Taiwan Cooperative Financial Holding Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2016 and 2015 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheets of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries (collectively, the "Company") as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with the Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements" of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements of Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 23, 2016

Notice to Readers

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

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2016 (Reviewed)		December 31, 2015 (Audited)		March 31, 2015 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 38)	$ 49,272,692	1	$ 43,753,654	1	$ 44,878,583	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7, 38 and 39)	754,531,491	23	706,456,442	22	740,702,960	24
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 38)	47,336,677	1	37,138,694	1	69,712,590	2
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 9 and 39)	159,710,478	5	152,087,557	5	133,104,563	4
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 10)	1,320,760	-	1,346,831	-	3,022,652	-
RECEIVABLES, NET (Notes 4, 11, 38 and 39)	23,572,475	1	23,484,726	1	26,286,332	1
CURRENT TAX ASSETS (Note 4)	1,199,242	-	1,217,277	-	1,663,977	-
DISCOUNTS AND LOANS, NET (Notes 4, 12, 38 and 39)	1,965,685,368	60	1,981,115,609	61	1,856,355,672	59
REINSURANCE ASSETS, NET (Note 4)	24,814	-	27,088	-	5,929	-
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4, 13 and 39)	51,537,933	2	45,199,348	2	27,626,586	1
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Notes 4 and 14)	124,355	-	122,023	-	118,918	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 15, 29 and 39)	190,781,537	6	191,284,181	6	189,998,328	6
INVESTMENT PROPERTIES, NET (Notes 4 and 16)	3,562,954	-	3,570,167	-	2,785,336	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 17)	39,321,288	1	39,485,980	1	40,216,472	1
INTANGIBLE ASSETS (Notes 4 and 18)	3,683,025	-	3,683,142	-	3,745,266	-
DEFERRED TAX ASSETS (Notes 4 and 35)	1,090,502	-	1,328,980	-	1,173,299	-
OTHER ASSETS, NET (Notes 4 and 19)	3,654,777	-	3,793,581	-	3,761,782	-
TOTAL	$ 3,296,410,368	100	$ 3,235,095,280	100	$ 3,145,159,245	100
LIABILITIES AND EQUITY						
DUE TO THE CENTRAL BANK AND OTHER BANKS (Notes 20 and 38)	$ 210,244,559	6	$ 204,595,814	6	$ 225,931,272	7
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 25 and 38)	18,290,844	1	15,513,219	-	17,310,668	1
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 9, 10, 13, 21 and 38)	47,702,092	1	51,141,231	2	41,963,027	1
COMMERCIAL PAPER ISSUED, NET (Note 22)	15,487,422	-	15,557,051	1	12,096,364	-
PAYABLES (Notes 4, 23 and 38)	41,845,900	1	38,665,035	1	36,666,272	1
CURRENT TAX LIABILITIES (Note 4)	1,772,487	-	1,349,570	-	709,070	-
DEPOSITS AND REMITTANCES (Notes 24 and 38)	2,554,044,775	78	2,502,775,090	77	2,393,248,737	76
BONDS PAYABLE (Notes 8 and 25)	69,610,000	2	69,610,000	2	88,110,000	3
OTHER BORROWINGS (Notes 22 and 26)	946,820	-	851,606	-	1,454,350	-
PROVISIONS (Notes 4, 27 and 28)	52,065,438	2	54,947,799	2	58,620,498	2
OTHER FINANCIAL LIABILITIES (Notes 4 and 29)	84,795,050	3	84,646,193	3	80,490,708	3
DEFERRED TAX LIABILITIES (Notes 4, 17 and 35)	3,114,650	-	3,529,676	-	3,163,214	-
OTHER LIABILITIES (Note 30)	1,564,214	-	1,591,110	-	1,455,907	-
Total liabilities	3,101,484,251	94	3,044,773,394	94	2,961,220,087	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Capital stock						
Common stock	110,722,290	3	110,722,290	3	105,449,800	3
Capital surplus	57,964,343	2	57,964,343	2	59,018,841	2
Retained earnings						
Legal reserve	2,356,575	-	2,356,575	-	1,332,940	-
Special reserve	996,026	-	996,026	-	996,026	-
Unappropriated earnings	16,001,201	1	12,866,132	1	13,651,229	1
Total retained earnings	19,353,802	1	16,218,733	1	15,980,195	1
Other equity	2,973,564	-	1,689,065	-	(21,476)	-
Total equity attributable to owners of the Company	191,013,999	6	186,594,431	6	180,427,360	6
NON-CONTROLLING INTERESTS	3,912,118	-	3,727,455	-	3,511,798	-
Total equity	194,926,117	6	190,321,886	6	183,939,158	6
TOTAL	$ 3,296,410,368	100	$ 3,235,095,280	100	$ 3,145,159,245	100

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
INTEREST REVENUE (Notes 4, 31 and 38)	$ 13,373,086	121	$ 13,250,986	140
INTEREST EXPENSE (Notes 4, 31 and 38)	(5,060,248)	(46)	(5,477,784)	(58)
NET INTEREST	8,312,838	75	7,773,202	82
NET REVENUES AND GAINS OTHER THAN INTEREST				
Service fee and commission income, net (Notes 4, 32 and 38)	1,468,077	13	1,457,319	15
Premium loss, net (Notes 4 and 29)	(344,394)	(3)	(467,415)	(5)
Losses on financial assets and liabilities at fair value through profit or loss (Notes 4, 33 and 38)	(624,245)	(6)	(1,007,050)	(11)
Realized gains on available-for-sale financial assets (Note 4)	408,349	4	332,093	4
Foreign exchange gains, net (Note 4)	1,277,832	12	1,352,361	14
Reversal of impairment losses (impairment losses) on assets (Notes 4, 9 and 13)	6,516	-	(1,892)	-
Share of gains of associates and joint ventures accounted for using the equity method (Notes 4 and 14)	2,332	-	3,013	-
Other noninterest gains, net (Note 38)	539,563	5	62,804	1
Total net revenues and gains other than interest	2,734,030	25	1,731,233	18
TOTAL NET REVENUES	11,046,868	100	9,504,435	100
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON GUARANTEES (Notes 4 and 12)	(1,943,948)	(18)	(724,193)	(7)
NET CHANGE IN RESERVES FOR INSURANCE LIABILITIES (Notes 4 and 27)	565,863	5	599,771	6
OPERATING EXPENSES (Notes 4, 17, 28 and 34)				
Employee benefits	(3,829,676)	(34)	(3,989,076)	(42)
Depreciation and amortization	(303,900)	(3)	(327,430)	(4)
General and administrative	(1,757,727)	(16)	(1,736,340)	(18)
Total operating expenses	(5,891,303)	(53)	(6,052,846)	(64)

(Continued)

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	$ 3,777,480	34	$ 3,327,167	35
INCOME TAX EXPENSE (Notes 4 and 35)	(539,822)	(5)	(476,144)	(5)
NET INCOME	3,237,658	29	2,851,023	30
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss (Note 4)				
Change in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(16)	-	-	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	(16)	-	-	-
Items that may be reclassified subsequently to profit or loss (Notes 4 and 35)				
Exchange differences on the translation of financial statements of foreign operations	(186,297)	(1)	(429,467)	(5)
Unrealized gains on available-for-sale financial assets	1,540,300	14	665,846	7
Income tax attributable to other comprehensive income	12,586	-	64,380	1
Items that may be reclassified subsequently to profit or loss, net of income tax	1,366,589	13	300,759	3
Other comprehensive income, net of income tax	1,366,573	13	300,759	3
TOTAL COMPREHENSIVE INCOME	$ 4,604,231	42	$ 3,151,782	33
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 3,135,069	28	$ 2,732,310	29
Non-controlling interests	102,589	1	118,713	1
	$ 3,237,658	29	$ 2,851,023	30
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 4,419,568	40	$ 2,875,287	30
Non-controlling interests	184,663	2	276,495	3
	$ 4,604,231	42	$ 3,151,782	33

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2016		2015	
	Amount	%	Amount	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 36)				
Basic	$0.28		$0.28	
Diluted	$0.28		$0.28	

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
	Capital Stock (Note 37)			Retained Earnings (Notes 4 and 37)			Other Equity				
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 37)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains (Losses) on Available-for-sale Financial Assets (Note 4)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value through Profit or Loss (Note 4)	Non-controlling Interests (Notes 4 and 37)	Total Equity
BALANCE, JANUARY 1, 2016	11,072,229	$ 110,722,290	$ 57,964,343	$ 2,356,575	$ 996,026	$ 12,866,132	$ 300,415	$ 1,386,482	$ 2,168	$ 3,727,455	$ 190,321,886
Total comprehensive income											
Net income for the three months ended March 31, 2016	-	-	-	-	-	3,135,069	-	-	-	102,589	3,237,658
Other comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	-	(156,912)	1,441,427	(16)	82,074	1,366,573
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	3,135,069	(156,912)	1,441,427	(16)	184,663	4,604,231
BALANCE, MARCH 31, 2016	11,072,229	$ 110,722,290	$ 57,964,343	$ 2,356,575	$ 996,026	$ 16,001,201	$ 143,503	$ 2,827,909	$ 2,152	$ 3,912,118	$ 194,926,117
BALANCE, JANUARY 1, 2015	9,044,980	$ 90,449,800	$ 51,818,091	$ 1,332,940	$ 996,026	$ 10,918,919	$ 264,792	$ (429,245)	$ -	$ 3,235,303	$ 158,586,626
Capital increased in March 2015	1,500,000	15,000,000	6,870,000	-	-	-	-	-	-	-	21,870,000
Share-based payment for the employees' subscription for new shares	-	-	330,750	-	-	-	-	-	-	-	330,750
Total comprehensive income											
Net income for the three months ended March 31, 2015	-	-	-	-	-	2,732,310	-	-	-	118,713	2,851,023
Other comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	-	(336,547)	479,524	-	157,782	300,759
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	2,732,310	(336,547)	479,524	-	276,495	3,151,782
BALANCE, MARCH 31, 2015	10,544,980	$ 105,449,800	$ 59,018,841	$ 1,332,940	$ 996,026	$ 13,651,229	$ (71,755)	$ 50,279	$ -	$ 3,511,798	$ 183,939,158

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,777,480	$ 3,327,167
Adjustments for:		
Depreciation expenses	251,890	256,072
Amortization expenses	52,010	71,358
Bad-debt expenses	1,931,569	799,544
Losses on financial assets and liabilities at fair value through profit or loss	624,245	1,007,050
Interest expense	5,060,248	5,477,784
Interest revenue	(13,373,086)	(13,250,986)
Dividend income	(2,169)	(4,200)
Net changes in reserves for insurance liabilities	(654,276)	(732,776)
Provision (reversal of provision) for losses on guarantees	12,379	(75,351)
Salary expense on share-based payments	-	330,750
Share of gains of associates and joint ventures accounted for using equity method	(2,332)	(3,013)
Losses on disposal of properties and equipment	729	1,543
Gains on disposal of investments	(430,161)	(327,893)
Impairment losses on financial assets	-	1,892
Reversal of impairment losses on financial assets	(6,516)	-
Unrealized losses on foreign exchange	568,894	218,674
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to other banks	(18,784,361)	(17,876,156)
Increase in financial assets at fair value through profit or loss	(3,102,786)	(4,934,657)
Increase in available-for-sale financial assets	(6,131,145)	(5,891,681)
Decrease (increase) in receivables	256,957	(1,823,451)
Decrease in discounts and loans	13,926,245	3,719,157
Decrease in reinsurance assets	1,061	10,096
Increase in held-to-maturity financial assets	(6,340,096)	(5,750,944)
Decrease in other financial assets	244,421	9,254,177
Decrease in other assets	271,117	2,372,514
Increase in due to the Central Bank and other banks	5,648,745	43,110,576
Decrease in financial liabilities at fair value through profit or loss	(4,603,055)	(5,242,676)
Decrease in securities sold under repurchase agreements	(3,439,139)	(4,427,202)
Increase (decrease) in payables	1,128,080	(9,293,872)
Increase (decrease) in deposits and remittances	51,269,685	(3,192,012)
Decrease in provision for employee benefits	(2,239,080)	(23,984)
Increase (decrease) in other financial liabilities	(625,983)	1,478,106
Increase in other liabilities	39,982	54,952
Cash generated by (used in) operations	25,331,552	(1,359,442)
Interest received	14,191,732	13,596,199

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2016	**2015**
Dividends received	$ 2,906	$ 4,904
Interest paid	(4,253,584)	(5,020,569)
Income tax paid	(256,208)	(254,232)
Net cash generated by operating activities	35,016,398	6,966,860
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of properties and equipment	(83,827)	(269,925)
Proceeds of the disposal of properties and equipment	221	-
Increase in refundable deposits	(215,040)	(381,378)
Decrease in refundable deposits	100,243	142,855
Acquisition of intangible assets	(41,062)	(12,436)
Acquisition of collaterals assumed	-	(36,750)
Acquisition of investment properties	(819)	-
Increase in other assets	(16,815)	(5,754)
Decrease in other assets	-	2,417
Net cash used in investing activities	(257,099)	(560,971)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in commercial paper issued	(68,000)	(80,000)
Proceeds of the issuance of bank debentures	-	12,516,000
Repayments of bank debentures	-	(4,000,000)
Increase in other borrowings	752,412	3,479,669
Decrease in other borrowings	(655,523)	(2,945,000)
Increase in guarantee deposits received	272,769	38,894
Decrease in guarantee deposits received	(23,537)	(1,405)
Increase in other liabilities	-	12,476
Decrease in other liabilities	(46,109)	-
Capital increase	-	21,870,000
Net cash generated by financing activities	232,012	30,890,634
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(214,001)	934,010
NET INCREASE IN CASH AND CASH EQUIVALENTS	34,777,310	38,230,533
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	430,685,493	341,517,226
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 465,462,803	$ 379,747,759

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TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Cash and cash equivalents reconciliations:

	March 31	
	2016	**2015**
Cash and cash equivalents in consolidated balance sheets	$ 49,272,692	$ 44,878,583
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	414,579,776	331,564,914
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	1,320,760	3,022,652
Other items in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	289,575	281,610
Cash and cash equivalents, end of period	$ 465,462,803	$ 379,747,759

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

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) was established by Taiwan Cooperative Bank, Ltd. (TCB), Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF) and Co-operative Assets Management Co., Ltd. (CAM) through a share swap on December 1, 2011 under the Financial Holding Companies Act and related regulations in the Republic of China (ROC). The TCFHC's shares have been listed on the Taiwan Stock Exchange (TSE) since December 1, 2011. After the share swap, TCB, TCBF and CAM became wholly owned subsidiaries of TCFHC.

TCFHC invests in and manages financial institutions.

TCB engages in (a) all commercial banking operations allowed under the Banking Law; (b) international banking operations; (c) overseas branch operations as authorized by the respective foreign governments; and (d) other operations as authorized by the central authority-in-charge. TCB has its Head Office in Taipei. It had a Business, International Banking, Finance, Credit Card and Trust Departments as well as 270 domestic branches, an offshore banking unit (OBU), 10 overseas branches and 2 representative office as of March 31, 2016.

The operations of TCB's Trust Department are (1) planning, managing and operating the trust business and (2) custodianship of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These operations are regulated under the Banking Law and Trust Law of the ROC.

TCB merged with the Farmers Bank of China (FBC) on May 1, 2006, with TCB as the survivor entity.

On December 2, 2011, TCB spun off its Security Department for the establishment of Taiwan Cooperative Securities Co., Ltd. (TCS). TCS issued new common shares to TCFHC and became its 100% subsidiary. TCS primarily (a) brokers securities; (b) deals securities; (c) underwrites securities; (d) provides pecuniary and securities financing facilities for the trading of listed securities; (e) trading of futures introducing broker business; (f) does other business as approved by the authorities.

TCBF, established on May 13, 1998, has a head office in Taipei and a branch in Kaohsiung. TCBF engages in (a) brokering and dealing short-term bills; (b) underwriting commercial paper; (c) acting as registrar of commercial paper; (d) providing guarantees on or endorsements of commercial paper and bank acceptance; (e) brokering call loans between financial institutions; (f) providing consulting services on corporate financial matters; (g) brokering and dealing government bonds; (h) underwriting, brokering and dealing bank debentures; (i) dealing corporate bonds; (j) investment related equity instruments; (k) other operations approved by the authorities.

CAM was established on October 18, 2005; its main businesses are the purchase, appraisal, auction and management of financial institutions' creditors' rights as well as the purchase of accounts receivable and management of overdue receivables. To enhance capital allocation and increase the benefits of capital use, the board of directors of CAM decided to merge CAM and its subsidiary, Cooperative I Asset Management Co., Ltd. The effective date of the merger was December 1, 2014. In this merger, CAM was the survivor entity.

Cooperative Insurance Brokers Co., Ltd. (CIB) was established on November 25, 2005; it engages in life and property insurance brokering.

TCB set up the United Taiwan Bank S.A. (UTB) in Belgium through raising funds with Bank of Taiwan, Land Bank of Taiwan and Taiwan Business Bank. UTB started its operation on December 23, 1992; it is TCB's subsidiary and its main business is in general deposits and loans.

For organizational restructuring purpose, TCB's board of directors resolved to reduce TCB's capital of $1,524,390 thousand and transferred TCB's long-term equity investments in BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) and Taiwan Cooperative Securities Investment Trust Co., Ltd. (TCSIT) to TCFHC on December 1, 2011. The effective date of the capital reduction was set on April 3, 2012. After this capital reduction, BPCTLI and TCSIT both became 51% subsidiaries of TCFHC. On April 21, 2014, TCFHC acquired 49% of long-term equity investments in TCSIT for $151,704 thousand. After this acquisition, TCSIT became a 100% subsidiary of TCFHC.

The business of BPCTLI was approved in March 2010. BPCTLI provides insurance: Life, personal injury, health, annuity and investment-linked products.

The business of TCSIT was approved in April 2011. TCSIT engages in the (a) securities investment trust business; (b) discretionary investment business and (c) other businesses as approved by the authorities.

Taiwan Cooperative Venture Capital Co., Ltd. (TCVC) was established on October 1, 2015. TCVC engages in (a) venture capital investments; (b) consulting; and (c) investment consulting.

As of March 31, 2016 and 2015, TCFHC and its subsidiaries (the "Company") had 9,026 and 9,132 employees, respectively.

The operating units of the Company maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statement were approved by TCFHC's board of directors on May 23, 2016.

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

The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in Issue But Not Yet Endorsed by FSC

The Company has not applied the following IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") issued by the International Accounting Standards Board (IASB) but not yet endorsed by the FSC.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15 "Clarifications to IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

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

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

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

a. IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

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

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

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

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

The impairment of financial assets

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

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

b. Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

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

c. IFRS 15 “Revenue from Contracts with Customers”

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

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

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

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

d. IFRS 16 “Leases”

IFRS 16 sets out the accounting treatment for leases and has superseded IAS 17 “Leases” and a number of related interpretations.

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

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

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company was continuing to assess the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance, and will disclose this impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

Basis of Preparation

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

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

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

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

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

Basis of Consolidation

TCFHC's consolidated financial statements incorporate the financial statements of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC), and the entities controlled by TCFHC, including Taiwan Cooperative Bank, Ltd. (TCB) and its subsidiaries, Co-operative Assets Management Co., Ltd. (CAM) and its subsidiary, Taiwan Cooperative Bills Finance Co., Ltd. (TCBF), Taiwan Cooperative Securities Co., Ltd. (TCS), BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI), Taiwan Cooperative Securities Investment Trust Co., Ltd. (TCSIT) and Taiwan Cooperative Venture Capital Co., Ltd. (TCVC).

The accounting policies of TCFHC and its subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes. The accompanying consolidated financial statements also include accounts of TCB's Head Office, OBU, and all branches. All interoffice account balances and transactions have been eliminated.

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

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

Foreign-currency Transactions

Foreign-currency transactions of TCFHC, TCBF, TCS, TCSIT, CAM, BPCTLI and TCVC are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Losses or gains resulting from the application of prevailing exchange rates when foreign-currency assets and liabilities are settled, are credited or charged to income in the period of settlement. The period-end balances of foreign-currency monetary assets and liabilities are restated at the prevailing exchange rates, and the resulting differences are recorded as credits or charges to current income.

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

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

Classification of Current and Non-current Assets and Liabilities

The operating cycle in the financial holding company, banking industries and insurance industries cannot be reasonably identified; thus the accounts included in the financial statements of TCFHC, TCB, UTB, TCBF and BPCTLI are not classified as current or non-current. Other subsidiaries' assets and liabilities are classified as follows:

Current assets are assets held for trading purposes, assets expected to be converted to cash, sold or consumed within twelve months from the balance sheet date and cash and equivalents, excluding assets held for an exchange or held to settle a liability at more than twelve months after the balance sheet date and assets that are otherwise restricted. Properties and equipment, investment properties, intangible assets and other assets that are not classified as current are non-current assets. Current liabilities are obligations incurred for trading purposes and obligations settled within twelve months from the balance sheet date, or when it does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Liabilities that are not classified as current are non-current liabilities. Terms of a liability that could, at the option of the counter-party, result in its settlement by the issue of equity instruments do not affect its classification.

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

Cash and Cash Equivalents

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

Financial Instruments

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

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

<u>Financial assets</u>

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

a. Measurement category

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

   1) Financial assets at FVTPL

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

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

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

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

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

      Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 41.

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

      AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at fair value through profit or loss. AFS financial assets are stated at fair value at each balance sheet date. Fair value is determined in the manner described in Note 41.

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

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

AFS financial assets that do not have a quoted market price in an active market and have a fair value that cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the balance sheet date and are recognized in a separate line item as financial assets carried at cost. These financial assets are measured at fair values if the fair values can be reliably measured subsequently. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income. When an AFS financial asset is considered impaired, the losses are recognized to profit or loss.

3) Held-to-maturity financial assets

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

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

4) Loans and receivables

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

b. Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

TCB made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectible, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions. In addition, TCB was required to make provisions of at least 1.5% each for the sound credit assets on loans granted to Mainland China clients (including short-term trading financing) and for mortgage loans granted for housing acquisition, renovation and construction before December 31, 2015 and 2016, respectively.

Under "The Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Nonperforming Credits, Nonaccrual Loans, and Bad Debts" issued by the FSC, TCBF makes the following minimum provisions for losses on credits for these categories: Uncollectible - 100%; with doubtful collectability - 50%; substandard - 10%; "special mention" - 2%; and collectible (excluding assets that represent claims against an ROC government agency) - 1%.

Under the Article 5 of the "Regulations Governing the Procedures for Insurance Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the Insurance Bureau, BPCTLI should make sufficient provisions for credit assets.

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

c. Derecognition of financial assets

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

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

Equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

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

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

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

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

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability. For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 41.

2) Financial guarantee contracts

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

b. Derecognition of financial liabilities

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

Derivatives

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

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

Overdue Loans

Loans and other credits (including accrued interest) that are overdue for at least six months are classified as overdue loans in accordance with the guideline issued by the FSC.

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

Purchase on Margin and Short Sale

Taiwan Cooperative Securities Co., Ltd. (TCS) recognizes margin loans as loans to customers for purchases on margin while providing financing to investors who buy stocks. Margin loans made by TCS are generally collateralized by securities in the client's account. These collateralized securities are not entered in TCS's books but are recorded using memorandum entries. After the security investors settle the margin loans, these pledged securities are returned to investors.

TCS requires a deposit from security investors for short sale services while providing short sale services to investors. This deposit is recorded under deposits on short-sale transactions. The amount collected from selling of short sale securities (net of securities transaction tax, brokerage fee and handling fee) is kept by TCS as collateral and recorded as payables for short-sale transactions. The securities lent to clients as short sale are recorded using memorandum entries. The deposits on short-sale transactions and payables for short sale are returned to security investors after investors settle the short-sale transactions.

The margin deposited by securities firms to securities finance companies are recorded as loan from refinanced margin. The refinancing securities delivered to TCS are recorded through memorandum entries as refinancing stock loans. A portion of the proceeds from the short-sale of securities borrowed from securities finance companies is retained by the securities finance companies as collateral and is recorded as refinancing deposits receivable.

Securities Purchased/Sold Under Resell/Repurchase Agreements

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

Security Lending

For self-hedging purposes on convertible bond investments, TCS carries out security lending transactions. As a security borrower, TCS recognizes the margins which paid to other securities companies as refundable deposits - securities borrowing. When TCS sells the borrowed securities, the selling price of the borrowed securities is recognized as payable - security borrowing (part of financial liabilities at fair value through profit or loss), and the difference between the selling price and the fair value of securities is recognized in the profit or loss in the period of the transaction. When TCS buys back the securities, it classifies the securities as operating securities (part of financial assets at fair value through profit or loss) and recognizes the total amount of margins and selling price in profit or loss after deducting the service charge on the borrowed securities.

Investment in Associates and Joint Ventures

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture is a joint arrangement whereby the Company and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, investment in an associate or a joint venture is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the associate or joint venture. The Company also recognizes the changes in the Company’s share of equity of associates or joint ventures.

When the Company subscribes for additional new shares of the associate or joint ventures at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company’s proportionate interest in the associate or joint ventures. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company’s ownership interest is reduced due to the additional subscription of the new shares of the associate or joint ventures, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate or joint ventures is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate or a joint venture equals or exceeds its interest in that associate or joint ventures, which includes any carrying amount of the investment accounted for by equity method and long-term interests that, in substance, form part of the Company's net investment in the associate or joint ventures, the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate or joint venture.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint ventures. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate and the joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

When the Company transacts with its associate or joint ventures, profits and losses resulting from the transactions with the associate or joint ventures are recognized in the Company's consolidated financial statements only to the extent of interests in the associate or joint ventures that are not related to the Company.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

Reinsurance Contracts

In order to limit the potential losses that may arise from certain risk exposure events, the Company cedes insurance contracts with the reinsurer according to its business consideration and the relevant insurance regulations. To the extent that the assuming reinsurers are unable to meet their obligations, the Company remains liable to its policyholders for the portion reinsured. Consequently, allowances are made for receivables on reinsurance contracts which are deemed uncollectible.

Reinsurance expense, reinsurance commission income and reinsurance payables are processed and recognized on the basis of reinsurance contracts over the duration of these contracts. Reinsurance contracts include reinsurance ceded reserves, claims recoverable from reinsurers and reinsurance receivables. The assets, liabilities, income and expense for reinsurance contracts cannot be offset against the original insurance contracts' related balances.

If the Company's reinsurance assets, claims recovered from reinsurers and net due from reinsurers and ceding companies are impaired, which are subject to periodic impairment tests, the Company shall reduce its carrying amount accordingly and recognize that impairment loss in profit or loss as long as (a) there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract; and (b) that event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

Ceded reinsurance refers to the transfer of insurance risk, along with the respective premiums, to one or more reinsurers who will share in the risks. When the reinsurance contracts do not transfer significant insurance risk, the Company records the agreement using the deposit method of accounting.

If a reinsurance contract involves the transfer of significant insurance risk and if the Company can evaluate the deposit components individually, the insurance component and the deposit component are separately recognized. That is, the difference between the contract amount the Company receives or pays and the amount of the insurance component is recognized as a financial liability or asset chargeable other than revenues or expenses. The financial liability or asset is recognized and measured at fair value, which is based on the discounted value of future cash flows.

Properties and Equipment

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

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

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

Leasing

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

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

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Unearned interest revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

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

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

The Company as a lessee

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

Lease incentives received for operating leases are recognized under liabilities. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

When TCB sales and leasebacks a property, the excess of sales proceeds over the carrying amount resulted from the sale of the property is deferred and amortized over the lease term regardless of operating lease or finance lease. For indefinite lease term, the excess is amortized over 10 years.

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as cash-generating units (CGU)) that is expected to benefit from the synergies of the combination.

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

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

Intangible Assets Other Than Goodwill

Separate acquisition

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

Acquisition as part of a business combination

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

Derecognition

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the assets is derecognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

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

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

Investment-linked Products

The Company sells investment-linked products. Based on agreements, the insurance premiums paid by policyholders are offset against various expenses incurred by the Company and are invested in separate accounts at allocation ratios agreed on with or set by the policyholders. The value of the separate-account assets is accounted for at the market value on the date of the start of the transaction, and their net worth is computed in accordance with the related regulations and accounting principles generally accepted in the ROC.

The assets, liabilities, revenues and expenses of separate accounts represent the rights and obligations of the policyholders and are recorded, pursuant to the accounting principles governing investment-linked products, in the Company's "Assets on insurance products - separate account" (part of other financial assets), "Liabilities on insurance products - separate account" (part of other financial liabilities), "Income on insurance products - separate account" and "Disbursements on insurance products - separate account" (part of premium income, net).

Foreclosed Collaterals

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

Provisions

Provisions are the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties on the obligation. A provision is measured using the cash flows estimated to settle the present obligation.

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

The reserves of insurance contracts are recognized in accordance with Regulations Governing the Reserves by Insurance Enterprises and attested by actuary with accreditation from Financial Supervisory Commission. According to the No. 852367814 announced by the Insurance Bureau, except the Company insurance with a term of less than one year, the insurance liabilities should be calculated based on the higher of its revenue or revenue calculated according to the regulation. The provision basis are summarized as follows:

Life policy reserve

Reserve of life policy is calculated according to the Regulations Governing the Reserves by Insurance Enterprises and other rulings promulgated by regulators. Calculation is based on a mortality table and projected interest rate at the time of approval of the insurance product granted by the Insurance Bureau of the Republic of China.

Unearned premium reserve

Unearned premiums of effective policies with a term of less than one year and the term of injury insurance exceeding one year are computed, by the policy types, according to the respective actual risk.

Claim reserve

Reserve for claim payments is for claims which are reported but not yet paid and incurred but not yet reported (IBNR). Reserve for claim payments which is reported but not yet paid is provided according to a case by case basis based on an actual data. Reserve for claim payments which is incurred but not yet reported is provided based on the following rules:

a. Life insurance and health insurance with a term of less than one year

   Life insurance and health insurance with a term of less than one year is provided based on historical information and actuarial principles for each type of insurance.

b. Injury insurance

   Injury insurance is provided based on historical information and actuarial principles for each type of insurance.

Deficiency reserve

For life, health and annuity insurance contracts, whereas insurance term is over one year and insurance premium is lower than the required reserve liability, a further reserve for deficient premiums will be required in addition to the normal insurance reserve.

In addition, for effective insurance contracts with a term less than one year, if the estimated claims and expenses are in excess of the relevant reserve for unearned premium and the expected premium to be received, the excess amount shall be provided as an addition to the deficiency reserve account.

Reserve for liability adequacy

According to IFRS 4 "Insurance Contracts" additional reserve for liability adequacy shall be made pursuant to the results of the Company's annual insurance liability adequacy tests.

The Company's liability adequacy test is based on the whole insurance contracts, and is in accordance with Actuarial Standards of Practice of IFRS 4 - "Classification of Contracts and Liability Adequacy Test" issued by the Actuarial Institute of the Republic of China. The adequacy of insurance liabilities must be tested at each balance sheet date. The liability adequacy test is based on the difference between the net carrying amount of insurance liabilities minus deferred acquisition costs and related intangible assets and current estimates of future cash flows from insurance policies. If the net carrying amount is insufficient, the deficiency will be recognized in profit or loss.

Insurance contract with financial instrument features

The service fees the Company charges from investment contracts, which do not belong to investment-linked products and are with no discretionary participation feature, are recognized as reserve for insurance contracts with financial instrument feature. The related acquisition cost will be charged against reserve for insurance contracts with financial instrument feature when the relevant insurance contracts become effective. The Company provided the insurance contract with financial features in accordance with the Regulations Governing the Reserves by Insurance Enterprises.

Reserve for foreign exchange valuation

For the life insurance enterprises manage its exposure to foreign exchange risks, reduce the cost and strengthen liquidation, in accordance with Regulations Governing the Reserves by Insurance Enterprises and the Company based on its foreign investment asset to provide the foreign exchange valuation.

Under the Guidelines on Life Insurance Reserve for Foreign Exchange Valuation and related amendments, the reserve to be provided and the terms for write-offs against the reserve are as follow:

a. Special reserve is reclassified to reserve for foreign exchange valuation for three years from the reclassification date. For the first year, the amount cannot be less than one third of the initial amount of net income. For the first two years, the cumulative amounts cannot less than two thirds of the initial amount of net income. In this reclassification, the recovered amount should be calculated in accordance with Regulations Governing the Reserves by Insurance Enterprises.

b. Provisions: Except for provisions calculated at the total amounts of foreign investments multiplied by the ratio of exposures and the ratio of 0.042 percent, if there is the profit on non-hedging foreign exchange assets, the Company should provide a reserve at 50 percent of the profit.

c. Write-off amounts: The loss on foreign exchange of the assets without hedge should be written off against the reserve at 50 percent of the loss. The balance of the reserve at the end of a month cannot be less than 20 percent of the amount of the end of the previous year’s cumulative balances. The cumulative balance in 2012 refers to the initial amount of the reserve.

d. The maximum cumulative reserve is 9.5 percent of the current year's total foreign investment.

e. If the Company has savings on hedging cost, it should appropriate from the current year’s net profit an amount the same as that of these savings. However, if the net profit is not enough for this appropriation, the appropriation should be made in the year a profit is made. This reserve should be used for capital increase or for offsetting the deficit at least once in three years.

f. Ten percent of net profit should be provided as special reserve. However, exemption from this requirement may be obtained under the authorities’ approval.

Recognition of Revenue

The Company recognizes revenue in accordance with IAS 18 “Revenue”, except revenue from insurance contracts.

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

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

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

Service that results in award credits for customers, under the Company's award scheme, is accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the service rendered and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value. Such consideration is not recognized as revenue at the time of the initial sale transaction but is deferred and recognized as revenue when the award credits are redeemed and the Company's obligations have been fulfilled.

Premium Income and Policy Acquisition Cost

The initial premiums for the Company's insurance contracts and investment contracts with a discretionary participation feature are recognized as revenue once the collection is made and the insurance approval procedures are completed. The subsequent premiums are recognized as revenue upon cash collection. The related expenses, e.g., commission expenses, are recognized as expenses once the contract takes effect.

The service fees the Company charges on investment contracts that are not considered investment-linked products and have no discretionary participation feature are recognized as reserve for insurance contracts with financial instrument feature. The related acquisition cost will be charged against the reserve for insurance contracts with financial instrument feature when the relevant insurance contracts take effect.

The service fees that the Company charges for the investment-linked product of insurance contracts and from which front-load fees or related investment management fees have been deducted, are recognized as investment-linked product liabilities. The policy-related expenses incurred by the investment management service, including commission and increased expenses associated with the new contracts, are deferred. These costs are depreciated using the straight-line method throughout the duration of service provision. The Company recognizes the deferred service fee revenue and deferred acquisition cost in accordance with the design of the insurance contracts and the service cost corresponding to the received service fee.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Employee Benefits

<u>Short-term employee benefits</u>

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

Retirement benefits

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

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

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

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

Preferential interest deposits for employees

Taiwan Cooperative Bank, Ltd. (TCB) provides preferential interest deposits to current and retired employees, and these deposits, including payments of the preferential interest deposits, are within certain amounts. The preferential rates for employees’ deposits in excess of market rate should be treated as employee benefits.

Under the Guidelines Governing the Preparation of Financial Reports by Public Banks, TCB should follow the requirement of IAS 19 “Employee Benefits” endorsed by FSC to determine the excess interest on the preferential interest deposits of retired employees by applying an actuarial valuation method when the employees retire. The actuarial assumptions should be in accordance with the requirements set by the authorities.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Share-based Payment

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

Taxation

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

TCFHC and its subsidiaries elected to file consolidated tax returns. The difference between consolidated income tax payable and the sum of income tax payables of the entities included in consolidated tax return is considered as a tax consolidation adjustment which is shown on TCFHC's income tax expense or benefit. Any distribution of cash payments and receipts among the consolidated group members is recorded as current tax assets or current tax liabilities.

Business Combination

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

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

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

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

Classification of Insurance Contracts

An insurance contract is one under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. The Company identifies insurance risk as significant only if the insured event would cause the Company to pay material additional benefits.

The insurance contract with the nature of financial instruments is the contract that makes a contract issuer exposed to financial risk but not significant insurance risk. Financial risk is the risk that one or multiple interest rates, the price of financial instruments, commodity price, exchange rate, price index, insurance premium index, credit ratings, credit index or other variables (if the variable is nonfinancial it has to be non-specific to both parties) will change in the future.

The policy that initially met the definition of insurance contract remains an insurance contract until all of the rights and obligations expire, even though the insurance risk has been significantly reduced through the duration of the insurance contract. However, if the significant insurance risk of the insurance contract with the nature of financial instruments is transferred to the Company, the contract should be reclassified to insurance contract.

Insurance contracts may also be classified as with or without the discretionary participation feature (DPF). DPF is a contractual right to receive the following additional benefits:

a. An amount that is equal to a significant portion of the total contractual benefits;

b. Whose amount or timing is contractually at the discretion of the issuer; and

c. That is contractually based on:

    1) The performance of a specified pool of contracts or a specified type of contract;
    2) Realized and/or unrealized investment returns on a specified pool of assets held by the issuer; or
    3) The profit or loss of the Company, fund or other entity that issues the contract.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, recognized at fair value and the resulting gain or loss is recognized in profit or loss. If the derivatives embedded in non-derivative host contracts are qualify as insurance policies, or the contracts are recognized at fair value and the resulting gain or loss is recognized in profit or loss, the derivatives embedded in non-derivative host contracts do not have to separate from insurance policies.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

a. Impairment losses on loans

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

b. Fair values of financial instruments

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

For the fair value determination of financial instruments, refer to Note 41 to the consolidated financial statements.

c. Income tax

The Company is required to make substantive estimates when calculating income tax. The final tax assessment is based on considerable transactions and calculations. When the final tax amount differs from the amount on original recognition, the difference affects the recognition of both current and deferred income tax. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

d. Employment benefits

The calculation of the present value of post-employment benefits and preferential rates for retired employees' deposits is based on the actuarial result under several assumptions. Any change in these assumptions may affect the carrying amount of post-employment benefits and preferential interest deposits plan for retired employees.

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

Other significant assumptions for post-employment obligation are subject to current market condition. Significant assumptions for the obligation of preferential interest deposits for retired employee are determined by the authorities.

e. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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

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

g. The valuation of provisions on financial guarantee contracts

Except for the minimum standards under certain laws, the Company's main basis for deciding the amounts of provisions is whether there is any observable evidence that the Company has payment obligations to compensate the losses of guarantee holders. The Company regularly reviews the economic situation in terms of defaults on debt repayments to reduce the difference between the estimated and the actual amounts of loss.

h. Insurance liability and liability adequacy test

An independent actuary estimated the insurance liability and tested liability adequacy using certain actuarial principles and assumptions, which included the characteristics of each type of insurance, historical information, loss development factors, expected loss ratio and estimation of future cash flows. The management may adjust the differences between actual results and estimates, if it is necessary.

6. CASH AND CASH EQUIVALENTS

	March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	$ 23,047,178	$ 21,451,458	$ 23,731,165
Notes and checks in clearing	11,642,605	9,279,476	6,955,076
Due from banks	14,582,909	13,022,720	14,192,342
	$ 49,272,692	$ 43,753,654	$ 44,878,583

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of March 31, 2016 and 2015 are shown in the consolidated statements of cash flows. The reconciliation as of December 31, 2015 are stated below:

	December 31, 2015
Cash and cash equivalent in the consolidated balance sheet	$ 43,753,654
Due from the Central Bank and call loans to other banks in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	385,289,088
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	1,346,831
Other items in accordance with the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows	295,920
Cash and cash equivalents, end of the year	$ 430,685,493

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

	March 31, 2016	December 31, 2015	March 31, 2015
Reserves for deposits - account A	$ 59,425,917	$ 39,790,008	$ 26,447,942
Reserves for deposits - account B	66,123,559	64,299,766	63,121,638
Reserves for deposits - community financial institutions	53,435,558	52,801,642	51,948,440
Reserves for deposits - foreign-currency deposits	312,116	318,069	288,630
Deposits in the Central Bank	39,200,000	39,200,000	39,200,000
Time deposits in the Central Bank	4,500,000	4,500,000	4,600,000
Negotiable certificates of deposit in the Central Bank	421,350,000	443,715,000	470,865,000
Due from the Central Bank - others	5,721,619	8,815,848	4,876,050
Due from the Central Bank - central government agencies’ deposits	2,029,640	3,156,360	2,417,950
Call loans to banks	102,433,082	49,859,749	76,937,310
	$ 754,531,491	$ 706,456,442	$ 740,702,960

The deposit reserves are determined monthly at prescribed rates based on the average balances of various types of deposit accounts held by the Company. The deposit reserves are subject to withdrawal restrictions, but deposit reserve - account A and foreign-currency deposit reserves may be withdrawn anytime.

Under the guideline issued by the Central Bank of the Republic of China (CBC), Taiwan Cooperative Bank Ltd. should deposit 60 percent of the deposits of central government agencies in the CBC, and the deposits are subject to withdrawal restrictions.

8. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2016	December 31, 2015	March 31, 2015
Held-for-trading financial assets			
Commercial paper	$ 38,332,460	$ 29,281,435	$ 61,524,854
Negotiable certificates of deposit	1,299,276	799,623	399,749
Corporate bonds	1,125,403	1,515,920	607,136
Government bonds	604,560	506,660	855,143
Listed and emerging market stocks	519,209	262,273	315,942
Convertible bonds	344,046	416,618	361,725
Beneficial certificates	65,249	52,106	6,227
Currency swap contracts	4,117,742	3,590,561	3,653,286
Forward contracts	385,088	209,482	779,130
Foreign-currency margin contracts	201,920	122,685	102,058
Futures exchange margins	118,566	42,602	19,581
Currency option contracts - buy	95,429	66,725	349,202
Cross-currency swap contracts	70,394	225,100	583,797
Interest rate swap contracts	35,532	5,888	267
Commercial paper contracts with reference rate	1,785	921	2,159
Asset swap options	4	-	-
	47,316,663	37,098,599	69,560,256
Financial assets designated as at fair value through profit or loss			
Convertible bond asset swap contracts	20,014	40,095	60,463
Bank debentures	-	-	91,871
	20,014	40,095	152,334
Financial assets at fair value through profit or loss	$ 47,336,677	$ 37,138,694	$ 69,712,590
Held-for-trading financial liabilities			
Currency swap contracts	$ 4,960,785	$ 1,748,423	$ 2,249,630
Cross-currency swap contracts	318,599	617,155	974,991
Forward contracts	43,357	330,601	1,147,072
Currency option contracts - sell	95,874	66,958	352,122
Interest rate swap contracts	18,705	38,488	73,634
Foreign-currency margin contracts	-	8,531	3,477
	5,437,320	2,810,156	4,800,926
Financial liabilities designated as at fair value through profit or loss			
Bank debentures (Note 25)	12,853,524	12,703,063	12,509,742
Financial liabilities at fair value through profit or loss	$ 18,290,844	$ 15,513,219	$ 17,310,668

As of March 31, 2016, December 31, 2015 and March 31, 2015, some securities amounting to $22,595,540 thousand, $23,189,614 thousand and $19,600,518 thousand, respectively, had been sold under repurchase agreements.

Taiwan Cooperative Bank, Ltd. (TCB) enters into derivative transactions mainly to accommodate customers' needs and to manage its exposure to adverse changes in exchange rates and interest rates. TCB's strategy for hedging against risk is to avoid most of the market price risk or cash flow risk.

As of March 31, 2016, December 31, 2015 and March 31, 2015, the contract (notional) amounts of derivative transactions of TCB were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Currency swap contracts	$ 431,903,891	$ 435,783,946	$ 409,763,626
Forward contracts	26,343,791	27,179,346	41,950,428
Interest rate swap contracts	15,409,253	15,152,000	15,649,870
Currency option contracts - sell	11,758,168	11,907,017	17,184,742
Currency option contracts - buy	11,758,168	11,907,017	16,521,436
Foreign-currency margin contracts	4,870,558	5,198,399	6,105,679
Cross-currency swap contracts	3,434,360	6,639,328	24,644,630

As of March 31, 2016, December 31, 2015 and March 31, 2015, the open position of futures transactions of Taiwan Cooperative Securities Co., Ltd. were as follows:

		March 31, 2016			
		Open Position		Contract Amounts or Premium Paid	
Items	Products	Buy/Sell	Number of Contracts	(Charged)	Fair Values
Futures contracts	TAIEX Futures 201604	Sell	57	$ 99,563	$ 99,362

		December 31, 2015			
		Open Position		Contract Amounts or Premium Paid	
Items	Products	Buy/Sell	Number of Contracts	(Charged)	Fair Values
Futures contracts	TAIEX Futures 201601	Sell	24	$ 39,655	$ 39,720
	US T-NOTE 201603	Sell	15	61,880	61,993

		March 31, 2015			
		Open Position		Contract Amounts or Premium Paid	
Items	Products	Buy/Sell	Number of Contracts	(Charged)	Fair Values
Futures contracts	TAIEX Futures 201504	Buy	2	$ 3,836	$ 3,833

Taiwan Cooperative Securities Co., Ltd. engages in currency swap contracts to manage the exposures due to exchange rate fluctuations. The objective of financial risk management of Taiwan Cooperative Securities Co., Ltd. is to manage substantial risks due to changes in fair value or cash flow.

As of March 31, 2016 and December 31, 2015, the contract (notional) amounts of currency swap options of Taiwan Cooperative Securities Co., Ltd. were as follows:

	March 31, 2016	December 31, 2015
Currency swap contracts	$ 243,657	$ 261,440

BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) engages in cross-currency swap contracts and currency swap contracts to manage the exposures due to exchange rate fluctuations. The objective of financial risk management of BPCTLI is to manage substantial risks due to changes in fair value or cash flow.

As of March 31, 2016, December 31, 2015 and March 31, 2015, the contract (notional) amounts of derivative transactions of BPCTLI were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Cross-currency swap contracts	$ 2,734,875	$ 3,452,400	$ 6,727,350
Currency swap contracts	9,518,184	8,554,600	3,996,087

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	March 31, 2016	December 31, 2015	March 31, 2015
Government bonds	$ 88,742,438	$ 91,849,779	$ 88,586,545
Corporate bonds	35,809,588	33,386,562	21,151,939
Bank debentures	24,981,623	17,042,247	13,306,666
Beneficial certificates	5,095,055	5,272,281	5,605,106
Stocks	5,081,774	4,536,688	4,454,307
	$ 159,710,478	$ 152,087,557	$ 133,104,563

The Company evaluated its available-for-sale financial assets and recognized a reversal of impairment loss of $3,303 thousand because of the change in credit ratings of the bond issuers for the three months ended March 31, 2016.

As of March 31, 2016, December 31, 2015 and March 31, 2015, available-for-sale financial assets amounting to $23,323,423 thousand, $25,513,538 thousand and $18,453,471 thousand, respectively, had been sold under repurchase agreements.

10. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for $1,320,760 thousand, $1,346,831 thousand and $3,022,652 thousand under resell agreements as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively, will subsequently be sold for $1,321,090 thousand, $1,347,169 thousand and $3,024,082 thousand, respectively. As of March 31, 2015, some securities amounting to $400,000 thousand had been sold under repurchase agreements.

11. RECEIVABLES, NET

	March 31, 2016	December 31, 2015	March 31, 2015
Accrued interest	$ 5,940,855	$ 6,598,400	$ 6,273,423
Margin loans receivable	3,426,150	3,405,659	4,587,631
Acceptances	2,984,812	3,305,845	3,054,163
Credit cards	2,633,809	2,652,085	2,312,590
Acquired loans	2,521,414	2,636,903	3,001,288
Lease payment receivable	1,399,883	1,551,057	1,332,118
Settlement consideration	1,369,168	898,997	1,632,798
Settlement receivable	1,255,047	867,216	1,338,176
Receivable on securities	726,506	328,600	741,247
Receivable - separated account	554,925	372,903	296,850
Receivables on merchant accounts in the credit card business	494,742	557,158	1,036,381
Credits receivable	473,477	475,799	483,512
Accounts receivable	407,949	345,098	357,526
Refundable deposits receivable in leasehold agreements	272,993	272,993	272,993
Accounts receivable factored without recourse	198,778	216,084	325,442
Others	393,764	446,144	553,000
	25,054,272	24,930,941	27,599,138
Less: Allowance for possible losses	1,376,415	1,319,773	1,191,141
Less: Unrealized interest revenue	105,382	126,442	121,665
	$ 23,572,475	$ 23,484,726	$ 26,286,332

Credits receivable due to the merger with the Farmers Bank of China on May 1, 2006 were recognized at the fair value of credits written off by the Farmers Bank of China in the past. The fair values were evaluated by PricewaterhouseCoopers Financial Advisory Service Co., Ltd.

The allowances for possible losses on receivables (except spot exchange receivable - foreign currencies, which amounted to $5,787 thousand, $77 thousand and $0 thousand, respectively) assessed for impairment as of March 31, 2016, December 31, 2015 and March 31, 2015 were as follows:

Items		March 31, 2016		December 31, 2015		March 31, 2015	
		Receivables	Allowance for Possible Losses	Receivables	Allowance for Possible Losses	Receivables	Allowance for Possible Losses
With objective evidence of impairment	Assessment of individual impairment	$ 1,869,184	$ 806,993	$ 1,753,808	$ 737,281	$ 1,899,902	$ 682,754
	Assessment of collective impairment	126,990	40,282	163,022	62,206	141,481	54,834
With no objective evidence of impairment	Assessment of collective impairment	23,052,311	529,140	23,014,034	520,286	25,557,755	453,553
Total		25,048,485	1,376,415	24,930,864	1,319,773	27,599,138	1,191,141

The changes in allowance for possible losses are summarized below:

	For the Three Months Ended March 31	
	2016	2015
Balance, January 1	$ 1,319,773	$ 1,054,454
Provision for possible losses	76,943	86,682
Write-offs	(19,624)	(3,270)
Recovery of written-off receivables	109	53,665
Effects of exchange rate changes and other changes	(786)	(390)
Balance, March 31	$ 1,376,415	$ 1,191,141

12. DISCOUNTS AND LOANS, NET

	March 31, 2016	December 31, 2015	March 31, 2015
Bills discounted	$ 1,683,508	$ 2,004,757	$ 2,016,277
Overdraft			
Unsecured	167,913	161,789	199,025
Secured	111,405	111,712	292,335
Import and export negotiations	403,933	542,432	440,056
Short-term loans			
Unsecured	223,201,047	242,899,521	189,822,590
Accounts receivable financing	422,830	608,195	780,998
Secured	159,163,845	161,485,690	148,579,892
Medium-term loans			
Unsecured	299,134,479	301,683,991	320,670,188
Secured	307,361,698	307,329,399	288,061,377
Long-term loans			
Unsecured	34,808,595	34,629,232	39,729,430
Secured	955,248,043	944,885,625	881,649,650
Overdue loans	5,199,226	6,371,809	6,263,471
Life insurance loan	329,520	332,794	387,952
Temporary insurance paid	8,706	7,062	4,463
	1,987,244,748	2,003,054,008	1,878,897,704
Less: Allowance for possible losses	21,094,260	21,461,997	22,059,571
Less: Adjustment of discount	465,120	476,402	482,461
	$ 1,965,685,368	$ 1,981,115,609	$ 1,856,355,672

As of March 31, 2016, December 31, 2015 and March 31, 2015, accrual of interest on the above overdue loans had stopped. Thus, the unrecognized interest revenue was $30,524 thousand and $37,413 thousand for the three months ended March 31, 2016 and 2015, respectively.

The allowances for possible losses on discounts and loans assessed for impairment as of March 31, 2016, December 31, 2015 and March 31, 2015 were as follows:

Items		March 31, 2016		December 31, 2015		March 31, 2015	
		Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses	Discounts and Loans	Allowance for Possible Losses
With objective evidence of impairment	Assessment of individual impairment	$ 11,902,587	$ 4,117,383	$ 14,581,806	$ 4,597,960	$ 14,499,346	$ 6,912,836
	Assessment of collective impairment	10,984,353	1,861,753	11,167,720	2,418,484	11,356,257	2,514,369
With no objective evidence of impairment	Assessment of collective impairment	1,964,357,808	15,115,124	1,977,304,482	14,445,553	1,853,042,101	12,632,366
Total		1,987,244,748	21,094,260	2,003,054,008	21,461,997	1,878,897,704	22,059,571

The changes in allowance for possible losses are summarized below:

	For the Three Months Ended March 31	
	2016	2015
Balance, January 1	$ 21,461,997	$ 22,270,721
Provision for possible losses	1,641,626	771,468
Write-offs	(2,063,118)	(1,128,132)
Recovery of written-off credits	116,205	172,371
Effects of exchange rate changes and other changes	(62,450)	(26,857)
Balance, March 31	$ 21,094,260	$ 22,059,571

The bad-debt expenses and provision for losses on guarantees for the three months ended March 31, 2016 and 2015 were as follows:

	For the Three Months Ended March 31	
	2016	2015
Provision for possible losses on discounts and loans	$ 1,641,626	$ 771,468
Provision for possible losses on receivables	76,943	86,682
Provision (reversal of provision) for possible losses on overdue receivables	213,000	(58,606)
Provision (reversal of provision) for possible losses on guarantees	12,379	(75,351)
	$ 1,943,948	$ 724,193

As of March 31, 2016, December 31, 2015 and March 31, 2015, TCB was in compliance with the FSC-required provision for credit assets.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Corporate bonds	$ 18,756,604	$ 18,756,957	$ 10,810,132
Government bonds	26,723,869	19,746,164	8,882,924
Bank debentures	5,758,232	6,390,443	5,492,341
Certificates of deposit	299,228	305,784	441,189
Preferred stocks	-	-	2,000,000
	$ 51,537,933	$ 45,199,348	$ 27,626,586

The Company evaluated its held-to-maturity financial assets and recognized a reversal of impairment loss of $3,213 thousand and an impairment loss of $1,892 thousand on some bonds because of the change in credit ratings of the bond issuers for the three months ended March 31, 2016 and 2015, respectively.

As of March 31, 2016, December 31, 2015 and March 31, 2015, held-to-maturity financial assets amounting to $1,726,222 thousand, $1,883,182 thousand and $2,025,413 thousand, respectively, had been sold under repurchase agreements.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investment in associate						
United Real Estate Management Co., Ltd.	$ 124,355	30.00	$ 122,023	30.00	$ 118,918	30.00

Aggregate information of associates that are not individually material:

	For the Three Months Ended March 31	
	2016	2015
The TCFHC's share of:		
Net income	$ 2,332	$ 3,013

The investments accounted for by equity method and the share of profit or loss and other comprehensive income of the investments for the three months ended March 31, 2016 and 2015 were based on the associate's financial statements for the same period which have not been reviewed by the auditors. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income, from the financial statements of the associate that have not been reviewed.

15. OTHER FINANCIAL ASSETS, NET

	March 31, 2016	December 31, 2015	March 31, 2015
Overdue receivables	$ 739,149	$ 405,199	$ 204,772
Less: Allowance for possible losses	541,301	329,294	190,315
Overdue receivables, net	197,848	75,905	14,457
Debt instruments with no active market, net	94,797,190	94,584,846	89,071,567
Due from banks	13,937,085	15,317,401	27,293,148
Financial assets carried at cost	4,125,660	4,101,660	3,432,060
Call loans to securities firms	289,575	295,920	281,610
Separate-account assets (Note 29)	77,434,179	76,908,449	69,905,486
	$ 190,781,537	$ 191,284,181	$ 189,998,328

Debt instruments with no active market are summarized as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Corporate bonds	$ 76,022,174	$ 76,365,142	$ 74,375,071
Bank debentures	18,453,266	17,890,904	14,383,596
Government bonds - overseas	321,750	328,800	312,900
	$ 94,797,190	$ 94,584,846	$ 89,071,567

Financial assets carried at cost are summarized as follows:

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	Percentage of Ownership	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Taiwan Asset Management Co., Ltd.	$ 2,370,934	17.03	$ 2,370,934	17.03	$ 2,370,934	17.03
Taipei Financial Center Corp.	669,600	1.63	669,600	1.63	-	-
Taiwan Power Company	631,153	2.40	631,153	0.24	631,153	0.24
Financial Information Service Co., Ltd.	135,405	2.89	135,405	2.89	135,405	2.89
Taiwan Financial Asset Service Co., Ltd.	101,125	5.88	101,125	5.88	101,125	5.88
Others	217,443		193,443		193,443	
	$ 4,125,660		$ 4,101,660		$ 3,432,060	

Management believed that the above equity investments held by the Company, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant.

Due from banks (part of other financial assets, net) held by the Company were demand deposits and time deposits could not be withdrawn and time deposits had maturity periods of more than three months and could not be used before maturity.

16. INVESTMENT PROPERTIES, NET

	March 31, 2016	December 31, 2015	March 31, 2015
Land	$ 2,679,194	$ 2,679,194	$ 2,146,842
Buildings	883,760	890,973	638,494
	$ 3,562,954	$ 3,570,167	$ 2,785,336

Except for depreciation expenses recognized and the reclassification of investment properties, the Company had no significant addition, disposal and impairment on investment properties during the three months ended March 31, 2016 and 2015.

Investment properties (except for land) were depreciated on the straight-line method over service lives estimated as follows:

Main buildings	17 to 50 years
Equipment installed in buildings	5 years

As of December 31, 2015, the fair value of investment properties was $8,765,688 thousand. The fair value was determined through calculations using the market value method and estimates based on market quotes. As of December 31, 2014, the fair value of investment properties was $6,909,934 thousand. The fair value was based on the valuation made through a discounted cash-flow analysis, the cost of land development analysis and estimation with market quotes. The management of the Company had assessed and determined that there was no significant changes in the fair value of investment properties for the three months ended March 31, 2016 and 2015.

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

	For the Three Months Ended March 31	
	2016	**2015**
Rental income from investment properties	$ 44,336	$ 36,037
Direct operating expenses for investment properties that generate rental income	(14,474)	(12,660)
	$ 29,862	$ 23,377

17. PROPERTIES AND EQUIPMENT, NET

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Carrying amount			
Land	$ 24,823,637	$ 24,823,697	$ 25,158,109
Buildings	8,265,804	8,349,213	8,749,741
Machinery and equipment	957,536	1,027,241	1,189,101
Transportation equipment	112,335	115,670	131,783
Other equipment	186,187	185,048	204,959
Leasehold improvements	172,707	181,756	206,743
Prepayments for equipment, land and buildings and construction in progress	4,803,082	4,803,355	4,576,036
	$ 39,321,288	$ 39,485,980	$ 40,216,472

	Land	**Buildings**	**Machinery and Equipment**	**Transportation Equipment**	**Other Equipment**	**Leasehold Improvements**	**Prepayments**	**Total**
Cost								
Balance, January 1, 2016	$ 24,838,874	$ 14,652,896	$ 5,268,011	$ 640,796	$ 1,305,373	$ 901,563	$ 4,803,355	$ 52,410,868
Additions	-	9,221	15,331	5,885	18,355	2,504	32,531	83,827
Disposals	-	(860)	(11,492)	(4,620)	(4,025)	(4,698)	-	(25,695)
Reclassification	-	2,762	18,052	-	-	1,417	(32,804)	(10,573)
Effects of exchange rate changes	(60)	(127)	(2,231)	(245)	(527)	(1,356)	-	(4,546)
Balance, March 31, 2016	$ 24,838,814	$ 14,663,892	$ 5,287,671	$ 641,816	$ 1,319,176	$ 899,430	$ 4,803,082	$ 52,453,881
Balance, January 1, 2015	$ 25,160,810	$ 14,784,145	$ 5,587,271	$ 665,216	$ 1,319,596	$ 870,490	$ 4,576,352	$ 52,963,880
Additions	-	13,818	18,406	4,454	9,990	37,063	186,194	269,925
Disposals	-	-	(121,003)	(21,107)	(26,096)	(11,882)	-	(180,088)
Reclassification	12,508	41,791	17,416	-	-	3,737	(186,510)	(111,058)
Effects of exchange rate changes	(32)	(69)	(1,383)	(657)	(1,091)	(1,817)	-	(5,049)
Balance, March 31, 2015	$ 25,173,286	$ 14,839,685	$ 5,500,707	$ 647,906	$ 1,302,399	$ 897,591	$ 4,576,036	$ 52,937,610

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Leasehold Improvements	Total
Accumulated depreciation and impairment							
Balance, January 1, 2016	$ 15,177	$ 6,303,683	$ 4,240,770	$ 525,126	$ 1,120,325	$ 719,807	$ 12,924,888
Disposals	-	-	(11,445)	(4,584)	(4,018)	(4,698)	(24,745)
Depreciation expenses	-	94,486	102,736	9,587	16,489	20,400	243,698
Effects of exchange rate changes	-	(81)	(1,926)	(648)	193	(8,786)	(11,248)
Balance, March 31, 2016	$ 15,177	$ 6,398,088	$ 4,330,135	$ 529,481	$ 1,132,989	$ 726,723	$ 13,132,593
Balance, January 1, 2015	$ 15,177	$ 5,994,575	$ 4,320,183	$ 526,631	$ 1,107,113	$ 688,071	$ 12,651,750
Disposals	-	-	(119,848)	(21,012)	(25,803)	(11,882)	(178,545)
Depreciation expenses	-	95,425	112,108	10,439	16,959	15,520	250,451
Effects of exchange rate changes	-	(56)	(837)	65	(829)	(861)	(2,518)
Balance, March 31, 2015	$ 15,177	$ 6,089,944	$ 4,311,606	$ 516,123	$ 1,097,440	$ 690,848	$ 12,721,138

Taiwan Cooperative Bank, Ltd. (TCB) revalued its properties five times in 1979, 1998, 2007, 2011 and 2012. As March 31, 2016, the reserve for land revaluation increment tax (part of deferred tax liabilities) was $2,596,230 thousand.

Properties and equipment were depreciation on the straight-line method over service lives estimated as follows:

Buildings	
Main buildings	37 to 50 years
Equipment installed in buildings	10 to 15 years
Machinery and equipment	3 to 10 years
Transportation equipment	4 to 10 years
Other equipment	3 to 20 years
Leasehold improvements	2 to 10 years

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company's prepayments for equipment, land and buildings and construction in progress pertained to the construction of the head office. The license for the construction of the head office was obtained in January 2015, the building acceptance check was still in progress as of the date of the accompanying independent accountants' review report.

In testing assets for impairment, TCB defined each operating unit or operating segment as a cash-generating unit (CGU). The recoverable amount of a CGU was determined at its value in use. The discount rates for the CGUs' value in use were 8.78%, 8.78% and 9.66% as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

18. INTANGIBLE ASSETS

	March 31, 2016	December 31, 2015	March 31, 2015
Goodwill	$ 3,170,005	$ 3,170,005	$ 3,170,005
Computer software	513,020	513,137	575,261
	$ 3,683,025	$ 3,683,142	$ 3,745,266

Except for amortization expenses recognized and the reclassification of intangible assets, the Company had no significant addition, disposal and impairment on intangible assets during the three months ended March 31, 2016 and 2015.

The computer software with limited useful lives is amortized on a straight-line basis by the useful lives in 3 to 10 years.

Goodwill resulting from merger of Taiwan Cooperative Bank, Ltd. with the Farmers Bank of China was allocated to operating units or operating segment (cash-generating units with allocated goodwill). There was no impairment loss on goodwill as of March 31, 2016, December 31, 2015 and March 31, 2015.

19. OTHER ASSETS, NET

	March 31, 2016	December 31, 2015	March 31, 2015
Refundable deposits	$ 1,912,931	$ 1,797,748	$ 1,704,708
Prepaid expenses	676,191	658,317	823,286
Operating deposits and settlement funds	649,842	632,766	568,754
Collaterals assumed, net	262,051	262,051	198,107
Others	153,762	442,699	466,927
	$ 3,654,777	$ 3,793,581	$ 3,761,782

Of the prepaid expenses as of December 31, 2015, an amount of $323,205 thousand referred to TCB's investment in its overseas branches.

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	March 31, 2016	December 31, 2015	March 31, 2015
Due to banks	$ 113,841,699	$ 116,665,130	$ 97,730,223
Call loans from banks	81,438,017	72,030,073	105,297,486
Deposits from Chunghwa Post Co., Ltd.	14,310,230	14,531,307	21,094,476
Bank overdraft	345,873	857,336	1,307,267
Due to the Central Bank	308,740	511,968	501,820
	$ 210,244,559	$ 204,595,814	$ 225,931,272

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for $47,702,092 thousand, $51,141,231 thousand and $41,963,027 thousand under repurchase agreements as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively, would subsequently be purchased for $47,720,626 thousand, $51,162,708 thousand and $41,987,611 thousand, respectively.

22. COMMERCIAL PAPER ISSUED, NET

The face values of commercial paper issued were $15,496,000 thousand, $15,564,000 thousand and $12,105,000 thousand and the annual discount rates were from 0.550% to 1.048%, from 0.658% to 1.068% and from 0.858% to 1.108% as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively, and the commercial paper will mature by June 12, 2016, March 4, 2016 and May 15, 2015, respectively. The foregoing commercial paper was accepted and guaranteed by financial institutions. As of March 31, 2016, the Company had not used the amount of $31,981,296 thousand, the sum of the amount of the commercial paper issued and the credit.

23. PAYABLES

	March 31, 2016	December 31, 2015	March 31, 2015
Checks for clearing	$ 11,642,605	$ 9,279,476	$ 6,955,076
Collections of notes and checks for various financial institutions in other cities	5,099,783	5,201,546	5,513,664
Accrued expenses	4,843,338	4,507,153	4,654,124
Collections payable	4,606,515	6,009,108	4,070,329
Accrued interest	4,321,091	3,375,115	4,044,708
Acceptances	3,003,826	3,321,956	3,075,798
Payables on notes and checks collected for others	1,500,000	1,693,053	1,515,977
Settlement consideration	1,473,313	999,988	1,597,803
Settlement payable	1,200,443	739,927	1,400,916
Payable on securities	1,013,112	273,798	626,423
Tax payable	427,389	547,210	347,159
Dividends payable	242,035	242,035	226,896
Deposits on short-sale transactions	148,797	213,499	85,273
Payables for short-sale transactions	142,049	215,834	95,017
Factored accounts payable	120,638	114,474	79,010
Insurance claims and benefits payable	119,297	79,345	29,124
Others	1,941,669	1,851,518	2,348,975
	$ 41,845,900	$ 38,665,035	$ 36,666,272

24. DEPOSITS AND REMITTANCES

	March 31, 2016	December 31, 2015	March 31, 2015
Deposits			
Checking	$ 34,420,684	$ 40,477,016	$ 34,379,702
Demand	482,838,367	484,984,597	428,215,875
Savings - demand	750,665,054	744,683,401	702,621,888
Time	517,589,582	472,293,325	456,006,275
Negotiable certificates of deposit	6,111,000	3,543,000	1,781,900
Savings - time	683,341,876	683,100,935	701,330,488
Treasury	78,707,173	73,374,578	68,568,638
Remittances	371,039	318,238	343,971
	$ 2,554,044,775	$ 2,502,775,090	$ 2,393,248,737

25. BONDS PAYABLE

Details of bank debentures issued by Taiwan Cooperative Bank, Ltd. (TCB) are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
First cumulative subordinated bonds in 2007: Reuters' fixing rate for 90 days' New Taiwan dollar commercial paper refers to the Taipei Interbank Offered Rate (TAIBOR) plus 0.7% in first five years; Reuters' fixing rate for 90 days' New Taiwan dollar commercial paper refers to the TAIBOR plus 1.7% if TCB fails to redeem the bank debenture after five years from the issuance date; no maturity.	$ -	$ -	$ 13,000,000
First subordinated bonds in 2008, Type A: Reuters' fixing rate for 90 days' New Taiwan dollar commercial paper refers to the TAIBOR plus 0.43%; maturity - May 28, 2015	-	-	1,000,000
First subordinated bonds in 2008, Type B: Fixed rate of 3.0%; maturity - May 28, 2015	-	-	4,500,000
First subordinated bonds in 2010: TCB's floating interest rate for 1-year time deposit plus 0.25%; maturity - June 21, 2017	8,000,000	8,000,000	8,000,000
Second subordinated bonds in 2010, Type A: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.15%; maturity - October 25, 2017	3,000,000	3,000,000	3,000,000
Second subordinated bonds in 2010, Type B: Fixed rate of 1.45%; maturity - October 25, 2017	1,000,000	1,000,000	1,000,000
First subordinated bonds in 2011, Type A: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.15%; maturity - May 25, 2018	7,300,000	7,300,000	7,300,000
First subordinated bonds in 2011, Type B: Fixed rate of 1.65%; maturity - May 25, 2018	2,700,000	2,700,000	2,700,000
Second subordinated bonds in 2011, Type A: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.25%; maturity - July 28, 2018	1,200,000	1,200,000	1,200,000
Second subordinated bonds in 2011, Type B: Fixed rate of 1.70%; maturity - July 28, 2018	3,410,000	3,410,000	3,410,000
First subordinated bonds in 2012: Fixed rate of 1.65%; maturity - June 28, 2022	11,650,000	11,650,000	11,650,000
Second subordinated bonds in 2012, Type A: Fixed rate of 1.43%; maturity - December 25, 2019	1,000,000	1,000,000	1,000,000
Second subordinated bonds in 2012, Type B: Fixed rate of 1.55%; maturity - December 25, 2022	7,350,000	7,350,000	7,350,000

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
First subordinated bonds in 2013, Type A: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.43%; maturity - March 28, 2020	$ 4,000,000	$ 4,000,000	$ 4,000,000
First subordinated bonds in 2013, Type B: Fixed rate of 1.48%; maturity - March 28, 2020	3,500,000	3,500,000	3,500,000
Second subordinated bonds in 2013, Type A: Fixed rate of 1.72%; maturity - December 25, 2020	900,000	900,000	900,000
Second subordinated bonds in 2013, Type B: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.45%; maturity - December 25, 2023	4,600,000	4,600,000	4,600,000
First subordinated bonds in 2014, Type A: Fixed rate of 1.70%; maturity - May 26, 2021	1,500,000	1,500,000	1,500,000
First subordinated bonds in 2014, Type B: Fixed rate of 1.85%; maturity - May 26, 2024	2,700,000	2,700,000	2,700,000
First subordinated bonds in 2014, Type C: Reuters' fixing rate for 90 day's New Taiwan dollar commercial paper refers to the TAIBOR plus 0.43%; maturity - May 26, 2024	5,800,000	5,800,000	5,800,000
	$ 69,610,000	$ 69,610,000	$ 88,110,000

(Concluded)

FSC approved the TCB's redemption of the First cumulative subordinated bonds issued in 2007, which amounted to $13,000,000 thousand on February 17, 2015. The TCB decided to redeem the bonds on April 28, 2015.

To expand its long-term USD capital, the TCB applied for the issuance of unsecured bank debentures amounting to US$1,000,000 thousand. The application was approved by the Financial Supervisory Commission (FSC) on January 22, 2015. The TCB issue unsecured bank debentures with an aggregate face value of US$400,000 thousand, consisting of type A bonds worth US$300,000 thousand with 0% interest rate and type B bonds worth US$100,000 thousand with 0% interest rate; the TCB may exercise its redemption rights at an agreed price after two years and three years, respectively, from the issue dates. If the TCB do not exercise its redemption rights during issue period, all unsecured bank debentures will be refunded on settlement date, March 30, 2045. To manage exposure to adverse changes in interest rates, the TCB enters into interest rate swap contracts measured at fair value through profit or loss and to eliminate a measurement or recognition inconsistency, the unsecured bank debentures are reclassified as designated as at FVTPL upon initial recognition. They were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Unsecured bank debentures bonds issued in 2015, Type A	$ 9,618,064	$ 9,515,762	$ 9,382,307
Unsecured bank debentures bonds issued in 2015, Type B	3,235,460	3,187,301	3,127,435
	$ 12,853,524	$ 12,703,063	$ 12,509,742

26. OTHER BORROWINGS

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	Rate (%)	Amount	Rate (%)	Amount	Rate (%)
Short-term borrowings (Note 22)	$ 946,820	1.010-4.785	$ 851,606	0.878-2.386	$ 1,454,350	1.100-1.800

27. PROVISIONS

	March 31, 2016	December 31, 2015	March 31, 2015
Reserve for life insurance liabilities	$ 32,143,952	$ 32,743,854	$ 36,721,190
Reserve for insurance contracts with financial instrument features	11,699,291	11,735,236	12,057,469
Provision for employee benefits	6,429,006	8,668,086	7,966,637
Provision for losses on guarantees	1,451,629	1,439,421	1,620,092
Others	341,560	361,202	255,110
	$ 52,065,438	$ 54,947,799	$ 58,620,498

a. Details of reserve for life insurance liabilities were as follows:

	March 31, 2016		
	Insurance Contract	Financial Instruments with Discretionary Participation Features	Total
Life insurance	$ 7,879,682	$ 11,686,623	$ 19,566,305
Health insurance	194,954	-	194,954
Annuity insurance	-	12,347,380	12,347,380
Investment insurance	35,313	-	35,313
	8,109,949	24,034,003	32,143,952
Less: Ceded life insurance liability reserve	-	-	-
	$ 8,109,949	$ 24,034,003	$ 32,143,952

	December 31, 2015		
	Insurance Contract	Financial Instruments with Discretionary Participation Features	Total
Life insurance	$ 7,304,700	$ 12,202,679	$ 19,507,379
Health insurance	169,512	-	169,512
Annuity insurance	-	13,035,184	13,035,184
Investment insurance	31,779	-	31,779
	7,505,991	25,237,863	32,743,854
Less: Ceded life insurance liability reserve	-	-	-
	$ 7,505,991	$ 25,237,863	$ 32,743,854

	March 31, 2015		
	Insurance Contract	Financial Instruments with Discretionary Participation Features	Total
Life insurance	$ 5,851,288	$ 15,221,562	$ 21,072,850
Health insurance	108,548	-	108,548
Annuity insurance	-	15,520,869	15,520,869
Investment insurance	18,923	-	18,923
	5,978,759	30,742,431	36,721,190
Less: Ceded life insurance liability reserve	-	-	-
	$ 5,978,759	$ 30,742,431	$ 36,721,190

The changes in the reserve for life insurance liabilities are summarized below:

	For the Three Months Ended March 31					
	2016			2015		
	Insurance Contract	Financial Instruments with Discretionary Participation Features	Total	Insurance Contract	Financial Instruments with Discretionary Participation Features	Total
Balance, January 1	$ 7,505,991	$ 25,237,863	$ 32,743,854	$ 5,585,297	$ 31,769,505	$ 37,354,802
Provision	638,229	95,380	733,609	434,423	123,218	557,641
Recovery	(34,271)	(1,299,240)	(1,333,511)	(40,961)	(1,150,292)	(1,191,253)
Ending balance	8,109,949	24,034,003	32,143,952	5,978,759	30,742,431	36,721,190
Less: Ceded life insurance liability reserve	-	-	-	-	-	-
Balance, March 31	$ 8,109,949	$ 24,034,003	$ 32,143,952	$ 5,978,759	$ 30,742,431	$ 36,721,190

b. Details of liability adequacy reserves are as follows:

	Insurance Contract and Financial Instruments with Discretionary Participation Features		
	March 31, 2016	December 31, 2015	March 31, 2015
Life insurance liability reserve	$ 32,143,952	$ 32,743,854	$ 36,721,190
Unearned premium reserve	109,623	93,548	47,176
Premium deficiency reserve	58,039	64,980	78,025
Claims reserve	32,042	31,463	25,303
Book value of insurance reserve	$ 32,343,656	$ 32,933,845	$ 36,871,694
Present value of discounted cash flows	$ 28,977,794	$ 30,205,201	$ 34,057,601
Balance of liability adequacy reserve	$ -	$ -	$ -

As of March 31, 2016, December 31, 2015 and March 31, 2015, the Company’s reserves for insurance contracts satisfied the liability adequacy tests.

The liability adequacy test method, scope and assumptions were as follows:

	March 31, 2016, December 31, 2015 and March 31, 2015
Test method	Total premium measurement method
Tested group	All insurance contracts as a whole
Assumptions	The discount rate assumption for every year was based on the best estimate scenario as well as the rate of return on investment with current information

c. Reserve for insurance contracts with financial instrument features were as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Life insurance	$ 11,699,291	$ 11,735,236	$ 12,057,469

	For the Three Months Ended March 31	
	2016	2015
Balance, January 1	$ 11,735,236	$ 12,136,190
Insurance claim payments for the period	(88,413)	(133,005)
Reserve for insurance contract with financial instrument features	52,468	54,284
Balance, March 31	$ 11,699,291	$ 12,057,469

d. Explanations for the reserve of foreign exchange variation are as follows:

1) Hedging strategy and foreign exchange exposure

To ensure the effectiveness and appropriateness of hedge for overseas investment, BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI) uses cross-currency swap and currency swap to hedge exchange rate risks. BPCTLI maintains the hedging ratio at over 95%.

2) Reconciliation of the reserve of foreign exchange variation

	For the Three Months Ended March 31	
	2016	2015
Balance, January 1	$ 171,211	$ 115,688
Provisions		
Compulsory provisions	1,830	1,560
Additional provisions	1,091	11,292
	174,132	128,540
Recovery	(32,276)	(23,934)
Balance, March 31	$ 141,856	$ 104,606

3) Impact of the reserve of foreign exchange variation

For the three months ended March 31, 2016

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	$ 3,208,303	$ 3,237,658	$ 29,355
Earnings per share (NT$)	0.28	0.28	-
Reserve of foreign exchange variation	-	141,856	141,856
Equity	195,067,973	194,926,117	(141,856)

For the three months ended March 31, 2015

Items	Amount Without Reserve	Amount With Reserve	Effect
Net income	$ 2,839,941	$ 2,851,023	$ 11,082
Earnings per share (NT$)	0.28	0.28	-
Reserve of foreign exchange variation	-	104,606	104,606
Equity	184,043,764	183,939,158	(104,606)

e. Net changes in reserves for insurance liabilities are summarized below:

	For the Three Months Ended March 31	
	2016	2015
Reserve for life insurance liabilities, net	$ (599,902)	$ (633,612)
Reserve for insurance contract with financial instrument features, net	52,468	54,284
Others, net	(18,429)	(20,443)
	$ (565,863)	$ (599,771)

f. Provisions for employee benefits are summarized below:

	March 31, 2016	December 31, 2015	March 31, 2015
Net defined benefit liabilities	$ 2,462,117	$ 4,658,134	$ 4,123,888
Present value of retired employees' preferential interest deposit obligation	3,966,889	4,009,952	3,842,749
	$ 6,429,006	$ 8,668,086	$ 7,966,637

g. The changes in provision for losses on guarantees are summarized below:

	For the Three Months Ended March 31	
	2016	2015
Balance, January 1	$ 1,439,421	$ 1,695,541
Provision (reversal of provision) for losses on guarantees	12,379	(75,351)
Effects of exchange rate changes and other changes	(171)	(98)
Balance, March 31	$ 1,451,629	$ 1,620,092

28. EMPLOYEE BENEFITS PLAN

a. Defined contribution plan

The pension plan under the Labor Pension Act (the "Act") is a defined contribution plan. Based on the Act, the Company's monthly contributions to individual pension accounts of employees covered by the defined contribution plan is at 6% of monthly salaries and wages. The funds are deposited in individual labor pension accounts at the Bureau of Labor Insurance.

The Company recognized expense of $39,071 thousand and $34,539 thousand in the consolidated statement of comprehensive income for the three months ended March 31, 2016 and 2015, respectively, in accordance with the defined contribution plan.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy. Pension contributions are deposited in the Company of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

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

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

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

For the three months ended March 31, 2016 and 2015, the pension expenses under defined benefit plan recognized in the statements of comprehensive income amounted to $223,704 thousand and $233,870 thousand, respectively. For more information about the defined benefit plan, please refer to Note 28 of the consolidated financial statements for the year ended December 31, 2015.

c. Employees' preferential deposit plan

The TCB's payment obligations on fixed-amount preferential interest deposits for retired employees and current employees after retirement are in compliance with the TCB's internal rules. Under the Guidelines Governing the Preparation of Financial Reports by Public Banks, the TCB should determine the excess interest from the preferential interest deposits of employees by applying an actuarial valuation method when the employees retire.

For the three months ended March 31, 2016 and 2015, the employee preferential deposit expense under employee's preferential deposit plan recognized in the statements of comprehensive income amounted to $158,207 thousand and $147,087 thousand, respectively. For more information about the employee preferential deposit plan, please refer to Note 28 of the consolidated financial statements for the year ended December 31, 2015.

29. OTHER FINANCIAL LIABILITIES

	March 31, 2016	December 31, 2015	March 31, 2015
Structured products - host contracts	$ 4,802,782	$ 5,422,591	$ 8,766,494
Guarantee deposits received	1,802,893	1,553,783	966,732
Appropriation for loans	755,196	761,370	851,996
Separate-account liabilities	77,434,179	76,908,449	69,905,486
	$ 84,795,050	$ 84,646,193	$ 80,490,708

The status of the Company's investment-linked products - separate account as of March 31, 2016, December 31, 2015 and March 31, 2015, are summarized as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Fund assets for investment-linked products (part of other financial assets)			
Cash	$ 1,221,317	$ 477,400	$ 776,723
Beneficial certificates	75,958,412	75,932,515	69,015,938
Other receivables	254,450	498,534	112,825
	$ 77,434,179	$ 76,908,449	$ 69,905,486
Fund liabilities for investment-linked products (part of other financial liabilities)			
Reserve for investment-linked products	$ 76,879,254	$ 76,535,546	$ 69,608,636
Other payables	554,925	372,903	296,850
	$ 77,434,179	$ 76,908,449	$ 69,905,486

	For the Three Months Ended March 31	
	2016	2015
Income on investment-linked products		
Premium income	$ 2,606,555	$ 6,778,068
Unrealized gain on financial instruments	176,007	173,790
Others	73,666	49,517
	$ 2,856,228	$ 7,001,375
Expense for investment-linked products		
Net investment-linked product provision of insurance reserves	$ 478,152	$ 3,366,259
Insurance claims and surrender	1,029,258	1,634,828
Loss on disposal and investment	932,505	304,375
Insurance fees	100,884	49,837
Service charge and maintenance fees	44,706	29,535
Loss on foreign exchange	270,723	1,616,541
	$ 2,856,228	$ 7,001,375

Income from and expense for investment-linked products were recognized under premium income, net.

30. OTHER LIABILITIES

	March 31, 2016	December 31, 2015	March 31, 2015
Advance receipts	$ 1,497,989	$ 1,473,390	$ 1,386,785
Others	66,225	117,720	69,122
	$ 1,564,214	$ 1,591,110	$ 1,455,907

31. NET INTEREST

	For the Three Months Ended March 31	
	2016	2015
Interest revenue		
From discounts and loans	$ 10,250,393	$ 9,923,605
From due from banks and call loans to other banks	1,332,115	1,722,525
From investments	1,387,155	1,063,899
Others	403,423	540,957
	13,373,086	13,250,986
Interest expense		
From deposits	(4,441,783)	(4,730,034)
From subordinated bank debentures	(241,964)	(390,188)
From funds borrowing from the Central Bank and other banks	(143,513)	(149,763)
From due to the Central Bank and other banks	(160,391)	(110,978)
From securities sold under repurchase agreements	(47,347)	(59,017)
From structure products	(10,352)	(24,213)
Others	(14,898)	(13,591)
	(5,060,248)	(5,477,784)
	$ 8,312,838	$ 7,773,202

32. SERVICE FEE AND COMMISSION INCOME, NET

	For the Three Months Ended March 31	
	2016	2015
Service fee and commission revenues		
From trust business	$ 217,117	$ 357,496
From guarantee	148,667	131,663
From credit cards	133,868	132,203
From loans	125,749	219,625
From insurance service	490,038	263,162
Others	628,291	606,705
	1,743,730	1,710,854
Service charge and commission expenses		
From cross-bank transactions	(64,188)	(62,719)
From credit cards	(47,122)	(35,089)
From credit cards acquiring	(30,047)	(30,617)
From insurance business	(78,068)	(71,918)
Others	(56,228)	(53,192)
	(275,653)	(253,535)
	$ 1,468,077	$ 1,457,319

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

	For the Three Months Ended March 31, 2016				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Held-for-trading financial assets	$ 79,856	$ 6,064,341	$ 595,557	$ 738	$ 6,740,492
Financial assets designated as at fair value through profit or loss	102	-	(81)	-	21
Held-for-trading financial liabilities	-	(4,183,891)	(2,610,949)	-	(6,794,840)
Financial liabilities designated as at fair value through profit or loss	(137,473)	-	(432,445)	-	(569,918)
	$ (57,515)	$ 1,880,450	$ (2,447,918)	$ 738	$ (624,245)

	For the Three Months Ended March 31, 2015				
	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Dividend Income	Total
Held-for-trading financial assets	$ 122,869	$ 4,648,824	$ (2,720,005)	$ 703	$ 2,052,391
Financial assets designated as at fair value through profit or loss	5,013	(7,829)	9,494	-	6,678
Held-for-trading financial liabilities	-	(3,758,927)	689,416	-	(3,069,511)
Financial liabilities designated as at fair value through profit or loss	(2,866)	-	6,258	-	3,392
	$ 125,016	$ 882,068	$ (2,014,837)	$ 703	$ (1,007,050)

34. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2016	2015
Employee benefits		
Salaries	$ 2,077,631	$ 2,377,511
Incentives	698,721	283,223
Excessive interest from preferential interest deposits	264,595	254,451
Post-employment benefits, termination benefits and compensation	279,345	594,656
Overtime	90,157	89,794
Others	419,227	389,441
Depreciation expenses	251,890	256,072
Amortization expenses	52,010	71,358

Under the TCFHC's Articles of Incorporation amended on June 20, 2014, the bonus to employees and remuneration to directors and supervisors were estimated on the basis of past experience. The employee bonus and remuneration to directors and supervisors for the three months ended March 31, 2015 were $492 thousand and $15,980 thousand, respectively. Under the Company Act as amended in May 2015, the Company's Articles of Incorporation should stipulate a fixed amount or ratio of annual profit to be distributed as employee remuneration. On December 28, 2015, the board of directors of TCFHC decided to amend its Articles of Incorporation. Under the amended Articles, TCFHC will make distributions at fixed ratios of 0.01% to 0.08% and up to 1% of its annual profit (pretax income which exclude compensation to employees and remuneration to directors) for the employees' compensation and directors' remuneration, respectively. However, the actual appropriation of the bonus and remuneration should be made only from the annual net income less any accumulated deficit. For the three months ended March 31, 2016, the employees' compensation and remuneration to directors were estimated at $489 thousand and $17,354 thousand, respectively.

Under the TCB's Articles of Incorporation amended on February 25, 2015, the bonus to employees for the three months ended March 31 2015 was estimated at $116,000 thousand on the basis of past experience. When the Company Act was amended in May 2015, TCB's board of directors amended its Articles of Incorporation on March 28, 2016. Under the amended Articles, TCB will distribute employees' compensation at a fixed ratio 1% to 8% of its annual profit (pretax income which exclude compensation to employees). However, the actual appropriation of the bonus should be made only from the annual net income less any accumulated deficit. For the three months ended March 31, 2016, the compensation to employees was $195,000 thousand, based on the amended Company Act and the amended Articles.

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

The appropriations of bonus and compensation to employees for 2015 and 2014 have been proposed by the board of directors on March 28, 2016 and resolved in stockholders' meeting on June 12, 2015, respectively, were as follows:

	For the Year Ended December 31	
	2015	2014
Employees' compensation/bonus to employees - cash	$ 1,897	$ 1,843
Remuneration to directors - cash	70,984	64,489

There was no difference between the amounts of the bonus to employees proposed by the board of directors and resolved in the stockholders' meeting and the amounts recognized in the consolidated financial statements for the years ended December 31, 2015 and 2014, respectively.

Information on the bonus to employees and remuneration to directors and supervisors proposed by the TCFHC's board of directors and stockholder's meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange (http://emops.tse.com.tw).

35. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Current tax		
Current period	$ 703,784	$ 880,537
Deferred tax		
Current period	(163,962)	(404,393)
Income tax expense recognized in profit or loss	$ 539,822	$ 476,144

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2016	**2015**
Deferred tax		
Recognized in other comprehensive income - items that may be reclassified subsequently to profit or loss		
Exchange differences on the translation of financial statements of foreign operations	$ (32,139)	$ (68,932)
Unrealized gains on available-for-sale financial assets	19,553	4,552
Total income tax recognized in other comprehensive income	$ (12,586)	$ (64,380)

c. Deferred tax assets and liabilities

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Deferred tax assets			
Temporary differences			
Available-for-sale financial assets	$ 3,153	$ 5,520	$ 1,550
Investments accounted for using equity method	10,966	14,194	25,795
Properties and equipment	9,857	9,994	10,404
Payable for annual leave	86,510	68,789	88,346
Defined benefit obligation	-	374,255	295,341
Employee's preferential interest deposit obligation	674,371	681,692	653,267

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Other liabilities	$ 5,784	$ 6,355	$ 6,631
Exchange differences on foreign operations	-	-	6,925
Allowance for possible losses	77,082	77,156	80,795
Collaterals assumed	316	316	316
Other assets	-	-	869
Financial instruments at fair value through profit or loss	108,080	597	-
Pension liabilities	1,100	1,002	-
Employee benefit	2,805	3,060	3,060
Unrealized interest expense	92,180	68,810	-
Unrealized foreign exchange gains	1,058	-	-
Revenue from disposal of acquired loans	17,240	17,240	-
	$ 1,090,502	$ 1,328,980	$ 1,173,299

Deferred tax liabilities

	March 31, 2016	December 31, 2015	March 31, 2015
Temporary differences			
Financial instruments at fair value through profit or loss	$ 18,375	$ 415,781	$ 165,172
Available-for-sale financial assets	29,787	12,601	30,392
Intangible assets	364,322	364,322	364,322
The reserve for land revaluation increment tax	2,596,230	2,596,230	2,596,230
Exchange differences on foreign operations	41,255	73,394	4,090
Investments accounted for using equity method	4,897	4,897	2,611
Collaterals assumed	397	397	397
Lease incentive	4,666	4,570	-
Properties and equipment	217	218	-
Unrealized foreign exchange gains	47,801	51,761	-
Others	6,703	5,505	-
	$ 3,114,650	$ 3,529,676	$ 3,163,214

(Concluded)

d. Imputed tax credits are summarized as follows:

	TCFHC	TCB	CAM	CIB	TCBF	TCS	BPCTLI	TCSIT
Balances of stockholders' imputed tax credit								
March 31, 2016	$ 1,422,676	$ 219,509	$ 987	$ 12,798	$ 16,506	$ 5,274	$ 70,520	$ -
December 31, 2015	1,422,676	140,889	987	12,798	16,506	5,274	63,225	-
March 31, 2015	1,987,241	723,096	6,359	10,407	32,106	5,151	46,339	-
Estimated creditable tax ratio for distributing the 2015 earnings	10.29%	1.10%	0.26%	20.48%	2.07%	3.30%	20.48%	-
Actual creditable tax ratio for distributing the 2014 earnings	12.22%	0.22%	1.99%	20.48%	5.12%	-	-	-

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

e. Under the Income Tax Law, the unappropriated retained earnings of $19,985 thousand generated by Taiwan Cooperative Bank, Ltd. (TCB) until December 31, 1997 were included in the unappropriated retained earnings as of March 31, 2016, December 31, 2015 and March 31, 2015. Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC), Taiwan Cooperative Securities Co., Ltd. (TCS), Co-operative Assets Management Co., Ltd. (CAM), Cooperative Insurance Brokers Co., Ltd. (CIB), BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI), Taiwan Cooperative Securities Investment Trust Co., Ltd. (TCSIT), Taiwan Cooperative Bills Finance Co., Ltd. (TCBF), and Taiwan Cooperative Venture Capital Co., Ltd. (TCVC) had no retained earnings generated until December 31, 1997.

f. The years for which TCFHC and other subsidiaries' income tax returns had been examined by tax authorities were as follows:

TCFHC	TCB	CIB	CAM	TCBF	TCS	BPCTLI	TCSIT
2011	2011	2013	2011	2011	2011	2014 (Except 2013 not examined by tax authorities)	2013

TCB initiated administrative litigations due to the taxable income authorized by tax authorities was different from TCB's income tax returns from 2006 to 2011. Please refer to Note 40 for more information.

36. EARNINGS PER SHARE

	Net Income (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
For the three months ended March 31, 2016			
Basic earnings per share (EPS)	$ 3,135,069	11,072,229	$ 0.28
Effect of dilutive common stock:			
Employees' compensation or bonus to employees	-	166	
Diluted EPS	$ 3,135,069	11,072,395	$ 0.28
For the three months ended March 31, 2015			
Basic earnings per share	$ 2,732,310	9,637,229	$ 0.28
Effect of dilutive common stock:			
Bonus to employees	-	153	
Diluted EPS	$ 2,732,310	9,637,382	$ 0.28

The Company can elect to distribute bonus to employees or employees' compensation by stock or by cash. If the bonus or compensation is in the form of cash or shares, the Company should presume that the entire amount of the bonus or compensation will be settled in shares, and the resulting potential shares should be included in the weighted average number of shares outstanding to be used in calculating diluted earnings per share (EPS) if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares on the balance sheet date. The dilutive effects of the potential shares needs to be included in the calculation of diluted EPS until the stockholders resolve the number of shares to be distributed to employees in the following year.

37. EQUITY

a. Capital stock

Common stocks

	March 31, 2016	December 31, 2015	March 31, 2015
Numbers of shares authorized (in thousands)	12,000,000	12,000,000	12,000,000
Authorized capital	$ 120,000,000	$ 120,000,000	$ 120,000,000
Number of shares issued and fully paid (in thousands)	11,072,229	11,072,229	10,544,980
Common stocks issued	$ 110,722,290	$ 110,722,290	$ 105,449,800

Fully paid common stocks, which have a par value of $10, carry one vote per share and carry a right to dividends.

On June 12, 2015, the stockholders of Taiwan Cooperative Financial Holding Co., Ltd. (TCFHC) resolved to issue 527,249 thousand shares, which included the 2014 earnings amounting to $4,217,992 thousand and the capital surplus amounting to $1,054,498 thousand. This issuance was approved by FSC and MOEA.

b. Capital surplus

Under related regulations, capital surplus may only be used to offset a deficit. But capital surplus from the issuance of shares in excess of par value (including additional paid-in capital from the issuance of common shares and capital surplus from mergers and treasury stock transactions) and donations may be distributed as cash dividends or transferred to common stock on the basis of the percentage of shares held by the stockholders. Any capital surplus transferred to common stock should be within a certain percentage prescribed by law.

Under the Financial Holding Company Law and related directives issued by the Securities and Futures Bureau (SFB), the distribution of the ex-conversion unappropriated earnings that are generated by financial institutions (the subsidiaries) and become part of capital surplus of the financial holding company through a share swap is exempted from the appropriation restriction of the Securities and Exchange Law. These unappropriated earnings should be net of the appropriation of legal reserve or special reserve.

On December 22, 2014, the Company's board of directors resolved to issue shares, 15% of which are reserved for Company's employees, and the Company recognized $330,750 thousand, the fair value of the stock options under salary expenses and capital surplus for share-based payment on the grant date in 2015.

The capital surplus as of March 31, 2016 came from the issuance of shares in excess of par value and treasury stock transactions. Capital surplus sources and uses were as follows:

Sources

From subsidiaries	
Capital surplus (mainly additional paid-in capital from share issuance in excess of par value)	$ 27,783,766
Legal reserve	15,799,245
Special reserve	195,968
Unappropriated earnings	10,410,804
	54,189,783

(Continued)

Additional paid-in capital from TCFHC's share issuance in excess of par value	$ 3,861,434
Cash dividends from TCFHC received by subsidiary	148,857
Additional paid-in capital from TCFHC's share issuance in excess of par value	12,642,000
Share-based payment for the subscription for TCFHC's new shares by the employees of TCFHC and its subsidiaries	618,750
	71,460,824
Uses	
Issuance of TCFHC's stock and cash dividends in 2012	(6,360,660)
Issuance of TCFHC's stock dividends in 2013	(1,625,333)
Subsidiary disposal of the shares of TCFHC regarded as reissue of treasury stock	(148,857)
Issuance of TCFHC's stock dividends in 2014	(4,307,133)
Issuance of TCFHC's stock dividends in 2015	(1,054,498)
	$ 57,964,343

(Concluded)

c. Special reserve

On the first-time adoption of IFRSs, TCFHC should appropriate to a special reserve of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the Company has earnings and the original need to appropriate a special reserve is not eliminated.

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, TCFHC appropriated to the special reserve an amount of $1,086,876 thousand on January 1, 2013, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

Information regarding the above special reserve appropriated or reversed on elimination of the original need to appropriate a special reserve was as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Balance on January 1	$ 996,026	$ 996,026
Reversed on elimination of the original need to appropriate a special reserve:		
Disposal of properties and equipment	-	-
Balance on March 31	$ 996,026	$ 996,026

d. Appropriation of earnings

As for expanding the business scale and enhancing the profitability, and under the related law, TCFHC adopts surplus dividend policy.

When TCFHC appropriates its earnings, legal reserve should be appropriated from the annual net income less any accumulated deficit. A special reserve may then be appropriated depending on regulations and operating needs. Any remainder should be appropriated as follows:

1) 0.02% to 0.16% as bonus to employees;

2) 1% or less as remuneration to directors;

3) Dividends, determined annually by the board of directors.

Unless otherwise restricted by related regulations, TCFHC's policy indicates that cash dividends must be 10% or above of the total dividends and bonus distributed. If the cash dividend per share is less than NT$0.1, the cash dividend will not be distributed unless the distribution is resolved in the stockholders' meetings.

Under the Company Law, legal reserve should be appropriated until the reserve equals TCFHC's paid-in capital. This reserve should only be used to offset a deficit. When the reserve exceeds 25% of TCFHC's paid-in capital, the excess may be used to issue new shares or distribute cash dividends.

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

If there is difference between appropriation of special reserve and net amount of deduction in other stockholder's equity, the Company should appropriate on additional amount of special reserve in the first-time adoption of IFRSs. Afterwards, if there is any reversal in of the deduction in other stockholder's equity, the Company is allowed to appropriating retained earnings from the reversal amount.

The appropriations from the earnings of 2015 and 2014 were approved in the board of directors' meeting on March 28, 2016 and in the stockholders' meeting on June 12, 2015, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2015	**2014**	**2015**	**2014**
Legal reserve	$ 1,286,613	$ 1,023,635		
Cash dividends	3,321,669	5,272,490	$0.3	$0.5
Stock dividends	7,750,560	4,217,992	0.7	0.4

Information on the appropriation of earnings is available on the Market Observation Post System website of the Taiwan Stock Exchange (http://emops.tse.com.tw).

Under the Income Tax Law, except for non-ROC resident stockholders, all stockholders are allowed tax credits for the income tax paid by the Company. Effective from January 1, 2015, ROC resident stockholders are only allowed half of original tax credits for the income tax paid by the Company according to the revised Income Tax Law.

e. Non-controlling interests

	For the Three Months Ended March 31	
	2016	2015
Balance on January 1	$ 3,727,455	$ 3,235,303
Attributable to non-controlling interests		
Net income	102,589	118,713
Exchange differences in translation of financial statements of foreign operations	2,754	(23,988)
Unrealized gains on available for sale financial assets	79,320	181,770
Balance on March 31	$ 3,912,118	$ 3,511,798

38. RELATED-PARTY TRANSACTIONS

Taiwan Cooperative Financial Holding Co., Ltd. is the ultimate parent of the Company, and the Ministry of Finance is the major government stockholder. Based on IAS 24 "Related Party Disclosures" the Company's transactions with government-related parties are exempt from disclosure requirements. All transactions, account balances, earnings, expenses and gains (losses) on transactions between the Company and subsidiaries have all been excluded from consolidation and are not disclosed in this note.

In addition to those mentioned in other notes, the related-party transactions are summarized as follows:

a. Related parties

Related Party	Relationship with the Company
United Real Estate Management Co., Ltd.	Associated enterprise
TCB Fund of Emerging Markets Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
TCB Global High Yield Bond Fund	Fund managed by Taiwan Cooperative Securities Investment Trust Co., Ltd.
Giga Solution Tech. Co., Ltd. ("Giga")	Giga's independent director is also the parent company's independent director.
Others	Main management of the parent company and other related parties.

b. Significant transactions between the Company and related parties:

1) Due from banks (part of cash and cash equivalents)

	March 31, 2016	December 31, 2015	March 31, 2015
Main management	$ -	$ 47,965	$ 52,101

2) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2016				
Others	$ 2,500,000	$ 2,500,000	$ 1,963	0.300-0.430
For the three months ended March 31, 2015				
Main management	$ 5,246,750	$ 1,000,000	$ 261	0.120-0.400
Others	6,000,000	5,000,000	5,039	0.390-0.600
	$ 11,246,750	$ 6,000,000	$ 5,300	

3) Due to banks

	For the Three Months Ended March 31			
	2016		2015	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Main management	$ -	$ -	$ 288,576	$ 1,110
Others	24,760,416	64,471	24,052,132	69,730
	$ 24,760,416	$ 64,471	$ 24,340,708	$ 70,840

4) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended March 31, 2015				
Main management	$ 7,190,300	$ 2,190,300	$ 2,052	0.100-0.750
Others	3,000,000	-	32	0.390
	$ 10,190,300	$ 2,190,300	$ 2,084	

5) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2016				
Main management	$ 124,683	$ 122,870	$ 487	1.385-2.568
Others	86,971	63,992	315	1.430-2.380
	$ 211,654	$ 186,862	$ 802	

(Continued)

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2015				
Main management	$ 102,085	$ 100,259	$ 500	1.540-2.708
Others	100,590	99,814	296	1.540-2.650
	$ 202,675	$ 200,073	$ 796	

(Concluded)

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

6) Securities sold under repurchase agreements

	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended March 31, 2016			
Others	$ 1,729,531	$ 358	0.320-0.380
For the three months ended March 31, 2015			
Main management	$ 548,831	$ 206	0.610-0.630
Others	289,686	636	0.590
	$ 838,517	$ 842	

7) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended March 31, 2016			
Associates	$ 181,400	$ 116	0-1.130
Main management	548,901	2,376	0-13.000
Others	27,675,270	26,719	0-13.000
	$ 28,405,571	$ 29,211	
For the three months ended March 31, 2015			
Associates	$ 167,205	$ 130	0-1.130
Main management	528,595	2,570	0-13.000
Others	11,044,327	12,310	0-13.000
	$ 11,740,127	$ 15,010	

	March 31, 2016	December 31, 2015	March 31, 2015
8) Accrued income (part of receivables)			
Others	$ 17,155	$ 14,279	$ 12,864
9) Accrued interest (part of receivables)			
Main management	$ -	$ -	$ 96
Others	255	85	462
	$ 255	$ 85	$ 558
10) Accrued interest (part of payables)			
Main management	$ -	$ 2,113	$ 715
11) Accrued expense (part of payables)			
Main management	$ -	$ 18,339	$ 12,215
Others	790	891	632
	$ 790	$ 19,230	$ 12,847

	For the Three Months Ended March 31	
	2016	2015
12) Service fee income (part of service fee and commission income, net)		
Associates	$ 30	$ -
Main management	21	28
Others	40,695	36,860
	$ 40,746	$ 36,888
13) Service charge (part of service fee and commission income, net)		
Main management	$ 6	$ 26,221
Others	5,297	3,552
	$ 5,303	$ 29,773
14) Rental income (part of other noninterest gain, net)		
Others	$ 3,057	$ 3,177
15) Other income (part of other noninterest gain, net)		
Associates	$ -	$ 24
Others	-	151
	$ -	$ 175

Terms of other transactions with related parties were similar to those for third parties, except for the more favorable interest rate for managers' savings within a prescribed limit.

16) Purchases and sales of securities

Related Party	For the Three Months Ended March 31, 2016 Purchases	Sales	Sales Under Repurchase Agreements	Purchases Under Resell Agreements
Main management	$ -	$ -	$ 3,056,722	$ -

Related Party	For the Three Months Ended March 31, 2015 Purchases	Sales	Sales Under Repurchase Agreements	Purchases Under Resell Agreements
Main management	$ -	$ 199,946	$ 1,548,329	$ -
Others	$ -	$ -	$ 5,272,623	$ -

17) Derivatives

Related Party	For the Three Months Ended March 31, 2016 Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet Account	Amounts
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2016.03.31-2016.05.31	US$ 1,000	$ (418)	Financial liabilities at fair value through profit or loss	$ (418)
	Currency swap	2016.03.28-2016.04.11	US$ 1,000	(427)	Financial liabilities at fair value through profit or loss	(427)
Other - TCB Global High Yield Bond Fund	Currency swap	2016.03.30-2016.04.29	US$ 7,300	(3,803)	Financial liabilities at fair value through profit or loss	(3,803)
	Currency swap	2016.03.30-2016.04.29	US$ 930	(485)	Financial liabilities at fair value through profit or loss	(485)
	Currency swap	2016.03.30-2016.04.29	US$ 3,000	(1,563)	Financial liabilities at fair value through profit or loss	(1,563)
	Currency swap	2016.03.30-2016.04.29	US$ 520	(335)	Financial liabilities at fair value through profit or loss	(335)
Other - Giga Solution Tech. Co., Ltd.	Forward	2016.02.26-2016.05.03	US$ 500	(529)	Financial liabilities at fair value through profit or loss	(529)
	Forward	2016.03.09-2016.05.11	US$ 300	(197)	Financial liabilities at fair value through profit or loss	(197)
	Forward	2016.03.09-2016.05.11	US$ 200	(137)	Financial liabilities at fair value through profit or loss	(137)
	Forward	2016.03.21-2016.05.23	US$ 500	(110)	Financial liabilities at fair value through profit or loss	(110)
	Forward	2016.03.23-2016.05.23	US$ 300	(93)	Financial liabilities at fair value through profit or loss	(93)
	Forward	2016.03.25-2016.06.13	US$ 300	(128)	Financial liabilities at fair value through profit or loss	(128)

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Consolidated Balance Sheet - Account	Amounts on the Consolidated Balance Sheet - Amounts
	For the Three Months Ended March 31, 2015					
Other - TCB Global High Yield Bond Fund	Currency swap	2015.03.20-2015.05.20	US$ 4,000	$ (1,002)	Financial liabilities at fair value through profit or loss	$ (1,002)
	Currency swap	2015.01.26-2015.04.27	US$ 2,000	(200)	Financial liabilities at fair value through profit or loss	(200)
	Currency swap	2015.03.12-2015.04.13	US$ 7,300	(1,678)	Financial liabilities at fair value through profit or loss	(1,678)
	Currency swap	2015.03.12-2015.04.13	US$ 2,200	(506)	Financial liabilities at fair value through profit or loss	(506)
	Currency swap	2015.03.12-2015.04.13	US$ 730	(168)	Financial liabilities at fair value through profit or loss	(168)
	Currency swap	2015.03.12-2015.04.13	US$ 600	27	Financial assets at fair value through profit or loss	27

The realized profit or loss resulted from the currency swap and cross-currency swap transactions with related parties was as follows:

	For the Three Months Ended March 31 2016	For the Three Months Ended March 31 2015
Financial assets and liabilities at fair value through profit or loss		
Others	$ (3,410)	$ 6,597

18) Loans

March 31, 2016

Type	Account Volume or Name	Highest Balance in the Three Months Ended March 31, 2016 (Note)	Ending Balance	Loan Classification - Normal Loans	Loan Classification - Nonperforming Loans	Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
Consumer loans	32	$ 93,559	$ 70,340	$ 70,340	$ -	Land and buildings	None
Self-used housing mortgage loans	24	118,095	116,522	116,522	-	Land and buildings	None

March 31, 2015

Type	Account Volume or Name	Highest Balance in the Three Months Ended March 31, 2015 (Note)	Ending Balance	Loan Classification - Normal Loans	Loan Classification - Nonperforming Loans	Collaterals	Differences in Terms of Transaction Compared with Those for Unrelated Parties
Consumer loans	36	$ 102,085	$ 100,259	$ 100,259	$ -	Land and buildings	None
Self-used housing mortgage loans	21	100,590	99,814	99,814	-	Land and buildings	None

Note: The highest balance is the largest sum in the period of all daily accounts for each type.

c. Subsidiaries' related-party transactions and balances that each amounted to more than $100,000 thousand

1) Taiwan Cooperative Bank, Ltd.

a) Due from banks

	March 31, 2016	December 31, 2015	March 31, 2015
Subsidiaries	$ 530,717	$ 582,372	$ 17,466
Main management	-	1	5
	$ 530,717	$ 582,373	$ 17,471

b) Call loans to banks

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2016				
Subsidiaries	$ 7,445,998	$ 7,438,009	$ 5,512	0.001-2.800
Sister companies	4,200,000	3,500,000	3,334	0.300-0.440
Others	2,500,000	2,500,000	1,963	0.300-0.430
	$ 14,145,998	$ 13,438,009	$ 10,809	
For the three months ended March 31, 2015				
Subsidiaries	$ 10,239,579	$ 7,956,884	$ 14,258	0.060-3.320
Sister companies	4,000,000	3,500,000	3,835	0.420-0.650
Main management	5,246,750	1,000,000	261	0.120-0.400
Others	6,000,000	5,000,000	5,039	0.390-0.600
	$ 25,486,329	$ 17,456,884	$ 23,393	

c) Due to banks

	For the Three Months Ended March 31			
	2016		2015	
	Ending Balance	Interest Expense	Ending Balance	Interest Expense
Subsidiaries	$ 974	$ -	$ 6,302	$ 3
Main management	-	-	286,802	1,110
Others	24,760,416	64,471	24,052,132	69,730
	$ 24,761,390	$ 64,471	$ 24,345,236	$ 70,843

d) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended March 31, 2015				
Main management	$ 7,190,300	$ 2,190,300	$ 2,052	0.100-0.750
Others	3,000,000	-	32	0.390
	$ 10,190,300	$ 2,190,300	$ 2,084	

e) Loans

	Highest Balance	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2016				
Sister companies	$ 18,720	$ -	$ 4	2.405
Main management	124,683	122,870	487	1.385-2.568
Others	86,971	63,992	315	1.430-2.380
	$ 230,374	$ 186,862	$ 806	
For the three months ended March 31, 2015				
Sister companies	$ 4,806	$ -	$ 1	2.545
Main management	102,085	100,259	500	1.540-2.708
Others	100,590	99,814	296	1.540-2.650
	$ 207,481	$ 200,073	$ 797	

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

f) Securities purchased under resell agreements

	Ending Balance	Interest Revenue	Interest Rate (%)
For the three months ended March 31, 2016			
Sister companies	$ 698,692	$ 749	0.380-0.450
For the three months ended March 31, 2015			
Sister companies	$ 1,098,497	$ 1,332	0.610-0.810

g) Deposits

	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended March 31, 2016			
Parent company	$ 41,278	$ -	-
Subsidiaries	338,316	41	0-1.255
Sister companies	2,842,301	724	0-1.360
Associates	181,400	116	0-1.130
Main management	548,901	2,376	0-13.000
Others	27,675,270	26,719	0-13.000
	$ 31,627,466	$ 29,976	
For the three months ended March 31, 2015			
Parent company	$ 36,576	$ 102	0-0.170
Subsidiaries	203,813	89	0.170-1.395
Sister companies	2,171,758	48	0-1.360
Associates	167,205	130	0-1.130
Main management	528,595	2,570	0-13.000
Others	11,044,327	12,310	0-13.000
	$ 14,152,274	$ 15,249	

h) Accrued income (part of receivables)

	March 31, 2016	December 31, 2015	March 31, 2015
Subsidiaries	$ 213,958	$ 198,226	$ 160,087
Sister companies	-	2,205	2,265
Others	17	300	28
	$ 213,975	$ 200,731	$ 162,380

i) Tax receivable - consolidated tax return (part of current tax assets)

	March 31, 2016	December 31, 2015	March 31, 2015
Parent company	$ 744,306	$ 744,306	$ 743,899

j) Tax payable - consolidated tax return (part of current tax liabilities)

	March 31, 2016	December 31, 2015	March 31, 2015
Parent company	$ 1,655,010	$ 1,251,673	$ 577,492

k) Service fee (part of service fee income, net)

	For the Three Months Ended March 31	
	2016	2015
Subsidiaries	$ 585,782	$ 418,046
Sister companies	17,080	13,352
Associates	30	-
Main management	21	28
Others	22	36
	$ 602,935	$ 431,462

l) Purchases and sales of securities

	For the Three Months Ended March 31, 2016			
Related Party	Purchases	Sales	Sales Under Repurchase Agreements	Purchases Under Resell Agreements
Sister companies	$ -	$ -	$ -	$ 4,292,787

	For the Three Months Ended March 31, 2015			
Related Party	Purchases	Sales	Sales Under Repurchase Agreements	Purchases Under Resell Agreements
Sister companies	$ -	$ -	$ -	$ 4,844,563

m) Derivatives

	For the Three Months Ended March 31, 2016					
					Amounts on the Balance Sheet	
Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Account	Amounts
Sister company - BPCTLI	Currency swap	2016.03.22-2016.09.22	US$ 4,935	$ (1,272)	Financial liabilities at fair value through profit or loss	$ (1,272)
	Currency swap	2016.03.22-2016.09.22	US$10,033	(2,586)	Financial liabilities at fair value through profit or loss	(2,586)
	Currency swap	2016.03.22-2016.09.22	US$13,000	(3,351)	Financial liabilities at fair value through profit or loss	(3,351)
	Currency swap	2016.01.11-2016.04.11	US$ 6,981	(7,842)	Financial liabilities at fair value through profit or loss	(7,842)
	Currency swap	2016.02.26-2016.04.29	US$11,219	(12,161)	Financial liabilities at fair value through profit or loss	(12,161)
	Currency swap	2016.01.11-2016.04.11	US$ 3,499	(3,931)	Financial liabilities at fair value through profit or loss	(3,931)
	Currency swap	2016.01.11-2016.04.11	US$ 1,699	(1,908)	Financial liabilities at fair value through profit or loss	(1,908)
	Currency swap	2016.03.15-2016.09.19	US$11,386	(7,585)	Financial liabilities at fair value through profit or loss	(7,585)

(Continued)

	For the Three Months Ended March 31, 2016					
	Type of	Contract	Nominal	Valuation	Amounts on the Balance Sheet	
Related Party	**Derivatives**	**Period**	**Amounts**	**Gain (Loss)**	**Account**	**Amounts**
	Currency swap	2016.02.26-2016.04.29	US$ 6,722	$ (7,287)	Financial liabilities at fair value through profit or loss	$ (7,287)
	Currency swap	2016.02.26-2016.04.29	US$ 3,000	(3,252)	Financial liabilities at fair value through profit or loss	(3,252)
	Currency swap	2016.02.26-2016.04.29	US$ 5,000	(5,420)	Financial liabilities at fair value through profit or loss	(5,420)
	Currency swap	2016.03.14-2016.06.14	US$ 1,920	(1,453)	Financial liabilities at fair value through profit or loss	(1,453)
	Currency swap	2016.03.15-2017.03.15	US$10,488	(6,723)	Financial liabilities at fair value through profit or loss	(6,723)
	Currency swap	2016.01.25-2016.04.25	US$ 9,539	(14,348)	Financial liabilities at fair value through profit or loss	(14,348)
	Currency swap	2015.05.06-2016.05.06	US$ 3,187	(2,064)	Financial assets at fair value through profit or loss	4,680
	Currency swap	2015.04.07-2016.04.07	US$10,259	(6,786)	Financial assets at fair value through profit or loss	9,339
	Currency swap	2015.04.15-2016.04.15	US$ 3,129	(2,056)	Financial assets at fair value through profit or loss	3,138
	Currency swap	2015.04.15-2016.04.15	US$ 3,129	(2,056)	Financial assets at fair value through profit or loss	3,138
	Currency swap	2015.04.15-2016.04.15	US$ 4,850	(3,187)	Financial assets at fair value through profit or loss	4,864
	Currency swap	2015.05.08-2016.05.09	US$20,579	(13,302)	Financial assets at fair value through profit or loss	30,371
	Currency swap	2015.05.13-2016.05.13	US$10,443	(6,730)	Financial assets at fair value through profit or loss	15,910
Other - TCB Fund of Emerging Markets Bond Fund	Currency swap	2016.03.31-2016.05.31	US$ 1,000	(418)	Financial liabilities at fair value through profit or loss	(418)
	Currency swap	2016.03.28-2016.04.11	US$ 1,000	(427)	Financial liabilities at fair value through profit or loss	(427)
Other - TCB Global High Yield Bond Fund	Currency swap	2016.03.30-2016.04.29	US$ 7,300	(3,803)	Financial liabilities at fair value through profit or loss	(3,803)
	Currency swap	2016.03.30-2016.04.29	US$ 930	(485)	Financial liabilities at fair value through profit or loss	(485)
	Currency swap	2016.03.30-2016.04.29	US$ 3,000	(1,563)	Financial liabilities at fair value through profit or loss	(1,563)
	Currency swap	2016.03.30-2016.04.29	US$ 520	(335)	Financial liabilities at fair value through profit or loss	(335)

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet: Account	Amounts on the Balance Sheet: Amounts
			For the Three Months Ended March 31, 2016			
Other - Giga Solution Tech. Co., Ltd.	Forward	2016.02.26-2016.05.03	US$ 500	$ (529)	Financial liabilities at fair value through profit or loss	$ (529)
	Forward	2016.03.09-2016.05.11	US$ 300	(197)	Financial liabilities at fair value through profit or loss	(197)
	Forward	2016.03.09-2016.05.11	US$ 200	(137)	Financial liabilities at fair value through profit or loss	(137)
	Forward	2016.03.21-2016.05.23	US$ 500	(110)	Financial liabilities at fair value through profit or loss	(110)
	Forward	2016.03.23-2016.05.23	US$ 300	(93)	Financial liabilities at fair value through profit or loss	(93)
	Forward	2016.03.25-2016.06.13	US$ 300	(128)	Financial liabilities at fair value through profit or loss	(128)

(Concluded)

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet: Account	Amounts on the Balance Sheet: Amounts
			For the Three Months Ended March 31, 2015			
Sister company - BPCTLI	Cross-currency swap	2010.11.17-2015.09.08	US$ 5,000	$ (2,926)	Financial assets at fair value through profit or loss	$ 6,207
	Cross-currency swap	2010.12.10-2015.09.28	US$ 5,000	(3,309)	Financial assets at fair value through profit or loss	7,136
	Currency swap	2014.12.22-2015.06.22	US$10,036	(2,974)	Financial liabilities at fair value through profit or loss	(175)
	Currency swap	2014.12.22-2015.09.22	US$ 4,935	(1,168)	Financial assets at fair value through profit or loss	222
	Currency swap	2014.12.22-2015.06.22	US$10,029	(2,971)	Financial liabilities at fair value through profit or loss	(174)
	Currency swap	2014.12.22-2015.12.22	US$10,033	(1,934)	Financial assets at fair value through profit or loss	982
	Currency swap	2014.12.22-2015.12.22	US$13,000	(2,506)	Financial assets at fair value through profit or loss	1,273
	Currency swap	2015.02.06-2015.05.06	US$ 3,187	(1,007)	Financial liabilities at fair value through profit or loss	(1,007)
	Currency swap	2014.12.08-2015.04.08	US$ 6,981	(2,430)	Financial assets at fair value through profit or loss	1,154
	Currency swap	2014.12.10-2015.09.10	US$ 9,989	(2,441)	Financial assets at fair value through profit or loss	2,120
	Currency swap	2014.11.28-2015.05.29	US$11,219	(3,506)	Financial assets at fair value through profit or loss	4,929
	Currency swap	2014.12.08 - 2015.09.08	US$ 3,499	(860)	Financial assets at fair value through profit or loss	958
	Currency swap	2015.03.31-2015.06.30	US$10,897	(1,157)	Financial liabilities at fair value through profit or loss	(1,157)

(Continued)

Related Party	Type of Derivatives	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet: Account	Amounts on the Balance Sheet: Amounts
			For the Three Months Ended March 31, 2015			
	Currency swap	2015.01.05-2015.04.07	US$ 1,699	$ (806)	Financial liabilities at fair value through profit or loss	$ (806)
	Currency swap	2014.12.11-2015.04.13	US$ 5,147	(1,767)	Financial assets at fair value through profit or loss	284
	Currency swap	2014.12.15-2015.09.15	US$11,386	(2,745)	Financial assets at fair value through profit or loss	2,174
	Currency swap	2015.03.31-2015.06.30	US$ 6,722	(713)	Financial liabilities at fair value through profit or loss	(713)
	Currency swap	2015.03.31-2015.06.30	US$ 3,000	(318)	Financial liabilities at fair value through profit or loss	(318)
	Currency swap	2015.03.31-2015.06.30	US$ 5,000	(531)	Financial liabilities at fair value through profit or loss	(531)
	Currency swap	2014.12.31-2015.04.30	US$ 5,000	(1,669)	Financial liabilities at fair value through profit or loss	(2,129)
Other - TCB Global High Yield Bond Fund	Currency swap	2015.03.20-2015.05.20	US$ 4,000	(1,002)	Financial liabilities at fair value through profit or loss	(1,002)
	Currency swap	2015.01.26-2015.04.27	US$ 2,000	(200)	Financial liabilities at fair value through profit or loss	(200)
	Currency swap	2015.03.12-2015.04.13	US$ 7,300	(1,678)	Financial liabilities at fair value through profit or loss	(1,678)
	Currency swap	2015.03.12-2015.04.13	US$ 2,200	(506)	Financial liabilities at fair value through profit or loss	(506)
	Currency swap	2015.03.12-2015.04.13	US$ 730	(168)	Financial liabilities at fair value through profit or loss	(168)
	Currency swap	2015.03.12-2015.04.13	US$ 600	27	Financial assets at fair value through profit or loss	27

(Concluded)

n) On December 30, 2013, TCB’s board of directors approved a property sale and leaseback transaction with CAM. The selling price was $962,000 thousand and the net gain on this disposal was $580,423 thousand after the deduction of a land revaluation increment tax of $17,792 thousand. The gain on disposal should be deferred and amortized over the lease period. TCB recognized $116,085 thousand as realized gain (part of gains/losses on disposal of properties and equipment, net) for the three months ended March 31, 2015.

2) Taiwan Cooperative Securities Co., Ltd.

a) Collections for underwriting stock value (part of other current assets)

	March 31, 2016	December 31, 2015	March 31, 2015
Sister companies	$ -	$ 277,079	$ 317,311

b) To settle security transactions, TCS applied to TCB in Mach 2016 for a guarantee of $500,000 thousand for short-term loan and overdraft. As of March 31, 2016 and 2015, TCS had no borrowing and overdraft.

The overdraft for the three months ended March 31, 2016 and 2015 were as follows:

	For the Three Months Ended March 31, 2016			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	$ 18,720	$ -	$ 4	2.405

	For the Three Months Ended March 31, 2015			
	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
Sister companies	$ 4,806	$ -	$ 1	2.545

3) Taiwan Cooperative Bills Finance Corporation Ltd.

a) Cash in bank

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended March 31, 2016				
Sister companies	$ 303,214	$ 68,517	$ -	0.020-1.345
For the year ended December 31, 2015				
Sister companies	$ 972,407	$ 55,478	$ 22	0.020-1.345
For the three months ended March 31, 2015				
Sister companies	$ 169,314	$ 138,085	$ 2	0.060-1.345

b) Call loans from banks

	Highest Balance	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended March 31, 2016				
Sister companies	$ 4,200,000	$ 3,500,000	$ 3,334	0.300-0.440
For the three months ended March 31, 2015				
Sister companies	$ 4,000,000	$ 3,500,000	$ 3,835	0.420-0.650

c) Securities sold under repurchase agreement

	Ending Balance	Interest Expense	Interest Rate (%)
For the three months ended March 31, 2016			
Sister companies	$ 780,675	$ 983	0.310-0.450
Others	349,539	358	0.320-0.380
	$ 1,130,214	$ 1,341	
For the three months ended March 31, 2015			
Sister companies	$ 2,267,217	$ 1,894	0.580-0.620
Main management	548,831	206	0.610-0.630
Others	289,686	636	0.590
	$ 3,105,734	$ 2,736	

d) Non-guarantee commercial paper issued

	For the Year Ended December 31, 2015			
	Ending Balance	Fact Amount	Premiums (%)	Service Fee
Parent company	$ 500,000	$ -	0.640-0.650	$ 249
Sister companies	-	-	0.800-1.000	279
	$ 500,000	$ -		$ 528

	For the Three Months Ended March 31, 2015			
	Ending Balance	Fact Amount	Premiums (%)	Service Fee
Sister companies	$ 550,000	$ 50,000	0.80-1.00	$ 172

4) BNP Paribas Cardif TCB Life Insurance Co., Ltd.

a) Cash in bank (part of cash and cash equivalents, refundable deposits and separate account assets)

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
Sister companies	$ 2,623,690	63	$ 2,007,078	55	$ 1,652,180	38
Others	31,641	1	47,895	1	52,095	1
	$ 2,655,331	64	$ 2,054,973	56	$ 1,704,275	39

b) Securities purchase under resell agreement (part of cash and cash equivalents)

	For the Three Months Ended March 31, 2016		
	Purchased Securities (Note)	Securities Purchase Under Resell Agreement	
		Amount	Rate (%)
Sister companies	$ 81,983	$ 3,031,769	0.31-0.37

	For the Three Months Ended March 31, 2015		
	Purchased Securities (Note)	Securities Purchase Under Resell Agreement	
		Amount	Rate (%)
Sister companies	$ 1,168,720	$ 3,537,152	0.57-0.59

Note: The amount includes securities sold under resell agreements.

c) Derivatives

For the three months ended March 31, 2016

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Currency swap	Sister companies	2016.01.07-2017.03.15	US$99,422	$ 79,119	Financial assets at fair value through profit or loss	$ 79,119
		2015.04.01-2016.05.13	US$55,575	36,181	Financial liabilities at fair value through profit or loss	(71,440)

For the three months ended March 31, 2015

Type of Derivatives	Related Party	Contract Period	Nominal Amounts	Valuation Gain (Loss)	Amounts on the Balance Sheet	
					Account	Amounts
Cross-currency swap	Sister companies	2010.11.15-2015.09.28	US$10,000	$ 6,194	Financial liabilities at fair value through profit or loss	$ (13,343)
Currency swap		2014.12.18-2015.06.30	US$55,569	6,363	Financial assets at fair value through profit or loss	7,010
Currency swap		2014.11.26-2015.12.22	US$76,190	24,953	Financial liabilities at fair value through profit or loss	(14,096)

For the three months ended March 31, 2016 and 2015, the realized losses and realized gains on cross-currency swaps and currency swaps with sister companies were $36,428 thousand and $2,713 thousand, respectively.

d) Payables

	March 31, 2016	December 31, 2015	March 31, 2015
Sister companies	$ 66,539	$ 102,204	$ 75,546
Others	12,413	17,533	12,183
	$ 78,952	$ 119,737	$ 87,729

e) Operating expenses

	For the Three Months Ended March 31	
	2016	2015
Insurance contract expenses		
Sister companies	$ 243,288	$ 232,776
Others	42,016	25,773
	$ 285,304	$ 258,549

The above amounts were recorded as operating cost - commission expenses and were deducted from the reserve for insurance contracts with financial instrument features.

d. Salaries, bonuses and remunerations to main management

The salaries, bonuses and remunerations to the directors and main management for the three months ended March 31, 2016 and 2015, are summarized as follows:

	For the Three Months Ended March 31	
	2016	2015
Salaries and other short-term employment benefits	$ 34,340	$ 32,309
Post-employment benefits	1,625	1,579
Interest arising from the employees' preferential rate in excess of normal rates	392	615
	$ 36,357	$ 34,503

39. PLEDGED ASSETS

a. In addition to those mentioned in other notes, the face values of the pledged bonds and certificates of deposit are summarized as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Collaterals for call loans of foreign currency	$ 40,000,000	$ 40,000,000	$ 40,000,000
Collaterals for day-term overdraft	31,110,000	31,110,000	30,990,000
Collaterals for overdraft of domestic U.S. dollar settlement	11,000,000	11,000,000	11,000,000
Collaterals for overdraft of domestic RMB settlement	3,479,700	3,994,400	7,560,000
Guarantee deposits for provisional collateral seizure for loan defaults and others	1,016,280	730,600	875,200
Guarantee deposits for the insurance operation	900,000	900,000	900,000
Collaterals for overdraft of domestic JPY settlement	500,000	500,000	500,000
Overseas branches' capital adequate reserve	366,795	305,784	441,189
Guarantee deposits for securities operation	345,000	345,000	330,000

(Continued)

	March 31, 2016	December 31, 2015	March 31, 2015
Guarantee deposits for the bills finance business	$ 227,400	$ 227,400	$ 227,400
Guarantee deposits for the trust business compensation reserve	180,000	180,000	160,000
Collaterals for overseas branch U.S. dollar settlement	16,088	36,168	43,806
Collaterals for handling the government treasury affairs	-	-	90,200,000
Others	94,400	94,400	29,400
	$ 89,235,663	$ 89,423,752	$ 183,256,995

(Concluded)

To comply with the Central Bank of the Republic of China's (CBC) clearing system for real-time gross settlement (RTGS), TCB provided certificates of deposit as collateral for day-term overdraft (part of due from the Central Bank and call loans to other banks). The pledged amount may be adjusted anytime, and the unused overdraft amount at the end of a day can also be treated as TCB's liquidity reserve.

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

(In Thousands of U.S. Dollars)

Date	Outstanding Balance			Collateral Value
	Loan	Bond	Total	
March 31, 2016	$ 289,012	$ 17,000	$ 306,012	$ 204,635
December 31, 2015	$ 316,666	$ 22,000	$ 338,666	$ 227,840
March 31, 2015	$ 276,824	$ 62,000	$ 338,824	$ 248,620

40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Taiwan Cooperative Financial Holding Co., Ltd.

As of March 31, 2016, TCFHC's outstanding major construction and procurement contracts amounted to $29,852 thousand, of which $19,771 thousand was still unpaid.

b. Taiwan Cooperative Bank, Ltd.

1) Lease agreements on premises occupied by TCB's branches are operating lease. Rentals are calculated on the basis of the leased areas and are payable monthly, quarterly or semiannually. As of March 31, 2016, refundable deposits on these leases totaled $164,284 thousand. Minimum future annual rentals are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Within one year	$ 551,654	$ 592,570	$ 573,803
One to five years	923,429	1,016,771	1,005,437
Over five years	41,876	36,656	34,024
	$ 1,516,959	$ 1,645,997	$ 1,613,264

The lease payments recognized as expenses are as follows:

	For the Three Months Ended March 31	
	2016	2015
Minimum lease payments	$ 156,244	$ 163,965
Contingent rentals	174	152
	$ 156,418	$ 164,117

2) Lease agreements on investment properties owned by TCB and rent to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of March 31, 2016, refundable deposits on these leases totaled $49,343 thousand. Minimum future annual rentals are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Within one year	$ 97,597	$ 117,718	$ 88,619
One to five years	240,684	313,913	161,890
Over five years	386	-	4,064
	$ 338,667	$ 431,631	$ 254,573

3) As of March 31, 2016, TCB's outstanding major construction and procurement contracts amounted to $5,684,867 thousand, of which $1,006,255 thousand was still unpaid.

4) According to the joint venture contract signed with BNP Paribas Assurance (BNPPA), TCB signed the tri-party agreement with BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTI) and Cooperative Insurance Broker Co., Ltd. (CIB) on April 13, 2010, which identified BPCTI as the sole supplier of life insurance products for TCB and CIB, also applying TCB's marketing channels to sell life insurance products exclusively.

5) For TCB's income tax returns (ITRs) from 2006 to 2011, the Taipei National Tax Administration (TNTA) claimed that the appraisal of goodwill was not reasonable and that there were no unrecognized losses on the sale of nonperforming loans in TCB's records on the date of the merger with the Farmers Bank of China (FBC). Thus, TNTA denied the expenses for the goodwill amortization of $3,170,005 thousand and the deferred loss amortization of $3,105,522 thousand on

the sale of nonperforming loans. TCB disagreed with the TNTA's decision and initiated administrative litigations. On December 30, 2014, TNTA allowed the partial amortization of goodwill expenses and of the losses on sales of nonperforming loans in the tax returns of 2006 to 2011 after negotiating with TCB. TCB recognized related income tax expenses of $228,990 thousand in 2014. On February 25 and April 9, 2015, TNTA reassessed TCB's 2006 to 2010 ITRs application. Because the Bank did not file an administrative appeal, the final court decision has been determined. Thus, ITRs have been returned (part of tax refund receivable of current tax assets). Besides the administrative litigation of the Bank's 2011 ITRs application is still in process.

c. United Taiwan Bank S.A.

United Taiwan Bank S.A. has operating lease agreements with unrelated parties on its office premises. The rentals payable in the next five years are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Within one year	$ 4,089	$ 3,914	$ 3,378
One to five years	17,617	16,865	14,702
	$ 21,706	$ 20,779	$ 18,080

d. Cooperative Insurance Brokers Co., Ltd.

1) The Cooperative Insurance Brokers Co., Ltd. (CIB) entered into insurance agent contracts with various insurance companies. The contract's effective period is one year after the contract signed, if either party of contract makes no notice to terminate the contract after contract expired, then the contract automatically extend for one year. The commission charge with every insurance company is according with the contents of contract.

2) CIB and Land Bank signed a contract. Under this contract, CIB should pay Land Bank at 90% of the commission revenue after paying tax that CIB receives from insurance companies. As of March 31, 2016, the unpaid amount to Land Bank was $31 thousand.

3) CIB and Tamsui Credit-Cooperative Association signed a contract. Under this contract, CIB should pay Tamsui Credit-Cooperative Association at 90% of the commission revenue after paying tax that CIB receives from insurance companies. As of March 31, 2016, the unpaid amount to Tamsui Credit-Cooperative Association was $760 thousand.

4) CIB and Hsinchu Credit-Cooperative Association signed a contract. Under this contract, CIB should pay Hsinchu Credit-Cooperative Association at 90% of the commission revenue after paying tax that CIB receives from insurance companies. As of March 31, 2016, the unpaid amount to Hsinchu Credit-Cooperative Association was $1 thousand.

5) CIB and Taichung Credit-Cooperative Association signed a contract. Under this contract, CIB should pay Taichung Credit-Cooperative Association at 90% of the commission revenue after paying tax that CIB receives from insurance companies. As of March 31, 2016, the unpaid amount to Taichung Credit-Cooperative Association was $150 thousand.

e. Taiwan Cooperative Bills Finance Cooperation Ltd.

As of March 31, 2016, the commitments or contingencies were as follows:

	March 31, 2016
Guarantees of commercial paper	$ 20,918,200
Purchase of reference-rate commercial paper	$ 3,600,000

f. Taiwan Cooperative Securities Co., Ltd.

As of March 31, 2016, TCS's agreements on the acquisition equipment and procurement contracts amounted to $43,613 thousand, of which $23,944 thousand was still unpaid.

In May 2012, TCS laid off a certain Ms. Chen in accordance with the Labor Standards Act, but Ms. Chen, claiming the layoff was illegal, applied to the Taipei District Court (the "Court") on April 10, 2014 for clarification of this employment issue. As of December 31, 2014, this case was still under trail in Court. The Taipei Department of Labor (TDOL) investigated this case in March 2014 and TDOL later concluded that there was no evidence that TCS had violated the Labor Standards Act. TCS estimated that it would have no loss on this litigation.

On March 18, 2016, the Taipei District Court ascertained the existence of the employment relationship in the first instance. TCS is required to pay monthly salary of $30.5 thousand plus accrued interests to Ms. Chen from April 25, 2014 until her reinstatement. The rest of the appeal of the plaintiff had been dismissed by the Court. Four fifth of the litigation fee is to be paid by TCS and the rest of the litigation fee is to be paid by the plaintiff. TCS filed an appeal on April 13, 2016. TCS appointed lawyers to handle the litigation and the case is still in process.

g. Co-operative Assets Management Co., Ltd.

CAM leases its own investment properties with lease term from 1 to 20 years. Lessee won't have the right of bargaining purchase at the end of lease period.

As of March 31, 2016, refundable deposits on these leases to totaled $11,856 thousand. Minimum future annual rentals are as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Within one year	$ 66,076	$ 54,014	$ 36,843
One to five years	210,543	164,405	172,322
Over five years	601,285	640,251	639,459
	$ 877,904	$ 858,670	$ 848,624

41. FINANCIAL INSTRUMENTS

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

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

	March 31, 2016		December 31, 2015		March 31, 2015	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets						
Held-to-maturity financial assets	$ 51,537,933	$ 52,952,468	$ 45,199,348	$ 46,084,422	$ 27,626,586	$ 27,704,207
Debt instruments with no active market	94,797,190	96,905,175	94,584,846	95,581,253	89,071,567	89,354,773
Financial liabilities						
Bonds payable	69,610,000	70,690,579	69,610,000	70,258,774	88,110,000	88,406,641

Fair value hierarchy as at March 31, 2016, December 31, 2015 and March 31, 2015:

March 31, 2016

	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 52,952,468	$ 5,978,395	$ 46,974,073	$ -
Debt instruments with no active market	96,905,175	415,065	96,490,110	-
Financial liabilities				
Bonds payable	70,690,579	-	70,690,579	-

December 31, 2015

	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 46,084,422	$ -	$ 46,084,422	$ -
Debt instruments with no active market	95,581,253	406,048	95,175,205	-
Financial liabilities				
Bonds payable	70,258,774	-	70,258,774	-

March 31, 2015

	Total	Level 1	Level 2	Level 3
Financial assets				
Held-to-maturity financial assets	$ 27,704,207	$ 5,401,150	$ 22,303,057	$ -
Debt instruments with no active market	89,354,773	401,417	88,953,356	-
Financial liabilities				
Bonds payable	88,406,641	-	88,406,641	-

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

The fair values of financial instruments traded on active markets are based on quoted market prices. However, in many instances where there are no quoted market prices for the Company's various financial instruments, fair values are based on estimates using other financial data and appropriate valuation methodologies. Fair values of forward contracts, currency swap contracts, foreign-currency margin contracts, cross-currency swap contracts and interest rate swap contracts are calculated using the discounted cash flow method, unless the fair values are provided by counter-parties. Fair values of option contracts are based on estimates using the Black Scholes pricing model.

The Company estimates the fair value of each forward contract on the basis of the swap points quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the Bloomberg information system, unless the fair values are provided by counterparties. The calculation of the fair value of each option contract is based on the mid-price (the average of bid and ask prices) quoted by Reuters.

For debt instruments with no active market, if there are theoretical prices from Taipei Exchange (GTSM, an over-the-counter securities exchange) on the balance sheet date, they are used as the basis for evaluating the fair value of debt instruments with no active market. Otherwise, the latest trade prices and quoted prices by major markets are used. The fair values of bank debentures are recorded as follows: (a) debentures with no maturity dates - at book values; (b) debentures with floating interest rates - at theoretical prices quoted by the GTSM; and (c) debentures with fixed interest rates - at estimates reached using the discounted cash flow method. The discount rates used were between 0.6797% and 1.0852%, between 0.7361% and 1.0960%, between 0.8323% and 1.5950% as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively, and were comparable with interest rates for loans with similar terms and characteristics.

c. The fair value hierarchy of the Company's financial instruments as of March 31, 2016, December 31, 2015 and March 31, 2015 were as follows:

Financial Instruments Measured at Fair Value	**March 31, 2016**			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets				
Stocks	$ 519,209	$ 516,934	$ 2,275	$ -
Debt instruments	2,074,009	2,024,643	49,366	-
Others	39,696,985	65,249	39,631,736	-

(Continued)

Financial Instruments Measured at Fair Value	March 31, 2016 Total	Level 1	Level 2	Level 3
Financial assets designated as at FVTPL	$ 20,014	$ -	$ 20,014	$ -
Available-for-sale financial assets				
Stocks	5,081,774	4,237,502	844,272	-
Debt instruments	149,533,649	36,148,572	113,385,077	-
Others	5,095,055	5,095,055	-	-
Liabilities				
Financial liabilities at FVTPL	(12,853,524)	-	(12,853,524)	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	5,026,460	118,566	4,907,894	-
Liabilities				
Financial liabilities at FVTPL	(5,437,320)	-	(5,437,320)	-

(Concluded)

Financial Instruments Measured at Fair Value	December 31, 2015 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets				
Stocks	$ 262,273	$ 260,881	$ 1,392	$ -
Debt instruments	2,439,198	2,439,198	-	-
Others	30,133,164	52,106	30,081,058	-
Financial assets designated as at FVTPL	40,095	-	40,095	-
Available-for-sale financial assets				
Stocks	4,536,688	3,985,033	551,655	-
Debt instruments	142,278,588	46,341,353	95,937,235	-
Others	5,272,281	5,272,281	-	-
Liabilities				
Financial liabilities at FVTPL	(12,703,063)	-	(12,703,063)	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	4,263,964	42,602	4,221,362	-
Liabilities				
Financial liabilities at FVTPL	(2,810,156)	-	(2,810,156)	-

Financial Instruments Measured at Fair Value	March 31, 2015 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Held-for-trading financial assets				
Stocks	$ 315,942	$ 314,545	$ 1,397	$ -
Debt instruments	1,824,004	1,118,880	705,124	-
Others	61,930,830	6,227	61,924,603	-
Financial assets designated as at FVTPL	152,334	91,871	60,463	-
Available-for-sale financial assets				
Stocks	4,454,307	4,454,307	-	-
Debt instruments	123,045,150	41,239,864	81,805,286	-
Others	5,605,106	5,605,106	-	-
Liabilities				
Financial liabilities at FVTPL	(12,509,742)	-	(12,509,742)	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	5,489,480	19,581	5,469,899	-
Liabilities				
Financial liabilities at FVTPL	(4,800,926)	-	(4,800,926)	-

d. Information on financial assets designated as at fair value through profit or loss that should be originally measured at amortized cost is as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Carrying amounts of debt instruments designated as at fair value through profit or loss	$ -	$ -	$ 91,871

	Change in Fair Values Resulting from Credit Risk Variations
Change in amount in the period	
For the three months ended March 31, 2016	$ -
For the three months ended March 31, 2015	$ 1,363
Accumulated amount of change	
As of March 31, 2016	$ -
As of December 31, 2015	$ -
As of March 31, 2015	$ (4,948)

The change in fair value of debt instruments designated as at fair value through profit or loss resulting from credit risk variation is the difference between the total change in fair value and the change in fair value due to market risk variations on these debt instruments. The change in fair value resulting from market risk variations is calculated using the benchmark yield rate plus a fixed credit spread. The fair value of debt instruments is the present value of future cash flows discounted by the benchmark yield rate quoted in the market as of the balance sheet date plus the credit spread estimated using the interest rates for the debt issuers' financial assets with similar maturities.

As of the balance sheet date, the debt instruments designated as at fair value through profit or loss have no concentration of credit risk. Their carrying amounts are the amount of the maximum exposure to credit risks of these debt instruments.

e. Information of financial liabilities designated as at fair value through profit or loss is as follows:

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Difference between carrying amount and contractual amount at maturity			
Fair value	$ 12,853,524	$ 12,703,063	$ 12,509,742
Amount payable at maturity	12,870,000	13,152,000	12,516,000
	$ (16,476)	$ (448,937)	$ (6,258)

	Change in Fair Values Resulting from Credit Risk Variations
Change in amount in the period	
For the three months ended March 31, 2016	$ (16)
For the three months ended March 31, 2015	$ -
Accumulated amount of change	
As of March 31, 2016	$ 2,152
As of December 31, 2015	$ 2,168
As of March 31, 2015	$ -

The change in fair value attributable to change in credit risk was calculated as the difference between total change in fair value of bank debentures and the change in fair value due to change in market risk factors alone. The change in fair value due to market risk factors was calculated using benchmark interest yield curves as at the end of the reporting period holding. The fair value of bank debentures were estimated by discounting future cash flows using quoted benchmark interest yield curves as at the end of the reporting period and by obtaining lender quotes for borrowing of similar maturity to estimate credit risk margin.

f. Information on financial risk management

Taiwan Cooperative Financial Holding Co., Ltd.

1) Risk management

TCFHC and its subsidiaries' risk management goals are to develop a sound risk management mechanism under the principles of customer service, business continuity management, risk appetite, and compliance with related laws and regulations and expected-return standards and to enhance stockholder's equity. Major risks faced by TCFHC and its subsidiaries include on-balance-sheet and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security and financial product risks), and liquidity risks.

To effectively identify, measure, manage, and monitor various types of risks and to achieve profit objectives under a reasonable risk, both TCFHC and its subsidiaries have developed risk management policies, regulations and procedures, which have been approved by the board of directors.

The board of directors is the highest decision-making unit of TCFHC's risk management system and takes the ultimate overall, responsibility for risk management. The risk management committee is in charge of setting risk management policies and indicators, monitoring TCFHC and its subsidiaries' various risk situations and operating procedures, and coordinating and supervising the execution of risk management. The risk management division is in charge of TCFHC's risk management policy planning, capital adequacy calculating and assessing, emergency contingency plan making, and periodically monitoring and reporting TCFHC and its subsidiaries' risk control and management execution as required by regulations.

Each subsidiary' board of directors is the highest decision-making unit of each subsidiaries' risk management system and takes the ultimate overall responsibility for risk management. Each subsidiary has also established a risk management committee or independent risk management unit, which is in charge of the execution of risk management procedures.

2) Credit risk

Credit risk refers to borrowers, issuers or counterparties' deterioration or other factors (dispute between a borrower and its counterparty, for instance), which leads to borrowers, issuers or counterparties' breach of contracts, resulting in default losses. Credit risk comes from both on-balance-sheet and off-balance-sheet transactions. TCFHC and its subsidiaries' on-balance-sheet credit-risk exposure come from loans, due from and call loans to other banks, security investments and derivatives. The off-balance-sheet credit risk exposure comes from guarantees, letters of acceptance**,** letters of credit and loan contracts.

TCFHC and its subsidiaries must closely analyze every on-balance-sheet and off-balance-sheet transaction to recognize existing and potential credit risk. On the basis of the Company's operating conditions and the principle of sound risk distribution, every risk factor should be managed, risk situations should be analyzed and assessed, limits on concentration of credit risk should be set, and a risk monitoring and warning mechanism should be established.

3) Market risk

Market risk refers to unfavorable market price fluctuations, which affect the on-balance-sheet and off-balance-sheet positions. Market price refers to interest rate, foreign-exchange rate, equity security price and financial product prices. TCFHC and its subsidiaries' risk market management procedures include risk identification, measurement, assessment, monitoring and reporting.

TCFHC and its subsidiaries' risk management staff analyze and assess market risk position data, monitor market risks position and gains or losses, and periodically and make reports to the risk management committee and board of directors for managements' decision making. Each subsidiary has various authorized investment amounts and stop loss regulations based on the overall risk management target and product attributes and periodically prepare management reports on the control and management of each market risk.

4) Liquidity risk

Liquidity risk refers to the possible financial losses that may arise because of the inability to liquidate assets or to pay financial liabilities when they become due. Examples of liquidity risk-related situations are the early withdrawal of deposits, transaction terms becoming more stringent, increase in borrowers' defaults, a financial instrument becoming illiquid, and the early cancellation of a floating rate insurance product policy. These situations may deplete TCFHC and its subsidiaries' capital resources, requiring them to seek loans, and do fund-raising and investment activities. In extreme situations, lack of liquidity may cause the potential risk of the inability to enter into lending transactions. For the reduction of liquidity strains on the bank funding market, there is a bank liquidity risk channel.

TCFHC and its subsidiaries separately execute their respective liquidity management procedures, and this execution is monitored by an independent risk management division, which periodically prepares related reports for submission to TCFHC and its subsidiaries' risk management committees and the board of directors.

Taiwan Cooperative Bank Ltd. and subsidiaries

1) Risk management

The objective of risk management is to develop a sound risk management mechanism, and on the basis of the risk tolerance level and the expected return level, pursue the maximum value of stockholders' investments. The main risks faced by TCB include the business credit risk in- and off- balance-sheet, market risks (including interest, exchange, equity security, and commodity risks) and liquidity risk.

TCB has risk management policies and risk monitoring procedures, which have been reviewed and approved by the Board and are used to effectively identify, measure, monitor and control credit, market, and operating and liquidity risks.

The Board, the highest decision-making unit for the risk management, takes charge of approving the risk management policy and system and building the risk management culture. It also takes ultimate responsibility for overall risk management.

Under the risk management decision approved by the Board, the risk management committee takes charge of and reviews all TCB's risk management implementation, capital adequacy assessment, and risk exposure management. It also communicates and the inter-departmental risk management issues and coordinates issue handling and continually monitors the execution of risk management procedures. The risk management department is responsible for planning and designing the risk management system, deliberating capital allocation, setting up the instruments for risk measurement and capital provision, and monitoring risk control. This department also regularly prepares reports for submission to senior management, the risk management committee and the Board.

Under the business management regulation and risk policy, the business supervising unit manages and oversees each business unit toward proper risk management and carries out risk review and control. In addition, the Audit Department independently audits at least once a year all risk-related businesses and timely provides suggestions for improvement.

2) Credit risk

Credit risk refers to a borrower, a financial instrument issuer or a transaction counterparty undergoing financial difficulty or other adverse situations (such as a dispute between the borrower and its business partner), which could result in loss due to breach of contract. Credit risk can come from in- and off-balance-sheet items., On-balance sheet items are mainly lending, due from bank and call loans to other banks, security investment and derivatives. Off-balance sheet items are mainly guarantees, acceptance, letters of credit and loan commitments.

The risk management policy, which is founded on the basic principles of safety, liquidity, profitability, welfare and growth, is implemented by the credit risk management division toward the cultivation of a risk management culture. All on- and off- balance sheet transactions are should be detailed analyzed in detail to identify existing and potential credit risk. Based on TCB's business characteristics and the principle of risk diversification, risk status is analyzed and evaluated, centralized limits are set, and a risk monitoring and alert mechanism has been developed and operated. For a more effective credit risk evaluation, an internal rating system has been created to enhance the ability to quantify risk.

TCB's main business items that are measured and managed for credit risks are as follows:

a) Loans business (including loan commitment and guarantees)

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectible. TCB and its subsidiaries also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

TCB and its subsidiaries' apply to its credit business the so-called "5Ps of credit analysis" as the basis for lending approval and evaluation of its counterparties. These 5Ps are: People (know customers' background and their credit status well); purpose (what will the fund be used for); payment (the borrower's ability to repay an obligation when it falls due); protection (TCB and its subsidiaries' recourse on repayment defaults); and perspective (how the credit is seen in light of rewards and risks). After a loan is granted, the transaction is reviewed and monitored to ensure TCB and its subsidiaries' creditor's rights.

To quantify credit risk, TCB and its subsidiaries apply statistical methods using with customers' qualitative data and lending history to develop a rating module for corporate finance and consumer finance. This module is used to create an internal credit rating system for risk evaluation, in which 9 is the base grade of the credit quality of corporate customers, and 8 or 10 on the business segment consumer customers.

The 5P credit analysis and the module rating specifically apply to corporate customers. Micro credits and residential mortgages are assessed by using the credit rating model, and consumer loans are assessed individually for default risks.

b) Due from and call loans to other banks

TCB and its subsidiaries evaluate the credit status of counterparties before closing deals. TCB and its subsidiaries grant different limits to the counterparties on the basis of their respective credit ratings as suggested by domestic and foreign credit rating agencies.

c) Investments in debt instruments and derivatives

TCB and its subsidiaries identify and manage credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparty risks.

TCB and its subsidiaries conduct derivative transactions with other banks and sets the credit limits (including lending limits) at their credit rating and the ranking given by *the Banker* magazine. The credits extended to general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established through normal credit granting processes.

TCB and its subsidiaries have a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure a debt, TCB and its subsidiaries manage and assesses the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, TCB and its subsidiaries stipulate the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that TCB and its subsidiaries reserve the right to reduce the granted quota, to reduce the repayment period, to demand immediate settlement or to offset the debts of the borrowers by their deposits in TCB and its subsidiaries in order to reduce the credit risks.

To avoid the concentration of credit risks, TCB and its subsidiaries set up centralized credit limits for business segments, countries, collaterals, groups, and construction financing. Monthly, or more frequently, as needed, TCB and its subsidiaries review credit limits, monitor the actual risk-exposure condition and whether the usage rate of limits meets relevant regulations and reports the review results to superior management, risk management committee and the Board periodically. If there is a possibility of breach of the credit limits, the related department or division will apply appropriate procedures to ensure that the credit limits are followed.

TCB and its subsidiaries settle most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or in some circumstances where the transactions are terminated because of a counterparty’s default.

The maximum exposures to credit risks of assets on the consolidated balance sheets without consideration of guarantees or other credit enforcement instruments approximate the assets’ carrying amounts. The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instruments are as follows:

	March 31, 2016	**December 31, 2015**	**March 31, 2015**
Irrevocable loan commitments issued	$ 94,035,739	$ 101,337,530	$ 96,370,029
Irrevocable credit card commitments	38,439,950	37,667,998	35,494,297
Letters of credit issued yet unused	19,150,524	17,365,650	22,458,816
Other guarantees	76,835,037	75,846,447	69,439,352

TCB and its subsidiaries’ management believes its ability to minimize credit risk exposures on off-balance sheet items is mainly due to its rigorous evaluation of credit extended and the periodic reviews of these credits.

Concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The profile by group or industry, regions and collaterals of obligations that were 10% or more of total outstanding loans is as follows:

Credit Risk Profile by Group or Industry	March 31, 2016 Amount	%	December 31, 2015 Amount	%	March 31, 2015 Amount	%
Natural person	$ 817,600,481	40	$ 811,865,538	39	$ 762,710,314	39
Manufacturing	316,877,644	15	322,834,983	16	324,970,974	17

Some financial assets held by TCB and its subsidiaries, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counterparties have high credit ratings.

In addition to the above assets, credit quality analysis of other financial assets are as follows:

a) Credit quality analysis of discounts, loans and receivables

March 31, 2016	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D) With Objective Evidence of Impairment	Provision for Impairment Losses (D) With No Objective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Receivables							
Credit cards	$ 2,531,986	$ 31,194	$ 70,706	$ 2,633,886	$ 28,642	$ 22,277	$ 2,582,967
Others	10,047,633	29,620	529,713	10,606,966	322,669	218,768	10,065,529
Discounts and loans	1,955,490,210	8,529,372	22,886,940	1,986,906,522	5,979,136	15,115,124	1,965,812,262

December 31, 2015	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D) With Objective Evidence of Impairment	Provision for Impairment Losses (D) With No Objective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Receivables							
Credit cards	$ 2,549,807	$ 27,980	$ 74,336	$ 2,652,123	$ 34,983	$ 18,435	$ 2,598,705
Others	10,828,753	26,551	519,669	11,374,973	323,002	220,344	10,831,627
Discounts and loans	1,968,578,879	8,385,747	25,749,526	2,002,714,152	7,016,444	14,445,553	1,981,252,155

March 31, 2015	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D) With Objective Evidence of Impairment	Provision for Impairment Losses (D) With No Objective Evidence of Impairment	Net (A)+(B)+(C)-(D)
Receivables							
Credit cards	$ 2,205,375	$ 22,453	$ 84,789	$ 2,312,617	$ 39,681	$ 19,838	$ 2,253,098
Others	11,804,151	31,279	456,331	12,291,761	290,430	179,870	11,821,461
Discounts and loans	1,843,547,238	9,102,448	25,855,603	1,878,505,289	9,427,205	12,632,366	1,856,445,718

b) Credit quality analysis of discounts and loans not past due and not impaired

Items	March 31, 2016	December 31, 2015	March 31, 2015
Loans			
Secured	$ 1,402,534,880	$ 1,393,174,736	$ 1,297,622,461
Unsecured	552,955,330	575,404,143	545,924,777
Total	1,955,490,210	1,968,578,879	1,843,547,238

c) Credit quality analysis of securities

March 31, 2016	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)	Net (A)+(B)+ (C)-(D)
Available-for-sale financial assets						
Debt instruments	$ 97,185,193	$ -	$ -	$ 97,185,193	$ -	$ 97,185,193
Equities	4,370,165	-	-	4,370,165	-	4,370,165
Others	362,556	-	-	362,556	-	362,556
Held-to-maturity financial assets						
Debt instruments	48,450,001	-	-	48,450,001	11,551	48,438,450
Others	299,227	-	-	299,227	-	299,227
Other financial assets						
Debt instruments	85,426,201	-	-	85,426,201	-	85,426,201
Equities	4,092,383	-	-	4,092,383	-	4,092,383
Others	12,938,268	-	-	12,938,268	-	12,938,268

December 31, 2015	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)	Net (A)+(B)+ (C)-(D)
Available-for-sale financial assets						
Debt instruments	$ 91,593,863	$ -	$ -	$ 91,593,863	$ 3,288	$ 91,590,575
Equities	3,975,015	-	-	3,975,015	-	3,975,015
Others	319,261	-	-	319,261	-	319,261
Held-to-maturity financial assets						
Debt instruments	42,106,395	-	-	42,106,395	14,802	42,091,593
Others	305,784	-	-	305,784	-	305,784
Other financial assets						
Debt instruments	84,539,585	-	-	84,539,585	-	84,539,585
Equities	4,092,383	-	-	4,092,383		4,092,383
Others	14,030,137	-	-	14,030,137	-	14,030,137

March 31, 2015	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)	Net (A)+(B)+ (C)-(D)
Available-for-sale financial assets						
Debt instruments	$ 74,159,516	$ -	$ -	$ 74,159,516	$ -	$ 74,159,516
Equities	3,804,108	-	-	3,804,108	-	3,804,108
Others	237,747	-	-	237,747	-	237,747
Held-to-maturity financial assets						
Debt instruments	22,785,216	-	-	22,785,216	11,957	22,773,259
Others	2,441,189	-	-	2,441,189	-	2,441,189
Other financial assets						
Debt instruments	82,723,989	-	-	82,723,989	3,129	82,720,860
Equities	3,397,849	-	48,769	3,446,618	23,835	3,422,783
Others	27,105,758	-	-	27,105,758	-	27,105,758

The processing delays by the borrowers and other administrative reasons may cause financial assets to become past due but not impaired. As defined in the internal rules governing TCB and its subsidiaries' risk management, financial asset that are past due within 90 days are not deemed as impaired, unless there are evidences that indicate impairment.

The vintage analysis of financial assets that are past due but not impaired is as follows:

Item	March 31, 2016		
	Past Due Up to 1 Month	Past Due by Over 1 Month - 3 Months	Total
Receivables			
Credit cards	$ 26,472	$ 4,722	$ 31,194
Others	16,024	13,596	29,620
Loans			
Secured	5,708,682	1,562,194	7,270,876
Unsecured	1,001,491	257,005	1,258,496
Available-for-sale financial assets			
Debt instruments	-	-	-
Others	-	-	-
Held-to-maturity financial assets			
Debt instruments	-	-	-
Others	-	-	-
Other financial assets			
Debt instruments	-	-	-
Others	-	-	-

Item	December 31, 2015		
	Past Due Up to 1 Month	Past Due by Over 1 Month - 3 Months	Total
Receivables			
Credit cards	$ 22,337	$ 5,643	$ 27,980
Others	16,298	10,253	26,551
Loans			
Secured	5,879,070	1,356,697	7,235,767
Unsecured	902,419	247,561	1,149,980
Available-for-sale financial assets			
Debt instruments	-	-	-
Others	-	-	-
Held-to-maturity financial assets			
Debt instruments	-	-	-
Others	-	-	-
Other financial assets			
Debt instruments	-	-	-
Others	-	-	-

Item	March 31, 2015		
	Past Due Up to 1 Month	Past Due by Over 1 Month - 3 Months	Total
Receivables			
Credit cards	$ 17,490	$ 4,963	$ 22,453
Others	17,139	14,140	31,279
Loans			
Secured	5,673,523	2,156,638	7,830,161
Unsecured	1,037,824	234,463	1,272,287
Available-for-sale financial assets			
Debt instruments	-	-	-
Others	-	-	-
Held-to-maturity financial assets			
Debt instruments	-	-	-
Others	-	-	-
Other financial assets			
Debt instruments	-	-	-
Others	-	-	-

3) Market risks

Market risk refers to the risk of losses in positions arising from adverse movements of market prices. It refers to interest rates, exchange rates, equity security prices, commodity prices, etc.

The main market risks that TCB and its subsidiaries face are equity security, interest rates, and exchange rate risks. The market risk position of equity security mainly includes domestic listed and OTC stocks, domestic stock index options and stock market index futures; the position of interest rate mainly includes short-term bills, bonds and interest rate derivative instruments; and the instruments exposed to exchange rate risk mainly include spot contracts and forward contracts and derivatives denominated in foreign currency.

Under the market risk management policies approved by the board of directors, the new Basel Capital Accord and regulations implemented by relevant authorities and in consideration of the Bank's own market risk management system and its overall risk management goals and product features, TCB and its subsidiaries have set all types of investment authorization limits and stop-loss rules, regularly reviews the customers' credit status and compiles management information reports to control all types of market risks effectively.

TCB and its subsidiaries' market risk management procedures include risk identification, evaluation, measurement, monitoring, and reporting. Every units' risk management personnel analyze data on market risk position and evaluate measurement methods, including the statistical basic measurement method, sensitivity analysis, and situational analysis. Monitoring content includes trading processes, collective and individual, of all transaction units and all financial instruments, such as change of position, change of profit and loss, trading pattern, and if trading objects are transacted within the authorized scope and limits.

TCB and its subsidiaries' business units and risk management unit have established market risk factors for identifying risk exposure positions and use these factors to measure market risks. The market risk factors refer to the components of financial instruments' position, such as profit and loss and sensitivity to risk, which might be affected by interest rates, exchange rates and equity security market prices.

TCB and its subsidiaries' risk management unit reports to management periodically the execution status of measures on market risk management, investment positions, and profit and loss control so that management can fully understand the status of market risk management. TCB and its subsidiaries' also have cleared reporting procedures and rules for all types of transaction limits and the stop-loss order. If any transaction amount reaches the limit, the stop-loss order is executed immediately; if the stop-loss order is not executed, the transaction unit is required to explain the reasons for non-execution and prepare a response plan for management's approval.

TCB applies market risk sensitivity as a risk control instrument. Market risk sensitivity position refers to the change in the value of a position due to a change in a certain market risk factor. Market risk factors include interest rates, exchange rates, and equity security prices. TCB's position sensitivity exposure trading book contains all types of positions exposed to market risk and the range of change to which sensitivity analysis applied under various pressure scenarios for all types of risk factors.

Assuming all other factors are held constant, the effects of risks within defined change scenarios are shown below:

Main Risk	Change Scenario	March 31, 2016	December 31, 2015	March 31, 2015
Interest rate risk	Interest rate curve increased 100 basis points	$ (57,696)	$ (25,435)	$ (122,399)
	Interest rate curve fell 100 basis points	60,557	25,524	123,387
Exchange rate risk	USD/NT$, EUR/NT$ increased 3%	(103,673)	(86,027)	(56,972)
	USD/NT$, EUR/NT$fell 3%	103,673	86,027	47,801
	Others (RMB, AUD etc.)/NT$ increased 5%	7,390	(18,673)	5,527
	Others (RMB, AUD etc.)/NT$ fell 5%	(7,390)	18,673	(22,670)
Equity security price risk	Equity security price increased by 15%	17,144	12,369	28,537
	Equity security price fell by 15%	(17,144)	(12,369)	(28,537)

Average amount and average interest rate of interest-earning assets and interest-bearing liabilities are as follows:

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

a) Taiwan Cooperative Bank, Ltd.

	For the Three Months Ended March 31			
	2016		2015	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Due from banks and other financial assets - due from banks	$ 25,165,770	1.84	$ 42,985,670	2.95
Due from the Central Bank	586,683,097	0.65	616,041,890	0.76
Call loans to banks	110,738,770	0.99	91,063,495	1.18

(Continued)

	For the Three Months Ended March 31			
	2016		2015	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Held-for-trading financial assets	$ 12,584,643	0.63	$ 36,959,163	0.79
Financial assets designated as at fair value through profit or loss	-	-	316,158	6.03
Securities purchased under resell agreements	862,743	0.39	1,810,554	0.61
Discounts and loans	1,976,693,261	2.08	1,868,240,329	2.15
Available-for-sale financial assets	90,494,658	2.00	70,900,843	1.77
Held-to-maturity financial assets	45,494,257	1.78	21,322,078	1.91
Debt instruments with no active market	83,370,778	1.97	81,301,473	1.70
Interest-bearing liabilities				
Due to the Central Bank and other banks	203,201,163	0.54	235,784,081	0.40
Financial liabilities designated as at fair value through profit or loss	13,183,319	4.19	278,133	4.18
Securities sold under repurchase agreements	15,256,491	0.32	22,121,079	0.48
Demand deposits	488,799,732	0.14	425,834,236	0.14
Savings - demand deposits	755,481,596	0.36	708,118,319	0.39
Time deposits	482,322,691	1.11	455,815,382	1.23
Time savings deposits	683,327,757	1.24	702,336,128	1.36
Treasury deposits	76,450,771	0.79	69,029,041	0.89
Negotiable certificates of deposits	3,702,032	0.35	1,966,933	0.42
Structured products	5,479,496	0.76	7,781,307	1.26
Bank debentures	69,610,000	1.40	92,021,111	1.72

(Concluded)

b) United Taiwan Bank S.A.

	For the Three Months Ended March 31			
	2016		2015	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Due from banks	$ 59,774	0.07	$ 749,002	-
Due from the Central Bank	176,487	0.02	259,138	0.01
Call loans to banks	-	-	41,532	0.03
Discounts and loans	8,548,158	2.10	6,863,171	2.12
Debt instruments with no active market	1,821,673	1.00	2,395,344	1.56
Interest-bearing liabilities				
Due to the Central Bank and other banks	8,289,595	0.42	8,141,308	0.78
Demand deposits	38,729	-	50,409	-
Time deposits	90,556	0.68	88,936	0.50

The exchange rate risk of TCB and its subsidiaries is as follows:

(In Thousands)

	March 31, 2016		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 9,940,581	32.1750	$ 319,838,202
RMB	10,705,552	4.9710	53,217,297

(Continued)

	March 31, 2016		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
AUD	$ 872,964	24.6250	$ 21,496,732
JPY	58,081,521	0.2864	16,634,548
EUR	391,081	36.4300	14,247,096
HKD	1,556,027	4.1490	6,455,957
GBP	127,207	46.1900	5,875,694
CAD	122,674	24.7700	3,038,647
ZAR	1,045,227	2.1600	2,257,691
NZD	17,402	22.2000	386,328
CHF	4,368	33.3050	145,485
SGD	4,282	23.8400	102,075
SEK	15,336	3.9500	60,579
KHR	879,259	0.0080	7,053
THB	4,616	0.9182	4,238
PHP	2,456	0.7000	1,719
MYR	7	8.2290	58
<u>Financial liabilities</u>			
Monetary items			
USD	10,961,844	32.1750	352,697,345
RMB	10,261,625	4.9710	51,010,537
AUD	817,451	24.6250	20,129,728
JPY	32,560,349	0.2864	9,325,284
ZAR	2,586,411	2.1600	5,586,648
GBP	103,048	46.1900	4,759,793
EUR	113,168	36.4300	4,122,725
HKD	894,545	4.1490	3,711,469
NZD	88,613	22.2000	1,967,204
CAD	53,789	24.7700	1,332,354
SGD	7,044	23.8400	167,920
CHF	4,965	33.3050	165,346
SEK	14,545	3.9500	57,454
THB	15,879	0.9182	14,580
PHP	804	0.7000	563
KHR	2,886	0.0080	23
MYR	-	8.2290	3

(Concluded)

	December 31, 2015		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
<u>Financial assets</u>			
Monetary items			
USD	$ 9,438,349	32.8800	$ 310,332,926
RMB	9,443,309	4.9930	47,150,444
EUR	431,528	35.9200	15,500,469
AUD	627,564	23.9750	15,045,854

(Continued)

	December 31, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
JPY	$ 48,863,783	0.2730	$ 13,339,813
HKD	1,465,852	4.2420	6,218,146
ZAR	972,188	2.1200	2,061,039
GBP	28,763	48.7500	1,402,194
CAD	27,447	23.7200	651,032
NZD	19,499	22.5000	438,733
CHF	3,627	33.2350	120,544
SGD	2,417	23.2500	56,207
SEK	4,358	3.9100	17,040
THB	10,234	0.9168	9,383
KHR	751,603	0.0081	6,068
PHP	2,581	0.7007	1,809
MYR	7	7.6510	54
Financial liabilities			
Monetary items			
USD	10,105,448	32.8800	332,267,122
RMB	9,190,733	4.9930	45,889,329
AUD	678,335	23.9750	16,263,088
JPY	32,415,488	0.2730	8,849,428
GBP	157,243	48.7500	7,665,610
EUR	186,511	35.9200	6,699,476
ZAR	2,568,244	2.1200	5,444,677
HKD	593,004	4.2420	2,515,523
NZD	85,355	22.5000	1,920,493
CAD	69,632	23.7200	1,651,680
CHF	5,251	33.2350	174,523
SGD	6,124	23.2500	142,383
SEK	14,172	3.9100	55,413
THB	11,050	0.9168	10,131
PHP	133	0.7007	93
KHR	2,885	0.0081	23
MYR	-	7.6510	3

(Concluded)

	March 31, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 9,473,163	31.2900	$ 296,415,278
RMB	11,204,535	5.0400	56,470,855
AUD	607,138	23.9250	14,525,769
EUR	427,952	33.8800	14,498,998
JPY	39,646,913	0.2603	10,320,092
HKD	2,357,418	4.0350	9,512,182

(Continued)

	March 31, 2015		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
CAD	$ 65,768	24.6600	$ 1,621,848
ZAR	474,271	2.5800	1,223,619
GBP	26,206	46.3100	1,213,596
NZD	19,929	23.4800	467,932
CHF	3,758	32.3050	121,391
SGD	2,425	22.7400	55,145
SEK	4,839	3.6400	17,615
KHR	561,493	0.0078	4,379
PHP	3,881	0.6994	2,714
THB	927	0.9655	895
MYR	7	8.4270	59
Financial liabilities			
Monetary items			
USD	10,305,380	31.2900	322,455,343
RMB	8,216,520	5.0400	41,411,258
AUD	708,641	23.9250	16,954,226
JPY	30,515,306	0.2603	7,943,134
ZAR	2,593,239	2.5800	6,690,557
EUR	190,796	33.8800	6,464,174
GBP	77,281	46.3100	3,578,874
HKD	819,863	4.0350	3,308,149
CAD	115,680	24.6600	2,852,667
SEK	579,139	3.6400	2,108,068
NZD	83,668	23.4800	1,964,529
SGD	7,037	22.7400	160,016
CHF	3,660	32.3050	118,247
THB	9,004	0.9655	8,693
PHP	1,635	0.6994	1,143
KHR	2,883	0.0078	22
MYR	-	8.4270	3

(Concluded)

4) Liquidity risk

Liquidity risk is inherent in all bank operations and might be affected by specific or general industry and environmental events. These events include credit-related events, mergers or acquisitions, systemic changes and natural disasters. TCB and its subsidiaries define liquidity risk as the inability to realize assets or to obtain financing for meeting obligations when they fall due, resulting in loss.

The liquidity risk management strategy is based on the overall risk management objectives and involves liquidity risk, identification, measurement, monitoring and control to maintain TCB’s appropriate liquidity and ensure adequate funding for meeting liability obligations or for capital growth.

The liquidity risk management procedures cover all types of businesses and business activities and should financing products.

For adequate liquidity for all types of deposits, TCB follows the relevant regulations issued by the Central Bank to estimate the liquidity reserves and calculates and controls daily the liquidity reserve ratios.

For TCB's operating liquidity, the fund disbursement unit performs daily cash flow management and monitoring of the payments schedule on the basis of detailed reports by different departments and relevant rules.

The risk management department regularly generates risk reports, which include the liquidity reserve ratios and the maturity analysis of instruments and transactions denominated in major foreign currencies, and submits them to the Asset and Liability Management Committee and the Board as reference for decision making.

TCB stipulates liquidity risk limits, which are regularly monitored and reviewed by the risk management department. If a liquidity risk limit is exceeded or other exception situations occur, the business supervising unit immediately develops appropriate contingency measures and submits them to the Asset and Liability Management Committee for approval and implementation.

TCB contingency measures for business emergency or sudden liquidity crisis are aimed at quick crisis resolution and resumption of normal operations.

TCB's liquidity reserve ratios were 24.79% in March 2016, 23.48% in December 2015 and 22.25% in March 2015.

The Company disclosed the analysis of cash outflows on non-derivative financial liabilities by their residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 142,929,846	$ 48,539,142	$ 12,189,740	$ 475,831	$ -	$ 204,134,559
Financial liabilities at fair value through profit or loss	-	-	-	-	12,870,000	12,870,000
Securities sold under repurchase agreements	7,645,291	3,705,336	1,694,389	159,423	-	13,204,439
Payables	31,555,457	1,843,514	951,926	1,952,081	1,124,519	37,427,497
Deposits and remittances	270,402,652	309,329,074	383,571,740	639,949,295	952,447,908	2,555,700,669
Bank debentures	-	-	-	-	69,610,000	69,610,000
Other items of cash outflow on maturity	6,548,311	73,965	28,740	75,855	603,617	7,330,488

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 129,943,568	$ 61,620,412	$ 499,880	$ 8,181,954	$ -	$ 200,245,814
Financial liabilities at fair value through profit or loss	-	-	-	-	13,152,000	13,152,000
Securities sold under repurchase agreements	11,324,769	4,138,888	1,961,817	27,006	-	17,452,480
Payables	26,641,525	1,250,741	3,724,904	1,642,602	1,574,763	34,834,535
Deposits and remittances	238,906,777	349,548,292	356,297,049	608,264,851	951,494,918	2,504,511,887
Bank debentures	-	-	-	-	69,610,000	69,610,000
Other items of cash outflow on maturity	6,944,010	51,121	28,891	76,156	609,190	7,709,368

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 144,798,113	$ 47,793,866	$ 18,487,665	$ 6,851,628	$ -	$ 217,931,272
Securities sold under repurchase agreements	14,192,392	4,881,261	2,205,407	118,102	-	21,397,162
Payables	25,236,357	2,614,506	1,201,088	2,471,582	657,218	32,180,751
Deposits and remittances	219,752,624	279,035,485	372,309,238	637,918,690	885,345,873	2,394,361,910
Bank debentures	13,000,000	5,500,000	-	-	69,610,000	88,110,000
Other items of cash outflow on maturity	8,394,630	1,346,880	34,795	115,015	682,763	10,574,083

In the above table, the maturity analysis of deposits and remittances by residual-maturity period was based on TCB and its subsidiaries' historical experience. Assuming that all demand deposits as of March 31, 2016, December 31, 2015 and March 31, 2015 must be repaid soon, the capital expenditure will be increased by $1,267,448,269 thousand, $1,265,775,142 thousand and $1,161,381,675 thousand, respectively, within 30 days these balance sheet dates.

TCB and its subsidiaries assess the maturity dates of contracts to understand the basic elements of all derivative financial instruments shown in the balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities is as follows:

a) Derivative financial liabilities to be settled at net amounts

March 31, 2016	**0-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss						
Currency	$ 655	$ 805	$ 3,708	$ 11,186	$ -	$ 16,354
Interest	(2,319)	(511)	(2,600)	(3,685)	(9,869)	(18,984)

December 31, 2015	**0-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss						
Currency	$ 1,452	$ 3,668	$ 2,279	$ 1,360	$ -	$ 8,759
Interest	(2,141)	(435)	(2,810)	(4,510)	(11,384)	(21,280)

March 31, 2015	**0-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss						
Currency	$ 6,873	$ 2,465	$ 2,545	$ 7,657	$ -	$ 19,540
Interest	3,396	3,139	6,873	9,919	93,517	116,844

b) Derivative financial liabilities to be settled at gross amounts

March 31, 2016	**0-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 92,191,383	$ 75,537,248	$ 37,554,181	$ 18,422,918	$ 460,507	$ 224,166,237
Cash inflow	94,110,052	76,932,794	38,292,868	18,787,020	463,703	228,586,437
Interest derivatives						
Cash outflow	-	1,129,181	-	1,256	323,013	1,453,450
Cash inflow	-	1,085,159	-	-	308,500	1,393,659
Total cash outflow	92,191,383	76,666,429	37,554,181	18,424,174	783,520	225,619,687
Total cash inflow	94,110,052	78,017,953	38,292,868	18,787,020	772,203	229,980,096
Net cash flow	1,918,669	1,351,524	738,687	362,846	(11,317)	4,360,409

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 121,940,698	$ 61,218,639	$ 8,332,811	$ 6,721,102	$ 139,693	$ 198,352,943
Cash inflow	122,438,787	61,450,896	8,404,151	6,782,455	139,717	199,216,006
Interest derivatives						
Cash outflow	136,070	1,887,838	1,394,754	140,160	851,454	4,410,276
Cash inflow	136,452	1,754,559	1,321,384	136,070	1,026,649	4,375,114
Total cash outflow	122,076,768	63,106,477	9,727,565	6,861,262	991,147	202,763,219
Total cash inflow	122,575,239	63,205,455	9,725,535	6,918,525	1,166,366	203,591,120
Net cash flow	498,471	98,978	(2,030)	57,263	175,219	827,901

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 123,515,696	$ 67,334,081	$ 22,983,568	$ 11,109,028	$ 87,141	$ 225,029,514
Cash inflow	124,570,566	68,635,748	23,699,759	11,422,632	87,803	228,416,508
Interest derivatives						
Cash outflow	685,539	363,009	13,479,032	11,162,886	2,488,910	28,179,376
Cash inflow	685,567	363,023	13,485,741	11,272,381	7,368,421	33,175,133
Total cash outflow	124,201,235	67,697,090	36,462,600	22,271,914	2,576,051	253,208,890
Total cash inflow	125,256,133	68,998,771	37,185,500	22,695,013	7,456,224	261,591,641
Net cash flow	1,054,898	1,301,681	722,900	423,099	4,880,173	8,382,751

TCB and its subsidiaries conducted maturity analysis of off-balance sheet items based on the residual maturities as of the balance sheet dates. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some of these amounts may not correspond to those shown in the balance sheets.

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 3,784,188	$ 3,822,222	$ 5,411,600	$ 13,716,963	$ 67,300,766	$ 94,035,739
Irrevocable credit card commitments	25,470	348,956	725,480	1,777,049	35,562,995	38,439,950
Letters of credit issued yet unused	4,209,852	10,105,642	1,989,899	1,570,059	1,275,072	19,150,524
Other guarantees	3,094,885	8,617,972	4,603,967	9,855,558	50,662,655	76,835,037

December 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 1,175,415	$ 6,237,551	$ 7,763,379	$ 11,348,130	$ 74,813,055	$ 101,337,530
Irrevocable credit card commitments	13,900	128,504	755,729	1,347,700	35,422,165	37,667,998
Letters of credit issued yet unused	4,430,340	8,766,697	2,230,412	483,024	1,455,177	17,365,650
Other guarantees	3,023,999	6,402,251	6,562,665	9,228,210	50,629,322	75,846,447

March 31, 2015	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 1,100,144	$ 10,104,599	$ 5,100,230	$ 13,557,828	$ 66,507,228	$ 96,370,029
Irrevocable credit card commitments	20,330	222,171	884,077	1,369,029	32,998,690	35,494,297
Letters of credit issued yet unused	5,765,115	11,600,900	2,050,970	1,360,572	1,681,259	22,458,816
Other guarantees	3,708,853	6,450,803	3,736,919	7,152,394	48,390,383	69,439,352

BNP Paribas Cardif TCB Life Insurance Co., Ltd. (BPCTLI)

Financial risk arises when future cash flows generated from financial assets are insufficient to pay insurance and investment contracts. BPCTLI has already set up a risk management mechanism and control system that can effectively identify, measure, respond to, and monitor the level of risk BPCTLI is exposed to, including market risk, credit risk, liquidity risk, etc.

BPCTLI uses derivatives, such as cross-currency swaps and foreign exchange swaps, to manage its exposures on foreign investments. The management of BPCTLI effectively monitors and controls several risks. Control strategies implemented by BPCTLI are as follows:

1) Market risk

a) Market risk source and market risk factors

Market risk results from the fluctuation in the fair values of financial instruments or future cash due to the market price changes. The risk factors causing market price changes include interest rates, exchange rates, stock prices and commodity prices, which may cause a gain or loss on or off the balance sheet.

b) Market risk strategy and procedures

BPCTLI has established management policies and market risk limits to monitor the market risk and tolerable losses.

BPCTLI monitors the limit management of financial instruments and the implementation of sensitivity analysis, stress testing and risk calculation. For management's decision making, the risk management department periodically reports to the board of directors and the Risk Management Committee.

In line with hedging against interest rate risk, the investment selection includes an assessment of the financial instrument issuers' credit and financial condition, the investing countries' risk condition and interest rate movements. If a foreign currency risk pertains to overseas investments, BPCTLI uses cross-currency swaps and foreign exchange swaps for each overseas investment and periodically measures the efficiency of these swaps. BPCTLI has investment limits and stop-loss order to control equity risk.

c) Market risk management framework

To quantify the possible loss resulting from the price fluctuations of BPCTLI assets, BPCTLI control market risk through calculating value-at-risk (VaR) regularly, combining with back testing, sensitivity analysis method and stress testing.

d) Market risk measurement

i. VaR (value at risk)

VaR measures "the worst expected loss over a target horizon with a given level of confidence and normal market environment." BPCTLI's worst expected losses for two weeks with a 99% confidence level were $498,668 thousand, $503,473 thousand and $388,366 thousand as of March 31, 2016, December 31, 2015 and March 31, 2015, respectively.

ii. Sensitivity analysis

i) Interest rate risk

Interest rate risk refers to the impact of interest rate changes on an investment portfolio value or investment gain or loss. The investment instruments exposed to interest rate risk are mainly bonds and derivative financial assets.

Assuming all other indicators had been held constant and had the interest rate increased by 1% as of March 31, 2016, December 31, 2015 and March 31, 2015 the fair values of financial assets would have decreased by $20,420 thousand, $20,491 thousand and $20,899 thousand, respectively.

ii) Equity risk

Equity risk is the risk that the market value of a stock investment will fall because of negative stock market movements.

Assuming all other indicators had been held constant and based on the asset condition of BPCTLI on March 31, 2016, December 31, 2015 and March 31, 2015, had the TAIEX fallen 1%, the fair value of the equity assets would have decreased by $20,676 thousand, $21,220 thousand and $15,554 thousand, respectively.

iii) Foreign currency risk

Foreign currency risk arises when a financial asset or liability is denominated in a currency different from the BPCTLI's base currency. This risk mainly refers to nonmonetary financial assets and liabilities.

BPCTLI's overseas financial instruments were primarily exposed to the U.S. dollar. Assuming all other factors had been held constant, no hedging had been involved, and had the U.S. dollar decreased 1% for the three months ended March 31, 2016 and 2015, the income before income tax would have decreased $183,226 thousand and $159,397 thousand, respectively.

The table below shows the carrying value of financial assets and liabilities denominated in foreign currency as of March 31, 2016, December 31, 2015 and March 31, 2015.

March 31, 2016

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Savings accounts			
USD	$ 7,839	32.17	$ 252,193
AUD	861	24.58	21,170
EUR	235	36.38	8,549
ZAR	1,605	2.15	3,453
Receivables			
USD	6,395	32.17	205,721
RMB	2,831	4.97	14,060

(Continued)

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Available-for-sale financial assets			
USD	$ 297,555	32.17	$ 9,636,474
RMB	29,856	4.97	148,293
Debt investments with no active market			
USD	241,808	32.17	7,778,957
RMB	240,998	4.97	1,197,039
Refundable deposits			
USD	15,960	32.17	513,433

(Concluded)

December 31, 2015

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Savings accounts			
USD	$ 11,160	32.89	$ 367,068
AUD	1,704	23.99	40,877
EUR	96	35.90	3,463
ZAR	381	2.11	806
Receivables			
USD	6,046	32.89	198,842
RMB	2,832	4.99	14,132
Available-for-sale financial assets			
USD	288,921	32.89	9,502,601
RMB	29,716	4.99	148,283
Debt investments with no active market			
USD	256,847	32.89	8,447,713
RMB	239,998	4.99	1,197,591
Refundable deposits			
USD	12,450	32.89	409,480

March 31, 2015

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Savings accounts			
USD	$ 7,920	31.29	$ 247,813
AUD	368	23.90	8,798
ZAR	4,490	2.58	11,578
EUR	372	33.86	12,596

(Continued)

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Receivables			
USD	$ 4,861	31.29	$ 152,115
RMB	2,042	5.04	10,298
Available-for-sale financial assets			
USD	340,655	31.29	10,659,094
Debt investments with no active market			
USD	148,331	31.29	4,641,271
RMB	259,715	5.04	1,309,485
Refundable deposits			
USD	7,650	31.29	239,369

(Concluded)

iii. Stress testing

If an extreme event or systematic risk occurs, stress testing is done to measure the potential impact of a negative development on trading book portfolio during an abnormal market period.

BPCTLI does stress testing by analyzing market risk stress testing and different stress testing scenarios from Bloomberg.

Assuming the Lehman crisis in 2008 reoccurred as of March 31, 2016, December 31, 2015 and March 31, 2015, the losses on financial assets would have been $2,113,571 thousand, $1,971,268 thousand and $1,545,948 thousand, respectively. Also assuming the Japan earthquake on March 11, 2011 reoccurred as of March 31, 2016, December 31, 2015 and March 31, 2015, the loss on financial assets would have been $298,650 thousand, $289,939 thousand and $211,267 thousand, respectively.

2) Credit risk

a) Credit risk definition and classifications

Credit risk refers to the risks that debtors' credit is downgraded or the counterparty cannot make payments or refuses to perform contractual obligations. The credit exposure primarily refers to investments in debt and derivative instruments.

b) Credit risk strategy and procedures

BPCTLI controls credit risk as follows:

i. Investment credit limit and the control of concentration of credit risk

The investment department complies with insurance laws and applicable regulations, follows company credit limits and investment management policies for every type of investment product, and reviews the appropriateness of investment transactions to lower the concentration of risks. After the completion of each transaction, the risk management department regularly monitors the credit risk and reports the exposure to various credit limits in each committee meeting.

ii. Stress testing

Using the scenario from the Insurance Bureau, BPCTLI periodically tests the impact on financial asset income and loss of the concentration of credit risk and credit default ratio.

iii. Credit risk reduction policy

If a bond is downgraded below the authorized minimum rating, the investment department will assess the impact caused and decide whether or not to dispose of the assets. When a decision is reached not to dispose of the assets, the investment department should provide the investment withdrawal committee a sufficient reason for its decision. If approval by the investment withdrawal committee is not given within two months of the proposed asset disposal, the assets are disposed of immediately by the investment department.

Some financial assets such as cash and cash equivalents, financial assets at fair value through profit or loss and refundable deposits are regarded as having very low credit risk because of the good credit ratings of counterparties. The credit analysis of other financial assets is as follows:

iv. Credit analysis for bonds

	March 31, 2016		
	Carrying Amount	**Fair Value**	**%**
Domestic investment - government bonds (Note 1)	$ 23,443,760	$ 23,443,760	55
Domestic investment - corporate bonds (twAAA - twAA)	399,959	410,098	1
Overseas investment - corporate bonds (Aa2 - A2)	12,812,880	13,027,980	30
Overseas investment - corporate bonds (A3)	3,495,106	3,512,542	8
Overseas investment - corporate bonds (Baa2 - Ba1)	2,383,670	2,422,978	6
	$ 42,535,375	$ 42,817,358	100

	December 31, 2015		
	Carrying Amount	**Fair Value**	**%**
Domestic investment - government bonds (Note 1)	$ 23,385,286	$ 23,385,286	54
Domestic investment - corporate bonds (twAAA - twAA)	399,957	406,048	1
Overseas investment - corporate bonds (Aa2 - A2)	12,834,215	12,931,069	30
Overseas investment - corporate bonds (A3)	3,903,283	3,922,062	9
Overseas investment - corporate bonds (Baa2 - Ba1)	2,558,690	2,556,565	6
	$ 43,081,431	$ 43,201,030	100

	March 31, 2015		
	Carrying Amount	**Fair Value**	**%**
Domestic investment - government bonds (Note 1)	$ 27,985,482	$ 27,985,482	62
Domestic investment - corporate bonds (twAA - twAAA)	399,951	401,417	1
Overseas investment - corporate bonds (A2 - Aa3)	11,754,683	11,895,520	26
Overseas investment - corporate bonds (A3)	3,781,570	3,856,840	9
Overseas investment - corporate bonds (Baa1)	1,073,597	1,047,746	2
	$ 44,995,283	$ 45,187,005	100

Note 1: The above domestic government bonds include other assets - operating deposits.

Note 2: The sources of credit ratings are Taiwan Ratings Corp. and Moody's Investors Service, Inc.

3) Liquidity risk

a) Source and definition of liquidity risk

Liquidity risk means BPCTLI cannot provide sufficient funding for asset size growth and for meeting obligations on matured liabilities.

b) Liquidity risk management strategy and principles

BPCTLI does annual and monthly cash flow analysis based on its budgets, makes daily cash estimates, and reviews the flow of funds to ensure the accuracy and timeliness of liquidity risk management. BPCTLI's liquidity risk is reviewed by the Asset Liability Committee quarterly and by the Investment Committee, monthly.

c) Maturity analysis

i. For the liquidity risk management of financial assets' and non-derivative instruments' maturity analysis

To ensure that it has sufficient cash on hand for liability payments and asset purchases, BPCTLI can use unrestricted cash, consisting of financial institution deposits, certificate deposits (including conditional bonds), quasi-foreign currency mutual funds, etc.

ii. Maturity analysis of derivatives

The following table shows BPCTLI's liquidity analysis of its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by yield curves at the end of the reporting period.

	March 31, 2016			
	Within One Year	**1 Year to 3 Years**	**3 Years to 5 Years**	**Over Five Years**
Net settled				
Cross-currency swap contracts	$ (185,162)	$ (77,413)	$ -	$ -
Currency swap contracts	(103,856)	-	-	-
	$ (289,018)	$ (77,413)	$ -	$ -

	December 31, 2015			
	Within One Year	**1 Year to 3 Years**	**3 Years to 5 Years**	**Over Five Years**
Net settled				
Cross-currency swap contracts	$ (191,899)	$ (225,351)	$ -	$ -
Currency swap contracts	(554,934)	-	-	-
	$ (746,833)	$ (225,351)	$ -	$ -

	March 31, 2015			
	Within One Year	**1 Year to 3 Years**	**3 Years to 5 Years**	**Over Five Years**
Net settled				
Cross-currency swap contracts	$ (212,639)	$ (208,096)	$ -	$ -
Currency swap contracts	(39,047)	(53,826)	-	-
	$ (251,686)	$ (261,922)	$ -	$ -

g. Insurance contracts

To pursue a sustainable development, to protect the interests of the policyholders and to ensure that capital is adequate for fulfilling its repayment obligations, BPCTLI has formed risk management policies, set up a risk management committee under the board of directors and a risk management department, which is independent from its operation departments, in accordance with the Risk Management Practice Manual for Insurance Industry and practice guideline No. 09802512072 issued by the Taiwan Financial Supervisory Commission on December 31, 2009.

The risk management program and procedure are summarized as follows:

1) Insurance risk management and measurement

Insurance risk refers to the possibility of BPCTLI's not having sufficient assets to meet future obligations on an insured event. The risk on an insurance contract is random and is thus unpredictable.

BPCTLI's risk exposures involve mortality, morbidity, withdrawal rates, interest rates and fee rates, as well as the uncertainty of the returns on insurance premium investments. Based on the nature of an insurance contract, the occurrence of a covered event, the uncertainty of the amount and the timing are the inherent risks. For life, injury or health insurance, underwriting risks include mortality, accident or morbidity. The significant insurance liability risks are the frequency and severity of the accident covered by the insurance and the actual liability payment exceeding the expected liability payment. BPCTLI is also exposed to loss from natural and man-made disasters, and the frequency and severity of and loss on these disasters are unpredictable. The risks on annuity insurance contracts pertain to the constantly improving health care in society, which helps extend people's life span.

The exposure to insurance risk is influenced by the policyholders' behavior, such as reducing insurance coverage in the future, stopping paying insurance premium or terminating the insurance contract.

BPCTLI spreads out its insurance risk by developing appropriate policy pricing and underwriting strategies and acquiring a sufficient number of policyholders in each risk range so that the variances in the average amounts of claim payments decrease as the number of claims increases. For added safety, BPCTLI manages its insurance risks through issuing a large number of mixed policies and obtaining reinsurance against natural disasters with reinsurance companies to avoid large claims.

2) Concentration of insurance risk and the development of claims

BPCTLI sells its products all over Taiwan and has no concentration of credit risk in a particular geographic region, clientele, age, or profession. To prevent the accumulated risk from going beyond what BPCTLI can tolerate, BPCTLI has evaluated the insurance risk associated with each product and obtained reinsurance against natural disasters with reinsurance companies to avoid the risk of large claims.

The following table shows the development of claims (the cases within one year are not included), and it explains how BPCTLI evaluates claims through development ages. The circumstance and development of reserve claims may change in the future. Thus, actual future claims cannot be determined just by using the following tables.

a) Development of direct business loss

	Development Ages							Claim
	1	**2**	**3**	**4**	**5**	**6**	**7**	**Reserve**
2010	$ 35	$ 35	$ 35	$ 35	$ 35	$ 35	$ 35	$ -
2011	4,170	7,263	7,786	7,854	7,854	7,854	7,854	-
2012	12,366	20,155	21,177	21,070	21,111	21,111	21,111	-
2013	19,586	27,531	27,762	27,752	27,781	27,781	27,781	29
2014	25,862	28,357	28,524	28,580	28,608	28,608	28,608	84
2015	35,899	43,583	44,855	44,934	45,003	45,003	45,003	1,420
2016	41,579	55,446	57,224	57,316	57,427	57,427	57,427	15,848
						Incurred but not reported		17,381
						Reported but not paid		14,661
						Balance of claim reserve		$ 32,042

b) Development of retained business

	Development Ages							Claim
	1	2	3	4	5	6	7	Reserve
2010	$ 35	$ 35	$ 35	$ 35	$ 35	$ 35	$ 35	$ -
2011	4,170	7,263	7,786	7,854	7,854	7,854	7,854	-
2012	10,307	18,108	19,129	19,023	19,063	19,063	19,063	-
2013	19,497	26,841	27,071	27,061	27,089	27,089	27,089	28
2014	25,174	27,659	27,826	27,882	27,908	27,908	27,908	82
2015	31,538	39,207	40,198	40,277	40,323	40,323	40,323	1,116
2016	37,215	48,463	49,790	49,882	49,955	49,955	49,955	12,740
						Incurred but not reported		13,966
						Reported but not paid		9,553
						Balance of claim reserve		$ 23,519

3) Sensitivity analysis of insurance risk

Based on relevant insurance laws and regulations, when calculating the liability reserve, assumptions used at the time of purchase are locked in, but such assumptions may change as time passes. According to IFRS 4 "Insurance Contracts," a liability adequacy test is needed to determine whether BPCTLI has sufficient insurance liability. BPCTLI performed a sensitivity analysis with changes in the assumptions on death rate, illness rate, and withdrawal rate. The results are as follows:

Insurance contracts and investment contracts with a discretionary participation feature

	March 31, 2016		
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	$ 18,372	$ 15,249
Discount rate	(0.25%)	(18,413)	(15,283)
Mortality rate	10%	(3,124)	(2,593)
Mortality rate	(10%)	3,124	2,593
Withdrawal rate	30%	20	17
Withdrawal rate	(30%)	(577)	(479)
Illness rate/loss rate	15%	(2,733)	(2,268)
Expense rate	10%	(14,133)	(11,730)

	December 31, 2015		
	Changes in the Assumptions	Impact on Income Before Income Tax	Impact on Equity
Discount rate	0.25%	$ 73,972	$ 61,397
Discount rate	(0.25%)	(74,137)	(61,534)
Mortality rate	10%	(11,622)	(9,638)
Mortality rate	(10%)	11,622	9,638
Withdrawal rate	30%	424	352
Withdrawal rate	(30%)	(2,288)	(1,899)
Illness rate/loss rate	15%	(10,155)	(8,429)
Expense rate	10%	(56,689)	(47,052)

	March 31, 2015		
	Changes in the Assumptions	**Impact on Income Before Income Tax**	**Impact on Equity**
Discount rate	0.25%	$ 21,365	$ 17,733
Discount rate	(0.25%)	(21,413)	(17,773)
Mortality rate	10%	(2,228)	(1,849)
Mortality rate	(10%)	2,227	1,849
Withdrawal rate	30%	26	21
Withdrawal rate	(30%)	(715)	(593)
Illness rate/loss rate	15%	(2,354)	(1,954)
Expense rate	10%	(12,292)	(10,202)

Note 1: After-tax balances were used to calculate the equity.

Note 2: The result is non-linear and is limited to changes in the assumptions presented above.

Note 3: Changes in the assumptions presented above are scenarios and the range of change may be interrelated.

Note 4: The sensitivity analysis does not consider market changes that have an impact on the operation (e.g., buy/sell asset positions, changes in the allocation of assets, adjustments in the declared interest rate of the policy, etc.).

4) Credit risk, liquidity risk, and market risk

a) Market risk

Under the Regulations Governing the Reserves by Insurance Enterprises and relevant laws and regulations, BPCTLI calculates reserves at the assumed interest rate and risk occurrence rate set by the supervisory authorities. The expected rates are tied to the policy before sale. These rates are not affected by market rate changes since the long-term trend rate set by the authorities has taken into consideration the assumed interest and the related timing, amount and direction.

Based on IFRS 4, if the liability adequacy test is insufficient, BPCTLI should accrue the shortage as reserve for liability adequacy. The reserve for liability adequacy is not affected by market rate changes.

BPTCLI believes that the supervisory authorities would not soon change the calculation of life policy reserve from the fixed interest rate to float interest rate and that market risks would not significantly affect profit and loss.

b) Credit risk

BPCTLI has reinsurance on the insurance products it sells. BPCTLI evaluates the creditworthiness of the related reinsurance companies for any impairment.

c) Liquidity risk

BPCTLI predicts the future cash flows of assets and liabilities through an asset-liability matching model to ensure there are enough cash flows to cover a predicted liability obligation.

Under related laws and regulations, the individual face values of BPCTLI's insurance policies are all greater than their surrender value. Thus, the liquidity risks on agreement cancellations would not be significant. In addition, under the materiality principle, if a policyholder cancels its coverage, BPCTLI will not disclose the cash flow maturity analysis in its financial statements if the coverage amount is not significant.

h. Transfers of financial assets

Under the Company operations, most of derecognized financial assets are securities sold under repurchase agreements, and the contractual cash flows have been transferred to others. The Company has the responsibility to repurchase transferred financial assets at fixed prices, and can not use, sell and pledge transferred financial assets. However, the Company is still in the risk exposure of interest rate and credit, so the transferred financial assets can not be removed entirely. The information on derecognized financial assets and liabilities is as follows:

March 31, 2016					
Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL - securities sold under repurchase agreements	$ 22,595,540	$ 22,565,398	$ 22,595,540	$ 22,565,398	$ 30,142
Available-for-sale financial assets - securities sold under repurchase agreements	23,323,423	23,411,694	23,323,423	23,411,694	(88,271)
Held-to-maturity financial assets - securities sold under repurchase agreements	1,726,222	1,725,000	1,775,011	1,725,000	50,011

December 31, 2015					
Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL - securities sold under repurchase agreements	$ 23,189,614	$ 23,168,529	$ 23,189,614	$ 23,168,529	$ 21,085
Available-for-sale financial assets - securities sold under repurchase agreements	25,513,538	26,092,702	25,513,538	26,092,702	(579,164)
Held-to-maturity financial assets - securities sold under repurchase agreements	1,883,182	1,880,000	1,913,869	1,880,000	33,869

March 31, 2015					
Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Related Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Related Financial Liabilities**	**Net Position of Fair Value**
Financial assets at FVTPL - securities sold under repurchase agreements	$ 19,600,518	$ 19,597,497	$ 19,600,518	$ 19,597,497	$ 3,021
Available-for-sale financial assets - securities sold under repurchase agreements	18,453,471	20,291,557	18,453,471	20,291,557	(1,838,086)
Held-to-maturity financial assets - securities sold under repurchase agreements	2,025,413	1,673,973	2,031,957	1,673,973	357,984

i. Offsetting financial assets and financial liabilities

The Company is eligible to present in the balance sheet on a net basis certain derivative assets and derivative liabilities pertaining to transactions with counterparties under enforceable master netting arrangements or similar agreements and there is an intention either to make settlements on a net basis or to realize the asset and settle the liability simultaneously. A master netting agreement provides for a single net settlement of all financial instruments covered by the agreement if the counterparty defaults on any contract. Parties may also settle transactions at gross amounts if a single settlement results in cash flows being equivalent to a single net amount.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheet or that are covered by enforceable master netting arrangements or similar agreements.

March 31, 2016

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Received	Net Amount
Resell agreements	$ 1,320,760	$ -	$ 1,320,760	$ (1,320,655)	$ -	$ 105

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Repurchase agreements	$ 47,702,902	$ -	$ 47,702,092	$ (47,153,048)	$ -	$ 549,044

December 31, 2015

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Received	Net Amount
Resell agreements	$ 1,346,831	$ -	$ 1,346,831	$ (1,346,844)	$ -	$ (13)

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Repurchase agreements	$ 51,141,231	$ -	$ 51,141,231	$ (50,367,675)	$ -	$ 773,556

March 31, 2015

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Received	Net Amount
Resell agreements	$ 3,022,652	$ -	$ 3,022,652	$ (3,022,652)	$ -	$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amount
Repurchase agreements	$ 41,963,027	$ -	$ 41,963,027	$ (41,963,027)	$ -	$ -

42. CAPITAL MANAGEMENT

To monitor capital adequacy, the risk management department regularly reports capital adequacy ratios every month and also quarterly reviews the execution status of and actual operation data variation on the Company's capital adequacy evaluation plan. When the actual capital adequacy ratio might go lower than the target, the Company immediately reviews the causes, prepares a report and proposes a response strategy to maintain the appropriate capital adequacy levels.

Under the Financial Holding Company Act and related regulations, TCFHC should maintain a consolidated capital adequacy ratio (CAR) of at least 100%. If the ratio falls below 100%, the appropriation of earnings as cash dividends or other assets will be restricted and the authorities may discipline TCFHC, depending on the situation.

The Banking Law and related regulations require that the Bank maintain the minimum requirement for unconsolidated and consolidated capital adequacy ratios (CAR), including the common equity Tier 1 ratio, Tier 1 capital ratio, and total capital adequacy ratio.

The Act Governing Bills Finance Business and related regulations require that the bills finance business maintain CARs at a minimum of 8%.

Under the rules governing securities firms and related regulations, the CAR of a securities firm should be at least 150% to ensure its stability as well as maintain the health of the security markets. If the ratio is below 150%, the authority may impose certain restrictions on a firm's operations.

The Law of Insurance and related regulations require that the insurance business maintain CARs at a minimum of 200%.

43. TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES' ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Asset quality of Taiwan Cooperative Bank, Ltd.: Table 2 (attached).

b. Concentration of credit extensions

1) Taiwan Cooperative Bank, Ltd. (TCB)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2016		
	Industry of Group Enterprise (Note 2)	**Total Amount of Credit Endorsement or Other Transactions (Note 3)**	**Percentage of TCB's Equity**
1	Group A Railway transportation	$ 52,676,426	28.21
2	Group B Petroleum and coal products manufacturing	29,237,302	15.66
3	Group C Harbor services	22,344,395	11.97
4	Group D Cotton and textile	15,067,504	8.07
5	Group E Computers and computing peripheral equipment manufacturing	13,839,395	7.41
6	Group F Iron and steel smelting	12,897,754	6.91
7	Group G Shipping Agency	11,137,593	5.96
8	Group H Cotton and textile	10,319,433	5.53
9	Group I Liquid crystal panel and component manufacturing	9,906,352	5.31
10	Group J Other electronic parts and components manufacturing not classified elsewhere	9,482,790	5.08

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2015		
	Industry of Group Enterprise (Note 2)	Total Amount of Credit Endorsement or Other Transactions (Note 3)	Percentage of TCB's Equity
1	Group A Railway transportation	$ 53,351,408	30.58
2	Group B Petroleum and coal products manufacturing	23,182,501	13.29
3	Group C Harbor services	20,233,731	11.60
4	Group D Cotton and textile	14,414,105	8.26
5	Group G Shipping agency	11,722,647	6.72
6	Group I Liquid crystal panel and component manufacturing	10,631,577	6.09
7	Group J Other electronic parts and components manufacturing not classified elsewhere	10,113,460	5.80
8	Group K Harbor services	8,670,482	4.97
9	Group F Iron and steel smelting	8,177,696	4.69
10	Group L Cement manufacturing	7,997,196	4.58

2) Taiwan Cooperative Bills Finance Corporation Ltd. (TCBF)

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2016		
	Industry of Group Enterprise (Note 2)	**Total Amount of Credit Endorsement or Other Transactions (Note 3)**	**Percentage of TCBF's Equity**
1	Group A Other financial intermediation not elsewhere classified	$ 960,000	18.98
2	Group B Aluminum refinery manufacturing	800,000	15.81
3	Group C Shipping agency	700,000	13.84
4	Group D Other financial intermediation not elsewhere classified	695,000	13.74
5	Group E Real estate development	670,000	13.24
6	Group F Wholesale of motor vehicles and motorcycles parts and accessories	600,000	11.86
7	Group G Private financing industry	550,000	10.87
8	Group H Other retail sale in non-specialized stores	510,000	10.08
9	Group I Real estate development	480,000	9.49
10	Group J Real estate development	469,000	9.27

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	March 31, 2015		
	Industry of Group Enterprise (Note 2)	**Total Amount of Credit Endorsement or Other Transactions (Note 3)**	**Percentage of TCBF's Equity**
1	Group A Other financial intermediation not elsewhere classified	$ 960,000	20.76
2	Group C Shipping agency	700,000	15.14
3	Group K Catering industry	680,000	14.71
4	Group D Other financial intermediation not elsewhere classified	650,000	14.06
5	Group F Wholesale of motor vehicles and motorcycles parts and accessories	600,000	12.98
6	Group E Real estate development	560,000	12.11
7	Group L Manmade fiber manufacturing	518,000	11.20
8	Group B Aluminum refinery manufacturing	500,000	10.81
9	Group M Real estate development	500,000	10.81
10	Group I Real estate development	480,000	10.38

Note 1: The list shows rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c. Interest rate sensitivity information

1) Taiwan Cooperative Bank, Ltd.

Interest Rate Sensitivity
March 31, 2016

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 2,238,354,731	$ 79,328,110	$ 5,067,624	$ 165,971,401	$ 2,488,721,866
Interest rate-sensitive liabilities	902,159,564	1,212,030,229	141,262,492	53,216,138	2,308,668,423
Interest rate sensitivity gap	1,336,195,167	(1,132,702,119)	(136,194,868)	112,755,263	180,053,443
Net worth					176,153,545
Ratio of interest rate-sensitive assets to liabilities					107.80
Ratio of interest rate sensitivity gap to net worth					102.21

Interest Rate Sensitivity
March 31, 2015

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 2,167,141,328	$ 77,840,456	$ 20,466,058	$ 148,790,946	$ 2,414,238,788
Interest rate-sensitive liabilities	934,544,087	1,126,323,097	124,837,894	51,371,805	2,237,076,883
Interest rate sensitivity gap	1,232,597,241	(1,048,482,641)	(104,371,836)	97,419,141	177,161,905
Net worth					159,655,930
Ratio of interest rate-sensitive assets to liabilities					107.92
Ratio of interest rate sensitivity gap to net worth					110.96

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are affected by interest rate changes.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity
March 31, 2016

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 9,636,704	$ 1,183,826	$ 475,705	$ 592,477	$ 11,888,712
Interest rate-sensitive liabilities	11,701,444	985,163	642,862	15,007	13,344,476
Interest rate sensitivity gap	(2,064,740)	198,663	(167,157)	577,470	(1,455,764)
Net worth					328,754
Ratio of interest rate-sensitive assets to liabilities					89.09
Ratio of interest rate sensitivity gap to net worth					(442.81)

Interest Rate Sensitivity
March 31, 2015

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 10,389,592	$ 1,337,409	$ 387,379	$ 308,844	$ 12,423,224
Interest rate-sensitive liabilities	10,705,122	1,232,108	1,099,625	5,000	13,041,855
Interest rate sensitivity gap	(315,530)	105,301	(712,246)	303,844	(618,631)
Net worth					473,908
Ratio of interest rate-sensitive assets to liabilities					95.26
Ratio of interest rate sensitivity gap to net worth					(130.54)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are affected by interest rate changes.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

2) United Taiwan Bank S.A.

Interest Rate Sensitivity
March 31, 2016

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 271,487	$ 107,769	$ -	$ -	$ 379,256
Interest rate-sensitive liabilities	206,190	87,008	16,836	-	310,034
Interest rate sensitivity gap	65,297	20,761	(16,836)	-	69,222
Net worth					62,584
Ratio of interest rate-sensitive assets to liabilities					122.33
Ratio of interest rate sensitivity gap to net worth					110.61

Interest Rate Sensitivity
March 31, 2015

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 291,662	$ 51,543	$ -	$ -	$ 343,205
Interest rate-sensitive liabilities	212,073	62,699	5,966	-	280,738
Interest rate sensitivity gap	79,589	(11,156)	(5,966)	-	62,467
Net worth					56,200
Ratio of interest rate-sensitive assets to liabilities					122.25
Ratio of interest rate sensitivity gap to net worth					111.15

Note 1: The above amounts included only U.S. dollar amounts held by United Taiwan Bank S.A. and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities with revenues or costs that are affected by interest rate changes.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

1) Taiwan Cooperative Financial Holding Co., Ltd. and its subsidiaries

(%)

Items		March 31, 2016	March 31, 2015
Return on total assets	Before income tax	0.46	0.43
	After income tax	0.40	0.37
Return on equity	Before income tax	7.84	7.77
	After income tax	6.72	6.66
Net income ratio		29.31	30.00

2) Taiwan Cooperative Financial Holding Co., Ltd.

(%)

Items		March 31, 2016	March 31, 2015
Return on total assets	Before income tax	6.12	6.16
	After income tax	6.12	6.16
Return on equity	Before income tax	6.64	6.51
	After income tax	6.64	6.51
Net income ratio		98.54	98.58

3) Taiwan Cooperative Bank, Ltd.

(%)

Items		March 31, 2016	March 31, 2015
Return on total assets	Before income tax	0.43	0.41
	After income tax	0.36	0.35
Return on equity	Before income tax	7.18	7.38
	After income tax	6.07	6.35
Net income ratio		26.44	27.78

4) Taiwan Cooperative Bills Finance Corporation Ltd.

(%)

Items		March 31, 2016	March 31, 2015
Return on total assets	Before income tax	1.68	1.23
	After income tax	1.68	1.23
Return on equity	Before income tax	14.83	10.17
	After income tax	14.83	10.17
Net income ratio		85.62	124.69

5) Taiwan Cooperative Securities Co., Ltd.

(%)

Items		March 31, 2016	March 31, 2015
Return on total assets	Before income tax	2.42	0.64
	After income tax	2.23	0.56
Return on equity	Before income tax	6.34	2.04
	After income tax	5.84	1.79
Net income ratio		34.37	10.19

6) BNP Paribas Cardif TCB Life Insurance Co., Ltd.

(%)

Items		March 31, 2016	March 31, 2015
Return on total assets	Before income tax	0.66	0.82
	After income tax	0.63	0.73
Return on equity	Before income tax	11.67	15.92
	After income tax	11.10	14.11
Net income ratio		55.85	59.46

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

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

Note 3: Net income ratio = Income after income tax/Total net revenues

Note 4: Income before (after) income tax represents income for each period-end date.

Note 5: The above profitability ratios are calculated on the basis of annualized figures.

e. Maturity analysis of assets and liabilities

1) Taiwan Cooperative Bank, Ltd.

Maturity Analysis of Assets and Liabilities
March 31, 2016

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 2,886,842,448	$ 392,331,878	$ 410,372,260	$ 186,343,762	$ 191,272,096	$ 246,880,289	$ 1,459,642,163
Main capital outflow on maturity	3,417,331,425	205,518,332	195,515,504	396,463,420	432,062,373	714,081,234	1,473,690,562
Gap	(530,488,977)	186,813,546	214,856,756	(210,119,658)	(240,790,277)	(467,200,945)	(14,048,399)

Maturity Analysis of Assets and Liabilities
March 31, 2015

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0 to 10 Days	11 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 2,770,708,228	$ 515,928,438	$ 292,115,029	$ 146,945,015	$ 180,782,403	$ 238,005,361	$ 1,396,931,982
Main capital outflow on maturity	3,325,950,530	184,003,043	198,368,585	383,906,812	434,985,701	719,307,916	1,405,378,473
Gap	(555,242,302)	331,925,395	93,746,444	(236,961,797)	(254,203,298)	(481,302,555)	(8,446,491)

Note: The above amounts included only New Taiwan dollar amounts held by TCB.

Maturity Analysis of Assets and Liabilities
March 31, 2016

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 20,291,229	$ 8,107,319	$ 3,290,181	$ 2,348,830	$ 1,456,462	$ 5,088,437
Main capital outflow on maturity	23,844,723	11,343,256	4,007,479	2,617,187	3,317,174	2,559,627
Gap	(3,553,494)	(3,235,937)	(717,298)	(268,357)	(1,860,712)	2,528,810

Maturity Analysis of Assets and Liabilities
March 31, 2015

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 20,495,813	$ 8,663,279	$ 3,970,500	$ 2,040,943	$ 1,122,336	$ 4,698,755
Main capital outflow on maturity	24,481,218	11,601,646	4,246,818	2,712,954	3,520,762	2,399,038
Gap	(3,985,405)	(2,938,367)	(276,318)	(672,011)	(2,398,426)	2,299,717

Note: The above amounts included only U.S. dollar amounts held by TCB.

2) United Taiwan Bank S.A.

Maturity Analysis of Assets and Liabilities
March 31, 2016

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 379,256	$ 40,341	$ -	$ 25,015	$ 28,500	$ 285,400
Main capital outflow on maturity	316,672	87,182	119,008	87,009	16,836	6,637
Gap	62,584	(46,841)	(119,008)	(61,994)	11,664	278,763

Maturity Analysis of Assets and Liabilities
March 31, 2015

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Main capital inflow on maturity	$ 343,205	$ 63,188	$ 7,000	$ 14,071	$ 23,664	$ 235,282
Main capital outflow on maturity	287,005	82,121	129,953	62,698	5,966	6,267
Gap	56,200	(18,933)	(122,953)	(48,627)	17,698	229,015

Note: The above amounts included only U.S. dollar amounts held by United Taiwan Bank S.A.

f. The statement of use/source funds of Taiwan Cooperative Bills Finance Corporation Ltd.

March 31, 2016

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	$ 10,940,680	$ 10,438,276	$ 300,167	$ 200,610	$ -
	Bonds	-	200,000	-	1,499,120	16,001,120
	Cash in bank	-	-	-	20,015	-
	Total	10,940,680	10,638,276	300,167	1,719,745	16,001,120
Source of funds	Borrowings	9,610,000	-	-	-	-
	Securities sold under repurchase agreements	27,729,112	1,771,384	195,255	-	-
	Total	37,339,112	1,771,384	195,255	-	-
Net flows		(26,398,432)	8,866,892	104,912	1,719,745	16,001,120
Accumulated capital net flows		(26,398,432)	(17,531,540)	(17,426,628)	(15,706,883)	294,237

March 31, 2015

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year
Use of funds	Bills	$ 8,522,227	$ 9,954,151	$ 770,488	$ 100,578	$ -
	Bonds	100,056	-	552,369	500,524	13,181,456
	Cash in bank	4,860,341	120,200	-	-	-
	Convertible bond asset swap	10,030	-	-	-	50,433
	Total	13,492,654	10,074,351	1,322,857	601,102	13,231,889
Source of funds	Borrowings	11,500,000	-	-	-	-
	Securities sold under repurchase agreements	19,820,807	2,019,030	63,000	-	-
	Total	31,320,807	2,019,030	63,000	-	-
Net flows		(17,828,153)	8,055,321	1,259,857	601,102	13,231,889
Accumulated capital net flows		(17,828,153)	(9,772,832)	(8,512,975)	(7,911,873)	5,320,016

44. TAIWAN COOPERATIVE BANK, LTD.'S TRUST BUSINESS UNDER THE TRUST LAW

a. Trust-related items are those shown in the following balance sheets, statements of income and trust property list

These items were managed by TCB's Trust Department. However, these items were not included in the consolidated financial statements.

Balance Sheets of Trust Accounts

Trust Assets	March 31, 2016	December 31, 2015	March 31, 2015
Cash in banks	$ 1,561,452	$ 1,459,189	$ 3,219,778
Short-term investments			
Mutual funds	157,740,359	155,580,004	145,650,910
Stocks	1,584,652	1,628,673	1,057,579
	159,325,011	157,208,677	146,708,489
Securities lending	1,033,598	804,036	341,569
Receivables	9,014	6,377	4,045
Real estate			
Land	32,878,698	31,454,680	27,025,244
Buildings	16,448	15,948	25,960
Construction in process	5,463,519	4,287,799	917,394
	38,358,665	35,758,427	27,968,598
Securities under custody	65,171,384	67,632,891	67,418,359
Total	$ 265,459,124	$ 262,869,597	$ 245,660,838

Trust Liabilities	March 31, 2016	December 31, 2015	March 31, 2015
Payables			
Accrued expense	$ 2,641	$ 3,238	$ 1,423
Others	2,524	2,403	2,279
	5,165	5,641	3,702
Accounts payable on securities under custody	65,171,384	67,632,891	67,418,359
Trust capital			
Cash	159,279,014	157,015,238	148,848,607
Real estate	38,176,927	35,583,450	27,752,015
Securities	2,486,639	2,219,984	1,292,613
Others	182,832	176,070	217,676
	200,125,412	194,994,742	178,110,911
Reserves and retained earnings			
Net income	119,486	252,803	83,416
Appropriation	(71,951)	(60,145)	-
Retained earnings	109,628	43,665	44,450
	157,163	236,323	127,866
Total	$ 265,459,124	$ 262,869,597	$ 245,660,838

Trust Property List

Investment Items	March 31, 2016	December 31, 2015	March 31, 2015
Cash in banks	$ 1,561,452	$ 1,459,189	$ 3,219,778
Short-term investments			
Mutual funds	157,740,359	155,580,004	145,650,910
Stocks	1,584,652	1,628,673	1,057,579
Securities lending	1,033,598	804,036	341,569
Receivables			
Accrued interest	2,496	2,623	2,944
Mutual funds	200	-	-
Others	6,318	3,754	1,101
Real estate			
Land	32,878,698	31,454,680	27,025,244
Buildings	16,448	15,948	25,960
Construction in process	5,463,519	4,287,799	917,394
Securities under custody	65,171,384	67,632,891	67,418,359
Total	$ 265,459,124	$ 262,869,597	$ 245,660,838

Statements of Income on Trust Accounts
For the Three Months Ended March 31, 2016 and 2015

	2016	2015
Revenues		
Interest revenue	$ 1,004	$ 1,109
Cash dividends	465	376
Unrealized gain on investment - stocks	279,004	111,770
Realized gain on investment - mutual funds	-	82
Unrealized gain on investment - mutual funds	1,037	2,463
Rentals	8,084	1,195
Others	12	-
Total revenues	289,606	116,995
Expenses		
Management fees	2,133	648
Taxes	47	99
Service charge	196	53
Postage	19	2
Unrealized loss on investment - stocks	162,518	28,735
Realized loss on investment - mutual funds	-	27
Unrealized loss on investment - mutual funds	5,201	4,012
Others	6	3
Total expenses	170,120	33,579
Income before income tax	119,486	83,416
Income tax expense	-	-
Net income	$ 119,486	$ 83,416

b. Nature of trust business operations under the Trust Law: Note 1.

45. ALLOCATION OF REVENUE, COST AND EXPENSE THAT RESULTED FROM THE SHARING OF RESOURCES BETWEEN TAIWAN COOPERATIVE FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Under cooperation arrangements, Taiwan Cooperative Bank, Ltd. (TCB) and Taiwan Cooperative Securities (TCS) promoted securities brokerage business together; thus, related revenues received by TCB were calculated as follows: (a) since January 1, 2015, revenue based on 20% of the net revenue derived from security transactions in the first and second year. (b) related revenues from utilizing some operating sites and equipment by the TCS; and (c) receiving cross-selling service fees of $2,000 thousand annually.

To promote the credit card business together, TCB and TCS signed cooperation arrangements marketing expenses paid by TCB were based on the arrangements.

As of March 31, 2016, December 31, 2015 and March 31, 2015, TCB's accrued receivables were $1,743 thousand, $2,690 thousand and $1,604 thousand, respectively. TCB's revenues from cross-selling transactions were $1,743 thousand and $4,475 thousand for the three months ended March 31, 2016 and 2015, respectively.

To promote the insurance business together, TCB and BNP Paribas Cardif TCB Life Insurance Co., Ltd. signed cooperation arrangements. The service fees earned by TCB were based on the agreed percentage of the premiums from the insurance companies' products sold by TCB.

As of March 31, 2016, December 31, 2015 and March 31, 2015, TCB's accrued receivables were $2,364 thousand, $2,111 thousand and $2,613 thousand, respectively. TCB's revenues from cross-selling transactions were $6,238 thousand and $6,903 thousand for the three months ended March 31, 2016 and 2015, respectively.

46. TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES

Table 3 (attached).

47. BUSINESS SEGMENT FINANCIAL INFORMATION

Table 4 (attached).

48. OTHER SIGNIFICANT TRANSACTIONS

Taiwan Cooperative Bank, Ltd.'s (TCB) application to set up the Changsha Branch in Mainland China was approved by the Financial Supervisory Commission on December 31, 2015. TCB will invest RMB600,000 thousand in the Changsha Branch, under the "Regulations Governing Approvals of Banks to Engage in Financial Activities between the Taiwan Area and the Mainland Area." As of the date of the accompanying independent accountants' review report, the approval of the investment in the Changsha Branch by the Investment Commission under Mainland China's Ministry of Economic Affairs and relevant authorities was being awaited.

On February 22, 2016, TCB's board of directors approved TCB's merger with its own subsidiary, Cooperative Insurance Brokers Co., Ltd. (CIB). The effective date of this merger is to be determined by management. In this merger, TCB will be the survivor entity.

49. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and b. investees:

1) Financing provided: TCFHC - none; investee company - none or not applicable.

2) Endorsement/guarantee provided: TCFHC - none; investee company - none or not applicable.

3) Marketable securities held: TCFHC, Taiwan Cooperative Bank, Ltd., United Taiwan Bank S.A., Taiwan Cooperative Bills Finance Corporation Ltd., Taiwan Cooperative Securities Co., Ltd. and BNP Paribas Cardif TCB Life Insurance Co., Ltd. - not applicable; investee company - Table 5 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital (TCFHC, Taiwan Cooperative Bank, Ltd. and United Taiwan Bank S.A. disclosed its investments acquired or disposed of): Taiwan Cooperative Securities Co., Ltd. and BNP Paribas Cardif TCB Life Insurance Co., Ltd. - not applicable; TCFHC and investee company - not applicable.

5) Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None.

6) Disposal of individual real estates at costs of at least NT$300 million or 10% of the paid-in capital: None.

7) Financial asset securitization by subsidiaries: None.

8) Allowance of service fees to related parties amounting to at least NT$5 million: None.

9) Sale of nonperforming loans by subsidiaries: None.

10) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: Table 7 (attached)

11) Percentage share in investees and related information: Not applicable.

12) Derivative transactions: Notes 8 and 41 to the consolidated financial statements

13) Other significant transactions which may affect the decisions of users of financial reports: Note 48 to the consolidated financial statements

c. Investment in Mainland China:

Based on "Regulations Governing Approvals of Banks to Engage, Ltd. in Financial Activities between the Taiwan Area and the Mainland Area," Taiwan Cooperative Bank, Ltd. set up the Suzhou Branch, Tianjin Branch and Fuzhou Branch; Co-operative Assets Management Co., Ltd. set up Taiwan Cooperative International Leasing Co., Ltd. in Mainland China. This investment had been approved by the Financial Supervisory Commission. The information - major operating items, capital stock, the way of investment, investment inflows and outflows, the holding percentage, the investment income or loss, the carrying amount at period-end, the remitted investment profits and the limit on the amount of investment in Mainland China - can be seen in Table 8 (attached)

d. Business relationships and significant transactions among the parent company and subsidiaries: Table 9 (attached)

50. OPERATING SEGMENTS

The information reported to the Company's chief operating decision makers for the assessment of segment performance focuses mainly on business and profit or loss. The Company's reportable segments are as follows:

a. TCB business, including deposit and loan, capital, trust and other business;

b. Other noncore business.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenue, expenses and related information of the Company's reportable segments are as follows:

	For the Three Months Ended March 31, 2016				
	TCB Business	**Others**	**Total**	**Adjustment and Elimination**	**Total**
Net interest	$ 7,796,811	$ 516,027	$ 8,312,838	$ -	$ 8,312,838
Net revenues and gains other than interest	2,801,882	3,227,507	6,029,389	(3,295,359)	2,734,030
Net revenues	10,598,693	3,743,534	14,342,227	(3,295,359)	11,046,868
Bad-debt expenses and provision for losses on guarantees	(1,857,095)	(87,136)	(1,944,231)	283	(1,943,948)
Net change in reserves for insurance liabilities	-	565,863	565,863	-	565,863
Operating expenses	(5,426,904)	(512,560)	(5,939,464)	48,161	(5,891,303)
Income before income tax	$ 3,314,694	$ 3,709,701	$ 7,024,395	$ (3,246,915)	$ 3,777,480

	For the Three Months Ended March 31, 2015				
	TCB Business	**Others**	**Total**	**Adjustment and Elimination**	**Total**
Net interest	$ 7,156,476	$ 616,726	$ 7,773,202	$ -	$ 7,773,202
Net revenues and gains other than interest	2,129,237	2,608,946	4,738,183	(3,006,950)	1,731,233
Net revenues	9,285,713	3,225,672	12,511,385	(3,006,950)	9,504,435
Bad-debt expenses and provision for losses on guarantees	(662,267)	(61,926)	(724,193)	-	(724,193)
Net change in reserves for insurance liabilities	-	599,771	599,771	-	599,771
Operating expenses	(5,625,880)	(466,346)	(6,092,226)	39,380	(6,052,846)
Income before income tax	$ 2,997,566	$ 3,297,171	$ 6,294,737	$ (2,967,570)	$ 3,327,167

TABLE 1

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
MARCH 31, 2016, DECEMBER 31, 2015 AND MARCH 31, 2015

Subsidiaries included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				March 31, 2016	December 31, 2015	March 31, 2015	
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Taipei City	Banking	100.00	100.00	100.00	
	Co-operative Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans	100.00	100.00	100.00	
	Taiwan Cooperative Bills Finance Co., Ltd.	Taipei City	Bills finance dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Co., Ltd.	Taipei City	Securities dealer	100.00	100.00	100.00	
	Taiwan Cooperative Securities Investment Trust Co., Ltd.	Taipei City	Securities investment trust	100.00	100.00	100.00	
	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taipei City	Life Insurance	51.00	51.00	51.00	
	Taiwan Cooperative Venture Capital Co., Ltd.	Taipei City	Venture capital	100.00	100.00	-	
Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	Belgium	Banking	90.02	90.02	90.02	
	Cooperative Insurance Brokers Co., Ltd.	Taipei City	Life and property insurance agent	100.00	100.00	100.00	
Co-operative Assets Management Co., Ltd.	Taiwan Cooperative International Leasing Co., Ltd.	Suzhou, China	Leasing	100.00	100.00	100.00	

Subsidiaries not included in the consolidated financial statements

Investor Company	Investee Company	Location	Main Business and Products	Percentage of Ownership			Note
				March 31, 2016	December 31, 2015	March 31, 2015	
None	-	-	-	-	-	-	

TAIWAN COOPERATIVE BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
MARCH 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, %)

Period			March 31, 2016					March 31, 2015				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 2,954,598	$ 668,391,780	0.44	$ 6,057,695	205.03	$ 3,556,204	$ 619,768,904	0.57	$ 6,433,421	180.91
	Unsecured		1,592,750	528,143,921	0.30	6,636,547	416.67	2,546,845	524,947,816	0.49	7,862,521	308.72
Consumer banking	Housing mortgage (Note 4)		1,091,308	513,233,963	0.21	5,909,396	541.50	1,222,294	485,135,670	0.25	5,589,559	457.30
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		51,394	13,196,446	0.39	214,662	417.68	36,356	12,278,094	0.30	201,944	555.46
	Other (Note 6)	Secured	600,321	246,013,060	0.24	1,920,544	319.92	326,914	221,012,245	0.15	1,633,318	499.62
		Unsecured	20,738	8,883,848	0.23	143,048	689.79	25,338	8,765,285	0.29	141,452	558.26
Loan			6,311,109	1,977,863,018	0.32	20,881,892	330.88	7,713,951	1,871,908,014	0.41	21,862,215	283.41
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards			12,239	2,646,976	0.46	71,081	580.77	8,514	2,320,173	0.37	87,069	1,022.66
Accounts receivable factored without recourse (Note 7)			-	198,778	-	3,273	-	-	325,442	-	3,370	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			2,772					17,458				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			16,510					22,158				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			22,077					25,812				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			60,026					67,546				

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans."
Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivable balance.

Note 3: Coverage ratio of loans: Allowance for credit losses for loans ÷ Nonperforming loans.
Coverage ratio of receivables: Allowance for credit losses for receivables ÷ Nonperforming receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or minor children of the borrowers.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6: Other consumers banking loans refer to secured or unsecured loans that exclude housing mortgage, cash and credit cards, and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

TABLE 3

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

TCFHC'S FINANCIAL STATEMENTS AND CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME OF SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015

1. TCFHC's financial statements

Taiwan Cooperative Financial Holding Co., Ltd.

Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	**March 31, 2016**	**December 31, 2015**	**March 31, 2015**	**Liabilities and Equity**	**March 31, 2016**	**December 31, 2015**	**March 31, 2015**
Cash and cash equivalents	$ 41,085	$ 33,317	$ 555,528	Liabilities			
Receivables	703	175	658				
Current tax assets	2,499,066	2,082,043	1,336,005	Commercial paper issued, net	$ 13,831,760	$ 13,773,685	$ 8,332,268
Investments accounted for using equity method	204,951,362	200,468,265	188,382,779	Payables	166,032	155,317	138,414
Properties and equipment, net	6,622	8,251	13,111	Current tax liabilities	2,489,055	2,072,032	1,396,675
Intangible assets	4,634	5,466	7,962	Other financial liabilities	286	285	625
Deferred tax assets	186	186	168	Other liabilities	6,101	5,455	4,211
Other assets	3,575	3,502	3,342	Total liabilities	16,493,234	16,006,774	9,872,193
				Equity			
				Capital stock	110,722,290	110,722,290	105,449,800
				Capital surplus	57,964,343	57,964,343	59,018,841
				Retained earnings	19,353,802	16,218,733	15,980,195
				Other equity	2,973,564	1,689,065	(21,476)
				Total equity	191,013,999	186,594,431	180,427,360
Total	$ 207,507,233	$ 202,601,205	$ 190,299,553	Total	$ 207,507,233	$ 202,601,205	$ 190,299,553

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Comprehensive Income
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016	2015
Revenues and gains		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	$ 3,201,349	$ 2,795,747
Other revenues and gains	90	347
Total revenues and gains	3,201,439	2,796,094
Expenses and losses		
Share of losses of subsidiaries, associates and joint ventures accounted for using equity method	2,751	8,069
Operating expenses	46,583	39,319
Other expenses and losses	17,036	16,399
Total expenses and losses	66,370	63,787
Income before income tax	3,135,069	2,732,307
Income tax benefit (expense)	-	3
Net income	3,135,069	2,732,310
Other comprehensive income	1,284,499	142,977
Total comprehensive income	$ 4,419,568	$ 2,875,287
Earnings per share (New Taiwan dollars)		
Basic	$0.28	$0.28
Diluted	$0.28	$0.28

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Changes in Equity
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars)

	Capital Stock			Retained Earnings			Other Equity			
	Shares (In Thousands)	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value through Profit or Loss	Total Equity
BALANCE, JANUARY 1, 2016	11,072,229	$ 110,722,290	$ 57,964,343	$ 2,356,575	$ 996,026	$ 12,866,132	$ 300,415	$ 1,386,482	$ 2,168	$ 186,594,431
Total comprehensive income										
Net income for the three months ended March 31, 2016	-	-	-	-	-	3,135,069	-	-	-	3,135,069
Other comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	-	(156,912)	1,441,427	(16)	1,284,499
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	-	3,135,069	(156,912)	1,441,427	(16)	4,419,568
BALANCE, MARCH 31, 2016	11,072,229	$ 110,722,290	$ 57,964,343	$ 2,356,575	$ 996,026	$ 16,001,201	$ 143,503	$ 2,827,909	$ 2,152	$ 191,013,999
BALANCE, JANUARY 1, 2015	9,044,980	$ 90,449,800	$ 51,818,091	$ 1,332,940	$ 996,026	$ 10,918,919	$ 264,792	$ (429,245)	$ -	$ 155,351,323
Capital increase in March 2015	1,500,000	15,000,000	6,870,000	-	-	-	-	-	-	21,870,000
Share-based payment for the employee's subscription for new shares	-	-	330,750	-	-	-	-	-	-	330,750
Total comprehensive income										
Net income for the three months ended March 31, 2015	-	-	-	-	-	2,732,310	-	-	-	2,732,310
Other comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	-	(336,547)	479,524	-	142,977
Total comprehensive income for the three months ended March 31, 2015	-	-	-	-	-	2,732,310	(336,547)	479,524	-	2,875,287
BALANCE, MARCH 31, 2015	10,544,980	$ 105,449,800	$ 59,018,841	$ 1,332,940	$ 996,026	$ 13,651,229	$ (71,755)	$ 50,279	$ -	$ 180,427,360

(Continued)

Taiwan Cooperative Financial Holding Co., Ltd.

Statements of Cash Flows
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Cash flows from operating activities		
Income before income tax	$ 3,135,069	$ 2,732,307
Adjustments for:		
Share of gains of subsidiaries, associates and joint ventures accounted for using equity method	(3,198,598)	(2,787,678)
Depreciation and amortization expenses	2,483	2,478
Interest expense	17,036	16,399
Interest revenue	-	(166)
Salary expenses on share-based payments	-	587
Net changes in operating assets and liabilities		
Increase in receivables	(528)	(549)
Increase in other assets	(73)	(110)
Increase in payables	10,715	16,526
Increase in other liabilities	646	661
Cash used in operations	(33,250)	(19,545)
Interest received	-	102
Interest paid	(18,961)	(17,833)
Income tax paid	-	(10)
Net cash used in operating activities	(52,211)	(37,286)
Cash flows from investing activities		
Acquisition of investments accounted for using equity method	-	(21,350,016)
Acquisition of properties and equipment	(22)	-
Net cash used in investing activities	(22)	(21,350,016)
Cash flows from financing activities		
Increase in commercial paper issued	60,000	50,000
Capital increase	-	21,870,000
Increase in other financial liabilities	104	164
Decrease in other financial liabilities	(103)	(993)
Net cash generated by financing activities	60,001	21,919,171
Net increase in cash and cash equivalents	7,768	531,869
Cash and cash equivalents, beginning of the period	33,317	23,659
Cash and cash equivalents, end of the period	$ 41,085	$ 555,528

(Continued)

2. Subsidiaries' condensed balance sheets

Taiwan Cooperative Bank, Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	**March 31, 2016**	**December 31, 2015**	**March 31, 2015**
Cash and cash equivalents	$ 47,681,038	$ 42,442,551	$ 41,004,449
Due from the Central Bank and call loans to other banks	760,969,500	711,892,231	747,559,844
Financial assets at fair value through profit or loss	23,276,971	14,936,076	48,532,939
Securities purchased under resell agreements	708,688	209,592	2,643,115
Receivables, net	12,582,848	13,369,207	13,999,018
Current tax assets	960,743	987,343	1,556,628
Discounts and loans, net	1,956,525,138	1,972,923,223	1,849,580,707
Available-for-sale financial assets, net	101,917,914	95,884,851	78,201,371
Held-to-maturity financial assets	48,734,334	42,394,027	25,210,992
Investments accounted for using equity method	2,192,571	2,100,003	1,900,303
Other financial assets, net	101,143,074	101,187,401	111,043,389
Properties and equipment, net	39,118,311	39,286,038	39,644,942
Investment properties, net	2,264,546	2,269,500	2,079,551
Intangible assets	3,622,195	3,625,263	3,680,817
Deferred tax assets	989,024	1,227,216	1,080,796
Other assets, net	1,086,319	1,061,451	1,336,679
TOTAL	$ 3,103,773,214	$ 3,045,795,973	$ 2,969,055,540

Liabilities and Equity	**March 31, 2016**	**December 31, 2015**	**March 31, 2015**
Liabilities			
Due to the Central Bank and other banks	$ 202,341,685	$ 198,372,977	$ 217,216,818
Financial liabilities at fair value through profit or loss	17,896,769	14,706,922	16,840,796
Securities sold under repurchase agreements	13,204,439	17,452,480	21,397,162
Payables	37,773,111	35,302,680	32,471,061
Current tax liabilities	1,747,777	1,326,368	650,519
Deposits and remittances	2,555,904,406	2,504,628,491	2,394,453,540
Bank debentures	69,610,000	69,610,000	88,110,000
Other financial liabilities	7,331,387	7,710,161	10,574,982
Provisions	7,059,892	9,286,765	8,732,621
Deferred tax liabilities	3,024,878	3,453,496	3,121,606
Other liabilities	1,147,665	1,185,632	1,001,924
Total liabilities	2,917,042,009	2,863,035,972	2,794,571,029
Equity			
Capital stock	83,493,000	83,493,000	81,293,000
Capital surplus	53,054,992	53,054,992	50,458,992
Retained earnings	47,956,503	45,153,797	43,309,528
Other equity	2,226,710	1,058,212	(577,009)
Total equity	186,731,205	182,760,001	174,484,511
Total	$ 3,103,773,214	$ 3,045,795,973	$ 2,969,055,540

(Continued)

Taiwan Cooperative Bills Finance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2016	December 31, 2015	March 31, 2015	Liabilities and Equity	March 31, 2016	December 31, 2015	March 31, 2015
Cash and cash equivalents	$ 4,574,436	$ 4,559,035	$ 4,740,461	Liabilities			
Financial assets at fair value through profit or loss	21,873,140	19,671,159	20,149,348				
Available-for-sale financial assets, net	15,272,726	14,670,128	11,015,204	Call loans from banks	$ 9,610,000	$ 7,850,000	$ 11,500,000
Receivables, net	157,620	162,360	121,578	Securities sold under repurchase agreements	29,688,002	28,733,678	21,902,837
Held-to-maturity financial assets	2,800,255	2,801,971	47,667	Payables	64,496	64,553	57,918
Current tax assets	98,772	85,572	2,412,138	Provisions	820,742	820,742	854,108
Other financial assets	249,477	249,477	249,477	Other liabilities	22,227	68,337	29,565
Properties and equipment, net	14,042	14,571	13,295	Total liabilities	40,205,467	37,537,310	34,344,428
Intangible assets	2,804	1,624	1,488				
Other assets, net	221,203	222,736	217,996	Equity			
				Capital stock	3,547,270	3,547,270	3,547,270
				Capital surplus	3,240	3,240	3,240
				Retained earnings	1,373,926	1,189,310	1,039,868
				Other equity	134,572	161,503	33,846
				Total equity	5,059,008	4,901,323	4,624,224
Total	$ 45,264,475	$ 42,438,633	$ 38,968,652	Total	$ 45,264,475	$ 42,438,633	$ 38,968,652

Taiwan Cooperative Securities Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2016	December 31, 2015	March 31, 2015	Liabilities and Equity	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 13,914,360	$ 12,594,062	$ 9,635,136	Liabilities			
Available-for-sale financial assets - noncurrent	43,262	43,046	-				
Properties and equipment, net	67,621	62,893	65,162	Current liabilities	$ 9,136,607	$ 7,924,771	$ 7,039,506
Intangible assets	38,695	42,414	47,437	Other liabilities	9,787	9,322	4,244
Deferred tax assets	5,738	5,588	3,060	Deferred tax liabilities	3,032	3,233	-
Other non-current assets	415,720	390,230	320,227	Total liabilities	9,149,426	7,937,326	7,043,750
				Equity			
				Capital stock	4,724,200	4,724,200	3,000,000
				Capital surplus	294,440	294,440	18,568
				Retained earnings	235,607	158,673	1,723
				Other equity	81,723	23,594	6,981
				Total equity	5,335,970	5,200,907	3,027,272
Total	$ 14,485,396	$ 13,138,233	$ 10,071,022	Total	$ 14,485,396	$ 13,138,233	$ 10,071,022

(Continued)

Co-operative Assets Management Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2016	December 31, 2015	March 31, 2015	Liabilities and Equity	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 31,561	$ 22,591	$ 92,652	Liabilities			
Accounts receivable - acquired loans, net	1,960,214	2,111,623	2,387,277				
Investments accounted for using the equity method	933,982	954,873	950,400	Current liabilities	$ 1,974,982	$ 2,132,378	$ 2,380,414
Properties and equipment, net	1,958	1,975	2,156	Other liabilities	22,325	21,033	15,045
Investment properties, net	1,878,832	1,881,250	1,664,540	Deferred tax liabilities	11,855	12,429	7,098
Intangible assets	1,744	2,056	3,007	Total liabilities	2,009,162	2,165,840	2,402,557
Deferred tax assets	78,162	78,162	72,018				
Other assets	329,195	290,561	200,220	Equity			
				Capital stock	2,616,000	2,616,000	2,400,000
				Capital surplus	2,553	2,553	2,553
				Retained earnings	578,682	546,176	547,189
				Other equity	9,251	12,522	19,971
				Total equity	3,206,486	3,177,251	2,969,713
Total	$ 5,215,648	$ 5,343,091	$ 5,372,270	Total	$ 5,215,648	$ 5,343,091	$ 5,372,270

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2016	December 31, 2015	March 31, 2015	Liabilities and Equity	March 31, 2016	December 31, 2015	March 31, 2015
Cash and cash equivalents	$ 2,936,738	$ 3,186,146	$ 4,311,824	Liabilities			
Receivables	1,081,185	1,124,544	836,540				
Current tax assets	224,674	216,151	177,230	Payables	$ 386,734	$ 432,542	$ 294,034
Investments	47,240,215	47,774,049	50,464,250	Financial liabilities at fair value through profit or loss	544,634	937,076	504,320
Reinsurance assets	24,814	27,088	5,929	Insurance liabilities	32,343,656	32,933,845	36,871,694
Equipment, net	79,274	83,732	87,724	Reserve for insurance contracts with financial instruments features	11,699,291	11,735,236	12,057,469
Other assets	1,523,575	1,408,860	1,208,684	Reserve of foreign exchange variation	141,856	171,211	104,606
Separate-account assets	77,434,179	76,908,449	69,905,486	Deferred tax liabilities	74,667	60,301	27,586
				Other liabilities	343,393	341,065	425,821
				Separate-account liabilities	77,434,179	76,908,449	69,905,486
				Total liabilities	122,968,410	123,519,725	120,191,016
				Equity			
				Capital stock	6,000,000	6,000,000	6,000,000
				Capital surplus	9,310	9,310	9,310
				Retained earnings (accumulated deficit)	555,578	350,506	(172,726)
				Other equity	1,011,356	849,478	970,067
				Total equity	7,576,244	7,209,294	6,806,651
Total	$ 130,544,654	$ 130,729,019	$ 126,997,667	Total	$ 130,544,654	$ 130,729,019	$ 126,997,667

(Continued)

Taiwan Cooperative Securities Investment Trust Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2016	December 31, 2015	March 31, 2015	Liabilities and Equity	March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$ 330,806	$ 328,723	$ 344,023	Liabilities			
Properties and equipment, net	1,310	2,576	6,099				
Intangible assets	693	1,499	3,905	Current liabilities	$ 23,485	$ 22,141	$ 29,252
Prepayments for equipment	2,310	2,310	-	Non-current liabilities	3,749	4,599	3,618
Other assets	26,238	26,238	26,239	Total liabilities	27,234	26,740	32,870
				Equity			
				Capital stock	303,000	303,000	303,000
				Capital surplus	72,860	72,860	72,860
				Accumulated deficit	(41,737)	(41,254)	(28,464)
				Total equity	334,123	334,606	347,396
Total	$ 361,357	$ 361,346	$ 380,266	Total	$ 361,357	$ 361,346	$ 380,266

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Balance Sheets
(In Thousands of New Taiwan Dollars)

Assets	March 31, 2016	December 31, 2015	Liabilities and Equity	March 31, 2016	December 31, 2015
Current assets	$ 988,855	$ 996,653	Liabilities		
Financial assets carried at cost	24,000	-			
Properties and equipment, net	2,411	2,564	Current liabilities	$ 14,248	$ 1,513
Intangible assets	105	113	Non-current liabilities	257	191
Other assets	243	235	Total liabilities	14,505	1,704
			Equity		
			Capital stock	1,000,000	1,000,000
			Accumulated deficit	(4,407)	(2,139)
			Other equity	5,516	-
			Total equity	1,001,109	997,861
Total	$ 1,015,614	$ 999,565	Total	$ 1,015,614	$ 999,565

(Continued)

3. Subsidiaries' condensed statements of comprehensive income

Taiwan Cooperative Bank, Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016	2015
Interest revenues	$ 12,787,409	$ 12,563,619
Less: Interest expenses	(4,990,598)	(5,407,143)
Net interest	7,796,811	7,156,476
Net revenues and gains other than interest	2,801,882	2,129,237
Total net revenues	10,598,693	9,285,713
Bad-debt expenses and provision for losses on guarantees	(1,857,095)	(662,267)
Operating expenses	(5,426,904)	(5,625,880)
Income before income tax	3,314,694	2,997,566
Income tax expense	(511,988)	(418,281)
Net income	2,802,706	2,579,285
Other comprehensive income (loss)	1,168,498	(64,127)
Total comprehensive income	$ 3,971,204	$ 2,515,158
Earnings per share (NT$)		
Basic	$0.34	$0.36

Taiwan Cooperative Bills Finance Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2016	2015
Net interest	$ 81,249	$ 61,830
Net revenues and gains other than interest	134,368	31,002
Total net revenues	215,617	92,832
Reversal of allowance for credit losses and provision	90	54,212
Operating expenses	(31,091)	(31,291)
Income before income tax	184,616	115,753
Income tax expense	-	-
Net income	184,616	115,753
Other comprehensive income	(26,931)	27,218
Total comprehensive income	$ 157,685	$ 142,971
Earnings per share (NT$)		
Basic	$0.52	$0.33

(Continued)

Taiwan Cooperative Securities Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2016	2015
Revenues	$ 241,282	$ 133,079
Service charge	(5,332)	(4,916)
Other operating costs	(8,960)	(8,255)
Employee benefits	(87,158)	(70,905)
Other operating expenses	(53,142)	(46,003)
Other gains and losses	(3,122)	12,353
Income before income tax	83,568	15,353
Income tax expense	(6,634)	(1,869)
Net income	76,934	13,484
Other comprehensive income (loss)	58,129	(95)
Total comprehensive income	$ 135,063	$ 13,389
Earnings per share (NT$)		
Basic	$0.16	$0.04

Co-operative Assets Management Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2016	2015
Operating revenues	$ 154,904	$ 272,440
Operating expenses	(93,808)	(160,483)
Operating benefits	61,096	111,957
Non-operating losses	(21,876)	(3,357)
Income before income tax	39,220	108,600
Income tax expense	(6,714)	(19,351)
Net income	32,506	89,249
Other comprehensive income (loss)	(3,271)	(9,208)
Total comprehensive income	$ 29,235	$ 80,041
Earnings per share (NT$)		
Basic	$0.12	$0.34

(Continued)

BNP Paribas Cardif TCB Life Insurance Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2016	2015
Operating revenues	$ 4,332,397	$ 8,298,425
Operating costs	(3,965,237)	(7,912,672)
Operating expenses	(151,431)	(126,930)
Income before income tax	215,729	258,823
Income tax expenses	(10,657)	(29,465)
Net income	205,072	229,358
Other comprehensive income	161,878	370,959
Total comprehensive income	$ 366,950	$ 600,317
Earnings per share (NT$)		
Basic	$0.34	$0.38

Taiwan Cooperative Securities Investment Trust Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2016 and 2015
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2016	2015
Operating revenues	$ 47,935	$ 37,044
Operating expenses	(49,128)	(46,039)
Operating loss	(1,193)	(8,995)
Non-operating gains and losses	710	926
Loss before income tax	(483)	(8,069)
Income tax expenses	-	-
Net loss	(483)	(8,069)
Other comprehensive income	-	-
Total comprehensive loss	$ (483)	$ (8,069)
Loss per share (NT$)		
Basic	$(0.02)	$(0.27)

(Continued)

Taiwan Cooperative Venture Capital Co., Ltd.

Condensed Statements of Comprehensive Income
For the Three Months Ended March 31, 2016
(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

Operating revenues	$ 8
Operating expenses	(3,486)
Operating loss	(3,478)
Non-operating gains and losses	1,210
Loss before income tax	(2,268)
Income tax expenses	-
Net loss	(2,268)
Other comprehensive income	5,516
Total comprehensive loss	$ 3,248
Loss per share (NT$)	
Basic	$(0.02)

(Concluded)

TABLE 4

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS SEGMENT FINANCIAL INFORMATION
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

Business Segment / Items	For the Three Months Ended March 31, 2016				
	Banking	**Bill Finance**	**Insurance**	**Others**	**Consolidated**
Net interest	$ 7,834,147	$ 32,177	$ 254,143	$ 192,371	$ 8,312,838
Net revenues and gains (losses) other than interest	2,020,167	187,760	(187,156)	713,259	2,734,030
Total net revenues	9,854,314	219,937	66,987	905,630	11,046,868
Bad-debt expenses and provision for losses on guarantees	(1,864,327)	90	-	(79,711)	(1,943,948)
Net change in reserves for insurance liabilities	-	-	565,863	-	565,863
Operating expenses	(5,440,008)	(28,943)	(140,320)	(282,032)	(5,891,303)
Income before income tax	2,549,979	191,084	492,530	543,887	3,777,480
Income tax expenses	(511,988)	-	(10,657)	(17,177)	(539,822)
Net income	2,037,991	191,084	481,873	526,710	3,237,658

Business Segment / Items	For the Three Months Ended March 31, 2015				
	Banking	**Bill Finance**	**Insurance**	**Others**	**Consolidated**
Net interest	$ 7,181,729	$ 18,860	$ 263,412	$ 309,201	$ 7,773,202
Net revenues and gains (losses) other than interest	1,483,482	78,438	(271,395)	440,708	1,731,233
Total net revenues (losses)	8,665,211	97,298	(7,983)	749,909	9,504,435
Bad-debt expenses and provision for losses on guarantees	(650,291)	54,212	-	(128,114)	(724,193)
Net change in reserves for insurance liabilities	-	-	599,771	-	599,771
Operating expenses	(5,637,098)	(29,161)	(113,655)	(272,932)	(6,052,846)
Income before income tax	2,377,822	122,349	478,133	348,863	3,327,167
Income tax expenses	(418,280)	-	(29,466)	(28,398)	(476,144)
Net income	1,959,542	122,349	448,667	320,465	2,851,023

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2016
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2016				Note
				Shares (Thousands)	Carrying Value	Percentage of Ownership	Market Value or Net Asset Value	
	Stock							
Co-operative Assets Management Co., Ltd.	Cooperative Financial International Lease Co., Ltd.	Subsidiary	Investments accounted for using equity method	-	$ 933,982	100.00	$ 933,982	Note 1
Taiwan Cooperative Venture Capital Co., Ltd.	First Financial Holding Co., Ltd.	-	Available-for-sale financial assets	1,200	19,080	-	19,080	
	Pou Chen Corporation	-	Available-for-sale financial assets	200	8,200	-	8,200	
	Tanvex BioPharma, Inc.	-	Available-for-sale financial assets	300	44,001	-	44,001	
	Chang Hwa Commercial Bank, Ltd.		Available-for-sale financial assets	800	13,200	-	13,200	
	SR SUNTOUR INC.		Financial assets carried at cost	800	24,000	-	24,000	
	Bonds							
Cooperative Insurance Brokers Co., Ltd.	Government Bonds - 88 A3	-	Held-to-maturity financial assets	-	3,343	-	3,398	Note 2
	Beneficial certificates							
Taiwan Cooperative Venture Capital Co., Ltd.	TCB Taiwan Money Market Bond Fund	Fund managed by sister company	Financial assets at fair value through profit or loss	997	10,008	-	10,008	

Note 1: When Taiwan Cooperative Financial Holding Co., Ltd. prepared the consolidated financial statements, the related account and security transaction were eliminated.

Note 2: Pledged bonds as collaterals for public guarantee at Financial Supervisory Commission.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SALE OF NONPERFORMING LOANS
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Sale of nonperforming loans

   Co-operative Assets Management Co., Ltd.

Trade Date	Counterparty	Form of Nonperforming Loan	Book Value (Note)	Selling Price	Gain (Loss)	Terms	Relationship Between the Counterparty and the Company
2016.01.21	Su sir	Claims and its subordinate mortgage	$ 6,627	$ 8,700	$ 2,073	None	None

   Note: Carrying amount equals the original loan and collections payable.

2. The sale of a batch of nonperforming loans totaling over NT$1 billion (excluding those sold to related parties): None.

TABLE 7

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
MARCH 31, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Company, Ltd.	Parent company	$ 744,306	-	$ -	-	$ -	$ -
Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	Subsidiary	1,655,010	-	-	-	-	-

Note: The receivables related to consolidated tax return. When preparing the consolidated financial statements, the receivables have been eliminated.

TABLE 8

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Taiwan Cooperative Bank, Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2016	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of March 31, 2016	Accumulated Inward Remittance of Earnings as of March 31, 2016
					Outflow	Inflow						
Taiwan Cooperative Bank Suzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	$ 4,547,235 (US$ 154,395) (Note 1)	Direct	$ 4,547,235 (US$ 154,395) (Note 1)	$ -	$ -	$ 4,547,235 (US$ 154,395) (Note 1)	$ 26,206	100	$ 26,026	$ 5,386,414	$ -
Taiwan Cooperative Bank Tianjin Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,947,314 (US$ 97,387) (Note 1)	Direct	2,947,314 (US$ 97,387) (Note 1)	-	-	2,947,314 (US$ 97,387) (Note 1)	12,253	100	12,253	3,117,158	-
Taiwan Cooperative Bank Fuzhou Branch	Deposits, loans, import and export, exchange and foreign exchange business	2,950,882 (US$ 97,549) (Note 1)	Direct	2,950,882 (US$ 97,549) (Note 1)	-	-	2,950,882 (US$ 97,549) (Note 1)	8,994	100	8,994	3,069,123	-

Accumulated Investment in Mainland China as of March 31, 2016	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
$ 10,445,431 (US$ 349,331) (Note 1)	$ 10,445,431 (US$ 349,331) (Note 1)	$ 112,158,578 (Note 2)

Co-operative Assets Management Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2016	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2016	Investee Net Income (Loss)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Value as of March 31, 2016	Accumulated Inward Remittance of Earnings as of March 31, 2016
					Outflow	Inflow						
Taiwan Cooperative International Leasing Co., Ltd.	Financial leasing	$ 910,980 (RMB 185,460) (Note 1)	Direct	$ 910,980 (RMB 185,460) (Note 1)	$ -	$ -	$ 910,980 (RMB 185,460) (Note 1)	$ (16,950)	100	$ (16,950)	$ 933,982	$ -

Accumulated Investment in Mainland China as of March 31, 2016	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable
$ 910,980 (RMB 185,460) (Note 1)	$ 910,980 (RMB 185,460) (Note 1)	$ 1,923,892 (Note 3)

Note 1: Translation into New Taiwan dollars at the exchange rates on the date of each outflow of investment.

Note 2: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the higher of 60 % of TCB's net asset value or 60% of TCB's consolidated net asset value.

Note 3: Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the higher of 60 % of AMC's net asset value or 60% of AMC's consolidated net asset value.

TAIWAN COOPERATIVE FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE PARENT COMPANY AND SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2016
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transacting Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax receivables - consolidated tax return	$ 1,655,010	Note 4	0.05
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax payables - consolidated tax return	1,655,010	Note 4	0.05
0	Taiwan Cooperative Financial Holding Co., Ltd.	Taiwan Cooperative Bank, Ltd.	a	Tax payables - consolidated tax return	744,306	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Financial Holding Co., Ltd.	b	Tax receivables - consolidated tax return	744,306	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Cooperative Insurance Brokers Co., Ltd.	a	Deposits and remittances	338,316	Note 4	0.01
2	Cooperative Insurance Brokers Co., Ltd.	Taiwan Cooperative Bank, Ltd.	b	Cash and cash equivalents, refundable deposits and debt instruments with no active market	338,316	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Cooperative Insurance Brokers Co., Ltd.	a	Receivables	213,794	Note 4	0.01
2	Cooperative Insurance Brokers Co., Ltd.	Taiwan Cooperative Bank, Ltd.	b	Payables	213,794	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Cooperative Insurance Brokers Co., Ltd.	a	Service fee and commission income	585,782	Note 4	5.30
2	Cooperative Insurance Brokers Co., Ltd.	Taiwan Cooperative Bank, Ltd.	b	Service charge and commission expense	585,782	Note 4	5.30
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Due from banks	530,717	Note 4	0.02
3	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Due to banks	530,717	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	United Taiwan Bank S.A.	a	Call loans to banks	7,438,009	Note 4	0.23
3	United Taiwan Bank S.A.	Taiwan Cooperative Bank, Ltd.	b	Call loans from banks	7,438,009	Note 4	0.23
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Deposits and remittances	1,402,373	Note 4	0.04
4	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Cash and cash equivalents, refundable deposits	1,402,373	Note 4	0.04

(Continued)

No. (Note 1)	Transacting Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
1	Taiwan Cooperative Bank, Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Financial assets or liabilities at fair value through profit or loss	$ 150,559	Note 4	-
4	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Financial assets or liabilities at fair value through profit or loss	150,559	Note 4	-
2	Cooperative Insurance Brokers Co., Ltd.	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	c	Service fee and commission income	183,772	Note 4	1.66
4	BNP Paribas Cardif TCB Life Insurance Co., Ltd.	Cooperative Insurance Brokers Co., Ltd.	c	Service charge and commission expense	183,772	Note 4	1.66
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Call loans to banks	3,500,000	Note 4	0.11
5	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Call loans from banks	3,500,000	Note 4	0.11
1	Taiwan Cooperative Bank, Ltd.	Taiwan Cooperative Bills Finance Co., Ltd.	c	Securities purchased under resell agreements	698,692	Note 4	0.02
5	Taiwan Cooperative Bills Finance Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Securities sold under repurchased agreements	698,692	Note 4	0.02
1	Taiwan Cooperative Bank, Ltd.	Co-operative Assets Management Co., Ltd.	c	Properties and equipment, net and deferred revenue	383,282	Note 4	0.01
1	Taiwan Cooperative Bank, Ltd.	Co-operative Assets Management Co., Ltd.	c	Gains on disposal of properties and equipment, accumulated earnings	580,423	Note 4	5.25
6	Co-operative Assets Management Co., Ltd.	Taiwan Cooperative Bank, Ltd.	c	Investment properties, net	963,705	Note 4	0.03

Note 1: The parent company and subsidiaries are numbered as follows:

a. Parent company: 0.
b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

a. From parent company to subsidiary.
b. From subsidiary to parent company.
c. Between subsidiaries.

Note 3: For calculating the percentages, the asset or liability account is divided by the consolidated total assets, and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: The terms for the transactions between the transacting company and related parties are similar to those for unrelated parties.

Note 5: Referring to transactions exceeding NT$100 million.

(Concluded)