2016
ANNUAL REPORT

Chairman **Jesse Ding**

EnTie Bank 2016 Annual Report

EnTie Bank

Stock Code 2849

2016 ANNUAL REPORT

EnTie website: www.entiebank.com.tw
TWSE website: mops.twse.com.tw
Printed on March 31, 2017

安泰銀行 EnTie Bank
速度 | 專業 | 信賴

EnTie Spokesperson
Name: Frank Hsu
Title: Executive Vice President & Chief Financial Officer
Tel: +8862 8101 2277
Email: FrankswHsu@entiebank.com.tw

EnTie Acting Spokesperson
Name: Arens Chang
Title: First Vice President & Chief Operating Officer
Tel: +8862 8101 2277
Email: ArensChang@entiebank.com.tw

Corporate Headquarters
40F, Taipei 101 Tower, 7, Xinyi Road, Sec. 5, Taipei 11049, Taiwan, R.O.C.
Tel: +8862 8101 2277
(For branches' Information, please refer to page 92)

Transfer Agent
Company: Capital Securities Corporation
Address: B2, 97 Tunhwa S Road, Sec. 2, Taipei 10601, Taiwan, R.O.C.
Tel: +8862 2702 3999
Website: www.capital.com.tw

Auditors
Company: KPMG
Auditors: Jeff Chen, Dannie Lee
Address: 68F, Taipei 101 Tower, 7, Xinyi Road, Sec. 5, Taipei 11049, Taiwan, R.O.C.
Tel: +8862 8101 6666
Website: www.kpmg.com.tw

Credit Rating Agency
Company: Fitch Australia Pty Ltd, Taiwan Branch
Address: Suite 1306, 13F, 205 Tunhwa N Road, Taipei 10595, Taiwan, R.O.C.
Tel: +886 2 8175 7600
Website: fitchratings.com.tw

Stock Exchanges where overseas securities are listed: None

Corporate Website: www.entiebank.com.tw

VISION and CORE VALUES

Vision

To be a respectable bank committed to embracing and leading changes

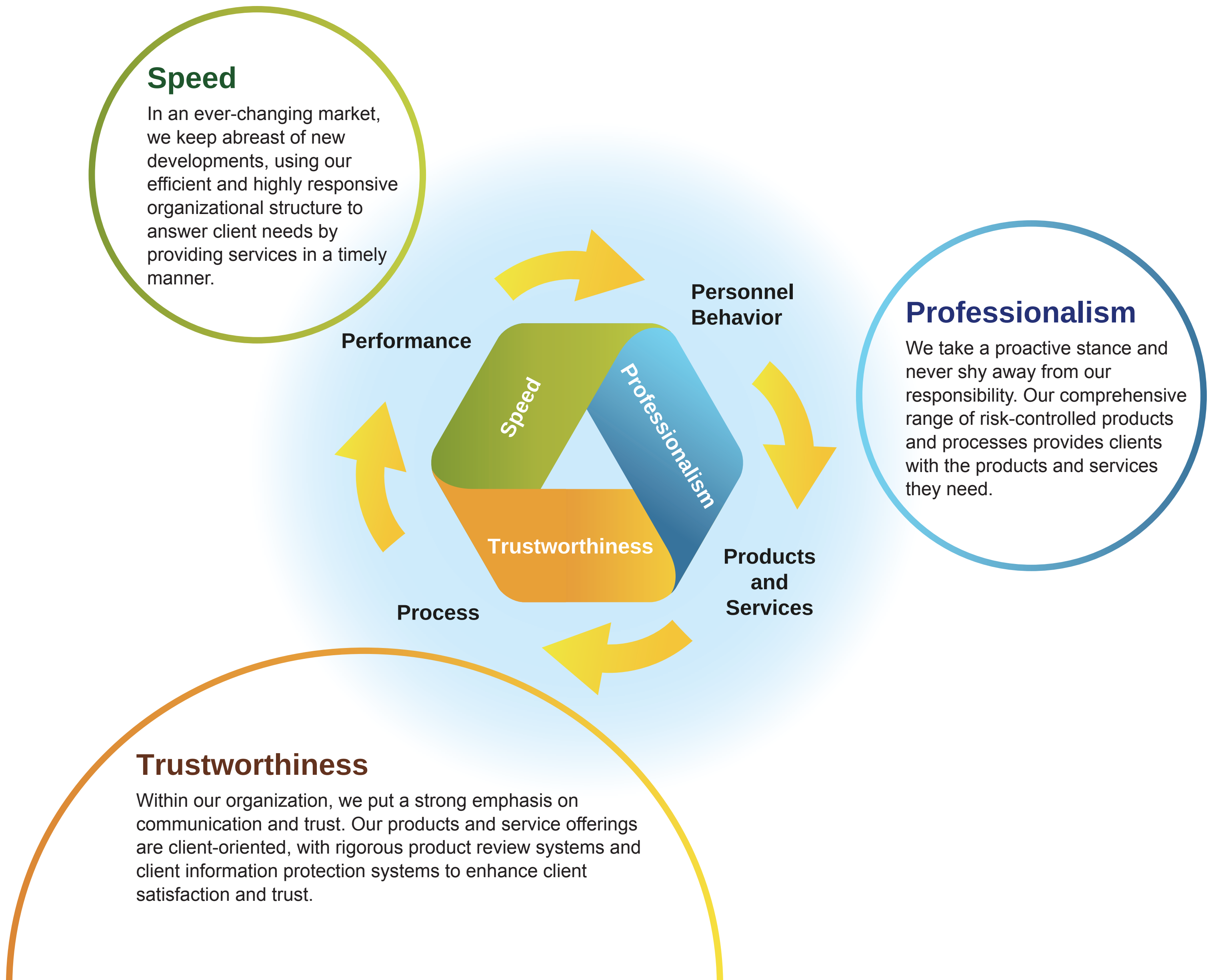
Joining the ranks of the best banks in Taiwan is the goal we are working towards. We must have the courage to examine our record, adopt a pragmatic mindset, and embrace change in order to become a professional bank that commands respect from clients, shareholders, and peers.

"Speed, professionalism and trustworthiness" will be our most important task to realizing this vision.

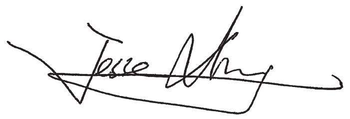
Core Values

Speed・Professionalism・Trustworthiness

To become a forerunner, we need to respond to change and execute tasks in a prompt manner in all areas: personnel behavior, products and services, process, and performance. At the same time, our professional expertise will ensure that the rapidity of our action will not compromise quality.



Chairman
Jesse Ding



EnTie Bank Credit Ratings

National	
Long-Term Rating	A (twn)
Short-Term Rating	F1(twn)
Outlooks	Stable

Effective Date on September 21, 2016
by Fitch Ratings

Dear Shareholders,

The past year has seen many major transitions and changes in the global politico-economic environment and in industry, and uncertainties have posed a series of challenges for businesses. In Taiwan, the country struggled temporarily to keep its annual GDP growth rate above 1%, but fortunately external demand picked up in the second half of 2016 and spurred Taiwan's export growth, pushing the annual GDP growth rate to 1.5%, which is nonetheless the second lowest since the Global Financial Crisis. Against such a challenging economic backdrop, the Bank's 2016 business performance was not in line with expectations, with net operating profits amounting to NT$6,300 million, a decline of 20% on the previous year. At NT$1,055 million, net income was also lower, reflecting the drag of the target redemption forwards (TRF) episode. The Bank's financial performance was lackluster, and profits dropped considerably from previous years' figures. Nevertheless, we continued to strengthen our franchise through significant initiatives and the Bank's non-financial performance continued to improve, laying a solid foundation for our return to growth.

Business Performance

In 2016, the Bank's net operating profits were NT$6,300 million, a decrease of NT$1,557 million from the previous year. Operating profits before bad debt provision came to NT$3,275 million and the budget achievement rate was approximately 60%. Net income was NT$1,055 million and the EPS was NT$0.63. ROAA and ROAE were 0.34% and 3.46%, respectively. As of the end of 2016, the Bank's total deposits amounted to NT$248.3 billion, a YOY decrease of 0.1%, while total loan balances totaled NT$185 billion, a YOY increase of 1.1%.

In terms of asset quality and capital structure, non-performing loans (NPLs), including collections, amounted to NT$1,658 million with an NPL ratio of 0.9%. Bad debt reserves totaled NT$2,604 million, indicating a coverage ratio of 157.08% and a total loan coverage ratio of 1.41%. By the end of 2016, the Bank had a capital adequacy ratio and Tier 1 Capital of 13.32%, and common equity Tier 1 ratio of 12.75%. Our robust capital structure is a strong foundation on which to continue to seek business growth.

Bank President Jesse Ding was elevated to the position of chairman in March 2016, and to ensure continuation of the Bank's business growth and to meet the needs of the executive team, his original role was filled by then Senior Executive Vice President Claudie Yu, whose expertise in personal finance and management has contributed to the Bank's breakthrough in digital banking and its operational transformation. The Bank has continued to optimize internal organization in order to enhance efficiency and be ready to tackle market changes. In May 2016, we adjusted the Bank's structure and created the positions of Chief Credit Officer and Chief Operating Officer in order to centralize credit lending and operations and keep these functions separate. By introducing these changes, we have enabled business units to focus more on product design and client servicing and thus boost business growth momentum. In August 2016, the Bank merged with subsidiary An Yin Insurance Broker Co. Ltd. and set up an insurance brokerage department under the Retail Banking Group to take over operations. The Bank also set up an audit committee to improve the internal monitoring mechanism as part of our efforts to enhance our corporate governance regime and to meet external regulatory requirements.

As part of our commitment to meet our corporate social responsibility, the Bank is committed to green finance and financial inclusion. In 2014 we incorporated the Equator Principles into our credit lending guidelines, and in May 2016 we worked with fellow financial institutions to provide the first Equator Principles-compliant syndicated loan to a wind power project. This is a landmark transaction and is the best example of how finance and corporate social responsibility can work in tandem.

The vision for digital financial inclusion advocated at the G20's Hangzhou summit has become an important issue internationally. By continuing to enhance our financial infrastructure, the Bank has expanded the accessibility, convenience, diversity, and stability of our financial services. The Bank has a proven track record in creating a digital financial environment, developing mobile payments and pushing for user-friendly financial services. We have started offering credit loan and credit card application and wealth management services for our online banking clients, and the number of applications via online banking and telephone banking grew by almost 20% on the previous year. In June 2015, our mobile banking app went live and we actively sought to collaborate with electronic payment providers to offer our clients more convenient and diverse services. In addition, a special area for the disabled on the official Bank website received the top AAA certification for accessibility from the National Communications Commission. Currently, only three financial institutions have received the top certification, indicating the Bank's commitment to providing the most disabled-friendly environment for financial services.

Credit Rating and External Recognition

It was the Bank's ample and higher-than-industry-average capital levels, moderate asset risks, and well-managed provision risks that led to our recognition by Fitch Ratings, which on September 21, 2016, maintained our long-term national credit rating of "A(twn)" and a short-term rating of"F1(twn)"with a"stable"outlook. Other recognitions included:

- In the 2016 Services Industry Survey conducted by Taipei-based Global View Magazine, for the third time the Bank came fifth among all financial banks, indicating that the Bank's service quality has been well recognized by our clients.
- In the second corporate governance evaluation conducted by the Taiwan Stock Exchange, the Bank was ranked in the top 6%–20% bracket.
- A special area for the disabled on the official Bank website received the top AAA certification for accessibility from the National Communications Commission.

President and CEO
Claudie Yu

Strategies for Future Development

Looking ahead, the future is full of risk but also opportunity.
As innovation competes with tradition, transformation will come together with disruption.
Against this backdrop, maintaining agility and flexibility while adhering to our core philosophy of providing "speedy, professional, and trustworthy services" to meet our clients' needs will be the key to our success.

In 2017, the world's three biggest economies—the US, Europe, and China—are facing a number of potential risks. Owing to uncertainties created by possible US trade protectionism, the consequences of the Brexit process, and China's economic restructuring, it remains unclear whether the global economy will see a broad-based recovery (although in early 2017, the signs pointed to increased momentum). In Taiwan, rising labor costs may put a cap on corporate investment, higher taxes threaten to stall momentum in the real estate market, and more stringent regulatory supervision means more investment of resources in anti-money laundering, anti-terrorism financing, and IT security operations. In addition, the rapid development of fintech means many technology start-ups are now challenging the banking industry's supremacy in traditional financial services, making it ever more difficult for the banking industry to operate. Nevertheless, significant opportunities are still to be found: notably, the possibility of the new US administration moving to cut taxes, expand fiscal spending, and deregulate the financial sector may lead to growth in external demand and thus push up Taiwan's exports. The Taiwanese government's five projects to push for innovative industries and advanced infrastructure may also have a positive impact on investment momentum and contribute to overall economic growth. Moreover, as the rate-cutting cycle is nearing an end, the banking industry will likely get a respite from the constant squeeze on interest spreads. On February 15, 2017, the Directorate-General of Budget, Accounting, and Statistics issued its latest forecast that the 2017 growth rate for Taiwan will be 1.92%, outperforming the previous year.

The Bank is therefore cautiously optimistic towards its operational outlook this year. In this volatile politico-economic and business environment, we will continue to strengthen our operational management and business promotion and use resources in a flexible manner to keep abreast of market trends and business opportunities and so balance our income structure, reduce risk concentration, and put the Bank firmly on the path to growth.

The Bank will focus on six major strategies this year: adjusting business structure, balancing income sources, adhering to risk discipline, strengthening internal communication, increasing the speed of change, and transforming our workforce and training future talent. We will also continue to follow our core philosophy of providing "speedy, professional, and trustworthy services" to pave the way for expansion and growth in our next stage of development.

These six strategies are closely interconnected, and the internal preparations have already been made, so all that is left is to do our utmost to achieve our goals. The Bank's main tasks in 2017 are as follows.

(1) Use an innovative mindset to lead the Bank's transformation and upgrade. The top priority is to strategically adjust business structure and develop more diverse product lines and so achieve a more balanced, risk-aware business model.

(2) Use digital technologies in internal management and optimize and streamline processes to achieve fast and agile operational performance.

(3) Speed up the deployment of virtual channels, increase investment in fintech, and actively seek to cooperate with fintech companies and electronic payment platform providers to provide clients with convenient services, as if they had branches in their pockets; enhance IT security to create a safer digital financial environment for our clients.

(4) Step up the transformation of our workforce and the training of talent and meet challenges with an open mind. A forward-looking mindset is as important as professional capability.

(5) Enhance our staff's awareness of risk management and regulatory compliance and insist on strict adherence to discipline.

(6) Establish a truly client-first business model and provide financial services that meet client needs by coordinating product design, channel operations, and business marketing, strengthening inter-departmental cooperation, and optimizing mid and back office processes.

(7) Further improve internal communication, create an environment founded on our core philosophy of providing speedy, professional, and trustworthy services, and enhance our operational flexibility and capabilities to adjust to change.

Faced with these challenges and business development opportunities, we will continue to rely on our determination and resilience, moving forward with a committed and united team, to create maximum investment value for our shareholders by achieving business performance that earns universal acclaim.

Date of Establishment : June 3, 1992
Date of Operation : April 15, 1993
Capital Amount : NT$19,579,100,500 (as of December 31, 2016)

EnTie Bank (“EnTie” or the “Bank”) was established in June 1992 with operations started on the 15th day of April 1993. Throughout the years, EnTie had assumed all assets and liabilities of Taipei’s 7th Credit Cooperative on July 27, 1998 and expanded the Bank’s branch network. Stock of EnTie was traded on the over-the-counter market on December 27, 1995 and has been listed on the Taiwan Stock Exchange since September 27, 1999 with the ticker of 2849.In November 2007, EnTie successfully closed a capital injection by a consortium led by a private equity fund, the Longreach Group, and recruited a new management team to transform the Bank into a customer-oriented modern financial services provider.

Apart from Longreach Group, shareholders of EnTie consist of many internationally well-known financial investors such as ORIX of Japan and Swiss Re. They provide the utmost support and assistance in rebuilding the Bank into a modern, internationalized and efficient commercial bank.

Ever since its establishment, the Bank has set professionalism in operations and the pursuit of stable growth as its goals, and has held fast to its operational guidelines of quality service, regulatory compliance, and innovation. It has also made the provision of financial products and services that cater to its customer’s needs and, by means of a sincere, professional and efficient approach to its business, has provided each of its customers with the most convenient and safest financial and wealth management services. In order to maintain its competitive advantage and appropriately control asset quality, in addition to engaging in research into new financial products and payment services that are suited to the local economic environment, and thereby provide customers with a broad range of wealth-related activities and funding channels, the Bank will at the same time continue to enhance its risk management system, and will simplify operating procedures and renew its organizational structure, so that the Bank can obtain the greatest return for an acceptable amount of risk, and thereby enhance its operational efficiency.

As of December 31,2016, the Bank has 54 operating units across Taiwan, of which 34 are in the Greater Taipei area, 8 in and around Taoyuan and Hsinchu, 5 in Taichung, 3 in Chiayi and Tainan, and 4 in Kaohsiung area. In order to enable its service network to become even more comprehensive, the Bank will in the future expand and develop through the provision of automated and Internet banking services.

Facing the intensive competition in the Banking sector, with the Bank’s core values “speed, professionalism, and trust”, the Bank has achieved over the last few years by taking on new challenges and opportunities, and striving to improve our performance for our customers and our shareholders. With all these, we believe that we will leapfrog our competitors and continue our growth momentum in a still tough financial market, being a respectable bank committed to embracing and leading changes.

Management Team

Our eyes are set on the goal

Efficient communication helps us adjust our pace

Teamwork ensures we fulfill our mission

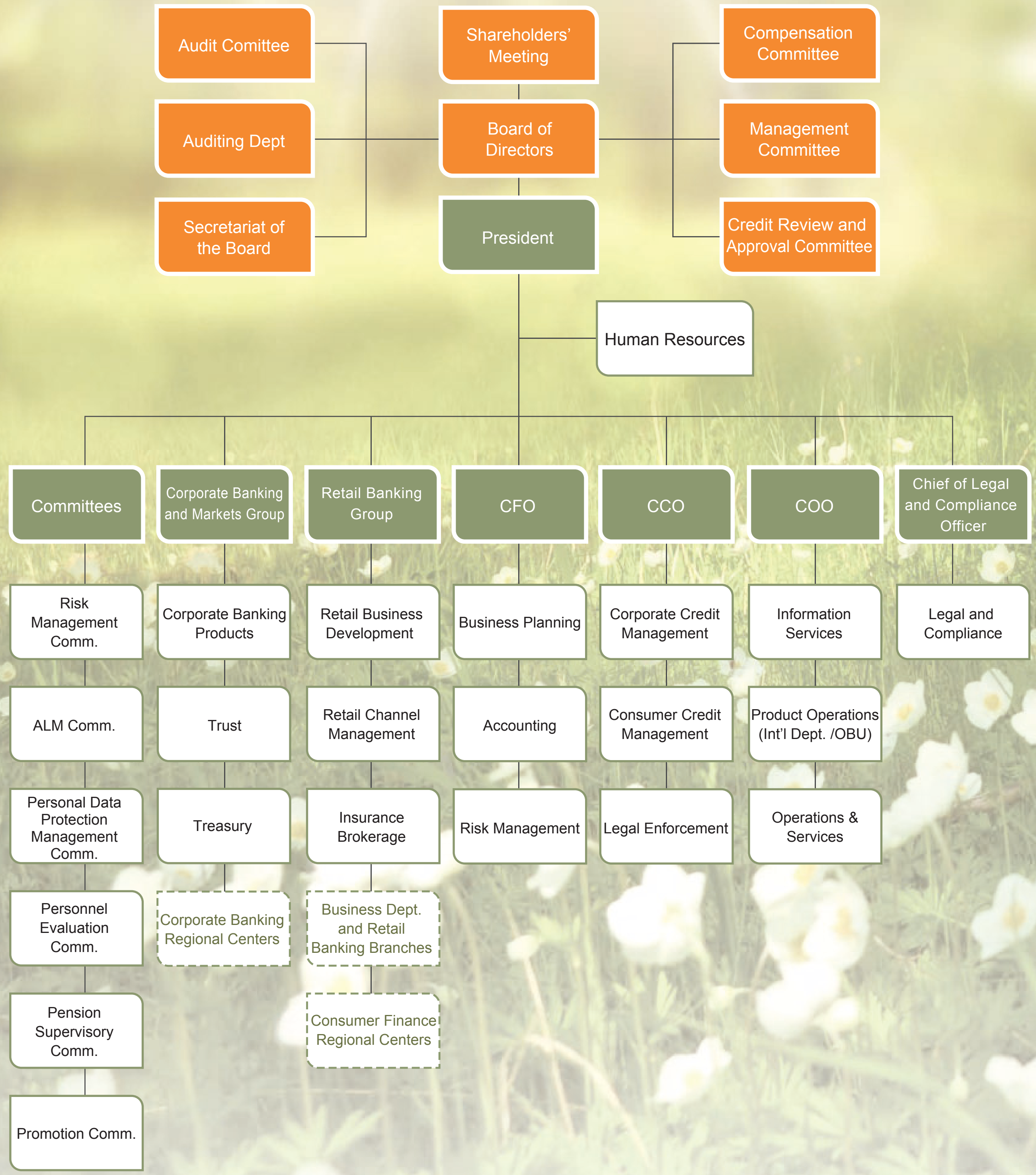
Team know-how lifts us all

Chief of Legal and Compliance Officer	Chief Financial Officer	Head of Retail Banking Group	President and CEO	Head of Corporate Banking and Markets Group	Chief Credit Officer	Chief Operating Officer	Chief Auditor
Morris Chang	**Frank Hsu**	**Ginger Hsiao**	**Claudie Yu**	**Stoney Hsia**	**Jeff Chang**	**Arens Chang**	**Eason Hung**

3.1 Organization

3.1.1 Organization Chart

As of 03/31/2017



Major Business Function of Each Department

Human Resources Dept.	Responsible for human resource planning and management, which includes tasks such as hiring, performance evaluation, training and development, design of compensation and benefits packages, management of staff relations, and internal communications.

Corporate Banking and Markets Group

Corporate Banking and Markets Group Chief Office	Responsible for plan and implement business strategy for Corporate Banking and Markets Group, budget allocation, performance review and tracking, training execution, application and management of related finance product licenses, and supervision of regional centers.
Corporate Finance Products Dept.	To Organize the marketing plan and promotion of the financial products for Corporate Banking Group (structure finance, A/R, Trade finance, Cash Management, e-banking, Corporate Advisory, Corporate deposits, loans and iBank.B2B). Co-work with business unit to accomplish the deals, maintain and monitor its follow-up issues.
Trust Dept.	Responsible for trust and auxiliary business, including products design of trust business, trust operations, and providing support to sales of retail and corporate banking.
Treasury Dept.	In charge of funds deployment, ALM administration and interest rate/FX related trading ,and shall work with Retail Banking Group and Corporate Banking and Markets Groups in terms of product portfolio design and development, and provide clients with market data, hedging strategies, trainings, promotion and sale of financial products, and quotation and the trading of interest rates, exchange rates, and other financial products.

Retail Banking Group

Retail Banking Group Chief Office	Responsible for business development strategy, plans execution, budget allocation, performance follow-up and management, and supervision of branches and consumer banking regional centers.is responsible for business strategy, plans execution, budget allocation, performance follow-up and management, on-job training, and supervision of branches and consumer banking regional centers.
Retail Business Development Dept.	Responsible for strategy planning, designing and marketing of products of RBG, and training, evaluation and management of sales practices of sales personnel of Branches and Consumer Finance Regional Centers.
Retail Channel Management Dept.	Responsible for operating procedure planning, operation quality and general affairs management, personnel training and evaluation of Branches and Consumer Finance Regional Centers, development and management of digital channels, and provision of on-line consulting services.
Insurance Brokerage Dept.	Responsible for the development, assessment and signature operation of insurance business.

Managerial departments under the supervision of the CFO

Business Planning Dept.	Responsible for bank-wide strategy planning, control and reporting of management information, assistance on design and execution of incentives system, long-term investment assessment and management, and the external relations of the Bank.
Accounting Dept.	Responsible for the Bank's accounting and taxation business.
Risk Management Dept.	Responsible for the Bank's risk management, including establishment and implementation of risk control mechanisms for credit risk, market risk, OP risk, etc.

Managerial departments under the supervision of the CCO

Corporate Credit Management Dept.	Responsible for credit review and credit quality management of corporate banking products, credit risk analysis, and the filing of statements and documents with the Competent Authority.
Consumer Credit Management Dept.	Responsible for credit review and credit quality management of consumer banking products, credit risk analysis, and risk management of credit cards.
Legal Enforcement Dept.	Responsible for the Bank's legal affairs on NPL related issues, including legal enforcement, lawsuit, legal consultation on credit cases and NPL management.

Managerial departments under the supervision of the COO

Information Services Dept.	Responsible for the planning, establishment and maintenance of computer hardware and software, IT support, establishment of MIS, as well as information provision.
Product Operations Dept.	To set up bank-wide operation procedures for FX related business, OBU transactions, and the centralized back office operations of financial instruments, including deposits and remittances of foreign currencies, accounting bookings of foreign currency credit business, settlement operation of financial instruments, as well as corporate internet banking and post management and maintenance services.
Operations & Services Dept.	To set up bank-wide portfolio management and local currencies centralized back-office operations, including corporate finance/consumer finance portfolio management, deposits and remittances of local currencies, accounting bookings of local currency credit business, credit card applications, and other centralized operations, and the assessment and execution of the Bank's system maintenance, procurement, and property and document management.

Managerial department under the supervision of the Chief of Legal and Compliance Officer

Legal and Compliance Dept.	Responsible for the planning, management, and execution of the Bank's regulatory compliance policies, legal consultation, promotion of personal information protection, planning and management of money laundering prevention, provision of opinions on legality of new products and inspection matters, planning of integrated programs assigned by Chief Legal and Compliance Officer, planning of corporate governance, and management of official seals.

3.2 Information on Board Members, Management Team, Department Heads and Branch Managers

3.2.1 Board Members

Board Members

12/31/2016

Title / Name (Nationality or Place of Registration)	Latest Elected Date	Term (years)	First Elected Date	Shareholding When Elected		Current Shareholding		Spouse & Minor Children Shareholding		Education/ Experience	Current Positions at EnTie and Other Companies
				Shares	%	Shares	%	Shares	%		
Chairman Longreach Edith Investment Cooperatief, 3, U.A.(Netherland) Representative: Mr. Jesse Ding (Taiwan)	06/08/2016	3	12/27/2007 12/27/2007	263,709,343 390,578	13.47 0.02	263,709,343 390,578	13.47 0.02	0 0	0 0	MBA, University of Detroit Mercy, U.S. President, Taipei Fubon Bank	None
Vice Chairman Reng Hsiang Co., Ltd. (Taiwan) Representative: Mr. Wen-Hsien Tsai (Taiwan)	06/08/2016	3	03/29/2013 05/18/1999	17,474,796 0	0.89 0	17,474,796 0	0.89 0	0 0	0 0	Ph.D. in Materials Sci. & Eng., University of Cincinnati, U.S. Adjunct Associate Professor, National Taipei University Chairman, Hui Yang Venture Corp.	Supervisor of : - Firich Enterprise Co., Ltd. - Tiga Gaming Inc. - Accton Technology Corp. Chairman of : - Hui Yang Venture Corporation - Yo Ching Consulting Co., Ltd. - Yo Hsu International Co., Ltd. Independent Director, Kee Song Bio-Technology Holdings Ltd.
Director Longreach Edith Investment Cooperatief, 3, U.A.(Netherland) Representative: Mr. Mark Z. Chiba (Australia)	06/08/2016	3	12/27/2007 11/07/2007	263,709,343 0	13.47 0	263,709,343 0	13.47 0	0 0	0 0	Master of Philosophy in International Relations, University of Oxford, U.K. Founder and President, Longreach Edith Investment Cooperatief, U.A. (Tokyo and Hong Kong)	Chairman, Longreach Edith Investment Cooperatief, U.A. Director, Cybird Holding Co., Ltd.
Director Longreach Edith Investment Cooperatief, 3, U.A.(Netherland) Representative: Ms. Claudie Yu (Taiwan)	06/08/2016	3	12/27/2007 06/08/2016	263,709,343 0	13.47 0	263,709,343 0	13.47 0	0 0	0 0	BA, Natioanl Taiwan University Chief Operating Officer of Noah Private Wealth Management, Shanghai, China President & COO, ABN AMRO Asset Management Taiwan	President and CEO, EnTie Bank
Director OLHE Cayman Limited Partnership (Cayman Islands) Representative: Mr. Harukazu Yamaguchi (Japan)	06/08/2016	3	12/27/2007 03/29/2013	146,565,937 0	7.49 0	146,565,937 0	7.49 0	0 0	0 0	Hosei University, Japan Head of Global Business and Alternative Investment Headquarters to Executive Officer/Deputy Head of Global Business Headquarters, ORIX Corporation	[1]
Director Reng Hsiang Co., Ltd. (Taiwan) Representative: Mr. Chien-Hung Liao (Taiwan)	06/08/2016	3	03/29/2013 10/16/2014	17,474,796 0	0.89 0	17,474,796 0	0.89 0	0 0	0 0	Chung Yuan Christian University, Taiwan Manager, Accounting Dept., Tai Yeh Co., Ltd.	[2]
Director Hong Wei Construction Co., Ltd. (Taiwan) Representative: Mr. Chien-San Yen (Taiwan)	06/08/2016	3	03/29/2013 09/11/2012	686,575 263	0.04 0.00	686,575 263	0.04 0.00	0 0	0 0	Master in Accounting, National Chengchi University, Taiwan Chief Auditor, EnTie Bank	Chairman of - Liang Chi Co., Ltd. - Hong Wei Construction Co., Ltd. - Tai Chun Co., Ltd. - Tai Yeh Co., Ltd. Supervisor of Tai Jien Investment Co., Ltd. Director of - Hung Jia Investment Co., Ltd. -Han Bao Co., Ltd.
Director Hong Wei Construction Co., Ltd. (Taiwan) Representative: Ms. Yu-Li Huang (Taiwan)	06/08/2016	3	03/29/2013 07/31/2015	686,575 0	0.04 0	686,575 0	0.04 0	0 0	0 0	Ph.D. in Finance,, National Chengchi University, Taiwan Head of Department of Insurance and Financial Management, Takming University of Science and Technology, Taiwan	Professor of Department of Finance, Shih Chien University Supervisor of - Excell Decorative Products Ltd. - Mi Ti Ya Co., Ltd.
Independent Director Mr. Philippe Espinasse (France)	06/08/2016	3	03/29/2013	0	0	0	0	0	0	MBA equivalent, European Business School Co-Head of Equity Capital Markets for the Asia-Pacific (ex-Japan) region, NOMURA SECURITIES	CEO, P&C Ventures Limited
Independent Director Mr. Steven P. Thomas (U.K.)	06/08/2016	3	06/08/2016	0	0	0	0	0	0	M.A.(Hons) Modern Languages & Literature, Merton College, Oxford University Managing Director, UBS AG and Head/Co-Head of Japan M&A	Senior Adviser of Montrose Associates Limited in Japan

(Continued)

12/31/2016

Title / Name (Nationality or Place of Registration)	Latest Elected Date	Term (years)	First Elected Date	Shareholding When Elected		Current Shareholding		Spouse & Minor Children Shareholding		Education/ Experience	Current Positions at EnTie and Other Companies
				Shares	%	Shares	%	Shares	%		
Independent Director Mr. Henry Lee (Taiwan)	06/08/2016	3	06/10/2011	0	0	0	0	0	0	Ph.D. in Laws. Chinese Culture University, Taiwan Honarary Founding Partner, Chien Yeh Law Offices	Independent Director of Win Semiconductors Corp. Director of : - Nan Ya Plastics Corp. - Contemporary Taiwan Development Foundation - Hua Hsia Culture and Education Foundation - Taiwan Organ Registry and Sharing Center Supervisor of : - Taoyuan International Airport Service Co., Ltd. - Chinese Culture University Secretary General of Dharma Drum Mountain Humanities and Social Improvement Foundation

Remarks:
1. No member of the Board of Directors held EnTie shares by nominee arrangement.
2. No spouse or relative within second-degree kingship of current board members who serves managerial posts or seats of board directors/supervisors of EnTie Bank.

[1] Alternate Director of: Infrastructure Leasing & Financial Services Limited, ORIX Leasing Malaysia Berhad; Auditor of: ORIX Capital Korea Corporation, ORE Korea Co., Ltd.; Co-Vice Chairman: BONIFACIO LANDMARK REALTY AND DEV'T CORP.; Director of: ORIX METRO Leasing and Finance Corporation, ORIX Australia Corporation Limited, ORIX Hotels International Private Limited, Thai ORIX Leasing Co., Ltd., ORIX Leasing Pakistan Limited, Third Berry Limited, ORIX-ECB (Cayman) Inc., ETHOZ Capital Ltd,Thai Incinerate Service Co., Ltd.,ORIX Leasing & Financial Services India Limited,ORIX Auto Infrastructure Services Limited,ORIX Finance Services Hong Kong Limited, Orient Infrastructure Asset Managers Limited, ORIX Leasing Singapore Limited, ETHOZ Group Ltd., Indochina Capital Corporation; Director & Chairman of: OMLF Servicer Corporation, ORIX Glorious Stars (SPV-AMC), Inc., ORIX RISINGSUN PROPERTIES II, Inc., ORIX RISINGSUN PROPERTIES, INCORPORATED; Executive Officer of: ORIX Corporation; Non-Executive Director: Lanka ORIX Leasing Company PLC; Supervisory Board Member and Deupty Chairman of: ORIX Polska S.A; Vice President Commissioner of: PT. ORIX Indonesia Finance

[2] Director of: Tai Ming Development Co., Ltd, Yu Chun Co., Ltd., Liang Chi Co., Ltd., Hung Tai Property Management Co., Ltd., Full Young Investment Co., Ltd, Tai Hsiang Investment Co., Ltd., Jen Cheng Co., Ltd., Hong Yeh Investment Co., Ltd.; Chairman of: Hong Long Co., Ltd. Chien Shen Construction Co., Ltd. Fu Diing Investment Co., Ltd. Tai Fa Investment Co., Ltd. Fornet Tech Co., Ltd., Hann Bau Co., Ltd., Hsing Jo Co., Ltd., Jia Shen Yuei Construction Co., Ltd.; Supervisor of: Hung Nan Co., Ltd., Tai Chun Investment Co., Ltd., Yu Lin Co., Ltd.

Major Shareholders of Institutional Shareholders

12/31/2016

Institutional Shareholders	Major Shareholders of Institutional Shareholders
Longreach Edith Investment Cooperatief 3, U.A.	Longreach Edith Co-investor Group 100%
Ren Hsiang Co., Ltd.	Chuan Yi Investment Co., Ltd. 15.90%, Hong Yeh Investment Co., Ltd. 13.82% Cheng Da Investment Co., Ltd. 13.82%, Tai Lian Investment Co., Ltd. 9.91% Full Young Investment Co., Ltd. 8.95%, Lien Mao Investment Co., Ltd. 5.20% Tai Sheng Investment Co., Ltd. 5.07%, Bau Tzuoh Investment Co., Ltd. 4.97% Wei Wang Investment Co., Ltd. 4.70%, Tai Jien Investment Co., Ltd. 4.23%
Hong Wei Construction Co., Ltd.	Tai Jien Investment Co., Ltd. 14.88%, Chuan Yi Investment Co., Ltd. 9.98% Fu Ding Investment Co., Ltd. 9.98%, Wei Wang Investment Co., Ltd. 7.14% Yu Lin Co., Ltd. 7.09%, Shou Da Investment Co., Ltd. 6.00% Chien Shen Construction Co., Ltd. 6.00%, Bau Tzuoh Investment Co., Ltd. 6.00% Bau Ching Investment Co., Ltd. 6.00%, Bau Sheng Investment Co., Ltd. 6.00%

Major Shareholders of Major Institutional Shareholders

12/31/2016

Major Institutional Shareholder	Major Shareholders of Major Institutional Shareholders
Longreach Edith Co-investor Group	Longreach Edith Coinvest, Limited Partnership 19%, Longreach Edith Coinvest 2, Limited Partnership 77% Longreach Capital Partners Ireland 1, Limited Partnership 4%
Chuan Yi Investment Co., Ltd.	Chao Long Investment Co., Ltd. 28.62%, Tai Hsiang Investment Co., Ltd. 21.74% Tai He Investment Co., Ltd. 11.59%
Hong Yeh Investment Co., Ltd.	Chao Long Investment Co., Ltd. 41.25%, Tai Fa Investment Co., Ltd. 18.58% Tai Hsiang Investment Co.,Ltd. 18.54%
Cheng Da Investment Co., Ltd.	Tai Fa Investment Co., Ltd. 39.58%, Tai Hsiang Investment Co., Ltd. 32.56%, Chao Long Investment Co., Ltd. 18.60%
Tai Lian Investment Co., Ltd.	Tai Hsiang Investment Co., Ltd. 43.02%, Chao Long Investment Co., Ltd. 16.65% Tai Fa Investment Co., Ltd. 15.27%
Full Young Investment Co., Ltd.	Tai Fa Investment Co., Ltd. 38.73%, Tai Hsiang Investment Co., Ltd. 18.23% Chao Long Investment Co., Ltd. 18.23%
Lien Mao Investment Co., Ltd.	Tai He Investment Co., Ltd. 41.16%, Chao Long Investment Co., Ltd. 23.23%
Tai Sheng Investment Co., Ltd.	Tai He Investment Co., Ltd. 23.93%, Chao Long Investment Co., Ltd. 19.86% Tai Fa Investment Co., Ltd. 11.01%, Tai Hsiang Investment Co., Ltd. 10.29%
Bau Tzuoh Investment Co., Ltd.	Chao Long Investment Co., Ltd. 21.83%, Tai Hsiang Investment Co., Ltd. 12.16% Kai Dar Co., Ltd. 10.55%, Hong Sheng Co., Ltd. 10.55%
Wei Wang Investment Co., Ltd.	Tai He Investment Co., Ltd. 36.76%, Chao Long Investment Co., Ltd. 26.10% Tai Fa Investment Co., Ltd. 12.87%
Tai Jien Investment Co., Ltd.	Chao Long Investment Co., Ltd. 42.92%, Tai Fa Investment Co., Ltd. 18.07% Tai Hsiang Investment Co., Ltd. 18.07%
Fu Diing Investment Co., Ltd.	Chao Long Investment Co., Ltd. 24.73%, Tai Fa Investment Co., Ltd. 13.02%
Yu Lin Co., Ltd.	Yu Hong Co., Ltd. 29.95%, Hong Teng Property Co., Ltd. 25.68% Tzeng Maw Investment Co., Ltd. 19.64%, Hung Shi Investment Co., Ltd. 18.88%
Shou Da Construction Co., Ltd.	Hung Tai Construction Co., Ltd. 19.53%, Yu Huei Co., Ltd. 19.53%, Bo Chiang Development Co., Ltd. 19.53% Bo Hai Investment Co., Ltd. 14.65%, Yu Tung Construction Co., Ltd. 12.42%
Chien Shen Construction Co., Ltd.	Bo Chiang Development Co., Ltd. 19.64%, Hsu Pei Co., Ltd. 19.64%, Bo Ding Co., Ltd. 18.88% Yu Tung Construction Co., Ltd. 15.71%, Hong Sheng Co., Ltd. 11.33%
Bau Ching Investment Co., Ltd.	Tai Fa Investment Co., Ltd. 19.72%, Tai Hsiang Investment Co., Ltd. 19.43% Chao Long Investment Co., Ltd. 19.43%
Bau Sheng Investment Co., Ltd.	Tai Fa Investment Co., Ltd. 18.36%, Tai Hsiang Investment Co., Ltd. 18.36% Chao Long Investment Co., Ltd. 18.36%, Tai He Investment Co., Ltd. 12.85%

Directors' Professional Qualifications and Independence Analysis

Name	Profession of over five-years Working Experience and the following Professional Qualification			Compliance with Independence[note]										Number of Other Public Companies where the Board Members serve as Independent Director
	Lecture or Higher Ranking at a Public or Private University or College in Business, Law, Finance, Accounting, Banking or Other Subject Relevant to Work at the Company	Holding a National Examination Certificate in a Profession or Expertise Needed by the Company; or Judge, Prosecutor, Attorney, CPA or Banking	Work Experience in Business, Law, Finance, Accounting, Banking or Other area(s) Needed by the Company	1	2	3	4	5	6	7	8	9	10	
Jesse Ding			V			V	V	V	V	V	V	V		0
Wen-Hsien Tsai	V		V	V		V	V	V	V	V	V	V		1
Mark Z.Chiba			V	V		V	V		V	V	V	V		0
Claudie Yu			V			V	V	V	V	V	V	V		0
Harukazu Yamaguchi			V	V		V	V		V	V	V	V		0
Chien-Hung Liao			V	V		V	V	V	V	V	V	V		0
Chien-San Yen		V	V	V		V	V	V	V	V	V	V		0
Yu-Li Huang	V		V	V		V	V	V	V	V	V	V		0
Philippe Espinasse	V		V	V	V	V	V	V	V	V	V	V	V	0
Steven P. Thomas			V	V	V	V	V	V	V	V	V	V	V	0
Henry Lee		V	V	V	V	V	V	V	V	V	V	V	V	1

[note] Directors, during the two years before being elected or during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:
1. Not an employee of the company or an affiliate.
2. Not a director or a supervisor of the company or an affiliate (this restriction does not apply, however, when the person is an independent director of the company, its parent company, or a subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
3. The director, or hisor her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the company's total outstanding shares, nor is one of the company's ten largest natural-person shareholders.
4. Not a spouse, relative within the second degree of kinship, or direct blood relative within the fifth degree of kinship of a person listed in the three foregoing paragraphs.
5. Is not the director, supervisor, or employee of an institutional shareholder directly holding more than 5% of the company's total outstanding shares, nor is the director, supervisor, or employee of one of the five largest institutional shareholders in terms of shareholdings.
6. In neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the company.
7. Is not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or an affiliate. However Remuneration Committee members who exercise their powers as defined in Article 7 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Exchange or Traded Over the Counter" are not limited therein.
8. Is not the spouse or relative within the second degree of kinship of another director.
9. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act.
10. Has not been elected as a government unit, institution, or their representative as prescribed in Article 27 of the Company Act.

3.2.2 Information on Management Team, Department Heads and Branch Managers

03/31/2017

Name Title	On-board Date[1]	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Education/ Experience	Current Positions at Other Companies
		Shares	%	Shares	%	Shares	%		
Ms. Claudie Yu President & Chief Executive Officer	10/12/2009	0	0	0	0	0	0	BA, National Taiwan University President & COO, ABN AMRO Asset Management Taiwan	None
Mr. Stoney Hsia Executive Vice President & Head of Corporate Banking and Markets Group	10/17/2016	0	0	0	0	0	0	MBA, Chengchi University Managing Director & Head of Corporate Banking, Corporate & Investment Banking, BNP Paribas, Taiwan	None
Ms. Ginger Hsiao Executive Vice President & Head of Retail Banking Group	11/09/2009	0	0	0	0	0	0	Citrus College, U.S. President, Wealth Management Center, Personal Banking Dept., Shenzhen Bank	None
Mr. Frank Hsu Executive Vice President, Chief Financial Officer & Spokesperson	05/16/2016	0	0	0	0	0	0	MBA,University of Chicago, U.S. Vice President of Asia Pacific Financial Institutions Group, Morgan Stanley	None
Mr. Jeff Chang Executive Vice President & Chief Credit Officer	09/01/1992	0	0	0	0	0	0	MBA, Tunghai University Chief Auditor, EnTie Bank	None
Mr. Eason Hung Senior Vice President & Chief Auditor	07/15/1996	0	0	0	0	0	0	MBA, Tatung University Chief Compliance Officer, EnTie Bank	None
Mr. Morris Chang[2] Senior Vice President & Chief Compliance Officer	06/13/2005	0	0	0	0	0	0	Fujen Catholic University First Vice President, EnTie Bank	None
Mr. Arens Chang First Vice President & Chief Operation Officer	01/10/2011	0	0	0	0	0	0	National Taiwan University Senior Manager, Deloitte	None
Ms. Doris Liu First Vice President	06/04/2014	0	0	0	0	0	0	Master of Human Resources, National Central University Head of Human Resources, Landseed	None
Mr. Eric Chou First Vice President Accounting	08/01/1992	0	0	0	0	0	0	Tamkang University Vice President, EnTie Bank	None
Mr. Ray Chen[2] First Vice President Consumer Credit Management	10/21/2013	0	0	0	0	0	0	National Chengchi University Vice President, DBS Bank	None
Mr. Eric Chen[2] First Vice President Retail Banking Group Chief Office	03/10/2014	0	0	0	0	0	0	Tamsui Oxford University College Vice President, Standard Chartered Bank	None
Mr. Chih-Wei Chang[2] Vice President Retail Banking Group Chief Office	07/21/2010	0	0	0	0	0	0	MBA, Chungyuan Christian University Manager, JihSun Bank	None
Mr. Robert Cheng Vice President Retail Banking Group Chief Office	03/18/2013	0	0	0	0	0	0	Ming Chuan University Vice President of Consumer Banking Group, DBS Bank	None
Mr. Samson Chang Vice President Corporate Banking Products	06/01/2010	0	0	0	0	0	0	MBA, Tunghai University Assistant Vice President, Hang Seng Bank	None

(Continued)

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Name Title	On-board Date[1]	Shareholding Shares	Shareholding %	Spouse & Minor Children Shareholding Shares	Spouse & Minor Children Shareholding %	Shareholding by Nominee Arrangement Shares	Shareholding by Nominee Arrangement %	Education/ Experience	Current Positions at Other Companies
Mr. Wen-Huei Su Vice President Corporate Credit	12/18/1995	0	0	0	0	0	0	National Chunghsing University Vice President, EnTie Bank	None
Ms. Sarah Shen Vice President Information Services	07/22/2013	0	0	0	0	0	0	MMIS, National Chengchi University Senior Manager , Yuen Foong Yu Consumer Products Co., Ltd.	None
Mr. Jeff Tsai Vice President Business Planning	08/10/2015	0	0	0	0	0	0	Feng Chia University Senior Manager, Cosmos Bank	None
Ms. Vivian Chen Vice President Risk Management	03/17/2009	0	0	0	0	0	0	Chinese Culture University Associate Director, Investment Banking Dept., Nomura, HK	None
Ms. Grace Yang Vice President Human Resources	10/01/2013	0	0	0	0	0	0	Soochow University Manager, CTBC Bank	None
Ms. Yi-Kuang Lin Assistant Vice President Product Operations (Int'l Dept/ OBU)	11/02/1992	3,131	0.00	0	0	0	0	Tamkang University Assistant Vice President, EnTie Bank	None
Ms. Aileen Chien[2] Assistant Vice President Retail Banking Group Chief Office	10/06/2010	0	0	0	0	0	0	MBA, Soochow University Manager, TaChong Bank	None
Mr. George Han[2] Assistant Vice President Retail Banking Group Chief Office	06/22/2006	0	0	0	0	0	0	Shihchien University Assistant Vice President, EnTie Bank	None
Mr. Amos Chen Vice President Retail Businesss Development	09/12/2016	0	0	0	0	0	0	MBA, Kaohsiung First University Assistant Vice President, Hwatai Bank	None
Ms. Winnie Fan Assistant Vice President Secretariat of the Board	01/01/2015	0	0	0	0	0	0	University of Pittsburgh, U.S. Senior Research Coordinator, Equities Research Dept., Lehman Brothers, Taiwan.	None
Ms. Teresa Yu Assistant Vice President Trust	01/18/2010	0	0	0	0	0	0	University of Chung Hsing Account Officer of Jih Sun International Commercial Bank Co., Ltd	None
Mr. Ning Hsia[2] Assistant Vice President Insurance Brokerage	10/01/2012	0	0	0	0	0	0	MBA, New York University Assistant Vice President of En Tie Insurance Brokers Co., Ltd	None
Ms. Jenny Shih Assistant Vice President Operations & Services	06/23/2008	0	0	0	0	0	0	Ming Chuan University Assistant Vice President, Far Eastern Bank	None
Mr. Chun-Po Lin Assistant Vice President (Acting) Treasury	10/16/2006	0	0	0	0	0	0	Central University Assistant Vice President, EnTie Bank	None
Mr. Shou-chang Wang (Acting) Assistant Vice President Corporate Banking Regional Centers North District 1	07/02/1997	6,710	0.00	0	0	0	0	Tamkang University Assistant Vice President, EnTie Bank	None

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Name Title	On-board Date[1]	Shareholding Shares	Shareholding %	Spouse & Minor Children Shareholding Shares	Spouse & Minor Children Shareholding %	Shareholding by Nominee Arrangement Shares	Shareholding by Nominee Arrangement %	Education/ Experience	Current Positions at Other Companies
Mr. Sheng-Hong Chen Assistant Vice President Corporate Banking Regional Centers North District 2	03/08/2010	0	0	0	0	0	0	Tamkang University Assistant Vice President, EnTie Bank	None
Ms. Peggy Gi Assistant Vice President Corporate Banking Regional Centers North District 3	07/18/2008	0	0	0	0	0	0	MBA, National Taiwan University of Science and Technology Assistant Vice President, EnTie Bank	None
Mr. James Chen Vice President Corporate Banking Regional Centers North District 4	06/22/2009	0	0	0	0	0	0	Tamkang University Managing Director, Local Corporate, Standard Chartered Bank	None
Mr. Guo-Hua Shen Assistant Vice President Corporate Banking Regional Centers North District 5	09/04/1995	0	0	0	0	0	0	MBA,National Taipei University Assistant Vice President, EnTie Bank	None
Mr. Yi-Jian Huang Assistant Vice President Corporate Banking Regional Centers North District 6	06/01/2011	0	0	0	0	0	0	Tamkang University Project Manager of Corporate Banking, Shin Kong Bank	None
Mr. Joe Huang Vice President Corporate Banking Regional Centers North District 7	05/10/1996	0	0	0	0	0	0	Chungyu Institute of Technology Vice President, EnTie Bank	None
Ms. Sonya Liu Assistant Vice President Corporate Banking Regional Centers North District 8	11/04/1996	4,473	0.00	0	0	0	0	Choayang College Assistant Vice President, EnTie Bank	None
Mr. Chia-Jung Chang Vice President Corporate Banking Regional Centers Taoyuan & Hsinchu District	05/23/2002	0	0	0	0	0	0	Chungyuan University Assistant Vice President,, Jih-Yi Co., Ltd.	None
Ms. Vivian Han Vice President Corporate Banking Regional Centers Taichung District	08/11/1997	471	0.00	0	0	0	0	MBA, National Dong Hwa University Assistant Vice President, EnTie Bank	None
Mr. Wen Yen Huang[2] Vice President Corporate Banking Regional Centers Tainan District	04/01/2008	0	0	0	0	0	0	Tung Hai University Assistant Vice President, TC Bank	None
Mr. Chien-Liang Chang Assistant Vice President Consumer Finance Regional Centers District 1	04/30/2001	0	0	0	0	0	0	MBA, Ming Chuan University Manager, EnTie Bank	None
Mr. Jack Tseng[2] Vice President Consumer Finance Regional Centers District 3	10/01/2014	0	0	0	0	0	0	Si Hu High School Vice President, Consumer Dept., ANZ Bank	None

(Continued)

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Name Title	On-board Date[1]	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Education/ Experience	Current Positions at Other Companies
		Shares	%	Shares	%	Shares	%		
Mr. Jack Chen Assistant Vice President Consumer Finance Regional Centers District 5	04/13/2015	0	0	0	0	0	0	Taichung Technology College Manager, KGI Bank	None
Mr. Ricky Chen Vice President Consumer Finance Regional Centers District 6	04/11/2008	0	0	0	0	0	0	Fujen Catholic University Manager of South Region, Sales Channel Dept., Far Eastern Bank	None
Mr. Ming-Shan Hsu[2] Vice President Song Shan Branch	07/07/2000	191	0.00	0	0	0	0	Taipei Vocational College Manager of ShiLin Branch, Bao Dao Bank	None
Mr. Sun-Hsing Lin[2] Vice President Hsin Chuang Branch	10/20/1998	0	0	0	0	0	0	Hsingwu College Assistant Vice President, EnTie Bank	None
Ms. Feng–Miao Wang[2] Assistant Vice President Yen Ping Branch	12/01/1992	0	0	0	0	0	0	Tunghai University Assistant Vice President, EnTie Bank	None
Mr. Ken Chang[2] Assistant Vice President Chang An E. Rd. Branch	10/23/2015	0	0	0	0	0	0	National Taipei University Manager, KGI Bank	None
Ms. May Cheng Assistant Vice President Xin Yi Branch	03/26/2012	0	0	0	0	0	0	MBA, National Chengkung University Manager of TunNan Branch, DBS Bank	None
Ms. Maggie Chu Assistant Vice President Xin Sheng Branch	05/10/2011	0	0	0	0	0	0	Tak Ming College Senior Sales Manager of Nanking Branch, JihSun Bank	None
Mr. Pavarotti Wang Vice President Shing Lung Branch	06/16/1997	0	0	0	0	0	0	Chinese Culture University Assistant Vice President, EnTie Bank	None
Mr. James Chang Assistant Vice President Pan Chiao Branch	02/01/2010	0	0	0	0	0	0	MBA, Yuanze University Manager of XinSheng Branch, HSBC	None
Mr. Mark Lee[2] Assistant Vice President Chung Ho Branch	03/01/2012	0	0	0	0	0	0	Continuing Education, Takming College of Science and Technology Senior Depurt Manager, Cosmos Bank	None
Mr. Roger Lin Assistant Vice President Chien Kuo Branch	04/07/2015	0	0	0	0	0	0	Continuing Education of China University of Technology Assistant Vice President, EnTie Bank	None
Mr. Chen-Shiang Liao[2] Assistant Vice President Tung Hua Branch	03/01/2012	0	0	0	0	0	0	Dahan Institute of Technology Manager, Standard Chartered Bank	None
Mr. Jason Tsou[2] Assistant Vice President Nan Men Branch	08/22/2011	0	0	0	0	0	0	OCIT College Deputy Manager, BEA Wealth Management	None
Mr. Albert Huang Assistant Vice President Ching Mei Branch	05/13/2013	0	0	0	0	0	0	National Chengchi University Manager, Ta Chong Bank	None

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Name Title	On-board Date[1]	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Education/ Experience	Current Positions at Other Companies
		Shares	%	Shares	%	Shares	%		
Mr. Felix Lee Assistant Vice President Min Chuan Branch	05/16/2011	0	0	0	0	0	0	Fujen Catholic University Manager, HSBC Bank	None
Mr. Ted Hu Assistant Vice President Sing Fu Branch	04/07/2015	0	0	0	0	0	0	MBA, University of Liege, Belgium Assistant Vice President, Cosmos Bank	None
Mr. Peter Yang Assistant Vice President Tao Yuan Branch	02/26/1999	0	0	0	0	0	0	Tunghai University Assistant Vice President, EnTie Bank	None
Ms. Farrie Wu Assistant Vice President Chung Li Branch	04/27/2015	0	0	0	0	0	0	MBA, National Dong Hwa University Assistant Vice President, DBS Bank	None
Ms. Ruru Lu Assistant Vice President Hsi Li Branch	06/01/1999	0	0	0	0	0	0	Chinese Culture University Assistant Vice President, EnTie Bank	None
Mr. Jen-Wei Wu[2] Assistant Vice President Hsin Chu Branch	07/04/2005	0	0	0	0	0	0	Tamkang University Assistant Vice President, EnTie Bank	None
Ms. Pei-Yao Chang Assistant Vice President Taichung Branch	08/01/1995	0	0	0	0	0	0	National Taichung Institute of Technology Assistant Vice President, EnTie Bank	None
Mr. Chun-Neng Chen[2] Assistant Vice President Feng Yuan Branch	10/29/2012	0	0	0	0	0	0	Chaoyang University of Technology Manager, Taishin Bank	None
Ms. Ching-Yen Tsai Assistant Vice President Da Li Branch	05/15/1997	0	0	0	0	0	0	Taichung College Assistant Vice President, EnTie Bank	None
Ms. Shu-Ling Wang Assistant Vice President Yuan Lin Branch	04/26/2005	0	0	0	0	0	0	National Taichung Institute of Technology Assistant Vice President, EnTie Bank	None
Mr. Chih-Hsing Yao Assistant Vice President Chia Yi Branch	12/10/1992	0	0	0	0	0	0	Shihchien College Assistant Vice President, EnTie Bank	None
Mr. Jason Tong[2] Assistant Vice President Tai Nan Branch	07/20/2015	0	0	0	0	0	0	Master of Economics, National Sun Yat-Sen University Manager, Standard Chartered Bank	None
Ms. Vicky Wu Assistant Vice President Kaohsiung Branch	04/23/2012	0	0	0	0	0	0	Chengshiu University Continuing Education Division Manager, Cosmos Bank	None
Ms. Carrie Kao Assistant Vice President Chien Chin Branch	09/03/2012	0	0	0	0	0	0	China University of Science and Technology Manager of Consumer Banking, DBS Bank	None
Ms. Ellie Chang Assistant Vice President Fong Shan Branch	10/01/2014	0	0	0	0	0	0	Soochow University Assistant Vice President, DBS Bank	None

(Continued)

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Name Title	On-board Date[1]	Shareholding		Spouse & Minor Children Shareholding		Shareholding by Nominee Arrangement		Education/ Experience	Current Positions at Other Companies
		Shares	%	Shares	%	Shares	%		
Ms. Ella Tsai Assistant Vice President North Kaohsiung Branch	03/25/2013	0	0	0	0	0	0	National Taichung College Vice President, DBS Bank	None
Mr. Jerome Tsao Vice President San Chung Mini Branch	07/29/1996	0	0	0	0	0	0	Feng Chia University Assistant Vice President, EnTie Bank	None
Mr. Sheng-Chang Tsai[2] Assistant Vice President Cheng Gong Mini Branch	09/01/1997	0	0	0	0	0	0	National Yunlin University of Science & Technology Assistant Vice President, EnTie Bank	None
Mr. Kevin Lin[2] Assistant Vice President Nung An Mini Branch	04/02/2012	0	0	0	0	0	0	MBA, Royal Roads University, Canada Assistant Vice President, EnTie Bank	None
Mr. Dennis Lee Assistant Vice President Neihu Mini Branch	05/20/2014	0	0	0	0	0	0	Shih Chien University Account Officer of TC Bank	None
Ms. Lisa Dai Assistant Vice President Shih Pai Mini Branch	07/27/1998	2,236	0.00	0	0	0	0	Master of International Business, Soochow University Assistant Vice President, EnTie Bank	None
Mr. Heinz Cheng Assistant Vice President Tu Cheng Mini Branch	03/03/2014	0	0	0	0	0	0	Taiwan Normal University Financial advisor of Cosmos Bank	None
Ms. Jenny Peng Assistant Vice President North Tao Yuan Mini Branch	02/10/2014	0	0	0	0	0	0	Master of Science in International Banking and Finance, University of Southampton,UK Manager, ANZ Bank	None
Mr. Eric Tseng Assistant Vice President Lung Tan Mini Branch	04/27/2015	0	0	0	0	0	0	Soochow University Deputy Manager, JihSun Bank	None
Mr. Morrison Hsu Assistant Vice President Pa Der Mini Branch	04/10/2000	0	0	0	0	0	0	Fengchia University Assistant Vice President, EnTie Bank	None

Remarks:
1. The Nationality of all managers are Taiwan, R.O.C.
2. No member of the Managers had a spouse or relative within two degrees of consanguinity serving as a manager at EnTie Bank.

[1] On-board Date means the official date joining EnTie Bank.
[2] SVP Morris Chang is the acting head of Legal and Compliance Department, FVP Ray Chen is the acting head of Legal Enforcement Department. FVP Eric Chen is the acting head of Consumer Finance Regional Centers District 4, VP Chih-Wei Chang is the acting head of Business Department and acting manager of Tien Mu Branch, AVP Alieen Chien is the acting manager of Chang lun Branch, AVP George Han is the acting manager of Ho Ping Branch, AVP Ning Hsia is the acting head of Retail Channel Management Department, VP Wen Yen Huang is the acting head of Corporate Banking Regional Centers Kaohsiung District, VP Jack Tseng is the acting head of Consumer Finance Regional Centers District 2, VP Ming-Shan Hsu is the acting manager of Yung Chi Mini Branch, VP Sun-Hsing Lin is the acting manager of Lu Chou Branch, AVP Feng–Miao Wang is the acting manager of Yung Ho Branch, AVP Ken Chang is the acting manager of Fu Sing Branch, AVP Mark Lee is the acting manager of Hsin Dien Branch, AVP Chen-Shiang Liao is the acting manager of Chung Siao Sing Branch, AVP Jason Tsou is the acting manager of Ting Chou Branch, AVP Jen-Wei Wu is the acting manager of Chu Pei Mini Branch, AVP Chun-Neng Chen is the acting manager of Sha Lu Branch, AVP Jason Tong is the acting manager of Yung kung Branch, AVP Sheng-Chang Tsai is the acting manager of Da Tzu Branch, AVP Kevin Lin is the acting manager of Sung Chiang Mini Branch.

3.2.3 Remuneration Paid to Directors, Supervisors, President, EVPs, SVPs and Managers

Remuneration Paid to Directors

Unit: NT$ thousands

Title / Name	Remuneration								Total Remuneration (A+B+C+D) as a % of 2016 Net Income (%)[1]		Compensation Earned as Employees of EnTie or of EnTie's Consolidated Entities								Total Compensation (A+B+C+D+E+F+G) as a % of 2016 Net Income (%)[1]		Remuneration Paid to Directors from Non-consolidated Affiliates
	Salary (A)		Severance Pay and Pensions (B)		Bonus to Directors (C)		Allowances (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Profit Sharing (G)						
															From EnTie		From all Consolidated Entities				
	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	Cash	Stock	Cash	Stock	From EnTie	From all Consoli-dated Entities	
The 8th Term [2]																					
Chairman Longreach Edith Investment Cooperatief, 3, U.A. Representative : Jesse Ding [3]	1,000	1,000	0	0	297	297	0	0	0.123	0.123	6,347	6,347	0	0	0	0	0	0	0.725	0.725	No
Vice Chairman Reng Hsiang Co., Ltd. Representative: Wen-Hsien Tsai	387	387	0	0	297	297	0	0	0.065	0.065	0	0	0	0	0	0	0	0	0.065	0.065	No
Director Mark Z. Chiba [3]	194	194	0	0	178	178	777	777	0.109	0.109	0	0	0	0	0	0	0	0	0.109	0.109	No
Director Longreach Edith Investment Cooperatief, 3, U.A. Representative: Charles Huang	387	387	0	0	297	297	0	0	0.065	0.065	0	0	0	0	0	0	0	0	0.065	0.065	No
Director OLHE Cayman Limited Partnership Representative: Harukazu Yamaguchi	194	194	0	0	99	99	120	120	0.039	0.039	0	0	0	0	0	0	0	0	0.039	0.039	No
Director Reng Hsiang Co., Ltd. Representative: Chien-Hung Liao	194	194	0	0	99	99	0	0	0.028	0.028	0	0	0	0	0	0	0	0	0.028	0.028	No
Director Hong Wei Construction Co., Ltd. Representative: Chien-San Yen	194	194	0	0	99	99	0	0	0.028	0.028	0	0	0	0	0	0	0	0	0.028	0.028	No
Independent Director Philippe Espinasse	387	387	0	0	198	198	281	281	0.082	0.082	0	0	0	0	0	0	0	0	0.082	0.082	No
Independent Director Henry Lee	387	387	0	0	198	198	0	0	0.056	0.056	0	0	0	0	0	0	0	0	0.056	0.056	No
The 9th Term [2]																					
Chairman Longreach Edith Investment Cooperatief, 3, U.A. Representative : Jesse Ding [3]	12,000	12,000	0	0	394	394	0	0	1.175	1.175	0	0	0	0	0	0	0	0	1.175	1.175	No
Vice Chairman Reng Hsiang Co., Ltd. Representative: Wen-Hsien Tsai	620	620	0	0	394	394	0	0	0.096	0.096	0	0	0	0	0	0	0	0	0.096	0.096	No
Director Mark Z. Chiba [3]	266	266	0	0	131	131	379	379	0.074	0.074	0	0	0	0	0	0	0	0	0.074	0.074	No
Director Longreach Edith Investment Cooperatief, 3, U.A. Representative: Claudie Yu [4]	0	0	0	0	394	394	0	0	0.037	0.037	9,045	9,045	0	0	0	0	0	0	0.895	0.895	No

(Continued)

Unit: NT$ thousands

Title / Name	Remuneration								Total Remuneration (A+B+C+D) as a % of 2016 Net Income (%)[1]		Compensation Earned as Employees of EnTie or of EnTie's Consolidated Entities								Total Compensation (A+B+C+D+E+F+G) as a % of 2016 Net Income (%)[1]		Remuneration Paid to Directors from Non-consolidated Affiliates
	Salary (A)		Severance Pay and Pensions (B)		Bonus to Directors (C)		Allowances (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employee Profit Sharing (G)						
															From EnTie		From all Consolidated Entities				
	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	Cash	Stock	Cash	Stock	From EnTie	From all Consoli-dated Entities	
Director OLHE Cayman Limtied Partnership Representative: Harukazu Yamaguchi	266	266	0	0	131	131	116	116	0.049	0.049	0	0	0	0	0	0	0	0	0.049	0.049	No
Director Reng Hsiang Co., Ltd. Representative: Chien-Hung Liao	266	266	0	0	131	131	0	0	0.038	0.038	0	0	0	0	0	0	0	0	0.038	0.038	No
Director Hong Wei Construction Co., Ltd. Representative: Chien-San Yen	266	266	0	0	131	131	0	0	0.038	0.038	0	0	0	0	0	0	0	0	0.038	0.038	No
Director Hong Wei Construction Co., Ltd. Representative: Yu Li Huang	266	266	0	0	131	131	0	0	0.038	0.038	0	0	0	0	0	0	0	0	0.038	0.038	No
Independent Director Philippe Espinasse	620	620	0	0	394	394	221	221	0.117	0.117	0	0	0	0	0	0	0	0	0.117	0.117	No
Independent Director Steven P. Thomas	620	620	0	0	394	394	268	268	0.122	0.122	0	0	0	0	0	0	0	0	0.122	0.122	No
Independent Director Henry Lee	620	620	0	0	394	394	0	0	0.096	0.096	0	0	0	0	0	0	0	0	0.096	0.096	No

[1] The Bank's net income for 2016 was NT$1,054,679,000.
[2] The Bank's 9th term of board of directors was elected on June 8, 2016. The base compensation of the 8th term of board of directors was paid till June 7, 2016.
[3] Director Chiba of the 8th term resigned from the position of chairman on March 9, 2016, and the Board elected Director Ding to be the new chairman at the 20th board meeting of the 8th term.
[4] Director Yu receives director's compensation starting from the day she holds the office.
[5] Two chauffeures were assigned to Chairman Ding and Director Yu respectively with a total remuneration of NT$1,135,000.

Remuneration Paid to Supervisors

Unit: NT$ thousands

Title / Name	Remuneration								Total Remuneration (A+B+C+D) as a % of 2016 net income (%)[1]		Remuner-ation Paid to Directors from Non-consoli-dated Affiliates
	Salary (A)		Severance Pay and Pensions (B)		Bonus to Supervisors (C)		Allowances (D)				
	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	From EnTie	From all Consoli-dated Entities	
Supervisor Samuel Wu	194	194	0	0	198	198	0	0	0.037	0.037	No
Supervisor Bau Shen Investment Co., Ltd. Representative: Yu-Li Huang	194	194	0	0	198	198	0	0	0.037	0.037	No

[1] For the years ended Dec 31, 2016, net income after tax amounted to NT$1,054,679,000.
[2] The Audit Committee of the Bank was established on June 8, 2016 instead of supervisors.

Remuneration Paid to President, SEVPs, EVPs and SVPs

Unit: NT$ thousands, %

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employee Profit Sharing (D)				Total Compensation (A+B+C+D) as a % of 2016 net income		Compensation Received from Non-consolidated Affiliates
		From EnTie	From all consolidated entities	From EnTie	From all consolidated entities	From EnTie	From all consolidated entities	From EnTie		From all consolidated entities		From EnTie	From all consolidated entities	
								Cash	Stock	Cash	Stock			
President	Jesse Ding [1]	30,738	30,738	0	0	10,861	10,861	565	0	565	0	3.998	3.998	[4]
President	Claudie Yu [2]													
EVP	Alfred Chang [3]													
EVP	Jeff Chang													
EVP	Ginger Hsiao													
EVP	Frank Hsu [3]													
EVP	Stoney Hsia [3]													
SVP	Eason Hung													
SVP	Morris Chang													

[1] Mr. Jesse Ding resingned President on April 28, 2016.
[2] Miss Claudie Yu was promoted to be President on April 28, 2016.
[3] Mr. Frank Hsu was appointed as EVP on May 16, 2016, EVP Mr. Alfred Chang resigned on October 12, 2016, Mr. Stoney Hsia was appointed as EVP on October 17, 2016.
[4] President Claudie Yu, as formar SEVP being Director in LianAn Service Corporation, received the remuneration was NT$10,000.
[5] President and EVPs were assigned with 4 chauffeurs. The total remuneration was NT$2,418,000.

Remuneration Paid to President, EVPs and SVPs

Unit: NT$ thousands

	2016	
	From EnTie	From All Consolidated Entities
Under NT$2,000,000	Stoney Hsia	Stoney Hsia
NT$ 2,000,000 (inclusive) ~ NT$ 5,000,000	Alfred Chang, Jeff Chang, Ginger Hsiao, Frank Hsu, Eason Hung, Morris Chang	Alfred Chang, Jeff Chang, Ginger Hsiao, Frank Hsu, Eason Hung, Morris Chang
NT$ 5,000,000 (inclusive) ~ NT$ 10,000,000	Jesse Ding	Jesse Ding
NT$10,000,000 (inclusive) ~ NT$ 15,000,000	Claudie Yu	Claudie Yu
NT$15,000,000 (inclusive) ~ NT$ 30,000,000	-	-
NT$30,000,000 (inclusive) ~ NT$ 50,000,000	-	-
NT$50,000,000 (inclusive) ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	9	9

[Note] Compensation is based on year of payment, not on year for tax reporting.

Remuneration Paid to Managers

Unit: NT$ thousands

	Title / Name	Stock	Cash	Total	Ratio of total Remuneration to Net Income
Managers[1]	Please refer to P019~P024	-	3,168	3,168	0.30%

[1] Managers refer to the following are President, EVPs, SVPs, FVPs, VPs, AVPs and anyone whose rankings are similar to the previous three positions, as well as heads of finance and accounting departments, and others who manage affairs and have the authority to sign on behalf of the Bank.

3.2.4 Analysis the Ratio of Total Remuneration Paid to Board Members, President, EVPs and SVPs by the Bank and All Consolidated Affiliates to Net Income during 2015 & 2016

	Ratio of Total Remuneration to Net Income (%)	
	2016	2015
Directors	3.93%	1.29%
Supervisors	0.07%	0.08%
President, EVPs and SVPs	4.00%	2.11%

For the years ended Dec 31, 2015 and 2016, net income after tax amounted to NT$3,295,131,000 and NT$1,054,679,000 respectively.

3.2.5 Explanation of the Remuneration Payment Policy, Standard and Combination; Procedure of Set up the Remuneration and Correlation with Operating

The Company Charter has clearly specified that the remuneration of the board directors, supervisors, president and EVPs follows the spirit of professionalism, performance-driven and differentiation. The remuneration will reflect employee's market value of expertise and capabilities and shall enhance the market competitiveness of top-performing talents.

The principles of compensation policy are: fixed compensation is competitive in the market, while variable compensation is reasonably allocated based on the result of company operations and individual performance. The fixed compensation is paid based on the title and ranking, while variable portion will depend on the staff's applicable performance measurement system and annual performance results, with linkage to the company's performance of the year. Part of the compensation paid to the president and EVPs is deferred, which according to their offer letters, specific amount of stock-price linked options are given to them in several batches. When the Bank's management control faces major changes, the options will be converted into and paid in cash. Thus the senior management will share the future business risks with the Bank.

3.3 Status of Corporate Governance

3.3.1 Board of Directors Meeting Status

The Board of Directors held 8 meetings in 2016. The directors' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Notes
The 8th Term (total no. of attendance required = 3)					
Chairman	LEI Cooperatief, 3, U.A. Representative: Jesse Ding	3	0	100%	Was elected to be the chairman of the 8th term at the 20th board meeting on March 9, 2016
Vice Chairman	Reng Hsiang Co., Ltd. Representative: Wen-Hsien Tsai	2	1	67%	
Director	Mark Z. Chiba	3	0	100%	Resigned on March 9, 2016 from the position of chairman
Director	LEI Cooperatief, 3, U.A. Representative: Charles Huang	3	0	100%	
Director	OLHE Cayman Limited Partnership: Representative: Harukazu Yamaguchi	3	0	100%	
Director	Reng Hsiang Co., Ltd Representative: Chien-Hung Liao	2	1	67%	
Director	Hung Wei Construction Co., Ltd. Representative: Chien-San Yen	3	0	100%	
Independent Director	Philippe Espinasse	3	0	100%	
Independent Director	Henry Lee	3	0	100%	
Supervisor	Samuel Wu	3	0	100%	
Supervisor	Bau Sheng Investment Co., Ltd. Representative: Yu-Li Huang	3	0	100%	
The 9th Term (total no. of attendance required = 5)					
Chairman	LEI Cooperatief, 3, U.A. Representative: Jesse Ding	5	0	100%	
Vice Chairman	Reng Hsiang Co., Ltd. Representative: Wen-Hsien Tsai	5	0	100%	
Director	LEI Cooperatief 3, U.A. Representative: Mark Z. Chiba	5	0	100%	
Director	LEI Cooperatief, 3, U.A. Representative: Claudie Yu	5	0	100%	
Director	OLHE Cayman Limited Partnership: Representative: Harukazu Yamaguchi	5	0	100%	
Director	Reng Hsiang Co., Ltd Representative: Chien-Hung Liao	2	3	40%	
Director	Hong Wei Construction Co., Ltd. Representative: Chien-San Yen	4	1	80%	
Director	Hong Wei Construction Co., Ltd. Representative: Yu-Li Huang	5	0	100%	
Independent Director	Philippe Espinasse	5	0	100%	
Independent Director	Steven P. Thomas	5	0	100%	
Independent Director	Henry Lee	5	0	100%	

Annotations:

1. If the board meeting agenda includes either one of following items, the board meeting dates, terms, contents of agenda, comments from all independent directors and corresponding actions taken by the Bank should be included:

Board Meeting	Meeting Agenda	Items stated in Article 14-3 of the Securities & Exchange Act	In addition to prescribed items, other BOD resolutions objected or reserved by independent directors and recorded/in written form
19th meeting of the 8th term 01/19/2016	1. Discussion Item: To approve the application to the FSC for "USD/RMB FX Rate Futures" business	V	
	2. Discussion Item: To approve the 2015 year-end bonus distribution standards and managers' bonus	V	
	3. Discussion Item: To approve the adjustment of the total guaranteed compensation from 12 months to 13 months	V	
	Comments from all independent directors: None		
	Corresponding actions taken by the Bank: None		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		
20th meeting of the 8th term 03/09/2016	1. Discussion item: To approve the time, venue, agenda, book closure period, period for accepting shareholders' proposals and the nominations of director candidates for the 2016 Annual General Meeting of Shareholders	V	
	2. Discussion Item: To discuss the amendments to the "Rules and Procedures of Shareholders' Meetings"	V	
	3. Discussion Item: To approve the election proposal of the 9th term Board Directors (including Independent Directors)	V	
	4. Discussion Item: To approve the period for accepting the nomination of a total of eleven director candidates, including three independent directors, to be from Apr. 1, 2016 to Apr. 14, 2016 for the election of the Bank's directors in the Annual General Meeting of Shareholders of 2016	V	
	5. Discussion Item: To approve the financial statements of the Bank for the year of 2015	V	
	6. Discussion Item: To approve the change of CPAs for auditing and attestation of financial report and internal control of the Bank	V	
	Comments from all independent directors: None		
	Corresponding actions taken by the Bank: None		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		
21th meeting of the 8th term 04/28/2016	1. Discussion item: To approve the nominations and qualifications of nominees for board directors and independent directors, which are provided by shareholders holding over 1% of shareholding of the Bank	V	
	2. Discussion Item: To approve the consolidated financial statements of the Bank for the first quarter of 2016	V	
	3. Discussion Item: To discuss the submission of the Bank's Business Report of 2015	V	
	4. Discussion Item: To discuss the amendments to Article 4 of Articles of Incorporation of the Bank	V	
	5. Discussion Item: To discuss the removal of the Non-Competition Restrictions on Directors of the 9th term	V	
	Comments from all independent directors: None		
	Corresponding actions taken by the Bank: None		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		
	6. Discussion Item: To approve the proposal of "Financial Derivatives Business for Professional Natural Persons"		
	Comments from all independent directors: Independent Director Espinasse suggested that the management team should keep the Board updated on business status and relevant risks of the proposed new business.		
	Corresponding actions taken by the Bank: Chairman Ding committed to report to the Board when progress was made		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		
1st extraordinary board meeting of the 9th term 06/08/2016	1. Discussion item:To elect the Chairman and Vice Chairman of the 9th term board of directors of the Bank	V	
	Comments from all independent directors: Independent Director Lee nominated Director Wen-Hsien Tsai to be the vice chairman of the Bank.		
	Corresponding actions taken by the Bank: None		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		

(Continued)

Board Meeting	Meeting Agenda	Items stated in Article 14-3 of the Securities & Exchange Act	In addition to prescribed items, other BOD resolutions objected or reserved by independent directors and recorded/in written form
1st meeting of the 9th term 06/21/2016	1. Discussion item: To approve the merger with An Yin Insurance Broker Company	V	
	Comments from all independent directors: Independent Director Lee and Independent Director Thomas suggested some wording amendments should be made		
	Corresponding actions taken by the Bank: The proposal was modified based on independent directors' suggestions		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		
2nd meeting of the 9th term 08/18/2016	1. Discussion item: To approve the amendments to the Bank's "Criteria for Implementation of Internal Control System"	V	
	2. Discussion Item: To approve the financial statements of the Bank for the second quarter of 2016	V	
	3. Discussion Item: To ratify the amendments to certain forms of "Standards on Internal Control of Proprietary Bonds/Bills Trading" (the "Standards") under the "Criteria for Implementation of Internal Control System for Securities Firms, EnTie Commercial Bank"	V	
	4. Discussion Item: To approve the establishment of the "Criteria for Implementation of Internal Control System for Insurance Broker Business (Draft)" and "Criteria for Business Solicitation System and Procedures for Insurance Broker Business (Draft)"	V	
	5. Discussion Item:To approve the compensation for the 9th term Board Members	V	
	6. Discussion Item: To approve the appointment of Mr. Chun Po Lin (Grade 12), Assistant Vice President, currently Deputy Head of Treasury Department, to be the Financial Officer of the Bank and Acting Head of Treasury Department, Corporate Banking and Markets Group effective from August 27, 2016	V	
	Comments from all independent directors: None		
	Corresponding actions taken by the Bank: None		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		
3rd meeting of the 9th term 10/20/2016	1. Discussion item: To approve the consolidated financial statements of the Bank for the third quarter of 2016	V	
	2. Discussion Item: To approve the amendments to certain provisions of the "Criteria for Implementation of Internal Control System for Securities Firms, EnTie Commercial Bank"	V	
	Comments from all independent directors: None		
	Corresponding actions taken by the Bank: None		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		
4th meeting of the 9th term 12/15/2016	1. Discussion item:To approve the draft of the Bank's 2017 Annual Audit Plan	V	
	2. Discussion Item: To approve the 2017 Audit Plan of OTC securities business that the Bank concurrently engage in	V	
	3. Discussion Item: To approve the proposed 2017 Operating Budgets of EnTie Commercial Bank	V	
	4. Discussion Item: To approve the renewal of Director & Officer Liability Insurance Policy	V	
	5. Disucssion Item: To approve the 2016 year-end bonus distribution standards and managers' bonus	V	
	Comments from all independent directors: None		
	Corresponding actions taken by the Bank: None		
	Resolution adopted by the board meeting: The item was unanimously approved by all attending board members		

2. Implementation status of avoiding interest conflict with directors:
   A. Director Ding did not participate the discussion nor the voting process for his own bonus for avoidance of conflicts of interest during the discussion item of 2015 year-end bonus distribution standards and managers' bonus.
   B. President Yu and Chairman Ding left room and did not participate in the discussion nor the voting process for their own bonuses for avoidance of conflicts of interest during the discussion item 11 of 2016 year-end bonus distribution standards and managers'.

3. Goals emphasized for Board of Directors in the current and latest years (e.g.: establishment of auditing committee, improvement of information transparency and etc.), and execution and assessment:

The Bank believes that a healthy, transparent and efficient board of directors serve as a well foundation of corporate governance. Under such belief, the Bank has established a candidate nomination and single disclosed cumulative voting mechanism for the election of board directors. In addition, an Audit Committee and Compensation Committee were established separately to assist the Board for fulfilling its duties; as for the performance of the Board, the Bank has been participating the "Corporate Governance Evaluation" organized by the Taiwan Stock Exchange, and was awarded as one of top 6% and 20% companies with best corporate governance practices among all listed companies in Taiwan. Looking ahead to 2017, the Bank believes that the efficiency and efficacy of the Board shall be elevated to the next level.

3.3.2 Audit Committee Meeting Status

The Audit Committee held 4 meetings in 2016. The attendance status of independent directors (from June 8, 2016 to Dec. 31, 2016) is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Note
Independent Director	Philippe Espinasse	4	0	100%	
Independent Director	Steven P. Thomas	4	0	100%	
Independent Director	Henry Lee	4	0	100%	

Annotations:

1. If the audit committee agenda includes either one of following items, the board meeting dates, terms, contents of agenda, resolutions adopted by the audit committee and corresponding actions taken by the Bank should be included:

Audit Committee Meeting	Meeting Agenda	Items stated in Article 14-5 of the Securities & Exchange Act	In addition to prescribed items, other items are approved by two-thirds of board directors present without prior discussions at the audit committee
1st meeting 06/21/2016	1.Dicussion Item: To approve the merger with An Yin Insurance Broker Company	V	
	Resolution adopted by the audit committee: The item was unanimously approved by all attending committee members after the suggested amendments to the proposal were made		
	Corresponding actions taken by the Bank: The amendments to the proposal were made pursuant to the resolution		
2nd meeting 08/18/2016	1. Discussion item: To approve the amendments to the Bank's "Criteria for Implementation of Internal Control System"	V	
	2. Discussion item:To approve the financial statements of the Bank for the second quarter of 2016	V	
	3. Discussion Item:To ratify the amendments to certain forms of "Standards on Internal Control of Proprietary Bonds/Bills Trading" (the "Standards") under the "Criteria for Implementation of Internal Control System for Securities Firms, EnTie Commercial Bank"	V	
	4. Discussion Item: To approve the establishment of the "Criteria for Implementation of Internal Control System for Insurance Broker Business (Draft)" and "Criteria for Business Solicitation System and Procedures for Insurance Broker Business (Draft)"	V	
	Resolution adopted by the audit committee: The item was unanimously approved by all attending committee members		
	Corresponding actions taken by the Bank: None		
	5. Discussion Item:To approve the appointment of Mr. Chun Po Lin (Grade 12), Assistant Vice President, currently Deputy Head of Treasury Department, to be the Financial Officer of the Bank and Acting Head of Treasury Department, Corporate Banking and Markets Group effective from August 27, 2016	V	
	Resolution adopted by the audit committee: The item was approved unanimously by all attending committee members after the suggested amendments to the proposal were made		
	Corresponding actions taken by the Bank: The amendments to the proposal were made pursuant to the resolution		
3rd meeting 10/20/2016	1. Discussion item:To approve the consolidated financial statements of the Bank for the third quarter of 2016	V	
	Resolution adopted by the audit committee: The item was unanimously approved by all attending committee members		
	Corresponding actions taken by the Bank: None		
	2. Discussion Item: To approve the amendments to certain provisions of the "Criteria for Implementation of Internal Control System for Securities Firms, EnTie Commercial Bank"	V	
	Resolution adopted by the audit committee: The item was approved unanimously by all attending committee members after the suggested amendments to the proposal were made		
	Corresponding actions taken by the Bank: The amendments to the proposal were made pursuant to the resolution		

(Continued)

Audit Committee Meeting	Meeting Agenda	Items stated in Article 14-5 of the Securities & Exchange Act	In addition to prescribed items, other items are approved by two-thirds of board directors present without prior discussions at the audit
4th meeting 12/15/2016	1. Discussion item:To approve the draft of the Bank's 2017 Annual Audit Plan	V	
	Resolution adopted by the audit committee: The item was approved unanimously by all attending committee members after the suggested amendments to the proposal were made		
	Corresponding actions taken by the Bank: The amendments to the proposal were made pursuant to the resolution		
	2. Discussion item: To approve the 2017 Audit Plan of OTC securities business that the Bank concurrently engage in	V	
	3. Discussion item: To approve the proposed 2017 Operating Budgets of EnTie Commercial Bank	V	
	4. Discussion item: To approve the key audit matters of 2016 financial reports	V	
	Resolution adopted by the audit committee: The item was unanimously approved by all attending committee members		
	Corresponding actions taken by the Bank: None		
	5. Discussion item: To approve the renewal of Director & Officer Liability Insurance Policy	V	
	Resolution adopted by the audit committee: The item was approved unanimously by all attending committee members after the suggested amendments to the proposal were made		
	Corresponding actions taken by the Bank: The amendments to the proposal were made pursuant to the resolution		

2. Implementation status of avoiding interest conflict with independent directors should be noted along with the name of Independent directors, the contents of the agenta, rationales of such avoidance and any participation in voting procedure: None

3. Communications between independent directors and internal auditors as well as CPAs on the Bank' s finances, business operations (such as items discussed, means of communications, results, etc.)

The internal auditors has been reporting the audit operations to the Board with the "Quarterly Audit Report" and to the Audit Committee with the "Semi-annual Audit Report" for record respectively, and documented and presented the said reports to the Audit Committee for notices after respective board meetings. Also, the Auditing Dept. hosts "Audit Seminars with board members" each year to exchange opinions and comments in terms of internal control and internal audit ooperations, and the relevant meeting minutes are also documented and presented to the Board for record; Meanwhile, the CPAs and independent directors of the Bank also exchange their views on the financial status of the Bank every six months. The results of prescribed communications are deemed satisfied so far.

3.3.3 The Items Required to be Disclosed as Regulated in the Banking Corporate Governance Practice Rules

For details, please refer to EnTie' s website at www.entiebank.com.tw .

3.3.4 EnTie Corporate Governance Implementation

Item	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for the Bank Listed Companies" and reasons
	Yes	No	Summary	
1. Shareholding Structure and Shareholders' Rights (1) Does the Bank set up any internal procedure to handle shareholder suggestions, questions, complaints and litigation, and followed by the procedure?		N	The Bank has already set up a specialized unit for shareholders' recommendations, questions, and disputes regarding Bank's operations. In addition, consultation hotline is provided on the official website of our bank for investors.	The actual execution was mainly in compliance with the regulations defined in the " Corporate Governance Best Practice Principles for the Bank Listed Companies". The Bank will not set up the internal procedure.
(2) Does the Bank possession of a list of major shareholders and a list of ultimate owners of these major shareholders?	Y		The bank takes control over the list according to the shareholders list provided by the Registered and Transfer Agency.	
(3) Does the Bank set up and implement the risk management mechanism and " firewall" between the Bank and its affiliates?	Y		The Bank and its affiliates' financial position are independent. The authorities and responsibilities and management are all clearly demarcated and dealings and transactions between them are handled in accordance with laws and regulations. (Subsidiary- An Yin Insurance Brokers Corporation had been merged into the Bank since Aug 1, 2016. There is not any affiliates for the Bank)	
2. Composition and Responsibilties of the Board of Directors (1) Is any other functional committee setting up by volunteer except the Remuneration Committee and the Audit Committee in compliance with the requlation?	Y		The Bank has elected new directors and established the Audit Committee to supervisor the operation of finance, internal control and legal compliance in 2016. The functional committees under the Board also include the Remuneration Committee, which regularly reviews the rationale of the remuneration of the Board directors and the management , the Management Committee, and Credit Review and Approval Committee, the role of the former is to assist the Board to review various management decisions and content to ensure business plans can be implemented effectively. The role of the latter is to carefully review loans to ensure credit quality and strengthen loan reviews.	None
(2) Does the Bank evaluate external auditors' independence regularly?	Y		The Bank regularly evaluated the independence of certified public accountants every year which based on the criteria laid out in Articles 8 to 12 of the No.10 Bulletin of Code of Professional Ethics for Certified Public Accountant of the Republic of China. After evaluation, the accountants (Charles Chen and Jeff Chen) are in accordance with the independence standards. The result has been approved by the meeting of the Board of Directors on Dec 10, 2015. (Table 1) The accountants have been changed to Jeff Chen and Dannie Lee in order to coordinate the internal adjustment of KPMG. After evaluation, both accountants are qualified. The result has been approved by the meeting of the Board of Directors on March 9, 2016.(Table 2)	
3. A TWSE/TPEx listed bank may set up a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited Furnishing information required for business execution by directors and supervisors, handling matters relating to board meetings and shareholders meetings according to laws, handling corporate registration and amendment registration and producing minutes of board meetings and shareholders meetings).	Y		Secretariat of the Board, Business Planning Department, and Legal & Compliance Department etc. are in charge of corporate governance affairs of the Bank which are supervised by the chief compliance officer.	None

(Continued)

Item	Implementation Status			Deviations from "Corporate Governance Best Practice Principles for the Bank Listed Companies" and reasons
	Yes	No	Summary	
4. Does the Bank set up any communication channel with Stakeholders? (Shareholder, employee, and customer is not included)	Y		At present, the Bank' s Call Center, Secretariat of the Board, Business Planning Department, Operations & Services Department and Human Resources Department are responsible for providing a window of communication with the Bank' s stakeholders. Responsible for customers, investors, media, suppliers and employee' related issues, respectively. The Bank website has a section dedicated to stakeholders. All stakeholders, including clients, investors/shareholders, media, and employees, are welcome to express their views through the service channels shown in this section.	None
5. Information Disclosure (1) Does the Bank establish the corporate website to disclose information regardingthe Banks' financials, business, and corporate governance status?	Y		The Bank discloses financial information, corporate governance status and other items as required through its website.	None
(2) Does the Bank set up any channels to disclose information (e.g. setting up an english website, designating people to handle information collection and disclosure, appointing spokespersons, webcasting investors' conference)?	Y		The Bank has assigned dedicated persons to collect relevant information and disclose key messages periodically or in time, to ensure the information that may influence shareholders' or stakeholders' decision can be appropriately disclosed. The Bank has 1 spokesperson and 1 acting spokesperson to represent the Bank to speak to external parties regarding bank-wide affairs. Presentations for analyst meetings can be found at the Bank' s website, of which English version is also provided.	
6. Other important information to facilitate better understanding of Corporate Governance practices (such as employee rights, employee care, investor relations, stakeholder rights, status of board directors and supervisors attending training, implementation status of risk management policies and risk measurements, status of consumer protection or implementation of customer-related policies, and procurement of responsibility insurance for board directors and supervisors, Donations to political parties, stakeholders, and charity organizations)?	Y		Employee rights and wellness: Please refer to《5.6 Labor Relations》. According to the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE listed and TPEx Listed Companies", the 11 directors of the Bank in 2016 were in compliance with the annual training hours for a total of 116 hours. Please refer to TWSE (http://mops.twse.com.tw/mops/web/t100sb07) Board of Directors Meeting Status: Please refer to《3.3 Status of Corporate Governance》. For implementation of customer protection policies , the Bank has formulated the "Fair Dealing Principles" to enhance awareness of financial customer protections and implement compliance on April.28,2016, the remaining of which is referred to《5.3 Corporate Responsibility》. Implementation of risk management policies and risk evaluation measures: Please refer to《7.6 Risk Management》. The Bank has purchased liability insurance for all directors and managers. The Bank does not make donations to any political parties and stakeholders; however if it does, the Bank will fully be in compliance with the regulations.	None

7. Any improvements and priority strength recommendations of corporate governance evaluation which is disclosed from TWSE corporate governance center in latest year.
After information disclosure evaluations, the Bank held internal meetings to review and discuss the items on which we scored zero points. We also assessed the importance and feasibility of these items and made them priorities. In 2016, we enhanced information disclosure on our website in the following areas: communication between independent directors and internal audit officers and accountants, ethical management and employee benefits, workplace safety, and corporate social responsibility implementation.

Note In accordance with "Criteria for Corporate Governance Best-Practice, Entie Commercial Bank", the composition of the board of directors shall be determined by taking diversity and gender equality into consideration as well as the professional knowledge, skills, and backgrounds such as law, accounting, industry, and have the knowledge, skills, and experience necessary to perform their duties. There are 11 directors in the Bank, whose nationality include Taiwan, Japan, France, British and Australia. Three directors are independent directors and two directors are female. The member of board of directors have specialized backgrounds in finance industry, academy, law and accounting, which could offer professional opinions for better management performance and efficiency of the Bank.

Table 1

Engaged Accounting Firm: KPMG CPA: Charles Chen and Jeff Chen		
Standards of CPA's Independence Assessment		
Assessment	Assessment Result	Independence
1. Do the CPAs have direct or significant indirect relationship in regards to financial interest with the company?	No	Yes
2. Do the CPAs have financing or guarantee activities with the company or the directors of the company?	No	Yes
3. Do the CPAs have concerns of losing clients?	No	Yes
4. Do the CPAs have close business relationships with the company?	No	Yes
5. Do the CPAs have the potential employment with the company?	No	Yes
6. Do the CPAs charge contingent fees in regards to the audited matters?	No	Yes
7. Do the audit team members participate as the company's directors, managemen, or other positions which have significant influences to the audited matters currently or within two years?	No	Yes
8. Do the CPAs provide any non-audit services, which may directly affect to the auditing procedure, to the company?	No	Yes
9. Do the CPAs promote or perform broking for the stocks or other securities issued by the company?	No	Yes
10. Have the CPAs ever acted as the company's defender, or represent the company to settle conflicts with the third party?	No	Yes
11. Are the CPAs the family members of the company's directors, managemen, or employees who have significant influences to the audited matters?	No	Yes
12. Do the formerly engaged CPAs participate as the company's directors, managemen, or other positions which have	No	Yes
significant influences to the audit matters within one year from the date of termination of the engagement?	No	Yes
13. Do the CPAs receive significant monetary value of presents or gifts from the company itself, the directors of the company, or the managemen of the company?	No	Yes
14. Does the company ask the CPAs to accept the management's improper selection of accounting policy or inaccurate disclosure of financial statement?	No	Yes
15. Does the company pressure the CPAs to decrease the audit service fee, which led to improper omission to perform required audit procedures?	No	Yes

Table 2

Engaged Accounting Firm: KPMG CPA: Jeff Chen and Dannie Lee		
Standards of CPA's Independence Assessment		
Assessment	Assessment Result	Independence
1. Do the CPAs have direct or significant indirect relationship in regards to financial interest with the company?	No	Yes
2. Do the CPAs have financing or guarantee activities with the company or the directors of the company?	No	Yes
3. Do the CPAs have concerns of losing clients?	No	Yes
4. Do the CPAs have close business relationships with the company?	No	Yes
5. Do the CPAs have the potential employment with the company?	No	Yes
6. Do the CPAs charge contingent fees in regards to the audited matters?	No	Yes
7. Do the audit team members participate as the company's directors, managemen, or other positions which have significant influences to the audited matters currently or within two years?	No	Yes
8. Do the CPAs provide any non-audit services, which may directly affect to the auditing procedure, to the company?	No	Yes
9. Do the CPAs promote or perform broking for the stocks or other securities issued by the company?	No	Yes
10. Have the CPAs ever acted as the company's defender, or represent the company to settle conflicts with the third party?	No	Yes
11. Are the CPAs the family members of the company's directors, managemen, or employees who have significant influences to the audited matters?	No	Yes
12. Do the formerly engaged CPAs participate as the company's directors, managemen, or other positions which have	No	Yes
significant influences to the audit matters within one year from the date of termination of the engagement?	No	Yes
13. Do the CPAs receive significant monetary value of presents or gifts from the company itself, the directors of the company, or the managemen of the company?	No	Yes
14. Does the company ask the CPAs to accept the management's improper selection of accounting policy or inaccurate disclosure of financial statement?	No	Yes
15. Does the company pressure the CPAs to decrease the audit service fee, which led to improper omission to perform required audit procedures?	No	Yes

3.3.5 Operation Status of the Remuneration Committee

Information on Remuneration Committee

Title / Name	Profession of over five-years Working Experience and the following Professional Qualification			Compliance with Independence[1]								Number of Other Public Companies where the Members serve as Member of Remuneration Committee	Note
	Lecture or Higher Ranking at a Public or Private University or College in Business, Law, Finance, Accounting, Banking or Other Subject Relevant to Work at the Company	Holding a National Examination Certificate in a Profession or Expertise Needed by the Company; or Judge, Prosecutor, Attorney, CPA or Banking	Work Experience in Business, Law, Finance, Accounting,Banking or Other area(s) Needed by the Company	1	2	3	4	5	6	7	8		
Independent Director Steven P. Thomas			V	V	V	V	V	V	V	V	V	0	
Independent Director Philippe Espinasse	V		V	V	V	V	V	V	V	V	V	0	
Independent Director Henry Lee		V	V	V	V	V	V	V	V	V	V	2	

[1] Members during the two years before being elected or during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:
1. Not an employee of the company or an affiliate.
2. Not a director or a supervisor of the company or an affiliate (this restriction does not apply, however, when the person is an independent director of the company, its parent company, or a subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary.)
3. The director, or his or her spouse or minor child, does not hold, in his or her own name or in another name, more than 1% of the company's total outstanding shares, nor is one of the company's ten largest natural-person shareholders.
4. Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a person listed in the three foregoing paragraphs.
5. Is not the director, supervisor, or employee of an institutional shareholder directly holding more than 5% of the company's total outstanding shares, nor is the director, supervisor, or employee of one of the five largest institutional shareholders in terms of shareholdings.
6. In neither a director, supervisor, manager, nor a shareholder holding more than 5% of the outstanding shares, of a certain company or organization that has a financial or business relationship with the company.
7. Is not a professional providing business, legal, financial, accounting, or consulting services to the company or an affiliate, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the foregoing, of a sole proprietorship, partnership, company, or organization providing such services to the company or an affiliate. However Remuneration Committee members who exercise their powers as defined in Article 7 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is listed on the Exchange or Traded Over the Counter" are not limited therein.
8. Is not a person of the conditions specified in any of the subparagraphs of Article 30 of the Company Act.

Remuneration Committee Meeting Status

The Bank's Remuneration Committee held 5 meetings in 2016. The Committee members' attendance status is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%)	Note
2nd					
Chairperson	Philippe Espinasse	2	0	100%	
Member	Henry Lee	2	0	100%	
Member	Ching-Ming Lee	2	0	100%	
3rd					
Chairperson	Steven P. Thomas	3	0	100%	
Member	Philippe Espinasse	3	0	100%	
Member	Henry Lee	3	0	100%	

Note Independent Director Mr. Steven P. Thomas, Mr. Philippe Espinass and Mr. Henry Lee were appointed to be the members of the Remuneration Committee on the first interim board meeting on June 8, 2016. The members' tenure ware from June 8, 2016 to June 7, 2019.

Annotations:
1. There was no recommendation of the Compensation Committee which was not adopted or was modified by the Board of Directors in 2016.
2. There were no written or otherwise recorded resolutions on which a member of the Compensation Committee had a dissenting opinion or qualified opinion.

3.3.6 Corporate Social Responsibility (CSR)

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
1. Exercising Corporate Governance				The actual execution was mainly in compliance with the regulations defined in the "Principles of Corporate Social Responsibility Practice of Listed and OTC Companies.
(1) Does the Bank declares its corporate social responsibility policy and examines the results of the implementation?	Y		The Bank has devised corporate social responsibility (CSR) guidelines and policies and in accordance with regulations in 2014, and the Bank has completed the 2015 CSR Report which is provided on the official website.	
(2) Does the Bank organize regular training on CSR?	Y		The Bank provide constantly trainning for directors.in accordance with" Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies". And also the Bank held educational lessons about" Money Laundering Control Act" and "Personal Information Protection Act", and in order to follow the Bank's business concept of regulator compliance.	
(3) Does the bank have a dedicated CSR unit and allow the Board of Directors to authorize top management to carry out CSR tasks and to report achievements to the board?	Y		The Bank has devised corporate social responsibility (CSR) guidelines and policies in 2014.The business planning department is responsible for promoting CSR, and the HR, the Secretariat of the Board and all Business or Planning Departments jointly execute. The Board of Directors authorizes top management to deal with economic, environmental, and social issues arising from the Bank's operations and to report progress to the board.	
(4) Does the bank have an appropriate compensation policy that combines evaluation of employee performance with CSR policy and includes specific and effective reward and disciplinary measures?	Y		The Bank's compensation committee has been set up in accordance with the Securities and Exchange Act, other relevant regulations, and the Bank's articles of association to further improve the compensation system. The Bank is also discussing combining employee evaluation with its CSR policy. To set up a clear incentive and punishment system, besides developing the "Regulations Governing Reward and Punishment of EnTie Employees," a Personnel Evaluation Committee is also set up to promote policies for public reward and punishment.	
2. Fostering a Sustainable Environment				None
(1) Does the Bank endeavor to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment?	Y		To enhance efficiency in using various resources, besides purchasing energy-efficient or equally highly efficient water and electricity facility or products, the Bank also supported the government policy by hiring external parties to recycle and "green" the environment. Furthermore garbage sorting and promoting a paperless office are also concrete measures implemented at the Bank.	
(2) Does the Bank establishes proper environmental management systems based on the characteristics of their industries?	Y		The Bank refers to the "Rules Governing Labor Safety and Sanitized Facilities," "Fire-Fighting Law," "Public Safety Law," "Construction Law," and the "Rules Governing Interior Design for Constructions," in order to manage its venues and environment. All units conduct CO2 and lighting tests, and firefighting and safety checks regularly. All facilities used are examined and maintained regularly. Furthermore, to ensure the Bank lives to social responsibility, a friendly and safe environment is created to protect the rights of the physically-challenged.	
(3) Does the Bank monitor the impact of climate change on its operations, compile a greenhouse gas inventory, and should establish company strategies for energy conservation and carbon and greenhouse gas reduction?	Y		The Bank takes several practical measurement for environmental protection and energy saving, it can be divided into 5 categories, including capacity control of elevators, lighting control, air-con temperature control, procurement of green facilities and resource protection. (1) For electricity, air-con and lighting, the switches have set start and stop timers for "summer" and "normal" seasons. The default temperature of air-con is 26 degrees Celsius. And leakage of cold air is strictly monitored. The in-room lighting is examined every 6 months to maintain at 300 candle lights. (2) Furthermore, the Bank pays a lot of attention to procurement of green energy equipment, in order to improve from the source, and achieve the goal of usage reduction, thus minimizing impact to the environment.	

(Continued)

Item	Implementation Status			Deviations from "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary	
3. Preserving Public Welfare (1) Does the bank follow the relevan regulations and international human rights conventions when devising management policies and procedures?	Y		Please refer to "5.5 Labor Relations".	
(2) Does the bank have a system in place for employees to voice complaints and for the management to deal with complaints in an appropriate manner?	Y		The Bank has put in place a channel for employees to lodge complaints and voice their views. Dedicated personnel have been designated to process complaints and suggestions.	
(3) Does the Bank provide safe and healthy work environments for its employees, and organize training on safety and health for its employees on a regular basis?	Y		Please refer to "5.5 Labor Relations".	
(4) Does the Bank set up regular communication mechanism with employees, and notification to employees of operational changes that may cause major impacts in a reasonable manner?	Y		Please refer to "5.5 Labor Relations".	
(5) Does the bank run any effective career training programs for its employees?	Y		Please refer to "5.2 Employee Profile".	None
(6) Has the bank devised consumer protection policies and complaint procedures in its research & development, procurement, operations, and service processes?	Y		The Bank has developed the "Consumer Protection Policy" and the "Regulations Governing Handling of Consumer Disputes" to deal with customer complaints.	
(7) Is the bank following relevant regulations and international standards in the marketing and description of its products and services?	Y		The marketing and description of the Bank's products and services are in line with regulation. Such description must be approved by the legal and compliance departments and the chief compliance officer at the head office.	
(8) Does the bank take into account suppliers' past records in terms of environmental and social impacts before entering into business with them?	Y		The Bank requires its suppliers to follow environmental, safety, and health standards and takes into account their past record on environmental and social impact.	
(9) Does the bank' s contract with major suppliers contain a termination clause stipulating that the contract can be terminated or annulled if the suppliers violate the bank' s CSR policy and produce significant environmental or social impacts?	Y		The Bank has added a clause in its contracts with major suppliers that the Bank may terminate or annul the contract if they violate the Bank's CSR policy and produce significant environmental or social impacts	
4. Enhancing Information Disclosure Does the Bank disclose relevant and reliable information relating to their corporate social responsibility on corporate website or TWSE?	Y		The Bank has disclosed CSR information on corporate website. Furthermore, The Bank CSR Report is also put on TWSE website for Stakeholder obtaining relevant information.	None

5. If the Company has established CSR principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: Please refer to the above items.
6. Other important information to facilitate better understanding of the Company's CSR practices: Please refer to "5.3 Social Responsibility and Ethical Behavior".
7. If the Bank's CSR reports have received assurance from external institutions, they should state so below: None

3.3.7 Ethical Corporate Management and Approach Adopted

Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for Banks" and reasons
	Yes	No	Summary	
1. Development of ethical corporate management policy and approach (1) Does the Bank have clear statement of ethical corporate management in its internal policy and external documents, as well as the Bank's promise to execute ethical corporate management in the Board and management level?	Y		The Bank has developed "Criteria for Ethical Corporate Management" and "Rules for Operational Procedures and Code of Conduct for Ethical Corporate Management" and disclosed the Bank's ethical corporate management policies in internal rules, company website, annual report or other promotional documents.	
(2) Does the bank have in place a program to prevent unethical conduct and clearly define operational procedures, codes of conduct, disciplinary measures, and complaint systems? Does the bank properly enforce this program?	Y		The Bank's "Criteria for Ethical Corporate Management" and "Rules for Operational Procedures and Code of Conduct for Ethical Corporate Management" have clearly stipulated preventative measures against "bribery, illegal political donations, inappropriate charity or sponsorship, and inappropriate gifts, treatment and benefits". In addition, the relevant disciplinary rules and reporting channels have established and announced to all employees for full implementation.	None
(3) Does the Bank take any preventative measures to against bribery and illegal political donations related to businesses more prone to unethical risks in regard to Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM"?	Y		The Bank's "Criteria for Ethical Corporate Management" and "Rules for Operational Procedures and Code of Conduct for Ethical Corporate Management" and "Guidelines of Prevention of Insider Trading" have clearly stipulated preventive rules against offering and accepting inappropriate benefits, and illegal political donations.	
2. Execution of ethical corporate management (1) Does the bank evaluate the conduct record of its counterparties and include an honesty provision in its contracts with counterparties?	Y		The Bank evaluates counterparties past records before entering into a commercial relationship with any counterparties to avoid trading with counterparties that have questionable conduct records and incorporate an honesty provision in its commercial contracts.	
(2) Does the Bank set up operations of the department solely (or partially) responsible for promoting corporate management under the board, and report the implementation regularly?	Y		The Bank has appointed the Secretariat of the board as the solely responsible department since 2015 for coordinating with other departments the implementation of ethical corporate management, and reporting the execution status to the Board once per year. The 2016 Ethical Management Annual Advocacy and Implementation Report covers "The ethical management structure of the Bank and important regulations thereof", "Advocacy of ethical management policies and demonstration of reported ethical irregularities, and "The Bank's compliance status of ethical management policies and results of preventing unethical conduct".	
(3) Does the Bank develope policies that prevents conflict of interests and provides channels for appropriate statement and fully implement?	Y		In addition to the "Criteria for Ethical Corporate Management" and "Rules for Operational Procedures and Code of Conduct for Ethical Corporate Management", the Bank also established the "Criteria Governing Codes of Ethical Conduct" to clearly regulate board directors to comply with the conflict of interest rules by only allowing to provide opinions and answers, and avoiding the presence during the discussion and voting. Any bank staff when facing any interest conflicts in business shall report to their direct supervisors.	None
(4) Does the Bank have set up effective operations of accounting system and internal control set up for the purpose of ethical corporate management, and auditing results of internal auditors regularly, or by independent auditors?	Y		The Bank's accounting system was developed based on the bank's actual situation, and by referring to regulations such as the Banking Act, Securities and Exchange Act, Corporate Law, Business Entity Accounting Act, Regulations Governing the Preparation of Financial Reports by Public Banks, Templates for Bank Accounting, International Financial Reporting Standards, International Accounting Standards, and Interpretations and Promulgation as approved by the FSC. The Internal Control system was developed by referring to Implementation Regulations of Internal Control and Auditing System of FHC and Banks. The Bank's "Rules for Operational Procedures and Code of Conduct for Ethical Corporate Management", also stipulates that business operations with	

(Continued)

Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for Banks"and reasons
	Yes	No	Summary	
			potentially high unethical risk shall not have separate accounting books (internal and external), and the Auditing Department under the Board also regularly audits compliance status of the accounting term and internal control, and reports to the Board.	
(5) Does the Bank hold any internal or external training regarding to ethics regularly?	Y		To shape the ethical mentality, the Bank has produced digital online training program and held irregular meetings, announcements and submitted annual report to the Board to promote ethics and self-discipline concepts to all employees and senior management and board members.	
3. Status of reporting channels (1) Does the bank have a system in place to facilitate and reward reporting of misconduct and to assign appropriate personnel to deal with staff accused of misconduct?	Y		The Bank have clearly set up the reporting and disciplinary rules in the "Criteria for Ethical Corporate Management" and "Rules for Operational Procedures and Code of Conduct for Ethical Corporate Management", and announced to all employees for awareness. For the confidentiality of the identity of whistle-blowers and the content of reported cases, the designated unit assigns adequate personnel to verify the authentication of reported matters.	None
(2) Does the bank have a standard operating procedure for the investigation of reported matters and a system of confidentiality?	Y		The Bank has a reporting procedure to prevent the offer or acceptance of illicit gains in place. It has also announced to its employees that any behavior that violates the Bank's fiduciary duty will be dealt with according to the Bank's reporting procedure. For the confidentiality of whistle-blowing system, it also has been incorporated into the relevant operation procedures to protect the whistle-blowers and have the executions of whistle-blowing and investigation operations in action.	
(3) Does the bank take any measures to protect whistleblowers from retaliation?	Y		The Bank protects whistleblowers from retaliation by erasing any information that could lead to their being identified.	
4. Information Disclosure Does the Bank disclose relevant ethic information and implementation status on corporate website or TWSE?	Y		The Bank's "Criteria for Ethical Corporate Management", "Rules for Operational Procedures and Code of Conduct for Ethical Corporate Management" and "Criteria Governing Codes of Ethical Conduct" have disclosed under the Corporate Governance Section of Investor Relations on the Bank's web site; also, the "Criteria for Ethical Corporate Management" and "Criteria Governing Codes of Ethical Conduct" have posted on the M.O.P.S. of TWSE web site. For those reported cases of unethical conducts were also disclosed on the Bank's intranet pursuant to statutory requirements.	None

5. If the Company has established Ethical Corporate Management Standards principles based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: Please refer to the above items.
6. Other important information to facilitate better understanding of the Company's Ethical Corporate Management: (Status of the Bank revise its ethical corporate management principles): The Bank has always paid attention to the development of ethical corporate management regulations at home and abroad, and uses it as a base to review and improve the Bank's "Criteria for Ethical Corporate Management" and "Rules for Operational Procedures and Code of Conduct for Ethical Corporate Management," with the aim to improve the effectiveness of ethical corporate management at the Bank. Given the Bank had established the Audit Committee on June 8, 2016, the related ethical policies were revised accordingly so that the said policies could be implemented based on the latest organization structure.

3.3.8 Corporate Governance Guidelines and Regulations

Detailed in the investor relations section on the official website of the Bank at www.entiebank.com.tw

3.3.9 Other Important Information Regarding Corporate Governance

Detailed in the investor relations section on the official website of the Bank and the corporate governance section of the Market Observation Post System.
EnTie's Website at www.entiebank.com.tw
M.O.P.S Website at mops.twse.com.tw

3.3.10 Internal Control Statement

EnTie Commercial Bank Internal Controls Statement

On behalf of EnTie Commercial Bank, we declare that, for the period from January 1st to December 31st 2016, the Bank fully abided by the "Implementation Rules of Internal Audit and Internal Control System for Financial Holding Companies and Banks," and established a system of internal controls, implemented risk management, and conducted audits through a fully independent audit department, the results of which were reported to board of directors and audit committee on a regular basis. For the securities business in which the Bank was concurrently engaged, the assessment items stipulated in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" were used to determine the effectiveness of the design and implementation of the Bank's system of internal controls. With a careful evaluation, the internal controls and regulatory compliance in respect of each department of the Bank in the past year were found to have all been effectively implemented. This statement will become a major part of the Bank's annual report and prospectus, and will be made public. Any false representation or concealment in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

The above Statement is hereby duly submitted to the Financial Supervisory Commission for record.

Statement by

Chairman:

President:

Chief Auditor: Eason Jdung

Head Office Chief Compliance Officer: Morris Chang

Date: 2017.3.2

1

EnTie Commercial Bank's System of Internal Controls: Improvements Needed to Be Made and the Bank's Improvement Plan

Base date: December 31, 2016

Items for Improvement	Improvement Measures	Scheduled Improvement Deadline
1. The Bank shall put emphasis on communicating fully with the borrowers about services and right and obligations of the parties in order to prevent the disputes while conducting the complex real estate financing.	(1) To add charging standards and disclose them in the Bank's website to note the customers. (2) To amend the related written agreement and full disclosure of relevant information is required.	Has been Improved Has been Improved
2. The Bank shall implement practicing insurance broker business in accordance with "Regulations Governing the Supervision of Insurance Solicitors" and "Regulations Governing Insurance Brokers"	(1) To strengthen the advocacy for demanding the solicitor to meet the insured in person and obtain application related documents signed by the insured in person. (2) To establish examining mechanism for underwriting work. (3) To enhance the mechanism for renewal of solicitor registration certificates and for outgoing officer to register the cancellation of solicitor's registration.	Has been Improved Has been Improved Has been Improved
3. Same concerned party who collectively acquires more than five percent of the Bank's outstanding voting shares shall report such fact to the Competent Authority.	Formulate internal regulations to enhance shareholding managements and promote related regulations to shareholders holding one percent or more of the total number of outstanding shares of the Bank.	Has been Improved
4. The Bank shall carry out the following activities when conducting TMU business: (1) To formulate pricing policy formulated as an examination mechanism, confirm hedging purpose of customers and evaluate carefully customer's trading limit granted by other banks. (2) To enhance sale procedures, perform the notifying obligation and keep the audio records. (3) To adjust KYC assessment sheet for reflecting customer risk attribute effectively.	(1) To formulate procedures to inspect pricing policy, add hedging trade examination mechanism and modify internal regulations for considering trading limit granted by other banks. (2) To amend internal regulations, enhance sale procedures and optimize audio recording system. (3) Financial situation have been included into rating items.	Has been Improved Has been Improved Has been Improved
5. Keep following up case management for preventing from broker agency.	(1) To conduct employee educational training and promotion. (2) To remind customers that there is no cooperation relationship betweenthe Bank and agency in the contract and official website.	Has been Improved Has been Improved

EnTie Commercial Bank Internal Controls Statement

Date: 2017/3/2

From January 1st to December 31st 2016, the Bank conducted an internal audit in accordance with its Internal Control Regulation and hereby declares as follows:

1. The Bank acknowledges and understands that the establishment, enforcement and preservation of the internal control system are the responsibility of the Board, and that the company has already established such a system. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations, reliability of reporting and compliance with relevant regulatory requirements.
2. There are inherent limitations to even the most well designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the operating environment and situation may change, impacting the effectiveness of the internal control system. The internal control system of the Bank features a self-monitoring mechanism. Once identified, any deficiency will be rectified immediately.
3. The Bank determines the effectiveness of the internal control system in design and enforcement in accordance with the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies" (hereinafter referred to as "the Regulations"). The Regulations are instituted for judging the effectiveness of the design and enforcement of the internal control system. There are five components of effective internal control as specified in the Regulations with which the procedure for effective internal control is measured, namely: (1) Control Environment, (2) Risk Evaluation, (3) Control Operation, (4) Information and Communication, and (5) Monitoring.
4. The Bank has adopted the aforementioned internal control system for an internal audit on the effectiveness of the design and enforcement of the internal control system.
5. Based on the aforementioned audit findings, the Bank holds that it has reasonably preserved the achievement of the aforementioned with the internal control system within the above-prescribed period (including the effectiveness and efficiency in operation, reliability in reporting and compliance with relevant regulatory requirements), and that the design and enforcement of internal control are effective.
6. This statement of declaration shall form an integral part of the annual report and prospectus of the company and will be publicly announced. If any fraudulent information, concealment or unlawful practices are discovered in the content of the aforementioned information, the Company shall be held liable under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. This statement of declaration was approved by the Board on Mar. 2, 2017 in the presence of 11 directors, 0 of whom concurred unanimously.

The above Statement is hereby duly submitted to the Financial Supervisory Commission for record.

Statement by

Chairman: Jesse [illegible]

President: [illegible]

Auditor: Wen-chi chang

Compliance Officer: Roger Lin

Items to be disclosed in the CPA's Audit report to the system of internal controls that has been entrusted to the CPA:
None.

3.3.11 Items should be Disclosured for any Major Law-breaking Deficiencies in the Recent 2 years and Related Improvement Plans

Legal action taken by the prosecutor due to crimes committed by the Bank's responsible person or its employees : None.

Fines imposed by the Financial Supervisory Commission as a punishment for violating laws and regulations: None.

Punishments given by the Financial Supervisory Commission in relation to Article 61-1 of the Banking Act

- The December 28. 2016 Letter No. Jin-Guan-Yin-Guo 10500282010 mentioned the Bank was reprimanded for disputes arising from fees charged on structured financing planning services and trust. The Commission deemed the disputes to threaten the Bank's sound operation, thus issuing a reprimand in accordance with Item 1, Article 61-1, of the Banking Acts and issuing the Bank with a six-month ban on undertaking new cases of this type of complex real estate lending, in accordance with Item 2 of the same article. In addition, the Bank will continue to be prohibited from undertaking new cases of this type of complex real estate lending until the Bank's corrective measures have been approved by the Commission. The Bank had proposed the relevant improvement measures and will not undertake any new cases of such complex real estate lending within six months in accordance with the requirements from the competent authority. The Bank will restart the business, after the improvement measures are approved by the competent authority.

- The September 8, 2015 Letter No. Jin-Guan-Yin-Guo 10400178070 mentioned the Bank adopted corrective measures and dismissed a financial advisor surnamed Huang from the Bank's Hsin Dien Branch for embezzling client deposits, corrective measures were imposed on the Bank. The Bank was order to dismiss clerk Huang. The Bank has also strengthened sales and operation control processes and staff training. With these improvements, the control system should prevent any further instances of such misbehavior.

Embezzlement by employees, or major incidents (including fraud, theft, misappropriation and theft of assets, fraudulenttransactions, forged certificates and securities, kickbacks, losses due to natural disasters, losses from external forces, attacks and stealing of data by hackers, and leakage of confidential business secrets and customer information), or security incidents occurring as a result of not being in compliance with the Guidelines for Maintaining the Security of Financial Institutions, in which the individual or combined actual loss in each year exceeded NT$ 50Mn, should be disclosed with reference to the specific characteristics and the amount of the losses: None.

3.3.12 Major Resolutions of Shareholders' Meetings and BOD Meetings

Major Resolutions approved at the Annual General Shareholders' Meeting held on June 8, 2016 as following :

1. Accepted the 2015 Business Report and Financial Statements.
2. The earnings distribution for year 2015, the Bank had distributed a cash remuneration of NT$10,608,488 for board directors and supervisors, NT$42,064,515 for employees and completed the cash dividends distribution (NT$0.6 per common share) for both common and preferred shares on Aug. 12, 2018 pursuant to the resolution adopted at the 2016 AGM.
3. Approved the amendments to the "Articles of Incorporation" of the Bank.
4. Approved the amendments to the "Rules and Procedures of Shareholders' Meetings" of the Bank.
5. Approved the amendments to the amendments to the "Rules Governing the Election of Board Directors and Supervisors" of the Bank.
6. Completed the election of board directors of the 9th term.
7. Approved the proposal of releasing the non-competition restrictions on directors of the 9th term.

Major Resolutions of Board Meetings

During the 2016 calendar year, and as of the date of this annual report, major resolutions approved at Board meetings are summarized below:

January 19, 2016
- Approved the amendments to the Bank's "Rules and Procedures of Board of Directors Meetings"

March 9, 2016
- Approved the time, vendue, agenda, book closure and the nominations of director candidates for the 2016 Annual Genernal Meeting of Shareholders
- Approved the amendments to the "Rules and Procedures of Shareholders' Meetings" of the Bank
- Approved the election proposal of the 9th term Board Directors (including Independent Directors)
- Approved the period for accepting the nomination of a total of eleven director candidates, including three independent directors, to be from Apr. 1, 2016 to Apr. 14, 2016 for the election of the Bank's directors in the Annual General Meeting of Shareholders ("AGM") of 2016
- Approved the financial statements of the Bank for the year of 2015
- Approved the draft plan of earnings distribution for year 2015
- Approved the change of CPAs for auditing and attestation of financial report and internal control of the Bank
- Approved chairman Chiba's nomination of director Jesse Ding to be the new chairman of the Bank due to chairman Chiba's resignation on March 9, 2016
- Approved Ms. Claudie Yu, currently the head of Retail Banking Group, as the president of the Bank with the same effective date upon the approvals of the reorganization and revision proposals of Regulations Governing the Organization of Managerial Departments from the board of directors at the next board meeting (April 28, 2016), as well as the approval from the FSC, whichever occurs latter

April 28, 2016
- Approved the nominations and qualifications of nominees for board directors and independent directors, which are provided by shareholders holding over 1% of shareholding of the Bank
- Approved the consolidated financial statements of the Bank for the first quarter of 2016
- Approved the Bank's Business Report of 2015
- Approved the proposal of amendments to Article 4 of Articles of Incorporation of the Bank
- Approved the proposal of removal of the Non-Competition Restrictions on Directors of the 9th term

June 8, 2016
- Completed the election of Chairman and Vice Chairman of the 9th term board of directors of the Bank
- Approved the appointment of three directors from the 9th term Board of Directors as new committee members of the Management Committee and the Credit Review and Approval Committee, and designating a director from and among the said three committee members to be the Chairman and Convener for both committees
- Approved the appointment of three Independent Directors of the 9th term as the committee member of the 3rd term of Compensation Committee with immediate effect

June 21, 2016
- Approved the merger with An Yin Insurance Broker Company
- Approved the date, July 20, 2016, as the Bank's record date for the distribution of preferred stock dividend and common stock cash dividends for the year of 2015

August 18, 2016
- Approved the amendments to the Bank's "Criteria for Implementation of Internal Control System"
- Approved the amendments to the "Criteria for Internal Auditing" of the Bank
- Approved the financial statements of the Bank for the second quarter of 2016
- Approved the establishment of the "Criteria for Implementation of Internal Control System for Insurance Broker Business"
- Approved the compensation for the 9th term Board Members

October 20, 2016
- Approved the consolidated financial statements of the Bank for the third quarter of 2016
- Approved the amendments to certain provisions of the "Criteria for Implementation of Internal Control System for Securities Firms, EnTie Commercial Bank"

December 15, 2016
- Approved the draft of the Bank's 2017 Annual Audit Plan
- Approved the 2017 Audit Plan of OTC securities business that the Bank concurrently engage in
- Approved the proposed 2017 Operating Budgets of the Bank
- Approved the renewal of Director & Officer Liability Insurance Policy

March 2, 2017
- Approved the Bank's revised 2017 Annual Audit Plan
- Approved the time, venue, agenda, and acceptance period of shareholder proposals of 2017 Annual General Meeting of Shareholders
- Approved the financial statements of the Bank for the year of 2016, including balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows
- Approved the proposed renewal of engagement with KPMG accounting firm for the auditing of 2017 financial report and internal control of the Bank
- Approved the 2016 "EnTie Commercial Bank Internal Controls Statements" (the "Internal Control Statements") and "Improvements Needed to Be Made and the Bank's Improvement Plans" (the "Improvement Plans") for banking operations and insurance brokerage business of the Bank
- Approved the amendments to the "Criteria for Corporate Governance Best-Practice, EnTie Commercial Bank"
- Approved the establishment of Notification Mechanism for Internal Personnel to Report Omitted Interested Party Information
- Approved the proposal of consolidating (1) San Chung Mini-Branch and Tu Cheng Mini-Branch as San Chung Branch, (2) Nei Hu Mini-Branch and Yung Chi Mini-Branch as Nei Hu Branch, (3) Nong An Mini-Branch and Sung Chiang Mini-Branch as Nong An Branch, and (4) Shih Pai Mini-Branch and Cheng Gong Mini-Branch as Shih Pai Branch; and relocating Fu Sing Branch to the current address of Sung Chiang Mini-branch and renaming it as Sung Chiang Branch, while relocating Da Zhi Branch to the current address of Cheng Gong Mini-branch and renaming it as Cheng Gong Branch
- Approved the amendments to the "Criteria for Implementation of Internal Control System for Insurance Broker Business, EnTie Commercial Bank"
- Approved of submission of the short-form merger report between An Yin Insurance Brokers Co., Ltd. and the Bank to the 2017 Annual General Meeting of Shareholders for record

3.3.13 Major Issue of Record or Written Statements Made by any Director Dissenting to Important Resolutions Passed by the Board of Directors in 2016 and as of March 31, 2017: None

3.3.14 Resignation or Dismissal of Personnel Responsible (including chairman, president, head of accounting, financial and internal audit Dept.) for Financial Report during the 2016 calendar year and as of the date of this annual report

Title	Name	On-board Date	Resign Date	Reason
Chairman	Mark Z. Chiba	05/28/2010	03/09/2016	Leave the post
President	Jesse Ding	12/03/2007	04/28/2016	Promoted to Chairman
Head of Treasury Dept.	Yvon Chen	05/04/2015	08/27/2016	Resigned
Chief Auditor	Jeff Chang	09/01/1992	05/01/2016	Position Adjustment

3.4 Information on Independent Auditor Fee

Accounting Firm	Name of CPAs	Date of Termination	Note
KPMG	Jeff Chen, Dannie Lee	01/01/2016-12/31/2016	

Unit: NT$ thousands

Item	Audit Fee	Non-audit Fee [1]	Total
UnderNT$2,000		1,650 [1]	1,650
NT$ 2,000 (inclusive) ~ NT$ 4,000			
NT$ 4,000 (inclusive) ~ NT$ 6,000			
NT$ 6,000 (inclusive) ~ NT$ 8,000			
NT$ 8,000 (inclusive) ~ NT$ 10,000	9,727		9,727
Over NT$10,000			

[1] The Non-audit fee NT$1,650 thousands is Examination fees of internal control.

Non-audit fee exceeded 25% of audit fee: None.
Changed accounting firm with less audit fee paid compared to the previous year: None.
Audit fee decreased over 15% compared to the previous year: None.

3.5 Information Regarding the Replacement of Independent Auditor:

The Bank would contract with CPAs, Jeff Chen and Dannie Lee, to perform auditing and attestation beginning from Q1, 2016 in corresponding to the internal personnel change of KPMG. The original engaged CPAs were Charles Chen and Jeff Chen.

Information of the Former Independent Auditor

<table>
<tr><td>Date of Termination</td><td colspan="4">01/01/2016</td></tr>
<tr><td>Reason of Termination</td><td colspan="4">The internal CPAs change of KPMG</td></tr>
<tr><td rowspan="3">Please specify whether the engagement is terminated by the appointer or declined by CPA</td><td colspan="2">Related Parties / Situation</td><td>Auditor</td><td>Appointer</td></tr>
<tr><td colspan="2">Voluntary termination of engagement</td><td>None</td><td>None</td></tr>
<tr><td colspan="2">Will not accept (future) audit engagement</td><td>None</td><td>None</td></tr>
<tr><td>Opinion and reason for any audit report other than unqualified opinion in the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Any disagreement with the Bank</td><td rowspan="4">Yes</td><td colspan="2"></td><td>Accounting principles or practices</td></tr>
<tr><td colspan="2"></td><td>Disclosure of financial statement</td></tr>
<tr><td colspan="2"></td><td>Scope or procedure of audit</td></tr>
<tr><td colspan="2"></td><td>Other</td></tr>
<tr><td>None</td><td colspan="3">V</td></tr>
<tr><td>Explanation</td><td colspan="3"></td></tr>
<tr><td>Other Disclosures</td><td colspan="4">None</td></tr>
</table>

Information of the Successive Independent Auditor

Accounting Firm	KPMG
Name of CPAs	Jeff Chen and Dannie Lee
Date of Engagement	01/01/2016
Before the successive CPA is appointed, if the Bank inquired such accountant about the accounting treatment method of specific transactions or the applicable accounting principles and his/her possible opinion on the financial report, it shall disclose the matters it inquired about the result thereof	None
The successive CPA's written opinion has discrepancy with the former CPA	None

The Former CPA's Written Response to the Matters Referred to in Article 10.6(1) and Article 10.6(2).(iii) for the"Criteria Governing Information to be Published in Annual Reports for Bank": Not applicable.

3.6 If Chairman, President, CFO and managers in Charge of Finance or Accounting Operations has Hold any positions within EnTie's Independent Audit Firm or its Affiliates in 2016, please disclose their name, position and employment period: None.

3.7 Article 11 of the "Guiding principles governing directors, supervisors, managers or their related parties, if holding more than certain percentage of the same bank's shares with voting rights" stipulates that any shareholding changes to the aforementioned shareholders shall be reported

Title / Name		2016		As of March 31, 2017	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Director	Longreach Edith Investment Cooperatief, 3, U.A.	0	0	0	0
(Major Shareholder)	Representative: Mark Z. Chiba	0	0	0	0
	Representative: Jesse Ding	0	0	0	0
	Representative: Claudie Yu	0	0	0	0
Director	OLHE Cayman Limited Partnership	0	(146,565,937)	0	0
(Major Shareholder)	Representative: Harukazu Yamaguchi	0	0	0	0
Director	Reng Hsiang Co., Ltd.	0	0	0	0
	Representative: Wen-Hsien Tsai	0	0	0	0
	Representative: Chien-Hung Liao	0	0	0	0
Director	Hong Wei Construction Co., Ltd.	0	0	0	0
	Representative: Chien-San Yen	0	0	0	0
	Representative: Yu-Li Huang	0	0	0	0
Independent Director	Philippe Espinasse	0	0	0	0
Independent Director	Steven P. Thomas	0	0	0	0
Independent Director	Henry Lee	0	0	0	0
Major Shareholder	Longreach Edith Investment Cooperatief, U.A.	0	0	0	0
Major Shareholder	Longreach Edith Investment Cooperatief, 2, U.A.	0	0	0	0
Vice president	Feng-lieng Chang	0	0	10,000	0

Note The shares listed above include preferred stocks.

Stock Trade or Stock Pledge with Related Party: None.

3.8 Information About 10 Largest Shareholders who are Related Parties to Each Other

12/31/2016

Name[1]	Current Shareholding[2]		Spouse & Minor Children Shareholding		EnTie Shareholding by Nominee Arrangement		Name and Relationship between EnTie's Shareholders as Defined in the Statement of Financial Accounting Standards No.6[3]	
	Shares	%	Shares	%	Shares	%	Name	Relationship
Longreach Edith Investment Cooperatief, U.A. Representative: Mark Z. Chiba	359,526,243	18.36%	0	0	0	0	Longreach Edith Investment Cooperatief 2, U.A.; 3, U.A	The Same Responsible person
Longreach Edith Investment Cooperatief, 2, U.A. Representative: Mark Z. Chiba	359,526,243	18.36%	0	0	0	0	Longreach Edith Investment Cooperatief, U.A.; 3, U.A	The Same Responsible person
Longreach Edith Investment Cooperatief, 3, U.A. Representative: Mark Z. Chiba	263,709,343	13.47%	0	0	0	0	Longreach Edith Investment Cooperatief, U.A.; 2, U.A	The Same Responsible person
OLHE Cayman Limited Partnership Representative: Harukazu Yamaguchi	146,565,937	7.49%	0	0	0	0	-	-
Yu Bau Enterprise Co., Ltd. Representative: Yu-Chen Lu	56,962,927	2.91%	0	0	0	0	-	-
Bau Ching Investment Co., Ltd. Representative: Hui-Jin Wang	47,279,663	2.41%	0	0	0	0	-	-
Hung Jia Investment Co.,Ltd. Representative: Chuan-Fu Chen	47,207,995	2.41%	0	0	0	0	-	-
Full Young Investment Co., Ltd. Representative: Yu-Der Chen	47,017,633	2.40%	0	0	0	0	-	-
Hungtai Life Insurance Co.,Ltd. Representative: Huan-Yi Lu	46,436,663	2.37%	0	0	0	0	-	-
Hann Bau Co., Ltd. Representative: Chien-Hung Liao	46,313,621	2.37%	0	0	0	0	-	-

[1] The shares listed above include preferred stocks.
[2] The percentage of shareholding should be calculated in the lum sum of shares held by the shareholder, spouse, minor children and nominee arrangement.
[3] The relationship between institutional shareholders and their representatives listed above should be disclosed in accordance with the definition stated in the Statement of Financial Accounting Standards No.6.
[4] The numbers of current shareholding listed above are recorded based on the latest shareholder roster of the Bank up to Dec. 31, 2016; The shareholding of Longreach Edith Investment Cooperatief, 3, U.A. includes shares under Mega Bank's custodian.

3.9 The Shares of the Same Invested Venture Held by the Investment Subsidiaries Directly or Indirectly controlled and Managed by the Bank

12/31/2016

Invested Venture	Investment by the Bank		the Investment Subsidiaries Directly or Indirectly controlled and Managed by the Bank, Its Directors, President, SEVPs, EVPs, SVPs, VPs, Department Heads and Branch Managers		Investments Combined	
	Shares	%	Shares	%	Shares	%
Lian An Service Corporation	125,000	5.00%	-	-	125,000	5.00%
Li Yu Venture Corporation	606,804	4.76%	-	-	606,804	4.76%
IBT Venture Corporation	126,835	2.50%	-	-	126,835	2.50%
Taiwan Financial Asset Service Corporation	5,000,000	2.94%	-	-	5,000,000	2.94%
Capital Securities Corporation	32,687,096	1.44%	8,748,274	0.39%	41,435,370	1.83%
Sunny Asset Management Co.	77,083	1.28%	-	-	77,083	1.28%
Financial Information Service Co., Ltd.	5,937,750	1.14%	-	-	5,937,750	1.14%
Taiwan Future Exchange Co., Ltd.	1,376,998	0.45%	-	-	1,376,998	0.45%
Taipei Forex Inc.	80,000	0.40%	-	-	80,000	0.40%
Taiwan Depository & Clearing Corporation	292,499	0.08%	-	-	292,499	0.08%

Investment made in compliance with Article 74 of the Banking Law.

4.1 Capital and Shares

4.1.1 Capitalization

03/31/2017
Unit: Share, NT$

Month/ Year	Par Value	Authorized Share Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source of Capital	Other
12/1992	10	1,000,000,000	10,000,000,000	1,000,000,000	10,000,000,000	Founding capital stock	-
08/1995	10	1,036,000,000	10,360,000,000	1,036,000,000	10,360,000,000	Retained earnings transferred to common stock	Jun 26,1995(84) Tai Tsai Cheng(1) No. 37547
06/1996	10	1,072,260,000	10,722,600,000	1,072,260,000	10,722,600,000	Retained earnings transferred to common stock	May 29,1996 (85) Tai Tsai Cheng(1) No. 33294
07/1997	10	1,120,511,700	11,205,117,000	1,120,511,700	11,205,117,000	Retained earnings transferred to common stock	Jun 10, 1997(86) Tai Tsai Cheng(1) No. 46766
09/1998	10	1,187,742,402	11,877,424,020	1,187,742,402	11,877,424,020	Retained earnings transferred to common stock	Jun 25,1998(87) Tai Tsai Cheng(1) No. 53806
09/1998	14.8	1,337,742,402	13,377,424,020	1,337,742,402	13,377,424,020	Cash Capital Increase	Jun 25, 1998(87) Tai Tsai Cheng(1) No. 53806
08/1999	10	1,355,133,054	13,551,330,540	1,355,133,054	13,551,330,540	Capital surplus transferred to common stock	Jul 5,1999(88) Tai Tsai Cheng(1) No. 60620
09/2000	10	1,409,338,378	14,093,383,780	1,409,338,378	14,093,383,780	Retained earnings and capital surplus transferred to common stock	Aug 18,2000(89) Tai Tsai Cheng(1) No. 69200
04/2004	10	2,000,000,000	20,000,000,000	1,709,338,378	17,093,383,780	Cash Capital Increase	Dec 31,2003 Tai Tsai Cheng(1) No. 0920161432
03/2006	10	2,000,000,000	20,000,000,000	2,000,000,000	20,000,000,000	Cash Capital Increase	Dec 26,2005 Jin Kuan Cheng(1) No. 0940157812
11/2007	9.5	4,760,000,000	47,600,000,000	3,981,775,000	39,817,750,000	Privately Placed Common Stocks and Preferred Stocks	Sep 28,2007 Jin Kuan Yin(2) No. 09600411350
07/2008	10	4,760,000,000	47,600,000,000	1,781,439,463	17,814,394,630	Capital Deduction	Jul 7,2008 Jin Kuan Cheng(1) No. 0970032496
12/2008	Note	4,760,000,000	47,600,000,000	1,957,910,050	19,579,100,500	Privately Placed Convertible Bond transferred as Privately Placed Common Stock	-

Note: The transfer price was NT$19 per share and be adjusted to NT$42.5 per share through capital deduction.

Unit: Share

	Authorized Share Capital			Remarks
	Outstanding	Unissued	Total	
Common Shares	1,679,677,506*	2,265,801,494	3,945,479,000	Listed (*784,880,858 shares were private placements)
Preferred Shares	278,232,544	536,288,456	814,521,000	private placements

4.1.2 Composition of Shareholders

03/31/2017

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	6	72	10,458	73	10,609
Shareholding (shares)	0	46,718,370	710,689,974	37,528,966	1,162,972,740	1,957,910,050
Holding Percentage (%)	0%	2.38%	36.30%	1.92%	59.40%	100.00%

4.1.3 Distribution Profile of Share Ownership

03/31/2017
(In Ten of New Taiwan Dollars for Par Value)

Shareholder Ownership (Unit:Share)	Number of Shareholders	Shareholding	%
1 ~ 999	6,895	1,425,413	0.07%
1,000 ~ 5,000	2,130	4,688,204	0.24%
5,001 ~ 10,000	957	6,420,577	0.33%
10,001 ~ 15,000	141	1,788,329	0.09%
15,001 ~ 20,000	94	1,735,540	0.09%
20,001 ~ 30,000	118	2,978,708	0.15%
30,001 ~ 50,000	76	3,061,181	0.16%
50,001 ~ 100,000	69	4,856,202	0.25%
100,001 ~ 200,000	34	4,743,120	0.24%
200,001 ~ 400,000	29	8,153,262	0.42%
400,001 ~ 600,000	8	4,005,945	0.20%
600,001 ~ 800,000	9	6,036,553	0.31%
800,001 ~ 1,000,000	3	2,605,053	0.13%
1,000,001 or over	46	1,905,411,963	97.32%
Total	10,609	1,957,910,050	100.00%

Note: Diversification of Equity Holdings included common shares and preferred shares.

Preferred Shares

03/31/2017
(In Ten of New Taiwan Dollars for Par Value)

Shareholder Ownership (Unit:Share)	Number of Shareholders	Shareholding	%
1,000,001 or over	4	278,232,544	100.00%
Total	4	278,232,544	100.00%

4.1.4 Major Shareholders

03/31/2017

Shareholders	Total Shares Owned	Ownership
Longreach Edith Investment Cooperatief, U.A.	359,526,243	18.36%
Longreach Edith Investment Cooperatief 2, U.A.	359,526,243	18.36%
Longreach Edith Investment Cooperatief 3, U.A.	263,709,343	13.47%
OLHE Cayman Limited Partnership	146,565,937	7.49%
Yu Bao Co., Ltd.	56,962,927	2.91%
Bau Ching Investment Co., Ltd.	47,279,663	2.41%
Hung Chia Investment Co., Ltd.	47,207,995	2.41%
Full Young Investment Co., Ltd.	47,017,633	2.40%
Hontai Life Insurance Co., Ltd.	46,436,663	2.37%
Hann Bau Co., Ltd.	46,313,621	2.37%

Note: List of top ten shareholders and those whose equity stakes exceed 1%.

4.1.5 Market Price, Net Worth, Earnings, and Dividends

Unit: NT$, expect for weighted average shares and ROI ratios

			2015	2016	As of 03/31/2017
Market Price Per Share	Highest		20.70	17.90	14.50
	Lowest		13.05	11.85	13.20
	Average		15.37	13.66	13.72
Net Worth Per Share	Before Distribution[1]		18.15	18.16	18.44
	After Distribution[2]		17.55	17.56	-
Earnings Per Share	Weighted Average Shares (Thousand Shares)		1,679,678	1,679,678	1,679,678
	Earnings Per Share[1]		1.96	0.63	0.30
Dividends Per Share	Cash Dividends[2]		0.6	0.6	-
	Stock Dividends	Earnings	-	-	-
		Capital Surplus	-	-	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/Earnings Ratio[3]		7.84	21.68	-
	Pric/Dividend Ratio[4]		25.62	22.77	-
	Cash Dividend Yield Rate[5] (%)		3.90	4.39	-

[1] The net worth per share and net profits per share of March 31st, 2017 were calculated based on the Bank's 2017Q1 auditor financial reports.
[2] The net worth after allocation and Cash Dividends of 2016 was filled based on the profit allocation case approved by 6th BOD meeting of the 9th term, which was pending for the approval of 2017 General Shareholders' Meeting.
[3] Price/ Earnings Ratio= Average Market Price/ Earnings Per Share
[4] Price/ Dividend Ratio= Average Market Price/ Cash Dividends Per Share
[5] Cash Dividend Yield Rate= Cash Dividends per Share/ Average Market Price

4.1.6 Dividend Policy and Implementation Status

Dividend Policy

In order to maintain a good capital adequacy ratio and to meet capital needs as required by long-term financial plans, the allocation of shareholders' dividend can be in the form of stocks, cash, or a combination of both, and is approved by the Shareholders' Meeting. However, if the Bank's tier-one capital adequacy ratio has not reached the regulatory requirement, stock dividend becomes first priority. The cash distribution should be handled in accordance with the stipulation of Article 50 of the Banking Act.

Implementation

The income after tax of the Bank in 2016 was NT$1,054,678,898, and NT$316,403,669 was for legal reserve.NT$7,298,506 of special reserve as subtraction of stockholders' equity, and NT$5,273,394 of special reserve for career transfer education and training in respond to FinTech impact in 2016.With the addition to the beginning balance of undistributed retained earnings of NT$5,928,654,241, and actuarial gains/losses on defined benefit plans of NT$595,355 for change in actuarial income/loss in 2016, the total profit for distribution was NT$6,654,952,925. Cash dividend NT$0.6 per share to be distributed was resolved in the 6th BOD meeting of the 9th term, which amounted to NT$1,007,806,504, which would be presented to the Meeting of Shareholders for recognition in 2017.

4.1.7 Impact of Resolution of Shareholders' Meeting to Issue Stock Dividend on the Bank's Business Performance and EPS

Since the Bank did not compile and announce the financial forecast of 2017. According to the stipulation of February 1, 2000 (2000) Tai Tsai Cheng(1) No. 00371, the disclosure of this information is not required.

4.1.8 Employee, Directors and Supervisors' Remuneration

Amount or scope of employee, directors and supervisors remuneration as specified in the Bank's Article of Incorporation

In compliance with the Bank's articles of incorporation which approved by the Board Annual earnings, if any ,The Bank shall contributes no less than 1% as employees compensations and no more than1% as directors and supervisors compensations. But an offset amount should be reserved in advance when The Bank still has cumulative losses.

The abovementioned employee compensations would not be applicable once the Bank had established the Audit committee to replace the supervisor.

Accounting treatment for the difference between accrual and actual payment for employees' remuneration and directors' remuneration

The compensations payable to employees and directors are estimated in accordance with the Bank's articles of incorporation. If there are differences between the actual distribution amount and the estimated amount, the differences will be accounted as changes in accounting estimates and recognized as current profits and losses.

Information on proposals passed by the Board of Directors to distribute remuneration

- Amount of cash or stock to employees' remuneration and directors' remuneration：
  Cash paid to employees was NT$19,864,847and remuneration paid to directors and supervisors was NT$5,182,134。

- Amount of distributed stock as employee compensation and as the percentage of the net profit after tax and the percentage of the employees' total compensation：Not applicable.

The actual distribution of employees' remuneration and directors' remuneration for the previous fiscal year

Unit: NT$

	Board Resoluation	Actual Result	Devitations
Employees' remuneration	42,433,960	42,064,515	369,445*
Directors' remuneration	10,608,488	10,608,488	0
Total	53,042,448	52,673,003	369,445

* Unclaimed portion from the staff who've resigned before issuance date and the deviations to be offset the recognized employee remuneration expenses of 2016.

4.1.9 Buyback of Treasury Stock: None.

4.2 Issuance of Bank Debentures

Type of Bank Debenture	First Debenture in 2010	Second Debenture in 2010
Authority Institution Approval Date and Document Number	10/01/2009 Jing-Kuan-Yin-Kuo-Tzu- 09800449740	10/08/2010 Jing-Kuan-Yin-Kuo-Tzu- 09900396700
Date of Issuance	08/23/2010	12/16/2010
Par Value	NT$10,000,000	NT$100,000
Place of Issuance[1]	-	-
Currency	New Taiwan Dollars	New Taiwan Dollars
Issuing price	As per Par Value	As per Par Value
Total Amount	NT$4,000,000,000	NT$6,000,000,000
Coupon Rate	3.25%	3.25%
Term/ Date of Maturity	7 years 08/23/2017	7 years 12/16/2017
Seniority	Subordinated	Subordinated
Guarantee Institution	None	None
Trustee	None	None
Broker	None	None
Attorney	None	None
Auditor	None	None
Certifying Institution	None	None
Reimburse Method	Interest Payable Annually Full Principal Repaid at Maturity	Interest Payable Annually Full Principal Repaid at Maturity
Outstanding	NT$ 4,000,000,000	NT$6,000,000,000
Paid in Capital for the Previous Year	NT$16,796,775,060	NT$16,796,775,060
Net Worth for the Previous Year	NT$18,351,301,800	NT$18,351,301,800
Exercise	Normal	Normal
Redeem or Prepay Clause	None	None
Conversion and Exchange Terms	None	None
Restriction Clause	Yes	Yes
Fund Utilization Plan	Expand Business and Enhance the Capital Adequacy Rate	Expand Business and Enhance the Capital Adequacy Rate
Ratio of Reported Issuing Debt and Balance of Outstanding Debt to the Net Worth from the Previous Year(%)	150.94%	180.91%
Eligible Capital and Type	Yes, Tier II	Yes, Tier II
Rating Agency, Issue Date and Rating	BBB+(twn) Fitch Ratings Ltd.,Taiwan 08/10/2010	BBB+(twn) Fitch Ratings Ltd.,Taiwan 11/30/2010

[1] To be filled if the nature is overseas corporate bond (including bonds issued by OBU)

4.3 Issuance of Preferred Stock

Date of Issuance			Novmber 7, 2007 Type A Preferred Stock (Private Placement)
Par Value			NT$10
Issue Price Per Share			NT$9.5
Number of Shares			621,890,000
Total Issue Amount			NT$5,907,955,000
Rights and Liabilities	Appropriation of asset surplus		1. If the Bank has surplus at the end of the fiscal year, after paying all the taxes required by law and adjusting based on financial accounting principles, it should first make up for past losses. If there is still a balance, it should then put aside legal reserve and special reserve. The rest can be used as the stock dividend of Type A Preferred Stock for that particular year. 2. The stock dividend yield of Type A Preferred Stock was 6.75% based on Total Issue Amount, and was paid annually. Each year, after the stockholder meeting acknowledged the accounting reports, the Board of Directors set the stock dividend distribution ex-right base day for the Type A Preferred Stock, and upon which the stock dividend for last year is distributed. The distribution of annual stock dividend is based on the ratio of actual issuance days over days of the year, starting from the issuance day, with the issuance day defined as the capital increase base day. While the collection of preferred stock dividend is calculated based on the ratio of actual issuance day over days of the year.
	The Allocation of the Remaining Property		The order of allocating the remaining property of the Bank for Type A Preferred Stock is higher than that for Common Stock but the issuance amount should not be exceeded.
	Exercise of Voting Rights		Shareholders of Type A Preferred Stock are allowed with the voting rights, electing rights and the rights of being elected in the Extraordinary Meetings of Shareholders, just like shareholders. Additionally, they could exercise voting rights.
	Other		1. From the next day of one month after issuance, except where conversions are temporarily suspended as required by law or during interim suspended conversion period as per other relevant laws, Type A Preferred Stock shareholders can exchange one share of Type A Preferred Stock for one share of Common Stock. The liability and rights of exchanged Common Stock are the same of those of Type A Preferred Stock. The dividend distribution of the Preferred Stock for the year will be calculated according to the proportion of the actual issuance days to the days of the whole year. Nevertheless, exchange to the Common Stock before the ex-rights/ex-dividend base day of the year should excluded into the dividend distribution of the Preferred Stock of the year and the year after. 2. From the next day of 10 years after issuance, with the permission of regulations and authority, the Bank, at any time, may recall all or part of outstanding Type A Preferred Stock at the actual issuing prices. If Type A Preferred Stock has not been recalled by the Bank 10 years after issuance, the dividend should be adjusted to 7.75% annually from the next day of 10 years after issuance.
Preferred Stock in Circulation		Called or Converted Shares	Completed capital modification registration on July 16, 2008. Cancelled issued preferred stocks by 343,657,456 shares (all were private placements.)
		Un-called or unconverted Balance	278,232,544 shares (all were private placements)
		Called or Converted Provision	In compliance with Article of Incorporation
Market Price per share	2014	High	Not applicable
		Low	Not applicable
		Average	Not applicable
	2015	High	Not applicable
		Low	Not applicable
		Average	Not applicable
	2016	High	Not applicable
		Low	Not applicable
		Average	Not applicable

Date of Issuance			Novmber 7, 2007 Type A Preferred Stock (Private Placement)
Market Price per share	as of Mar 31, 2017	High	Not applicable
		Low	Not applicable
		Average	Not applicable
Other right attached	Converted or subscripted amount until the publication date		Not applicable
	Issuance and Conversion or Subscription Procedures		Please refer to Article 5-1 in Article of Incorporation
The impact of issuing criteria to special shareholders equity, the impact of probable dilution of shareholding to the exitsting shareholders			Please refer to Article 5-1 in Article of Incorporation
The impact of redeemed special shares to private capial and the ratio of risky asset			-

4.4 Issues Of Global Depositary Receipt: None.

4.5 Status of Employee Stock Options and Restricted Stock Plan: None.

4.6 Status of Mergers and Acquisitions involving other financial institutions: None.

4.7 Financing Plans and Implementation

- Finance Plans: Please refer to " 4 Capital and Shares", " 4.2 Issuance of Bank Debentures" and " 4.3 Issuance of Preferred Stock" in this annual report for the issuance of Bank debentures and private placement of securities.
- Issuances of securities or private placement of securities have not completed, or completed without significant effects over the past three years : None
- The Implementation of the financial analysis and capital adequacy of latest 5 years, please refer to《6.2 Financial Analysis》in this annual report.

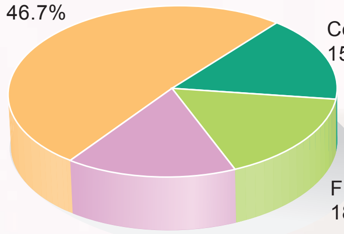
5.1 Types of Business

5.1.1 Major Business Items of Each BU, their Weightings to Total Revenue and Changes YOY

Major Business Items

BU	Major Business
Corporate Banking & Markets	offer loans, trade financing, cash management, trusts, syndicated financing, structured credit solutions, deployment of funds, controlling on funding cost, ALM, and interest rate/FX related trading to corporate customers
Retail Banking	focus on the distribution and management of Consumer Finance products, such as mortgage, personal loans, credit card, etc, and wealth management distributes insurance, mutual funds and structured investment products to qualified customers

Weightings to Total Revenue



Unit: NT$m

	2016	2015	YoY
Net Interest Income	3,067	4,276	(16%)
Net Fee Income	1,789	2,247	(20%)
Non-interest Income	904	1,335	(32%)
Total	6,300	7,857	(20%)

Major Business Items of Each BU and Changes YOY

Corporate Banking and Markets

- Corporate loan balances stood at NT$98.5 billion, an increase of 2% over the previous year. This growth can be attributed to the Bank's strategy to reduce real estate lending and increase lending to general industries as a way to expand the customer base. In addition, the Bank was able to reduce price pressure from competitors by choosing a precise market position and providing customers with professional value-added services.
- In our transaction-based financing business, balances of accounts receivable financing with invoice volume reached NT$31.8 billion, ranking the ninth largest position in the market, while trade finance balances amounted to NT$17.8 billion.
- A sharp decline in the Chinese Yuan Renminbi led to a significant decrease in income from our financial marketing operations. The Bank's derivative transaction volumes amounted to NT$72.7 billion.

Retail Banking

- Our wealth management business was affected by a series of "black swan" events including a slowing Chinese economy, Brexit, and Donald Trump's election victory. As a result, investors reduced their risk asset positions to protect their assets from market volatilities, and in consequence domestic and foreign securities investment balances declined. Against this unpredictable investment backdrop, conservative and began converting most of their assets into insurance products and fixed-income products. As of the end of 2016, client asset under management (AUM) stood at NT$66.6 billion, a YOY increase of 5.2%. Of these, specific money trust investment in domestic and foreign securities fell by NT$3.89 billion, a YOY decrease of 16.1%; structured products under management grew by NT$645 million, a YOY net increase of 32.3%; and insurance assets under management grew by NT$5.933 billion, a YOY net increase of 17%.
- Our retail lending business was affected by a low recovery of economic, housing and land taxation and downturn in real estate market, led to a slowing growth. In these conditions, we adopted a steady approach to mortgage lending. In addition to favoring high-quality properties, our credit lending operations targeted high-quality clients, including employees of listed companies, government agencies, and medical institutions, and small- and medium-sized enterprises. As of the end of 2016, total mortgage and credit loan balances amounted to NT$85.3 billion, a YOY increase of 0.3%. Of these, mortgage balance stood at NT$75.2 billion, a net decrease of NT$1.6 billion, or 2.1%, while credit loan balance was NT$10.1 billion, a net increase of NT$1.9 billion, or 23.3%.
- The number of credit cards issued during the year totaled 10,200, and the grand total of all cards issued stood at 884,000. Total credit card sales volume was approximately NT$5.4 billion, while accounts receivable were around NT$2 billion, almost the same as 2015.

5.1.2 Business Plan for 2017

Corporate Banking and Markets

- We will expand our customer base and lending to companies while actively reaching out to medium-large and large customers with a low or appropriate level of credit risk in order to increase our credit loan balances and improve credit quality.
- We will continue to provide niche structured credit solutions, including equity and debt restructuring and customized real estate loans in order to increase assets earning recurring incomes. We will also use our expertise as syndicated loan lead arranger to provide clients with the line of credit that they need.
- We will promote a business that combines trade flows, cash flows, and foreign exchange flows to keep abreast of business opportunities and credit risks.
- We will provide interest rate and exchange rate hedging products for operating activities (sales/purchase) and asset and liability management. We will also seek the first priority to provide hedging arrangements in structured loan cases where we are the borrower, the lead arranger, or a participant.

Retail Banking

- We will strengthen our virtual channel operations and increase our core deposits.
- We promoted foreign-currency current and savings accounts in a bid to increase the share of foreign-currency deposits and customer transactions of foreign-currency products.
- We provide timely investment advice to our clients in response to changes in economic outlook and market developments. In this way, we help them adjust asset allocations in a balanced way.
- We will expand our product lines and increase trust investments under management by promoting fixed-income products and launching new secondary market foreign bonds, ETFs, and offshore structured products. In addition, we will continue to develop a professional investor clientele.
- We will increase the number of active customers and the penetration rate of our products to enlarge the customers.
- We will optimize our transaction process and add extra transaction channels (online banking, customer service center).
- We will use Big Data mining techniques to systematically promote cross-selling and enhance synergy between wealth management and consumer banking.
- In our mortgage business, we will continue to target high-quality owner-occupiers and those who are seeking to refinance their mortgages and optimize current products, with a differentiated marketing strategy, will help us avoid a price war and retain existing customers and mortgage assets.
- As part of our goal to drive up our credit lending volumes and improve asset quality, the focus of our credit lending business will be to increase lending to high-quality customers, including employees of listed companies, government agencies, and medical institutions, and small- and medium-sized enterprises.
- We will seek to drive up the number of active cards and sales volumes among current cardholders and continue to cultivate current deposit customers and wealth management customers to increase the number of existing customers using our credit cards.
- We will continue to push for collaboration between our credit card and mobile payment businesses in order to tap into a young and mobile banking clientele and increase the use of our cards in their daily lives, thus increasing our income.

5.1.3 Market Analysis

Economy Overview

In 2016, the global economy saw the continuation of a slow post-crisis recovery: in the US, the economy was still sluggish, and the economic growth rate of 1.6% was a new low since the Global Financial Crisis. Meanwhile, in 2016 Chinese growth hit a 26-year low of 6.7%, indicating an era of lower GDP growth at around 6%. As a result of the low recovery of the world's two biggest economies, Taiwan also saw meager economic growth of only 1.5%.

Interest Rates

Global monetary policies have remained accommodative for years since the crisis, but they are now turning more conservative: the US Federal Reserve raised interest rates for the second time in ten years last December, increasing the rates to a range of 0.5% to 0.75%. The Bank of Japan also overhauled its monetary policy framework to control the yield curve, which indirectly slashed the purchase of long-term government bonds. In Europe, the European Central Bank announced an extension of its quantitative easing program, but it also cut monthly bond purchases by €20 billion.

Exchange Rates

Also in 2016, a series of "black swan" events, including a mid-year Brexit and Donald Trump's election victory towards the year's end, led to violent fluctuations in global financial markets. As a result, hot money flocked to Asia's emerging markets, benefitting both the Taiwanese stock market and currency. The New Taiwan Dollar rose from 33.236 to one US Dollar in January to around 32.279 in December, an increase of 2.88% against the greenback across the whole of 2016.

Looking ahead, in 2017 the global economy is likely to continue to see low recovery. US President Donald Trump's policies to cut taxes and increase infrastructure spending and trade protectionist measures will have a bearing on global economic growth and lead to ever more violent market volatilities. However, given the uncertainties over the Trump administration's policies, the magnitude of their impact on economic growth is yet to be determined.

Competitive Advantages, Favorable and Unfavorable Factors in Future Prospects and Responding Measures

Favorable Factors

- A professional management team that treasures innovation and actively seeks to expand its competitive edge.
- Our organization and operational processes are very responsive, and we are able to quickly adjust product strategy in response to the changing market situation.

Unfavorable Factors

- The global economy is slowing, and domestic banks are increasingly competing by undercutting each other in the lending market as big financial institutions are all fighting for high-quality clients.
- A lack of macroeconomic stability in Taiwan has led to corrections in the real estate market, which is detrimental to the retail banking market.
- Global economy and political uncertainties and the correlation between financial asset classes are both on the rise, while the predictability of financial asset prices is falling, making it more difficult to diversify risks.
- The regulator is stepping up supervision the operation of life insurers' fee difference, which will have an impact on banks' insurance incomes.
- Rising awareness of IT security, money laundering control and labor rights is creating difficulties for the management and leading to higher costs.

Scale of Key Financial Products

Countermeasures

- We will provide products suitable for customers of specific segments and respond to market changes by adjusting our product strategy in a flexible manner to increase sources of stable fee income.
- We will enhance the risk management of product and establish a professional team of product managers to support sales team.
- We will tap into the existing client pool to drive up the number of products sold to each client and the investment penetration rate. We will also use data mining to systematically promote cross-selling.
- We will increase the features of our digital channels by developing new features for our website, online banking platform, and mobile payment services, while driving up use of automated facilities.
- We will centralize operational processes and focus our branch strategy on improving synergy between retail banking and wealth management.
- We will stress both business development and risk control and identify and weed out operational risks through sales monitoring and internal checks so as to prevent mis-selling and misbehavior.
- We are keeping abreast of new developments in digital banking and introducing a variety of new technologies to the Bank to ensure that we do not lag behind during this transformation.

5.1.4 Research and Development of Financial Products

Scale of Key Financial Products

In accordance with a board resolution, the Bank and An Yin Insurance Broker Co. Ltd. merged on June 21, 2016, as a way to integrate resources and create synergy. Following the merger, an insurance brokerage department consisting nine staff members was set up under the Bank on August 1, 2016. Insurance assets under management saw a net increase of NT$5.933 billion in 2016.

Unit: NT$m; No. of cards

By Business	Dec 2016	Dec 2015	+/-	YoY
Deposits	248,309	248,627	(318)	(0.1%)
Local and Foreign Securities Investment Under Trust	20,223	26,377	(6,154)	(23%)
Mortgage	75,227	76,864	(1,637)	(2%)
Personal Loans	10,107	8,195	1,912	23%
Corporate Lending	98,572	92,615	5,957	6%
Credit Cards in Circulation	181,469	188,328	(6,859)	(4%)

Results and Expenditure of R&D in the Last Two Years, and Detailed Explanation of Future R&D Plans

Unit:NT$millions

Year	2016	2015
Amount	198	214
Change%	(7%)	27%

Recently Launched New Products

- We launched two preferential mortgage schemes targeting owner-occupiers and existing branch customers.
- We launched several group schemes for high-quality clients, offering hassle-free preferential credit loans.

- We launched a number of foreign-currency time deposit products offering preferential interest rates, including an updated version of a three-tiered-rate account and a dual-currency account. We also run a preferential Taiwanese-currency time deposit scheme for new clients.
- We selected high-quality insurance and fund products for sale, and we also rigorously monitored the performance of all products on sale. Overall, we put 166 products onto the shelf and pulled 152 products off. We also raised capital for 72 structured products, with or without the guarantee of capital preservation, to provide investors with a more diverse choice.
- We worked with TaiwanTaxi to offer passengers who set up a TaiwanTaxi account using EnTie Bank credit cards a 5% rebate on taxi fares.
- We worked with the e-commerce platform JKOS to offer shoppers who set up a JKOS account using EnTie Bank credit cards a 3% refund on their purchases.
- We launched a mobile app to offer an even more convenient channel for financial management.

Future Research and Development

Unit:NT$thousands

Plan	Further Expenditures	Date
Mobile Payment	2,000	09/2017
TWID Certification	5,500	12/2017
Optimize Call Center System	5,990	12/2017
Mobile Banking APPII	3,500	12/2017
ATM EMV Standardized	7,000	12/2017
Upgrade e-Factoring System	9,500	12/2017
Retail Customer Relationship System	35,000	12/2018

5.1.5 Long and Short Term Business Development Plans

Short Term Business Plans

- Strengthening digital banking capabilities and customer segment management
  - Improving the functionality of our automated channels, including further developing mobile payment and online account opening services, and creating a comprehensive digital platform by integrating transactions and service information.
  - Reaching out to clients on virtual platforms such as social media and websites and promoting digital marketing campaigns.
- Product management and value enhancement
  - Developing high-value customized products to meet the demand of top clients.
  - Enhancing flexibility of product design to cater to client needs.
- Providing professional training to enhance employee value.
- The Bank is stepping up efforts to reach new customers and so expand its customer base. At the same time, it is also seeking to generate new opportunities with existing customers and to expand the scope of transactions.

Long Term Business Plans

- The Bank is continuing to strengthen risk management, optimize credit rating models, maintain asset quality, and expand its lending business.
- Branch transformation
  - Transforming branches into sales and consultation centers, while allowing automated facilities to take over teller and transaction services.
  - Streamlining branch operations and continuing to centralize operations.
  - With the branch business model adjustment, row of space configuration towards the direction of small and fine transformation.
- Analyzing customer transaction data to provide guidance for product and service selection.
  - Drawing up marketing models for specific operations in order to mount precision marketing campaigns that target select customer segments.
  - Using customer need prediction data gleaned from Big Data analysis to offer customers product and campaign information when they need it and across a variety of digital platforms.
- Establish a customer-centric business model for sustainable growth.

5.2 Employee Profile

Year		2015	2016	As of March 31, 2017
Number of Employees	Total[1]	1,795	1,694	1,644
Average Age		37.7	38.8	39.2
Average Length of Service		7.4	8.3	8.6
Education	Ph.D. Degree	0.0%	0.0%	0.0%
	Master's	13.9%	13.2%	13.4%
	Bachelor's	77.4%	77.7%	78.0%
	High School	8.5%	8.9%	8.4%
	Below High School	0.2%	0.2%	0.2%
Professional Certificates Held by Employees	Proficiency Test for Securities Broker's	185	168	164
	Proficiency Test for Sr. Securities Brokers	153	120	118
	Proficiency Test for Securities Investment Analysis Personnel	5	4	6
	Futures Specialist Test	206	176	169
	Proficiency Test for SITC Brokers	113	99	97
	Professional Test on Trust Businesses	1,100	973	961
	Proficiency Test for Financial Planning Personnel	241	207	208
	Proficiency Test for Bank Internal Control	1,519	1,367	1,354
	Basic Proficiency Test for International Banking Personnel	284	249	245
	Basic Proficiency Test for Bank Lending Personnel	391	355	359
	Advanced Proficiency Test for Bank Lending Personnel	11	11	11
	Proficiency Test for Life Insurance Broker	1,239	1,116	1,096
	Proficiency Test for Non-life Insurance Broker	970	873	854
	Proficiency Test for Investment-linked Product Salesperson	569	529	526
	Proficiency Test for Foreign Currency-based Non-investment Related Insurance	577	543	544
	CFA	1	2	2
	CPA	1	1	1

[1] The number of employees includes directors who are subject to executive-level employees.

The personnel related to financial information transparency acquired the following relevant certificates as specified by the Authorities

- Proficiency Test for Bank Internal Control: Accounting Dept.(18), Treasury Dept.(14), Business Planning Dept.(14), Risk Mgmt. Dept.(12), Auditing Dept.(24)
- Chartered Financial Analyst (2)

Employee Learning and Training

To improve quality of employee's professional skills and knowledge, the Bank has established very comprehensive training resources. A series of professional trainings are designed based on the job descriptions and required skills needed for different positions. The Bank provides comprehensive career paths to employees and enhances overall performance. The Bank staff has completed a total of 56,028 hours of internal and external trainings, in which, EnTie E-Learning accounted for 50% of hours. On average, each staff received 33 hours of training based on the total headcount as of end of 2016.

Year 2016 Training Performance	
Financial Professional	29.8%
Legal & Compliance License	61.2%
Product	1.7%
Training for New Recruits	4.8%
Leadership Management	1.9%
General Literacy Skill	0.5%

Employee Behavior and Ethics Standard
The Bank has developed "Criteria for Ethical Corporate Management" "Operating Procedures and Code of Conduct for Ethical Corporate Management" , and "Working Rules" and announced them within the Bank and at the website, so that all employees can review and refer to anytime. The Bank has developed a corporate culture focused on integrity, self-discipline through orientation programs, regular meetings and trainings, and employee behavior assessment measures. See below for summary:

- During business transactions, the Bank staff shall not provide, promise, request or receive any improper benefits directly or indirectly, or engage in any behavior against ethics, laws or trust obligations to gain or maintain benefits.
- The Bank staff shall not provide, promise, request or receive any improper benefits, including kickbacks, commission, or bribery directly or indirectly or provide or receive improper benefits from clients, counterparties, civil servants or other stakeholders. However this does not apply to situations that comply with local laws and regulations.
- The Bank staff shall righteously comply with the Bank' s guidelines and rules, and obey the reasonable instructions from supervisors of all levels. However employees may voice their opinions anytime.
- The Bank staff shall concentrate on their own business, maintain order and enhance work efficiency.
- Supervisors of all levels shall respect staff, and provide friendly instructions to employees to complete their tasks.
- The Bank staff shall not use their positions to request or lobby the Bank to provide any benefits to any corporations, family members or staff themselves
- The Bank staff shall not have any lending relationships with any clients.
- Credit personnel shall not use their positions to promote any people or products to clients.
- Credit personnel shall avoid participation in any major lending cases in which they themselves, their spouses, or direct family members have any major vested interests.
- The Bank staff shall keep confidentiality about the Bank's business, client situation and business secrets and shall not disclose to any colleagues with no relevance to the business. Same rules apply to staff when they leave the positions.
- The Bank staff shall not take any drugs, gamble or conduct any behaviors that are illegal or will damage the Bank's reputation.
- The Bank staff shall not take any part-time jobs at other institutions, or take any regular part-time jobs during working hours.
- The Bank staff shall not spread false information or under the guise of unconfirmed news, to baseless assertions.
- The Bank staff shall Not on the Internet to abuse or fictional facts insult, slander others and other misconduct, so as not to involve the relevant legal responsibility.

5.3 Corporate Responsibility and Ethical Behavior

EnTie Bank considers corporate social responsibility (CSR) and ethical behavior a part of the Bank's business principles and core values. Fulfillment of CSR and the balancing of stakeholder interests is key to the continued progress of the economy, environment, and society. In 2014, the Bank established CSR implementation guidelines, and in 2015 produced for the first time a CSR report in accordance with the Global Reporting Initiative (GRI) G4 framework. Both documents enforce CSR and develop an ethical corporate culture through dimensions such as corporate governance, customer service, a healthy workplace, and environmental protection, aiming to enhance business synergy and long-term competitiveness.

Corporate Governance
The Bank insists on transparency and importance of shareholder value. It believes a healthy and efficient Board is the foundation of good corporate governance. The Board reserved seats for independent board members and being the first bank to set the remuneration committee in 2011. Then, in 2016, the bank set up an audit committee to supervise the operation of financial, internal control and compliance. At the same time, the Bank also complies with rules by the authorities to set up strict internal control system. In terms of ethics, "EnTie Bank Ethical Corporate Management Standards" request that every staff conduct their business with integrity. Realize legal compliance everywhere through single-point, linear and planar system planning. Furthermore, the Bank also promotes the above Standards through Legal Compliance department. The Bank introduced corporate risk management mechanism by using risk matrix covering both risk probabilities and severity as a tool for risk identification and quantification. EnTie's management team has always taken heed to domestic and foreign policies and laws that may impact the Bank's financial and business. The management team also develops policies and rules to comply with other laws such as personal information protection, anti-money laundering, and consumer protection to ensure consistency of standards. The Bank also perfected its investor relationship by setting up a spokesperson system, and ensured an open and transparent company information disclosure.

Financial Inclusion
The Bank continues to strive to fulfill corporate social responsibility. "Charity-purpose Deposit", a first in the industry, offers a 0.4% interest rate that is higher than demand deposit (benchmark date 03/24/2017). The Bank contributes toward the portion in excess of demand deposit rate, and the balance is settled monthly and donated to charitable organizations to fund their activities while benefiting over 20 NPOs including Children-are-Us, World Vision, Taiwan Fund for Children and Families, and the United Ways. Nearly 3,500 customers participated in this and amounted to more than $10 million. As part of our efforts to reach out to the disabled, the Bank has overhauled its facilities to make information and services easily accessible to the disabled. Some major initiatives include disabled accessible branch services, ATMs, online services, telephone services, and account opening and loan application services. We have installed low-level counters or dedicated zones for the disabled in our 49 branches, and 17 branches are now equipped with service bells and have personnel on hand to guide people to the services they need. In addition, in 2016 the Bank replaced all 78 ATMs with new ATMs offering disabled access, two of which are accessible to visually impaired customers. Also in 2016, in response to the National Communications Commission's initiative to promote a universally accessible communications environment, the official Bank website launched an accessible webpage with open information on matters such as interest rates and exchange rates. The webpage received the top AAA certification for accessibility, a testament to the Bank's efforts to ensure that every user's right to information is protected.

Customer Trust
To protect consumer rights, the Bank has developed the "Consumer Protection Policy" and the "Regulations Governing Handling of Consumer Disputes" to deal with customer complaints, and inform customers in written form or via phone calls. Any changes to the customer rights, the Bank shall comply with the timetable specified by the governing authorities, and announce such changes at the Bank website and branch lobbies for customer reference. Furthermore, the Bank also handles customer complaints on the Bank's website and in relevant contracts. The Bank's product pamphlets and passbooks shall list warnings to notify customers of product risks. And the Bank also signs customer information confidentiality agreement when outsourcing to 3rd party vendors. Regular or random on-site checks on the outsourced vendors are also conducted to protect customer rights.

Healthy Workplace
The key to the company's prosperity is continued growth and improvement of its talent pool. EnTie E-learning was set up to provide multiple learning sources such as training, online test and internal authorization. With talent development, the Bank builds a complete training system by function and a pool of internal lecturers be set up. In 2013 the Bank launch HR I-Service to pursue e-platform for HR. In May 2012 the Bank's headquarters were relocated to Taipei 101 Tower which was LEED certified. This demonstrates that the Bank tries to provide high quality, healthy and safe working environment to employees.

Environmental Protection & Green Service
The Bank concerns environmental protection and people in need, and uses the recycled ink cartridges approved by the "Priority Procurement Web under the Ministry of Interiors" and the "Environmental Protection Administration (EPA)" in order to improve recycling ratio, and increase job opportunities for people in need. In internal management and operations, the Bank has striven to find more efficient ways to use resources. It has a green procurement policy and is committed to waste sorting and energy conservation, and in addition the Bank has pushed for a variety of "green services", including replacing paper-based processes with electronic ones. The Bank's credit checking process is now conducted entirely electronically, and customers can apply for credit cards, mortgages, and credit loans via our online banking platform. We have also been promoting electronic bills and statements among our customers in order to reduce our carbon footprint. If paper must be used — for example for ATMs and ticket dispensers — we use BPA-free thermal paper certified by the Bureau of Standards, Metrology and Inspection.

5.4 Number of non-executive employees and average employee benefit costs compared with previous year

Unit:NT$thousands

	2016	2015	Deviation
Number of non-executive employees	1,462	1,554	(5.9%)
Average wealfare of non-executive employees	867	873	(0.7%)

5.5 Information Technology

Key IT Systems

The key IT system hardware mainly includes IBM iSeries System (AS/400), IBM AIX, Solaris, Wintel, Linux, Teradata warehousing, SAN and NAS Storage System, Juniper and Cisco network equipment. The main server room and the backup server room have been fitted with a virtualized open platform server and a SAN storage system in order to enhance system control. The key IT system software mainly includes deposits, loan, personal loan, credit card, wealth management, gold passbook, Kondor+ made, RET, DCI, non-standard derivative, e-card, e-Factoring, call center, 24-hour banking, e-banking, EDI, e-Loan and FXML etc.

Future Development and Procurement Plans

The Bank is continuing to update its information system structures, hardware, and internet communications systems and to strengthen its information security system. In order to enhance information governance, the Bank has set up standard operation platform and completed the installation of a desktop cloud program. In addition, in response to the rise of digital banking, we already set up a big data analysis system, and will establish a mobile payment system, Bank 3.0 and a mobile equipment management platform and phase out old application systems in preparation for a future of mobile and digital technology.

Emergency Backup and Security Protection

To ensure business continuity, the Bank has not only set up an IT backup center in the same place but also in Lungtan Aspire Park. When the systems cannot function normally, the mainframe and network systems in the backup center will take over and recover the IT service following originally designed processes. The aim is to ensure nonstop IT operations to achieve sustainable business goal. To ensure security and safety of the IT operations, besides strengthening the safety of physical facilities, the Bank also set up comprehensive security control systems such as firewalls, intrusion detection, anti-virus systems, web application firewalls, spam mail defense systems, mail audit system, Microsoft Directory Services and personal information scan technology etc, and hold internal social engineering to colleagues periodically and commence related information security training, in order to prevent illegal network invasion and spreading of computer viruses and ensure security of internal data and IT systems.

5.6 Labor Relations

5.6.1 Status of Employee Welfare, Retirement Systems, Labor Relations and Protection of Employee Rights

Company Welfare

Welfare includes employee deposits with better rates, employee mortgage, employee consumer lending, and group insurance (premium paid by the company). And Expenses of uniforms are covered by the Bank.

Employee Welfare Committee

The Bank sets up an Employee Welfare Committee, in which 0.5% of monthly salary and 0.1025% of the Bank's total revenue are reserved in the pool of welfare fund. The Committee is responsible for employee welfare-related tasks, such as subsidy for travel, wedding and childbirth, subsidy for funeral and hospitalization, scholarship for employee's children, activity subsidy for Chinese New Year, Dragon Boat Festival, and Mid-autumn Festival.

Retirement Systems

Based on the "Labor Standard Law" and the "Regulations Governing Labor Retirement Fund", the Bank has developed the "Rules Governing Employee Retirement, Retrenchment, and Occupational Hazard Subsidies". Furthermore, the Bank has followed relevant rules to reserve some retirement funds to the Bank of Taiwan for those adopting the old method, or reserve retirement fund to the staff's personal account at the Labor Insurance Bureau.

Labor Relations and Protection of Employee Rights

To clearly define rights and responsibilities of both employees and the employer, and allow them to work together for the success of business, the Bank has developed "Working Rules" based on Article 70 of the Labor Standard Law. Regularly conduct group discussion meetings with the Labor Union.

5.6.2 Losses Resulting from Labor Disputes during the Most Recent Fiscal Years and the Current Fiscal Year up to the Publication Date of the Annual Report. Disclosure of Possible Loss Amount at Present or in the Future and Possible Countermeasures: None.

The Bank has violated the following conditions of Labor Standards Act in year 2016. And the total amount of legal fines is NT$530,000.

1. Article 24: An employer shall pay worker overtime wages.
2. Article 30, paragraph 5: Employers shall prepare and keep worker attendance records for five years.
3. Article 32, paragraph 1: When an employer has a necessity to have his/her employee to perform the work besides regular working hours, he/ she, with the consent of a labor union, or if there is no labor union exists in a business entity, with the approval of a labor-management conference, may extend the working hours.

The Bank has always been a strong supporter of labor rights. We will continue to refine our compliance and internal management systems and step up awareness campaigns for labor regulations. In addition, in cases where we were wrongly penalized for alleged violation of the Labor Standards Act, we will file for appeal or administrative litigation.

5.6.3 Work Environment and Employee Safety Practices

Type	Item	Description
Employee Safety	Office Building Management and Maintenance	• Conduct periodical inspections on electricity, fire alarms, sanitation, and building safety. • Sign contracts with security companies to manage 24-hour access control and overall security.
	Disaster Prevention Measures	• Assign staff to join professional trainings held by professional organizations for Labor Sanitation and Safety Manager, ER, and Fire Prevention Manager Positions. The Bank also conducts its own labor safety and sanitation trainings, and strengthens employees' knowledge for disaster prevention. • Each branch and regional center conducts team exercises on safety and self-defense periodically, with the aim to equip employees with the abilities to handle various emergencies. • "Rules for Emergency Response to Disaster Recovery" have been developed so that the Bank can quickly grasp the status of disasters and provide immediate support, in order to resolve and control disaster and minimize losses.
Employee Insurance	Social Insurance	The Bank provides labor insurance (including occupational hazard insurance) and National Health Insurance (NHI). Contribution and Appropriation to the Labor Retirement Fund
	Group Insurance	The Bank pays group term life insurance and group accidental insurance for employees. Furthermore, employees get discount rates for additional life, accidental, hospitalization and cancer insurance.
	Travel Insurance	Employees get travel insurance and accidental insurance if they use the Bank's credit card to pay for airfare related to their business trips.
Physical and Mental Health	Health Check	Physical examination for current staff.
	Disease Surveillance Measures	• The Bank provides disease surveillance for SARS, avian flus, and abides by non-smoking policy at the office. • We have created a system for addressing workplace violence to ensure that our employees are not subject to physical or mental abuse during their work.
	Health Seminars	We regularly organize health seminars and strive to reduce workplace hazards to health and safety in order to prevent occupational hazards and create a high-quality working environment.

5.7 Important Contracts

Contract Nature	Contracting Party	Term	Key Content	Limitation
Contract Service	IBM Co. Ltd.	01/01/2014-12/31/2018	AS/400 hardware and software maintain, eTabs	[1]
Contract Service	Lian An Service Corp.	05/21/2003 - Automatic contract renewal	ATM machine upgrade and error fixing	[1]
Contract undertaking	Chun Hua Express Co., Ltd.	08/01/2016-07/31/2017	Outsourced delivery of bank-wide documents and bills	[1]
Contract undertaking	Information Technology Total Service Corp.	09/16/2015-09/15/2017	Statement printing, packaging and delivery	[1]
Contract undertaking	Beltom Technology Corp.	02/01/2014-01/31/2017	Statement printing, packaging and delivery	[1]
Contract undertaking	Taiwan Name Plate Co., Ltd.	02/06/2017-06/16/2018	Credit card embossing service	[1]
Contract assignment	Fuji Xerox Document Management Solutions Pty Limited. Taiwan Branch	12/15/2016-12/14/2017	The business data processing operations of the logistics involved.	[1]
Contract assignment	Jih Sun Security Co., Ltd.	06/18/2012- Automatic contract renewal	Cash delivery	[1]
Contract assignment	Taiwan Security Co., Ltd.	07/01/2007- Automatic contract renewal	Cash delivery	[1]
Contract assignment	Leebao Security Co., Ltd.	08/01/2009- Automatic contract renewal	Customs clearance, deposit, transportation and delivery of cash and precious metals such as gold bars, silver bars and platinum bars	[1]
Contract Service	President Chain Store Corp.	06/15/2012- Automatic contract renewal	Credit card payment collection service	[1]
Contract Service	HiLife Co., Ltd.	08/01/2012- Automatic contract renewal	Credit card payment collection service	[1]
Contract assignment	Leader International Asset Mgmt. Service Co. Ltd.	02/01/2017-01/31/2018	Account receivables collection	re-outsource prohibited
Contract assignment	Power River Asset Mgmt. Co. Ltd.	02/01/2017-01/31/2018	Account receivables collection	re-outsource prohibited
Contract assignment	APEX Credit Solutions Inc.	02/01/2017-01/31/2018	Account receivables collection	re-outsource prohibited
Contract assignment	Asia Credit Mgmt. Co. Ltd.	02/01/2017-01/31/2018	Account receivables collection	re-outsource prohibited
Contract assignment	Sparkle collection Mgmt. Co. Ltd.	02/01/2017-01/31/2018	Account receivables collection	re-outsource prohibited
Contract assignment	Gold Partners (Asia) Asset Mgmt. Co., Ltd (HONG KONG) TAIWAN	02/01/2017-01/31/2018	Account receivables collection	re-outsource prohibited
Contract assignment	Plenty Asset Mgmt. Co. Ltd.	02/01/2017-01/31/2018	Account receivables collection	re-outsource prohibited
Contract assignment	Fong Tai Mgmt. Consulting Ltd.	03/01/2017-02/28/2018	Searching vehicles involved in car loan	re-outsource prohibited
Contract assignment	Hon-jay Mgmt. Consulting Ltd.	03/01/2017-02/28/2018	Searching vehicles involved in car loan	re-outsource prohibited
Contract assignment	Sin Jang Co., Ltd.	12/04/2016-12/03/2017	Auctioning vehicles involved in car loan	[1]

[1] Re-outsource prohibited except agreed by the Bank via document.

5.8 Recent Applications for Approval of Securitized Products in Accordance with the "Financial Asset Securitization Act" or the "Clauses of the Real Estate Securitization Act", or Relevant Information: None.

6.1 Condensed Balance Sheet and Income Statement

6.1.1 Condensed Balance Sheet and Income Statement from 2012 to 2016

Condensed Statements Of Balance Sheet

Unit: NT$ thousands

Item		2016	2015	2014	2013	2012
Cash, Due from Central Bank and call loans to banks		28,334,272	62,884,388	70,532,834	71,592,040	76,626,371
Financial assets at fair value through profit or loss		26,970,324	28,139,467	25,436,545	16,697,537	11,098,438
Available-for-sale financial assets		26,088,335	34,029,179	33,187,027	58,058,353	54,300,018
Securities purchased under resell agreements		1,389,700	99,910	1,029,062	1,773,334	3,127,990
Receivables- net		3,975,434	6,842,678	5,605,800	6,371,080	7,485,641
Current tax assets		97,722	221,936	221,936	184,523	184,523
Assets classified as held for sale-net		89,967	89,967	-	-	19,472
Discounts and loans- net		182,231,120	179,947,097	191,009,208	185,828,247	199,926,904
Held-to-maturity financial assets-net		30,521,290	892,620	-	-	-
Other financial assets- net		151,726	118,334	1,133,372	786,193	337,524
Property, Plant and Equipment-net		803,521	862,349	963,750	928,296	955,083
Intangible assets-net		212,307	229,613	245,644	259,158	262,871
Deferred tax assets		2,091,945	2,536,879	3,065,512	3,553,076	4,058,999
Other assets- net		1,679,116	5,610,388	2,645,762	2,214,873	1,303,278
TOTAL ASSETS		304,636,779	322,504,805	335,076,452	348,246,710	359,687,112
Deposits from Central Bank and other banks		5,006,933	8,367,493	13,278,381	15,404,398	9,271,014
Financial liabilities at fair value through profit or loss		1,307,927	4,859,212	11,087,133	9,758,288	10,418,121
Securities sold under repurchase agreements		2,250,000	12,877,633	3,180,978	3,994,956	689,349
Payables		2,447,186	2,681,650	3,667,506	4,336,783	5,861,036
Current tax liabilities		113,455	240,332	39,072	47,450	8,720
Deposits and remittance		248,308,550	248,627,260	262,745,653	276,629,149	294,861,054
Financial debentures		10,000,000	10,000,000	10,000,000	10,000,000	11,190,000
Preferred stock liabilities		1,414,865	1,414,865	1,414,865	1,414,865	1,414,865
Other financial liabilities		2,689,367	2,282,900	1,076,019	883,607	1,133,467
Provisions		436,257	477,700	413,663	389,638	476,338
Deferred tax liabilities		41,580	55,450	74,141	45,124	12,993
Other liabilities		123,141	138,162	122,690	109,688	151,564
Total Liabilities	before distribution	274,139,261	292,022,657	307,100,101	323,013,946	335,488,521
	after distribution[1]	275,147,067	293,030,463	308,107,907	324,021,752	336,496,327
Equity attributable to stockholders of the parent		30,497,518	30,482,148	27,976,351	25,232,764	24,198,591
Capital	before distribution	16,796,775	16,796,775	16,796,775	16,796,775	16,796,775
	after distribution[1]	16,796,775	16,796,775	16,796,775	16,796,775	16,796,775
Capital surplus		1,461,505	1,461,505	1,461,505	1,461,505	1,461,505
Retained earnings	before distribution	12,246,537	12,199,069	9,952,931	7,737,481	6,017,980
	after distribution[1]	11,238,731	11,191,263	8,945,125	6,729,675	5,010,174
Other equity interest		(7,299)	24,799	(234,986)	(762,997)	(77,669)
Treasury shares		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	before distribution	30,497,518	30,482,148	27,976,351	25,232,764	24,198,591
	after distribution[1]	29,489,712	29,474,342	26,968,545	24,224,958	23,190,785

[1] The numbers after allocation was estimated based on the profit allocation case approved by 6th BOD meeting of the 9th term, which was pending for the approval of 2017 General Shareholders' Meeting. The remaining numbers would be approved in accordance with the decision of Annual General Shareholders' Meeting of the following year.

[2] The financial statements of recent five years have been audited by auditors. EnTie Bank had merged with its subsidiary, An Yin Insurance Broker Co. Ltd on August, 1, 2016. The information of 2016 disclosed above is individual based (calculated as merged from the beginning of the year,) and the information of the rest of years is consolidated based.

Condensed Statements Of Comprehensvie Income

Unit: NT$ thousands

Item	2016	2015	2014	2013	2012
Interest income	6,373,702	7,514,915	7,561,484	7,804,163	7,601,486
Less: Interest expenses	(2,766,822)	(3,239,240)	(3,422,669)	(3,578,216)	(3,784,702)
Net income of interest	3,606,880	4,275,675	4,138,815	4,225,947	3,816,784
Net non-interest income	2,693,292	3,581,748	3,045,439	2,335,572	4,936,607
Net revenue	6,300,172	7,857,423	7,184,254	6,561,519	8,753,391
Bad debt expenses and guarantee liabilities provision	(1,565,479)	(404,093)	(197,045)	(196,560)	(620,763)
Operating expenses	(3,024,531)	(3,328,911)	(3,258,285)	(3,016,584)	(3,560,422)
Net Income Before Tax	1,710,162	4,124,419	3,728,924	3,348,375	4,572,206
Income tax expenses	(655,483)	(829,288)	(527,445)	(707,120)	(430,055)
Net income	1,054,679	3,295,131	3,201,479	2,641,255	4,142,151
Other comprehensive income, net of tax	(31,503)	218,472	549,914	(599,275)	(87,870)
Total comprehensive income	1,023,176	3,513,603	3,751,393	2,041,980	4,054,281
Net income attributable to stockholders of the parent	1,054,679	3,295,131	3,201,479	2,641,255	4,142,151
Net income attributable to non-controlling interest	-	-	-	-	-
Total comprehensive income attributable to stockholders of the parent	1,023,176	3,513,603	3,751,393	2,041,980	4,054,281
Total comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share (EPS)	0.63	1.96	1.91	1.57	2.47

Note The financial statements of recent five years have been audited by auditors. EnTie Bank had merged with its subsidiary, An Yin Insurance Broker Co. Ltd on August, 1, 2016. The information of 2016 disclosed above is individual based (calculated as merged from the beginning of the year), and the information of the rest of years is consolidated based.

6.1.2 Auditors' Opinions from 2012 to 2016

Year	Accounting Firm	CPA	Audit Opinion
2016	KPMG	Jeff Chen, Dannie Lee	Unqualified Opinion
2015	KPMG	Charles Chen, Jeff Chen	Unqualified Opinion
2014	KPMG	Charles Chen, Jeff Chen	Unqualified Opinion
2013	KPMG	Charles Chen, Jeff Chen	Unqualified Opinion
2012	KPMG	Charles Chen, Phoebe Chung	Unqualified Opinion

6.2 Financial Analysis

Financial Analysis

Unit: NT$ thousands, %

Item		2016	2015	2014	2013	2012
Operating Performance	Ratio of loans to deposits (%)	74.52	73.60	73.76	68.05	68.64
	Ratio of NPL (%)	0.90	0.98	0.38	0.76	0.51
	Ratio of interest expense to average deposits (%)	0.75	0.90	0.93	0.98	1.00
	Ratio of interest revenue to average loans (%)	2.82	3.10	3.00	3.06	2.94
	Turnover rate of total assets (times)	2.01	2.39	2.10	1.88	2.43
	Average operating revenue per employee	3,717	4,375	3,919	3,737	4,757
	Average profit per employee	622	1,835	1,747	1,504	2,251
Profitability	Rate of return on tier I capital (%)	5.92	14.71	14.37	13.40	19.47
	Rate of return on total assets (%)	0.34	1.00	0.94	0.75	1.14
	Rate of return on equity (%)	3.46	11.27	12.03	10.69	18.27
	Net income ratio (%)	16.74	41.94	44.56	40.25	47.32
	Earnings per share (NT$)	0.63	1.96	1.91	1.57	2.47
Capital Structure	Ratio of liabilities to total assets (%)	89.99	90.55	91.65	92.75	93.27
	Property, Plant and Equipment-net / equity ratio (%)	2.63	2.83	3.44	3.68	3.95
Growth Rate	Assets growth (%)	(5.54)	(3.75)	(3.78)	(3.18)	(2.48)
	Profit growth (%)	(58.54)	10.61	11.37	(26.77)	75.09
Cash Flow	Cash flow ratio (%)	549.77	(30.83)	18.25	(2.12)	35.49
	Cash flow adequacy ratio (%)	732.61	(63.00)	(158.73)	(478.13)	(171.97)
	Cash flow satisfaction ratio (%)	(138.31)	249.46	3,568.55	(159.88)	(827.57)
Ratio of liquidity reserve (%)		36.32	36.43	38.56	48.10	43.61
Total secured loans of stakeholders		693,409	783,141	741,818	824,760	1,035,984
Ratio of total secured loans of stakeholders to total loans (%)		0.36	0.39	0.36	0.41	0.48
Business Scale	Market share of assets (%)	0.43	0.47	0.53	0.60	0.67
	Market share of net worth (%)	0.54	0.57	0.57	0.59	0.61
	Market share of deposits (%)	0.78	0.81	0.91	1.02	1.15
	Market share of loans (%)	0.79	0.81	0.88	0.90	0.99

Reasons for changes in each financial ratio over the last two years:
1. Compare to 2015, the Profit growth rate decreased in 2016 was due to a decrease of NT$2,414,254,000 in Net Income Before Tax.
2. Cash flow ratio increased in 2016 was due to the decrease of NT$27,378,964,000 in Due from Central Bank and call loans to banks, the decrease of NT$3,661,771,000 in receivables, the increase of NT$14,040,972,000 in loans, the decrease of NT$8,598,950,000 in available-for-sale financial assets, and the increase of NT$13,799,683,000 in Deposits and remittances, which resulted an increase of NT$44,993,047,000 in net cash inflow from the operating activities.

Note The calculations of the above mentioned table are as the follows:
1. Operating Performance
   Ratio of loans to deposits = loans / deposits
   Ratio of NPL= non-performing loans / loans
   Ratio of interest expense to average deposits = interest expense / average deposits
   Ratio of interest revenue to average loans = interest revenue / average loans
   Total asset turnover = net revenue / average assets
   Average operating revenue per employee = net revenue / total employees
   Average profit per employee = net income / total employees
2. Profitability
   Rate of return on tier 1 capital= net income before tax / average tier-1 capital
   Rate of return on total assets = net income / average assets
   Rate of return on shareholders' equity = net income / average equity
   Net income ratio = net income / net revenue.
   Earnings per share = (net income attributable to stockholders of the parent - dividends of preferred shares) / weighted average outstanding shares
3. Capital structure
   Ratio of liabilities to total assets = total liabilities / total assets
   Ratio of Property, Plant and Equipment-net to equity = total Property, Plant and Equipment-net / total equity
4. Growth Rate
   Assets growth rate = (total assets of the year – total assets of the previous year) / total assets of the previous year
   Profitability growth rate = (income before tax of the year — income before tax of the year) / income before tax of the year
5. Cash Flow
   Cash flow ratio = net cash flows from business activities / (call loans from other banks and overdrafts + commercial paper payables + Financial liabilities at fair value through profit or loss + securities sold under repurchase agreements + payables due in one year)
   Cash flow adequacy ratio = expected cash flows from business activities in 5 Years/ (capital expenditures + cash dividend) in 5 Years
   Cash flow satisfaction ratio = net cash flows from business activities / net cash flows from investment activities
6. Ratio of liquidity reserve = liquid assets stipulated by CBC / reserves appropriated for various types of deposits
7. Business Scale
   Market share of assets = total asset / total asset of all financial institutions available for deposits and loans
   Market share of net worth = total net worth / total net worth of all financial institutions available for deposits and loans
   Market share of deposits = total deposits / total net worth of all financial institutions available for deposits and loans
   Market share of loans = total loans / total loans of all financial institutions available for deposits and loans

Capital Adequacy

Unit: NT$ thousands, %

Item			2016	2015	2014	2013	2012
Eligible Capital	Common equity		27,479,391	27,478,175	25,125,197	22,790,327	-
	Additional tier 1 capital		1,226,418	1,621,307	1,864,032	2,106,267	-
	Tier 2 capital		-	1,866,663	3,781,499	5,780,900	-
	Eligible capital		28,705,809	30,966,145	30,770,728	30,677,494	-
Risk- weighted Assets	Credit risk	Standardized approach	197,140,589	210,880,601	224,278,217	226,645,305	-
		Internal ratings-based approach	-	-	-	-	-
		Securitization	435,645	446,310	-	233,210	-
	Operational risk	Basic indicator approach	12,949,230	13,517,982	12,830,439	12,182,536	-
		Standardized approach/ Alternative standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
	Market risk	Standardized approach	4,977,271	9,393,996	8,813,960	13,958,354	-
		Internal model approach	-	-	-	-	-
	Total		215,502,735	234,238,889	245,922,616	253,019,405	-
Capital adequacy ratio			13.32%	13.22%	12.51%	12.12%	-
Tier 1 capital / Risk-weighted assets ratio			13.32%	12.42%	10.97%	9.84%	-
Common equity / Risk-weighted assets ratio			12.75%	11.73%	10.22%	9.01%	-
Leverage ratio			9.10%	8.58%	6.00%	5.19%	-

[1] Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible capital and Risk-Weighted Assets of Banks".
[2] Formulas used were as follows:
(1) Eligible Capital= Common Equity +Additional Tier 1 Capital +Tier 2 Capital
(2) Risk-Weighted Assets= Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5
(3) Capital adequacy ratio= Eligible Capital/ Risk-weighted assets
(4) Ratio of Tier 1 capital to risk-weighted assets = (Common Equity + Additional Tier 1 Capital)/ Risk-weighted assets
(5) Ratio of common equity to risk-weighted assets = Common equity/Risk-weighted assets
(6) Leverage ratio = Tier 1 capital/ Total exposure measure
[3] EnTie Bank had merged with its subsidiary, An Yin Insurance Broker Co. Ltd on August, 1, 2016. The information of 2016 disclosed above is individual based (calculated as merged from the beginning of the year,) and the information of the rest of years is consolidated based.

Unit: NT$ thousands, %

Item			2016	2015	2014	2013	2012
Eligible Capital	Tier 1 Capital	Common stock	-	-	-	-	16,796,775
		Perpetual cumulated preferred stock	-	-	-	-	2,471,380
		Subordinated debts without maturity dates	-	-	-	-	-
		Capital collected in advance	-	-	-	-	-
		Capital surplus(except for property appraisal surplus	-	-	-	-	404,990
		Legal reserve	-	-	-	-	1,284,192
		Special reserve	-	-	-	-	125,598
		Accumulated reserve	-	-	-	-	4,945,742
		Minority interest	-	-	-	-	-
		Other shareholders' equity	-	-	-	-	(292,237)
		Less:goodwill	-	-	-	-	137,326
		Less:unamortized loss on sales of non-performing loan	-	-	-	-	-
		Less:capital allowance	-	-	-	-	505,048
		Less:50% of Retained earnings from Tier 1 and Tier 2 capital	-	-	-	-	-
		Total	-	-	-	-	25,094,066
	Tier 2 Capital	Perpetual cumulated preferred stock	-	-	-	-	-
		Subordinated debts without maturity dates	-	-	-	-	-
		Property appraisal surplus	-	-	-	-	-
		45% of unrealized gains on financial instruments in available for sale	-	-	-	-	77,983
		Convertible bonds	-	-	-	-	-
		The operating reserve and allowance for bad debt	-	-	-	-	-
		Long-term subordinated debts	-	-	-	-	8,000,000
		Non-perpetual preferred stocks	-	-	-	-	-
		The sum of perpetual cumulated preferred stock and subordinated debts without maturity dates exceeds 15% of total Tier 1 asset	-	-	-	-	-
		Less:capital allowance	-	-	-	-	505,048
		Less:50% of retained earnings from Tier 1 and Tier 2 capital	-	-	-	-	-
		Total	-	-	-	-	7,572,935
	Tier 3 Capital	Short-term subordinated debts	-	-	-	-	-
		Non-perpetual preferred stocks	-	-	-	-	-
		Total	-	-	-	-	-
	Total		-	-	-	-	32,667,001
Risk- weighted Assets	Credit risk	Standarized approach	-	-	-	-	232,419,406
		Internal ratings-based approach	-	-	-	-	-
		Securitization	-	-	-	-	84,539
	Operational risk	Basic indicator approach	-	-	-	-	10,325,954
		Standardized approach	-	-	-	-	-
		Advanced measurement approach	-	-	-	-	-
	Market risk	Standardized approach	-	-	-	-	11,260,757
		Internal model approach	-	-	-	-	-
	Total		-	-	-	-	254,090,656

(Continued)

Item	2016	2015	2014	2013	2012
Capital adequacy ratio	-	-	-	-	12.86 %
Tier 1 capital / Risk-weighted assets ratio	-	-	-	-	9.88 %
Tier 2 capital / Risk-weighted assets ratio	-	-	-	-	2.98 %
Tier 3 capital / Risk-weighted assets ratio	-	-	-	-	-
Common stock equity / Total assets ratio	-	-	-	-	4.67 %

[1] Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-Weighted Assets of Banks" .

[2] Formulas used were as follows:
Eligible Capital= Tier 1 Capital +Tier 2 Capital + Tier 3 Capital
Risk-Weighted Assets= Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk×12.5
Capital adequacy ratio＝Eligible Capital/ Risk-weighted assets.
Ratio of tier 1 capital to risk-weighted assets= tier I capital/ Risk-weighted assets
Ratio of tier 2 capital to risk-weighted assets= tier 2 capital/ Risk-weighted assets
Ratio of tier 3 capital to risk-weighted assets = tier 3 capital/ Risk-weighted assets
Ratio of common stock to total assets= Common Stock/ Total assets

[3] EnTie Bank had merged with its subsidiary, An Yin Insurance Broker Co. Ltd on August, 1, 2016. The information of 2016 disclosed above is individual based (calculated as merged from the beginning of the year,) and the information of the rest of years is consolidated based.

6.3 Audit Committee Report

審 計 委 員 會 審 查 報 告 書

Audit Committee's Review Report

本公司民國一〇五年度營業報告書、盈餘分派表及經安侯建業聯合會計師事務所陳俊光、李逢暉會計師查核簽證之財務報告，經本審計委員會查核完竣，認為尚無不合，爰依證券交易法第十四條之四第三項準用公司法第二一九條之規定備具報告書。

敬請　鑒核。

We have checked the business report, Earning Distribution Table, the financial statements prepared by the Bank and audited in advance by KPMG for the year of 2016 and found no items that are inaccurate. This report is submitted in accordance with Article 219 of the Company Act as prescribed in paragraph 3 of Article 14-4 of Securities and Exchange Act.

此 致

本公司一〇六年股東常會

To：Annual General Meeting of the Shareholders of EnTie Commercial Bank, 2017

安泰商業銀行股份有限公司審計委員會

Audit Committee of EnTie Commercial Bank, Co. Ltd.

召 集 人：裴達希

Convener：

中 華 民 國 一 〇 六 年 四 月 二 十 五 日

6.4 Financial Statements 2016

Please refer to "Appendix .Financial Statements 2016".

6.5 Financial Difficulties

The Company should disclose the financial impact to the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2016 and as of the date of this annual report : None.

7.1 Analysis of Financial Status

Balance Sheets

Unit: NT$ thousands

Item	2016	2015	Difference	
			Amount	%
Cash, Due from Central Bank and call loans to banks[1]	$ 28,334,272	$ 62,884,388	(34,550,116)	(55)
Financial assets at fair value through profit or loss	26,970,324	28,139,467	(1,169,143)	(4)
Available-for-sale financial assets[2]	26,088,335	34,029,179	(7,940,844)	(23)
Securities purchased under resell agreements[3]	1,389,700	99,910	1,289,790	1,291
Receivables-net	3,975,434	6,842,678	(2,867,244)	(42)
Current tax assets	97,722	221,936	(124,214)	(56)
Assets classified as held for sale-net	89,967	89,967	-	-
Discounts and loans-net	182,231,120	179,947,097	2,284,023	1
Held-to-maturity financial assets-net[4]	30,521,290	892,620	29,628,670	3,319
Other financial assets-net	151,726	118,334	33,392	28
Property, Plant and Equipment-net	803,521	862,349	(58,828)	(7)
Intangible assets-net	212,307	229,613	(17,306)	(8)
Deferred tax assets	2,091,945	2,536,879	(444,934)	(18)
Other assets-net[5]	1,679,116	5,610,388	(3,931,272)	(70)
TOTAL ASSETS	304,636,779	322,504,805	(17,868,026)	(6)
Deposits from Central Bank and other banks[6]	5,006,933	8,367,493	(3,360,560)	(40)
Financial liabilities at fair value through profit or loss[7]	1,307,927	4,859,212	(3,551,285)	(73)
Securities sold under repurchase agreements[8]	2,250,000	12,877,633	(10,627,633)	(83)
Payables	2,447,186	2,681,650	(234,464)	(9)
Current tax liabilities	113,455	240,332	(126,877)	(53)
Deposits and remittance	248,308,550	248,627,260	(318,710)	-
Financial debentures	10,000,000	10,000,000	-	-
Preferred stock liabilities	1,414,865	1,414,865	-	-
Other financial liabilities	2,689,367	2,282,900	406,467	18
Provisions	436,257	477,700	(41,443)	(9)
Deferred tax liabilities	41,580	55,450	(13,870)	(25)
Other liabilities	123,141	138,162	(15,021)	(11)
Total Liabilities	274,139,261	292,022,657	(17,883,396)	(6)
Capital	16,796,775	16,796,775	-	-
Capital surplus	1,461,505	1,461,505	-	-
Retained earnings	12,246,537	12,199,069	47,468	-
Other equity interest	(7,299)	24,799	(32,098)	(129)
Total equity	30,497,518	30,482,148	15,370	-

[1] Mainly due to the Central Bank Negotiable Certificates of Deposit (NCD) policy, decrease of NT$31,740,000,000 in Deposits transferred to Central Bank, and decrease of NT$1,520,159,000 in Due from other banks and decrease of NT$2,419,305,000 in Call loans to banks.
[2] Mainly due to a decrease of NT$5,843,730,000 in Government bonds, and decrease of NT$1,523,045,000 Corporate bonds, and decrease of NT$610,285,000 in Financial debentures.
[3] Mainly due to an increase of NT$1,289,790,000 in Commercial papers.
[4] Mainly due to the Central Bank Negotiable Certificates of Deposit (NCD) issuance policy, an increase of NT$29,650,000,000 in NCD.
[5] Mainly due to a decrease of NT$3,829,873,000 in Refundable deposits.
[6] Mainly due to a decrease of NT$3,365,560,000 in Due to other banks.
[7] Mainly due to a decrease of NT$3,563,170,000 in Held for trading purposes (a decrease of NT$3,048,436,000 in Options).
[8] Mainly due to a decrease of NT$5,053,061,000 in financial assets at fair value through profit or loss, and decrease of NT$5,574,572,000 in available-for-sale financial assets.

7.2 Analysis of Financial Results

Statements Of Comprehensive Income

Unit: NT$ thousands

Item	2016	2015	+/-	%
Interest income	$ 6,373,702	$ 7,514,915	(1,141,213)	(15)
Less: Interest expenses	(2,766,822)	(3,239,240)	472,418	(15)
Net income of interest	3,606,880	4,275,675	(668,795)	(16)
Net-non-interest income	2,693,292	3,581,748	(888,456)	(25)
Net revenue	6,300,172	7,857,423	(1,557,251)	(20)
Bad debt expenses and reserve for guarantee liabilities provision	(1,565,479)	(404,093)	(1,161,386)	287
Operating expenses	(3,024,531)	(3,328,911)	304,380	(9)
Net Income Before Tax	1,710,162	4,124,419	(2,414,257)	(59)
Income tax expense	(655,483)	(829,288)	173,805	21
Net income	1,054,679	3,295,131	(2,240,452)	(68)
Other comprehensive income, net of tax	(31,503)	218,472	(249,975)	(114)
Total comprehensive income	1,023,176	3,513,603	(2,490,427)	(71)

Analysis of increase/decrease in ratios :
The decrease of net revenue and net income in this period was mainly due to the decrease of NT$668,795,000 in net income of interest, the decrease of NT$457,584,000 in service fee and commission income, the decrease of NT$448,279,000 in gains on financial assets or liabilities measured at fair value through profit or loss, and the increase of NT$1,161,386,000 in bad debt expense and guarantee liability provision.

7.3 Analysis of Cash Flow

Liquidity Analysis for the latest 2 years

	2016	2015	%
Cash Flow Ratio (%)	549.77	(30.83)	580.61
Cash Flow Adequacy Ratio (%)	732.61	(63.00)	795.61
Cash Flow Satisfaction Ratio (%)	(138.31)	249.46	(387.77)

Analysis of financial ratio deviation :
1. The increase of cash flow ratio compared to 2015 was due to the decrease of NT$27,378,964,000 in Due from Central Bank and call loans to banks, the decrease of NT$3,661,771,000 in receivables, the increase of NT$14,040,972,000 in loans, the decrease of NT$8,598,950,000 in available-for-sale financial assets, and increase of NT$13,799,683,000 in Deposits and remittances ,which resulted in an increase of NT$44,993,047,000 in net cash inflow from the operating activities.
2. The increase of cash flow adequacy ratio in 2016 as compared to 2015 was due to net cash outflow increase of NT$44,993,047,000 from operating activities.
3. The Cash Flow Satisfaction Ratio was decreased compared to 2015 was due to the increase of NT$24,011,621,000 of net cash outflows from Investing activities, and the increase of NT$28,736,050,000 in held-to-maturity financial assets.

Cash Flow Analysis for The Coming Year

Unit: NT$ thousands

Beginning Cash Balance (1)	Expected Net Cash Flows of Operating Activities Over the Year (2)	Expected Cash Outflows Over the Year (3)	Expected Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plan	Financing Plan
4,317,897	10,719,489	9,500,608	5,536,778	-	-

Analysis of deviation in cash flow:
1. Operating Activities: mainly result from the change in held to maturity financial assets, loans, deposits, financial assets at fair value through profit or loss, and available-for-sale financial assets.
2. Investing Activities: mainly due to the increase of securities purchased under resell agreements.
3. Financing Activities: mainly due to the increase of securities sold under repurchase agreements and paid at maturity Financial debentures.

7.4 Major Capital Expenditure in Recent Years: None.

7.5 Long-term Investment Policy and Results

Reinvestment policies in recent years
The Bank' s reinvestment policy is based on diversification, risk dispersion and increase of investment profit. The current reinvestment is mostly coordinated with the government policies or related to the financial core business. Other industries are selected where there are superior-quality enterprises with prospects for profitability on a long-term basis.

The major reasons for Gains and Losses, plans for improvement
The annual appropriation of dividends is the source of prof of the Bank's investment. An Yin Insurance Broker Co., Ltd had merged with the Bank on August 1 2016 according the Board meeting resoultion . The Bank will continue to enhance the risk control and corporation promotion with its reinvestments while actively review these company's their profit and sales performance.

Investment plans for the most recent year
The Bank will continue to hold fast to its reinvestment policies, cautiously evaluate the investment possibility when there is a suitable investment case, to pursue diversified growth, improving business performance and competitiveness.

7.6 Risk Management

7.6.1 Qualitative and Quantitative Information of Various Risks

Credit Risk Management System and Capital Requirement
Credit Risk Management System

12/31/2016

Item	Content
Strategies, goals, policies and procedures of credit risk	In order to establish and effectively execute the Bank's risk management system, raise the efficiency and value of risk management and reach operational and managerial goals, the Bank developed "Risk Management Policies and Procedures", "Credit Risk Management Rules of Entie Commercial Bank", which include credit risk management policies and control system for relevant divisions to follow 1. Credit risk management strategies (1) The Bank's credit management strategies support the operations of all BUs, and are employed as guidelines for managing credit risk–related businesses. Factors include credit types, industries, collateral types and will be considered to evaluate credit risk and risk mitigation, and then the Bank selects and develops acceptable credit portfolio risk, including credit diversification, credit centralization limit. Also, the Bank will consider funding cost, business growth, expected growth and returns, profit goals, and risk-adjusted returns. (2) To ensure the strategic effectiveness, credit risk management strategies should comply with regulations and consider impacts from economic cycles, local and international financial markets and industry competition to develop responsive approach and adjust credit risk strategies. (3) To ensure the effective implementation of credit risk management strategies, credit risk managing divisions should, according to credit risk management strategies, consider nature and risks of different business types (such as corporate banking or retail banking) to establish credit screening processes. 2. Goals for credit risk management Complete the credit risk management structure, and manage credit risks of all assets through appropriate managerial strategies, polices and procedures. Institutionalize, professionalize and organize credit risk management so as to fulfill corporate governance. 3. Credit risk management policies Cover corporate banking, retail banking and treasury. In conformity with government regulations, needs in banking practices and risk tolerance (including risk limit management, credit cycle management…etc), the Bank controls the credit quality within acceptable levels and pursues equilibrium between risks and returns in order to improve overall business quality and shareholders' equity. 4. Credit risk management procedures The Bank utilizes credit risk managing procedures, including risk recognition, measurement, communication, supervision and reporting, to effectively manage the life cycle of credit risk exposure, establish management mechanism for credit risk cycles- including credit strategies and planning, credit approval management, credit portfolio management, customers management, debt management, bad debt management, loan loss reserve, risk monitoring and information management… etc.

(Continued)

Item	Content
Organization and Structure of Credit Risk Management	Credit risk management organizations at the Bank include the Board of Directors, Management Committee, Credit Review and Approval Committee, Risk Management Committee, Corporate Credit Review Committee, Risk Management Department, all responsible units in the head office, and all Branches (Regional Centers). Roles and responsibilities of each credit risk management organization as following: 1. Board of Directors (1) The highest decision-making unit of risk management, to approve and review the Bank's credit risk management policies and periodically monitor the operations of the risk management mechanism, to promote and establish proper risk management culture. (2) To review the credit risk management report and other information related to credit risk. 2. Management Committee (1) To approve related credit risk management regulations. (2) To approve or pre-approve information and strategy of credit risk management. 3. Credit Review and Approval Committee According to related regulations of the credit review , shall review and approve all credit facilities, the amount of which is over the authority delegated to the President. 4. Risk Management Committee (1) To supervise the implementation of each credit risk performance. (2) To monitor the status of the credit risk limits that can be undertaken by each business of the Bank. (3) To review the credit risk report, evaluate the effectiveness of the risk control mechanism, and supervise and guide the responsible units for improvement. 5. Corporate Credit Review Committee To examine new credit, new facility, renewal or amendment credit applications from Corporate Banking Regional Centers. 6. Risk Management Department (1) To execute the risk management decisions approved by the Board of Directors and the Risk Management Committee. (2) To report credit risks to the Risk Management Committee periodically. (3) To coordinate, communicate among the responsible units in the head office for related matters and constantly monitor the Bank's credit risk management mechanism. To verify, measure and monitor the Bank's overall credit risk tolerance and exposure with the support of information system. (4) Plan to establish risk management system and credit scoring model and methodology confirmation. 7. Responsible Units in the Head Office (1) To draft related credit risk strategy and regulations according to credit policy. (2) To establish the credit risk management, mechanism and procedure between counterparty. (3) To establish and management credit risk scoring model and system and execute the credit risk management work to maintain the asset quality. 8. Business Units (Regional Centers) To follow and execute related rules and regulations of credit risk management.
Scope and Features of Credit Risk Reporting and Evaluation System	1. For credit risk management, the responsible division shall ensure the completeness and correctness of data all the way from front end data entry, database storage to data generation, ie, credit risk analyses. 2. Information about credit risk management should cover the whole credit risk cycle- from receiving customers' applicatiosn, credit screening, credit approval, credit review and early warning management, reckoning/rollover or collection for default, and capital requirement for risk-weighted assets. Information generated from the scoring systems should be thoroughly maintained. 3. When information management divisions establish the database related to credit risks, the database should incorporate complete information and integrity among different sources. Meanwhile, an information management system should be constructed for information maintenance. In addition, information should meet the needs of risk management to ensure it is sufficient and appropriate to reflect any changes in credit risk.
Credit Risk Avoidance or Mitigation Policies; Strategy and Procedures for continuously effective monitoring of risk avoidance and mitigation tools	1. In order to lower the exposure to credit risk, the Bank utilizes the following risk mitigation tools (1) Collateral provided by loan customers, counterparties or any third parties. (2) Netting within balance sheet, such as mitigating the risk based on the deposit savings of the loan customers or counterparties at the bank. (3) Guarantee from third parties. (4) Credit derivatives. 2. Utilize credit risk mitigation tools, collateralized transactions, and book-value reckoning, guarantee and legal documents of credit derivatives should pay attention to comply with regulations. 3. Credit risk monitoring refers to effectively evaluating the borrower's, the guarantor's or the transaction counterparties' financial situation to ensure they have sufficient cash flow to repay for every period and whether the value of the collateral is enough, Furthermore, it also includes instantly recognizing and actively managing nonperforming loans and ensuring the Bank reserves enough loss reserve to maintain asset quality. 4.The information management divisions and credit risk information using division will plan and establish information management systems or mechanism, such as credit risk management database or data warehouse for risk analysis and monitoring. Risk monitoring can be implemented through risk information management and stress testing.
Approach for Legal Capital Requirement	Credit Risk- Standard approach.

Risk Exposure after Mitigating Risks from the Standardized Approach of the Credit Risk and Capital Requirement

12/31/2016
Unit:NT$thousands

Exposure Type	Risk Exposure after Mitigation	Capital Requirement
Sovereign state	53,592,465	0
Non-central government public sections	2,286,269	164,580
Bank (including multilateral development banks)	32,284,980	916,549
Enterprise (including securities and insurance companies)	73,030,304	5,288,823
Retail credit	74,071,227	5,239,135
Residential real estate	48,219,374	2,732,255
Equity Investment	6,889	2,205
Other assets	17,641,413	1,390,336
Total	301,132,921	15,733,883

The Managerial System, Risk Exposure and Capital Requirement for Asset Securitization

Asset Securitization Risk Management System

12/31/2016

Item	Content
Strategy and Procedures for Managing Asset Securitization	Not applicable, since the Bank is not an originating bank
Organization and Structure for Managing Asset Securitization	
Scope and Features for asset securitization risk reporting and evaluation systems	
Policy for risk avoidance or mitigation, and strategy and procedures for continuously effective monitoring of risk avoidance and mitigation tools	
Approach for Legal Capital Requirement	Standard Approach (for non-founding bank)

Engagement of Asset Securitization: Not applicable.

Risk Exposure and Capital Requirement for Asset Securitization

12/31/2016
Unit:NT$thousands

Bank Category	Book Type	Asset Category	Traditional					Synthetic		Total		
			Risk Exposure Amount				Capital Requirement (2)	Risk Exposure Amount	Capital Requirement (4)	Risk Exposure Amount (5)=(1)+(3)	Capital Requirement (6)=(2)+(4)	Capital Requirement Before Securitization
			Retained or Purchased	For Liquidit Facility	For Credit Enhancement	Sub-total (1)		Retained or Purchased (3)				
Non-Founding Bank	Banking Book	ABS	871,290			871,290	34,852			871,290	34,852	
	Trading Book											
	Sub-total	ABS	871,290			871,290	34,852			871,290	34,852	
Founding Bank	Banking Book											
	Trading Book											
	Sub-total											
Total		ABS	871,290			871,290	34,852			871,290	34,852	

General Securitized Commodity Information

General Securitized Commodity Investment Information Table

12/31/2016
Unit:NT$thousands

Item[1]	Listed Accounting Codes	Original Cost	Accumulated Value Gain and Loss	Accumulated Impairment	Book Value
ABS	Held-to-maturity financial asset	871,290	0	0	871,290

[1] The table includes the securitized commodities in Taiwan and from overseas. The items are completed based on the following classifications:
(1) Mortgage-Backed Securities (MBS): including Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), and Collateralized Mortgage Obligations (CMO) and other mortgage-backed securities.
(2) Assets Backed Securities (ABS): including Collateralized Loan Obligations (CLO), Collateralized Bond Obligations (CBO), Credit Card Receivables Obligations, Auto Loan Obligations, Consumer Loan/Cash Card Obligations, Lease Receivables Obligations and other securitization securities or assets backed securities.
(3) Short-term beneficiary security or short-term asset-backed commercial paper (ABCP).
(4) Collateralized debt obligation (CDO).
(5) Real Estate Securitization: Defined as the Real Estate Asset Trust (REAT).
(6) Bonds issued by the Structural Investment Vehicle (SIV).
(7) Other securitized commodities.

Information of each Securitization Products Investment with Original Cost of NT$300Mn or above (excluding those held for credit enhancing purpose as a founder bank):

12/31/2016
Unit:NT$thousands

Names of securities[2]	Listed accounting item	Denomination currency	Issuer and its location	Purchase date	Maturity date	Coupon rate	Credit rating[3]	Payment method for principal and interest	Original cost	Unrealized profit & Loss	Accumulated impairment	Book value	Attachment point[4]	Contents of assets pool[5]
Landmark Funding 2015 Ltd.	Held-to-maturity financial assets	USD	SPV in Cayman Islands	06/08/2015	06/12/2020	Fixed 3.42%	A	Interest paid Quarterly, principal return at due time	484,050	0	0	484,050	N.A.	Loan
China Car Funding Investment 2015	Held-to-maturity financial assets	USD	SPV in Cayman Islands	09/17/2015	09/23/2020	Floating US 3M Libor + 170bps	A	Interest paid Quarterly, principal return at due time	387,240	0	0	387,240	N.A.	Loan

[1] The table includes domestic and foreign products
[2] Full names should be provided for same securities product in difference issuance
[3] Provide result of the latest credit rating
[4] Attachment point refers to share of sub-issuance value with compensation priority lower than that for securities held by the bank in the total issuance value of the securitized product. Assuming, for example, a bank purchases A security of a certain CDO (collateralized debt obligation), the security has sub-security BBB and sub-equity security with compensation priority lower than A security. The total issuance value of BBB and sub-equity security amounts to 12% of the total value of the CDO. Then the attachment point for A security is 12%.
[5] Assets pool refers to assets portfolio handed by originating institution to trustee or other company with a special purpose. Specify kind of assets In the portfolio (denote primary lien or subordinated status), details, value on book in original currency and number.

- Held for the purpose of enhancing credit as a securitization founder bank: None.
- The Bank acting as a credit impaired asset purchase institution or a settlement purchase institution of securitization products: None.

The Bank acting as a guarantee agency or providing liquidity facilities: None.

Operational Risk Management System and Capital Requirement

Operational Risk Management System

12/31/2016

Item	Content
Operational Risk Strategies and Procedures	1. Operational Risk Strategies The Bank thinks the best way to control or manage the operational risk, is to establish a complete operational system, to educate the risk awareness to every employee, and to promote a disciplined business culture, together with a complete internal audit system. As a result, the Bank not only improves employees' on-the-job training, but also sets up various operational guidelines for staff to follow, which include risk management policy and procedures, operational risk management rules, internal control system guidelines, new product evaluation guidelines and operational guidelines of each business. As to the external risks, the Bank will stay sensitive to market environment, customer behavior, technical evolution and regulatory changes in order to grasp the window of opportunity. 2. Operational Risk Management Procedures (1) Notification, Review, Improvement, Control and Collection of Operational Risk Events: Previously the Bank's operational risk events were reported via paper format.However, to enhance the efficiency in reporting and processing, the Bank has set up an operational risk event database, which has been automated since November 2009. This "operational risk event reporting system" has been used to effectively review and improve operational processes, and the Risk Management Department has been responsible for managing the progress and implementation of various improve-ment measures. (2) Risk Identification: The Bank has adopted RCSA self-evaluation mechanism to identify potential operational risks.Each Group and business unit shall review the internal and external factors such as characteristics of its businesses and environment.To draw up the appropriate monitoring items by products or services, and the RCSA in March and September annually. And hopefully they can identify potential risks in time, and adopt control measures to improve. (3) Risk evaluation and measurement mechanism: Based on the collected operational risk events, and the seven loss types and eight businesses as defined in BASEL II, the Bank has compiled an "Operational Risk Measurement Results Table," using high (red light), medium (yellow light) and low (green light) grades to quantify risks. (4) Risk supervision and reporting: The operational risk events identified and reported by each business unit, and the self-evaluation results will be reviewed by a responsible department, which discusses the causes of such risks and design improvement measures. The Risk Management Department tracks the progress and regularly reports to the Risk Management Committee and the Board of Directors, as well as supervises overall operational risk exposure and improvement.
The Organization and Structure of Operational Risk Management	The Operational Risk Management organization includes: the Board of Directors, Risk Management Committee, Risk Management Deparment, responsible units in the head office, all departments within the Bank and all personnel. Roles and responsibilities in Operational Risk Management for each organization: 1. Board of Directors (1) To promote and establish proper culture for risk management. (2) To approve and review the Bank's risk management policies, and regularly monitor the effectiveness of the operational risk management mechanism. (3) To approve and review risk management report, and other information regarding operational risk. 2. Risk Management Committee (1) To supervise the operation of the risk management mechanism base on the operational management policies approved by the Board of Directors. (2) To review the operational risk indicators and risk measurement results. (3) To review the operational risk management reports, evaluate the effectiveness of the risk control mechanism, and supervise the progress of improvements. 3. Risk Management Department (1) To execute the risk management policies approved by the Board of Directors and the Risk Management Committee. (2) To establish and modify the internal regulations relating to operational risk management. (3) To collect and analyze operational risk event, review the cause and improvement measures of operational risk events. (4) To present the operational risk management report to the Risk Management Committee periodically. (5) To coordinate, communicate and supervise the issues related to the operational risk among the responsible units and continue to monitor the implementation result of risk management. 4. Responsible Units in the Head Office Responsible for all risks within its unit. Take responsibility to fully improve the operational risks that happen within its unit. 5. All departments within the Bank To follow and execute the related regulations of operational risk management and report the operational risk events. 6. All Personnel All personnel are responsible for the operational risk. One should implement a routine operational risk management based on one's job scope.

(Continued)

Item	Content
Scope and Features of Operational Risk Reporting and the Evaluation System	1. The Bank will update the operational risk exposure related information to the Board of Directors periodically. In the event that a major exposure is identified, which could damage the finance, business or legal compliance, the case should be properly treated immediately and reported to the Board of Directors. 2. The Bank will update the overall operational risk exposure to the Risk Management Committee periodically, the content includes Overview of important risk management indicators, operational risks, analysis of loss events, self-evaluation of operational risks, cases of competitors disciplined by the authorities, and scenario analysis.
Operational Risk Avoidance or Mitigation Policies; Strategy and Procedures for continuously effective monitoring of risk avoidance and mitigation tools	1. Use avoidance strategies for operational risks of high frequency and servere loss. Meanwhile, risk mitigation tools, such as insurance or outsourcing, are used to transfer operational risks and reduce the pressure of capital loss from operational risks, allowing capital to be utilized more effectively. 2. Design a table of responsibilities for different levels.The table clearly states the job scope of each level of personnel and the SOP, in order to improve the operational efficiency and accuracy, and reduce the operational risks. 3. Draw up the operational guidelines and handbook of each business. To review them from time to time in order to meet the requirement of internal control system. 4. Self-audit or get general or project checkups by the auditing department from time to time in order to ensure the quality of each business. 5. Enhance staff's on-the-job training to improve their professional skills. 6. Establish a reporting and handling mechanism for grievance and unusual operations.
The Approach for Legal Capital Requirement	Basic indicator approach

Capital Requirement for Operational Risk

12/31/2016
Unit: NT$ thousands

Year	Gross Profit	Capital Requirement
2014	7,067,414	
2015	7,602,030	
2016	6,049,325	
Total	20,718,769	1,035,938

Market Risk Management System and Capital Requirement

Market Risk Management System

12/31/2016

Item	Content
Market Risk Strategies, Goals, Policies and Procedures	For a sound and effective implementation of a market risk management mechanism, reducing the market risk and reaching operational and management goals, the market risk management guidelines and regulations has been developed, based on the Bank's risk management policies and procedures, to identify, evaluate, measure, monitor, communicate and report the risk involved with each investment.
Organization and Structure of Market Risk	The Bank's Market Risk Management organization and structure include the Board of Directors, Risk Management Committee, Risk Management Department, responsible units in the head office, the trading units and their staff, risk control personnel and back office staff.
Scope and Features of Market Risk Reporting and the Evaluation System	Market Risk is also known as "price risk," which means the possible loss shown in and out of the Bank's balance sheet caused by the value change of financial product or investment portfolios due to the change of future market prices (the change of market interest rate, exchange rates, stock prices and product prices…etc.). The monitoring including the overall and individual trading procedures of each trading unit and financial product, such as position changes, changes of gain/loss, trading activing, trading object, etc., all of which should be operated under the regulation and the bank authorized scope position and loss limits.The Bank has established a complete market risk measurement and management mechanism.
Market Risk Avoidance or Mitigation Policies; Strategy and Procedures for continuously effective monitoring of risk avoidance and mitigation tools	Based on the "Regulations Governing Internal Operating Systems and Procedures for Banks Conducting Financial Derivatives Business" announced by the Banking Bureau, the Bank set up the criteria Governing the operation of Financial Derivatives and internal control operational guidelines. The Bank also reviews the notional principal and loss limit periodically, and enhance risk control of each trading unit.
The Approach for Legal Capital Requirement	Standard Approach

Capital Requirement for Market Risk

12/31/2016
Unit: NT$ thousands

Type of Risk	Capital Requirement
Interest Rate Risk	225,465
Equity Risk	59,645
Foreign Exchange Risk	110,120
Product Risk	2,952
Total	398,182

Maturity Analysis of Assets and Liabilities and the Approach Adopted for Managing Assets Liquidity and Financing Gap Liquidity

Structure analysis of New Taiwan Dollars time to maturity

12/31/2016
Unit: NT$ thousands

	Total	Amount remaining to due date					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~1year	Over 1 year
Major capital inflow at maturity	272,120,979	34,140,094	31,992,132	33,214,084	24,752,264	31,936,844	116,085,561
Major capital outflow at maturity	322,844,729	11,777,645	19,239,577	48,066,998	70,299,341	90,800,300	82,660,868
Gap	-50,723,750	22,362,449	12,752,555	-14,852,914	-45,547,077	-58,863,456	33,424,693

Structure analysis of U.S. Dollars time to maturity

12/31/2016
Unit: US$ thousands

	Total	Amount remaining to due date				
		0~30 days	31~90 days	91~180 days	181days ~ 1year	Over 1 year
Major capital inflow at maturity	1,669,396	409,770	389,122	222,485	175,342	472,677
Major capital outflow at maturity	2,136,388	528,065	583,549	463,685	501,508	59,581
Gap	-466,992	-118,295	-194,427	-241,200	-326,166	413,096

The Bank's management approach on asset liquidity and fund shortage liquidity

- Besides in compliance with the Banking Act, Central Bank Act, and relevant regulations, to manage the Bank's operational risks, maintain appropriate liquidity, and ensure payment capability, financial stability and emergency response capabilities, the Bank also sets up Liquidity Risk Management Standards, and reports regularly to the Asset Liability Management Committee about maturities gap and structural changes of the Bank's assets and liabilities.
- For measurement and control, the Bank has leveraged IT system to regularly analyze and supervise fund shortages at all maturities and compile reports on "NT Dollar Liquidity Gap Analysis, US Dollar Liquidity Gap Analysis, and Structure analysis of New Taiwan Dollars time to maturity(0-30days)." At the mean time, the Bank also observes domestic and foreign financial markets and adjusts its management tactics and regularly reports to the Asset Liability Management Committee.

7.6.2 Effect of Changes in Important Local and Foreign Policies and Laws on Bank's Business and Responding Measures

Key Regulatory Changes	Impact on the Bank and Countermeasures
The Financial Supervisory Commission letter dated April 11, 2016, and coded Jin-Guan-Yin-He-Zi-Di 10530000630 stipulates the regulatory requirements with which financial institutions must comply in order to prevent disputes that may arise from offerings of mortgage and life insurance products. Financial institutions are also advised to incorporate these requirements into their internal control and audit systems.	The Bank has incorporated the requirements into its self-evaluation teaching materials to educate staff and into internal audit document for verification.
The Financial Supervisory Commission letter dated July 21, 2016, and coded Jin-Guan-Yin-Kong-Zi-Di 10560001510 stipulates that the control of structured product trading and the customer complaint and dispute resolution system must be strengthened and reported to the board.	The Bank has analyzed structured product-related customer complaints, reviewed the adequacy and implementation of its KYC and KYP guidelines, and set up a control system for product trading for underprivileged clients and one for concentration risk of structured products. These measures have all been reported to and approved by the board.
The Financial Supervisory Commission letter dated October 4, 2016, and coded Jin-Guan-Yin-Guo-Zi-Di 10500239101 stipulates that the procedures for signing a contract with financial consumers, the contents of contracts, and risk disclosure must all be in line with requirements set out in the Financial Consumer Protection Act.	The Bank has devised a comprehensive set of policies to ensure fair dealing with customers. Staff have been informed of these policies, which have also been incorporated into the Bank's internal guidelines.
According to the Financial Supervisory Commission letter dated December 2, 2016, and coded Jin-Guan-Yin-Fa-Zi-Di 10510005202, the Directions Governing Anti-Money Laundering and Countering Terrorism Financing of the Banking Sector have been amended. Some of the major revisions are as follows. • Risk evaluation of money laundering and terrorism financing, along with plans to counter such risks, should be part of the banking sector's internal control system; executives and the board should understand these plans. • An independent, dedicated unit should be set up, and the board should appoint to head the unit an executive who will report to the board and supervisors every six months. • The dedicated officer, personnel, and supervisors responsible for anti money laundering and counter terrorism financing should possess the legally mandated qualifications and receive on-the-job training.	The Bank is modifying its organization and internal control system in accordance with the revisions.
Major revisions to the Labor Standards Act promulgated on December 21, 2016 are as follows. • The "one fixed day off and one flexible rest day" clause was finalized. • The threshold for annual leave is now lower, and employees are now entitled to be paid for annual leave not taken. Overtime pay is also set higher.	The newly amended Labor Standards Act will drive up business costs. The Bank has adjusted its regulations regarding leave and overtime to bring them into line with the law.

7.6.3 Effect of Change in Technologyand Industry on Bank's Business and Responding Measures

The modern technology will improve the Banks' business model. For the FinTech new technology outcoming, it bring dramatically infiuences on the banking industry. Such as AI technology using on investment, wealth management, financial business, and tranction consulting, the Bank will consider it for major research project in future.And such as electrical currency, mobile payment new tranction pattern, it will lead a new direction for bank's electrical tranction.The Bank will put in proper resource and humanpower in new FinTech technology according to software and hardware of the Bank for now.And we will be watching closely in blockchain, bigdata, and robot technology applying on banking industry, then we will make proper measures to adopt it.

7.6.4 Effect of a Change in Bank's Image and Responding Measures

EnTie rolled out new corporate identity system (CIS) since 2012. Many Branches have adopted the new CIS, and became brand new branches with a customer focus. The launch of new CIS was beneficial to the Bank's corporate image. To effectively control quality in media communication and to avoid poor handling of public relations, the Bank has implemented a "spokesperson"system, and created the Principles Handling Contingency. When the Bank faces a risk event that endangers its corporate image, the SOPs are followed to notify relevant department heads. The PR risk notification mechanism shall be established to prevent damage escalation, and protect the Bank's reputation and brand image.

7.6.5 Expected Benefits, Possible Risks and Responding Measures for M&As

No merger or acquisition in 2016.

7.6.6 Expected Benefits, Possible Risks and Responding Measures for Network Expansion

No network expansion in 2016.

7.6.7 Risks and Responding Measures of Business Concentration

When business is concentrated, operating profits are concentrated in interest income of deposits and loans or in one industry or one customer group, which will increase a bank's risks and subject to the change of economic cycle. Currently, the credit and investment of the Bank all conform to the internal limit policy, and are executed within the limits.

7.6.8 Effect, Risks and Responding Measures to Ownership Changes

No ownership changes in 2016.

7.6.9 Impact, risks and countermeasures if any board directors, supervisors or shareholders who own more than 1% shares of the Bank make a significant share transfer or replacement

None.

7.6.10 Litigation or Non-litigation Cases

None.

7.6.11 Other Important Risks and Responsive Procedures

None.

7.7 Crisis Management Mechanism

In line with various regulations drawn up by the competent authority, the Bank has prepared "Rules for Emergency Response to Disaster Recovery" , "Criteria for Security Maintenance Operations" , as well as "Criteria for Crisis Management" . In accordance with these emergency response plans, the Bank has set up an emergency response task force, an emergency contacting and reporting mechanism, security maintenance team, emergency handling procedures, business recovery approach, and customer service contingency approach. When major crises srikeEnTie, the aforementioned rules shall be abided by for risk management. The Bank has devised a standard operating procedure for division of labor for each department regarding the disclosure and reporting of material information. This forms the Bank' s information disclosure mechanism. We also review the procedure whenever necessary in order to comply with current laws or meet practical needs. The standard operating procedure is published in the regulation section of our internal document management system so that all employees can access the information at any time. We also notify company insiders of relevant information on an irregular basis.

7.8 Other Important Items

None.

8.1 Consolidated Business Report of Affiliated Enterprises

The Bank had mergered with An Yin Insurance Broker Company on 1st August, 2016. The Bank has no Affiliated Enterprises for now.

Affiliated Enterprises' Consolidated Financial Statements and Related Reports : None.
Endorsements and Guarantees, Loans to Others and Derivative Transactions under taken by affiliated Enterprises : None.

8.2 Private Placement of Securities and Financial Debentures Status : None.

8.3 Shares of the Company Held or Disposed by Subsidiaries : None.

8.4 Other Necessary Supplement

The Bank does not use hedge accounting in its 2016 Financial Statements.

8.5 Significant Issues which might affect Shareholders' Equity or Price of Shares Pursuant to Item2, Paragraph 2, Article 36 of the Securities and Exchange Act

Date	Subject
03/01/2016	EnTie Bank will hold the Investor Conference on March 10, 2016
03/09/2016	Announcement of convening the 2016 Annual General Meeting of Shareholders
03/09/2016	Board of directors of Entie Bank approved 2015 dividend distribution
03/09/2016	To announce the resignation from the Chairman/appointment of next Chairman of the Bank
03/09/2016	To announce the promotion of Claudie Yu,the Executive Vice President, to be the new President of the Bank
04/28/2016	New appointment for Chief of Legal and Compliance Officer
04/28/2016	Personnel Adjustment for Chief Auditor
04/28/2016	The Board of Directors approved 2015 principles of distribution of mployees' and directors'& supervisors' remuneration
05/25/2016	Revised the 2015 Annual Report
06/08/2016	Announcement of the 2016 Annual General Meeting of Shareholders' Important Resolutions
06/08/2016	Announcement of the newly elected board directors ofthe 9th term
06/08/2016	To announce the release of the non-competition restrictions on directors at the 2016 Annual General Shareholders Meeting
06/08/2016	Announcement of Mr. Jesse Ding was elected chairman of the Bank at the 1st extraordinary board meeting of the 9th term board of directors
06/08/2016	Announcement of the designation of the Bank's juristic-person director,OLHE Cayman Limited Partnership's representative
06/08/2016	The Board approved the appointment of the 3rd term of Compensation Committee Members
06/08/2016	To announce the establishment of Audit Committee of the Bank
06/21/2016	Merger with An yin insurance broker company
06/21/2016	Announcement to the record date of preferred stock dividends and common stock dividends agreed upon the Bank's Board of Directors
08/15/2016	Personnel Adjustment for Spokesperson
08/15/2016	Personnel Adjustment for Acting Spokesperson
08/18/2016	Personnel Adjustment for Financial Officer
09/26/2016	Clarification on media reports
10/27/2016	Clarification on media reports
03/02/2017	Announcement of convening the 2017 Annual General Meeting of Shareholders

Headquarters and Branches

	Address	Telephone
Headquarters	40F, Taipei 101 Tower, 7, Xinyi Road, Sec. 5, Taipei City 11049	+8862 8101 2277
Trust Department	16F, Taipei 101 Tower, 7, Xinyi Road, Sec. 5, Taipei City 11049	+8862 8101 2277
International Department	8F, 337 Fusing N Road, Taipei City 10544	+8862 8712 3369
Offshore Banking Unit	8F, 337 Fusing N Road, Taipei City 10544	+8862 8712 3369
Chang An E Road Branch	27, Changan E Road, Sec. 1, Taipei City10441	+8862 2562 9999
Xin Yi Branch	281, Xinyi Road, Sec. 4, Taipei City 10681	+8862 2704 9999
Business Department	126, Minsheng E Road, Sec. 3, Taipei City 10596	+8862 2546 3999
Xin Sheng Branch	155, Xinsheng S Road, Sec. 1, Taipei City 10657	+8862 2703 9999
Shing Lung Branch	11, Shinglung Road, Sec. 3, Taipei City 11694	+8862 8663 2599
Yen Ping Branch	205 Nanking W Road, Taipei City 10343	+8862 2559 6969
Sung Chiang Mini Branch	66 Sungchiang Road, Taipei City 10456	+8862 2536 1999
Chang Lun Branch	36, Pader Road, Sec. 3, Taipei City 10559	+8862 2570 0999
Chien Kuo Branch	135, Chienkuo N Road, Sec. 2, Taipei City 10484	+8862 2518 5999
Ho Ping Branch	117, Hoping E Road, Sec. 1, Taipei City 10644	+8862 2397 3720
Cheng Gong Mini Branch	8, Lane 174, Chenggong Road, Sec. 3, Taipei City 11460	+8862 8791 9959
Tung Hua Branch	29 Tunghua Street, Taipei City 10679	+8862 2706 6010
Nan Men Branch	124, Nanchang Road, Sec. 1, Taipei City 10075	+8862 2351 8050
Ting Chou Branch	48, Tingchou Road, Sec. 2, Taipei City 10080	+8862 2365 9121
Nung An Mini Branch	25 Nungan Street, Taipei City 10460	+8862 2596 5099
Ching Mei Branch	172, Roosevelt Road, Sec. 5, Taipei City 11676	+8862 2933 0234
Min Chuan Branch	24, Minchuan E Road, Sec. 2, Taipei City 10469	+8862 2537 7001
Sung Shan Branch	545 Sungshan Road, Taipei City 11084	+8862 2726 5142
Nei Hu Mini Branch	12 Kangle Street, Taipei City 11480	+8862 2633 9201
Chung Hsiao Branch	28, Lane 290, Guangfu S Road, Taipei City 10694	+8862 2711 1699
Tien Mu Branch	48, Chungcheng Road, Sec. 1, Taipei City 11148	+8862 2838 1177
Fu Sing Branch	58 Fusing N Road, Taipei City 10488	+8862 2781 1988
Yung Chi Mini Branch	292 Yungchi Road, Taipei City 11068	+8862 2742 5099
Shih Pai Mini Branch	108, Chengde Road, Sec. 7, Taipei City 11262	+8862 2828 9239
Da Zhi Branch	99, Jingye 1st Road, , Taipei City 10462	+8862 2533 9777

	Address	Telephone
Hsin Chuang Branch	30 Fukuo Road, Hsinchuang Dist, New Taipei City 24267	+8862 2908 8999
Pan Chiao Branch	38, Sanmin Road, Sec. 2, Panchiao Dist, New Taipei City 22067	+8862 2953 9999
Chung Ho Branch	118 Chungho Road, Chungho Dist, New Taipei City 23575	+8862 2247 8999
San Chung Mini Branch	138 Chengyi N Road, Sanchung Dist, New Taipei City 24147	+8862 2982 7799
Hsin Dien Branch	119 Paochung Road, Hsindien Dist, New Taipei City 23144	+8862 2917 1999
Lu Chou Branch	72 Sanmin Road, Luchou Dist, New Taipei City 24760	+8862 8283 3999
Sing Fu Branch	676-1 Singfu Road, Hsinchuang Dist, New Taipei City 24248	+8862 8993 2828
Yung Ho Branch	467 Chungcheng Road, Yungho Dist, New Taipei City 23455	+8862 2925 8799
Tu Cheng Mini Branch	167, Shiuefu Road, Sec. 1, Tucheng Dist, New Taipei City 23658	+8862 8262 3899
Tao Yuan Branch	21 Chungshan E Road, Taoyuan Dist., Taoyuan City 33048	+8863 338 9999
Chung Li Branch	88 Chungshan Road, Chungli Dist., Taoyuan City 32041	+8863 427 6999
Hsi Li Branch	396 Huanpei Road, Chungli Dist, Taoyuan City 32070	+8863 426 3899
North Tao Yuan Mini Branch	223 Yungan Road, Taoyuan Dist., Taoyuan City 33054	+8863 334 9899
Lung Tan Mini Branch	217 Chungcheng Road, Lungtan Dist., Taoyuan City 32552	+8863 499 5869
Pa Der Mini Branch	941 Chiehshou Road, Sec. 1, Pader Dist., Taoyuan City 33442	+8863 375 6986
Hsin Chu Branch	163 Chungshan Road, North Dist, Hsinchu City 30046	+8863 524 9999
Chu Pei Mini Branch	195 Chungcheng E Road, Chupei City, Hsinchu County 30242	+8863 656 1789
Tai Chung Branch	299 Gungyi Road, West Dist, Taichung City 40361	+8864 2319 5599
Fong Yuan Branch	15, Lane 67, Xinyi Street, Fongyuan Dist, Taichung City 42043	+8864 2525 5999
Sha Lu Branch	395 Sec. 2, Zhennan Rd., Shalu Dist, Taichung City 43350	+8864 2635 8989
Da Li Branch	571, Daming Road, Dali Dist, Taichung City 41283	+8864 2407 3178
Yuan Lin Branch	376, Datong Road, Sec. 1, Yuanlin City, Changhua County 51056	+8864 831 6769
Chia Yi Branch	381 Jenai Road, West Dist, Chiayi City, 60045	+8865 216 1789
Tai Nan Branch	52 Chungshan Road, West Central Dist, Tainan City 70043	+8866 221 1899
Yung Kung Branch	536 Chunghwa Road, YungKung Dist, Tainan City 71079	+8866 302 3789
Kao Hsiung Branch	247 Minsheng 1st Road, Xinxing Dist, Kaohsiung City 80045	+8867 229 5999
Chien Chin Branch	157 Cisian 2nd Road, Chienchin Dist, Kaohsiung City 80143	+8867 288 7999
Fong Shan Branch	339 Kaihsuan Road, FongShan Dist, Kaohsiung City 83076	+8867 765 3999
North Kao Hsiung Branch	185 Fukuo Road, ZuoYing Dist, Kaohsiung City 81353	+8867 556 1999

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安侯建業聯合會計師事務所
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(English Translation)
Independent Auditors' Report

EnTie Commercial Bank Co., Ltd.

Opinion

We have audited the financial statements of EnTie Commercial Bank Co., Ltd. ("the Bank") as of December 31, 2016 and 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the years ended December 31, 2016 and 2015.and notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2016 and 2015, and its financial performance and its cash flows for the year ended December 31, 2016 and 2015 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Impairment of loans and receivables

   Refer to Note 4 (E) "Financial Instruments", Note 5 (A) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note 6 (H) to the financial statement.

   Description of key audit matters:
   The management of the Bank assessed the loans and receivables to determine whether there was any observable evidence of impairment. Loans and receivables that demonstrated evidence of impairment will be then individually or collectively assessed. For the collectively assessed loans and receivables, the Bank used a model established by the management basing on past loss experience for loans and receivables with similar credit risk characteristics; for the individually assessed loans and receivables, the Bank assessed the impairment loss based on the present value of estimated future cash flows. As the aforementioned measurement is subject to significant judgments and estimation by the management, impairment of loans and receivables was one of the key audit matters in our audit of the Bank's financial statements.

   Our principal audit procedures included:
   Our main audit procedures included understanding the methodology used by the management to assess the impairment of loans and receivables, and performing the relevant control procedures. For the individually assessed loans and receivables, we evaluated the rationality of future recoverable cash flow and the value of collateral. For the collectively assessed loans and receivables, we evaluated the integrity of loans, the model design adopted for the relevant impairment assessment and the rationality of the relevant parameters. Simultaneously, we assessed whether the allowance amount exceeded the minimum requirement as set out in related regulations by the competent authority.

2. Fair value assessment of financial instruments

   Refer to Note 4 (E) "Financial Instruments", Note 5 (B) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note 6 (AN) to the financial statement.

   Description of key audit matters:
   Some of the financial instruments held by the Bank were without a quoted price in an active market, and the fair value of such instruments were estimated based on other valuation techniques. Therefore, valuation of financial instruments was one of the key audit matters in our audit of the Bank's financial statements.

   Our principal audit procedures included:
   Our main audit procedures included testing of the Bank's controls over the identification, measurement and management of valuation risk. For financial instruments which used quoted market price, sampling test was conducted to confirm the adequacy and correctness of the quoted price; for financial instruments without a quoted market price, sampling test was conducted to review valuation documents from the Bank to confirm whether the adequacy and correctness of the valuation method. In addition, we also assessed whether the Bank's presentation and disclosure of financial instruments meets relevant accounting standard.

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3. Recognition of Deferred Tax Assets

Refer to Note 4 (O) "Financial Instruments", Note 5 (C) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty" and Note 6 (X) to the financial statement.

Description of key audit matters:
The Bank measured and recognized deferred tax assets based on certain assumptions of future financial performance as well as the probability that future taxable income will be available for the deferred tax assets to be fully utilized. Therefore, recognition of deferred tax assets was one of the key audit matters in our audit of the Bank's financial statements.

Our principal audit procedures included:
Our main audit procedures included understanding and evaluating the relevant control procedures for the recognition of deferred income tax assets by the management. We verified the management's assumptions used to generate operating forecast and the Bank's financial budget. We also assessed the Bank's previous years' taxable income and the quality of the budget. In addition, we verified management's growth forecast of the Bank against relevant industry information and benchmark. Furthermore, we also evaluated whether the Bank's disclosure of deferred tax assets and estimates is appropriate.

Other Matter

Refer to Note 12 (C), the Bank merged with An Yin Insurance Brokers Co., Ltd. on August 1, 2016 in accordance with IFRS Q&A "Interpretation For IFRS 3 On Business Combinations Controlled By The Same Company", issued by Accounting Research and Development Foundation. Therefore, in the preparation of comparative financial report, the Bank's financial statements for the year ended December 31, 2015 have been retroactively restated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Public Banks and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including audit committee) are responsible for overseeing the Bank's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partners on audit resulting in this independent auditor's report are Chun Kuang Chen and Feng Hui Lee.

KPMG

Taipei, Taiwan (Republic of China)
March 2, 2017

Notice to Readers

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

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statement Originally Issued in Chinese)
ENTIE COMMERCIAL BANK CO., LTD.
BALANCE SHEETS
AS OF DECEMBER 31, 2016 AND 2015
(Expressed in Thousands of New Taiwan Dollars)

	2016.12.31		(Retroactively Restated) 2015.12.31	
Assets	Amount	%	Amount	%
Cash and cash equivalents (Notes 4 and 6(A))	$ 4,317,897	1	5,703,982	2
Due from Central Bank and call loans to banks (Note 6(B))	24,016,375	8	57,180,406	18
Financial assets at fair value through profit or loss (Notes 4, 6(C) and (O))	26,970,324	9	28,139,467	9
Available-for-sale financial assets-net (Notes 4, 6(D), (O) and 8)	26,088,335	9	34,029,179	10
Securities purchased under resell agreements (Notes 4 and 6(E))	1,389,700	-	99,910	-
Receivables- net (Notes 4, 6(F) and 9)	3,975,434	1	6,842,678	2
Current tax assets (Note 4)	97,722	-	221,936	-
Assets classified as held for sale-net(Notes 4, 6(G))	89,967	-	89,967	-
Discounts and loans- net (Notes 4, 6(H) and 7)	182,231,120	60	179,947,097	56
Held-to-maturity financial assets—net (Notes 4, 6(I))	30,521,290	10	892,620	-
Other financial assets- net (Notes 4 and 6(J))	151,726	-	118,334	-
Property, Plant and Equipment-net (Notes 4 and 6(K))	803,521	-	862,349	-
Intangible assets-net (Notes 4 and 6(L))	212,307	-	229,613	-
Deferred tax assets (Note 4)	2,091,945	1	2,536,879	1
Other assets- net (Note 6(M))	1,679,116	1	5,610,388	2
TOTAL ASSETS	$ 304,636,779	100	322,504,805	100

	2016.12.31		(Retroactively Restated) 2015.12.31	
Liabilities and Equity	Amount	%	Amount	%
Deposits from Central Bank and other banks (Note 6(N))	$ 5,006,933	2	8,367,493	3
Financial liabilities at fair value through profit or loss (Notes 4 and 6(C))	1,307,927	-	4,859,212	2
Securities sold under repurchase agreements (Notes 4 and 6(O))	2,250,000	1	12,877,633	4
Payables (Notes 6 (P) and (AB))	2,447,186	1	2,681,650	1
Current tax liabilities (Note 4)	113,455	-	240,332	-
Deposits and remittances (Notes 6 (Q)and 7)	248,308,550	82	248,627,260	77
Financial debentures (Note 6(R))	10,000,000	3	10,000,000	3
Preferred stock liabilities (Notes 4 and 6(S))	1,414,865	-	1,414,865	-
Other financial liabilities (Notes 4 and 6(T))	2,689,367	1	2,282,900	1
Provisions (Notes 4 and 6(U))	436,257	-	477,700	-
Deferred tax liabilities (Note 4)	41,580	-	55,450	-
Other liabilities (Notes 4 and 6(V))	123,141	-	138,162	-
Total Liabilities	274,139,261	90	292,022,657	91
Capital (Note 6(Z))	16,796,775	6	16,796,775	5
Capital surplus (Note 6(Z))	1,461,505	-	1,461,505	-
Retained earnings:				
Legal reserve (Note 6(AA))	5,248,458	2	4,259,918	1
Special reserve (Note 6(AA))	14,151	-	249,011	-
Undistributed earnings (Note 6(AA))	6,983,928	2	7,690,140	3
Other equity interest (Notes 4 and 6(AN))	(7,299)	-	24,799	-
Total Equity	30,497,518	10	30,482,148	9
TOTAL LIABILITIES AND EQUITY	$ 304,636,779	100	322,504,805	100

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

(English Translation of Financial Statement Originally Issued in Chinese)

ENTIE COMMERCIAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Expressed in thousands of New Taiwan Dollars)

	For the years ended December 31				Change
	2016		2015 (Retroactively Restated)		
	Amount	%	Amount	%	%
Interest income (Note 6(AE))	$ 6,373,702	101	7,514,915	96	(15)
Less: Interest expense (including preferred stock interest expense, please refer to Notes 6(S) and (AE))	(2,766,822)	(44)	(3,239,240)	(41)	(15)
Net income of interest (Note 6(AE))	3,606,880	57	4,275,675	55	(16)
Net non-interest income					
Service fee and commission income (Note 6(AF))	1,789,005	28	2,246,589	28	(20)
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 6(AG))	708,317	11	1,156,596	15	(39)
Realized gains on available-for-sale financial assets (Note 6(AH))	271,686	5	208,488	3	30
Foreign exchange loss	(93,833)	(1)	(49,927)	(1)	(88)
Other net non-interest income (Notes 6(AI) and 9)	18,117	-	20,002	-	(9)
Net revenue	6,300,172	100	7,857,423	100	(20)
Bad debt Expense and guarantee liability provision (Notes 4, 6(F), (H), (AJ) and 9)	(1,565,479)	(25)	(404,093)	(5)	287
Operating expense :					
Employee benefits expenses (Note 6(AK))	(1,687,681)	(27)	(1,882,077)	(24)	(10)
Depreciation and amortization expenses (Note 6(AL))	(139,462)	(2)	(142,101)	(2)	(2)
Other general and administrative expenses (Note 6(AM))	(1,197,388)	(19)	(1,304,733)	(17)	(8)
Net Income Before Tax	1,710,162	27	4,124,419	52	(59)
Income tax expense (Notes 4 and 6(X))	(655,483)	(10)	(829,288)	(11)	21
Net income	1,054,679	17	3,295,131	41	(68)
Other comprehensive income:					
Items will not be reclassified into profit and loss					
Remeasurements of defined benefit plans	717	-	(49,135)	(1)	101
Income tax related to items will not be reclassified into profit and loss	(122)	-	7,948	-	(102)
Total items will not be reclassified into profit and loss	595	-	(41,187)	(1)	101
Items that may be subsequently reclassified into profit and loss					
Exchange differences on translation of foreign financial statements	(82,307)	(1)	47,465	1	(273)
Unrealized gains on available-for-sale financial assets	36,217	-	220,263	3	(84)
Income tax related to items that may be reclassified into profit or loss	13,992	-	(8,069)	-	273
Total items that may be subsequently reclassified into profit and loss	(32,098)	(1)	259,659	4	(112)
Other comprehensive income, net of tax	(31,503)	(1)	218,472	3	(114)
Total comprehensive income	$ 1,023,176	16	3,513,603	44	(71)
Earnings per Share (dollar) (Note 6(AC))					
Basic earnings per Share	$ 0.63		1.96		
Diluted earnings per Share	$ 0.63		1.85		

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

(English Translation of Financial Statement Originally Issued in Chinese)

ENTIE COMMERCIAL BANK CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Retroactively Restated for the Year Ended December 31, 2015)

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Other equity interest		
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Undistributed earnings	Subtotal	Exchange differences on translation of foreign financial statements	Unrealized (losses)gains on available-for-sale financial assets	Total
Beginning balance—January 1, 2015	$ 16,796,775	1,461,505	3,299,474	777,149	5,876,308	9,952,931	81,299	(316,159)	27,976,351
Net income after tax for the years ended December 31, 2015	-	-	-	-	3,295,131	3,295,131	-	-	3,295,131
Other comprehensive income for the years ended December 31, 2015	-	-	-	-	(41,187)	(41,187)	39,396	220,263	218,472
Total comprehensive income for the years ended December 31, 2015	-	-	-	-	3,253,944	3,253,944	39,396	220,263	3,513,603
Appropriation and distribution of retained earnings :									
Legal reserve appropriated	-	-	960,444	-	(960,444)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,007,806)	(1,007,806)	-	-	(1,007,806)
Reversal of special reserve	-	-	-	(528,138)	528,138	-	-	-	-
Ending balance—December 31, 2015	16,796,775	1,461,505	4,259,918	249,011	7,690,140	12,199,069	120,695	(95,896)	30,482,148
Net income after tax for the years ended December 31, 2016	-	-	-	-	1,054,679	1,054,679	-	-	1,054,679
Other comprehensive income for the years ended December 31, 2016	-	-	-	-	595	595	(68,315)	36,217	(31,503)
Total comprehensive income for the years ended December 31, 2016	-	-	-	-	1,055,274	1,055,274	(68,315)	36,217	1,023,176
Appropriation and distribution of retained earnings :									
Legal reserve appropriated	-	-	988,540	-	(988,540)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,007,806)	(1,007,806)	-	-	(1,007,806)
Reversal of special reserve	-	-	-	(234,860)	234,860	-	-	-	-
Ending balance—December 31, 2016	$ 16,796,775	1,461,505	5,248,458	14,151	6,983,928	12,246,537	52,380	(59,679)	30,497,518

Note : As of December 31, 2016 and 2015, the Bank's directors' and supervisors' remuneration were recognized 5,182 and 10,608 respectively; employee bonuses were recognized 19,865 and 42,434 respectively. All of above were deducted in the statements of comprehensive income.

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

(English Translation of Financial Statement Originally Issued in Chinese)
ENTIE COMMERCIAL BANK CO., LTD.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2016	(Retroactively Restated) 2015
Cash Flows from Operating Activities：		
Net income before tax	$ 1,710,162	4,124,419
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expenses	99,445	99,025
Amortization expenses	40,017	43,076
Provision for bad debt expenses	1,603,724	390,519
Net loss (gain) on financial assets or liabilities measured at fair value through profit or loss	162,090	(107,298)
Interest expenses	2,766,821	3,239,476
Interest revenue	(6,373,702)	(7,514,915)
Net changes in provisions for guarantee liabilities	(38,245)	13,574
Net changes in other provisions	(35)	(210)
Loss (gain) on disposal and retirement of property and equipment	442	(3,992)
Loss on disposal of investments	135	-
Other adjustments	124,810	(41,187)
Total adjustments to reconcile loss	(1,614,499)	(3,881,932)
Changes in Operating Assets and Liabilities：		
Changes in Operating Assets：		
Decrease in due from Central Bank and call loans to banks	33,164,031	5,785,067
Increase in financial assets at fair value through profit or loss	(1,424,462)	(1,246,617)
Decrease (increase) in receivables	2,321,706	(1,340,065)
Increase (decrease) in discounts and loans	(3,342,808)	10,698,164
Decrease (increase) in available-for-sale financial assets	7,977,061	(621,889)
Increase (decrease) in other financial assets	(34,127)	1,015,038
Changes in Operating Liabilities：		
Decrease in deposits from Central Bank and other banks	(3,360,560)	(4,910,888)
Decrease in financial liabilities at fair value through profit or loss	(1,119,770)	(7,576,928)
Decrease in payables	(168,571)	(854,261)
Decrease in deposits and remittances	(318,710)	(14,118,393)
Increase in other financial liabilities	406,467	1,206,881
Decrease (Increase) in provisions for employee benefits	(3,163)	50,656
Cash inflow (outflow) generated from operations	34,193,358	(11,670,748)
Interest received	6,390,106	7,579,703
Interest paid	(2,832,714)	(3,371,071)
Income taxes paid	(337,426)	(118,207)
Net Cash Flows from (used in) Operation Activities	37,413,324	(7,580,323)
Cash Flows from Investing Activities：		
Acquisition of held-to-maturity financial assets	(29,628,670)	(892,620)
Proceeds from disposal of financial assets carried at cost	600	-
Acquisition of property and equipment	(41,222)	(98,757)
Proceeds from disposal of property and equipment	163	15,158
Acquisition of intangible assets	(22,711)	(27,045)
(Increase) decrease in securities purchased under resell agreements	(1,289,790)	929,152
Decrease (increase) in other assets	3,931,271	(2,964,626)
Net Cash Flows used in Investing Activities	(27,050,359)	(3,038,738)
Cash Flows from Financing Activities：		
(Decrease) increase in securities sold under repurchase agreements	(10,627,633)	9,696,655
(Decrease) increase in other liabilities	(15,021)	15,472
Cash dividend paid	(1,007,806)	(1,007,806)
Net Cash Flows (used in) from Financing Activities	(11,650,460)	8,704,321
Effect of exchange rate changes on cash and cash equivalents	(97,990)	51,361
Net decrease in cash and cash equivalents	(1,386,085)	(1,863,379)
Cash and cash equivalents at Beginning of Period	5,703,982	7,567,361
Cash and cash equivalents at End of the Period	$ 4,317,897	5,703,982

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

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Expressed in thousands of New Taiwan Dollars)

1. OVERVIEW OF ENTIE COMMERCIAL BANK

EnTie Commercial Bank (the "Bank") started its operations on April 15, 1993. It engages in banking activities under the Banking Act of the Republic of China.

The Bank had two major Groups: the Corporate Banking and Markets Group and Retail Banking Group. Each Group has its own Chief Office. In addition, the Corporate Banking Products, Trust, 12 Corporate Banking Regional Centers, Treasury and Treasury Marketing are under Corporate Banking and Markets Group; the Retail Business Development, Retail Channel Management, Business Department, 54 Retail Banking Branches and 6 Consumer Finance Regional Centers are under Retail Banking Group. Each Group is responsible for planning, managing and marketing for Corporate Banking, Financial Markets and Retail Banking. Trust Department is responsible for planning, managing and operating trust investment, and executing trust business for investment in foreign marketable securities and funds under Banking Act and Trust Enterprise Act of the Republic of China.

The Bank merged with An Yin Insurance Broker Co. Ltd. which is its wholly-owner subsidiary. Due to integration operating of resources, reducing operating cost and exerting consequent of business, the consolidation was under the approval of the stockholders' meeting on June 21, 2016. As August 1, 2016 to be basis of consolidation date. After consolidation, the Bank is surviving company and An Yin Insurance Broker Co. Ltd. is dissolved company. Please refer to Note 12 (C) for related information.

The Bank's stock has been listed on the Taiwan Stock Exchange since September 1999.

2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS.

The financial statements were approved and announced by the board of directors on XXX, XX, 2017.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

3. NEW STANDARDS AND INTERPRETATIONS

(A) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effect.

According to the Ruling No. 1050026834 issued on July 18, 2016, by the FSC, public entities are required to conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 (excluding IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers", and others which have yet to be approved by the FSC in order for them to take effect) in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per 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
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
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
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

Except for the following listed items, the adoption of the newly approved of IFRSs by the Bank would have no significant impact on financial statement.

(a) IFRS 36 "Recoverable amount disclosures for non-financial assets"

The standard newly adopted rules for financial instrument, with its recoverable amount and impairment loss recognition determined by fair value less cost to sell, should disclose its level of fair value and its critical assumption (second or third level) . The Bank should enclose further relative information according to the standard aforesaid.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(B) Newly released or amended standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC as of the end of reporting date, except of IFRS 9 and 15 will effective from January 1, 2018, the other is as follows:

New, Revised or Amended Standards and Interpretations	Effective dates per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IFRS 2 "Clarifications of classification and measurement of share-based payment transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 4 " Insurance Contracts"("Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Amendments to IAS 40 Investment Property	January 1, 2018

The Bank is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Issuance / Release Dates	Standards or Interpretations	Content of amendment
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: · Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. · Impairment: The expected credit loss model is used to evaluate impairment. · Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: · For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Issuance / Release Dates	Standards or Interpretations	Content of amendment
December 8, 2016	IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	IFRIC 22 clarifies the transaction date used to determine the exchange rate. The transaction date is the date on which the company initially recognizes the prepayment or deferred income arising from the advance consideration.

The Bank is evaluating the impact on its financial position and financial performance of the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Bank completes its evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Assertion of compliance

The financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, IFRSs, IAS, interpretations and pronouncements as accepted by FSC ("IFRSs as accepted by FSC").

(B) Basis of compilation

(a) Basis of measurement

Except for the significant balance sheet items listed as below, the financial statements are prepared on the basis of historical costs.

(1) Financial instrument measured at fair value through profit or loss (including derivative instruments);

(2) Available-for-sale financial assets measured at fair value;

(3) Cash-settled share-based payment agreements liability measured at fair value;

(4) Net defined benefit liability or asset is recognized as fair value of retirement fund assets less the present value of the defined benefit obligation.

(b) Functional currency and presentation currency

The financial statements are presented in the New Taiwan Dollar, the functional currency of the Bank. All financial information expressed in New Taiwan Dollar has been round to nearest thousand.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(C) Foreign currency transaction and translation of foreign currency financial statements

(a) A foreign currency transaction, a transaction that is denominated or requires settlement in a foreign currency, is recognized in the foreign currency. The income generated and expenses incurred are recognized in functional currency, which is translated using the exchange rate at the date of the transaction.

(b) Monetary foreign currency financial assets and liabilities are translated using the exchange rate at the date of the statement of financial position, and the exchange difference is recognized in the profit or loss of the current period. For non-monetary foreign currency financial assets and liabilities which are measured in fair value and whose changes in fair value are recognized in other comprehensive income, the exchange difference is recognized in other comprehensive income. For non-monetary foreign currency financial assets and liabilities which are measured in fair value and whose changes in fair value are recognized in profit or loss in the current period, the exchange difference is recognized in profit or loss in the current period. For non-monetary foreign currency financial assets and liabilities which are not measured in fair value, they are measured using the historical exchange rate at the date of transaction.

(c) The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

(1) Assets and liabilities presented shall be translated at the closing rate at the date of the statement of financial position;

(2) Profit or loss presented shall be translated at the monthly-weighted average exchange rate; and

(3) All resulting exchange differences shall be recognized in other comprehensive income.

(D) Cash and cash equivalents

Cash comprises cash on hand, checks for clearance, checking and demand deposits due from other banks, and money deposited in other financial institutions without designated purposes or with unrestricted access. Cash equivalents consist of time deposits due from other banks that are readily convertible to a known amount of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(E) Financial Instruments

(a) Financial assets and liabilities at fair value through profit or loss (FVTPL)

Financial assets and liabilities held for trading are acquired or incurred principally for the purpose of selling or repurchasing it in the near term. All of the derivatives instruments held by the Bank are classified under this category, except for those designated as hedging instruments are classified under these accounts. At each balance sheet date, the fair value is re-measured and the resulting gain or loss from such re-

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

measurement is recognized in current profit or loss. A regular way purchase or sale of these financial assets is recognized and derecognized using trade date accounting. For initial recognition, fair value at the time of acquisition is used, and transaction costs are recognized as expenses in the period.
To eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on different bases of them, a financial asset or liability is designated at FVTPL. Upon initial recognition, a financial asset or liability may be designated at FVTPL. Thus, financial debentures, which are covered by interest rate swaps (IRS) to hedge against market price risks on interest rate changes, are designated as financial liabilities measured as at FVTPL although the Bank did not use hedge accounting for these bonds. Had the financial debentures not been designated as at FVTPL, there would have been accounting measurement mismatches between the financial debentures and IRS because of differences in measurement attributes.

The change in financial liabilities designated at fair value through profit or loss, which is attributable to changes in credit risk of the liability, shall be presented in other comprehensive income, except when presented in profit, when loss would avoid creating or enlarging accounting mismatch, and when the change is attributable to loan commitment or contracted assets.

(b) Available-for-sale financial assets

Available-for-sale financial assets are those financial assets that are measured at fair value and whose fair value changes are recognized in other comprehensive income. A regular way purchase or sale of these financial assets is recognized and derecognized using trade date accounting. For initial recognition, fair value at the time of acquisition is used, plus any transaction costs. For recognition in the statement of financial position, fair value at the date of the statement of financial position is used, and fair value changes are recognized as adjustments to other comprehensive income. At the time of derecognition, the cumulative gain or loss previously recognized in other comprehensive income shall be reclassified from equity to profit or loss.
For available-for-sale debt products, the difference between the initially recognized amount and maturity amount is amortized using interest method, while straight-line method is used if the difference is insignificant. Interest receivables are recognized on an accrual basis. If there is objective evidence of impairment, impairment loss is recognized. When the impairment amount decreases in the subsequent period, the reduced impairment amount of available-for-sale equity products is recognized as adjustments to stockholders' equity, while the reduced impairment amount of available-for-sale debt products is reversed and recognized as profit in the period, if the reduced impairment is deemed to be in connection with events occurring after recognition of impairment. The book value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(c) Held-to-maturity financial assets－net

The amortized cost and interest income of held-to-maturity financial assets are determined by using the effective-interest-rate method. If there is objective evidence that a held-to-maturity financial asset is impaired, the carrying amount of the asset is reduced, and impairment loss is recognized. 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. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized. Hold-for-sale financial assets of the Bank is recognized and derecognized by using trade date accounting. For initial recognition, fair value at the time of acquisition is used, plus any transaction costs.

When financial assets held to maturity are sold or reclassified more than an insignificant amount in relation to the total amount of held-to-maturity financial assets before maturity, any remaining held-to-maturity financial assets should be reclassified to available-for-sale financial assets, and the difference between fair value and carrying amount is recognized as adjustments to stockholders' equity. No financial assets could be classified as held to maturity during the current financial year of the reclassification or during the two subsequent financial years.

(d) Financial assets carried at cost

Equity instruments with no quoted market price and whose fair value cannot be reliably measured are stated at cost. If there is objective evidence that financial assets carried at cost are impaired, the carrying amount of the assets is reduced, and impairment loss is recognized. However, the impairment losses may not be reversed subsequently. The transactions of financial assets carried at cost are recorded on the trading date. The financial instruments are initially recognized at fair value plus transaction costs.

(e) Securities under repurchase/resell agreements

Securities sold/purchased with a commitment to repurchase/resell at a predetermined price are treated as financing transactions. The difference between the cost and the repurchase/resell price is treated as interest expense/revenue and recognized over the term of the agreement. On the selling/purchasing date, these agreements are recognized as securities sold under repurchase agreements or securities purchased under resell agreements.

(f) Loans and receivables

Loans and receivables are financial assets that have no quoted market price with fixed or determinable payment, including receivables, other receivables and debts investment without active market.

Consumer loans to credit card holders are reflected in the amounts reported by merchants, excluding unearned interest. Interest thereon is recognized on an accrual basis using the interest method.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

A credit card loan, accrued interest, and other related advances that are over three months past due are reclassified as a non-accrual account without accruing interest. Interest collected while accruing of interest has suspended is included in earnings only to the extent of cash actually received.

The Bank engages in factoring and management of accounts receivable. The interest and transaction fees from factoring and management of such accounts are treated as current income. An allowance for bad debts is provided by reviewing the balance of factoring of accounts receivable at period-end. As regards the factoring accounts, those sold by the account-selling companies which have not yet been paid for are accounted for under "payables."

Loans are initially recognized at fair value plus incremental direct transaction costs, and the subsequent measurement is recognized as interest revenues through effective interest method (or through straight-line method if the difference is not significant), which is carried at amortized cost less impairment losses.

Non-accrual loans

Loans are reclassified as a non-accrual account if either of the following conditions is met:

(1) The borrower's principal or interest payments have been in arrears for three months after the end of payment period.

(2) Loans and other extensions of credit meet the criteria for transferring to the non-accrual account at an earlier time.

According to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing and Non-Accrued Loans, the balances of outstanding loans and other credits that has reached the three month settlement period, and is deemed uncollectable, will be reclassified in the non-accrual account including the related accrued interest.

Non-accrual loans reclassified from loans are accounted for under discounts and loans, and other non-accrual loans reclassified from guarantees, acceptances, factoring accounts receivable, and receivables－other credit card are accounted for under other financial assets.

Allowances for bad debts

The Bank assess their "loans and receivables" on the balance sheet day to see whether there are any objective evidence of impairment for a single or a group of financial assets. Adequate allowance for bad debts is then set aside in accordance with IAS 39, the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrual Loans", the "Measures on Strengthening the Management on Credit Risks of Domestic Banks", and the "Regulations Governing Institutions Engaging in Credit Card Business".

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

With regards to loans and receivables, the objective evidence shall be identified first to reveal any impairment existing for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence of impairment exists for an individually assessed financial asset, it shall be included in a set of financial assets with similar credit risk characteristics and collectively assesses for impairment. Assets that are individually assessed for impairment are not required to be collectively assessed because impairment is or continues to be recognized.

If there is an objective evidence that an impairment loss on financial assets has been incurred, the amount of the loss is recognized and 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 amount of the loss should be recognized as bad debt expenses in profit or loss in the current period. The estimation of future cash flows includes the recoverable amount of collateral and related insurance when determining the amount of the loss.

The aforesaid object evidences include:

(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 the issuer's financial difficulties;

(6) Adverse changes in the payment status of the borrowers; and

(7) Changes in national or local economic conditions that correlate with defaults on the assets.

The Bank provides reserve for guarantee liabilities for off-balance-sheet non-loan assets in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans" and "Measures on Strengthening the Management on Credit Risks of Domestic Banks" issued by FSC.

Credits deemed as uncollectible are written off upon approval of the board of directors.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(F) Assets classified as held for sale

Non-current assets held for sale, or disposal group, are those that are available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, and its sale in less than one year must be highly probable. The assets classified under non-current assets held for sale, or disposal group, are to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets shall cease.

(G) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Major improvements and renewals are capitalized, while repairs and maintenance are charged current expenses.

When a property, plant and equipment consists of different components and the cost of a component is significant relative to the total cost of the property, plant and equipment making adopting a different depreciation rate or depreciation method more adequate, the component will be dealt separately.

Depreciation is computed using the straight-line method over service lives estimated as follows: buildings and premises, 10 to 55 years; machinery and equipment, 3 to 8 years; transportation equipment and miscellaneous equipment, 3 to 10 years; Miscellaneous equipment, 3 to 10 years and leasehold improvements, 5 years (if the lease period is less than 5 years then the depreciation should be amortized during the period). The depreciation method, useful life and residual value of an asset shall be reviewed at each financial year-end and adequately adjusted when necessary.

Upon retirement or disposal of property and equipment, the related cost and accumulated depreciation are deducted from the respective accounts, and the related gain or loss is recognized as other noninterest income or loss.

(H) Lease

A lease contract is classified as an operating lease or a finance lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the Bank. At initial recognition, the leased asset is recognized at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The subsequent treatment follows the accounting policies for property, plant and equipment.

Lease payments, including payments in advance, under an operating lease shall be recognized in profit or loss on a straight-line basis over the lease term.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(I) Intangible assets

Goodwill shall be measured at its cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill shall be allocated to each of the cash-generating units, or groups of cash-generating units. The impairment loss of goodwill cannot be reversed.

Computer software is recorded on the basis of the actual cost of acquisition and amortized using the straight-line method over 3 to 5 years.

(J) Non-financial assets impairment

The Bank estimate the recoverable amount (the lower of net fair value and value in use) for assets that have indication of impairment (individual assets except for goodwill or cash-generating unit) on the balance sheet day. An impairment loss is recognized if the carrying amount is higher than the recoverable amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods. Regardless whether there exists indication of impairment, goodwill is tested for impairment regularly every year.

(K) Provisions

A provision shall be recognized when a present obligation results from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is determined by discounting the expected future cash flow, using a pre-tax discount rate that reflects current market assessments of the time value of money and those risks specific to the liability.

If there is a case in which the subject matter amounts to 0.3% of the equity of the Bank, or a case in which the subject matter amounts to 0.15% of the equity of the Bank while apparent and objective evidence indicates that it is probable that the Bank will lose the case, the provisions shall be evaluated by the hired lawyers or its counsels, in the fourth quarter of each year or whenever the case has major new developments, to determine whether the chance to lose the case exceeds 50%. Provisions are made for those cases with a higher-than-50% chance that the Bank will lose, and disclosures are made in the financial statement. Those cases with a lower-than-50% chance that the Bank will lose are disclosed in the financial statement.

(L) Revenue recognition

Please refer to accounting policies of loans and receivables for information regarding interest income from receivables and loans. In addition, service fees and commission income include, but not limited to, investment management fees, sales commission, syndicated loan arrangement fees and planning service fees. The income shall be recognized when the service is provided.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(M) Employee benefits

(a) Short-term employee benefits

The Bank charge the short-term and non-discounted benefit expectedly paid in near future to current expenses over the periods services are rendered by employees.

(b) Termination benefits

Termination benefits are incurred when the Bank and its subsidiaries terminate employment prior to qualifying for retirement, or the employees accepted voluntary redundancy to get termination benefits in return. Termination benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(c) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(d) Defined benefit plans

A defined benefit plan is a post-employment benefit plan under which benefit is paid to an employee on the basis of their ages, service periods and compensated salaries at the date of retirement.

The Bank recognizes actuarial gains and losses which are incurred by the change of actual experience and actuarial assumption in other comprehensive income, and recognize pension asset or liability in balance sheet in which asset or liability is the amount of actuarial present value of defined benefit obligation deducting fair value of plan assets. The calculation of defined benefit obligation is performed annually by an actuary using the projected unit credit method. The actuarial present value of defined benefit obligation is calculated by discounting future cash flow at the yield rate on AA credit rated bonds that have maturity dates approximating the terms of the obligation and that are denominated in the same currency in which the benefits are expected to be paid.

Remeasurements of a net defined benefit liability or asset including (1)Actuarial gains and losses ; (2)Return on plan assets excluding net interest of net defined benefit liability or asset; and (3)Changes in the effect of the asset ceiling excluding net interest of net defined benefit liability or asset. Remeasurements of the net defined benefit liability or asset recognize in other comprehensive income. The Bank recognize remeasurements of defined benefits plan in retained earnings.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(N) Share-based payment transactions

The Bank engages in cash-settled share-based payment transactions, a liability equal to the portion of the services received is recognized at its current fair value determined at each balance sheet date and at the date of settlement. The Bank recognize expenses and liabilities by using a straight-line basis over the vesting period. At the vesting period, any changes in the fair value would be recognized as profit or loss of the period.

(O) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.
Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(a) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(b) The taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

(1) Levied by the same taxing authority; or

(2) Levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be re-evaluated every year on the financial reporting date, and adjusted based on the probability that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(P) Employee bonuses and directors 'and supervisors' remuneration

The Bank' employee bonuses, directors' and supervisors 'remuneration is recognized as current expenses. If later the actual distribution amount pursuant to a resolution of a stockholders' meeting is different from the estimated amount recognized in the financial statements, the difference is accounted for as changes in accounting estimates and recognized as profit or loss of the current period.

(Q) Preferred stock liability

The Bank issues preferred stock liabilities which are allocated in proportion to the equity component (capital surplus—the right of preferred stock converts into common stock). After the total issue price minus the amount of liability component measured individual. When the bond/preferred stock holders execute the conversion right, the Bank should adjust the liability component to its book value in advance. The issue of common stock, which is converted by bond/preferred stock holders, is recognized by book value of the liability component plus the book value of the equity component. The preferred stock dividends issued are recognized under interest expense in the statements of comprehensive income.

(R) Operating segments

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank and its subsidiaries). The segment's operating results are reviewed regularly by the Bank' chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance for which discrete financial information is available. The chief operating decision maker of the Bank is the board of directors.

5. PRIMARY SOURCES OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS UNCERTAINTY

When preparing the financial reports, the management needs to make judgments, estimates, and assumptions that affect the adoption of accounting policies, reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

Accounting policies for management judgments has significant impacts on the amount recognized in the financial statements. The related information of significant impacts on estimation and assumptions uncertainty which results in adjustments in a future year below:

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(A) Impairment of loans

In deciding whether or not to recognize impairment loss, the Bank primarily determine whether any observable evidence indicates a possible impairments. The evidence may include observable information indicating unfavorable changes in debtor payment status or local economic situation associated with the debt default. When analyzing expected cash flows, the estimates by the management are based on past losses experience from assets with similar credit risk characteristics. In order to reduce losses from the difference between estimated and actual amount, the Bank reviews the method and assumptions of expected cash flow and time point regularly.

Refer to Note 6 (H) for evaluation of the impairment of loans.

(B) Fair value and impairment of financial instruments

The Bank holds a number of financial instruments that are not active in markets, including financial instruments without active market quotes, and the market no longer active due to market conditions (such as market liquidity is not high).

When the market is not active, there is usually not or only a little observable market data available for estimating the fair value of financial instruments. It requires judgment by the management to determine whether a financial instrument exist in an active market or not. The fair value of financial instrument is determined by evaluation technique if the market is not active. The Bank also determines the fair value of financial instruments by using the quotes from independent third party. The price will be preferred when it is from an independent source and can be obtained in public. For a whole, to select a reference or method of revaluation to obtain a way to get the fair value, and the way will reflect the price of the market in a normal transaction on the date of balance sheet. The evaluation method includes using transaction of current fair trading, referring to other similar tools, analysis of cash flow and related assumption of variations (ex. credit risk and rate.); in addition, the fair value also can reflect the conditions to credit risk. By using difference evaluation technology or input may result the significant differs in fair value.

Refer to Note 6 (AN) for fair value and impairment of the financial instrument.

(C) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Bank's subjective judgment and estimate, including the future revenue growth and profitability, tax-exempt income, the amount of tax credits that can be utilized and feasible tax planning strategies. Changes in the economic environment, industry trends, and relevant laws and regulations may result in adjustments to the deferred tax assets.

Refer to Note 6 (X) for further description of the recognition of deferred tax assets.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

6. SUMMARY OF MAJOR ACCOUNTS

(A) Cash

	For the years ended December 31, 2016	2015
Cash on hand	$ 1,397,742	1,497,916
Checks for clearance	715,626	481,378
Due from other banks	2,204,529	3,724,688
Total	$ 4,317,897	5,703,982

(B) Due from Central Bank and call loans to banks

	For the years ended December 31, 2016	2015
Required reserve—Account A	$ 2,968,785	1,810,566
Required reserve—Account B	6,061,149	6,026,696
Required reserve—Foreign Currency	66,365	68,865
Deposits transferred to Central Bank	4,425,000	36,165,000
Call loans to banks	9,889,250	12,308,555
Checking and settlements accounts	605,826	800,724
Total	$ 24,016,375	57,180,406

The reserves for deposits are calculated at prescribed rates, using the average monthly balances of various deposit accounts and are appropriated and deposited in the reserve account of the Central Bank of the Republic of China (Taiwan). Deposits in "Required reserve－Account A" are interest-free and can be withdrawn at any time; deposits in "Required reserve－Account B" are interest-bearing and cannot be withdrawn except for the monthly adjustment to the required reserve permitted by relevant regulations.

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

As of December 31, 2016 and 2015, the financial assets held for trading were as follows:

	For the years ended December 31, 2016	2015
Commercial papers	$ 15,634,169	7,154,821
Government bonds	2,786,802	9,324,027
Corporate bonds	3,494,638	5,785,682
Financial debentures	876,712	1,111,473
Time deposits	2,747,673	-
Derivative instruments		
Held for trading purposes		
Forwards	91,961	28,780
Non-delivery forward	-	2,080
Currency swaps	621,849	909,064
Interest rate swaps	235,719	325,080
Options	475,507	3,533,680
Futures	12,080	413
Commodity swaps	4,418	80,787
Credit risk value adjustment	(11,204)	(116,420)
Total	$ 26,970,324	28,139,467

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Please refer to Note 6(O) for information with regard to repurchase conditions on financial assets held for trading shown above.

There was no financial asset designated on initial recognition as one to be measured at fair value, with changes in fair value recognized in profit or loss.

As of December 31, 2016 and 2015, the financial liabilities measured at fair value through profit or losses were as follows:

	For the years ended December 31, 2016	2015
Financial liabilities held for trading purposes：		
Derivative instruments		
Held for trading purposes		
Forwards	$ 6,567	90,487
Non-delivery forward	-	2,695
Currency swaps	525,882	731,015
Interest rate swaps	283,570	429,980
Options	488,120	3,536,556
Futures	-	207
Commodity swaps	4,418	80,787
Credit risk value adjustment	(630)	(12,515)
Total	$ 1,307,927	4,859,212

There was no financial liabilities designated on initial recognition as one to be measured at fair value, with changes in fair value recognized in profit or loss.

(D) Available-for-sale financial assets

	For the years ended December 31, 2016	2015
Government bonds	$ 8,330,255	14,173,985
Corporate bonds	14,421,220	15,944,265
Financial debentures	2,904,864	3,515,149
Listed and OTC securities	491,675	491,676
Valuation adjustment of financial assets	(59,679)	(95,896)
Total	$ 26,088,335	34,029,179

Please refer to Notes 6(O) and 8 for information with regard to the restrictions or repurchased conditions on available-for-sale financial assets shown above.

(E) Securities purchased under resell agreements

(In Thousands of New Taiwan Dollars)

Assets	Par value	December 31, 2016 Repurchase price (Note)	Designated resell amount	Designated resell date
Commercial papers	$ 1,391,200	1,389,700	1,390,096	Prior to Jan 16, 2017

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Assets	Par value	December 31, 2015 Repurchase price (Note)	Designated resell amount	Designated resell date
Commercial papers	$ 100,000	99,910	99,942	Prior to Jan 30, 2016

Note: Accounted for under securities purchased resell agreement.

(F) Receivables－net

	For the years ended December 31, 2016	2015
Credit cards receivable	$ 2,006,192	2,010,736
Notes receivable	40,000	12
Accounts receivable	66,802	54,542
Accounts receivable－factoring	631,381	3,117,188
Interest receivable	290,350	306,754
Acceptances receivable	137,421	266,328
Accrued income	205,902	296,934
PEMG compensation receivable	1,591,993	1,605,605
TMU advance receivables	79,132	-
Credits receivables	50,000	-
Proceeds from sale of securities receivable	-	206,920
Other receivables	64,400	292,418
Subtotal	5,163,573	8,157,437
Less: Allowance for bad debts	(1,188,139)	(1,314,759)
Total	$ 3,975,434	6,842,678

The credit cards receivable shown above included the receivables from credit card holders who were involved in debt repayment negotiation with the Bank.

Please refer to Note 9(B) for information with regard to the redemption of PEM Group's structure notes.

The changes in allowance for bad debts were as follows:

	For the years ended December 31, 2016	2015
Beginning balance	$ 1,314,759	1,227,450
Current provisions	532,564	37,787
Current charge-off	(707,530)	(2,536)
Recovery of bad debts	51,776	51,446
Exchange rate effect	(3,430)	612
Ending balance	$ 1,188,139	1,314,759

Receivables should be included in the total amounts of assessment of impairment to be determined its allowance for bad debts, which were as follows. Acceptances receivable, proceeds from sale of securities receivable are excluded from account receivables. Please refer to Note 6 (H) for the assessment of impairment of acceptances receivable.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Items			Receivables December 31, 2016	Allowance for bad debts December 31, 2016
With the objective evidence of impairment	Individual assessment of impairment	Receivables	$ 1,712,804	1,135,280
	Collective assessment of impairment	Credit cards	160,285	5,604
		Receivables	8,321	832
	Subtotal		1,881,410	1,141,716
Without the objective evidence of impairment	Collective assessment of impairment	Credit cards	1,845,907	22,171
		Receivables	1,298,835	22,877
	Subtotal		3,144,742	45,048
Total			$ 5,026,152	1,186,764

Items			Receivables December 31, 2015	Allowance for bad debts December 31, 2015
With the objective evidence of impairment	Individual assessment of impairment	Receivables	$ 1,744,202	1,200,832
	Collective assessment of impairment	Credit cards	193,486	6,633
		Receivables	41,085	4,109
	Subtotal		1,978,773	1,211,574
Without the objective evidence of impairment	Collective assessment of impairment	Credit cards	1,817,250	33,559
		Receivables	3,888,166	66,884
	Subtotal		5,705,416	100,443
Total			$ 7,684,189	1,312,017

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Due from Central Bank and call loans to banks, held-to-maturity financial assets should be included in the total amounts of assessment of impairment to be determined its allowance for bad debts, which were as follows:

Items			Total December 31, 2016	Allowance for bad debts December 31, 2016
Without the objective evidence of impairment	Collective assessment of impairment	Due from Central Bank and call loans to banks	$ 24,016,375	-
		Held to maturity financial assets	30,521,290	-

Items			Total December 31, 2015	Allowance for bad debts December 31, 2015
Without the objective evidence of impairment	Collective assessment of impairment	Due from Central Bank and call loans to banks	$ 57,180,406	-
		Held to maturity financial assets	892,620	-

(G) Assets classified as held for sale—net

	For the years ended December 31, 2016	2015
Assets classified as held for sale	$ 89,967	89,967

In November 2015, the Board of directors of The Bank intended to sell the property of Banqiao Branch. Therefore, since the year 2016 engaged the intermediary for selling, and the price as higher than the lower limit price. Due to the environment of real estate is downturn, thus it is still in stock; the intermediary keeps positively processing on this event. Other information please refers to Note 6(K).

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(H) Discounts and loans—net

	For the years ended December 31, 2016	2015
Export bills negotiated	$ 27,323	37,276
Short-term loans	44,497,116	36,161,412
Medium-term loans	63,833,878	68,162,018
Long-term loans	75,173,855	77,008,406
Non-accrual loans	1,491,422	1,597,091
Subtotal	185,023,594	182,966,203
Less: Allowance for bad debts	(2,604,003)	(2,675,134)
Less: Adjustment of discount and premium	(188,471)	(343,972)
Total	$ 182,231,120	179,947,097

The loans shown above included clients taking fiduciary loans who were involved in debt repayment negotiation with the Bank.
Please refer to Note 6(AN) for the industry information.

As of December 31, 2016 and 2015, non-performing loans amounted to $ 1,657,799 and $ 1,791,388 respectively.

For the years ended December 31, 2016 and 2015, suspended accrual of interest for all of non-accrual accounts amounted to $63,128 and $29,333 respectively.

For the years ended December 31, 2016 and 2015, there were no loans written off without prior recourse.

The changes in allowance for bad debts were as follows:

For the years ended December 31, 2016	Default risk of specific claims	Inherent risk of overall claims	Total
Beginning balance	$ 1,939,833	735,301	2,675,134
Current provision	507,112	564,048	1,071,160
Current charge-off	(1,565,829)	-	(1,565,829)
Recovery of bad debts	435,913	-	435,913
Exchange rate effects	(12,375)	-	(12,375)
Ending balance	$ 1,304,654	1,299,349	2,604,003

For the years ended December 31, 2015	Default risk of specific claims	Inherent risk of overall claims	Total
Beginning balance	$ 1,663,415	707,644	2,371,059
Current provision (reversal)	325,075	27,657	352,732
Current charge-off	(578,791)	-	(578,791)
Recovery of bad debts	518,919	-	518,919
Exchange rate effects	11,215	-	11,215
Ending balance	$ 1,939,833	735,301	2,675,134

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Discounts and loans should be included in the total amounts of assessment of impairment to be determined its allowance for bad debts, which was as follows:

Items			Loans December 31, 2016	Allowance for bad debts December 31, 2016
With the objective evidence of impairment	Individual assessment of impairment	Retail Banking	$ 311,356	885
		Corporate Banking	6,034,825	306,511
		Subtotal	6,346,181	307,396
	Collective assessment of impairment	Retail Banking	1,386,075	972,129
		Corporate Banking	190,196	25,129
		Subtotal	1,576,271	997,258
	Subtotal		7,922,452	1,304,654
Without the objective evidence of impairment	Collective assessment of impairment	Retail Banking	84,753,977	203,181
		Corporate Banking	92,347,165	1,096,168
	Subtotal		177,101,142	1,299,349
Total			$ 185,023,594	2,604,003

Items			Loans December 31, 2015	Allowance for bad debts December 31, 2015
With the objective evidence of impairment	Individual assessment of impairment	Retail Banking	$ -	-
		Corporate Banking	2,276,213	774,260
		Subtotal	2,276,213	774,260
	Collective assessment of impairment	Retail Banking	1,575,941	1,154,480
		Corporate Banking	68,173	11,093
		Subtotal	1,644,114	1,165,573
	Subtotal		3,920,327	1,939,833
Without the objective evidence of impairment	Collective assessment of impairment	Retail Banking	88,572,984	216,287
		Corporate Banking	90,472,892	519,014
	Subtotal		179,045,876	735,301
Total			$ 182,966,203	2,675,134

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Non-loan credit business should be included in the total amounts of assessment of impairment to be determined its allowance for bad debts, which were as follows:

Items			Total	Allowance for bad debts
			December 31, 2016	December 31, 2016
Without the objective evidence of impairment	Collective assessment of impairment	Acceptances receivable	$ 137,421	1,375
		Guarantee and letter of credit	8,205,741	71,955
	Total		$ 8,343,162	73,330

Items			Total	Allowance for bad debts
			December 31, 2015	December 31, 2015
Without the objective evidence of impairment	Collective assessment of impairment	Acceptances receivable	$ 266,328	2,742
		Guarantee and letter of credit	12,312,466	110,200
	Total		$ 12,578,794	112,942

(I) Held-to-maturity financial assets—net

	For the years ended December 31, 2016	2015
Asset-backed securities	$ 871,290	892,620
Negotiable certificates of deposits	29,650,000	-
	$ 30,351,290	892,620

(J) Other financial assets—net

	For the years ended December 31, 2016	2015
Financial assets carried at cost—net	$ 117,599	118,334
Overdue receivable	3,976	2,472
Less: Allowance for bad debts—overdue receivable	(3,977)	(2,472)
Others	34,128	-
Total	$ 151,726	118,334

The changes in overdue receivable were as follows:

	For the years ended December 31, 2016	2015
Beginning balance	$ 2,472	162
Current charge-off	(24,596)	(23,299)
Recovery of bad debts	26,101	25,609
Ending balance	$ 3,977	2,472

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Details of financial assets carried at cost were as follows:

	For the years ended December 31, 2016	2015
Taipei Forex Inc.	$ 800	800
Taiwan Futures Exchange Co., Ltd.	9,000	9,000
Financial Information Service Co., Ltd.	45,500	45,500
Lian An Service Corp., Ltd.	1,250	1,250
Li Yu Venture Co., Ltd.	10,499	11,234
IBT Venture Corp., Ltd.	306	306
Taiwan Financial Asset Service Corp., Ltd.	50,000	50,000
Taiwan Depository & Cleaning Corp., Ltd.	4,639	4,639
Sunny Asset Management Co., Ltd.	770	770
Less: Accumulated impairment	(5,165)	(5,165)
Total	$ 117,599	118,334

Financial assets carried at cost include stock investments of the Bank with no quoted market price and whose fair value cannot be reliably measured; such financial assets are carried at cost.

Li Yu Venture Co., Ltd. in order to cover the deficit, decided to reduce their capital and refund the monies under the approval of the stockholders' meeting on June 14, 2016. The Bank received NTD 600 and recognized investment loss for NTD 135.

(K) Property, plant, and equipment—net

December 31, 2016	Cost	Accumulated depreciation	Net
Land	$ 421,359	-	421,359
Buildings	170,184	60,059	110,125
Leasehold improvements	554,124	462,264	91,860
Machinery equipment	386,954	305,306	81,648
Transportation equipment	74,519	54,387	20,132
Miscellaneous equipment	251,625	201,465	50,160
Leased assets	49,761	21,524	28,237
Total	$ 1,908,526	1,105,005	803,521

December 31, 2015	Cost	Accumulated depreciation	Net
Land	$ 421,359	-	421,359
Buildings	170,184	56,732	113,452
Leasehold improvements	551,760	428,314	123,446
Machinery equipment	387,446	298,924	88,522
Transportation equipment	80,401	57,418	22,983
Miscellaneous equipment	266,239	210,331	55,908
Leased assets	49,761	13,082	36,679
Total	$ 1,927,150	1,064,801	862,349

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

As of December 31, 2016 and 2015, some of the land and buildings stated above were reclassified as non–current assets held for sale in accordance with IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations". Please refer to Note 6(G).

Changes in the cost were as below:

	January 1, 2016	Current increase	Current decrease	December 31, 2016
Land	$ 421,359	-	-	421,359
Buildings	170,184	-	-	170,184
Leasehold improvements	551,760	14,028	11,664	554,124
Machinery equipment	387,446	14,823	15,315	386,954
Transportation equipment	80,401	2,478	8,360	74,519
Miscellaneous equipment	266,239	9,893	24,507	251,625
Leased assets	49,761	-	-	49,761
Total	$ 1,927,150	41,222	59,846	1,908,526

	January 1, 2015	Current increase	Current decrease	December 31, 2015
Land	$ 500,512	-	79,153	421,359
Buildings	193,277	-	23,093	170,184
Leasehold improvements	502,389	56,103	6,732	551,760
Machinery equipment	455,676	17,796	86,026	387,446
Transportation equipment	85,471	7,563	12,633	80,401
Miscellaneous equipment	276,411	15,915	26,087	266,239
Leased assets	48,381	1,380	-	49,761
Total	$ 2,062,117	98,757	233,724	1,927,150

Changes in accumulated depreciation were as below:

	January 1, 2016	Current increase	Current decrease	December 31, 2016
Buildings	$ 56,732	3,327	-	60,059
Leasehold improvements	428,314	45,213	11,263	462,264
Machinery equipment	298,924	21,671	15,289	305,306
Transportation equipment	57,418	5,249	8,280	54,387
Miscellaneous equipment	210,331	15,543	24,409	201,465
Leased assets	13,082	8,442	-	21,524
Total	$ 1,064,801	99,445	59,241	1,105,005

	January 1, 2015	Current increase	Current decrease	December 31, 2015
Buildings	$ 58,309	3,702	5,279	56,732
Leasehold improvements	393,384	41,179	6,249	428,314
Machinery equipment	359,091	23,051	83,218	298,924
Transportation equipment	63,961	5,556	12,099	57,418
Miscellaneous equipment	218,857	17,220	25,746	210,331
Leased assets	4,765	8,317	-	13,082
Total	$ 1,098,367	99,025	132,591	1,064,801

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(L) Intangible assets-net

	For the years ended December 31, 2016	2015
Goodwill	$ 137,326	137,326
Computer software	74,981	92,287
Total	$ 212,307	229,613

Goodwill of the Bank was acquired from assuming the outstanding assets and liabilities of the Taipei Seventh Credit Cooperative on July 27, 1998.

When testing assets for impairment, the Bank defined each branch as a cash-generating unit (CGU). The recoverable amount of a CGU is determined at its value in use, and the key assumptions on the economic conditions that will occur over the remaining useful life of the CGU, such as estimated future cash flows, are based on each CGU's operations or objective data on its business cycle to estimate the future operating cash flows of the Bank.

After assessing the recoverable amount of CGUs as above, the Bank does not have to state goodwill impairment loss for the years ended December 31, 2016 and 2015.

Changes in intangible assets were as follows:

	January 1, 2016	Current increase	Current decrease	December 31, 2016
Goodwill	$ 137,326	-	-	137,326
Computer software	92,287	22,711	40,017	74,981
Total	$ 229,613	22,711	40,017	212,307

	January 1, 2015	Current increase	Current decrease	December 31, 2015
Goodwill	$ 137,326	-	-	137,326
Computer software	108,318	27,045	43,076	92,287
Total	$ 245,644	27,045	43,076	229,613

(M) Other assets—net

	For the years ended December 31, 2016	2015
Prepayments	$ 47,038	95,327
Refundable deposits	1,631,834	5,461,707
Temporary payments	244	53,354
Total	$ 1,679,116	5,610,388

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(N) Deposits from Central Bank and other banks

	For the years ended December 31, 2016	2015
Deposits from banks	$ 150,000	145,000
Deposits from post offices	4,056,933	4,056,933
Due to other banks	800,000	4,165,560
Total	$ 5,006,933	8,367,493

(O) Securities sold under repurchase agreements

(In Thousands of New Taiwan Dollars)

December 31, 2016				
Assets	Par value	Selling price (Note)	Designated repurchase amount	Designated repurchase date
Financial assets at fair value through profit or loss	$ 2,250,000	2,250,000	2,250,674	Prior to Jan 20, 2017

December 31, 2015				
Assets	Par value	Selling price (Note)	Designated repurchase amount	Designated repurchase date
Financial assets at fair value through profit or loss	$ 7,214,558	7,303,061	7,305,300	Prior to Jan 14, 2016
Available-for-sale financial assets	5,752,440	5,574,572	5,577,270	Prior to Jan 26, 2016
Total	$ 12,966,998	12,877,633	12,882,570	

Note: Accounted for under securities sold repurchase agreements.

(P) Payables

	For the years ended December 31, 2016	2015
Accounts payable	$ 354	25,184
Accrued expenses	381,394	567,237
Interest payable	308,825	374,718
Acceptances payable	137,421	266,328
Collection payable	55,265	62,815
Other tax payable	55,237	71,230
Interest payable – preferred stock	398,787	398,787
Checks for clearance	715,626	481,379
Accounts payable factoring	239,884	244,458
Other payables	154,393	189,514
Total	$ 2,447,186	2,681,650

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(Q) Deposits and remittances

	For the years ended December 31, 2016	2015
NTD deposits		
Checking accounts	$ 1,290,418	1,299,109
Demand deposits		
Demand deposits	28,996,016	25,815,887
Demand savings deposits	41,022,256	39,969,740
Subtotal of demand deposits	70,018,272	65,785,627
Time deposits		
Time deposits	51,100,674	45,860,075
Time savings deposits	81,059,730	84,227,373
Negotiable certificates of deposit	1,562,000	2,360,400
Subtotal of time deposits	133,722,404	132,447,848
Staff demand savings deposits	757,447	761,700
Subtotal of NTD deposits	205,788,541	200,294,284
Foreign currency deposits		
Foreign currency demand deposits	10,803,931	9,256,620
Foreign currency time deposits	31,685,240	39,048,301
Subtotal of foreign currency deposits	42,489,171	48,304,921
Remittances under custody	28,143	23,767
Remittances outstanding	2,695	4,288
Total	$ 248,308,550	248,627,260

(R) Financial debentures

Financial debentures	Period	Type	Coupon rate	December 31, 2016	December 31, 2015
2010 bonds payable	August 2010 to August 2017	Subordinated	3.25%	$ 4,000,000	4,000,000
2010 bonds payable	December 2010 to December 2017	Subordinated	3.25%	6,000,000	6,000,000
				$ 10,000,000	10,000,000

Note: The interests of financial debentures above are accrued annually and the redemption will be paid at maturity.

(S) Preferred stock liabilities

On November 7, 2007, the Bank issued NT$10 (dollars) par perpetual noncumulative registered convertible preferred stock A at a 6.75% dividend rate through private placement at a discount price for a total of $5,907,955 (NT$9.50 dollars per share). Dividends are paid in cash annually and are calculated based on the issuance amount. Other important issuance terms are as follows:

Annual earnings, if any, are used to pay taxes, offset cumulative losses, adjust according to financial accounting standards, and appropriated as legal and special reserve under the Bank's Articles of Incorporation; the remainder should prioritize to distribute to preferred stocks.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The holders of preferred stocks can participate in the distribution of the remaining earnings at the ratio of two shares of preferred stock A for one common share after earnings distribution to the common stockholders with a resolution approved by the board of directors.

Preferred stockholders hold the same voting rights and rights to elect and be elected as those of common stockholders during a stockholders' meeting.

A preferred share can be converted into one common share after one month of the issuance date.

The Bank can call back some or all of the outstanding preferred stocks on the date ten years after the issuance date; meanwhile, the dividend rate of stocks not called back will be adjusted to 7.75% for the remaining period.

Upon issuance of preferred stock A, the Bank bifurcated liability component and the conversion rights embedded in the preferred stock A, which amounted to $3,382,305 and $2,525,650 (accounted for under capital surplus), respectively. On July 11, 2008, the Bank offset a deficit by reducing capital; thus liability component of preferred stocks and capital surplus decreased $1,967,440 and $1,469,135 respectively.

As of December 31, 2016, the above amount of liability component of preferred stocks and capital surplus was $1,414,865 and $1,056,515 respectively. No conversion of preferred stocks into common stocks occurred.

For the years ended December 31, 2016 and 2015, the Bank estimated and recognized the interest of preferred stock liability of $398,787, which was accounted for under interest expense and interest payable – preferred stock.

(T) Other financial liabilities

	For the years ended December 31, 2016	2015
Structured commodity principal	$ 2,666,357	2,222,143
Lease payable	23,010	32,908
Others	-	27,849
Total	$ 2,689,367	2,282,900

(U) Provisions

	For the years ended December 31, 2016	2015
Employee benefits provision	$ 357,449	360,612
Guarantee reserve	71,955	110,200
Other provisions	6,853	6,888
Total	$ 436,257	477,700

Other provisions were the settlement compensation provision for structured notes. For the years ended December 31, 2016 and 2015, the reversal gains recognized were $485 and $1,238 respectively.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Changes in provisions were as follows:

	January 1, 2016	Current increase	Current decrease	Others	December 31, 2016
Employee benefits provision	$ 360,612	-	(3,163)	-	357,449
Guarantee reserve	110,200	-	(38,245)	-	71,955
Other provisions	6,888	450	(485)	-	6,853
Total	$ 477,700	450	(41,893)	-	436,257

	January 1, 2015	Current increase	Current decrease	Others	December 31, 2015
Employee benefits provision	$ 309,956	50,656	-	-	360,612
Guarantee reserve	96,609	13,574	-	17	110,200
Other provisions	7,098	1,028	(1,238)	-	6,888
Total	$ 413,663	65,258	(1,238)	17	477,700

(V) Other liabilities

	For the years ended December 31, 2016	2015
Unearned revenue	$ 5,665	4,362
Advance interest receipts	1,473	19,552
Temporary receipts and suspense accounts	13,663	25,842
Other advance receipts	101,802	87,868
Guarantee deposits received	538	538
Total	$ 123,141	138,162

(W) Employee benefits

(a) Defined benefits plan

The present value of defined benefit obligation and the fair value adjustments of the plan assets for the Bank were as follows:

	For the years ended December 31, 2016	2015
Present value of the defined benefit obligations	$ (816,977)	(809,813)
Fair value of plan assets	459,528	449,201
Net defined benefit liability	$ (357,449)	(360,612)

The Bank's defined benefits plan contributes to employees' pension fund of Bank of Taiwan. In accordance with the retirement plan, payments of pension benefits are calculated based on the employees' average monthly salary for the last six months prior to approved retirement and base point (b.p.) entitlement.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(1) Component of the Plan

Under the Labor Standards Act, the employees' pension fund is managed by Bureau of Labor Funds, Ministry of Labor. According to "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the application of fund, the minimum benefit of allocation for each year, can't be lower than the revenue which calculated by the rate (for two years) of time deposit of local bank.
As of reporting date, the amount of employees' pension fund is $459,529. The application of employees' pension fund includes return on funds and fund assets allocation, the related information please refer to the website of employees' pension fund is managed by Bureau of Labor Funds, Ministry of Labor.

(2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Bank as December 31, 2016 and 2015 were as follows:

	For the years ended December 31, 2016	2015
Defined benefit obligation at 1 January	$ (809,813)	(768,296)
Current service costs and interest	(20,566)	(24,502)
Remeasurements of a net defined benefit (liability) asset		
Actuarial (loss) gain arising from changes in demographic assumptions	(7,389)	247
Actuarial (loss) gain arising from changes in financial assumptions	-	(53,106)
Actuarial (loss) gain arising from experience adjustments	11,945	9,218
Gain (loss) on paying and past service costs	838	-
Benefits paid by the plan	8,008	26,626
Defined benefit obligation at 31 December	$ (816,977)	(809,813)

(3) The movements in the present value of the defined benefit plan assets for the Bank as December 31, 2016 and 2015 were as follows:

	For the years ended December 31, 2016	2015
Fair value of plan assets at 1 January	$ 449,201	458,340
Interest Revenue	6,779	9,228
Remeasurements of a net defined benefit (liability) asset		
Return on plan assets (exclude current interest)	(3,839)	(3,113)
Contribution plans made	11,090	11,372
Benefits paid by the plan	(3,703)	(26,626)
Fair value of plan assets at 31 December	$ 459,528	449,201

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Bank as December 31, 2016 and 2015 were as follows:

	For the years ended December 31, 2016	2015
Current service costs	$ 7,612	9,172
Net interest on net defined benefit liability	5,337	3,720
	$ 12,949	12,892

(5) Net remeasurement of defined benefits liability recognized in other comprehensive income

The Bank' net remeasurement of defined benefits liability recognized in other comprehensive income as December 31, 2016 and 2015 were as follows:

	For the years ended December 31, 2016	2015
Cumulative amount at 1 January	$ (13,587)	(62,722)
Recognized during the period	(717)	49,135
Cumulative amount at 31 December	$ (14,304)	(13,587)

(6) Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

	For the years ended December 31 2016	2015
Discount rate	1.50%	1.50%
Future salary increases	3.00%	3.00%

The Bank expected $9,552 in contributions to be paid to its benefit plans within a year after reporting date of 2016.
Weighted average duration base on defined benefit plan is 12 years.

(7) Sensitivity analysis

When adopted principal actuarial assumption changes, the effects of present value of the benefit obligation as December 31, 2016 and 2015 were as follows:

	Present value of the benefit obligation effects: Increase	Decrease
December 31, 2016		
Discount rate (movement 0.25%)	(25,796)	26,945
Rate of compensation increase (movement 0.25%)	26,478	(25,489)

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	Present value of the benefit obligation effects: Increase	Decrease
December 31, 2015		
Discount rate (movement 0.25%)	(27,121)	28,382
Rate of compensation increase (movement 0.25%)	27,890	(26,799)

The sensitivity analysis above that to analyzing the effects of changes in single assumptions is based on other assumptions remains unchanged. Actually, changes in many assumptions may link together. Sensitivity analysis and net pension liability of balance sheet were calculated under the same approach.

(b) Defined contribution plan

In accordance with the Labor Pension Act of the R.O.C. , the Bank is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages. Under this plan, the Bank doesn't have the statutory/constructive obligations of additional payment after contributing the fixed amounts to Bureau of Labor Insurance.

For the years ended December 31, 2016 and 2015, the pension expense under the defined contribution plan of the Bank amounted $69,857 and $71,676 respectively. Payment was made to the Bureau of Labor Insurance.

(X) Income tax

The components of income tax expenses for the years ended December 31, 2016 and 2015 were as follows:

	For the years ended December 31, 2016	2015
Current tax expenses		
Current period	$ 51,233	141,153
Adjustment for prior periods	10,070	-
Deferred tax expenses	444,934	509,821
10% surtax on undistributed earnings	149,246	178,314
Income tax expense	$ 655,483	829,288

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

For the years ended December 31, 2016 and 2015, the amount of income tax (revenues) expenses recognized under other comprehensive income was as follows:

	For the years ended December 31, 2016	2015
Items not to be reclassified into profit or loss		
Remeasurements of defined benefit plans	$ (122)	7,948
Items that may be subsequently reclassified into profit and loss		
Exchange differences on translation of foreign financial statements	$ 13,992	(8,069)

Reconciliation of income tax and net income before tax for 2016 and 2015 is as follows:

	For the years ended December 31, 2016	2015
Income tax calculated on net income before tax	$ 290,728	714,995
Tax-exempt income	74,230	(197,152)
Adjusted deferred tax assets for prior year	87,853	7,574
Over provision in prior periods	10,070	-
10% surtax on undistributed earnings	149,246	178,314
Income basic tax	43,356	126,488
Others	-	(931)
Total	$ 655,483	829,288

Change in the amount of deferred tax assets and liabilities of the Bank were as follows:

Temporary difference

For the year ended 2016	Beginning balance	Recognized in profit or loss	Recognized under other comprehensive income	Ending balance
Difference tax asset due to allowance for bad debts in excess of tax-allowance limit	$ 278,165	10,616	-	288,781
Unrealized gains on financial instruments	17,610	(10,587)	-	7,023
Employee benefits provision	61,508	316	-	61,824
Actuarial gain and loss on defined benefit plan	(14,129)	-	(122)	(14,251)
Foreign currency translation differences for foreign operations	(41,321)	-	13,992	(27,329)
Loss carry-forward	2,172,597	(446,555)	-	1,726,042
Other	6,999	1,276	-	8,275
	$ 2,481,429	(444,934)	13,870	2,050,365
Presentation on Balance sheet				
Deferred tax asset	$ 2,536,879			2,091,945
Deferred tax liability	(55,450)			(41,580)
	$ 2,481,429			2,050,365

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Temporary difference

	For the year ended 2015			
	Beginning balance	Recognized in profit or loss	Recognized under other comprehensive income	Ending balance
Difference tax asset due to allowance for bad debts in excess of tax-allowance limit	$ 255,528	22,637	-	278,165
Deferred loss on sale of non-performing loans	8,330	(8,330)	-	-
Unrealized gains on financial instruments	(18,812)	36,422	-	17,610
Employee benefits provision	60,845	663	-	61,508
Actuarial gain and loss on defined benefit plan	(22,077)	-	7,948	(14,129)
Foreign currency translation differences for foreign operations	(33,252)	-	(8,069)	(41,321)
Loss carry-forward	2,734,110	(561,513)	-	2,172,597
Other	6,699	300	-	6,999
	$ 2,991,371	(509,821)	(121)	2,481,429
Presentation on Balance sheet				
Deferred tax asset	$ 3,065,512			2,536,879
Deferred tax liability	(74,141)			(55,450)
	$ 2,991,371			2,481,429

As of December 31, 2016 and 2015, the Bank unused loss carry-forwards and the deduction period are as follows:

Year of Net Loss	Deductible Deficit	Unused loss carry-forwards	Expiry Year
2007	$ 2,077,386	594,118	2017
2008	4,476,487	-	2018
2009	3,653,398	-	2019
2010	540,033	-	2020

Income Tax Act assessed tax loss can be carried forwards for ten years, afterwards calculating tax expenses, the amount of unused loss carry-forwards is $101,000 since the Bank possibly has adequate income for temporary difference in the future.

The Bank's income tax returns through 2014 have been assessed and approved by the Tax Authority, among which the income tax returns for 2012 has not been assessed yet.

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(Y) Imputation credit account

As of December 31, 2016 and 2015, the balance of the stockholders' imputation credit account amounted to $238,124 and $156,265 respectively. For the year ended December 31, 2016, the stockholders' imputation creditable tax ratio is expected to be 5.15%. For the year ended December 31, 2015, the stockholders' imputation creditable tax ratio was 3.43%. The aforementioned information regarding imputation credit account is in accordance with the Order of Tai-Tsai-Shuei-Tze No. 10204562810 issued by the Ministry of Finance on October 17, 2013.

(Z) Common stock and capital surplus

As of December 31, 2016, the Bank's authorized capital was $47,600,000 and paid-in capital for common stock was $16,796,775.

The Bank's details of capital surplus were as follows:

	For the years ended December 31, 2016	2015
Conversion of financial debentures	$ 359,507	359,507
Rights of conversion of preferred stock to common stock	1,056,515	1,056,515
Treasury stock transaction	2,496	2,496
Redemption of convertible financial bonds	40,600	40,600
Others	2,987	2,987
Total	$ 1,461,505	1,461,505

Pursuant to the amended Company Law realized capital surplus shall be used initially to cover a deficit (or a loss) and the balance, if any, can be transferred to capital or distributed as cash dividends. Also, realized capital surplus includes the premium income derived from the issuance of new shares and endowments received by the company. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus to be used purposely to increase capital shall not exceed 10% of total paid-in capital.

(AA) Earnings distribution and dividend policy

In compliance with the Bank's articles of incorporation, annual earnings, if any, shall be allocated in the following order:

(a) Payment of all taxes and making certain adjustments in accordance with SFAS;

(b) Offset cumulative losses in prior years;

(c) Provision or reversal for legal reserve in compliance with the Banking Law of the Republic of China and provision for special reserve in compliance with related Acts, requests of competent authority and the needs of business;

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

(d) Distribution of preferred stock a dividends of the current year according to Article 5-1 of the Bank's articles of incorporation;

(e) The remainder, plus undistributed earnings in prior years, distributed base on the following percentage determined by the board of directors in consideration of the changes of operating environment, the maintenance of sound capital adequacy ratios as well as the capital needs of long-term financial plan

Stockholders' bonuses can be distributed as stock, cash or the combination of stock and cash under the approval of the stockholders' meeting. When the Bank's tier 1 capital adequacy ratio is less than the legal standard, stock dividends will be distributed instead of cash dividends as stockholders' bonuses.

The stockholders' meeting approved the year 2014 earnings distribution on June 12, 2015 The stockholders' meeting also decided to distribute cash dividends to common share stockholders for NT$0.6 (dollar) per share and the total amount of cash dividends distributed was $1,007,806.

The stockholders' meeting approved last year earnings distribution on June 8, 2016 and decided to distribute cash dividends to common share stockholders for NT$0.6 (dollar) per share and the total amount of cash dividends distributed was $1,007,806.

Earnings distribution should be resolved by the stockholders' meeting in the following year and given effect in the financial statements of the current year.

According to Company Law, where a company incurs no loss, it may pursuant to a resolution approved by the stockholders during the stockholders meeting distribute its legal reserve and its remaining capital reserve by issuing new shares or by cash. Where legal reserve is distributed by issuing new shares or by cash, only portion of legal reserve which exceeds 25 percent of the paid-in capital stock may be distributed. Furthermore, pursuant to the Banking Act of The Republic of China, before the legal reserve balance reaches the amount of total paid-in capital, cash dividends are limited to 15% of the total paid-in capital. The relevant information on earnings distribution approved by the stockholders' meeting can be accessed through the Market Observation Post System or other sites.

(AB) Share-based payment contracts

Since October 2007, the Bank has adopted share-based payment agreements to recruit professional managers. Under these agreements, the Bank should issue a certain number of its stock-linked certificates in installments (one certificate represents one unit corresponding to one Bank's share) to these managers on the day they report for work. In addition, the Bank should settle these certificates in cash at a certain preset price if there is a substantial change (the event) occurred, as defined in the agreement. This preset price is a sale price, which should be approved by the Bank's board of directors. The certificates will be vested after three years of the grant date. All certificates that have not been granted or vested will be granted or vest on the date when the event occurred. Furthermore, the Bank should determine the aggregate amount payable on all certificates no later than 30 days after the event and make the payment in proportion to the major stockholders' share disposal. All certificates will be forfeited and cancelled if the Bank terminated the preceding professional

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managers' employment for cause or if the managers end their employment, become disabled or die.

	For the years ended December 31,2016		For the years ended December 31,2015	
	Numbers	Weighted average exercise price	Numbers	Weighted average exercise price
Outstanding at the beginning of the period	10,987	-	12,487	-
Granted during the period	894	-	-	-
Forfeited during the period	1,229	-	1,500	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	10,652	-	10,987	-
Exercisable at the end of the period	-	-	-	-

As of December 31, 2016, the Bank had granted 10,652 thousand certificates (would be adjusted to 4,766 thousand certificates by capital reduction ratio on the issue date according to the approval of the stockholders' meeting on July 11, 2008) to several managers. For the years ended December 31, 2016 and 2015, the Bank recognized reward cost (reversal gain) and payables amounting to $15,115, and $1,745 respectively, accounted for under personnel expenses and payables, respectively.

The share-based contracts were priced using the Black-Scholes pricing model. The fair value of the stock price-linked certificate was NT$14.55 (dollars) per unit. The parameters used by pricing model, stock price on valuation date was $14.55, exercise price was nil, expected volatility was 28.10%, expected life was 9 years and risk-free interest rate was 0.92%.

(AC) Earnings per share

	For the years ended December 31, 2016	2015
Basic EPS		
Net income	$ 1,054,679	3,295,131
Weighted-average shares of common stock outstanding (in thousands)	1,679,678	1,679,678
Basic EPS (in dollars)	$ 0.63	1.96
Diluted EPS		
Net income	$ 1,054,679	3,295,131
Interest expense of convertible preferred stock(after tax)	-	330,993
Net income attributable to common stockholders used to calculate diluted EPS	$ 1,054,679	3,626,124
Weighted-average shares of common stock outstanding (in thousands)	1,679,678	1,679,678
Bonuses to employees (in thousands)	1,365	2,257
Shares of convertible preferred stock (in thousands)	-	278,233
Weighted-average shares of common stock outstanding used to calculate diluted EPS (in thousands)	1,681,043	1,960,168
Diluted EPS (in dollars)	$ 0.63	1.85

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The convertible preference shares issued by the Bank, if adopted in the calculation of earnings per share by the year ended of 2016, will have an anti-dilutive effect and hence they are not included in the calculation of the weighted-average number of shares.

(AD) Compensations of employees and directors and supervisors

In compliance with the Bank's articles of incorporation. Annual earnings, if any ,the Bank shall contributes no less than 1% of employees compensations and no more than 1% of directors and supervisors compensations. But the offset amount should be reserved in advance when The Bank still has cumulative losses.

For the years ended December 31, 2016, the Bank estimated compensations for employees to be $19,865 respectively. Directors and supervisors were estimated a compensation of $5,182. This is calculated on the basis of the net income before tax for the given time of the Bank before excluding compensation of employees, directors and supervisors, then multiplying the separate parameter in compliance with the Bank's articles. The benefits were charged to profit or loss under operating costs or operating expenses for the period. If there are differences between actual distribution amount and estimated amount in the following year, will be accounted as changes in accounting estimates and recognized as profit or loss in the following year.

For the years ended December 31, 2015, the Bank estimated compensations for employees, directors and supervisors to be $42,434 and $10,608 respectively. There is no difference between appropriation and actual distribution.

(AE) Net interest income

	For the years ended December 31, 2016	2015
Interest income		
Discount and loans interest	$ 5,448,439	6,266,583
Revolving credit interest	46,774	55,871
Due from Central Bank interest	177,620	363,684
Due from banks and call loans to banks interest	189,393	244,298
Securities interest	415,542	549,746
Others	95,934	34,733
Subtotal	6,373,702	7,514,915
Interest expense		
Deposit interest	1,864,441	2,304,659
Due to other financing	19,553	43,609
Due to bank interest	47,511	56,081
Interest on bonds issued	351,964	354,848
Interest of preferred stock liability	398,787	398,787
Structured notes interest expense	82,352	78,061
Interest expense of leased assets	2,178	3,079
Others	36	116
Subtotal	2,766,822	3,239,240
	$ 3,606,880	4,275,675

Interest income and expense from financial assets and liabilities measured at fair value through profit and loss are excluded.

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(AF) Net service fee and commission income

	For the years ended December 31, 2016	2015
Service fee income		
Credit card service fee income	$ 108,393	116,346
Loan service fee income	533,802	861,294
Trust service fee income	415,676	490,151
Factoring purchase service fee income	19,858	83,345
Insurance commission income	563,217	582,452
Others	224,408	194,147
Total service fee income	1,865,354	2,327,735
Service fee expense		
ATM service fee	15,799	15,843
Agency service fee	29,895	30,917
Business promotion service fee	6,320	6,791
Others	24,335	27,595
Total service fee	76,349	81,146
Net service fee income	$ 1,789,005	2,246,589

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

	For the years ended December 31, 2016	2015
Disposal gain and loss		
Commercial papers	$ 52,429	73,409
Negotiable certificates of deposit	6,080	1,717
Listed and OTC securities	-	(28,937)
Corporate bonds	120,680	52,088
Beneficiary certificates	-	(7,334)
Financial debentures	29,088	43,385
Government bonds	200,264	67,326
Derivative financial instruments	535,464	1,025,444
Structured products	(73,648)	(55,631)
Borrowed securities	50	(2,577)
Subtotal	$ 870,407	1,168,890
Valuation gain and loss		
Commercial papers	$ 2,130	(20,939)
Negotiable certificates of deposit	(2,235)	397
Corporate bonds	(15,108)	(19,029)
Financial debentures	6,101	(9,153)
Government bonds	(102,473)	89,891
Derivative financial instruments	(50,505)	(4,684)
Designation as financial bonds payable at fair value through profit or loss	-	70,813
Subtotal	(162,090)	107,296
Dividends revenue	-	4,750
Interest on bonds issued	-	(124,340)
Total	$ 708,317	1,156,596

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

(AH) Realized gains and losses on available-for-sale financial assets

	For the years ended December 31, 2016	2015
Commercial papers	$ -	38
Government bonds	123,482	73,263
Corporate bonds	127,164	115,575
Financial debentures	5,023	-
Listed and OTC securities	16,017	19,612
Total	$ 271,686	208,488

(AI) Other net non-interest income

	For the years ended December 31, 2016	2015
Rental income	$ 40	35
Gain on equity investment carried at cost	20,532	14,439
Loss on retirement of property and equipment	(442)	(4,146)
Gain on reversal of operating	485	1,238
Gain on disposal of property	-	8,138
Loss on disposal on investment	(135)	-
Others	(2,363)	298
Total	$ 18,117	20,002

(AJ) Bad debts expenses and reserve for guarantee liabilities provision

	For the years ended December 31, 2016	2015
(Reversal) provisions of allowance for bad debts – discounts and loans	$ 1,071,160	352,732
Provisions (reversal) of allowance for bad debts – receivables	532,564	37,787
(Reversal) provisions of allowance for bad debts – guarantee reserve	(38,245)	13,574
	$ 1,565,479	404,093

(AK) Employee benefits expenses

	For the years ended December 31, 2016	2015
Salary expenses	$ 1,383,825	1,555,546
Insurance expenses	131,992	137,909
Retirement expenses	83,031	85,110
Other personnel expenses	88,833	103,512
Total	$ 1,687,681	1,882,077

The Bank's numbers of employees for the year 2016 and 2015 were 1,704 and 1,803 respectively.

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

(AL) Depreciation and amortization expenses

	For the years ended December 31, 2016	2015
Buildings	$ 3,327	3,702
Leasehold improvements	45,213	41,179
Machinery equipment	21,671	23,051
Transportation equipment	5,249	5,556
Miscellaneous equipment	15,543	17,220
Leased assets	8,442	8,317
Subtotal of depreciation expenses	99,445	99,025
Amortization of computer software	40,017	43,076
Total	$ 139,462	142,101

(AM) Other general and administrative expenses

	For the years ended December 31, 2016	2015
Site usage and general equipment expenses	$ 380,452	377,983
General administration expenses	257,715	264,177
Marketing and promotion expenses	15,019	20,989
Business tax	355,208	437,653
Other expenses	188,994	203,931
Total	$ 1,197,388	1,304,733

(AN) Financial instruments

(a) The Bank valuation techniques and assumptions used for financial instruments at fair value are as follows:

(1) Short-term financial instruments evaluates its fair value by book value of balance sheets, since the expiry date is similar in this kind of commodities. The base is reasonable that book value should belong to evaluating fair value. The method is used in Cash and cash equivalents, Due from Central Bank and call loans to banks, Securities purchased under resell agreements、Receivable, Current tax assets, Other financial assets, Deposits from Central Bank and other banks, Securities sold under repurchase agreements, payable, Current tax liabilities, Deposit and remittance, and Other financial liabilities.

(2) Financial assets at fair value through profit or loss, Available-for-sale financial assets and Held-to-maturity financial assets, above financial instruments are if there any quotes in active market, hereafter using it to be its fair value; if not, using evaluation method for measurement. The information of the Bank and active market use in measurement and assumptions are consistency, therefore, the evaluation method is reasonable.

(3) Discounts and loans and Deposits are due to the financial assets and liabilities which attached interest, therefore, its book value will be similar with present fair value. The book value of overdue receivable is the amount expecting to recover which after reducing bad debt, and employs it to be fair value.

(4) Financial debentures refer to rate of bonds payable by OTC to measure its fair value.

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

(5) Measurements of fair value of financial instruments without an active market are based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from the discounted cash flow method.

(6) The Bank uses foreign exchange rate by Reuters to calculate the fair value of forward exchange. Using quoted price by Reuters to calculate the fair value of currency swap and interest rate swap.

(b) Financial instruments not measured at fair value

Except for the following subjects listed below, the financial instruments of the Bank such as Cash and cash equivalents, Due from Central Bank and call loans to banks, Securities purchased under resell agreements, Receivables, Discounting and loans, Financial assets carried at cost, Restricted assets, Deposits from Central Bank and other banks, Due to the central bank and banks, Securities sold under repurchase agreements, Payables, Deposits and remittances, Financial debentures, Preferred stock liabilities and Other financial liabilities where book value is reasonable approximation of fair value.

	December 31, 2016	
Financial Assets	Book value	Fair value
Held-to-maturity financial assets－net	$ 30,521,290	30,527,982

	December 31, 2015	
Financial Assets	Book value	Fair value
Held-to-maturity financial assets－net	$ 894,240	907,231

(c) Fair value hierarchy information on financial instruments and the statements of changes in fair value of Level 3

(1) Fair value hierarchy information on financial instruments

	December 31, 2016			
Assets and Liabilities	Total	Level 1 (Note 1)	Level 2 (Note 2)	Level 3 (Note 3)
Instruments measured at fair value				
Instruments measured at fair value on a recurring basis				
Non-Derivative Financial Instruments				
Assets:				
Financial assets at FVTPL				
Financial assets held for trading				
Investment in bonds	$ 7,158,152	7,158,152	-	-
Others	18,381,842	18,381,842	-	-
Available-for-sale financial assets				
Investment in stocks	316,738	316,738	-	-
Investment in bonds	25,771,597	25,771,597	-	-
Derivative Financial Instruments				
Assets:				
Financial assets at FVTPL	$ 1,441,534	12,080	699,631	729,823
Liabilities:				
Financial liabilities at FVTPL	1,308,557	-	391,407	917,150
Instruments not measured at fair value				
Held-to-maturity financial assets－net	30,527,982	29,650,000	877,982	-

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	December 31, 2015			
Assets and Liabilities	Total	Level 1 (Note 1)	Level 2 (Note 2)	Level 3 (Note 3)
Instruments measured at fair value				
Instruments measured at fair value on a recurring basis				
Non-Derivative Financial Instruments				
Assets:				
Financial assets at FVTPL				
Financial assets held for trading				
Investment in bonds	$ 16,221,182	9,291,223	6,929,959	-
Others	7,154,821	-	7,154,821	-
Available-for-sale financial assets				
Investment in stocks	323,929	323,929	-	-
Investment in bonds	33,705,250	-	33,705,250	-
Derivative Financial Instruments				
Assets:				
Financial assets at FVTPL	$ 4,879,884	413	481,319	4,398,152
Liabilities:				
Financial liabilities at FVTPL	4,871,727	207	366,683	4,504,837
Instruments not measured at fair value				
Held-to-maturity financial assets－net	907,231	-	907,231	-

(2) Transfers between Level 1 and Level 2

For the year 2016, available-for-sale corporate debt securities with a carrying amount of $46,078,001 since changing reference of valuation, there were no significant transfers from Level 2 to Level 1 in 2016 and no transfers in either direction in 2015.

(3) Statements of changes in financial assets which were classified to Level 3 based on fair value measurement.

	For the years ended December 31, 2016									
		The amount of profit or loss valuation		Current increase			Current decrease			
Items	Beginning balance	The amount recognized in current net income	The amount recognized in other comprehensive income	Purchase or Issue	Transfer in of Level 3	Transfer in of Level 3 of financial assets and out of Level 3 of financial liabilities	Sale, disposal, or settlement	Transfer out of Level 3	Transfer in of Level 3 of financial liabilities and out of Level 3 of financial assets	Ending balance
Financial assets at FVTPL										
Financial assets held for trading	$ 4,398,152	(3,374,813)	-	12,944	-	-	(306,460)	-	-	729,823

	For the years ended December 31, 2015									
		The amount of profit or loss valuation		Current increase			Current decrease			
Items	Beginning balance	The amount recognized in current net income	The amount recognized in other comprehensive income	Purchase or Issue	Transfer in of Level 3	Transfer in of Level 3 of financial assets and out of Level 3 of financial liabilities	Sale, disposal, or settlement	Transfer out of Level 3	Transfer in of Level 3 of financial liabilities and out of Level 3 of financial assets	Ending balance
Financial assets at FVTPL										
Financial assets held for trading	$ 1,963,876	2,478,957	-	306,460	-	-	(351,141)	-	-	4,398,152

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

(4) Statements of changes in financial liabilities which were classified to Level 3 based on fair value measurement

	For the years ended December 31, 2016								
			Current increase			Current decrease			
Items	Beginning balance	The amount recognized in current net income	Purchase or Issue	Transfer in of Level 3	Transfer in of Level 3 of financial liabilities and out of Level 3 of financial assets	Sale, disposal, or settlement	Transfer out of Level 3	Transfer in of Level 3 of financial assets and out of Level 3 of financial liabilities	Ending balance
Financial liabilities at FVTPL									
Financial liabilities held for trading	$ 4,504,837	(3,263,787)	155,030	-	-	(478,930)	-	-	917,150

	For the years ended December 31, 2015								
			Current increase			Current decrease			
Items	Beginning balance	The amount recognized in current net income	Purchase or Issue	Transfer in of Level 3	Transfer in of Level 3 of financial liabilities and out of Level 3 of financial assets	Sale, disposal, or settlement	Transfer out of Level 3	Transfer in of Level 3 of financial assets and out of Level 3 of financial liabilities	Ending balance
Financial liabilities at FVTPL									
Financial liabilities held for trading	$ 2,061,985	2,409,094	478,930	-	-	(445,172)	-	-	4,504,837

(5) The valuation process used for fair value measurements categorized within Level 3

There are two main approaches for the Bank to categorize fair value measurements of financial instrument within Level 3-"Internal evaluation model" and "Quoted price from the counterparties". When using "Internal evaluation method", market risk management department of the Bank is in charge of independently testifying the fair value through applying independent data sources so that the information can be close to the current market status, making sure that the data sources are independent, reliable, consistent with other information and representable as an exercisable price. Additionally, periodically calibrating the pricing model, conducting retrospective testing, renewing inputs and information required for pricing model, and making any other necessary fair value adjustment are used to verify the reasonableness of valuation.

If without Internal evaluation model, price quoted by the counterparty is used as fair value. Market risk management department of the Bank is responsible for regularly updating the latest quoted price, maintaining stable source evaluation, excluding anomaly appraisal numbers , verify significant differences to assure the result of valuation is still familiar with market value, reliable, consistent, and achievable in a scope of reasonable price.

Finance and risk management department jointly set fair value evaluation policies and procedures of financial instruments, and confirm that is compliance with IAS. The risk management department is responsible for the management and review for the evaluation of the results.

(6) Fair value measurement for a financial instrument classifies as Level 3 and sensitivity analysis of reasonably possible alternative assumptions for fair value

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

The Bank have not developed an evaluation model and the fair value is based on the quoted price from the counterparty. Therefore, sensitive analysis is not applicable.

Note 1: Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. The definition of active market has all of the following conditions: (1) the products traded in the market are homogeneous, (2) willing parties are available anytime in the market, and (3) price information is available for the public.

Note 2: Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The examples of observable price are as follows:

A. The quoted price for an identical financial instrument in an active market means the fair value from the market transaction prices for an identical financial instrument. An identical financial instrument should be determined by its characteristics and terms of transaction.

The fair value of a financial instrument has to be adjusted according to the observable market price of the identical financial instrument. The reasons for adjustments include time lag of the occurring market transaction prices for an identical financial instrument (the quoted prices do not represent fair value at the measurement date), the difference in transaction terms for financial instruments, transaction prices involving related parties, and the correlation between the observable transaction prices of identical financial instruments and the market prices of held financial instruments.

B. The quoted market price of the same or identical financial instruments in an inactive market.

C. The fair value is estimated on the basis of the results of a valuation technique, and the market inputs used (i.e., interest rate, yield curve, and fluctuation rate) are based on obtainable data from the market (an observable input means an input can be derived from market data and can reflect the expectation of market participants when the inputs were used in evaluating the prices of financial instruments).

D. A majority of inputs are derived from observable market data, or the input correlation can be tested based on observable market data.

Note 3: Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from market but based on assumption to make appropriate estimates and adjustments. If it's not possible to develop a valuation model, quoted price from the counterparty is used as fair value. According to the regulation of IFRS13 p.93(d), fair value measurement for a financial instrument classifies as Level 3, the Bank should provide relevant significant unobservable input quantifiable information which is used in fair value evaluation. The Bank doesn't need to create quantifiable information to comply with this disclosed regulation, if the quantified unobservable input quantification is not be created under the situation of evaluating fair values.(such as the Bank use transaction price without adjustment or a third-party pricing information)Then there will no significant unobservable input quantified information. Some of the derivative instruments and debts investment without active market of the Bank and its subsidiaries' investment belong to such category.

Note 4: Fair value adjustment

A. Evaluated model limitations and uncertain input values

The output of evaluation model is budget estimated, and the technique of evaluation might not reflect all relevant factors about financial instruments and non-financial instruments holding by the Bank's. Therefore, the estimates value of evaluation model will properly be adjusted by extra parameter, such as model risk or liquidity risk. According to the management policy and relevant control processes of fair value evaluation model of the Bank, the management believe that in order to properly express the fair value of financial instruments and non-financial instruments on the merger balance sheet, adjustment of evaluation is proper and necessary. In the process of evaluation, the use of pricing information and parameters are after careful assessment and suitably adjusted according to the current market situation.

B. Credit risk value adjustment

Credit risk value adjustment can mainly be classified into Credit value adjustments and Debit value adjustments. The definition is as followings:

a. Credit value adjustments means adjusting the derivative contact, Over the counter (OTC), evaluation through decentralized trading markets. By doing this, it can reflect the counterparty's delay for repayment and the probability that the Bank is not able to receive all market value in the fair value.

b. Debit value adjustments means adjusting the derivative contract, Over the counter (OTC), evaluation through decentralized trading markets. By doing this, it can reflect the Bank's delay for repayment and the probability that the Bank is not able to pay all market value in the fair value.

The Bank would calculate Credit valuation adjustment (CVA) by assessing Probability of default (PD) and Loss given default (LGD) of the counterparty before multiplying Exposure at default (EAD) of the counterparty. On the contrary, Debit valuation adjustment (DVA) is computed by applying Probability of default of the Bank and considering Loss given default of the Bank before being multiplied by the amount of Exposure at default of the Bank.

The Bank apply the assumption of 60% standard loss given at default to most of its counterparties. But in a nature of risk and data is obtainable, the Bank might apply other assumptions of loss given at default.

The Bank adopts the joint chart of Probability of default which is announced by International credit rating agency to estimate counter parties' PD. If there is no external rating agency, the Bank will estimate PD on the basis of the Probability of default corresponding to the final rating, estimate LGD on the basis of the average experience of foreign financial institutions (60%) and estimate exposures EAD on the basis of market evaluation value minus collateral value. Taking evaluation adjustment of credit risk into consideration on fair value of financial instruments, in order to reflect on the credit risk on counterparties and credit quality of the Bank.

(d) For the years ended December 31, 2016 and 2015, unrealized gains recognized by the Bank from the fair value evaluation of financial instruments by using valuation techniques amounted to $(161,453) and $107,116 respectively.

(e) Financial risk management

The financial management objectives of the Bank is to effectively diversify, transfer and avoid risk and to create a win-win-win situation for the customers, the stockholders and the employees by catering the need of customers while taking into account the financial related business operations and bearing the overall risk and statutory limitations. The major risks that the Bank might possibly face are credit risk, market risk (including interest rate, foreign exchange, equity security and commodity risk) and liquidity risk of on- and off-balance sheet items.

The organization structure of risk management of the Bank is a monitoring unit directed by the board of directors or a risk management committee authorized by the board of directors to regularly monitor whether the risk management mechanism operates effectively.

The risk management department and other operating departments are responsible for enforcing various risk management strategies approved by the board of directors and the risk management committee to identify, evaluate and hedge the financial risk. In addition, the audit office of the board of directors is responsible for an independent audit of risk management and control environment.

(1) Credit Risk

A. Description of credit risk

Credit risk is the risk of financial loss if a client or counterparty fails to meet its contractual obligations. Credit risk arises from both on-balance sheet items and off-balance sheet items. The credit exposure of the Bank consists of on-balance sheet items, which include Loan and Credit card, Due from Central Bank and call loans to banks, Debt investment and Derivatives transaction; and off-balance sheet items, which mainly include Guarantees, Bank acceptance, Letter of credit and Loan commitments.

B. Credit risk management policy

To ensure that the credit risk is within a tolerable range, the credit risk management specifications of the Bank state that the product provided and business engaged in, including all the transactions on- and off- the balance sheet should be analyzed in detail to identify the existing and potential credit risk; before introducing new products and services, related credit risks should be examined and confirmed in accordance with the relevant provisions. For more complex credit business, such as factoring and credit derivatives, risk management mechanism has also been drawn on related business management guideline. The credit quality is controlled within an acceptable level and a balance between risk and reward is pursued in accordance with the government regulations, the practical needs and risk tolerance level of the Bank to improve the overall operating structure and stockholder's equity.

In addition, the asset quality assessment and loss reserve provision is in accordance with the Bank' risk management measure.

The credit risk management procedures and measurement methods of the major business of the Bank are described as below:

a. Loan (including loan commitment and guarantee)

The credit assets of the Bank are classified into 5 categories. Normal credit assets shall be classified as "Category One". The remaining unsound credit assets shall be evaluated based on the status of the loan collaterals and the length of time overdue. Assets that require special mention shall be classified as "Category Two", assets that are substandard shall be classified as "Category Three", assets that are doubtful shall be classified as "Category Four" and assets for which there is loss shall be classified as "Category Five". To regulate problematic credit, the Bank have set the "Guidelines governing the procedures to evaluate assets and deal with non-performing/non-accrual loans" as the basis for managing problematic loans and remaining debt.

Authorities responsible for credit risk management and risk control department have established an appropriate internal credit rating system and scoring models to measure the borrower's risk level (rating level). The system is run by using professional judgments and quantitative information of a statistical model to predict the probability of a borrower that cannot meet its debt commitments and its default loss rate.
Authority responsible for credit risk management uses the internal scoring model to establish an appropriate rating system as an important basis for credit approval or rejection, credit limit control, risk pricing and loss reserve provision.

The Bank's credit examination authority may use qualified external rating information (including but not limited to the S&P, Moody's, Fitch, TRC, TCRI and JCIC) as an instrument for the approval or refusal of cases and for the credit portfolio management.

The Bank credit quality is divided into 4 levels: low risk, moderate risk, medium risk and high risk.

b. Due and call loans to banks

The Bank always assess the credit situation of the counterparty before entering into a transaction. The counterparty's rating and information on financial condition from domestic and international credit rating agency are being considered and different credit risk limits are set. The usage of the counterparty's credit limit from financial industry peer is evaluated to monitor the exposure condition.

c. Debt instrument and investment and derivative instrument

The Bank manage the risk of debt instrument by using credit rating from external institutions, bond's credit quality, regional condition and counterparty risk to identify credit risk.

The counterparties of the Bank derivative transactions are classified as financial peers, they shall be deemed as mostly above investment grade and will be controlled according to their credit limit (including interbank credit limit); for counterparties that have no credit rating or are classified as non-investment grade, individual cases review are needed. For general customers, credit exposure is controlled in accordance with the derivative instrument risk limit that is approved when applying for the credit by following a general procedure.

Except for the general customer that follow general credit procedure, the Bank and its subsidiaries classify the credit quality of debt instrument and investment and derivative instrument into 3 grades, namely investment grade, non-investment grade and no credit rating.

C. Policy of Mitigation of Credit Risk

a. Collateral

The Bank adopt a series of policies and measures to reduce credit risk, the most commonly used among which is to require the borrower to provide collateral. For the assessment and management of the collateral and calculation of the value of the loan, the Bank have set the range for collateral that can be provided for the procedures for the valuation, management and disposal of collateral to ensure claims. If the loan contract contains debt preservation, collateral terms and offset terms, the amount of credit limit may be decreased, the loan repayment period can be shortened or be regarded as reaching its full maturity, and the borrower's deposit in the Bank can be used to offset debt to reduce credit risk when a clearly defined credit event occurs.

The collateral of other non-credit granting business will depend on the nature of the financial instrument. Only asset backed security and other similar financial instruments use financial instruments from a set of asset pool as collateral.

b. Credit extension limit and credit risk concentration control

To avoid excessive risk concentration, the credit extension guideline of the Bank have set limits of credit balance for a single counterparty or a single group; the investment guideline and risk control rules for equity investment have set various investment limits for the same person (corporation) or the same affiliated (holding) corporation. To control concentration risk of assets, the Bank have set credit limit in accordance with the types of industry, types of holding corporations, countries and loans using stocks as collaterals to monitor concentration risks of assets; that is, the aforementioned management mechanism is used to monitor the concentration of credit risk of a single counterparty, holding corporations, affiliated corporations, industries, nationalities and the ultimate risk countries.

c. General conventions of net settlement

The transactions of the Bank are usually settled on a gross basis, net settlement is set with certain counterparties or in the case of default when all the transaction with the counterparty are terminated and settled on a net basis to reduce credit risk.

d. Other credit enhancement

Loan contract of the Bank contains offset terms, if there is a clearly defined credit event occurs, the borrower's deposit in the Bank can be used to offset debt to reduce credit risk.

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

D. Maximum exposure to credit risk

Without taking collateral or other credit enhancement mitigation effect into account, the maximum exposure to credit risk of on-balance sheet financial assets is equal to their carrying values and the maximum exposure to credit risk of off-balance sheet financial instruments (without taking collateral or other credit enhancement mitigation effect into account and irrevocable maximum exposure) were as follows:

	For the years ended December 31,		
		2016	2015
Unused amount of irrevocable loan commitments	$	7,614,555	9,507,298
Unused amount of irrevocable letter of credit		1,034,327	1,340,262
Various guarantee proceeds		7,171,414	10,972,204
	$	15,820,296	21,819,764

The assets on the balance sheet and off the balance sheet can be categorized into the following collateral that effect the financial statements:

Retail banking mortgage can be divided into six levels by the location of collateral and about the borrowers' credit risk valuation in the Bank. It is set to standard granted loan ratios by using two-dimensional crossed classification. When a customers in a low risk, their granted loan ratios are between 50% and 90%. Customers who are moderate risk and medium risk, only the top-five levels of collateral will be accepted and granted loan ratios between 70% and 80%. Customers who are considered high risk levels, only the top-three levels of collateral will be accepted and granted loan ratios between 70% and 75%.

The lowest principle of corporate banking credit account to levy collateral is according to the Bank's provision of Credit Rating. The Bank differentiate customers into Low risk, Moderate risk, Medium risk and High risk. For Medium risk customers, the required collateral percentage is between 10% and 20%. High risk level customers are required a collateral percentage of at least 70%. The highest recognize ratio of all kinds of guarantees is according to the difference of its price volatility, liquidity, and legal rule. The Bank calculate 50%~90% of guarantee ratio and value by market price and acquisition costs.

The Bank believe that adopting stringent selection processes and conducting a regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure of their off-balance sheet items.

E. Concentrations of credit risk

Significant concentrations of credit risk exist when there are significant exposures to an individual counterparty to a transaction or a number of related counterparties engage in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Appendix : Financial Statements

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The credit risk concentration of the Bank originates from assets, liabilities or off-balance sheet items that are generated by the transaction (irrespective of the product or service), performance, execution or cross-category exposure combination, including credit extension, deposits and call loans to banks, securities investment, receivables and derivatives instruments. There is no significant concentration of credit risk within the Bank in terms of a single client or counterparty to a transaction, and the transaction amount of a single client or counterparty does not account for a significant amount of the Bank' balance of discounts and loans and non-accrual account. The following table illustrates the diversification of the loan portfolio among geographical regions, industry sectors and collateral types.

By Industry

	For the years ended December 31,			
	2016		2015	
Industry	Amount	%	Amount	%
Private business	$ 91,412,834	49.41	86,386,998	47.22
Non-Profit Organization	5,852	-	72,737	0.04
Individual	91,011,744	49.19	91,943,890	50.25
Others	2,593,164	1.40	4,562,578	2.49
Total	$ 185,023,594	100.00	182,966,203	100.00

By Area

The Bank primarily engage its business in Taiwan and there is no significant geographically concentrated credit risk.

By Collateral

	For the years ended December 31,			
	2016		2015	
Collateral	Amount	%	Amount	%
Financial collateral	$ 11,530,327	6.23	15,247,658	8.33
Accounts receivable	529,980	0.29	516,065	0.28
Real estate	107,777,084	58.25	108,354,910	59.22
Guaranty	129,301	0.07	685,955	0.38
Other collateral	17,618,294	9.52	15,471,568	8.46
Credit guarantee	47,438,608	25.64	42,690,047	23.33
Total	$ 185,023,594	100.00	182,966,203	100.00

F. Credit quality analysis of financial assets

Cash and Equivalent Cash, Due from Central Bank, Call loans to banks, Financial assets measured at fair value through profit or loss, Securities purchased under resell agreements, refundable deposits, Guaranty bond and clearing and settlement fund are excluded from this analysis since the counterparty is normally with good credit quality.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

The tables below provided the credit quality analysis for the other financial assets.

a. Credit quality analysis of discounts and loans as well as receivables

December 31, 2016

Items		Neither past due nor impaired					Past due not impaired(B)	Impaired(C)	Total (A)+(B)+(C)	Appropriated loss (D)		Net amount (A)+(B)+(C)-(D)
		Low risk	Moderate risk	Medium risk	High risk	Subtotal (A)				With objective evidence of individual impairment	Without objective evidence of individual impairment	
Receivables												
Credit card business (Note 4)	$	1,295,985	246,083	183,333	85,928	1,811,329	34,578	164,261	2,010,168	9,581	22,171	1,978,416
PEMG claims receivable		-	-	-	-	-	-	1,591,993	1,591,993	1,062,235	-	529,758
TMU advance receivables		-	-	-	-	-	-	79,132	79,132	49,753	-	29,379
Factoring accounts receivable		-	631,381	-	-	631,381	-	-	631,381	-	6,370	625,011
Receivable-Credit		-	-	-	-	-	-	50,000	50,000	24,124	-	25,876
Discount and loans		103,197,735	53,250,871	16,862,322	3,174,944	176,485,872	615,270	7,922,452	185,023,594	1,304,654	1,299,349	182,419,591
Acceptance, guaranty, and letter of credit receivable		1,567,102	4,291,438	1,952,985	531,637	8,343,162	-	-	8,343,162	-	73,330	8,269,832

December 31, 2015

Items		Neither past due nor impaired					Past due not impaired(B)	Impaired(C)	Total (A)+(B)+(C)	Appropriated loss(D)		Net amount (A)+(B)+(C)-(D)
		Low risk	Moderate risk	Medium risk	High risk	Subtotal (A)				With objective evidence of individual impairment	Without objective evidence of individual impairment	
Receivables												
Credit card business (Note 4)	$	1,210,677	275,003	195,589	104,271	1,785,540	31,710	195,958	2,013,208	9,105	33,559	1,970,544
PEMG claims receivable		-	-	-	-	-	-	1,605,605	1,605,605	1,062,235	-	543,370
Factoring accounts receivable		-	3,086,335	30,853	-	3,117,188	-	-	3,117,188	-	31,371	3,085,817
Discount and loans		101,604,646	55,142,090	16,371,450	4,447,747	177,565,933	1,479,943	3,920,327	182,966,203	1,939,833	735,301	180,291,069
Acceptance, guaranty, and letter of credit receivable		2,665,257	7,274,508	2,639,029	-	12,578,794	-	-	12,578,794	-	112,942	12,465,852

Note1: "Neither past due nor impaired" means the principal or interest does not exceed a reasonable grace period. The reasonable grace period is 0-7 days for credit cards and 0-5 days for other credit assets.

Note 2: "Past due", which is different from the definition of "non-performing loans" in "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing and Non-Accrued Loans", means the counterparty does not make the payment when the contract is due, for example, the principal or interest exceed a reasonable grace period.

Note 3: "Impaired" is the amount of impairment position that is individually judged with objective evidence on the reporting day.

Note 4: Including receivables—other credit card.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

b. Client-credit-quality-based credit quality analysis on none past due and none impaired discount and loans

	Neither past due nor impaired				
December 31, 2016	Low risk	Moderate risk	Medium risk	High risk	Total
Corporate baking					
Unsecured	$ 12,530,547	16,781,601	4,716,741	1,860,456	35,889,345
Land and buildings loans and other collaterals	16,756,540	29,383,059	9,599,167	686,644	56,425,410
Retail banking					
Mortgages	69,419,111	3,290,995	993,402	481,514	74,185,022
Credit and others	4,491,537	3,795,216	1,553,012	146,330	9,986,095
Total	$ 103,197,735	53,250,871	16,862,322	3,174,944	176,485,872

	Neither past due nor impaired				
December 31, 2015	Low risk	Moderate risk	Medium risk	High risk	Total
Corporate baking					
Unsecured	$ 9,024,001	17,734,817	4,216,441	808,820	31,784,079
Land and buildings loans and other collaterals	17,479,469	29,139,815	8,682,984	3,022,004	58,324,272
Retail banking					
Mortgages	70,737,528	4,466,210	1,407,433	494,740	77,105,911
Credit and others	4,363,648	3,801,248	2,064,592	122,183	10,351,671
Total	$ 101,604,646	55,142,090	16,371,450	4,447,747	177,565,933

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

c. Credit quality analysis of security investments

	December 31, 2016								
	Neither past due nor impaired								
Items	Investment grade	Non-investment grade	No credit rating	Subtotal (A)	Past due not impaired(B)	Impaired(C)	Total (A)+(B)+(C)	Loss amount recognized (D)	Net amount (A)+(B)+(C)-(D)
Available-for-sale financial assets									
Bonds investment	$ 25,771,597	-	-	25,771,597	-	-	25,771,597	-	25,771,597
Stocks investment	316,738	-	-	316,738	-	-	316,738	-	316,738
Held-to-maturity financial assets	30,521,290	-	-	30,521,290	-	-	30,521,290	-	30,521,290

	December 31, 2015								
	Neither past due nor impaired								
Items	Investment grade	Non-investment grade	No credit rating	Subtotal (A)	Past due not impaired(B)	Impaired(C)	Total (A)+(B)+(C)	Loss amount recognized (D)	Net amount (A)+(B)+(C)-(D)
Available-for-sale financial assets									
Bonds investment	$ 33,705,250	-	-	33,705,250	-	-	33,705,250	-	33,705,250
Stocks investment	323,929	-	-	323,929	-	-	323,929	-	323,929
Held-to-maturity financial assets	892,620	-	-	892,620	-	-	892,620	-	892,620

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

G. Ageing analysis on past due but not impaired financial assets

Past due but not impaired loans might results from some temporary administration reasons so the customer is in the early stages of delinquency but no actual impairment occurs yet. According to the internal credit risk assets impairment evaluation guideline unless, there are other objective evidence that shows a potential loss, a less than 90-day past due loan is typically not treated as impairment.

The aging analysis on past due but not impaired financial assets was as follows:

	December 31, 2016		
	Overdue within 1 month	Overdue between 1 and 3 months	Total
Receivables			
Credit card business	$ 29,344	5,234	34,578
Discount and loans			
Corporate banking			
Land and buildings loans and other collaterals	32,411	-	32,411
Retail banking			
Mortgages	320,760	104,880	425,640
Credit loans and others	125,120	32,099	157,219

	December 31, 2015		
	Overdue within 1 month	Overdue between 1 and 3 months	Total
Receivables			
Credit card business	$ 25,602	6,108	31,710
Discount and loans			
Corporate banking			
Unsecured	-	89,000	89,000
Land and buildings loans and other collaterals	251,033	24,508	275,541
Retail banking			
Mortgages	563,381	332,894	896,275
Credit loans and others	197,784	21,343	219,127

(2) Liquidity risk

A. Definition and sources of liquidity risk

Liquidity risk of the Bank refers to the risk of bearing financial losses because of inability to liquidate assets or obtain financing to provide funds to meet the financial obligation, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments and early exertion of right of rescission of interest sensitive product by the assured. The aforementioned situation may reduce the cash source of loan, transactions and investment. In some extreme cases, the lack of liquidity may result in a decrease in the overall position of the balance sheet, sale of assets and failure to perform loan commitments. Liquidity risk is inherent in banking operations and can be affected by various industry-specific or overall market events, including but not limited to credit events, mergers or acquisitions, systematic impact and natural disasters.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

B. Management policy of liquidity risk

The Bank carry out its liquidity management procedures respectively and is monitored by their respective independent risk management departments. The procedures include:

a. Operate funds and monitor future cash flows to ensure that all the demands can be fulfilled.

b. Maintain adequate stock of liquid assets to buffer unexpected events that may interrupt cash flow.

c. Monitor liquidity ratios of balance sheets in accordance with the internal management purposes and external regulatory requirements.

d. Administrate the maturity dates of debt instruments.

The monitoring and reporting procedures are based on the estimation of future one-day, one-week and one-month capital flow. The estimation of future cash flow is based on the contract maturity date of financial liabilities and estimated collection date of financial assets. The risk management department also monitors the extent and pattern of contingent liabilities such as middle-term and long-term borrowing commitments, credit limits of discounts and letters of guarantee.

Related information is regularly provided to the risk management committee and the board of directors.

C. Maturity analysis of financial assets and liabilities

The management policy of the Bank is to match the contractual maturity profile with the interest rates risk exposures on assets and liabilities and manage unexpected cash outflow. Because of uncertainty, the maturities did not fully match the interest rates, resulting in gaps that may potentially give rise to gain or loss. The Bank applied appropriate ways to group assets and liabilities. The maturity analysis of assets and liabilities was as follows:

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

December 31, 2016						
Items	Within 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 7 years	Over 7 years	Total
Assets						
Cash	$ 3,367,897	474,140	475,860	-	-	4,317,897
Due from Central Bank and call loans to banks	12,053,775	4,227,000	6,655,600	1,080,000	-	24,016,375
Financial assets at FVTPL (Note)	14,573,984	2,916,849	1,616,422	7,175,942	687,127	26,970,324
Available-for-sale financial assets – net (Note)	-	-	180,000	25,591,598	-	25,771,598
Securities sold under resell agreements	1,389,700	-	-	-	-	1,389,700
Receivables – gross	374,687	2,035,314	2,752,946	626	-	5,163,573
Discounts and loans – gross	12,017,138	18,154,037	30,708,051	51,220,081	72,924,287	185,023,594
Held-to-maturity financial assets – net	25,750,000	-	3,100,000	1,671,290	-	30,521,290
Liabilities						
Deposits from Central Bank and other banks	$ 1,140,430	1,125,970	2,740,533	-	-	5,006,933
Financial liabilities at FVTPL	18,251	42,320	482,586	314,804	449,966	1,307,927
Securities sold under repurchase agreements	2,250,000	-	-	-	-	2,250,000
Payables	446,564	110,503	1,890,119	-	-	2,447,186
Deposits and remittances	57,478,245	30,191,025	117,206,175	43,463,105	-	248,338,550
Financial debentures	-	-	10,000,000	-	-	10,000,000
Preferred stock liability	-	-	-	-	1,414,865	1,414,865
Other financial liabilities – structured commodity principle	53,788	189,554	191,288	933,188	1,298,539	2,666,357

December 31, 2015						
Items	Within 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 and 7 years	Over 7 years	Total
Assets						
Cash	$ 5,516,170	119,500	68,312	-	-	5,703,982
Due from Central Bank and call loans to banks	45,544,706	6,319,300	4,271,400	1,045,000	-	57,180,406
Financial assets at FVTPL (Note)	3,212,100	1,080,586	3,846,778	17,641,276	2,358,727	28,139,467
Available-for-sale financial assets – net (Note)	-	-	201,399	33,501,857	1,994	33,705,250
Securities sold under resell agreements	99,910	-	-	-	-	99,910
Receivables – gross	324,334	2,309,186	5,523,917	-	-	8,157,437
Current tax assets	-	-	221,936	-	-	221,936
Discounts and loans – gross	11,576,788	13,722,284	31,182,363	51,871,609	74,613,159	182,966,203
Held-to-maturity financial assets – net	-	-	-	892,620	-	892,620
Liabilities						
Deposits from Central Bank and other banks	$ 3,515,940	2,111,020	2,740,533	-	-	8,367,493
Financial liabilities at FVTPL	84,595	260,313	1,208,449	2,749,914	555,941	4,859,212
Securities sold under repurchase agreements	12,877,633	-	-	-	-	12,877,633
Payables	641,132	134,449	1,906,069	-	-	2,681,650
Current tax liabilities	-	-	240,332	-	-	240,332
Deposits and remittances	69,860,110	25,227,252	109,276,909	44,262,989	-	248,627,260
Financial debentures	-	-	-	10,000,000	-	10,000,000
Preferred stock liability	-	-	-	-	1,414,865	1,414,865
Other financial liabilities – structured commodity principle	24,583	19,870	168,347	646,781	1,362,562	2,222,143

Note: not including listed and OTC securities and beneficiary certificates.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

D. Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of the off-balance sheet items based on the remaining time until the contractual maturity date. For issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period. The amount disclosed is based on contractual cash flows and may be different from that included in the balance sheets.

(In Thousands of New Taiwan Dollars)

	December 31, 2016					
	0-30 days	31-90 days	91-180 days	181 days -1 year	Over 1 year	Total
Unused amount of irrevocable loan commitments	$ 15,000	-	808,280	387,834	6,403,441	7,614,555
Unused amount of letter of credit	326,359	402,122	305,846	-	-	1,034,327
Various guarantee proceeds	1,238,534	510,927	1,024,860	1,358,777	3,038,316	7,171,414

	December 31, 2015					
	0-30 days	31-90 days	91-180 days	181 days -1 year	Over 1 year	Total
Unused amount of irrevocable loan commitments	$ 498,100	-	1,191,246	1,189,327	6,628,625	9,507,298
Unused amount of letter of credit	534,714	570,330	91,218	-	144,000	1,340,262
Various guarantee proceeds	1,707,556	2,850,949	300,995	803,965	5,308,739	10,972,204

E. Maturity analysis of lease contract and capital expenditure commitment

The lease contract of the Bank is operating lease. Operating lease commitment is the future minimum rental payment under operating lease conditions when the Bank is a lessee or lessor.

The capital expenditure commitment of the Bank is the contractual commitments signed for obtaining buildings and equipment.

Maturity analysis of lease contract and capital expenditure commitment of the Bank was as follows:

(In Thousands of New Taiwan Dollars)

December 31, 2016	Under 1 year	1 to 5 years	Over 5 years	Total
Lease contract commitment				
Operating lease expense (lessee)	$ 281,378	473,977	79,900	835,255
Capital expenditure commitments	27,859	12,076	-	39,935

December 31, 2015	Under 1 year	1 to 5 years	Over 5 years	Total
Lease contract commitment				
Operating lease expense (lessee)	$ 315,582	547,324	104,724	967,630
Capital expenditure commitments	51,421	24,152	-	75,573

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(3) Market Risk

A. Sources and definition of market risk management

Market risk is the risk that the fair value and future cash flow of the on- and off-balance sheet financial instruments of the Bank fluctuate. Factors that result in the fluctuation of market prices usually include interest rates, exchange rates and prices of equity securities and commodities price. When the aforementioned risk factors change, the net income and values of portfolios may fluctuate.

The major market risk of the Bank is the risk of equity securities, interest rates and exchange rates. The market risk positions of equity securities include domestic listed stocks, emerging stocks, domestic stock index options and stock index futures; the positions of interest risk include bonds and interest rate derivatives; exchange rate risk position is the overall position of the investment held by the Bank such as derivative instruments and bonds denominated in foreign currency.

B. Market risk management policy

The market risk positions and tolerable losses of the Bank are monitored in accordance with the risk management objectives and limits approved by the management committee authorized by the board.

Establishing market risk management mechanism helps effectively monitor the financial instruments positions of the company using credit management, profit and loss evaluation, sensitivity analysis, and stress test execution. All of above will be reported to the risk management committee and the board as references for decision making.

C. Market risk management process

a. Recognition and evaluation

In order to evaluate market risk, the business units and risk management units of the Bank should regularly identify the sources of market risk and risk factors by using business analysis and product analysis methods. Appropriate market risk measuring methods are built for different risk factors including position limits management(normal principle limits, bonds position limits and stock position limits) and sensitivity limits management(PVBP, Duration, VaR and Greeks, etc).

b. Monitoring and reporting

The risk management units of the Bank regularly submit the information about the execution status of market risk management objectives, the control of positions and profits and losses, sensitivity analysis and stress testing to the board to help them fully understand the situation of market risk management. Clear notification procedures are built for the Bank. Every transaction has limits, and stop-loss regulations which will be executed immediately, if any, of the transaction has reached the stop-loss limit. If the

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

stop-loss regulation is not executed, the trading units should state the reason and the coping plan for the approval of the top management to continue to hold the position.

D. Risk management of trading book and banking book positions

The trading book is the position of financial instruments and physical goods that are held for trading or for hedging. Held-for-trading position means the position that is held with the intent to make a profit from actual or expected bid-ask spread. Positions that do not belong to the aforementioned trading book are classified as banking book positions.

Trading book position is evaluated according to its daily fair value. When there is no fair value in the market, the trading book position will be evaluated by models, methods approved by the Bank, or other practicable methods. Appropriateness of the valuation models should be assessed at least once a year. Market price data needed by the valuation models should be updated daily.

The products, the nature of the business, and the existing evaluation resources should be taken into account for the evaluation of market risk in order to adopt appropriate limits for risk management.

Transactions of investments and derivatives instruments that do not belong to the trading book are regarded as banking book. Investments are conducted in accordance with the investment limits set by the authority and are evaluated at least once a month to be reported to the top management.

E. Banking book interest rate risk management

The function of interest rate risk management for the Banking book is to enhance the Bank's ability to measure and manage the risk of shocks on the earnings and the economic value of the balance sheet due changes in interest rates. The effect on the earnings and the present value of expected cash flows discounted by market risks for assets, liabilities and off-balance sheets positions due to changes in interest rates should be taken into account.

Interest rate sensitivity gap (IRSG) method is adopted to evaluated banking book interest rate risk and the results of which are reported to the asset and liability management committee and risk management committee regularly.

F. Market risk factor sensitivity analysis

The Bank uses market risk factor sensitivity as a tool to manage risks. Market risk factor sensitivity is the change of the value of positions due to the change of specific market risk factors by one unit.

Interest rate factor sensitivity is the change in the present value of one basis point (PVBP) of future cash flow of interest rate commodity position as the yield curves shift up by one basis point (0.01%) on the balance sheet date. Interest rate commodity includes bonds, interest rate swaps, cross currency swaps, etc.

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

Option risk sensitivity measures the effects on the option prices as the prices of the underlying assets change, that is, the hedging ratio required when options are undertaken.

In addition, the Bank does not have a significant net foreign currency position. Therefore, exchange rate fluctuation will not cause any significant exchange rate risk to the Bank.

Summary of sensitivity analysis were as follows:

		December 31, 2016		
			Amount	
Risk Items	Items	Cost/par value	Equity	Profit and loss
Interest Rate Risk	Government, corporate bonds and financial debentures	33,310,116	(7,638)	(2,206)
(PVBP)	IRS	76,518,877	-	1,314

		December 31, 2015		
			Amount	
Risk Items	Items	Cost/par value	Equity	Profit and loss
Interest Rate Risk	Government, corporate bonds and financial debentures	50,365,741	(12,807)	(6,988)
(PVBP)	IRS	99,861,759	-	2,574

G. Exchange rate risk concentration information

(In Thousands of Dollars)

	December 31, 2016		
	Foreign currency Amount	Exchange Rate	Expression amount NTD Amount
Financial assets			
Monetary items			
USD	$ 1,631,321	32.2700	52,642,714
CNY	881,474	4.6200	4,072,410
JPY	11,346,673	0.2757	3,128,278
ZAR	946,118	2.3700	2,242,300
EUR	45,674	33.9200	1,549,268
Non-monetary items			
USD	$ 55	32.2700	1,771
Financial liabilities			
Monetary items			
USD	$ 1,588,169	32.2700	51,250,214
CNY	875,884	4.6200	4,046,584
JPY	11,390,346	0.2757	3,140,318
ZAR	946,086	2.3700	2,242,224
EUR	45,601	33.9200	1,546,782
Non-monetary items			
USD	$ 1,232	32.2700	39,747
JYP	3	0.2757	1

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

	December 31, 2015		
	Foreign currency Amount	Exchange Rate	Expression amount NTD Amount
Financial assets			
Monetary items			
USD	$ 2,462,814	33.0600	81,420,636
CNY	1,415,688	5.0300	7,120,911
JPY	25,063,222	0.2746	6,882,361
ZAR	1,260,764	2.1300	2,685,428
EUR	77,021	36.1200	2,781,897
Non-monetary items			
USD	$ 26	33.0600	869
Financial liabilities			
Monetary items			
USD	$ 2,421,691	33.0600	80,061,103
JPY	24,884,691	0.2746	6,833,336
CNY	1,415,930	5.0300	7,122,126
ZAR	1,259,666	2.1300	2,683,088
EUR	77,017	36.1200	2,781,865
Non-monetary items			
USD	$ 546	33.0600	18,036
ZAR	137	2.1300	293

(f) Transferred financial assets

(1) Transferred financial assets that are not fully derecognized

The transactions, relating to transferred financial assets not qualifying for full derecognition, the Bank conduct during daily operation mostly involve securities lending in accordance to repurchase agreements. Since the right to receive contractual cash flow has been transferred to others and the Bank's obligation to repurchase the transferred assets for a fixed price at a future date is recognized under liability. For such transactions, the Bank can't use, sell or pledge these transferred financial assets within the transaction validity period, but the Bank is still responsible for interest rate risk and credit risk. Thus, they are not fully derecognized.

	December 31, 2016				
Types of financial assets	Carrying amount of transferred financial assets	Carrying amount of associated financial liabilities	Fair value of transferred financial assets	Fair value of associated financial liabilities	Net fair value
Financial assets measured at fair value through profit or loss					
Repurchase agreement	$ 2,269,471	2,250,000	-	-	-
Available-for-sale financial assets					

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

Types of financial assets	Carrying amount of transferred financial assets	Carrying amount of associated financial liabilities	Fair value of transferred financial assets	Fair value of associated financial liabilities	Net fair value
	December 31, 2015				
Financial assets measured at fair value through profit or loss					
Repurchase agreement	$ 7,349,193	7,303,061	-	-	-
Available-for-sale financial assets					
Repurchase agreement	5,660,099	5,574,572	-	-	-

Note: Counter parties of Repurchase transactions have right of recourse to the Bank, not just to the transferred assets. According to IFRS7p42D(d), there is no need to list the fair value of transferred assets、the fair value of related liabilities and net position.

(2) Transferred financial assets that are fully derecognized

The Bank has not engaged in financial assets securitization. There is no financial assets transferred to individual trust company with special purpose and that is qualified for derecognition. But the Bank still retains the Call option for subject assets.

(g) Offsetting financial assets and financial liabilities

IAS 32 section 42 about Offsetting financial instruments transaction is not applicable to the Bank, and the transactions related to financial assets and financial liabilities are not expressed as net value on the balance sheet.

The Bank does not qualify to use the offsetting rules. However, the Bank has an exercisable master netting arrangement or similar agreements (such as Global master repurchase agreement, Global securities lending agreement, or transactions of repurchase and reverse repurchase) in place with counterparties. When both parties reach a consensus regarding net settlement, the aforesaid exercisable master netting arrangement or similar agreement can be net settled by offsetting financial assets and financial liabilities. If not, the transaction can be settled at total amount. In the event of default involving one of the parties, the other party can have the transaction net settled.
The following tables present the aforementioned offsetting financial assets and financial liabilities.

December 31, 2016
Financial assets that are offset, have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d): Financial instruments (Note)	Amounts not set off in the balance sheet (d): Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instrument	$ 1,430,330	-	1,430,330	386,425	218,149	825,756
Resell and securities borrowing agreement	1,389,700	-	1,389,700	-	-	1,389,700
Total	$ 2,820,030	-	2,820,030	386,425	218,149	2,215,456

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

December 31, 2016
Financial liabilities that are offset, have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d): Financial instruments (Note)	Amounts not set off in the balance sheet (d): Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instrument	$ 1,307,927	-	1,307,927	386,425	1,228,767	(307,265)
Repurchase and securities borrowing agreement	2,250,000	-	2,250,000	-	-	2,250,000
Total	$ 3,557,927	-	3,557,927	386,425	1,228,767	1,942,735

December 31, 2015
Financial assets that are offset, have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial assets (a)	Gross amounts of financial liabilities offset in the balance sheet (b)	Net amount of financial assets presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d): Financial instruments (Note)	Amounts not set off in the balance sheet (d): Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instrument	$ 4,763,464	-	4,763,464	1,181,972	675,820	2,905,672
Resell and securities borrowing agreement	99,910	-	99,910	-	-	99,910
Total	$ 4,863,374	-	4,863,374	1,181,972	675,820	3,005,582

December 31, 2015
Financial liabilities that are offset, have an exercisable master netting arrangement or similar agreement

	Gross amounts of recognized financial liabilities (a)	Gross amounts of financial assets offset in the balance sheet (b)	Net amount of financial liabilities presented in the balance sheet (c)=(a)-(b)	Amounts not set off in the balance sheet (d): Financial instruments (Note)	Amounts not set off in the balance sheet (d): Cash collateral received	Net amount (e)=(c)-(d)
Derivative financial instrument	$ 4,859,212	-	4,859,212	349,794	5,148,928	(639,510)
Repurchase and securities lending agreement	12,877,633	-	12,877,633	-	79,344	12,798,289
Total	$ 17,736,845	-	17,736,845	349,794	5,228,272	12,158,779

Note：Master netting arrangements and non-cash financial collaterals are included.

(AO) Capital management

(a) Capital management objectives

The capital management objective of the Bank is that their eligible capital is sufficient to meet the capital requirements and the minimum legal capital adequacy rate. The eligible capital and the authorized capital are calculated in pursuant to the regulations set by the regulators.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

To enable the Bank to have an adequate capital to cover various risks, the required capital should be calculated based on the risk portfolios and the risk characteristics that the Bank face. Optimal allocation of resources can be achieved by regularly reviewing the objectives of capital management.

(b) Capital management procedures

The Bank maintain adequate capital to meet the requirements of the authority and to report to the authority on a quarterly basis.

The Bank's regulatory capital is divided into Tier 1 Capital and Tier 2 Capital following the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

Tier I capital includes common equity and additional Tier I capital. Common equity includes common shares, capital surplus (except for additional paid-in capital in excess of par-preferred shares), accumulated profit or loss and adjustment items of equity. Items that should be deducted are: intangible assets (including goodwill), unamortized loss on sales of non-performing loans, investments on financial institutions, deferred income tax assets, deferred pension costs and the deduction items of the former Tier I capital and Tier II capital (except for major investments on financial institutions). Additional Tier I capital includes non-cumulative perpetual preferred shares, non-cumulative perpetual subordinated debts.

Tier II capital consists of cumulative perpetual preferred shares, cumulative perpetual subordinated debts, value increased through revaluation, convertible bonds, operating reserve and loan-loss provisions.

To properly monitors and maintains the capital adequacy ratio, the Bank calculate the capital adequacy ratio on a quarterly basis, examine the risk exposure and the changes in eligible capital and analyze the situation of achieving the objectives and the changes in factors that may influence the capital adequacy ratio such as expected profit, provision of allowance for bad debts, changes in non-performing loans, investments in securities (financial and non-financial) and risky assets. If the estimated and actual result differs materially, reviews for improvements are conducted. When it is possible that the capital adequacy ratio is significantly lower than the management objectives, top management or risk management committee should be reported, and strategies should be developed, such as adjusting the asset structures or planning to issue qualified asset instruments in order to reduce risk exposures or to increase eligible capital.

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NOTES TO FINANCIAL STATEMENTS (CONT'D)

(c) Capital adequacy

Capital adequacy ratios of the Bank

Analysis item			December 31, 2016	December 31, 2015
Eligible Capital	Common equity		27,479,391	27,478,175
	Additional tier 1 capital		1,226,418	1,621,307
	Tier 2 capital		-	1,866,663
	Eligible capital		28,705,809	30,966,145
Risk-Weighted assets	Credit risk	Standardized approach	197,140,589	210,880,601
		Internal ratings-based approach	-	-
		Securitization	435,645	446,310
	Operational risk	Basic indicator approach	12,949,230	13,517,982
		Standardized approach/ Alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	4,977,271	9,393,996
		Internal model approach	-	-
	Total		215,502,735	234,238,889
Capital adequacy ratio			13.32%	13.22%
Common equity / Risk-weighted assets ratio			12.75%	11.73%
Tier 1 capital / Risk-weighted assets ratio			13.32%	12.42%
Leverage ratio			9.10%	8.58%

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk -Weighted Assets of Banks".

Note 2: Capital adequacy ratios for two years period are required for annual financial statements. However, second quarter financial statements are required to disclose for the current period in two years and also the year ended of last year.

Note 3: Formulas used were as follows:

1. Eligible capital = Common equity + Additional tier 1 capital + Tier 2 capital.
2. Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.
3. Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
4. Ratio of common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
5. Ratio of tier 1 capital to risk-weighted assets = (Common equity + Additional tier 1 capital) ÷ Risk-weighted assets.
6. Leverage ratio = Tier 1 capital ÷ Total exposure.

Note 4: Not applicable for the first and third quarter financial statements.

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7. RELATED-PARTY TRANSACTIONS

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

Name of Related Party	Relationship with the Bank
LEI Cooperatief3, UA	The Bank's director.
OLHE Cayman Limited Partnership	〃
Reng Hsing Co., Ltd.	〃
Hong wei Construction Co., Ltd.	〃
Tai Min Construction Development Co., Ltd.	The director of the Bank is its director.
Hontai Life Insurance Co., Ltd.	〃
International Bills Finance Corp.	An immediate family member of the chairman of the Bank is its director.
Winbond Electronics Corporation	An immediate family member of the manager of the Bank is its director.
Fubon Futures Co., Ltd.	〃
Enova Technology Corporation	〃
Zhen Hui Industrial Co, Ltd.	The director of the Bank is its chairman.
ATT 4 FUN	The director of the Bank is its supervisors.
Cooperative Construction CO., Ltd	Related party in substance.
Capital Securities Co., Ltd.	〃
Yung Lien Temple	〃
○○,LIN	〃
Others	Directors of the company(including independent directors), supervisors, managers and their relatives, spouses, etc.

(B) Significant transactions between related parties and the Bank

(a) Loans:

For the years ended December 31, 2016

Categories	No./name of related parties	Maximum balance	Ending balance	Settlement status: Normal loans	Settlement status: Overdue loans	Collateral	Loan conditions
Consumer loan	112	$ 72,687	26,765	26,765	-	None	No difference
Home loan mortgage	153	792,558	732,238	732,238	-	Real estate	〃
Others	○, LIN	236	-	-	-	Time deposits of the Bank	〃
〃	○○, CHEN	271	-	-	-	Time deposits of the Bank	〃
〃	○○, LIN	51	-	-	-	Time deposits of the Bank	〃
〃	○○,LO	452	444	444	-	Time deposits of the Bank	〃
〃	○○, CHEN	286	-	-	-	Time deposits of the Bank	〃
〃	○○, CHANG	25	-	-		Time deposits of the Bank	〃
〃	○○, CHEN	4	-	-	-	Time deposits of the Bank	〃
〃	○○○, CHEN	421	97	97	-	Time deposits	〃
〃	○○, CHANG	3,985	3,978	3,978	-	Time deposits	〃
〃	Winbond Electronics Corporation	161,808	-	-	-	Machinery	〃

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For the years ended December 31, 2015

Categories	No./name of related parties	Maximum balance	Ending balance	Settlement status: Normal loans	Settlement status: Overdue loans	Collateral	Loan conditions
Consumer loan	195	$ 240,327	128,609	128,609	-	None	No difference
Home loan mortgage	195	974,400	799,377	799,377	-	Real estate	
Others	ATT 4 FUN	350,000	-	-	-	Real estate	〃
〃	○○, LIN	119	50	50	-	Time deposits of the Bank	〃
〃	○○, CHANG	10	-	-	-	Time deposits of the Bank	〃
〃	Yung Lien Temple	62,100	62,100	62,100	-	Time deposits of the Bank	〃
〃	○○, LIN	46	-	-	-	Time deposits of the Bank	〃
〃	○○, LU	108	-	-	-	Time deposits of the Bank	〃
〃	○○, CHANG	79	-	-	-	Time deposits of the Bank	〃
〃	○○, HUNG	148	-	-	-	Time deposits of the Bank	〃
〃	○○, HUANG	128	-	-	-	Time deposits of the Bank	〃
〃	○○, HU	56	-	-	-	Time deposits of the Bank	〃
〃	○○○, CHEN	1,767	-	-	-	Time deposits of the Bank	〃
〃	○○, WU	9	-	-	-	Time deposits of the Bank	〃
〃	○○, TSAI	423	-	-	-	Time deposits of the Bank	〃
〃	○, LIN	106	-	-	-	Time deposits of the Bank	〃
〃	○○, LIN	172	-	-	-	Time deposits of the Bank	〃
〃	○○, KUAN	227	-	-	-	Time deposits of the Bank	〃
〃	○○, LIN	438	-	-	-	Time deposits of the Bank	〃
〃	Enova Technology Corporation	9,022	-	-	-	Time deposits of the Bank	〃
〃	○○, LO	368	344	344	-	Time deposits of the Bank	〃
〃	○○, CHO	20	-	-	-	Time deposits of the Bank	〃
〃	○○○, CHEN	420	420	420	-	Time deposits of the Bank	〃
〃	○○, CHANG	4,000	4,000	4,000	-	Time deposits of the Bank	〃

For the years ended December 31, 2016 and 2015, the interest income arising from the above loan of the Bank amounted to $13,312 and $16,916 respectively.

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(b) Deposit:

For the years ended December 31, 2016

Related party	Maximum balance	Ending balance	Range of interest rates	Interest expenses
Hontai Life Insurance Co., Ltd.	$ 2,474,184	2,369,718	1.32%	11,411
Fubon Futures Co., Ltd.	570,604	324,956	0.10-1.32%	3,415
Capital Securities Co., Ltd.	437,030	155,809	4.30%	10,838
Others	8,259,682	2,422,168	0.00-6.15%	39,698
Total	$ 11,741,500	5,721,651		65,362

For the years ended December 31, 2015

Related party	Maximum balance	Ending balance	Range of interest rates	Interest expenses
Hontai Life Insurance Co., Ltd.	$ 3,131,736	2,276,845	0.01-4.50%	39,376
Fubon Futures Co., Ltd.	426,405	426,405	0.13-1.32%	5,394
Capital Securities Co., Ltd.	457,842	401,057	0.13-4.10%	14,601
Zhen Hui Co, Ltd.	261,322	261,322	0.13%	37
International Bills Finance Corp.	206,520	200,522	0.81%	1,280
Tai Min Construction Development Co., Ltd.	301,033	146,078	0.88%	1,285
Yung Lien Temple	356,053	101,839	0.22-1.385%	159
Others	16,588,135	2,638,021	0.00-4.50%	41,887
Total	$ 21,729,046	6,452,089		104,019

The deposits interest rates for related parties above are substantially on the same terms as for comparable transactions with non-related parties.

(c) Others:

The interest rates shown for related parties above are substantially on the same terms as for comparable transactions with non-related parties, except for the deposits interest rates on deposits given to managers of the Bank which were the same as the saving deposits of employees for a certain amount.

Under Articles 32 and 33 of "The Banking Act of the Republic of China", non-secured credit can only be granted by the Bank, except for consumer loans and loans extended to government, meanwhile, the secured credit should accompany with eligible collateral. Furthermore, the terms of credits extended to related parties should not be more favorable than terms offered to other customers in the same category.

(C) Key management personnel compensation in total

	For the years ended December 31 2016	2015
Salary and other short-term employee benefits	$ 75,051	88,643
Post-employment benefits	-	6,166
Total	$ 75,051	94,809

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8. PLEDGED ASSETS

Pledged assets of the Bank were as follows:

(In Thousands of New Taiwan dollars)

Assets	Type of securities	December 31, 2016 Par Value	purpose of collateral
Available-for-sale financial assets	Government bond	$ 10,000	Guarantee deposits for bonds dealer
	Government bond	50,000	Guarantee deposits for bills dealer
	Government bond	50,000	Bond settlement reserves
	Government bond	50,000	Trust funds reserves
	Government bond	4,400	VISA transaction reserves
	Government bond	1,000,000	Local settlement account guarantee (USD)
	Government bond	3,000	Profession guarantee deposit for dual-status insurance brokers
	CDs Issued by CBC	145,000	Tax collection collateral
	CDs Issued by CBC	1,500,000	Guarantee for fund dispatching
Total		$ 2,812,400	

Assets	Type of securities	December 31, 2015 Par Value	purpose of collateral
Available-for-sale financial assets	Government bond	$ 10,000	Guarantee deposits for bonds dealer
	Government bond	50,000	Guarantee deposits for bills dealer
	Government bond	50,000	Bond settlement reserves
	Government bond	50,000	Trust funds reserves
	Government bond	4,400	VISA transaction reserves
	Government bond	1,000,000	Local settlement account guarantee (USD)
	Government bond	1,650,000	Guarantee for fund dispatching
	Government bond	1,750,000	Guarantee for fund dispatching
	Government bond	3,000	Operational guarantee deposit for insurance brokers
	CDs Issued by CBC	200,000	Tax collection collateral
	CDs Issued by CBC	1,500,000	Guarantee for fund dispatching
Total		$ 6,267,400	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(A) Major commitments and contingencies:

	December 31, 2016	December 31, 2015
Contingent liabilities from guarantee and letter of credit business	$ 8,205,741	12,312,466
Pledged securities	2,815,400	6,267,400
Client notes in custody	6,343,946	12,123,864
Marketable securities in custody	300,000	290,000
Consigned travelers' checks in custody	13,922	36,150
Designated purpose trust accounts	31,480,602	33,084,716

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(B) Others:

During the period from April, 2007 to May 2008, the Bank sold the structure notes issued by GVEC Resource Inc., amounted to US$52,925 thousand. According to the U.S. Securities and Exchange Commission's investigation, Private Equity Management Group LLC ("PEM Group"), of which GVEC Resource Inc. is an affiliate, has been engaged in the fraudulent offering of securities. A resolution was approved by the board of directors at the end of April, 2009 that the Bank would repurchase the structure notes from investors and claim compensation from the issuing agency. This case was approved by the board of directors in the 7th board of directors meeting for the seventh term of the Bank on December 16, 2010 that the Bank will hold the policy assets through overseas "trust structure" and continue to pay the premium to keep the policy effective. On February 24, 2011, the board of directors also approved, during the 9th board of directors meeting for the seventh term of the Bank, to authorize the operation management committee to cooperate with the receivers' plan in connection with the US PEM case and to receive the policy assets amounting to US$11.3 million. On March 2, 2011, the Bank had signed a contract for the transfer of policy assets. The net amount of original cost of receiving PEMG's assets, including policy assets aforementioned, and follow-up premium minus the indemnity received by the Bank was accounted for under other receivable of $ 1,591,993 Furthermore, as of December 31, 2016, the accumulated allowance for bad debt provision of $1,062,235 was made for such receivable, based on the Bank's assessment of recoverability in consideration of the latest assets appraisal report provided by the receiver.

(C) Pursuant to Article 17 of the Enforcement Rules of the Trust Enterprise Act, the Bank revealed its annotated trust information as follows:

Trust Account Balance Sheet
December 31, 2016 and 2015

Trust Assets	December 31, 2016	December 31, 2015	Trust Liabilities	December 31, 2016	December 31, 2015
Bank deposits	$ 155,051	733,541	Trust capital	$ 31,917,974	33,519,688
Bonds	929,303	815,376	Reserves and accumulated deficit	(437,373)	(434,972)
Stocks	505,732	287,390			
Structured Product	263,068	-			
Funds(note 1)	21,675,169	25,561,455			
Real estate	7,952,278	5,686,954			
Total assets	$ 31,480,601	33,084,716	Total liabilities	$ 31,480,601	33,084,716

Note1: As of December 31, 2016 and 2015, fund investments in OBU were $ 53,581 and $47,208 respectively.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Trust Account Property Catalogue
December 31, 2015 and 2016

Investment Items	December 31, 2016	December 31, 2015
Bank deposits	$ 155,051	733,541
Short-term investment		
Bonds	929,303	815,376
Stocks	505,732	287,390
Structured Product	263,068	-
Funds	21,675,169	25,561,455
Real estate－net		
Land	5,963,974	3,565,283
Buildings and construction－net	268,590	848,552
Construction in process	1,719,714	1,273,119
Subtotal	7,952,278	5,686,954
Total	$ 31,480,601	33,084,716

Trust Account Statement of Income
For The Years Ended December, 2016 and 2015

	For the years ended December 31, 2016	For the years ended December 31, 2015
Trust income	$ 1,109,727	1,498,335
Trust expenses	(1,194,549)	(1,077,278)
Net income before tax	(84,822)	421,057
Income tax expense	(26)	(488)
Net income	$ (84,848)	420,569

10. SIGNIFICANT CATASTROPHIC LOSSES : None.

11. SIGNIFICANT SUBSEQUENT EVENTS : None.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

12. Others:

(A) Average value of the Bank's interest-bearing assets and liabilities and average interest rates (or yield) were as follows:

	For the years ended December 31, 2016 Average value	Average interest rate (%)
Assets:		
Cash－due from banks	$ 2,538,525	1.72
Due from Central Bank and call loans to banks	38,841,676	0.83
Financial assets at FVTPL	26,850,666	0.92
Securities purchased under resell agreements	974,520	0.35
Credit card receivable	397,772	11.76
Discounts and loans	180,307,836	2.87
Available-for-sale financial assets	20,909,456	2.00
Held-to-maturity financial assets	12,170,197	0.74
Liabilities:		
Due to Central Bank and other banks	$ 7,713,785	0.87
Financial liabilities at FVTPL	135	-
Securities sold under repurchase agreements	5,733,926	0.47
Demand deposits	38,706,329	0.22
Demand savings deposits	41,227,232	0.25
Time deposits	75,606,375	1.01
Time savings deposits	82,237,171	1.09
Negotiable certificates of deposit	2,282,406	0.52
Financial debentures	10,000,000	3.25
Preferred stock liability	1,414,865	6.75

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

	For the years ended December 31, 2015 Average value	Average interest rate (%)
Assets:		
Cash－due from banks	$ 4,610,385	2.25
Due from Central Bank and call loans to banks	53,328,855	0.95
Financial assets at FVTPL	19,456,142	1.15
Securities purchased under resell agreements	310,201	0.52
Credit card receivable	456,245	12.25
Discounts and loans	191,980,159	3.11
Available-for-sale financial assets	33,011,716	2.04
Held-to-maturity financial assets	394,241	2.93
Liabilities:		
Due to Central Bank and other banks	$ 12,989,194	0.77
Financial liabilities at FVTPL	5,231,656	2.38
Securities sold under repurchase agreements	9,375,976	0.32
Demand deposits	32,197,012	0.22
Demand savings deposits	41,264,791	0.28
Time deposits	87,562,727	1.13
Time savings deposits	91,306,237	1.21
Negotiable certificates of deposit	3,796,865	0.75
Financial debentures	10,000,000	3.25
Preferred stock liability	1,414,865	6.75

(B) Supplementary disclosures of asset quality, concentration of credit extensions, interest rate sensitivity information, profitability, and the structure analysis of assets and liabilities time to maturity are as follows:

(a) Asset quality

(In Thousands of New Taiwan Dollars, %)

Categories/Items (Month/Year)			December 31, 2016 Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio
Corporate banking	Secured		129,599	33,247,849	0.39%	434,893	335.57%
	Unsecured		1,130,450	65,324,337	1.73%	992,915	87.83%
Retail banking	Residential mortgages		130,272	48,827,093	0.27%	736,599	565.43%
	Cash cards		-	-	- %	-	- %
	Micro-credit loans	Original	210,744	11,135,536	1.89%	165,421	78.49%
		Purchase	-	-	- %	-	- %
	Others	Secured	53,624	26,201,080	0.20%	270,856	505.10%
		Unsecured	3,110	287,699	1.08%	3,319	106.72%
Total loan business			1,657,799	185,023,594	0.90%	2,604,003	157.08%
			Overdue receivable	Balance of Receivable	Delinquency Ratio	Allowance for credit losses	Coverage Ratio
Credit cards (Note 8)			4,094	2,007,097	0.20%	31,752	775.57%
Without-recourse factoring			-	631,381	- %	6,370	- %

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Categories/Items (Month/Year)			December 31, 2015: Non-performing loans	Total loans	Non-performing loans ratio	Allowance for credit losses	Coverage ratio
Corporate banking	Secured		144,279	31,224,713	0.46%	144,279	100.00%
	Unsecured		1,297,677	61,390,765	2.11%	1,160,088	89.40%
Retail banking	Residential mortgages		49,773	51,426,820	0.10%	12,441	25.00%
	Cash cards		-	-	- %	-	- %
	Micro-credit loans	Original	258,057	9,487,094	2.72%	1,336,464	517.89%
		Purchase	-	-	- %	-	- %
	Others	Secured	39,477	27,674,777	0.14%	19,737	50.00%
		Unsecured	2,125	1,560,234	0.12%	2,125	100.00%
Total loan business			1,791,388	182,966,203	0.98%	2,675,134	149.33%
			Overdue receivable	Balance of Receivable	Delinquency Ratio	Allowance for credit losses	Coverage Ratio
Credit cards (Note 8)			3,931	2,013,208	0.20%	42,665	1,085.35%
Without-recourse factoring			-	3,117,188	- %	31,371	- %

Note 1: Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations on the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans." The credit card overdue loans represent the amount of overdue loans as reported in accordance with former Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2: Non-performing loans ratio = Non-performing loans ÷ Total loans; Credit card delinquency ratio = Overdue receivables ÷ Balance of receivables.

Note 3: Coverage ratio for loans=Allowance for credit losses ÷ Non-performing loans; Converge ratio for credit card=Allowance for credit losses ÷ Overdue receivables.

Note 4: For residential mortgage loans, a borrower provides his/her (or spouse's or minor child's) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5: Microcredit loans are defined by former Jin-Kuan-Yin-(4)-Zi No.09440010950, dated December 19, 2005, and do not include credit cards or cash cards.

Note 6: Others in consumer finance are secured and un secured consumer loans other than residential mortgage loans, cash cards, and microcredit loans, and do not include credit cards.

Note 7: In accordance with former Jin-Kuan-Yin-(5)-Zi No. 094000494, dates July 19, 2005, the amount of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies reject to compensate the loss.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

Note 8: Overdue receivable of other financial assets is included.

The information below shows supplemental disclosures of loans and receivables that may be exempted from reporting as non-performing loans and overdue receivables, respectively.

(In Thousands of New Taiwan Dollars)

	December 31, 2016: Loans may be exempted from reporting as a non-performing loan	December 31, 2016: Receivables may be exempted from reporting as overdue receivables	December 31,2015: Loans may be exempted from reporting as a non-performing loan	December 31,2015: Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan(Note A)	11,597	49,205	17,599	68,059
Pursuant to a contract under a debt liquidation plan and a debt relief plan(note B)	32,499	92,081	36,807	100,508
Total	44,096	141,286	54,406	168,567

Note 1: In accordance with former Jin-Kuan-Yin-(1)-Zi No.09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure reporting credit information which was approved under the debt coordination mechanism of unsecured consumer debts by the Bankers Association of the R.O.C.

Note 2: In accordance with former Ji-Kua-Yin-(1)-Zi No.09700318940, dated September 15, 2008, a bank is required to make supplemental disclosure reporting credit information once debtors apply for pre-negotiation, relief and liquidation under the "Consumer Debt Clearance Act."

(b) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Ranking	December 31, 2016: Enterprise group	Credit amount	Percentage of current year's equity ratio (%)
1	A group. Other Civil Engineering	4,736,300	15.53%
2	B group. Catering	3,009,198	9.87%
3	C group. Real Estate	2,500,000	8.20%
4	D corporate. Real Estate	2,400,000	7.87%
5	E group. Other Fabricated Metal Products Manufacturing	2,050,673	6.72%
6	F corporate. ICS assembly	1,900,000	6.23%
7	G group. Data Storage Media Units Manufacturing	1,670,000	5.48%
8	H group. Real Estate	1,605,000	5.26%
9	I group. Investment Consulting	1,416,795	4.65%
10	J group. Smelting and Refining of Iron and Steel	1,406,942	4.61%

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(In Thousands of New Taiwan Dollars, %)

Ranking	December 31, 2015: Enterprise group	Credit amount	Percentage of current year's equity ratio (%)
1	A group. Management Consulting	3,658,000	11.99%
2	B group. Catering	3,084,290	10.11%
3	E group. Investment Consulting	2,632,411	8.63%
4	K group. Other Transportation Equipment Leasing	2,449,315	8.03%
5	L group. Land Preparation, Foundation and Structural Engineering Industry	2,407,100	7.89%
6	M group. Real Estate	2,299,980	7.54%
7	N group. Textile Printing ,Dyeing and Finishing	2,080,000	6.82%
8	J group. Smelting and Refining of Iron and Steel	1,697,231	5.56%
9	G group. Data Storage Media Units Manufacturing	1,677,508	5.50%
10	H group. Real Estate	1,605,000	5.26%

Note 1: The top ten enterprise groups other than government or stated-owned enterprises are ranked according to their total outstanding loan balance of enterprise group. If the borrowers belong to an enterprise group, the aggregate credit balance of the enterprise should be calculated and disclosed as a code number for each such borrower together with an indication of the borrowers' line of business. In addition, if the borrowers are enterprise groups, the enterprise group's industry sector with the maximum exposure to credit risk in its main industry sector should be disclosed, along with the "class" of the industry, in compliance with the Standard Industrial Classification System of the R.O.C. posted by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C.

Note 2: Enterprise group is as defined in Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: The total outstanding credit amount is the sum of the balances of all loan types (including import and export bill negotiations, bills and notes discounted, overdrafts, short/medium/long-term secured and unsecured loans, and nonaccrual loans); without-recourse factoring, acceptances receivable, and guarantees receivable.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(c) Interest rate sensitivity information

(1) Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2016

(In Thousands of New Taiwan Dollars, %)

Items	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	$ 208,201,789	8,221,056	4,900,104	30,150,354	251,473,303
Interest-rate-sensitive liabilities	52,181,147	107,361,953	56,093,893	6,431,634	222,068,627
Interest rate sensitivity gap	156,020,642	(99,140,897)	(51,193,789)	23,718,720	29,404,676
Net worth					30,497,518
Ratio of interest-rate-sensitive assets to liabilities (%)					113.24
Ratio of interest rate sensitivity gap to net worth (%)					96.42

December 31, 2015

(In Thousands of New Taiwan Dollars, %)

Items	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	$ 197,528,393	9,319,843	565,818	40,090,159	247,504,213
Interest-rate-sensitive liabilities	54,289,109	100,941,163	47,032,220	17,364,779	219,627,271
Interest rate sensitivity gap	143,239,284	(91,621,320)	(46,466,402)	22,725,380	27,876,942
Net worth					30,482,148
Ratio of interest-rate-sensitive assets to liabilities (%)					112.69
Ratio of interest rate sensitivity gap to net worth (%)					91.45

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities will be affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets — Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets÷ Interest-rate-sensitive liabilities (denominated in NTD).

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(2) Sensitivity analysis of interest rate for assets and liabilities (U.S. Dollars)

December 31, 2016

(In Thousands of U.S. Dollars, %)

Items	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	$ 398,720	92,732	124,572	412,917	1,028,941
Interest-rate-sensitive liabilities	682,706	176,772	262,096	-	1,121,574
Interest rate sensitivity gap	(283,986)	(84,040)	(137,524)	412,917	(92,633)
Net worth					945,073
Ratio of interest-rate-sensitive assets to liabilities (%)					91.74
Ratio of interest rate sensitivity gap to net worth (%)					837.17

December 31, 2015

(In Thousands of U.S. Dollars, %)

Items	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	$ 473,338	85,460	95,128	642,868	1,296,794
Interest-rate-sensitive liabilities	1,094,987	146,310	305,532	20,502	1,567,331
Interest rate sensitivity gap	(621,649)	(60,850)	(210,404)	622,366	(270,537)
Net worth					29,001
Ratio of interest-rate-sensitive assets to liabilities (%)					82.74
Ratio of interest rate sensitivity gap to net worth (%)					(932.85)

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities will be affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest-rate-sensitive assets — Interest-rate-sensitive liabilities.

Note 4: Ratio of interest-rate-sensitive assets to liabilities = Interest-rate-sensitive assets÷ Interest-rate-sensitive liabilities (denominated in U.S. dollars)

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(d) Profitability

Unit: %

Items		December 31, 2016	December 31, 2015
Return on assets ratio	Before income tax	0.55	1.25
	After income tax	0.34	1.00
Return on equity ratio	Before income tax	5.61	14.11
	After income tax	3.46	11.27
Net income ratio		16.74	41.94

Note 1: Return on assets ratio = Net income (loss) before/after income tax ÷ Average total assets.

Note 2: Return on equity ratio = Net income (loss) before/after income tax ÷ Average total equity.

Note 3: Net income ratio = Net income (loss) after income tax ÷ Net revenue.

Note 4: Net income (loss) before/after tax represented accumulated income (loss) of the current year.

(e) Structure analysis of assets and liabilities time to maturity

(1) Structure analysis of New Taiwan Dollars time to maturity

December 31, 2016

(In thousands of New Taiwan Dollars)

	Total	Amount remaining to due date					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Major capital inflow at maturity	$ 272,120,979	34,140,094	31,992,132	33,214,084	24,752,264	31,936,844	116,085,561
Major capital outflow at maturity	322,844,729	11,777,645	19,239,577	48,066,998	70,299,341	90,800,300	82,660,868
Gap	(50,723,750)	22,362,449	12,752,555	(14,852,914)	(45,547,077)	(58,863,456)	33,424,693

December 31, 2015

(In thousands of New Taiwan Dollars)

	Total	Amount remaining to due date					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Major capital inflow at maturity	$ 275,352,319	47,220,576	29,748,591	25,306,478	24,953,909	25,250,791	122,871,974
Major capital outflow at maturity	344,802,572	20,956,487	26,200,542	44,236,887	66,363,948	100,595,974	86,448,734
Gap	(69,450,253)	26,264,089	3,548,049	(18,930,409)	(41,410,039)	(75,345,183)	36,423,240

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(2) Structure analysis of U.S. Dollars time to maturity

December 31, 2016

(In thousands of U.S. Dollars)

	Total	Amount remaining to due date				
		0~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Major capital inflow at maturity	$ 1,669,396	409,770	389,122	222,485	175,342	472,677
Major capital outflow at maturity	2,136,388	528,065	583,549	463,685	501,508	59,581
Gap	(466,992)	(118,295)	(194,427)	(241,200)	(326,166)	413,096

December 31, 2015

(In thousands of U.S. Dollars)

	Total	Amount remaining to due date				
		0~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Major capital inflow at maturity	$ 2,504,340	699,353	576,851	256,749	195,341	776,046
Major capital outflow at maturity	3,085,917	1,101,099	696,991	523,236	601,492	163,099
Gap	(581,577)	(401,746)	(120,140)	(266,487)	(406,151)	612,947

Note1: The above amounts included only US dollar amounts held by the Bank.

Note2: If the oversea assets accounted for over 10% of the total assets, additional disclosure should be provided.

(C) Merged with An Yin Insurance Broker Co. Ltd.

The Bank merged with An Yin Insurance Brokers Co., Ltd. on August 1, 2016. According to IFRS Q&A "Interpretation For IFRS 3 On Business Combinations Controlled By The Same Company", issued by Accounting Research and Development Foundation on January 8, 2013, since there is no clear requirement in business combination under controlled by same company in IFRS 3 "Business Combinations", it is still suitable to adopt the original related interpretations.

In accordance with Interpretations (101) No. 301 issued by Accounting Research and Development Foundation, should be recorded at the book value on a consolidated basis and the Bank's financial statements for the year ended December 31, 2015 have been retroactively restated.

13. DISCLOSURE REQUIRED

(A) Related information on significant transactions:

(a) Loans to other businesses or individuals: Not applicable to bank and no case to its subsidiary.

(b) Endorsements and guarantees for others: Not applicable to bank and no case to its subsidiary.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(c) Marketable securities held as of December 31, 2016: Not applicable to bank.

(d) Cumulative purchase or sale of the same investee's capital stock up to $300,000 or 10% of paid-in capital: None.

(e) Acquisition of real estate up to $300,000 or 10% of paid-in capital: None.

(f) Disposal of real estate up to $300,000 or 10% of paid-in capital: None.

(g) Discount on commission fees for transaction with related parties up to $5,000: None.

(h) Receivables from related parties up to $300,000 or 10% of paid-in capital: None.

(i) Financial derivative transactions: Not applicable to bank and no case to its subsidiaries.

(j) Transaction information on NPL disposal: None.

(k) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: None.

(l) Business relationship and material transaction between the parent company and its subsidiary: None.

(m) Other significant transactions that may have substantial influence upon the decisions made by users of financial statement: None.

(B) Related information on investee companies：None.

(C) Related information on investments in Mainland China: None.

14. BUSINESS SEGMENT FINANCIAL INFORMATION

The Bank chief decision-maker is the board of directors, which is responsible for consolidating business plans, verifying budgets and evaluating operating achievements. To present the operating activities reasonably, the Bank has three segments which should be reported: Retail Banking, Corporate Banking and Operating Management. Retail Banking includes the business of consumer finance and wealth management; Corporate Banking includes the business of corporate and financial market; Operating Management is responsible for the business relevant to operating management.

The reported segments are strategic business units to classify the same customer service attribute to the same operating segments in order to provide integrative products and service and to plan diversified marketing strategies.

The income and losses of operating segments of the Bank are evaluated based on net income before tax and the amounts reported are consistent with the reports provided to decision-makers as the basis to allocate resources and evaluate achievements.

ENTIE COMMERCIAL BANK CO., LTD.
NOTES TO FINANCIAL STATEMENTS (CONT'D)

(A) Segment information:

For the years ended December 31 2016	Retail Banking	Corporate Banking	Operating Banking	Subtotal	Adjustment	Total
Net interest income(losses)	$ 1,948,199	3,121,233	(1,462,552)	3,606,880	-	3,606,880
Non-interest income	991,600	1,653,410	48,282	2,693,292	-	2,693,292
Net revenue(losses)	2,939,799	4,774,643	(1,414,270)	6,300,172	-	6,300,172
Reversal of (provision for) bad debt expenses	176,464	(1,744,545)	2,602	(1,565,479)	-	(1,565,479)
Operating expenses	(1,495,853)	(615,952)	(912,726)	(3,024,531)	-	(3,024,531)
Net income(losses) before tax	$ 1,620,410	2,414,146	(2,324,394)	1,710,162	-	1,710,162
Total assets	$ -	-	-	-	-	304,636,779

For the years ended December 31, 2015	Retail Banking	Corporate Banking	Operating Banking	Subtotal	Adjustment	Total
Net interest income(losses)	$ 2,064,676	3,913,585	(1,854,732)	4,123,529	152,146	4,275,675
Non-interest income	1,018,772	2,575,060	118,534	3,712,366	(130,618)	3,581,748
Net revenue(losses)	3,083,448	6,488,645	(1,736,198)	7,835,895	21,528	7,857,423
Reversal of (provision for) bad debt expenses	292,578	(696,472)	5,226	(398,668)	(5,425)	(404,093)
Operating expenses	(1,572,045)	(787,968)	(952,795)	(3,312,808)	(16,103)	(3,328,911)
Net income(losses) before tax	$ 1,803,981	5,004,205	(2,683,767)	4,124,419	-	4,124,419
Total assets	$ -	-	-	-	-	322,504,805

(B) Geographic information: There is no relevant geographic information to be disclosed since the Bank operate mainly in Taiwan.

(C) Information on major customers: The Bank' revenues from a customer were less than 10% of the Bank's revenues in the statements of income.