the above, suppliers are also evaluated on how their business activities impact the society and the environment, as well as the moral guidelines and risk management policies they have adopted.	
(9)Is the company entitled to terminate the supply agreement at any timewith a major supplier, if the supplier is found to have violated its corporate social responsibilities and caused significant impacts to the environment or the society?			The company has implemented a set of "Supplier Management Guidelines" and CSR commitments to ensure that suppliers comply and fulfill their corporate social responsibilities in terms of worker respects, law compliance, and environmental-friendly and sustainable production, which are all taken into consideration when the company is evaluating or auditing a particular supplier.	
4. Intensified information disclosure Has the company disclosed relevant and reliable CSR information on its website and at the Market Observation Post System?	✓		The company has created a CSR section on its website, where related activities and progresses have been disclosed. The CSR report has also been made available at the company's website and MOPS, where employees, customers, shareholders and the general public may download to learn about non-financial aspects of the company.	
5. Description of deviation of the self-made guidelines for corporate social responsibilities from the "Guidelines for corporate social responsibilities of listed firms" : No deviation.				
6. ther key information conducive to the understanding of the operation of corporate social responsibility. Please refer to Chapter Five - Business Overview, section "✓. Corporate responsibility and ethics" in P.109.				
7. Description of corporate social responsibility report which have been certified by international certification bodies: Taishin Holdings' latest CSR report had been certified by British Standards Institution (BSI) in May 2015 to pass AA1000 and GRI G4.0 guidelines, and was given an assurance level of A+. Deloitte Taiwan also issued an opinion of limited assurance in accordance with ISAE3000 standard for assurance in June 2015, making the Company the first financial institution in Taiwan to receive both assurance certification. The Independent Limited Assurance Report was also disclosed in the Company's 2015 CSR Report.				

g. Status of the company in fulfilling management of integrity and measures

Item	Operating status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reason
	Yes	No	Summary description	
1. Policies and schemes established to ensure business integrity				
(1)Has the company stated in its Memorandum or external correspondence about the polices and practices it implements to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?	✓		The company implements integrity management and uphold the core values of "Integrity, Commitment, Innovation, and Cooperation." It formulates "criteria for employee behaviors," to prevent dishonest behaviors of employees and manifests their duty and obligation for informing. The company periodically provides directors, supervisors, managerial staffers, employees, and actual controllers training courses on corporate governance, trend of financial market, legal norm, and countermeasures for corporate risks, so as to materialize integrity management. Meanwhile, to integrate the management policy of integrity and management strategy for human resources, the company incorporates the indicators of legal compliance in management, information of major abnormal incidents, business auditing, and financial status into the contents for performance evaluation.	No deviation
(2)Does the company have any measures in place against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems?			The Company adheres to its core values of "Integrity, Commitment, Innovation, and Cooperation" and observes the "Ethical Corporate Management Best Practice Principles" established by it self. In addition, the Company has fully implemented all relevant guidelines for preventing dishonest conduct, including operational procedures, code of conduct, disciplinary rules, and employee grievance systems.	
(3)Has the company taken steps to prevent against occurrences listed in Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/ GTSM-Listed Companies" or business conducts that are prone to			The "Taishin Financial Holding Co., Ltd. - Ethical Corporate Management Best Practice Principles" are accessible through as follows: http://www.taishinholdings.com.tw/Investors/Investors_11_2. jsp	
2. Implementation of integrity management				
(1)Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		For the selection of suppliers and public bidding for various procurements, the company follows the "measures governing procurement and supplier management," so as to assure products have stable quality and meet the requirements. Suppliers meeting the conditions can undertake evaluation and register as the company's qualified suppliers to provide services or products to the company.	No deviation
(2)Does the company have a unit that specializes (or is involved) in business integrity? Does this unit report its progress to the board of directors on a regular basis?			The company has established a business integrity unit that reports to the board of directors at least every six months.	
(3)Does the company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?			The company has reporting channels in place to accept verbal and written reports of violations.	
(4)Has the company implemented effective accounting and internal control systems for maintaining business integrity? Are these systems reviewed by internal or external auditors on a regular basis?			Accounting System and Internal control system a.Accounting System The company's accounting policies were drawn up in accordance with the "Regulations Governing the Preparation of Financial Reports by Financial Holding Companies," laws, and generally accepted accounting principles. These accounting policies have been designed to record the company's business activities, and to present the company's financial and business performance in ways that are consistent with laws and generally accepted accounting principles, thereby achieving effective internal supervision and reflecting financial status and operational results so as to serve as a reference in strategic decisioning. b.Internal control system The company's internal control system has been created in accordance with Article 51 of the "Financial Holding Company Act" and Article 6 of the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and holding Industries." The system embodies five major principles:	

Item	Operating status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reason
	Yes	No	Summary description	
	✓		(a)To enable a corporate culture of management supervision and control. (b)To facilitate risk identification and assessment. (c)To control activities and segregate duties. (d)To facilitate information sharing and communication. (e)To monitor and improve business activities. The company has appropriate policies and operating procedures in place to guide its operations. Its rules of organization, management principles, business guidelines and manuals are amended whenever deemed necessary. The company's Audit Division has implemented a set of self-audit and assessment guidelines. It also supervises self-audit practices regularly within the company.	No deviation
(5)Does the company organize internal or external training on a regular basis to maintain business integrity?			Each year, the Company arranges regular or ad hoc training courses on corporate governance for its directors, supervisors, risk management, accounting/finance staff and auditors. Mandatory courses for new employees include corporate ethics, financing regulations and code of conduct, etc.	
3. Reporting of malpractice				
(1)Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices?	✓		In its "Employee Code of Conduct", the Bank clearly delineates convenient channels and relevant procedures for reporting instances of malpractice. An informer may be rewarded by a designated business unit in accordance with the Company's "Employee Reward and Discipline Guidelines". Any employee of the company or external party who discovers any illegal or unethical conduct shall report the discovery to the management and relevant units of the company or through appropriate reporting channels provided by the company. (1)Reporting hotline: (02)5576-3000 (2)Reporting mailbox: er@taishinbank.com.tw (3)By mail: Complaints can be sent by mail or by email to the human resource unit. (Required details: name of complainant, unit and title/name of complainee, unit and title/date and description of incident)	No deviation
(2)Has the company implemented any standard procedures or confidentiality measures for handling reported malpractices?			A designated business unit is responsible to submit the reported case to the Personnel Review Committee in accordance with the relevant procedural guidelines. The Personnel Review Committee will proceed with the disciplinary actions accordingly. The identity of the informer and the contents of the report will be kept in strict confidence.	
(3)Does the company assure employees who reported on malpractices that they will not be prosecuted for making such reports?			The Company will enforce protective measures to assure that the informer, as well as the employees engaged in the investigation process, will not be retaliated against.	
4. Strengthen information disclosure				
Has the company disclosed its integrity principles and progress onto its website and MOPS?	✓		Taishin holding is a listed company (stock code No.2887), discloses its latest information on the Market Observation Post System of Taiwan Stock Exchange, and regularly files report on related financial figures. The "Taishin Financial Holding Co., Ltd. - Ethical Corporate Management Best Practice Principles" are accessible through MOPS & as follows: http://www.taishinholdings.com.tw/Investors/Investors_11_2. jsp	No deviation
5. Description of deviation of the self-made guidelines for integrity management from the "Guidelines for corporate integrity management of listed firms": Nil.				
6. Other key information conductive to the understanding of the implementation of integrity management: None.				

h. The company with corporate-governance guidelines and related regulations must disclose their methods for inquiry

Please refer to the company's website at http://www.taishinholdings.com.tw or Taiwan Stock Exchange at http://mops.twse.com.tw .

i. Other important information conducive to the understanding of the corporate governance of the company

Please refer to the explanation of item g "status of the company's governance and its deviation from the guidelines for the practical corporate governance of the company industry and reasons."

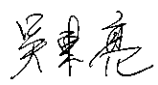
j. Items Concerning the Implementation of Internal Control System Which Should Be Disclosed

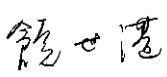
1. Internal Control Statement

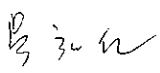
To Financial Supervisory Commission:

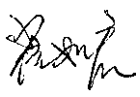
March 31, 2016

On behalf of Taishin Financial Holding Co., Ltd., we hereby declare that between the period January 1, 2015 and December 31, 2015, the Company had established internal control policies and exercised risk management in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." These policies and practices were also inspected by an independent Audit Division which reported regularly to the board of directors and supervisors. With respect to the securities operation, the effectiveness of design and execution of the internal control system is assessed according to the criteria for an effective internal control system as established in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets. Following our diligent assessment, we concluded that the Company's internal control, legal and compliance practices across all departments were executed effectively during the current year, except for the items listed in the attachment. This declaration constitutes part of the Company's annual report and prospectus and shall be publicly disclosed. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act..

Chairman 

President 

Chief Auditor 

Compliance Officer 

Items needing improvement for the internal control system of Taishin Financial Holding and Improvement Plan

Base date: Dec. 31, 2015

Items needing improvement	Improvement measures	Schedule for completing the improvement
Taishin Bank		
Defects were present in the business operations of derivative transactions.	The responsible units have been ordered to propose improvements and undergo regular inspections until the situation is completely rectified.	On May 31, 2016
Taishin Holdings Insurance Brokers		
The case involved mis-selling of financial products by telephone, for which the Company was given a warning and fined NTD600,000 by FSC under Letter No. Financial-Supervisory-Insurance-Comprehensive-10402567671 on July 9, 2015.	Related management guidelines were amended to reinforce random telephone monitoring and employee training.	Already Improved

2. Report of independent auditor appointed to conduct special audit on the company's internal control system: Nil

k. Irregularities bringing penalties to the financial holding firm and its subsidiaries in the recent years and rectifications

	Cases and values	Status of improvement
A. Indictment of executives or staffers by prosecutors for job-related crimes.	Nil	Nil
B. Fines inflicted by Financial Supervisory Commission (FSC) for violation of laws/ regulations	1. Taishin Bank The case involved mis-selling of financial products, for which the bank was fined NT$4 million dollars by FSC under Letter No. Financial-Supervisory-Banking-Control-10360002929 on 2014.06.25.	The bank has followed the Bankers Association's guidelines and made the necessary amendments to its compensation system, product concentration risk control, risk disclosures, KYC procedures, and review process for complex instruments.
	2. Taishin Holdings Insurance Brokers The case involved mis-selling of financial products by telephone, for which the Company was given a warning and fined NTD600,000 by FSC under Letter No. Financial-Supervisory-Insurance-Comprehensive-10402567671 on July 9, 2015.	Related management guidelines were amended to reinforce random telephone monitoring and employee training.
C. Defects being rectified by the FSC	1. Taishin Bank This case involved mis-selling of financial products (as described in (2)-(2)), for which the bank was corrected by FSC under Letter No. Financial-Supervisory-Banking-Control-10360002929 dated 2014.06.25.	The bank has followed the Bankers Association's guidelines and made the necessary amendments to its compensation system, product concentration risk control, risk disclosures, KYC procedures, and review process for complex instruments.
D. Penalized by the FSC according to item 1, article 54, of the law	Nil	Nil
E. For individual or combined loss exceeding NT$50 million in value which results of personnel corruption, major incidents (fraud, burglary, embezzlement and stealth of assets, fraudulent transaction, forged certificates and securities, collection of feedback, damage of natural disaster, damage of external force, hacker attack and stealth of information, and leakage of confidential business and customer information) or security incidents resulting from failing to abide by guidelines for security maintenance of financial institutions, disclose its nature and loss amount.	Nil	Nil
G. Other items mandated by the FSC for disclosure	Nil	Nil

I. Major resolutions of the shareholder's meeting and the board of directors in the recent year and as of the date of the publication of the annual report

1. Key resolutions of the 2015 annual general meeting (dated 2015.06.12) and execution progress

Agenda	Result	Implementation status
1. Acknowledged the Company's 2014 business report and financial statements.	Voted and acknowledged as proposed.	Documents and reports have been disclosed and filed with the competent authority in accordance with the Company Act and the Securities and Exchange Act.
2. Acknowledged the Company's 2014 earnings appropriation.	Voted and acknowledged as proposed.	Cash dividends distributed on July 31, 2015.
3. Discussed cash dividends paid from capital surplus.	Voted and approved as proposed.	Cash dividends distributed on July 31, 2015.
4. Changes to the Company's "Articles of Incorporation."	Voted and approved as proposed.	Resolution was approved by and registered with the Ministry of Economic Affairs on July 9, 2015.
5. Amendments to the Company's Shareholders' Meeting Rules.	Voted and approved as proposed.	Currently operating under the amended Shareholders' Meeting Rules.
6. Amendments to the Company's "Asset Acquisition or Disposal Procedures."	Voted and approved as proposed.	Currently operating under the amended "Asset Acquisition or Disposal Procedures."
7. Amendments to the Company's "Election Rules for Directors and upervisors".	Voted and approved as proposed.	Currently operating under the amended "Election Rules for Directors"
8. Elected 6 directors and 3 independent directors to form the Company's 6th board of directors.	The results of election as follow: (1)Non-Independent Directors： Hsiang-Chao Co., Ltd.(Wu, Tong-Liang); Tong Shan Investment Co., Ltd.(Kuo, Jui-Sung); Tai-Ho Investment Co., Ltd.(Wu, Cheng-Ching); Chia Hao Co., Ltd.(Wu, Tong-Shung); Chia Hao Co., Ltd. (Lin, Long-Su); Santo Arden Co., Ltd.(Wang, Chu-Chan) (2)Independent Directors： Lin, Neng-Pai , Lin, Yi-Fu and Wang, Por-Yuan	All elected parties have registered and commenced duties as of July 1, 2015.
9. Proposal to remove involvement in competing businesses for the 6th board of directors.	Voted and approved as proposed.	Nil

2. Major resolutions of the the board of directors on 2015

2015.01.22 Passed the Company's 2015 operating plans and budgets.

2015.03.05 Passed the Company's statements and plans regarding its loss of control over Chang Hwa Bank.

2015.03.05 Passed the convening of the 2015 annual general meeting on June 12, 2015 (including Class D preferred shareholders).

2015.03.26 Passed the Company's 2014 financial statements.

2015.04.30 Passed the Company's 2014 financial statements, 2014 business report, 2014 earnings appropriation and cash dividends paid from capital surplus.

2015.04.30 Passed the amendments to the Company's "Articles of Incorporation", "Shareholders' Meeting Rules", "Election Rules for Directors and Supervisors", and "Asset Acquisition or Disposal Procedures".

2015.04.30 Passed proposal to the shareholders meeting to elect 6 directors and 3 independent directors of the sixth board of directors. The proposal also rescinded involvement in competing businesses for the 6th board of directors and reviewed the qualifications of independent director candidates.

2015.05.21 Passed subscription of all new ordinary shares issued by the subsidiary Taishin Bank in a private placement.

2015.06.25 Passed the Company's "Organizational Rules for the Audit Committee".

2015.06.25 Passed the amendments to the Company's "Proceedings of Board Meetings", "Remuneration Committee Foundation Policy", "Policy on the Exercise of Rights and Participation in Resolutions by Controlling Corporate Shareholder" and share administration policy, "Articles of Incorporation" and "Guidelines Governing the Division of Job Responsibilities", "Ethical Corporate Management Principles" and "Corporate Governance Principles", compliance system, accounting system, internal audit system, and internal control system.

2015.06.25 Launched the Company's "Employee Stock Ownership Trust".

2015.07.01 Mr. Wu, Tong-Liang was elected Chairman of the 6th board of directors.

2015.07.01 Appointed Taishin Financial Holding Independent Director Lin, Neng-Pai , Lin, Yi-Fu and Por-Yuan Wang as members of the 3rd Remuneration Committee.

2015.10.29 Pass subscription of all new ordinary shares issued by the subsidiary Taishin Securities.

2015.10.29 Passed a resolution to agree to Taishin Bank's acquisition of Taishin Insurance Brokers.

2015.12.24 Passed the Company's 2016 operating plans and budgets.

2015.12.24 Passed the Company's "Operating Procedure for Applying to Halt or Resume Trading".

3. Major resolutions of the the board of directors on 2016

2016.01.28 Passed subscription to all new ordinary shares issued by the subsidiary Taishin Venture Capital.

2016.02.25 Passed the partial amendments to the Company's "Articles of Incorporation."

2016.02.25 Passed the convening of the 2016 annual general meeting on June 8, 2016 (including Class D preferred shareholders).

2016.02.25 Passed buy back of Class D preferred shares issued by the Company in a private placement and reduce the shares accordingly.

m. Different opinions of directors or supervisors on record or in written statement on major resolutions passed by the board of directors in the recent year and as of the date of the publication of the annual report: None.

n. Statement (including chairman, president, financial chief, accounting chief, and internal chief auditing) in the recent year and as of the date of the publication of the annual report: None.

D. Information on CPA's fee

Name of accounting firm	Name of CPA		Audit period	Note
Deloitte &Touche	Qinzhen Yang	Jerry Gung	2015.01.01~ 2015.12.31	None

Amount bracket \ Items of fee		Auditing fee	Non-auditing fee	Total
1	Under NT$2M			
2	NT$2M(inclusive)~NT$4M			
3	NT$4M(inclusive)~NT$6M	✓	✓	
4	NT$6M(inclusive)~NT$8M			
5	NT$8M(inclusive)~NT$10M			
6	Over NT$10M			✓

a. Mandatory disclosure of the auditing and non-auditing fees and the contents of non-auditing service of CPAs, their accounting firms, and affiliates whose non-auditing fee exceeds one fourth of the auditing fee

Base Date: Dec. 31, 2015; Unit: NT1,000

Name of accounting firm	Name of CPA	Auditing fee	Non-auditing fee					Whether the auditing covers the entire fiscal year or not	Note
			System design	Business registration	Human resources	Others (Note2)	Sub-total		
Deloitte & Touche	Qinzhen Yang Jerry Gung	5,910		295		4,950	5,245	2015.01.01~ 2015.12.31	Non-audit remuneration - "Other"mainly comprises of charges for the preparation of the corporate social responsibility report, investment review, and the FATCA project.

b. Replacement of accounting firm and the auditing fee for the replacement year decreases from the previous year which requires mandatory disclosure of the auditing fees of the two years and provision of reasons: Not applicable.

c. Auditing fee decrease over 15% from the previous year which requires mandatory disclosure of the reduction amount, percentage, and reason: Not applicable.

E. Replacement of CPA:

a. Concerning former CPA

Base Date: March 31, 2016

Replacement date	Not applicable			
Reason for replacement and explanation	Not applicable			
Explain consigner or termination or refusal of consignment by CPA	Status of related parties		CPA	Consigner
	Active terminate consignment		Not applicable	Not applicable
	Refusal to accept (continue) consignment		Not applicable	Not applicable
Certification auditing report other than report without reserved opinions in the recent two years and reason	Not applicable			
Existence of different opinions with the bank	Yes	Not applicable		Accounting principle or practical affairs
		Not applicable		Disclosure of financial report
		Not applicable		Auditing scope or procedure
		Not applicable		Others
		Not applicable		
	No	Not applicable		
	Explanation: Not applicable			
Other disclosed items (Items which should be disclosed according to item 5-1-4, article 10 of the criteria	Not applicable			

b. Concerning succeeding CPA: Not applicable.

c. Reply of former CPA to item 5-1 and item 5-2-3, article 10 of the criteria: Not applicable.

F. Chairman, presidents, and financial or accountant managers who served at the accounting firm of the CPAs or its affiliates within the recent year: None.

G. Changes in shareholding transfer or shareholding pledge by directors, supervisors, or managers, and all parties that are subject to reporting under Article 11 of Regulations Governing the Ownership of the Holding by Single Individuals or Stakeholders, in the recent year and as of the date of the publication of the annual report

a. Changes in shareholdings

Title	Name	2015		As of Feb. 29, 2016	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Chairman	Hsiang-Chao Co., Ltd.	0	0	0	0
Representative	Wu, Tong-Liang	(15,000,000)	0	0	0
Director (Major shareholder)	Tong Shan Investment Co., Ltd.	0	(16,000,000)	0	0
Representative	Kuo, Jui-Sung	0	0	0	0
Director	Tai-Ho Investment Co., Ltd.	0	0	0	0
Representative	Wu, Cheng-Ching	0	0	0	0
Director	Chia Hao Co., Ltd.	0	0	0	0
Representative	Wu, Tong-Shung	(5,320,000)	0	0	0
Director	Chia Hao Co., Ltd.	0	0	0	0
Representative	Lin, Long-Su	0	0	0	0
Director	Santo Arden Co., Ltd.	1,600,000	0	0	0
Representative	Wang, Chu-Chan	0	0	0	0
Independent Director	Lin, Neng-Pai	0	0	0	0
Independent Director	Lin, Yi-Fu	0	0	0	0
Independent Director	Wang, Por-Yuan	0	0	0	0
President and Chief Executive Officer, Wholesale Banking Group	Joseph Jao	0	0	0	0
Chief Executive Officer, Retail Banking Group	Oliver Shang	0	0	0	0
Chief Auditor	Howard Wu	0	0	0	0
Chief Strategy Officer	Daniel Tsai	0	0	0	0
Chief Information Officer	BR Ho	500,000	0	0	0
Chief Financial Officer	Welch Lin	0	0	0	0
Chief Accounting Officer	Ann Cheng	560,000	0	0	0
Chief Risk Officer	Jey Chen	0	0	0	0
Senior Vice President	Frank Lin	100,000	0	0	0
Senior Vice President	Jai, Lu-June	50,000	0	0	0
Senior Vice President	David Chang	0	0	0	0
Senior Vice President	Janice Liang	0	0	0	0
Vice President	Lien-pin Shih	40,000	0	0	0
Vice President	David Lee	0	0	0	0
Assistant Vice President	Linda Chen	0	0	0	0

b. Information of shareholding transfer

Name	Reason for transferred	Dealing Date	Counterparty	Counterparty's relationship with the financial holding company, the directors, supervisors, and shareholders with more than 10% ownership interest	Shares	Dealing Price (NT$)
Wu, Tong-Liang	Sold	2015.03.25	Chiahao Investment	The spouse of a manager of a Taishin subsidiary serves as the responsible person for the related company	15,000,000	13.50

c. Information of shareholding pledge: None.

H. Information on the relationship of the 10 largest shareholders who are relatedparties according to Financial Accounting Criteria No.6

Information on the Relationship between the 10 largest Shareholders

Base Date: Apirl 10, 2016

	Name	Own shareholding		Shareholding of spouse and offspring before the age of majority		Total hareholding in the names of others		Names and relationship of the 10 largest shareholders who are related parties according to Financial Accounting Criteria No.6 or who are spouses or relatives		Note
		Number of shares	Share of stake (%)	Number of shares	Share of stake (%)	Number of shares	Share of stake (%)	Name	Relationship	
1	Cathay Life Insurance Co., Ltd.	320,414,717	3.47	0	0	0	0	None	None	
2	Taishin Leasing & Financing Co., Ltd.	272,635,948	2.96	0	0	0	0	None	None	
3	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	134,855,607	1.46	0	0	0	0	None	None	
4	Dimensional Emerging Markets Value Fund	128,781,491	1.40	0	0	0	0	None	None	
5	TASCO Chemical Corporation	126,990,750	1.38	0	0	0	0	None	None	
6	Shinkong Synthetic Fibers Corporation	113,566,932	1.23	0	0	0	0	No.7	Representative's relative within 2 tiers	
7	Tong Shan Investment Co., Ltd.	111,927,594	1.21	0	0	0	0	No.6	Representative's relative within 2 tiers	
8	Government of Singapore	106,534,686	1.15	0	0	0	0	None	None	
9	Pan City Co., Ltd.	100,066,056	1.08	0	0	0	0	None	None	
10	Ching-Wei Co., Ltd.	96,940,063	1.05	0	0	0	0	None	None	

I. The amount of shares and total share of stake in the same invested company owned by the company directly or indirectly controlled by the company and the company's directors, supervisors, president , vice presidents and branch chiefs

Base date: Dec.31, 2015 ;unit:share

Equity investment (Note1)	Investment by the holding company (Note2)		Investment by the company directly or indirectly controlled by the holding companyand the holding's directors, supervisors, president, vice presidents and branch chiefs		General investment	
	Amount of shares	Share of stake %	Amount of shares	Share of stake %	Amount of shares	Share of stake %
Taishin International Bank Co., Ltd.	5,611,871,043	100	0	0	5,611,871,043	100
Taishin Securities Co., Ltd.	305,912,444	100	0	0	305,912,444	100
Taishin Securities Investment Trust Co., Ltd.	75,454,545	100	0	0	75,454,545	100
Taishin Securities Investment Advisory Co., Ltd.	27,599,513	92	0	0	27,599,513	92
Taishin Holdings Insurance Brokers Co., Ltd.	3,000,000	100	0	0	3,000,000	100
Taishin Asset Management Co., Ltd.	99,500,000	100	0	0	99,500,000	100
Taishin Venture Capital Investment Co., Ltd.	332,903,495	100	0	0	332,903,495	100
Chang Hwa Commercial Bank,Ltd	1,906,803,930	22.55	30,636,175	0.36	1,937,440,105	22.91
Chieh-Bon Co., Ltd.	220,000	4.40	300,000	6.00	520,000	10.40

Note 1: Invested by the holding company.

Note 2: Pursuant to Article 36 of the Financial Holding Company Act.

IV

Fund-Raising Activities

IV. Fund-Raising Activities

A. Shares and Dividend

Capital Sources

Base date: March 31, 2016; Units: 1,000 shares ; NT$1,000

Times	Issuing Prices	Approved Capital		Paid-in Capital		Notes	
		Number of Shares	Value	Amount of Shares	Value	Sources of Capital	Others
Feb. 2015	-	12,000,000	120,000,000	Common share 8,852,579 Preferred share D 725,136	Common share 88,525,791 preferred share D 7,251,368	Issuance of new shares for exercise of options by employees	MOEA, No. 1040108270 Feb. 10, 2015 (Note 1)
May 2015	-	12,000,000	120,000,000	Common share 8,856,390 Preferred share D 725,136	Common share 88,563,905 Preferred share D 7,251,368	Issuance of new shares for exercise of options by employees	MOEA, No. 10401086740 May 11, 2015 (Note 2)
July 2015	-	12,000,000	120,000,000	Common share 8,858,062 Preferred share D 725,136	Common share 88,580,629 Preferred share D 7,251,368	Issuance of new shares for exercise of options by employees	MOEA, No. 10401162060 July 31, 2015 (Note 3)
Nov. 2015	-	12,000,000	120,000,000	Common share 8,859,942 Preferred share D 725,136	Common share 88,599,429 Preferred share D 7,251,368	Issuance of new shares for exercise of options by employees	MOEA, No. 10401234520 Nov. 10, 2015 (Note 4)
Feb. 2016	-	12,000,000	120,000,000	Common share 8,860,410 Preferred share D 725,136	Common share 88,604,104 Preferred share D 7,251,368	Issuance of new shares for exercise of options by employees	MOEA, No. 10501027790 Feb. 18, 2016 (Note 5)
Mar. 2016	-	12,000,000	120,000,000	Common share 8,860,410 Preferred share D 362,568	Common share 88,604,104 Preferred share D 3,625,684	Preferred share D recovered	MOEA, No. 10501061560 Mar. 31, 2016 (Note 6)

Note 1: Exercise of options by employees for issuance of 10,789,000 common shares.
Note 2: Exercise of options by employees for issuance of 3,811,342 common shares
Note 3: Exercise of options by employees for issuance of 1,672,395 common shares.
Note 4: Exercise of options by employees for issuance of 1,880,000 common shares.
Note 5: Exercise of options by employees for issuance of 467,500 common shares.
Note 6: The company recovered Preferred shares D at 362,568,410 shares.

Base date: April 10, 2016; Unit: share

Share Categories	Approved Capital			Notes
	Shares in circulation	Shares without issuance	Total shares	
Common Shares	8,862,258,533	2,775,173,057	12,000,000,000	Listed shares
Preferred Shares D	362,568,410			Unlisted shares

B. Structure of Shareholders

Structure of Shareholders (Common share)

Base date: April 10, 2016

Structure of Shareholders / Quantity	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	13	161	585	220,259	811	221,829
Shares	143,233,002	818,421,322	1,788,808,716	3,873,294,497	2,238,500,996	8,862,258,533
Share of stake (%)	1.62	9.23	20.18	43.71	25.26	100.00

Structure of Shareholders (Preferred share D)

Base date: April 10, 2016

Structure of Shareholders / Quantity	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	0	1	15	0	0	16
Shares	0	129,488,717	233,079,693	0	0	362,568,410
Share of stake (%)	0.00	35.71	64.29	0.00	0.00	100.00

C. Distribution of Shareholding

Distribution of Shareholding (Common share)

Base date: April 10, 2016; Par Value NT$10

Classification of Shareholding	Number of Shareholders	Shares	%
1 ~ 999	72,483	22,061,174	0.25
1,000 ~ 5,000	71,656	170,314,069	1.92
5,001 ~ 10,000	25,940	191,277,354	2.16
10,001 ~ 15,000	14,194	176,081,408	1.99
15,001 ~ 20,000	7,731	136,170,545	1.54
20,001 ~ 30,000	9,618	238,869,284	2.70
30,001 ~ 50,000	7,419	287,398,944	3.24
50,001 ~ 100,000	6,116	429,978,584	4.85
100,001 ~ 200,000	3,259	454,511,906	5.13
200,001 ~ 400,000	1,661	460,713,481	5.20
400,001 ~ 600,000	574	283,482,951	3.20
600,001 ~ 800,000	253	174,425,203	1.97
800,001 ~ 1,000,000	185	165,668,764	1.87
1,000,001 ~	740	5,671,304,866	63.99
Total	221,829	8,862,258,533	100.00

Distribution of Shareholding (Preferred share D)

Base date: April 10, 2016; Par Value NT$10

Classification of Shareholding	Number of Shareholders	Shares	Share of stake (%)
1,000,001 ~	16	362,568,410	100.00
Total	16	362,568,410	100.00

D. Major Shareholders

Base date: April 10, 2016

Shares / Major Shareholders	Shares (Including Common shares and preferred shares)	Share of Stake (%)
Cathay Life Insurance Co., Ltd.	320,414,717	3.47
Taishin Leasing & Financing Co., Ltd.	272,635,948	2.96
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	134,855,607	1.46
Dimensional Emerging Markets Value Fund	128,781,491	1.40
TASCO Chemical Corporation	126,990,750	1.38
Shinkong Synthetic Fibers Corporation	113,566,932	1.23
Tong Shan Investment Co., Ltd.	111,927,594	1.21
Government of Singapore	106,534,686	1.15
Pan City Co., Ltd.	100,066,056	1.08
Ching-Wei Co., Ltd.	96,940,063	1.05

Note: Specify top 10 shareholders.

E. Net Assets per Share, EPS, Dividends and Market Price Per Share

UNIT: NT$1

Items / Year			2014	2015	As of Feb. 29,2016 (Note 6)
Market Price Per Share	Highest		16.55	14.30	11.45
	Lowest		12.15	10.00	9.91
	Average		14.58	12.68	10.55
Net Assets per Share	Before distribution (coverage of loss)		11.21	12.41	12.73
	After distribution (coverage of loss)		11.11	(Note 1)	-
EPS	Average Outstanding Stock (Unit:1,000 share)	Before Adjustment	8,681,872	8,857,770	8,860,647
		After Adjustment	8,681,872	8,857,770	-
	EPS	Before Adjustment	0.08	1.39	0.29
		After Adjustment	0.08	1.39	-
Dividends	Cash Dividend		0.1000	(Note 1)	-
	Stock grant	Allotment by Earning	0	(Note 1)	-
		Allotment by Capital Surplus	0	(Note 1)	-
	Accumulated Undistributed Dividends (NT$1,000) (Note 2)		0	0	-
Analysis for Return on Investment	Price to Earning Ratio (Note 3)		181.50	9.08	-
	Price to Profit Ratio (Note 4)		145.20	(Note 1)	-
	Yield Rate of Cash Dividend (Note 5)		0.69%	(Note 1)	-

Note 1: The Earning distribution for year 2014 hasn't been approved by the 2015 General Shareholders' Meeting

Note 2: Refer to accumulated dividend payable for preferred shares.

Note 3: Price to earnings ratio=Average closing price of the said year/Earning per share

Note 4: Price to dividends ratio=Average closing price of the said year/Cash dividends per share

Note 5: Cash dividends yield=Cash dividends per share/Average closing price of the said year.

Note 6: Data exposed as of the date for the publication of the 2016 annual report.

F. The Policy and Implementation of Dividends

a. Dividend Policy

Any earnings concluded in a financial year shall first make up for loss of previous years, right after statutory taxation and accounting adjustments. Any surplus is subject to provision of a 10% legal reserve and special reserve according to law. The remainder plus reversals of special reserves shall be available for distribution of a preferred share dividend according to the priority specified in the Articles of Incorporation, followed by a 0.01% provision for employee bonus and a 1% provision for directors' and supervisors' remuneration. The remaining balance plus undistributed earnings in begin of period are available for distribution as an ordinary share dividend, for which the board of directors may propose to distribute 30% to 100% of the available balance for approval in the shareholders' meeting. The board of directors is authorized to decide on distribution methods of employee bonus and actual percentage applied. Where employee bonuses are paid with shares, they can also be distributed to employees of affiliated companies that meet certain criteria.

For the purposes of continuing expansion and increasing profitability while considering overall cash flow requirements and keeping the capital adequacy ratio at level that meets the regulatory requirements and is internationally accepted, the company adopts a residual dividend policy to accommodate the dilution by share dividends for common shares while the number of outstanding preferred share D is 200,000,000 or above.

With respect to dividend distribution, the company focuses on the requirements of business operations, capital planning, cash flow requirements for subsidiary investments and mergers and acquisitions, and material regulatory changes, and chooses to distribute share dividends to retain the needed cash as a principle and any balance can be distributed as cash dividends.

b. Items on the agenda of the shareholders' meeting

1. Distribution of earnings according to Article 40 of the company's Articles of Incorporation.

2. The company's 2015 audited after-tax profit amounted to NT$13,222,543,509; after adding on unappropriated earnings adjustments, earnings available for distribution for 2015 was totaled at NT$12,893,353,068. The following distributions have been proposed according to the Articles of Incorporation:

(1)A 10% legal reserve of totally NT$1,289,335,307 has been provided according to the Company Act and the Articles of Incorporation;

(2)Next, a total of NT$910,000,001 cash dividends shall be distributed to Class D preferred shareholders. (including cash dividends to which the first buyback of Class D preferred shares in 2015 was entitled).

(3)And then, a total of NT$10,694,017,760 dividends shall be distributed to common shareholders (approximately NT$1.20 per share), which consist of NT$4,277,606,760 (approximately NT$0.48 per share) in cash dividends and NT$6,416,411,000 (approximately NT$0.72 per share) in stock dividends. In particular, NT$6,416,411,000 in stock dividends shall be paid with new offering of 641,641,100 common shares with par value of NT$10 each. The newly issued common shares shall carry the same rights with existing common shares. Aforementioned issuance of new common shares as stock dividend shall be discussed in a separate agenda item.

3. The amount of dividends distributable per common share has been determined based on the 8,862,258,533 shares outstanding as at April 8, 2016; and however, the amount per share actually distributed will vary due to any treasury stock transactions, exercise of employee warrants, and conversion of Class D preferred shares that occurs before the ex-dividend date, while the total amounts of dividends to be distributed will remain unchanged.

4. The board of directors has authorized the chairman to determine the ex-dividend date and the date of payment on cash dividends for Class D preferred shares. The ex-dividend/ex-right date and the date of payment for the distribution of common stock dividends will be determined by the board of directors.

G. Effect of resolution of the shareholders' meeting to issue stock dividend on the bank's business performance and earnings per share

Pursuant to Letter No. Taiwan-Finance-Securities-I-00371 dated February 1, 2000; the Company is not required to disclose this information because it does not publish financial forecasts.

H. Employee bonus and compensations for directors and supervisors

a. Percentages and scope of employee bonus and compensations for directors and supervisors

Please refer to the descriptions on "Dividend policy and execution," presented under the "Dividend policy" section.

b. Accounting treatment for the difference between accrual and actual payment for employee bonus and compensation for directors and supervisors

Employees' bonuses for the current period have been estimated based on the criteria laid out in the Articles of Incorporation. Should the actual amount differ from the amount estimated, the difference will be treated as changes in accounting estimates and recognized as an expense in the year of distribution. There is no difference between the estimated employee bonus and compensations for directors and supervisors and the actual amount of payout for the current period.

c. Information on proposal of the board of directors to issue employee bonus

1. Payout of cash bonus for employees, stock dividend, and compensations for board directors and supervisors. If there is a difference between accrual and actual payment, please explain the reason.

(1)Payment of NT$1,327 thousand in cash bonus to employee and NT$ 132,726 thousand in compensation to directors.

(2)There is no difference between the estimated employee bonus and compensations for directors and supervisors and the actual amount of payout for the current period.

2. Amount of employees' bonus to be paid in stock, and as a percentage to net profit after tax plus employees' total bonus for the current period: Nil.

d. Actual dividends for employee bonus and compensations for board directors and supervisors of previous year

Employees' cash bonus was estimated at NT$ 45 thousand and directors' and supervisors remuneration at NT$ 4,503 thousand in the last year. The actual amounts paid did not differ from the amounts estimated.

I. Buyback of the company's shares: Nil.

J. Issuance of Corporate Bonds

a. Issuance of Corporate Bonds

Issuance of Corporate Bonds -1

Base date: Feb. 29, 2016

Type of Corporate Bonds		2010 Domestic 1st Unsecured Subordinated Corporate Bond	2010 Domestic 2nd Unsecured Subordinated Corporate Bond
Date of Issuance		December 17,2010	January 27,2011
Par value		NT$10,000,000	NT$10,000,000
Issue & trade place		Republic of China	Republic of China
Offering price		100%	100%
Total Amount		NT$5.3 Billion	NT$2.7 Billion
Interest rate		2.3%	Face interest rate is based on the flexible interest rate for one-year time savings deposit plus 0.7% of Chunghwa Postal Co., Ltd.
Term		7 years (December 17, 2017)	7 years(January 27, 2018)
Priority		Subordinated	Subordinated
Guarantor		None	None
Trustee		Sino Pac Bank	Sino Pac Bank
Underwriting organization		None	None
Verification lawyer		Modern Law office's lawyer: Guo hueiji	Modern Law office's lawyer: Guo hueiji
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tsai Hongxiang & Weng Rongsui	Deloitte & Touche's CPAs: Tsai Hongxiang & Weng Rongsui
Settlement method		Redemption at Maturity	Redemption at Maturity
Outstanding		NT$5.3Billion	NT$2.7 Billion
The terms and conditions for redemption or early redemption		None	None
Restriction terms		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.	Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Included in eligible capital		Yes	Yes
Credit rating agency, rating date and rating		S&P Taiwan, 2010.12.09, twBBB+	Fitch Taiwan, 2012.03.08, BBB+(twn)
Other Rights	Amount converted or exchanged to common shares, GDR or others	None	None
	Terms and Conditions	None	None
Impact on shareholders' equity		None	None
Custodian		None	None

Issuance of Corporate Bonds -2

Base date: Feb. 29, 2016

Type of Corporate Bonds		2011 Domestic 1st Unsecured Subordinated Corporate Bond	2011 Domestic 2nd Unsecured Subordinated Corporate Bond
Date of Issuance		August 5,2011	October 5,2011
Par value		NT$50,000,000	NT$50,000,000
Issue & trade place		Republic of China	Republic of China
Offering price		100%	100%
Total Amount		NT$5.2 Billion	NT$1.8 Billion
Interest rate		2.2%	2.2%
Term		7 years (August 5, 2018)	7 years (October 5, 2018)
Priority		Subordinated	Subordinated
Guarantor		None	None
Trustee		Sino Pac Bank	Sino Pac Bank
Underwriting organization		None	None
Verification lawyer		Modern Law office's lawyer: Guo hueiji	Modern Law office's lawyer: Guo hueiji
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tsai Hongxiang & Weng Rongsui	Deloitte & Touche's CPAs: Tsai Hongxiang & Weng Rongsui
Settlement method		Redemption at Maturity	Redemption at Maturity
Outstanding		NT$5.2 Billion	NT$1.8 Billion
The terms and conditions for redemption or early redemption		None	None
Restriction terms		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.	Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Included in eligible capital		Yes	Yes
Credit rating agency, rating date and rating		Fitch Taiwan, 2012.03.08, BBB+(twn)	Fitch Taiwan, 2012.03.08, BBB+(twn)
Other Rights	Amount converted or exchanged to common shares, GDR or others	None	None
	Terms and Conditions	None	None
Impact on shareholders' equity		None	None
Custodian		None	None

Issuance of Corporate Bonds -3

Base date: Feb. 29, 2016

Type of Corporate Bonds		2012 Domestic 1st Unsecured Subordinated Corporate Bond
Date of Issuance		May 15,2012
Par value		NT$50,000,000
Issue & trade place		Republic of China
Offering price		100%
Proceed raised		NT$7.0 Billion
Interest rate		2.0%
Term		7 years (May 15, 2019)
Priority		Subordinated
Guarantor		None
Trustee		Yuanta Bank
Underwriting organization		None
Verification lawyer		Modern Law office's lawyer: Guo hueiji
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tsai Hongxiang & Weng Rongsui
Settlement method		Redemption at Maturity
Outstanding		NT$7.0 Billion
The terms and conditions for redemption or early redemption		None
Restriction terms		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Included in eligible capital		Yes
Credit rating agency, rating date and rating		S&P Taiwan, 2012.04.09, twBBB+
Other Rights	Amount converted or exchanged to common shares, GDR or others	None
	Terms and Conditions	None
Impact on shareholders' equity		None
Custodian		None

b. Convertible Bonds: Nil.

c. Exchangeable corporate bonds: Nil.

d. A shelf registration to issue corporate bonds: Nil.

e. Bonds with warrant: Nil.

K. Issuance of Preferred Shares

a. Issuance of Preferred Shares

Base date: Feb. 29, 2016

Item \ Issuing Date			2006.03.22 Private placement preferred share D
Face value			NT$10
Issued Price			NT$18 per share
Total shares			777,777,779 shares ; The amount of shares was decreased to 725,136,820 shares after capital reduction on Dec. 4, 2009.
Total amount			NT$14,000,000,022
Obligation & Rights	Dividend		6.5%(non-accumulative)
	Allotment of remaining properties		Class D preferred shareholders shall be given priority to claim on the Company's remaining assets over ordinary shareholders and no more than the issuance amount of outstanding Class D preferred shares.
	Voting Right		Not eligible for voting or election, but can be elected. Shareholders may vote during preferred D shareholders' meetings and on any agenda items that concern the interests of Class D preferred shareholders.
	Others		Same with Common shares and has the refusal for new stocks from cash injection.
Outstanding shares	Number of shares of redemption or conversion		0
	Total amount to be redeemed or converted		NT$14,000,000,022
Market Price (Note)	2013	Highest	-
		Lowest	-
		Average	-
	2014	Highest	-
		Lowest	-
		Average	-
	2015	Highest	-
		Lowest	-
		Average	-
	As of 2016.02.29	Highest	-
		Lowest	-
		Average	-
Others	Total amount of conversion shares up to the published day		0
	Terms and conditions		Refer to the Articles of Incorporation
Dilution; Impact on current shareholders and preferred shareholders			None

Note 1: There is no reference market price for privately placed preferred shares; hence not applicable.

Note 2: The company recovered NT$ 7,000,000,011 of Class D preferred shares at 362,568,410 shares on March 23, 2016. And the outstanding amount to be redeemed is NT$ 7,000,000,011 at 362,568,410 shares.

b. Data on preferred shares with stock right: Nil.

L. The Issuance of Global Depositary Receipts: Nil.

M. The Issuance of Employees' Stock Warrant

a. The status of utilization of outstanding employee stock warrant

Base date: Feb. 29, 2016

Type of Employees' Stock Warrant	2005 Employees' Stock Warrant	2007 Employees' Stock Warrant	2010--1st Employees' Stock Warrant	2010--2nd Employees' Stock Warrant
Date approved by authority	May 26,2005	January 17,2007	September 1,2010	September 1,2010
Issue date	August 2,2005	March 15,2007	October 13,2010	August 31,2011
Issuance amount	150,000,000 shares	150,000,000 shares	75,390,000 shares	1,610,000 shares
The amount of shares for warrants in the total amount of issued shares (%)	1.56%	1.56%	0.79%	0.02%
Duration for stock warrants	August 2,2005 ~ August 1,2015	March 15,2007 ~ March 14,2017	October 13,2010 ~ October 12,2020	August 31,2011 ~ August 30,2021
Converted from	New Common shares	New Common shares	New Common shares	New Common shares
Duration and percentage (%) for stock warrants	2007.08.02 ~ 2015.08.01 First to fifth issuance: 20% each	2009.03.15 ~ 2017.03.14 First to fifth issuance: 15-40% each	2012.10.13 ~ 2020.10.12 First to fifth issuance: 15-40% each	2013.08.31 ~ 2021.08.30 First to fifth issuance: 15-40% each
Amount of shares obtained via execution of warrants	3,210,000	31,240,763	24,051,500	50,000
Value of shares obtained via execution of warrants(NT$)	43,656,000	345,723,128	245,900,803	535,000
Amount of shares for warrants yet to be executed	0	78,186,237	33,956,000	1,457,000
Share price for warrants yet to be executed (NT$/ per share)	13.6	10.0	9.4	9.5
Percentage of the amount of shares for warrants yet to be executed in the total amount of issued shares (%)	0%	0.82%	0.35%	0.02%
Impact on shareholders' equities	The diluting effect on the interest of original shareholders is limited since stock warrants can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.	The diluting effect on the interest of original shareholders is limited since stock warrants can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.	The diluting effect on the interest of original shareholders is limited since stock warrants can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.	The diluting effect on the interest of original shareholders is limited since stock warrants can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.

b. Managers who have acquired employee stock warrants and the top ten employees with the highest number of convertible rights

Item	Position	Name	Convertible rights acquired (1,000 Shares)	Convertible rights as a percentage of total outstanding shares
Managers	President and Chief Executive Officer, Wholesale Banking Group	Joseph Jao		
	Chief Executive Officer, Retail Banking Group	Oliver Shang		
	Chief Auditor	Howard Wu	94 option	94 option
	Chief Strategy Officer	Daniel Tsai	5,600	0.06%
	Chief Information Officer	BR Ho		
	Chief Financial Officer	Welch Lin	96 option	96 option
	Chief Accounting Officer	Ann Cheng	39,390	0.41%
	Chief Risk Officer	Jey Chen	99 option-	99 option-
	Senior Vice President	Wilson Chou	1st	1st
	Senior Vice President	David Cheng	7,860	0.08%
	Senior Vice President	Frank Lin		
	Senior Vice President	Jai, Lu-June	99 option-	99 option
	Senior Vice President	Janice Liang	2nd	2nd
	Senior Vice President	Chao-Min Lin (2015.01.23 Leave off)	104	0.00%
Employees	Chief Consultant	Wu, Tong-Shung		
	Executive Consultant	Steve S.F. Shieh		
	Executive Consultant	Helena Kuo		
	Senior Executive Officer	Andy Wu		
	Audit Department Leader	Lee,shying (2015.03.13 Leave off)		
	Audit Department Leader	Lin ching yin		
	Manager	Chen szu han		

c. Issuance of restricted right shares for employees: Nil.

Base date: Feb. 29, 2016

Exercised				Not exercised			
Number of rights (1000 Shares)	Price of rights (NT$/Per Share)	Value of rights (NT$1,000)	Rights as a percentage of total outstanding shares	Number of rights (1,000 Shares)	Price of rights (NT$/Per Share)	Value of rights (NT$1,000)	Rights as a percentage of total outstanding shares
94 option 730 96 option 8,991 99 option-1st 3,488.5 99 option-2nd -	94 option 13.6 96 option 10.5 99 option-1st 10 99 option-2nd -	94 option 9,928 96 option 93,214.3 99 option-1st 34,722.1 99 option-2nd -	94 option 0.01% 96 option 0.09% 99 option-1st 0.04% 99 option-2nd -	94 option 0 96 option 30,149 99 option-1st 4,371.5 99 option-2nd 104	94 option 13.6 96 option 10 99 option-1st 9.4 99 option-2nd 9.5	94 option 0 96 option 30,149 99 option-1st 41,092 99 option-2nd 988	94 option 0% 96 option 0.31% 99 option-1st 0.05% 99 option-2nd 0.00%

N. Merger and acquisitions or transfer of other financial institutions

a. Taishin Holdings

1. **Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers& acquisitions or sale of financial institutions over the past year: Not applicable.**
2. **State of mergers & acquisitions or sale of financial institutions over the past five years. Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter:**

   On April 27, 2011, the company acquired Franklin Insurance Brokers Co., Ltd. (renamed as Taishin Holdings Insurance Brokers on May 16, 2011), thereby enabling other subsidiaries to access non-life and life insurance products and provide complete product lineup for sales service.
3. **In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other financial institutions in which the Board of Directors has approved such M&D or sale that involves the issuance of new shares: Not applicable.**

b. Taishin Bank

1. **Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers & acquisitions or sale of financial institutions over the past year: Not applicable.**
2. **State of mergers & acquisitions or sale of financial institutions over the past five years. Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter:**

   On Jan. 22, 2011, subsidiary Taishin Bank took over Taishin Bills Finance, in order to cut cost, effectively integrate the financial holding company's internal resources, and create high yield, making the company a financial holding company centering on a quality bank.
3. **In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other financial institutions in which the Board of Directors has approved such M&D or sale that involves the issuance of new shares:**

   The Taishin Bank board of directors passed the cash acquisition of Taishin holdings Insurance Brokers Co., Ltd. on October 29, 2015.

Basic Information of Other Financial Institutions Acquired or Transferred

Name of financial institution		Taishin Holdings Insurance Brokers Co., Ltd.
Address of financial institution		11th fl., No. 44, Sec. 2, Zhongshan N. Rd., Taipei City
Responsible person		Oliver Shang
Paid-in capital		30,000
Primary scope of business		Property insurance broker Life insurance broker
Key Products		
2015 Financial data	Total assets	1,881,598
	Total liabilities	559,079
	Total shareholder equity	1,322,519
	Operating income	5,400,107
	Operating margin	1,694,554
	Operating income/loss	1,443,774
	Current profit and loss	1,200,104
	Earnings per share	400.03

O. The Execution of Fund Utilization Plan

a. Contents of the plan

1. Incomplete issue or private offering of securities: Nil.

2. Completed in last three years but without apparent benefits: Nil.

b. Implementation description: Nil.

V

Operating Status

V. Operating Status

A. Business Contents

Taishin Financial Holding Co., Ltd.

a. Business scope

According to article 36 of the Financial Holding Company Law, the company's operation is confined to investment and the management of invested businesses.

The company is allowed to invest in the following businesses:

1. Financial Holdings
2. Banking
3. Bills finance
4. Credit card
5. Trust
6. Insurance
7. Securities
8. Futures
9. Venture capital
10. Foreign financial institutions with the regulator's approval
11. Other financial industry-related businesses acknowledged by the regulator

b. Business plan of the current year

1. Enhance core businesses and integrate resources throughout the financial holding company

Focus on growing core businesses such as wholesale banking and retail banking through a balanced risk approach, while in the meantime integrate resources throughout the financial holding company to expand the scale of securities subsidiaries and develop alternative profit sources.

2. Expand overseas presence for greater global competitiveness

As part of the company's goal to become a regional financial institution, more efforts will be devoted to expanding overseas presences, starting from China, Northeast Asia, Southeast Asia and the Asia Pacific. Meanwhile, the company will take initiative in developing global talents and aim to achieve early success in Asia.

3. Utilize new technologies to drive innovation and transformation in Banking 3.0

In addition to improving the stability of existing systems, the company will also be developing new systems with new technologies to introduce innovative services that open up whole new opportunities.

4. Infrastructure and talent development

The company will seek to reduce cost of capital by exercising greater risk control, and provide the best infrastructure and manpower by improving its existing talent management practices.

c. Industry status

1. Market status

Taiwan was not immune to the adverse effects of the global economy. In 2015, both export orders and total exports were lower compared to the previous year, and the growth rates were -4.4% and -10.9%, respectively. Economic growth for the year showed early promise but was later dragged down by stagnant export demand. The preliminary estimate is only 0.75% at an inflation rate of -0.31%, both of which are the lowest records since the economy rebounded in 2009 after the financial crisis. Therefore, the central bank considered the short term economic cycle in Taiwan and the long term economic structure, and decided to lower interest rates by 0.125 percentage points in both board meetings in September 2015 and in December 2015. These economic factors also led to a stagnant stock market. Combined with returning international USD capital in the second half of the year, TWSE once reached 10,000 points during midday trading in April 2015 before starting a downward spiral. The market closed at 8,338 points at the end of the year, down by 10.4% from 9,307 in the previous year.

Over the past several years, the Financial Supervisory Commission (FSC) has been opening the banking industry to more opportunities that have contributed to the growth of profitability. In 2015, China's economic growth slowed down and dramatic renminbi devaluation in August sent shock waves across international financial markets. As a result, profits fell for overseas branches of domestic banks and OBUs, leading to a slight decrease of NTD319.6 billion in pretax earnings for domestic banks as a whole. The return on assets (ROA) was 0.75%, and the return on equity (ROE) was 10.58%. Asset quality continued to become more optimized. The average nonperforming loan ratio for domestic banks was only 0.23% at the end of 2015, while the debt coverage ratio reached 555%.

2. Development trend of various financial products

With financial-industry competition expected to become increasingly acute, non-interest income will emerge as a major income source for banks under the user-pay principle and many new financial products will be introduced into the domestic market from abroad, leading to market pluralization.

Thanks to the government successively lifting financial control, expanding the participation in banking management, and pushing the privatization of state financial enterprises, the financial-industry competition will, in addition to price competition, include such factors as service quality, personnel cultivation, and product development, boosting the maturity and stability of the domestic financial industry.

d. Research and development

1. R&D achievements in the recent two years

According to Article 36 of the Financial Holding Company Act, the business of a financial holding company shall be limited to investment in, and management of, its invested enterprises. Related R&D expenses shall be as specified in the R&D projects by the Bank's subsidiaries.

The Bank's R&D expenses in the recent two years:NT$28,556,500 in 2014 and NT$33,090,000 in 2015. (Related information please refer to P.77)

2. Future R&D plan

The company will integrate the R&D resources and manpower of various subsidiaries, thereby enabling clients and employees to access various information on stock market, bond market, exchange rate, interest rate, mutual fund, and insurance via a single window or platform.

e. Long- and short-term business development plans

As a financial holding firm, the company's operation is confined investment and management, and as such, its short-term plan is to strengthen the management of the invested firms and its long-term goal is to develop into a quality financial institution capable of providing complete financial services to Chinese clients worldwide. For achieving that goal, the company will embrace three strategies: developing into a large financial institution with international competitiveness, making deployment at Chinese communities worldwide, and continuously cultivating quality financial talents and developing complete product lineup.

Taishin International Bank Co.,Ltd.

a. Business contents

1. Growth and change in various business items

(1)Wealth Management

The bank's wealth management operation offers a variety of services for different customer segments such as individuals, households, and business owners. Tailored financial planning and consulting services are available as a combination of TWD and foreign currency deposits, investment products, short- and medium term insurance policies, and consumer loans and one-stop tax and asset allocation advisory services, all of which are aimed at building stronger customer relationships. The approach of market segmentation and diversification has enabled the wealth management operation to be recognized with many awards in Taiwan and overseas every year. For example, Taishin has been named one of The Banker's Top 50 Private Banking Brands (and the only financial institution from Taiwan) and recognized for Outstanding Wealth Management Service for the Affluent Segment by Private Banker International (PBI). The number of customers has been growing steadily from year to year. The number of individual customers grew by 6% in 2015, and the number of business owners by 8%.

(2)Retail banking

The bank's retail banking operations cover consumer loans (mortgage, auto loan, unsecured loan, and subordinated mortgage), micro corporate loans, and credit card for individual customers and e-money services for small and medium enterprises. The development of financial products follows market differentiation and the needs of various customer groups.The outstanding balance of retail loans increased by 7.6% in 2015, and the number of credit cards in circulation increased by 2%.

(3)Wholesale banking

The bank's wholesale banking operation provides an array of financial products and services to various institutional clients, including corporations, government-owned companies and financial institutions. The business scope includes the businesses of commercial and investment bank, such as deposits, short- and long-term financing, guarantee, trade finance, syndicated loans, bond transaction, short-term paper, factoring, cash management, e-banking for corporate financial network, foreign exchange and interest- rate derivatives, financial advisory, merger and acquisition (M&A) consulting services, asset securitization, and discretionary assets management, etc.

(4)Digital Finance

2015 has been an excellent year for automated channels. With respect to ATMs, in addition to an extensive network of 2,700 machines across the island, ATMs are constantly having new features

added. Taishin Bank is the first bank to introduce the interbank deposit feature at its ATMs. As of the end of December 2015, there are 900 ATMs that accept interbank deposits. The monthly average frequency and monetary amounts of transactions are growing at a rate of over 30%.

As for Internet banking, the bank has been able expand its customer base and increase transaction volume over previous years to a total of 1.28 million by 2015, which represented an annual growth of 11%. To bring secure and easy-to-use automated banking services to the public, Taishin Bank launched the 24-hour Online Service Counter on its website to offer an online application option for credit cards and loans. Taishin Bank also takes advantage of the readily available Internet by becoming the first bank to allow foreign currency trading limit orders. Customers will not have to keep watching exchange rates. Instead, a best choice exchange rate can be easily entered into the system, which will automatically complete a trade at the specified rate. The feature enables online customers to have more control over their wealth and investment needs.

As more and more services are also offered through mobile banking, the number of Taishin mobile banking users is growing at 54% a year and the amount of transactions at 94% a year. The mobile banking operation with its numerous breakthrough innovations has been a frequent award winner with international media, and has won accolades from Retail Banker International, Asian Banker, Timetric, Asian Banking & Finance, and The Banker.

Meanwhile, in an attempt to boost automated transaction volume, Taishin Bank has integrated ATM, Internet banking, mobile banking, web ATM, and TaishinPay platforms all under one reward point program since May 2013. Taishin Bank is also the first to offer the option to redeem a combination of reward points and credit card points. The bank also teams up with other point programs to offer a wider variety of gifts to meet different needs and increase customer loyalty.

To facilitate the development of digital finance and to serve e-commerce customers, Taishin Bank obtained the competent authority's approval to offer electronic payment services. It is hoped that the service will benefit affiliated vendors by bringing more customers from China and offering another payment option.

Furthermore, to increase the percentage of transactions completed by electronic payment, Taishin Bank continues to transform banking products. It launched the stored value payment accounts in August 2015. Customers will be able to open an account directly over the Internet and complete refills and P2P transfers and set up limits and payment links to other electronic service providers.

(5)Trust Financial Service

With respect to structured trust services, money trusts remain the star product for high net worth clients, and securities trust will serve to satisfy clients in need of tax planning or income generated by lending shares. In addition, Taishin Bank also offers property trusts that help to provide care for seniors and the physically challenged so that personal banking customers can have access to a complete line of trust planning services. To satisfy wholesale banking customers' diverse needs for trust services, the bank has also been active in promoting trust services as solutions to employee remuneration, such as trusts for shares, employee stocks, restricted shares, and employee welfare and savings to help companies retain their top talents.

2. Shares of the bank's major income sources and their growth/ changes

Net income share	2014	2015
Retail banking	61%	59%
Wealth management	30%	28%
Consumption financing	22%	23%
Credit card	9%	8%
Wholesale banking	39%	41%
Total	100%	100%

b. Business plan for the current year

1. Wealth Management

(1)The Taishin Bank brand is built on "Dedication" and "Professionalism". The bank offers a diverse range of localized/personalized customer services. Taishin Bank is constantly in pursuit of innovation and stronger customer relationships, aided by its outstanding digital services that establish the bank as an Intelligent Partner of its customers.

(2)As part of its commitment to sustainable development and customer-centric values, Taishin Bank offers appropriate asset allocation, regular investment checkups, and after-sales services in risk management and market analysis reports, all of which are designed to help customers achieve consistent returns and asset growth regardless of market outlook.

(3)The bank enhances customer loyalty by building on a diverse range of financial services and connecting the real and virtual worlds so that it can offer personalized advice and satisfy different needs as customers reach different stages in their lives.

(4)The bank enhances customer loyalty by building on a diverse range of financial services and connecting the real and virtual worlds so that it can offer personalized advice and satisfy different needs as customers reach different stages in their lives.

(5)To meet the need for integrated services among customers, including personal accounts and household accounts, as well as client business and business owners who wish to combine services and benefits under personal/wholesale banking accounts, Taishin Bank has introduced the family-based wealth management service. The feature extends the scope of personal wealth management to include a household, and offers financial advice for members of the household at different stages and benefits for the entire household. It is an excellent choice for customers with inheritance concerns.

(6)As part of the Bank3.0 campaign, the wealth management operation is also investing in the development of automated channels and full integration of virtual channels (i.e. Internet banking, mobile banking, and ATMs) and branch services. The reach of virtual services is extended into the everyday life. For example, the Taishin mobile banking app offers a variety of everyday deals and services, transfer by cellphone number, and the Financial Advisor App, which helps financial advisors to work more efficiently. All of these elements are aimed to create a more user friendly and more relevant financial experience.

2. Retail Banking

(1)Develop product competitiveness through differentiation of consumer products; integrate resources throughout the bank to explore broader business opportunities.

(2)In response to the Bank3.0 campaign, Taishin Bank has built an online loan application platform, which accepts applications via a mobile device app and is expected to open access to different customer bases.

(3)Marketing response models are constantly refined by big data analytics. Telephone marketing, DM/EDM/SMS and other marketing channels are also deployed to increase cross selling penetration and customer retention.

(4)Processes are constantly optimized. For example, push messages via Gmail enables salespersons to monitor case progress more closely and improve efficiency. Automatically printed contract templates save time on filling the forms and reduce the chance of error.

(5)In response to changes in the economic outlook, Taishin Bank intends to increase market penetration through product development and customer screening, stronger channel partnerships, and a greater emphasis on micro corporate loans.

(6)Taishin Bank tries to secure the cobrand card market and continue to build on the Rose Card's image to attract more new customers. The bank also invests in increasing penetration of premium cards among wealth management customers.

(7)Taishin Bank keeps a close eye on the development of mobile banking and tries to develop mainstream payment modes (e.g. HCE, Apple Pay), while expanding the network of contactless payment terminals to boost the percentage of electronic payments.

(8)By allowing credit cards to be linked to e-commerce platforms (e.g. 17 Life, Line Pay, JKOS, Pi mobile wallet, GOMAJI, and Uber), the bank continues to advertise the concept of mobile payment to consumers and create opportunities to use the service in order to expand the market. At the same time, the bank keeps up with online promotional activities to attract younger customers.

(9)Credit card apps and a mobile version of the website (mSite) are created to use mobile payment to combine credit card products/benefits.

(10)The bank tries to encourage tourist oriented hotels to accept more transactions in response to a growing number of individual visitors and high end groups from China.

3. Wholesale Banking

(1)Enrich product line through product innovation; anchor customer relationship by offering more variety of solutions.

(2)Introduce integrated NTD and foreign currency cash management; promote cash services (collection and payment) as means of sourcing current deposits; anchor customer relationship and minimize credit risks.

(3)Extend the existing collaboration between retail and wholesale banking segments; utilize retail banking channels to explore potential SME customers. Grow business and profitability by targeting high net worth customers in Taiwan, China and Hong Kong.

(4)Explore collaborative opportunities with Chinese banks on trade financing services. Actively establish a platform of cooperation with Chinese banks.

(5)Increase the number of branches in China and Asia. Following the opening of the Singapore Branch in 2014, the Yangon Branch in Myanmar opened in January 2016, while preparations are currently underway for the Tokyo Branch in Japan, the Brisbane Branch in Australia and the Long An Branch in Vietnam.

(6)Optimize credit-extension procedures and enhance risk management to ensure sound asset quality.

(7)Develop a comprehensive talent training system to support growing businesses; build the bank's overseas talent pool through regular job rotation.

4. Digital Finance business

(1)Offering easier-to-use, more personal, and more creative services. The service, "online application for digital deposit account", allows customers to open demand savings accounts on the bank's website.

(2)New services are developed in response to the growing popularity of mobile applications. For example, "card-free withdrawals" feature allows the use of a mobile phone in lieu of a debit card so that customers can withdraw cash as needed.

(3)Collaboration with strategic allies offers coupons in "food, shopping, accommodation, transportation, education, entertainment, and travel" as well as various deals and everyday information, turning automated channels into a means through which customers may access Taishin Bank services wherever they go.

(4)Cross-channel and cross-device points of sale provide a consistent customer experience and have automated channels bridge the physical distance between the bank and its customers. They have become the link to customers' daily banking activities wherever they go. The approach has also been connecting automated banking to consumers' lifestyles.

(5)New payment solutions, such as cross border collection/payment services, offer complete money services. Stored value payment accounts have been launched to enable customers to open an account directly over the Internet and complete refills and P2P transfers and set up limits and payment links to other electronic service providers

5. Trust financial service

(1)Push "yield-type securities" actively engage in securities lending market, and develop potential customer groups for securities-delivery deposits, so as to create securities lending income for clients.

(2)Introduce "customized money trust" services that can be tailored to satisfy a broad variety of needs such as children's education, business ventures, retirement planning, and care of disadvantaged families.

(3)Develop "employee welfare trust" business, so as to satisfy enterprises need for talent retention and strengthen the relationship with corporate customers.

(4)Push the custodian business of "Collective Investment Account for foreign and Overseas Chinese employees" so as to tap the tremendous business potential connected with share listing of overseas enterprises on the local bourse and the growing internationalization of domestic listed companies.

(5)Incorporate market information and product information services into the online trading platform, thereby offering customers greater convenience in fund selections.

(6)Promote funds with a variety of themes; provide custom-tailored services to customers of different profiles and segments.

(7)The line of onshore/offshore funds has been extended to better reflect changes in market dynamics. Taishin Bank is the first to introduce long short equity funds that are required to be filed under new category in Taiwan to meet customer needs for asset allocation.

(8)Fund apps are developed for digital banking, which also significantly lowers the investment threshold for certain funds, thereby attracting more customers with more user friendly functions.

(9)Explore mutual fund opportunities through offshore banking units (OBU); introduce hedge funds not yet filed with the competent authority in the Republic of China.

(10) Special discounts for certain funds are offered from time to time to attract more investors.

(11) Introduce multi-themed ETFs, thereby offering customers suitable instruments to invest in under any market condition.

(12) The bank is developing a real-time trading system for securities on foreign exchanges so to provide customers a more instant, easy to use, and more responsive trading platform.

(13) Various types of bonds are available, including premium overseas bank debenture and corporate bonds in different currencies and different maturities.

(14) The bank continues to accept trade orders from professional investors for offshore structured products available only to professional investors. In addition to traditional long term principal protected products, the bank will keep launching short term equity linked products without principal protection to satisfy the needs of high net worth professional investors.

c. Industry status

Same as described under “c. Industry status” of Taishin Financial Holding.

d. R&D and business development

1. Major financial products and scale of retail banking

(1)Home purchase and renovation loans have an outstanding balance of NTD 369.1 billion, representing a 6% YoY growth.

(2)Car loans have an outstanding balance of NTD 34.11 billion and a 28.7% market share, representing a 10% YoY growth, placing it again on top of the financial industry.

(3)Other consumer loans have an outstanding balance of NTD 45.51 billion and a 5.3% market share, 12.5% over a year earlier.

(4)Credit cards:

3.55million credit cards outstanding, ranking fourth with a 9.2% market share.

2.46million active credit cards, ranking fifth with a 9.7% market share.

186.6 billion in annual card purchases, ranking fifth with a 8.4% market share.

89,000card accepting merchants in total, ranking third with a market share of 20.4%.

2. Major financial products and scale of wholesale banking in recent two years

(1)Outstanding of loans extended by domestic branches to state and private enterprises.

With equal emphasis on risk management and business development, the bank’s outstanding of loans for state and private enterprises reached NT$203.8 billion at the end of 2015, ranking 15th place among 39 domestic financial institutions. This represented a decrease of 1% over the previous year, compared to an average growth of 1% among peers.

(2)Outstanding of loans for small and medium enterprises

In line with the government’s policy of providing the assistance of loaning to small and medium businesses and the purpose of expanding the bank’s customer group, the bank extended NT$99.4 billion of outstanding loans to small and medium businesses as of the end of 2015, up 9.4% over a year earlier. This improvement had far exceeded the peer average of 5.6%.

(3)L/C and export negotiation

Due to increasing varieties of trade financing options available and changes in commercial practices, the total amount of export in 2015 reached US$1.57 billion, declined 27% than previous year.

(4)Factoring business

The bank is still a market leader for factoring business and undertook NT$212.6 billion of such business in 2015, declined 9% than previous year, with equal emphasis on the maintenance of customer relationship, pricing and risk.

3. Major financial products and scale of Digital Finance Business in recent two years

(1)2,700 ATMs, 900 of which are equipped with the interbank deposit feature.

(2)1.28 million e-finance (Internet banking and mobile banking) customers in total.

(3)Partnership with Alipay (China) Network Technology Co., Ltd. to offer inbound cross border online payment/collection services.

(4)The stored value payment account was launched to enable customers to open an account directly over the Internet and complete refills and P2P transfers and set up limits and payment links to other electronic service providers.

4. Major financial products and scale of trust financial business in recent two years

Unit:NT$ million

Year	2014 AUM	2015 AUM
Special-purpose money trusts investing in domestic/foreign securities	122,825	126,894
Collective investment trust account	3,397	1,219
Securities trust	29,509	28,952
Other money trusts	6,083	7,939
Employee welfare trust	37	74
Real estate trust	14,425	16,433
Securities investment trust funds under administration	40,002	44,208

4. R&D achievements in the recent two years

The Bank's R&D expenses in the recent two years: NT$28,556,500 in 2014 and NT$33,090,000 in 2015.

R&D results are described as follows:

(1)Premium cards upgraded to Easycard-enabled IC cards Enhanced security and convenience.

(2)Exclusive offer to accept tax/fee payments by Taishin Bank credit cards at FamilyMart. Card purchases at FamilyMart jumped by 971% as a result.

(3)34% off at 6 major cinema chains.

(4)The Taishin-TKEC co-brand card combines a credit card and a membership barcode, and offers deals (e.g. dining, travel) from Tsann Kuen Enterprise.

(5)The Dual Currency credit card was launched with three currency options, JPY, Euro, and USD, that cater to business travelers.

(6)More bonuses were offered on online shopping platforms (11 distributors including Taobao, PChome, Yahoo, and momo) during the Singles Day campaign. Shopper could receive up to 10% for purchases above certain thresholds by using Taishin Bank credit cards.

(7)A $100 cash bonus is available for linking Taishin Bank credit card to a LINE Pay, JKOS, or any of the listed e-commerce platforms.

(8)A $10,000 cash reward was offered in support of Taipei Shopping Festival for Taishin Bank credit card purchases made at any of Taipei's department stores or on 17Life.com.

(9)Taishin Bank was first to take an innovative approach to bonus redemption by creating Richi, a program offering redemption for goods from other countries. Examples include tickets to Disneyland, Korean snacks, and bus/train tickets. The fresh approach proves to be popular with Taishin Bank cardholders.

(10) The Bank also works with Master Card to launch the MasterPass service, providing a more convenient and safer means of online payment.

(11) The Bank works with TWMP to launch OTA credit cards and HCE mobile payments. The Bank works with Chunghwa Telecom to launch the NFC SIM Easycard credit card.

(12) The Bank rebuilt the Rose Card brand that conveyed the message - "Dedication Makes a Woman Beautiful."

(13) An online film competition attracted media coverage and 70,000 Internet users who cast votes, both of which created more exposure for the Taishin brand.

(14) The Bank worked with travel agencies and offered more card purchase gifts at the autumn travel fair. The campaign succeeded into creating the highest redemption number and an increase in spending.

(15) The Bank developed and promoted the use of its electronic signature terminal. The device saved 10 million paper receipts in 2015.

(16) The Bank was approved by the competent authority to offer electronic payment services. It launched the Alipay inbound online payment/collection services, and created the stored value payment account.

(17) Interbank deposit and card-free withdrawal on ATM

(18) The Bank launched the 24-hour Online Service Counter on its website to offer an online application option for credit cards and loans. Taishin Bank is also the first bank to allow foreign currency trading limit orders, which enable online customers to have more control over their investments.

(19) The Taishin mobile banking app offers a variety of everyday deals and services and transfer by cellphone number.

(20) The Financial Advisor App was implemented to help financial advisors work more efficiently.

5. Future R&D plan

(1)Wealth Management

- The Bank combines resources under Taishin FHC and focuses on serving individuals, households, and business owners by providing a complete line of financial planning services and increasing customer satisfaction toward wealth management services.
- As part of the Bank 3.0 campaign, the Bank invests in fintech and applies big data analytics and CRM techniques on an integrated real and virtual platform in order to manage customer relationships more effectively.
- Observation of technological advancements and changes in digital natives' behaviors help to explore customer solicitation for emerging groups. Innovative financial services and new customer service experiences hold appeal to younger generations.

(2)Retail banking

- The Bank has developed online application services and customer solicitation by Internet in line with the authority's Bank 3.0 initiative.
- The Bank continues to refine risk management practices and customer relationship management. Product differentiation helps to offer different products to customers with different needs so that the Bank can be more competitive and more profitable.
- Processes are constantly optimized to improve efficiency and quality and increase customer satisfaction.
- Risk premium is made higher, and investment is made to attract niche customers.
- The Bank tries to reduce the customer churn rate and increase the promotion participation rate.
- Taishin Bank was first to explore and provide financial services for micro businesses.
- Mobile payment technologies (e.g. tokenization, bluetooth, sound wave, and biometric identification) are analyzed according to customer needs and latest technologies. The aim is to create added values

not provided by cash or physical credit cards in order to completely eliminate obstacles in payment services.

- Investment continues to be made in mobile payments and mPOS invoices to combine payment tools and raise the market share of electronic payments.

(3)Wholesale banking

- Expand pluralized treasury product lineup via combination of interest rate, exchange rate, bond, bulk commodities, and equity.
- Establish new financial trading system to accommodate the rollout of new diversified products in the future, and improve trading flow and enhance trading capability.
- Focus on launching RMB business in light of current round of deregulations.
- Taishin Bank was granted the license to underwrite international bonds by the Central Bank towards the end of September 2014; following the bank's success in underwriting its first international bond in November 2014, more efforts will be devoted to underwriting international bonds for foreign issuers.
- Expand offshore financing and the number of overseas branches, strengthen the function of e-network trading platform, so as to satisfy customers' need for cross-border fund maneuvering.

(4)E-Financial Business

Latest electronic payment technologies and their applications are explored with the aim to provide the most secure, innovative digital banking experience.

e. Short- and long-term business development plans

1. Wealth management

(1)Short-term business development plan

- Apply precision data analysis and integrate resources throughout Taishin FHC to enable customized marketing and maximize cost effectiveness. Provide customers with tailor-made finance and debt solutions which in turn result in greater satisfaction and higher AUM.
- Resources under Taishin FHC are brought together to serve the needs of individuals, households, and business owners. Consistent financial planning across physical and digital channels provides a complete line of wealth management services.
- The Bank manages customer relationships in a manner consistent with local customs and culture. It follows the philosophy of offering the best services and maintains strong relationships with local residents, merchants, SMEs, and payroll account holders around its branches.
- Develop standardized procedures for precision marketing; enhance customer analysis and offer products that address their specific needs.

(2)Long-term business development plan

- A well established digital banking system is constructed by collecting external data from various sources, improving CRM modeling techniques, and achieving more precise segmentation with an integrated real and virtual platform.
- The virtual channel is made part of the CRM process at the branches. Customer subsegment management is strengthened and real and virtual channels are combined to create an integrated communication mechanism.
- The Advisory wealth management system and the Mobile Wealth Management app facilitate more effective customer relationship management and higher satisfaction.
- The rise of a new generation makes it necessary to follow changes in younger customers' behaviors, revamp financial services and create a new customer service experience in order to effectively attract younger generations.

2. Retail banking

(1)Short-term business development plan

- From online application to online allocation, the process has been extended to enable customers to obtain loans completely online (including application, credit check, and setting of allocation date).
- Building the mobile office Salespersons are able to submit cases for review via an app for salespersons. Push notification is available to provide timely case updates.
- Operating procedures are continually optimized for greater efficiency and lower costs.
- Statistical models and other big data related variables are used to test multidimensional customer segments in order to identify potential customers and create cross selling opportunities.
- Channel resources within the Bank are combined to provide flexible quotes and standard operating procedures for faster growth in micro business accounts.
- The Bank endeavors to ensure renewal of the existing cobrand license agreements while approaching potential cobrand candidates of certain sizes. The Sun/Rose Card customization mechanism is optimized and simplified to cater to digital customers. Exclusive premium cards are designed for wealth management customers.
- In support of the FSC's strategies regarding fintech, doubling the electronic payment rate in five years, and digital card transactions, the Bank works with TWMP to launch HCE SIM credit cards. There are also plans to adopt token technology such as Apple Pay, Android Pay, and Samsung Pay.
- Taishin Bank credit cards can be linked to shopping accounts on more e-commerce platforms. The Bank is also working with these merchants to expand the mobile payment market.
- The Bank is paying more attention to overseas transactions to increase its fee income and explore potential customers on new online shopping platforms.
- The Bank tries to gain a larger share of the invoice market by developing integrated e-payment terminals, e-payment tools, and partnerships with third part payment/collection service providers.
- Service quality is enhanced to maintain the existing level of customer satisfaction.

(2)Long-term business development plan

- Ongoing product development aims to provide optimized portfolios for different customer groups and increase market share.
- Electronic systems are used to redesign processes for faster, better loan services.
- The Bank is a leader of micro corporate loans by keeping investing in product development, customer analysis, and distributor relationship management.
- The Bank is equipped with a well established case submission, review and allocation system. Data storage, analysis and application are made a two-way benchmark for sales growth and risk management.
- The Rose Card and other card products are aligned to reinforce the image of Taishin Bank credit cards.
- Mobile payment technologies are analyzed according to customer needs and latest technologies. The credit card app combines mobile payments and marketing resources and encourage use of mobile payment by offering instant response and personalized services that improve customer satisfaction and the marketing response rate.
- Potential customers are explored in an attempt to increase utilization of and spending on Taishin Bank credit cards in order to improve the Bank's wallet share.
- Customers are encouraged to set up auto-debit of utility bills, which will contribute to long term customer stickiness and secure a basic level of spending.

- Analysis of a massive amount of data helps guide customers to affiliated merchants and increase stickiness with these merchants, which will lead to purchase of other financial products and generate more income for the Bank.

3. Wholesale Banking

(1)Short-term business development plan

- Customers are effectively managed by segment. Taishin FHC resources are combined to meet customer needs.
- Enforce group-wide limit control to ensure optimal allocation of credit risk among subsidiaries.
- Expand relationships with securities customers through cash flow services and demand deposit privileges; increase the percentage of customers' demand deposits for lower funding costs.
- Enhance collaboration between retail and wholesale banking segments to explore potential SME customers. Pursue profit growth while striking the right balance between sales volume and quality.
- The Bank continues to increase the number of branches in China and Asia and build an integrated cross border platform that offers borderless services for Taiwanese businesses everywhere.
- Build the bank's overseas talent pool through regular job rotation, in order to accommodate growing businesses.
- Finance potential businesses in response to the government's cultural and creativity policies, while in the meantime paying close attention to risk control.

(2)Long-term business development plan

- Enhance service capabilities and product innovation; anchor customer relationship and aim to raise customers' satisfaction and contribution.
- Allocate group resources with greater efficiency; deliver all-round financial services through synergistic use of existing product lines.
- Actively explore overseas markets; increase profit contributions from overseas and broaden the bank's presence in China and the Asia Pacific region.
- Continue recruitment and cultivation of overseas talents to support the medium- and long-term development of overseas business.

4. Digital Finance Business

(1)Short-term business development plan

- The Bank provides one-stop digital financial services and strengthens customer relationship. By investing in observing customer behavior, the Bank is able to provide cross channel marketing services at key moments (e.g. pay dates, transaction dates, loans). Personalized services and a premium user experience are designed from the customer's perspective.
- New payment products are launched with specific brand images. There are also plans for integrated money services.

(2)Long-term business development plan

- Various digital banking technologies are employed to construct a big database that encompasses internal/external information and digital footprints. The system will actively offer suitable services for customers.
- The Act Governing Electronic Payment Institutions has been passed. In addition to working more closely with electronic payment institutions, the Bank will create its own e-payment platform and recruit buyers and sellers while offering other financial products.

5. Trust Financial Services

(1)Short-term business development plan

- The Bank organizes Internet banking promotions to consolidated investment account holders, so as to develop massive online customer groups.
- The Bank helps customers set up property trusts that provide care for seniors and the physically challenged so that personal banking customers can have access to a diverse range of trust planning services.
- The Bank tries to expand the wholesale banking customer base by offering wholesale banking customers money trust, employee stock trust, employee share trust, employee welfare trust, restricted share trust, and custody services for foreign/Chinese employee investment accounts.
- Customers of structured trust services are provided with easy-to-use transactions and electronic services to suit every need.
- The employee welfare trust is developed as another trust option for wholesale banking customers and to explore employees' needs for wealth management services.
- The Bank has developed a digital banking environment with more convenient services such as electronic account opening and transaction services.
- The Bank increases product sales and total AUM by advertising the idea of asset allocation. Customers are encouraged to place limited overseas ETF orders via online banking, which can be made by number of shares. ETFs following specific sectors will be introduced regularly to help customers respond more quickly to market development.
- International premium bank debentures and corporate bonds in various currencies (including RMB) will be offered on an ongoing basis to satisfy local/international customers who prefer to hold fixed income in their portfolios.
- The Bank will continue to offer offshore structured investments suited for professional investors and OBU customers as part of the commitment to improve customer service and provide more attractive investment products.
- Potential customer bases are explored and offered financial publication and information. Investment seminars and promotional events are organized to increase AUM.
- The Bank, by careful screening, is the first to introduce new products with specific focuses to suit different financial planning and asset allocation needs.
- A rich variety of online financial information is available for one-stop online financial planning services.
- The idea of regular fixed-amount investment is matched to investment objectives of customers at various stages of their lives to encourage customers to accumulate wealth, thereby increasing AUM for the Bank.

(2)Long-term business development plan:

- Develop various “securities trust” to satisfy the multiple needs of customers for tax savings and revenue creation, so as to increase market share and gain leadership in the market.
- Establish system platform for self selection of investment targets for employee welfare trust, so as to tap the business opportunities related to self selection of investment targets by laborers for pension funds.
- Continue concerning about change in regulations, so as to develop new trust business.
- In promoting financial product, it is necessary to periodically review new or revised announced by the government.
- Continue track and develop risk-management indices, so as to grasp product performance and risk for customers.

- Continue introducing pluralized new products and business, in order to bring steady returns to investors in both bullish and bearish markets.
- Promote the proper idea of asset allocation; aim to increase the number of products sold and the amount of assets under management.
- Track product performance regularly; develop risk indicators that can be used to monitor product performance and risks.
- Continue introducing a variety of new funds and innovative means of investment to deliver customers' expectations.

Taishin Securities Co., Ltd.

a. Business scope and business mix

1. Business scope

(1)Securities Dealer

(2)Securities Brokers

(3)Securities Underwriter

(4)Futures introducing brokers

(5)Other financial businesses acknowledged by the regulator

2. Business mix in terms of revenues

Unit: NT$1,000

Year / Item	2014		2015	
	Amount	%	Amount	%
Brokerage	146,190	29	172,700	55
Dealing	144,858	28	42,439	14
Underwriting	219.971	43	95,784	31
Total	511,019	100	310,923	100

3. Various existing products and services

Items	Major contents
Brokerage	(1)Provide entrusted transaction service for shares listed on the centralized market, over-the-counter market, and emerging market, including e-trading, and undertake securities delivery for investors. (2)Provide investors the service of margin trading and short sales for securities transaction.
Dealing	(1)Issue call (put) options. (2)Provide ETFs, high income stability structured products, principal protected products and other low risk fixed income products. (3)Issue call (put) options and derivatives, launch structured products, convertible asset swap transactions, bonds and other fixed income services.
Underwriting	(1)Assist companies with public share offering for share listing, and assist customers undertaking diagnosis of business strength and innovation of business flow. (2)Assist enterprises in raising funds on the capital market. (3)Provide financial consulting and planning for the privatization of government-owned enterprises, issuance of securities by enterprises via private share placement, domestic and overseas investment projects, and consulting for corporate restructuring.

4. New products and services under plan

(1)Continuously upgrade and strengthen existing e-platform function, promote e-bills, and enhance the convenience of customers.

(2)Build a complete line of products that cater to customers' investment needs and risk tolerance. Launch derivatives, structured products and bonds to diversify investment instruments and expand the product line in order to offer investors greater variety.

(3)Issue call (put) options and derivatives, launch structured products, convertible asset swap transactions, bonds and other fixed income services.

In addition, the company will closely track liberalization of new products or related laws/regulations, in the hope of maintaining high vigilance along with the rollout of new products and provide investing public the fastest and convenience service.

b. Business Plan of the current year

1. Brokerage

Work closely with banking distribution channels and raise employees' service standards. Enhance customer loyalty and adhesiveness via the upgrading of e-platform.

2. Dealing

Broaden the range of traded instruments while maintaining proper risk control. Obtain the license to issue options and play the role of an active market maker. Develop brand values as well as business models that produce consistent returns. Once options have been listed for trading, the bank will follow up with volume-based trade services.

3. Underwriting

The company will focus on quality small and medium enterprises for domestic underwriting business this year. In addition to assisting qualify companies with good fundamentals and small and medium enterprises in niche industries listing their shares, including the provision of custom financial planning, the company will also actively develop the business of share listing by overseas enterprises and the issuance of Taiwan depository receipts, so as to increase sources for steady fee income.

4. Credit rating

In addition to pursuing operational efficiency, the company has also taken pro-active steps towards enhancing its overall financial structure. In 2015, Fitch Rating gave the company a domestic long-term rating of A+(twn), a domestic short-term rating of F1(twn) and a stable outlook. This assessment prompted the company to adopt a more stringent attitude towards its financial health, which should therefore be reflected in its 2016 credit ratings.

c. Industrial status

1. Market status

NT$1 b.

Total transactions of the securities market in the recent three years			
Year	2013	2014	2015
TSE Market	19,603	23,043	22,505
OTC Market	55,995	56,969	58,085
Total	75,598	80,012	80,590
Weighted stock price index (year end)	8,612	9,307	8,338

Operating Status of Domestic securities			
Year	2013	2014	2015
EPS (NT$)	0.62	0.88	0.82
ROA	1.99%	2.28%	1.96%
ROE	4.36%	5.82%	5.31%

2. Taiwan's stock market

The TAIEX has climbed slowly from 9292.31 in 2015 to 10014.28 by the end of April. However, developments in the global economy, especially decelerated growth in China and other emerging markets, has caused continuing drops in oil price and commodity prices, which has in turn led to cash outflows from emerging markets. Geopolitical tension and other unfavorable factors added to the pressure, forcing international financial markets into downward spirals. TAIEX was even down to 7203.07 at one point in the month of August. TAIEX moved across a range of nearly 3,000 points as the index experienced major ups and downs, ending with a decrease of 10.41% from the start to the end of the year. The government, in an attempt to boost trading volume, continued to release favorable policies. The price fluctuation limit imposed by TWSE was raised from 7% to 10%. Despite the termination of capital gain tax toward the end of the year, trading volume failed to show any apparent momentum.

d. Research and development

Securities is a licensed business. All securities firms require the approval of the competent authority for services and products offered before commencing business. As a result, the company will follow the direction of future deregulation to design products and services that best accommodate customers' needs.

e. Short- and long-term business development plan

1. Short-term business development plan

(1)Actively capitalize on the financial holding's resources via cooperation with other units (such as wholesale banking unit, infinite-card unit).

(2)Continue strengthening e-trading platform, upgrade the convenience and function of operating-platform interface, and steadily increase the share of e-trading.

(3)Investment risks were placed under strict control to avoid losses.

(4)Take an active approach toward playing a lead role in SPO projects, including customer relationship management plans for sales departments. Take the initiative to analyze customer reports and provide preliminary plans to create more business opportunities.

(5)Implement more risk management mechanisms and enhance case quality control to reduce application risk.

(6)Issue call (put) options supported by volume-based trade services.

(7)Bring in or train database and data analysis language experts.

2. Long-term investment plan

(1)In view of the growing important of institutional investors in the market, especially qualified domestic institutional investors, the company will combine the R&D resources and e-trading system of investment consulting, to develop institutional client business with integrated services.

(2)Arrange various training courses for employees according to their nature and types, to enhance their capability and upgrade the company's overall competitiveness.

(3)Continue cultivating enterprises with growth potential and execute customer deep-cultivation plan, to facilitate long-term development of underwriting business.

(4)Create more sales channels and improve caseload capacity.

(5)Develop a full line of specialized businesses and create a complete database.

(6)Establish a futures operation and additional business offices at appropriate time as needed for the business.

(7)Develop a platform that handles multiple trade strategies (e.g. algorithmic trading and high frequency trading); commence proprietary futures trading to complement business activities of an integrated securities firm.

Taishin Securities Investment Trust Co., Ltd.

a. Business scope

1. Major business contents

The scope of business for Taishin Securities Investment Trust is to establish securities trust funds by issuing beneficiary certificates, and to use the securities trust funds to invest in securities and other related vehicles. Most of the customers served by the company are local or foreign corporate entities and individual investors. There are 3 offices in Taiwan. The company signed non-discretionary monetary trust and marketing agreements with a number of banks, including Taishin Bank, Hua Nan Bank, Cooperative Bank, Bank of Taiwan, Mega International Commercial Bank and securities dealers, including KGI, Yuanta securities and Mega securities with the subsequent agreements with other strong sub- distributors, there are more than 1,000 points of sale in Taiwan.

2. Business shares

In 2015, Taishin Securities Investment Trust managed NT$79.86 billion of public funds; 17.52% of which were nonmoney market funds while money market funds accounted for approximately 82.84%.

NT$1 b.

Year / Items	2013		2014		2015	
	Amount	%	Amount	%	Amount	%
Management fee income	301,324	99.37	274,118	97.69	284,094	93.80
Sales fee income	963	0.32	6,471	2.31	18,763	6.20
Consult fee income	934	0.31	-	-	-	-
Total	303,221	100.00	280,589	100.00	302,857	100.00

3. Various existing products (services)

Service items	Major contents
Public-placement funds	Raise funds via issuance of beneficiary certificates subscribed by common investors. The funds are invested by Taishin Investment Trust's professional teams, with investors sharing investment returns and risks and bearing the result of loss or profit. Provide the investment method of dollar averaging, allowing automated deduction of specific amount of deposits from investors' accounts at specific time every month for regularly subscribe to the mutual funds.
Discretionary account investment	For investment assets entrusted by customers or transferred from trust accounts, invest or transact on behalf of customers in securities, related products or other regulator-approved items according to the analysis and judgment of the company.
Private-equity fund	Issue beneficiary certificates and raise mutual funds from specific parties in private, which are then utilized Taishin Investment Trust's professional team for investment in securities and related products.
Offshore fund distribution	Distributing offshore funds that have been approved by the authority to offer in Taiwan.
Agency for offshore funds	Agency for sales of offshore mutual funds approved by domestic regulator and introduced by the domestic general agency.

4. New products (service) under plan

Taishin SITC will continue to broaden its overseas product line, introduce quality offshore funds, and enhance electronic trading services particularly with regards to efficiency and security.In addition to trading convenience and online trading platform with complete information, it will also actively plan tailor-made service function for customers and improve the efficiency and security of online trading. Based on the blueprint of “take root on new China and deep-cultivate new economy,” the company will dedicate to “the discovery of new value and creation of new fortune” for clients, with the goal of tapping the markets of greater China, assets allocation, and pension funds, so as to create a quality brand, worthy of the trust of investors and the support of business partners.

b. Business plan of the current year

1. Offer premium fund selections and increase AUM

Enrich the existing portfolio of Taiwan equity funds and Greater China series, while in the meantime develop product lines in other overseas markets. Combine research resources to deliver consistent long-term returns. Focus on increasing the AUM of non-monetary funds and improving the company’s business performance.

2. Enhance customer management and reinforce business partnerships

Promote product awareness through the use of marketing and advertising campaigns. Apply effective relationship management and provide customers with better financial services, and in the meantime strengthen collaborative relationships with banks, securities firms and other business partners.

c. Industrial status

As of the end of December 2015, there were 37 domestic investment trust firms, with 672 funds under their management, totaling NT$2,203.6 billion in scale, 1,500 contracts for discretionary account operations, totaling NT$1,389.6 billion in management scale, and 46 private-equity funds, totaling NT$13.2 billion in scale.

d. Technology and R&D Status

Taishin Securities Investment Trust launched the Taishin Global REITs Income Fund, and issued both accumulation and monthly distributions at the same time in September 2015. Investors may subscribe to the fund in three currencies, TWD, USD, and RMB.

e. Short and long-term development plan

Taishin Investment Trust focuses on customers, talents, products, performance, and brand in its management, with the goal of becoming a quality brand with the trust of investors, the support of business partners, loyalty of employees and shareholders, and the compliment of social public.

1. Short-term development plan

Maintain the stable performance of mutual funds, expand the synergy of product lineup after merger, and raise emerging-market funds, so as to obtain the qualification for undertaking the outsourced operation for government funds and assure the smooth operation after the merger.

2. Long-term development plan

Actively enhance the market share and management scale, increase non-bond mutual fund clients, and strengthen capability for allocation of assets, so as to upgrade the visibility and good image of the brand.

Taishin Securities Investment Advisory Co., Ltd.

a. Business Scope

Taishin Securities Investment Advisory Co., Ltd. undertakes two major businesses, research and analysis and general agency for Jupiter Fund.

1. Research and Analysis Division

(1)Business contents

Provide R&D resources to the financial holding company and subsidiaries.

(2)Business ratio

In 2015, consulting fee of the Research and Analysis Division accounts for85% of the company's total revenue, while general agency of the Jupiter Fund generates the remaining 15%.

2. General agency of the Jupiter Fund

(1)Business contents

Business contents: Introduce offshore fund and serve as its general agency in Taiwan.

(2)Business shares

Various sales channels of Taishin group account for 70% of the total sales of the fund, while other channels account for 30%.

b. Business Plan of the current year

1. Due to the growing reliance of the financial holding company and its subsidiaries on research information in formulating business and strategic direction, in the future the research and analysis division will gradually expand its business scope to meet the need of the financial holding company.

2. Plan to introduce new series fund and new fund companies to meet the needs of investors.

c. Industrial status

Taiwan "offshore-fund general agency" system hit the road in August 2006, the largest systematic change since the introduction of offshore mutual funds to Taiwan, which produces major impact on investors, agents, and domestic managers of offshore funds. The implementation of the general agency system makes the information on offshore funds more transparent and gives investors more protection. The general agent must publicize related fund information, such as the daily book value of funds, net value of subscription and redemption, and investment portfolio and scale. The general agent can also push offshore fund via advertisement and must solve any problem related to the fund wherever the place for subscription. In other words, after the implementation of the general agency system, investors have more channels to buy offshore funds and are entitled to more protection, due to the existence of transparent information.

d. Technological and R&D status: Nil.

e. Short- and long-term business development plans

Same as described under "b. Business Plan of the current year".

Taishin Asset Management Co., Ltd.

a. Business scope

1. Business contents

The company's major business items include the purchase of money-debt claims from financial institutions, the appraisal and auctioning of money-debt claims of financial institutions, and the management of money-debt claims and overdue accounts receivables for financial institutions.

2. Business mix

The company focuses on the purchase and disposal of money-debt claims from financial institutions.

b. Business development plan of the current year

1. Bid for whole-package bad-debt claims of financial institutions

2. Negotiate with peers on a case-by-case basis for the purchase of bad-debt claims.

3. The company will be eying to buy foreclosed properties in Taipei City and New Taipei City at discounted prices, and invest small sums to improve property conditions before selling at a profit.

4. The company will follow FSC's resolutions dated December 2014 and make more valuable use of its existing real estate properties. The company also plans to make more efficient use of idle assets owned by other subsidiaries of Taishin Financial Group, and enable newly acquired properties to appreciate before selling for profit.

5. Following the amendment of the Regulations Governing Sales of Non-performing Loans by Financial Institutions by the FSC in August 2015, the Company lifted the 3% limit on the average nonperforming loan ratio for sales of debts from default of construction work-in-process, and started assessing appropriate investment options. This may be one of the key investment opportunities and sources of profit for AMC in the short term.

c. Industry status

For the domestic bad-debt claim market, along with the upturn of the general economy and plunge in non-performing loan ration, bad-debt claims released by the financial institutions plummeted to NT$60 billion per year in 2008 and 2009, down from the peak of NT$236.8 billion in 2007, which dropped further to NT$58.4 billion in 2010, NT$50.4 billion in 2011,NT$40 billion in 2012 & NT$9.3 billion in 2013, NT$0.9 billion in 2014 & NT$0.5 billion in 2015. It is apparent that the domestic bad-debt claim market has contracted and winning bidding prices for sales of bad- debt claims on the block frequently reach new highs, greatly boosting the risk of investment loss.

What was more challenging was the fact that the Financial Supervisory Commission issued an instruction in May 2013 to limit the sale of non-performing loans by financial institutions with overdue loan ratios above 3%. Later, in August 2013, the FSC announced that corporate debt would be treated in the same manner as non-corporate debt, so that debt entitlement cannot be transferred to third parties. Furthermore, the FSC also required asset management companies to renegotiate borrowing terms with debtors according to the Statute for Consumer Debt Reform. These measures have limited debt managers' abilities to acquire viable investments and dispose of under-performers, and therefore threaten the survival of the debt management business.

Competition among various assets management companies next year will become even fiercer next year, aggravating their business difficulty. However, with the introduction of the Luxury Tax in July 2011

accompanied by Central Bank limits on construction loans, taxes on luxury properties etc, the government has been able to suppress speculative activity in the real estate market. With housing prices showing signs of decline after prolonged periods of reduced trade volume and lengthened deal cycles, it is likely that investors may undergo a wave of foreclosures and increase the supply of court-auctioned properties. Interest rate hikes following the scale back of QE are also expected to affect Taiwan to a certain degree. The rise in market interest rates will eventually put financial pressure on constructors, and compel them to force-sell unsold properties resulting in a downturn in the real estate market; certain developments may even become non-performing debts as a result. Either way, Taishin Asset Management will follow up closely on market changes. In anticipation of interest rate hikes following the scale back of QE in the United States, China's slowing economy and RMB depreciation will start rippling through Taiwan's economy before long. Motivated sellers in the housing market may push housing prices down.

In an attempt to give AMCs more rooms to operate, the FSC held a meeting in November 2014 and later announced in December 2014 a number of business activities that have been allowed for AMCs. This deregulation may provide AMCs with added sources of income.

Following the amendment of the Regulations Governing Sales of Non-performing Loans by Financial Institutions by the FSC in August 2015, the Company lifted the 3% limit on the average nonperforming loan ratio for sales of debts from default of construction work-in-process, and started assessing appropriate investment options. This may be one of the key investment opportunities and sources of profit for AMC in the short term.

d. Research and development: Nil.

e. Short- and long-term business development plans

1. Bidding for bad-debt claims

(1)Continue handling bad-debt claims purchased from Taishin Bank (for both wholesale banking and retail banking bad debt claims).

(2)Continue handling bad-debt claims purchased from Kuo Hua Non-Life insurance (mainly for consumer-banking and insurance debt claims)

(3)Continue handling of bad-debt claims purchased from Mega Bank and Far Eastern Bank (Corporate banking bad-debt claims)

(4)Continue bidding for bad-debt claims with peers in public bidding

(5)Purchase bad-debt claims via negotiation and cooperate with private AMC firms for individual cases, an arrangement enabling the company to have easier grasp of the capital planning, risk assessment, and investment cases via participation in the selection of cases.

(6)Purchase claims to non-performing loans secured by plots of land in greater Taipei and expand land development business via arrangement of debt claims.

(7)Turn bad debt into syndicated loans or integrate relief loans to companies.

2. Bidding at foreclosure auctions

Bid at low prices for items at foreclosure auctions that are the result of bad debt from financial institutions in the Greater Taipei area and resell for profit after processing the ownership and the property.

3. The Others

The company will follow FSC’s resolutions dated December 2014 and make more valuable use of its

existing real estate properties. The company also plans to make more efficient use of idle assets owned by other subsidiaries of Taishin Financial Group, and enable newly acquired properties to appreciate before selling for profit.

Following the amendment of the Regulations Governing Sales of Non-performing Loans by Financial Institutions by the FSC in August 2015, the Company lifted the 3% limit on the average nonperforming loan ratio for sales of debts from default of construction work-in-process, and started assessing appropriate investment options. This may be one of the key investment opportunities and sources of profit for AMC in the short term.

Taishin Venture Capital Co., Ltd.

a. Business scope

1. Business contents

Taishin Venture Capital will carry out venture-capital business according to “measures for the scope of and assistances for venture capital business” and the “guidelines for investment policy” formulated by the company. Taishin Venture Capital will seek to pinpoint investment targets with long-term development and profit potential, as well as lower risks via proper industrial and regional deployment, in order to form an investment portfolio capable of generating both short- and long-term profits. The company will focus its investments on the following industries and technologies with development potential:

(1)Venture capital industry

(2)Information technology industry

(3)Bio-tech industry

(4)Traditional industry

(5)Service industry

(6)Other industries

Among the aforementioned investment targets, focuses will be put on companies with both good management and investment performance in venture capital industry; energy and optoelectronics, wireless and mobile communications, semiconductor, advanced materials, digital contents, online security, and application software in information technology industry; the development of new medicines, special medicines, medical equipment and appliances, and medical/health care in bio-tech industry; and niche lines capable of creating industrial status and entry threshold in traditional and service industries.

2. New financial products and services to be developed in the future

Venture capital can be said to be the vanguard of corporate financial services. A venture capitalist identifies a new startup with potential and a commercial bank provides financing, followed by a securities underwriter to assist with listing/OTC listing in order to create greater synergy for a financial holding company. In addition, when the government has deregulated venture capital businesses, the company will actively explore listed/ OTC companies with under priced shares and a positive outlook to invest and create profitable opportunities.

b. Business development plan of the current year

The company was incorporated towards the end of September 2003 with share capital of NT$1 billion. In an

attempt to strengthen its financial structure, the company underwent capital reduction of NT$180,965,050 in 2010 to offset accumulated losses and subsequently raised capital of NT$800,000,000, NT$600,000,000 and NT$1,110,000,000 in 2012, 2013 and 2014, respectively. Share capital at the end of 2014 amounted to NT$3,329,034,950.

In 2015, the company earned NT$11,014,000 in revenue and incurred NT$296,665,000 in losses and expenses, which resulted in an after-tax loss of NT$13,350,000. This loss was mainly attributed to the non-profitability of financial leasing subsidiaries established in Nanjing and Tianjin, as they were both in their initial stages, and the recognition of impairment losses on long-term investments.The reasons for losses, in addition to NTD 13,350,000 in recognition of impairment losses on long-term investments, were mainly attributed to the fact that the subsidiaries, Taishin Financial Leasing (China) and Taishin Financial Leasing (Tianjin), were still in the early growth stage and had not achieved economies of scale. Moreover, the subsidiaries incurred foreign exchange losses on foreign debt arising from exchange rate changes. Therefore, a sum of NT$264,734,000 was recognized as equity-accounted losses.

In 2015, the company had increased investment and strengthened its holding position in Diamond BioFund Inc., Innostor Technology Corporation, and 5 offshore companies including China Financial Leasing Co., Ltd. and StemCyte for a total of NT$505,204. The company generated cash inflows totaling NT$56,293,000 from investments, of which NT$7,232,000 were contributed by cash dividends, NT$18,154,000 by liquidation and capital reduction, and NT$30,907,000 by disposing of Zhongyang Venture Capital, Primax Electronics, Double Edge Entertainment, and Systems & Technology Corp.

As at the end of 2015, the company had 23 investees on book.

The company's investment strategies in 2015 will still largely involve disposing shares held by Taishin Venture Capital, and shifting focus towards the Greater China region, returning IPOs, and competitive high-tech, biotech and healthcare companies in Taiwan. The company expects to add 1~3 local/foreign investments into the portfolio, or subscribe to cash issues offered by companies of its existing portfolio in 2015. A sum of NT$1 billion is expected to be invested. This investment will mostly comprise of assets from the Greater China region, and partially from foreign countries.

The finance leasing subsidiary in China in which the company invests will start to expand its operations this year, and is expected to create positive benefits. The company's portfolio comprises of several investments that are likely to be listed or become liquid over the next 1 to 3 years. These investments should result in gains once they are openly traded on the market.

c. Industry Status

The first venture capital firm in Taiwan was established in 1984. In almost 30 years of development, according to a survey by the Taiwan Venture Capital Association, the industry invested more than NT$260 billion in more than 14,000 projects in Taiwan, helping 400 companies become listed companies, and facilitated NT$2.3 trillion in capital investment. However, the venture capital industry in Taiwan had faced challenges from the dot-com bubble in the United States, the global financial crisis, and the cancellation of investment credits for domestic venture capital investors since 2000. The venture capital industry is currently facing cash flows that are drying up at an alarming speed. According to statistics released by the Taiwan Venture Capital Association, the number of newly established venture capital firms between 2001 and 2007 was 48% of that between 1995 and 2000, and the new capital increase on average fell to only 80% of that between 1995 and 2000.

Based on the latest statistics published by Taiwan Venture Capital Association, a total of 6 new venture capital firms had been established in 2015, representing NT$9.2 billion in new share capital. As of 2015, the market

is occupied by a total of 239 venture capital firms operating on an ongoing basis. The total amount of global venture capital in 2015 grew by 45%, reaching USD 135.8 billion. However, the primary source of growth was Asia, mostly China. The growing popularity of Internet entrepreneurship drove the total amount of venture capital investment in China to USD 37 billion, which was double that of the previous year and a record high. Investors' favorites appeared to be e-commerce startups, which attracted USD 6.87 billion total investments in 2015. Meanwhile, e-commerce related logistics startups received the second largest share of investment..

9 out of the world's top 10 venture capital investment projects in 2015 originated in Asia, including Didi Kuaidi that raised USD 3 billion. Meanwhile, local governments in China are launching mentoring funds to provide financing for venture capital firms. In contrast, the number of venture capital investment projects in Europe and the United States is growing at an increasingly lower rate. The United States, birthplace of venture capital, reported a total venture capital investment of USD 68 billion in 2015 and USD 56 billion in 2014. The figures demonstrate a shrinking gap between China and the United States.

Meanwhile, in view of the overall competitiveness of Taiwanese enterprises deriving from the clustering effect, substantial investment returns can be expected from investing in Taiwanese or overseas Taiwanese-invested companies and urging them to pursue growth in Taiwan. Therefore, Taishin Venture Capital has invested 80% of its fund in hi-tech industries in Taiwan.

d. Research and Development

Venture capital can often serve as a pioneer of wholesale-banking business, first pinpointing startups with development potential for commercial bank to provide funding support later on and securities underwriting firm to assist them in share listing, thereby generating greater integrated benefits for financial holding firm. Over the past five years, due to the over-supply of the global industry and low PE (price/earnings) ratio of tech firms, venture capital firms worldwide have been looking for new industrial direction. In recent years, Government policies in Taiwan over the last few years have leaned toward supporting venture capital firms. The National Development Fund offers models of cooperation including the Strategic Service Sector Fund, the Taiwan-New Zealand Fund, the Cultural and Creativity Fund, the Merger and Acquisition Fund, and the Taiwan-Silicon Valley Science and Technology Fund. Hence, venture capital firms are able to explore local and overseas opportunities involving new or advanced technologies or companies with a positive business outlook and try to create higher profits.

e. Short- and Long-term Business Development Plan

Investment strategy over the short term will be focused on disposal of shares held by Taishin Venture Capital, and investing into undervalued assets with good liquidity over the next 2-3 years. These may include IPOs of Taiwanese enterprises and industries in which Taiwan has a competitive advantage such as green energy, optoelectronics, biotech, and healthcare. The company plans to invest NT$100 million - NT$300 million into 1-3 new businesses, or subscribe to cash issues offered by existing investees.

For medium- and short-term strategy, the company will utilize the resources and network of Taishin Financial Holding in Taiwan and greater China, as well as its professionalism and experience in financial investment and capital market, to explore good investment opportunities and will help the invested company to make profits by capitalizing on the synergy between Taishin Financial Holding Group and the invested companies. Meanwhile, in response to the liberalization of regulations, the company plans to set up a leasing subsidiary in China as part of its long-term investment strategy.

The leasing subsidiary will initially focus on provision of machinery and equipment to Taiwanese-invested companies via loaning-oriented leasing method and the operating scale will increase gradually along with the market expansion, product development, and enhancement of operating efficacy.

Taishin Holdings Insurance Brokers Co., Ltd.

a. Business scope

The business scope of Taishin Holdings Insurance Brokers is life insurance brokerage and property and casualty insurance brokerage.

1. Life insurance brokerage

(1)Description: Including insurance products such as life and health insurance, annuities, and accident insurance.

(2)Business sources: The commission income from life insurance brokerage in 2015 accounted for 99% of the total commission income.

2. Property and casualty insurance brokerage

(1)Description: Including insurance products such as fire insurance, motor insurance, accident insurance,and liability insurance.

(2)Business sources: The commission income from property and casualty insurance brokerage in 2015 accounted for 1% of the total commission income.

b. Current year business plan

1. **Help customers diversify asset allocation and plan comprehensive insurance coverage.**
2. **Provide education and training to ensure insurance salespersons conduct business in a professional manner and are equipped with the necessary skills.**
3. **Educate employees on finance and insurance and reinforce basic legal knowledge among salespersons.**

c. Industry overview

According to statistics prepared by the Life Insurance Association of R.O.C, Taiwanese life insurance companies earned first year premiums totaling NT$1,186.3 billion in 2015 (including amounts that have been classified as liabilities), which represented a 1% growth over 2014. As a result, premiums on life insurance and annuity insurance increased by 2.5% over the previous year to NT$795.2 billion, premiums on investment insurance decreased by 1% from the previous year to NT$346 billion, premiums on healthcare insurance decreased by 2% from the previous year to NT$33.6 billion, premiums on life insurance and disaster insurance increased by 9% over the previous year to NT$115 billion. In terms of distribution channels, the life insurance company had accounted for 41% of total sales alone. Banking and the insurance brokerage subsidiary accounted for approximately 54% of sales, while conventional insurance brokers and agencies represented merely 5%. Both banks and conventional brokers and agents reported higher sales compared to the previous year. Only life insurance companies reported falling sales. Meanwhile, first year premiums received through banks continued to exceed those received through life insurance companies' own distribution networks.

According to Taiwan Insurance Institute, property insurance premiums totaled NT$135.3 billion in Taiwan for the year of 2015, representing a growth of 3% over 2014. The most accounted for approximately 54% all of insurance product, the car insurance sales, its premiums on amounted to NT$72.8 billion, representing a 5% growth over 2014.Premiums on disaster insurance amounted to NT$15.1 billion, representing a 5% growth over 2014. Healthcare insurance have been contributing NT$1.6 billion in revenues (15% growth over 2014). Lastly, premiums on fire insurance and accidental insurance had fallen compared to 2014.

In response to the amendment of the Insurance Act, which now allows banks to branch out to insurance brokerage operations, the deregulation of insurance brokerage business and the enforcement of oversight of insurance brokers and related business activities, the competent authority amended the Regulations Governing Insurance Brokers in 2015, which now requires insurance brokers to provide written analysis reports and disclosure of remuneration before collecting remuneration. Furthermore, insurance brokers and banks shall establish internal operating guidelines and conduct telephone interviews to ensure that insurance brokers effectively comply with the laws and regulation and that order is maintained in the insurance market.

d. Research and development: Nil.

e. Long- and short-term business plans

1. Short-term business plan

(1)Identify and assess client suitability and operate on the basis of protecting customers' rights by offering products suitable for individual customers in order to increase customer holdings of insurance products.

(2)Offer long term care related insurance products to help customers bridge future gaps in long term care services.

(3)Use education and training to continue to improve the competency and service quality of insurance salespersons.

(4)Continuously promote employees' awareness towards regulatory compliance and protection of personal information.

2. Long-term business plan

The board of directors of the Company met on October 29, 2015 and passed a resolution on behalf of the shareholders meeting to merge with Taishin Bank after Taishin International Bank Co., Ltd. (hereinafter referred to as Taishin Bank) is approved to branch out into insurance brokerage operations. The Company will be the extinguished company after the merger.

B. Cross-line and Joint Marketing Efficacy

According to articles 43 of the Financial Holding Company Law, financial holding firms and their subsidiaries can carry out joint marketing, achieving the efficacy of integrated management via joint business pushing, information exchange, or the joint use of business facilities or outlets.

Subsidiary Taishin Securities already instituted from May 2010 “special securities counters” at the offices of Taishin

Bank’s major branches for joint marketing and the undertaking of following businesses:

a. Account opening for securities brokerage business.
b. Agency for sales and redemption of domestic funds.
c. Installation of terminals for online order placement, allowing investors to place orders with securities firms.
d. Acceptance of stock-affairs documents for companies with public share offering.
e. Acceptance of application forms for subscription to the public offering of securities.

The company passed the “measures governing the integrated marketing of Taishin Financial Holding Co.” with the approval of the chairman on July 31, 2003, as well as the “enforcement rules for the marketing-list management of Taishin Financial Holding Co.” and “rules governing the use of client data by the employees of Taishin Financial Holding Co.” in September and December 2003, respectively, and the “measures and enforcement rules governing

the warehousing of client data of Taishin Financial Holding Co." in July 2005, setting up guidelines for cross-selling and client recommendation for financial products among the employees of various subsidiaries or business groups, so as to facilitate constant monitoring and management.

C. Market and Business Status

Taishin Financial Holding Co., Ltd.

a. Market analysis

1. The qualitative change of the market

Deriving from the concept of cross-line management, financial holding companies are expected to manifest a system integrating the resources and services of business groups, leading to qualitative changes in the financial markets, including the blurring of the borders among individual markets, the switch from product orientation to customer orientation in the operations of market competitors, and the creation of new integrates services and the expansion of market scale following the joining of new financial holding firms.

2. Major domestic and foreign competitors

There are 16 financial holding companies in Taiwan now, with those boasting major banking subsidiaries including Taishin Financial Holding, Taiwan Financial Holding, First Financial Holding, Hua Nan Financial Holding, Chinatrust Financial Holding, Fubon Financial Holding, Yushan Financial Holding, and SinoPac Financial Holding, which enjoy strong edge in business expansion.

Foreign competitions consist mainly of U.S. and European banks, including Citibank, Standard Chartered Bank, and HSBC, which have acquired, respectively, the Bank of Overseas Chinese, Hsinchu International Bank, and the Chinese Bank. Those foreign banks have posed major challenges to domestic financial holding companies, thanks to their enhanced operational scale on the domestic market, niche positions in the greater China market, mature operating mode, and edge in product lineup and marketing.

b. Competitive strategy

The company's competitive strategy focuses on rebuilding a good financial-service brand externally and pushing lean processing internally, via the following concrete measures:

1. Expanding business scope and creating synergy

Achieve the following goals via M&A (merger and acquisition), cross-line alliances, or the establishment of overseas platform: 1) expand business domain and create business opportunities; 2) engage in cross-line management to enhance assets management capability, profit-making capability, and investment returns rate; 3) create business integration and enhance marketing efficiency; 4) achieve economy of scale and provide clients better-than-expectation service quality at reasonable cost.

2. Strengthen management and strictly control risk

Strengthen risk management, uphold assets quality, implement assets/liability management, monitor and control liquidity risk, effectively utilize short-term fund, intensify the evaluation and management of long-term investments, raise fund yield, and carry out auditing and internal control system.

3. Strengthen product and all-round services

Institute all-round financial services, including banking, commercial paper (bond), securities, insurance,

and assets management, strive for retail and wholesale banking business opportunities, and carry out cross selling and the integration of operating platform.

4. Embrace client group-orientation and division-of-labor operation

Carry out in-depth management of client data, differentiate client groups, embrace client group-oriented operation, develop whole-package tailor-made products for different client groups, institute proprietary business teams for different client groups, train salesmen to obtain complete product knowledge, service clients via 3S(Simple, Sincere, Superior), and manage risk and create fortune for clients.

5. Strengthen human resources and cultivate talents

Enhance manpower quality, cultivate talents, stress the career development, working flexibility, and satisfactionof employees, and foster a cooperative corporate culture.

c. Competitive niches

1. Integrated channel

Taishin Financial Holding puts under its auspices various subsidiaries, including Taishin International Bank, Taishin Securities, Taishin Securities, Taishin Investment Trust / Investment Advisory and Taishin Holdings Insurance Brokers boasting different kinds of sales channels, whose integration can cover different client groups and offer more service points for the provision of related financial consulting.

2. Provision of plural products

Product multiplication is indispensable in order to meet clients' needs for different products at different times. "Making Taishin a treasury bowl of clients" has been an enduring vision of the company. The company aims to provide clients one-stop shopping service with the appeals of time saving and high service quality. In the future, the company will differentiate existing clients and provide them custom products, thereby achieving the goal of cross selling.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

(1)Government's opening stance for cross-Strait financial service

(2)Taishin Financial Holding boasts complete product lineup covering banking, securities, insurance, commercial paper (bond), and wealth management.

(3)Taishin Bank can offer clients best services to meet their needs via their extensive channels.

(4)Amid the financial-institution merger trend in the domestic market, Taishin Financial Holding can offer clients satisfactory services, meeting their demands for long-term partnership.

2. Unfavorable factors

(1)There are 16 domestic financial holding companies, leading to acute competition, especially in view of their homogeneity in product development and packaging.

(2)The expansion of operational scales via M&A (merger and acquisition) by some domestic financial holding firms and foreign banks, such as Taiwan Financial Holding, Yuanta Financial Holding, Citibank, Standard Chartered Bank, and HSBC, has posed rigorous challenges to other players. Foreign banks will become formidable competitors on the domestic market, adding their indigenous presence and channel to their international brand and expertise in business expansion.

Taishin International Bank Co.,Ltd.

a. Major products and services

The bank's major business items include deposit reception, loan extension, export/import foreign exchange, foreign-currency deposits, discount of negotiable instruments, currency conversion, guarantee, surrogate collection/payment, custody, trust, credit card, trading in derivatives, brokerage of short-term commercial paper, brokerage of short-term bills, securities dealer, certification and underwriting, factoring, securities investment and underwriting, offshore banking, and the issuance of financial bonds.

Since its establishment, the bank has been constantly expanding business items and operating network, actively exercising the intermediary role for the supply and demand of funds in the society, so as to support economic prosperity. Regarding business network, the bank has set up branches in major cities in Taiwan and has been actively establishing overseas units, in compliance with the trend of financial internationalization, including offshore banking unit, the bank boasts 98 domestic branches, testifying to extensiveness of its service network.

b. Future supply and demand

Looking forward to 2016, Taiwan' s economic outlook remains negative while external influences continue. According to the latest forecasts released by the Directorate General of Budget, Accounting and Statistics in February, economic growth was revised down to 1.47% for the year. Furthermore, the central bank, continuing the easing policy from the previous quarter, tried to stimulate economic growth by cutting the benchmark discount rate by 12.5 basis points in late March.

c. Business goal

In 2016, the bank will continue pursue a steady growth emphasizing both quality and quantity, so as to achieve a balance between risk management and market profit. In addition to the provision of pluralized packaged products, subsidiaries of the financial holding company will carry out cross selling improve operating flow, and upgrade brand image, in order to strengthen their leading status on the market. Materialization of the "customer- centered" business model and continuation of launching innovative products and service to meet customer needs will also be a major goal for upgrading corporate value.

d. Favorable and unfavorable factors for development outlook

1. Competitive niches

(1)Ability to integrate a multitude of products offered under the financial holding group; commitment to financial product/service innovation; attention to customers' multidimensional needs; and the ability to deliver one-stop financial shopping experience.

(2)Comprehensive and diverse line of retail banking products that satisfy various customers' needs.

(3)Optimized practices and digitized procedures that generate strong competitiveness.

(4)Ability to collaborate with industry leaders and utilize resources within the financial holding group to capture market share.

(5)Ability to analyze database and market information for precision marketing and risk control, and ability to serve customers through various channels available at its disposal.

(6)Equipped with a stringent risk management system to help ensure sound asset quality.

(7)Outstanding cash management and E-banking platforms that can be used to offer cash collection/ payment services.

2. Favorable factors

(1)The rapid growth of online transactions brings new opportunities once electronic payment regulations are enacted.

(2)Online application system provides consumers with a more convenient means of requesting the services they want. In return, the bank is able to save costs and improve efficiency through the use of simplified processes.

(3)Given the ongoing liberalization and rapid growth of emerging Asian economies, there will be substantial growth in overseas banking services.

(4)China's ongoing financial reforms and RMB internationalization will give rise to many innovative services and products, and the government's policy on featured financial services will help boost financial activity between China and Taiwan.

(5)Possess plural product resources and development capability of the financial holding firm to provide one-stop-shopping financial services to customers.

3. Unfavorable factors

(1)The authority has raised the doubtful debt provision rate on real estate properties and capped revolving interests at a lower level, directly affecting the bank's profitability.

(2)The credit card market has become so competitive that the bank is forced to incur higher costs on privileges and campaigns just to secure its market share.

(3)Electronic payment regulations also enable non-financial institutions to engage in electronic ticketing services, and hence generate intensive competition.

(4)Taiwan has many banks that offer the same products and services. It is difficult to earn high margins on conventional banking services.

(5)The bank has too few overseas branches; its global network remains sub-optimal.

(6)Financial supervision has become more stringent than ever. The implementation of Basel III accord will put further strains on the bank's capital and liquidity, giving rise to additional costs and risks.

4. Response measures

(1)Utilize database analysis in risk-based pricing. Adjust product strategies based on customer attributes, and offer customized solutions to create differentiation and secure profitability.

(2)Prevent loss of customers through enhanced relationship management and product innovation; integrate marketing resources and create better competitiveness, and implement system optimizations to deliver higher service efficiency and quality, while reducing service costs.

(3)Respond quickly to market changes and technological developments with new products; collaborate with business partners to offer brand new banking experiences.

(4)Combine resources throughout the financial holding group to provide differentiated services and products based on customers' needs, and create service values along the way.

(5)Take advantage of the leasing platform being established by the financial holding firm in mainland China, expand customer groups and consolidate existing customer relationship.

(6)Deploy in the Asia-Pacific market by accelerating the upgrading of representative's office to Vietnam to branch and the preparation for the setup of Brisbane and Singaporean branches.

Taishin Securities Co., Ltd

a. Major products and services

The company's services target domestic and overseas institutional investors and general investing public. As of the end of 2015, the company had three business bases, in Taipei city, Taichung city, and Kaohsiung city. In addition, the company has set up 99 joint-marketing counters at the branches of Taishin Bank, providing the services of account opening, account cancellation, and change of customers' basis data.

b. Future supply and demand

1. Market overview

As of the end of 2015 there are 82 headquarters of securities dealers, 930 branches, 38 securities dealers that have been approved for margin trading and short selling of securities by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan, and 17 branches established in Taiwan by foreign securities dealers.

2. Market supply

The government's deregulation on the listing of foreign companies in Taiwan and simplified procedures for purchasing Formosa Bonds will present great potential in the securities underwriting service sector. As the securities trading services become more deregulated overseas, the government continues to promote expansion in the capital market and new financial products are being constantly introduced, all of which contribute to more activities in the issuing market. The fast growth of electronic commerce has driven the securities services and fundraising financial planning products to become more diversified. Securities dealers will be able to provide one-stop services for investors, the securities market will become more efficient, and the market will grow significantly in size. The outlook of the securities market continues to remain positive.

3. Market demand

As the capital market becomes more complete in terms of efficiency and functions, companies will have a significantly greater need for direct means to raise capital. Meanwhile, the combination of a faster information spreading process, a better educated population, and more diversified investment activities has made people in Taiwan pay more attention to investment and financial planning. Accompanied by a recovering economy and increasingly loosened capital control, investors' needs both for securities related information and for services provided by securities dealers will continue to grow.

4. Market growth

Looking back at 2015, the fundamentals were strong in the first half of the year, and stock markets around the world turned in excellent performances. In addition, Europe, Japan, and China continued to adopt more aggressive expansionary monetary policies, and foreign investment in TWSE surged. The combination brought TWSE back up to the 10,000 point mark. Meanwhile, the FSC raised the daily TWSE price fluctuation limit on June 1. However, in the second half of the year, China's economy fell short of expectations and crude oil and commodity prices continued to drop. The abrupt devaluation of the renminbi sent stock markets around the world into a deep slump. TWSE remained volatile throughout the year, shedding a combined total of nearly 3,000 points — a decrease of 10.41% from the start of the year to the end of the year — as the index experienced major ups and downs.

Looking forward to 2016, while global economic conditions remain harsh, 2016 is expected to be a better

year than 2015. With respect to regulatory policy, it is anticipated that the government will continue with financial deregulation to raise trading volume and inject momentum into the stock market. This approach will facilitate development of securities dealers.

c. Business goal

As a general securities firm, Taishin Securities engages in such businesses as brokerage, dealership, and underwriting, and provides a complete electronic trading platform with complete functions. It combines the resources of the financial holding company and utilize near 100 banking channels, to provide investors all-round and pluralized financial wealth-management service. It offers pluralized tailor-made financial products to meet the different needs of customers and, thereby realizing the service of one-stop shopping.

In the future, Taishin Securities will build quality image and achieve optimal profits, and establish high quality and value-added financial service operating platform for pluralized business fields, on the basis of the financial holding firm, so as to become a leading brand in the securities e-commerce.

With respect to the underwriting business, the operation brings together the resources under the financial holding company in an active effort to secure as many domestic underwriting cases as possible while exploring opportunities overseas by attracting more foreign companies to participate in the capital market in Taiwan. The aim is to develop Taishin Securities into a financial service platform that offers premium services, a diversified range of businesses, and high added value.

In terms of derivatives, the Company will continue to build on its image of an established financial holding company with the help of professional financial engineering capabilities to create low-risk income from arbitrage, product launches, and market-making services. The Company will follow a set of clearly stated and strictly-enforced strategies regarding markets and the quality of market making while adhering to the principles of good faith in offering consistent issue prices and reasonable spreads and quotes. Hedging strategies will include the use of big data analytics, financial engineering theories, and statistical tools to identify reliable market information and hedging benchmarks.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

(1)Integrate the resources of the financial holding company to manifest brand value and upgrade overall competitiveness.

(2)Government will actively push Cross-Strait exchanges, build up a platform of Securities, allow securities to investment in China, and open the domestic market to Chinese investors.

(3)The regulator actively pushes the liberalization and internationalization of the securities market, successively opens up various businesses, and expands trading targets, thereby offering a broader development leeway for securities firms.

(4)The capital market in Taiwan is made more compliant with international standards by issues of RMB denominated bonds via the monetary settlement mechanism.

(5)It will be easier to explore the underwriting customer bases in China for financial holding companies that already have leasing operations.

(6)The primary underwriters in the capital market in Taiwan are staffed with well experienced salespersons and underwriters.

(7)The laws for foreign companies seeking primary and secondary listing/OTC listing in Taiwan are fully developed and help expand the underwriting customer base.

(8)The transformation of mainstream industries from electronics to traditional industries facilitates the expansion of the domestic underwriting business.

(9)High-tech and conventional industries are growing in a more balanced state, which is favorable to the company's securities underwriting services.

(10)A fiercely competitive industry and a fast changing environment create more opportunities for mergers and acquisitions.

(11)The options market has grown consistently to house a broader range of instruments, while investors have also become accustomed to derivatives. Both conditions favor the company's development of new derivatives.

(12)The financial holding group now offers a vastly diverse range of products that can be cross-sold to provide customers the ultimate one-stop shopping experience.

(13)By working closely with the wholesale banking segment, the company would be presented with great opportunities in capital market services.

(14)Underwriting officers and specialists have had extensive experiences in their line of work, and have maintained good track records to convince new customers.

2. unfavorable factors

(1)The existence of numerous business outlets and branches, cross-line operation of financial institutions, and the entry of major foreign securities into the market aggravate the competition and affect the space of securities firm for survival.

(2)Successive opening up of derivatives entails high risks, which may greatly affect profits, should there lacks a good risk-management mechanism.

(3)Many of the new services recently permitted by the authority (e.g. OSU) are more easily available to large securities firms. These sizable competitors also encounter less trouble when applying for new services and establishing overseas branches.

(4)It is difficult to deploy in China, one step ahead of competitors.

(5)The regulator gradually opens up various businesses which may overstrain the supply of talents.

(6)The relatively small capital size is at a competitive disadvantage among competitors.

(7)The company has yet to establish a bonds department, and hence is unable to serve customers in this regard.

(8)Fierce competition in the industry prompts state owned banks create securities underwriting departments to exercise powerful competitive strength by wielding their financial resources.

(9)The authority is still taking a conservative approach to open up underwriting services. It focuses more on fraud prevention than business potentials, and is limiting the growth of the industry.

3. Response measures

(1)Utilize the bank's extensive channel to transfer quality and high-assets clients, to extend the reach of business scope.

(2)Creating a differentiated e-trading platform to provide more accurate, real time mobile transactions.

(3)For brokerage business, in addition to manual service at physical business outlets, continue strengthen the joint-marketing counters at Taishin Bank's outlets, so as to tap the business of medium-sized investors. Meanwhile, provide sophisticated online order placement service, via unique e-trading platform.

(4)With regards to underwriting services, the company will be working closely with wholesale banking and venture capital entities within and outside the financial group to explore underwriting opportunities.

(5)Visit Chinese securities firms and banks; search for opportunities to collaborate in business and sign MOU.

(6)Improve the success rate of underwriting cases with well experienced underwriters and the corporate network system of Taishin bank.

(7)Broaden distribution channels local and abroad; increase the company's capacity to undertake cases.

(8)The Capital Market Department will engage the Research Department and Corporate Department in organizing forums and seminars for greater exposure.

(9)To explore opportunities in new derivatives, the Company issues call (put) options and continues to apply to be licensed to operate new derivatives.

Taishin Securities Investment Trust Co.,Ltd.

a. Major product and services

(Same as a. Business scope 1. Major business contents)

b. Future supply and demand

Taishin Investment Trust can also tap the opportunities connected with the gradual opening up of Cross-Strait finance, the pension fund market, and change in taxation for offshore funds. Faced with gradual recovery of the global economy and the growth momentum of emerging economies, assets management companies, such as Taishin Investment Trust, still harbors a rosy outlook.

c. Business goal

Taishin Investment Trust's short-term goal includes maintenance of a stable performance, expand product-line synergy after merger, raise emerging-market funds, obtain the qualification for the outsourcing operation of government funds, and assure the integration and smoothness of operation after the merger. In the medium and long-term, it will actively enhance market share and management scale, increase non-bond fund clients, strengthen capability for assets allocation, and continue expanding the reach and good image of the brand.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

Financial interactions between Taiwan and China have become more active than ever, as both sides have taken steps to deregulate and develop the financial environment. Investors have turned optimistic towards the economy, and a low-interest rate environment works in favor of securities investment trust enterprises when it comes to structuring fund products. Deregulation of pension services may present substantial business opportunities over the medium and long term.

2. Unfavorable factors

Intensive competition among local securities investment trust enterprises, causing larger firms to dominate the market. To compete with dominant channels and offshore fund issuers, Taishin SITC will respond by building a complete product line supported with disciplined practices and well-trained talents, and aims to increase the size of assets under management in order to achieve sustainability.

Taishin Securities Investment Advisory Co.,Ltd.

a. Major products and services

1. Investment and analytical division

Provide research services to Taishin Financial Holding, Taishin Bank, Taishin Securities, and Taishin Investment Trust.

2. General agency for offshore funds

The Company introduces offshore funds as the master agent of these offshore funds into Taiwan. Presently, the Company has introduced a total of 11 funds, including Jupiter Unit Trust funds (registered in England) and the two funds, Jupiter Unit Trust Fund (registered in England) and Jupiter Global Fund (registered in Luxembourg), of the Jupiter Global funds (registered in Luxembourg) of Jupiter Assets Management of the U.K. In addition to Taishin Bank, these funds are also sold through other banking channels, insurance firms, securities firms, and investment trust firms.

b. Future supply and demand

1. Investment analytical division

Due to the growing reliance of the financial holding company and its subsidiaries on research information in formulating business and strategic direction, in the future the research and analysis division will gradually expand its business scope to meet the need of the financial holding company.

2.General agency for offshore funds

Offshore funds have entered the Taiwanese market for 20 years. After the implementation of the offshore-fund general agency system, general agents can promote or push the sales of offshore funds via advertisement or other manners, and the same offshore fund can be sold via many financial firms. Investors can purchase offshore funds via more channels and are entitled to more protection, thanks to transparency of information. Higher familiarity and trust of investors towards offshore funds is conducive to the expansion of business scale.

c. Business goal

1. Investment and analytical division

Provide correct research information to assist the financial holding company and its subsidiaries in formulating strategic direction and planning products with good investment prospects and assist Taishin Financial Holding and affiliate expand business with excellent research result.

2. General agency for offshore funds:

Plan the introduction of new series funds and new fund companies to meet the need of investors for fund investment.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

With the government's ongoing efforts in financial liberalization, innovation, education and wealth/asset management, we expect more favorable prospects in the financial sector as deregulation continues.

2. Unfavorable factors

Given changing regulations, new business entrants need to continuously improve their competitive advantages and innovative abilities in order to overcome new challenges and opportunities.

Taishin Asset Management Co., Ltd.

a. Major products and services

The company's major business items include bidding for the bad-debt claims of financial institutions in Taiwan, subjecting them to management and restructuring, and disposing of them within reasonable time, so as to attain maximum returns.

b. Future supply and demand

With realty-mortgaged bad-debt claims having been mostly released, assets management companies have gradually switched their bidding targets from corporate-debt claims to consumer-debt claims. Due to the gradual shrinkage of the domestic market scale, quite a number of foreign peers have transformed their operations or exit the domestic market, with some peers having begun to sell the bad-debt claims they purchased. The trend has led to the emergence of secondary-market trading, facilitating the division or combination of single or small bad-debt claims, conducive to the disposal of bad-debt claims and enhancement of investment returns.

c. Business goal

Meanwhile, in response to market changes, the Company will actively bid for consumer bad-debt claims and at courthouse foreclosure auctions in order to create sources of profit. In the direction of pluralized development, the company will step into the field of corporate restructuring via integrating banking and securities platforms and capitalizing on its abundant funds and talents, thereby contributing to domestic financial and corporate reform.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The company's edge lies in the complete peripheral platforms and abundant resources of the financial holding company, enabling it to help affiliates dispose of their bad-debt claims and gradually develop other assets- management businesses along with the business development of the financial holding company and other subsidiaries.

2. Unfavorable factors

Asset management companies in Taiwan compete against each other in a market with a limited supply of bad-debt claims. Apart from fiercely competitive bids, the regulators have been amending the regulatory restrictions in recent years, creating higher thresholds for financial institutions wanting to sell their claims and greater difficulty for investors wishing to acquire suitable targets. Moreover, relatively high market prices mean higher costs for buyers and an adverse impact on profits.

Taishin Venture Capital Co., Ltd.

a. Major products and services

The company invests 80% of its fund in Taiwan and 20% overseas, mainly the U.S., Europe, and Asia, featuring strategic alliance opportunities for Taiwanese industries and economic benefits for Taiwan.

b. Future supply and demand

Judging from the current trends in the venture capital industry in Taiwan, the capital market is heating up and investment projects are gaining in both number and size as economic conditions approach the bottom in Taiwan and in other countries. Looking forward to 2016, despite a global economy struggling with slow recovery, the global capital market will continue to grow, and more investment opportunities will start to appear. Now may be a relatively good time for venture capitalists focusing on medium and long term investments. The investment returns in the next few years will also be relatively high.

c. Business goal

With regards to use of capital, the venture capital fund aims to invest no more than 60% in new startup businesses, no more than 60% in growing businesses, and no more than 40% in matured businesses (including undervalued companies with potential listed on Emerging Stock, TSEC and GTSM boards). In terms of industry allocation, the fund places its focus on the energy industry, In terms of company types, the Company will primarily invest in venture capital firms, financial technology, electronic commerce, and biotechnology and healthcare companies. Unlisted startups in Taiwan will also be included in the portfolio. In addition, the Company may also consider plans to encourage overseas Taiwanese businesses to return to Taiwan or to help European or U.S. startups seek growth opportunities in Taiwan and list on TWSE.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

With Taiwan's venture capital industry having reached a mature stage, the government has expanded the fund sources for venture capital firms, in order to sustain the industry's further development, raising the ceilings for the investments of insurance firms, banks, and securities firms in venture capital companies, and open up new growth by allowing broader variety in portfolio and funding sources. Given the fact that technology remains the driving force behind the world's industrial development, the role of venture capitalists has become more essential than ever. With worldwide recovery and increased capital spending expected in the future, local venture capitalists should undergo yet another wave of growth.

2. Unfavorable factors

(1)Taiwanese economy slackens, driving down investment willingness

Investment activities hinge on economic performance, as a strong economy leads to a bullish market, facilitating fund raising and creating major returns for venture capital funds, while a sluggish economic dampens investment gains, making it difficult for fund raising. As the global economy gets ready to bounce back and the demand for hi-tech products has not expanded in any significant way, companies are slow in increasing capital and the industries are relatively conservative in their investment strategies.

(2)The scrapping of tax incentives for venture capital firms

Following the revision of the 'Statute for Industrial Upgrading" in 2000, the government scrapped the investment tax credit for the shareholders of venture capital firms.

Taishin Holdings Insurance Brokers Co., Ltd.

a. Major products and services

The key areas of business for Taishin Holdings Insurance Brokers are life and property and casualty insurance brokerage services. It has signed agreements with 16 life insurers and 15 property and casualty insurers, and sells insurance related products through Taishin Bank branches across Taiwan and by telemarketing.

b. Future supply and demand

With respect to the life insurance market, since the introduction of Offshore Insurance Unit (OIU), seven life insurers have launched OIU products and received a total of NTD137.78 million in premium. Sales performance is not meeting expectations. There are still issues with a lack of product recognition, premium payments, and the exclusion of insurance brokerage firms from the exemption of operating income taxes enjoyed by life and property and casualty insurance companies. These issues must be resolved before more business opportunities can be generated in the insurance market as a whole. The rapidly aging population in Taiwan signals that Taiwan is about to become an aged society. The number of people requiring long term care will rise sharply. The financial gap in long term care cannot be adequately filled even if the government starts providing long term care coverage in the future.

As for property insurance, car owners looking to replace old cars with new ones will generate revenue in the automotive market, which should give rise to a surge in auto insurance demands. The Company started offering online insurance policies in August 2014. The feature has generated another wave of momentum in the property and casualty insurance market. The goal in the coming year will be to continue the growth in auto insurance and accidental insurance products.

c. Business goal

Taishin Holdings Insurance Brokers will continue to follow the philosophy of Focusing on Customers by continuing to provide insurance products and services of better quality and creating win-win opportunities. Meanwhile, the Company, in support of government initiatives, will sell microinsurance products to provide basic life coverage for the economically disadvantaged as part of the Company's corporate social responsibilities.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

(1)An aging society coupled with the authority’s move to open up foreign currency-denominated health insurance and include nursing care as part of the National Health Insurance Scheme may help improve acceptance of our health insurance products.

(2)Effective utilization of resources under the financial holding company will also improve overall operational efficiency.

2. Unfavorable factors

(1)Short-term coverages are subject to regulatory restrictions, which affect how customers allocate their assets.

(2)Sale of long-term coverages is likely to pose competition or conflicts among sales people of the same side.

(3)The launch of BANK 3.0 will give customers fewer reasons to visit branches in person, and give banks lesser opportunities to sell insurance coverage.

D. Employees of Taishin Financial Holding

a. Employee information

Base date: Feb 29, 2016

Year		2014	2015	As of Feb 29, 2016
Number of employees	Male	3,124	3,318	3,277
	Female	4,566	4,768	4,724
	Total	7,690	8,086	8,001
Average age		36.6	36.6	36.8
Average years of service		7.4	7.4	7.6
Academic qualification	Doctoral Degree	0.10%	0.10%	0.10%
	Masters Degree	17.44%	17.67%	17.75%
	Bachelors Degree	75.54%	75.70%	75.62%
	High school	6.71%	6.37%	6.36%
	Below high school	0.21%	0.16%	0.17%
Professional certificates held by employees	Trust-related certificates (including supervisors, managers, and sales)	3,613	3,819	3,868
	Basic internal control certification	3,318	3,314	3,388
	Certificate for property insurance representative	3,198	3,211	3,438
	Investment-linked policy representative	1,681	1,704	1,753
	Life insurance representative	3,637	3,631	3,702
	Futures specialist	559	561	578
	Securities investment analyst	30	29	29
	Senior securities specialist	658	668	668
	Securities investment trust and consulting professional	544	547	542
	Securities investment trust and consulting laws (including professional ethics)	1,812	1,815	1,852

b. Employee training and development

Taishin Financial Holding has committed resources into talent training to ensure sustainability and growth. In 2015, the company had completed more than 333,000 training sessions across the entire organization, averaging 61.3 training hours per person per year. The following talent training measures have been adopted to maintain the organization's competitiveness:

1. Taishin University

By integrating Taishin University with the CTMS, the company is able to incorporate managerial skill training with general education and other relevant courses, so that each employee may study on their own in a systematically structured course design. This combination achieves a number of advantages such as "learning transparency," "learning variety," and "integrated learning resources."

Taishin University has supported the company's global initiatives by offering TOEIC and English courses, in addition to developing and testing senior managers' language proficiency in 2015. Meanwhile, a number of digital courses have been implemented such that offshore employees could attend them without being physically present in the classroom.

2. Talent bank program

The company assesses its employees on a regular basis to identify prospective managers for various levels such as MA, AMA and TSP. Through a combined use of case studies, lectures, theoretical and practical discussions, these courses were aimed to improve managers' existing skills.

By having several members of its management trained as internal facilitators, Taishin University was able to introduce the Management Training Program (MTP), developed by Japan Industrial Training Association (JITA), into the organization in 2014, which served as a complete management program exclusive to Taishin financial holding group in 2015.

3. Individual Development Program

By analyzing MBO and career goals, the company is able to identify skills that employees' lack. These gaps are then addressed through training, job rotation, mentoring, meeting participation, and project involvement with close guidance from managers. The company has implemented a training account system where each employee is given 10,000 training points to spend each year; furthermore, employees are subsidized for their efforts in gaining professional qualifications, secondary skills, language and computer skills etc, so that their personal goals are congruent with those of the company.

E. Corporate Responsibility and Ethical Behaviors

In addition to dedication to its core financial business, Taishin Financial Holding Co., Ltd (Taishin FHC) has been aware of its corporate responsibility for the society. Therefore, except long-term engagement in the issues of social care, public services, and environmental protection, the company has also been actively participating in events related to charity and public service, environment protection, and culture/art, in the hope of capitalizing on its corporate strength to provide substantial paybacks to the society, community, and underprivileged groups, so as to contribute to the well-being of the nation and society.

a. Charity

1. "Care for Taiwan" series

Taishin Financial Holding has joined hands with famous shopping website PayEasy.com to carry out "Care for Taiwan" series events since 2002, helping disaster victims in Hsinyi village, Chungliao village, Yuchih village, and Kuohsing village to develop local economy. Based on the concept of "giving fishing pole and teaching fishing," it rallies people to sponsor agricultural products, pushes credit-card donation, and pushes characteristic products and travels at backward areas, successfully helping with the reconstruction of disaster- stricken areas and posing as a paradigm for corporate participation in public services.

From 2005, "Care for Taiwan" series has targeted "Kuohsing-village karate teenager team," helping those teenagers raise training fund via the establishment of theme website and the utilization of media reporting.

In 2015, Taishin continued its sponsorship of Taiwanese athletes in representing Taiwan in Karate 1 Youth World Cup in Croatia and Thailand Karate Open with excellent performances. The sponsored athletes delivered stunning results, claiming a total of 81 medals (36 gold, 20silver and 25 bronze) in various local and international competitions held throughout 2015. Taishin Financial Holding was especially proud when Ku Tsui-Ping, one of the sponsored athletes, won her gold medal in women's 50kg class during the 2015 Incheon Asian Games, Gao Xiang-Lin won a gold medal in the women's individual category at the Thailand

Karate Open; meanwhile, three others — Huang Jun-Xian, Gao Wei-Zhi, and Hong Feng-Pin — won gold medals in the individual matchup category.

In 2008, “Care for Taiwan” series extended its reach to rice plantation in Taiwan. In order to sustain Taiwan’s price plantation and enable people to each pure Taiwanese rice, Taishin Financial Holding and PayEasy.com established brand new platform for production and marketing of Taiwanese rice, pushing corporate sponsorship of “one-acre rice paddy” and family sponsorship of “one-acre rice paddy of my family” programs, so that Taiwan’s good rice can penetrate local families. In addition to benefiting the health of local people and boosting the income of farmers, the program has created more working opportunities in Taiwan villages. In total, Taishin Financial Holding has sponsored rice procurement for over 125 units, equivalent to 60 hectares of rice paddies. It has given 55,000 rice gift boxes to over 10,000 Taishin customers and staffers, which have eaten over 200,000 kilos of quality Taiwanese rice. In addition to benefiting rice farmers, it has also carried out excellent marketing for good Taiwanese rice.

2. Taishin Charity Foundation

In 2010, Taishin Bank set up “Taishin Charity Foundation,” mainly for engagement in public-service and charity events, including assistance for underprivileged groups to enhance their skills for livelihood and improve life, and sponsorship for the events of other public-service groups and seminars for society-related issues, and other social welfare-related charity events, with the goal of helping underprivileged groups achieve “independence in economy and daily life.”

After its establishment, the foundation rolled out “your ballot decides the strength of love” event, the first online public-service event in Taiwan. Under the event, small and medium social-welfare institutions were invited to put forth proposals online for voting by online social groups, in deciding the recipients of donations. A total of 1,536 proposals were received over the four years it was held, and we invited public-service partners, such as Advantech Foundation and Chunghwa Telecom Foundation , Yueh-Lan Wang Charitable Foundation, and the Vision Project were invited to join the event, the scope of donation recipients were expanded from “social welfare” to “cultural education” and “digital learning”.

The 6th “Your Ballot Decides the Strength of Love” event received overwhelming response as 230,000 online voters casted more than 940,000 votes in total. In addition to the public service partners mentioned above, the event also received donations from Taishin managers, employees, customers and the general public,which boosted the charity fund to NT$21.8 million and benefited a total of 437 charity organizations.

In addition to running the “your ballot decides the strength of love” campaign, Taishin Charity Foundation has also reached out using the Internet to partners who were willing to provide resources to the cause. In 2014, Taishin Bank Foundation for Arts and Culture joined Taishin Charity Foundation in launching an “Arts for Charity” campaign that invited artists, advertising companies and students to participate in product designs, improvements and public art productions. In the future, the foundation will continue visiting welfare groups within each community, and try to match them with resources available in the society to become self- dependent.

3. Emergency aid

Taishin Bank is a follower of the idea of "giving back to the community" and a socially responsible company. The bank is always quick to offer much needed support after major disasters. For example, in support of exhausted doctors and nurses responding to the Formosa Fun Coast dust explosion, Taishin started the FFC medical worker care program and supported the medical workers with action. Other donations were made to disasters such as the Kaohsiung gas explosion in 2014, the Typhoon Morakot in 2009, Typhoon

Jangmi in 2008, the Sichuan earthquake in 2008, the South Asian tsunami in 2005, the Typhoon Mindulle in 2004, and the 921 earthquake in 1999.

b. Academics and Art

1. Academic promotion

Taishin is actively involved in major academic events. By engaging industry, government and academia representatives in discussions, we hope to contribute our efforts to the development of Taiwan's financial environment. Academic events that we previously participated in include: International Conference on Economics, Finance and Accounting, Cross-strait Banking Forum, AIESEC International Congress, Taiwan Finance Association Annual General Meeting & International Academic Forum, Corporate Governance Summit Forum, Conference on Theories and Practices of Securities and Financial Markets, Banking Policy Forum, Cross-Strait Conference on Turnaround Management, Cross-Strait Banking Forum, Conference on Cross-Strait Financial Development, and NCTU International Finance Conference. Conference on Cross-Strait Financial Development... Taishin also organizes cross-strait exchanges of academic talents, which help build financial expertise in Taiwan.

2. Art

Taishin Bank donated to establish "Taishin Bank Culture and Art Foundation" in 2001, with the theme of "promoting cultural life quality and strengthening artistic-development environment." It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The Taishin Arts Award was created by the foundation and rewards modern artistic creativity in various fields in Taiwan that demonstrates growth potential and reflects the society and local cultures. The Award entered its 13th year in 2015. To encourage communication and exchange among artists, the Taishin Bank Foundation for Arts and Culture created the online commentary platform, ARTalks, in 2013. The platform is based on the idea, "A New Relationship with Art", and invites submissions in forms of short film and animation. Members of the public are welcome to showcase their interpretation of life and art and find inspiration in each other.

Taishin Bank has also been sponsoring arts events for years in order to bring art closer to the public. Such events include Kusama Yayoi's "A Dream I Dreamed" Asia Tour in 2015. The exhibition helped place the works of a pioneering female contemporary artist and serious modern woman in front of the public. In the same year, Taishin Bank also sponsored a performance by two jazz heavyweights, Herbie Hancock and Chick Corea. It was the first Taishin Jazz night in 37 years and a night to remember for jazz fans.

c. Sports sponsorship

In 2011, Taishin sponsored Yani Tseng, LPGA female golfing champion, the first Taiwanese financial institution to do so. Taishin had also mobilized its customers and employees to cheer for the champion using banners, online messages etc, while some had even paid their visits to the LPGA Tour in Taiwan. It also invited Yani Tseng to become the endorser of Taishin Charity Foundation, Taishin also invited Yani Tseng to support charitable causes so to bring celebrity inspiration to the campaign.

In an effort to nurture a greater number of sporting talents, Taishin has extended its sports sponsorship since September 2013 to new golf talents including Chien Pei-Yun, Tsai Pei-Ying, and Chen Meng-Chu. Taishin also sponsors TLPGA in organizing women's golf tournaments, giving players a place to compete and hone their skills.

d. Environmental Protection

Taishin Financial Holding has long advocated the importance of environmental protection and energy conservation,and committed through actions such as shared rides and light dress codes. Furthermore, Taishin also introduced a number of green practices into its daily operations, from “eflow Correspondences,” “Shared Company Vehicles” to “Paperless” and “e-Statements.” Taishin has even planned to introduce a “Bank-wide Image system” to handle counter transactions, mortgage applications, and EDC applications. It achieves the benefits of improved procedural control as well as reducing the use of paper.

F. Number of non-managerial staff, average annual employee welfare expenses, and differences from the previous year

Number of non-managerial staff		Average annual employee welfare expenses (unit: NT$1,000)	
2015	2014	2015	2014
6,896	6,529	1,216	1,228

G. IT equipment

a. Key information systems

Item number	System name	Hardware	Software	Name of service
1	NT$ core system (B@NCS)	■ HP Superdome	■ HP-UX ■ ORACLE	■ B@NCS NT$ application ■ B@NCS NT$ reports system
2	Foreign currency system (FITAS)	■ IBM AS/400	■ IBM OS400 ■ FITAS	■ Currency exchange/deposit ■ Reporting ■ SWIFT
3	ATM front end processor (FEP)	■ IBM RS/6000	■ IBM AIX ■ ORACLE ■ IBM MQ	■ ATM front end processor ■ Clearing system
4	Integrated database system (ODS)	■ HP Superdome	■ HP-UX ■ ORACLE	■ Operational database system (ODS) ■ Data warehouse (DW/DM)
5	Sales force automation system (SFA)	■ HP Superdome ■ Oracle SUN T4-4	■ HP-UX ■ ORACLE ■ Solaris ■ MS SQL ■ Weblogic	■ Sales force automation system (SFA) ■ Financial planning system
6	Personal finance (Internet banking)	■ Oracle SUN T5-2& T3-2&T5-1	■ Solaris ■ ORACLE ■ Weblogic	■ NT$/foreign currency transaction inquiry, funds, trust services, credit cards, insurance, shares
7	Corporate banking network (B2B)	■ IBM RS/6000	■ IBM AIX ■ IBM Websphere ■ ORACLE	■ Corporate banking portal, inquiries, NT$/foreign currency transactions, collections (ACH/convenience stores/post office), real-time batch transfers, gift voucher delivery guarantee
8	Mutual fund system (TIPS)	■ IBM X86 Server	■ MS Windows ■ MS SQL	■ A trading system for funds, ETF, offshore structured instruments, offshore bonds, ADR, and preferred shares
9	Credit card acquiring system (NCPS)	■ Oracle M5000 ■ Oracle T5240	■ Oracle Solaris ■ ORACLE	■ Acquisition of credit card transactions
10	Foreign currency system (WBS)	■ IBM RS/6000	■ IBM AIX ■ Weblogic ■ Oracle	■ NT$/foreign currency transaction inquiry, limit control, guarantor and collateral management ■ Import/export/loan

Item number	System name	Hardware	Software	Name of service
11	Image process management system (IPMS)	■ HP Unix ■ Oracle Solaris	■ Weblogic ■ Oracle SOA ■ Oracle UCM ■ ORACLE	■ Management of imaged processes such as NTD services (account/remittance/applications/ account opening/negotiable instruments/KYC/ CIF update/official correspondence), merchant application, debt collection (attestation letters/ property ownership/household transcript/ overdue documents), retail mortgage/unsecured credit, corporate banking (debt entitlement certificates/ scorecards) etc
12	Factoring system (OAEFB)	■ IBM RS/6000	■ IBM AIX ■ Oracle ■ Weblogic	■ Accounts receivable system
13	Corporate credit assessment system (OAECR)	■ IBM X86 Server	■ MS Windows ■ MS SQL	■ Corporate credit assessment system
14	Trade Finance System (Murex)	■ Oracle Solaris Server	■ Unix Solaris ■ Oracle ■ Murex ■ MS SQL ■ TAS	■ Treasury, FX and MM transactions ■ Transaction risk monitoring system
15	Singapore Credit system(SGECR)	■ IBM X86 Server	■ MS Windows ■ MS SQL	■ Credit assessment system used in Singapore
16	Singapore Trade Finance System (SGFITAS)	■ IBM AS/400	■ IBM OS400 ■ FITAS	■ Import/export/currency exchange/deposits/loans ■ SWIFT
17	Singapore Wholesale Banking System (SGWBS)	■ IBM RS/6000	■ IBM AIX ■ Weblogic ■ Oracle	■ CIF, limit control, guarantor and collateral management
18	Mobile office	■ HP Blade Server ■ HP X86 Server	■ MS Windows ■ VMware ■ Asus Omniapp	■ A mobile office based on cloud technology ■ Software development tools based on cloud technology

b. Future development or procurement plans

1. Apply cloud technology to achieve resource integration; maximum use of IT resources to improve service quality. Create a cloud-based mobile office and software development tools with enhanced data protection to effectively support business and management activities.
2. Aim to build new Tier III (international grade) computer servers for optimal stability and security.
3. Develop an overseas branch information system - for Brisbane, Singapore and Tokyo branches.
4. Increase use of global trade services by small and medium enterprises; improve local market share.
5. Implement a bank-wide foreign currency system and apply to overseas branches; optimize existing operations involving foreign currency deposits and loans, and the product platform.
6. Explore mobile banking applications for iPhone, iPad, Android and other mobile devices.
7. Integrate front-end, mid-end and back-end of the treasury system for greater competitiveness in treasury transactions.
8. Upgrade the customer credit risk assessment system for more effective control over customers' default risks.
9. Replace the existing ATM system (FEP) with one that offers greater stability.

10. Acquire new ATM models and replace outdated equipment. Offer services such as foreign currency withdrawals and inter-bank cash deposits.
11. The operational data store (ODS) and data warehouse (DW) system are enhanced to build a high stability system.
12. The wholesale banking network is extended to include connection by mobile device.

c. Emergency backup and security

1. Implement standardized data management practices and systems in accordance with the Personal Information Protection Act for added protection.
2. Comply with ISO27001 ISMS standards. Ensure proper protection to data operations and information systems. Prevent incidents such as data corruption, theft, leakage, alteration, abuse, and infringement. Enhance the confidentiality, completeness and usability of stored information.
3. Introduce the use of infiltration tools to scan for network weaknesses.
4. Enhance current information protection mechanisms for better security management.
5. Enhance encryption mechanisms used for wireless transmissions of mobile devices for higher security.
6. Improve off-site support to accommodate business requirements.
7. Implement Mobile Device Management for enhanced security in accessing business-related information.
8. Taishin Bank assesses computer system security by following the Security Guidelines on Computer Systems for Financial Institutions in order to improve security of its computer system and website.
9. The onsite and offsite backup facilities will be constantly reinforced, and a twin-server operations center will be constructed.

H. Labor relations

a. Availability and execution of employee welfare and retirement policies. Elaborate on employer/ employee agreements and protection of employee rights.

1. Employee insurance

(1)Labor insurance: 70% of premium covered by the company while 20% is borne by the employee.

(2)Health insurance: 60% of premium covered by the company while 30% is borne by the employee.

(3)Group insurance: employees are covered by group life, accidental, healthcare, surgery, injury, cancer, and work hazard insurance; premiums are borne by the company.

(4)Travel insurance: employees are covered by travel insurance when going on overseas business trips; premiums are borne by the company.

2. Employee welfare

The company has an “Employee Welfare Committee” in place to supervise the execution of welfare-related activities. The company also implements an “Employee Welfare Committee Subsidy Policy” that provides employees with subsidies for various occasions such as wedding, child birth, funeral, hospitalization, festivity, birthday, travel, private associations, and children’s education.

In addition to the various subsidies offered by the Employee Welfare Committee, the company also subsidizes employees for employee stock ownership trust, health checkups, weddings, funerals, self-development (such as learning of foreign languages, computer classes, professional qualifications etc), and rewards them for long service.

With regards to employee assistance, the company is working with the Teacher Chang Foundation to provide “Employee Living Assistance,” and has an “Employee Mailbox” and “Employee Hotline” in place as a means of communication.

With regards to employee assistance, the company is working with Teacher Chang Foundation to provide “Employee Living Assistance,” and has “Employee Mailbox” and “Employee Hotline” in place as means of communication.

3. Retirement policy

The company has an “Employee Retirement Policy” in place; it contributes to employees’ retirement funds according to applicable laws.

4. Leave of absence

The company complies with the Labor Standards Act and gives employees at least 7 days of annual leave after one year of service.

5. Other important agreements: Nil.

b. Losses arising as a result of employment disputes in the recent year up until the publishing date of this annual report; please quantify the estimated losses and state any response actions, or state any reasons why losses cannot be reasonably estimated:

The company has maintained harmonious employer-employee relationships; therefore there have been no losses due to employment disputes in the most recent year.

I. Important Contract

Taishin Financial Holding Co., Ltd.: Nil.

Taishin International Bank Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Procurement contract	Acer Inc.	2015.01.11~ 2017.12.31	Microsoft EA large account procurement	None
Procurement contract	CyberSoft Digital Services Corp.	2011.04.01~ 2016.03.31	Credit card information system and outsourced data processing	None
Procurement contract	CyberSoft Digital Services Corp.	2015.06.25~ 2017.03.31	Build up Credit card information system	None
Procurement contract	Lian An Services Ltd. Anfeng Enterprise Ltd.	2015.01.16~ 2016.12.31	ATM cash security services	None
Procurement contract	Mercuries Data Systems Ltd.	2012.08.24~ 2017.08.23	Automated service equipment	None
Procurement contract	Mercuries Data Systems Ltd.	2015.07.01~ 2021.06.30	Automated service equipment	None

Taishin Securities Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Loan agreement	Between the company and a number of financial institutions including the Taiwan Cooperative Bank	Short-term, 1 year	As stated in the loan agreement	As stipulated in the agreement
Refinancing agreement	The company has established refinancing agreements with two securities financing companies including Yuanta Securities Finance	Effective from the date signed	Enables the company to approach the counterparty for securities financing/ lending assistance if a need arises	Subject to compliance with Rules Governing Securities Financing and Lending by Securities Firms

Taishin Securities Investment Trust Co., Ltd.: Nil.

Taishin Securities Investment Advisory Co., Ltd.:Nil.

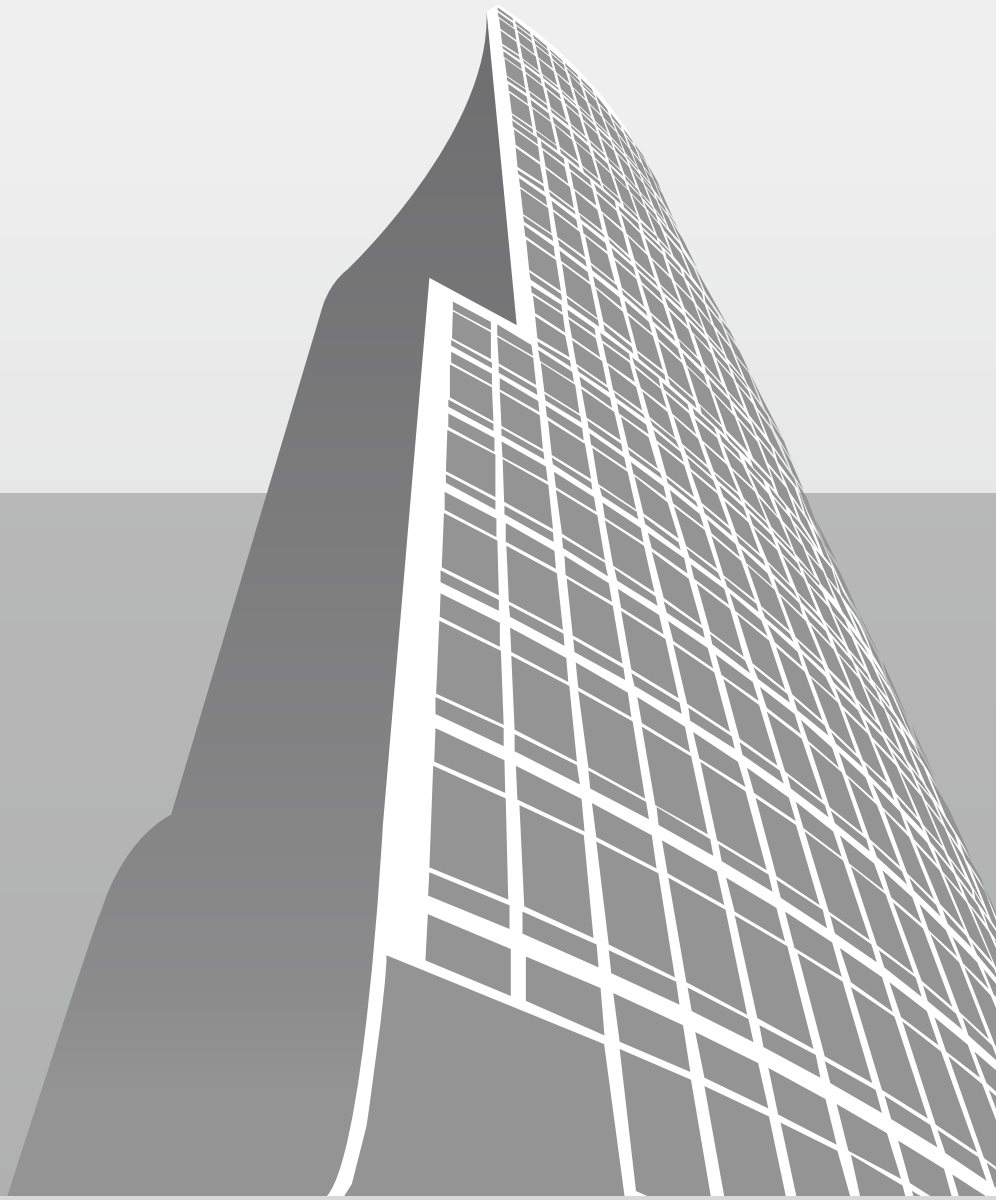
Taishin Asset Management Co., Ltd.: Nil.

Taishin Venture Capital Investment Co., Ltd.: Nil.

Taishin Holdings Insurance Brokers Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Merged agreement	Taishin International Bank	Signed on Oct. 30,2015	The company acknowledged the merger contract with Taishin International Bank and Taishin International Bank is the survivor company	As stipulated in the agreement

VI



Financial Status

VI. Financial Status

A. Brief balance sheet and income statement in the recent five years and the name and opinions of the certified public accountant

Brief Consolidated Balance Sheet of the Financial Holding Company and its Subsidiaries:IFRS

Unit:NT$1,000

Item \ Year	Financial data in the recent five years(Note 2)				Financial data for current year as of Feb 29, 2016
	2012	2013	2014	2015	
Cash and cash equivalents Due from the Central Bank and call loans to banks	187,259,476	185,669,402	57,586,123	69,091,364	(Note 3)
Financial assets at fair value through profit and or loss	86,282,256	102,817,889	83,294,027	119,742,250	
Available-for-sale financial assets	273,786,476	251,947,289	244,249,053	290,124,810	
Derivative financial assets for hedging	105,087	62,494	0	0	
Securities purchased under resell agreements	4,987,265	9,470,428	273,345	2,978,852	
Receivables, net	106,236,192	107,590,190	100,310,417	104,718,618	
Current tax assets	1,733,233	1,759,870	353,421	389,782	
Assets held for sale, net	0	0	0	0	
Loans, net	1,787,298,942	1,845,715,026	805,752,729	834,605,345	
Reinsurance contract assets	0	0	0	0	
Held-to-maturity financial assets	172,613,773	228,942,921	2,540	5,110	
Investments accounted for using the equity method, net	251,142	221,229	32,660,984	34,986,174	
Restricted assets	0	0	0	0	
Other financial assets, net	14,806,184	47,507,842	12,131,204	11,074,488	
Property and equipment, net	41,872,325	41,530,667	17,958,823	18,234,698	
Investment property, net	11,614,389	11,808,520	922,355	891,781	
Intangible assets, net	21,732,198	21,563,628	2,001,997	2,022,001	
Deferred tax assets, net	9,798,309	7,809,571	4,154,618	3,517,778	
Other assets	6,988,599	6,569,720	21,301,742	27,847,591	
Total assets	2,727,365,846	2,870,986,686	1,382,953,378	1,520,230,642	
Due to the Central Bank and banks	152,894,925	176,662,165	56,003,848	64,689,878	
Funds borrowed from the Central Bank and banks	0	0	0	0	
Financial liabilities at fair value through profit or loss	11,027,012	16,237,369	34,921,514	49,915,794	
Derivative financial liabilities for hedging	0	0	0	0	
Securities sold under repurchase agreements	56,534,194	37,932,722	69,724,492	80,211,187	
Commercial paper issued	7,000	0	649,389	2,672,740	
Payables	54,451,474	46,370,940	22,598,658	21,115,147	
Current tax liabilities	2,602,123	4,248,028	1,699,781	625,188	
Liabilities directly associated with assets held for sale	0	0	0	0	
Deposits and remittances	2,139,646,174	2,250,576,346	965,328,658	1,040,466,391	
Bonds payable	97,151,937	90,322,818	55,000,000	75,000,000	

Item \ Year		Financial data in the recent five years(Note 2)				Financial data for current year as of Feb 29, 2016
		2012	2013	2014	2015	
Preferred stock liabilities		0	0	0	0	(Note3)
Other financial liabilities		15,615,340	35,090,818	58,979,710	56,635,336	
Reserve for liabilities		4,575,384	4,422,703	794,014	1,020,107	
Deferred tax liabilities		6,821,004	6,711,208	83,945	57,347	
Other financial liabilities		3,584,238	4,422,327	2,985,066	2,861,598	
Total liabilities	Pre-payout	2,544,910,805	2,672,997,444	1,268,769,075	1,395,270,713	
	Post-payout	2,547,744,476	2,677,390,268	1,270,564,881	(Note 1)	
Equity attributable to owners of parent		101,327,569	111,131,587	114,058,414	124,829,618	
Capital stock	Pre-payout	76,165,841	82,548,070	95,780,609	95,855,246	
	Post-payout	82,305,608	90,535,078	95,780,609	(Note 1)	
Capital surplus	Pre-payout	9,409,757	9,478,327	10,640,840	10,220,503	
	Post-payout	9,409,757	9,478,327	10,205,349	(Note 1)	
Retained earnings	Pre-payout	13,351,364	18,160,507	7,292,136	18,825,174	
	Post-payout	4,377,926	5,780,675	5,931,821	(Note 1)	
Other equity		2,400,607	944,683	344,829	-71,305	
Treasury shares		0	0	0	0	
Non-controlling interest		81,127,472	86,857,655	125,889	130,311	
Total equity	Pre-payout	182,455,041	197,989,242	114,184,303	124,959,929	
	Post-payout	179,621,370	193,596,418	112,388,497	(Note 1)	

Note 1: Proposal for the coverage of 2015 profit has yet to be passed by shareholders'meeting.

Note 2: Financial data of 2012-2015 are in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and related guidance translated by the ARDF and issued by the FSC, and certified by CPAs QinZhen Yang and Jerry Gung, who issued review report for their authenticity without reservation.

Note 3: At the time this annual report was published, no audited financial data for 2016 were available.

Brief Consolidated Balance Sheet of the Financial Holding Company and its Subsidiaries

Unit:NT$1,000

Item \ Year			2011	2012
Cash and cash equivalents due from the Central Bank and placement to other banks			174,005,940	190,290,983
Financial assets stated as gain (loss) due to change in fair value			67,515,650	85,988,202
Investment in RS bills and bonds			9,734,993	4,987,265
Available-for-sale financial assets			248,786,716	270,722,899
Accounts receivable			110,761,564	107,547,734
Loans			1,723,226,715	1,787,298,942
Financial assets held to maturity			182,797,810	172,613,773
Equity investments under equity method			252,698	251,278
Fixed assets (Note 1)			41,204,451	41,596,338
Intangible assets			21,951,779	21,729,019
Other financial assets			18,005,451	12,885,644
Other assets			23,734,229	24,834,645
Total assets			2,621,977,996	2,720,746,722
Deposits by the Central Bank and other banks			174,583,880	152,894,925
Deposits			2,024,212,177	2,139,646,174
Financial liabilities stated as gain (loss) due to change in fair value			10,388,922	11,027,012
RP bill and bond liabilities			52,249,552	56,534,194
Accounts payable			57,275,084	57,162,211
Financing from the Central Bank and other banks			0	0
Bonds payable			97,146,086	97,151,937
Special stock liabilities			0	0
Reserve for operations and liabilities			779,673	806,938
Other financial liabilities			15,327,948	15,622,340
Other liabilities			9,671,492	9,907,860
Total liabilities			2,441,634,814	2,540,753,591
Equity of parent firm	Capital stock	Pre-payout	75,163,436	76,165,841
		Post-payout	80,827,436	82,305,608
	Additional paid-in capital		19,217,299	9,303,228
	Retained earnings	Pre-payout	11,749,407	13,157,682
		Post-payout	3,234,407	4,184,244
	Other items of shareholders' equity		88,787	1,073,198
Minority shareholding			74,124,253	80,293,182
Total shareholders' equity	Pre-payout		180,343,182	179,993,131
	Post-payout		177,492,182	177,159,460

Note 1: The subsidiary conducted land reevaluation of fixed assets in 2011 and 2012, which adjusted the book values upward to by NT$2,548,796,000 and NT$1,212,751,000.

Note 2: The 2011 financial statement was certified by CPAs Tsai Hongxiang and Yang Qinzhen, who issued auditing report for their authenticity without reservation. The 2012 financial statement was certified by CPAs Tsai Hongxiang and Yang Qinzhen, who issued auditing report for their authenticity without reservation.

Brief Consolidated Comprehensive Income Statement of the Financial Holding Company and subsidiaries-IFRS

Unit：NT$1,000

Item \ Year	Financial data in the recent five years (Note2)				Financial data for current year as of Feb 29, 2016
	2012	2013	2014	2015	
Interest income	48,768,964	50,532,658	55,785,260	29,509,687	
Interest expenses	(19,207,071)	(19,252,887)	(22,087,679)	(11,712,867)	
Net interest income	29,561,893	31,279,771	33,697,581	17,796,820	
Net income other than net interest income	19,862,868	24,547,462	10,942,105	19,711,007	
Net revenue and gains	49,424,761	55,827,233	44,639,686	37,507,827	
Reversed allowance for bad debts expenses and guarantee liability provisions	1,549,930	546,409	750,255	(2,818,084)	
Net change in provisions for insurance liabilities	0	0	0	0	
Operating expenses	(30,307,392)	(30,970,190)	(32,221,529)	(19,793,219)	
Income before income tax from continuing operations	20,667,299	25,403,452	13,168,412	14,896,524	
Income tax (expense) benefit	(3,796,314)	(4,829,829)	(3,520,673)	(1,670,433)	(Note3)
Net income from continuing operations	16,870,985	20,573,623	9,647,739	13,226,091	
Net income from discontinued operations	0	0	0	0	
Consolidated net income	16,870,985	20,573,623	9,647,739	13,226,091	
Other comprehensive income, net of tax	1,667,001	(1,958,354)	(325,670)	(744,461)	
Total comprehensive income	18,537,986	18,615,269	9,322,069	12,481,630	
Net income attributable to Owners of parent	10,386,660	13,836,248	1,624,376	13,222,544	
Net income attributable to Non- controlling interests	6,484,325	6,737,375	8,023,363	3,547	
Total comprehensive income attributable to Owners of parent	11,686,867	12,326,139	911,607	12,477,225	
Total comprehensive income attributable to Non-controlling interests	6,851,119	6,289,130	8,410,462	4,405	
Earnings per common share	1.10	1.57	0.08	1.39	

Note 1: Earnings per share for common shares is based on the unit of NT$1 and the effect of capital increase by earning has been taken into account retroactively in the calculation of the figure.

Note 2: Financial data of 2012-2014 are in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and related guidance translated by the ARDF and issued by the FSC, and certified by CPAs QinZhen Yang and Jerry Gung, who issued review report for their authenticity without reservation.

Note 3: At the time this annual report was published, no audited financial data for 2016 were available.

Brief Consolidated Income Statement of the Financial Holding Company and Subsidiaries

Unit：NT$1,000

Item \ Year		2011	2012
Net interest income		28,824,055	29,230,525
Net non-interest income		17,213,155	19,224,187
Bad-debt expense		2,266,419	1,549,930
Provisions of various insurance liabilities		0	0
Business expense		(28,861,408)	(29,436,788)
Pre-tax consolidated income of business department (continuation)		19,442,221	20,567,854
After-tax consolidated income of business department (continuation)		16,282,516	16,765,719
Income of extinct department (after-tax net value)		0	0
Extraordinary income (after-tax net value)		0	0
Accumulated extent of influence from changes in accounting principles (after-tax net value)		0	0
Total consolidated	Belong to shareholders of parent firm	9,431,836	10,261,680
	income	6,850,680	6,504,039
Earnings per common share		0.97	1.09

Note 1: Earnings per share for common shares is based on the unit of NT$1 and the effect of capital increase by earning has been taken into account retroactively in the calculation of the figure.

Note 2: The 2011 financial statement was certified by CPAs Tsai Hongxiang and Yang Qinzhen, who issued auditing report for their authenticity without reservation. The 2012 financial statement was certified by CPAs Tsai Hongxiang and Yang Qinzhen, who issued auditing report for their authenticity without reservation.

B. Financial Analysis for the Recent Five Years Financial Analysis-IFRS

Unit：NT$1,000

Item	Year		Financial Analysis in the recent five years				Financial data for current year as of Feb 29, 2016
			2012	2013	2014	2015	
Management capability	Turnover rate of total assets (times)		0.02	0.02	0.02	0.03	(Note 3)
	Deposit/loan ratio of Taishin Bank (%)		80.62	80.90	83.81	81.20	
	Deposit/loan ratio of Chang Hwa Bank (%)		86.84	84.23	-	-	
	NPL ratio of Taishin Bank (%)		0.14	0.15	0.14	0.13	
	NPL ratio of Chang Hwa Bank (%)		0.33	0.32	-	-	
	Revenue per employee		3,670	4,031	2,833	4,601	
	Profit per employee		1,253	1,486	206	1,622	
Profit-making capability	Return on assets (%)		0.63	0.73	0.45	0.91	
	Return on common shareholders' equity (%)		11.15	14.19	0.73	11.78	
	Net profit rate (%)		34.13	36.85	21.61	35.26	
	Earning per share (NT$)		1.10	1.57	0.08	1.39	
Financial Structure	Liabilities/assets ratio (%)		93.31	93.10	91.74	91.78	
	Liabilities/book value ratio (%)		1,394.82	1,350.07	1,111.16	1,116.57	
	Double leverage ratio of the financial holding company (%)		119	115	109	108	
	Financial ratio of the financial holding company according to article 41 of the law		None	None	None	None	
Leverage extent	Business leverage extent		2.39	2.20	3.39	2.52	
	Financial leverage extent of financial holding company		1.08	1.03	1.31	1.04	
Growth rate	Assets growth (%)		3.74	5.27	(51.83)	9.93	
	Profit growth (%)		5.79	22.92	(48.16)	13.12	
Cash flow	Cash flow ratio (%)		17.73	(10.50)	(3.75)	(9.35)	
	Propriety ratio of cash flow (%)		784.55	162.87	51.51	(274.76)	
	Cash-flow satisfaction ratio (%)		(5,157.45)	4,835.98	5.30	1,959.74	
Business scale	Market share of assets (%)		5.37	5.37	4.63	4.63	
	Market share of book value (%)		4.93	4.95	4.31	4.42	
	Market share of Taishin Bank's deposit (%)		2.90	2.90	3.02	3.04	
	Market share of Chang Hwa Bank's deposit (%)		4.61	4.52	-	-	
	Market share of Taishin Bank's loan extension (%)		2.97	3.01	3.28	3.32	
	Market share of Chang Hwa Bank's loan extension (%)		5.10	4.89	-	-	
Capital Adequacy	Capital adequacy ratio	Taishin Bank	(Note 4)	10.94	11.01	12.49	
		Chang Hwa Bank		11.11	-	-	
		Taishin Security		424	496	452	
		Taishin AMC		88.74	84.42	87.61	
		Taishin Securities Investment Trust		91.33	90.89	90.28	
		Taishin Securities Investment Advisory		93.75	93.17	93.95	
		Taishin Venture Capital		99.89	99.90	96.82	
		Taishin Holdings Insurance Brokers		77.85	70.28	70.29	
	Eligible self-owned capital		(Note 3)	224,391,885	115,890,595	143,458,486	
	Group's eligible capital			116,028,828	140,091,194	158,536,344	
	Subsidiary's statutory capital requirement			160,767,234	81,695,691	90,472,582	
	Group's statutory capital requirement			90,736,937	114,175,677	125,097,968	
	Group's capital adequacy ratio (%)			127.87	122.70	126.73	

Item \ Year	Financial Analysis in the recent five years				Financial data for current year as of Feb 29, 2016
	2012	2013	2014	2015	
Mandatory disclosure by the financial holding company of the total value of credit extension, endorsement, or other trading extended by its subsidiaries to the same person, related party, or affiliate according to article 46 of the law (NT$1Million)	953,243 (Note 2)	953,326 (Note 2)	370,659 (Note 2)	454,108 (Note 2)	(Note 3)
Describe reasons for changes in various financial ratios in the recent two years (No need of analysis for change under 20%): Changes to financial ratios concerning the bank's operating efficiency, profitability, leverage, growth, and cash flow in 2015 were mainly attributed to the loss of control over Chang Hwa Bank.					

Note 1: With the exception of profitability growth and capital adequacy ratios as of 2012, which were prepared according to the Statement of Financial Accounting Standards of the Republic of China, all other ratios have been prepared in accordance with FSC-approved International Financial Reporting Standards, International Accounting Standards, and any relevant interpretations and announcements thereof. All ratios have been based on consolidated figures, except as otherwise specified to be attributable to certain subsidiaries of the financial holding company.

Note 2: Please see financial reports of the respective years for more details.

Note 3: At the time this annual report was published, no audited financial data for 2016 were available.

Note 4: Calculation formulas as follow:

1. Management capability
   (1)Turnover rate of total assets=Net revenue/average total assets
   (2)Deposit/loan ratio of subsidiary bank=Total loans of subsidiary bank/total deposit
   (3)NPL ratio of subsidiary bank=Total NPL of subsidiary bank/total loan
   (4)Revenue per employee=Net revenue/total number of employees
   (5)Profit per employee=After-tax profit/total number of employees
2. Profit-making capability
   (1)Return on assets=After-tax income/average value of total assets
   (2)Return on common shareholders' equity= (After-tax income—Preferred stock dividends) /Average net value of common shareholders' equity
   (3)Net profit rate=After-tax income/net revenue
   (4)Earning per share= (After-tax net profit-dividend for preferred shares)/weighted average amount of issued shares (Retroactive adjustment for earning per share has been made for those years with capital increment from retained earnings or capital increase by capital surplus)
3. Financial structure
   (1)Liabilities/assets ratio=Total liabilities/total assets
   (2)Liabilities/book value ratio=Total liabilities/net shareholders' equity
   (3)Double leverage ratio of the financial holding company=Equity investment according to item 2, article 36 and 37 of the law/book value
4. Leverage extent
   (1)Business leverage extent= (Net revenue-variation in expense or loss)/pre-tax income)
   (2)Financial leverage extent of financial holding company=(pre-tax income+interest outlay)/pre-tax income)
5. Growth rate
   (1)Assets growth rate= (Total assets in current year-total assets in previous year)/total assets in previous year
   (2)Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year)
6. Cash flow
   (1)Cash flow ratio=Business-related net cash flow/(call loans and overdraft of bank and peers+commercial paper payable+financial liabilities deriving from variation in fair value included in the calculation of income+liabilities of repo bills and bonds+account payable due in one year)
   (2)Propriety ratio of net cash flow=Business-related net cash flow in recent years/ (capital outlay+cash dividend) in recent five years
   (3)Cash flow coverage ratio=net cash flow from operating activities/net cash flow from investment activities
7. Business scale
   (1)Market share of assets=Total assets/total assets of financial holding companies
   (2)Market share of book value=Book value/total book values of financial holding companies
   (3)Market share of banning subsidiary's deposit=Total deposits/total deposits of financial institutions capable of undertaking deposit/loan business
   (4)Market share of banking subsidiary's loan extension=Total loans /total deposits of financial institutions capable of undertaking deposit/ loan business
8. BIS ratio (capital adequacy ratio)
   (1)Qualified net capital of the group=financial holding company's qualified capital+ (shareholding ration of financial holding company x qualified capital of subsidiaries)-designated deductible items
   (2)Total required legal capital of the group=required legal capital of financial holding company+sharedholding ratio of financial holding company x required legal capital of subsidiaries
   (3)BIS ratio of the group=Net qualified capital of the group/legal capital requirement of the group

Financial Analysis

Unit：NT$1,000

Item \ Year			2011	2012
Management capability	Turnover rate of total assets (times)		0.02	0.02
	Deposit/loan ratio of Taishin Bank (%)		80.44	80.62
	Deposit/loan ratio of Chang Hwa Bank (%)		88.34	86.84
	NPL ratio of Taishin Bank (%)		0.16	0.14
	NPL ratio of Chang Hwa Bank (%)		0.37	0.33
	Overdue credit-extension ratio of Taishin Bills Finance (%)		0	0
	Revenue per employee		3,340	3,598
	Profit per employee		1,181	1,245
Profit-making capability	Return on assets (%)		0.64	0.63
	Return on common shareholders' equity (%)		11.06	11.19
	Net profit rate (%)		35.37	34.60
	Earning per share (NT$)		0.97	1.09
Financial Structure	Liabilities/assets ratio (%)		93.12	93.38
	Liabilities/book value ratio (%)		1,353.88	1,411.58
	Double leverage ratio of the financial holding company (%)		105	119
	Financial ratio of the financial holding company according to article 41 of the law		None	None
Leverage extent	Business leverage extent		2.37	2.36
	Financial leverage extent of financial holding company		1.11	1.08
Growth rate	Assets growth (%)		6.19	3.77
	Profit growth (%)		(3.12)	5.79
Cash flow	Cash flow ratio (%)		11.60	2.59
	Propriety ratio of cash flow (%)		3.21	1.85
	Cash-flow satisfaction ratio (%)		(18.73)	(6.19)
Business scale	Market share of assets (%)		6.69	5.28
	Market share of book value (%)		5.73	4.83
	Market share of Taishin Bank's deposit (%)		2.77	2.90
	Market share of Chang Hwa Bank's deposit (%)		4.73	4.61
	Market share of Taishin Bank's loan extension (%)		2.83	2.97
	Market share of Chang Hwa Bank's loan extension (%)		5.29	5.10
Capital Adequacy	Capital adequacyratio	Taishin Bank	12.76	13.19
		Chang Hwa Bank	11.54	11.52
		Taishin Security	482.10	753.28
		Taishin Bills Finance	—	—
		Taishin AMC	74.88	88.67
		Taishin Securities Investment Trust	92.22	93.27
		Taishin Securities Investment Advisory	93.99	96.24
		Taishin Marketing Consultant	95.40	96.02
		Taishin Venture Capital	99.86	99.94
		Taishin Holdings Insurance Brokers	59.07	74.10

Item \ Year		2011	2012
Capital Adequacy	Eligible self-owned capital	212,950,539	228,984,320
	Group's eligible capital	99,057,227	116,405,194
	Subsidiary's statutory capital requirement	140,696,738	148,448,708
	Group's statutory capital requirement	76,384,847	82,711,306
	Group's capital adequacy ratio	129.68	140.74
Mandatory disclosure by the financial holding company of the total value of credit extension, endorsement, or other trading extended by its subsidiaries to the same person, related party, or affiliate according to article 46 of the law (NT$1Million)		971,161 (Note 2)	953,243 (Note 2)

Note 1: The above financial analytical data are consolidated figures, except those with specification for the financial holding company or subsidiaries.

Note 2: For details, refer to the financial statement of various years.

Note 3: Calculation formulas as follow:

1. Management capability
   (1) Turnover rate of total assets=Net revenue/average total assets
   (2) Deposit/loan ratio of subsidiary bank=Total loans of subsidiary bank/total deposit
   (3) NPL ratio of subsidiary bank=Total NPL of subsidiary bank/total loan
   (4) Revenue per employee=Net revenue/total number of employees
   (5) Profit per employee=After-tax profit/total number of employees
2. Profit-making capability
   (1) Return on assets=After-tax income/average value of total assets
   (2) Return on common shareholders' equity= (After-tax income—Preferred stock dividends)/Average net value of common shareholders' equity
   (3) Net profit rate=After-tax income/net revenue
   (4) Earning per share= (After-tax net profit-dividend for preferred shares)/weighted average amount of issued shares (Retroactive adjustment for earning per share has been made for those years with capital increment from retained earnings or capital increase by capital surplus)
3. Financial structure
   (1) Liabilities/assets ratio=Total liabilities/total assets
   (2) Liabilities/book value ratio=Total liabilities/net shareholders' equity
   (3) Double leverage ratio of the financial holding company=Equity investment according to item 2, article 36 and 37 of the law/book value
4. Leverage extent
   (1) Business leverage extent= (Net revenue-variation in expense or loss)/pre-tax income)
   (2) Financial leverage extent of financial holding company= (pre-tax income+interest outlay)/pre-tax income)
5. Growth rate
   (1) Assets growth rate= (Total assets in current year-total assets in previous year)/total assets in previous year
   (2) Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year)
6. Cash flow
   (1) Cash flow ratio=Business-related net cash flow/(call loans and overdraft of bank and peers+commercial paper payable+financial liabilities deriving from variation in fair value included in the calculation of income+liabilities of repo bills and bonds+account payable due in one year)
   (2) Propriety ratio of net cash flow=Business-related net cash flow in recent years/(capital outlay+cash dividend) in recent five years.
   (3) Cash flow coverage ratio=net cash flow from operating activities/net cash flow from investment activities.
7. Business scale
   (1) Market share of assets=Total assets/total assets of financial holding companies
   (2) Market share of book value=Book value/total book values of financial holding companies
   (3) Market share of banning subsidiary's deposit=Total deposits/total deposits of financial institutions capable of undertaking deposit/loan business
   (4) Market share of banking subsidiary's loan extension=Total loans /total deposits of financial institutions capable of undertaking deposit/ loan business
8. BIS ratio (capital adequacy ratio)
   (1) Qualified net capital of the group=financial holding company's qualified capital+(shareholding ration of financial holding company x qualified capital of subsidiaries)-designated deductible items.
   (2) Total required legal capital of the group=required legal capital of financial holding company+sharedholding ratio of financial holding company x required legal capital of subsidiaries
   (3) BIS ratio of the group=Net qualified capital of the group/legal capital requirement of the group

C. The Audit committee Report

Taishin Financial Holding Co., Ltd.

Audit Committee Report

Apirl 28, 2016

The board of directors has prepared the 2015 business report, financial statements and earnings distribution proposal for the Company. The financial statements have been audited and certified by CPA Qinzhen Yang and CPA Jerry Gung of Deloitte Taiwan, who have also expressed an opinion. The above reports and statements compiled by the board of directors have been audited by the Audit Committee and considered in compliance with relevant rules and regulations. Please kindly note that the report hereby presented has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

Taishin Financial Holding Co., Ltd. 2016 Annual General Meeting

The convener of Audit Committee

Lin, Neng-Pai

D. The Latest Consolidated Financial Statements of the Company and Its Subsidiaries Audited and Certified by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taishin Financial Holding Co., Ltd.

We have audited the accompanying consolidated balance sheets of Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, and changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of Taishin Financial Holding and subsidiaries' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants, Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants, and auditing standards generally accepted in the Republic of China ("ROC"). 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 Taishin Financial Holding Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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 accompanying schedules of significant accounts, provided for supplementary analysis, by applying the same procedures described above. In our opinion, such schedules are consistent, in all material respects, with the financial statements referred to above.

March 31, 2016 Deloitte & Touche

Notice to Readers

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

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 ROC. 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.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2015		2014	
ASSETS	Amount	%	Amount	%
Cash and cash equivalents (Notes 5 and 7)	$ 22,250,463	2	$ 23,089,267	2
Due from the Central Bank and call loans to banks (Note 8)	46,840,901	3	34,496,856	3
Financial assets at fair value through profit or loss (Notes 5 and 9)	119,742,250	8	83,294,027	6
Available-for-sale financial assets, net (Notes 5, 10 and 32)	290,124,810	19	244,249,053	18
Securities purchased under resell agreements (Note 5)	2,978,852	-	273,345	-
Receivables, net (Notes 5, 11 and 12)	104,718,618	7	100,310,417	7
Current tax assets (Notes 5 and 39)	389,782	-	353,421	-
Loans, net (Notes 5, 6 and 12)	834,605,345	55	805,752,729	58
Held-to-maturity financial assets, net (Notes 5 and 13)	5,110	-	2,540	-
Investments accounted for using the equity method, net (Notes 5 and 14)	34,986,174	2	32,660,984	2
OTHER FINANCIAL ASSETS, NET				
Financial assets carried at cost, net (Note 15)	2,711,186	-	2,608,976	-
Investments in debt investment without active market, net (Note 16)	-	-	300,000	-
Other miscellaneous financial assets, net (Notes 12 and 17)	8,363,302	1	9,222,228	1
Other financial assets, net	11,074,488	1	12,131,204	1
Investment property, net (Notes 5 and 18)	891,781	-	922,355	-
Property and equipment, net (Notes 5 and 19)	18,234,698	1	17,958,823	1
Intangible assets, net (Notes 5 and 20)	2,022,001	-	2,001,997	-
Deferred tax assets (Notes 5, 6 and 39)	3,517,778	-	4,154,618	-
Other assets, net (Note 21)	27,847,591	2	21,301,742	2
TOTAL	$ 1,520,230,642	100	$ 1,382,953,378	100

	2015		2014	
LIABILITIES AND EQUITY	Amount	%	Amount	%
Due to the Central Bank and banks (Note 22)	$ 64,689,878	4	$ 56,003,848	4
Financial liabilities at fair value through profit or loss (Notes 5 and 9)	49,915,794	3	34,921,514	3
Securities sold under repurchase agreements (Note 5)	80,211,187	5	69,724,492	5
Commercial papers issued, net (Note 23)	2,672,740	-	649,389	-
Payables (Note 24)	21,115,147	2	22,598,658	2
Current tax liabilities (Notes 5 and 39)	625,188	-	1,699,781	-
Deposits and remittances (Note 25)	1,040,466,391	69	965,328,658	70
Bonds payable (Note 26)	75,000,000	5	55,000,000	4
Other borrowings (Note 27)	9,455,210	1	6,235,441	-
Provisions (Notes 5 and 28)	1,020,107	-	794,014	-
Other financial liabilities (Note 29)	47,180,126	3	52,744,269	4
Deferred tax liabilities (Notes 5 and 39)	57,347	-	83,945	-
Other liabilities (Note 30)	2,861,598	-	2,985,066	-
Total liabilities	1,395,270,713	92	1,268,769,075	92
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 32)				
Capital stock				
Common stock	88,599,429	6	88,417,902	6
Preferred stock	7,251,368	-	7,251,368	1
Advance receipts for capital stock	4,449	-	111,339	-
Capital surplus	10,220,503	1	10,640,840	1
Retained earnings				
Legal reserve	5,466,453	-	5,315,307	-
Special reserve	465,368	-	465,368	-
Unappropriated earnings	12,893,353	1	1,511,461	-
Other equity				
Exchange differences on translation of foreign financial statements	117,513	-	150,908	-
Unrealized gains (losses) on available-for-sale financial assets	(188,818)	-	193,921	-
Equity attributable to owners of parent	124,829,618	8	114,058,414	8
NON-CONTROLLING INTERESTS	130,311	-	125,889	-
Total equity	124,959,929	8	114,184,303	8
TOTAL	$ 1,520,230,642	100	$ 1,382,953,378	100

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

TAISHIN FINANCIAL HOLDING CO., 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	
	Amount	%	Amount	%
INTEREST INCOME (Notes 5 and 33)	$ 29,509,687	78	$ 55,785,260	125
INTEREST EXPENSES (Note 33)	(11,712,867)	(31)	(22,087,679)	(50)
NET INTEREST INCOME (Note 33)	17,796,820	47	33,697,581	75
NET INCOME OTHER THAN NET INTEREST INCOME (Note 5)				
Net service fee and commissions income (Note 34)	11,412,017	30	14,717,574	33
Gain on financial assets and liabilities at fair value through profit or loss (Note 35)	4,513,255	12	7,938,189	18
Realized gain on available-for-sale financial assets (Note 36)	393,784	1	1,192,640	3
Foreign exchange gains (losses)	(563,632)	(1)	(576,368)	(1)
Impairment loss on assets (Note 15)	(22,807)	-	(22,363)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 14)	2,668,975	7	131,470	-
Net other non-interest income				
Net gain on sale of non-performing loans	-	-	719,705	1
Other loss (Notes 5 and 42)	-	-	(14,775,666)	(33)
Net other miscellaneous income	1,309,415	4	1,616,924	4
Net income other than net interest income	19,711,007	53	10,942,105	25
NET REVENUE AND GAINS	37,507,827	100	44,639,686	100
(PROVISIONS) REVERSED ALLOWANCE FOR BAD DEBT EXPENSES AND GUARANTEE LIABILITY (Notes 5 and 12)	(2,818,084)	(7)	750,255	2
OPERATING EXPENSES				
Employee benefits expenses (Note 37)	(11,394,141)	(30)	(19,910,494)	(45)
Depreciation and amortization expenses (Note 38)	(900,543)	(3)	(1,561,738)	(3)
Other general and administrative expenses	(7,498,535)	(20)	(10,749,297)	(24)
Total operating expenses	(19,793,219)	(53)	(32,221,529)	(72)
INCOME BEFORE INCOME TAX	14,896,524	40	13,168,412	30
INCOME TAX EXPENSE (Notes 5 and 39)	(1,670,433)	(5)	(3,520,673)	(8)
NET INCOME	13,226,091	35	9,647,739	22

(Continued)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax				
Gain (losses) on remeasurements of defined benefit plans	($ 295,148)	(1)	($ 77,523)	-
Share of other comprehensive loss of associates and joint ventures accounted for using equity method	(84,381)	-	(48,226)	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	51,196	-	12,849	-
Components of other comprehensive income that will be reclassified to profit or loss, net of tax				
Exchange differences on translation of foreign financial statements	(29,498)	-	318,491	1
Unrealized loss on available-for-sale financial assets	(517,712)	(1)	(619,158)	(2)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	123,436	-	145,812	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	7,646	-	(57,915)	-
Other comprehensive income (loss), net of tax	(744,461)	(2)	(325,670)	(1)
TOTAL COMPREHENSIVE INCOME	$ 12,481,630	33	$ 9,322,069	21
NET INCOME ATTRIBUTABLE TO:				
Owners of parent	$ 13,222,544	35	$ 1,624,376	4
Non-controlling interests	3,547	-	8,023,363	18
	$ 13,226,091	35	$ 9,647,739	22
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent	$ 12,477,225	33	$ 911,607	2
Non-controlling interests	4,405	-	8,410,462	19
	$ 12,481,630	33	$ 9,322,069	21
EARNINGS PER SHARE (Note 40)				
Basic	$ 1.39		$ 0.08	
Diluted	$ 1.38		$ 0.08	

(Concluded)

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent					
	Capital Stock			Capital Surplus		
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Stock-based Compensation
BALANCE AT JANUARY 1, 2014	$ 75,116,532	$ 7,251,368	$ 180,170	$ 7,077,571	$ 2,075,475	$ 325,281
Appropriation of 2013 earnings						
Legal reserve	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-
Stock dividends	7,987,008	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2014, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	-
Lose control of subsidiary	-	-	-	-	-	-
Issue of common shares for cash	5,000,000	-	-	988,154	-	-
Share-based payments	314,362	-	(68,831)	186,021	-	(11,662)
Subsidiary cash dividends	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2014	88,417,902	7,251,368	111,339	8,251,746	2,075,475	313,619
Appropriation of 2014 earnings						
Legal reserve	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-
Cash dividends from capital surplus	-	-	-	(435,492)	-	-
Others	-	-	-	-	-	-
Net income for the year ended December 31, 2015	-	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2015, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	-
Share-based payments	181,527	-	(106,890)	25,599	-	(10,444)
BALANCE AT DECEMBER 31, 2015	$ 88,599,429	$ 7,251,368	$ 4,449	$ 7,841,853	$ 2,075,475	$ 303,175

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

Equity Attributable to Owners of the Parent							
	Retained Earnings			Other Equity			
	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Non-controlling Interests	Total Equity
	$ 3,939,770	$ 465,368	$ 13,755,369	$ 68,688	$ 875,995	$ 86,857,655	$ 197,989,242
	1,375,537	-	(1,375,537)	-	-	-	-
	-	-	(3,423,308)	-	-	-	(3,423,308)
	-	-	(969,516)	-	-	-	(969,516)
	-	-	(7,987,008)	-	-	-	-
	-	-	1,624,376	-	-	8,023,363	9,647,739
	-	-	(112,915)	82,220	(682,074)	387,099	(325,670)
	-	-	1,511,461	82,220	(682,074)	8,410,462	9,322,069
	-	-	-	-	-	(91,553,576)	(91,553,576)
	-	-	-	-	-	-	5,988,154
	-	-	-	-	-	158	420,048
	-	-	-	-	-	(3,588,810)	(3,588,810)
	5,315,307	465,368	1,511,461	150,908	193,921	125,889	114,184,303
	151,146	-	(151,146)	-	-	-	-
	-	-	(450,315)	-	-	-	(450,315)
	-	-	(910,000)	-	-	-	(910,000)
	-	-	-	-	-	-	(435,492)
	-	-	-	-	(6)	-	(6)
	-	-	13,222,544	-	-	3,547	13,226,091
	-	-	(329,191)	(33,395)	(382,733)	858	(744,461)
	-	-	12,893,353	(33,395)	(382,733)	4,405	12,481,630
	-	-	-	-	-	17	89,809
	$ 5,466,453	$ 465,368	$ 12,893,353	$ 117,513	($ 188,818)	$ 130,311	$ 124,959,929

TAISHIN FINANCIAL HOLDING CO., 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
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 14,896,524	$ 13,168,412
Adjustments:		
Adjustments to reconcile profit or loss		
Depreciation expenses	718,204	1,171,127
Amortization expenses	182,339	390,611
Provisions (reversed) allowance for bad debts expenses and guarantee liability	2,818,084	(750,255)
Net gain on financial assets and liabilities at fair value through profit or loss	(4,513,255)	(7,938,189)
Interest expenses	11,712,867	22,087,679
Interest income	(29,509,687)	(55,785,260)
Dividends income	(239,299)	(552,955)
Share-based payments	831	207,221
Share of profit of associates and joint ventures accounted for using equity method	(2,668,975)	(131,470)
Gain on disposal of investments	(269,612)	(962,327)
Impairment loss on financial assets	22,807	25,735
Reversal of impairment loss on non-financial assets	-	(3,372)
Other loss	-	14,775,666
Other adjustments	773,580	(1,304,400)
Total adjustments	(20,972,116)	(28,770,189)
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank	412,984	(788,598)
(Increase) decrease in financial assets at fair value through profit or loss	(5,159,007)	18,723,975
Increase in available-for-sale financial assets	(46,911,246)	(38,800,066)
(Increase) decrease in securities purchased under resell agreements	(24,939)	747,606
Increase in receivables	(6,962,674)	(15,264,995)
Increase in loans	(29,340,363)	(177,604,489)
Decrease in held-to-maturity financial assets	-	45,590,001
Decrease (increase) in other financial assets	979,602	(42,650,700)
Increase in other assets	(6,546,702)	(15,163,238)
Decrease in due to the Central Bank and banks	(1,042,240)	(14,448,879)
Decrease in financial liabilities at fair value through profit or loss	(12,332,000)	(4,776,472)
Increase in securities sold under repurchase agreements	10,486,695	37,250,290

(Continued)

	2015	2014
(Decrease) increase in payables	($ 1,499,529)	$ 12,229,031
Increase in deposits and remittances	75,137,733	152,413,086
Decrease in provisions	(11,460)	(63,580)
(Decrease) increase in other financial liabilities	(5,564,143)	20,611,162
Increase in other liabilities	71,376	1,162,935
Cash used in operations	(34,381,505)	(36,434,708)
Interest received	29,808,728	54,592,691
Dividend received	649,931	599,663
Interest paid	(11,684,231)	(20,376,775)
Income taxes refund	99,481	543,050
Income taxes paid	(2,211,784)	(4,152,659)
Net cash used in operating activities	(17,719,380)	(5,228,738)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Decrease in debts investment without active market	300,000	-
Acquisition of financial assets at cost	(185,284)	(624,645)
Proceeds from disposal of financial assets at cost	34,211	55,298
Proceeds from capital reduction of financial assets at cost	33,688	75,313
Proceeds from disposal of subsidiaries	74,611	-
Acquisition of property and equipment	(986,318)	(1,151,162)
Proceeds from disposal of property and equipment	843	1,432
Acquisition of intangible assets	(201,737)	(720,408)
Cash received through merger	-	145,448
Acquisition of investment property	-	(133)
Proceeds from disposal of investment property	25,814	83,500
Other investing activities - effect on losing control of subsidiary, net	-	(107,063,045)
Net cash used in investing activities	(904,172)	(109,198,402)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	9,728,270	21,435,703
Increase in commercial papers payable	2,023,351	499,389
Proceeds from issuing bank debentures	20,000,000	18,000,000
Repayments of bank debentures	-	(5,000,000)
Increase in other borrowings	$ 3,219,769	$ 3,898,166
Cash dividends distributed	(1,795,807)	(4,392,824)
Issuance of common stock for cash	-	5,988,154

(Continued)

	2015	2014
Exercise of employee share options	76,260	278,880
Cash dividends distributed from subsidiary	-	(3,588,810)
Net cash generated from financing activities	33,251,843	37,118,658
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(29,498)	318,491
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,598,793	(76,989,991)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	24,758,204	101,748,195
ASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 39,356,997	$ 24,758,204

Reconciliation of cash and cash equivalents:

	2015	2014
Cash and cash equivalents in consolidated balance sheets	$ 22,250,463	$ 23,089,267
Call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	14,152,621	1,395,592
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	2,953,913	273,345
Cash and cash equivalents at the end of the year	$ 39,356,997	$ 24,758,204

(Concluded)

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding" or the "Company") was established by Taishin International Bank Co., Ltd. ("Taishin Bank") and Dah An Commercial Bank Co., Ltd. ("Dah An Bank") pursuant to the ROC Financial Holding Company Act and related regulations through a share swap on February 18, 2002. Taishin Financial Holding's main business activities are investing and managing its invested financial institutions.

Taishin Bank and Dah An Bank established Taishin Financial Holding through a share swap. In forming the holding company, Taishin Bank merged with Dah An Bank, with Taishin Bank as the survivor company. In addition, Taishin Securities Co., Ltd. (Taishin Securities A") and Taishin Bills Finance Co., Ltd. ("Taishin Bills Finance") became wholly-owned subsidiaries of Taishin Financial Holding through a share swap effective on December 31, 2002.

In order to integrate corporate resources, Taishin Financial Holding sold all of the equity of Taishin Securities A as of December 19, 2009 and Taishin Bank merged with Taishin Bills Finance, and the base date of merger was January 22, 2011. Taishin Bank acquired total assets, liabilities and operations of Taishin Bills Finance.

In the fourth quarter of 2005, Taishin Financial Holding acquired 1,400,000 thousand shares of preferred stock - B issued by Chang Hwa Commercial Bank, Ltd. ("Chang Hwa Bank") through private placements. The 22.55% ownership interest with voting rights allows Taishin Financial Holding to take over half of the seats in the Board of Directors of Chang Hwa Bank. Accordingly, Taishin Financial Holding had controlling power over Chang Hwa Bank. On October 3, 2008, this preferred stock - B had been converted into 1,400,000 thousand shares of common stock. Chang Hwa Bank held the election of its directors on December 8, 2014. Taishin Financial Holding did not obtain more than half of the total in number of directors. Therefore, Taishin Financial Holding lost the control of Chang Hua Bank and did not account Chang Hwa Bank as its subsidiary in accordance with the Financial Holding Company Act. The ownership interest with voting rights in Chang Hwa Bank held by Taishin Financial Holding and subsidiaries was 22.81% as of December 31, 2015.

Taishin Financial Holding acquired 100% equity interest of Donshin Securities Co., Ltd. ("Donshin Securities") by cash investments on April 6, 2010. Donshin Securities became a subsidiary of Taishin Financial Holding and changed the Company name to Taishin Securities Co., Ltd. ("Taishin Securities B").

Taishin Financial Holding acquired 100% equity interest of Taishin Securities Investment Trust Co., Ltd. ("Taishin Securities Investment Trust") and 92% equity interest of Taishin Securities Investment Advisory Co., Ltd. ("Taishin Securities Investment Advisory") by cash investments on July 26, 2010. Taishin Securities Investment Trust and Taishin Securities Investment Advisory became subsidiaries of Taishin Financial Holding.

Taishin Financial Holding acquired 100% equity interest of Franklin Insurance Brokers Co., Ltd. ("Franklin Insurance Brokers") by cash investments on April 27, 2011. Franklin Insurance Brokers became a subsidiary of Taishin Financial Holding and changed the company name to Taishin Holdings Insurance Brokers Co., Ltd. ("Taishin Holdings Insurance Brokers"). Taishin Holdings Insurance Brokers operations include property insurance broker service and life insurance broker service. Taishin Financial Holding invested in Taishin Holdings Insurance Brokers additional $29,500 thousand on April 29, 2011.

Taishin Bank started its business operations on March 23, 1992. Taishin Bank provides customers with (a) general commercial banking services - commercial lending, foreign exchange transactions, installment and term loans, wire transfers, marketable security investments, receivable factoring, offshore banking business, etc. as well as (b) various financial instruments - letters of credit, bankers' acceptances, checking and savings accounts, credit cards, derivative instruments, etc.

Taishin Real-Estate Management Co., Ltd. ("Taishin Real-Estate") was established in August 1995 and its operations include audits and consultations of construction plans, contract witness, and assessments and trades of real estate, etc.

Taishin Insurance Agency Co., Ltd. ("Taishin Insurance Agency") was established in September 1996 and provides life insurance agent service. Taishin Insurance Agency owned 100% equity interest of Taishin Insurance Brokers Co., Ltd. ("Taishin Insurance Brokers").

Taishin D.A. Finance was established in October 1997. Its operations include the lease, wholesale and retail sale of machinery, precision machinery, motor vehicle, aircraft, and vessel and its components.

Chang Hwa Bank was established on March 1, 1947 and got licensed by the Ministry of Economic Affairs in July 1950. It mainly engages in the following businesses: (a) all commercial banking operations allowed by the Banking Act; (b) trust operations; (c) international banking operations; (d) overseas branch operations authorized by the respective foreign governments; and (e) other operations as authorized by the central authority.

CHB Insurance Agency Co., Ltd. ("CHB Insurance Agency") was established on October 3, 2001 to provide life insurance agent service.

CHB Insurance Brokerage Co., Ltd. ("CHB Insurance Brokerage") was established on April 7, 2003 to provide property insurance broker service.

Taishin Securities B originally named Donshin Securities was incorporated on January 15, 1990 and its operations include services dealing with futures, securities underwriting, brokerage, margin lending and security transfer services.

Taishin Asset Management Co., Ltd. ("Taishin AMC") was established on August 14, 2002 in accordance with the Company Law and other related laws. Taishin AMC's operations include acquisition, evaluation, auction, and management of delinquent loans.

Taishin Venture Capital Co., Ltd. ("Taishin Venture Capital") was approved to establish on December 25, 2002. Its operations include engagement in investment start-up.

Taishin Financial Leasing (China) Co., Ltd. ("Taishin Financial Leasing (China)") was approved to establish on July 12, 2011 to provide financial leasing service.

Taishin Financial Leasing (Tianjin) Co., Ltd. ("Taishin Financial Leasing (Tianjin)") was approved to establish on March 1, 2012 to provide financial leasing service.

Taishin Securities Investment Advisory was established in March 1989 and its operations include accepting a mandate from a customer and providing analytical opinions or recommendations on securities investment, acting as an agent for investment consultancy of offshore funds, issuing publications or holding lectures about securities investment and other relevant business permitted by the competent authority.

Taishin Securities Investment Trust, approved by the Securities and Future Bureau, was established on May 31, 2004. Its operations include offering securities investment trust funds and issuing beneficial interest certificates and investing in or trading securities, securities-related products, or other items approved by the competent authority. In addition, Taishin Securities Investment Trust was approved to operate full fiduciary discretionary investment business in 2005.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Securities Issuers, and also International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the Financial Supervisory Commission ("FSC").

3. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 31, 2016.

4. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of IFRSs.

Rule No. 1030010325 and Rule No 1030006010 issued by the FSC, stipulated that Taishin Financial Holding and the entities it controls (collectively the "Group") should apply the 2013 version of IFRSs and the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Based on the Group's assessment, the initial application of the above 2013 IFRSs version and the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Securities Issuers did not have any material impact on the Group's accounting policies.

b. New IFRSs in issue but not yet adopted

On March 10, 2016, the FSC announced the scope 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 Group 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 Group has not applied the following New IFRSs issued by the IASB.

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
Amendments 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

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions for which the grant date is on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations for which the acquisition date is 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.

Except for the following, the impending initial application of the above "New IFRSs", whenever applied, would not have any material impact on the Group's accounting policies:

IFRS 9 "Financial Instruments"

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. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group'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:

1)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;

2)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 Group 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.

IFRS 9 requires impairment loss on financial assets to be 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 Group 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.

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 Group 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 Group 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. In the consolidated statements of comprehensive income, the Group 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.

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

When IFRS 16 becomes effective, the Group 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 Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In accordance with the "IFRSs Roadmap for Enterprises in the ROC" issued by the FSC, companies listed on the stock exchange market, over-the-counter market and emerging stock market and financial industry governed by the FSC adopted the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs in preparing financial statements since 2013. In addition, according to Rule No. 1030029342 and No. 1030010325 issued by the FSC, the Group applied 2013 IFRSs version and related modified Regulations Governing the Preparation of Financial Reports by Securities Issuers approved by the FSC since 2015.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair value (refer to the summary of accounting policies below). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The functional currency of Taishin Financial Holding is New Taiwan dollar. Thus, the consolidated financial statements are presented in New Taiwan dollars.

The Group categorized economic activities into operating, investing, and financing activities. The consolidated statements of cash flows reported the change of cash and cash equivalents in the current period based on operating, investing, and financing activities. Please refer to Note 7 for the components of cash and cash equivalents.

The cash flow of operating activities was reported by using indirect method. Under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flow because they are cost of obtaining financial resources.

When preparing the financial statements in accordance with the FSC-endorsed IFRSs, the Group has to make certain significant accounting assumptions and estimates based on professional judgments to determine its accounting policies. Change in assumptions may result in significant effects on financial report. The Group believes that the consolidated financial report was prepared based on appropriate assumptions. For items that required management's most difficult or complex judgments, or assumptions and estimates that significantly affect the financial statements, please refer to Note 6.

Classification of Current/Noncurrent Assets and Liabilities

Since the banking companies account for a substantial portion of the consolidated statements and because of banking business characteristics, classification of consolidated assets and liabilities according to the nature and the sequence of liquidity can provide more reliable and relevant information. Therefore, those assets and liabilities are not classified as current or noncurrent, but classified according to the nature and sequence of liquidity. In addition, maturity analysis of liabilities was disclosed in Note 46.

Basis of Consolidation

a. Principle of consolidated financial reports preparation

This consolidated financial report has included financial reports prepared by Taishin Financial Holding and entities controlled by Taishin Financial Holding.

The Group has control over its investees if it has all the following elements:

1)Power over the investee, voting or other rights.

2)Exposure, or rights, to variable returns from involvement with the investee;

3)The ability to use power over the investee to affect the amount of the investor's returns.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by Taishin Financial Holding.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Non-controlling interests are presented in the consolidated balance sheets within equity, separate from the equity of the owners of Taishin Financial Holding.

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests should be adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to Taishin Financial Holding.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities (i.e. reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 "Financial Instruments: Recognition and Measurement".

b. Business combinations

Only when business combinations are in conformity with IFRS 3 "Business Combinations" endorsed by the FSC can acquisitions of businesses be accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group and the equity interests issued by the Group, plus other expenses that could be directly attributed to the acquisition.

The identifiable assets acquired and the liabilities or contingent liabilities assumed as the result of business combinations are recognized at their fair value at the acquisition-date and it is not necessary to consider non-controlling interests.

Goodwill is measured as the excess of the sum of the consideration transferred over the net fair value amounts of the identifiable assets owned by the Group. If the net of the fair value amounts of the identifiable assets owned by the Group exceeds the sum of the consideration transferred, the excess is recognized immediately in profit or loss.

When the combinations do not meet the definition of "business combinations", the Group will allocate the acquisition costs over separate identifiable assets and liabilities. The recognition bases for assets and liabilities acquired are as follows:

1) Financial assets and liabilities are recognized at acquisition-date fair value, according to the IAS 39 "Financial Instruments: Recognition and Measurement" endorsed by the FSC.

2) The remaining amounts after deducting from the acquisition costs the recognition costs of financial assets and liabilities are allocated to other assets and liabilities based on the relative proportion of the acquisition-date fair value of the other assets and liabilities.

c. Subsidiaries included in the consolidated financial statements as of December 31, 2015 and 2014 were as follows:

		Ownership Interest (%)	
		December 31	
Investor	Subsidiary	2015	2014
Taishin Financial Holding	Taishin Bank	100.00%	100.00%
Taishin Financial Holding	Taishin Securities B	100.00%	100.00%
Taishin Financial Holding	Taishin AMC	100.00%	100.00%
Taishin Financial Holding	Taishin Venture Capital	100.00%	100.00%
Taishin Financial Holding	Taishin Securities Investment Advisory	92.00%	92.00%
Taishin Financial Holding	Taishin Securities Investment Trust	100.00%	100.00%
Taishin Financial Holding	Taishin Holdings Insurance Brokers	100.00%	100.00%
Taishin Bank	Taishin Real-Estate	60.00%	60.00%
Taishin Bank	Taishin Insurance Agency	87.40%	87.40%
Taishin Bank	Taishin D.A. Finance	100.00%	100.00%
Taishin AMC	Taishin Real-Estate	40.00%	40.00%
Taishin Insurance Agency	Taishin Insurance Brokers	100.00%	100.00%
Taishin Venture Capital	Taishin Financial Leasing (China)	100.00%	100.00%
Taishin Venture Capital	Taishin Financial Leasing (Tianjin)	100.00%	100.00%

Foreign Currencies

In preparing the financial statements of each individual Group entity, the currency of the primary economic environment in which the entity operates (the "functional currency") is used. Transactions in currencies other than the entity's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. When several exchange rates are available, the rate used is that at which the future cash flows, represented by the transaction amount or balance, could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise except items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective.

Exchange differences arising on the retranslation of non-monetary assets (such as equity investment) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy but different from the presentation currency are translated into the presentation currency using the following procedures:

a. Assets and liabilities are translated at the closing rate at the date of the consolidated balance sheets;

b. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used; and

c. All resulting exchange differences are recognized in other comprehensive income.

   Exchange differences arising from the above procedures are recognized as "Exchange differences from translation of foreign operation" in equity. Exchange differences arising from net investments in foreign operation and hedge of a monetary item regarded as part of the net investments are recognized as other comprehensive income. When the foreign operation or part of the foreign operation is disposed of, exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and translated at the closing rate.

Cash and Cash Equivalents

Cash and cash equivalents are cash in vault, cash in banks, short-term time deposits and short-term financial instruments that must be readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash and cash equivalents are cash and cash equivalents on the consolidated balance sheet, due from the Central Bank and call loans to banks and securities purchased under resell agreements that are in conformity with the definition of cash and cash equivalents in the IAS 7 endorsed by the FSC.

Investment in Associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Group uses the equity method to recognize the investment in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes its share in the changes in the equity of associates.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 36 "Impairment of Assets" endorsed by the FSC are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with FSC-endorsed IAS 36 "Impairment of Assets" endorsed by the FSC to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group’ consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property and Equipment

Property and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. Cost is capitalized when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their estimated useful lives, using the straight-line method. 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 in accordance with FSC-endorsed IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Assets held under finance leases are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are not owned by other corporations in the Group. Investment properties include office buildings or land held for operating lease.

The investment properties comprise a portion that is self-used by the Group and another portion that is held to earn rentals or for capital appreciation. If a portion of a property owned by the Group can be sold separately, the Group accounts for that portion separately. For self-used properties, the FSC-endorsed IAS 16 is adopted. Investment properties held to earn rentals or/and for capital appreciation are under the regulation of the FSC-endorsed IAS 40. If portions of a property can not be sold separately, the property is investment property only if an insignificant portion is held as self-used asset.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the asset. Any gain or loss arising on derecognition of the property is calculated as 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 property is derecognized.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets (Except Goodwill)

a. Intangible assets acquired separately

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 loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with FSC-endorsed IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

c. Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Impairment of Non-financial Assets (Except Goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and 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 of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that

would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Bonds and Securities Purchased/Sold under Specific Agreements

Bonds and securities purchased under resell agreements are recorded at purchase price and are accounted for as financing transactions. Bonds and securities sold under repurchase agreements are recorded at sale price. Interest revenue and expenses recognized from the transactions mentioned above are recorded on accrual basis.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity 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.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale 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. The categories of financial assets held by the Group are financial assets at fair value through profit or loss, held-to-maturity investment, available-for-sale financial assets and loans and receivables.

1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

a) It has been acquired principally for the purpose of selling it in the near term; or

b) On initial recognition it is part of a portfolio of identified financial instruments that a company manages together and has a recent actual pattern of short-term profit-taking; or

c) It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

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

b) 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.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss 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 and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 46.

2) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, or designates as available for sale, or meet the definition of loans and receivables.

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

3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Fair value is determined in the manner described in Note 46.

Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss that was previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment loss at the end of each reporting period and are recognized 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.

4) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including receivables, loans, delinquent loans and debt investments with no active market) are measured at amortized cost using the effective interest method, less

any impairment. In accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks" Rule No. 10 Item 7 and Item 10, if the effect of discount is insignificant, loans and receivables can be measured at their original amounts.

According to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, loans or other extensions of credit which are overdue but not repaid, and have been authorized by the board, shall be transferred to the non-accrual loans item together with interest accrued.

The non-accrual loans transferred from loans are reported under loan whereas those not transferred from loans are reported under other miscellaneous financial assets.

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 the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

1) Significant financial difficulty of the issuer or obligor;

2) A breach of contract, such as a default or delinquency in interest or principal payments;

3) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

4) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;

5) The disappearance of an active market for that financial asset because of financial difficulties; or

6) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group, including:

   a) Adverse changes in the payment status of borrowers in the group; or

   b) National or local economic conditions that correlate with defaults on the assets in the group.

For certain categories of financial assets, such as loans and receivables, assets are assessed for impairment on a collective basis even if they were assessed as not impaired individually.

If there is objective evidence that an impairment loss on financial asset carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The assessment procedures above classified loans in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans. Normal credit assets are classified as "Category One" and provided allowance for loss at 1% of the outstanding balance (excluding assets that represent claims against an ROC government agency). Loans other than "Category One" are classified into "special mentioned (Category Two)", "substandard (Category Three)", "doubtful (Category Four)" and "losses (Category Five)" based on the status of credit, the length of time overdue, and the status of the loan collaterals. Loss provision should be made at 2%, 10%, 50% and 100% for each loan category, respectively.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of 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.

The carrying amount of accounts receivable is reduced through the use of an allowance account. When accounts receivable 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 as bad debt in profit or loss.

For available-for-sale 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 available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss 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 and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss 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 carried at cost, the amount of 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. Such impairment loss will not be reversed in subsequent periods.

c. Derecognition of financial assets

The Group 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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and 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.

Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group'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 Group's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

1) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

a) It has been acquired principally for the purpose of repurchasing it in the near term; or

b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

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

b) 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.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend 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. However, in the case of avoiding an accounting mismatch or the amount of changes in fair value is due to loan commitment and financial guarantee contracts, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 46.

2) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the following and should be coped with based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans:

a) The amount of the obligation under the contract, as determined in accordance with FSC-endorsed IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

b) The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with FSC-endorsed IAS 18 the revenue recognition policies.

3) Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate issued by the Group are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

a) The amount of the obligation under the contract, as determined in accordance with FSC-endorsed IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

b) The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with FSC-endorsed IAS 18 the revenue recognition policies.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group' s obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

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 end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are recognized as host contracts and embedded derivative instruments, respectively, 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 fair value through profit or loss, unless the hybrid contracts are designated as assets or liabilities at fair value through profit or loss.

Financial Assets and Financial Liabilities Offsetting

Financial assets and financial liabilities are allowed to be offset and expressed in net amount in consolidated balance sheets when amounts to be offset are 1) objects of legally enforceable right to offset, and 2) objects of intended net settlement, i.e. liquidation of assets for discharge of liabilities.

Securities Trading Margin Purchase and Short Sale

Margin loans extended to customer by the Group conducting securities trading margin purchase and short sale business are recognized as securities margin loans receivable. Customers provide all the stocks purchased in trading margin operations as collaterals, which the Group records by using memorandum entries. Stocks are returned when customers pay back money.

Margins received from short selling customers by the Group conducting securities trading margin purchase and short sale business are recognized as short sale margins. In addition, short sale proceeds (less securities

transaction taxes, handling fees for execution of customer orders and short sale handling fees) received as collateral from short selling customers by the Group conducting securities trading margin purchase and short sale business are recognized as payable for short sale collateral received.

The interest on the payable for short sale collateral received and short sale margins under the preceding paragraph is accrued and paid to customers. The stocks lent to customers are recorded by using memorandum entries. Short sale margins and payable for short sale collateral received are reimbursed when customers return stocks.

Provisions, Contingent Liabilities and Contingent Assets

A provision shall be recognized when:

a. An entity has a present obligation (legal or constructive) as a result of a past event;

b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c. A reliable estimate can be made of the amount of the obligation.

The Group does not recognize provisions for future operating losses. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

Provisions are subsequently measured by the present value of the expected expenditures to settle the obligations. Discount rate is the pre-tax discount rate and is adjusted in time to reflect current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is:

a. A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or

b. A present obligation that arises from past events but is not recognized because:

   1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   2) The amount of the obligation cannot be measured with sufficient reliability.

The Group does not recognize a contingent liability but disclose it appropriately in accordance with related guidelines.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

Income Recognition

a. Interest income

Except for financial assets at FVTPL, interest income of all financial instruments is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognized in the consolidated statements of comprehensive income. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as income when collected. Interest income from securities trading margin purchase and short sale is accrued according to the terms stated in the financing and trading contract.

b. Service fee and commissions income

Service revenue and real estate management service revenue are recognized at once after providing loans or other services. If the service revenue belongs to several significant items, it is recognized when the significant items accomplished, such as the service revenue which the lead arranger bank of syndication loan received. If the service revenue is for further loan service and of significant amount, it is allocated during the period of the service or included in the base of calculation the effective interest rate of loans and receivables.

The Group's customer loyalty program provides customers with award credits, which are handled through diverse factors of revenue transactions. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the award credits and the other components of the sale. The consideration allocated to the award credits shall be measured by reference to their fair value, i.e. the amount for which the award credits could be sold separately. The consideration is not recognized as income in the initial sale and is deferred. The Group shall recognize the consideration allocated to award credits as income when award credits are redeemed and it fulfills its obligations to supply awards.

Brokerage commission is recognized on the trading day. Purchasing commission is recognized when the commission is received; underwriting commission is recognized at the completion of the underwriting contracts. The Group engages in futures introducing broker business and receives commission from its mandating futures commission merchants. The commission received is recognized as futures commission income in the consolidated statements of comprehensive income.

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.

a. The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rents arising under operating leases are recognized as income in the period in which they are realized.

Lease incentives included 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 unless another systematic basis is more representative of the time pattern over which the benefit of the leased asset is diminished.

b. The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Minimum lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rents are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

c. Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

Employee Benefits

a. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Net defined benefit liability (asset) remeasurement comprises 1) actuarial gains and losses on the defined benefit obligation; 2) return on plan assets, excluding the net interest on the net defined benefit liability (asset); and 3) any changes in the effect of the limit involving surplus in a defined benefit plan, excluding the net interest on the net defined benefit liability (asset). Moreover, the net defined benefit liability (asset) remeasurements are recognized in other comprehensive income; these remeasurements should be transferred immediately to retained earnings, and will not be reclassified to profit or loss. Significant unrecognized past service cost is immediately recognized retrospectively in profit or loss. If the defined benefit retirement plan is curtailed or settled, the gain or loss on curtailment or settlement is recognized.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

b. High-yield savings account for employee

The Group provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

According to the "Regulations Governing the Preparation of Financial Reports by Public Banks" Rule No. 30, the premium interest resulting from the yield between the premium rate and the general market rate shall immediately be actuarially calculated based on the FSC-endorsed IAS 19 when employees retire. However, if there are authorized regulations from the government regarding the actuarial assumption parameters, the regulations shall prevail.

Share-based Payment Arrangements

Equity-settled share-based payment

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

The grant date of employee share options, which are reserved when the Company issues new shares, is the date when the number of employee subscription is confirmed. The Company recognized an expense and capital surplus at the fair value of the share options determined at the grant date.

Cash-settled share-based payment

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. Deferred 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. Land revaluation increment tax accrued from the Group's land revaluation increment in accordance with related regulations is a taxable temporary difference and shall be recognized as a deferred tax liability. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred tax asset shall be recognized for the unused loss carryforward and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

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 that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

The Group does not offset deferred tax assets and deferred tax liabilities from different taxation authorities.

c. Current and deferred tax for the period

Current tax and deferred tax 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 tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

d. Taishin Financial Holding and its more than 90% owned subsidiaries adopt the linked-tax system for tax filings. Differences between current and deferred income tax expenses on consolidated entity basis and those on nonconsolidated entity basis are adjusted in Taishin Financial Holding's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's accounting policies, accounting assumptions and estimates have significant impact on the consolidated financial statements. Accordingly, the management exercised appropriate professional judgment in the preparation of the consolidated financial statements.

The assumptions and estimates involve significant risks that significant adjustments might result in changes in the carrying amounts of assets and liabilities in the next fiscal year. The assumptions and estimates made were the best estimates based on the FSC-endorsed IFRSs. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The accounting policies and management's judgment that could have significant impact on the consolidated financial statements were as follows:

a. Impairment of loans

Occurrence of objective evidence of impairment loss on loans will impact the assumptions on cash flows. The amount of impairment loss is measured as the difference between the asset' s carrying amount and the present value of estimated future cash flows (excluding future credit loss that had not yet happened) discounted at its original effective interest rate.

As of December 31, 2015 and 2014, the carrying amounts of loans are illustrated in Note 12.

b. Income taxes

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

c. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The calculation of value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

d. Retirement benefit costs

The present value of retirement benefit obligations is calculated based on actuarial results using many assumptions. Any change in these assumptions will affect the carrying amount of retirement benefit obligations.

The assumptions in determining the net pension cost (revenue) include discount rates. In order to determine appropriate discount rates, rates of high-quality corporate bonds or government bonds are taken into consideration. The currency to pay retirement benefits is the same as that of the corporate bonds or government bonds. And the maturity of the corporate bonds or government bonds should be the same as the period of pension liability.

7. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Cash on hand	$ 8,413,180	$ 8,032,043
Checks for clearing	715,279	1,286,900
Due from banks	9,942,180	10,692,268
Others	3,179,824	3,078,056
	$ 22,250,463	$ 23,089,267

Due from banks include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

8. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	December 31	
	2015	2014
Deposit reserve in the Central Bank		
Reserve for checking account	$ 7,524,570	$ 9,948,292
Reserve for demand account	24,032,745	22,082,660
Reserve for foreign deposit	113,238	45,632
Deposit transferred to the Central Bank	17,418	24,478
	31,687,971	32,101,062
Call loans to other banks	14,152,621	1,395,592
Interbank clearing fund	1,000,309	1,000,202
	$ 46,840,901	$ 34,496,856

9. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	2014
Financial assets held for trading		
Derivative instrument		
Futures	$ 76,820	$ 32,230
Forward exchange contracts	3,081,180	1,039,905
Currency swaps	15,829,491	13,039,142
Cross-currency swaps	661,506	271,212
Foreign-exchange options	14,422,955	15,463,774
Equity-linked options	4,543	14,003
Interest rate swaps	14,111,708	5,170,598
Equity-linked swaps	323,238	167,485
Credit default swaps	-	2,117
Commodity price swaps	30,932	32,395
Commodity options	9,468	-
Non-derivative financial assets		
Investment in bills	25,117,908	20,863,757
Domestic and overseas stocks and beneficiary certificates	656,322	664,974
Government bonds	38,788,944	19,342,768
Corporate bonds, bank debentures and other bonds	4,450,906	5,142,550
Trading securities		
Dealing	1,168,105	1,035,498
Underwriting	719,651	1,011,619
Hedging	288,573	-
Financial assets at FVTPL	$ 119,742,250	$ 83,294,027
Financial liabilities held for trading		
Derivative instrument		
Futures	$ 2,213	$ -
Forward exchange contracts	2,887,870	1,084,756
Currency swaps	16,436,370	12,376,763
Cross-currency swaps	645,797	129,639
Foreign-exchange options	14,785,472	15,585,514
Commodity options	9,431	-
Equity-linked options	171,662	249,633
Interest rate swaps	14,590,020	5,293,212
Equity-linked swaps	323,161	167,485
Credit default swaps	-	2,117
Commodity price swaps	31,197	32,395
Liabilities for issuance of call (put) warrants, net	32,601	-
Financial liabilities at FVTPL	$ 49,915,794	$ 34,921,514

a. Taishin Bank engaged in various derivative instruments in the years ended December 31, 2015 and 2014 to fulfill customers' needs, as well as to manage Taishin Bank's asset and liability positions and risk.

b. Please refer to Note 48 for information relating to financial assets at FVTPL pledged as collaterals.

c. The nominal principal amounts of outstanding derivative contracts were as follows:

	December 31	
	2015	2014
Futures	$ 978,350	$ -
Forward exchange contracts	223,288,630	154,967,460
Currency swaps	1,326,457,441	912,663,350
Cross-currency swaps	27,517,129	10,158,903
Foreign-exchange options	834,915,748	1,704,576,911
Interest rate options	1,328,000	80,000
Equity-linked options	3,948,300	4,242,714
Commodity options	690,114	-
Interest rate swaps	689,859,436	696,707,298
Equity-linked swaps	2,059,884	1,205,362
Credit default swaps	-	1,193,440
Commodity price swaps	157,288	528,982
Fixed rate commercial papers	9,200,000	10,050,000

d. Details of call (put) warrants and fair value of repurchased call (put) warrants were as follows:

	December 31	
	2015	2014
Call (put) warrants issued	$ 1,379,725	$ -
Less: Gain on change in fair value	(773,660)	-
	606,065	-
Repurchased call (put) warrants	1,016,299	-
Less: Loss on change in fair value	(442,835)	-
	573,464	-
Net call (put) warrants issued	$ 32,601	$ -

The call (put) warrants which were issued by Taishin Securities, are exercisable within six to eight months from the date listed on market and will be settled in cash or in securities by Taishin Securities' choice.

The fair value of call (put) warrants was accounted by the closing price on the last transaction day of the year ended December 31, 2015.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2015	2014
Investment in bills	$ 182,544,058	$ 153,767,268
Domestic and overseas stocks	2,310,270	468,660
Beneficiary certificates	850,376	2,772,906
Government bonds	48,581,490	49,241,924
Corporate bonds	27,707,263	18,729,980
Bank debentures	26,236,698	17,602,156
Beneficiary's securities	1,894,655	1,666,159
	$ 290,124,810	$ 244,249,053

a. Please refer to Note 46 (financial instrument) for the determination of fair values of available-for-sale financial assets.

b. Taishin Bank invested in asset securitization commodity of non-subsidiary interests in structured entities in the aggregate amount of $1,894,655 thousand as of December 31, 2015. The funds used were provided by Taishin Bank and third parties. The objective of Taishin Bank's investment is to generate investment interests. The maximum amount of exposure can equal the carrying amount of the assets held. Taishin Bank did not offer any financial support relative to the asset securitization commodity of non-subsidiary interests in structured entities for the year ended December 31, 2015.

c. Please refer to Note 48 for information relating to available-for-sale financial assets pledged as collaterals.

11. RECEIVABLES

	December 31	
	2015	2014
Notes and accounts receivable	$ 67,751,724	$ 61,527,789
Credit card receivable	36,789,967	35,401,568
Interest receivable	2,824,298	2,589,547
Revenue receivable	186,186	182,955
Securities margin loans receivable	1,340,040	1,034,119
Other receivables	1,422,606	2,235,757
Adjustment for discount	(2,240,301)	(1,526,727)
	108,074,520	101,445,008
Less: Allowance for receivables	(3,355,902)	(1,134,591)
	$ 104,718,618	$ 100,310,417

Please refer to Note 12 for the movements of allowance for receivables.

12. LOANS

a. The details of loans were as follows:

	December 31	
	2015	2014
Negotiated	$ 1,971,855	$ 2,063,231
Overdrafts	1,016,939	1,994,749
Discounts	5,132	-
Short-term loans	193,167,913	196,631,039
Medium-term loans	279,863,197	264,949,399
Long-term loans	369,852,085	349,912,676
Delinquent loans	1,368,841	1,556,319
Adjustment for discount	(661,515)	(533,641)
	846,584,447	816,573,772
Less: Allowance for loan losses	(11,979,102)	(10,821,043)
	$ 834,605,345	$ 805,752,729

b. Movements of allowance for loan losses were as follows:

	For the Year Ended December 31, 2015			
	Receivables	Loans	Other Miscellaneous Financial Assets	Total
Balance, January 1, 2015	$ 1,134,591	$ 10,821,043	$ 194,413	$ 12,150,047
Provision for (reversal of) loan losses	2,508,607	487,747	(120,675)	2,875,679
Loans written off	(322,952)	(1,123,750)	(419,754)	(1,866,456)
Recovery of loans written off	38,193	1,794,062	497,621	2,329,876
Exchange differences and others	(2,537)	-	-	(2,537)
Balance, December 31, 2015	3,355,902	11,979,102	151,605	$ 15,486,609

	For the Year Ended December 31, 2014			
	Receivables	Loans	Other Miscellaneous Financial Assets	Total
Balance, January 1, 2014	1,422,341	22,580,509	543,208	$ 24,546,058
Provision for (reversal of) loan losses	116,991	(501,345)	(593,796)	(978,150)
Loans written off	(33,180)	(914,293)	(270,876)	(1,218,349)
Recovery of loans written off	5,720	3,815,372	557,103	4,378,195
Exchange differences and others	(79,965)	45,200	-	(34,765)
Combined individual effects	(297,316)	(14,204,400)	(41,226)	(14,542,942)
Balance, December 31, 2014	$ 1,134,591	$ 10,821,043	$ 194,413	$ 12,150,047

c. Details of reversed allowance for loan losses and liability guarantee provisions for 2015 and 2014 were as follows:

	2015	2014
Provision for (reversal of) allowance for losses of receivables, loans and other miscellaneous financial assets	$ 2,875,679	($ 978,150)
(Reversal of) provision for loss on guarantees	(57,595)	227,895
	$ 2,818,084	($ 750,255)

d. Details of assessed impairment of receivables (including other miscellaneous financial assets) and loans were as follows:

Receivables (including other miscellaneous financial assets)

Item		Total Receivable	
		December 31, 2015	December 31, 2014
Objective evidence of impairment	Individual assessment of impairment	$ 3,643,461	$ 950,184
	Combined assessment of impairment	3,165,100	3,357,999
Nonobjective evidence of impairment	Combined assessment of impairment	103,825,734	99,029,380
Total		$ 110,634,295	$ 103,337,563

Item		Total Receivable	
		December 31, 2015	December 31, 2014
Objective evidence of impairment	Individual assessment of impairment	$ 2,893,793	$ 777,140
	Combined assessment of impairment	369,842	356,060
Nonobjective evidence of impairment	Combined assessment of impairment	243,872	195,804
Total		$ 3,507,507	$ 1,329,004

Note: The amount of receivable did not include the amount of allowance for receivables and the amount of adjustment for discount (premium).

Loans

Item		Total Receivable	
		December 31, 2015	December 31, 2014
Objective evidence of impairment	Individual assessment of impairment	$ 5,296,537	$ 7,206,816
	Combined assessment of impairment	9,162,987	9,688,148
Nonobjective evidence of impairment	Combined assessment of impairment	832,786,438	800,212,449
Total		$ 847,245,962	$ 817,107,413

Item		Total Receivable	
		December 31, 2015	December 31, 2014
Objective evidence of impairment	Individual assessment of impairment	$ 4,160,937	$ 3,912,389
	Combined assessment of impairment	2,884,399	2,406,513
Nonobjective evidence of impairment	Combined assessment of impairment	4,933,766	4,502,141
Total		$ 11,979,102	$ 10,821,043

Note: The amount of loans did not include the amount of allowance for loan losses and adjustment for discount (premium).

13. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2015	2014
Government bonds	$ 5,110	$ 2,540

Please refer to Note 48 for information relating to held-to-maturity financial assets pledged as collaterals.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a. The Group's associates and joint ventures accounted for using the equity method were listed below:

	December 31			
	2015		2014	
	Carrying Value	Ownership Interest and Voting Rights (%)	Carrying Value	Ownership Interest and Voting Rights (%)
Listed company				
Chang Hwa Bank	$ 34,909,121	22.81	$ 32,575,808	22.81
Unlisted shares				
An Hsin Real-Estate Management Co., Ltd. (“An Hsin Real-Estate”)	77,053	30.00	85,176	30.00
	$ 34,986,174		$ 32,660,984	

Fair value of investment in associate for which there are published price quotation are summarized as follows based on the closing price of the investment at the balance sheet date:

	December 31	
	2015	2014
Chang Hwa Bank	$ 30,289,649	$ 32,725,586

Please refer to Note 42 for information relating to the losing of control of Chang Hwa Bank.

The summarized financial information in respect of the Group's associates was set out below:

	December 31	
	2015	2014
Total assets	$ 1,907,328,573	$ 1,816,836,245
Total liabilities	$ 1,777,597,759	$ 1,697,311,224

	For the Year Ended December 31, 2015	
	2015	2014
Net income	$ 11,689,419	$ 10,979,152
Other comprehensive income	$ 171,234	$ 590,026
Total comprehensive income	$ 11,860,653	$ 11,569,178

The Group received dividends from Chang Hwa Bank in the amounts of $360,613 thousand and $1,060,625 thousand for the years ended December 31, 2015 and 2014, respectively.

b. The reconciliation of the material associates' summarized financial information and the carrying amount of the Group's interest.

	December 31	
	2015	2014
Chang Hwa Bank's net assets	$ 129,474,959	$ 119,241,101
Percentage owned by the Group	22.81%	22.81%
Amount owned by the Group	29,535,706	27,201,168
Goodwill and other adjustments	5,373,415	5,374,640
Book value	$ 34,909,121	$ 32,575,808

c. The Group's equity-method investments were not pledged as collaterals as of December 31, 2015 and 2014.

15. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2015	2014
Domestic and overseas unlisted stocks	$ 2,711,186	$ 2,608,976
Classified according to financial asset measurement category		
Available-for-sale financial assets	$ 2,711,186	$ 2,608,976

Management believed that the fair value of the above unlisted equity investments held by the Group cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore, they were measured at cost less impairment at the end of reporting period.

The Group's domestic and overseas unlisted stocks were financial assets carried at cost, including investments in stocks of Kuen Ji Venture Capital Co., Ltd., Innostor Technology Corporation, CC Media Co., Ltd. and Solar PV Corporation. The investment value has been impaired and possibility of restoration was very small; thus, The Group had recognized impairment loss of $22,807 thousand and $25,735 thousand for 2015 and 2014, respectively.

Please refer to Note 48 for information relating to financial assets carried at cost pledged as collaterals.

16. INVESTMENTS IN DEBT INVESTMENTS WITHOUT ACTIVE MARKET

	December 31	
	2015	2014
Domestic unlisted preferred stocks	$ -	$ 300,000

The Group's investments in debt instrument without active market were preferred stocks issued by Taiwan High Speed Rail Corp. ("Taiwan High Speed Rail"). The Group recovered all the preferred stocks of $300,000 thousand on August 7, 2015.

17. OTHER MISCELLANEOUS FINANCIAL ASSETS

	December 31	
	2015	2014
Purchase credit receivables	$ 278	$ 31,648
Delinquent loans reclassified from other items (excluding loans)	319,196	334,180
Less: Allowance for bad debt	(151,605)	(194,413)
Time deposit with original maturity more than 3 months	7,997,644	8,860,830
Gold account	197,789	189,983
	$ 8,363,302	$ 9,222,228

Please refer to Note 12 for the movements of allowance for other miscellaneous financial assets. Please refer to Note 48 for the information relating to time deposit with original maturity more than 3 months pledged as collaterals.

18. INVESTMENT PROPERTY

	December 31	
	2015	2014
Investment property		
Land	$ 600,964	$ 619,716
Buildings		
Cost	336,952	340,277
Accumulated depreciation	(46,135)	(37,638)
	290,817	302,639
	$ 891,781	$ 922,355

	Land	Buildings	Total
Cost			
Balance, January 1, 2015	$ 619,716	$ 340,277	$ 959,993
Disposals	(18,752)	(3,325)	(22,077)
Balance, December 31, 2015	$ 600,964	$ 336,952	$ 937,916
Balance, January 1, 2014	$ 11,323,944	$ 777,405	$ 12,101,349
Additions	-	133	133
Disposals	(60,000)	-	(60,000)
Combined individual effects	(10,724,896)	(439,008)	(11,163,904)
Reclassification	80,668	1,747	82,415
Balance, December 31, 2014	$ 619,716	$ 340,277	$ 959,993
Accumulated depreciation			
Balance, January 1, 2015	$ -	$ 37,638	$ 37,638
Depreciation	-	9,796	9,796
Disposals	-	(1,299)	(1,299)
Balance, December 31, 2015	$ -	$ 46,135	$ 46,135
Balance, January 1, 2014	$ -	$ 292,829	$ 292,829
Depreciation	-	15,892	15,892
Combined individual effects	-	(272,770)	(272,770)
Reclassification	-	1,687	1,687
Balance, December 31, 2014	$ -	$ 37,638	$ 37,638

The investment properties held by the Group are depreciated over the following estimated useful lives using the straight-line method.

Buildings	12-46 years

The rental incomes and direct operating expenses generated by the investment properties for 2015 and 2014 were as follows:

	For the Year Ended December 31, 2015	
	2015	2014
Rental income	$ 29,694	$ 192,687
Direct operating expenses of investment properties that generated rental income	$ 8,921	$ 80,218
Direct operating expenses of investment properties that did not generate rental income	3,010	2,776
	$ 11,931	$ 82,994

The fair values of the Group's investment properties as of December 31, 2015 and 2014 were $1,244,552 thousand and $1,223,055 thousand, respectively. The fair values were determined by the Group's management based on the valuation models measured by the third level input value generally used by the market participants.

19. PROPERTY AND EQUIPMENT

	December 31	
	2015	2014
Land	$ 10,983,239	$ 10,983,239
Buildings	5,389,314	5,565,137
Machinery equipment	1,342,353	978,342
Transportation equipment	80,367	58,810
Miscellaneous equipment	70,248	75,145
Leasehold improvement	276,561	243,515
Prepayments for buildings, equipment and property under construction	92,616	54,635
	$ 18,234,698	$ 17,958,823

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Leased Assets	Prepayment for Buildings, Equipment and Property under Construction	Total
Cost									
Balance, January 1, 2015	$ 10,983,239	$ 7,812,859	$ 1,657,443	$ 91,659	$ 126,559	$ 453,964	$ -	$ 54,635	$ 21,180,358
Additions	-	22,051	679,763	40,027	27,850	72,408	-	144,219	986,318
Disposals	-	(22,742)	(157,485)	(376)	(11,453)	(79,323)	-	-	(271,379)
Reclassification	-	30,265	20,095	-	(14,692)	70,283	-	(106,238)	(287)
Effect of foreign currency exchange differences	-	-	(960)	-	-	(718)	-	-	(1,678)
Balance, December 31, 2015	$ 10,983,239	$ 7,842,433	$ 2,198,856	$ 131,310	$ 128,264	$ 516,614	$ -	$ 92,616	$ 21,893,332
Balance, January 1, 2014	$ 28,296,400	$ 16,604,699	$ 6,639,065	$ 640,062	$ 1,548,916	$ 1,237,817	$ 168,860	$ 60,362	$ 55,196,181
Additions	-	83,259	722,868	34,588	59,887	91,018	-	163,701	1,155,321
Disposals	-	(45,140)	(347,327)	(33,338)	(27,189)	(53,134)	-	-	(506,128)
Reclassification	(80,668)	12,216	93,833	47	4,528	78,120	-	(113,570)	(5,494)
Combined individual effects	(17,232,493)	(8,842,175)	(5,473,120)	(550,080)	(1,458,248)	(904,311)	(168,860)	(55,858)	(34,685,145)
Effect of foreign currency exchange differences	-	-	22,124	380	(1,335)	4,454	-	-	25,623
Balance, December 31, 2014	$ 10,983,239	$ 7,812,859	$ 1,657,443	$ 91,659	$ 126,559	$ 453,964	$ -	$ 54,635	$ 21,180,358
Accumulated depreciation									
Balance, January 1, 2015	$ -	$ 2,247,722	$ 679,101	$ 32,849	$ 51,414	$ 210,449	$ -	$ -	$ 3,221,535
Depreciation	-	228,139	331,712	18,466	21,270	108,821	-	-	708,408
Disposals	-	(22,742)	(157,136)	(372)	(11,348)	(78,835)	-	-	(270,433)
Reclassification	-	-	3,320	-	(3,320)	-	-	-	-
Effect of foreign currency exchange differences	-	-	(494)	-	-	(382)	-	-	(876)
Balance, December 31, 2015	$ -	$ 2,453,119	$ 856,503	$ 50,943	$ 58,016	$ 240,053	$ -	$ -	$ 3,658,634
Balance, January 1, 2014	$ -	$ 5,717,454	$ 5,229,032	$ 486,626	$ 1,320,871	$ 861,042	$ 50,489	$ -	$ 13,665,514
Depreciation	-	381,195	513,575	40,147	64,111	139,008	17,199	-	1,155,235
Disposals	-	(44,025)	(344,986)	(33,200)	(26,768)	(49,589)	-	-	(498,568)
Combined individual effects	-	(3,806,902)	(4,719,918)	(461,038)	(1,307,343)	(741,230)	(67,688)	-	(11,104,119)
Effect of foreign currency exchange differences	-	-	1,398	314	543	1,218	-	-	3,473
Balance, December 31, 2014	$ -	$ 2,247,722	$ 679,101	$ 32,849	$ 51,414	$ 210,449	$ -	$ -	$ 3,221,535

The above items of property and equipment are depreciated on a straight-line basis at the following estimated useful lives.

Buildings	37-56 years
Machinery equipment	2-9 years
Transportation equipment	4-6 years
Miscellaneous equipment	3-6 years
Leasehold improvements	1-6 years

20. INTANGIBLE ASSETS

	December 31	
	2015	2014
Goodwill	$ 1,581,761	$ 1,581,761
Intangible assets - customer value	6,504	31,034
Intangible assets - computer software	433,736	385,758
Intangible assets - concession	-	3,444
	$ 2,022,001	$ 2,001,997

	Goodwill	Customer Value	Computer Software	Concession	Total
Balance, January 1, 2015	$ 1,581,761	$ 31,034	$ 385,758	$ 3,444	$ 2,001,997
Additions	-	-	201,737		201,737
Amortization	-	(24,530)	(153,518)	(3,444)	(181,492)
Effect of foreign currency exchange differences	-	-	(241)	-	(241)
Balance, December 31, 2015	$ 1,581,761	$ 6,504	$ 433,736	$ -	$ 2,022,001
Balance, January 1, 2014	$ 21,012,047	$ 167,726	$ 366,635	$ 17,220	$ 21,563,628
Additions	-	-	720,408	-	720,408
Amortization	-	(136,692)	(237,964)	(13,776)	(388,432)
Reclassification	-	-	14,127	-	14,127
Combined individual effects	(19,430,286)	-	(478,276)	-	(19,908,562)
Effect of foreign currency exchange differences	-	-	828	-	828
Balance, December 31, 2014	$ 1,581,761	$ 31,034	$ 385,758	$ 3,444	$ 2,001,997

(Concluded)

Goodwill

Taishin Bank merged with Dah An Bank through a share swap in February 2002, in which Taishin Bank issued new shares to acquire the total assets and liabilities of Dah An Bank. The difference between the fair value of the new shares issued by Taishin Bank and the fair value of net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2015 and 2014 was all $884,938 thousand with no material impairment loss noted.

Taishin AMC acquired 40% ownership of Taishin Real-Estate in April 2003. The difference between the purchase price and the net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2015 and 2014 was all $4,187 thousand.

Taishin Bank acquired the net assets of the 10th Credit Cooperative of Hsin-Chu in October 2004. The acquisition price in excess of the net assets of 10th Credit Cooperative of Hsin-Chu was recognized as goodwill. The unamortized amount as of December 31, 2015 and 2014 was all $267,336 thousand.

Taishin Securities Investment Trust merged with IBT Securities Investment Trust Co., Ltd. on December 18, 2010, in which Taishin Securities Investment Trust acquired the total assets and liabilities of IBT Securities Investment Trust Co., Ltd. The difference between the purchase price and the net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2015 and 2014 was all $425,300 thousand.

Intangible Assets - Customer Value

To increase the number of customers, credit card usage, revolving balance, and increase profits by enhancing the operation efficiency, Taishin Bank acquired the net assets of Chinfon Ban's credit card business valued at $3,425,031 thousand and the related customer value stated at $672,969 thousand as of the base date, March 6, 2010 for the price of $4,098,000 thousand. The customer value recognized as intangible asset was amortized; the amount of monthly amortization was $11,216 thousand and the unamortized amount was $0 thousand and $22,435 thousand as of December 31, 2015 and 2014, respectively.

Taishin Securities Investment Trust acquired all the net assets of IBT Securities Investment Trust Co., Ltd., and the related customer value that amounted to $16,994 thousand as of the base date, December 18, 2010. The amount of monthly amortization was $175 thousand and the unamortized amount was $6,504 thousand and $8,599 thousand as of December 31, 2015 and 2014, respectively.

Intangible Assets - Concession

To maintain the framework of Taishin Financial Holding, it acquired 100% equity interest of Taishin Securities B and the related concession amounted to $68,881 thousand in 2010. The concession value recognized as intangible asset was amortized; the amount of monthly amortization was $1,148 thousand and the unamortized amounts were zero and $3,444 thousand as of December 31, 2015 and 2014, respectively.

21. OTHER ASSETS, NET

	December 31	
	2015	2014
Prepayments	$ 689,675	$ 590,154
Refundable deposits	25,906,137	19,471,891
Operating guarantee deposits and settlement funds	154,664	153,614
Collaterals, net	439,161	439,160
Less: Accumulated impairment	(19,142)	(19,142)
Others	677,096	666,065
	$ 27,847,591	$ 21,301,742

Operating Guarantee Deposits

Taishin Securities B

As stipulated in the Regulations Governing Securities Firms, underwriters, dealers, and brokers should provide $40 million, $10 million, $50 million, respectively, and $5 million for each additional branch in the form of cash, government bonds, or financial debentures as operating deposits to be placed in designated banks. Taishin Securities A and Taishin Securities B should also provide $50 million each as operating deposits in accordance with the Regulation Governing Margins and Stock Loans by Securities Firms.

As stipulated in the Regulations Governing the Operation of Futures Introducing Broker Business by Securities Firms, the head office of a futures advisory firm should provide operating deposits of $10 million for its operations and $5 million for each of its branches.

As of December 31, 2015 and 2014, the operating deposits were $180,000 thousand and $190,000 thousand, respectively.

Taishin Securities Investment Trust and Taishin Securities Investment Advisory

As stipulated in the Regulation Governing the Conduct of Discretionary Investment Business by Securities Investment Trust Enterprises (SITE) and Securities Investment Consulting Enterprises (SICE) Article 10, a SITE or a SICE shall make an operating deposit of $5 million where the paid-in capital of a SITE or a SICE is $300 million or more. Taishin Securities Investment Trust made an additional operating deposit of $25 million based on Rule No. 09700189766 issued by the FSC on May 12, 2008. In addition, as stipulated in the Regulations Governing Offshore Funds Article 10, $30 million and $50 million of operating deposits should be made by Taishin Securities Investment Trust and Taishin Securities Investment Advisory as representatives of funds managed by one and two offshore fund managers, respectively. In conducting the business of selling offshore funds, Taishin Securities Investment Trust should make operating deposits of $20 million. The operating deposits shall be in cash, bank deposits, government bonds or financial deposits and shall be placed in designated one financial institution.

Settlement Funds

Taishin Securities B

As stipulated in the Regulations Governing Securities Firms, all brokers should place $15 million as settlement funds with the Taiwan Stock Exchange before starting trading transactions in the first year of trading and contribute a certain percentage of the transaction amounts to the fund within 10 days after the end of each quarter. In the second year, the settlement funds need to reach only $3.5 million, including the previous year's contribution. If the funds accumulated until the previous year are more or less than $3.5 million, the brokers can claim a refund from the Taiwan Stock Exchange or submit the shortage, respectively, at the end of January each year. Taishin Securities B has allocated adequate funds based on Rules Governing Securities Firms.

All dealers are required to deposit $5 million as settlement fund to the Taiwan Stock Exchange before starting trading activities. Taishin Securities B has allocated adequate funds based on Rules Governing Securities Firms.

Securities firms are required to deposit $3 million as settlement fund to the Taiwan Stock Exchange before each additional branch starts trading operations, and this deposit will be reduced to $0.5 million from the second year. Taishin Securities B has allocated adequate funds based on Rules Governing Securities Firms.

As stipulated in GTSM Rules Governing Settlement Funds in the Joint Liability System, except for the $3 million deposited from headquarters, the brokers should continually provide settlement funds based on a specified percentage of the executed value of OTC-listed securities which were traded through GTSM.

As stipulated in GTSM Rules Governing Settlement Reserve in the Electronic Bond Trading System, the headquarters should provide minimum amount of reserve in cash for the participation in the Electronic Bond Trading System.

As of December 31, 2015 and 2014, the settlement funds were $36,868 thousand and $31,922 thousand, respectively.

22. DUE TO CENTRAL BANK AND BANKS

	December 31	
	2015	2014
Due to other banks	$ 72,404	$ 106,330
Deposits transferred from the Postal Bureau	28,965,266	29,973,580
Call loans from other banks	34,517,789	25,226,365
Bank overdraft	1,134,419	697,573
	$ 64,689,878	$ 56,003,848

23. COMMERCIAL PAPER ISSUED

Guarantee or acceptance institution	December 31 2015	December 31 2014
China Bills Finance	$ 30,000	$ 50,000
Ta Ching Bills Finance	260,000	50,000
International Bills Finance	279,000	50,000
Grand Bills Finance	100,000	100,000
Taiwan Bills Finance	-	50,000
Mega Bills Finance	210,000	50,000
E.Sun Bank	-	100,000
Industrial Bank of Taiwan	-	150,000
The shanghai Commercial & Savings Bank	-	50,000
Union Bills Finance	735,000	-
Sunny Bills Finance	1,060,000	-
Less: Discounts on commercial paper issued	(1,260)	(611)
	$ 2,672,740	$ 649,389

As of December 31, 2015 and 2014, the interest rates for commercial paper issued were 0.40%-2.00% and 1.401%-1.700%.

24. PAYABLES

	December 31 2015	December 31 2014
Notes and accounts payable	$ 11,170,536	$ 10,262,290
Accrued expenses	4,705,010	4,630,602
Interest payable	2,374,299	2,345,663
Check for clearance payable	693,633	1,272,159
Other tax payable	335,217	333,430
Collection payable	412,263	535,162
Other payables	1,424,189	3,219,352
	$ 21,115,147	$ 22,598,658

25. DEPOSITS AND REMITTANCES

	December 31 2015	December 31 2014
Checking deposits	$ 5,035,680	$ 5,744,671
Demand deposits	221,606,174	180,852,961
Time deposits	297,701,069	294,117,743
Negotiable certificates of deposit	1,010,074	1,482,838
Savings deposits	514,215,958	482,482,371
Remittances	897,436	648,074
	$ 1,040,466,391	$ 965,328,658

26. BONDS PAYABLE

	December 31 2015	December 31 2014
Unsecured subordinated corporate bonds - par	$ 22,000,000	$ 22,000,000
Bank debentures	53,000,000	33,000,000
	$ 75,000,000	$ 55,000,000

Subordinated Corporate Bonds Issued By Taishin Financial Holding

To raise working capital and enhance financial structure, Taishin Financial Holding issued unsecured subordinated corporate bonds under SFB approval. Bond issue terms were as follows:

	December 31	
	2015	2014
Unsecured Subordinated Corporate Bonds - 2010 (I)	$ 5,300,000	$ 5,300,000
Unsecured Subordinated Corporate Bonds - 2010 (II)	2,700,000	2,700,000
Unsecured Subordinated Corporate Bonds - 2011 (I)	5,200,000	5,200,000
Unsecured Subordinated Corporate Bonds - 2011 (II)	1,800,000	1,800,000
Unsecured Subordinated Corporate Bonds - 2012 (I)	7,000,000	7,000,000
	$ 22,000,000	$ 22,000,000

a. Domestic Unsecured Subordinated Corporate Bonds - 2010 (I)

1) Issue amount: $5,300,000 thousand.

2) Denomination: $10,000 thousand.

3) Issue date: December 17, 2010.

4) Issue price: 100% of the principal amount of the bonds.

5) Maturity: 7 years from the issue date.

6) Coupon rate: 2.3% per annum.

7) Interest payment: Simple interest per annum from the issue date.

8) Redemption on maturity: In cash.

9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

b. Domestic Unsecured Subordinated Corporate Bonds - 2010 (II)

1) Issue amount: $2,700,000 thousand.

2) Denomination: $10,000 thousand.

3) Issue date: January 27, 2011.

4) Issue price: 100% of the principal amount of the bonds.

5) Maturity: 7 years from the issue date.

6) Coupon rate: "Floating rate of one-year time deposit of Chunghwa Post Co., Ltd." plus 0.70%.

7) Interest payment: Simple interest per annum from the issue date.

8) Redemption on maturity: In cash.

9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

c. Domestic Unsecured Subordinated Corporate Bonds - 2011 (I)

1) Issue amount: $5,200,000 thousand.

2) Denomination: $50,000 thousand.

3) Issue date: August 5, 2011.

4) Issue price: 100% of the principal amount of the bonds.

5) Maturity: 7 years from the issue date.

6) Coupon rate: 2.2% per annum.

7) Interest payment: Simple interest per annum from the issue date.

8) Redemption on maturity: In cash.

9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

d. Domestic Unsecured Subordinated Corporate Bonds - 2011 (II)

1) Issue amount: $1,800,000 thousand.

2) Denomination: $50,000 thousand.

3) Issue date: October 5, 2011.

4) Issue price: 100% of the principal amount of the bonds.

5) Maturity: 7 years from the issue date.

6) Coupon rate: 2.2% per annum.

7) Interest payment: Simple interest per annum from the issue date.

8) Redemption on maturity: In cash.

9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

e. Domestic Unsecured Subordinated Corporate Bonds - 2012 (I)

1) Issue amount: $7,000,000 thousand.

2) Denomination: $50,000 thousand.

3) Issue date: May 15, 2012.

4) Issue price: 100% of the principal amount of the bonds.

5) Maturity: 7 years from the issue date.

6) Coupon rate: 2.0% per annum.

7) Interest payment: Simple interest per annum from the issue date.

8) Redemption on maturity: In cash.

9) Other: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100%) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest of principal in extension period could be calculated at coupon rate).

Bank Debentures Issued by Taishin Bank

Taishin Bank has issued bank debentures to enhance its capital ratio and raise medium to long-term operating funds. Details of the bank debentures were as follows:

	December 31	
	2015	2014
Subordinated Bank Debentures - 2005 (II)	$ 3,300,000	$ 3,300,000
Subordinated Bank Debentures - 2010.04.12	10,000,000	10,000,000
Subordinated Bank Debentures - 2012 (I)	5,600,000	5,600,000
Subordinated Bank Debentures - 2012 (II)	6,100,000	6,100,000
Subordinated Bank Debentures - 2014 (I)	3,000,000	3,000,000
Subordinated Bank Debentures - 2014 (II)	2,000,000	2,000,000
Subordinated Bank Debentures - 2014 (III)	3,000,000	3,000,000
Subordinated Bank Debentures - 2015 (I)	9,100,000	-
Subordinated Bank Debentures - 2015 (II)	6,000,000	-
Subordinated Bank Debentures - 2015 (III)	4,900,000	-
	$ 53,000,000	$ 33,000,000

a. Taishin Bank made second issue of $3,300 million in subordinated bank debentures in 2005 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2005, second issue	2005.04.28	2017.04.28	12 years	$3,300 million	2.70% fixed interest rate from the first to the seventh year. From the eighth to twelfth year, if the holder does not exercise the put option, the rate will be Taishin Bank's interest rate for one-year time deposit plus 0.80%; if Taishin Bank does not exercise the redemption right, the rate will be Taishin Bank's interest rate for one-year time deposit plus 0.95%. The interest rate is recalculated annually.	$10 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date, unless the redemption or put option is exercised.

1) Put option and redemption policies:

On the seventh, eighth, ninth, tenth and eleventh anniversaries of the debentures issue, if the terms of exercising put option or redemption rights are satisfied, and if the holders exercise the put option or Taishin Bank exercises the redemption rights, the debentures will expire on current interest payment date. Taishin Bank will repay the holders at the principal value plus accrued interests.

2) Terms of exercising put option or redemption rights:

The rate is provided by the Central Bank on March 10, 2012, 2013, 2014, 2015 and 2016 at 10:30 a.m. If the rate is less than or equal to 1.85%, the holders can exercise the put option; if the rate is greater than 1.85%, Taishin Bank can exercise the redemption right.

3) Exercise of put option by the holders:

If the terms of exercising put option are satisfied and the holders plan to exercise the put option, holders should notify Taishin Bank in written form within ten days after the terms are satisfied.

4) Exercise of redemption right by Taishin Bank:

If the terms of exercising redemption right are satisfied and Taishin Bank plans to exercise the right, Taishin Bank should post it on major local newspapers within thirty days before current interest payment date.

b. Taishin Bank made first issue of $10,000 million in subordinated bank debentures on April 12, 2010 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2010.04.12	2017.04.12	7 years	$4,500 million	2.65% fixed rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2010.04.12	2017.04.12		$5,500 million	"Floating rate of one-year time deposit of Chunghwa Post Co., Ltd." posted on Central Bank's website at 10:30 a.m. of two business days prior to the interest calculation period plus 1.5%. The interest rate is recalculated annually.		

c. Taishin Bank made first issue of $5,600 million in subordinated bank debentures on October 19, 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2012.10.19	2019.10.19	7 years	$1,100 million	1.53% fixed rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2012.10.19	2022.10.19	10 years	$4,500 million	1.65% fixed rate		

d. Taishin Bank made second issue of $6,100 million in subordinated bank debentures on December 14, 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2012.12.14	2019.12.14	7 years	$3,800 million	1.53% fixed rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2012.12.14	2022.12.14	10 years	$2,300 million	1.65% fixed rate		

e. Taishin Bank made first issue of $3,000 million in unsecured, no-maturity, non-cumulative subordinated bank debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2014, first issue	2014.04.16	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	$3,000 million	4.10% fixed interest rate	$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. The debentures have no maturity.

1) Interest payment

Taishin Bank may not pay the interest if it had no earnings during the previous fiscal year and did not distribute common stock dividends. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, payment is allowed. The interest not paid should not be accumulated or deferred.

Taishin Bank shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

2) Redemption policy

After five years of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the debts may be redeemed earlier by Taishin Bank.

f. Taishin Bank made second issue of $2,000 million in unsecured, no-maturity, non-cumulative subordinated bank debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2014, second issue	2014.05.09	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	$2,000 million	4.10% fixed interest rate	$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. The debentures have no maturity.

1) Interest payment

Taishin Bank may not pay the interest if it had no earnings during the previous fiscal year and did not distribute common stock dividends. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, payment is allowed. The interest not paid should not be accumulated or deferred.

Taishin Bank shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

2) Redemption policy

After five years of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the debts may be redeemed earlier by Taishin Bank.

g. Taishin Bank made third issue of $3,000 million in unsecured subordinated bank debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2014, third issue	2014.05.16	2024.05.16	10 years	$3,000 million	1.95% fixed interest rate	$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Principal will be repaid on maturity date.

h. Taishin Bank made first issue of $9,100 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.6.10	2025.6.10	10 years	$4,250 million	2.15% fixed rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.6.10	2030.6.10	15 years	$4,850 million	2.45% fixed rate		

i. Taishin Bank made second issue of $6,000 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2015, second issue	2015.09.18	2027.9.18	12 years	$6,000 million	2.25% fixed interest rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.

j. Taishin Bank made third issue of $4,900 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.09.22	2025.09.22	10 years	$700 million	2.15% fixed interest rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.09.22	2030.09.22	15 years	$4,200 million	2.45% fixed interest rate		

27. OTHER BORROWINGS

	December 31	
	2015	2014
Short-term unsecured borrowings	$ 8,076,668	$ 5,999,223
Long-term borrowings	1,378,542	236,218
	$ 9,455,210	$ 6,235,441

As of December 31, 2015 and 2014, the interest rates on short-term unsecured borrowings ranged from 1.17% to 5.84% and from 0.97% to 6.72%, respectively.

As of December 31, 2015 and 2014, the interest rate of long-term borrowings ranged from 4.24% to 8.34% and 2.73% to 6.16%, respectively.

28. RESERVE FOR LIABILITIES

	December 31	
	2015	2014
Reserve for employee benefits (Note 31)	$ 574,699	$ 288,439
Reserve for guarantee liabilities	169,988	227,393
Other reserves	275,420	278,182
	$ 1,020,107	$ 794,014

	Reserve for Guarantee Liabilities	Other Reserves	Total
Balance, January 1, 2015	$ 227,393	$ 278,182	$ 505,575
Provision	(57,595)	252	(57,343)
Payment	-	(3,014)	(3,014)
Exchange differences	190	-	190
Balance, December 31, 2015	$ 169,988	$ 275,420	$ 445,408
			(Concluded)
Balance, January 1, 2014	$ 451,131	$ 308,089	$ 759,220
Provision	227,895	264	228,159
Transfers of reserve for guarantee liabilities	10,000	-	10,000
Payment	-	(30,171)	(30,171)
Combined individual effects	(462,207)	-	(462,207)
Exchange differences	574	-	574
Balance, December 31, 2014	$ 227,393	$ 278,182	$ 505,575

Referring to the result of the review of structured notes by the Association of Banks and based on other cases, Taishin Bank has provided reserve for compensation of consigned structured notes issued by international institutions.

29. OTHER FINANCIAL LIABILITIES

	December 31	
	2015	2014
Principal of structured products	$ 46,855,955	$ 51,892,631
Appropriations for loan fund	128,975	660,908
Gold account	195,196	190,730
	$ 47,180,126	$ 52,744,269

30. OTHER LIABILITIES

	December 31	
	2015	2014
Unearned revenue	$ 386,962	$ 383,901
Unearned interest	204,135	398,979
Guarantee deposits	551,182	407,691
Deferred income	1,039,144	1,060,065
Temporary credits	613,261	666,198
Others	66,914	68,232
	$ 2,861,598	$ 2,985,066

31. POST-EMPLOYMENT BENEFIT PLANS

Defined Contribution Plans

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Defined Benefit Plans

The Group also have defined benefit plan under the Labor Standards Law (the "LSL"). Under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of six months before retirement. The Group contributes amounts equal to 2% to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Group 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 Group is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Enforcement Rules of the Labor Pension Act, the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

	Valuation Date	
	December 31	
	2015	2014
Discount rate used in determining present values	1.375%~1.75%	1.625%~2.00%
Expected rate of salary increase	2.00%~3.25%	2.00%~3.00%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2015	2014
Current service cost	$ 22,625	$ 22,687
Interest cost	34,502	32,555
Expected return on plan assets	(29,916)	(29,117)
	$ 27,211	$ 26,125

Remeasurement of defined benefit plans (after-tax) recognized in other comprehensive loss for the years ended December 31, 2015 and 2014 was $243,952 thousand and $64,674 thousand, respectively. The cumulative amount of remeasurement of defined benefit plans recognized in other comprehensive loss as of December 31, 2015 and 2014 was $812,809 thousand and $568,857 thousand, respectively.

The amount included in the consolidated balance sheet arising from the Group's obligation in respect of its defined benefit plans was as follows:

	December 31	
	2015	2014
Present value of funded defined benefit obligation	($ 2,157,715)	($ 1,841,446)
Fair value of plan assets	1,610,702	1,575,097
Deficit	(547,013)	(266,349)
Prepaid pension cost	(27,686)	(22,090)
Net liability arising from defined benefit obligation	($ 574,699)	($ 288,439)

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31, 2015	
	2015	2014
Opening defined benefit obligation	$ 1,841,446	$ 1,743,909
Current service cost	22,625	22,688
Interest cost	34,502	32,555
Remeasurement		
Actuarial (gain) loss - changes in demographic assumptions	114,465	(32,063)
Actuarial (gain) loss - changes in financial assumptions	92,192	(1,626)
Actuarial (gain) loss - experience adjustments	100,513	118,184
Benefits paid	(48,028)	(42,201)
Closing defined benefit obligation	$ 2,157,715	$ 1,841,446

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31, 2015	
	2015	2014
Opening fair value of plan assets	$ 1,575,097	$ 1,538,499
Interest revenue	29,916	29,117
Remeasurement		
Expected return on plan assets	12,022	6,972
Contributions from the employer	41,695	41,933
Benefits paid	(48,028)	(41,424)
Closing fair value of plan assets	$ 1,610,702	$ 1,575,097

For information about the categories and percentages, etc. of the composition of the fair value of plan assets as of December 31, 2015 and 2014, please refer to the authorities' public information about Labor Pension Funds.

As of December 31, 2015, the significant actuarial assumptions used in the sensitivity analysis of the present value of the defined benefit obligation were as follows:

	Impact on the Present Value of the Defined Obligation		
	Change in Actuarial Assumptions %	Positive Change in Actuarial Assumptions	Negative Change in Actuarial Assumptions
Discount rate used in determining present value	0.25% increase/decrease	2.59%-4.13% decrease in the present value of the defined obligation	2.70%-4.33% increase in the present value of the defined obligation
Expected rate of salary increase	0.25% increase/decrease	2.62%-4.24% increase in the present value of the defined obligation	2.53%-4.06% decrease in the present value of the defined obligation

The sensitivity analysis presented above assumes that only a single actuarial assumption changes and other actuarial assumptions remain unchanged. Practically, the assumptions may not occur in isolation as the assumptions may be correlated. The calculation of the present value of defined benefit obligation adopted the projected unit credit method.

The Group expects to make a contribution of $39,028 thousand to the defined benefit plans within one year beginning from 2015 and contributed $43,530 thousand in 2014. The weighted average duration of the defined benefit plans is from 10.3 to 17 years.

32. EQUITY

	December 31	
	2015	2014
Numbers of shares authorized (in thousands)	12,000,000	12,000,000
Shares authorized	$ 120,000,000	$ 120,000,000
Numbers of shares issued and fully paid (in thousands)		
Common stock	8,859,943	8,841,790
Preferred stock	725,137	725,137
Shares issued	$ 95,850,797	$ 95,669,270

Common Stock and Preferred Stock

a. As of December 31, 2015 and 2014, Taishin Financial Holding's authorized capital was all $120,000,000 thousand (12,000,000 thousand shares); as of December 31, 2015, share issued was 9,585,080 thousand shares, divided into 8,859,943 thousand common shares and 725,137 thousand preferred shares at NT$10.00 par value.

b. Details of outstanding capital stock as of December 31, 2015 were as follows:

	Common Stock	Preferred Stock	Total
First share swap	$ 23,000,000	$ -	$ 23,000,000
Second share swap	13,316,236	-	13,316,236
Capital infusion with cash	13,222,223	-	13,222,223
Convertible bonds converted to common stock	5,989,867	-	5,989,867
Issue of preferred stock - D	-	7,777,778	7,777,778
Stock dividends and employees' bonus in share distributed	39,093,038	-	39,093,038
Less: Cancellation of treasury stock	(2,733,505)	-	(2,733,505)
Less: Capital reduction to recover loss	(3,864,802)	(526,410)	(4,391,212)
Employee stock options converted to new shares	576,372	-	576,372
shares issued	$ 88,599,429	$ 7,251,368	$ 95,850,797

On February 18, 2002, Taishin Financial Holding issued 2,300,000 thousand shares of common stock of Taishin Bank through a share swap at a 1:1 ratio to exchange for the whole common stock owned by Taishin Bank's stockholders after consolidation.

As of December 31, 2002, Taishin Financial Holding issued 1,331,624 thousand common shares to acquire all the issued common stocks of Taishin Securities A and Taishin Bills Finance through share swaps at ratios of 1:1.2 and 1:1.3, respectively, with "1" representing Taishin Financial Holding.

On March 22, 2006, Taishin Financial Holding issued through private placement common stock totaling $10,000,000 thousand for 555,556 thousand shares at NT$18.00 per share. The rights and obligations are the same as those of the common stock outstanding. The mentioned common stock has been published in open market by the approval of FSC on May 17, 2011.

On December 27, 2006, Taishin Financial Holding issued through private placement common stock totaling $4,000,000 thousand for 266,667 thousand shares at NT$15.00 per share. The rights and obligations are the same as those of the common stock outstanding. The mentioned common stock has been published in open market by the approval of FSC on May 17, 2011.

Taishin Financial Holding has proposed to effect capital reduction by cancelling 386,480 thousand outstanding common shares (capital reduction ratio 6.7681%) on December 4, 2009.

On December 31, 2013, Taishin Financial Holding's board of directors resolved to issue 500,000 thousand ordinary shares, with a par value of NT$10 each, for consideration of NT$12 per share. On January 17, 2014, the above transaction was approved by the FSC, and the subscription base date was set by board of directors at April 14, 2014.

Taishin Financial Holding's shareholders had resolved the transfer of $7,987,008 thousand of earnings to common stock in the shareholders' meeting on June 6, 2014. The ex-dividend date was August 25, 2013.

Taishin Financial Holding's employees have executed stock options and had acquired Taishin Financial Holding's common stock which aggregated 18,153 thousand shares and 31,436 thousand shares in 2015 and 2014.

Taishin Financial Holding's group capital adequacy ratio was 126.73% and 122.70% as of December 31, 2015 and 2014.

On March 22, 2006, Taishin Financial Holding issued via private placement preferred stock - D totaling 777,778 thousand shares at NT$18 per share in the total amount of $14,000,000 thousand. The stock dividends are fixed at 6.5% per annum based on issue price, participating, but non-cumulative. aishin Financial Holdings shareholders should approve the financial statements and appropriation of earnings every year. Then, the Board of Directors set the ex-dividend date of preferred stock - D. Preferred stock - D has preference over common stock but inferior to preferred stock - B and preferred stock - C. The stockholders of preferred stock - D may request to convert the preferred stock - D to common stock at ratio of 1:1 three years from the issue date. Taishin Financial Holding may redeem part or all outstanding preferred stock - D at issue price. Taishin Financial Holding has proposed to effect capital reduction by cancelling 52,641 thousand outstanding preferred shares on December 4, 2009. In addition, Taishin Financial Holding's board of directors resolved to redeem half of outstanding preferred stock - D 362,568 thousand shares. The redemption base date is March 23, 2016.

Advance receipts for capital stock

As of December 31, 2015, advance receipts for capital stock amounted to $4,449 thousand, representing the proceeds of the exercise of employee stock options to convert into 468 thousand shares of common stock, of which the registration of the conversion has not been completed.

Capital surplus

As of December 31, 2015, the Company recognized a capital surplus of $10,220,503 thousand, in which there's a part of investees' unappropriated retained earnings totaled $414,706 thousand. In addition to regulations, Financial Holding Company Act No. 47 (d) stipulates that the appropriation is not limited by company Act No. 241 (a). Furthermore, the capital surplus from preferred stock - D issued in excess of par cannot expand its capital during the issuance of preferred stock - D.

The capital surplus from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital, limited to a certain percentage of the Company's paid-in capital and once a year.

Retained earnings and dividend policy

Taishin Financial Holding's Articles of Incorporation provide that annual net income, after payment of taxes, adjusted according to accounting standards, offsetting of any accumulated deficit should be appropriated in the following order:

a. Legal reserve and, if needed, special reserve;

b. Dividends to holders of preferred stock;

c. 0.01% of the remainder as bonuses to employees and 1% of the remainder as remuneration to directors and supervisors;

d. The remainder, as dividends.

Taishin Financial Holding's Board of Directors should prepare a proposal on above item (d) for approval in the stockholders' regular annual meeting. However, under the requirements of the MOF, if the group's capital adequacy ratio is less than 100%, distributions of dividends may also be restricted.

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 consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on February 25, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 8, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to employee benefits expense in Note 37.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve the total amount of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. However, at the date of transition to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough, i.e. smaller than the total revaluation and translation differences, only the increase in retained earnings that resulted from all IFRSs adjustments is appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated at the first-time adoption of IFRSs may be used to offset deficit in subsequent years. No appropriation of earnings shall be made until the aforementioned special reserve used to offset deficit shall have been appropriated back in subsequent years when the Company has earnings, unless the requirement to appropriate for special reserve is eliminated.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by Taishin Financial Holding.

The appropriations of earnings for 2014 and 2013 had been approved in the shareholders' meetings on June 12, 2015 and June 6, 2014. Where the actual number of common shares outstanding has changed because of exercise of employee share options, the actual appropriation is as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	For Year 2014	For Year 2013	For Year 2014	For Year 2013
Legal reserve	$ 151,146	$ 1,375,537		
Preferred stock - D cash dividends	910,000	969,516	$ -	$ -
Common stock cash dividends	450,315	3,423,308	0.051	0.42575
Common stock dividends	-	7,987,008	-	0.99334

In the shareholders' meeting on June 12, 2015, Taishin Financial Holding's shareholders' meeting approved to distribute cash dividends from capital surplus. Actual amount of cash dividends was $435,492 thousand due to variation of common shares outstanding as result of exercised employee stock options.

Special reserves

The increase in retained earnings that resulted from all IFRSs adjustments was not enough, i.e. smaller than the total revaluation and translation differences; therefore, Taishin Financial Holding appropriated to special reserve the amount of $220,376 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transition to IFRSs.

Other equity items

a. Exchange differences on translation of foreign financial statements

	For the Year Ended December 31	
	2015	2014
Beginning balance	$ 150,908	$ 68,688
Exchange differences arising on translating the net assets of foreign operations	(33,395)	82,220
Ending balance	$ 117,513	$ 150,908

b. Unrealized gains (losses) on available-for-sale financial assets

	For the Year Ended December 31	
	2015	2014
Beginning balance	$ 193,921	$ 875,995
Unrealized gains (losses) on available-for-sale financial assets	(130,118)	466,792
Income tax relating to unrealized gains (losses) on available-for-sale financial assets	7,646	1,054
Cumulative gains (losses) reclassified to profit or loss on sale of available-for-sale financial assets	(260,261)	((1,149,920)
Others	(6)	-
Ending balance	($ 188,818)	$ 193,921

Non-controlling interests

	For the Year Ended December 31	
	2015	2014
Beginning balance	$ 125,889	$ 86,857,655
Attributable to non-controlling interests		
Net income	3,547	8,023,363
Exchange differences on translation of foreign financial statements	-	271,207
Income tax relating to exchange differences arising on translating the foreign operations	-	(59,913)
Unrealized gains (losses) on available-for-sale financial assets	-	174,848
Income tax relating to unrealized gains (losses) on available-for-sale financial assets	-	943
Actuarial gain (loss) on defined benefit plans	865	11
Income tax related to actuarial gain (loss)	(7)	3
Non-controlling interest relating to outstanding vested share options held by the employees of subsidiaries	17	158
Cash dividends	-	(3,588,810)
Combined individual effects	-	(91,553,576)
Ending balance	$ 130,311	$ 125,889

33. NET INTEREST INCOME

	For the Year Ended December 31	
	2015	2014
Interest income		
Loans	$ 21,969,042	$ 42,519,826
Due from and call loans to banks	598,391	4,528,122
Investment in marketable securities	2,989,621	4,767,270
Revolving interest of credit card	1,218,870	1,289,125
Others	2,733,763	2,680,917
	29,509,687	55,785,260
Interest expense		
Deposits	(7,940,968)	(16,414,198)
Due to the Central Bank and call loans from banks	(548,342)	(1,845,086)
Issuance of bonds and securities	(1,457,520)	(2,206,470)
Structured products	(993,965)	(1,010,434)
Others	(772,072)	(611,491)
	(11,712,867)	(22,087,679)
Net interest income	$ 17,796,820	$ 33,697,581

34. NET SERVICE FEE AND COMMISSIONS INCOME

	For the Year Ended December 31	
	2015	2014
Service fee and commissions income		
Fees from import and export	$ 61,947	$ 332,790
Remittance fees	53,283	548,807
Interbank fees	728,731	798,245
Loan and guarantees fees	583,979	1,296,475
Fees from certification, underwriting and brokerage	374,012	413,074
Fees from trustee business	1,898,682	3,052,571
Agency fees	525,485	518,686
Insurance commission fees	6,011,126	5,337,914
Fees from credit card and cash card	3,194,812	3,131,380
Others	934,266	2,718,336
	14,366,323	18,148,278
Service fee and commissions expense		
Interbank fees	(158,971)	(251,610)
Fees from trustee business	(38,310)	(106,974)
Marketing fees	(468,294)	(458,628)
Agency fees	(327,772)	(568,071)
Fees from credit card	(1,508,952)	(1,261,473)
Others	(452,007)	(783,948)
	(2,954,306)	(3,430,704)
Net service fee and commissions income	$ 11,412,017	$ 14,717,574

35. GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31	
	2015	2014
Disposal gain (losses) on financial assets and liabilities at FVTPL		
Securities		
Call (put) warrants issued	($ 277,074)	$ -
Trading securities - dealing	(7,378)	135,335
Trading securities - underwriting	8,039	89,172
Trading securities - hedging	(17,972)	-
Futures contracts	7,241	71
Gains on corporation bonds conversion	-	158,244
Others	3,749	-
	(283,395)	382,822
Bank		
Stocks and beneficiary certificates	3,024	5,328
Bills	7,159	6,574
Bonds	327,550	(5,310)
Derivative financial instruments	3,121,598	4,612,822
	3,459,331	4,619,414
Others		
Stocks and beneficiary certificates	21,425	7,449
	3,197,361	5,009,685
Valuation gain (loss) on financial assets and liabilities at FVTPL		
Securities		
Call (put) warrants issued	$ 330,825	$ -
Trading securities - dealing	(349)	(68,804)
Trading securities - underwriting	3,369	(64,551)
Trading securities - hedging	(9,330)	-
Futures contracts	40	-
Others	(3,481)	3,481
	321,074	(129,874)
Bank		
Stocks and beneficiary certificates	384	6,003
Bills	(2,687)	2,938
Bonds	256,479	(107)
Derivative financial instruments	212,596	2,440,236
	466,772	2,449,070
Others		
Stocks and beneficiary certificates	(22,271)	7,643
	765,575	2,326,839
Net interest income	522,520	572,780
Dividend revenue	27,799	28,885
	$ 4,513,255	$ 7,938,189

(Concluded)

36. REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Year Ended December 31	
	2015	2014
Disposal gains		
Stock and beneficiary certificates	$ 81,624	$ 791,860
Bills	(18,709)	(12,181)
Bonds	197,346	187,745
	260,261	967,424
Dividends and bonuses	133,523	225,216
	$ 393,784	$ 1,192,640

37. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2015	2014
Short-term benefits	$ 10,621,595	$ 17,755,847
Post-employment benefits (Note 31)		
Defined contribution plans	357,201	457,591
Defined benefit plans	33,512	447,644
High-yield savings account for employees	-	284,774
Other post-employment benefits	-	143,029
Share-based payment		
Equity-settled share-based payment	13,549	141,168
Cash-settled share-based payment	(12,718)	66,053
Other employee benefits expenses	381,002	614,388
	($ 11,394,141	$ 19,910,494

As of December 31, 2015 and 2014, Taishin Financial Holding and subsidiaries' total number of employees was 8,152 and 7,758. The definition of employee is provided in FSC-endorsed IAS 19 "Employee Benefits".

In compliance with the Company Act as amended in May 2015, the Company's board of directors proposed amendments to the Company's Articles of Incorporation in February 2016, which stipulate that if the Company has net profit, the Company should distribute 0.01% of the net profit as employees' compensation. The Company's board of directors will resolve whether to distribute the profit by shares or by cash. The recipients of employees' compensation could include subsidiaries' employees who comply with the conditions stipulated in the Company Act. The Company's board of directors could resolve to distribute no higher than 1% of the profit as remuneration to directors. When the Company has accumulated losses, the Company should first appropriate to offset the losses, and then distribute the employees' compensation and the directors' remuneration. According to the stipulations mentioned above, for the year ended December 31, 2015, the estimated employees' compensation and directors' remuneration were $1,327 thousand and $132,726 thousand, respectively. The employees' compensation and remuneration to directors in cash for the year ended December 31, 2015 have been approved by the Company's board of directors on March 31, 2016 and are subject to the resolution of the amendments to the Company's Articles of Incorporation for adoption by the shareholders in their meeting to be held on June 8, 2016, and in addition thereto 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 annual consolidated financial statements are authorized for issue are adjusted in the year the bonus 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 appropriations for bonus to employees and remuneration to directors and supervisors for 2014 and 2013 have been approved in the shareholders' meetings on June 12, 2015 and June 6, 2014, respectively, as follows:

	Cash	
	For the Year Ended December 31	
	2015	2014
Bonus to employees	$ 45	$ 1,147
Remuneration to directors and supervisors	4,503	114,698

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 12, 2015 and June 6, 2014 and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively.

Information on the compensation to employees and directors resolved by the Corporation's board of directors in 2016 and information on the bonus to employees, directors and supervisors for 2015 and 2014 proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

38. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2015	2014
Property and equipment	$ 708,408	$ 1,155,235
Investment property	9,796	15,892
Intangible assets and other deferred assets	182,339	390,611
	$ 900,543	$ 1,561,738

39. INCOME TAX

In 2003, Taishin Financial Holding adopted the linked tax system for tax filing with subsidiaries Taishin Bank, Taishin Securities A, Taishin Bills Finance, Taishin AMC and Taishin Marketing. Taishin Venture Capital was included in this tax system in 2004. Taishin Securities A, Taishin Bills Finance and Taishin Marketing were excluded from the linked tax system in 2009, in 2011 and in 2013, respectively. Taishin Securities B, Taishin Securities Investment Trust and Taishin Securities Investment Advisory were included in this tax system in 2011. Taishin Holdings Insurance Brokers was included in this tax system in 2012.

Income Tax Recognized in Profit or Loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current period	$ 1,269,423	$ 2,844,465
Adjustments for prior years	(45,579)	(267,142)
Offshore income tax expense	9,648	5,798
Others	(5)	-
Deferred tax		
In respect of the current period	436,946	937,683
Adjustments for prior years	-	(131)
Income tax expense recognized in profit or loss	$ 1,670,433	$ 3,520,673

Reconciliation of profit before income tax and income tax was as follows:

	For the Year Ended December 31	
	2015	2014
Income from continuing operation before income tax	$ 14,896,524	$ 13,168,412
Income tax expense calculated at the statutory rate 17%	$ 2,532,409	$ 2,239,145
Nondeductible expenses in determining taxable income	(12,029)	63,557
Tax-exempt income	(1,183,497)	1,145,096
Additional income tax under the Alternative Minimum Tax Act	217,361	43,311
Deferred tax effects of overseas branches	140,095	-
Unrecognized temporary differences	(95,870)	(100,313)
Unrecognized loss carryforwards	167,125	100,172
Others	(114,799)	331,530
Offshore income tax expense	9,648	88,144
Adjustments to prior years' tax	(50,076)	(390,955)
Adjustments to prior years' deferred tax	60,066	986
Income tax expense recognized in profit or loss	($ 1,670,433	$ 3,520,673

The Group's income tax statutory tax rate was 17% for the years ended December 31, 2015 and 2014. The subsidiaries in mainland China are subject to income tax rate of 25%.

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 translation of foreign financial statements	$ -	$ 59,913
Unrealized gains (losses) on available-for-sale financial assets	(7,646)	(1,998)
Actuarial gains and losses on defined benefit plan	(51,196)	(12,849)
	($ 58,842)	$ 45,066

Current Tax Assets and Liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable	$ 388,074	$ 343,437
Prepaid income tax	1,708	9,984
	$ 389,782	$ 353,421
Current tax liabilities		
Income tax payable	$ 625,188	$ 1,699,781

Deferred Tax

Deferred tax assets and liabilities reported in consolidated financial statement were analyzed as follows:

	December 31	
	2015	2014
Deferred tax assets	$ 3,517,778	$ 4,154,618
Deferred tax liabilities	(57,347)	(83,945)
	$ 3,460,431	$ 4,070,673

	For the Year Ended December 31,2015				
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Ending Balance
Deferred tax assets					
Temporary differences					
Allowance for loans losses	$ 1,673,479	$ 309,040	$ -	($ 369)	$ 1,982,150
Others	314,847	445,672	58,842	-	819,361
	1,988,326	754,712	58,842	(369)	2,801,511
Loss carryforwards	2,166,292	(1,218,256)	-	(231,769)	716,267
	$ 4,154,618	($ 463,544)	$ 58,842	($ 232,138)	$ 3,517,778
Deferred tax liabilities					
Land value increment tax	($ 53,552)	$ -	$ -	$ -	($ 53,552)
Temporary differences	(30,393)	26,598	-	-	(3,795)
	($ 83,945)	$ 26,598	$ -	$ -	($ 57,347)

	For the Year Ended December 31,2014					
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Combined Individual Effects	Ending Balance
Deferred tax assets						
Temporary differences						
Allowance for loans losses	$ 3,090,484	$ 729	$ -	$ 562	($ 1,418,296)	$ 1,673,479
Others	1,073,787	(92,505)	12,849	(179,038)	(500,246)	314,847
	4,164,271	(91,776)	12,849	(178,476)	(1,918,542)	1,988,326
Loss carryforwards	3,645,300	(812,848)	-	(670,841)	4,681	2,166,292
	$ 7,809,571	($ 904,624)	$ 12,849	($ 849,317)	($ 1,913,861)	$ 4,154,618
Deferred tax liabilities						
Land value increment tax	($ 6,210,244)	$ -	$ -	$ -	$ 6,156,692	($ 53,552)
Temporary differences	(500,964)	(32,928)	(57,915)	207,432	353,982	(30,393)
	($ 6,711,208)	($ 32,928)	($ 57,915)	$ 207,432	$ 6,510,674	($ 83,945)

The Group's Loss Carryforwards as of December 31, 2015

Expiry Year	Unused Amount
2016	$ 58,471
2017	280,013
2018	293,604
2019	3,246
2020	67,217
2023	4,040
2024	9,676
	$ 716,267

Taishin Financial Holding's Information about Integrated Income Tax

	December 31	
	2015	2014
Balance of ICA	$ 1,548,363	$ 153,181
Unappropriated earnings generated after January 1, 1998	$ 12,893,353	$ 1,511,461

	December 31	
	2015(Expected)	2014
Creditable ratio for distribution of earnings	11.72%	29.72%

As stipulated in the Ministry of Finance Letter No. (91) Tai-Tsai-Tax 0910454466, the denominator to be used in the imputed tax credit ratio should include the capital surplus which is originally the un-appropriated earnings generated after January 1, 1998 before the share swap in establishing a financial holding company. As of December 31, 2015, the capital surplus of Taishin Financial Holding mentioned above amounted to $322,170 thousand.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credit allocated to ROC resident shareholders of Taishin Financial Holding was calculated based on the creditable ratio as of the date of dividend distribution.

The actual imputation credit allocated to shareholders of Taishin Financial Holding was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2015 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

Assessments of The Group's Income Tax

a. Taishin Financial Holding’s income tax returns through 2010 had been assessed by the tax authorities.

b. Taishin Bank’s income tax returns through 2010 had been assessed by the tax authorities. The income tax returns of Taishin Insurance Agency, Taishin Real-Estate, Taishin D.A. Finance, and Taishin Insurance Brokers through 2013 had been assessed by the tax authorities.

In regard to the amortization of $758,518 thousand, $758,518 thousand, $758,518 thousand and $126,420 thousand of goodwill from the merger of Dah An Bank reported in the 2004, 2005, 2006 and 2007 income tax returns of Taishin Bank, the tax authorities had disapproved the amortization as deductible because the goodwill resulted from the negotiations of the dealing parties rather than from a purchase in active market. Taishin Bank had filed appeals and litigations to the tax authorities and the administrative courts. In June 2014, National Taxation Bureau of Taipei, Ministry of Finance has agreed part of the recognition of the amortization of the goodwill. The Company had adjusted the estimated income tax expense for the year ended December 31, 2014.

In regard to the amortization of $18,109 thousand, $71,577 thousand, $71,405 thousand, $71,405 thousand and $71,405 thousand on goodwill from the acquisition of the 10th Credit Cooperative of Hsin-Chu in the 2004, 2005, 2006, 2007 and 2008 income tax returns of Taishin Bank, the tax authorities had disapproved the related expense due to the reason that the goodwill was not assessed by applying professional valuation procedures and the identifiable assets and liabilities were not analyzed by fair value. Taishin Bank is filing appeals to the tax authorities. In June 2014, National Taxation Bureau of Taipei, Ministry of Finance has agreed part of the recognition of the amortization of the goodwill. Taishin Bank had adjusted the estimated income tax expense for the year ended December 31, 2015.

c. Taishin AMC's income tax returns through 2010 had been assessed by the tax authorities. Although Taishin AMC had filed appeals and litigations to the tax authorities and the administrative courts on the income tax returns through 2010, Taishin AMC had conservatively recognized income tax expense.

d. Taishin Venture Capital's income tax returns through 2010 had been assessed by the tax authorities.

e. Taishin Securities Investment Trust's returns through 2010 had been assessed by the tax authorities.

f. Taishin Securities B's returns through 2010 had been assessed by the tax authorities.

g. Taishin Securities Investment Advisory's returns through 2010 had been assessed by the tax authorities.

h. Taishin Holdings Insurance Broker's returns through 2011 had been assessed by the tax authorities.

40. EARNINGS PER SHARE

	For the Year Ended December 31	
	2015	2014
Basic earnings per share	$ 1.39	$ 0.08
Diluted earnings per share	$ 1.38	$ 0.08

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Income for the Periods

	For the Year Ended December 31	
	2015	2014
Net income for the periods attributable to owner of the parent	$ 13,222,544	$ 1,624,376
Less: Dividends on preferred stocks	(910,000)	(910,000)
Earnings used in computation of basic earnings per share	12,312,544	714,376
Effect of dilutive potential ordinary share:		
Convertible preferred stocks	910,000	-
Earnings used in computation of diluted earnings per share	$ 13,222,544	$ 714,376

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2015	2014
Weighted average number of ordinary shares in computation of basic earnings per share	8,857,770	8,681,872
Effect of dilutive potential ordinary shares:		
Convertible preferred stocks	725,137	-
Employees bonus	118	41
Employees stock options	25,328	41,468
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	9,608,353	8,723,381

Since the outstanding convertible preferred stocks issued by the Company, they were anti-dilutive and excluded from the computation of diluted earnings per share for the year ended December 31, 2014.

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

41. SHARE-BASED PAYMENT ARRANGEMENTS

a. Equity-settled share-based payments of employee share option plan

Taishin Financial Holding adopted the Employee Share Option Plan on August 31, 2011, October 13, 2010, March 15, 2007 and August 2, 2005 (Plan of 2010 (II), 2010 (I), Plan of 2007 and Plan of 2005, respectively).

For vested share-based payment exercised before the transition date, the Group chose the exemption from the adoption of FSC-endorsed IFRS 2 "Share-Based Payment". Thus, only the employee share options unvested on the transition date adopted the regulation of FSC-endorsed IFRS 2 "Share-Based Payment". All the employee share options were measured at fair value at grant date. Options were priced using the appropriate pricing model.

Under the Plan of 2010, 2007 and 2005, Taishin Financial Holding has to grant 77,000 units (first grant 75,390 units, second grant 1,610 units), 150,000 units and 150,000 units, respectively, of stock warrant to its qualified employees. Each unit represents the right to obtain 1,000 shares of Taishin Financial Holding's common stock, and the exercise price is equal to the stock closing price on the Taiwan Stock Exchange on the grant date.

The exercise price of the employee share options is subject to adjustments based on certain situations specified in the compensation plan.

Share options under the Plan of 2010 and 2007 can be exercised in two years from the grant date and will expire in ten years from the grant date. The exercisable percentages were as follows:

Share Options Grant Period	Percentage Exercisable	Cumulative Percentage Exercisable
Over 2 years	15%-40%	15%-40%
Over 3 years	15%-40%	30%-80%
Over 4 years	15%-40%	45%-100%
Over 5 years	15%-40%	60%-100%
Over 6 years	15%-40%	100%

Share options under the Plan of 2005 can be exercised in two years from the grant date and will expire in ten years from the grant date. The exercisable percentages were as follows:

Share Options Grant Period	Percentage Exercisable	Cumulative Percentage Exercisable
Over 2 years	20%	20%
Over 3 years	20%	40%
Over 4 years	20%	60%
Over 5 years	20%	80%
Over 6 years	20%	100%

The quantity and weighted-average exercise price of the share options were as follows:

	For the Year Ended December 31			
	2015		2014	
Plan of 2010 (II)	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	1,457	$ 9.50	1,507	$ 10.70
Exercise	-		(50)	10.70
Outstanding, ending balance	1,457		1,457	
Exercisable, ending balance	900		583	

	For the Year Ended December 31			
	2015		2014	
Plan of 2010 (I)	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	38,173	$ 9.40	48,306	$ 10.60
Exercise	(3,421)	9.40	(9,106)	10.10
Forfeited	(360)	9.40	(1,027)	10.60
Outstanding, ending balance	34,392		38,173	
Exercisable, ending balance	30,256		27,116	

	For the Year Ended December 31			
	2015		2014	
Plan of 2007	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	82,756	$ 10.00	96,260	$ 11.30
Exercise	(4,410)	10.00	(13,354)	10.69
Forfeited	(140)	10.00	(150)	11.30
Outstanding, ending balance	78,206		82,756	
Exercisable, ending balance	78,206		82,756	

	For the Year Ended December 31			
	2015		2014	
Plan of 2005	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning balance	37,240	$ 13.60	40,450	$ 15.30
Exercise	-	-	(3,210)	13.60
Forfeited	(37,240)	13.60	-	-
Outstanding, ending balance	-		37,240	
Exercisable, ending balance	-		37,240	

The weighted-average of stock price at the dates of exercise of share options exercised during the year ended December 31, 2015 was $12.69.

The exercise price and expected weighted-average outstanding period of the share option warrants for the years ended December 31, 2015 and 2014 were as follows:

	For the Year Ended December 31			
	2015		2014	
	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)
Plan of 2010 (II)	$ 9.50	5.67	$ 9.50	6.67
Plan of 2010 (I)	9.40	4.79	9.40	5.79
Plan of 2007	10.00	1.20	10.00	2.20
Plan of 2005	13.60	-	13.60	0.58

The valuation models of the share options for the year ended December 31, 2015 were as follows:

Valuation Model	Black-Scholes Options Valuation Model	Plan of 2010 (II)	Plan of 2010 (I)	Plan of 2007
Assumption	Dividend yield	-	-	7.00%
	Expected price volatility	37.71%-39.71%	38.02%-38.73%	33.26%
	Risk-free interest rate	1.22%-1.52%	1.06%-1.23%	2.15%
	Expected outstanding periods	10 years	10 years	10 years

b. Cash-settled share-based payment of Taishin appreciation rights plan

The Group issued to employees share appreciation rights (the SARs) that require the Group to pay the intrinsic value of the SAR to the qualified people at the date of exercise since 2013. The fair value of the SARs was determined using the Black-Scholes pricing model based on the following assumptions.

	Plan of 2014	Plan of 2013	Plan of 2012
Balance sheet date share price	11.58	11.58	11.58
Exercise price	12.94	12.70	8.80
Outstanding period	2years,3years	2years,3years	2years,3years
Expected volatility	31.15%,31.15%	31.15%,31.15%	31.15%,31.15%
Risk-free interest rate	0.97%,0.97%	0.97%,0.97%	0.97%,0.97%

The movements in the appreciation rights plan were as follows:

	Plan of 2014	
	For the Year Ended December 31, 2015	
Appreciation Rights Plan	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	-	$ -
Exercise	30,159	12.94
Ceased	(685)	12.94
Outstanding, ending	29,474	
Weighted-average fair value of appropriation rights (NT$)	$ 1.0047	

	Plan of 2013			
	For the Year Ended December 31			
	2015		2014	
Appreciation Rights Plan	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	26,455	$ 12.7	-	$ -
Exercise	-	-	26,695	14.50
Ceased	(780)	12.7	(240)	12.70
Outstanding, ending	25,675		26,455	
Weighted-average fair value of appropriation rights (NT$)	$ 0.4162		$ 2.1393	

	Plan of 2013			
	For the Year Ended December 31			
	2015		2014	
Appreciation Rights Plan	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	23,263	$ 8.80	23,743	$ -
Exercise	(11,624)	8.80	-	-
Ceased	(398)	8.80	(480)	8.80
Outstanding, ending	11,241		23,263	
Weighted-average fair value of appropriation rights (NT$)	$ 2.7886		$ 4.8088	

As of December 31, 2015 and 2014, the related liabilities recognized amounted to $47,683 thousand and $109,768 thousand, respectively.

42. LOSING CONTROL OF SUBSIDIARY

Taishin Financial Holding held 22.55% equity in Chang Hwa Bank. In addition, Taishin Financial Holding was represented by more than half of the total number of directors until the election of directors in late 2014. In December 2014, Chang Hwa Bank held an interim shareholders' meeting to elect directors and Taishin Financial Holding did not obtain more than half of the total number of directors. Taishin Financial Holding lost the control over Chang Hwa Bank and has excluded Chang Hwa Bank from the consolidated group since December 8, 2014. Taishin Financial Holding still owned 22.81% voting share and able to exercise significant influence on Chang Hwa Bank. The calculation of gain or loss from losing control of Chang Hwa Bank is illustrated below in b. loss on losing control of subsidiary, and the loss is accounted under net other non-interest income (loss).

a. Analysis of asset and liabilities on the date control was lost

		Chang Hwa Bank
Cash and cash equivalents	$	51,688,385
Due from the Central Bank and call loans to other banks		115,706,023
Financial assets at fair value through profit or loss		34,916,246
Available-for-sale financial assets, net		47,257,516
Derivative financial assets for hedging		63,186
Receivables, net		24,595,029
Current tax assets		877,045
Loans, net		1,218,066,713
Held-to-maturity financial assets, net		183,458,311
Other financial assets, net		79,052,218
Investment property, net		11,012,957
Property, plant and equipment, net		23,780,947
Intangible assets, net		478,276
Deferred tax assets		1,919,238
Other assets, net		443,281
Total assets	$	1,793,315,371
Deposits from the Central Bank and banks	$	126,823,927
Due to the Central Bank and banks		927,300
Financial liabilities at fair value through profit or loss		3,319,218
Securities sold under repurchase agreements		5,458,520
Payables		37,799,571
Current tax liabilities		350,270
Deposits		1,437,660,774
Bonds payable		48,417,582
Provisions		3,870,527
Other financial liabilities		670,397
Deferred tax liabilities		6,510,674
Other liabilities		2,794,510
Total liabilities	$	1,674,603,270

(Concluded)

b. Loss on losing control of subsidiary

Consideration received	$	32,455,127
Net assets disposed of		(27,080,498)
Difference between cost and value of acquired net assets		(20,187,305)
The reclassification of other comprehensive income in respect of subsidiary		37,010
	$	(14,775,666)

c. Please refer to Note 57 for the Pro Forma financial information on the losing of control of subsidiary.

43. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of operating place which were tenanted by Taishin Bank with lease terms between 1 and 10 years.

As of December 31, 2015 and 2014, refundable deposits paid under operating leases amounted to $222,454 thousand and $224,881 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 469,273	$ 452,491
Later than 1 year and not later than 5 years	1,194,443	1,021,151
Later than 5 years	350,053	409,897
	$ 2,013,769	$ 1,883,539

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms from 0.5 to 10 years.

As of December 31, 2015 and 2014, deposits received under operating leases amounted to $7,176 thousand and $7,110 thousand, respectively.

The future minimum lease payments of non-cancellable operating leases were as follows:

	December 31	
	2015	2014
Not later than 1 year	$ 33,253	$ 38,807
Later than 1 year and not later than 5 years	28,877	40,284
Later than 5 years	9,035	13,297
	$ 71,165	$ 92,388

44. CAPITAL RISK MANAGEMENT

a. Summary

To efficiently control the capital adequacy of the Group and its subsidiaries on the premise of balancing the Group's business development and risk control, Taishin Financial Holding had codified its "principles of capital adequacy management" and compiles related information reported to the Asset and Liability Management Committee periodically.

The Group's goals in capital management are as follows:

1)To ensure the Group and its subsidiaries conform to related capital adequacy regulations and minimum basic criteria set by each industry administration.

2)To ensure every subsidiary is able to meet the capital needs of operating plan and the capital requirement, as well as to reach the optimization of capital allocation within the Group.

3)To implement capital management, Taishin Financial Holding and its significant subsidiaries should assess capital adequacy periodically and make proper arrangement of capital structure and application of capital instruments and adjustments of asset portfolio.

b. Capital management procedures

In order to meet the Group's capital adequacy goals, Taishin Financial Holding established the Asset and Liability Committee to review capital performance of Taishin Financial Holding and its significant subsidiaries' every month. If there is concern that the Group's capital adequacy may be below the legal standard, the Committee would immediately find measures to increase the Group's net qualified capital or to reduce the Group's legal capital requirement so as to improve the Group's performance and meet capital adequacy ratio.

The Group's capital adequacy is calculated based on the accounting reports and related data of capital adequacy provided by Taishin Financial Holding and its subsidiaries. Taishin Financial Holding and each of its subsidiaries should respectively report to local administrations using the calculation formula and forms according to the regulations before deadline.

c.

Item / Company	December 31, 2015		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		$ 133,911,147	$ 134,512,748
Taishin Bank	100	133,546,086	85,566,009
Taishin Securities B	100	3,165,446	1,049,547
Taishin Venture Capital	100	2,786,267	1,438,867
Taishin AMC	100	1,421,880	811,506
Taishin Securities Investment Trust	100	856,371	474,296
Taishin Securities Investment Advisory	92	331,119	176,230
Taishin Holdings Insurance Brokers	100	1,322,518	940,799
Exclusive items amounts subtracted		(118,804,490)	(99,872,034)
Total		158,536,344	125,097,968
Group’s capital adequacy ratio (Note)			126.73%

Item / Company	December 31, 2014		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		$ 127,481,472	$ 124,931,261
Taishin Bank	100	105,775,325	76,832,433
Taishin Securities B	100	3,168,559	958,145
Taishin Venture Capital	100	3,099,868	1,551,409
Taishin AMC	100	1,547,785	916,675
Taishin Securities Investment Trust	100	843,456	463,976
Taishin Securities Investment Advisory	92	329,124	176,620
Taishin Holdings Insurance Brokers	100	1,097,852	781,071
Exclusive items amounts subtracted		(103,252,247)	(92,435,913)
Total		140,091,194	114,175,677
Group’s capital adequacy ratio (Note)			122.70%

d. Financial holding company eligible capital

Item	December 31, 2015
Common stock	$ 88,599,429
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	13,397,329
Other preferred stock and subordinated corporate bonds	9,140,000
Advance receipts for capital stock	4,449
Capital surplus	4,074,542
Legal reserve	5,466,453
Special reserve	465,368
Retained earnings	12,893,353
Equity adjustment	(71,305)
Subtracted:	-
Goodwill	58,471
Deferred assets	-
Treasury stock	133,911,147
Total	

Item	December 31, 2014
Common stock	$ 88,417,902
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	13,397,329
Other preferred stock and subordinated corporate bonds	13,540,000
Advance receipts for capital stock	111,339
Capital surplus	4,494,879
Legal reserve	5,315,307
Special reserve	465,368
Retained earnings	1,511,461
Equity adjustment	344,829
Subtracted:	
Goodwill	
Deferred assets	116,942
Treasury stock	-
Total	127,481,472

Note a: The above list was prepared according to “Regulations Governing the Consolidated Capital Adequacy of Financial Holding Company.”

Note b: Group’s capital adequacy ratio = Group’s eligible capital ÷ Group’s statutory capital requirement.

45. DISCLOSURES ACCORDING TO ARTICLE 46 OF FINANCIAL HOLDING ACT

According to Article 46 of Financial Holding Company Act, all subsidiaries of financial holding company should disclose the balance of credit, endorsements and other transactions to the same person, the same related person or the same related enterprise.

Details for the balance of credit, endorsements and other transactions to the same person as of December 31, 2015 were as follows:

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
a.To the same person or the same enterprise		
Central Bank	$ 237,158,693	189.79%
US GOVT	16,143,503	12.92%
Taiwan Power Co., Ltd.	8,103,421	6.48%
AU Optronics Corp.	5,648,721	4.52%
Tatung Co., Ltd.	4,500,382	3.60%
CPC Corporation, Taiwan	4,486,391	3.59%
China Airline Co.	3,431,983	2.75%
JCDecaus Landmark Second Co.	3,240,205	2.59%
JCDecaux Landmark First Co.	3,239,858	2.59%
Far Eastone Telecommunications Co., Ltd.	3,201,924	2.56%
Hon Hai Precision IND, Co., Ltd.	3,190,246	2.55%
Sun Ray Company Ltd.	3,088,364	2.47%
China Development Financial Holding Corporation	3,012,266	2.41%
Catcher Technology Co., Ltd.	3,005,520	2.41%
Total	301,451,477	
b.To the same person and spouse, the relative within the second degree and the person or the spouse's enterprise		
Individual A	3,828,000	3.06%
Individual B	3,725,000	2.98%
Total	7,553,000	

(Continued)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
c.To the same related party enterprise		
Far Eastern Group	$ 13,619,878	10.90%
CITIC Group	12,173,320	9.74%
Hon Hai Group	10,755,509	8.61%
APL Group	9,669,735	7.74%
AU Optronics (L) Corp.	9,320,305	7.46%
Lin Yuan Group	7,978,212	6.38%
Ruentex Group	6,596,668	5.28%
China Development Financial	5,978,277	4.78%
Tatung Group	5,452,975	4.36%
YFY Inc.	5,335,817	4.27%
Gold East Trading Co., Ltd.	5,320,772	4.26%
Walsin Lihwa Corp.	4,713,345	3.77%
China Steel Group	4,646,033	3.72%
Chailease Group	4,564,064	3.65%
Koos Group	4,343,095	3.48%
MiTAC-Synnex Group	4,334,682	3.47%
Fubon Group	3,989,794	3.19%
TBC Group	3,762,771	3.01%
China Airline Co.	3,431,983	2.75%
Hotai Motor Group	3,284,586	2.63%
WPG Group	3,272,363	2.62%
FCFC Group	3,213,278	2.57%
ASE Group	3,176,141	2.54%
Formosa Plastics Group	3,120,044	2.50%
Catcher Technology Co., Ltd.	3,050,025	2.44%
Total	145,103,672	

(Concluded)

46. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Summary

Fair value is the exchange price in the orderly transaction between market participants and is the amount to be received on the sale of an assets or the amount to be paid on the transfer of a liability.

Financial instruments are initially measured at fair value. In many cases, the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Group will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

b. The definition of three levels of fair value

1) Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) the market is principal (or most advantageous), providing ease in finding buyers and sellers that are both able and willing to transact an asset sale or liability transfer; and (C) pricing information is readily available on an ongoing basis to the public.

2) 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 price) or indirectly (i.e., value derived from price), in the active markets.

a) Quoted prices of similar financial instruments in active market are the Company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.

b) Quoted prices for identical or similar assets or liabilities in markets that are not active.

c) Valuation models are used to measure fair value, and the inputs (e.g. interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).

d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

3) Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model. Historical volatility typically does not represent current market participants' expectations about future volatility.

c. Financial instruments measured at fair value

1) The level information of fair value

The financial instruments of the Group measured at fair value on a recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Financial Assets and Liabilities	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurement				
Non-derivative assets and liabilities				
Assets				
Financial assets at FVTPL				
Held-to-maturity financial assets				
Stocks and beneficial certificates	$ 1,750,238	$ 1,256,155	$ 494,083	$ -
Bond investments	44,311,625	10,478,917	33,832,708	-
Others	25,128,546	10,638	25,117,908	-
Available-for-sale financial assets				
Stocks and beneficial certificates	3,160,646	3,160,646	-	-
Bond investments	102,525,451	20,882,115	81,643,336	-
Others	184,438,713	344,021	183,184,461	910,231
Derivative assets and liabilities				
Assets				
Financial assets at FVTPL	48,551,841	76,820	23,398,003	25,077,018
Liabilities				
Financial liabilities at FVTPL	49,915,794	34,814	24,404,457	25,476,523

Financial Assets and Liabilities	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurement				
Non-derivative assets and liabilities				
Assets				
Financial assets at FVTPL				
Held-to-maturity financial assets				
Stocks and beneficial certificates	$ 1,330,945	$ 752,562	$ 578,383	$ -
Bond investments	25,866,464	11,549,144	14,317,320	-
Others	20,863,757	-	20,863,757	-
Available-for-sale financial assets				
Stocks and beneficial certificates	3,241,566	3,241,566	-	-
Bond investments	85,574,060	13,807,590	71,766,470	-
Others	155,433,427	335,430	154,623,995	474,002
Derivative assets and liabilities				
Assets				
Financial assets at FVTPL	35,232,861	32,231	16,559,969	18,640,661
Liabilities				
Financial liabilities at FVTPL	34,921,514	-	16,238,301	18,683,213

2) The valuation techniques based on fair value

Financial instruments are initially measured at fair value. In many cases the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Group will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

If there is an active market and a price for a financial instrument is quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the GreTai Securities Market are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time and frequently, then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications for an inactive market.

The Group's financial instruments with active markets and the basis of their fair values are described as follows:

Foreign currency products

Since the foreign exchange market is very active, the Group adopts the market prices of each respective currency or the last trading prices as fair values.

Government bonds and part of interest rate derivatives

a) New Taiwan Dollar Central Government Bonds: If there is a trading price on the measurement date, then the last trading price is the fair value. If there is no trading price for reference and the subordinated bond fair price provided by the GreTai Securities Market is not in the market quoted price interval, then the median price of the market quoted prices is the fair value. If the subordinated bond fair price is in the market quoted price interval, then the fair price is the fair value.

b) Interest rate derivatives: The quoted price from Reuters is the fair value.

c) Stock-related products: The Group adopts stock market quoted prices or the last trading prices as fair values.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the balance sheet date such as the yield curve from the GreTai Securities Market or the average quoted price from Reuters commercial papers interest rate.

When measuring financial instruments that are not standardized and with low complexity such as options without active market, the Group will adopt valuation techniques consistent with those generally used by other market participants to price financial instruments. Parameters applied for the valuation models for this type of financial instruments are observable in the market.

With regard to financial instruments with high complexity, the Group will adopt self-developed valuation techniques and methods consistent with those generally used by other market participants and valuation models to measure fair values. This type of valuation models are often applied to derivatives, embedded bond instrument or securitized products, etc. Part of parameters applied for the valuation models for this type of financial instruments are not observable in the market. Therefore, the Group makes appropriate estimates based on assumptions.

Valuation of derivatives is based on valuation models consistent with those generally used by other market participants, such as the discount rate method or the option pricing models. Foreign exchange contracts are valued based at current foreign exchange rate.

Structured-interest financial instruments are evaluated using appropriate pricing model, such as the DCF method and options pricing model.

3) Adjustments of fair values

a) Limits of valuation models and indeterminate input value

Valuation models generate estimated approximate values. That is, valuation techniques may not be able to reflect all the factors relevant to the performance of the Group's financial instruments. Thus, results generated by valuation models are adjusted appropriately by using additional parameters, such as determinants of fair value (prevailing economic conditions, financial condition of counterparties to financial instruments, etc.) or assumptions and forecasts (future economic conditions, amount and pricing of future cash flows, etc.). Based on Taishin Financial Holding's valuation basis manual and model management policies, the price information and parameters used in the valuation process are carefully assessed and appropriately adjusted in accordance with actual market conditions.

b) Credit risk value adjustments

Credit risk value adjustments are mainly classified into credit value adjustments (CVA) and debit value adjustments (DVA), described as follows:

The CVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the Over the counter (OTC) market, to reflect within fair value the possibility that the counterparty may default and that the Group may not receive the full market value of the transactions.

The DVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the Over the counter (OTC) market, to reflect within fair value the possibility that the Group may default, and that the Group may not pay the full market value of the transactions.

The Group would calculate CVA by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying by exposure at default (EAD) of the counterparty. On the contrary, DVA is computed by applying probability of default of the Group and considering loss given default of the Group before being multiplied by exposure at default of the Group.

The Group manages PD through its regular internal rating review. After examining the experiences of foreign financial institutions, the Group adopted 60% as its LGD and chose the marking to market of OTC derivative instruments to determine EAD. In addition, in calculating the fair values of financial instruments, the Group took credit risk rating adjustments into consideration to reflect competitors' credit risk and the Group's credit quality, respectively.

4) The transfer between Level 1 and Level 2

Based on an internal risk control management policy, some of the New Taiwan dollar Central Government Bonds were determined as bond instrument investments with no active market. Thus, the bond amounts of $1,617,723 thousand and $1,800,645 thousand for the years ended December 31, 2015 and 2014, respectively, were transferred from Level 1 to Level 2.

5) Reconciliation of Level 3 financial assets

For the Year Ended December 31, 2015								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	$ 18,640,661	$2,414,533	$ -	$ 9,095,450	$ -	($ 5,073,626)	$ -	$ 25,077,018
Available-for-sale financial assets	474,002	20,058	(3,340)	1,321,327	-	(901,816)	-	910,231
Total	$ 19,114,663	$2,434,591	($ 3,340)	$10,416,777	$ -	($ 5,975,442)	$ -	$ 25,987,249

Note: No transfer from Level 3.

For the Year Ended December 31, 2014								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	$ 5,127,939	$6,489,950	$ -	$ 8,864,273	$ -	($ 1,841,501)	$ -	$ 18,640,661
Available-for-sale financial assets	732,768	42,852	(531)	-	-	(301,087)	-	474,002
Total	$ 5,860,707	$6,532,802	($ 531)	$ 8,864,273	$ -	($ 2,142,588)	$ -	$ 19,114,663

Note: No transfer from Level 3.

Valuation gains (losses) above recognized in current profits or losses in the amounts of $4,948,371 thousand and $(266,204) thousand were attributed to gains (losses) on assets owned for the years ended December 31, 2015 and 2014, respectively.

Valuation gains (losses) above recognized in other comprehensive income in the amounts of $(2,405) thousand and $(531) thousand were attributed to gains (losses) on assets owned during years ended December 31, 2015 and 2014, respectively.

Reconciliation of Level 3 financial liabilities:

For the Year Ended December 31, 2015							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	$ 18,683,213	$ 1,631,710	$ 8,398,704	$ -	($ 3,237,104)	$ -	$ 25,476,523

Note: No transfer from Level 3.

For the Year Ended December 31, 2014							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	$ 4,906,193	$ 6,692,105	$ 8,808,770	$ -	($ 1,723,855)	$ -	$ 18,683,213

Note: No transfer from Level 3.

Valuation gains (losses) above recognized in current profits or losses in the amounts of $(4,160,884) thousand and $(219,898) thousand were attributed to gains (losses) on liabilities owned during years ended December 31, 2015 and 2014, respectively.

6) The quantification information measured by fair value of significant unobservable inputs (Level 3)

The fair value attributed to Level 3 in the Group only has single significant unobservable input.

The quantification information of significant unobservable inputs was as follows:

	Fair Value on December 31, 2015	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instrument					
Financial assets at FVTPL					
Beneficial securities	$ -	Cash flow discount method/prepayment model	Discount for lack of marketability	0%~10%	The higher the discount for lack of marketability, the lower the fair value.
Available-for-sale financial assets					
Beneficial securities	910,231	Cash flow discount method/prepayment model	Discount for lack of marketability	0%~10%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial instrument					
Financial assets at FVTPL					
Interest rate swaps	663,279	Cash flow discount method	Discount for lack of marketability	0%~20%	The higher the discount for lack of marketability, the lower the fair value.
Interest rate options	-	Option pricing model	Volatility rate	10%~25%	The higher the volatility rate, the higher the fair value.
Equity-linked options	4,543	Option pricing model	Volatility rate	5%~40%	The higher the volatility rate, the higher the fair value.
Equity-linked swaps	17,808	Option pricing model /Cash flow discount method	Volatility rate	5%~40%	The higher the volatility rate, the higher the fair value.
Cross-currency swaps	-	Cash flow discount method	Discount for lack of marketability	0%~10%	The higher the discount for lack of marketability, the lower the fair value.
Structured FXO	29	Option pricing model	Volatility rate	2%~30%	The higher the volatility rate, the higher the fair value.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Interest rate swaps	655,962	Cash flow discount method	Discount for lack of marketability	0%~20%	The higher the discount for lack of marketability, the lower the fair value.
Interest rate options	-	Option pricing model	Volatility rate	10%~25%	The higher the volatility rate, the higher the fair value.
Equity-linked options	-	Option pricing model	Volatility rate	5%~40%	The higher the volatility rate, the higher the fair value.
Equity-linked swaps	17,808	Option pricing model /Cash flow discount method	Volatility rate	5%~40%	The higher the volatility rate, the higher the fair value.
Cross-currency swaps	-	Cash flow discount method	Discount for lack of marketability	0%~10%	The higher the discount for lack of marketability, the lower the fair value.
Structured FXO	9,482	Option pricing model	Volatility rate	2%~30%	The higher the volatility rate, the higher the fair value.

7)The assessment of fair value based on Level 3 inputs

The financial instrument assessment group of the Group's department of risk management is responsible for independently verifying fair value, using an impartial, reliable source of information, so that the evaluation results reflect market status closely, same with other resource and representing executable price calibrating the assessment model regularly, and updating input values, information and any other information needed to ensure that the asses;sment model results are reasonable.

The department of finance and the department of risk management set assessment policies and procedures for determining the fair values of financial instruments and ensure that these policies and procedures are in compliance with IFRS.

d. Not measured at fair value

1)Fair value information

In addition to the items listed below, the Group's assets that are not measured at fair value-such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, loans, due to the Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, deposits and remittances, bonds payable, other borrowing and other financial liabilities-have carrying amounts that are equal to, or reasonably approximate, their fair values.

	December31			
	2015		2014	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets				
Held-to-maturity financial assets	$ 5,110	$ 5,110	$ 2,540	$ 2,540

2)The level information of fair value

Assets and Liabilities	December 31, 2015			
	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 5,110	$ -	$ -	$ 5,110

3)Valuation techniques

a)Financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other miscellaneous financial assets, due to the Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, other borrowings and other miscellaneous financial liabilities, are disclosed at their carrying amounts as shown in the consolidated balance sheets since their maturities are very short or their future payments/receipts approximate their carrying amounts.

b)Loans (including delinquent loans)

The Group's loan interest rate is usually determined based on the prime rate plus or minus basic points (i.e. the floating rate), which reflects the market interest rate. The expected recovery of loans is taken into consideration. Therefore, loans are disclosed at their carrying amounts.

Medium and long-term loans, which are determined at fixed rates and account for a minor proportion of loans, are disclosed at their carrying amounts.

c)Held-to-maturity financial assets: Please refer to Note 46,c., for related information.

d)Financial assets carried at cost

Since the fair value of financial assets carried at cost cannot be reliably measured, the carrying amount is disclosed instead of fair value.

e)Deposits

Considering that most of the banking transactions are within one year of maturity, deposits are disclosed at their carrying amounts.

f)Bonds payable

Except that Chang Hwa Bank's fair-value-hedge bonds payable is disclosed at fair value, the rest are disclosed at their carrying amounts. Those bonds were issued to enhance liquidity or capital management instead of earning short-term profits.

Financial Assets and Financial Liabilities Offsetting

Taishin Financial Holding signs net settlement contracts or similar agreements with counterparties. When both transaction parties choose to do netting, the Group can offset financial assets and financial liabilities after the signing of the net settlement agreement. If not, the Group would execute total settlement. However, if one of the transaction parties breaks a contract, the other party can choose to execute net settlement. The table below shows more information on the offset of financial assets and financial liabilities.

December 31, 2015						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collaterals	
Derivative	$ 19,258,158	$ -	$ 19,258,158	$ 14,537,109	$ 510,853	$ 4,210,196

Note: Including net settlement and non-cash collaterals.

December 31, 2015						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collaterals	
Derivative	$ 46,011,912	$ -	$ 46,011,912	$ 14,537,109	$ 25,283,586	$ 6,191,217

Note: Including net settlement and non-cash collaterals.

December 31, 2014						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collaterals	
Derivative	$ 12,584,919	$ -	$ 12,584,919	$ 6,122,371	$ 507,759	$ 5,954,789

Note: Including net settlement and non-cash collaterals.

December 31, 2014						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collaterals	
Derivative	$ 30,919,526	$ -	$ 30,919,526	$ 6,122,371	$ 17,939,529	$ 6,857,626

Note: Including net settlement and non-cash collaterals.

Transfer of Financial Assets

Taishin Financial Holding treats debt securities under repurchase agreements as transferred financial assets that do not qualify for full derecognition; thus, the Group will recognize debts on the transferred financial assets to be bought back at a confirmed price because of the transfer of cash on the debt security contracts. In addition, the Group should not use, sell or pledge the transferred financial assets during the transaction validity period. However, the Group still bears interest and credit risks although the financial assets will not be fully derecognized. The following table shows the amounts of the financial assets that did not qualify for full derecognition and information on the related financial liabilities.

December 31, 2015		
Financial Assets	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Financial assets at fair value through profit or loss repurchase agreement	$ 27,614,310	$ 27,655,141
Available-for-sale financial assets repurchase agreement	66,204,717	65,829,139

Financial Risk Management Objectives and Policies

a. Summary

The Group's goal in risk management is to balance the risks and returns by giving consideration to business operation, overall risk taken, and external legal restrictions. The major risks the Group sustains includes in- and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices and commodity price risks) and liquidity risks.

Taishin Financial Holding has rules for risk management policies and risk control procedures, which had been approved by the board of directors or Risk Management Committee, in order to effectively identify, measure, supervise and control credit risks, market risks and liquidity risks.

b. Organizational structure of risk management function

The board of directors is the highest Level in the risk management function in the Company and takes the full responsibility for risk management issues. Risk Management Committee is formed under the board of directors to examine policies and standards and establish risk management system. The chairman of Risk Management Committee takes charge of risk management and reports to the board of directors periodically.

Risk management department is independent of business department and identifies, assesses, and controls various risks according to risk management standards. In addition, internal auditing department is responsible for the independent review of risk management and control environment.

c. Market risk

1) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of in- and off-balance-sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Group are equity securities price risks, interest rate risks, and exchange rate risks. The main position of equity securities risk includes domestic public, OTC, and emerging market stocks, domestic stock index options and stock index futures. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Group's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

2)Market risk management policy

Taishin Financial Holding's risk management policy was approved by the board of directors and is the highest guidance and principle of risk management.

Risk management policy clearly defines the risk management procedures for risk identifying, risk measuring, risk controlling and risk reporting, which are executed by risk management department independent of trading and other departments. The risk management department develops management principles for different businesses and for various aspects of market risk management based on the risk management policy. It establishes market risk management system and regulates market risks, risk limits and stress tests of various financial assets.

3)Market risk management procedures

a)Identifying risks and measuring possible effects

The Group's risk management department identifies the exposures of positions or new financial instruments to market risks and measures the gains and losses on positions held due to changes in market risk factors based on standards; the risk management department calculates price sensitivity and gains and losses on positions are recorded in trading books daily; and calculates the maximum potential losses recorded in each trading book monthly. The Group wants to avoid tremendous losses that will harm the Group's operations due to overwhelming changes in market risk factors.

b)Controlling of risk and reporting of issues

The Group controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the board of directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the board of directors and prepares reports to the high-level management and the board of directors periodically for their sufficient understanding of the implementation of the market risk management work and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the Risk Management Committee in order to improve the effectiveness of the market risk management.

4)Trading book market risk management

Based on the related risk management standards, the Group classifies financial instruments into trading books and banking books according to the purpose of holding the instruments and manages them with different methods. Trading book position consists of trading purpose financial instruments or commodities held to hedge positions in trading books. A position, such as self-run position or position produced by matched principal brokering or market making, is for trading purpose if it is intended to be sold within a short period; profit can be earned from actual or expected short-term price fluctuations which are the reasons for dealing, matched principal brokering or market making position.

Principles of trading book market risk management are as follows:

a)Management strategy

The goal of trading book market risk management is to pursue maximum return on capital, meaning maximizing the capital usage efficiency to improve stockholders' interest.

In order to control market risks, the risk management department sets risk limits for various investment

portfolio based on trading strategies, category of trading products and annual profit goals in order to control exposure to risks on positions and losses.

b) Management principles

The Group stipulated “Principles of Market Risk Limit Management” to manage trading book limits.

c) Valuation gains and losses

If objective prices of financial instruments in various trading books exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically.

d) Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

i. Measure the price sensitivity of various risk factors (i.e. Greeks), such as the effect on the valuations of foreign currency position of a 1% change in exchange rate or the effect on option position valuation due to changes in Greeks.

ii. Please refer to item 9 for the risk assumptions and calculation methods.

iii. Measure potential losses resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments.

5) Trading book interest rate risk management

a) Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Group due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

b) Measuring methods

The risk management department applies DV01 to measure interest risk. DV01 is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp). Please refer to item 9 for the risk assumptions and calculation methods.

c) Management procedures

The risk management department defines the interest rate related products that can be undertaken among trading book investment portfolio and set the total limit of DV01, the limit of DV01 in each time band and the stop-loss limits in order to control exposure risks on position losses. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure positions so as to control losses.

6) Exchange rate risk management

a) Definition of exchange rate risk

Exchange rate risk is the gain or loss resulting from exchange or translation of two different foreign currencies at different times. The Group’s exchange rate risk mainly comes from spot and forward exchange positions and forward exchange options.

b) Measuring methods

The risk management department applies Delta to measure the exchange rate risk of the first order change and applies Gamma to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate. And the department calculates stress loss of risk position held. Please refer to item 9 for the risk assumptions and calculation methods.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading book investment combinations in order to control exchange rate risk. If the losses reach the stop-loss limit, the trading department should decrease risk exposure positions so as to control losses.

7) Equity security price risk management

a) Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Group when the equity security price changes. The Group's equity security price risk mainly comes from public and OTC stocks, index futures and options.

b) Measuring methods

The risk management department calculates stress loss of risk position held, applies Delta to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of stocks. Please refer to item 9 for the risk assumptions and calculation methods.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading book investment portfolio in order to control equity security price risk. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure position so as to control losses.

8) Banking book interest rate risk management

Taishin Bank

Banking book interest rate risk involves bonds and bills and their hedge position, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to changes in interest rate. There is no secondary market for loan transactions and the purpose of holding banking book investment position is to establish deposit reserve. This is different from short-term holding for pursuing profit in trading book. Banking book interest rate risks are regulated separately by the risk management department.

a) Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b) Management principles

Taishin Bank stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts and maturity or repricing dates of banking book assets, liabilities and off-balance-sheet items. Taishin Bank measures the effect on net interest income when the yield curve moves upward by 1bp.

d)Management procedures

Taishin Bank defines the instruments of banking book interest rate management and sets the limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the limits.

9)Methods for measuring market risk

Taishin Bank

a)Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility. The risk management unit is required to execute the stress test at least once a month to calculate trading book stress loss. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Risk Management Committee. Since there are so many market risk factors that affect trading book position, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall trading book loss does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distribution.

b)Value at risk, "VaR"

Taishin Bank uses variety of methods to control market risk; the VaR is one of them. Taishin Bank is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is Taishin Bank's important internal risk control system, and the board of directors reviews and establishes trading portfolio's limits annually. Actual exposures of Taishin Bank are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99% confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate.

	For the Year Ended December 31, 2015			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 26,921	$ 68,254	$ 5,106	$ 21,682
Interest rate VaR	45,437	73,748	22,815	68,266
Equity securities VaR	23,391	45,997	5,394	23,480
Value at risk	52,823	80,147	32,205	69,262

	For the Year Ended December 31, 2014			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 14,715	$ 57,436	$ 8,986	$ 12,977
Interest rate VaR	23,893	37,345	14,644	12,276
Equity securities VaR	22,744	33,225	14,007	19,226
Value at risk	31,873	65,583	22,600	38,832

c) Information of exchange rate risk concentration

For information regarding Taishin Bank's non-functional currency financial assets and liabilities on the balance sheet date, please refer to Note 54.

Taishin Securities B

VaR is the potential highest loss for a period within certain confidence interval. For the years ended December 31, 2015 and 2014, Taishin Securities B's VaR factors were as follows:

	December 31, 2015			
	Highest	Average	Lowest	Ending Balance
Value at risk (VaR)	$ 34,251	$ 27,629	$ 24,766	$ 30,150

	December 31, 2014			
	Highest	Average	Lowest	Ending Balance
Value at risk (VaR)	$ 38,110	$ 33,603	$ 28,968	$ 32,404

d. Credit risk

1) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability of fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance-sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility on the collaterals and market liquidity risk of the collaterals.

Credit risk can be divided into the following categories based on the object and nature of business:

a) Credit risk

Credit risk is the risk that a borrower is unable to pay its debt or fulfill its debt commitments in credit loans operation.

b) Issuer (guarantor) risk of the underlying issue

It is the credit risk that stock issuers go into liquidation or are unable to pay back money when debt, bills and other securities mature.

c) Counterparty risk

It is the credit risk that the counterparty undertaking OTC derivatives or RP/RS transactions are unable to fulfill settlement obligations.

Counterparty risk is also divided into settlement risk and pre-settlement risk.

i. Settlement risk

It is the loss resulting from the counterparty failing to deliver goods or other money on the settlement date when the Group had fulfilled settlement obligations.

ii. Pre-settlement risk

It is the loss resulting from the counterparty failing to fulfill settlement or pay the obligations and from changes in market prices before the settlement date.

d)Other credit risks

Country risk, custodian risk and brokers risk, etc.

2)Credit risk management policies

Taishin Bank

To ensure its credit risk under control within the tolerable range, Taishin Bank has stipulated in the guidelines for 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, Taishin Bank should make detailed analyses to identify existing and potential credit risks. Before launching new products or businesses, Taishin Bank ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factoring and credit derivative instruments, Taishin Bank also establishes risk management system described in the related rules and guidelines.

Unless the assessment of asset qualities and provision for potential losses of the overseas business department is regulated by the local authorities, it is in accordance with Taishin Bank's risk management policies and guidelines.

The measurement and management procedures of credit risks in Taishin Bank's main businesses are as follows:

a)Credit granting business (including loans and guarantees)

Classification of credit assets and level of credit quality are summarized as follows:

i. Classification of credit assets

Taishin Bank's credit assets are classified into five categories. Except for normal credit assets classified as "Category One", the remaining unsound credit assets are evaluated based on the status of the loan collaterals and the length of time overdue. Assets that require special mention are classified as "Category Two", assets that are substandard are classified as "Category Three", assets that are doubtful are classified as "Category Four", and assets with existing loss are classified as "Category Five". In order to manage the problematic credit loans, the reorganization of loan loss provisions, allowance for bad debt or guarantee liability provisions, measures are adopted for overdue loans and procedures and for collecting default loans. In the management of credit assets, Taishin Bank is also guided by the "Regulations Governing the Procedures for Corporation Credit Business to Evaluate Assets and Deal with Nonperforming Assets", "Measures for Corporation Credit Business to Be Taken When Credit Extensions Become Past Due and Regulations Governing Collection Procedures", "Regulations Governing the Procedures for Consumer Business to Evaluate Assets and Deal with Nonperforming Assets", "Regulations Governing the Procedures for Overdue Loan, Non-accrual Loans and Doubtful Loans".

ii. Credit risk rating

For risk management purposes, Taishin Bank rates credit qualities (by using internal rating models for credit risk or credit score tables) in accordance with the nature and scale of a business.

The credit risk rating system is internal rating based on the definition of Basel II of internal rating method (IRB). It covers operation procedures, methodology, control mechanism, information system and data collection, which is used to assist risk assessment, rating approval and loss assessment.

The corporate finance department's internal rating adopts two aspects. One is obligor risk rating (ORR) and the other is Facility Risk Rating (FRR). ORR is used to assess the possibility of the debtor

performing financial commitments, which is a quantitative value based on the probability of default (PD) within one year. FRR is used to assess the effect of rating structures and collateral conditions on credit rating, which is a quantitative value based on loss given default (LGD). At the same time, experts also engage in judging and adjusting the rating overrides of statistic models to make up the shortage of the model.

The consumer finance department's internal rating system adopts product characteristic and debtor condition (such as new case or behavior grading) as the basis of segmentation. It is to ensure that the same pools of debtors and risk exposure are homogeneous. At the same time, review of loans based on experts' override is complemented to make up the shortage of the model.

b) Due from and call loans to banks

Taishin Bank evaluates the credit status of counterparties before deals are closed. Taishin Bank grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating institutes.

c) Security investment and financial derivatives transaction

Regarding the credit risk of security investments and financial derivatives, Taishin Bank manages the risk by internal credit rating of issuers, issued underlying, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries.

The other banks with which Taishin Bank conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed case by case. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, Taishin Bank has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

3) Credit risk hedging or mitigation policies

Taishin Bank

a) Collaterals

Taishin Bank 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 loans, Taishin Bank manages and assesses the collaterals following the procedures that suggest the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, Taishin Bank stipulates the security mechanism for loans and the conditions and terms for collaterals and offsetting to state clearly that Taishin Bank reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debt of the borrowers with their deposits in Taishin Bank 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.

b) Credit risk concentration limits and control

To avoid the concentration of credit risks, Taishin Bank has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, Taishin Bank has set a ratio, which is the credit limit of a single issuer in relation to the total security position. Taishin Bank has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on the financial assets, Taishin Bank has set credit limits by industry, conglomerate, country and transactions collateralized by stocks, and integrated within one system to supervise concentration of credit risk in these categories. Taishin Bank monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industries, nations.

c) Net settlement

Taishin Bank settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

d) Other credit enhancements

To reduce its credit risks, Taishin Bank stipulates in its credit contracts the terms for offsetting to state clearly that Taishin Bank reserves the right to offset the borrowers' debt against their deposits in Taishin Bank.

4) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Please refer to the notes to the consolidated financial statements.

As of December 31, 2015 and 2014, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrepealable maximum amount of exposure) were as follows:

Taishin Bank

Financial Instrument Type	December 31	
	2015	2014
Guarantees	$ 15,034,602	$ 13,177,389
Letters of credit	3,853,744	4,019,437
Unused loan commitments (excluding credit card)	595,996,350	575,665,609
Unused loan commitments (credit card only)	13,340,999	13,516,066

5) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Group's information on prominent concentration of credit risk was as follows:

Taishin Bank

Industry Type	December 31 2015 Carrying Amount	2015 Percentage of Item (%)	2014 Carrying Amount	2014 Percentage of Item (%)
Manufacturing	$ 112,354,885	13	$ 119,966,703	15
Wholesale and retailing	61,566,474	7	74,623,764	9
Finance and insurance	92,018,197	11	72,086,050	9
Real estate and leasing	38,875,370	5	45,102,434	6
Service	12,594,185	1	9,535,439	1
Individuals	496,949,037	59	461,187,556	56
Others	32,897,814	4	34,605,467	4
	$ 847,255,962		$ 817,107,413	

Geographic Location	December 31 2015 Carrying Amount	2015 Percentage of Item (%)	2014 Carrying Amount	2014 Percentage of Item (%)
Asia	$ 782,515,969	92	$ 762,302,992	93
Europe	1,210,153	-	980,225	-
America	475,220	-	1,937,363	-
Others	63,054,620	8	51,886,833	7
	$ 847,255,962		$ 817,107,413	

6) Financial assets credit quality and nonperforming impairment analysis

Part of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreement, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Except for those mentioned above, the credit quality of Taishin Banks and Chang Hwa Bank's remaining financial assets were analyzed as follows:

Taishin Bank

a) Credit quality analysis of loans and receivables (including delinquent loans reclassified from other items)

(In Thousands of New Taiwan Dollars)

Item	December 31, 2015										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance sheet items											
Receivables (including delinquent loans reclassified from other items)	$ 71,999,794	$ 10,259,546	$ 398,643	$ 8,971,447	$ 91,629,430	$ 158,319	$ 5,821,913	$ 97,609,662	$ 3,182,951	$ 151,417	$ 94,275,294
Loans	653,569,406	161,444,397	16,838,396	-	831,852,199	944,239	14,459,524	847,255,962	7,045,336	4,933,766	835,276,860

(In Thousands of New Taiwan Dollars)

Item	December 31, 2015										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance sheet items											
Receivables (including delinquent loans reclassified from other items)	$ 77,967,263	$ 5,700,090	$ 247,371	$ 6,316,056	$ 90,230,780	$ 68,712	$ 3,550,300	$ 93,849,792	$ 1,056,897	$ 126,377	$ 92,666,518
Loans	615,041,199	168,793,055	16,180,334	-	800,014,588	197,862	16,894,963	817,107,413	6,318,903	4,502,140	806,286,370

b) Credit quality analysis of loans neither past due nor impaired based on credit ratings of clients

(In Thousands of New Taiwan Dollars)

Item	December 31, 2015				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	$ 459,712,987	$ -	$ 10,957,142	$ -	$ 470,670,129
Corporation finance	193,856,419	161,444,397	5,881,254	-	361,182,070
Total	$ 653,569,406	$ 161,444,397	$ 16,838,396	$ -	$ 831,852,199

(In Thousands of New Taiwan Dollars)

Item	December 31, 2014				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	$ 427,014,630	$ -	$ 8,840,959	$ -	$ 435,855,589
Corporation finance	188,026,569	168,793,055	7,339,375	-	364,158,999
Total	$ 615,041,199	$ 168,793,055	$ 16,180,334	$ -	$ 800,014,588

c) Credit quality analysis of non-credit financial assets

(In Thousands of New Taiwan Dollars)

Item	December 31, 2015										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Call loans to banks	$14,152,621	$ -	$ -	$ -	$ 14,152,621	$ -	$ -	$ 14,152,621	$ -	$ -	$14,152,621
Securities purchased under resell agreements	2,951,852	-	-	-	2,951,852	-	-	2,951,852	-	-	2,951,852
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	-	-	-	-	-
Bills	182,544,058	-	-	-	182,544,058	-	-	182,544,058	-	-	182,544,058
Bonds and beneficiary securities	104,918,273	352,209	-	-	105,270,482	-	-	105,270,482	-	-	105,270,482
Held-to-maturity financial assets											
Bonds	-	-	-	5,110	5,110	-	-	5,110	-	-	5,110
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	134,232	134,232	52,804	-	81,428

(In Thousands of New Taiwan Dollars)

Item	December 31, 2014										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Call loans to banks	$ 1,395,592	$ -	$ -	$ -	$ 1,395,592	$ -	$ -	$ 1,395,592	$ -	$ -	$ 1,395,592
Securities purchased under resell agreements	-	-	-	-	-	-	-	-	-	-	-
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	-	-	-	-	-
Bills	153,767,268	-	-	-	153,767,268	-	-	153,767,268	-	-	153,767,268
Bonds and beneficiary securities	86,894,524	345,695	-	-	87,240,219	-	-	87,240,219	-	-	87,240,219
Held-to-maturity financial assets											
Bonds	-	-	-	2,540	2,540	-	-	2,540	-	-	2,540
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	138,748	138,748	54,429	-	84,319

d)Aging analysis of financial assets that are past due but not impaired

(In Thousands of New Taiwan Dollars)

Item	December 31, 2015				December 31, 2014		
	Past Due Up to Two Months	Past Due Two to Three Months	Past Due over Three Months	Total	Past Due Up to Two Months	Past Due Two to Three Months	Total
Receivables (including delinquent loans reclassified from other items)	$ 123,346	$ 25,280	$ 9,693	$ 158,319	$ 48,862	$ 19,850	$ 68,712
Consumer finance	34,445	18,704	-	53,149	24,889	17,045	41,934
Corporation finance	2,100	370	-	2,470	-	10	10
Others	86,801	6,206	9,693	102,700	23,973	2,795	26,768
Loans	816,962	127,277	-	944,239	139,791	58,071	197,862
Consumer finance	166,358	33,719	-	200,077	139,791	56,472	196,263
Corporation finance	650,604	93,558	-	744,162	-	1,599	1,599

e)Impairment analysis of loans and receivables

Receivables (including delinquent loans reclassified from other items)

Item		Gross Receivables	
		December 31, 2015	December 31, 2014
Objective evidence of impairment	Individual assessment of impairment	$ 3,371,349	$ 765,564
	Combined assessment of impairment	2,450,564	2,784,736
Non objective evidence of impairment	Combined assessment of impairment	91,787,749	90,299,492
Total		$ 97,609,662	$ 93,849,792

Item		Allowance	
		December 31, 2015	December 31, 2014
Objective evidence of impairment	Individual assessment of impairment	$ 2,821,176	$ 708,624
	Combined assessment of impairment	361,775	348,273
Non objective evidence of impairment	Combined assessment of impairment	151,417	126,377
Total		$ 3,334,368	$ 1,183,274

Loans

Item		Gross Loans	
		December 31, 2015	December 31, 2014
Objective evidence of impairment	Individual assessment of impairment	$ 5,296,537	$ 7,206,816
	Combined assessment of impairment	9,162,987	9,688,148
Non objective evidence of impairment	Combined assessment of impairment	832,796,438	800,212,449
Total		$ 847,255,962	$ 817,107,413

Item		Allowance	
		December 31, 2015	December 31, 2014
Objective evidence of impairment	Individual assessment of impairment	$ 4,160,937	$ 3,912,390
	Combined assessment of impairment	2,884,399	2,406,513
Non objective evidence of impairment	Combined assessment of impairment	4,933,766	4,502,140
Total		$ 11,979,102	$ 10,821,043

e. Liquidity risk

1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Sources of liquidity risk are as follows:

a) Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.

b) Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.

c) Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Group's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, RS or RP transactions being deterred and liquidity of financial assets decreasing.

2) Liquidity risk management policy

Taishin Bank

The objective of liquidity risk management is to ensure that Taishin Bank can acquire funds at reasonable price to pay off debt, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances. Taishin Bank has established policies on assets and liabilities management that stipulate related liquidity risk management rules and principles, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the limits of liquidity risk, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the board of directors.

Basic principles of liquidity risk management policy are as follows:

a) Principle of risk diversification: Taishin Bank should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.

b) Principle of stability: Taishin Bank should follow stable strategies and pay attention to market and internal funding liquidity. For example, Taishin Bank should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.

c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, Taishin Bank should make sure total assets can pay off total liabilities and maintain certain proportion of assets with high liquidity or collaterals in order to finance funds and pay off current liabilities in critical and urgent time.

d) Principle of matching asset and liability maturity: Taishin Bank should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, Taishin Bank has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Bank's resources quickly to resolve emergencies efficiently.

Taishin Securities B

Taishin Securities B's funding liquidity risk management incorporates funding sources, funding application and gap management. Key control points are as follows:

a) Funding sources: Other than ensuring stability and risk diversification of funding sources, Taishin Securities B maintains sufficient credit limits in order to cope with volatility risk from unexpected funding supply.

b) Funding application: When assessing investment income, Taishin Securities B ensures its liquidity and safety in order to cope with liquidity risk from unexpected funding needs.

c) Gap management: Taishin Securities B implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching

Market liquidity risk includes on- and off-balance-sheet transactions. To make sure that market liquidity of positions with low liquidity is within tolerable range, Taishin Securities B stipulated in its risk management rules that it should carefully analyze and efficiently identify existing and potential market liquidity risk in order to operate in coordination with Taishin Securities B's business development and Taishin Financial Holding's overall risk appetite. Before promoting new products and business, Taishin Securities B should also scrutinize related operation rules and confirm related market liquidity risk.

The market liquidity management procedures and measuring methods of Taishin Securities B's major business are as follows:

a) When closeout of a position with low amount of market transactions and low liquidity occurs, impairment is generated due to increase of bid-ask premium and extension of covered time. Therefore, liquidity reserve is drawn based on product categories in internal assessment to avoid biased assessment.

b) The proportion limit is calculated as the sum of position, which is the amount of quoted and OTC stocks over one-day average volume, of the investment portfolio. The ratio is set to implement control.

c) The volume of holding a single stock and the volume of accounting for investment portfolio is limited to a certain amount in order to implement control.

d) The proportion of the volume of a single convertible bond issued to the volume of outstanding portfolio is limited to a certain amount in order to implement control.

3) Financial assets held to manage liquidity risk and maturity analysis

Financial assets held to manage liquidity risk:

The Group holds cash and cash equivalents, due from the Central Bank and banks and available-for-sale and held-to-maturity financial assets held for the purpose of managing liquidity risk, in order to perform contracted obligations when due and meet the needs of urgent fund dispatching.

Maturity analysis:

Taishin Bank

a)Maturity analysis of non-derivative financial liabilities

Taishin Bank's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date were as follows:

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2015									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and banks	$ 38,022,041	$ 6,834,198	$ 12,722,940	$ 7,082,699	$ 28,000	$ -	$ -	$ -	$ -	$ 64,689,878
Non-derivative financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Securities sold under repurchase agreements	80,133,946	12,999,451	350,883	-	-	-	-	-	-	93,484,280
Payables	17,645,428	790,857	610,408	428,963	7,591	-	-	-	-	19,483,247
Deposits and remittances	118,575,484	277,767,367	138,141,109	213,938,012	288,338,912	5,672,875	13,454	-	-	1,042,447,213
Bank debentures	-	-	-	-	13,300,000	-	4,900,000	-	34,800,000	53,000,000
Other financial liabilities	4,400,584	1,655,926	821,000	349,844	705,355	456,595	1,059,239	813,952	39,356,407	49,618,902
	$258,777,483	$300,047,799	$152,646,340	$221,799,518	$302,379,858	$ 6,129,470	$ 5,972,693	$ 813,952	$ 74,156,407	$1,322,723,520

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2014									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	$ 28,327,697	$ 6,838,355	$ 11,722,940	$ 9,086,856	$ -	$ 28,000	$ -	$ -	$ -	$ 56,003,848
Non-derivative financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Securities sold under repurchase agreements	72,983,362	2,035,520	22,000	-	-	-	-	-	-	75,040,882
Payables	19,412,154	395,923	289,075	1,003,371	76,231	-	-	-	-	21,176,754
Deposits and remittances	125,818,254	222,505,102	155,131,100	206,031,530	261,522,437	3,180,183	9,859	19,034	-	974,217,499
Bank debentures	-	-	-	-	-	13,300,000	-	4,900,000	14,800,000	33,000,000
Other financial liabilities	7,999,859	3,102,081	1,330,280	610,098	1,230,162	468,029	1,253,620	1,544,472	36,106,059	53,644,660
	$254,541,326	$234,876,981	$168,495,395	$216,731,855	$262,828,830	$ 16,976,212	$ 1,263,479	$ 6,463,506	$ 50,906,059	$1,213,083,643

The maturity analysis of time deposits in “deposits and remittances” is allocated to each time band based on Taishin Bank’s historical experience. If all the time deposits were required to be paid off in recent period, the funds outflows in less than one-month time band would have been $470,568,297 thousand and $420,519,168 thousand as of December 31, 2015 and 2014, respectively.

b)Maturity analysis of derivative financial liabilities

Taishin Bank disclosed amounts of derivative financial liabilities at fair value through profit or loss using fair values recognized in the earliest time band as follows:

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2015									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	$ 49,883,193	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 49,883,193

(In Thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2014									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	$ 34,921,514	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,921,514

c)Maturity analysis of off-balance-sheet items

Below are the amounts of Taishin Bank’s off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of irrevocable loan commitments, guarantees or letters of credit. As of December 31, 2015 and 2014, assuming that all amounts, including the amounts in the longest time band, were due in the less than one-month time band, the amounts would have been $15,034,602 thousand and $13,177,389 thousand, respectively, for guarantees; $3,853,744 thousand and $4,019,437 thousand, respectively, for letters of credit; $595,996,350 thousand and $575,665,609 thousand, respectively, for loans commitments (excluding credit card); and $13,340,999 thousand and $13,516,066 thousand, respectively, for credit cards commitments.

(In Thousands of New Taiwan Dollars)

Item	December 31, 2015					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	$ 4,032,742	$ 4,262,994	$ 1,721,245	$ 2,060,549	$ 2,957,072	$ 15,034,602
Letters of credit	1,582,021	2,097,305	174,418	-	-	3,853,744
Loans commitments (excluding credit cards)	6,681,139	101,515,295	190,950,987	262,173,706	34,675,223	595,996,350
Credit cards commitments	68	18,860	21,290	48,836	13,251,945	13,340,999

(In Thousands of New Taiwan Dollars)

Item	December 31, 2014					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	$ 4,102,990	$ 2,407,773	$ 1,526,131	$ 1,692,852	$ 3,447,643	$ 13,177,389
Letters of credit	1,362,522	2,449,065	183,945	23,905	-	4,019,437
Loans commitments (excluding credit cards)	8,461,879	161,982,519	117,107,569	285,003,574	3,110,068	575,665,609
Credit cards commitments	490	208,738	823,659	546,262	11,936,917	13,516,066

47. RELATED-PARTY TRANSACTIONS

a. Names and relationships of related parties were as follows:

Name	Relationship
Taishin Bank	Fellow subsidiaries
Taishin AMC	Fellow subsidiaries
Taishin Venture Capital	Fellow subsidiaries
Taishin Securities B	Fellow subsidiaries
Taishin Securities Investment Trust	Fellow subsidiaries
Taishin Holdings Insurance Brokers	Fellow subsidiaries
Taishin Securities Investment Advisory	Fellow subsidiaries
Taishin D.A. Finance	Fellow subsidiaries
Taishin Insurance Agency	Fellow subsidiaries
Taishin Real-Estate	Fellow subsidiaries
Taishin Insurance Broker	Fellow subsidiaries
Taishin Financial Leases (China)	Fellow subsidiaries
Taishin Financial Leases (Tianjin)	Fellow subsidiaries
An Hsin Real-Estate	Associates
Chang Hwa Bank (“CHB”)	Associates
CHB Insurance Agency	Associates
CHB Insurance Brokerage	Associates
Shin Kong Life Insurance Co., Ltd. (“Shin Kong Life Insurance”)	Others
Shinkong Synthetic Fibers Co., Ltd. (“Shin Kong Synthetic Fibers”)	Others
Dah Chung Bills Finance Corp. (“Dah Chung Bills”)	Others
Taiwan Shin Kong Commercial Bank Co., Ltd. (“Shin Kong Bank”)	Others
Shin Kong Financial Holding Co., Ltd. (“Shin Kong Financial Holding”)	Other
CyberSoft Digital Service Corp. (“CyberSoft Digital Service”)	Others
Shin Kong Mitsukoshi Department Store Co., Ltd. (“Shin Kong Mitsukoshi”)	Others
Shin Kong Insurance Co., Ltd. (“Shin Kong Insurance”)	Others
Diamond Biotech Investment Corp. (“Diamond Biotech Investment”)	Others
Sercomm Corp. (“Sercomm”)	Others
Ri Chang Electronics Co., Ltd. (“Ri Chang Electronics”)	Others
Agricultural Credit Guarantee Fund (“ACGF”)	Others
Dongan Asset Development and Management Co., Ltd. (“Dongan Asset Development and Management”)	Others (become non-related party after the third quarter of 2015)
Delin Industrial Corp., Ltd. (“Delin Industrial”)	Others
Nanya Technology Corp. (“Nanya Technology”)	Others
Peng Cheng Corp. (“Peng Cheng”)	Others
An Shin Construction Manager Corp. (“An Shin Construction Manager”)	Others
OBI Pharma, Inc. (“OBI Pharma”)	Others
EasyCard Corp. (“EasyCard”)	Others
Ubright Optronics Corporation (“UBright”)	Others
Fenghe Development Corp. (“Fenghe Development”)	Others
Individual A	Key management personnel
Others	Including key management personnel and others

b.Material transactions with related parties were as follows:

1)Loans, Deposits and Guaranteed Loans

Loans to related parties of Taishin Bank and subsidiaries were as follows:

Loans

	Ending Balance
December 31, 2015	$ 1,911,112
December 31, 2014	1,421,216

For the years ended December 31, 2015 and 2014, interest both ranged from 0.0001% to 18.25%, and interest revenues were $33,779 thousand and $28,245 thousand, respectively.

	December 31, 2015					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
104 accounts	$ 226,768	$ 275,184	$ 226,768	$ -	Land, building, chattels	None
Self-used residence mortgage loans						
96 accounts	559,771	632,457	559,771	-	Land, building	None
Other loans						
Nanya Technology	400,000	400,000	400,000	-	Chattels	None
Shin Kong Synthetic Fibers	300,000	400,000	300,000	-	Securities	None
Delin Industrial	116,000	121,000	116,000	-	Land, building	None
Peng Cheng	107,000	107,000	107,000	-	Land, building	None
Others	201,573	263,964	201,573	-	Land, building, chattels, securities	None
	$ 1,911,112		$ 1,911,112			

	December 31, 2014					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Consumer loans						
103 accounts	$ 236,269	$ 294,743	$ 236,269	$ -	Land, building, chattels	None
Self-used residence mortgage loans						
93 accounts	561,892	693,193	561,892	-	Land, building	None
Other loans						
Shin Kong Synthetic Fibers	400,000	400,000	400,000	-	Securities	None
Others	223,055	745,906	217,701	5,354	Land, building, chattels, securities	None
	$ 1,421,216		$ 1,415,862			

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Deposits

	Ending Balance
December 31, 2015	$ 16,816,245
December 31, 2014	14,192,382

For the years ended December 31, 2015 and 2014, interest rates ranged from 0.00% to 5.95% and 0.00% to 4.10%, respectively, and interest expenses were $114,271 thousand and $87,474 thousand, respectively.

	December 31, 2015		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
OBI Pharma	$ 6,283,690	0.13-2.80	($ 34,273)
An Shin Construction Manager	3,778,593	0.13-0.94	(21,806)
Shin Kong Mitsukoshi	1,382,009	0.00-0.17	(1,958)
An Hsin Real-Estate	475,257	0.13-0.94	(14,620)
Dah Chung Bills	427,269	0.00-0.85	(3,201)
Shin Kong Synthetic Fibers	394,409	0.00-0.35	(85)
Shin Kong Insurance	380,037	0.00-1.36	(2,111)
Easy Card	200,239	0.13-0.17	(165)
ACGF	200,000	0.23-1.38	(2,778)
Ri Chang Electronics	185,067	0.13-1.36	(1,363)
Fenghe Development	146,032	0.02-1.28	(55)
Shin Kong Life Insurance	133,729	0.05-0.60	(215)
Ubright	121,135	0.00-0.35	(120)
Diamond Biotech Investment	117,176	0.02-1.22	(11,633)
Other	2,591,603		(19,888)
	$ 16,816,245		($ 114,271)

	December 31, 2014		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Hsin Real-Estate	$ 4,856,536	0.00-0.94	($ 40,548)
Diamond Biotech Investment	3,333,416	0.04-1.22	(15,580)
Shin Kong Mitsukoshi	1,697,180	0.00-0.17	(1,949)
Dah Chung Bills	431,195	0.00-0.85	(3,321)
Dongon Asset Development and Management	300,000	0.80-0.80	(92)
Shin Kong Insurance	261,811	0.00-1.50	(4,602)
ACGF	200,000	0.27-1.38	(2,778)
Shin Kong Life Insurance	176,831	0.05-0.60	(173)
Shin Kong Synthetic Fibers	162,947	0.00-0.35	(56)
Individual A	139,337	0.04-0.38	(172)
Ri Chang Electronics	138,112	0.17-1.86	(1,625)
Ubright	137,571	0.00-0.35	(41)
Sercomm	119,019	0.01-0.17	(46)
Others	2,238,427		(16,491)
	$ 14,192,382		($ 87,474)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

2) Due from Banks and Due to Banks

Taishin Bank and subsidiaries

Due from banks

	December 31, 2015				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue for the Year Ended December 31	
Chang Hwa Bank	Due from banks	$ 1,480	-	$	-

	December 31, 2014				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue for the Year Ended December 31	
Chang Hwa Bank	Due from banks	$ 1,176	-	$	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

3) Trading securities

	December 31, 2015					
			Repurchase Agreements		Resell Agreements	
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	$ 1,597,371	$ 854,766	$ -	-	$ -	-
Shin Kong Financial Holding	-	-	83,973	0.38-0.55	-	-
Chang Hwa Bank	1,466,781	1,260,551	-	-	-	-
Shin Kong Bank	252,997	-	-	-	-	-
	$ 3,317,149	$ 2,115,317	$ 83,973		$ -	

	December 31, 2014					
			Repurchase Agreements		Resell Agreements	
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	$ 3,719,845	$ 1,648,277	$ -	-	$ -	-
Shing Kong Life Insurance	-	-	300,719	0.60-0.65	-	-
Chang Hwa Bank	603,655	700,590	-	-	-	-
Shin Kong Bank	-	49,985	-	-	-	-
	$ 4,323,500	$ 2,398,852	$ 300,719		$ -	

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

4)Derivatives

	December 31, 2015					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2011.2.24-2018.11.30	$ 1,500,000	($ 2,086)	Financial liabilities at FVTPL	($ 2,086)

	December 31, 2014					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Shin Kong Synthetic Fibers	Foreign exchange contracts	2014.12.31-2015.02.10	$ 31,718	$ 60	Financial assets at FVTPL	$ 60
Dah Chung Bills	Interest rate swaps	2010.11.09-2018.11.30	$ 1,800,000	451	Financial liabilities at FVTPL	(1,505)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

5)Other material transactions

	For the Year Ended December 31			
	2015		2014	
	Item	Amount	Item	Amount
Shin Kong Mitsukoshi	Fee income	$ 302,499	Fee income	$ 325,947
Shin Kong Mitsukoshi	Service charge and operating expense	375,864	Service charge and operating expense	385,405
CyberSoft Digital Service	Operating expense	565,757	Operating expense	568,565
Diamond Biotech Investment	Acquisition of financial assets carried at cost	-	Acquisition of financial assets carried at cost	450,000
Shin Kong Life Insurance	Commissions income	433,016	Commissions income	354,050

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

c. Compensation of key management personnel:

The remuneration of directors and other members of key management personnel for the years ended December 31, 2015 and 2014 included the following:

	For the Year Ended December 31	
	2015	2014
Short-term benefits	$ 269,262	$ 287,399
Post-employment benefits	1,286	1,539
Share-based payments	560	18,999
	$ 271,108	$ 307,937

d. Related-party transactions of subsidiaries with amounts more than $100,000 thousand.

1) Taishin Bank

Material transactions with related parties were as follows:

a) Loans, deposits and guaranteed loans

Loans

	December 31, 2015					
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Nanya Technology	$ 400,000	$ 400,000	$ 400,000	$ -	Chattels	None
Shin Kong Synthetic Fibers	300,000	400,000	300,000		Securities	None
Delin Industrial	116,000	121,000	116,000		Land, building	None
Peng Cheng	107,000	107,000	100,000		Land, building	None

	December 31, 2014					
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
Other loans						
Shin Kong Synthetic Fibers	$ 400,000	$ 400,000	$ 400,000	$ -	Securities	None

Deposits

	December 31, 2015		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
OBI Pharma	$ 6,283,690	0.13-2.80	($ 34,273)
An Shin Construction Manager	3,778,593	0.13-0.94	(21,806)
Shin Kong Mitsukoshi	1,382,009	0.00-0.17	(1,958)
Taishin Holding Insurance Brokers	1,256,461	0.13-0.17	(1,754)
Taishin Insurance Agency	734,707	0.00-0.70	(1,517)
An Hsin Real-Estate	475,257	0.13-0.94	(14,620)
Dah Chung Bills	427,269	0.00-0.85	(3,201)
Shin Kong Synthetic Fibers	394,409	0.00-0.35	(85)
Shin Kong Insurance	380,037	0.00-1.36	(2,111)
Taishin Securities B	367,980	0.13-1.36	(1,483)
Taishin Securities Investment Advisory	263,214	0.05-1.36	(2,582)
Taishin Real-Estate	246,308	0.00-1.35	(619)
Easy Card	200,239	0.13-0.17	(165)
ACGF	200,000	0.23-1.38	(2,778)
Ri Chang Electronics	185,067	0.13-1.36	(1,363)
Fenghe Development	146,032	0.02-1.28	(55)
Shin Kong Life Insurance	133,729	0.05-0.60	(215)
Ubright	121,135	0.00-0.35	(120)
Diamond Biotech Investment	117,176	0.02-1.22	(11,633)

	December 31, 2014		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Financial Holding	$ 6,854,458	0.17-1.36	($ 23,327)
An Hsin Real-Estate	4,856,536	0.00-0.94	(40,548)
Diamond Biotech Investment	3,333,416	0.04-1.22	(15,580)
Shin Kong Mitsukoshi	1,697,180	0.00-0.17	(1,949)
Taishin Holding Insurance Brokers	1,085,159	0.00-0.17	(1,625)
Taishin Insurance Agency	660,514	0.00-0.17	(1,348)
Dah Chung Bills	431,195	0.00-0.85	(3,321)
Taishin Venture Capital	390,082	0.04-0.35	(52)
Taishin Securities Investment Advisory	318,730	0.05-1.36	(2,689)
Dongan Asset Development and Management	300,000	0.80	(92)
Shin Kong Insurance	261,811	0.00-1.50	(4,602)
ACGF	200,000	0.27-1.38	(2,778)
Taishin Securities B	185,651	0.17-1.36	(1,559)
Shin Kong Life Insurance	176,831	0.05-0.60	(173)
Shin Kong Synthetic Fibers	162,947	0.00-0.35	(56)
Individual A	139,337	0.04-0.38	(172)
Ri Chang Electronics	138,112	0.17-1.86	(1,625)
Ubright	137,571	0.00-0.35	(41)
Sercomm	119,019	0.01-0.17	(46)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

b) Trading securities

	December 31, 2015					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	$ 1,597,371	$ 854,766	$ -	-	$ -	-
Taishin Financial Holding	-	-	13,273,093	0.37-0.55	-	-
Chang Hwa Bank	1,466,781	1,260,551	-	-	-	-
Shin Kong Bank	252,997	-	-	-	-	-

	December 31, 2014					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	$ 3,719,845	$ 1,648,277	$ -	-	$ -	-
Taishin Financial Holding	-	-	5,316,390	0.54-0.58	-	-
Shin Kong Life Insurance	-	-	300,719	0.60-0.65	-	-
Chang Hwa Bank	603,655	700,590	-	-	-	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

c)Derivatives

	December 31, 2015					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2011.2.24-2018.11.30	$ 1,500,000	($ 2,086)	Financial liabilities at FVTPL	($ 2,086)

	December 31, 2014					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2010.11.09-2018.11.30	$ 1,800,000	$ 451	Financial liabilities at FVTPL	($ 1,505)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

d)Other material transactions

	For the Year Ended December 31			
	2015		2014	
	Item	Amount	Item	Amount
Taishin Holding Insurance Brokers	Fee income	$ 3,634,878	Fee income	$ 3,001,813
Taishin Holding Insurance Brokers	Receivables, net	353,649	Receivables, net	251,014
Shin Kong Mitsukoshi	Fee income	302,499	Fee income	325,947
Shin Kong Mitsukoshi	Service charge and operating expenses	374,915	Service charge and operating expenses	384,931
Cyber Soft Digital Service	Operating expenses	562,937	Operating expenses	560,676

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

e)Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2015 and 2014 included the following:

	For the Year Ended December 31	
	2015	2014
Short-term employee benefits	$ 435,607	$ 339,074
Post-employment benefits	28,353	23,841
Termination benefits	11,094	-
Share-based payment	3,136	30,218
	$ 478,190	$ 393,133

2)Taishin Securities B

Liability contracts with related parties:

		December 31	
Item	Name	2015	2014
Operating guarantee deposits	Taishin Bank	$ 165,000	$ 175,000
Other current assets - receipts under underwriting	Taishin Bank	189,270	-

3)Taishin AMC

Names and relationships of related parties were as follows:

a)Credit receivable

In July 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for $546,697 thousand with book value of $9,494,153 thousand. According to the contract, June 30, 2006 was determined as the basic measurement date of this transaction, and the receivables of $546,697 thousand will be paid off in two installments by September 15, 2006. In September 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for $158,000 thousand with book value of $5,490,584 thousand. According to the contract, August 31, 2006 was determined as the basic measurement date of this transaction, and the receivables of $158,000 thousand will be paid off in two installments by October 31, 2006. Also defined in the contract, 5 years from measurement date, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay the 30% of loans collected as service fee and 40% of remaining 70% of loan collected paid as commission. The service contracts mentioned were terminated on June 30, 2011 and August 31, 2011, respectively. From July 1, 2011 and September 1, 2011, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay 32.5% of loans collected as service fee.

b)Loans with transferred ownership

	For the Year Ended December 31, 2015			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	$ 15,779,407	$ -	($ 209,750)	$ 15,569,657

	For the Year Ended December 31, 2014			
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	$ 16,249,111	$ -	($ 469,704)	$ 15,779,407

4)Taishin Venture Capital

a)Liability contracts with related parties:

Item	Related Party	December 31 2015	2014
Bank deposits	Taishin Bank	$ 37,777	$ 390,082

b)Other material transactions:

Item	Related Party	December 31 2015	2014
Acquisition of financial assets carried at cost	Diamond Biotech Investment	$ -	$ 450,000
Investments accounted for using the equity method	Taishin Financial Leases (Tianjin)	319,920	-
Investments accounted for using the equity method	Taishin Financial Leases (China)	-	307,099

5) Taishin Securities Investment Trust

There were no related party transactions with amounts more than $100,000 thousand for the year ended December 31, 2015.

6) Taishin Securities Investment Advisory

Liability contracts with related parties:

Item	Related Party	December 31 2015	December 31 2014
Other financial assets	Taishin Bank	$ 198,250	$ 260,870

7) Taishin Holdings Insurance Brokers

Liability contracts with related parties:

Item	Related Party	December 31 2015	December 31 2014
Bank deposits	Taishin Bank	$ 1,256,461	$ 1,085,159
Accounts payable	Taishin Bank	353,649	251,014
Service fee	Taishin Bank	3,634,878	3,001,813
Commissions income	Shin Kong Life Insurance	433,016	354,050

48. PLEDGED ASSETS

Pledged Assets	Description	December 31 2015	December 31 2014
Refundable deposits	Cash and certificates of time deposits	$ 25,906,137	$ 19,474,891
Operating deposits and settlement funds	Cash and cash paid to stock exchange	154,664	150,614
Financial assets at FVTPL	Convertible corporate bonds and stocks	359,383	580,392
Available-for-sale financial assets	Certificates of time deposits, bonds and stocks	15,344,150	14,479,272
Held-to-maturity financial assets	Certificates of time deposits and bonds	3,600	1,100

49. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to those mentioned in Note 9 and Note 46, Taishin Financial Holding and subsidiaries have the following contingent liabilities and commitments as of December 31, 2015 and 2014:

	December 31 2015	December 31 2014
Trust liabilities	$ 225,718,181	$ 216,279,252
Unpaid equipment purchase contracts	2,097,446	1,008,752

Taishin Financial Holding has appointed Lee and Li Attorney-at-Law to help Taishin Bank's customers to assert their legal rights to Lehman Brother about the loss on investment in Lehman Brother's securities. The related fees for the legal services will be paid by Taishin Bank. However, this case is a worldwide affair. Thus, Taishin Bank cannot reasonably estimate related litigation fee.

50. FINANCIAL INFORMATION BY BUSINESS

The financial information by business for the years ended December 31, 2015 and 2014 was as follows:

Bank Business / Item	For the Year Ended December 31, 2015			
	Bank Business	Securities Business	Other Business	Total
Net interest income	$ 17,390,753	$ 58,961	$ 347,106	$ 17,796,820
Net income other than net interest income	10,961,784	239,875	8,509,348	19,711,007
Net revenue and gains	28,352,537	298,836	8,856,454	37,507,827
Provision for allowance for bad debts expenses and guarantee liability	(2,550,270)	(2,778)	(265,036)	(2,818,084)
Total operating expenses	(17,769,637)	(432,142)	(1,591,440)	(19,793,219)
Income (loss) before income tax of continued operations	8,032,630	(136,084)	6,999,978	14,896,524
Income tax expense	(1,542,140)	(3,607)	(124,686)	(1,670,433)
Income (loss) after income tax of continued operations	6,490,490	(139,691)	6,875,292	13,226,091

Bank Business / Item	For the Year Ended December 31, 2014			
	Bank Business	Securities Business	Other Business	Total
Net interest income	$ 33,626,424	$ 39,707	$ 31,450	$ 33,697,581
Net income other than net interest income (loss)	19,793,644	464,641	(9,316,180)	10,942,105
Net revenue and gains (expense and loss)	53,420,068	504,348	(9,284,730)	44,639,686
(Provision for) reversal of allowance for bad debts expenses and guarantee liability	759,158	(1,633)	(7,270)	750,255
Total operating expenses	(30,410,895)	(405,179)	(1,405,455)	(32,221,529)
Income (loss) before income tax of continued operations	23,768,331	97,536	(10,697,455)	13,168,412
Income tax expense	(3,260,044)	(23,604)	(237,025)	(3,520,673)
Income (loss) after income tax of continued operations	20,508,287	73,932	(10,934,480)	9,647,739

51. FINANCIAL STATEMENTS OF TAISHIN FINANCIAL HOLDING

TAISHIN FINANCIAL HOLDING CO., LTD.

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

ASSETS	2015	2014
Cash and cash equivalents	$ 5,682	$ 6,854,458
Securities purchased under resell agreements	13,273,093	5,316,390
Receivables	154,707	1,064,931
Current tax assets	377,205	342,315
Investments accounted for using the equity method	134,375,729	124,632,264
OTHER FINANCIAL ASSETS		
Financial assets carried at cost	2,200	2,200
Property and equipment, net	7,433	6,761
Deferred tax assets	58,471	116,942
Other assets	126,195	286,901
TOTAL	$ 148,380,715	$ 138,623,162

LIABILITIES AND EQUITY	2015	2014
LIABILITIES		
Payables	$ 1,125,680	$ 1,099,883
Current tax liabilities	425,417	1,464,865
Bonds payable	22,000,000	22,000,000
Total liabilities	23,551,097	24,564,748
EQUITY		
Capital stock		
Common stock	88,599,429	88,417,902
Preferred stock	7,251,368	7,251,368
Advance receipts for capital stock	4,449	111,339
Capital surplus	10,220,503	10,640,840
Retained earnings		
Legal reserve	5,466,453	5,315,307
Special reserve	465,368	465,368
Unappropriated earnings	12,893,353	1,511,461
Other equity		
Exchange differences on translation of foreign financial statements	117,513	150,908
Unrealized gains (losses) on available-for-sale financial assets	(188,818)	193,921
Total equity	124,829,618	114,058,414
TOTAL	$ 148,380,715	138,623,162

TAISHIN FINANCIAL HOLDING CO., LTD.

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
INCOME		
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	$ 14,164,832	$ 16,891,545
Interest income	70,302	72,518
Other income	254,813	62,879
Total income	14,489,947	17,026,942
EXPENSES AND LOSSES		
Share of loss of subsidiaries, associates and joint ventures accounted for using equity method	(465,093)	(44,859)
Operating expenses	(416,337)	(238,850)
Interest expenses	(469,928)	(470,980)
Other expenses and losses	-	(14,754,447)
Total expenses and losses	(1,351,358)	(15,509,136)
INCOME BEFORE INCOME TAX	13,138,589	1,517,806
INCOME TAX BENEFIT	83,955	106,570
NET INCOME	13,222,544	1,624,376
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	(375)	(825)
Share of the other comprehensive income of associates and joint ventures accounted for using equity method	(328,816)	(112,090)
Components of other comprehensive income that will be reclassified to profit or loss		
Share of the other comprehensive income of associates and joint ventures accounted for using equity method	(416,128)	(599,854)
Other comprehensive income, net of tax	(745,319)	(712,769)
TOTAL COMPREHENSIVE INCOME	$ 12,477,225	$ 911,607
EARNINGS PER SHARE		
Basic	$ 1.39	$ 0.08
Diluted	$ 1.38	$ 0.08

TAISHIN FINANCIAL HOLDING CO., LTD.

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

	Capital Stock			Capital Surplus		
	Common Stock	Preferred Stock	Advance Receipts for Capital Stock	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Stock-based Compensation
BALANCE AT JANUARY 1, 2014	$ 75,116,532	$ 7,251,368	$ 180,170	$ 7,077,571	$ 2,075,475	$ 325,281
Appropriation of 2013 earnings						
Legal reserve	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-
Stock dividend	7,987,008	-	-	-	-	-
Net income for the year ended December 31, 2014	-	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2014, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	-
Issue of common shares for cash	5,000,000	-	-	988,154	-	-
Share-based payments	314,362	-	(68,831)	186,021	-	(11,662)
BALANCE AT DECEMBER 31, 2014	88,417,902	7,251,368	111,339	8,251,746	2,075,475	313,619
Appropriation of 2014 earnings						
Legal reserve	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-
Cash dividends from capital surplus	-	-	-	(435,492)	-	-
Others	-	-	-	-	-	-
Net income for the year ended December 31, 2015	-	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2015, net of tax	-	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	-
Share-based payments	181,527	-	(106,890)	25,599	-	(10,444)
BALANCE AT DECEMBER 31, 2015	$ 88,599,429	$ 7,251,368	$ 4,449	$ 7,841,853	$ 2,075,475	$ 303,175

	Retained Earnings			Other Equity		
	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total Equity
	$ 3,939,770	$ 465,368	$ 13,755,369	$ 68,688	$ 875,995	$ 111,131,587
	1,375,537	-	(1,375,537)	-	-	-
	-	-	(3,423,308)	-	-	(3,423,308)
	-	-	(969,516)	-	-	(969,516)
	-	-	(7,987,008)	-	-	-
	-	-	1,624,376	-	-	1,624,376
	-	-	(112,915)	82,220	(682,074)	(712,769)
	-	-	1,511,461	82,220	(682,074)	911,607
	-	-	-	-	-	5,988,154
	-	-	-	-	-	419,890
	5,315,307	465,368	1,511,461	150,908	193,921	114,058,414
	151,146	-	(151,146)	-	-	-
	-	-	(450,315)	-	-	(450,315)
	-	-	(910,000)	-	-	(910,000)
	-	-	-	-	-	(435,492)
	-	-	-	-	(6)	(6)
	-	-	13,222,544	-	-	13,222,544
	-	-	(329,191)	(33,395)	(382,733)	(745,319)
	-	-	12,893,353	(33,395)	(382,733)	12,477,225
	-	-	-	-	-	89,792
	$ 5,466,453	$ 465,368	$ 12,893,353	$ 117,513	($ 188,818)	$ 124,829,618

TAISHIN FINANCIAL HOLDING CO., LTD.

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

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 13,138,589	$ 1,517,806
Depreciation expenses	2,596	2,504
Interest expense	469,928	470,980
Interest revenue	(70,302)	(72,518)
Dividend revenue	(99)	(99)
Share-based payments	796	7,586
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(13,699,739)	(16,846,686)
Other adjustments	-	14,754,447
Changes in operating assets and liabilities		
Net changes in operating assets		
Decrease in receivables	967,761	1,492,201
Decrease (increase) in other assets	160,331	(78,195)
Net changes in operating liabilities		
Decrease in payables	(268,075)	(287,155)
Decrease in other liabilities	-	(278)
Interest received	72,245	70,558
Dividend received	9,429,350	9,343,262
Interest paid	(470,979)	(470,980)
Income taxes refund	98,464	339,947
Income taxes paid	(794,124)	(2,385,669)
Net cash generated from operating activities	9,036,742	7,857,711
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	(6,206,000)	(5,630,000)
Capital reduction of investments accounted for using equity method	-	450,000
Acquisition of property and equipment	(3,268)	(8)
Net cash used in investing activities	(6,209,268)	(5,180,008)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of common stock for cash	-	5,988,154
Exercise of employee share options	76,260	278,902
Cash dividends distributed	(1,795,807)	(4,392,824)
Net cash (used in) generated from financing activities	(1,719,547)	1,874,232
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,107,927	4,551,935
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	12,170,848	7,618,913
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 13,278,775	$ 12,170,848
CASH AND CASH EQUIVALENTS IN BALANCE SHEET	$ 5,682	$ 6,854,458
SECURITIES PURCHASED UNDER RESELL AGREEMENTS QUALIFYING AS CASH AND CASH EQUIVALENTS UNDER THE DEFINITION OF IAS 7 PERMITTED BY THE FINANCIAL SUPERVISORY COMMISSION	13,273,093	5,316,390
	$ 13,278,775	$ 12,170,848

52. PROFITABILITY OF TAISHIN FINANCIAL HOLDING (STAND-ALONE AND CONSOLIDATED)

Stand-alone

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	9.16%	1.10%
	After tax	9.21%	1.18%
Return on net equity - common stock	Pretax	11.70%	0.62%
	After tax	11.78%	0.73%
Profit margin		91.25%	9.54%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity- common stock = $\frac{\text{Income before (after) tax}}{\text{Average net equity - common stock}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Total income}}$

Note d:Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

Consolidated

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	1.03%	0.62%
	After tax	0.91%	0.45%
Return on net equity - common stock	Pretax	13.38%	2.95%
	After tax	11.78%	0.73%
Profit margin		35.26%	21.61%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity- common stock = $\frac{\text{Income before (after) tax (of the parent company's stockholders)}}{\text{Average net equity - common stock}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

53. CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME AND IMPORTANT FINANCIAL NOTES OF SUBSIDIARIES

Taishin Bank

a. Balance sheet

	December 31	
	2015	2014
Assets		
Cash and cash equivalents	$ 20,626,518	$ 21,833,277
Due from Central Bank and call loans to banks	46,840,901	34,496,856
Financial assets at FVTPL	117,151,300	80,831,117
Securities purchased under resell agreements	2,951,852	-
Receivables, net	90,694,510	90,722,938
Current tax assets	645,698	571,874
Loans, net	834,625,647	805,759,004
Available-for-sale financial assets, net	290,112,152	244,237,901
Investments accounted for using the equity method, net	2,085,112	2,054,542
Other financial assets, net	9,370,121	10,388,063
Property and equipment, net	17,859,211	17,587,386
Intangible assets, net	1,528,358	1,505,828
Deferred tax assets	3,248,892	3,900,771
Other assets, net	26,331,033	19,898,649
	$ 1,464,071,305	$ 1,333,788,206
Liabilities		
Due to the Central Bank and banks	$ 64,689,878	$ 56,003,848
Financial liabilities at FVTPL	49,883,193	34,921,514
Securities sold under repurchase agreements	93,484,280	75,040,882
Payables	19,377,884	20,825,562
Current tax liabilities	160,970	985,450
Deposits and remittances	1,043,476,762	975,005,037
Bank debentures	53,000,000	33,000,000
Provisions	979,606	764,993
Other financial liabilities	47,180,126	52,744,269
Deferred tax liabilities	53,552	83,425
Other liabilities	2,048,536	2,329,919
	1,374,334,787	1,251,704,899
Equity		
Capital stock	56,118,710	52,025,626
Capital surplus	8,698,829	5,412,397
Retained earnings	25,232,822	24,448,993
Other equity	(313,843)	196,291
	89,736,518	82,083,307
	$ 1,464,071,305	$ 1,333,788,206

b. Statements of comprehensive income

	For the Year Ended December 31	
	2015	2014
Interest income	$ 28,210,751	$ 25,928,721
Interest expense	(11,072,307)	(10,074,023)
Net interest income	17,138,444	15,854,698
Net income other than net interest income	14,164,773	14,793,303
Net revenue and gains	31,303,217	30,648,001
(Provisions) reversed allowance for bad debts expenses and guarantee liability	(2,500,896)	328,611
Operating expenses	(17,167,645)	(16,431,117)
Income before income tax	11,634,676	14,545,495
Income tax expense	(1,528,318)	(1,502,657)
Net income	10,106,358	13,042,838
Other comprehensive income	(745,434)	(857,221)
Total comprehensive income	$ 9,360,924	$ 12,185,617
Basic earnings per share (dollar)	$ 1.84	$ 2.48
Diluted earnings per share (dollar)	$ 1.84	$ 2.48

c. Key financial and business highlights

1)Profitability

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	0.83%	1.18%
	After tax	0.72%	1.06%
Return on net equity	Pretax	13.54%	18.71%
	After tax	11.76%	16.77%
Profit margin		32.29%	42.56%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

2) Asset quality

Nonperforming loans and receivables

(In Thousands of New Taiwan Dollars)

Item / Business Type			December 31, 2015					December 31, 2014				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured		$ 582,617	$182,954,736	0.32%	$ 3,866,065	663.57%	$ 643,464	$195,389,954	0.33%	$3,621,590	562.83%
	Unsecured		49,610	189,102,069	0.03%	1,681,022	3,388.47%	60,290	179,091,264	0.03%	1,805,494	2,994.68%
Consumer finance	Mortgage loans (Note d)		175,850	230,362,765	0.08%	3,542,581	2,014.55%	123,191	228,732,126	0.05%	2,915,384	2,366.56%
	Cash cards		36,192	2,842,408	1.27%	92,135	254.57%	39,307	3,673,046	1.07%	124,270	316.15%
	Credit loans (Note e)		105,228	45,946,238	0.23%	750,604	713.31%	95,451	40,931,686	0.23%	620,128	649.68%
	Others (Note f)	Secured	178,238	193,753,934	0.09%	2,005,543	1,125.21%	133,319	166,261,895	0.08%	1,625,105	1,218.96%
		Unsecured	10,352	2,293,812	0.45%	30,850	298.01%	11,324	3,027,442	0.37%	102,797	907.78%
Subtotal			1,138,087	847,255,962	0.13%	11,968,800	1,051.66%	1,106,346	817,107,413	0.14%	10,814,768	977.52%
Credit card			96,522	37,103,286	0.260%	364,556	377.692%	84,071	35,732,551	0.235%	388,024	461.543%
Accounts receivable factoring with no recourse (Note g)			-	46,810,927	-	96,909	-	-	48,356,735	-	62,964	-

Note a: Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Nonperforming loans ratio = Nonperforming loans ÷ Loans

Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Nonperforming loans

Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Nonperforming loans of credit cards

Note d: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on August 24, 2005 (Ref. No. Jin-Guan-Yin 09850003180), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within year.

Exempted from report as nonperforming loans and receivables

Item / Business Type	December 31, 2015		December 31, 2014	
	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables
Amounts negotiated in accordance with the agreement (Note a)	$ 1,546,091	$ 463,397	$ 2,138,536	$ 649,145
Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,700,220	1,267,837	1,765,004	1,321,181
Total	3,246,311	1,731,234	3,903,540	1,970,326

Note a: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

3)Concentration of credit risk

Year	December 31, 2015			December 31, 2014		
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
1	A Group (other financial intermediary not elsewhere classified industry)	$11,019,105	12.28%	B Group (liquid crystal panel and components manufacturing industry)	$13,031,825	15.88%
2	B Group (liquid crystal panel and components manufacturing industry)	10,803,728	12.04%	A Group (other financial intermediary not elsewhere classified industry)	11,143,761	13.58%
3	C Group (other financial intermediary not elsewhere classified industry)	9,669,735	10.78%	D Group (other financial intermediary not elsewhere classified industry)	9,101,422	11.09%
4	D Group (other financial intermediary not elsewhere classified industry)	9,422,740	10.50%	C Group (real estate for sale and rental with own or leased property)	8,666,397	10.56%
5	E Group (manufacture of audio and video equipment)	6,037,831	6.73%	F Group (other financial intermediary not elsewhere classified industry)	6,079,905	7.41%
6	F Group (other financial intermediary not elsewhere classified industry)	5,946,079	6.63%	K Group (other financial intermediary not elsewhere classified industry)	5,484,830	6.68%
7	G Group (ocean freight transportation forwarding services)	5,714,446	6.37%	L Group (computer manufacturing industry)	5,413,301	6.59%
8	H Group (property insurance)	5,307,458	5.91%	M Group (visual electronic products manufacturing industry)	5,117,378	6.23%
9	I Group (other specialized wholesale)	5,137,474	5.72%	J Group (other financial intermediary not elsewhere classified industry)	4,575,409	5.57%
10	J Group (other financial intermediary not elsewhere classified industry)	4,691,558	5.23%	I Group (wholesale of other specialized products not elsewhere classified)	4,325,651	5.27%

Note a: Sorted by the balance of loans, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

4)Interest rate sensitivity

(In Thousands of New Taiwan Dollars)

Item	December 31, 2015				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,049,299,830	$ 158,469,905	$ 55,956,517	$ 165,270,744	$ 1,428,996,996
Interest-sensitive liabilities	594,387,700	196,857,526	224,441,331	289,966,550	1,305,653,107
Interest sensitivity gap	454,912,130	(38,387,621)	(168,484,814)	(124,695,806)	123,343,889
Net equity					86,746,460
Ratio of interest-sensitive assets to liabilities					109.45%
Ratio of interest sensitivity gap to net equity					142.19%

(In Thousands of New Taiwan Dollars)

Item	December 31, 2014				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 919,677,859	$ 64,435,464	$ 83,265,235	$ 153,529,394	$ 1,220,907,952
Interest-sensitive liabilities	523,290,577	188,052,546	183,463,753	294,100,260	1,188,907,136
Interest sensitivity gap	396,387,282	(123,617,082)	(100,198,518)	(140,570,866)	32,000,816
Net equity					77,202,397
Ratio of interest-sensitive assets to liabilities					102.69%
Ratio of interest sensitivity gap to net equity					41.45%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	December 31, 2015				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 3,320,557	$ 278,586	$ 217,749	$ 1,864,136	$ 5,681,028
Interest-sensitive liabilities	3,104,091	3,404,779	446,001	286,574	7,241,445
Interest sensitivity gap	216,466	(3,126,193)	(228,252)	1,577,562	(1,560,417)
Net equity					119,952
Ratio of interest-sensitive assets to liabilities					78.45%
Ratio of interest sensitivity gap to net equity					(1,300.87%)

(In Thousands of U.S. Dollars)

Item	December 31, 2014				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 12,795,237	$ 3,200,647	$ 2,361,037	$ 2,448,778	$ 20,805,699
Interest-sensitive liabilities	12,152,462	5,094,991	2,752,891	557,186	20,557,530
Interest sensitivity gap	642,775	(1,894,344)	(391,854)	1,891,592	248,169
Net equity					67,067
Ratio of interest-sensitive assets to liabilities					101.21%
Ratio of interest sensitivity gap to net equity					370.03%

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5)Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2015				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$1,467,939,185	$ 477,414,641	$ 178,221,672	$ 126,375,612	$ 118,743,488	$ 567,183,772
Major maturity cash outflow	1,839,640,131	293,965,610	313,603,152	316,285,200	373,428,106	542,358,063
Gap	(371,700,946)	183,449,031	(135,381,480)	(189,909,588)	(254,684,618)	24,825,709

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2014				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$1,292,585,800	$ 413,181,461	$ 154,684,671	$ 86,454,661	$ 127,666,989	$ 510,598,018
Major maturity cash outflow	1,675,729,378	287,314,345	201,555,516	224,068,106	262,918,051	699,873,360
Gap	(383,143,578)	125,867,116	(46,870,845)	(137,613,445)	(135,251,062)	(189,275,342)

Note: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	December 31, 2015				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 36,848,593	$ 11,849,165	$ 7,937,604	$ 5,900,150	$ 6,277,285	$ 4,884,389
Major maturity cash outflow	36,688,039	10,206,714	7,440,001	7,548,284	6,986,844	4,506,196
Gap	160,554	1,642,451	497,603	(1,648,134)	(709,559)	378,193

(In Thousands of U.S. Dollars)

	Total	December 31, 2014				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 27,654,570	$ 10,692,273	$ 6,556,587	$ 3,797,725	$ 3,063,887	$ 3,544,098
Major maturity cash outflow	27,521,357	9,651,033	6,640,975	5,666,376	3,524,698	2,038,275
Gap	133,213	1,041,240	(84,388)	(1,868,651)	(460,811)	1,505,823

Note: The amounts listed above include amounts in U.S. dollars for head office, domestic branches, and OBU.

6)Capital adequacy

Item \ Period			December 31, 2015	December 31, 2014
Self-owned capital	Common equity Tier I		$ 84,258,268	$ 76,554,993
	Other Tier I capital		6,056,885	6,122,272
	Tier II capital		43,230,933	23,098,060
	Self-owned capital		133,546,086	105,775,325
Risk-weighted assets	Credit risk	Standardized approach	979,838,822	882,414,626
		IRB	-	-
		Securitization	379,345	333,499
	Operation risk	Basic indicator approach	-	-
		Standardized approach/optional standard	50,385,625	46,129,500
		Advanced internal-rating based approach	-	-
	Market price risk	Standardized approach	38,971,325	31,527,788
		Internal model approach	-	-
	Total		1,069,575,117	960,405,413
Capital adequacy ratio			12.49%	11.01%
Common equity Tier I to risk-weighted assets ratio			7.88%	7.97%
Tier I capital to risk-weighted assets ratio			8.44%	8.61%
Leverage ratio			5.66%	4.28%

Note a: The ratios are calculated in accordance with the Letters issued by the MOF on January 9, 2014 (Ref. No. Jin-Guan-Yin 10200362920 and 10200362921).

Note b: Formula:

1)Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital

2)Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5

3)Capital Adequacy = Self-owned capital ÷ Risk-weighted assets

4)Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets

5)Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets

6)Leverage ratio = Tier I capital ÷ Adjusted average assets

7)Securities department balance sheet: Table 5.

Securities department statements of income: Table 6.

Taishin Securities B

a. Balance sheet

	December 31	
	2015	2014
Assets		
Current assets	$ 4,382,051	$ 3,835,549
Financial assets carried at cost - noncurrent	4,630	4,630
Property and equipment	41,470	26,988
Intangible assets	28,266	28,089
Deferred tax assets	4,586	3,549
Other noncurrent assets	227,894	232,829
	$ 4,688,897	$ 4,131,634
Liabilities		
Current liabilities	$ 1,235,683	$ 675,359
Other noncurrent liabilities	30,332	19,679
	1,266,015	695,038
Equity		
Capital stock	3,059,125	3,061,250
Capital surplus	302,703	297,639
Retained earnings	61,054	77,707
	3,422,882	3,436,596
	$ 4,688,897	$ 4,131,634

b. Statements of comprehensive income

	For the Year Ended December 31	
	2015	2014
Revenue	$ 310,923	$ 511,019
Expense	(487,394)	(448,144)
Non-operating income	8,383	8,200
Non-operating expense	(4,302)	(721)
(Loss) income before income tax	(172,390)	70,354
Income tax expense	(3,607)	(23,604)
Net (loss) income	(175,997)	46,750
Other comprehensive income	(6,291)	(1,317)
Total comprehensive income	($ 182,288)	$ 45,433
Basic earnings per share (dollar)	($ 0.61)	$ 0.22

c. Key financial and business highlights

1)Profitability

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	(3.91%)	1.93%
	After tax	(3.99%)	1.28%
Return on net equity	Pretax	(5.03%)	2.39%
	After tax	(5.13%)	1.59%
Profit margin		(55.12%)	9.00%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income + Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

d. Capital adequacy

Item	December 31 2015	2014
Eligible capital		
Tier I capital	$ 3,429,173	$ 3,436,596
Tier I capital - minus assets	145,997	147,264
Tier II capital - minus assets in excess of Tier II capital	117,730	120,773
Tier I capital, net	3,165,446	3,168,559
Tier II capital	-	-
Tier II capital - minus assets	-	-
Tier II capital, net	-	-
Tier III capital	-	-
Total net of eligible capital	$ 3,165,446	$ 3,168,559
Equivalent amount of operating risk		
Equivalent amount of credit risk	$ 64,638	$ 47,529
Equivalent amount of operation risk	89,187	71,817
Equivalent amount of market risk	545,874	519,417
	$ 699,698	$ 638,763
Capital adequacy ratio	452%	496%

- Capital adequacy ratio = Net of eligible capital ÷ Equivalent amount of operating risk
- Net of eligible capital = Tier I capital + Tier II capital + Tier III capital - Minus assets
- Equivalent amount of operating risk = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operation risk

1) Net of eligible capital

a) Tier I capital

	December 31 2015 Amount	2015 Percentage of Item (%)	2014 Amount	2014 Percentage of Item (%)
Common stock	$ 3,059,125	89	$ 3,061,250	89
Capital surplus	302,703	9	297,639	9
Retained earnings	237,051	7	30,957	1
Income (loss) for the year ended December 31	(175,997)	(5)	46,750	1
	$ 3,422,882	100	$ 3,436,596	100

b) Tier II: None

c) Tier III: None

d) Minus assets

	December 31 2015 Amount	2015 Percentage of Item (%)	2014 Amount	2014 Percentage of Item (%)
Intangible assets	$ 28,266	11	$ 28,089	10
Prepayments	2,870	1	3,076	2
Domestic unlisted stocks	1,630	1	1,630	1
Operating guarantee deposits	180,000	67	190,000	70
Settlements funds	36,868	14	31,922	12
Refundable deposits	9,226	3	8,645	3
Deferred expenses	281	1	1,126	1
Deferred tax assets	4,586	2	3,549	1
	$ 263,727	100	$ 268,037	100

2)Equivalent amount of operating risk

a)Equivalent amount of market risk

	December 31			
	2015		2014	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Interest rate risks	$ 94,233	17	$ 105,127	20
Equity security risks	451,641	83	412,046	79
Foreign exchange risks	-	-	2,244	1
	$ 545,874	100	$ 519,417	100

b)Equivalent amount of credit risk

	December 31			
	2015		2014	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Client's position and credit transactions	$ 61,321	95	$ 45,311	95
Repurchase agreements transactions	-	-	59	-
In-balance-sheet transactions	3,317	5	2,159	5
	$ 64,638	100	$ 47,529	100

c)Equivalent amount of operation risk

	December 31			
	2015		2014	
	Amount	Percentage of Item (%)	Amount	Percentage of Item (%)
Operation risk	$ 89,187	100	$ 71,817	100

Taishin AMC

a. Balance sheet

	December 31	
	2015	2014
Assets		
Current assets	$ 241,019	$ 421,780
Financial assets carried at cost	130,686	130,686
Investments accounted for using the equity method	140,846	139,327
Property and equipment	183,651	181,165
Investment property	705,927	733,764
Deferred tax assets	30,795	36,066
Other noncurrent assets	190,562	190,562
	$ 1,623,486	$ 1,833,350
Liabilities		
Current liabilities	$ 197,165	$ 281,163
Other noncurrent liabilities	4,441	4,402
	201,606	285,565
Equity		
Capital stock	995,000	995,000
Capital surplus	4,065	3,886
Retained earnings	422,815	548,899
	1,421,880	1,547,785
	$ 1,623,486	$ 1,833,350

b. Statements of comprehensive income

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 312,235	$ 531,255
Operating cost and expenses	(152,661)	(180,137)
Operating income	159,574	351,118
Non-operating income	59,792	127,243
Non-operating expenses	(2,708)	(3,493)
Income before income tax	216,658	474,868
Income tax expense	(30,251)	(130,174)
Net income	186,407	344,694
Other comprehensive income	(467)	(1,118)
Total comprehensive income	$ 185,940	$ 343,576
Basic earnings per share (dollar)	$ 1.87	$ 2.59

c. Profitability

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	12.54%	24.01%
	After tax	10.78%	17.43%
Return on net equity	Pretax	14.59%	27.68%
	After tax	12.55%	20.09%
Profit margin		50.11%	52.35%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income + Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

Taishin Venture Capital

a. Balance sheet

	December 31	
	2015	2014
Assets		
Current assets	$ 87,145	$ 465,001
Financial asset measured at cost	1,254,601	1,129,470
Available-for-sale financial assets	12,658	11,152
Investments accounted for using the equity method	1,522,384	1,496,696
Property and equipment	512	66
Other noncurrent assets	438	439
	$ 2,877,738	$ 3,102,824
Liabilities		
Current liabilities	$ 91,471	$ 2,956
Equity		
Capital stock	3,329,035	3,329,035
Capital surplus	871	829
Retained earnings	(602,839)	(317,189)
Other equity	59,200	87,193
	2,786,267	3,099,868
	$ 2,877,738	$ 3,102,824

b. Statements of comprehensive income

	For the Year Ended December 31	
	2015	2014
Revenue	$ 11,014	$ 30,743
Expense	(296,665)	(75,602)
Loss before income tax	(285,651)	(44,859)
Net loss	(285,651)	(44,859)
Other comprehensive income	(27,992)	49,167
Total comprehensive income	($ 313,643)	$ 4,308
Basic loss per share (dollar)	($ 0.86)	($ 0.19)

c. Profitability

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	(9.55%)	(1.76%)
	After tax	(9.55%)	(1.76%)
Return on net equity	Pretax	(9.71%)	(1.76%)
	After tax	(9.71%)	(1.76%)
Profit margin		(2,593.53%)	(145.92%)

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income + Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

Taishin Securities Investment Trust

a. Balance sheet

	December 31	
	2015	2014
Assets		
Current assets	$ 412,344	$ 388,280
Property and equipment	4,442	4,883
Intangible assets	434,348	437,121
Deferred tax assets	-	60
Other noncurrent assets	97,717	97,869
	$ 948,851	$ 928,213
Liabilities		
Current liabilities	$ 73,761	$ 65,958
Other noncurrent liabilities	18,719	18,799
	92,480	84,757
Equity		
Capital stock	754,545	754,545
Capital surplus	47,856	47,856
Retained earnings	53,970	41,055
	856,371	843,456
	$ 948,851	$ 928,213

b. Statements of comprehensive income

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 302,857	$ 280,589
Operating expenses	(253,295)	(255,706)
Operating income	49,562	24,883
Nonoperating income	22,275	17,758
Nonoperating expenses	(16,366)	(102)
Income before income tax	55,471	42,539
Income tax expenses	(9,296)	(5,626)
Net income	46,175	36,913
Other comprehensive income	(107)	(76)
Total comprehensive income	$ 46,068	$ 36,837
Basic earnings per share (dollar)	$ 0.61	$ 0.49

c. Profitability

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	5.91%	4.63%
	After tax	4.92%	4.01%
Return on net equity	Pretax	6.53%	5.08%
	After tax	5.43%	4.41%
Profit margin		14.20%	12.37%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income + Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

Taishin Securities Investment Advisory

a. Balance sheet

	December 31	
	2015	2014
Assets		
Current assets	$ 325,718	$ 325,885
Property and equipment	1,334	1,982
Deferred tax assets	4,431	4,534
Other noncurrent assets	51,832	51,832
	$ 383,315	$ 384,233
Liabilities		
Current liabilities	$ 20,214	$ 22,774
Deferred tax liabilities	203	203
Other noncurrent liabilities	2,980	3,506
	23,397	26,483
Equity		
Capital stock	300,000	300,000
Capital surplus	55,065	55,066
Retained earnings	4,853	2,684
	359,918	357,750
	$ 383,315	$ 384,233

b. Statements of comprehensive income

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 86,954	$ 94,700
Operating expenses	(89,196)	(92,622)
Operating (loss) income	(2,242)	2,078
Nonoperating income	4,152	4,449
Nonoperating expenses	(177)	(170)
Income before income tax	1,733	6,357
Income tax expenses	(62)	(1,207)
Net income	1,671	5,150
Other comprehensive income	498	(244)
Total comprehensive income	$ 2,169	$ 4,906
Basic earnings per share (dollar)	$ 0.06	$ 0.17

c. Profitability

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	0.45%	1.67%
	After tax	0.44%	1.35%
Return on net equity	Pretax	0.48%	1.79%
	After tax	0.47%	1.45%
Profit margin		1.83%	5.19%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income + Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

Taishin Holdings Insurance Brokers

a. Balance sheet

	December 31	
	2015	2014
Assets		
Current assets	$ 1,871,987	$ 1,551,556
Property and equipment	2,623	2,103
Intangible assets	1,020	2,782
Deferred tax assets	1,792	992
Other noncurrent assets	4,176	4,708
	$ 1,881,598	$ 1,562,141
Liabilities		
Current liabilities	$ 548,536	$ 458,454
Other noncurrent liabilities	10,544	5,835
	559,080	464,289
Equity		
Capital stock	30,000	30,000
Capital surplus	373	358
Retained earnings	1,292,145	1,067,494
	1,322,518	1,097,852
	$ 1,881,598	$ 1,562,141

b. Statements of comprehensive income

	For the Year Ended December 31	
	2015	2014
Operating revenue	$ 5,400,107	$ 4,524,674
Operating cost	(3,705,553)	(3,073,210)
Operating expenses	(250,779)	(277,507)
Operating income	1,443,775	1,173,957
Nonoperating income	2,334	1,879
Income before income tax	1,446,109	1,175,836
Income tax expenses	(246,005)	(199,965)
Net income	1,200,104	975,871
Other comprehensive income	(3,739)	(606)
Total comprehensive income	$ 1,196,365	$ 975,265
Basic earnings per share (dollar)	$ 400.03	$ 325.29

c. Profitability

Item		For the Year Ended December 31, 2015	For the Year Ended December 31, 2014
Return on total assets	Pretax	83.98%	86.55%
	After tax	69.70%	71.83%
Return on net equity	Pretax	119.49%	117.76%
	After tax	99.17%	97.73%
Profit margin		22.21%	21.56%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income + Nonoperating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2015 and 2014.

54. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

Significant financial assets and liabilities denominated in foreign currencies were as follows:

Taishin Bank

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31					
	2015			2014		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
AUD	$ 50,541	24.16	$ 1,220,977	$ 53,126	25.96	$ 1,379,371
RMB	4,486,376	5.02	22,519,396	4,847,661	5.10	24,739,837
EUR	92,270	36.14	3,335,039	67,193	38.55	2,590,306
HKD	1,520,719	4.27	6,488,020	2,045,699	4.09	8,366,383
JPY	11,794,762	0.27	3,239,655	13,062,779	0.27	3,463,818
USD	5,777,757	33.07	191,047,320	5,785,155	31.72	183,493,540
Non-monetary items						
AUD	891,865	24.16	21,545,704	424,037	25.96	11,009,841
RMB	2,362,112	5.02	11,856,639	1,661,780	5.10	8,480,826
GBP	32,893	49.03	1,612,645	5,209	49.36	257,146
HKD	55,344	4.27	236,120	500,133	4.09	2,045,415
JPY	5,564,351	0.27	1,528,355	39,151,307	0.27	10,381,635
NZD	112,039	22.67	2,539,939	39,363	24.86	978,399
THB	26	0.96	24	1,317,372	0.96	1,270,043
USD	21,072,178	33.07	696,772,651	12,109,673	31.72	384,094,596
ZAR	6,467,059	2.13	13,747,332	7,063,783	2.74	19,354,618
Financial liabilities						
Monetary items						
AUD	387,843	24.16	9,369,518	393,692	25.96	10,221,961
RMB	7,098,277	5.02	35,629,849	6,220,334	5.10	31,745,221
EUR	97,779	36.14	3,534,185	110,464	38.55	4,258,411
HKD	1,045,816	4.27	4,461,885	940,892	4.09	3,848,008
JPY	12,920,784	0.27	3,548,939	11,498,595	0.27	3,049,048
NZD	72,294	22.67	1,638,906	26,253	24.86	652,541
USD	7,944,963	33.07	262,708,159	6,748,076	31.72	214,035,460
ZAR	6,308,622	2.13	13,410,534	6,382,695	2.74	17,488,451
Non-monetary items						
AUD	600,560	24.16	14,508,340	84,287	25.96	2,188,462
RMB	285,247	5.02	1,431,797	63,368	5.10	323,396
EUR	31,371	36.14	1,133,885	4,064	38.55	156,664
HKD	762,849	4.27	3,254,631	1,608,571	4.09	6,578,640
JPY	14,324,618	0.27	3,934,528	46,954,068	0.27	12,450,669
NZD	50,549	22.67	1,145,955	5,408	24.86	134,430
THB	111,267	0.96	101,972	1,317,073	0.96	1,269,755
USD	19,404,329	33.07	641,623,552	11,562,933	31.72	366,753,102
ZAR	150,439	2.13	319,795	709,681	2.74	1,944,511

55. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Material transactions are summarized as follows:

No.	Item	Explanation
1	Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital	Table 1
2	Acquisition or disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital	None
3	Discounts of service charges for related parties amounting to at least $5 million	None
4	Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital	None
5	Sales of NPL from subsidiaries	None
6	Authorities securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
7	Other transactions that may have significant impact on the decision made by the financial statement users	None

b. Information on Taishin Financial Holding's investees:

No.	Item	Explanation
1	Names, locations, and related information of investees	Table 2
2	Financings provided	Note
3	Endorsements/guarantees provided	Note
4	Marketable securities held	Table 3 (Note)
5	Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital	Note
6	Acquisition or disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital	None
7	Discounts of service charges for related parties amounting to at least $5 million	None
8	Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital	Table 4
9	Sales of NPL from subsidiaries	None
10	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Security	None
11	Other transactions that may have significant impact on the decision made by the financial statement users	None
12	Derivative transactions of investees	Notes 9 and 46

Note: None, or not required to disclose No. 2 to 5 if the investee is a bank, insurance or security company.

c. Information of investment in Mainland China, significant commitments and contingencies, significant losses and subsequent events is summarized as follows:

No.	Item	Explanation
1	Information of investment in Mainland China	Table 7
2	Significant commitments and contingencies	Note 49
3	Significant losses	None
4	Subsequent events	None

d. According to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, a company should disclose business relationships and material transactions in consolidation. Please refer to Table 8.

56. SEGMENT INFORMATION

a. General information

The report of Taishin Financial Holding and subsidiaries is the same as the report for internal use of policy makers. Main policy makers distribute the resources to the operation department and evaluate its efficiency. Taishin Financial Holding's main policy makers are the Board of Directors.

Interdepartmental transactions are normal transactions. Taishin Financial Holding consolidates all its subsidiaries, and writes off interdepartmental transaction gains and losses. The subsidiaries evaluate their own operation efficiency.

The operation departments of Taishin Financial Holding are subsidiaries of bank business, securities business and other business, respectively. The Board of Directors, the main policy maker, reviews company operation result, distributes resources, and evaluates operation efficiency.

Financial information of departments:

	For the Year Ended December 31, 2015						
	Taishin Bank (Consumer Business)	Taishin Bank (Corporation Credit Business)	Taishin Financial Holding	Others	Total	Adjustments and Eliminations	Total
Net interest income (expense)	$ 10,360,561	$ 7,803,393	($ 399,626)	$ 32,492	$ 17,796,820	$ -	$ 17,796,820
Net income other than net interest income	7,689,051	5,000,696	2,879,947	4,334,363	19,904,057	(193,050)	19,711,007
Net revenue and gains	18,049,612	12,804,089	2,480,321	4,366,855	37,700,877	(193,050)	37,507,827
Reversed allowance for bad debts expenses and guarantee liability provisions	161,237	(2,276,780)	-	(702,541)	(2,818,084)	-	(2,818,084)
Operating expenses	(11,687,729)	(3,460,768)	(416,338)	(4,399,028)	(19,963,863)	170,644	(19,793,219)
Income (loss) before income tax	$ 6,523,120	$ 7,066,541	$ 2,063,983	($ 734,714)	$ 14,918,930	($ 22,406)	$ 14,896,524
Total assets	$ 489,686,630	$ 403,408,536	$ 148,380,715	$ 595,225,307	$ 1,636,701,188	($ 116,470,546)	$ 1,520,230,642

	For the Year Ended December 31, 2014							
	Taishin Bank (Consumer Business)	Taishin Bank (Corporation Credit Business)	Chang Hwa Bank (Consolidated)	Taishin Financial Holding	Others	Total	Adjustments and Eliminations	Total
Net interest income (expense)	$ 9,793,618	$ 6,640,914	$ 17,631,088	($ 398,462)	$ 30,423	$ 33,697,581	$ -	$ 33,697,581
Net income other than net interest income	7,871,124	4,964,392	7,411,661	(14,585,974)	5,481,399	11,142,602	(200,497)	10,942,105
Net revenue and gains	17,664,742	11,605,306	25,042,749	(14,984,436)	5,511,822	44,840,183	(200,497)	44,639,686
Reversed allowance for bad debts expenses and guarantee liability provisions	630,133	(286,449)	466,411	-	(59,840)	750,255	-	750,255
Operating expenses	(10,889,359)	(3,414,385)	(13,322,312)	(238,850)	(4,492,213)	(32,357,119)	135,590	(32,221,529)
Income (loss) before income tax	$ 7,405,516	$ 7,904,472	$ 12,186,848	($ 15,223,286)	$ 959,769	$ 13,233,319	($ 64,907)	$ 13,168,412
Total assets	$ 455,286,583	$ 409,639,030	$ -	$ 138,623,162	$ 488,074,427	$ 1,491,623,202	($ 108,669,824)	$ 1,382,953,378

Note: Consolidation information of gain and loss was from Chang Hwa Bank's operation department on the date when Taishin Financial Holding lost control of Chang Hwa Bank.

Pro forma financial information is shown below. Please refer to Note 57 for related information.

	For the Year Ended December 31, 2014				
	Taishin Bank (Consumer Business)	Taishin Bank (Corporation Credit Business)	Others (Including Investment of Chang Hwa Bank)	Adjustments and Eliminations	Total
Net interest income (expense)	$ 9,793,618	$ 6,640,914	($ 368,038)	$ -	$ 16,066,494
Net income other than net interest income	7,871,124	4,964,392	8,022,393	(172,785)	20,685,124
Net revenue and gains	17,664,742	11,605,306	7,654,355	(172,785)	36,751,618
Reversed allowance for bad debts expenses and guarantee liability provisions	630,133	(286,449)	(59,839)	-	283,845
Operating expenses	(10,889,359)	(3,414,385)	(4,731,061)	135,590	(18,899,215)
Income (loss) before income tax	$ 7,405,516	$ 7,904,472	$ 2,863,455	($ 37,195)	$ 18,136,248
Total assets	$ 455,286,583	$ 409,639,030	$ 641,510,265	($ 108,669,824)	$ 1,397,766,054

b. Financial information by region

The operating income of Taishin Financial Holding and subsidiaries' overseas departments is not over 10% of consolidated operating income. In addition, their assets are not over 10% of consolidated total assets either. Thus, no financial information by region is required.

c. Information of foreign sales

The revenue from foreign sales made by the domestic departments of Taishin Financial Holding and subsidiaries to individuals is not over 10% of consolidated total operating income.

d. Information of important customers

Taishin Financial Holding and subsidiaries do not have important customers contributing revenue more than 10% of consolidated operating income.

57. PRO FORMA FINANCIAL INFORMATION

Taishin Financial Holding obtained only two seats in the board of directors of Chang Hwa Bank in the election of the board directors on December 8, 2014. According to the Financial Holding Company Act, Chang Hwa Bank is not a subsidiary of Taishin Financial Holding. Therefore, Taishin Financial Holding did not include Chang Hwa Bank in the consolidated financial report prepared in accordance with International Financial Reporting Standards permitted by the FSC.

For convenience in making corporation analysis, the pro forma consolidated balance sheets as of December 31, 2014 and the pro forma consolidated statements of comprehensive income for the years ended December 31, 2014 that accounted Chang Hwa Bank under the equity method and excluded $14,775,666 thousand loss from losing control of Chang Hwa Bank in 2014.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

ASSETS	
Cash and cash equivalents	$ 23,089,267
Due from the Central Bank and call loans to banks	34,496,856
Financial assets at fair value through profit or loss	83,294,027
Available-for-sale financial assets, net	244,249,053
Securities purchased under resell agreements	273,345
Receivables, net	100,310,417
Current tax assets	353,421
Loans, net	805,752,729
Held-to-maturity financial assets, net	2,540
Investments accounted for using the equity method, net	47,473,660
OTHER FINANCIAL ASSETS, NET	
Financial assets carried at cost, net	2,608,976
Investments in debt investment without active market, net	300,000
Other miscellaneous financial assets, net	9,222,228
Other financial assets, net	12,131,204
Investment property	922,355
Property and equipment, net	17,958,823
Intangible assets, net	2,001,997
Deferred tax assets	4,154,618
Other assets, net	21,301,742
TOTAL	$ 1,397,766,054

LIABILITIES AND EQUITY	
Due to the Central Bank and banks	$ 56,003,848
Financial liabilities at fair value through profit or loss	34,921,514
Securities sold under repurchase agreements	69,724,492
Commercial papers issued, net	649,389
Payables	22,598,658
Current tax liabilities	1,699,781
Deposits and remittances	965,328,658
Bonds payable	55,000,000
Other borrowings	6,235,441
Provisions	794,014
Other financial liabilities	52,744,269
Deferred tax liabilities	83,945
Other liabilities	2,985,066
Total liabilities	1,268,769,075
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT	
Capital stock	
Common stock	88,417,902
Preferred stock	7,251,368
Advance receipts for capital stock	111,339
Capital surplus	10,640,840
Retained earnings	
Legal reserve	5,315,307
Special reserve	465,368
Unappropriated earnings	16,287,127
Other equity	
Exchange differences on translation of foreign financial statements	253,495
Unrealized gains (losses) on available-for-sale financial assets	128,344
Equity attributable to owners of parent	128,871,090
NON-CONTROLLING INTERESTS	125,889
Total equity	128,996,979
TOTAL	$ 1,397,766,054

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

PRO FORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

INTEREST INCOME	$	26,677,778
INTEREST EXPENSES	(	10,611,284)
NET INTEREST INCOME		16,066,494
NET INCOME OTHER THAN NET INTEREST INCOME		
Net service fee and commissions income		10,298,163
Gain on financial assets and liabilities at fair value through profit or loss		6,941,759
Realized gain on available-for-sale financial assets		1,077,211
Foreign exchange losses	(	1,257,691)
Impairment loss on assets	(	25,736)
Share of profit of associates and joint ventures accounted for using equity method		2,510,486
Net other non-interest income		1,140,932
Net income other than net interest income		20,685,124
NET REVENUE AND GAINS		36,751,618
REVERSED ALLOWANCE FOR BAD DEBTS EXPENSES AND GUARANTEE LIABILITY PROVISIONS		283,845
OPERATING EXPENSES		
Employee benefits expenses	(	10,939,602)
Depreciation and amortization expenses	(	906,615)
Other general and administrative expenses	(	7,052,998)
Total operating expenses	(	18,899,215)
INCOME BEFORE INCOME TAX		18,136,248
INCOME TAX EXPENSE	(	1,762,658)
NET INCOME	$	16,373,590
NET INCOME ATTRIBUTABLE TO:		
Owners of parent	$	16,400,042
Non-controlling interests	(	26,452)
	$	16,373,590

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACCUMULATED PURCHASES AND SALES OF SPECIFIC MARKETABLE SECURITIES OVER NT$300 MILLION OR 10% OF OUTSTANDING CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Buyer or Seller	Type and Name of Marketable Security	Account Recorded	Transaction Party	Issuer's Relationship to the Buyer or Seller	Beginning of the Period	
					Shares (Units)	Amount
Taishin Financial Holding	Stock Taishin Bank	Investments accounted for using the equity method	Taishin Bank	Parent and subsidiary	5,202,562,622	$ 82,045,190

Note: Others means investment income, cash dividends, recognition of employee stock options and others.

TABLE 1

Purchases		Sales				Others		End of the Period	
Shares (Units)	Amount	Shares (Units)	Selling Price	Carrying Value	Disposal Gain (Loss)	Shares (Units)	Amount (Note)	Shares (Units)	Amount
273,000,000	$6,006,000	-	$ -	$ -	$ -	136,308,421	$1,647,211	5,611,871,043	$89,698,401

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES' NAMES, LOCATIONS, ETC.
FOR THE YEAR ENDED DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities
Financial business			
Taishin Bank	86519539	B1, 1F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Commercial bank business, trust, and bills discounting
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Taichung, Taiwan	Commercial bank business, trust, and offshore banking unit
Taishin Securities B	23534956	2F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Multiple securities and future transaction assistant
Taishin AMC	80341022	2F-3, No. 9, Dehuei St., Zhongshan District, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management
Taishin Securities Investment Trust	27326178	13F, No. 96, Jianguo N. Rd., Sec. 1, Zhong Shan District, Taipei, Taiwan	Investment trust
Taishin Securities Investment Advisory	23285289	16F, No. 118, Ren-Ai Rd., Sec. 4, Taipei, Taiwan	Investment trust, advisory, and publication
Taishin Holdings Insurance Brokers	29030974	11F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Property insurance manager, life insurance manager
Nonfinancial business			
Taishin Venture Capital	80031342	18F, No. 118, Ren-Ai Rd., Sec. 4, Taipei, Taiwan	Investment start-up
Nonfinancial business			
Metro Consulting Service Ltd.	27974096	6F-2, No. 3-1, Yuancyu St. Nangang Dist., Taipei, Taiwan	Consultancy, information service and human resource dispatch

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.

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.

b.Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules."

c.Derivative contracts, such as those on stock options, are those conforming to the definition of derivatives in International Accounting Standards No. 39 - "Financial Instruments."

TABLE 2

Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Percentage Share of the Company and Its Affiliates in Investees (Note 1)				Note
			Current Shares	Pro Forma Shares (Note 2)	Total Shares	Ownership Interest (%)	
100	$ 89,698,401	$ 10,105,476	5,611,871,043		5,611,871,043	100.00	Investments accounted for using equity method
22.55	34,503,695	2,625,133	1,937,440,105		1,937,440,105	22.91	〃
100	3,455,479	(179,442)	305,912,444		305,912,444	100.00	〃
100	1,421,879	186,407	99,500,000		99,500,000	100.00	〃
100	856,371	46,175	75,454,545		75,454,545	100.00	〃
92	331,119	1,537	27,599,513		27,599,513	92.00	〃
100	1,322,518	1,200,104	3,000,000		3,000,000	100.00	〃
100	2,786,267	(285,651)	332,903,495		332,903,495	100.00	〃
4.40	2,200	-	520,000		520,000	10.40	Financial assets carried at cost

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars; in Thousands of U.S. Dollars)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account
Taishin Real Estate	Stock		
	Metro Consulting Service Ltd.	Taishin Real Estate is the director of the Metro Consulting Service	Financial assets carried at cost
Taishin Insurance Agency	Stock		
	Chi-Long Technology Co., Ltd.	None	Financial assets carried at cost
Taishin D.A. Finance	Stock		
	Yuan Tai Forex Brokerage Co., Ltd.	Taishin D.A. Finance is the director of Yuan Tai Forex Brokerage	Financial assets carried at cost
	Bon-Li International Technology Co., Ltd.	None	〃
	Bonds		
	Government Bonds 99-5	〃	Held to maturity financial assets
Taishin Venture Capital	Stock		
	Darfon Electronics Corp.	Its independent director is Taishin Financial Holding's independent director	Available-for-sale financial assets
	Li Kang Biomedical Co.	None	〃
	Kwan-Hwa Venture Capital Corp.	Its corporate director is Taishin Venture Capital	Financial assets carried at cost
	Chi-Ting Venture Capital Investment Co., Ltd.	None	〃
	Hwei-Yang Venture Capital Investment Co., Ltd.	〃	〃
	Century Development Corp.	Its corporate supervisor is Taishin Venture Capital	〃
	Cyberheart Inc.	None	〃
	Cyberheart Inc. A-1	〃	〃
	Celestial Talent Limited	〃	〃
	Innostor Technology Corporation	〃	〃
	Youn Shin Artistic Co., Ltd.	Its corporate director is Taishin Venture Capital	〃
	Winking Entertainment Ltd.	None	〃
	Diamond Biotech Investment Corp.	Its director is Taishin Financial Holding's senior vice general manager	Financial assets carried at cost
	Stem Cyte International Ltd.	None	〃
	Bio Key Inc.	〃	〃
	VM Discovery Inc.	〃	〃
	RevMAB Biosciences Inc.	〃	〃
	JHL Biotech Inc	〃	〃
	Delos Capital Fund, LP	〃	〃
	Jen Chung Venture Capital Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	〃
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	Its director is Taishin Financial Holding's senior vice general manager	〃

TABLE 3

December 31, 2015				Note
Shares/Units/Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
300,000.00	$ 3,000	6.00	$ -	
619,590.00	971	4.13	-	
600,000.00	6,000	5.00	-	
125,000.00	-	1.50	-	Go out of business
5,000.00	5,110	-	5,110	
242,550.00	4,669	0.08	4,669	
174,044.00	7,989	0.87	7,989	
1,680,144.00	12,641	5.56	-	
2,569,565.00	25,696	1.30	-	
210,000.00	2,100	1.54	-	
8,727,965.00	85,176	3.03	-	
12,500.00	79	0.05	-	
285,958.00	1,659	Preferred stock	-	
1,457,152.00	18,954	2.42	-	
348,622.00	7,550	2.85	-	
1,000,000.00	8,650	12.69	-	
709,178.00	29,626	1.69	-	
45,000,000.00	450,000	10.00	-	
500,000.00	30,328	0.56	-	
200,000.00	6,029	Preferred stock	-	
95,238.00	6,029	Preferred stock	-	
400,000.00	6,029	Preferred stock	-	
2,105,264.00	60,097	1.11	-	
-	146,458	7.65	-	
750,000.00	7,500	15.00	-	
35,000,000.00	350,000	10.00	-	Under establishment

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account
	Microbio Co., Ltd.	None	Financial assets at FVTPL
	TECO Nanotech Inc.	〃	Financial assets carried at cost
	Sim2 Travel Inc. Preferred A	〃	〃
	United Investments Fund	〃	〃
	Solar PV Corporation	〃	〃
	PC Home Online Investment Inc.	〃	〃
	CC Media Co., Ltd.	〃	〃
	Twin MOS Technologies Inc.	〃	〃
	First International Telecom Corp.	〃	〃
	Xsense Technology Inc.	〃	〃
	Li Chen Technology Co., Ltd.	〃	〃
	O2 Medtech Incorporated Preferred A	〃	〃
	O2 Medtech Incorporated Preferred B	〃	〃
	O2 Medtech Incorporated Preferred C	〃	〃
Taishin AMC	Stock		
	Linkou Golf Country Club	〃	〃
	Dah Chung Bills	〃	〃
	Diamond Biotech Investment Corp.	Its director is Taishin Financial Holding's senior vice general manager	〃
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	〃	〃
	Taishin Real Estate	Equity-method investee	Investment accounted for using equity method
	Beneficiary certificates		
	Taishin Latin America Fund	Issued by Taishin Securities Investment Trust	Financial assets at FVTPL
	Taishin Emerging Europe Fund	〃	〃
	Taishin Ta-Chong Mong Market	〃	〃

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TABLE 4

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE PAID IN CAPITAL

DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taishin Bank	Taishin Holding Insurance Brokers	Both wholly owned by Taishin Financial Holding	$353,649	-	$ -	-	$353,649	$ -

December 31, 2015				Note
Shares/Units/Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
1,709,150.00	$ 45,292	0.40	$ 45,292	
119,323.00	-	0.48	-	
350,000.00	-	Preferred Stock	-	
1,300,000.00	-	18.57	-	
1,665,000.00	-	1.09	-	
78,540.00	-	3.03	-	
400,000.00	-	0.48	-	
275,712.00	-	0.13	-	
2,554,411.00	-	0.57	-	
312,500.00	-	3.13	-	
500,000.00	-	1.02	-	
560,800.00	-	Preferred Stock	-	
172,554.00	-	Preferred Stock	-	
491,659.00	*	Preferred Stock	-	
3.00	1,800	-	-	
2,200,000.00	28,886	0.51	-	
5,625,000.00	56,250	1.25	-	
4,375,000.00	43,750	1.25	-	Under establishment
8,000,000.00	140,846	40.00	-	
1,000,000.00	4,390	-	4,390	
1,000,000.00	4,820	-	4,820	
4,587,745.20	50,438	-	50,438	

(Concluded)

TAISHIN INTERNATIONAL BANK CO., LTD. **TABLE 5**

SECURITIES DEPARTMENT

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

	2015		2014	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Financial assets at fair value through profit or loss - current	$ 38,810,006	40	$ 20,025,621	28
Available-for-sale financial assets - current	40,786,800	42	22,897,164	31
Other current assets	766,346	1	615,156	1
Total current assets	80,363,152	83	43,537,941	60
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent	15,980,066	17	29,271,504	40
Refundable deposits	21,706	-	22,362	-
Total noncurrent assets	16,001,772	17	29,293,866	40
TOTAL	$ 96,364,924	100	$ 72,831,807	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Securities sold under repurchase agreements	$ 62,510,470	65	$ 50,996,018	70
Other current liabilities	193,453	-	276,770	-
Total current liabilities	62,703,923	65	51,272,788	70
TRANSACTIONS BETWEEN HOME OFFICE AND BRANCHES	30,816,769	32	19,987,289	28
Total liabilities	93,520,692	97	71,260,077	98
EQUITY				
Appropriated working capital	800,000	1	800,000	1
Retained earnings				
Special reserve	189,339	-	189,340	-
Unappropriated earnings	1,346,634	2	441,659	1
Unrealized gains (losses) on available-for-sale financial asset	508,259	-	140,731	-
Total equity	2,844,232	3	1,571,730	2
TOTAL	$ 96,364,924	100	$ 72,831,807	100

TAISHIN INTERNATIONAL BANK CO., LTD. **TABLE 6**

SECURITIES DEPARTMENT

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	2015		2014	
	Amount	%	Amount	%
REVENUES AND GAINS				
Gain on sale of securities held for operations - dealing	$ 372,206	22	$ 61,911	9
Interest income	970,437	57	659,377	89
Gain on valuation of securities held for operations - dealing	342,483	20	4,406	1
Gain (loss) on financial derivatives	(1,744)	-	10,072	1
Securities underwriting services income	10,637	1	2,802	-
Total revenues and gains	1,694,019	100	738,568	100
EXPENSES AND LOSSES				
Interest expense	(308,941)	(18)	(253,194)	(34)
Employee benefit expense	(13,323)	(1)	(19,137)	(3)
Depreciation and amortization expenses	(509)	-	-	-
Other operating expenses	(24,611)	(2)	(24,577)	(3)
Total expenses and losses	(347,384)	(21)	(296,908)	(40)
INCOME BEFORE INCOME TAX	1,346,635	79	441,660	60
INCOME TAX EXPENSE	(107,431)	(6)	(63,808)	(9)
NET INCOME	$ 1,239,204	73	$ 377,852	51

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TABLE 7

INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Main Businesses and Products of Investee	Total Amount of Paid-in Capital of Investee (US$ in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2015 (US$ in Thousand)	Investment Flows (US$ in Thousand)	
						Outflow	Inflow
Taishin Venture Capital	Taishin Financial Leasing (China)	Financial leasing	$ 894,049 (USD 30,000)	Note 1.a.	$ 898,339 (USD 30,000)	$ -	$ -
	Taishin Financial Leasing (Tianjin)	Financial leasing	920,748 (USD 30,000)	Note 1.a.	600,828 (USD 20,000)	319,920 (USD 10,000)	

Investor	Accumulated Investment in Mainland China as of December 31, 2015 (US$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US$ in Thousand)	Upper Limit on Investment (US$ in Thousand)
Taishin Venture Capital	$1,819,087 (USD60,000)	$1,819,087 (USD60,000)	$12,482,962

Note 1: The three methods of investment are as follows:

a.Direct investment in Mainland China.

b.nvestment in Mainland China through reinvestment in existing enterprise in a third area.

c.Others.

Note 2: Equity in the profits (losses):

a.If the entity is still in preparation stage and there is no equity in profits (losses), the condition should be noted.

b.The basis of recognizing equity in profits (losses) is categorized in the following three types and each entity should be noted according to its condition.

1)Financial statement audited (reviewed) by international accounting firms that cooperate with accounting firms in ROC.

2)Financial statements audited (reviewed) by Taiwan parent company's CPA.

3)Others.

Accumulated Outflow of Investment from Taiwan as of December 31, 2015 (US$ in Thousand)	Investee's Net Income	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)	Carrying Value as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
$ 898,339 (USD 30,000)	($ 208,305)	100	($ 208,518) (Note 2.b.1))	$ 689,011	$ -
920,748 (USD 30,000)	(56,214)	100	(56,216) (Note 2.b.1))	833,373	-

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TABLE 8

BUSINESS RELATIONSHIPS AND MATERIAL TRANSACTIONS IN CONSOLIDATION
FOR THE YEAR ENDED DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note a)	Main Party	Counterparty	Relationship (Note b)	Transactions			
				Account	Amount	Terms	% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
1	Taishin Bank	Taishin Securities B	3	Deposits and remittances	$ 367,980	Under arm's length terms	0.02
1	Taishin Bank	Taishin Securities Investment Advisory	3	Deposits and remittances	263,214	Under arm's length terms	0.02
0	Taishin Financial Holding	Taishin Bank	1	Securities purchased under resell agreements	13,273,093	Under arm's length terms	0.87
0	Taishin Financial Holding	Taishin Holding Insurance Brokers	1	Accounts receivable, net	153,516	Under arm's length terms	0.01
0	Taishin Financial Holding	Taishin Bank	1	Accounts payable, net	641,881	Under arm's length terms	0.04
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Accounts receivable, net	353,649	Under arm's length terms	0.02
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Deposits and remittances	1,256,461	Under arm's length terms	0.08
1	Taishin Bank	Taishin Holding Insurance Brokers	3	Fee income	3,634,878	Under arm's length terms	9.69

Note a: Business between the parent and subsidiaries is numbered as follows:

1.Parent: 0

2.Subsidiaries are numbered from 1 in order

Note b: Relationship between the main party and the counterparty is numbered as follows:

1.Parent to subsidiary

2.Subsidiary to parent

3.One subsidiary to another subsidiary

Note c: Percentage of consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance into consolidated operating revenues.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULES OF MAJOR ACCOUNTING ITEMS
FOR THE YEAR ENDED DECEMBER 31, 2015

Items	Index
Schedules of Asset, Liability and Equity	
Financial assets at fair value through profit or loss	Schedule 1
Securities purchased under resell agreements	Schedule 2
Available-for-sale financial assets	Schedule 3
Held-to-maturity financial assets	Schedule 4
Changes in investments accounted for using equity method	Schedule 5
Other financial assets	Schedule 6
Changes in investment properties	Note 18
Changes in accumulate depreciation of investment properties	Note 18
Changes in property and equipment	Note 19
Changes in accumulated depreciation	Note 19
Securities sold under repurchase agreements	Schedule 7
Schedules of Profit and Loss	
Detailed schedule of gain (loss) on financial assets and liabilities at fair value through profit or loss	Note 35
Detailed schedule of foreign exchange gain (loss)	Schedule 8
Detailed schedule of net other non-interest income (loss)	Schedule 9
Detailed schedule of operating expenses	Schedule 10
Detailed schedule of employee benefit expenses	Note 37

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 1

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars)

Financial Instrument Items	Summary	Face Value/Unit	Cost	Fair Value
Investment in bills	Commercial paper - other banks guarantees	21,823,000	$ 21,803,268	$ 21,799,776
	Commercial paper - Taishin Bank's guarantee	1,923,400	1,920,551	1,920,571
	Negotiable certificate of deposits - banks	1,400,000	1,400,000	1,397,561
		25,146,400	25,123,819	25,117,908
Domestic listed stocks		7,213	196,060	199,311
Domestic OTC stocks		2,995	110,351	126,525
Mutual funds		26,651	334,321	330,486
Government bonds	Treasury Bond 103 I-2	3,450,000	3,486,620	3,512,279
	Treasury Bond 103 I-11	3,300,000	3,352,173	3,369,332
	Treasury Bond 103 I-4	3,300,000	3,318,088	3,347,181
	Treasury Bond 103 I-9	3,150,000	3,187,725	3,209,807
	Treasury Bond 100 I-9	2,900,000	2,947,869	2,971,854
	Treasury Bond 103 I-10	2,850,000	2,869,129	2,907,608
	Treasury Bond 103 I-15	2,650,000	2,678,237	2,721,992
	Treasury Bond 104 I-12	2,599,600	2,623,118	2,626,853
	Treasury Bond 104 I-10	1,550,000	1,550,253	1,557,010
	Treasury Bond 104 I-6	1,500,000	1,514,599	1,527,001
	Treasury Bond 101 I-5	1,250,000	1,270,896	1,280,728
	Treasury Bond 104 I-1	1,150,000	1,149,866	1,158,341
	Treasury Bond 99-8	1,100,000	1,117,018	1,120,686
	Treasury Bond 104 I-9	1,050,000	1,060,289	1,069,544
	Treasury Bond 104 I-5	1,000,000	1,036,624	1,054,533
	Treasury Bond 101 I-9	800,000	807,287	812,907
	Treasury Bond 102 I-6	650,000	652,071	661,316
	Treasury Bond 97-5	550,000	628,015	639,201
	Treasury Bond 104 I-3	550,000	549,863	551,779
	Treasury Bond 104 I-7	500,000	513,249	548,179
	Treasury Bond 104 I-14	500,000	504,921	514,358
	Treasury Bond 100 I-5	300,000	308,266	309,472
	Others (Note)	1,295,990	1,314,273	1,316,983
		37,945,590	38,440,449	38,788,944
Corporate bonds, bank debentures and other bonds	Acer II	615,000	615,000	611,310
	AGV Products III	395,000	395,000	411,590
	Others (Note)	3,305,300	3,339,182	3,428,006
		4,315,300	4,349,182	4,450,906
Trading securities - dealing	Domestic listed stocks	8,270	325,055	318,785
Trading securities - dealing	Convertible bonds	3,470	362,369	355,234
Trading securities - dealing	Domestic emerging stocks	10,213	528,095	493,870
Trading securities - dealing	Domestic emerging funds	11	209	212
Trading securities - dealing	Others	1	4	4
Trading securities - underwriting	Domestic listed stocks	20	3,000	3,110
Trading securities - underwriting	Convertible bonds	7,007	700,920	716,541
Trading securities - hedging	Domestic listed and OTC stocks	8,375	297,903	288,573
Derivative financial instrument	Currency exchange	-	-	15,829,491
	Currency options	-	-	14,422,955
	Interest rate swaps	-	-	14,111,708
	Forward exchange	-	-	3,081,180
	Cross-currency swaps	-	-	661,506
	Equity-linked swaps	-	-	323,238
	Futures	-	-	76,820
	Commodity price swaps	-	-	30,932
	Commodity options	-	-	9,468
	Equity-linked options	-	-	4,543
		-	-	48,551,841
		67,481,516	$ 70,771,737	$ 119,742,250

Note: "Others" means the aggregated disclosure of items under $300,000 thousand.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES **SCHEDULE 2**

SECURITIES PURCHASED UNDER RESELL AGREEMENTS
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Items	Face Value	Amount
Government bonds	$ 24,500	$ 27,000
Commercial paper		
Waterland Kaohsiung	1,440,000	1,438,540
Mega Bills	1,250,000	1,249,015
Others (Note)	265,000	264,297
	$ 2,979,500	$ 2,978,852

Note: "Others" means the aggregated disclosure of items under $300,000 thousand.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 3

AVAILABLE-FOR-SALE FINANCIAL ASSETS
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Items	Summary	Face Value
Investment in bills	Negotiable certificates of deposit - Central Bank	167,425,000
	Commercial paper - other banks guarantees	14,307,000
	Treasury bill	344,267
	Others (Note)	530,031
		182,606,298
Stocks	TCC	50,240
	Others (Note)	33,080
		83,320
Government bonds	US Treasury N/B	10,626,963
	Treasury Bond 102 I-11	9,400,000
	Treasury Bond 103 I-2	4,700,000
	Treasury Bond 101 I-6	3,250,000
	Treasury Bond 103 I-9	3,050,000
	Hong Kong Exchange Fund Note	1,417,324
	Treasury Bond 102 I-2	1,200,000
	Treasury Bond 97-6	1,000,000
	Treasury Bond 103 I-10	1,000,000
	Treasury Bond 88-2	750,000
	T 1.5 01/31/19	826,650
	T 1.625 11/30/20	826,650
	Treasury Bond 100 I-6	750,000
	T 1.375 03/31/20	661,320
	Treasury Bond 97-3	600,000
	Treasury Bond 89 II-1	500,000
	Treasury Bond 100 I-6	500,000
	T 0.875 10/15/18	495,990
	T 1.25 01/31/20	495,990
	Treasury Bond 98-3	450,000
	Treasury Bond 96-3	400,000
	Treasury Bond 95-6	400,000
	T 1 3/8 02/28/19 Govt	281,034
	China Government Bond	390,342
	Treasury Bond 90 I-7	350,000
	Treasury Bond 90 I-3	350,000
	T 1.5 02/28/19	330,660
	T 1.5 10/31/19	330,660
	Treasury Bond 102 I-10	300,000
	Others (Note)	1,945,074
		47,578,657

Cost	Accumulated Impairment	Adjustment	Fair Value	Note
$ 167,425,000	$ -	($ 56,098)	$ 167,368,902	
14,301,299	-	(929)	14,300,370	
343,973	-	48	344,021	
530,378	-	387	530,765	
182,600,650	-	(56,592)	182,544,058	
1,999,847	-	(628,295)	1,371,552	
1,070,418	(16,168)	(115,532)	938,718	
3,070,265	(16,168)	(743,827)	2,310,270	
10,629,743	-	(25,190)	10,604,553	
9,462,131	-	135,361	9,597,492	
4,712,817	-	72,028	4,784,845	
3,302,031	-	26,454	3,328,485	
3,055,928	-	51,980	3,107,908	
1,388,352	-	12,920	1,401,272	
1,199,240	-	12,539	1,211,779	
1,029,543	-	14,956	1,044,499	
1,011,736	-	8,477	1,020,213	
843,840	-	11,993	855,833	
831,020	-	(1,980)	829,040	
824,900	-	(4,256)	820,644	
754,310	-	2,335	756,645	
662,217	-	(9,732)	652,485	
616,190	-	9,612	625,802	
598,727	-	9,115	607,842	
508,418	-	1,627	510,045	
492,095	-	(1,840)	490,255	
489,896	-	(2,004)	487,892	
454,667	-	7,082	461,749	
403,800	-	3,435	407,235	
402,567	-	1,523	404,090	
398,586	-	(2,337)	396,249	
399,931	-	(4,187)	395,744	
356,972	-	1,717	358,689	
352,122	-	512	352,634	
331,935	-	(423)	331,512	
333,272	-	(3,929)	329,343	
315,353	-	2,801	318,154	
2,078,753	-	9,809	2,088,562	
48,241,092	-	340,398	48,581,490	

(Continued)

Items	Summary	Face Value
Corporate bonds	01 FENC 1	1,000,000
	02 FCFC 2A	900,000
	02 UMC 1A	750,000
	00 Taipower 3A	700,000
	01 TSMC 1A	700,000
	01 FPCC 2A	700,000
	00 CPC 1B	600,000
	01 TSMC 1B	600,000
	99 Taipower 1C	600,000
	01 Fubon 1B	600,000
	P04 Hon Hai 4B	600,000
	00 Taipower 2B	500,000
	99 Taipower 3B	500,000
	01 CPC 1B	500,000
	P04 FENC 2	500,000
	P03 CPC 2A	450,000
	P04 Hon Hai 2B	450,000
	99 Taipower 4B	400,000
	02 Far Eastone 3B	400,000
	95 Taipower 1B	400,000
	01 OITPC 1A	400,000
	SUNHUN 3.5 11/16	363,726
	Brave Rise Investments Ltd	351,365
	98 Taipower 5C	300,000
	01 UMC 1B	300,000
	02 Taipower 5B	300,000
	02 Fubon 1A	300,000
	02 Chailease 1	300,000
	02 Hon Hai 1A	300,000
	01 UMC 1A	300,000
	P04 Fubon 1	300,000
	00 Taipower 5A	300,000
	02 FCFC 1A	300,000
	01 FCFC 2A	300,000
	P03 Yuan Ding 1	300,000
	P04 KGI 1	300,000
	Others (Note)	10,558,660
		27,423,751
Bank debentures	BOCOM 2.5 01/16/18	760,518
	BCHINA 2.125 06/30/18	747,292
	Morgan Stanley	663,946
	RBC SYDNEY Float 02/10/20	628,109
	Bank of America Corp.	625,156
	WFC Float 08/08/19	603,951
	SDBC 4.08 11/20/19	552,146
	Goldman Sachs Group	533,786
	15 CDB 01 (150201)	501,951
	Commonwealth Bank of Australia	483,694

Cost	Accumulated Impairment	Adjustment	Fair Value	Note
$ 1,002,293	$ -	$ 771	$ 1,003,064	
899,140	-	4,364	903,504	
750,262	-	5,224	755,486	
706,953	-	5,370	712,323	
700,615	-	3,577	704,192	
700,183	-	3,005	703,188	
605,844	-	3,201	609,045	
605,188	-	2,800	607,988	
606,018	-	1,747	607,765	
605,455	-	282	605,737	
600,000	-	270	600,270	
503,139	-	4,338	507,477	
504,466	-	2,086	506,552	
500,950	-	4,285	505,235	
501,464	-	604	502,068	
450,074	-	5,437	455,511	
450,359	-	2,286	452,645	
404,437	-	935	405,372	
400,467	-	2,230	402,697	
401,133	-	987	402,120	
400,065	-	1,087	401,152	
368,433	-	1,123	369,556	
351,365	-	844	352,209	
308,410	-	3,906	312,316	
301,284	-	3,404	304,688	
302,525	-	1,782	304,307	
300,486	-	2,420	302,906	
300,662	-	2,078	302,740	
300,305	-	2,094	302,399	
300,984	-	1,364	302,348	
300,000	-	1,850	301,850	
300,257	-	1,396	301,653	
301,547	-	(242)	301,305	
299,966	-	1,146	301,112	
299,940	-	1,028	300,968	
300,000	-	482	300,482	
10,645,633	-	47,400	10,693,033	
27,580,302	-	126,961	27,707,263	
765,502	-	(1,391)	764,111	
746,334	-	849	747,183	
663,485	-	1,576	665,061	
628,109	-	(2,566)	625,543	
610,780	-	(2,544)	608,236	
603,453	-	(3,721)	599,732	
555,461	-	20,640	576,101	
532,444	-	(4,872)	527,572	
504,863	-	9,128	513,991	
483,589	-	(1,325)	482,264	

(Continued)

Items	Summary	Face Value
	Australia and New Zealand Banking Group Ltd	483,740
	AGRBK 2.875 12/18	392,824
	NAB Float 05/19	362,370
	14 EXIM 78 (140378)	351,365
	SUMIBK Float 04/07/20	350,291
	BCHINA 3.125 01/23/19	330,660
	KOFCOR Float 17	314,054
	UBS Float 08/19	314,054
	RABOBK Float 02/11/20	314,054
	Others (Note)	16,692,868
		26,006,829
Beneficiary's securities	Government National Mortgage Association	856,662
	GNR 2015-24 LC Mtge	661,320
	GNR 2015-180 DA	330,660
	Others (Note)	121,856
		1,970,498
Beneficiary certificate	BGF Asian Tiger Bond	330,660
	Schroder ISF Strategic	330,660
	Others (Note)	145,780
		807,100
		286,476,453

Note: "Others" means the aggregated disclosure of items under $300,000 thousand.

Cost	Accumulated Impairment	Adjustment	Fair Value	Note
$ 483,641	$ -	($ 2,128)	$ 481,513	
395,484	-	3,610	399,094	
363,787	-	(1,324)	362,463	
353,369	-	4,854	358,223	
350,291	-	(3,046)	347,245	
338,273	-	(988)	337,285	
314,046	-	1,194	315,240	
314,106	-	(1,493)	312,613	
314,778	-	(2,433)	312,345	
16,911,569	-	(10,686)	16,900,883	
26,233,364	-	3,334	26,236,698	
855,716	-	4,597	860,313	
576,708	-	(1,992)	574,716	
335,928	-	(414)	335,514	
122,714	-	1,398	124,112	
1,891,066	-	3,589	1,894,655	
330,660	-	1,115	331,775	
330,660	-	(13,755)	316,905	
190,000	-	11,696	201,696	
851,320	-	(944)	850,376	
$ 290,468,059	($ 16,168)	($ 327,081)	$ 290,124,810	

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 4

HELD-TO-MATURITY FINANCIAL ASSETS
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Interest Rate (%)	Unamortized Premium (Discount)	Book Value	Note
Government bonds	Treasury Bond 99-5	$ 5,000	1.375	$ 110	$ 5,110	

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 5

CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Except Unit Price)

	Beginning Balance		Increase	
Name	Shares	Amounts	Shares	Amounts
Unlisted shares				
An-Hsin Real-Estate	4,500,000	$ 85,176		$ 14,126
Listed company				
Chang Hwa Bank	1,803,062,594	32,575,808	126,214,381	2,782,175
		$ 32,660,984		$ 2,796,301

Decrease		Ending Balance			Market Price or Equity	
Shares	Amounts	Shares	Ownership Interest (%)	Amounts	Unit Price	Total
-	($ 22,249)	4,500,000	30.00	$ 77,053	17.06	$ 77,053
-	(448,862)	1,929,276,975	22.81	34,909,121	15.70	30,289,649
	($ 471,111)			$ 34,986,174		$ 30,366,702

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 6

OTHER FINANCIAL ASSETS, NET
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Items		Amount
Financial assets carried at cost		
Dah Chung Bills	$	942,527
Diamond Biotech Investment		506,250
Hsin-yao Biotech Investment (under establishment)		393,750
Others (Note)		868,659
		2,711,186
Other miscellaneous financial assets		
Time deposit with original maturity more than 3 months		7,997,644
Others		365,658
		8,363,302
	$	11,074,488

Note: "Others" means the aggregated disclosure of items under $300,000 thousand.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES **SCHEDULE 7**

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Items	Face Value	Amount
Commercial paper		
Issued by - Taiwan Business Bank	$ 2,940,000	$ 2,938,348
Issued by - Chunghwa Telecom	2,550,000	2,547,020
Issued by - KGI Bank	1,700,000	1,699,352
Issued by - KGI Securities	1,390,000	1,389,406
Issued by - Capital Money Market	1,350,000	1,349,245
Issued by - Yuanta Financial Holdings	901,000	900,734
Issued by - National Health Insurance Administration	800,000	799,319
Issued by - Taiwan Stock Exchange	710,000	709,363
Issued by - Bank SinoPac	700,000	699,778
Issued by - Yuanta Securities Finance	605,000	604,612
Issued by - Yuanta Wan Tai Money Market	600,000	599,691
Issued by - Paradigm Pion Money Market	400,000	399,766
Others (Note)	4,175,500	4,171,701
	18,821,500	18,808,335
Government bonds		
Treasury Bond 102 I-11	8,024,900	8,159,301
Treasury Bond 103 I-9	3,310,500	3,375,188
Treasury Bond 103 I-2	2,795,500	2,863,145
Treasury Bond 100 I-9	1,650,000	1,696,695
Treasury Bond 103 I-15	1,500,000	1,540,530
Treasury Bond 104 I-6	1,000,000	1,024,600
Treasury Bond 1.625 11/30/20	826,650	808,054
Treasury Bond 101 I-6	717,300	736,659
Treasury Bond 100 I-6	700,000	710,000
Treasury Bond 1.375 03/31/20	661,320	644,265
Treasury Bond 101 I-5	500,000	517,270
Treasury Bond 1.5 01/31/19	495,990	491,218
Treasury Bond 0.875 10/15/18	495,990	481,935
Treasury Bond 1.25 01/31/20	495,990	481,774
Treasury Bond 97-3	456,100	459,602
Treasury Bond 90 I-6	408,500	439,906
Treasury Bond 98-3	351,000	383,600
Treasury Bond 90 I-3	350,000	366,400
Treasury Bond 1.5 02/28/19	330,660	327,088
Treasury Bond 97-6	315,500	326,057
Treasury Bond T1.5 10/31/19	330,660	324,384
Treasury Bond 102 I-10	292,800	318,341
Others (Note)	1,964,992	2,001,407
	27,974,352	28,477,419

(Continued)

Items		Face Value		Amount
Corporate bonds				
01FENC 1	$	1,000,000		1,000,303
02 FCFC 2A		900,000		900,980
02 UMC 1A		714,000		716,485
01 TSMC 1A		700,000		700,000
00 Taipower 3A		700,000		700,000
01 FPCC 2A		697,500		697,790
P04 Hon Hai 4B		600,000		630,168
01 Fubon 1B		600,000		605,128
99 Taipower 1C		600,000		600,000
01 TSMC 1B		600,000		600,000
00 CPC 1B		600,000		600,000
P04 FENC 2		500,000		500,000
00 Taipower 2B		500,000		500,000
01 CPC 1B		500,000		500,000
99 Taipower 3B		500,000		500,000
P04 Hon Hai 2B		450,000		450,364
P03 CPC 2A		450,000		450,000
99 Taipower 4B		400,000		400,805
02 Far Eastone 3B		400,000		400,000
95 Taipower 1B		400,000		400,000
01 OITPC 1A		400,000		400,000
02 Chailease 1		300,000		300,740
P04 KGI 1		300,000		300,692
P04 Fubon 1		300,000		300,579
P03 Yuan Ding 1		300,000		300,308
01 FCFC 2A		300,000		300,210
01 UMC 1A		300,000		300,070
98 Taipower 5C		300,000		300,000
01 UMC 1B		300,000		300,000
02 Fubon 1A		300,000		300,000
00 Taipower 5A		300,000		300,000
02 Taipower 5B		300,000		300,000
02 Hon Hai 1A		300,000		300,000
Others (Note)		8,973,252		8,975,635
		24,784,752		24,830,257
Bank debentures				
RBC SYDNEY Float 02/10/20		628,108		595,400
WFC Float 08/08/19		603,950		569,753
NAB Float 05/19		362,370		344,985
SUMIBK Float 04/07/20		350,291		331,278
KOFCOR Float 17		314,054		301,633
Others (Note)		4,284,949		4,089,853
		6,543,722		6,232,902
Certificates of deposit				
Taiwan Business Bank		460,000		460,074
KGI Securities		300,000		300,054
Others (Note)		592,500		592,599
		1,352,500		1,352,727
Beneficial securities				
GNR 2015-24 LC Mtge		571,482		509,547
	$	80,048,308	$	80,211,187

Note: “Others” means the aggregated disclosure of items under $300,000 thousand.

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 8

DETAILED SCHEDULE OF FOREIGN EXCHANGE GAIN (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Items	Amount
Spot	$ 3,961,645
Forward	(4,269,803)
Margin	17,686
Self-owned capital	(345,127)
Others	71,967
	($ 563,632)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 9

DETAILED SCHEDULE OF NET OTHER NON-INTEREST INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Items	Amount
Revenue excluding interest	
Leasing revenue	$ 88,858
Loans management revenue	285,164
Gains on financial assets carried at cost	108,017
Gain on disposal of property	843
Other revenue	908,673
	1,391,555
Expense excluding interest	
Loans manage cost	(28,341)
Expenses arising from issuance of call (put) warrants	(6,499)
Other expenses	(47,300)
	(82,140)
	$ 1,309,415

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES **SCHEDULE 10**

DETAILED SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Items		Amount
Employee benefits expenses	$	11,394,141
Depreciation		718,204
Amortization		182,339
Leases		717,394
Stationeries		108,584
Postage and remittance fee		590,578
Advertisement fee		871,091
Insurance		303,610
Tax and levies		1,925,844
Allowance for entertainment		75,806
Donation		115,437
Labor service fee		1,075,219
Freight		45,002
Others		1,669,970
	$	19,793,219

E. Any Financing Problems Encountered by the Company or Its Affiliates Which Might Affect the Company's Financial Status:Nil.

VII

Financial Status, Review of Business Performance, and Risk Management

VII. Financial Status, Review of Business Performance, and Risk Management

A. Financial Status

Unit: NT$1,000

Item	2014	2015	Variation	
			Amount	(%)
Cash and cash equivalent	6,854,458	5,682	(6,848,776)	(99.92)
Financial assets at fair value through profit or loss	5,316,390	13,273,093	7,956,703	149.66
Receivables, net	1,064,931	154,707	(910,224)	(85.47)
Current tax assets	342,315	377,205	34,890	10.19
Investments accounted for using the equity method, net	124,632,264	134,375,729	9,743,465	7.82
Other financial assets	2,200	2,200	0	-
Property and equipment, net	6,761	7,433	672	9.94
Deferred tax assets, net	116,942	58,471	(58,471)	(50.00)
Other assets	286,901	126,195	(160,706)	(56.01)
Total assets	138,623,162	148,380,715	9,757,553	7.04
Payables	1,099,883	1,125,680	25,797	2.35
Current tax liabilities	1,464,865	425,417	(1,039,448)	(70.96)
Bonds payable	22,000,000	22,000,000	0	-
Reserve for liabilities	0	0	0	-
Other liabilities	0	0	0	-
Total liabilities	24,564,748	23,551,097	(1,013,651)	(4.13)
Capital stock	95,780,609	95,855,246	74,637	0.08
Capital surplus	10,640,840	10,220,503	(420,337)	(3.95)
Retained earnings	7,292,136	18,825,174	11,533,038	158.16
Other equity	344,829	(71,305)	(416,134)	(120.68)
Total equity	114,058,414	124,829,618	10,771,204	9.44

Explan of variations:

(1)Decreases in cash and cash equivalents as at December 31, 2015 over December 31, 2014 were mainly due to decreases in term deposits and increases in purchases of repurchase bills and bonds. Increases in repurchase bills and bonds as at December 31, 2015 over December 31, 2014 were mainly due to the aforesaid reasons.

(2)Decreases in receivables as at December 31, 2015 over December 31, 2014 were mainly due to lower consolidated taxes receivable from subsidiaries.

(3)Decreases in other assets as at December 31, 2015 over December 31, 2014 were mainly due to lower miscellaneous assets.

(4)Decreases in current income tax liabilities as at December 31, 2015 over December 31, 2014 were mainly due to decreases in tax payable.

(5)Increases in retained earnings as at December 31, 2015 over December 31, 2014 were mainly due to higher net profits earned in the current year.

(6)Decreases in other equities as at December 31, 2015 over December 31, 2014 were mainly due to decreases in subsidiaries' unrealized gains on available-for-sale financial assets.

B. Business Performance

Unit: NT$1,000

Item	2014	2015	Variation	
			Amount	(%)
Realized gain on available-for-sale financial assets	16,846,686	13,699,739	(3,146,947)	(18.68)
Other gains	135,397	325,115	189,718	140.12
Operating expenses	(238,850)	(416,337)	(177,487)	74.31
Other expenses and losses	(15,225,427)	(469,928)	14,755,499	(96.91)
Pre-tax income (loss)	1,517,806	13,138,589	11,620,783	765.63
Income tax (expense) benefit	106,570	83,955	(22,615)	(21.22)
Net Income	1,624,376	13,222,544	11,598,168	714.01
Other comprehensive income(loss), net of tax	(712,769)	(745,319)	(32,550)	4.57
Total comprehensive income	911,607	12,477,225	11,565,618	1,268.71

Explan of variations:

(1)Increases in other income as of 2015 over 2014 were mainly due to other miscellaneous income.

(2)Increases in operating expense as at 2015 over 2014 were mainly due to increases in employee salaries and benefits.

(3)Decreases in other expenses and losses as at 2015 over 2014 were mainly due to losses arising from loss of control of Chang Hwa Bank in 2014.

C. Cash flow

Analysis of cash flow in the coming year

Unit: NT$1,000

Initial cash balance 1	Expected cash flow from business activities for the whole year 2	Expected cash outflow (inflow) for the whole year 3	Expected cash surplus (shortage) 1+2-3	Remedies for expected cash shortage	
				Investment plan	Financing plan
13,278,775	7,349,513	5,420,403	15,207,885	Nil	Nil

D. Influence on finance of major capital outlays in the recent one year

The company did not incur any major capital outlay in 2015.

E. Investment policy in the recent year

The company carries out investments according to article 36 and 37 of the Financial Holding Company Law, the returns rate, and cross selling among subsidiaries, in the hope of the returns on equity. In response to the demand of clients for assets accumulation and wealth management planning, the company will expand its business scope, on top of providing comprehensive professional financial services. Looking ahead, in the face of acute competition and a fast changing financial environment, the company will continue, via own or external growth, expanding the scale and market shares in the operations of banking, securities, insurance, investment finance, commercial paper/bond, and other financial sectors, as well as overseas deployment, in order to tap the businesses of clients in various sections, strengthen competitive edge, and expand profit sources.

F. Assessment of risk management

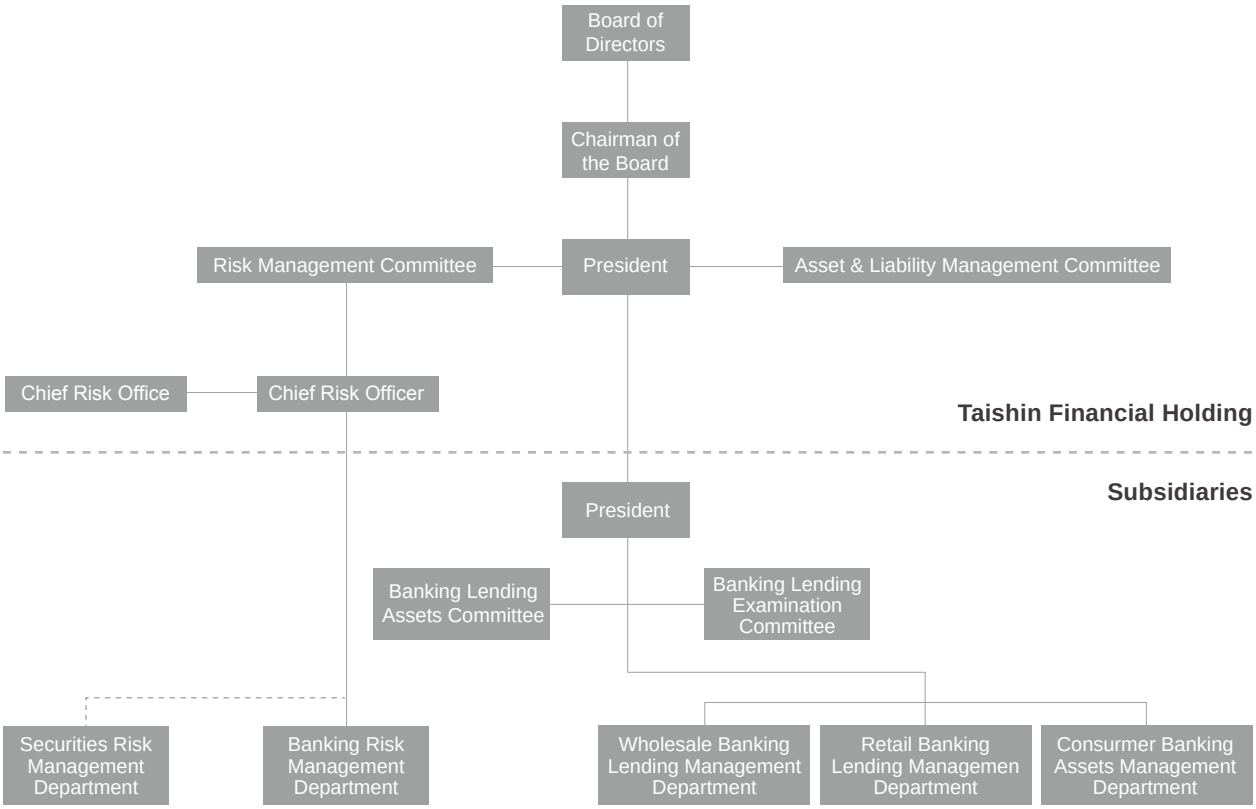
a. Risk management framework and policy of the financial holding company and subsidiaries

To cope with its comprehensive business scope, the company needs to identify, assess, consolidate, and manage the risks, in addition to properly allocate capital to various business units. The company manages risks via a procedure closely associated with its risk management policy, organizational framework, risk assessment, and business activities. According to overall risk management planning, the financial holding company has instituted an independent risk management organization, with its frameworks listed below:

Organization	Contents
Board	1. Approval of risk management policy and procedure. 2. Approval of market risk, credit risk, and operational risk of the financial holding company.
Risk Management Committee	1. The president of the financial holding company serves as the convener of the committee. 2. Review of the risk management policy and procedure of the financial holding company. 3. Ratification of the policy, measures, and guidelines for the market risk, credit risk, and operating risk of subsidiaries. 4. Supervising and establish market risk, credit risk, and operating risk mechanism. 5. Reviewing performance report of the risk management units of subsidiaries and the overall risk analytical report of the financial holding company. 6. Reviewing and finalizing risk model, risk parameters and indicators, and pressure test plan. 7. Monitoring various risks undertaken by the company, adopting necessary measures for controlling large risk exposure. 8. Report of other risk related projects. 9. Execution of risk management related resolutions of the board.
Chief Risk Officer	1. Vice convener of the Risk Management Committee. 2. Implementing risk management strategy and instituting risk management framework approved by the board. 3. Supervising Risk Management Department and risk management units of subsidiaries in executing related policy. 4. Assuring effective cross department communication and coordinate risk management functions.
Chief Risk Office	1. Formulation and institution of risk management mechanism. 2. Disclosure of risk management implementation. 3. Producing overall risk analytical report for the financial holding company. 4. Coordination and contact for risk management affairs with subsidiaries. 5. Instituting integrated risk management information system. 6. Introducing the risk management norm of Basel II Capital Accord, so as to institute a risk management mechanism complying with international standards.
Risk management units of subsidiaries	1. Provision of risk management related information. 2. Implementing the financial holding company's risk management policy.

Risk Management Organizational Chart of Taishin Financial Holding

Base date: Dec 31, 2015



b. Risk assessment method and quantified information on the risk exposure of the financial holding company and subsidiaries

1. Holdings common regular disclosure

The subsidiaries all operate in financial business, facing credit risk, market risk, and operating risk in operation and legal aspects. Therefore, the financial holding company's risk management covers an extensive scope, including systems and measures suited to the respective operations of subsidiaries and the institution of the integrated risk management policy and organizational framework of the financial holding company, meant to achieve comprehensive and efficient grasp various risks.

(1)Credit risk management

Wholesale banking

(a)Pinpoint target loan clients, enhance profit margin, and expand low risk business, so as to strengthen risk enduring capability and reduce overall risks.

(b)Ascertain credit analytical report and strengthen the training of credit officers.

(c)Further strengthen internal credit rating mechanism.

(d)Further strengthen post lending management and review system.

(e)Institute the evaluation system for individual risks and overall credit risk involving securities underwriting and investment position.

(f)Strengthen the management of credit risk concentration associated with loaning, investment, and trading of various financial products such as derivatives.

(g)Institute individual management measures for businesses involving specific risk (such as ceiling for loans mortgaged with specific stocks, tracking the price threshold for margin calls, and the undertaking and post management of realty financing).

(h)Institute the system for the alert, notification, and control of abnormal accounts.

(i)Centralized NPL management.

Retail banking

(a)In order to analyzing and monitoring risks, the company has formulated various qualitative indicators by product, as well as the NPL ratio, aging analysis, NPL sttus,loan loses, recovery of loans, write off and return rates.

(b)Further enhancement of risk management technique: introduction and deep cultivation of rating model and policy making model; monitor, adjust, and upgrade of the models' efficacy.

(c)Core risk analytical team: Core professional talents with analytical capability, product design capability, risk management capability, and execution capability.

(d)Lending policy based on client group analysis: Analyze client risks according clients' external and internal behaviors, and flexibly adjust lending policy according to the risk levels of various client groups, as to maintain proper client group ratio.

(e)Prevention of NPL and fraud: Further track the behavioral modes of NPL and fraud cases and repayment status, thereby forging policy and credit examination/lending flow, as to institute a proactive preventive mechanism.

(f)Client management based on risk analysis, rating model, and policy model, debt collection, and case review system.

(g)Single client credit management.

(2)Market risk management

To consolidate the management of risks deriving from interest rate, exchange rate, and equity securities, the company assesses via marked-to-market method the income or loss of trading positions for various financial products held by subsidiaries.

(3)Operating risk management

To achieve a consistent and complete operating risk management system, the company's daily operation and decision making, the company has formulated operating risk management policy and operating risk endurable extent. It has also established "operating risk reporting procedure," "self-evaluation and auditing operation procedure," "key risk indicator procedure," and risk offsetting procedure, featuring mutually linked analysis to uphold operating risk forecast capability.

2. Risk management methods and quantified risk exposure information of subsidiaries

(1)Taishin Bank

(a)Credit risk

The main goal of risk management is to pursue maximum profits under reasonable risk, so as to uphold shareholders' interest. Effectively grasp the trend of assets quality via regular monitoring of numerical changes in net flow and adjust lending policy and debt collection strategy accordingly. Utilize internal credit rating system, midterm management and review, diversification and ceiling of credit extension/ investment positions (customer groups), and other methods to monitor constantly risk level and changes in general economy and financial climate, on top of irregular review or adjustment of risk avoidance (diversification) and abatement strategy via internal procedure. Risk

abatement is carried out mainly via the collection of collateral, which calls for different appraisal method and evaluation period according to their different nature, i.e., realty, or chattel, or securities.

I. Wholesale banking

(i)Wholesale Credit Administration Division is the credit risk management unit for Wholesale Banking Group. It consists of credit management, screening, global trade, and asset management departments. Credit extension management department is in charge of the planning of internal credit evaluation system, the monitoring of credit extension position, the diversification of credit extension risk, the planning and formulation of management measures, the appraisal of the value of mortgaged properties, and the review and credit examination after the extension of loans. Various auditing departments are in charge of the review of credit extension cases, the property management department is in charge of the statistics of credit extension assets for wholesale banking, the evaluation of the provisions for bad debts, and collection of overdue loans, non-performing loans, and bad debts.

(ii)The evaluation and management of credit risk is undertaken by using internal credit rating system. In addition to credit rating undertaken upon application, all credit extension cases are subject to follow up tracking and management. The internal credit rating system consists of two aspects; one is the credit rating of borrowers, mainly for the evaluation of their capability to fulfill financial commitment, which is undertaken via the use of statistical model and an evaluation table as assistant tools. The second aspect is credit line rating, which is undertaken according to the factors of the existence of collateral, the order of lien, and type of products.

(iii)Regular analysis of rating migration is carried out every year, to ascertain the stability of the existing rating system. Migration risk analysis and stress/scenario testing is also undertaken, in order to delineate risk exposure with more sensitive risk analysis and ascertain capital adequacy.

II. Retail banking

(i)Retail business units evaluate and review cases based on the credit policy. Retail Banking Non Performing Asset Recovery Division is responsible for collection and management of delinquent cases.

(ii)Formulate proper lending risk management policy by using Application Scoring System, Behavior Scoring System, Collection Scoring System and Credit Bureau Scoring System, along with the product profit model, to pinpoint optimal lending terms to provide profit model for different client groups with different loaning conditions.

(iii)Flexibly adjust various risk management indicators and segmentation management via periodical assets analysis and default analysis, so as to achieve operating objectives.

III.Quantified information on risk exposure

Risk Exposure after Deducting Risk on Credit Risk Method and Risk Based Capital Requirement

Dec. 31, 2015; Unit: NT$1,000

Kinds of Risk Exposure	Risk Exposure After Deduction	Risk Based Capital Requirement
Sovereign state	252,315,373	0
Non-central Government Public Sector	198,564	3,177
Bank (Including Multilateral Development Bank)	78,703,228	2,353,699
Enterprise (Including Securities and Insurance Companies)	487,680,296	37,355,312
Retail Debt Claim	177,597,226	10,929,416
Housing Realty	374,309,922	24,397,745
Equity Investment	2,576,095	666,093
Other Assets	224,669,235	2,306,726
Total	1,598,049,939	78,012,168

(b)Liquidity risk

I. Management principle

Risk management for fund liquidity is to assure that under any circumstance at present or in the future, the bank's liquid fund can meet the fund need resulting from assets growth or fulfilling mature obligations.

(i)Finance Division should monitor and manage the following items:

- Under normal market change or emergent situation, possess sufficient fund to meet due obligations and fulfill guarantee and commitment for credit extension.
- Carry out fund maneuvering at reasonable market prices.
- Meet liquidity need for business growth.

(ii)Basic principles for funding liquidity-risk management include:

- Principle of diversification: Finance division must avoid over-concentration in fund maneuvering, in terms of maturity date, maneuvering tools, currency, place, funding source, and trading partners.
- Principle of stability: Finance division follows the strategy of fund stability to reduce the reliance on unstable funding sources and avoid the effect of market swing on funding sources.
- Principle of maintaining adequate assets liquidity: As the status of market liquidity will indirectly affect funding liquidity, the bank must assure that total assets are sufficient to cover total liabilities and keep a certain share of assets with good liquidity or good for use as collaterals, capable of meeting need of working capital in emergency and short-term liabilities.
- Principle of matching of assets and liabilities on maturity.
- Pay attention to payment commitment resulting from credit-extension business.

II. Risk assessment of fund liquidity

Assessment of liquidity risk mainly includes estimate of shortfall for short-term cash flow and accumulated shortfall. The calculation of accumulated fund shortfall should include items inside and outside balance sheet.

For utilization of trading-book fund, the financial management division should reach an agreement with management unit of trading-book management unit concerning ceilings for monthly and accumulated fund utilizations. Should there be exceptional cases, notify the financial management division before undertaking trading, so as to lower fluctuation and risk of fund need.

III.Assumption for calculating fund-liquidity risk

In order to correctly assess liquidity risk and establish complete monitoring and control procedure, the financial management division should carry out liquidity-risk management assumption for banking book, scenario emulation, and the evaluation and establishment of customer behavior and pricing assumption, which should be recorded in detail in document. The aforementioned assumptions and verification of models should be carried out by risk management division.

IV.Setup of quota for fund liquidity risk

Liquidity risk quota is formulated by financial risk division and along with related business assumption and the logic for trial calculation, is subject to review by risk management division, which will then report to the risk management commission of the financial holding company and the board of directors for approval. Changes during the year are first verified by the Risk Management Division then escalated by the Financial Management Division to the proper level of approval authority.

Analysis for the Structure of NTD Due Dates

Dec. 31, 2015; Unit: NT$1,000

	Total	Value for Balance Period Before Due Dates					
		0 to 10days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main Fund Inflow Due	1,467,939,185	219,435,144	257,979,497	178,221,672	126,375,612	118,743,488	567,183,772
Main Fund Outflow Due	1,839,640,131	95,893,959	198,071,651	313,603,152	316,285,200	373,428,106	542,358,063
Expected Gap	(371,700,946)	123,541,185	59,907,846	(135,381,480)	(189,909,588)	(254,684,618)	24,825,709

Note: The table only contains NTD funds of the headquarters and domestic branches.

Analysis for the Structure of USD Due Dates

Dec. 31, 2015; Unit: US$1,000

	Total	Value for balance period before due dates				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main fund Inflow Due	36,848,593	11,849,165	7,937,604	5,900,150	6,277,285	4,884,389
Main fund Outflow Due	36,688,039	10,206,714	7,440,001	7,548,284	6,986,844	4,506,196
Expected Gap	160,554	1,642,451	497,603	(1,648,134)	(709,559)	378,193

(c)Market risk

I. Strategy and flow

(i)The bank's risk management strategy calls for setting restrictions on capital according to risk adjusted returns rate, whereby seeking maximum value for shareholders. Accordingly, various business units have to seek approved quota before trading and independent risk management units assess income or loss for trading positions daily, in addition to reporting income/loss and risk exposure of trading position to executives regularly.

(ii)The scope and features of risk report and assessment system

(iii)Risk report is meant to disclose risk as an important reference for executives in formulating countermeasure and adjusting investment portfolio for achieving business objectives. The bank dedicates to integrating trading management systems for various products, in order to reporting income/loss and risk exposure of trading position immediately.

II. Trading and risk management system

(i)Quality

The bank stresses the formulation and implementation of risk management policy and norms, as well as the establishment of risk management culture. Risk management units are independent from risk undertaking units and responsible for assessing and analyzing risk exposure and reporting the results to executives for use in policy making, in addition to instituting assessment flow, the flow for new product launch, and certification procedure model, in the hope of complying with the regulations of the regulator, precisely assess risking, and standardizing operating and risk management flows.

(ii)Quantity

The bank sets price sensitivity quota for various products with different risk factors as criteria for risk assessment. In compliance with the regulations of Basel Capital Accord and the regulator, it plans to calculate integrated VaR (Value at Risk) for investment portfolio with internal model and set up VaR ceiling, so as to control the impact of market swings on the bank's positions.

III.Quantitative information on risk exposure

Capital Requirement for Market Risk

Dec. 31, 2015; Unit: NT$1,000

Kinds of risks	Capital requirement
Interest Rate Risk	2,683,175
Equity Securities Risk	167,288
Orex Risk	267,243
Commodity Risk	0
Total	3,117,706

(d)Operating risk

I. Operating risk management policy and framework

To attain effective operating risk management, the bank has formulated its operating risk management policy, according to the norms set by the Basel Committee on Banking Supervision, the Bank for International Settlements, and the Financial Supervisory Commission (FSC). The policy covers operating risk management framework, operating risk management principles, risk identification and assessment technique, and risk reporting/supervision, in order to foster consistent operating risk awareness inside the bank, establish operating risk management culture, and implement risk management system, in addition to specifying the operating risk tolerability of the bank. To assure consistency between the banks's operating risk management mechanism and corporate strategy, the company has established independent risk management units, further consolidating the bank's operating risk management.

II. Identification of operating risk

The company defines operating risk as "Risk of loss triggered by the impropriety or mistake involving internal flow, staffers, system, or external incidents, including legal risk but excluding strategic or credit standing risks." In order to identify existing and potential risks, the bank has formulated various operating risk management flow, as well as companywide risk glossary, loss incidence reporting system, risk self-evaluation system, key risk indicators, and risk reporting/ disclosure procedure, so as to establish operating risk identification, assessment, and supervision method. Meanwhile, for the purpose of controlling various operating risks within endurable range,Existing and potential risks should be analyzed and action plans be proposed in order to keep operational risks within acceptable ranges to the bank. .

III.Operating risk assessment and supervision

To strengthen the control of loss amounts associated with operational risks in Taishin Bank and other subsidiaries, operational risk limits are established every year for individual units and included in the annual key performance indicators (KPIs) as part of the effort to incorporate operational risk management into routine business management.

IV.Quantitative information on risk exposure

Operating Risk Accrued Capital

Dec. 31, 2015; Unit: NT$1,000

Year	Gross Profit	Capital Requirement
2013	26,826,661	
2014	29,500,101	
2015	30,972,014	
Total	87,298,776	4,030,850

(2)Taishin Securities Co., Ltd. (Market risk, counterparty risk, fundamental risks, and business risks.)

(a)Risk management method

As of 2015, Taishin Securities have effectively evaluated and rigorously control flow, in the hope of effectively control risk. The strategy, organization, and evaluation of the company's risk management as follows.

(b)Risk management strategy and flow

I. Purpose for risk management

The company's risk management policy is formulated according to the risk management policy of Taishin Financial Holding, in order to achieve the following goals:

(i)The establishment and operation of the integrated risk management mechanism for market risk, credit risk, operating risk, liquidity risk, and legal risk, to attain effective risk management via centralized management and diversified risks.

(ii)Upgrade assets quality.

(iii)Upgrade the efficacy of capital allocation, so as to maximize returns after risk adjustment.

II. Flow for formulation and approval of risk policy

(i)Formulation principle

The company's risk management policy is formulated according to the following three principles:

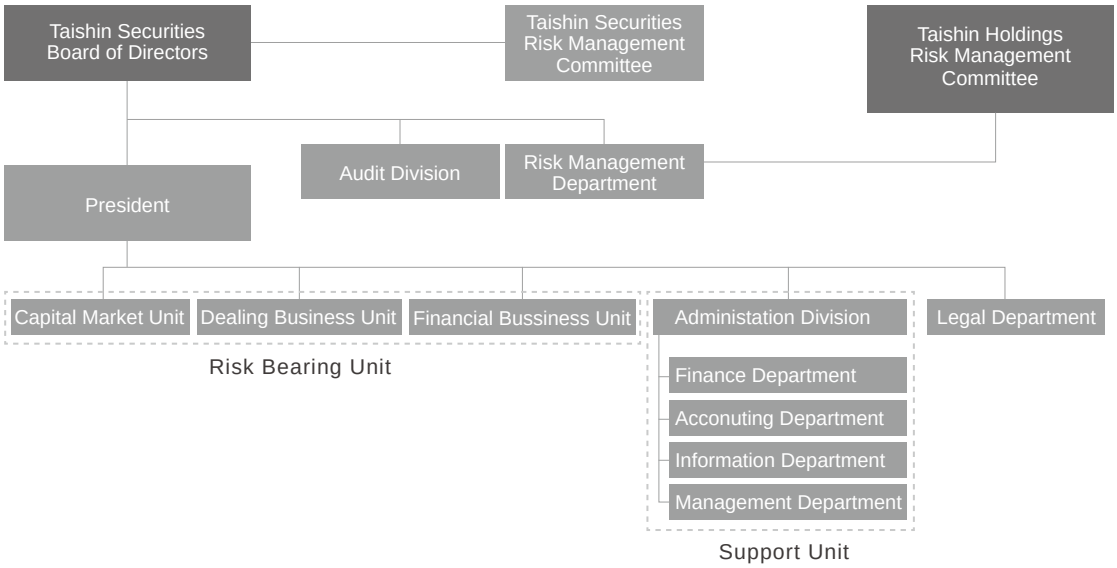
- Establish a risk evaluation mechanism to grasp the company's diversified risks and form the basis of the company's sustainable development.
- Emphasize the efficacy of the company's risk based assets.
- Emphasize related risks in the pursuit of maximum returns, thereby incorporating risk factors into performance evaluation.

(ii)Approval flow

The company's risk management policy is formulated by risk management unit and approved by the board of directors before its implementation.

(c)Organization and framework of risk management system

I. Chart for overall risk management system framework



II. Rights and obligations of various risk management units

(i)Board of directors:

- Ensure validity of the risk management practice and be ultimately responsible for risk management.
- Approve the company's risk management policy and procedure.
- Approve yearly quota for market risk, credit risk, operating risk, and liquidity risk.

(ii)Risk management committee

Set up the "Risk Management Committee" to effectively integrate the Company's various risk functions, including market risk, credit risk, operational risk, liquidity risk and legal risk, with the board of directors dispatching at least one director to take part and dispatch persons to be the convener and chairperson of its meetings.

- Review the company's risk management policy and procedure.
- Review various risk related measures and guidelines.
- Establish various risk management mechanism.
- Review analytical reports on overall risk in order to report timely the execution of risk management to the board of directors and propose necessary improvement suggestions.
- A new Product Management Committee was created directly under this committee to review the risks involved in new products undertaken by the sales units.

(iii)Risk bearing units:

The risk bearing units conduct business and undertake risk within the limits allocated by the board of directors and the appropriate levels of authority for the purpose of generating profits and achieving business targets. According to the risk management structure, these units are the first line of defense in risk management and should ensure compliance of their business activities with the law and internal guidelines.

(iv)Risk Management Department

Risk management Department is in charge of monitoring the company's overall risk and the risk of various divisions and regularly reports the status of loss/benefits and financial risk exposure to the risk management division. It is independent from various profits centers and is directly responsible to the board of directors, in charge of the company's various risks.

- The second line of defense in risk management.
- To help devise risk management policies, measures, and limits.
- To ensure implementation of risk management policies approved by the board of directors.
- To build a risk management information system.
- To inspect derivative valuation models used by the risk bearing units.
- Appointment and dismissal of the head of the risk management unit shall be passed by the board of directors. The head shall be responsible for heading operations in risk measurement, monitoring, evaluation, reporting, and disclosure.

(v)Audit Division

The audit unit is the third line of defense in the risk management structure. It is responsible for regularly inspecting compliance of the risk management policy and related guidelines and making recommendations for improvement as needed in order to facilitate the board of directors and the management in performing their management duties.

(vi)Legal Department

- Planning, management, and execution of the compliance system.
- Review and refinement of legal documents.
- Conducting litigation and nonlitigation matters.
- Providing legal advice, collecting and studying laws and regulations relevant to the business.
- Managing debt collection.

(vii)Finance Department

In charge of the management of the company's fund liquidity risk, establish emergent response mechanism for liquidity crisis, formulate fund risk limit, in consideration of market environment, the company's financial structure, risk endurability, and fund maneuvering capability.

(viii)Information Technology Department

In charge of the planning, promotion, and management of the company's information security, assures the continuity and correctness of various systems.

(d)The scope and features of risk management report and evaluation system

I. The evaluation of various risk management

Kinds of Risk	Management Method
Market risk	1. The company has imposed VaR (Value at Risk) limits based on its risk tolerance. Portfolio risks are monitored in terms of VaR, market value and losses. In addition, the company has measures in place to control losses, holding periods, liquidity and concentration of individual investments. 2. Set up stress scenarios for various financial products, conduct stress testing to calculate stress loss, so as to evaluate possible loss to be endured by the company under extreme market status and manifest the risk status of existing position, as reference for the company in capital allocation.
Credit risk	1. In charge of the credit risk of issuer risk and counterparty credit risk, distinguish liquid and illiquid positions, and set up quotas according to the nature of financial trading and credit rating. Credit rating is based on the internal credit rating granted by Taishin Financial Holding, which regularly examine the period for credit rating granting, to assure the effectiveness of credit rating. 2. Risk measures have been implemented to mitigate risks arising from concentration on any particular type of share/industry. By imposing limits on company/industry exposure, the company has been able to avoid excessive concentration to any particular issuer/industry. 3. Organize credit risk position for the same person and the same related party in a group, and submit the position to risk management unit of the financial holding firm for unified management. 4. Risk management for margin trading and short sale of brokerage business, compliance with the company's internal control system for credit account opening, and management of quota for margin trading and short sale, as well as maintenance rate, according to legal requirement.
Liquidity risk	1. Market liquidity management: Due to limited trading volume and insufficient liquidity position, there may result in value reduction when clearing position, due to expanded gap between buying and selling prices and prolonged time for offsetting position, leading to reserves for liquidity risk, to avoid deviation of price evaluation. 2. Set up fund maneuvering mechanism by the financial division according to "guidelines for management of liquid fund shortfall," to manage fund liquidity risk.
Operating risk	According to the definition of Basel II Capital Accord, operating risk is classified into seven types of loss and eight kinds of businesses, which are identified by various units of the company and reported to risk management unit for arrangement and establishment of operating risk loss database by the financial holding company.

II. Information, frequency, and flow of risk management report

Information	Frequency	Flow
Compilation of market risk management table for established position 1. Outstanding amount of position 2. Loss/profit 3. Liqudiity 4. Duration	 Daily Daily Daily Monthly	Daily market risk management tool for risk management unit
Compile credit risk management table for established position, including 1. Information on issuers of convertible debt 2. Information on concentration of stocks in spot market 3. Information on low credit rating offerings 4. Information by sector from the Directorate-General of Budget, Accounting, and Statistics 5. Information on qualified settlement brokers.	Daily	Daily credit risk management tool of risk management unit
Compilation of risk based assets report 1. Reporting operational risk losses 2. Key risk indicators 3. Self-assessment	 As Fiinding Monthly Half Year	Submit to risk management committee
Compilation of non-stop loss tracking report	Monthly	Submit to risk management committee
Compilation of various quantitative risk indices report 1. Indicator of Market risk 2. Indicator of Credit risk 3. Operational risk Compilation of exception report	Monthly	Submit to risk management committee
Evaluation of liquidity reserves	Monthly	Submit to the president and provide to financial/accounting unit as reference for performance evaluation
Report for various business risk evaluation	Quarterly	Submit to the board of directors

(e)Quantitative information for risk exposure

Equivalent Value for Management Risk

Dec. 31, 2015, Unit: NT$1,000

Kinds of Risk	Equivalent Value of Risks
Market risk	545,874
Credit risk	64,638
Operating risk	89,187
Total	699,698

c. Influence of important domestic and foreign policy and legal changes on the finance of the financial holding company and countermeasures

For the purpose of stimulating economic growth and boosting the competitiveness of the financial sector, the government has been loosening its cross strait financial policies and has amended the Regulations for Financial Transaction Permit between the Taiwan Area and the Mainland Area. The company will be committed to seeking maximum long term benefits for its shareholders, customers, and employees and formulating development plans in accordance with the law.

Law	Impact	Response measures
Foreign Account Tax Compliance Act, USA	The extent and severity of impact on the Company's operations should be evaluated, including checking or adjusting financial products, trading procedures and counterparties. Modification of internal control or process should also be discussed.	A team of expert consultants has been engaged to assist the company and its subsidiaries in response to FATCA. In addition to reviewing existing forms and contracts, amending internal policies and developing new systems, the company has also organized training courses on many occasions to familiarize employees with FATCA requirements.
Insurance Act	The benefits and costs for the financial holding company as a whole are evaluated before organizational adjustments and operation allocation are decided for the bank and the insurance broker subsidiaries.	The Company decides to have the bank branch carry out insurance brokerage operations in its stead. In addition to apply to the appropriate competent authorities for the necessary licenses, the bank subsidiary will have to enter into new agreements with the insurance companies and modify related forms and receipts, internal regulations and guidelines accordingly.
Article 13, Paragraph 3 of the Financial Consumer Protection Act	The amended Consumer Protection Act states that traders shall provide consumers the original copies of standard contracts which have been signed or stamped by the consumers. According to the competent authority, Article 13, Paragraph 3 of the Consumer Protection Act will be included as one of the key audit items in the future.	The relevant responsible units and management units have been notified and asked to conduct the appropriate employee education. The units should also consider the potential impact of the amendment of related articles on internal operations and control mechanisms, and take necessary action to ensure compliance.
Digital financial services	A number of services offered by the bank subsidiary can be completed online. While the initial investment on the systems is large, the services offer diversity and convenience, which can entice new customers to make transactions with the bank subsidiary and thereby create stronger relationships between the bank subsidiary and existing customers.	Building new systems for new services The existing forms, receipts and regulations are modified in response to new systems and new processes.

d. Effects of technological and industrial changes on the finance of the financial holding firm and countermeasures

The growing popularity of financial technology (Fintech) is starting a revolution in the banking sector. Taishin takes the initiative to understand and get involved in the lawmaking process. Taishin effectively combines technology and new market trends and sets the goal at "meeting customer demand for personalization and differentiation at the right time". Interaction between customers and Taishin is tracked by big data analytics across the virtual world and the real one. The approach provides an insight into customer needs and identifies financial planning needs or exclusive offers for each individual. As a result, financial services have truly become integral part of the everyday life. Furthermore, following another step of deregulation embodied by the Bank 3.0 policy, Taishin has constructed an online application platform that moves customer solicitation and various operating procedures further into the digital world. Building systems and equipment will increase operating costs. Taishin will be actively seeking project sponsorships from international organizations or special tax treatments from government agencies in order to reduce increases in short term capital expenditures.

e. Effect of change in the corporate images of the financial holding company and its subsidiaries on the company and countermeasures

Apart from its financial businesses, Taishin Financial Holding has long dedicated itself to caring for society and has devoted itself to charitable work and environmental protection. Taishin is well-aware of the responsibilities a company owes to society, and therefore actively supports environmental protection, charitable, cultural and artistic activities, in the hope of bringing about social change and real benefits for the socially disadvantaged, and fulfilling its role as a member of society.

f . Anticipated benefits and possible risks from acquisition and countermeasures

1. Anticipated benefits

(1)Expand financial scope, enhance the scale of assets and market share ranking, and boost business competitiveness.

(2)Expand marketing channel network and provide clients more convenient and pluralized service channels.

(3)Create the business synergy of acquisition and maximize the profits for shareholders.

(4)Provide all round services and deep cultivate the relationship with clients.

(5)Diversify business risks and expand the scope of business development.

2. Possible risks

(1)Inadequate business integration can lead to business loss, affecting the company' business and profit performance.

(2)Inadequate integration of information systems may affect business operation, deferring the appearance of merger synergy.

(3)Inadequate integration of human resources may lead to loss of talents, indirectly affecting business and management performance.

(4)The integration of corporate culture and organization did not proceed as expected, and hence the synergiesexpected from the merger were not delivered.

(5)The effect of misjudgment in acquisition strategy on the overall development outlook of the company.

g. Possible risks from business concentration and countermeasures

1. Back up mechanism

The concentration of operation has led to sharing of resources and manpower, a status which could magnify the effect of emergent incidents on the bank. To cope with possible risk, the Risk Management Division of the financial holding company has formulated integrated business continuity plan, which covers emergency response mode for venue, system, and personnel, as well as disaster recovery plan. The integration of corporate culture and organization did not proceed as expected, and hence the synergies expected from the merger were not delivered.

2. Document delivery

In the wake of operating concentration, internal transmission or delivery of original copies of document may result in information leakage of loss of documents, thereby causing serious consequence on the customers and the bank. To prevent the problems, the bank keeps the track for signed reception and formulates complete delivery rules for the delivery of key documents.

h. Influence of massive share transfer or exchange by board directors, supervisors, or major shareholders with over 1% stake, risk, and countermeasures

Due to the diversified shareholding of the company and low stake of a single shareholder, massive shareholding transfer or exchange would not impact the makeup of the company's shareholders or produce major influence or risk.

i. Influence of management right on the financial holding company, risk, and countermeasures

Change in the management right of financial holding company may result from the replacement of management by shareholders due to bad performance, hostile takeover, or own initiative of the original management wishing to look for new management to take over their position. Change in management may produce the following influence and risks on financial holding company:

1. Possible benefits

(1)Create new management direction and value for the company.

(2)Renovate corporate culture and organizational framework, bringing new business momentum and profit performance to the company.

(3)Inject new idea and financial resources, creating triple wins for shareholders, clients, and employees.

2. Possible risks

(1)Change in business strategy may affects company's business development and profit performance.

(2)Change in management right may cause panic among employees, leading to high turnover and thereby affecting company's regular operation.

(3)Change in management strategy may affect company's business development and Shareholder rights.

(4)Change in management right may trigger concern among investors over company's management stability, driving down stock price.

j . Litigation and non litigation incidents

1. Taishin Financial Holding

Unappealable judgment, or under litigation	The facts of the dispute	Value of Claim (NT$1,000)	The initiation of Litigation	The involved parties	The current status
Litigation involving dispute over contractual relationship	The Ministry of Finance and its person-in-charge had reneged on their commitments previously made in a number of official correspondences issued in 2005, causing the company to secure only 2 directorships and 1 nomination of independent director in Chang Hwa Bank, during the shareholder meeting held on December 8, 2014. Since the company represents less than half of the 9 directors on board, Chang Hwa Bank is no longer treated as a subsidiary according to the Financial Holding Company Act. Furthermore, the FSC-approved IFRS requires the company and its subsidiary - Taishin International Bank Co., Ltd. to recognize a loss of NT$14,775,670,000 on their investment in Chang Hwa Bank. In response to the actions taken by the Ministry of Finance that cost the company its control over Chang Hwa Bank and significant losses suffered in the process, the company has engaged legal attorneys to pursue civil actions against the Ministry of Finance at Taipei District Court, and has resolved to undertake provisional measures as a temporary remedy.	16,558,000	2014.12.09	Ministry of Finance	At present, the case is still being reviewed by the Taiwan Taipei District Court. The application for provisional disposition was remanded by the Supreme Court of the Republic of China to the Taiwan High Court for a new ruling on October 7, 2015. The application is currently being reviewed by the Taiwan High Court.

2. Taishin International Bank: Nil.

3. Taishin Securities: Nil.

4. Taishin Asset Management:Nil.

5. Taishin Venture Capital: Nil.

6. Taishin Securities Investment Trust: Nil.

7. Taishin Securities Investment Advisory: Nil.

8. Taishin Holdings Insurance Brokers: Nil.

k. Other key risks and countermeasures: Nil.

G. Crisis management and response mechanism

To assure the uninterrupted operation of the company's major business activities, strengthen the company's responsive capability for emergent incidents, and minimize the influence of disaster and resume normal operation within the shortest time possible, the company has formulated the BCM (Business Contingency Management), specifying the definition of emergent incidents, grading risks, and pinpointing responsibilities, and related handling procedure.

H. Other Important items: Nil.

VII

Special Notes

VIII.Special Notes

A. Information regarding the company's subsidiaries

a. Basic information

Date: Dec. 31, 2015; Unit: NT$1,000

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin International Bank Co., Ltd.	1992.02.25	1st,fl. and 1st basement, No. 44, Sec. 2, Jhongshan N. Rd., Taipei City	56,118,710	1. Deposit reception (reception of check deposit, demand deposit, time deposit, and savings deposit originally listed in its business license are included in the item) 2. Issuance of financial bonds 3. Loan extension (short-, medium- and long-term loan extension, loan mortgaged by certificates of time deposit, consumption loan originally listed in its business license are included in the item 4. Discounting negotiable instruments 5. Securities investment (investments in government bonds, short-term bills, corporate bonds, financial bond, and company stocks originally listed in its business license are included in this item) 6. Currency conversion 7. Cashing of banker's acceptance 8. Issuance of domestic L/C 9. Guarantee for corporate-bond issuance 10. Provision of domestic guarantee. (Guarantee business originally listed in the business license is included in the item) 11. Surrogate collection/payment 12. Securities Underwriting (The undertaking of government bonds, treasury notes, corporate bonds, and corporate stocks originally listed in the business license is included in the item) 13. Custody and warehouse business 14. Lease of safe 15. Agency services related to the various businesses listed in the business license and approved by the regulator 16. Credit card (credit card and cash advance businesses originally listed in the businesses license is included in the item) 17. Trading in gold ingots, gold coins, and silver coins 18. Export/import forex, common outward and inward remittance, foreign-currency deposit, foreign-currency loan, and guarantee for secured foreign-currency payment 19. Derivatives approved by the regulator 20. Businesses permitted by Trust Industry 21. Dealer business in government bonds 22. Brokerage, dealing, certification, and underwriting of short-term bills 23. Wealth Management 24. Prepaid cash cards issued 25. Concurrently securities investment consulting business 26. Agency for personal insurance 27. Agency for property insurance

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin Asset Management Co., Ltd.	2002.08.19	2nd-3 fl., No. 9, Dehui Street, Taipei City	995,000	Purchase, appraisal, auction of bad-debt claims of financial institutions
Taishin Venture Capital Investment Co., Ltd.	2003.09.25	18th fl., No. 118, Jenai Rd. Sec. 4, Taipei City	3,329,035	Ventral capital
Taishin Securities Co., Ltd.	1990.01.15	2nd fl., No. 44, Sec. 2, Jhongshan N. Rd., Taipei City	3,059,124	1. Consigned trading in securities at the centralized market 2. Deal in securities at the centralized market 3. Accept consignment for securities trading at its business units 4. Deal in securities at its business units 5. Securities underwriting 6. Margin trading and short sale business for securities 7. Introducing brokerage for futures 8. Other businesses approved by the regulator
Taishin Securities Investment Trust Co., Ltd.	2004.06.03	13th fl., No.96, Sec. 1, Jianguo N. Rd.,Taipei City	754,545	1. Raise mutual funds via issuance of certificates of benefits 2. Invest in securities and other related products with mutual funds raised from issuance of certificates of benefits 3. Undertake other related businesses approved by the regulator 4. Undertake discretionary-account operation for clients
Taishin Securities Investment Advisory Co., Ltd.	1989.03.21	16th fl., No. 118, Sec. 4, Jenai Rd. Taipei City	300,000	1. Securities-investment consulting business 2. General agency of Jupiter fund of the U.K 3. Other businesses approved by the Financial Supervisory Commission
Taishin Holdings Insurance Brokers Co., Ltd. (Note 1)	2008.05.22	11th fl.,No. 44, Sec. 2, Jhongshan N. Rd. Taipei City	30,000	1. Agency for personal insurance 2. Agency for property insurance
Taishin Insurance Agency Co., Ltd.	1996.09.19	3rd fl., No. 44, Sec. 2, Jhongshan N. Rd. Taipei	30,000	Agency for personal insurance
Taishin Insurance Brokers Co., Ltd. (Note 2)	2002.07.24	3rd,fl., No. 44, Sec. 2, Jhongshan N. Rd. Taipei	60,000	Brokerage for property insurance
Taishin D.A. Finance Co., Ltd.	1997.10.13	1F fl., No.211, Sec. 2, Jiuzong Rd., Taipei City	800,000	1. Leasing 2. Wholesale for machinery equipment 3. Retail for machinery and apparatuses 4. Wholesale for precision equipment 5. Retail for precision equipment 6. Auto retail 7. Retail for ships and parts 8. Retail for aircrafts and parts 9. Financial institution creditor's right purchase 10. Management consulting services 11. Software design services 12. Data processing services 13. Other industry and commerce services not elsewhere classified
Taishin Real-Estate Management Co., Ltd.	1995.08.17	2nd-4 fl., No. 9, Dehui Street, Taipei City	200,000	1. Construction management 2. Residence and building development and lease 3. Factory construction and lease 4. Specific professional area development 5. Investment and construction of public construction 6. New town and new community development 7. Area expropriation and urban land rezoning 8. Urban renewal 9. Realty transaction 10. Realty lease 11. Business investigation

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin Financial Leasing (China) Co.,Ltd.	2011.07.12	42th Fl.,No.188, Sunnyworld Center, Lushan Road,Jianye District,Nanjing, China	894,049	Leasing
Taishin Financial Leasing (Tianjin) Co.,Ltd. (Note)	2012.03.01	2203 Room,TEDA MSD-C1 Tower,No.79, First Avenue,TEDA, Tianjin,China	920,748	Leasing, Factoring, Installment Sales

Note 1: On Apirl 24, 2016, subsidiary Taishin Bank took over Taishin holding Insurance Brokers Co., Ltd..

Note 2: Liquidation of Taishin Insurance Brokers Co., Ltd. was completed on March 14, 2016.

b. Directors, supervisors and major managers of the company's subsidiaries

Date: Dec.31, 2015

Name of enterprise	Position	Representative	Shareholding	
			Share	(%)
Taishin International Bank Co., Ltd.	Chairman	Wu, Tong-Liang	Taishin holding company owns 5,611,871,043 shares (100%).	
	Director	Wu, Tong-Shung		
	Director	The-Nan Hsu		
	Director	Jui-Sung Kao		
	Director	Shang-Pin Wu		
	Director	Chu-Chan Wang		
	Director	Lin, Long-Su		
	Independent Director	Lin ,Neng-Pai		
	Independent Director	Lin,YI-Fu		
	Standing Supervisor	Yang-Tzong Tsay		
	Supervisor	Kao, Chih-Shang		
	Supervisor	Cheng, Chia-Chung		
	President	Larry Chung	-	-
Taishin Asset Management Co., Ltd.	Chairman	Wu, Tong-Shung	Taishin holding company owns 99,500,000 shares (100%).	
	Director	Wu, Tong-Liang		
	Director	Frank Liaw		
	Supervisor	Welch Lin		
	President	Frank Shean-Yng Liaw	-	-
Taishin Venture Capital Investment Co., Ltd.	Chairman	Steve S.F. Hsieh	Taishin holding company owns 332,903,495 shares (100%).	
	Director	Welch Lin		
	Director	Larry Chung		
	Supervisor	Wu, Tong-Shung		
	President	Yu-Sheng Lin	-	-
Taishin Securities Co., Ltd.	Chairman	Welch Lin	Taishin holding company owns 305,912,444 shares (100%).	
	Director	Po Yung Lu		
	Director	Joseph Jao		
	Director	William L. Huang		
	Director	Ming Chih Hsieh		
	Director	Oliver Shang		
	Independent Director	Cintan Huang		
	Independent Director	Yu Ti Chen		
	Supervisor	Wu, Tong-Shung		
	Supervisor	Ann Cheng		
	President	Lin, Hsien–Chun	-	-

Name of enterprise	Position	Representative	Shareholding	
			Share	(%)
Taishin Securities Investment Trust Co., Ltd.	Chairman	Andy Wu	Taishin holding company owns 75,454,545 shares (100%).	
	Director	Kevin Lin		
	Director	Sam Lin		
	Director	Wilson Chou		
	Director	Larry Chung		
	Supervisor	Ada Chen		
	President	Yan, Cheng-Yu	-	-
Taishin Securities Investment Advisory Co., Ltd.	Chairman	Thomas K.H. Wu	Taishin holding company owns 27,599,513 shares (92%).	
	Director	Spike Wu		
	Director	Chiou, Jyr-Shing		
	Supervisor	Yu-Ming Yang		
	President	Li, Chen-Yu	-	-
Taishin Holdings Insurance Brokers Co., Ltd.	Chairmam	Oliver Shang	Taishin holding company owns 3,000,000shares (100%).	
	Director	Spike Wu		
	Director	Steve S.F. Hsieh		
	Supervisor	Welch Lin		
	President	Yu-Ching,Hsuan	-	-

c. Directors, supervisors and major managers on affilities

Date: Dec.31, 2015

Name of enterprise	Position	Company's Name / Representative	Shareholding (Share)	(%)
Taishin Insurance Agency Co,.Ltd.	Chairman	Taishin International Bank	2,622,040	87.4
		Jack Su	0	0
	Director	Taishin International Bank	2,622,040	87.4
		Welch Lin	0	0
	Director	Taishin International Bank	2,622,040	87.4
		David Chang	0	0
	Director	Taishin International Bank	2,622,040	87.4
		Spike Wu	0	0
	Supervisor	Wu, Tong-Shung	0	0
	President	Andy An	0	0
Taishin Insurance Brokers Co,.Ltd.	Supervisor	Taishin Insurance Agency	6,000,000	100
		Wu, Tong-Shung	0	0
Taishin Real Estate Management Co.,Ltd.	Chairman	Taishin International Bank	12,000,000	60
		Wu, Tong-Shung	0	0
	Director	Taishin International Bank	12,000,000	60
		Wu, Tong-Liang	0	0
	Director	Taishin International Bank	12,000,000	60
		Shawn C.L.Teng	0	0
	Supervisor	Taishin Asset Management	8,000,000	40
		Welch Lin	0	0
	President	Frank Shean-Yng Liaw	0	0

Name of enterprise	Position	Company's Name / Representative	Shareholding (Share)	(%)
Taishin D.A. Finance Co., Ltd.	Chairman	Taishin International Bank	80,000,000	100
		Eric Chen	0	0
	Director	Taishin International Bank	80,000,000	100
		Oliver Shang	0	0
	Director	Taishin International Bank	80,000,000	100
		Joseph Jao	0	0
	Director	Taishin International Bank	80,000,000	100
		Steve Hsieh	0	0
	Supervisor	Taishin International Bank	80,000,000	100
		Welch Lin	0	0
	President	Emily Tsai	0	0
Taishin Financial Leasing (China) Co.,Ltd.	Chairman	Taishin Venture Capital Investment	-	100
		Eric Chen	-	0
	Vice Chairman	Taishin Venture Capital Investment	-	100
		Daniel Tsai	-	0
	Director	Taishin Venture Capital Investment	-	100
		Goldin Wang	-	0
	Director	Taishin Venture Capital Investment	-	100
		Shawn C.L.Teng	-	0
	Supervisor	Taishin Venture Capital Investment	-	100
		Joseph Jao	-	0
	President	Goldin Wang	-	0
Taishin Financial Leasing (Tianjin) Co.,Ltd.	Chairman	Taishin Venture Capital Investment	-	100
		Daniel Tsai	-	0
	Director	Taishin Venture Capital Investment	-	100
		Goldin Wang	-	0
	Director	Taishin Venture Capital Investment	-	100
		Eric Chen	-	0
	Director	Taishin Venture Capital Investment	-	100
		Archie Chen	-	0
	Director	Taishin Venture Capital Investment	-	100
		Shawn C.L.Teng	-	0
	Supervisor	Taishin Venture Capital Investment	-	100
		Joseph Jao	-	0
	President	Ted Wang	-	0

d. Operation overview on affilites

Date: Dec. 31, 2015; Unit: NT$1,000

Name of enterprise	Capital	Total Assets	Total Liability	Equity	Operating Revenue	Operating Profit	Income (After Tax)	EPS (After Tax; NT$)
Taishin International Bank Co., Ltd.	56,118,710	1,464,071,305	1,374,334,787	89,736,518	0	31,303,217	10,106,358	1.84
Taishin Asset Management Co., Ltd.	995,000	1,623,486	201,606	1,421,880	312,235	159,574	186,407	1.87
Taishin Venture Capital Investment Co., Ltd.	3,329,035	2,877,738	91,471	2,786,267	10,686	(281,712)	(285,651)	(0.86)
Taishin Securities Co., Ltd.	3,059,125	4,688,897	1,266,015	3,422,882	310,923	(176,471)	(175,997)	(0.61)
Taishin Securities Investment Trust Co., Ltd.	754,545	948,851	92,480	856,371	302,857	49,562	46,175	0.61
Taishin Securities Investment Advisory Co., Ltd.	300,000	383,315	23,397	359,918	86,954	(2,242)	1,671	0.06
Taishin Holdings Insurance Brokers Co., Ltd.	30,000	1,881,598	559,080	1,322,518	5,400,107	1,443,775	1,200,104	400.03
Taishin Insurance Agency Co., Ltd.	30,000	865,982	60,244	805,738	585,73	(82,005)	(82,907)	(27.64)
Taishin Real - Estate Management Co., Ltd.	200,000	603,071	261,391	341,680	80,710	53,426	45,200	2.26
Taishin D.A. Finance Co., Ltd.	800,000	3,196,989	2,504,092	692,897	256,280	(21,503)	(19,543)	(0.24)
Taishin Insurance Brokers Co,.Ltd. (Note)	0	0	0	0	0	0	0.00	0
Taishin Financial Leasing (China) Co.,Ltd.	894,049	7,678,256	6,989,246	689,011	402,907	(282,138)	(208,305)	-
Taishin Financial Leasing (Tianjin) Co.,Ltd.	920,748	3,066,296	2,230,400	835,895	55,024	(66,554)	(53,691)	-

Note : Liquidation of Taishin Insurance Brokers Co., Ltd. was completed on March 14, 2016.

e. The Organizational Chart of Taishin Financial Holding and Its Affiliates : Please refer to P.17 "A.The organization of the financial holding firm c. The Organizational Chart ".

B. Progress of private placement of securities during the latest year and up to the date of annual report publication: Nil.

C. The Company's subsidiaries' shareholding or disposal of the Company's share during the latest year and up to the date of annual report publication: Nil.

D. Additional Disclosure: Nil.

IX

Items with major effect on shareholders' benefits or securities prices in 2015 and as of the date for the publication of the 2016 annual report

IX. Items with major effect on shareholders' benefits or securities prices in 2015 and as of the date for the publication of the 2016 annual report :Nil.

Taishin Financial Holding Co., Ltd.

Chairman

Taishin Holdings

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