

King's Town Bank Co., Ltd.

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King's Town Bank

2016 Annual Report



Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

◆Spokesperson

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Title: Vice President
Tel: 886-6-213-9171
E-mail:htpan@mail.ktb.com.tw

◆Acting Spokesperson

Name: Shu-Hua, Duan
Title: Acting General Manager
Tel: 886-6-213-9171
E-mail: shduan@mail.ktb.com.tw

◆Head Office and Branches

Please refer to Page 20

◆Stock Registration Agency

Name: Chinatrust Bank Call Center of Corporate Shareholder Trust
Address: 5F, No. 83, Sec. 1, Chongcing S. Rd, Jhongjheng Dist., Taipei City, Taiwan
Tel: 886-2-6636-5566
Website: <https://www.ctbcbank.com/>

◆Credit Rating Institution

Name: Fitch Ratings Ltd.
Address: Suite 1306, 13F, No. 205, Duanhuan Rd, Taipei City, Taiwan
Tel: 886-2-8175-7600
Website: <https://www.fitchratings.com.tw/zh/>

◆Independent Auditors

Name of CPA: Tzu-Jen, Hu ; Cheng-Dao, Chang
Firm: Ernst & Young
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Website: http://www.ey.com/tw/zh_tw/home

◆Stock Exchanges where overseas securities are listed:Nil

◆King's Town Bank

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I. Letter to Shareholders

First of all, I would like to thank you for your continuing support throughout the year. King's Town Bank has responded to the changing business climate by adopting an aggressive stance in strengthening our competitiveness. Total consolidated revenue for 2016 was NT\$7.52 billion, net income after tax was NT\$4.78 billion and earnings per share was NT\$4.17. The results of our operating performance in 2016, business plan for 2017 and corporate development strategy are illustrated as follows:

1.1 Operation Performance in 2016

1. Business Review and Accomplishments in 2016

	2016	2015
Average deposit balance on NT Dollar Accounts	154.78 bn	149.76 bn
Average deposit balance on foreign currency Accounts	15.50 bn	13.41 bn
Average loans balance	127.15 bn	124.88 bn
Wealth management fee income	584.34 mn	531.64 mn
NPL ratio	0.02%	0.03%
Coverage ratio	6,660.45%	5,173.79%
BIS ratio	16.09%	14.80%
Tier-1 ratio	15.44%	14.30%

2. Budget Implementation

	Execution	Target	Achievement rate
Average deposit balance on NT Dollar Accounts	154.78 bn	152.65 bn	101.39%
Average deposit balance on foreign currency Accounts	15.50 bn	14.70 bn	105.42%
Average loans balance	127.15 bn	125.31 bn	101.46%
Wealth management fee income	584 mn	477 mn	122.43%

3. Profitability Analysis

Revenue	Net Income after Tax	EPS	Net profit rate (%)	ROA(%)	ROE(%)
7.52 bn	4.78 bn	4.17	63.54%	1.99%	15.61%

4. Research and development status

Our bank has a unit dedicated to gathering and analyzing information daily on changes in macroeconomic condition, movements in the financial markets, and changes in laws and regulations, so that we can understand better how it impacts on our bank's operation and development. Additionally, we also encourage our associates to involve themselves in innovation and research projects and propose all kinds of improvement plans on their own initiative, so that we can adapt to developments in the market and the customers' needs.

1.2 Business Plan for 2017

1. Business Policies

- (1) Being a high-quality community bank and training local talents.
- (2) Assets quality upgrade and risk control.
- (3) Development of Fintech and creating opportunities.
- (4) Process simplification and efficiency upgrade.
- (5) Structure adjustment and profitability enhancement.

2. Business Operation Targets

	Target
Average deposit balance on NT Dollar Accounts	161.03 bn
Average deposit balance on foreign currency Accounts	15.39 bn
Average loans balance	136.90 bn
Wealth management fee income	477 mn

1.3 Development Strategy

- 1. To keep solid capital and maintain low NPL ratio.
- 2. Adjusting organization and expanding branches to meet customers’ needs and market trend.
- 3. Encouraging innovation and simplification for higher operating efficiency and clients’ satisfaction.
- 4. To diversify business and show employees’ marketing skill for growth of revenues.
- 5. Fulfill our corporate social responsibilities, implement more favorable employee welfare policy and continue to be empathetic towards local communities.

1.4 Latest Credit Rating

Date	Rating Agency	Ratings		Outlook
		National L-Term	National S-Term	
2016.09.21	Fitch Ratings	A+ (twn)	F1 (twn)	Stable

1.5 Conclusion

In recent years the Bank, faced with changes in domestic and foreign financial environment, has had the honor to enjoy support from our faithful clients and shareholders; and with joint efforts of the all the staff workers, we are gradually seeing the results of our operations. I would like to express my gratitude to all of you. Trust and support from clients is the driving force for the ongoing pursuit of better performance of the Bank. In the future, clients will continue to be our utmost primary and that we will offer the best products and services in pursuit of the maximum profit for the shareholders.

Chen-Chih Tai
Chairman

II. Bank Overview

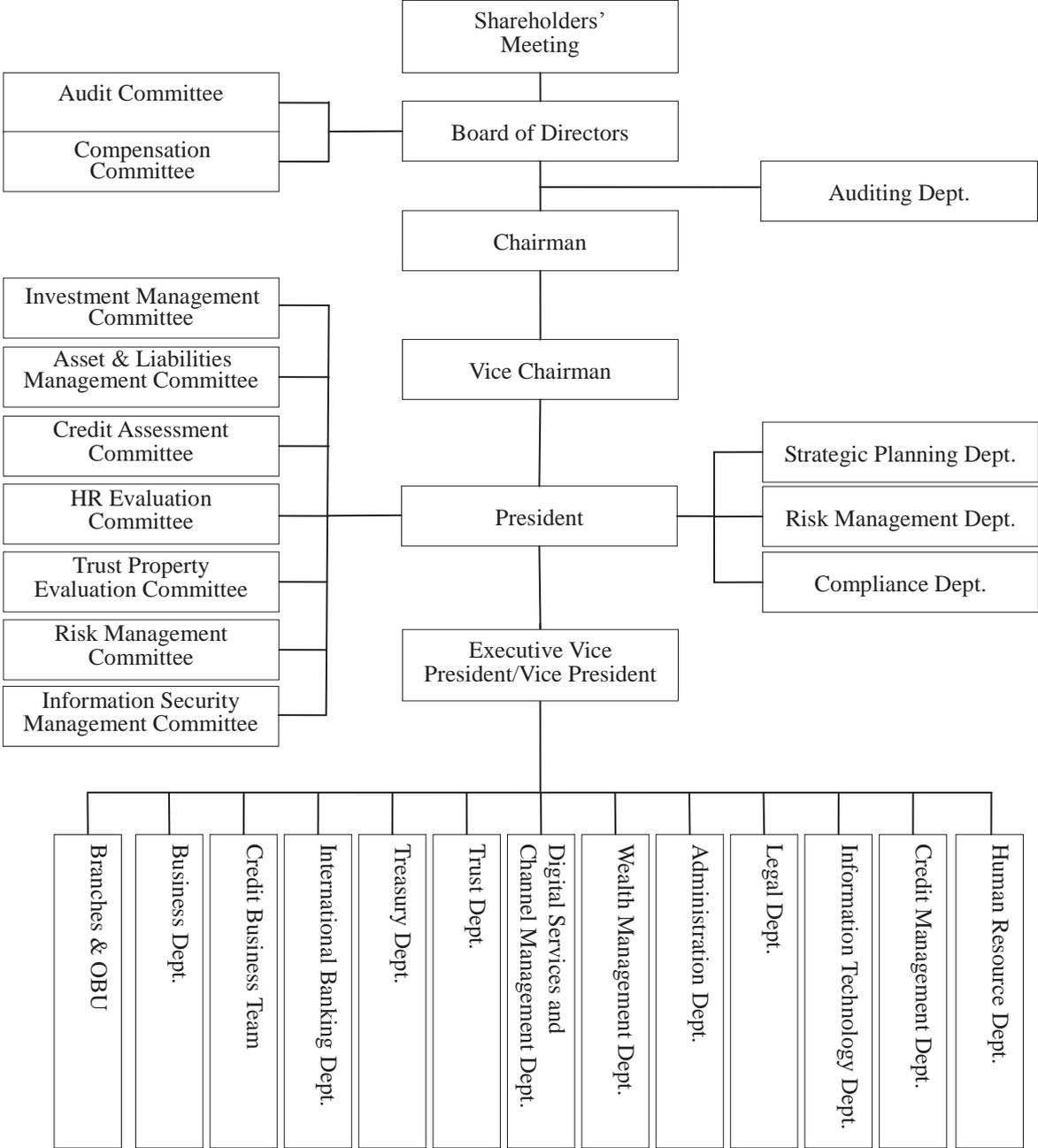
2.1 Date of Establishment: November 1, 1948.

2.2 Bank History

Date	History
November 1, 1948	“Tainan District Joint Saving Co., Ltd.” with an initial capital of 20 million Old Taiwan Dollars.
January 1, 1978	Authorized to rename as “Tainan Business Bank”.
July 20, 1983	Listed on TWSE with stock symbol 2809.
March 14, 2000	Established the International Banking Department.
May 17, 2002	The Bank has invested to establish the affiliate companys “Tainan Life Insurance Agent Co., Ltd.” and “Fu Chen Property Insurance Agent Co., Ltd.”.
July 24, 2002	Established the Offshore Banking Unit (OBU) .
August 15, 2005	The Bank undertook a cash capital increase of NT\$3.6 billion in order to qualify as a commercial bank.
May 3, 2006	Authorized to rename as “King’s Town Commercial Bank” (King’s Town Bank for short).
March 28, 2011	Established the "Audit Committee" to improve corporate governance.
September 26, 2011	Established the "Compensation Committee" to improve the remuneration policy of directors and managers.
January 22, 2015	The Bank has invested to establish the wholly owned subsidiary “KTB International Leasing Co., Ltd.”
December 7, 2016	The “KTB International Leasing Co., Ltd.” has invested to establish the wholly owned subsidiary “KTB International Real Estate Managemen Co., Ltd.”

III. Corporate Governance

3.1 Organizational Chart



3.2 Directors and Management Team

1. Directors Information

January 31, 2017

Title	Name	Date Effective	Education & Experience
Director	Tian Gang Investment Co., Ltd.	06/20/2014	
Chairman	Tian Gang Investment Co., Ltd. Representative: Chen-Chih Tai	06/20/2014	Department of Business Administration, National Chung Hsing University Executive Director, Makoto Bank Vice Chairman , King's Town Bank
Vice Chairman	Tian Gang Investment Co., Ltd. Representative: Chiung-Ting Tsai	06/20/2014	M. Economic Engineering, Stanford University, USA Assistant Vice President, Vincera Ventures Executive Board of Director
Director	Tian Gang Investment Co., Ltd. Representative: Hsien-Tsung Wang	06/20/2014	Master of Business Administration, Chaminade University of Honolulu Executive Supervisor, King's Town Bank Deputy Manger, Fidelity Worldwide Investment
Director	Tian Gang Investment Co., Ltd. Representative: Shi-Xiong Li	07/02/2014	Department of Architecture, Chinese Culture University Executive Vice President, Chien-Chi Construction Co., Ltd.
Independent Director	Ming-Tai Chen	06/20/2014	Department of Water Resources Engineering, Tamkang University President, King's Town Bank Executive Vice President, Taipei Fubon Bank Executive Vice President, Citibank Taiwan
Independent Director	Yi Chiu	06/20/2014	Ph.D. in Economics, National Taiwan University Legislator, Taiwan R.O.C
Independent Director	Cai-Fong Hou	06/20/2014	Master in Dept. of Business Management, NSYSU; Managing Supervisor, TCSC; General Manager, TCSC; Legislator, Taiwan R.O.C

2. Major Shareholders of Institutional Shareholders

January 31, 2017

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Tian Gang Investment Co., Ltd.	Bai Hong Construction Co., Ltd.(90.91%)、Tien-Tsan Tsai(2.82%)、Mei-Yun Tsai- Hsueh(1.73%)、Chien Chih Construction Co., Ltd. (1.71%)、Po To Mamm Investment Group Ltd. (BVI) (2.73%)、Chiung-Ting Tsai (0.11%)

3. Major Shareholders of Major Institutional Shareholders

January 31, 2017

Name of Institutional Shareholder	Major Shareholder of the juridical persons
Bai Hong Construction Co., Ltd.	Tien-Tsan Tsai (30.00%)、Jia-Ling Tsai (35.00%)、Yi-Ying Chen (35.00%)
Chien Chih Construction Co., Ltd.	Tien-Tsan Tsai(5.30%)、Hsien-Tsung Wang(61.21%)、Ching Cheng Construction Co., Ltd.(33.48%)
Po To Mamm Investment Group Ltd. (BVI)	Atherton Investment Group Ltd (100%)

3.3 Compensations for Board Directors, President, and Vice Presidents

1. Compensations for Board Directors

Dec 31, 2016; Unit: NT\$1,000

Title	Name	Compensations for directors								Share of combination of A,B,C and D in after-tax net profit	
		compensation(A)		Job-leaving and retirement payment(B)		Compensations from distribution of earnings(C)		Expense for business excution(D)		The bank	All companies in the financial statement
		The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank	All companies in the financial statement		
Chairman	Chen-Chih Tai	6,240	6,240	0	0	0	0	240	240	0.14%	0.14%
Vice Chairman	Chiung-Ting Tsai	4,640	4,640	0	0	0	0	240	240	0.10%	0.10%
Director	Hsien-Tsung Wang	480	480	0	0	0	0	282	282	0.02%	0.02%
Director	Shi-Xiong Li	480	480	0	0	0	0	292	292	0.02%	0.02%
Independent Director	Yi Chiu	960	960	0	0	0	0	262	262	0.03%	0.03%
Independent Director	Ming-Tai Chen	960	960	0	0	0	0	286	286	0.03%	0.03%
Independent Director	Cai-Fong Hou	960	960	0	0	0	0	288	288	0.03%	0.03%

Note: After-tax net profit 2016 is NT\$4.78 billion.

2. Compensation for President and Vice Presidents

Dec 31, 2016; Unit: NT\$1,000

Title	Name	Salary (A)		Job-leaving and retirement payment (B)		Bonus, and special allowance (C)		Employee dividend-sharing (D)				Share of combination of A,B,C and D in after-tax net profit	
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The bank		All companies in the financial statement		The Bank	All Companies in the financial statement
								Cash dividend	Stock dividend	Cash dividend	Stock dividend		
President	Shih-Chu Chien	5,018	5,018	0	0	4,624	4,624	434	0	434	0	0.20%	0.20%
Senior Vice President	Ri-Zheng Zhang	2,640	2,640	0	0	581	581	434	0	434	0	0.07%	0.07%
Chief Auditor	Yi-Lu Kung	2,069	2,069	0	0	1,106	1,106	434	0	434	0	0.07%	0.07%
Vice President	Han-Tsung Pan	1,725	1,725	0	0	447	447	434	0	434	0	0.05%	0.05%

3. Analytical comparisons of the shares of company's compensations for board directors, supervisors, president, and vice presidents in the after-tax net profits in the recent two years, as listed in the company's financial statement and the consolidated financial statement:

Unit: NT\$1,000

Title	2016		2015	
	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement
Director	16,610	16,610	28,954	28,954
Supervisor	0	0	0	0
President and vice presidents	18,212	18,212	15,522	15,522
Total	34,822	34,822	44,476	44,476
Shares in the after-tax net profits	0.73%	0.73%	1.21%	1.21%

4. Major Resolutions of the Shareholder's Meeting

Category	Date	Case	Resolution
Shareholder's Meeting	2016.05.18	Adoption of the 2015 Financial Statements.	668,420,633 votes for approval and 39,980 votes for disapproval, the case was approved in accordance with the resolution of the original Board of Directors.
		Admit the earning distribution of 2015.	670,047,529 votes for approval and 109,083 votes for disapproval, the case was approved in accordance with the resolution of the original Board of Directors.
		Amend the Bank's rules of procedure for shareholders meetings	670,052,621 votes for approval and 36,028 votes for disapproval, the case was approved in accordance with the resolution of the original Board of Directors.

3.4 Omnibus Shareholding Ratio

December 31, 2016; Unit: share / %

Equity investment	Investment by the bank		Investment by the company directly or indirectly controlled by the bank and the bank's directors, supervisors, presidents, vice presidents, assistant vice presidents, and branch chiefs		General investment	
	Amount of shares	Share of stake	Amount of shares	Share of stake	Amount of shares	Share of stake
Taiwan Depository & Clearing Corp.	1,284,239	0.36%	0	0%	1,284,239	0.36%
Taipei Forex Inc.	80,000	0.40%	0	0%	80,000	0.40%
Taiwan Future Exchange	1,529,998	0.50%	0	0%	1,529,998	0.50%
Financial Information Service Co.	5,937,750	1.14%	0	0%	5,937,750	1.14%
Tainan Life Insurance Agent Co., Ltd.	3,000,000	100%	0	0%	3,000,000	100%
Fu Chen Property Insurance Agent Co., Ltd.	300,070	100%	0	0%	300,070	100%
KTB International Leasing Co., Ltd.	50,000,000	100%	0	0%	50,000,000	100%
Taiwan Stock Exchange Corp.	2,954,177	0.44%	0	0%	2,954,177	0.44%
Sunshine Financial Asset Service Corp.	37,211	0.62%	0	0%	37,211	0.62%
Taiwan Incubator SME Development Corp.	3,417,440	4.84%	0	0%	3,417,440	4.84%

IV. Fund Raising Activities

4.1 Capital and Shares

1. Sources of Capital

March 31, 2017; Unit: share / NT\$

Month Year	Issuing Price	Registered capital		Paid-in capital		Source of Capital
		Amount of Shares	Value	Amount of Shares	Value	
Jan.1978		20,000,000	200,000,000	20,000,000	200,000,000	Ordered to restructuring
Mar.1980		24,000,000	240,000,000	24,000,000	240,000,000	Shareholder dividend 30.40 million, Special reserve 9.6 million
May 1981		30,000,000	300,000,000	30,000,000	300,000,000	Dividends 14.40 million, Bonus 25.20 million, Special reserve 20.40 million
Mar.1982		40,200,000	402,000,000	40,200,000	402,000,000	Value reserve 45.90 million, Special reserve 56.10 million
Oct.1983		42,500,000	425,000,000	42,500,000	425,000,000	Special reserve 23 million
Sep.1984		45,000,000	450,000,000	45,000,000	450,000,000	Special reserve 25 million
Jul.1985		47,500,000	475,000,000	47,500,000	475,000,000	Special reserve 25 million
Jun.1986		50,000,000	500,000,000	50,000,000	500,000,000	Special reserve 25 million
Jul.1987		52,500,000	525,000,000	52,500,000	525,000,000	Special reserve 25 million
May 1988		63,000,000	630,000,000	63,000,000	630,000,000	Special reserve 105 million
Jun.1989		80,000,000	800,000,000	73,080,000	730,800,000	Special reserve 100.80 million
Nov.1989	180	80,000,000	800,000,000	80,000,000	800,000,000	Cash capital increment 69.20 million
Jun.1990		200,000,000	2,000,000,000	120,350,000	1,203,500,000	Capital reserve 240 million, Special reserve 160 million, employee bonus 3.5 million
Jun.1991		200,000,000	2,000,000,000	171,500,000	1,715,000,000	Surplus and Special reserve 228.665 million, Capital reserve 277.835 million, employee bonus 5 million
Nov.1992		227,300,000	2,273,000,000	227,300,000	2,273,000,000	Surplus and Special reserve 274.40 million, Capital reserve 277.83 million, employee bonus 5.77 million
Aug.1993		270,000,000	2,700,000,000	270,000,000	2,700,000,000	Surplus and Special reserve 281.23 million, Capital reserve 144.77 million, employee bonus 1 million
Mar.1994	53	335,000,000	3,350,000,000	335,000,000	3,350,000,000	Surplus 390.415 million, Capital reserve 9.585 million, Cash capital increment 250 million
Mar.1995	43	440,130,000	4,401,300,000	440,130,000	4,401,300,000	Cash capital increment 100 million, Surplus 599.204 million, Capital reserve 332.096 million, employee bonus 20. million
Oct.1996		545,762,200	5,457,622,000	545,762,200	5,457,622,000	Surplus 624.985 million, Capital reserve 431.327 million
Nov.1997		646,727,022	6,467,270,220	646,727,022	6,467,270,220	Surplus 578.507 million, Capital reserve 431.151 million
Dec.1998		724,334,265	7,243,342,650	724,334,265	7,243,342,650	Surplus 523.849 million, Capital reserve 252.223 million
Oct.2005	10.7	1,800,000,000	18,000,000,000	1,084,334,265	10,843,342,650	Cash capital increment 3.6 billion
Nov.2008		1,800,000,000	18,000,000,000	1,069,334,265	10,693,342,650	Cancellation of treasury shares 150 million
Dec.2008		1,800,000,000	18,000,000,000	1,051,234,265	10,512,342,650	Cancellation of treasury shares 181 million
Mar.2013	10	1,800,000,000	18,000,000,000	1,201,234,265	12,012,342,650	Private placement of convertible financial debentures converted into equity 1.5 billion
Feb.2016		1,800,000,000	18,000,000,000	1,164,234,265	11,642,342,650	Cancellation of treasury shares 370 million
Mar.2016		1,800,000,000	18,000,000,000	1,151,234,265	11,512,342,650	Cancellation of treasury shares 130 million

March 19, 2017; Unit: share

Kinds of Shares	Registered Capital			Note
	Shares in Circulation	Share not issued	Total	
Common shares	1,151,234,265	648,765,735	1,800,000,000	Listed
Preferred shares	0	0	0	

2. Makeup of Shareholders (Common shares)

March 19, 2017; Unit: share / %

Makeup of Shareholders Amount	Financial Institutions	Other Institutions	Individuals	Foreign Institutions and Foreigners	Treasury Stock	Total
Number	8	101	33,419	291	1	33,820
Amount of shares	106,103,635	240,553,821	551,782,369	247,794,440	5,000,000	1,151,234,265
Share of stake (%)	9.22%	20.90%	47.93%	21.52%	0.43%	100%

Note: No government agencies shareholders.

3. Diversification of shareholding

Face value per share: NT\$10; March 19, 2017

Grades of Shareholding	Number of Shareholders	Amount of Shares Owned	Share of Stake (%)
1 to 999	17,373	4,634,247	0.40%
1,000 to 5,000	11,295	25,257,628	2.19%
5,001 to 10,000	2,364	18,175,688	1.58%
10,001 to 15,000	735	9,192,017	0.80%
15,001 to 20,000	486	8,894,326	0.77%
20,001 to 30,000	445	11,323,456	0.98%
30,001 to 40,000	181	6,573,907	0.57%
40,001 to 50,000	146	6,772,388	0.59%
50,001 to 100,000	281	20,425,150	1.77%
100,001 to 200,000	176	25,897,450	2.25%
200,001 to 400,000	114	32,183,206	2.80%
400,001 to 600,000	50	24,093,769	2.09%
600,001 to 800,000	28	19,656,512	1.71%
800,001 to 1,000,000	18	16,628,567	1.44%
Over 1,000,001	128	921,525,954	80.06%
Total	33,820	1,151,234,265	100%

Note: Diversification of shareholding (preferred shares): Nil.

4. List of Major Shareholders

March 19, 2017

Names of Major Shareholders	Amount of Shares Owned	Share of Stake (%)
Mercuries Life Insurance Co.,Ltd	94,696,000	8.23%
Tien-Tsan Tsai	77,824,000	6.76%
Chen-Chih Tai	72,752,033	6.32%
Jin Cheng Construction Co. , Ltd.	46,651,000	4.05%
Tian Gang Investment Co., Ltd.	39,399,025	3.42%
Tian Lai Investment Co., Ltd.	34,690,325	3.01%
Hsien-Tsung Wang	29,277,882	2.54%
Xin Rui Investment Co., Ltd.	28,830,869	2.50%
Bank of Taiwan custody Fidelity Investment Trust, Fidelity Emerging Markets Series households	28,288,000	2.46%
Yi-Ying Chen	23,756,000	2.06%

Note: Listed shareholding of the top ten shareholders.

5. Information on Share Prices, Book Value, Earnings, and Dividend in the Recent Two Years

Unit: NT\$

Item		Year	2015	2016	January 31, 2017
Market price per share	Highest		34.50	29.40	29.00
	Lowest		20.15	19.60	27.80
	Average		27.57	23.97	28.36
Book value per share	Before dividend payout		24.52	28.62	29.09
	After dividend payout		24.03	-	-
Earnings per share	Weighted average amount of shares (1,000 shares)		1,192,010	1,145,429	1,146,234
	Earning per share		3.09	4.17	0.37
Dividend per share	Cash dividend		0.5	-	-
	Stock dividend from retained earnings		-	-	-
	Stock dividend from legal reserves		-	-	-
	Accumulated retained dividend		-	-	-
Analysis of investment returns	P/E ratio		8.92	5.75	6.39
	Price/earnings ratio		55.14	-	-
	Yield rate of cash dividend		1.81	-	-

Note: Shareholder's meeting has yet to approve the proposal for profit sharing for 2016.

6. Buyback of Treasury Stock

Batch Order	12th Batch	13th Batch	14th Batch	15th Batch
Purpose of buy-back	Transfer to employees	Maintain bank's credit and shareholder's equity	Maintain bank's credit and shareholder's equity	Transfer to employees
Timeframe of buy-back	2015/7/7~ 2015/8/13	2015/8/18~ 2015/9/11	2015/9/15~ 2015/11/13	2015/11/18~ 2015/11/27
Price range	NT\$ 27~ NT\$ 33	NT\$ 22~ NT\$ 30	NT\$ 22~ NT\$ 30	NT\$ 22~ NT\$ 30
Quantity of shares bought-back	5,000,000	10,000,000	15,000,000	3,000,000
Value of shares bought-back	NT\$ 129,640,464	NT\$ 219,641,921	NT\$ 369,933,111	NT\$ 70,498,802
Average repurchase price per share	NT\$ 25.93	NT\$ 21.96	NT\$ 24.66	NT\$ 23.50
Shares cancelled/transferred	0	10,000,000	15,000,000	3,000,000
Accumulated number of company shares held	5,000,000	15,000,000	30,000,000	33,000,000
Percentage of total company shares held (%)	0.42%	1.25%	2.5%	2.75%
Batch Order	16th Batch	17th Batch	18th Batch	
Purpose of buy-back	Maintain bank's credit and shareholder's equity	Transfer to employees	Maintain bank's credit and shareholder's equity	
Timeframe of buy-back	2015/12/1~ 2016/1/15	2016/1/19~ 2016/1/22	2016/1/28~ 2016/2/26	
Price range	NT\$ 22~ NT\$ 30	NT\$ 22~ NT\$ 30	NT\$ 22~ NT\$ 30	
Quantity of shares bought back	12,000,000	2,000,000	13,000,000	
Value of shares bought-back	NT\$ 274,403,637	NT\$ 41,386,144	NT\$ 274,559,134	
Average repurchase price per share	NT\$ 22.87	NT\$ 20.69	NT\$ 21.12	
Shares cancelled/transferred	12,000,000	2,000,000	13,000,000	
Accumulated number of company shares held	45,000,000	47,000,000	23,000,000	
Percentage of total company shares held (%)	3.75%	3.91%	1.98%	

4.2 Issuance of Bank Debentures: Nil.

4.3 Issuance of Preferred Shares, Overseas Depository Certificates, Stock Options and Restricted Right Shares for Employees: Nil.

4.4 Acquisition of or Sell to Other Financial Institutions: Nil.

V. Business Status

5.1 Business Contents

1. Business Items

- (1) Deposits
- (2) Loans
- (3) International Banking
- (4) Wealth Management and Trust Services
- (5) Investment Business

2. Growth and Change in Various Business Items

Unit: NT\$ 1,000 / %

Item	2016	2015	Increase/decrease	Growth rate (%)
Deposit Balance on NT Dollar Accounts	158,796,275	153,775,611	5,020,664	3.26
Deposit Balance on Foreign Currency Accounts	15,064,994	15,764,576	(699,582)	(4.44)
Loans Balance	126,252,618	125,536,309	716,309	0.57
Trust Balance	17,639,242	18,343,185	(703,943)	(3.84)

Unit: NT\$ million / %

Item		2016	2015	Increase/decrease	Growth rate (%)
Investment Business	Central bank CD	19,300	23,225	(3,925)	(16.90)
	Domestic Government Bonds	27,878	28,162	(264)	(0.94)
	Domestic Corporate Bonds	701	1,002	(301)	(30.04)
	Stocks	3,709	3,175	534	16.82
	Funds	4	2,431	(2,427)	(99.84)
	REITS	387	480	(93)	(19.38)
	Domestic Convertible Bonds	50	50	0	0.00
	Asset Swaps	0	0	0	0.00
	Structured Product	0	0	0	0.00
	Foreign Currency Securities	37,736	31,187	6,549	21.00
Long-term Equity Investments	740	740	0	0.00	
Total		90,525	90,452	73	0.08

3. The Proportion to Revenue in Various Business Items

Unit: NT\$ 1,000 / %

Item	2016		2015	
	Amount	%	Amount	%
Revenue	7,524,759	100.00	6,122,704	100
Loans	3,631,581	48.26	3,629,838	59.28
Corporate Finance	3,291,239	43.74	3,213,125	52.48
Consumer Finance	340,342	4.52	416,713	6.81
Trust Services	6,784	0.09	10,968	0.18
International Banking	388,242	5.16	335,455	5.48
Wealth Management	577,593	7.68	520,669	8.50
Investment Business	2,877,289	38.24	1,485,434	24.26
Others	43,270	0.58	140,340	2.29

5.2 Employee

Year		2015	2016	Current year as of February 28, 2017
Numbers of employee	Managers	266	270	272
	Staffs	628	653	659
	Total	894	923	931
Average age		39.8	39.6	39.6
Average service years		13.1	13.0	12.9
Shares of education degrees	Master and above	6.1%	8.9%	9.1%
	College	85.1%	83.1%	82.6%
	Senior high and Under	8.8%	8.0%	8.3%

VI. Financial Status

6.1 Five Year Condensed Balance Sheet and Income Statement Summary

1. Consolidated Condensed Balance Sheets—IFRSs

Unit: NT\$1,000

Item	Year	Five-Year Financial Data				
		2012	2013	2014	2015	2016
Cash and cash equivalents, Due from the Central Bank and call loans to other banks		50,071,541	54,041,800	44,961,047	38,841,253	39,288,559
Financial assets at fair value through profit or loss		3,635,308	1,544,550	3,333,154	4,722,217	5,585,356
Available-for-sale financial assets		11,041,064	33,337,378	55,660,486	58,310,324	63,973,405
Derivative financial assets for hedging		-	-	-	-	-
Bonds and securities purchased under resell agreements		1,523,695	248,029	772,295	3,287,166	3,106,295
Receivables, net		830,544	1,251,865	901,001	1,289,518	1,470,477
Current tax assets		-	-	-	-	-
Assets Held for Sale, net		-	-	-	-	-
Loans, net		96,547,359	107,542,844	121,560,045	123,642,946	124,251,450
Held-to-maturity financial assets		6,361,532	6,017,544	-	-	-
Investments accounted for using equity method, net		-	-	-	-	-
Restricted Assets		-	-	-	-	-
Other financial assets, net		20,661,190	6,642,016	4,524,455	4,227,015	3,052,381
Property and Equipment, net		2,788,079	2,682,595	2,548,865	2,494,436	2,461,730
Investment property, net		-	-	-	-	-
Intangible assets, net		-	-	-	-	-
Deferred tax assets, net		373,212	222,352	305,307	216,709	235,828
Other assets		288,654	466,658	720,865	522,006	658,481
Total assets		194,122,178	213,997,631	235,287,520	237,553,590	244,083,962
Due to Central Bank and other banks		8,360,244	15,445,318	12,863,112	17,160,139	10,381,448
Loans from The Central Bank and other banks		5,051,130	3,833,600	4,377,084	3,835,656	7,811,960
Financial liabilities at fair value through profit or loss		8,456	93,311	594,167	26,986	34,946
Derivative financial liabilities for hedging		-	-	-	-	-
Bonds and securities sold under repurchase agreements		16,147,739	22,652,181	27,902,026	16,431,429	15,553,347
Payables		2,387,959	1,079,473	1,676,477	1,156,928	2,260,933
Current tax liabilities		375,655	243,698	775,253	268,041	577,283
Liabilities directly associated with assets held for sale		-	-	-	-	-
Deposits		139,370,025	145,581,326	159,224,751	169,383,517	173,752,830
Bank debentures		1,486,787	-	-	-	-
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		4,675	1,177	-	-	70,000
Provisions		532,393	513,153	478,222	478,222	491,765
Deferred tax liabilities		89,163	79,436	81,387	81,387	55,482
Other liabilities		290,457	166,984	168,189	168,189	293,472
Total liabilities	Before payout	174,104,683	189,689,657	208,140,668	209,098,481	211,283,466
	After payout	175,906,535	191,491,509	209,942,520	209,669,098	(Note 2)
Equity attributable to shareholders of the parent		20,017,495	24,307,974	27,146,852	28,455,109	32,800,496
Capital stock	Before payout	10,512,343	12,012,343	12,012,343	12,012,343	11,512,343
	After payout	10,512,343	12,012,343	12,012,343	12,012,343	(Note 2)
Capital surplus		188,201	178,746	178,746	180,332	62,323
Retained earnings	Before payout	8,409,408	10,689,749	14,065,004	15,916,232	19,593,229
	After payout	6,607,556	8,887,897	12,263,152	15,345,615	(Note 2)
Other equity		907,543	1,427,136	890,759	1,319,176	1,762,241
Treasury shares		-	-	-	(972,974)	(129,640)
Noncontrolling interests		-	-	-	-	-
Total equity	Before payout	20,017,495	24,307,974	27,146,852	28,455,109	32,800,496
	After payout	18,215,643	22,506,122	25,345,000	27,884,492	(Note 2)

Note 1: All financial datas have been audited by independent accountant.

Note 2: The earning distribution proposal of year 2016 has not been resolved by shareholders.

2. Condensed Balance Sheets—IFRSs

Unit: NT\$1,000

Item	Year	Five-Year Financial Data				
		2012	2013	2014	2015	2016
Cash and cash equivalents, Due from the Central Bank and call loans to other banks		50,071,541	54,041,800	44,761,047	28,503,721	38,829,461
Financial assets at fair value through profit or loss		3,635,308	1,544,550	3,333,154	4,722,217	5,585,356
Available-for-sale financial assets		11,041,064	33,337,378	55,660,486	58,310,324	63,791,755
Derivative financial assets for hedging		-	-	-	-	-
Bonds and securities purchased under resell agreements		1,523,695	248,029	772,295	3,172,466	3,106,295
Receivables, net		809,694	1,219,261	882,211	995,199	1,073,268
Current tax assets		-	-	-	-	-
Assets Held for Sale, net		-	-	-	-	-
Loans, net		96,547,359	107,542,844	121,560,045	123,642,946	124,251,450
Held-to-maturity financial assets		6,361,532	6,017,544	-	-	-
Investments accounted for using equity method, net		183,182	258,381	300,723	913,341	997,671
Restricted Assets		-	-	-	-	-
Other financial assets, net		20,661,190	6,642,016	4,524,455	4,127,015	2,952,381
Property and Equipment, net		2,787,767	2,682,470	2,548,865	2,494,270	2,461,369
Investment property, net		-	-	-	-	-
Intangible assets, net		-	-	-	-	-
Deferred tax assets, net		373,212	222,352	305,307	216,709	235,828
Other assets		286,454	464,458	718,165	519,304	653,899
Total assets		194,281,998	214,221,083	235,366,753	237,617,512	243,938,733
Due to Central Bank and other banks		8,360,244	15,445,318	12,863,112	17,160,139	10,381,448
Loans from The Central Bank and other banks		5,051,130	3,833,600	4,377,084	3,835,656	7,746,960
Financial liabilities at fair value through profit or loss		8,456	93,311	594,167	26,986	34,946
Derivative financial liabilities for hedging		-	-	-	-	-
Bonds and securities sold under repurchase agreements		16,147,739	22,652,181	27,902,026	16,431,429	15,553,347
Payables		2,384,935	1,075,032	1,670,618	1,148,858	2,242,415
Current tax liabilities		355,667	215,816	749,214	230,666	527,028
Liabilities directly associated with assets held for sale		-	-	-	-	-
Deposits		139,552,731	145,836,978	159,335,733	169,542,182	173,827,862
Bank debentures		1,486,787	-	-	-	-
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		4,675	1,177	-	-	-
Provisions		532,393	513,153	478,222	471,814	491,765
Deferred tax liabilities		89,163	79,436	81,387	73,721	55,482
Other liabilities		290,583	167,107	168,338	240,952	276,984
Total liabilities	Before payout	174,264,503	189,913,109	208,219,901	209,162,403	211,138,237
	After payout	176,066,355	191,714,961	210,021,753	209,733,020	(Note 2)
Equity attributable to shareholders of the parent		20,017,495	24,307,974	27,146,852	28,455,109	32,800,496
Capital stock	Before payout	10,512,343	12,012,343	12,012,343	12,012,343	11,512,343
	After payout	10,512,343	12,012,343	12,012,343	12,012,343	(Note 2)
Capital surplus		188,201	178,746	178,746	180,332	62,323
Retained earnings	Before payout	8,409,408	10,689,749	14,065,004	15,916,232	19,593,229
	After payout	6,607,556	8,887,897	12,263,152	15,345,615	(Note 2)
Other equity		907,543	1,427,136	890,759	1,319,176	1,762,241
Treasury shares		-	-	-	(972,974)	(129,640)
Noncontrolling interests		-	-	-	-	-
Total equity	Before payout	20,017,495	24,307,974	27,146,852	28,455,109	32,800,496
	After payout	18,215,643	22,506,122	25,345,000	27,884,492	(Note 2)

Note 1: All financial data have been audited by independent accountant.

Note 2: The earning distribution proposal of year 2016 has not been resolved by shareholders.

3. Consolidated Condensed Income Statement—IFRSs

Unit: NT\$1,000

Item	Year	Five-Year Financial Data				
		2012	2013	2014	2015	2016
Interest income		4,867,323	5,563,599	6,331,857	6,508,388	6,227,659
Less: Interest expense		(1,198,590)	(1,222,437)	(1,378,258)	(1,428,961)	(1,324,638)
Net interest income		3,668,733	4,341,162	4,953,599	5,079,427	4,903,021
Net income and gains other than interest income		1,859,598	2,592,343	2,808,786	1,412,214	2,251,913
Gross income		5,528,331	6,933,505	7,762,385	6,491,641	7,154,934
Available-for-sale financial assets impairment		-	(161,453)	2,422	(368,937)	369,825
Allowances lodged for bad debt expenses and guarantee responsibilities		(2,316)	(567,374)	(114,470)	(52,633)	(111,058)
Operating expenses		(1,490,416)	(1,442,137)	(1,616,949)	(1,609,509)	(1,833,880)
Net income from continuing operations before income tax		4,035,599	4,762,541	6,033,388	4,460,562	5,579,821
Income tax (expense) benefit		(591,150)	(620,528)	(837,034)	(777,808)	(798,363)
Net income from continuing operations		3,444,449	4,142,013	5,196,354	3,682,754	4,781,458
Profit or loss of discontinued operations		-	-	-	-	-
Consolidated net income(loss) for the period		3,444,449	4,142,013	5,196,354	3,682,754	4,781,458
Other comprehensive income for the period, net of income tax		867,392	459,773	(555,624)	398,743	423,634
Total comprehensive income for the period		4,311,841	4,601,786	4,640,730	4,081,497	5,205,092
Net income attributable to shareholders of the parent		3,444,449	4,142,013	5,196,354	3,682,754	4,781,458
Net income attributable to noncontrolling interests		-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent		4,311,841	4,601,786	4,640,730	4,081,497	5,205,092
Total comprehensive income attributable to noncontrolling interests		-	-	-	-	-
Earnings per share (EPS)		3.28	3.53	4.33	3.09	4.17

Note : All financial datas have been audited by independent accountant.

4. Condensed Income Statement—IFRSs

Unit: NT\$1,000

Item	Year	Five-Year Financial Data				
		2012	2013	2014	2015	2016
Interest income		4,867,323	5,563,599	6,331,857	6,502,846	6,227,659
Less: Interest expense		(1,199,161)	(1,223,033)	(1,379,061)	(1,429,607)	(1,324,638)
Net interest income		3,668,162	4,340,566	4,952,796	5,073,239	4,903,021
Net income and gains other than interest income		1,814,168	2,534,763	2,738,389	1,322,830	2,251,913
Gross income		5,482,330	6,875,329	7,691,185	6,396,069	7,154,934
Available-for-sale financial assets impairment		-	(161,453)	2,422	(368,937)	369,825
Allowances lodged for bad debt expenses and guarantee responsibilities		(2,316)	(567,374)	(114,470)	(46,933)	(111,058)
Operating expenses		(1,475,765)	(1,427,578)	(1,593,677)	(1,581,235)	(1,833,880)
Net income from continuing operations before income tax		4,004,249	4,718,924	5,985,460	4,398,964	5,579,821
Income tax (expense) benefit		(559,800)	(576,911)	(789,106)	(716,210)	(798,363)
Net income from continuing operations		3,444,449	4,142,013	5,196,354	3,682,754	4,781,458
Profit or loss of discontinued operations		-	-	-	-	-
Consolidated net income(loss) for the period		3,444,449	4,142,013	5,196,354	3,682,754	4,781,458
Other comprehensive income for the period, net of income tax		867,392	459,773	(555,624)	398,743	423,634
Total comprehensive income for the period		4,311,841	4,601,786	4,640,730	4,081,497	5,205,092
Net income attributable to shareholders of the parent		3,444,449	4,142,013	5,196,354	3,682,754	4,781,458
Net income attributable to noncontrolling interests		-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent		4,311,841	4,601,786	4,640,730	4,081,497	5,205,092
Total comprehensive income attributable to noncontrolling interests		-	-	-	-	-
Earnings per share (EPS)		3.28	3.53	4.33	3.09	4.17

Note: All financial datas have been audited by independent accountant.

6.2 Financial Analysis for Recent Five Years

1. Consolidated Financial Analysis –IFRSs

Unit: NT\$1,000

Item	Year	Five-Year Financial Data				
		2012	2013	2014	2015	2016
Management ability	Deposit/loan ratio (%)	70.37	75.05	77.55	74.13	72.67
	NPL ratio (%)	0.12	0.05	0.03	0.03	0.02
	Interest income/average outstanding deposit ratio (%)	0.83	0.78	0.83	0.87	0.77
	Interest income/average outstanding loans ratio (%)	5.05	5.39	5.45	5.22	4.88
	Turnover rate of total assets (times)	0.030	0.034	0.033	0.027	0.031
	Revenue per employee	5,925	7,933	8,761	7,149	7,871
	Profit per employee	3,692	4,739	5,865	4,056	5,002
Profit-making capability	Returns on tier 1 capital (%)	23.65	22.98	25.32	17.20	19.45
	Returns on assets (%)	1.86	2.03	2.31	1.56	1.99
	Returns on shareholder's equity (%)	19.40	18.69	20.20	13.25	15.61
	Net Profit rate (%)	62.31	59.74	66.94	56.73	63.54
	Earnings per share(NT\$1)	3.28	3.53	4.33	3.09	4.17
Financial structure	Liabilities/assets ratio (%)	89.66	88.62	88.44	87.99	86.51
	Property, plant, and equipment as a percentage of equity (%)	13.93	11.04	9.39	8.77	7.51
Growth rate	Asset growth (%)	10.15	10.24	9.95	0.96	2.75
	Profit growth (%)	33.02	18.01	26.68	(26.07)	25.09
Cash flow	Cash flow rate (%)	40.05	0.37	(37.32)	31.91	(10)
	Propriety of cash flow ratio (%)	15,033.33	827	401.47	415.73	361.36
	Cash-flow satisfaction ratio (%)	(182.08)	(12.26)	(710.84)	2370.30	(247.81)
Liquid reserve ratio (%)		32.45	27.51	27.61	29.19	29.29
Secured loans for related parties		293,770	295,247	304,131	215,205	181,243
Share of outstanding secured loans for related parties in total outstanding loans (%)		0.30	0.27	0.25	0.17	0.14
Business Scale	Market share of asset (%)	0.47	0.47	0.48	0.47	0.47
	Market share of book value (%)	0.76	0.86	0.86	0.83	0.91
	Market share of deposit (%)	0.50	0.50	0.51	0.51	0.51
	Market share of loans (%)	0.45	0.49	0.53	0.52	0.50

Note: All financial datas have been audited by independent accountant.

2. Financial Analysis –IFRSs

Unit: NT\$1,000

Item	Year	Five-Year Financial Data				
		2012	2013	2014	2015	2016
Management ability	Deposit/loan ratio (%)	70.27	74.92	77.50	74.06	72.64
	NPL ratio (%)	0.12	0.05	0.03	0.03	0.02
	Interest income/average outstanding deposit ratio (%)	0.83	0.78	0.83	0.87	0.77
	Interest income/average outstanding loans ratio (%)	5.05	5.39	5.45	5.22	4.87
	Turnover rate of total assets (times)	0.030	0.034	0.033	0.027	0.030
	Revenue per employee	5,920	7,948	8,760	7,154	7,841
	Profit per employee	3,720	4,788	5,918	4,119	5,098
Profit-making capability	Returns on tier 1 capital (%)	23.47	21.03	25.27	17.14	19.46
	Returns on assets (%)	1.86	2.03	2.31	1.56	1.99
	Returns on shareholder's equity (%)	19.40	18.69	20.20	13.25	15.61
	Net Profit rate (%)	62.83	60.24	67.56	57.58	65.01
	Earnings per share(NT\$1)	3.28	3.53	4.33	3.09	4.17
Financial structure	Liabilities/assets ratio (%)	89.67	88.63	88.45	87.99	86.50
	Property, plant, and equipment as a percentage of equity (%)	13.93	11.04	9.39	8.77	7.50
Growth rate	Asset growth (%)	10.17	10.26	9.87	0.96	2.66
	Profit growth (%)	32.98	17.85	26.84	(26.51)	24.98
Cash flow	Cash flow rate (%)	40.06	0.37	(37.79)	32.71	(9.83)
	Propriety of cash flow ratio (%)	15,006.41	820.88	398.43	420.24	365.88
	Cash-flow satisfaction ratio (%)	(182.08)	(12.26)	(719.70)	(19,742.00)	(242.69)
Liquid reserve ratio (%)		32.45	27.51	27.61	29.19	29.29
Secured loans for related parties		293,770	295,247	304,131	215,205	181,243
Share of outstanding secured loans for related parties in total outstanding loans (%)		0.30	0.27	0.25	0.17	0.14
Business Scale	Market share of asset (%)	0.47	0.47	0.48	0.47	0.47
	Market share of book value (%)	0.76	0.86	0.86	0.83	0.91
	Market share of deposit (%)	0.50	0.50	0.51	0.51	0.51
	Market share of loans (%)	0.45	0.49	0.53	0.52	0.50

Note: Independent accountant has audited all financial datas.

Calculation formula:

1. Management capability
 - (1) Deposit/loan ratio=total deposits/total loans
 - (2) NPL ratio=Total NPL/total loans
 - (3) Ratio of interest outlay in annual average of outstanding deposits=total interest outlay/annual average of outstanding deposits
 - (4) Ratio of interest income in annual average of outstanding loans/Total interest income/annual average of outstanding loans
 - (5) Turnover rate of assets=Net revenue/total assets value.
 - (6) Revenue per employee =net revenue/total number of employees
 - (7) Profit per employee=After-tax net profit/total number of employees
2. Profit-making capability
 - (1) Returns on Tier I capital=pre-tax income/average Tier I capital.
 - (2) Returns on assets=after-tax income/average value of assets
 - (3) Returns on shareholders' equity=after-tax income/average value of net shareholders' equity
 - (4) Net profit rate=after-tax income/net revenue
 - (5) Earnings per share= (after-tax net profit-dividend for preferred shares/weighted average of issued shares)
3. Financial structure
 - (1) Ratio of liabilities in assets=total liabilities/total assets
 - (2) Property, plant, and equipment as a percentage of equity = net value of real estate and equipment /net shareholders' equity
4. Growth rate
 - (1) Assets growth rate= (total assets in current year-total assets in previous year)/total assets in previous year
 - (2) Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year
5. Cash flow
 - (1) Cash flow ratio=net cash flow for business activities/(call loans and overdraft of bank and peers + promissory notes payable +financial liabilities from change in fair value + liabilities of repot bills and bonds + accounts payable due in one year)
 - (2) Propriety ratio of net cash flow=net cash flow for business activities in recent five years/ (capital outlay + cash dividend) in recent five years
 - (3) Satisfactory rate for cash flow=net cash flow for business activities/net cash flow for investments
6. Liquid reserves ratio=liquid assets required by the Central Bank of China/required liquid reserves for various liabilities
7. Analysis of business scale
 - (1) Market share of assets=total assets/total assets of financial institutions capable of undertaking deposit/loan business
 - (2) Market share of book value=book value/total book value of financial institutions capable of undertaking deposit/loan business
 - (3) Market share of deposits=total deposits/total deposits of financial institutions capable of undertaking deposit/loan business
 - (4) Market share of loans=total loans/total loans of financial institutions capable of undertaking deposit/loan business

3. Consolidated Capital Adequacy Ratio

Unit: NT\$1,000 / %

Item		Year	Financial information in recent five years					
			2012	2013	2014	2015	2016	
Capital	Common equity		18,877,548	22,567,572	25,081,589	26,791,644	30,567,318	
	Additional tier 1 capital		0	0	0	0	0	
	Tier 2 capital		1,184,989	1,684,225	1,352,353	941,833	1,286,745	
	Capital		20,062,537	24,251,797	26,433,942	27,733,477	31,863,063	
Risk weighted assets	Credit risk	Standardized approach	116,921,381	138,249,237	156,483,411	159,808,610	172,253,077	
		Internal rating based approach (IRB)	0	0	0	0	0	
		Asset securitization	0	0	0	0	16,802	
	Operating risk	Basic indicator approach (BIA)	7,814,939	9,528,323	10,662,451	11,660,108	12,491,079	
		Standardized approach / Optional Standardized approach	0	0	0	0	0	
		Advanced approach	0	0	0	0	0	
	Market risk	Standardized approach	7,825,504	17,319,906	23,878,835	15,931,443	13,318,991	
		Internal model approach	0	0	0	0	0	
	Total risk weighted assets			132,561,824	165,097,466	191,024,697	187,400,161	198,079,949
	Capital adequacy ratio			15.13%	14.69%	13.84%	14.80%	16.09%
Tier 1 capital to risk weighted assets ratio			14.24%	13.67%	13.13%	14.30%	15.44%	
Common equity to risk weighted assets ratio			14.24%	13.67%	13.13%	14.30%	15.44%	
Leverage ratio			-	-	-	10.28%	11.71%	

4. Capital Adequacy Ratio

Unit: NT\$1,000 / %

Item		Year	Financial information in recent five years					
			2012	2013	2014	2015	2016	
Capital	Common equity		18,877,548	22,438,382	24,931,227	26,384,973	30,127,483	
	Additional tier 1 capital		0	0	0	0	0	
	Tier 2 capital		1,184,989	1,555,034	1,201,992	535,163	837,909	
	Capital		20,062,537	23,993,416	26,133,219	26,920,136	30,965,392	
Risk weighted assets	Credit risks	Standardized approach	116,921,381	138,225,680	156,365,748	159,432,129	171,480,858	
		Internal rating based approach (IRB)	0	0	0	0	0	
		Asset securitization	0	0	0	0	16,802	
	Operational risks	Basic indicator approach (BIA)	7,814,939	9,436,518	10,616,264	11,552,161	12,384,281	
		Standardized approach / Optional Standardized approach	0	0	0	0	0	
		Advanced approach	0	0	0	0	0	
	Market risks	Standardized approach	7,825,504	17,319,906	23,878,835	15,931,443	12,955,691	
		Internal model approach	0	0	0	0	0	
	Total risk weighted assets			132,561,824	164,982,104	190,860,847	186,915,733	196,837,632
	Capital adequacy ratio			15.13%	14.54%	13.69%	14.40%	15.73%
Tier 1 capital to risk weighted assets ratio			14.24%	13.60%	13.06%	14.12%	15.31%	
Common equity to risk weighted assets ratio			14.24%	13.60%	13.06%	14.12%	15.31%	
Leverage ratio			-	-	-	10.13%	11.56%	

Note 1: Financial datas caculated by the number reviewed by independent accountants.

Note 2: The aforementioned ratios are calculated as follows:

- (1) Capital base = Common equity + Additional tier 1 capital + Tier 2 capital.
- (2) Risk weighted assets = Credit risk weighted assets + (Operation risk Capital + Market risk Capital) × 12.5.
- (3) Capital adequacy ratio = Capital / Risk weighted assets
- (4) Tier 1 capital to risk weighted assets = (Common equity + Additional tier 1 capital) / Risk weighted assets
- (5) Common equity to risk weighted assets ratio = Common equity / Risk weighted assets
- (6) Leverage ratio= Tier 1 Capital / Total risk exposure

Note 3: Include data up to the quarter preceding the date on which the annual reports were published for listed stocks or companies with shares traded at securities dealers' place of business. Make a note to indicate whether the financial information has been certified, reviewed or neither certified nor reviewed by a CPA.

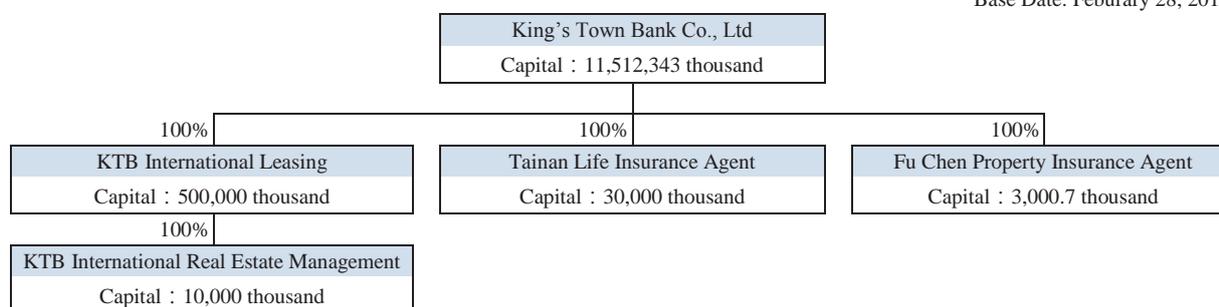
Note 4: The Leverage Ratio is a required disclosure from financial year 2015.

VII. Special Notes

7.1 Information of Affiliates

1. Organizational Chart of Affiliates

Base Date: February 28, 2017



2. Information on Affiliates

Unit: NT\$ / %

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Major Business Activities
Tainan Life Insurance Agent Co., Ltd.	91.05.17	8F, 506, Sec. 1, Simen Road, Tainan	30,000,000	Life Insurance Agent
Fu Chen Property Insurance Agent Co., Ltd.	91.05.17	8F, 506, Sec. 1, Simen Road, Tainan	3,000,700	Property Insurance Agent
KTB International Leasing Co., Ltd.	104.01.22	8F., No.167, Dunhua N. Rd., Songshan Dist., Taipei City	500,000,000	Leasing
KTB International Real Estate Management Co., Ltd.	105.12.07	8F., No.167, Dunhua N. Rd., Songshan Dist., Taipei City	10,000,000	Real Estate Management

3. Information on Directors, Supervisors, and Presidents of Affiliates

Base date: Dec 31, 2016

Name of Enterprise	Title	Name or Representative	Shareholding	
			Shareholding	Stake
Tainan Life Insurance Agent Co., Ltd.	Chairman Director Director Supervisor Supervisor	King's Town Bank Co., Ltd Representative: Chiung-Ting Tsai King's Town Bank Co., Ltd Representative: Chen-Chih Tai King's Town Bank Co., Ltd Representative: Xue-Ling Chen King's Town Bank Co., Ltd Representative: Zhi-Cheng You King's Town Bank Co., Ltd Representative: Chien-Ko Yang	3,000,000	100.00%
Fu Chen Property Insurance Agent Co., Ltd.	Chairman Director Director Supervisor Supervisor	King's Town Bank Co., Ltd Representative: Chiung-Ting Tsai King's Town Bank Co., Ltd Representative: Chen-Chih Tai King's Town Bank Co., Ltd Representative: Xue-Ling Chen King's Town Bank Co., Ltd Representative: Zhi-Cheng You King's Town Bank Co., Ltd Representative: Chien-Ko Yang	300,070	100.00%
KTB International Leasing Co., Ltd.	Chairman Director Director Supervisor	King's Town Bank Co., Ltd Representative: Chiung-Ting Tsai King's Town Bank Co., Ltd Representative: Chen-Chih Tai King's Town Bank Co., Ltd Representative: Shih-Chu Chien King's Town Bank Co., Ltd Representative: Shu-Hua Duan	50,000,000	100.00%
KTB International Real Estate Management Co., Ltd.	Chairman Director Director Supervisor	King's Town Bank Co., Ltd Representative: Chiung-Ting Tsai King's Town Bank Co., Ltd Representative: Chen-Chih Tai King's Town Bank Co., Ltd Representative: Ming-Hui Chen King's Town Bank Co., Ltd Representative: Shu-Hua Duan	1,000,000	100.00%

4. Affiliates Business Review

Dec 31, 2016; Unit: NT\$ 1,000

Name of Enterprise	Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income (After Tax)	EPS
Tainan Life Insurance Agent Co., Ltd.	30,000	553,602	53,906	499,696	524,519	429,212	358,426	119.48
Fu Chen Property Insurance Agent Co., Ltd.	3,001	6,760	864	5,896	7,240	1,763	1,466	4.89
KTB International Leasing Co., Ltd.	500,000	657,679	165,601	492,078	67,921	5,083	4,785	0.10
KTB International Real Estate Management Co., Ltd.	10,000	9,865	72	9,793	-	(208)	(207)*	(0.21)

*Note: The KTB International Real Estate Management Co., Ltd. net income has reflected in the KTB International Leasing Co., Ltd.

VIII. Head Office & Branches

Branch	Address	Telephone
Headquarter	No.506, Sec. 1, Ximen Road, West Central Dist., Tainan	886-6-213-9171
Trust Dept.	8F, No.506, Sec. 1, Ximen Road, West Central Dist., Tainan	886-6-213-9922
International Banking Dept.	9F, No.506, Sec. 1, Ximen Road, West Central Dist., Tainan	886-6-215-5238
Offshore Banking Unit	9F, No.506, Sec. 1, Ximen Road, West Central Dist., Tainan	886-6-215-5238
Business Dept.	1F, No.506, Sec. 1, Ximen Rd., West Central Dist., Tainan City	886-6-214-1271
Songshan Branch	8F, No.167, Dunhua North Rd., Songshan Dist., Taipei City	886-2-8712-6369
Taipei Branch	2F, No.75, Sec. 4, Ren ai Rd, Da an Dist., Taipei City	886-2-2771-0922
Neihu Branch	No.181, Zhouzi St., Neihu Dist., Taipei City	886-2-2799-4599
Zhong-Xiao Branch	No.29, Ln. 743, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City	886-2-8785-2525
Banciao Branch	No.3, Sec. 1, Zhongshan Rd., North Dist., New Taipei City	886-2-8951-5758
Shuang-He Branch	No.878, Zhongzheng Rd., Zhonghe Dist., New Taipei City	886-2-8221-7871
Xinzhuang Branch	10F, No.7, Sec. 2, Zhonghua Rd., Xinzhuang Dist., New Taipei City	886-2-2994-1213
Luzhou Branch	No.232, Jixian Rd., Luzhou Dist., New Taipei City	886-2-2288-4988
Xindian Branch	9F, No.190, Zhongzheng Rd., Xindian Dist., New Taipei City	886-2-8911-9298
Taoyuan Branch	No.106, Zhonghua Rd., Taoyuan Dist., Taoyuan City	886-3-347-2469
ZhongLi Branch	11F., No.138, Zhongshan Rd., Zhongli Dist., Taoyuan City	886-3-425-6188
Nankan Branch	No.117, Sec. 1, Xinnan Rd., Luzhu Dist., Taoyuan City	886-3-352-1616
Hsinchu Branch	No.180, Zhongzheng Rd., North Dist., Hsinchu City	886-3-528-0526
East Hsinchu Branch	No.227, Guanxin Rd., East Dist., Hsinchu City	886-3-563-9998
Taichung Branch	No.200, Chungming Rd., Nort Dist., Taichung City	886-4-2329-3511
Wenxin Branch	No.320, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City	886-4-2328-8007
Dali Branch	No.408, Daming Rd., Dali Dist., Taichung City	886-4-2406-8829
Changhua Branch	No.136, Huashan Rd., Changhua City, Changhua County	886-4-7288-998
Dounan Branch	No.131, Zhongzheng Rd., Dounan Township, Yunlin County	886-5-597-3181
Huwei Branch	No.133, Gong an Rd., Huwei Township, Yunlin County	886-5-632-3301
Lunbei Branch	No.375, Zhongshan Rd., Lunbei Township., Yinlin County	886-5-696-6821
Douliu Branch	No.128, Minsheng Rd., Douliu City., Yunlin County	886-5-532-1561
Xiluo Branch	No.166, Fuxing Rd., Xiluo Township., Yunlin County	886-5-586-9541
Beigang Branch	No.61, Minzhu Rd., Beigang Township, Yunlin County	886-5-783-6181
Chiayi Branch	No.175, Linsen W. Rd., West Dist., Chiayi City	886-5-224-2135
Hsin-Yeh Branch	No.784., Xinmin Rd., West Dist., Chiayi City	886-5-285-2171
Meishan Branch	No.126, Zhongshan Rd., Meishan Township, Chiayi County	886-5-262-2131
Zhuqi Branch	No.221-1, Zhongshan Rd., Zhuqi Township, Chiayi County	886-5-261-1941
Zhongpu Branch	No.867, Sec. 5, Zhongshan Rd., Zhongpu Township, Chiayi County	886-5-239-0011
Shuishang Branch	No.317, Zhongxing Rd., Shuishang Township, Chiayi County	886-5-268-9681
Taibao Branch	No.166-17, Sec. 2, Beigang Rd., Taibao City, Chiayi County	886-5-238-1518
Puzi Branch	No.43, Shantong Rd., Puzi City, Chiayi County	886-5-379-5181
Minxiong Branch	No.6, Minsheng Rd., Minxiong Township, Chiayi County	886-5-226-2372

Branch	Address	Telephone
Dalin Branch	No.291, Xianghe Rd., Dalin Township, Chiayi County	886-5-265-1541
Tainan Branch	No.69, Sec. 2, Zhongyi Rd., West Central Dist., Tainan City	886-6-228-3155
East Tainan Branch	No.98, Sec. 2, Linsen Rd., East Dist., Tainan City	886-6-238-5506
Zhong-Hua Branch	No.106, Renhe Rd., East Dist., Tainan City	886-6-260-3171
Hsin-Hsing Branch	No.357, Xinxing Rd., South Dist., Tainan City	886-6-265-8511
Fu-Cheng Branch	No.15, Sec. 4, Ximen Rd., North Dist., Tainan City	886-6-283-3046
Yunong Branch	No.619-2, Yunong Rd., East Dist., Tainan City	886-6-235-0588
Kai-Yuan Branch	No.280, Kaiyuan Rd., North Dist., Tainan City	886-6-234-7302
An-He Branch	No.241, Sec. 2, Anhe Rd., Annan Dist., Tainan City	886-6-355-9311
An-Nan Branch	No.366, Sec. 1, Haidian Rd., Annan Dist., Tainan City	886-6-259-8153
Yen-Hang Branch	No.54, Zhongzheng N. Rd., Yongkang Dist., Tainan City	886-6-254-1839
Yongkang Branch	No.27, Sec. 2, Yongda Rd., Yongkang Dist., Tainan City	886-6-272-9621
Guiren Branch	No.29, Sec. 2, Zhongshan Rd., Guiren Dist., Tainan City	886-6-239-6185
Xinhua Branch	No.586, Zhongshan Rd., Xinhua Dist., Tainan City	886-6-598-7103
Yujing Branch	No.130, Zhongshan Rd., Yujing Dist., Tainan City	886-6-574-7673
Rende Branch	No.365, Zhongshan Rd., Rende Dist., Tainan City	886-6-270-8056
Guanmiao Branch	No.17, Wenheng Rd., Guanmiao Dist., Tainan City	886-6-596-1550
Madou Branch	No.83, Zhongshan Rd., Madou Dist., Tainan City	886-6-572-1117
Jiali Branch	No.203, Wenhua Rd., Jiali Dist., Tainan City	886-6-722-3152
Xigang Branch	No.344, Zhongshan Rd., Xigang Dist., Tainan City	886-6-795-1949
Xuejia Branch	No.111, Jisheng Rd., Xuejia Dist., Tainan City	886-6-783-1417
Xinying Branch	No.148, Zhongshan Rd., Xinying Dist., Tainan City	886-6-632-4161
Baihe Branch	No.7, Guoguang Rd., Baihe Dist., Tainan City	886-6-685-2085
Liujia Branch	No.491, Zhongzheng Rd., Liujia Dist., Tainan City	886-6-698-7813
Yanshui Branch	No.15, Zhongzheng Rd., Yanshui Dist., Tainan City	886-6-652-1677
Shanhua Branch	No.452, Zhongshan Rd., Shanhua Dist., Tainan City	886-6-581-5658
Xinshi Branch	No.240, Zhongzheng Rd., Xinshi Dist., Tainan City	886-6-599-5631
Zhong-zheng Branch	No.176, Qixian 1st Rd., Xinxing Dist., Kaohsiung City	886-7-235-2929
Kaohsiung Branch	No.110, Yucheng Rd., Sanmin Dist., Kaohsiung City	886-7-345-7171
North Kaohsiung Branch	No.250, Bo ai 2nd Rd., Zuoying Dist., Kaohsiung City	886-7-550-7708
Gangshan Branch	No.176, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City	886-7-624-1766
Nanzi Branch	No.67, Yiqun Rd., Nanzi Dist., Kaohsiung City	886-7-362-6969

King's Town Bank Co., Ltd. and Subsidiaries

Consolidated Financial Statements

For the Years Ended

December 31, 2016 and 2015

Address: No.506, Sec. 1, Ximen Rd., West Central Dist., Tainan City, Taiwan
Tel: 886-6-213-9171

King's Town Bank Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
(Expressed in thousands of dollars)

Code	Assets	December 31, 2016		December 31, 2015	
		Amount	%	Amount	%
10000	Assets				
11000	Cash and cash equivalents	\$4,985,673	4	\$8,885,252	4
11500	Due from the Central Bank and interbank borrowing	34,302,886	13	29,956,001	13
12000	Financial assets measured at fair value through profit or loss	5,585,356	2	4,722,217	2
12500	Securities purchased under resell agreements	3,106,295	1	3,287,166	1
13000	Receivables – net	1,470,477	-	1,289,518	-
13500	Loans and Discount - net	124,251,450	52	123,642,946	52
14000	Available-for-sale financial assets	63,973,405	25	58,310,324	25
15500	Other financial assets – net	310,344	-	307,524	-
15513	Debt investments without active market	2,742,037	2	3,919,491	2
18500	Property and equipment – net	2,461,730	1	2,494,436	1
19300	Deferred income tax assets	235,828	-	216,709	-
19500	Other assets – net	658,481	-	522,006	-
	Total assets	\$244,083,962	100	\$237,553,590	100

King's Town Bank Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
(Expressed in thousands of dollars)

Liabilities & Shareholders' Equity		December 31, 2016		December 31, 2015	
		Amount	%	Amount	%
Code					
20000	Liabilities				
21000	Deposits from the Central Bank and banks	\$10,381,448	4	\$17,160,139	7
21500	Due to the Central Bank and other banks	7,811,960	3	3,835,656	2
22000	Financial liabilities measured at fair value through profit or loss	34,946	-	26,986	-
22500	Securities sold under repurchase agreements	15,553,347	6	16,431,429	7
23000	Payables	2,260,933	2	1,156,928	1
23200	Current income tax liabilities	577,283	-	268,041	-
23500	Deposits and remittances	173,752,830	71	169,383,517	71
25500	Other financial liabilities	70,000	-	-	-
25600	Provisions	491,765	-	471,814	-
29300	Deferred income tax liabilities	55,482	-	73,721	-
29500	Other liabilities	293,472	-	290,250	-
	Total liabilities	211,283,466	86	209,098,481	88
31000	Stockholders' equity				
31100	Capital	11,512,343	5	12,012,343	5
31500	Additional Paid-In Capital	62,323	-	180,332	-
32000	Retained Earnings				
32001	Legal Reserve	6,437,699	3	5,332,873	2
32003	Special Reserve	48,970	-	48,970	-
32011	Unappropriated earnings	13,106,560	5	10,534,389	4
32500	Other equity	1,762,241	1	1,319,176	1
32600	Treasury Stock	(129,640)	-	(972,974)	-
	Total Equity	32,800,496	14	28,455,109	12
	Total liabilities and equity	\$244,083,962	100	\$237,553,590	100

King's Town Bank Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
(Expressed in thousands of dollars)

		2016		2015	
		Amount	%	Amount	%
41000	Interest income	\$6,227,659	83	\$6,508,388	106
51000	Less: Interest expense	(1,324,638)	(18)	(1,428,961)	(23)
	Net interest income	4,903,021	65	5,079,427	83
	Net income other than interest				
49100	Net service fee and commission income	1,769,610	24	1,586,839	26
49200	Gain (loss) on financial assets or liabilities measured at fair value through profit and loss	347,115	5	(108,584)	(2)
49300	Realized gain (loss) on available-for-sale financial assets	14,503	-	(60,224)	(1)
49600	Foreign exchange gain (loss), net	69,298	1	(145,988)	(2)
49700	Reversal of impairment loss on assets	369,825	5	(368,937)	(6)
49800	Other non-interest incomes				
49813	Net investment gain (loss) on debts investment without active market	8,117	-	3,202	-
49863	Net gain (loss) on disposal of property, plant and equipment	(16,457)	-	78,037	1
49899	Other miscellaneous net income	59,727	-	58,932	1
	Revenue	7,524,759	100	6,122,704	100
58200	Provision losses for bad debt expenses and guarantee reserve	(111,058)	(1)	(52,633)	(1)
58400	Operating expenses				
58500	Employee benefit expense	(945,441)	(13)	(814,613)	(13)
59000	Depreciation and amortization	(51,192)	(1)	(46,676)	1
59500	Other general and administrative expenses	(837,247)	(11)	(748,220)	(12)
61000	Consolidated income (loss) from continuing operations before income tax	5,579,821	74	4,460,562	73
61003	Income tax expense	(798,363)	(10)	(777,808)	(13)
64000	Net income	\$4,781,458	64	\$3,682,754	60
	Other comprehensive income				
65200	Items that will not be reclassified to profit or loss				
65201	Remeasurements of defined benefit plans	(23,406)	-	(35,752)	-
65220	Related tax effects	3,975	-	6,078	-
65300	Items that may be subsequently reclassified to profit or loss				
65301	Exchange differences on translation of foreign operations	(55,799)	(1)	(31,871)	-
65302	Unrealized gain (loss) on available-for-sale financial assets	489,374	6	454,871	7
65320	Related tax effects	9,490	-	5,417	-
	Other Comprehensive Income after Tax for current period	423,634	5	398,743	7
66000	Total Comprehensive Income after Tax	\$5,205,092	69	\$4,081,497	67
67100	Consolidated net income attributable to:				
67101	Parent company	\$4,781,458		\$3,682,754	
67111	Non-controlling interests	\$ -		\$ -	
67300	Consolidated comprehensive income attributable to:				
67301	Parent company	\$5,205,092		\$4,081,497	
67311	Non-controlling interests	\$ -		\$ -	
	Earnings per share (Dollar)				
67500	Basic earnings per share	\$4.17		\$3.09	
67700	Diluted earnings per share	\$4.17		\$3.09	

King's Town Bank Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
(Expressed in thousands of dollars)

	Retained Earnings				Other equity interest		Treasury Stock	Total
	Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange Differences on Translation of Foreign Operations		
Balance, January 1, 2015	\$12,012,343	\$178,746	\$3,773,967	\$48,970	\$10,242,067	\$75,999	\$814,760	\$27,146,852
Appropriation and distribution of 2014 earnings					(1,558,906)			-
Legal reserve			1,558,906		(1,801,852)			(1,801,852)
Cash dividends								
Other capital reserve		1,586						1,586
Share-based payment transactions								
Consolidated net income for 2015					3,682,754			3,682,754
Other comprehensive income for 2015					(29,674)	(26,454)	454,871	398,743
Total comprehensive income for 2015					3,653,080	(26,454)	454,871	4,081,497
Treasury Stock Acquired								(972,974)
Balance, December 31, 2015	\$12,012,343	\$180,332	\$5,332,873	\$48,970	\$10,534,389	\$49,545	\$1,269,631	\$28,455,109
Balance, January 1, 2016	\$12,012,343	\$180,332	\$5,332,873	\$48,970	\$10,534,389	\$49,545	\$1,269,631	\$28,455,109
Appropriation and distribution of 2015 earnings					(1,104,826)			-
Legal reserve			1,104,826		(570,617)			(570,617)
Cash dividends								
Other capital reserve		6,116						118,002
Share-based payment transactions								
Consolidated net income for 2016					4,781,458	(46,309)	489,374	4,781,458
Other comprehensive income for 2016					(19,431)	(46,309)	489,374	423,634
Total comprehensive income for 2016					4,762,027	(46,309)	489,374	5,205,092
Treasury Stock Acquired								(407,090)
Treasury Stock Retired	(500,000)	(124,125)			(514,413)			1,138,538
Balance, December 31, 2016	\$11,512,343	\$62,323	\$6,437,699	\$48,970	\$13,106,560	\$3,236	\$1,759,005	\$32,800,496

King's Town Bank Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2016 and 2015
(Expressed in thousands of dollars, unless otherwise indicated)

A. History and organization

1. King's Town Bank Co., Ltd. was formerly known as the Tainan Business Bank (henceforth the "Bank"), which was reorganized from the Tainan District Joint Saving Co., Ltd. on January 1, 1978. Subsequently on November 29, 2005, stockholders of the Bank approved the proposal to apply for reorganization of the Bank into a commercial bank and the Bank was renamed "King's Town Commercial Bank Co., Ltd."
2. Major business activities include: (a) Accepting checking deposit (b) Accepting other types of deposit (c) Issue bank debentures (d) Loans (e) Notes/Bills discounting (f) Investments (g) Domestic and foreign exchange & remittance (h) Bills acceptance (i) Issue domestic/overseas letter of credit (j) domestic and overseas guarantee business (k) Agent for bills payment & collection (l) Warehousing and agency services for the above items (m) All other activities approved by the government.
3. The Bank is also the Group's ultimate controlling person.
4. The number of employees for Group's is 956 and 915 for 2016 and 2015.

B. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

The consolidated financial statements were approved and announced by the board of directors on February 24, 2017.

C. Summary of significant accounting policies

(1) Compliance statement

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks.

(2) Basis of preparation

The consolidated financial statements measured financial instrument at fair value, otherwise are expressed in thousands of new Taiwan dollar.

(3) Basis of consolidation

Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)	
			2016.12.31	2015.12.31
The Company	Tainan Life Insurance Agent Co., Ltd.	Insurance Agent	100.00%	100.00%
	Fu Chen Property Insurance Agent Co., Ltd.	Insurance Agent	100.00%	100.00%
	KTB International Leasing Co., Ltd.	Leasing	100.00%	100.00%
KTB				
International Leasing	KTB International Real Estate Management Co., Ltd.	Real Estate Management	100.00%	100.00%

Subsidiaries profits are NT\$ 364,677 and 297,218 for 2016 and 2015, respectively.

D. Details of significant accounts

1. Cash and cash equivalents

	Dec. 31, 2016	Dec. 31, 2015
Cash	\$1,493,428	\$1,377,649
Foreign currency	205,154	202,154
Checks for clearing	1,532,393	454,564
Deposits in banks	1,754,698	6,850,885
Total	<u>\$4,985,673</u>	<u>\$8,885,252</u>

2. Due from Central Bank and call loans to other banks

	Dec. 31, 2016	Dec. 31, 2015
Reserve for deposits - account A	\$2,243,246	\$2,145,485
Reserve for deposits - account B	4,771,564	4,567,991
Reserve for deposits - foreign currency account	18,076	17,525
Deposits transferred to Central Bank	19,300,000	23,225,000
Call loans to banks	7,970,000	-
Total	<u>\$34,302,886</u>	<u>\$29,956,001</u>

3. Financial instrument at fair value through profit or loss

	Dec. 31, 2016	Dec. 31, 2015
<u>Financial assets held for trading</u>		
Stocks	\$1,895,454	\$2,113,610
Beneficiary Securities	3,990	2,434,953
Overseas Bonds	154,813	32,931
Domestic Bonds	3,126,561	-
Derivatives	61,613	101,730
Subtotal	<u>5,242,431</u>	<u>4,683,224</u>
<u>Financial assets designated as at FVTPL:</u>		
Convertible corporate bonds	342,925	38,993
Total	<u>\$5,585,356</u>	<u>\$4,722,217</u>

4. Securities purchased under resell agreements

	Dec. 31, 2016	Dec. 31, 2015
Government bonds	<u>\$3,106,295</u>	<u>\$3,287,166</u>

5. Receivables - net

	Dec. 31, 2016	Dec. 31, 2015
Accounts receivable	\$417,967	\$306,411
Interest receivable	906,421	975,977
Acceptance receivable	53,748	409
Clearing and settlement receivable	125,064	-
Other receivables	17,027	29,982
Total	<u>1,520,227</u>	<u>1,312,779</u>
Less: Allowance for bad debts	<u>(49,750)</u>	<u>(23,261)</u>
Net total	<u>\$1,470,477</u>	<u>\$1,289,518</u>

The changes in receivable doubtful accounts were as follows:

	2016	2015
Beginning balance	\$23,261	\$56,970
Current (reversal) provision	63,825	2,231
Written off	-	(39,650)
Recovery of written off	(46,925)	(2,759)
Other changes	9,589	6,469
Ending balance	<u>\$49,750</u>	<u>\$23,261</u>

6. Discounts and loans - net

	Dec. 31, 2016	Dec. 31, 2015
Import and export bill	\$6,198	\$-
Overdraft	92,871	56,226
Loans	126,153,548	125,480,082
Overdue Loans	19,147	23,311
Total	126,271,764	125,559,619
Less: Allowance for bad debts	(2,020,314)	(1,916,673)
Net total	\$124,251,450	\$123,642,946

The changes in allowance for doubtful accounts were as follows:

	2016	2015
Beginning balance	\$1,916,673	\$1,902,071
Current (reversal) provision	(7,835)	31,295
Written off	(114,221)	(255,583)
Recovery of written off	228,141	235,197
Exchange rate effects	(2,444)	3,693
Ending balance	\$2,020,314	\$1,916,673

7. Available-for-sale financial assets

	Dec. 31, 2016	Dec. 31, 2015
Stocks	\$1,956,904	\$599,681
Government Bonds	24,894,543	28,577,466
Corporate Bonds	29,031,096	20,606,546
Beneficiary certificates	391,444	559,061
Financial debentures	7,857,004	8,506,127
Total	64,130,991	58,848,881
Less: Accumulated impairment	(157,586)	(538,557)
Net total	\$63,973,405	\$58,310,324

8. Other financial assets- net

	Dec. 31, 2016	Dec. 31, 2015
Financial assets carried at cost	\$307,313	\$307,313
Non-loan Collectibles	-	21,600
Other	3,031	211
Total	310,344	329,124
Less: Allowance for bad debts	-	(21,600)
Net total	\$310,344	\$307,524

The changes in non-loan noncollectibles doubtful accounts were as follows:

	2016	2015
Beginning balance	\$21,600	\$ -
Current (reversal) provision	-	(3,050)
Written off	-	39,650
Other changes	(21,600)	(15,000)
Ending balance	\$ -	\$21,600

9. Debts investment without active market - net

	Dec. 31, 2016	Dec. 31, 2015
Corporate Bonds	\$2,516,133	\$3,589,346
Financial debentures	225,904	330,145
Total	\$2,742,037	\$ 3,919,491

10. Property, plant, and equipment - net

	Land	Buildings	Transportation equipment	Miscellaneous equipment	Unfinished Construction	Total
Cost:						
Jan. 1, 2016	\$2,017,140	\$1,328,128	\$20,382	\$104,391	\$ -	\$3,470,041
Additions	-	-	2,100	33,783	160	36,043
Disposals	-	(61,241)	(4,332)	(5,786)	-	(71,359)
Dec. 31, 2016	\$2,017,140	\$1,266,887	\$18,150	\$132,388	\$160	\$3,434,725
Jan. 1, 2015	\$2,060,062	\$1,340,557	\$15,366	\$74,607	\$ -	\$3,490,592
Additions	37	1	5,740	33,816	-	39,594
Disposals	(42,959)	(12,430)	(724)	(4,032)	-	(60,145)
Dec. 31, 2015	\$2,017,140	\$1,328,128	\$20,382	\$104,391	\$ -	\$3,470,041
Depreciation and loss:						
Jan. 1, 2016	\$ -	\$897,544	\$14,225	\$63,836	\$ -	\$975,605
Depreciation	-	22,492	2,323	26,377	-	51,192
Disposals	-	(44,396)	(4,051)	(5,355)	-	(53,802)
Dec. 31, 2016	\$ -	\$875,640	\$12,497	\$84,858	\$ -	\$972,995
Jan. 1, 2015	\$ -	\$880,535	\$12,103	\$49,089	\$ -	\$941,727
Depreciation	-	25,139	2,772	18,765	-	46,676
Disposals	-	(8,130)	(650)	(4,018)	-	(12,798)
Dec. 31, 2015	\$ -	\$897,544	\$14,225	\$63,836	\$ -	\$975,605
Net:						
Dec. 31, 2016	\$2,017,140	\$391,247	\$5,653	\$47,530	\$160	\$2,461,730
Dec. 31, 2015	\$2,017,140	\$430,584	\$6,157	\$40,555	\$-	\$2,494,436

11. Other assets - net

	Dec. 31, 2016	Dec. 31, 2015
Foreclosure		
Cost	\$53,900	\$13,092
Less: Accumulated impairment	(13,092)	(13,092)
Total	40,808	-
Prepayments	15,891	36,819
Clearing and settlement fund	504,569	403,227
Refundable deposits	69,889	55,140
Others	27,324	26,820
Net total	\$658,481	\$522,006

The accumulated impair amount of other assets by the end of December 31 of 2016 and 2015 are both as NT\$33,372 thousand.

12. Deposits from Central Bank and other banks

	Dec. 31, 2016	Dec. 31, 2015
Deposits from banks	\$20	\$437
Due to other banks	10,381,428	17,159,702
Total	\$10,381,448	\$17,160,139

13. Loans from Central Bank and other banks

	Dec. 31, 2016	Dec. 31, 2015
Bankers acceptances and funds borrowed	\$7,811,960	\$3,835,656

14. Financial liabilities at fair value through profit or loss

	Dec. 31, 2016	Dec. 31, 2015
Financial liabilities at fair value		
Derivatives	\$34,946	\$26,986

15. Securities sold under repurchase agreements

	Dec. 31, 2016	Dec. 31, 2015
Government Bonds	\$3,820,500	\$5,795,700
Corporate Bonds	9,726,653	8,470,677
Financial Bonds	2,006,194	2,165,052
Total	\$15,553,347	\$16,431,429

16. Payables

	Dec. 31, 2016	Dec. 31, 2015
Accrued expenses	\$274,945	\$216,621
Interest payable	112,318	105,932
Check for clearance payable	1,532,393	454,564
Delivery payables	24,844	53,811
Other payables	316,433	326,000
Total	<u>\$2,260,933</u>	<u>\$1,156,928</u>

17. Deposits and remittances

	Dec. 31, 2016	Dec. 31, 2015
Checking accounts	\$2,197,413	\$1,754,390
Demand deposits	27,324,696	25,359,142
Time deposits	22,129,594	22,799,191
Savings deposits	122,100,415	119,468,799
Remittances	712	1,995
Total	<u>\$173,752,830</u>	<u>\$169,383,517</u>

18. Other financial liability

	Interest Rate	Dec. 31, 2016	Dec. 31, 2015
Mega Bills	1.60%	\$30,000	\$-
Grand Bills	1.41%	20,000	-
International Bills	1.56%	20,000	-
Total		<u>\$70,000</u>	<u>\$-</u>

19. Reserve for liabilities

	Dec. 31, 2016	Dec. 31, 2015
Employee benefit liabilities reserve	\$364,805	\$399,882
Guarantee reserve	126,960	71,932
Total	<u>\$491,765</u>	<u>\$471,814</u>

The changes in guarantee reserve were as follows:

	2016	2015
Beginning balance	\$71,932	\$49,719
Current (reversal) provision	55,068	22,157
Exchange rate effects	(40)	56
Ending balance	<u>\$126,960</u>	<u>\$71,932</u>

20. Employee benefit liabilities reserve

Defined contribution plans:

The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Under the Act, the Bank and domestic subsidiaries are required make monthly contributions no less than 6% of each employee's monthly salary to employees' pension accounts. The Bank and domestic subsidiaries have put in place an employee retirement plan in accordance with the Act and have made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

For the years ended 2016 and 2015, expense recognized in contribution and loss amounted to \$30,120 and \$29,135 thousand, respectively.

Defined benefit plans:

The group's defined benefit plan is expected to be raised by \$21,317 thousand in the next year. Amounts of defined benefit plans cost recognised in comprehensive income statements are as follows:

	2016	2015
Current service costs	\$3,354	\$3,859
Interest cost	8,535	9,959
Expected return on plan assets	(2,865)	(2,755)
Total	<u>\$9,024</u>	<u>\$11,063</u>

Present value of the defined benefit obligations and fair value of plan assets adjust as follows:

	Dec. 31, 2016	Dec. 31, 2015
Present value of the defined benefit obligations	\$579,034	\$580,621
Fair value of plan assets	(214,229)	(180,739)
Accrued pension liability	\$364,805	\$399,882

21. Other liabilities

	Dec. 31, 2016	Dec. 31, 2015
Guarantee deposits received	\$17,057	\$20,422
Temporary receipts and suspense accounts	13,425	33,648
Others	262,990	236,180
Total	\$293,472	\$290,250

22. Equity

(1) Common stock

As of December 31, 2015, authorized capital and paid-in capital were \$30,000,000 and \$12,012,343 thousand, respectively, equivalent to 30,000,000 thousand and 1,201,234 thousand shares, respectively, with a par value of \$10 per share.

The Company commenced the cancellation of the repurchased treasury shares on January 18, 2016 and March 1, 2016, respectively, to maintain the Company's credit and shareholders' equity, representing 37,000 thousand shares and 13,000 thousand shares, approved by the competent authorities.

As of December 31, 2016, authorized capital was \$30,000,000 thousand, and paid-in capital was \$11,512,343 thousand, respectively, equivalent to 1,151,234 thousand shares with a par value of \$10 per share.

(2) Capital surplus

	Dec. 31, 2016	Dec. 31, 2015
Treasury share transactions	\$5,282	\$121,760
Stock Options	2,586	1,752
Others	54,455	56,820
Total	\$62,323	\$180,332

(3) Earnings distribution

The stockholders' meeting approved earnings distribution on May 18, 2016 and the board of directors on February 24, 2017 decided appropriation of earnings in 2015 and 2016 as follow:

Appropriation of Earnings	2016		2015	
	Amount	DPS	Amount	DPS
Legal reserve	\$1,434,438		\$1,104,826	
Surplus reserve	23,907			
Common stock cash dividends	1,719,351	\$1.5	570,617	\$0.5
Total	\$3,177,696		\$1,675,443	

23. Net interest income

	2016	2015
Interest income		
Loans	\$3,626,128	\$3,782,609
Due from and call loans to banks	236,434	518,195
Investment in marketable securities	2,312,687	2,180,083
Others	52,410	27,501
Subtotal	6,227,659	6,508,388
Interest expense		
Deposits	(1,068,488)	(1,196,878)
Due to the Central Bank and call loans from banks	(126,614)	(107,850)
Bills and bonds sold under repurchase agreements	(129,089)	(124,208)
Others	(447)	(25)
Subtotal	(1,324,638)	(1,428,961)
Total	\$4,903,021	\$5,079,427

24. Net service income

	2016	2015
Service income	\$1,814,694	\$1,622,341
Service expense	(45,084)	(35,502)
Total	\$1,769,610	\$1,586,839

25. Gains and losses on financial assets or liabilities at fair value through profit or loss

	2016	2015
Stock investment	\$421,854	\$(82,114)
Debt investment	(21,177)	(32,253)
Derivative instruments	(56,727)	(1,529)
Others	3,165	7,312
Total	\$347,115	\$(108,584)

26. Operation expense

Employee benefit, depreciation and amortization expenses as follow:

	2016	2015
Employee benefit expense		
Wages and salaries	\$809,437	\$681,206
Labor and health insurance fees	60,554	60,876
Pension costs	39,144	40,198
Other personnel expenses	36,306	32,333
Depreciation	51,192	46,676
Total	\$996,633	\$861,289

27. Components of other comprehensive income

2016	Current period	Income tax expense	After tax
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	\$(23,406)	\$3,975	\$(19,431)
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	(55,799)	9,490	(46,309)
Unrealized gain (loss) on available-for-sale financial assets	489,374	-	489,374
Total	\$410,169	\$13,465	\$423,634

2015	Current period	Income tax expense	After tax
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans	\$(35,752)	\$6,078	\$(29,674)
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	(31,871)	5,417	(26,454)
Unrealized gain (loss) on available-for-sale financial assets	454,871	-	454,871
Total	\$387,248	\$11,495	\$398,743

28. Income tax

The details of income tax expense are as follows:

(1) Income tax recognized in profit or loss

	2016	2015
Current tax		
Current income tax	\$853,147	\$687,282
Adjustments for previous years	(31,710)	(16,768)
Deferred tax		
Origination and reversal of temporary differences tax	(23,074)	107,294
Income tax expense	\$798,363	\$777,808

(2) Income tax recognized in other comprehensive income

	2016	2015
Deferred tax		
Exchange differences on translation of foreign financial statements	\$(9,490)	\$(5,417)
Actuarial gains and losses on defined benefit plan	(3,975)	(6,078)
Recognized in other comprehensive income	\$(13,465)	\$(11,495)

(3) Reconciliation between income tax expense and accounting profit

	2016	2015
Income from continuing operation before income tax	\$5,579,821	\$4,460,562
Income tax expense calculated at the statutory rate	\$948,570	\$758,295
Tax-exempt income	(428,446)	(241,517)
Effects of items not recognized under relevant regulations	631	264
Adjusted deferred tax assets and liabilities for previous years	1,989	63,713
Income basic tax amount adjustment	109,565	32,186
Additional 10% tax payment levied on undistributed earnings	197,764	181,635
Adjustments in respect of previous years	(31,710)	(16,768)
Income tax expense recognized in profit or loss	\$798,363	\$777,808

(4) Information about Integrated Income Tax

	Dec. 31, 2016	Dec. 31, 2015
Balance of ICA	\$1,463,360	\$1,264,270

The company's creditable ratio for distribution of earnings of 2016 and 2015 was 11.17% and 17.54%, respectively.

29. Earnings per share

	2016	2015
(1) Basic earnings per share		
Net income for the periods attributable to owner of the parent (NT\$1,000)	\$4,781,458	\$3,682,754
Weighted-average shares of common stock outstanding (in thousands)	1,145,429	1,192,010
Basic earnings per share (NT\$1)	\$4.17	\$3.09
(2) Diluted earnings per share		
Net income for the periods attributable to owner of the parent (NT\$1,000)	\$4,781,458	\$3,682,754
Weighted-average shares of common stock outstanding (in thousands)	1,145,429	1,192,010
Effect of dilutive:	-	-
Weighted-average shares of common stock outstanding used to calculate diluted EPS (in thousands)	1,145,429	1,192,010
Diluted earnings per share (NT\$1)	\$4.17	\$3.09

E. Related party transactions

1. Names and relationship of related parties

Names of related parties	Relationship with the Company
Chen-Chih Tai	Chairman of the Bank
Chiung-Ting Tsai	Vice Chairman of the Bank
Shih-Chu Chien	President of the Bank
Tian Gang Investment Co., Ltd	Director of the Bank
Ming-Tai Chen	Independent Director of the Bank
Yi Chiu	Independent Director of the Bank
Tsai-Feng Hou	Independent Director of the Bank
Others	Representative, second-degree relatives and related parties in substance of the bank's institutional stockholders and executive officers

2. Significant transactions between related parties and the Bank

(1) Deposits and loans

Accounts	Amount	Percentage of the account balance
<u>Dec. 31, 2016</u>		
Deposit	\$350,830	0.20%
Loan	37,168	0.03%
<u>Dec. 31, 2015</u>		
Deposit	\$309,439	0.18%
Loan	46,552	0.04%

Deposits and loans transactions between the bank and its related parties, with the exception of employees of the bank who are charged interest at a discounted rate in accordance with statutory requirements, are as the same as general customers.

(2) Lease

For the year ended 2016 and 2015, lease expense from leasing office from related parties were NT\$ 6,709 thousand and NT\$ 6,648 thousand, respectively.

(3) Loans

Dec. 31, 2016

Categories	No./name of related parties	Maximum balance	Ending balance	Settleman status		Collateral	Loan conditions
				Normal loans	Overdue loans		
Consumer loan	7	\$3,923	\$3,784	\$3,784	-	None	No difference
Home loan mortgage	7	32,591	32,284	32,284	-	Real estate	No difference
Others	○○, Huang	1,100	1,100	1,100	-	Real estate	No difference

Dec. 31, 2015

Categories	No./name of related parties	Maximum balance	Ending balance	Settleman status		Collateral	Loan conditions
				Normal loans	Overdue loans		
Consumer loan	9	\$3,796	\$3,595	\$3,595	-	None	No difference
Home loan mortgage	10	39,724	39,357	39,357	-	Real estate	No difference
Others	○○, Huang	2,600	2,600	2,600	-	Real estate	No difference
	○○, Chou	500	500	500	-	Real estate	No difference
	○○, Huang	500	500	500	-	Real estate	No difference

(4) Key management personnel compensation in total

	2016	2015
Short-term employee benefits	\$34,383	\$44,476
Post-employment benefits	1,951	1,912
Total	\$36,334	\$46,388

F. Pledged assets

The Bank has provided the following assets to serve as the operations reserve and collateral in accordance with the relevant regulations:

	Dec. 31, 2016	Dec. 31, 2015	Purpose of collateral
Due from the Central Bank	\$-	\$300,000	Call Loans From Banks
Available-for-sale financial assets	14,867,222	12,446,454	Due to other banks
Bond Investments with no active market	660,984	1,384,229	Due to other banks
Total	\$15,528,206	\$14,130,683	

G. Significant contingent liabilities and unrecognised contract commitments

	Dec. 31, 2016	Dec. 31, 2015
Agency collection receivables	\$8,912,353	\$8,033,485
Guarantee receive	5,037,506	3,607,094
L/C receivable	83,299	136,912
Trust and items under custody	17,701,242	18,405,185
Agreed financing credit limit	25,842,761	18,287,886

H. In accordance with Article 17 of the Trust Enterprise Act, the Bank discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

Trust Balance Sheet

Trust assets	Dec. 31, 2016	Dec. 31, 2015	Trust liabilities	Dec. 31, 2016	Dec. 31, 2015
Bank deposits	\$595,767	\$694,046	Payables	\$13,903	\$-
Stocks	123,676	492,000	Trust capital	17,622,041	18,338,853
Funds	12,122,193	12,783,727	Reserves and		
Bonds	-	20,000	accumulated surplus	3,298	4,331
Real estate	4,190,304	4,160,012			
Others	607,302	193,399			
Total trust assets	\$17,639,242	\$18,343,184	Total trust liabilities	\$17,639,242	\$18,343,184

Trust Income Statement		
Item	2016	2015
Trust income		
Interest income	\$670	\$813
Rental income	2,631	3,639
Subtotal	3,301	4,452
Trust expenses		
Tax expenses	(3)	(14)
Service fee expense	-	(107)
Subtotal	(3)	(121)
Net income before tax	3,298	4,331
Income tax expense	-	-
Net income	\$3,298	\$4,331

Trust Property List		
Investment Item	Dec. 31, 2016	Dec. 31, 2015
Bank deposits	\$595,767	\$694,046
Bonds	-	20,000
Stocks	123,676	492,000
Funds	12,122,193	12,783,727
Real estate		
Land	3,582,263	3,165,617
Buildings and structures	258,272	364,797
Land improvements	349,769	629,598
Others	607,302	193,399
Total	\$17,639,242	\$18,343,184

I. Significant catastrophic losses: Nil.

J. Fair value information of financial instruments

(1) Fair value information of financial instruments

Financial assets:

	Dec. 31, 2016		Dec. 31, 2015	
	Book value	Fair value	Book value	Fair value
Financial assets at fair value through profit or loss:				
Held for trading	\$5,242,431	\$5,242,431	\$4,683,224	\$4,683,224
Financial assets at fair value through profit or loss	342,925	342,925	38,993	38,993
Available-for-sale financial assets	64,280,718	64,280,718	58,617,637	58,617,637
Loans and receivables:				
Cash and cash equivalents	3,287,091	3,287,091	7,305,449	7,305,449
Due from Central Bank and call loans to other banks	34,302,886	34,302,886	29,956,001	29,956,001
Investments in bills and bonds under resale agreements	3,106,295	3,106,295	3,287,166	3,287,166
Receivables	1,470,477	1,470,477	1,289,518	1,289,518
Bills discounted and loans	124,251,450	124,251,450	123,642,946	123,642,946
Other financial assets	3,031	3,031	211	211
Bond Investments with no active market	2,742,037	2,912,417	3,919,491	4,164,017

Financial liabilities:

	Dec. 31, 2016		Dec. 31, 2015	
	Book value	Fair value	Book value	Fair value
Financial liabilities at cost:				
Due to Central Bank and other banks	\$10,381,448	\$10,381,448	\$17,160,139	\$17,160,139
Bankers acceptances and funds borrowed	7,811,960	7,811,960	3,835,656	3,835,656
Bills and bonds sold under repurchase agreements	15,553,347	15,553,347	16,431,429	16,431,429
Payables	2,260,933	2,260,933	1,156,928	1,156,928
Deposits and remittances	173,752,830	173,752,830	169,383,517	169,383,517
Financial liabilities at fair value through profit or loss:				
Held for trading	34,946	34,946	26,986	26,986

Derivative financial instruments:

Item	Contracted Amount	Fair Value
Dec. 31, 2016		
Foreign Currency Swaps	\$2,206,130	\$26,667
Dec. 31, 2015		
Foreign Currency Swaps	5,978,510	74,744

K. Management objective and policy for financial risk

(1) Credit risk concentration

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

The credit risks of the Group concentrate on accounts and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The Group does not significantly carry out transactions with single client or single counterparty, and the credit risk concentration by industry, location and collateral are shown as follows:

① Industry

Industry	Dec. 31, 2016		Dec. 31, 2015	
	Amount	%	Amount	%
Privately owned businesses	\$94,031,961	75	\$89,349,812	71
Governmental institutions	-	-	-	-
Non-profit organizations	180,372	-	198,582	-
Individuals	32,059,431	25	36,011,225	29
Financial institutions	-	-	-	-
Total	\$126,271,764	100	\$125,559,619	100

② Geography location

The Group's principal business is in Taiwan, there is no significant concentration of credit risk on geography location.

③ Collateral

Collateral	Dec. 31, 2016		Dec. 31, 2015	
	Amount	%	Amount	%
Unsecured	\$25,967,558	21	\$24,030,983	19
Secured				
-Financial collateral	19,307,453	15	19,430,828	16
-Receivables	-	-	5,520	-
-Real estate	63,512,591	50	62,115,359	50
-Guaranteed	1,432,063	1	1,888,011	1
-Other collateral	16,052,099	13	18,088,918	14
Total	\$126,271,764	100	\$125,559,619	100

(2) Exchange rate risk concentration

Foreign-currency assets and liabilities:

	Dec. 31, 2016			Dec. 31, 2015		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$1,238,520	32.28	\$39,978,178	\$1,032,889	33.07	\$34,153,520
HKD	11,720	4.16	48,781	12,621	4.27	53,845
AUD	2,624	23.29	61,109	873	24.16	21,096
JPY	3,185,584	0.28	878,265	3,078,271	0.27	845,601
EUR	3,289	33.93	111,587	1,606	36.14	58,036
CNY	811,546	4.62	3,751,289	1,865,135	5.03	9,386,849
Non-monetary items	-	-	-	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$1,178,418	32.28	\$38,038,152	1,161,695	33.07	\$38,412,622
HKD	9,410	4.16	39,165	12,416	4.27	52,970
AUD	28,393	23.29	661,255	21,872	24.16	528,372
JPY	502,008	0.28	138,403	415,416	0.27	114,115
EUR	7,861	33.93	266,722	6,561	36.14	237,102
CNY	366,712	4.62	1,695,090	454,234	5.03	2,286,069
Non-monetary items	-	-	-	-	-	-

L. Business segment financial information

<u>2016</u>	Branch business	Financial market	Adjustment	Total
Interest income	\$2,764,122	\$2,138,899	\$ -	\$4,903,021
Service fees	1,769,610	-	-	1,769,610
Investments revenues	9,000	738,390	-	747,390
Others	104,738	-	-	104,738
Total revenues	4,647,470	2,877,289	-	7,524,759
Depreciation and amortization	30,478	20,714	-	51,192
Operating expenses	1,575,605	207,083	-	1,782,688
Other significant non-cash items				
Provision for doubtful accounts	111,058	-	-	111,058
Segment income	\$2,930,329	\$2,649,492	\$ -	\$5,579,821

<u>2015</u>	Branch business	Financial market	Adjustment	Total
Interest income	\$2,844,697	\$2,234,730	\$ -	\$5,079,427
Service fees	1,586,839	-	-	1,586,839
Investments revenues	-	(749,296)	-	(749,296)
Others	205,734	-	-	205,734
Total revenues	4,637,270	1,485,434	-	6,122,704
Depreciation and amortization	26,871	19,805	-	46,676
Operating expenses	1,457,785	105,048	-	1,562,833
Other significant non-cash items				
Provision for doubtful accounts	52,633	-	-	52,633
Segment income	\$3,099,981	\$1,360,581	\$ -	\$4,460,562

	Branch business	Financial market	Adjustment	Total
Dec. 31, 2016				
Segment assets	\$167,722,881	\$76,125,253	\$235,828	\$244,083,962
Dec. 31, 2015				
Segment assets	\$166,336,935	\$70,999,946	\$216,709	\$237,553,590

Table 1

Business relationships and material transactions:

Number (Note1)	Main Party	Counterparty	Relationship (Note2)	Jan.1, 2016 ~ Dec. 31, 2016			
				Transactions			
				Account	Amount	Terms	% of consolidated operating revenues or consolidated total assets
0	The Bank	Tainan Life Insurance Agent Co., Ltd.	1	Deposits and remittances	\$33,941	General	0.01%
0	The Bank	Tainan Life Insurance Agent Co., Ltd.	1	Fee income	71,939	General	0.96%
0	The Bank	Tainan Life Insurance Agent Co., Ltd.	1	Other non-interest income	1,184	General	0.02%
0	The Bank	Fu Chen Property Insurance Agent Co., Ltd.	1	Deposits and remittances	6,162	General	-
0	The Bank	Fu Chen Property Insurance Agent Co., Ltd.	1	Fee income	1,563	General	0.02%
0	The Bank	Fu Chen Property Insurance Agent Co., Ltd.	1	Other non-interest income	360	General	-
0	The Bank	KTB International Leasing Co., Ltd.	1	Deposits and remittances	25,219	General	0.01%
0	The Bank	KTB International Leasing Co., Ltd.	1	Other non-interest income	484	General	0.01%
0	The Bank	KTB International Real Estate Management Co., Ltd.	1	Deposits and remittances	9,711	General	-
0	The Bank	KTB International Real Estate Management Co., Ltd.	1	Other non-interest income	10	General	-

Note 1: Business between the parent and subsidiaries is numbered as follows:

- (1) Parent: 0.
- (2) Subsidiaries are numbered from 1 in order.

Note 2: Relationship between the main party and the counterparty is numbered as follows:

- (1) Parent to subsidiary.
- (2) Subsidiary to parent.
- (3) One subsidiary to another subsidiary.

Table 2

Holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture):

Company	Securities name	Relations	Account	End of Year				Note
				Shares	Amount	Ratio	Fair value	
KTB International Leasing Co., Ltd.	Bank of Panhsin Co., Ltd.	Financial Assets Carried at Cost –Non Current	Financial Assets Carried at Cost –Non Current	10,000	\$100,000	0.79%	\$ -	
KTB International Leasing Co., Ltd.	Forest water environmental eng'g Co., LTD.	Available-for-Sale Financial Assets - Current	Available-for-Sale Financial Assets - Current	3,500	181,650	2.65%	181,650	

Note: The financial assets carried at cost are non-active market quotations and the fair value can not be measured reliably.

Table 3

Details of Assessed Impairment of Loans and Receivable

Loans

Item		Dec. 31, 2016		Dec. 31, 2015	
		Loans	Allowance	Loans	Allowance
Objective evidence of impairment	Individual assessment of impairment	\$328,948	\$146,696	\$379,024	\$163,342
	Combined assessment of impairment	287,859	87,045	396,235	124,648
Nonobjective evidence of impairment	Combined assessment of impairment	125,654,957	1,786,573	124,784,360	1,628,683

Note: The amount of loans did not include the amount of allowance for loan losses and adjustment for discount (premium).

Receivables

Item		Dec. 31, 2016		Dec. 31, 2015	
		Receivable	Allowance	Receivable	Allowance
Objective evidence of impairment	Individual assessment of impairment	\$12,218	\$12,124	\$29,546	\$29,414
	Combined assessment of impairment	6,797	2,732	8,962	5,289
Nonobjective evidence of impairment	Combined assessment of impairment	1,501,212	34,894	1,295,871	10,158

Note: The amount of receivable did not include the amount of allowance for receivables and adjustment for discount (premium).

Table 4

Asset Quality

Nonperforming loans and receivables

Units: NT\$1,000 / %

Business Type \ Item	Dec. 31, 2016				Dec. 31, 2015					
	Nonperforming loans (Note 1)	Loans	Nonperforming loans ratio (Note 2)	Allowance for loan losses	Coverage ratio (Note 3)	Nonperforming loans (Note 1)	Loans	Nonperforming loans ratio (Note 2)	Allowance for loan losses	Coverage ratio (Note 3)
Corporate finance										
Secured	\$13,236	\$79,654,331	0.02%	\$1,180,094	8,915.79%	\$8,807	\$78,872,903	0.01%	\$1,114,068	12,649.80%
Unsecured	-	26,732,490	-	583,507	-	-	24,471,517	-	510,690	-
Mortgage loans(Note 4)	14,151	12,023,264	0.12%	110,207	778.79%	20,311	14,070,683	0.14%	121,065	596.06%
Cash cards	-	-	-	-	-	-	-	-	-	-
Consumer finance										
Credit loans(Note 5)	611	178,749	0.34%	82,616	13,521.44%	5,110	171,502	2.98%	94,121	1,841.90%
Secured	2,335	7,682,930	0.03%	63,890	2,736.19%	2,818	7,973,014	0.04%	76,729	2,722.82%
Unsecured	-	-	-	-	-	-	-	-	-	-
Subtotal	\$30,333	\$126,271,764	0.02%	\$2,020,314	6,660.45%	\$37,046	\$125,559,619	0.03%	\$1,916,673	5,173.77%
	Delinquency	Receivables	Delinquency Ratio	Allowance	Coverage ratio	Delinquency	Receivables	Delinquency Ratio	Allowance	Coverage ratio
Accounts receivable factoring with no recourse (Note 7)	\$2,149	\$2,149	100%	\$8,132	378.41%	\$3,286	\$3,286	100%	\$8,132	247.47%
	-	-	-	-	-	-	-	-	-	-

Note 1: Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by MOF.
 Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note 2: Nonperforming loans ratio = Nonperforming loans ÷ Loans

Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable

Note 3: Coverage ratio of allowance for loan losses = Allowance for loan losses ÷ Nonperforming loans

Note 4: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note 5: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note 6: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note 7: In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000494), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within year.

Table 5

Exempted from report as nonperforming loans and receivables

	Dec. 31, 2016		Dec. 31, 2015	
	Exempted from report as nonperforming loans	Exempted from report as nonperforming receivables	Exempted from report as nonperforming loans	Exempted from report as nonperforming receivables
Amounts negotiated in accordance with the agreement (Note 1)	\$12,568	\$155	\$21,652	\$209
Loans executed in accordance with debt clearing and renewal regulations (Note 2)	37,220	195	48,407	244
Total	\$49,788	\$350	\$70,059	\$453

Note 1: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note 2: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

Table 6

Concentration of Credit Risk

Units: NT\$1,000 / %

Year	Dec. 31, 2016			Dec. 31, 2015		
	Rank (Note 1)	Transaction Party (Note 2)	Loans (Note 3) As proportion of net equity (%)	Transaction Party (Note 2)	Loans (Note 3) As proportion of net equity (%)	As proportion of net equity (%)
1	Group A–Construction Engineering industry	7,514,800	22.91%	Group A–Construction Engineering industry	7,230,760	25.41%
2	Group B–Other appliances manufacturing	6,755,058	20.60%	Group B–Other appliances manufacturing	6,417,768	22.55%
3	Group C–Cable and Other Subscription programming	6,107,079	18.62%	Group C–Cable and Other Subscription programming	6,174,461	21.70%
4	Group D–Other financial service	4,700,000	14.33%	Group D–Ocean shipping industry	4,960,500	17.43%
5	Group E–Electricity supply	4,097,429	12.49%	Group E–Electricity supply	4,186,456	14.71%
6	Group F–Real estate development activities	3,120,306	9.51%	Group F–Television broadcasting industry	2,108,531	7.41%
7	Group G–Television broadcasting industry	3,023,802	9.22%	Group G–Glass container manufacturing	2,000,985	7.03%
8	Group H–Other information service	1,936,740	5.91%	Group H–Investment advisory	1,714,000	6.02%
9	Group I–Glass container manufacturing	1,855,702	5.66%	Group I–Investment advisory	1,513,416	5.32%
10	Group J–Investment advisory	1,562,949	4.77%	Group J–Real estate rental industry	1,494,228	5.25%

Note 1: Sorted by the balance of loans excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note 2: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note 3: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Table 7

Interest Rate Sensitivity (NTD)

Jan.1, 2016 ~ Dec. 31, 2016

Units: NTD\$1,000 / %

Item	1-90 Days	91-180 Days	181 Days-1 Year	More than 1 year	Total
Interest-sensitive assets	\$153,274,799	\$3,981,389	\$966,637	\$28,485,864	\$186,708,689
Interest-sensitive liabilities	129,876,406	10,686,068	20,625,072	3,431,608	164,619,154
Interest sensitivity gap	23,398,393	(6,704,679)	(19,658,435)	25,054,256	22,089,535
Net equity					29,148,693
Ratio of interest-sensitive assets to liabilities					113.42
Ratio of interest sensitivity gap to net equity					75.78

Jan.1, 2015 ~ Dec. 31, 2015

Units: NTD\$1,000 / %

Item	1-90 Days	91-180 Days	181 Days-1 Year	More than 1 year	Total
Interest-sensitive assets	\$150,582,496	\$419,194	\$3,774,825	\$25,240,084	\$180,016,599
Interest-sensitive liabilities	132,299,115	8,233,620	20,375,902	2,802,299	163,710,936
Interest sensitivity gap	18,283,381	(7,814,426)	(16,601,077)	22,437,785	16,305,663
Net equity					26,247,125
Ratio of interest-sensitive assets to liabilities					109.96
Ratio of interest sensitivity gap to net equity					62.12

Note 1: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note 2: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note 3: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note 4: Ratio of interest-sensitive assets to interest-sensitive liabilities = Interest-sensitive assets / Interest-sensitive liabilities

Table 7-1

Interest Rate Sensitivity (USD)

Jan.1, 2016 ~ Dec. 31, 2016

Units: USD\$1,000 / %

Item	1-90 Days	91-180 Days	181 Days-1 Year	More than 1 year	Total
Interest-sensitive assets	\$116,812	\$4,178	\$9,962	\$1,076,745	\$1,207,697
Interest-sensitive liabilities	1,048,379	69,120	57,643	-	1,175,142
Interest sensitivity gap	(931,567)	(64,942)	(47,681)	1,076,745	32,555
Net equity					114,552
Ratio of interest-sensitive assets to liabilities					102.77
Ratio of interest sensitivity gap to net equity					28.42

Jan.1, 2015 ~ Dec. 31, 2015

Units: USD\$1,000 / %

Item	1-90 Days	91-180 Days	181 Days-1 Year	More than 1 year	Total
Interest-sensitive assets	\$178,583	\$10,306	\$3,700	\$825,409	\$1,017,998
Interest-sensitive liabilities	1,022,093	82,782	52,310	8	1,157,193
Interest sensitivity gap	(843,510)	(72,476)	(48,610)	825,401	(139,195)
Net equity					66,603
Ratio of interest-sensitive assets to liabilities					87.97
Ratio of interest sensitivity gap to net equity					(208.99)

Note 1: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note 2: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note 3: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note 4: Ratio of interest-sensitive assets to interest-sensitive liabilities = Interest-sensitive assets / Interest-sensitive liabilities

Table 8

Profitability

Unit:%

Item		Dec. 31, 2016	Dec. 31, 2015
Return on assets	Pretax	2.32	1.89
	After tax	1.99	1.56
Return on net equity	Pretax	18.22	16.04
	After tax	15.61	13.25
Profit margin		63.54	60.15

Note 1: Return on assets = Income before (after) tax / Average assets

Note 2: Return on net equity = Income before (after) tax / Average net equity

Note 3: Profit margin = Income after tax / Net revenue and Gains

Table 9

Maturity analysis of assets and liabilities (NTD)

Dec. 31, 2016

Units: NT\$1,000

	Total	Period remaining until due date and amount due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More than 1 year
Major maturity cash inflow	\$200,819,512	\$46,742,357	\$11,452,024	\$17,294,293	\$30,247,056	\$95,083,782
Major maturity cash inflow	223,798,160	22,402,917	29,845,556	30,793,588	40,597,179	100,158,920
Gap	(22,978,648)	24,339,440	(18,393,532)	(13,499,295)	(10,350,123)	(5,075,138)

Dec. 31, 2015

Units: NT\$1,000

	Total	Period remaining until due date and amount due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More than 1 year
Major maturity cash inflow	\$194,871,718	\$43,522,743	\$11,004,184	\$7,060,184	\$16,687,632	\$116,596,975
Major maturity cash inflow	211,784,001	19,883,978	21,352,132	20,420,096	42,013,146	108,114,649
Gap	(16,912,283)	23,638,765	(10,347,948)	(13,359,912)	(25,325,514)	8,482,326

Table 9-1

Maturity analysis of assets and liabilities (USD)

Dec. 31, 2016

Units: US\$1,000

	Total	Period remaining until due date and amount due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More than 1 year
Major maturity cash inflow	\$1,278,986	\$56,318	\$31,694	\$18,242	\$14,209	\$1,158,523
Major maturity cash inflow	1,330,843	877,030	141,106	96,225	101,930	114,552
Gap	(51,857)	(820,712)	(109,412)	(77,983)	(87,721)	1,043,971

Dec. 31, 2015

Units: US\$1,000

	Total	Period remaining until due date and amount due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More than 1 year
Major maturity cash inflow	\$1,182,082	\$56,774	\$7,948	\$21,204	\$133,576	\$962,580
Major maturity cash inflow	1,263,632	773,254	207,938	109,738	100,457	72,245
Gap	(81,550)	(716,480)	(199,990)	(88,534)	33,119	890,335

Table 10

Capital Adequacy (Note 1)

Units: NT\$1,000

Item		Year	Dec. 31, 2016	Dec. 31, 2015	
Capital		Common equity	\$30,576,318	\$26,791,644	
		Additional tier 1 capital	-	-	
		Tier 2 capital	1,286,745	941,833	
		Capital	31,863,063	27,733,477	
Risk weighted assets	Credit risk	Standardized approach	172,269,879	159,808,610	
		Internal rating based approach(IRB)	-	-	
		Asset securitization	-	-	
	Operating risk	Basic indicator approach (BIA)	12,491,079	11,660,108	
		Standardized approach / Optional Standardized approach	-	-	
		Advanced approach	-	-	
	Market risk	Standardized approach	13,318,991	15,931,443	
		Internal model approach	-	-	
			Total risk weighted assets	198,079,949	187,400,161
			Capital adequacy ratio	16.09%	14.80%
		Common equity to risk weighted assets ratio	15.44%	14.30%	
		Tier 1 capital to risk weighted assets ratio	15.44%	14.30%	
		Leverage ratio	11.71%	10.28%	

Note 1: Capital adequacy should be disclosed current and same period for the years ended December 31.

Note 2: Formula:

- (1) Capital = Common equity + Additional Tier 1 capital + Tier 2 capital
- (2) Risk-weighted assets = Credit risk-weighted assets + (Operation risk Capital + Market risk Capital) × 12.5
- (3) Capital Adequacy = Capital ÷ Risk-weighted assets
- (4) Common equity to risk weighted assets ratio = Common equity ÷ Risk-weighted assets
- (5) Tier 1 capital to risk weighted assets ratio = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets
- (6) Leverage ratio = Tier 1 capital ÷ Total risk exposure

King's Town Bank Co., Ltd.

Financial Statements

For the Years Ended

December 31, 2016 and 2015

Address: No.506, Sec. 1, Ximen Rd., West Central Dist., Tainan City, Taiwan

Tel: 886-6-213-9171

King's Town Bank Co., Ltd.
Balance Sheets

(Expressed in thousands of dollars)

Code	Assets	December 31, 2016		December 31, 2015	
		Amount	%	Amount	%
10000	Assets				
11000	Cash and cash equivalents	\$4,526,575	2	\$8,547,720	4
11500	Due from the Central Bank and interbank borrowing	34,302,886	14	29,956,001	13
12000	Financial assets measured at fair value through profit or loss	5,585,356	2	4,722,217	2
12500	Securities purchased under resell agreements	3,106,295	2	3,172,466	1
13000	Receivables – net	1,073,268	1	995,199	-
13500	Bills discounted and loans – net	124,251,450	51	123,642,946	52
14000	Available-for-sale financial assets	63,791,755	26	58,310,324	25
15000	Investment accounted for using equity method	997,671	-	913,341	-
15500	Other financial assets – net	210,344	-	207,524	-
15513	Debt investments without active market	2,742,037	1	3,919,491	2
18500	Property and equipment – net	2,461,369	1	2,494,270	1
19300	Deferred tax assets	235,828	-	216,709	-
19500	Other assets – net	653,899	-	519,304	-
	Total assets	\$243,938,733	100	\$237,617,512	100

King's Town Bank Co., Ltd
Balance Sheet

(Expressed in thousands of dollars)

Code	Liabilities & Shareholders' Equity	December 31, 2016		December 31, 2015	
		Amount	%	Amount	%
20000	Liabilities				
21000	Deposits from the Central Bank and banks	\$10,381,448	5	\$17,160,139	7
21500	Due to the Central Bank and other banks	7,746,960	3	3,835,656	2
22000	Financial liabilities measured at fair value through profit or loss	34,946	-	26,986	-
22500	Securities sold under repurchase agreements	15,553,347	6	16,431,429	7
23000	Payables	2,242,415	1	1,148,858	1
23200	Current income tax liabilities	527,028	-	230,666	-
23500	Deposits and remittances	173,827,862	71	169,542,182	71
25600	Provisions	491,765	-	471,814	-
29300	Deferred income tax liabilities	55,482	-	73,721	-
29500	Other liabilities	276,984	-	240,952	-
	Total liabilities	211,138,237	86	209,162,403	88
31000	Stockholders' equity				
31100	Capital	11,512,343	5	12,012,343	5
31500	Additional Paid-In Capital	62,323	-	180,332	-
32000	Retained Earnings				
32001	Legal Reserve	6,437,699	3	5,332,873	2
32003	Special Reserve	48,970	-	48,970	-
32011	Unappropriated earnings	13,106,560	5	10,534,389	4
32500	Other equity	1,762,241	1	1,319,176	1
32600	Treasury Stock	(129,640)	-	(972,974)	-
	Total Equity	32,800,496	14	28,455,109	12
	Total liabilities and equity	\$243,938,733	100	\$237,617,512	100

King's Town Bank Co., Ltd
Comprehensive Income Statements
(Expressed in thousands of dollars)

		2016		2015	
		Amount	%	Amount	%
41000	Interest income	\$6,209,013	84	\$6,502,846	108
51000	Less: Interest expense	(1,323,391)	(18)	(1,429,607)	(24)
	Net interest income	4,885,622	66	5,073,239	84
	Net income other than interest				
49100	Net service fee and commission income	1,258,726	17	1,196,866	20
49200	Gain (loss) on financial assets or liabilities measured at fair value through profit and loss	347,115	5	(108,584)	(2)
49300	Realized gain (loss) on available-for-sale financial assets	5,503	-	(60,224)	(1)
49600	Foreign exchange gain (loss), net	69,298	1	(145,988)	(2)
47003	The share of subsidiaries, affiliates and joint venture using the equity method	368,116	5	297,218	5
49700	Reversal of impairment loss on assets	369,825	5	(368,937)	(6)
49800	Other non-interest incomes				
49813	Net investment gain (loss) on debts investment without active market	8,117	-	3,202	-
49863	Net gain (loss) on disposal of property, plant and equipment	(16,457)	-	78,037	1
49899	Other miscellaneous net income	59,750	1	62,303	1
	Revenue	7,354,615	100	6,027,132	100
58200	Provision losses for bad debt expenses and guarantee reserve	(59,645)	(1)	(46,933)	(1)
58400	Operating expenses				
58500	Employee benefit expense	(923,633)	(12)	(799,552)	(13)
59000	Depreciation and amortization	(51,144)	(1)	(46,655)	(1)
59500	Other general and administrative expenses	(822,513)	(11)	(735,028)	(12)
61000	Consolidated income (loss) from continuing operations before income tax	5,497,680	75	4,398,964	73
61003	Income tax expense	(716,222)	(10)	(716,210)	(12)
64000	Net income	\$4,781,458	65	\$3,682,754	61
65000	Other comprehensive income				
65200	Items that will not be reclassified to profit or loss				
65201	Remeasurements of defined benefit plans	(23,406)	-	(35,752)	-
65220	Related tax effects	3,975	-	6,078	-
65300	Items that may be subsequently reclassified to profit or loss				
65301	Exchange differences on translation of foreign operations	(55,799)	(1)	(31,871)	1
65302	Unrealized gain (loss) on available-for-sale financial assets	502,569	7	454,871	(8)
65307	Share of profit of associates & joint ventures accounted for using equity method	(13,195)	-	-	-
65320	Related tax effects	9,490	-	5,417	-
	Other Comprehensive Income after Tax for current period	423,634	6	398,743	7
66000	Total Comprehensive Income after Tax	\$5,205,092	71	\$4,081,497	68
	Earnings per share (Dollar)				
67500	Basic earnings per share	\$4.17		\$3.09	
67700	Diluted earnings per share	\$4.17		\$3.09	

King's Town Bank Co., Ltd.
Statements of Changes in Equity
(Expressed in thousands of dollars)

	Common stock	Capital surplus	Retained Earnings				Other equity interest		Treasury Stock	Total
			Legal reserve	Special reserve	Undistributed earnings	Exchange Differences on Translation of Foreign Operations	Unrealized gain (loss) on available-for-sale financial assets			
Balance, January 1, 2015	\$12,012,343	\$178,746	\$3,773,967	\$48,970	\$10,242,067	\$75,999	\$814,760	\$-	\$27,146,852	
Appropriation and distribution of 2014 earnings										
Legal reserve			1,558,906		(1,558,906)				-	
Cash dividends					(1,801,852)				(1,801,852)	
Other capital reserve		1,586							1,586	
Share-based payment transactions										
Consolidated net income for 2015					3,682,754				3,682,754	
Other comprehensive income for 2015					(29,674)	(26,454)	454,871		398,743	
Total comprehensive income for 2015					3,653,080	(26,454)	454,871		4,081,497	
Treasury Stock Acquired								(972,974)	(972,974)	
Balance, December 31, 2015	\$12,012,343	\$180,332	\$5,332,873	\$48,970	\$10,534,389	\$49,545	\$1,269,631	\$ (972,974)	\$28,455,109	
Balance, January 1, 2016	\$12,012,343	\$180,332	\$5,332,873	\$48,970	\$10,534,389	\$49,545	\$1,269,631	\$ (972,974)	\$28,455,109	
Appropriation and distribution of 2015 earnings										
Legal reserve			1,104,826		(1,104,826)				-	
Cash dividends					(570,617)				(570,617)	
Other capital reserve		6,116						111,886	118,002	
Share-based payment transactions										
Consolidated net income for 2016					4,781,458				4,781,458	
Other comprehensive income for 2016					(19,431)	(46,309)	489,374		423,634	
Total comprehensive income for 2016					4,762,027	(46,309)	489,374		5,205,092	
Treasury Stock Acquired								(407,090)	(407,090)	
Treasury Stock Retired	(500,000)	(124,125)			(514,413)			1,138,538		
Balance, December 31, 2016	\$11,512,343	\$62,323	\$6,437,699	\$48,970	\$13,106,560	\$3,236	\$1,759,005	\$ (129,640)	\$32,800,496	



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