Stock No: 2812

# Taichung Commercial Bank Co., Ltd.
# and subsidiaries

# Consolidated Financial Statements and Independent Auditor's Report

Second Quarter, 2015 and 2014

Address: No. 87, Min Chuan Road, West District, Taichung
Tel. No.: (04) 22236021

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Auditor's Report

To: Taichung Commercial Bank Co., Ltd.

We have audited the accompanying consolidated balance sheet of Taichung Commercial Bank Co., Ltd. and subsidiary as of June 30, 2015 and 2014, and the related consolidated statement of income, consolidated statement of changes in shareholders equity and consolidated statement of cash flows for the April 1 to June 30, 2015 and 2014 and January 1 to June 30, 2015 and 2014. Said consolidated financial statement is the responsibility of the management. Our responsibility is to express an opinion on the consolidated financial statement based on our audits.

We designed and reviewed the consolidated financial statements in accordance with the Statement of Auditing Standard No. 36- "The Review of Financial Statements". We only conducted analysis, comparison and inquiry of the financial statements, and did not conduct any audit in accordance with the principles of auditing generally accepted in the Republic of China; we therefore cannot express an audit opinion on the aforementioned consolidated financial statements.

There is no material breach of the Criteria for the Compilation of Financial Statements by Public Banks, the Criteria for the Compilation of Financial Statements by Securities Dealers, and IAS No. 34-Interim Financial Reporting recognized by the Financial Supervisory Commission detected in our review, which shall be subjected to revision.

As stated in Note 3 to the consolidated financial statements, Taichung Bank and its subsidiaries adopted the 2013 edition of IFRS, IAS, IFRIC, and SIC as recognized by FSC since 2015. Adjustment is made on the accounts before the aforementioned IRFS, IAS, IFRIC and SIC had come into force.

Taichung Bank has compiled the parent company only financial statements for Q2 of 2015 and 2014. We have audited the aforementioned financial statements with the issuance of unqualified opinions on record.

Deloitte & Touche

Wen-Ya Hsu, CPA

Kuan-Chung Lai, CPA

Securities and Futures Bureau Approval Document No.

Tai-Cai-Jheng (6) No. 0920123784

Securities and Futures Bureau Approval Document No.

Tai-Cai-Jheng (6) No. 0920123784

Date: August 7, 2015

Taichung Commercial Bank Co., Ltd. and subsidiaries

Consolidated Balance Sheet

June 30, 2015 and December 31, June 30, January 1 2014

Unit: NTD thousand

| Code | Assets | June 30, 2015 (Reviewed) Amount | % | December 31, 2014 (Reviewed for applicability and adjusted retrospectively) Amount | % | June 30, 2014 (Reviewed for applicability and adjusted retrospectively) Amount | % | January 1, 2014 (Reviewed for applicability and adjusted retrospectively) Amount | % |
|---|---|---|---|---|---|---|---|---|---|
| 11000 | Cash and cash equivalents (Note 6) | $ 8,605,431 | 2 | $ 9,552,955 | 2 | $ 5,789,532 | 1 | $ 5,590,728 | 1 |
| 11500 | Due from Central Bank and lend to Banks (Note 7) | 81,276,558 | 15 | 82,314,107 | 16 | 77,983,758 | 15 | 75,496,734 | 15 |
| 12000 | Financial assets at fair value through income statement (Note 8) | 22,846,638 | 4 | 13,011,606 | 2 | 12,600,082 | 3 | 12,195,016 | 3 |
| 12500 | Bonds and securities sold under repurchase agreements (Note 9) | 4,279,554 | 1 | 1,545,361 | - | 1,654,260 | - | 4,550,801 | 1 |
| 13000 | Receivables - net (Notes 10, 11 & 35) | 7,096,057 | 1 | 8,118,751 | 2 | 7,269,704 | 2 | 6,485,651 | 1 |
| 13200 | Current income tax asset (Notes 4) | 1,164 | - | 1,021 | - | 57,164 | - | 57,372 | - |
| 13500 | Discounts and loans – net (Notes 11 & 34) | 381,978,165 | 70 | 384,382,280 | 73 | 373,932,438 | 74 | 362,916,674 | 73 |
| 14000 | Available-for-sale financial assets, net (Notes 4 and 35) | 19,765,587 | 4 | 20,711,997 | 4 | 20,292,989 | 4 | 19,197,158 | 4 |
| 14500 | Held-to-maturity financial assets - net (Notes 13, 35) | 3,943,896 | 1 | 1,418,003 | - | 905,695 | - | 3,340,584 | 1 |
| 15000 | Investment by equity method – net (Note 14) | 139,702 | - | 140,282 | - | 141,206 | - | 142,654 | - |
| 15100 | Restricted assets - net (Notes 15 and 35) | 362,992 | - | 341,093 | - | 174,243 | - | 164,290 | - |
| 15500 | Other financial assets, net (Note 16) | 1,021,051 | - | 1,206,142 | - | 1,109,973 | - | 1,158,259 | - |
| 18500 | Property, plant, and equipment – net (Note 17) | 9,164,576 | 2 | 5,103,786 | 1 | 3,384,419 | 1 | 3,416,335 | 1 |
| 19000 | Intangible assets – net (Note 18) | 156,769 | - | 143,759 | - | 118,767 | - | 97,380 | - |
| 19300 | Deferred income tax asset (Notes 3 & 4) | 537,698 | - | 579,650 | - | 464,786 | - | 423,474 | - |
| 19500 | Other assets (Notes 19 & 35) | 1,483,754 | - | 1,479,607 | - | 1,481,027 | - | 1,011,621 | - |
| 10000 | Total assets | $ 542,659,592 | 100 | $ 530,050,400 | 100 | $ 507,360,043 | 100 | $ 496,244,731 | 100 |
| Code | Liabilities and equity | | | | | | | | |
| 21000 | Due to Central Bank and other banks (Note 20) | $ 15,863,765 | 3 | $ 10,697,387 | 2 | $ 11,607,909 | 2 | $ 8,341,508 | 2 |
| 21500 | Funds borrowed from CBC and other banks (Notes 21 and 35) | 3,806,220 | 1 | 3,499,960 | 1 | 3,726,573 | 1 | 4,968,239 | 1 |
| 22000 | Financial liabilities at fair value through profit and loss (Note 8) | 296,517 | - | 133,360 | - | 41,620 | - | 74,800 | - |
| 22500 | Bills and bonds sold under repurchase agreements (Note 22) | 1,022,713 | - | 273,573 | - | 257,493 | - | 358,769 | - |
| 23000 | Payables (Note 23) | 4,961,436 | 1 | 7,363,659 | 1 | 4,773,387 | 1 | 4,420,341 | 1 |
| 23200 | Current income tax liabilities (Note 4) | 263,115 | - | 218,945 | - | 251,127 | - | 292,018 | - |
| 23500 | Deposits and remittances (Notes 24 and 34) | 463,257,911 | 85 | 455,966,124 | 86 | 436,821,480 | 86 | 429,704,469 | 87 |
| 24000 | Financial bonds payable (Note 25) | 14,400,000 | 3 | 14,400,000 | 3 | 14,400,000 | 3 | 16,042,869 | 3 |
| 25500 | Other financial liabilities (Note 26) | 304,733 | - | 340,296 | - | 207,979 | - | 111,741 | - |
| 25600 | Liability reserve (Notes 3, 4 & 27) | 785,826 | - | 777,562 | - | 549,948 | - | 537,040 | - |
| 29300 | Deferred tax liabilities (Note 4) | 111,021 | - | 111,021 | - | 111,021 | - | 111,021 | - |
| 29500 | Other liabilities (Note 28) | 523,927 | - | 512,056 | - | 509,478 | - | 400,541 | - |
| 20000 | Total liabilities | 505,597,184 | 93 | 494,293,943 | 93 | 473,258,015 | 93 | 465,363,356 | 94 |
| | Equity of the parent company (Note 29) | | | | | | | | |
| 31101 | Common stock capital | 28,515,063 | 5 | 28,515,063 | 5 | 26,935,822 | 5 | 25,345,339 | 5 |
| 31121 | Capitalization reserve | 1,824,964 | - | - | - | 1,579,241 | - | - | - |
| 31500 | Capital surplus | 683,751 | - | 683,751 | - | 683,751 | - | 675,435 | - |
| | Retained earnings | | | | | | | | |
| 32001 | Legal reserve | 3,959,058 | 1 | 2,885,334 | 1 | 2,885,334 | 1 | 1,993,524 | - |
| 32003 | Special reserve | 38,685 | - | 72,861 | - | 72,861 | - | 134,085 | - |
| 32011 | Undistributed earnings (Note 3) | 1,895,484 | 1 | 3,444,588 | 1 | 1,900,346 | 1 | 2,767,169 | 1 |
| 32500 | Other equity | 145,403 | - | 154,860 | - | 44,673 | - | ( 34,177 ) | - |
| 31000 | Total shareholder's equity in the parent company | 37,062,408 | 7 | 35,756,457 | 7 | 34,102,028 | 7 | 30,881,375 | 6 |
| 30000 | Total equity | 37,062,408 | 7 | 35,756,457 | 7 | 34,102,028 | 7 | 30,881,375 | 6 |
| | Total Liabilities and Equity | $ 542,659,592 | 100 | $ 530,050,400 | 100 | $ 507,360,043 | 100 | $ 496,244,731 | 100 |

The notes attached shall constitute an integral part of this Consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated August 7, 2015)

Chairman: Chun-Sheng Lee  Manager: Chin-Yuan Lai  Chief accountant: Yi-Ying Chung

Taichung Commercial Bank Co., Ltd. and subsidiaries
Consolidated Income Statement
April 1 to June 30, 2015 and 2014 and January 1 to June 30, 2015 and 2014
(Reviewed only, not audited in accordance with the auditing principles generally accepted in the ROC)
Unit: NTD thousand, except Earnings Per Share (NTD)

| Code | | April 1 to June 30, 2015 | | April 1 to June 30, 2014 (adjustment after the new standards) | | January 1 to June 30, 2015 | | January 1 to June 30, 2014 (adjustment after the new standards) | |
|---|---|---|---|---|---|---|---|---|---|
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 41000 | Interest revenues (Notes 30 and 34) | $2,868,665 | 118 | $2,733,098 | 115 | $5,733,085 | 115 | $5,396,325 | 104 |
| 51000 | Interest expenses (Notes 30 and 34) | ( 1,030,363 ) | ( 42 ) | ( 992,745 ) | ( 42 ) | ( 2,047,428 ) | ( 41 ) | ( 1,967,339 ) | ( 38 ) |
| 49010 | Net interest income | 1,838,302 | 76 | 1,740,353 | 73 | 3,685,657 | 74 | 3,428,986 | 66 |
| | Net income (loss) other than interest income | | | | | | | | |
| 49100 | Net income from service fees (Notes 30 and 34) | 475,088 | 20 | 502,776 | 21 | 949,219 | 19 | 1,021,274 | 19 |
| 49200 | Gain (loss) on financial assets and liabilities at fair value through profit and loss (Note 30) | 173,932 | 7 | 174,634 | 8 | 293,110 | 6 | 150,327 | 3 |
| 49300 | Realized gain on available-for-sale financial assets | 7,948 | - | - | - | 7,948 | - | - | - |
| 49600 | Exchange gain (loss) | ( 62,927 ) | ( 3 ) | ( 41,144 ) | ( 2 ) | ( 879 ) | - | 89,209 | 2 |
| 49700 | Net gain(loss)on reversal of assets impairment (Notes 13, 16, 19 and 30) | - | - | ( 6,881 ) | - | 21,603 | 1 | 457,199 | 9 |
| 49750 | Profit or loss of affiliated companies and joint ventures under the equity method (Note 14) | ( 814 ) | - | 1,037 | - | ( 580 ) | - | 1,552 | - |
| 49821 | Net profit (loss) on sale of NPL | - | - | - | - | 2,742 | - | 68,712 | 1 |
| 58000 | Net gain (loss) other than interest income (Notes 27 and 30) | 3,115 | - | ( 456 ) | - | 327 | - | ( 1,651 ) | - |
| 4xxxx | Net revenue | 2,434,644 | 100 | 2,370,319 | 100 | 4,959,147 | 100 | 5,215,608 | 100 |
| 58200 | Bad debt expense and guaranty reserve (Notes 11 and 27) | ( 1,682 ) | - | ( 155,643 ) | ( 7 ) | ( 69,696 ) | ( 1 ) | ( 764,152 ) | ( 15 ) |
| | Operating expenses | | | | | | | | |
| 58500 | Employee benefits expenses (Notes 3, 4, and 30) | ( 716,667 ) | ( 30 ) | ( 605,506 ) | ( 25 ) | ( 1,401,382 ) | ( 28 ) | ( 1,229,796 ) | ( 24 ) |
| 59000 | Depreciation and amortization expenses (Note 30) | ( 49,636 ) | ( 2 ) | ( 46,603 ) | ( 2 ) | ( 97,497 ) | ( 2 ) | ( 93,411 ) | ( 2 ) |
| 59500 | Business and administrative expenses (Notes 30, and 34) | ( 491,444 ) | ( 20 ) | ( 370,862 ) | ( 16 ) | ( 1,009,398 ) | ( 21 ) | ( 798,245 ) | ( 15 ) |
| 58400 | Total operating expenses | ( 1,257,747 ) | ( 52 ) | ( 1,022,971 ) | ( 43 ) | ( 2,508,277 ) | ( 51 ) | ( 2,121,452 ) | ( 41 ) |
| 61001 | Income before tax from continuing operations | 1,175,215 | 48 | 1,191,705 | 50 | 2,381,174 | 48 | 2,330,004 | 44 |
| 61003 | Income tax expenses (Notes 3, 4 & 31) | ( 171,298 ) | ( 7 ) | ( 177,413 ) | ( 7 ) | ( 352,889 ) | ( 7 ) | ( 273,443 ) | ( 5 ) |
| 64000 | Current year net income after tax | 1,003,917 | 41 | 1,014,292 | 43 | 2,028,285 | 41 | 2,056,561 | 39 |

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| Code | | April 1 to June 30, 2015 Amount | % | April 1 to June 30, 2014 (adjustment after the new standards) Amount | % | January 1 to June 30, 2015 Amount | % | January 1 to June 30, 2014 (adjustment after the new standards) Amount | % |
|---|---|---|---|---|---|---|---|---|---|
| | Other comprehensive income | | | | | | | | |
| | Accounts that could be reclassified as profits and loss subsequently (after taxation) | | | | | | | | |
| 65301 | Exchange differences from the translation of financial statements of foreign operations | ($ 15,591) | - | ($ 20,692) | ( 1) | ($ 81,690) | ( 2) | ($ 20,094) | - |
| 65302 | Unrealized valuation gains and losses of available-for-sale financial assets | 28,787 | 1 | 60,738 | 2 | 72,450 | 2 | 97,855 | 2 |
| 65320 | Income tax related to accounts that could be reclassified (Note 4 and Note 31). | ( 352) | - | 326 | - | ( 217) | - | 1,089 | - |
| 65000 | Other comprehensive net income (after tax) | 12,844 | 1 | 40,372 | 1 | ( 9,457) | - | 78,850 | 2 |
| 66000 | Current period other comprehensive income (after tax) | $1,016,761 | 42 | $1,054,664 | 44 | $2,018,828 | 41 | $2,135,411 | 41 |
| | Consolidated EPS (Note 32) | | | | | | | | |
| | Business units in continuing operation | | | | | | | | |
| 67501 | Basic | $ 0.33 | | $ 0.34 | | $ 0.67 | | $ 0.69 | |
| 67701 | Diluted | $ 0.33 | | $ 0.34 | | $ 0.67 | | $ 0.68 | |

The notes attached shall constitute an integral part of this Consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated August 7, 2015)

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Yi-Ying Chung

Taichung Commercial Bank Co., Ltd. and subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
January 1 to June 30, 2015 and 2014
(Reviewed only, not audited in accordance with the auditing principles generally accepted in the ROC)

Unit: NTD thousand

| | | Equity of the company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital stock | | | Retained earnings | | | Other equity | | |
| Code | | Common stock | Capitalization reserve | Capital surplus | Legal reserve | Special reserve | Accumulated earnings | Exchange differences from the translation of financial statements of foreign operations | Unrealized gain on available-for-sale financial instruments | Total equity |
| A1 | Balance as of January 1, 2014 | $ 25,345,339 | $ - | $ 675,435 | $ 1,993,524 | $ 134,085 | $ 2,923,384 | $ 24,742 | ( $ 58,919 ) | $ 31,037,590 |
| A3 | The influence of the application and reclassification in retrospect (Note 3) | - | - | - | - | - | ( 156,215 ) | - | - | ( 156,215 ) |
| A5 | Balance on January 1 2014 after adjustment | 25,345,339 | - | 675,435 | 1,993,524 | 134,085 | 2,767,169 | 24,742 | ( 58,919 ) | 30,881,375 |
| | The 2013 appropriation and distribution of earnings | | | | | | | | | |
| B1 | Legal reserve | - | - | - | 891,810 | - | ( 891,810 ) | - | - | - |
| B5 | Cash Dividends | - | - | - | - | - | ( 513,557 ) | - | - | ( 513,557 ) |
| B9 | Stock dividends | - | 1,579,241 | - | - | - | ( 1,579,241 ) | - | - | - |
| B17 | Reversal of special reserve | - | - | - | - | ( 61,224 ) | 61,224 | - | - | - |
| D1 | Net profit in January 1 ~June 30, 2014 | - | - | - | - | - | 2,056,561 | - | - | 2,056,561 |
| D3 | Other comprehensive profit or loss in January 1 ~June 30, 2014 | - | - | - | - | - | - | ( 20,094 ) | 98,944 | 78,850 |
| D5 | Other comprehensive income in January 1 ~June 30, 2014 | - | - | - | - | - | 2,056,561 | ( 20,094 ) | 98,944 | 2,135,411 |
| I1 | Conversion of convertible financial bonds | 1,590,483 | - | 8,316 | - | - | - | - | - | 1,598,799 |
| Z1 | Balance as of June 30, 2014 | $ 26,935,822 | $ 1,579,241 | $ 683,751 | $ 2,885,334 | $ 72,861 | $ 1,900,346 | $ 4,648 | $ 40,025 | $ 34,102,028 |
| A1 | Balance as of January 1, 2015 | $ 28,515,063 | $ - | $ 683,751 | $ 2,885,334 | $ 72,861 | $ 3,579,082 | $ 113,523 | $ 41,337 | $ 35,890,951 |
| A3 | The influence of the application and reclassification in retrospect (Note 3) | - | - | - | - | - | ( 134,494 ) | - | - | ( 134,494 ) |
| A5 | Balance on January 1 2015 after adjustment | 28,515,063 | - | 683,751 | 2,885,334 | 72,861 | 3,444,588 | 113,523 | 41,337 | 35,756,457 |
| | The 2014 appropriation and distribution of earnings | | | | | | | | | |
| B1 | Legal reserve | - | - | - | 1,073,724 | - | ( 1,073,724 ) | - | - | - |
| B5 | Cash Dividends | - | - | - | - | - | ( 712,877 ) | - | - | ( 712,877 ) |
| B9 | Stock dividends | - | 1,824,964 | - | - | - | ( 1,824,964 ) | - | - | - |
| B17 | Reversal of special reserve | - | - | - | - | ( 34,176 ) | 34,176 | - | - | - |
| D1 | Net profit in January 1 ~June 30, 2015 | - | - | - | - | - | 2,028,285 | - | - | 2,028,285 |
| D3 | Other comprehensive profit or loss in January 1 ~June 30, 2015 | - | - | - | - | - | - | ( 81,690 ) | 72,233 | ( 9,457 ) |
| D5 | Other comprehensive income in January 1 ~June 30, 2015 | - | - | - | - | - | 2,028,285 | ( 81,690 ) | 72,233 | 2,018,828 |
| Z1 | Balance as of June 30, 2015 | $ 28,515,063 | $ 1,824,964 | $ 683,751 | $ 3,959,058 | $ 38,685 | $ 1,895,484 | $ 31,833 | $ 113,570 | $ 37,062,408 |

The notes attached shall constitute an integral part of this Consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated August 7, 2015)

Chairman: Chun-Sheng Lee　　Manager: Chin-Yuan Lai　　Chief accountant: Yi-Ying Chung

Taichung Commercial Bank Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flow
January 1 to June 30, 2015 and 2014
(Reviewed only, not audited in accordance with the auditing principles generally accepted in the ROC)
Unit: NTD thousand

| Code | | January 1 to June 30, 2015 | January 1 to June 30, 2014 (adjustment after the new standards) |
|---|---|---|---|
| | Cash flow from operating activities | | |
| A10000 | Current year net profit before taxation | $ 2,381,174 | $ 2,330,004 |
| | Revenue, expense and loss that do not affect the cash flows | | |
| A20100 | Depreciation expenses | 77,006 | 76,582 |
| A20200 | Amortization expenses | 20,491 | 16,829 |
| A20300 | Bad debt expense and reserve for guarantee liability | 69,696 | 764,152 |
| A20400 | Gain (loss) on financial assets and liabilities at fair value through profit and loss | ( 293,110 ) | ( 150,327 ) |
| A22500 | Disposal and obsolescence loss (gain) of property and equipment | ( 224 ) | 263 |
| A20900 | Interest expenses | 2,047,428 | 1,967,339 |
| A21200 | Interest revenue | ( 5,733,085 ) | ( 5,396,325 ) |
| A21300 | Free-Gratis Dividends revenue | ( 346 ) | ( 357 ) |
| A21800 | Net change in other provisions for liabilities | - | 800 |
| A22300 | (Profit) Loss of the affiliated company under the equity method | 580 | ( 1,552 ) |
| A23100 | Loss (gain) on disposal of investments | ( 7,948 ) | 43 |
| A23600 | Financial assets impairment loss (reversal gain) | ( 21,603 ) | ( 454,956 ) |
| A23800 | Non-financial assets impairment loss (reversal gain) | - | ( 2,243 ) |
| A24100 | Unrealized foreign currency exchange loss (gain) | 81,672 | ( 31,275 ) |
| A24300 | Gain on sale of NPL | ( 2,742 ) | ( 68,712 ) |
| A24400 | Loss on disposal of collateral | - | 1,435 |
| A20010 | Total income, expense and loss that do not affect the cash flows | ( 3,762,185 ) | ( 3,278,304 ) |
| | Changes in operating activities related assets/liabilities | | |
| A41110 | Due from Central Bank and lend to Banks | ( 1,356,175 ) | ( 2,777,099 ) |
| A41120 | Financial assets at fair value through income statement | ( 9,255,340 ) | ( 76,035 ) |
| A41150 | Accounts receivable | 951,789 | ( 735,549 ) |
| A41160 | Discounts and loans | 2,413,028 | ( 11,979,389 ) |
| A41190 | Other financial assets | 150,917 | 28,124 |

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| Code | | January 1 to June 30, 2015 | January 1 to June 30, 2014 (adjustment after the new standards) |
|---|---|---|---|
| A41990 | Other assets | ($ 48,890) | ($ 15,022) |
| A42110 | Due to Central Bank and banks | 5,166,378 | 3,266,401 |
| A42120 | Financial liabilities at fair value through income statement | ( 123,425) | ( 211,884) |
| A42140 | Bills and bonds sold under repurchase agreements | 749,140 | ( 101,276) |
| A42150 | Payables | ( 3,147,169) | ( 203,608) |
| A42160 | Customer deposits and remittances | 7,291,787 | 7,117,011 |
| A42170 | Other financial liabilities | 4,199 | ( 3,673) |
| A42180 | Employee benefit liabilities reserve | 5,696 | ( 8,618) |
| A42990 | Other liabilities | 11,871 | 110,287 |
| A40000 | Total changes in operating activities related assets/liabilities | 2,813,806 | ( 5,590,330) |
| A33000 | Cash inflow (outflow) from operating activities | 1,432,795 | ( 6,538,630) |
| A33100 | Interest received | 5,708,982 | 5,336,644 |
| A33200 | Dividends received | 346 | 357 |
| A33300 | Interest payment | ( 2,015,359) | ( 1,918,412) |
| A33500 | Income tax payment | ( 267,127) | ( 354,349) |
| AAAA | Net cash inflow (outflow) from operating activities | 4,859,637 | ( 3,474,390) |
| | Cash flow from investing activities | | |
| B00300 | Acquisition of available-for-sale financial assets | ( 500,000) | ( 1,707,577) |
| B00400 | Disposition of available-for-sale financial assets | 1,507,533 | 711,800 |
| B00900 | Acquisition of held-to-maturity financial assets | ( 2,749,587) | - |
| B01000 | Disposition of held-to-maturity financial assets | - | 2,465,400 |
| B01100 | Return of capital from held-to-maturity financial assets | 250,000 | - |
| B01400 | De-capitalization refunded monies of financial assets carried at cost | - | 757 |
| B02700 | Acquisition of Property, plant, and equipment | ( 4,140,516) | ( 43,678) |
| B02800 | Disposal of Property, plant, and equipment | 559 | 33 |
| B03700 | Increase in refundable deposits | ( 73,056) | ( 42,435) |
| B04500 | Acquisition of Intangible assets | ( 31,354) | ( 30,275) |
| B04700 | Disposal of Collateral accepted | - | 808 |
| B06300 | Receipt of payment on sale of NPL. | 84,921 | 343,494 |
| BBBB | Net cash inflow (outflow) from investing activities | ( 5,651,500) | 1,698,327 |
| | Cash flow from financing activities | | |
| C00300 | Increase (decrease) in Funds borrowed from CBC and other banks | 306,260 | ( 1,241,666) |
| C00700 | Increase (decrease) in commercial papers payable | ( 39,762) | 99,911 |
| C01500 | Repayment of financial bonds | - | ( 49,900) |
| CCCC | Net cash inflow (outflow) from financing activities | 266,498 | ( 1,191,655) |

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(Continued from previous page)

| Code | | January 1 to June 30, 2015 | January 1 to June 30, 2014 (adjustment after the new standards) |
|---|---|---|---|
| DDDD | Impact of changes in exchange rate on cash and cash equivalents | ($ 81,690) | ($ 20,094) |
| EEEE | Current cash and cash equivalents decrease | ( 607,055) | ( 2,987,812) |
| E00100 | Balance of cash and cash equivalents, beginning of period | 78,476,334 | 72,438,282 |
| E00200 | Balance of cash and cash equivalent, end of period | $ 77,869,279 | $ 69,450,470 |

Ending cash and cash equivalents adjustment

| Code | | June 30, 2015 | June 30, 2014 (adjustment after the new standards) |
|---|---|---|---|
| E00210 | Cash and cash equivalents on the balance sheet | $ 8,605,431 | $ 5,789,532 |
| E00220 | The "Due from Central Bank and lend to Banks" that meet the definition of cash and cash equivalents under IAS 7 | 64,984,294 | 62,006,678 |
| E00230 | The "bonds and securities sold under repurchase agreements" that meet the definition of cash and cash equivalents under IAS 7 | 4,279,554 | 1,654,260 |
| E00200 | Balance of cash and cash equivalent, end of period | $ 77,869,279 | $ 69,450,470 |

The notes attached shall constitute an integral part of this Consolidated financial statement.
(Refer to Auditor's Report presented by Deloitte & Touche dated August 7, 2015)

Chairman: Chun-Sheng Lee Manager: Chin-Yuan Lai Chief accountant: Yi-Ying Chung

1. Organization and operations

Formerly a cooperative savings company in central Taiwan (known as Central Taiwan Cooperative Company" established on September 27 1952, Taichung Commercial Bank Co., Ltd. (hereinafter, the "Bank" or "Taichung Bank") was approved to establish in April 1953 as a commercial bank and started its operation since August of the same year. The amended Banking Act was promulgated in July 1975 on which Central Taiwan Cooperative Company was approved to reorganize as "Taichung Small and Medium Business Bank Co., Ltd." in Jan. 1, 1978 (hereinafter, Taichung business bank"). On May 15 1984, the Bank was approved to list its stocks in TWSE.

In order to cope with national financial policy, provide the pubic with financial services and support economic construction and develop industrial and commercial business, the Taichung Small and Medium Business Bank Company Limited was renamed Taichung Commercial Bank Co., Ltd. in Dec. 1998. As of June 30, 2015, it had established a Business Department, Trust Department, International Banking Department and 79 local branches, and an International Banking Branch. It is engaged mainly in financial operations regulated by Banking Law, trust business, offshore banking business and others approved by the competent authority.

The Taichung Bank's capital was NTD 500 thousand when the Bank was incorporated. In order to found its capital structure and comply with the Government Apparatus's order and decree, the Bank has increased/reduced its capital over the past years. As of June 30, 2015, its paid-in capital was NTD 28,515,063 thousand.

This consolidated financial statement is denominated in the functional currency of Taichung Bank, which is NTD.

2. Financial reporting date and procedures

The consolidated financial statements were approved for publication by the board of directors on August 7, 2015.

3. Application of new and revised standards and interpretation

(1) The first use of the Criteria for Compilation of Financial Statements by Public Banks after its amendment and the 2013 version of the IFRS, IAS, IFRIC, and SIC approved by Financial Supervisory Commission.

According to FSC Letter Chin-Kuan-Cheng-Shen-Zi No. 1030029342 and Letter Chin-Kuan-Cheng-Shen-Zi No. 1030010325, consolidated operations shall adopt the 2013 edition of IFRS, IAS, IFRIC and SIC (hereinafter collectively known as "IFRSs") released by IASB and recognized by FSC from 2015 onwards and related amendment to the Criteria for the Compilation of Financial Statements by Public Banks.

Except for the following explanations, the application of these new / amended / revised standards or interpretations will not result in significant changes in the consolidated company's accounting policies:

IAS 19 "Employees benefits"

According to the standard, the cost incurred in previous period shall be recognized as expenses in full amount at the time of realization so as to allow the recognized net

pension liabilities or assets to fully reflect the amount short of the plan or the overall value of the surplus. In addition, the "net interest" will replace the expected return of the interest cost and the plan assets prior to the application of the amendments and the net interest is derived by having the defined benefit liability (asset) multiplied by the discount rate.

The adjustment for influence in current period is shown below:

| The effect on assets, liabilities, and shareholders' equity | June 30, 2015 |
|---|---|
| Increase in deferred income tax assets | $ 25,590 |
| Increase in assets | $ 25,590 |
| | |
| Increase in defined benefit liabilities | $150,532 |
| Increase in liabilities | $150,532 |
| | |
| Decrease in retained earnings | $124,942 |
| Decrease in equity | $124,942 |

| The effect on comprehensive incomes | January 1 to June 30, 2015 |
|---|---|
| Decrease in operating expenses | ($ 11,509) |
| Increase in income tax expenses | 1,957 |
| Increase in Net profit of current period | 9,552 |
| Increase in current year other comprehensive income | 9,552 |
| Increase in current year other comprehensive income (Gross) | $ 9,552 |
| | |
| The effect on earnings per share | |
| Increase in basic earnings per share | $ - |
| Increase in diluted earnings per share | $ - |

The influence in previous period

| | Amount before adjustment | Adjustment after the application for the first time | Amount after adjustment |
|---|---|---|---|
| The effect on assets, liabilities, and shareholders' equity | | | |
| December 31, 2014 | | | |
| Deferred income tax assets | $ 552,103 | $ 27,547 | $ 579,650 |
| The effect on assets | $ 552,103 | $ 27,547 | $ 579,650 |
| Liability reserve | $ 615,521 | $ 162,041 | $ 777,562 |
| The effect on liabilities | $ 615,521 | $ 162,041 | $ 777,562 |
| Accumulated earnings | $ 3,579,082 | ($ 134,494) | $ 3,444,588 |
| The effect on shareholders' equity | $ 3,579,082 | ($ 134,494) | $ 3,444,588 |
| June 30, 2014 | | | |
| Deferred income tax assets | $ 435,015 | $ 29,771 | $ 464,786 |
| The effect on assets | $ 435,015 | $ 29,771 | $ 464,786 |
| Liability reserve | $ 374,822 | $ 175,126 | $ 549,948 |
| The effect on liabilities | $ 374,822 | $ 175,126 | $ 549,948 |
| Accumulated earnings | $ 2,045,701 | ($ 145,355) | $ 1,900,346 |
| The effect on shareholders' equity | $ 2,045,701 | ($ 145,355) | $ 1,900,346 |
| January 1, 2014 | | | |
| Deferred income tax assets | $ 391,478 | $ 31,996 | $ 423,474 |
| The effect on assets | $ 391,478 | $ 31,996 | $ 423,474 |
| Liability reserve | $ 348,829 | $ 188,211 | $ 537,040 |
| The effect on liabilities | $ 348,829 | $ 188,211 | $ 537,040 |
| Accumulated earnings | $ 2,923,384 | ($ 156,215) | $ 2,767,169 |
| The effect on shareholders' equity | $ 2,923,384 | ($ 156,215) | $ 2,767,169 |
| The effect on comprehensive incomes | | | |
| January 1 ~December 31, 2014 | | | |
| Operating expenses | ($ 4,531,940) | $ 22,975 | ($ 4,508,965) |
| Income tax expenses | ( 480,897) | ( 3,906) | ( 484,803) |
| The effect on corporate earnings in current period | ( 5,012,837) | 19,069 | ( 4,993,768) |

(Continued on next page)

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| | Amount before adjustment | Adjustment after the application for the first time | Amount after adjustment |
|---|---|---|---|
| Accounts no reclassified as profits and loss | | | |
| The second measurement of determined welfare plan | ($ 169,131) | $ 3,195 | ($ 165,936) |
| Income tax related to accounts not being reclassified | 28,752 | ( 543) | 28,209 |
| Effect on other comprehensive incomes after taxation in current period | ( 140,379) | 2,652 | ( 137,727) |
| The effect on total consolidated earnings in current period | ($ 5,153,216) | $ 21,721 | ($ 5,131,495) |
| April 1 to June 30, 2014 | | | |
| Operating expenses | ($ 1,029,514) | $ 6,543 | ($ 1,022,971) |
| Income tax expenses | ( 176,300) | ( 1,113) | ( 177,413) |
| The effect on corporate earnings in current period | ( 1,205,814) | 5,430 | ( 1,200,384) |
| The effect on consolidated earnings in current period | ($ 1,205,814) | $ 5,430 | ($ 1,200,384) |
| January 1 to June 30, 2014 | | | |
| Operating expenses | ($ 2,134,537) | $ 13,085 | ($ 2,121,452) |
| Income tax expenses | ( 271,218) | ( 2,225) | ( 273,443) |
| The effect on corporate earnings in current period | ( 2,405,755) | 10,860 | ( 2,394,895) |
| The effect on total consolidated earnings in current period | ($ 2,405,755) | $ 10,860 | ($ 2,394,895) |
| The effect on earnings per share | | | |
| January 1 ~December 31, 2014 | | | |
| Basic earnings per share (Note) | $ 1.24 | $ 0.01 | $ 1.25 |
| Diluted earnings per share (Note) | $ 1.23 | $ - | $ 1.23 |
| April 1 to June 30, 2014 | | | |
| Basic earnings per share (Note) | $ 0.34 | $ - | $ 0.34 |
| Diluted earnings per share (Note) | $ 0.34 | $ - | $ 0.34 |
| January 1 to June 30, 2014 | | | |
| Basic earnings per share (Note) | $ 0.69 | $ - | $ 0.69 |
| Diluted earnings per share (Note) | $ 0.68 | $ - | $ 0.68 |

When calculating the effect on earnings per share, the impact of the stock dividend had been retroactively adjusted.

(2) IFRSs released by IASB pending on the approval of FSC

IFRSs released by IASB pending on the approval of FSC IFRSs released by IASB pending on the approval of FSC are not applicable to the Bank.

| The new / amended / revised standards or interpretation | IASB publication effective date (Note 1) |
|---|---|
| "The annual improvement plan for the periods of 2010-2012" | July 1, 2014 (Note 2) |
| "The annual improvement plan for the periods of 2011-2013" | July 1, 2014 |
| "The annual improvement plan for the periods of 2012-2014" | January 1, 2016 (Note 4) |
| IFRS 9 "Financial Instruments" | January 1, 2018 |
| Amendments to the IFRS 9 and IFRS 7 "Mandatory Effective Date and Transitional Disclosures" | January 1, 2018 |
| Amendment to IFRS 10 and IAS 28, "Consolidated Financial Statements and Investment in Associates". | January 1, 2016 (Note 3) |
| Amendments to IFRS 10, IFRS 12, and IAS 28, "Interests in other Entities, Consolidated Financial Statements, and Investment in Associates". | January 1, 2016 |
| Amendment to IFRS 11, "Joint Arrangement" | January 1, 2016 |
| IFRS 14 "Restricted Deferred Account" | January 1, 2016 |
| IFRS 15, "Revenue from Contracts with Customers" | January 1, 2017 |
| Amendment to IAS 1, "Presentation of Financial Statements" | January 1, 2016 |
| Amendments to IAS 16, and IAS 38, "Property, Plant, and Equipment, and Intangible Assets, acceptable depreciations and amortizations" | January 1, 2016 |
| Amendments to IAS 16, IAS 41, "Agriculture: Productive Plants" | January 1, 2016 |
| Amendments to the IAS 19 "Defined benefit plans: employees contribution" | July 1, 2014 |
| Amendment to IAS 27, " Consolidated and Separate Financial Statements, the equity method adopted" | January 1, 2016 |
| Amendments to the IAS 36 "Disclosure of recoverable amount of non-financial assets" | January 1, 2014 |
| Amendments to the IAS 39 "Derivatives contract replacement and hedge accounting continuity" | January 1, 2014 |
| IFRIC 21, "Levies" | January 1, 2014 |

Note 1: Unless otherwise stated, the aforementioned new / amended / revised standards or interpretation are effective in the years after the respective date.

Note 2: Amendments to the IFRS 2 are applicable to the share-based transactions after the payment date of July 1, 2014. Amendments to the IFRS 3 are applicable to the business merger after the acquisition date of July 1, 2014. Amendments to the IFRS 13 shall enter into force immediately. The remaining amendments are applicable in the years after July 1, 2014.

Note 3: Application will be deferred to transactions occur in the fiscal year starting on January 1 2016 and beyond.

Note 4: Further to the deferred application of the amended IFRS 5, all other amendments are applicable with effect on January 1 2016.

Further to the notes specified below, the aforementioned announcement/ amendment/ revision of standards and interpretations shall not cause significant change in the accounting policy of the companies in the consolidated financial statements:

IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

In terms of financial assets, the subsequent measurement of financial assets within the scope of the IAS 39 "Financial Instruments: Recognition and Measurement" is measured at cost after amortization or fair value.

The debt instruments in invested by the companies in the consolidated financial statements are classified and measured as follows if the contract cash flows are fully for the settlement of principal and the interests of the outstanding amount of principal:

1. The holding of financial assets is for purpose of collecting the contract cash flow volume shall be measured amortized cost of the financial assets. This category of financial assets shall be recognized as profit or loss on the interest calculated under the effective interest rate with continued assessment of impairment. Any gains or loss from impairment shall also be recognized as profits or loss.
2. The holding of financial assets is for purpose of collecting the contract cash flow volume and for selling the financial assets shall be measured at fair value through consolidated income statements. This category of financial assets shall be recognized as profit or loss on the interest calculated under the effective interest rate with continued assessment of impairment. Any gains or loss from impairment or exchange shall also be recognized as profits or loss. The change in fair value shall be recognized through consolidated income statement. For removal of the financial assets from book listing or reclassification, the change in fair value previously accumulated in the consolidated financial statement shall be reclassified as profits or loss.

For the investment of financial assets by the companies in the consolidated financial statements beyond the aforementioned terms and conditions, they shall be measured at fair value and the change in fair value shall be recognized through income statement. If the companies in the consolidated financial statements are discrete in initial recognition, the equity investment not available for sales shall be measured at fair value through consolidated financial statement. With the exception of dividend income, which shall be recognized as profit or loss, any other related benefits and profit or loss from this category of financial assets shall be recognized as other comprehensive income without being assessed for impairment, and accumulated as change in fair value of other comprehensive income and not classified as profit or loss.

Impairment of financial assets

IFRS 9 adopts the "expected credit losses model" in the recognition of the impairment of financial assets. Financial assets based on cost after amortization, financial assets at fair value through consolidated income state under compulsion, receivable rents, assets from contracts under IFRS 15, "Revenue from Contracts of Customers", or commitment of financing and financial guarantee contracts shall be recognized as provision for credit loss. If the credit risk of the aforementioned financial assets has no significant deterioration after initial recognition, the provision for credit loss shall be measured based on the expected credit loss in the 12 months ahead. If the credit risk of the aforementioned financial assets turned severe after the initial recognition and credit risk is not low, the provision for credit loss shall be measured based on the expected credit loss before the maturity of the assets. However, this does

not include account receivables that contain material financial components, which shall be subject to assessment for the provision of expected credit loss before the perpetuity of the account receivables.

For financial assets already showed credit impairment at the initial recognition, the companies in the consolidated financial statements shall consider the expected credit loss at the time of initial recognition and the effective interest rate after adjustment. Subsequent provision for credit loss shall be recognized based on accumulated changes of expected credit loss.

Further to the aforementioned influence, the companies in the consolidated financial statements will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the companies in the consolidated financial statements to the date this parent company only financial statement approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of significant accounting policies

(1) Compliance Statement

The consolidated financial statements are prepared in accordance with the "Rules Governing the Preparation of Financial Statements of Publicly Issued Banks," "Rules Governing the Preparation of Financial Statements of Securities Firms" and the IAS 34 "Interim Financial Reporting" accredited by the FSC. This consolidated financial statement does not cover the IFRSs disclosure as required by the whole annual financial reporting.

(2) Basis of consolidation

1. Principle of consolidated financial statements preparation

This consolidated financial statement contains the information of the financial statements of the Bank and its controlled entities (subsidiaries).

The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the consolidated company. In preparing these consolidated financial statements, the transactions, account balances, incomes and loss and expenses among the individual entities are written off in full amount.

2. Subsidiaries included in the consolidated financial statements

The business entities of the consolidated financial statements are as follows:

| Investor | Subsidiary name | Nature of the operation | Percentage of shareholdings | | |
|---|---|---|---|---|---|
| | | | June 30, 2015 | December 31, 2014 | June 30, 2014 |
| Taichung Commercial Bank Co. | Taichung Commercial Bank Insurance Broker Co., Ltd. | Insurance brokerage | 100 | 100 | 100 |
| Taichung Commercial Bank Co. | Taichung Commercial Bank Lease Enterprise | Leasing | 100 | 100 | 100 |
| Taichung Commercial Bank Co. | Taichung Commercial Bank Securities Co., Ltd. | Securities Brokerage | 100 | 100 | 100 |
| Taichung Commercial Bank Lease Enterprise | TCCBL Co., Ltd. | Financing, leasing and investments. | 100 | 100 | 100 |
| TCCBL Co., Ltd. | Taichung Commercial Bank Leasing (Suzhou) Ltd. | Financing Leasing and investments | 100 | 100 | 100 |

3. The subsidiaries not included in the consolidated financial statements: None

(3) Other major accounting policy

Further to the elaboration specified hereunder, refer to the notes to major accounting policy of the consolidated financial statements for FY2014.

1. Fringe benefits after resignation under determined welfare plan

The determined cost of welfare of determined welfare retirement plan (including the service cost, net interest, and value from second measurement) is calculated under the expected unit welfare method. The service sot (including the service cost in current period) and net interest of net determined welfare liabilities, once realized, shall be recognized as employee welfare expense. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods.

Net determined welfare liabilities shall be the amount short in the determined welfare retirement plan Net determined welfare assets shall not exceed the present value of the rebate of the allocation to the plans or the reduction of allocation in the future.

The pension cost in the interim period is based on the pension cost rate of as of the last day of the previous period under actuarial calculation and from the beginning to the ending of the period in the calculation. Adjustment is made if there is wide fluctuation in market, major revision of the plan, settlement or other one-time materiality.

2 Income tax

Income tax expense is the sum of the current income tax and deferred income tax. The income tax in the interim period is estimated based on the whole period and at the tax rate applicable to the total earnings expected in the period for the interim earnings before taxation.

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

The major accounting judgment, estimation, and assumption of uncertainty adopted in the consolidated financial statement share the same sources as the consolidated financial statements of FY2014.

6. Cash and cash equivalents

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Cash on hand | $ 3,070,089 | $ 3,409,807 | $ 3,153,610 |
| Notes and checks for clearing | 1,032,385 | 3,187,587 | 1,038,000 |
| Due to Central Bank and other banks | 4,502,957 | 2,955,561 | 1,597,922 |
| | $ 8,605,431 | $ 9,552,955 | $ 5,789,532 |

The cash and cash equivalent balance on the Consolidated Statement of Cash Flow as of June 30, 2015 and December 31, June 30, 2014, and the related adjustments of the consolidated balance sheet are as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Cash and cash equivalents on the consolidated balance sheet | $ 8,605,431 | $ 9,552,955 | $ 5,789,532 |
| The "Due from Central Bank and other banks" of comply with IAS 7 "Definition of Cash and cash equivalents" approved by the FSC. | 64,984,294 | 67,378,018 | 62,006,678 |
| The "Bonds and securities sold under re-purchase agreements" comply with the IAS 7 "Definition of Cash and cash equivalents" approved by the FSC. | 4,279,554 | 1,545,361 | 1,654,260 |
| Cash and cash equivalents on the Consolidated Statement of Cash Flow | $77,869,279 | $78,476,334 | $69,450,470 |

The companies in the consolidated financial statements have pledged the time deposits in nostro accounts as performance bond for TCB Securities as of June 30 2015, December 31 2014, and June 30 2014 amounting to NTD20,000 thousand, NTD0, and NTD0, respectively. These were recognized as refundable bond and specified in Note 19.

7. Due from Central Bank and lend to Banks

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Reserve for deposits | | | |
| Reserve for deposits –checking account | $ 7,328,368 | $10,456,744 | $ 7,961,946 |
| Reserve for deposits –demand account | 14,157,135 | 13,643,472 | 13,482,590 |
| Financial Information Service Co., Ltd. – liquidated account | 560,095 | 1,174,500 | 582,209 |
| Reserve for deposits in foreign currency | 40,118 | 37,960 | 29,867 |

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| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Certificate of deposit of the Central Bank | $54,600,000 | $52,200,000 | $51,900,000 |
| Call loans to banks | 4,540,842 | 4,751,431 | 3,977,146 |
| Reserve for trust funds compensation | 50,000 | 50,000 | 50,000 |
| | $81,276,558 | $82,314,107 | $77,983,758 |

(1) The deposit reserves in the Central Bank are calculated by multiplying the average monthly balances of all deposit accounts by the legally required ratio. The demand account reserve can be used only for the monthly adjustment of the deposit reserve.

(2) The consolidated company reserve of the for trust funds compensation by Government bonds held to maturity on June 30, 2015 and December 31, June 30, 2014 are stated at the par value of NTD 50,000 thousand. Please refer to Note 35 for details.

8. Financial instruments measured at fair value through income statement

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Held-for-sale financial assets | | | |
| Commercial papers | $20,355,298 | $10,756,922 | $11,471,325 |
| Listed stocks - domestic | 962,738 | 863,301 | 760,692 |
| Beneficiary certificate | 768,627 | 815,106 | 283,030 |
| Corporate bond | 4,588 | - | - |
| Assets swap agreement | 498,814 | 494,826 | 24,702 |
| Foreign exchange contracts | 11,008 | 12,748 | 17,162 |
| Forward exchange contracts | 21,150 | 18,680 | 8,321 |
| FX options contracts | 224,415 | 50,023 | 34,850 |
| | $22,846,638 | $13,011,606 | $12,600,082 |
| Held-for-sale financial liabilities | | | |
| Foreign exchange contracts | $ 30,003 | $ 36,413 | $ 4,461 |
| Forward exchange contracts | 40,812 | 46,375 | 3,518 |
| FX options contracts | 225,702 | 50,572 | 33,641 |
| | $ 296,517 | $ 133,360 | $ 41,620 |

(1) The consolidated company financial derivative contract related to a foreign exchange rate is a non-trading operation performed for the purpose of providing customers with a hedging tool for the foreign exchange position generated from import/export and foreign exchange and hedging the risk from business and meeting the need for foreign exchange funds.

(2) The consolidated company foreign exchange contracts which have not yet matured before June 30 2015, December 31 2014, and June 30 2014 are specified as follows:

| June 30, 2015 | | | |
|---|---|---|---|
| | Contract amount (NTD thousand) | | Date of maturity |
| Sold | AUD | 11,873 | 2015/07/06-2015/07/15 |
| | USD | 25,529 | 2015/07/01-2015/09/09 |
| | JPY | 495,499 | 2015/07/03 |
| | HKD | 176,761 | 2015/07/14-2015/07/22 |
| | CNY | 85,073 | 2016/03/31-2016/04/22 |
| Bought | AUD | 7,200 | 2015/07/01-2015/07/07 |
| | CAD | 4,764 | 2015/07/08 |
| | USD | 150,100 | 2015/07/03-2016/04/22 |
| | GBP | 1,400 | 2015/07/15 |
| | SGD | 1,559 | 2015/07/13 |
| | ZAR | 23,540 | 2015/07/06 |

| December 31, 2014 | | | |
|---|---|---|---|
| | Contract amount (NTD thousand) | | Date of maturity |
| Sold | AUD | 6,000 | 2015/01/06-2015/01/09 |
| | CNY | 10,135 | 2015/01/08 |
| | HKD | 170,155 | 2015/01/12-2015/02/02 |
| | JPY | 311,394 | 2015/01/06 |
| | USD | 28,278 | 2015/01/09-2015/01/13 |
| Bought | AUD | 16,200 | 2015/01/08-2015/02/02 |
| | CAD | 3,722 | 2015/01/13 |
| | GBP | 1,300 | 2015/01/12 |
| | NZD | 7,000 | 2015/01/13-2015/01/20 |
| | SGD | 1,590 | 2015/01/12 |
| | USD | 74,000 | 2015/01/05-2015/03/23 |
| | ZAR | 86,723 | 2015/01/06-2015/01/09 |
| | EUR | 4,000 | 2015/01/12 |

| June 30, 2014 | | | |
|---|---|---|---|
| | Contract amount (NTD thousand) | | Date of maturity |
| Sold | EUR | 5,000 | 2014/07/02 |
| | USD | 63,332 | 2014/07/03-2014/08/29 |
| | JPY | 1,158,243 | 2014/07/02-2014/07/16 |
| | HKD | 175,819 | 2014/07/03-2014/07/25 |
| Bought | AUD | 35,000 | 2014/07/02-2014/07/16 |
| | CAD | 3,550 | 2014/07/07-2014/07/08 |
| | CNY | 4,000 | 2014/07/03 |
| | EUR | 19,200 | 2014/07/15-2014/07/25 |
| | GBP | 1,800 | 2014/07/07-2014/07/25 |
| | JPY | 152,808 | 2014/07/07 |
| | NZD | 4,000 | 2014/07/03 |
| | SGD | 750 | 2014/07/08 |
| | USD | 5,500 | 2014/07/07-2014/07/25 |
| | ZAR | 94,264 | 2014/07/02-2014/07/03 |

(3) The consolidated company forward contracts which have not yet matured before June 30 2015, December 31 2014, and June 30 2014 are specified as follows:

| | Currency | Date of maturity | Contract amount (NTD thousand) |
|---|---|---|---|
| June 30, 2015 | | | |
| Forward exchange sold | USD translated into NTD | 2015/07/07-2016/03/23 | USD47,743/NTD1,483,340 |
| Forward exchange sold | JPY translated into NTD | 2015/08/19-2016/01/29 | JPY228,266/NTD58,272 |
| Forward exchange sold | EUR translated into NTD | 2015/09/18-2015/11/02 | EUR386/NTD13,019 |
| Forward exchange sold | RMB translated into NTD | 2015/07/31-2015/12/01 | CNY4,088/NTD20,287 |
| Forward exchange bought | NTD translated into USD | 2015/07/10-2015/10/07 | NTD267,084/USD8,500 |
| Forward exchange bought | USD translated into RMB | 2015/11/02 | USD330/CNY2,063 |
| Forward exchange bought | EUR translated into USD | 2015/07/31-2015/10/19 | EUR3,500/USD3,901 |
| Forward exchange bought | AUD translated into USD | 2015/07/21 | AUD1,170/USD888 |
| Forward exchange bought | USD translated into ZAR | 2015/08/03 | USD500/ZAR6,192 |
| Forward exchange bought | USD translated into AUD | 2015/07/21 | USD892/AUD1,176 |
| Forward exchange bought | USD translated into EUR | 2015/09/29 | USD599/EUR500 |
| December 31, 2014 | | | |
| Forward exchange sold | JPY translated into NTD | 2015/03/17-2015/04/07 | JPY27,332/NTD7,407 |
| Forward exchange sold | USD translated into NTD | 2015/01/05-2015/07/15 | USD40,995/NTD1,250,171 |
| Forward exchange bought | NTD translated into JPY | 2015/04/20-2015/06/03 | NTD9,723/JPY37,300 |
| Forward exchange bought | NTD translated into USD | 2015/01/20-2015/05/22 | NTD402,238/USD13,300 |
| Forward exchange bought | JPY translated into USD | 2015/03/23 | JPY20,900/USD175 |
| June 30, 2014 | | | |
| Forward exchange sold | USD translated into NTD | 2014/07/01-2015/06/30 | USD48,498/NTD1,455,824 |
| Forward exchange sold | USD translated into JPY | 2015/06/30 | USD400/JPY40,464 |
| Forward exchange bought | NTD translated into USD | 2014/07/24-2015/11/07 | NTD468,481/USD15,600 |
| Forward exchange bought | NTD translated into JPY | 2015/09/10 | NTD8,868/JPY30,000 |

(4) As of June 30 2015, December 31 2014, and June 30 2014, the consolidated Company undertook assets swap contracts amounting to NTD 498,000 thousand, NTD 494,100 thousand and NTD 24,500 thousand respectively, at interest range of 1.35%~1.60%, 1.00%~1.60% and 1.00%~1.40%, respectively.

(5) The foreign currency option contracts underwritten by the consolidated company amounted to NTD 256,208 thousand (US$ 8,302 thousand), NTD 120,417 thousand (US$3,807 thousand) and NTD 103,661 thousand (US$3,471 thousand) as of June 30 2015, December 31 2014, and June 30 2014, respectively.

9. Bonds and securities sold under repurchase agreements

As of June 30, 2015 and December 31, June 30, 2014, the consolidated company's bonds securing RP were NTD 4,279,554 thousand, NTD 1,545,361 thousand and NTD 1,654,260 thousand, respectively. The redemption price as agreed were NTD 4,280,086 thousand, NTD 1,545,582 thousand and NTD 1,654,627 thousand, respectively.

10. Receivable, net

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Notes receivable | $ 3,875,343 | $ 3,994,703 | $ 3,703,680 |
| Credit card proceeds receivables | 613,733 | 573,390 | 560,455 |

| | | | |
|---|---|---|---|
| Acceptances receivable | 583,317 | 758,101 | 737,716 |
| Interests receivable | 770,193 | 730,993 | 724,534 |
| Receivable spot exchange settlement payment | 261,292 | 1,082,704 | 485,122 |
| Rent receivables | 876,023 | 941,656 | 937,120 |
| Receivable out-of-pocket expenses for attorney fees and cost of action | 29,742 | 27,242 | 33,811 |
| Other receivables | 607,598 | 510,388 | 553,210 |
| | 7,617,241 | 8,619,177 | 7,735,648 |
| Less: Unrealized interest income | ( 273,116 ) | ( 260,563 ) | ( 271,318 ) |
| Less: allowance for bad debt (Note 11) | ( 248,068 ) | ( 239,863 ) | ( 194,626 ) |
| | $ 7,096,057 | $ 8,118,751 | $ 7,269,704 |

(1) The consolidated company classifies receivables based on credit risk features of products as follows:

| Item | | | Total receivables June 30, 2015 | Allowance for bad debt June 30, 2015 | Total receivables December 31, 2014 | Allowance for bad debt December 31, 2014 | Total receivables June 30, 2014 | Allowance for bad debt June 30, 2014 |
|---|---|---|---|---|---|---|---|---|
| With individual objective evidence of impairment | Individual evaluation of impairment | Corporate banking | $ 111,284 | $ 79,995 | $ 264,094 | $ 53,051 | $ 246,939 | $ 44,798 |
| | | Personal banking | 4,559 | 153 | 4,147 | 117 | 2,856 | 83 |
| | | Others | 365,253 | 147,721 | 298,149 | 121,468 | 93,497 | 93,497 |
| | Portfolio evaluation of impairment | Corporate banking | 9,658 | 2,680 | 8,617 | 2,930 | 6,220 | 1,562 |
| | | Personal banking | 36,330 | 17,991 | 31,548 | 15,018 | 31,476 | 14,325 |
| Without individual objective evidence of impairment | Portfolio evaluation of impairment | Corporate banking | 809,868 | 10,965 | 980,419 | 16,482 | 959,607 | 16,000 |
| | | Personal banking | 776,804 | 4,288 | 740,635 | 3,415 | 718,254 | 3,348 |
| | | Others | 96,461,449 | 54,571 | 93,367,255 | 63,666 | 87,720,521 | 50,527 |
| Total | | | 98,575,205 | 318,364 | 95,694,864 | 276,147 | 89,779,370 | 224,140 |

The aforementioned receivables of the consolidated company as of June 30, 2015 and December 31 and June 30, 2014 covered due from banks, due from the Central Bank and lend to Banks, bonds and securities sold under repurchase agreements, note receivables, credit card proceeds receivables, interest receivables, acceptance receivables, receivable rents, non-loan recognized as accounts for collection, and refundable security deposits.

The aforementioned provision for bad debts is disclosed is calculated by the specific feature of the risk pursuant to IAS 39. The Bank has recognized provision for bad debts for Category 1 loan assets of more than 1% in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and Letter Chin-Kuan-Yin-Fa-Zi No. 10010006830 as of June 30, 2015 and December 31 and June 30, 2014, with the additional amount of recognition by NTD23,453 thousand, NTD23,056 thousand and NTD16,718 thousand, respectively.

(2) Please refer to Note 35 for the notes receivable used as collateral of interbank financing.

11. Discounts and loans, net

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Bills negotiated and discounts | $ 435,283 | $ 524,364 | $ 548,122 |
| Overdraft | 768 | 1,327 | 1,268 |
| Secured overdraft | 35,065 | 36,700 | 33,729 |
| Accounts receivable financing | 51 | 59,010 | 210,087 |
| Securities receivable financing | 850,262 | 811,881 | 592,934 |
| Short-term loan | 35,634,797 | 36,338,932 | 37,066,235 |
| Short-term secured loans | 72,788,187 | 72,845,463 | 67,689,201 |
| Mid-term loans | 41,493,903 | 41,531,841 | 41,373,150 |
| Mid-term secured loans | 103,322,995 | 101,479,176 | 98,485,452 |
| Long-term loans | 3,457,200 | 3,358,619 | 3,092,101 |
| Long-term secured loans | 127,876,203 | 131,552,236 | 128,208,379 |
| Delinquent loans | 1,040,481 | 1,266,424 | 1,321,082 |
| | 386,935,195 | 389,805,973 | 378,621,740 |
| Add: Adjustment of premium/discount | 93,024 | 102,661 | 104,557 |
| Less: allowance for bad debt | ( 5,050,054 ) | ( 5,526,354 ) | ( 4,793,859 ) |
| | $ 381,978,165 | $ 384,382,280 | $ 373,932,438 |

(1) The balances of loans and other loans on which no interest has accrued by the Taichung Bank on June 30, 2015 and December 31 and June 30, 2014 were NTD 1,028,578 thousand, NTD 1,254,832 thousand and NTD 1,306,369 thousand, respectively. The interest receivable on which no interest has accrued internally were NTD 17,226 thousand, NTD 34,040 thousand and NTD 22,263 thousand, respectively.

(2) There was no credit loan written off without pursuit in January 1~June 30, 2015 and 2014.

(3) The consolidated company classifies discounts and loans based on credit risk features of products as follows:

Discounts and loans

| Item | | | Total amount | Allowance for bad debt | Total amount | Allowance for bad debt | Total amount | Allowance for bad debt |
|---|---|---|---|---|---|---|---|---|
| | | | June 30, 2015 | June 30, 2015 | December 31, 2014 | December 31, 2014 | June 30, 2014 | June 30, 2014 |
| With individual objective evidence of impairment | Individual evaluation of impairment | Corporate banking | $ 5,459,364 | $ 1,154,386 | $ 5,891,001 | $ 1,318,941 | $ 6,202,313 | $ 1,609,969 |
| | | Personal banking | 1,928,125 | 220,128 | 1,426,142 | 114,453 | 1,384,047 | 108,957 |
| | Portfolio evaluation of impairment | Corporate banking | 777,961 | 244,736 | 615,132 | 175,182 | 604,955 | 200,102 |
| | | Personal banking | 1,751,603 | 202,026 | 1,658,917 | 172,336 | 1,647,938 | 185,449 |
| Without individual objective evidence of impairment | Portfolio evaluation of impairment | Corporate banking | 201,247,360 | 1,500,697 | 203,853,151 | 1,830,761 | 198,791,256 | 1,816,686 |
| | | Personal banking | 175,770,782 | 147,770 | 176,361,630 | 185,455 | 169,991,231 | 181,438 |
| Total | | | 386,935,195 | 3,469,743 | 389,805,973 | 3,797,128 | 378,621,740 | 4,102,601 |

The aforementioned provision for bad debts disclosed is calculated by the specific feature of the risk pursuant to IAS 39. The Bank has recognized provision for bad debts for Category 1 loan assets of more than 1% in accordance with the " Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans " and Letter Chin – Kuan – Yin – Fa - Zi No. 10010006830 and the proportion for the provision for bad debts for real properties shall not fall below 1.5% pursuant to Letter Chin-Kuang-Yin-Kuo-Zi No. 10300329440 from December 2014 onward. Accordingly, the additional provision for bad debts as of June 30, 2015 and December 31 and June 30, 2014 amounted to NTD1,580,311 thousand, NTD1,729,226 thousand, and NTD691,258 thousand, respectively.

(4) Details and changes of allowance for bad debts for receivables and discounts and loans for January 1~June 30, 2015 and 2014 are summarized as follows:

| | January 1 to June 30, 2015 | | |
|---|---|---|---|
| | Accounts receivable | Discounts and loans | Total |
| Balance, beginning | $ 299,203 | $ 5,526,354 | $ 5,825,557 |
| Provided in the current period | 32,275 | 34,267 | 66,542 |
| Write-off of non-performing loans | ( 27,906 ) | ( 605,760 ) | ( 633,666 ) |
| Collection of written off bad debt | 8,185 | 138,373 | 146,558 |
| Exchange effects | ( 440 ) | ( 13,180 ) | ( 13,620 ) |
| Reclassification | 30,500 | ( 30,000 ) | 500 |
| Balance, ending | $ 341,817 | $ 5,050,054 | $ 5,391,871 |

| | January 1 to June 30, 2014 | | |
|---|---|---|---|
| | Accounts receivable | Discounts and loans | Total |
| Balance, beginning | $ 191,855 | $ 4,458,143 | $ 4,649,998 |
| Provided in the current period | 72,207 | 671,204 | 743,411 |
| Write-off of non-performing loans | ( 14,743 ) | ( 490,550 ) | ( 505,293 ) |
| Collection of written off bad debt | 8,507 | 137,423 | 145,930 |
| Exchange effects | ( 34 ) | 705 | 671 |
| Reclassification | ( 16,934 ) | 16,934 | - |
| Balance, ending | $ 240,858 | $ 4,793,859 | $ 5,034,717 |

Allowance for bad debts for above-mentioned receivables includes allowance for bad debts for delinquent loans other than loans transferred from loans. Please refer to Note 16 for details.

12. Available-for-Sale Financial Assets

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Corporate bond | $19,207,790 | $20,137,037 | $19,750,675 |
| Overseas bond | 345,912 | 361,322 | 348,271 |
| Government bonds | 426 | 6,474 | 12,472 |
| Listed stocks - overseas | 97,729 | 97,261 | 74,515 |
| Listed stocks - domestic | 113,730 | 109,903 | 107,056 |
| Bonds and depository receipts | - | - | - |
| | $19,765,587 | $20,711,997 | $20,292,989 |

(1) Overseas bonds, listed stocks and depository receipts are valued in foreign currencies as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| USD | $ 14,376 | $ 14,497 | $ 14,156 |

(2) As of June 30 2015, December 31 2014, and June 30 2014, the overseas bonds available for sale with R/P features held by the companies in the consolidated financial statements amounted to NTD 0 thousand(USD 0), NTD 284,697 thousand (USD 9,000 thousand) and NTD 268,803 thousand (USD 9,000 thousand) in face value, respectively; the corporate bonds available for sale with R/P feature amounted to NTD250,000 thousand, NTD 0 thousand and NTD0 thousand in face value, respectively.

(3) As of June 30, 2015 and December 31 and June 30, 2014, bonds and depository receipts of the companies in the consolidated financial statements available for sale are recognized as impairment loss in full amount after evaluation.

(4) As of June 30, 2015 and December 31 and June 30, 2014, the book value of available-for-sale overseas bonds securing funds borrowed from banks were NTD 61,720 thousand (USD2,000 thousand), NTD 63,266 thousand (USD2,000 thousand) and NTD 59,734 thousand (USD2,000 thousand). Please refer to Note 35 for details.

(5) The consolidated company's available-for-sale government bond on June 30, 2015 and December 31 and June 30, 2014 used as business security bond of Taichung

Commercial Bank Consolidated Securities Co., Ltd. for the denomination of NTD 200,000 thousand, NTD 195,000 thousand and NTD 190,000 thousand are classified under the "Guarantee deposit and margin paid." Please refer to Note 19.

13. Held to maturity investments, net

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Overseas bond | $ 3,091,252 | $ 985,505 | $ 627,207 |
| Government bonds | 852,644 | 432,498 | 751,581 |
| Financial bonds | - | - | - |
| | 3,943,896 | 1,418,003 | 1,378,788 |
| Less: accumulated impairment | - | - | ( 473,093 ) |
| | $ 3,943,896 | $ 1,418,003 | $ 905,695 |

(1) Overseas bonds are valued in foreign currencies as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| USD | $ 45,000 | $ 5,000 | $ 21,000 |
| RMB | 342,750 | 162,750 | - |

(2) As of June 30, 2015 and December 31 and June 30, 2014, the book values of the held-to-maturity government bonds securing RP were NTD 769,300 thousand, NTD 0 thousand and NTD 0 thousand, respectively.

(3) The consolidated Company had recognized an asset impairment reversal gain of NTD 0 thousand and NTD 454,956 thousand for the overseas bonds assessed in January 1~ June 30, 2015 and 2014, respectively.

(4) As of June 30, 2015 and December 31 and June 30, 2014, the book value of held-to-maturity overseas bonds securing the funds borrowed from banks was NTD 154,300 thousand (USD5,000 thousand), NTD 158,165 thousand (USD5,000 thousand) and NTD 149,335 thousand (USD5,000 thousand). Please refer to Note 35 for details.

14. Investment under the equity method

| | June 30, 2015 | | December 31, 2014 | | June 30, 2014 | |
|---|---|---|---|---|---|---|
| | Amount | Shareholding % | Amount | Shareholding % | Amount | Shareholding % |
| Individual minor associates | | | | | | |
| Reliance Securities Investment Trust Co., Ltd. | $139,702 | 38.46 | $140,282 | 38.46 | $ 141,206 | 38.46 |

As of April 1 to June 30, January 1 to June 30, 2015 and 2014 investment profit (loss) of the consolidated company in the affiliated company recognized under the equity method is as follows:

| Investee | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Reliance Securities Investment Trust Co., Ltd. | ($ 814) | $ 1,037 | ($ 580) | $ 1,552 |

The consolidated financial information of the affiliated company of the consolidated company is as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Total assets | $ 371,732 | $ 376,799 | $ 383,802 |
| Total Liabilities | $ 8,507 | $ 12,065 | $ 16,666 |

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Operating income - current | $ 10,371 | $ 12,352 | $ 22,272 | $ 24,142 |
| Net income | ($ 2,117) | $ 2,697 | ($ 1,509) | $ 4,035 |
| Current period other comprehensive income | ($ 2,117) | $ 2,697 | ($ 1,509) | $ 4,035 |

As of April 1 to June 30, January 1 to June, 2015 and 2014 profit or loss and other comprehensive profit or loss of the affiliated company under the equity method was recognized in accordance with the audited financial statements during the same period of the affiliated company.

15. Restricted assets

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Restricted assets – bank deposits | $ 362,992 | $ 340,614 | $ 174,243 |
| Pending settlement payments | - | 479 | - |
| | $ 362,992 | $ 341,093 | $ 174,243 |

The consolidated company's restricted bank deposit as the collateral for the interbank financing of the consolidated company. Please refer to Note 35.

16. Other financial assets - net

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Financial assets at cost | $ 145,684 | $ 145,684 | $ 142,684 |
| Other financial assets - others | 862,134 | 861,899 | 786,469 |
| Other Delinquent loans, net | 13,233 | 198,559 | 180,820 |
| | $ 1,021,051 | $ 1,206,142 | $ 1,109,973 |

(1) Details of the financial assets carried at cost are summarized as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Common stock other than publicly offering of domestic common stock | $ 145,684 | $ 145,684 | $ 142,684 |

The unlisted/OTC equity investment referred to above of the consolidated company is measured at cost less impairment losses on the balance sheet date, because a reasonable estimate of the fair value range is significant and the probability of a variety of estimates cannot be reasonably assessed, causing the consolidated company's management to believe that the fair value cannot be reliably measured.

(2) Other financial assets - others

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Repurchase products issued by PEM Group. | $ 2,055,862 | $ 2,107,358 | $ 1,989,709 |
| Less: accumulated impairment | ( 1,193,728 ) | ( 1,245,459 ) | ( 1,203,240 ) |
| | $ 862,134 | $ 861,899 | $ 786,469 |

The consolidated company according to the resolution reached in the board meeting on May 6, 2009 has the "Private Equity Management Group (PEM Group) Structured Note Customer Interests Protection Program" defined for repurchasing PEM Group structured notes entirely from the investors with the insurance assets accepted in February, 2011.

After evaluating the value of insurance policy assets issued by PEM Group, the consolidated company recognized a gain on reversal of impairment loss of NTD 21,603 thousand and NTD 0 thousand respectively for the January 1 to June 30, 2015 and 2014.

(3) Details of other delinquent accounts, net are summarized as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Non-delinquent loans restated from loans | $ 106,982 | $ 257,899 | $ 227,052 |
| Less: Allowance for bad debt (Note 10 and 11) | ( 93,749 ) | ( 59,340 ) | ( 46,232 ) |
| | $ 13,233 | $ 198,559 | $ 180,820 |

## 17. Property, plant, and equipment

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| The book amount of each category | | | |
| Land | $ 7,837,300 | $ 2,029,800 | $ 2,029,800 |
| Buildings and structures | 953,972 | 970,616 | 987,545 |
| Transportation and communication equipment | 12,011 | 13,769 | 9,767 |
| Miscellaneous equipment | 355,431 | 357,193 | 351,306 |
| Leasehold improvement | 5,862 | 1,808 | 401 |
| Prepayments for real properties | - | 1,725,000 | - |
| Prepayments for equipment | - | 5,600 | 5,600 |
| | $ 9,164,576 | $ 5,103,786 | $ 3,384,419 |

| | January 1 to June 30, 2015 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Land | Buildings and structures | Transportation and communication equipment | Miscellaneous equipment | Leasehold improvement | Prepayments for real properties | Prepayments for equipment | Total |
| Cost | | | | | | | | |
| Balance, beginning | $2,106,800 | $1,992,863 | $ 35,775 | $1,283,045 | $ 1,961 | $1,725,000 | $ 5,600 | $7,151,044 |
| Increase | 4,082,500 | - | 152 | 51,066 | 4,398 | - | 2,400 | 4,140,516 |
| Decrease | - | - | ( 2,237 ) | ( 47,120 ) | - | - | - | ( 49,357 ) |
| Reclassified in the current period | 1,725,000 | - | - | 5,846 | - | ( 1,725,000 ) | ( 8,000 ) | ( 2,154 ) |
| Net exchange differences | - | - | - | ( 323 ) | - | - | - | ( 323 ) |
| Balance, ending | 7,914,300 | 1,992,863 | 33,690 | 1,292,514 | 6,359 | - | - | 11,239,726 |
| Accumulated depreciation | | | | | | | | |
| Balance, beginning | - | 1,022,247 | 22,006 | 925,852 | 153 | - | - | 1,970,258 |
| Increase | - | 16,644 | 1,901 | 58,117 | 344 | - | - | 77,006 |
| Decrease | - | - | ( 2,228 ) | ( 46,794 ) | - | - | - | ( 49,022 ) |
| Reclassified in the current period | - | - | - | - | - | - | - | - |
| Net exchange differences | - | - | - | ( 92 ) | - | - | - | ( 92 ) |
| Balance, ending | - | 1,038,891 | 21,679 | 937,083 | 497 | - | - | 1,998,150 |
| Accumulated impairment | | | | | | | | |
| Balance, beginning | 77,000 | - | - | - | - | - | - | 77,000 |
| Provided in the current period | - | - | - | - | - | - | - | - |
| Decrease | - | - | - | - | - | - | - | - |
| Reclassified in the current period | - | - | - | - | - | - | - | - |
| Balance, ending | 77,000 | - | - | - | - | - | - | 77,000 |
| Net, ending | $7,837,300 | $ 953,972 | $ 12,011 | $ 355,431 | $ 5,862 | $ - | $ - | $9,164,576 |

| | January 1 to June 30, 2014 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Land | Buildings and structures | Transportation and communication equipment | Miscellaneous equipment | Leasehold improvement | Prepayments for equipment | Total |
| Cost | | | | | | | |
| Balance, beginning | $2,106,800 | $1,992,863 | $ 32,679 | $1,226,107 | $ - | $ 2,400 | $5,360,849 |
| Increase | - | - | 230 | 40,024 | 224 | 3,200 | 43,678 |
| Decrease | - | - | ( 1,115 ) | ( 25,445 ) | - | - | ( 26,560 ) |
| Reclassified in the current period | - | - | 11 | 1,199 | 197 | - | 1,407 |
| Net exchange differences | - | - | - | ( 169 ) | - | - | ( 169 ) |
| Balance, ending | 2,106,800 | 1,992,863 | 31,805 | 1,241,716 | 421 | 5,600 | 5,379,205 |
| Accumulated depreciation | | | | | | | |
| Balance, beginning | - | 988,225 | 21,410 | 857,879 | - | - | 1,867,514 |
| Increase | - | 17,093 | 1,743 | 57,726 | 20 | - | 76,582 |
| Decrease | - | - | ( 1,115 ) | ( 25,149 ) | - | - | ( 26,264 ) |
| Reclassified in the current period | - | - | - | - | - | - | - |
| Net exchange differences | - | - | - | ( 46 ) | - | - | ( 46 ) |
| Balance, ending | - | 1,005,318 | 22,038 | 890,410 | 20 | - | 1,917,786 |
| Accumulated impairment | | | | | | | |
| Balance, beginning | 77,000 | - | - | - | - | - | 77,000 |
| Provided in the current period | - | - | - | - | - | - | - |
| Decrease | - | - | - | - | - | - | - |
| Reclassified in the current period | - | - | - | - | - | - | - |
| Balance, ending | 77,000 | - | - | - | - | - | 77,000 |
| Net, ending | $2,029,800 | $ 987,545 | $ 9,767 | $ 351,306 | $ 401 | $ 5,600 | $3,384,419 |

(1) Property and equipment of the consolidated company are appreciated in accordance with the straight line method over the useful years as follows:

| | |
|---|---|
| Buildings and structures | |
| Buildings | 30 to 60 years |
| Renovation engineering | 10 to 29 years |
| Transportation and communication equipment | 3 to 5 years |
| Miscellaneous equipment | 2 to 15 years |
| Leasehold improvement | 5 years |

(2) As resolved by the Board on December 4 2014, the Bank will buy the land located at Huei Min Section of Xi Tun District in Taichung City for NTD5,750,000 thousand for the construction of the new corporate headquarters. As of December 30 2014, the Bank has paid 30% of the proceeds as prepayment amounting to NTD1,725,000 thousand. As of June 30 2015, the remainder of NTD4,025,000 thousand has been paid in full with the title successfully transferred.

18. Intangible assets

Change of Intangible assets are as follows:

| | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|
| Balance, beginning | $143,759 | $ 97,380 |
| Increase | 31,354 | 30,275 |
| Amortization in the current period | ( 20,491 ) | ( 16,829 ) |
| Reclassified in the current period | 2,154 | 7,941 |
| Net exchange differences | ( 7 ) | - |
| Balance, ending | $156,769 | $118,767 |

The intangible assets of the companies in the consolidated financial statements are computer software and the assignment of the management right of Feng Hsing Securities Co., Ltd.. Computer software is amortized under the straight-line method along the life span. The management right is intangible asset with no life span and not being amortized. As of June 30 2015, there was no impairment of this right as assessed by the company in the consolidated financial statements.

19. Other assets

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Refundable deposits | $ 1,388,172 | $ 1,411,016 | $ 1,400,544 |
| Prepayments | 77,812 | 66,447 | 76,968 |
| Collateral accepted, net | - | - | - |
| Others | 17,770 | 2,144 | 3,515 |
| | $ 1,483,754 | $ 1,479,607 | $ 1,481,027 |

(1) As of June 30 2015, December 31 2014, and June 30 2014, the time deposits and government bonds pledged by the companies in the consolidated financial statements as bond for provisional seizure, special account for overdraft in USD clearing and performance amounted to NTD1,061,100 thousand, NTD1,137,000 thousand, and NTD1,126,500 thousand, respectively, and recognized in book as refundable bond. Please refer to Note 35.

(2) Collateral accepted – net:

The Consolidated Company has sold the impaired collaterals in full on January 1 to December 31 2014. The cause of impairment has been removed and the gain from reversal of impairment amounted to NTD2,243 thousand.

20. Due to Central Bank and banks

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Call loans to banks | $14,840,300 | $ 9,652,118 | $ 8,925,212 |
| Due to Chunghwa Post Co., Ltd. | 1,023,059 | 1,045,021 | 1,678,559 |
| Deposits of other banks | 406 | 248 | 1,004,138 |
| | $15,863,765 | $10,697,387 | $11,607,909 |

21. Funds borrowed from Central Bank and other banks

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Funds borrowed from banks | $ 3,806,220 | $ 3,499,960 | $ 3,726,573 |
| Interbank financing rate (%) | 1.75~3.28 | 1.63~2.74 | 1.08~2.80 |

Please refer to Note 35 for the collateral of the interbank loans:

22. Bills and bonds sold under repurchase agreements

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Overseas bond | $ - | $ 273,573 | $ 257,493 |
| Government bonds | 772,692 | - | - |
| Corporate bond | 250,021 | - | - |
| | $ 1,022,713 | $ 273,573 | $ 257,493 |

Post-period re-purchase amount and interest rate are as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Overseas bond | $ - | $ 273,898 | $ 257,723 |
| Government bonds | 773,409 | - | - |
| Corporate bond | 250,133 | - | - |
| | $ 1,023,542 | $ 273,898 | $ 257,723 |
| | | | |
| Overseas bond | - | 0.70% | 0.50% |
| Government bonds | 0.58% | - | - |
| Corporate bond | 0.68% | - | - |

Overseas bonds are valued in foreign currencies as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| USD | $ - | $ 8,648 | $ 8,621 |

23. Payables

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Notes and checks in clearing | $ 1,032,385 | $ 3,187,587 | $ 1,038,000 |
| Payable spot exchange settlement payment | 261,099 | 1,081,845 | 485,188 |
| Acceptances payable | 585,762 | 760,788 | 747,858 |
| Interest payable | 397,818 | 365,749 | 387,975 |
| Accrued expenses | 875,056 | 971,193 | 701,806 |
| Collection payable | 63,375 | 57,188 | 34,369 |
| Payable structured note indemnity (Note 36) | 4,425 | 4,625 | 4,824 |
| Receivable accounts for settlement | 315,885 | 299,330 | 293,200 |
| Cash dividend payable | 712,877 | - | 513,557 |
| Other payables | 712,754 | 635,354 | 566,610 |
| | $ 4,961,436 | $ 7,363,659 | $ 4,773,387 |

24. Customer deposits and remittances

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Check deposits | $ 6,098,541 | $ 6,943,768 | $ 6,214,043 |
| Current deposits | 112,295,188 | 110,928,560 | 104,650,630 |
| Current saving deposits | 104,642,170 | 103,338,662 | 99,973,603 |
| Time deposits | 102,979,049 | 100,952,031 | 91,951,490 |
| Time saving deposits | 137,227,624 | 133,802,848 | 134,026,290 |
| Remittances | 15,339 | 255 | 5,424 |
| | $463,257,911 | $455,966,124 | $ 436,821,480 |

25. Financial bonds payable

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Subordinate financial bonds | $14,400,000 | $14,400,000 | $14,400,000 |
| Convertible financial bonds | - | - | - |
| | $14,400,000 | $14,400,000 | $14,400,000 |

(1) Subordinate financial bonds

1. As approved by FSC's Letter under Chin-Kuan-Yin (4) Zi No. 09800104050 dated March 20, 2009, the Taichung Bank issued 1st term to 4th term subordinate financial bonds for 2009 on June 26, December 10, December 18, and December 30, 2009 and 1st term to 2nd term subordinate financial bonds for 2010 on January 28 and February 9, 2010 upon the following terms and conditions:

(1) Approved: NTD 5,000,000 thousand.

(2) Issued:

A. 1st term 2009: 1,800,000 thousand.

B. 2nd term 2009: 100,000 thousand.

C. 3rd term 2009: 1,200,000 thousand.

D. 4th term 2009: 1,100,000 thousand.

E. 1st term 2010: 600,000 thousand.

F. 2nd term 2010: 200,000 thousand.

(3) Book value:

A. 1st term 2009: NTD 100 thousand, issued at par value.

B. 2nd term 2009: NTD 500 thousand, issued at par value.

C. 3rd term 2009: NTD 500 thousand, issued at par value.

D. 4th term 2009: NTD 500 thousand, issued at par value.

E. 1st term 2010: NTD 500 thousand, issued at par value.

F. 2nd term 2010: NTD 10,000 thousand, issued at par value.

(4) Duration:

A. 1st term 2009: 7 years, matured on June 26, 2016.

B. 2nd term 2009: 7 years, matured on December 10, 2016.

C. 3rd term 2009: 7 years, matured on December 18, 2016.

D. 4th term 2009: 6.5 years, matured on June 30, 2016.

E. 1st term 2010: 7 years, matured on January 28, 2017.

F. 2nd term 2010: 6 years, matured on February 9, 2016.

(5) Bond interest rate:

A. 1st term 2009: the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 1.40%.

B. 2nd term 2009: the fixed annual rate of 2.75%.

C. 3rd term 2009: the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 1.50%.

D. 4th term 2009: the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 1.48%.

E. 1st term 2010: the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 1.50%.

F. 2nd term 2010: the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 1.50%.

(6) Repayment Methods: repayment in lump sum upon maturity.

(7) Payment of interest: interest paid per six months as of the date of issuance.

2. As approved by FSC's Letter under Chin-Kuan-Yin-Piao-Zi No. 09900204230 dated June 4, 2010, the Taichung Bank issued 3rd term subordinate financial bonds on June 25, 2010 upon the following terms and conditions:

(1) Approved: NTD 900,000 thousand.

(2) Issued: NTD 900,000 thousand.

(3) Denomination: NTD 10,000 thousand, issued at par value.

(4) Duration: 7 years, matured on June 25, 2017.

(5) Bond interest rate is the displayed floating rates for one-year term deposits of Chunghua Post Co., Ltd. plus 1.75%.

(6) Repayment Methods: repayment in lump sum upon maturity.

(7) Payment of interest: interest paid per six months as of the date of issuance.

3. As approved by FSC's Letter under Chin-Kuan-Yin-Piao-Zi No. 10100305900 dated September 24, 2012, the Taichung Bank issued 1st term subordinate financial bonds November 13, 2012 upon the following terms and conditions:

(1) Approved: NTD 3,000,000 thousand.

(2) Issued: NTD3,000,000 thousand.

(3) Denomination: NTD 1,000 thousand, issued at par value.

(4) Duration: 7 years, matured on November 13, 2019.

(5) Coupon rate: Fixed annual interest rate 2.1%.

(6) Repayment Methods: repayment in lump sum upon maturity.

(7) Payment of interest: interest paid per six months as of the date of issuance.

4. As approved by FSC's Letter under Chin-Kuan-Yin-Piao-Zi No. 10200089330 dated April 8, 2013, the Taichung Bank issued 1st term and 2nd term subordinate financial bonds June 25 and December 16, 2013 upon the following terms and conditions:

(1) Approved: NTD6,000,000 thousand.

(2) Issued:

A. 1st term 2013: 2,500,000 thousand.

B. 2nd term 2013: 3,000,000 thousand.

(3) Book value:

A. 1st term 2013: NTD 500 thousand, issued at par value.

B. 2nd term 2013: NTD 500 thousand, issued at par value.

(4) Duration:

A. 1st term 2013: 7 years, matured on June 25, 2020.

B. 2nd term 2013: 6 years, matured on December 16, 2019.

(5) Bond interest rate:

A. 1st term 2013: the fixed annual rate of 2.1%.

B. 2nd term 2013: the fixed annual rate of 2.1%.

(6) Repayment Methods: repayment in lump sum upon maturity.

(7) Payment of interest: interest paid per six months as of the date of issuance.

(2) Convertible financial bonds

1. As approved by FSC's Letter under Chin-Kuan-Cheng-Fa-Zi No. 1000018296 dated May 16, 2011, the Taichung Bank issued first unsecured convertible financial bonds of NTD 2,300,000 thousand with the coupon rate of 0% on June 15, 2011. In accordance with IAS No.39, the convertible rights and liabilities were separately recognized as equity and liabilities. The components of liabilities are

recognized as embedded derivatives and non-derivative liabilities. The embedded derivative was matured on June 15 2013 of which the amount of NTD164,200 thousand were redeemed at maturity. The Bank recognized capital loss for redemption of bonds amounted to NTD7,495 thousand, and gave up the redemption right for the remainder of the instrument. On the maturity date, NTD2,085,900 thousand worth of bonds in book value were converted into 206,729 thousand shares of common stock. The remainder of NTD49,900 thousand were redeemed at maturity on June 15 2014.

2. Issuance terms for the Taichung Bank's first domestic unsecured convertible financial bonds are summarized as follows:

   (1) Approved: NTD 2,800,000 thousand.

   (2) Issued: NTD2,300,000 thousand.

   (3) Denomination: NTD100 thousand, issued at par value.

   (4) Duration: 3 years, matured on June 15, 2014.

   (5) Coupon rate: coupon rate 0%.

   (6) Repayment: A single payment in cash is made for unconverted bonds or for exercise of put options.

   (7) Interest payment: Nil.

   (8) Conversion price: NTD 11.89.

   (9) Put options: Bondholders may ask the Taichung Bank to redeem the financial bonds at the par value plus a yield rate of 1.5% in cash within forty days before the date as of which the convertible financial bonds have been issued for two years (June 15, 2013).

   (10) Call option: From the date after six months from the issuance date to forty days before the expiration date of the convertible financial bonds, if the amount of unconverted bonds is lower than 10% of total issuance amount and the closing prices of common shares of Taichung Bank exceed 30% of the current conversion price for consecutive thirty business days, the Taichung Bank may recall outstanding bonds at the denomination of the bonds in cash.

3. The conversion procedure for the Taichung Bank's first domestic unsecured convertible financial bonds is summarized as follows:

   (1) Underlying stock:

   Common shares of the Taichung Bank. The conversion is made by issuance of new shares.

   (2) Conversion period:

   Bondholders may from time to time ask the Bank to convert their bonds into common shares from July 16, 2011 (the next date after one month from the issuance date of the bonds) to April 17, 2014 except to stock dividend transfer suspension day, from fifteen business days before cash dividend transfer suspension day or suspension day for subscription of common shares for cash capital increase to base day for right distribution, from base day for capital decrease to the day before the share replacement date for capital decrease and other common stock transfer suspension period upon laws and regulations.

(3) Procedures to ask for conversion:

A. Bondholders complete the " Conversion / Redemption / Put Back Application for Convertible Financial Bond Book Entry " ( please mark "Conversion" ) at their original securities company to make the application through Taiwan Depository & Clearing Corporation ( hereinafter referred to as "TDCC" ). TDCC submits the application to the Taichung Bank's stock transfer agent after receiving it. The application becomes effective upon receipt of application and cannot be cancelled. The conversion procedure will be completed within 5 business days after delivery and stocks will be directly transferred into bondholders' central depository accounts.

B. When overseas Chinese or foreigners apply to convert the bonds they hold into shares of the Taichung Bank, shares are distributed through book entry by TDCC.

(4) The conversion price at issuance is NTD 11.89. After issuance of financial bonds, the conversion price should be adjusted in accordance with the prescribed formula for any increase in issued common shares except for replacement of common shares due to issuance of various securities with common share convertible rights or stock options. The conversion deadline was on April 17 2014. The conversion price under the set equation was NTD10.09.

4. Changes in accounts relevant to convertible financial bonds payable are summarized as follows:

January 1 ~June 30, 2015: None.

| | January 1 to June 30, 2014 | | | |
|---|---|---|---|---|
| | Financial liabilities at fair value through income statement | Financial bonds payable | Other capital surplus | Benefit (loss) from effects of profit and loss accounts |
| Balance, beginning | $ - | $ 1,642,869 | $ 65,664 | $ - |
| Discount amortization of financial bonds | - | 5,830 | - | ( 5,830 ) |
| Mature in current period. | - | ( 49,900 ) | - | - |
| Current conversion | - | ( 1,598,799 ) | ( 57,935 ) | - |
| Evaluation adjustments | - | - | - | - |
| Balance, ending | $ - | $ - | $ 7,729 | ( $ 5,830 ) |

26. Other financial liabilities

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Allocated to lending fund | $ 1,190 | $ 1,620 | $ 3,932 |
| Commercial papers payable | 298,914 | 338,676 | 204,047 |
| Principal of structured notes | 4,629 | - | - |
| | $ 304,733 | $ 340,296 | $ 207,979 |

27. Liability reserve

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Employee benefit liabilities reserve | $ 663,416 | $ 657,720 | $ 436,344 |
| Reserve for guarantee liability | 121,110 | 119,042 | 112,804 |
| Allowance for contingency | 1,300 | 800 | 800 |
| | $ 785,826 | $ 777,562 | $ 549,948 |

(1) Employee benefit liabilities reserve is detailed as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Defined benefit liabilities | $ 579,954 | $ 576,593 | $ 419,621 |
| Employees preferential deposit plan | 66,880 | 65,568 | - |
| Other long-term employee benefit liabilities | 16,582 | 15,559 | 16,723 |
| | $ 663,416 | $ 657,720 | $ 436,344 |

1. Defined contribution pension plan

The pension system of the "Labor Pension Act" that is applicable to the Company and its subsidiaries of the consolidated company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

The amount to be appropriated in accordance with the defined contribution plan by the consolidated company on the comprehensive income statement in April 1 ~ June 30 and January 1 ~ June 30, 2015 and 2014 were NTD 16,208 thousand, 31,973 thousand, 15,422 thousand and NTD 30,522 thousand, respectively.

2. Defined benefit plan

The consolidated company's pension system under the "Labor Standards Law" of the R.O.C. is a defined benefit pension plan.

Defined benefit plan related pension expense is based on the rate of pension cost in actuarial calculation on December 31 2014 and December 31 2013, and the amount recognized as income is classified as follows by function:

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Operating expenses | $ 7,823 | $ 6,190 | $ 15,646 | $ 12,381 |

3. Employees preferential deposit plan

With effect on December 21 2014, the companies in the financial statements adjusted the interest rate for the deposit of the banking staff. According to Order Chin-Kuan-Yin-Fa-Zi No. 10110000850 and the Criteria for the Compilation of Financial Statements by Public Banks, the employee preferred deposit plan liabilities recognized shall be subject to the actuarial calculation of a qualified actuary professional.

The expenses incurred from the preferred deposits program for the employees recognized in the consolidated comprehensive income statement as of April 1 to June 30, and January 1 to June 30, 2015, amounted to NTD656 thousand and NTD 1,312 thousand.

4. Other long-term employee benefits

The other long-term employee benefits of the consolidated company meant for the long-term disability benefits. The Company will issue pensions to the employees who die of sickness or accidents at work for reasons other than occupational hazards.

The consolidated company recognized long-term employee benefits in the consolidated comprehensive expenses statement for an amount of NTD 512 thousand, NTD 1,023 thousand and NTD 505 thousand, NTD 1,010 in April 1 ~June 30 and January 1 ~June 30, 2015 and 2014, respectively.

(2) The breakdown and change of the secured collateral:

| | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|
| Balance, beginning | $119,042 | $ 92,078 |
| Deposit in the current period | 3,154 | 20,741 |
| Exchange differences | ( 86 ) | ( 15 ) |
| Reclassified in the current period | ( 1,000 ) | - |
| Balance, ending | $121,110 | $112,804 |

Current appropriation recorded as bad debt expenses.

(3) The breakdown and change of the allowance for contingency:

| | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|
| Balance, beginning | $ 800 | $ - |
| Deposit in the current period | - | 800 |
| Reclassified in the current period | 500 | - |
| Balance, ending | $ 1,300 | $ 800 |

Recognized as other net loss of other interest in book in current period.

28. Other liabilities

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Deposits received | $ 269,444 | $ 321,079 | $ 313,673 |
| Advances | 230,886 | 181,050 | 192,111 |
| Others | 23,597 | 9,927 | 3,694 |
| | $ 523,927 | $ 512,056 | $ 509,478 |

29. Shareholders' equity

(1) Capital stock

Common stock

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Authorized number of shares (thousand shares) | 4,320,000 | 4,320,000 | 4,320,000 |
| Authorized capital | $ 43,200,000 | $ 43,200,000 | $ 43,200,000 |
| Number of shares issued with fully paid-in capital (thousand shares) | 2,851,506 | 2,851,506 | 2,693,582 |
| Outstanding capital | $ 28,515,063 | $ 28,515,063 | $ 26,935,822 |
| Capitalization reserve | 1,824,964 | - | 1,579,241 |
| | $ 30,340,027 | $ 28,515,063 | $ 28,515,063 |

Common stock shares issued at NTD 10 Par and each share is entitled to one voting right and dividends.

As of January 1 2014, Taichung Bank had paid-in capital amounted to NTD 25,345,339 thousand equally split up to NTD 2,534,534 shares. In the period of January 1 to June 30, 2014, NTD 1,604,800 thousand worth of convertible bank debentures in face value were converted into NTD 159,048 thousand shares of common stock. In September 2014, the capitalization of retained earnings into new shares amounted to NTD 1,579,241 thousand shares. As such, the company had paid-in capital increased to NTD 28,515,063 thousand and NTD 2,851,506 thousand as of June 30 2014 and December 31 2014, split up into NTD 28,515,063 thousand shares and NTD 2,851,506 thousand shares, respectively.

On June 2 2015, the General Meeting of Shareholders of the company resolved to capitalize retained earnings amounting to NTD1,824,964 thousand into new shares. As of June 30 2015, registration for change in capital stock has not yet complete and this amount is recognized as provision for capitalization.

(2) Capital surplus

The January 1 ~June 30, 2015 and 2014 additional paid-in capitals are adjusted as follows:

| | Other capital surplus of shares | Premium on issuance of shares and employee stock option | Employee stock option | Recognized the changes in additional paid-in capital of the affiliated company and joint venture under the equity method. | Equity component of convertible financial bonds | Total |
|---|---|---|---|---|---|---|
| Balance as of January 1, 2014 | $ 567,382 | $ 18,949 | $ 6,627 | $ 16,813 | $ 65,664 | $ 675,435 |
| Conversion of bank debentures into common shares | 66,251 | - | - | - | ( 57,935 ) | 8,316 |
| Balance as of June 30, 2014 | $ 633,633 | $ 18,949 | $ 6,627 | $ 16,813 | $ 7,729 | $ 683,751 |
| Balance as of January 1, 2015 | $ 633,633 | $ 18,949 | $ 6,627 | $ 16,813 | $ 7,729 | $ 683,751 |
| Balance as of June 30, 2015 | $ 633,633 | $ 18,949 | $ 6,627 | $ 16,813 | $ 7,729 | $ 683,751 |

Stock premium (including common stock premium and financial bond conversion premium) of the additional paid-in capital and donations can be used to offset losses; also, when there are no losses, the Company may apply it to distribute cash or for capitalization, but capitalization is limited to a certain percentage of the paid-in capital every year.

The investment under the equity method, employee stock options and stock options additional paid-in capital may not be used for any other purpose.

(3) Earnings allocation and dividend policy

According to the Articles of Incorporation of Taichung Commercial Bank, earnings of the company, if applicable, will be subject to payment of applicable tax, followed by the offsetting of loss carried forward, 30% as legal reserve, appropriation for or reversal of special reserve. The remainder, if there is any, shall be subject to employee bonus ranging from 1 to 3% while remuneration to directors and supervisors shall be up to 1.5% of the remainder. If there is still a balance, such amount will be accumulated to the retained earnings of previous years and will be distributed under proper planning.

The Board shall retain the required fund subject to the change of operating environment, operation and investment needs before proposing the proportion between cash and stock Dividends for the approval of the shareholders' meeting:

1. The cash dividends shall be no less than 10% of the Dividends and bonus allocated to shareholders.
2. Notwithstanding, if the Dividends are allocated at less than or equal to NTD 0.3 per share, the earnings may be allocated in the form of stock Dividends in full.

Free-Gratis Dividends for the approval of the shareholders' meeting. Before the legal reserve amounts to the total Paid-in capital, the maximum allocation of earnings in cash shall be no more than 15% of total capital. Where the rates of Shares and dividends and risk-based assets fail to meet the standard required by the business competent authority, allocation of earnings in cash or with other property shall be restricted or prohibited by the relevant requirements provided by the business competent authority.

When allocating earnings, the Taichung Bank shall provide equivalent special reserve for the difference between loss on sale of NPL and amortized loss, and also

provide special reserve from Earnings or Accumulated earnings for the previous period with respect to the amount under the "less" item of shareholders' equity for the current year and previous years. Where the amount under the "less" item of shareholders' equity is collected afterwards, earnings may be allocated from the reversal.

According to the amendment to the Company Act of May 2015, dividend and bonus can be payable to shareholders only. Employees are not entitled to the payment. The Bank expected to amend the Articles of Incorporation in the General Meeting of Shareholders in FY2015 in compliance with the new law. For information based on the estimation of employee bonus and remuneration to directors and supervisors for the period of January 1 to June 30, 2015 and 2014, and the actual payment in FY2014 and FY2013, refer to Note 30 (6), expenses on employee benefit.

The Bank shall recognize and reverse special reserve in accordance with FSC Letter Chin-Kuan-Cheng-Zi No. 1010012865, Letter Chin-Kuan-Cheng-Fa-Zi No. 1010047490, and the "FAQ on the applicability of the recognition of special reserve after the adoption of IFRSs" by the Bank. If the amount debited to the other shareholders' equity is reversed subsequently, the reversed amount can be distributed.

Legal reserve shall be appropriated until the balance is equal to the paid-in capital of the company. Legal reserve may be appropriated for offsetting loss carried forward. In circumstances that the company has no loss, and the amount of legal reserve in excess of 25% of the paid-in capital may be capitalized as capital stock and paid as cash dividend.

For the distribution of retained earnings, shareholders are entitled to deductible amount in proportion to the taxable amount as of the dividend day except the shareholders residing inside the Republic of China.

The Bank had the earnings distribution of 2014 and 2013 resolved in the shareholders' meeting held on June 2, 2015 and June 19, 2014, respectively, as follows:

| | Distribution of retained earnings | | Dividend Per Share (NTD) | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Legal reserve | $ 1,073,725 | $ 891,810 | $ - | $ - |
| Reversal of special reserve | ( 34,176 ) | ( 61,224 ) | - | - |
| Cash Dividends | 712,877 | 513,557 | 0.25 | 0.191 |
| Stock dividends | 1,824,964 | 1,579,241 | 0.64 | 0.586 |

(4) Other equity

| | Unrealized gain on available-for-sale financial assets | Exchange differences from the translation of financial statements of foreign operations | Total |
|---|---|---|---|
| January 1, 2015 | $ 41,337 | $ 113,523 | $ 154,860 |
| Available-for-Sale Financial Assets-net | | | |
| - Current valuation adjustment | 80,398 | - | 80,398 |
| Disposition of available-for-sale financial assets | | | |
| Reclassification of the accumulated incomes as income | ( 7,948 ) | - | ( 7,948 ) |
| Foreign currency translation differences | | | |
| - Current exchange differences | - | ( 81,690 ) | ( 81,690 ) |
| Income tax related to the other comprehensive profit or loss | ( 217 ) | - | ( 217 ) |
| June 30, 2015 | $ 113,570 | $ 31,833 | $ 145,403 |
| | | | |
| January 1, 2014 | ( $ 58,919 ) | $ 24,742 | ( $ 34,177 ) |
| Available-for-Sale Financial Assets-net | | | |
| - Current valuation adjustment | 97,855 | - | 97,855 |
| Foreign currency translation differences | | | |
| - Current exchange differences | - | ( 20,094 ) | ( 20,094 ) |
| Income tax related to the other comprehensive profit or loss | 1,089 | - | 1,089 |
| June 30, 2014 | $ 40,025 | $ 4,648 | $ 44,673 |

30. Business units in continuing operation income

Income from continuing operations department includes the following items

(1) Net interest income

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Interest revenue | | | | |
| Discount and loan interest income | $ 2,485,493 | $ 2,377,102 | $ 4,966,503 | $ 4,698,993 |
| Due from bank and interbank offered interest income | 186,682 | 173,204 | 369,146 | 331,546 |
| Security investment interest income | 103,102 | 88,770 | 199,882 | 183,710 |
| Credit card revolving interest income | 9,903 | 9,581 | 19,469 | 18,821 |
| Interest income on installment | 52,771 | 54,679 | 117,289 | 104,233 |
| Lease interest income | 13,044 | 15,699 | 25,435 | 29,089 |
| Receivable factoring interest income | 27 | 1,749 | 225 | 3,830 |
| Bonds and securities sold under re-purchase agreements interest income | 5,895 | 4,797 | 11,967 | 11,497 |
| Other interest incomes | 11,748 | 7,517 | 23,169 | 14,606 |
| | 2,868,665 | 2,733,098 | 5,733,085 | 5,396,325 |
| Interest expenses | | | | |
| Deposits Interest expenses | ( 900,221 ) | ( 859,443 ) | ( 1,790,300 ) | ( 1,701,675 ) |
| Central Bank and banks deposit interest expense | ( 3,534 ) | ( 8,368 ) | ( 7,089 ) | ( 16,944 ) |
| Central Bank and interbank interest expense | ( 38,982 ) | ( 37,719 ) | ( 76,341 ) | ( 70,504 ) |
| RP (Debt) interest expense | ( 1,291 ) | ( 331 ) | ( 1,838 ) | ( 690 ) |
| Bond issuance interest expense | ( 86,315 ) | ( 86,875 ) | ( 171,679 ) | ( 177,509 ) |
| Other Interest expenses | ( 20 ) | ( 9 ) | ( 181 ) | ( 17 ) |
| | ( 1,030,363 ) | ( 992,745 ) | ( 2,047,428 ) | ( 1,967,339 ) |
| | $ 1,838,302 | $ 1,740,353 | $ 3,685,657 | $ 3,428,986 |

(2) Service Fee, Net

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Service Fee | | | | |
| Loan service fee income | $ 64,951 | $ 74,722 | $ 121,912 | $ 132,826 |
| Brokerage fee revenue | 300,067 | 282,311 | 681,620 | 617,022 |
| Trust business income | 149,703 | 157,658 | 289,679 | 298,028 |
| Commission income for bank guarantee | 17,631 | 18,082 | 36,367 | 34,453 |
| Other service fee revenue | 73,062 | 78,079 | 143,809 | 152,681 |
| | 605,414 | 610,852 | 1,273,387 | 1,235,010 |
| Service fee expenses | | | | |
| Commission expense | ( 103,779 ) | ( 82,977 ) | ( 271,491 ) | ( 165,208 ) |
| Inter-bank service fee | ( 7,203 ) | ( 6,455 ) | ( 14,432 ) | ( 13,035 ) |
| Other service fee expenses | ( 19,344 ) | ( 18,644 ) | ( 38,245 ) | ( 35,493 ) |
| | ( 130,326 ) | ( 108,076 ) | ( 324,168 ) | ( 213,736 ) |
| | $ 475,088 | $ 502,776 | $ 949,219 | $ 1,021,274 |

The consolidated company provides custody, trust, investment management and advisory services to third parties; therefore, the consolidated company engages in the planning, management and trading decision of financial instruments. For a trust fund or investment portfolio that is commissioned for management and utilization, a separate bookkeeping is arranged and financial statements are prepared for internal management purposes, excluding the financial statements of the consolidated company.

(3) Gain (loss) on financial assets and liabilities at fair value through income statement

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| The realized gain (loss) of financial assets and liabilities measured at fair value through income statement | | | | |
| Commercial papers | $ 33,713 | $ 31,239 | $ 62,811 | $ 50,926 |
| Stock | ( 32,133 ) | 19,022 | ( 17,022 ) | 31,384 |
| Beneficiary certificate | 90,254 | 110,475 | 126,191 | 127,904 |
| Derivatives | 92,387 | 50,502 | 65,851 | ( 52,081 ) |
| | 184,221 | 211,238 | 237,831 | 158,133 |
| The valuation gain (loss) of financial assets and liabilities measured at fair value through income statement | | | | |
| Commercial papers | ( 537 ) | 1,502 | 70 | 4,473 |
| Stock | 9,592 | ( 9,774 ) | 14,712 | ( 27,598 ) |
| Beneficiary certificate | ( 9,715 ) | ( 52,765 ) | 16,513 | ( 33,088 ) |
| Derivatives | ( 9,629 ) | 24,433 | 23,984 | 48,407 |
| | ( 10,289 ) | ( 36,604 ) | 55,279 | ( 7,806 ) |
| | $ 173,932 | $ 174,634 | $ 293,110 | $ 150,327 |

1. The realized gains and losses of the financial assets and liabilities measured at fair value through income statement in January 1 to June 30, 2015 and 2014 included disposal gain NTD 170,636 thousand and NTD 106,968 thousand, dividend income NTD 580 thousand and NTD 0 thousand, and interest income NTD 66,615 thousand and NTD 51,165 thousand, respectively.

2. Net income of the exchange rate instrument includes realized and unrealized gains and losses of forward exchange contracts, exchange rate options and currency swaps. For the foreign currency financial assets and liabilities that are not designated as a hedging relationship and are measured at fair value through income statement, the translation gains and losses are included in the net income of the exchange rate instrument.

(4) Assets impairment loss (reversal gain)

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Held-to-maturity financial assets impairment reversal gain (loss) | $ - | ( $ 9,124 ) | $ - | $ 454,956 |
| Other financial assets impairment loss (reversal gain) | - | - | 21,603 | - |
| Collateral impairment reversal gain | - | 2,243 | - | 2,243 |
| | $ - | ( $ 6,881 ) | $ 21,603 | $ 457,199 |

(5) Other net income (loss) other than interest

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Asset trade gain (loss) | ( $ 316 ) | ( $ 13 ) | $ 224 | ( $ 263 ) |
| Net gain from financial assets carried at cost | 346 | 357 | 346 | 314 |
| Net gain on disposal of collateral accepted | - | ( 1,435 ) | - | ( 1,435 ) |
| Other provision | - | ( 679 ) | - | ( 1,979 ) |
| Other net profit (loss) | 3,085 | 1,314 | ( 243 ) | 1,712 |
| | $ 3,115 | ( $ 456 ) | $ 327 | ( $ 1,651 ) |

(6) Employee benefits expenses

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Salaries and wages | $ 614,646 | $ 529,294 | $ 1,185,637 | $ 1,056,191 |
| Labor insurance and national health insurance | 39,395 | 29,705 | 85,125 | 80,568 |
| Pension expenses | 24,031 | 21,612 | 47,619 | 42,903 |
| Other employee benefits expenses | 38,595 | 24,895 | 83,001 | 50,134 |
| | $ 716,667 | $ 605,506 | $ 1,401,382 | $ 1,229,796 |

The Company Act has been amended in May 2015 thereby companies shall explicitly state the amount or proportion of earnings for the year of profit as remuneration to the employees. However, the Bank has not yet revised the policy for the remuneration to the employees in accordance with the aforementioned newly amended law. The estimation of employee bonus in the period of January 1 to June 30, 2015 and 2014, were based on the corporate earnings (net of the amount of employee bonus and remuneration to directors and supervisors) subject to the deduction of accumulated loss and appropriation of legal reserve, and was 1.5% and 1.7%, respectively. The remuneration to directors and supervisors was calculated based on 1.3% and 1.4%, respectively. The estimates are:

| | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|
| Employee bonus | $ 21,662 | $ 25,065 |
| Remuneration to directors/supervisors | 19,125 | 20,000 |

After the end of the fiscal year and before the announcement of the approved consolidated financial statements, any significant change in the amount resolved by the Board for distribution shall be subject to relevant adjustment of the expenses of the fiscal year previously recognized. If there is still a change in the amount of distribution after the announcement of the approved consolidated financial statements, enter into the book for adjustment in the next fiscal year in accordance with accounting for changes.

The regular session of the General Meeting of Shareholders on June 2, 2015 and June 19 2014 finalized the appropriation of employee bonus and remuneration to the Directors and Supervisors, and also the employee bonus and remuneration to the Directors and the Supervisors recognized in the consolidated financial statements specified as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Employee bonus | Remuneration to directors/ supervisors | Employee bonus | Remuneration to directors/ supervisors |
| The amount for distribution as approved by the General Meeting of Shareholders | $ 254 | $ 127 | $ 209 | $ 105 |
| Amount recognized in the financial statements of respective years | $ 250 | $ 125 | $ 197 | $ 99 |

The aforementioned differences were adjusted as the profits and loss in FY2015 and FY 2014.

For the information on the resolution of the General Meeting of Shareholders of the company on employee bonus and remuneration to directors and supervisors, please visit MOPS site of TWSE.

(7) Depreciation and amortization expenses

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Property, plant, and equipment expenses | $ 38,866 | $ 37,721 | $ 77,006 | $ 76,582 |
| Intangible assets amortization expenses | 10,770 | 8,882 | 20,491 | 16,829 |
| | $ 49,636 | $ 46,603 | $ 97,497 | $ 93,411 |

(8) Business and administrative expenses

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Taxation | $ 161,734 | $ 79,111 | $ 343,230 | $ 156,133 |
| Professional labor service fee | 39,865 | 35,909 | 74,224 | 70,261 |
| Advertising expenses | 44,042 | 57,617 | 98,957 | 147,454 |
| Insurance expenses | 38,616 | 36,434 | 79,320 | 73,025 |

(Continued on next page)

(Continued from previous page)

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Rental expense | $ 44,416 | $ 39,105 | $ 88,845 | $ 73,723 |
| Entertainment expense | 36,073 | 24,295 | 71,385 | 55,636 |
| Donations | 18,768 | 15,098 | 36,667 | 28,386 |
| Postal and telephone expenses | 13,665 | 12,678 | 27,115 | 24,224 |
| Others | 94,265 | 70,615 | 189,655 | 169,403 |
| | $ 491,444 | $ 370,862 | $ 1,009,398 | $ 798,245 |

31. Continuing department income tax

(1) Income tax recognized in profit or loss

The major components of income tax expense are as follows:

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Income tax expenses in the current period | | | | |
| Accrued in current year | $ 135,494 | $ 151,390 | $ 308,935 | $ 292,563 |
| Additional levy on undistributed earnings | - | 115 | - | 115 |
| Prior year adjustment | 2,219 | 12,366 | 2,219 | 20,988 |
| Deferred tax | | | | |
| Accrued in current year | 33,585 | 13,542 | 41,735 | ( 40,223 ) |
| Income tax expense recognized in the profit or loss | $ 171,298 | $ 177,413 | $ 352,889 | $ 273,443 |

(2) Income tax recognized in the other comprehensive profit or loss

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Deferred tax | | | | |
| Accrued in current year | | | | |
| - Unrealized gain or loss on available-for-sale financial assets | $ 352 | ($ 326) | $ 217 | ($ 1,089) |
| Income tax benefits recognized in the other comprehensive profit or loss | $ 352 | ($ 326) | $ 217 | ($ 1,089) |

(3) Two-in-one tax information

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Accumulated earnings | | | |
| Unappropriated earnings before 1997 | $ - | $ - | $ - |
| Unappropriated earnings after 1998 | 1,895,484 | 3,444,588 | 1,900,346 |
| | $ 1,895,484 | $ 3,444,588 | $ 1,900,346 |
| Shareholders' deductible tax account-Balance | $ 138,413 | $ 679,251 | $ 316,090 |

The annual earnings tax credit ratio was 20.48% (estimated) and 20.50% in 2014 and 2013, respectively.

According to the Income Tax Act, when the Taichung Commercial Bank allocates the earnings retained after 1998 (inclusive), domestic shareholders may have the respective shareholders deductible tax calculated in accordance with the deductible rate of earnings on the dividend distribution date. Since the actual deductible tax distributed to shareholders shall be based on the shareholders deductible tax account balance on dividend distribution date, the Company's 2014 projected deductible rate of earnings allocation may differ from the deductible rate of earnings actually distributed to the shareholders.

According to the Tax Code after the amendment on June 4 2014 effective on January 1 2015, domestic natural person shareholders are entitled to 50% of the tax deduction ratio as of the dividend day for the calculation of the deductible amount of tax for shareholders if the Bank paid the earnings in FY1998 and beyond.

(4) Income tax audit

1. The Taichung Commercial Bank was audited up to the year 2012.
2. The Taichung Commercial Bank Insurance Broker Co., Ltd. was audited up to the year of 2013.
3. The Taichung Commercial Bank Lease Enterprise was audited up to the year of 2012.
4. The Taichung Commercial Bank Securities Co., Ltd. was audited up to the year of 2013.

32. Earnings per share

Unit: NTD per share

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Basic earnings per share | $ 0.33 | $ 0.34 | $ 0.67 | $ 0.69 |
| Diluted earnings per share | $ 0.33 | $ 0.34 | $ 0.67 | $ 0.68 |

The effect of stock dividend has been adjusted in retrospect on calculating the earnings per share. The change between the basic earnings per share and diluted earnings per share in the period of January 1 to June 30 2014 is shown below:

Unit: NTD per share

| | Cum-dividend | Ex-dividend |
|---|---|---|
| Basic earnings per share | $ 0.74 | $ 0.69 |
| Diluted earnings per share | $ 0.72 | $ 0.68 |

The earnings and weighted average common stock shares used in calculating the earnings per share are as follows:

Net income

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Net profit attributable to the company | $ 1,003,917 | $ 1,014,292 | $ 2,028,285 | $ 2,056,561 |
| Effect of dilutive potential common stock: | | | | |
| Net interest on convertible bonds | - | 360 | - | 4,734 |
| Earnings used to calculate diluted earnings per share of the continuing department | $ 1,003,917 | $ 1,014,652 | $ 2,028,285 | $ 2,061,295 |

Quantity

Unit: Thousand shares

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Weighted average common stock shares used to calculate basic earnings per share | 3,034,003 | 2,960,322 | 3,034,003 | 2,960,322 |
| Effect of dilutive potential common stock: | | | | |
| Convertible financial bonds | - | 15,969 | - | 72,134 |
| Employee bonus | 2,060 | 2,369 | 2,063 | 2,371 |
| Weighted average common stock shares used to calculate diluted earnings per share | 3,036,063 | 2,978,660 | 3,036,066 | 3,034,827 |

If the consolidated company may choose to have the bonus for employees distributed via a stock or cash dividend, calculate the diluted earnings per share, assuming that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. When diluted EPS is calculated in the next year before the Board of Directors resolves the number of share distribution for employee bonus, the dilution effect is also considered for such potential common shares.

33. Non-cash transactions

Convertible financial bondholders of the consolidated company exercised conversion rights in the January 1~ June 30, 2014. The bond amount NTD 1,604,800 thousand was converted to 159,048 thousand common stock shares. Please refer to Note 29 (1) and (2).

34. Important transactions with stakeholders

| Name | Affiliation |
|---|---|
| Chun-Sheng Lee (Representative to Hsu Tian Investment Co., Ltd.) | The management |
| Kuei-Fong Wang (Representative to Hsu Tian Investment Co., Ltd.) | The management |
| Hsu Tian Investment Co., Ltd., I Joung Investment Co., Ltd., Pan Asia Chemical Corporation, and He Yang Management Consultant Co., Ltd. | Director of the Bank |
| Hsi-Rong Huang, Jin-Yi Lee, Chen-Le Liu, Ming-Shan Chuang, Hsin-Ching Chang, Jer-Shyong Tsai, Kuei-Fong Wang, Ching-Hsin Chang, Wei-Liang Lin, Meng-Liang Chang, Jin-Fong Soo (Note 1), Chin-Yuan Lai (Note 1), Chun-Sheng Lee, Chia-Hung Lin (Note 2), Shu-Yuan Lin, Chien-Hui Huang and Yu-Chun Chen (Note 2) | Legal representative to Director of the Bank |
| 100 persons including Chih-Chuan Fang | The management |
| 31 persons including the Chairman's spouse | Spouses and kin at the second tier under the Civil Code of directors, Chairman of the Board and President of the Taichung Commercial Bank |
| Taichung Commercial Bank Cultural and Educational Foundation, Taichung Commercial Bank Workers' Welfare Commission | Corporations receiving donation amounted to more than one-thirds of the Taichung Commercial Bank's Paid-in capital |
| Reliance Securities Investment Trust Co., Ltd. | Affiliated company under the equity method |
| China Man-Made Fiber Co., Ltd. | Ultimate parent company |
| Chung Chien Investment Co., Ltd. | Substantial related party |
| Pan Asia Investment Co., Ltd. | Substantial related party |
| Deh Hsing Investment Co., Ltd. | Substantial related party |
| Greencol Taiwan Corporation | Substantial related party |
| Chou Chin Industrial Co., Ltd. | Substantial related party |
| Ge Ling Co., Ltd. | Substantial related party |
| Nan Chung Petrochemical Corp. | Substantial related party |
| Je Mi Fang Corporation | Substantial related party |
| Best Car Rental Co., Ltd. | Substantial related party |
| Rai Yen Investment Co., Ltd. | Substantial related party |
| Rai Chia Investment Co., Ltd. | Substantial related party |
| Pan Hsu Investment Co., Ltd. | Substantial related party |
| Pan Feng Investment Co., Ltd | Substantial related party |
| Hsiang Feng Development Co., Ltd. | Substantial related party |
| Reliance Securities Co., Ltd. | Substantial related party |
| Sheng Jen Knitted Textiles Co., Ltd. | Substantial related party |
| Ta Fa Investment Co., Ltd. | Substantial related party |
| Tai Yi Investment Co., Ltd. | Substantial related party |
| Formosa Imperial Wineseller Corp. | Substantial related party |
| Tou-Min Industrial Co., Ltd. | Substantial related party |
| Jin Bang Ge Industrial Company Limited. | Substantial related party |

Note 1: The previous representative of Institutional Director Hsu Tian Investment Co., Ltd., Jin-Fong Soo, has been replaced by Chin-Yan Lai from June 16 2015 onward.

Note 2: Yu-Chun Chen replaced Chia-Hung Lin, representative to Institutional Director Ho Yang Management Consulting Co., Ltd. He Yang Management Consultant Co., Ltd., on January 16 2015.

Summarization of important transactions between the consolidated company and stakeholders:

(1) Loans

January 1 to June 30, 2015

Unit: NTD thousand

| Type | Number of accounts or name of stakeholder | Maximum balance – current period | Balance, ending | Performance | | Interest revenue | Collateral Contents | Difference in trading conditions and terms with non-stakeholders |
|---|---|---|---|---|---|---|---|---|
| | | | | Normal loans | No-performing loans | | | |
| Customer loans to Employees | 15 accounts | $ 3,309 | $ 2,227 | $ 2,227 | $ - | $ 26 | Credit loans | None |
| Residential mortgage loans | 23 accounts | 50,648 | 43,916 | 43,916 | - | 399 | Real estate | " |
| Other loans | Ni OO | 2,895 | 2,784 | 2,784 | - | 19 | 〃 | " |
| | Ni OO | 1,200 | 200 | 200 | - | 8 | 〃 | " |
| | XX Chen | 5,500 | 5,500 | 5,500 | - | 24 | 〃 | " |
| | Yang OO | 2,609 | 2,396 | 2,396 | - | 22 | 〃 | " |
| | Yang OO | 1,719 | 1,127 | 1,127 | - | 12 | 〃 | " |
| | Tsai OO | 5,000 | 5,000 | 5,000 | - | 58 | 〃 | " |
| | Liang OO | 3,095 | 3,040 | 3,040 | - | 26 | 〃 | " |
| | Wu OO | 2,670 | 1,957 | 1,957 | - | 25 | 〃 | " |
| | Zhuang OO | 2,203 | 2,133 | 2,133 | - | 17 | 〃 | " |
| | Chiu OO | 4,668 | 4,532 | 4,532 | - | 41 | 〃 | " |
| | Lee OO | 1,500 | 1,000 | 1,000 | - | 9 | 〃 | " |
| | Chang OO | 11,609 | 11,378 | 11,378 | - | 144 | 〃 | " |
| | Lin OO | 18,814 | - | - | - | 34 | 〃 | " |
| | Chung OO | 10,000 | 8,191 | 8,191 | - | 83 | 〃 | " |
| | Meng OO | 34,881 | 34,163 | 34,163 | - | 342 | 〃 | " |

January 1 to June 30, 2014

Unit: NTD thousand

| Type | Number of accounts or name of stakeholder | Maximum balance – current period | Balance, ending | Performance | | Interest revenue | Collateral Contents | Difference in trading conditions and terms with non-stakeholders |
|---|---|---|---|---|---|---|---|---|
| | | | | Normal loans | No-performing loans | | | |
| Customer loans to Employees | 18 accounts | $ 5,796 | $ 4,005 | $ 4,005 | $ - | $ 46 | Credit loans | None |
| Residential mortgage loans | 24 accounts | 47,298 | 45,170 | 45,170 | - | 382 | Real estate | 〃 |
| Other loans | Lu OO | 1,000 | - | - | - | - | Certificate of deposit | 〃 |
| | Ni OO | 1,614 | 1,505 | 1,505 | - | 11 | Real estate | 〃 |
| | Ni OO | 1,000 | 1,000 | 1,000 | - | 9 | 〃 | 〃 |
| | You OO | 10,300 | 4,000 | 4,000 | - | 31 | 〃 | 〃 |
| | Yang OO | 3,031 | 2,821 | 2,821 | - | 26 | 〃 | 〃 |
| | Yang OO | 1,818 | 1,818 | 1,818 | - | 16 | 〃 | 〃 |
| | Tsai OO | 7,500 | 7,500 | 7,500 | - | 59 | 〃 | 〃 |
| | Liang OO | 4,405 | 2,950 | 2,950 | - | 26 | 〃 | 〃 |
| | Wu OO | 3,908 | 2,737 | 2,737 | - | 32 | 〃 | 〃 |
| | Zhuang OO | 2,341 | 2,272 | 2,272 | - | 18 | 〃 | 〃 |
| | Chiu OO | 4,935 | 4,802 | 4,802 | - | 43 | 〃 | 〃 |
| | Lee OO | 3,000 | - | - | - | 3 | 〃 | 〃 |

According to Articles 32 and 33 of the Banking Act, no non-secured credit loans shall be granted to any party interested with the Bank's staff, unless they are consumer loans and loans extended to the Government Apparatus; secured credit loans shall be granted under sufficient collateral and the terms of such credit extension shall not be more favorable than those offered to other customers in the same category.

(2) Deposits

| | January 1 to June 30, 2015 | | |
|---|---|---|---|
| | Balance, ending | Interest rate collars % | Interest expenses |
| Reliance Securities Investment Trust Co., Ltd. | $ 169,014 | 0.00～1.35 | $ 1,373 |
| Taichung Commercial Bank Workers' Welfare Commission | 135,227 | 0.20～5.38 | 3,758 |
| China Man-Made Fiber Co., Ltd. | 40,546 | 0.13 | 81 |
| Reliance Securities Co., Ltd. | 16,342 | 0.13～1.09 | 77 |
| Taichung Commercial Bank Cultural and Educational Foundation | 8,225 | 0.02～1.37 | 55 |
| Formosa Imperial Wineseller Corp. | 216 | 0.13 | - |
| Ge Ling Co., Ltd. | 2,797 | 0.13 | 1 |
| Pan Asia Chemical Corporation | 14,675 | 0.02～0.13 | 7 |
| Chou Chin Industrial Co., Ltd. | 396 | 0.02～0.13 | - |
| Chou Chang Co., Ltd. | 3,103 | 0.02 | - |
| Je Mi Fang Corporation | 4,989 | 0.13 | 2 |
| Greencol Taiwan Corporation | 8,132 | 0.13 | 2 |
| Others | 237,089 | 0.00～5.38 | 1,966 |
| | $ 640,751 | | $ 7,322 |

| | January 1 to June 30, 2014 | | |
|---|---|---|---|
| | Balance, ending | Interest rate collars % | Interest expenses |
| Reliance Securities Investment Trust Co., Ltd. | $ 178,370 | 0.00～1.35 | $ 1,126 |
| Taichung Commercial Bank Workers' Welfare Commission | 131,200 | 0.02～2.38 | 1,545 |
| China Man-Made Fiber Co., Ltd. | 77,255 | 0.13 | 24 |
| Reliance Securities Co., Ltd. | 18,426 | 0.13～1.09 | 82 |
| Taichung Commercial Bank Cultural and Educational Foundation | 8,204 | 0.00～1.37 | 55 |
| Formosa Imperial Wineseller Corp. | 118 | 0.13 | - |
| Ge Ling Co., Ltd. | 2,285 | 0.13 | 1 |
| Pan Asia Chemical Corporation | 751 | 0.02~0.13 | 4 |
| Chou Chin Industrial Co., Ltd. | 386 | 0.13 | - |
| Chou Chang Co., Ltd. | 1,304 | 0.02 | - |
| Je Mi Fang Corporation | 21 | 0.13 | - |
| Others | 220,011 | 0.00～2.38 | 1,260 |
| | $ 638,331 | | $ 4,097 |

With the exception of the interest rate for bank clerks' deposits on June 30, 2015 and December 31, June 30, 2014, were 5.38%, 5.38% and 2.38%, respectively. The other interest rates are not materially different from those offered to general customers.

(3) Service Fee

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Reliance Securities Investment Trust Co., Ltd. | $ 1,932 | $ 1,622 | $ 2,399 | $ 2,651 |

Said amount refers to the revenue from promotion, sale and channels. The trading price between the consolidated company and stakeholders is similar to that between the Bank and non-stakeholders

(4) Other business expenses Amount

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Ge Ling Co., Ltd. | $ 111 | $ 125 | $ 184 | $ 214 |
| Je Mi Fang Corporation | 387 | 45 | 6,259 | 45 |
| Formosa Imperial Wineseller Corp. | - | - | - | 5 |
| | $ 498 | $ 170 | $ 6,443 | $ 264 |

The aforementioned amount is recognized as other business expenses. The transaction prices between the consolidated company and its related parties are the same as with unrelated parties.

(5) Rewards to management

As of April 1~June 30 and January 1~June 30, 2015 and 2014 total remuneration to directors and the other management are as follows:

| | April 1 to June 30, 2015 | April 1 to June 30, 2014 | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|---|---|
| Short-term employee benefits | $ 29,219 | $ 15,949 | $ 88,675 | $ 47,554 |
| Retirement benefits | 161 | 182 | 330 | 355 |
| Other long-term employee benefits | 5 | 4 | 10 | 8 |
| | $ 29,385 | $ 16,135 | $ 89,015 | $ 47,917 |

The performance evaluation and salary compensation of directors and the management are conducted by referring to the general payment level of the industry, personal performance, business operating performance and reasonableness of related future risks. As for the short-term performance bonus percentage of the directors and management and the timing for partial variable salary compensation payment, the features of the industry and the business nature of the Company should be included for consideration.

35. Pledged assets

The pledged assets are stated as follows:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Due from bank-Time deposits | $ 20,000 | $ - | $ - |
| Restricted assets – bank deposits | 362,992 | 340,614 | 174,243 |
| Notes receivable | 3,101,840 | 2,606,619 | 2,417,750 |
| Available-for-sale Financial Assets-overseas bond | 61,720 | 63,266 | 59,734 |
| Available-for-sale Financial Assets - Government bond | 200,000 | 195,000 | 190,000 |
| Held-to-maturity financial assets-government bond | 891,100 | 992,000 | 986,500 |
| Held-to-maturity financial assets-overseas bond | 154,300 | 158,165 | 149,335 |
| | $ 4,791,952 | $ 4,355,664 | $ 3,977,562 |

Overseas bonds and restricted assets – bank deposits are pledged as collaterals for financing. Government bonds are pledges to the court for provisional seizure, security for the overdraft account for clearing, and as bond for securities dealers and trust. The detail is shown below:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Security bond for provisional seizure at court | $ 391,100 | $ 492,000 | $ 486,500 |
| Security for the overdraft limit of the clearing account | 450,000 | 450,000 | 450,000 |
| Securities Brokerage business security bond | 200,000 | 195,000 | 190,000 |
| Reserve for trust funds compensation | 50,000 | 50,000 | 50,000 |
| | $ 1,091,100 | $ 1,187,000 | $ 1,176,500 |

36. Significant undertaking or contingent liabilities

Except for the commitments of underwriting financial instruments stated in Notes 8, 9, and 22, the consolidated company had the commitments and contingent liabilities as of June 30 2015, December 31 2014, and June 30 2014, respectively, as follows:

(1) Undertaking:

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Unutilized commitment for financing (excluding credit cards) | $ 126,035,776 | $ 112,963,496 | $ 107,450,154 |
| Credit card committee | 13,550,935 | 12,661,908 | 11,733,406 |
| Guarantee payments | 10,153,997 | 11,215,267 | 10,530,281 |
| Trust liabilities | 56,920,300 | 53,847,326 | 50,081,322 |
| Balance of application for L/C | 3,592,596 | 3,633,117 | 3,458,041 |
| Lease contract commitments | 909,886 | 1,248,697 | 970,734 |

(2) The Taichung Bank engaged in investing in the structured notes issued and secured by Lehman Brothers Holdings Inc. through the special monetary trustee accounts upon investors' request. However, Lehman Brothers Holdings Inc. petitioned for bankruptcy with U.S. courts on September 15, 2008. The quotation and redemption of the structured notes issued and secured by it were suspended. Afterwards, it petitioned for an extension and submitted a reorganization plan with a U.S. courts for approval in December 2008, and further petitioned for an extension and submitted two motions in the duration of debt clearance. The U.S. court approved its petition later.

The Taichung Bank defined the "Regulations for Settlement of Dispute over Lehman Brothers Structured Notes" and policy for settlement according to the resolution made by the temporary directors' meeting on May 6, 2009, and indemnified investors at the ratio assessed by the "Banking Dispute Review Board" of the Bankers Association of the Republic of China. After assessment, the Bank recognized loss amounting to NTD 224,396 thousand from FY2009 to FY2014, stated as others for lodgment. As of June 30 2015, the Bank has made compensation amounted to NTD

219,971 thousand with unsettled portion amounted to NTD 4,425 thousand, which was booked as payables.

(3) The balance sheet and trust property catalogue of the trust account is disclosed pursuant to Article 17 of the "Enforcement Rules of Trust Enterprise Act" as follows:

Balance Sheet of Trust Accounts
June 30, 2015

| Trust assets | Amount | Trust liabilities | Amount |
|---|---|---|---|
| Bank deposits | $ 1,994,008 | Payable securities in custody | $ 6,477,744 |
| Short-term investment | 45,185,575 | Trust capital | |
| Structured product investment | 537,595 | Money trust | 47,717,178 |
| Real estate | | Real estate trust | 2,725,378 |
| Land | 2,642,308 | Net income | 685,417 |
| Buildings and structures | 83,070 | Deferred carry-over | ( 685,417 ) |
| Securities in custody | 6,477,744 | | |
| Total trust assets | $ 56,920,300 | Total trust liabilities | $ 56,920,300 |

Property Catalogue of Trust Accounts
June 30, 2015

| Investment | Amount |
|---|---|
| Bank deposits | $ 1,994,008 |
| Short-term investment | 45,185,575 |
| Structured product investment | 537,595 |
| Real estate | |
| Land | 2,642,308 |
| Buildings and structures | 83,070 |
| Securities in custody | 6,477,744 |
| | $ 56,920,300 |

Income Statement of Trust Accounts
January 1 to June 30, 2015

| | Amount |
|---|---|
| Amount | |
| Interest revenue | $ 975,096 |
| Trust expenses | |
| Administration expenses | ( 289,679 ) |
| Taxation | - |
| Income before taxation | 685,417 |
| Income tax expenses | - |
| Income after taxation | $ 685,417 |

Balance Sheet of Trust Accounts
December 31, 2014

| Trust assets | Amount | Trust liabilities | Amount |
|---|---|---|---|
| Bank deposits | $ 2,334,720 | Payable securities in custody | $ 4,157,115 |
| Short-term investment | 43,889,027 | Trust capital | |
| Structured product investment | 602,989 | Money trust | 46,826,736 |
| Real estate | | Real estate trust | 2,863,475 |
| Land | 2,849,240 | Net income | 939,664 |
| Buildings and structures | 14,235 | Deferred carry-over | ( 939,664 ) |
| Securities in custody | 4,157,115 | | |
| Total trust assets | $ 53,847,326 | Total trust liabilities | $ 53,847,326 |

Property Catalogue of Trust Accounts
December 31, 2014

| Investment | Amount |
|---|---|
| Bank deposits | $ 2,334,720 |
| Short-term investment | 43,889,027 |
| Structured product investment | 602,989 |
| Real estate | |
| Land | 2,849,240 |
| Buildings and structures | 14,235 |
| Securities in custody | 4,157,115 |
| | $ 53,847,326 |

Income Statement of Trust Accounts
2014

| | Amount |
|---|---|
| Amount | |
| Interest revenue | $ 1,543,500 |
| Trust expenses | |
| Administration expenses | ( 603,692 ) |
| Taxation | ( 144 ) |
| Income before taxation | 939,664 |
| Income tax expenses | - |
| Income after taxation | $ 939,664 |

Balance Sheet of Trust Accounts
June 30, 2014

| Trust assets | Amount | Trust liabilities | Amount |
|---|---|---|---|
| Bank deposits | $ 3,821,456 | Payable securities in custody | $ 3,820,467 |
| Short-term investment | 40,566,940 | Trust capital | |
| Structured product investment | 647,502 | Money trust | 45,035,898 |
| Real estate | | Real estate trust | 1,224,957 |
| Land | 1,205,133 | Net income | 372,303 |
| Buildings and structures | 19,824 | Deferred carry-over | ( 372,303 ) |
| Securities in custody | 3,820,467 | | |
| Total trust assets | $ 50,081,322 | Total trust liabilities | $ 50,081,322 |

Property Catalogue of Trust Accounts
June 30, 2014

| Investment | Amount |
|---|---|
| Bank deposits | $ 3,821,456 |
| Short-term investment | 40,566,940 |
| Structured product investment | 647,502 |
| Real estate | |
| Land | 1,205,133 |
| Buildings and structures | 19,824 |
| Securities in custody | 3,820,467 |
| | $ 50,081,322 |

Income Statement of Trust Accounts
January 1 to June 30, 2014

| | Amount |
|---|---|
| Amount | |
| Interest revenue | $ 670,331 |
| Trust expenses | |
| Administration expenses | ( 298,028 ) |
| Taxation | - |
| Income before taxation | 372,303 |
| Income tax expenses | - |
| Income after taxation | $ 372,303 |

(4) Leasing contracts and capital expenditure commitments maturity analysis

The consolidated company's leasing contract commitments include operating leases and financing leases:

The operating lease commitment meant for the minimum lease payment of the consolidated company as a lessee or lessor under the irrevocable operating lease.

The financing lease commitment meant for the future total lease payment and its present value of the consolidated company as a lessee under the financing lease conditions or the total lease investment amount or the present value of the minimum lease receivable of the lessor under the financing lease condition.

Capital expenditure commitment refers to the contract signed for the capital expenditures paid to receive architecture and equipment.

The maturity of the commitments of the lease agreements and capital expenditure of the companies in the consolidated financial statements are analyzed below:

June 30, 2015

| | Less than 1 year | 1 ~5 years | More than 5 year | Total |
|---|---|---|---|---|
| Lease contract commitments | | | | |
| Operating lease expense (lessor) | $ 162,617 | $ 297,113 | $ - | $ 459,730 |
| Operating lease income (lessor) | 1,672 | - | - | 1,672 |
| Gross financial lease income (lessor) | 428,981 | 154,400 | 2,277 | 585,658 |
| Present value of financial lease income (lessor) | 389,149 | 146,574 | 2,225 | 537,948 |
| Capital expenditure commitments | 66,459 | - | - | 66,459 |
| Total | $1,048,878 | $ 598,087 | $ 4,502 | $1,651,467 |

December 31, 2014

| | Less than 1 year | 1 ~5 years | More than 5 year | Total |
|---|---|---|---|---|
| Lease contract commitments | | | | |
| Operating lease expense (lessor) | $ 156,043 | $ 256,730 | $ - | $ 412,773 |
| Operating lease income (lessor) | 961 | - | - | 961 |
| Gross financial lease income (lessor) | 427,901 | 186,903 | - | 614,804 |
| Present value of financial lease income (lessor) | 385,726 | 175,171 | - | 560,897 |
| Capital expenditure commitments | 4,123,910 | - | - | 4,123,910 |
| Total | $ 5,094,541 | $ 618,804 | $ - | $ 5,713,345 |

June 30, 2014

| | Less than 1 year | 1 ~5 years | More than 5 year | Total |
|---|---|---|---|---|
| Lease contract commitments | | | | |
| Operating lease expense (lessor) | $ 157,971 | $ 245,444 | $ 325 | $ 403,740 |
| Operating lease income (lessor) | 2,079 | 216 | - | 2,295 |
| Gross financial lease income (lessor) | 360,126 | 180,713 | - | 540,839 |
| Present value of financial lease income (lessor) | 324,617 | 169,024 | - | 493,641 |
| Capital expenditure commitments | 72,107 | 1,225 | - | 73,332 |
| Total | $ 916,900 | $ 596,622 | $ 325 | $ 1,513,847 |

37. Disclosure of information about financial instruments

(1) Information on fair value – financial instruments not measured at fair value.

The financial assets of the company in the consolidated financial statements not measured at fair value, with the exception specified in the table below, are cash and cash equivalents, due from the Central Bank and lend to Banks, investment in bills and bonds with R/P features, receivables, discounts and loans, restricted assets, other financial assets, due to the Central Bank and banks, call loans from the Central Bank and banks, liabilities in bills and bonds with R/P feature, payables, bank deposits, remittances, and the book value of other financial liabilities which approximate the fair value and not being disclosed.

1. Financial assets and liabilities which book value varied with the fair value at significant level

| | June 30, 2015 | | December 31, 2014 | | June 30, 2014 | |
|---|---|---|---|---|---|---|
| | Book value | Fair value | Book value | Fair value | Book value | Fair value |
| Financial assets | | | | | | |
| Held-to-maturity investments | $3,943,896 | $3,972,506 | $1,418,003 | $1,399,208 | $ 905,695 | $ 884,754 |
| Financial liabilities | | | | | | |
| Financial liabilities on the basis of cost after amortization | | | | | | |
| -Financial bonds payable | 14,400,000 | 14,358,226 | 14,400,000 | 14,350,922 | 14,400,000 | 14,237,752 |

2. The level on the basis of fair value

June 30, 2015

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Held-to-maturity investments | $ 3,972,506 | $ - | $ - | $ 3,972,506 |
| Financial liabilities | | | | |
| Financial liabilities on the basis of cost after amortization | | | | |
| -Financial bonds payable | 14,358,226 | - | - | 14,358,226 |

December 31, 2014

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Held-to-maturity investments | $ 1,399,208 | $ - | $ - | $ 1,399,208 |
| Financial liabilities | | | | |
| Financial liabilities on the basis of cost after amortization | | | | |
| -Financial bonds payable | 14,350,922 | - | - | 14,350,922 |

June 30, 2014

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets | | | | |
| Held-to-maturity investments | $ 884,754 | $ - | $ - | $ 884,754 |
| Financial liabilities | | | | |
| Financial liabilities on the basis of cost after amortization | | | | |
| -Financial bonds payable | 14,237,752 | - | - | 14,237,752 |

(2) Information about fair value-Financial instruments measured at fair value

1. The level on the basis of fair value

| Financial instruments at fair value through income statement | June 30, 2015 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Non-derivative financial instruments | | | | |
| Assets | | | | |
| Financial assets at fair value through income statement | | | | |
| Stock investment | $ 962,738 | $ 962,738 | $ - | $ - |
| Bond investment | 4,588 | 4,588 | - | - |
| Others | 21,123,925 | 21,123,925 | - | - |
| Available-for-Sale Financial Assets | | | | |
| Stock investment | 211,459 | 211,459 | - | - |
| Bond investment | 19,554,128 | 19,554,128 | - | - |
| Derivatives | | | | |
| Assets | | | | |
| Financial assets at fair value through income statement | 755,387 | - | 755,387 | - |
| Liabilities | | | | |
| Financial liabilities at fair value through income statement | ( 296,517 ) | - | ( 296,517 ) | - |
| Total | $ 42,315,708 | $ 41,856,838 | $ 458,870 | $ - |

| Financial instruments at fair value through income statement | December 31, 2014 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Non-derivative financial instruments | | | | |
| Assets | | | | |
| Financial assets at fair value through income statement | | | | |
| Stock investment | $ 863,301 | $ 863,301 | $ - | $ - |
| Others | 11,572,028 | 11,572,028 | - | - |
| Available-for-Sale Financial Assets | | | | |
| Stock investment | 207,164 | 207,164 | - | - |
| Bond investment | 20,504,833 | 20,504,833 | - | - |
| Derivatives | | | | |
| Assets | | | | |
| Financial assets at fair value through income statement | 576,277 | - | 576,277 | - |
| Liabilities | | | | |
| Financial liabilities at fair value through income statement | ( 133,360 ) | - | ( 133,360 ) | - |
| Total | $ 33,590,243 | $ 33,147,326 | $ 442,917 | $ - |

| Financial instruments at fair value through income statement | June 30, 2014 | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Non-derivative financial instruments | | | | |
| Assets | | | | |
| Financial assets at fair value through income statement | | | | |
| Stock investment | $ 760,692 | $ 760,692 | $ - | $ - |
| Others | 11,754,355 | 11,754,355 | - | - |
| Available-for-Sale Financial Assets | | | | |
| Stock investment | 181,571 | 181,571 | - | - |
| Bond investment | 20,111,418 | 20,111,418 | - | - |
| Derivatives | | | | |
| Assets | | | | |
| Financial assets at fair value through income statement | 85,035 | - | 85,035 | - |
| Liabilities | | | | |
| Financial liabilities at fair value through income statement | ( 41,620 ) | - | ( 41,620 ) | - |
| Total | $ 32,851,451 | $ 32,808,036 | $ 43,415 | $ - |

2. Evaluated technologies at fair value

The fair value of the financial assets and financial liabilities associated with the standard terms and conditions and traded in an active market is determined by referring to market prices, including domestic and foreign corporate bonds, government bonds, stocks, commercial papers, beneficiary certificates, financial bond payables, convertible financial bonds ... etc. When market prices are not available, it is assessed using the valuation method. The estimates and assumptions used in the evaluation methods by the consolidated company are consistent with the estimates and assumptions that are used by market participants to price financial instruments.

When derivative instruments, such as, forward exchange contracts, currency swap contracts and foreign exchange options transactions are with a quote in an active market, the market price is the fair value. If the market price is not available for reference, the fair value of a non-option derivative is calculated using the applicable yield curve in the derivatives duration with cash flow discount analysis; also, the fair value of the option derivative is calculated using an option pricing model. The estimates and assumptions used in the evaluation methods by the consolidated company are consistent with the estimates and assumptions that are used by market participants to price financial instruments.

38. Financial risk management objectives and strategy

Overview

The consolidated company's financial risk management objective is to achieve business objectives, the overall risk tolerance and legal restrictions in order to reach the balance of risks and returns. The main operating risks faced by the consolidated company include the credit risk on and off the financial statements, market risks (including interest rates, foreign exchange rates, equity securities and instrument price risks) and liquidity risks.

The consolidated company have the related risk management policies defined and approved by the Board in order to effectively identify, measure, monitor, and control credit risk, market risk and liquidity risk.

Risk management organizational structure

The Board of Directors is the highest decision-making unit of the Consolidated Company and assumes the ultimate responsibility for risk management. The Bank has established a Risk Management Commission and Risk Management Dept. responsible for granting risk authority and the relevant authorities to the relevant departments to ensure the successful operation of risk management. The Committee's functions are specified as follows:

(1) Review of risk management projects.

(2) Measure various risk management scopes.

(3) Review of motions for institutionalization of risk management.

(4) Periodical report to the Board.

The commissioners of the Risk Management Committee shall set the various risk management indicators by nature of business and functions of departments and report them to the Risk Management Committee for high-ranking supervisors' reference in decision making.

1. Market Risk

(1) Source and definition of market risk

Market risk refers to the unfavorable changes in market price causing possible losses on and off the Bank's balance sheet. The so-called market price refers to interest rates, exchange rates, equity security prices and instrument prices.

(2) Market risk management policy

The Consolidated Company's market risk management objective is to develop a sound and effective market risk management mechanism that is compatible with the Company's business scale, nature and complexity in order to ensure that the Company's risks can be properly managed and effectively identify, measure, monitor, control market risks; also, establish a balance between the tolerable risk level and the expected rate of return.

(3) Market risk management process

A. Identification and Measurement

Before the promotion and operation of new products, business activities, processes and systems, the relevant market risk should be assessed through appropriate procedures and determine whether the risk exposure is within the range of risk tolerance included for consideration. The Consolidated Company's responsible business units shall use business analysis or product analysis to verify the source of market risk

and define market risk factors for each financial instrument as appropriate specifications.

Market risk measurement can be processed with a variety of effective measurement methods in order to properly measure risk, including but not limited to the following methods: statistical basis measurement method, sensitivity analysis, and scenario analysis. The Risk Management Department should measure the risk position daily and regularly; also, conduct stress tests regularly to measure the possible extraordinary loss amount of current positions under the simulated extreme situations or historically extreme situations.

B. Monitoring and reporting

The Risk Management Department should regularly report and make suggestions to the Risk Management Committee and the Board of Directors on the Bank's overall market risk management, including the Bank's market risk positions, risk level, profit and loss, using excess of limit and market risk management related compliance. The Business Department has defined the relevant rules governing excess of limit, stop-loss mechanism and operating procedure for excess of limit in order to effectively control the market risk. The excess of limit or exception occurring shall be reported immediately in order to exercise responsive measures.

(4) Interest rate risk

A. Definition of interest rate risk

Interest rate risk refers to the changes in interest rates that cause changes in the fair value of the consolidated company's interest rate or losses. The main sources of risk include deposit and loan and interest-rate related marketable securities.

B. Measurement methods and management procedures

The Consolidated Company adopts a gap management mechanism for interest rate risk with the target range set for monitoring and with the monitoring results periodically presented to the Asset and Liability Management Committee and the Board of Directors; also, makes timely adjustments in accordance with the Consolidated Company's overall operating conditions. In addition, the Consolidated Company assumes the degree of impact when applying DV01 to measure interest rate risk and the interest rate curve shifted 100BP in parallel on earnings and equity in order to control interest rate risks.

(5) Exchange rate risk

A. Definition of exchange rate risk

Exchange rate risk refers to the gains and losses resulting from the conversion of two different currencies at different times. The consolidated company's exchange rate risk mainly arises from the spot and forward foreign exchange business. Since the Consolidated Company's engages in foreign exchange trading mostly to meet the need for customer's position daily; therefore, the exchange rate risk is relatively low.

B. Measurement methods and management procedures

The Consolidated Company manages its exchange risk by limit control whereby the limits of respective currencies during daytime trade and nighttime trade were set with the upper limit of the maximum exposure in foreign exchange authorized to personnel of different ranks for control. The upper limit for particular counterparty has also been set. The result of the monitoring and control was reported to the Risk Management Committee and the Board for discussion.

In addition, the Company assumes the degree of impact when the USD/NTD, CNY/NTD, and AUD/NTD exchange rates are relatively valued/devalued by 3% on earnings and equity in order to control the exchange rate risks.

(6) Equity securities price risk

A. Definition of equity securities price risk

The market risk of the consolidated company's equity securities includes individual risks arising from changes in equity securities market prices and general market risks arising from changes in the overall market prices. The main sources of risk includes listed/OTC stocks and beneficiary certificates.

B. Measurement methods and management procedures

The consolidated company have the equity security price risk controlled with the specific limitation mechanism to ensure that the transactions are carried out at all levels within the authorized limits, set the stop-loss control mechanisms and report the monitoring results regularly to the Risk Management Committee and the Board of Directors for discussion.

In addition, the consolidated company assumes the degree of impact when equity securities prices go up/down by 15% on earnings and equity in order to control the equity securities price risks.

(7) Market risk sensitivity analysis

<u>Interest rate risk</u>

Assuming that the other variables remain constant, if the yield curve was up/down by 100 points, the consolidated company's net income before tax as of June 30, 2015 and December 31, June 30, 2014 were increased/decreased by NTD 666,138 thousand, NTD 639,617 thousand, and NTD 590,216 thousand; the equity was decreased/increased by NTD 561,097 thousand, NTD 676,356 thousand, and NTD 859,221 thousand, respectively.

<u>Exchange rate risk</u>

Assuming that the other variables remain constant, if the USD/NTD, CNY/NTD, and AUD/NTD exchange rate was relatively valued/devalued by 3%, the consolidated company's net income before taxes as of June 30, 2015 and December 31, June 30, 2014 were decreased/increased by NTD 67,719 thousand, NTD 40,840 thousand, and NTD 49,035 thousand; the equity was increased/decreased by NTD 40,705 thousand, NTD 56,161 thousand, and NTD 27,734 thousand, respectively.

<u>Equity securities price risk</u>

Assuming that the other variables remain constant, if the equity securities prices rose/fell by 15%, the consolidated company's net income before taxes as of June 30, 2015 and December 31, June 30, 2014 were increased/decreased by NTD 259,697 thousand, NTD 217,754 thousand, and NTD 156,558 thousand; the equity was increased/decreased by NTD 31,719 thousand, NTD 30,441 thousand, and NTD 27,236 thousand, respectively.

Sensitivity analysis is compiled as follows:

| June 30, 2015 | | | |
|---|---|---|---|
| The main risk | Magnitude changes | Affected amount | |
| | | Equity | Profit and loss |
| Interest rate risk | Interest rate curve rises 100BPS | ( $ 561,097 ) | $ 666,138 |
| | Interest rate curve drops 100BPS | 561,097 | ( 666,138 ) |
| Foreign Exchange risk | USD/NTD, CNY/NTD, and AUD/NTD valued by 3%, respectively. | 40,705 | 67,719 |
| | USD/NTD, CNY/NTD, and AUD/NTD devalued by 3%, respectively. | ( 40,705 ) | ( 67,719) |
| Equity securities price risk | Equity securities price increased by 15 %. | 31,719 | 259,697 |
| | Equity securities price decreased by 15%. | ( 31,719 ) | ( 259,697 ) |

| December 31, 2014 | | | |
|---|---|---|---|
| The main risk | Magnitude changes | Affected amount | |
| | | Equity | Profit and loss |
| Interest rate risk | Interest rate curve rises 100BPS | ( $ 676,356 ) | $ 639,617 |
| | Interest rate curve drops 100BPS | 676,356 | ( 639,617 ) |
| Foreign Exchange risk | USD/NTD, CNY/NTD, and AUD/NTD valued by 3%, respectively. | 56,161 | 40,840 |
| | USD/NTD, CNY/NTD, and AUD/NTD devalued by 3%, respectively. | ( 56,161 ) | ( 40,840 ) |
| Equity securities price risk | Equity securities price increased by 15 %. | 30,441 | 217,754 |
| | Equity securities price decreased by 15%. | ( 30,441 ) | ( 217,754 ) |

| June 30, 2014 | | | |
|---|---|---|---|
| The main risk | Magnitude changes | Affected amount | |
| | | Equity | Profit and loss |
| Interest rate risk | Interest rate curve rises 100BPS | ( $ 859,221 ) | $ 590,216 |
| | Interest rate curve drops 100BPS | 859,221 | ( 590,216 ) |
| Foreign Exchange risk | USD/NTD, CNY/NTD, and AUD/NTD valued by 3%, respectively. | 27,734 | ( 49,035 ) |
| | USD/NTD, CNY/NTD, and AUD/NTD devalued by 3%, respectively. | ( 27,734 ) | 49,035 |
| Equity securities price risk | Equity securities price increased by 15 %. | 27,236 | 156,558 |
| | Equity securities price decreased by 15%. | ( 27,236 ) | ( 156,558 ) |

2. Credit Risk

(1) Source and definition of credit risk

Credit risk refers to the failure of the customers of the counterparties to perform their contractual obligations the extent to which the company in the financial statements suffered financial loss. The source of credit risk covers on and off the balance sheet. Credit risk exposure of the company in the consolidated financial statements derived mainly from discount, loans, and credit card operation, due from Central Bank and lend to banks, acceptance note, investment in debt instruments, and derivatives on the balance sheet. The off balance sheet items are financial guarantee, L/C and financing commitment, which exposed the company in the consolidated financial statements to credit risk.

(2) Credit risk management policies:

The consolidated company will evaluate credit carefully to grant loans and guarantees. The loans secured by collateral accounted for about 79% of the total loans on June 30, 2015. The proportion of financing guarantee and collateral held by commercial L/C was approximately 18%, because the collateral required by loans, loaning commitments or guarantees usually referred to cash, inventory, marketable securities or other property. In the event of the trading counterpart's or the other party's default, the consolidated company was entitled to perform compulsory execution against the collateral or other guarantees to effectively reduce the credit risk, provided that the fair value of collateral would not be taken into consideration when the maximum credit exposure was disclosed.

(3) Credit risk hedging or mitigation policies

A. Collateral

The company in the consolidated financial statements pursues series of policies and measures to reduce credit risk. The demand for the pledge of collaterals from the borrowers is one mean. The company in the consolidated financial statements has specified the scope of qualified collaterals and the procedure for the evaluation, management and disposition of the collaterals for protection of the rights to debts for the evaluation, management and approval of the collaterals. The lodgment and chattel clause has been stated in all contracts that explicitly specify the right of the company to cut down the credit limit, condense the loan period or make the loans immediately due for reducing credit risk in the event of credit risk events.

B. Credit risk limit and the control of credit risk concentration

For avoiding the excessive concentration of risk, the company in the consolidated financial statements has set the limit of credit balance for particular counterparty and particular group. The investment guideline and regulations for the control of risk deriving from equity investments specified the limit of investment in particular items of the same party (enterprise) or by the same affiliate (group enterprise). For the control of risk concentration of the assets, the company in the consolidated financial statements has set the credit limit by industry, group enterprise, country, and stock held under lien for financing, and monitored the concentration

of risk in relevant assets and controlled particular counterparty, group enterprise, affiliate, industry, country, and country of final risk through the integration of the system.

C. Other improvement of credit

The company in the consolidated financial statements has explicitly stated the set-off clause in all loan agreements that in the event of credit hazard, the company can use all the deposits of the borrowers at the company to offset its liabilities to reduce credit risk.

(4) The maximum credit risk exposure of the company in the consolidated financial statements

The maximum risk exposure of no consideration of collaterals or other reinforced credit instruments on the consolidated balance sheet of the company in the consolidated financial statements approximates the book value of the assets. The maximum exposure of credit risk off the consolidated balance sheet is (the maximum exposure of no consideration of collaterals or other reinforced credit instruments, and irrevocable of the exposure):

| | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Irrevocable credit commitment | $ 8,145,374 | $ 8,844,567 | $ 7,570,979 |
| Guarantee payments | 10,153,997 | 11,215,267 | 10,530,281 |
| Customer's outstanding letters of credit amount | 3,592,596 | 3,633,117 | 3,458,041 |

The management of the company in the consolidated financial statements evaluates the credit risk exposure off the balance sheet that could be controlled perpetually and minimized, as the company pursues strict measures and procedure in credit check and routine review after the drawdown.

(5) The concentration of risk of the company in the consolidated financial statements.

Where financial instrument transactions are apparently concentrated on one person, or most of the multiple trading counterparts of financial instruments are engaged in similar business activities and possess similar economic characteristics and thereby the effects of economic or other conditions to their ability to perform the contracts are similar, the concentration of credit risk arises accordingly. The characteristics of credit risk concentration include the nature of business activities conducted by debtors. The consolidated company did not concentrate any transactions on one single customer or trading counterpart, other than similar counterparts, industrial type, and regions. The amount of contract based on concentrated credit risk:

| Counterpart | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Private enterprise | $ 221,675,518 | $ 226,032,333 | $ 220,665,557 |
| Natural person | 180,073,787 | 180,026,714 | 173,588,198 |
| Others | 1,209,346 | 1,313,056 | 842,889 |
| | $ 402,958,651 | $ 407,372,103 | $ 395,096,644 |

| Industrial type | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Private party | $ 180,073,787 | $ 180,026,714 | $ 173,588,198 |
| Manufacturer | 74,814,683 | 79,372,798 | 78,373,189 |
| Commerce | 58,899,471 | 58,570,739 | 59,886,433 |
| Real estate | 48,336,274 | 47,367,466 | 42,620,680 |
| Construction industry | 12,359,654 | 13,580,254 | 13,110,560 |
| Commercial and industrial service business | 9,658,086 | 9,517,968 | 9,469,938 |
| Warehousing and information | 7,408,974 | 8,174,828 | 8,769,974 |
| Others | 11,407,722 | 10,761,336 | 9,277,672 |
| | $ 402,958,651 | $ 407,372,103 | $ 395,096,644 |

| Region | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Domestic | $ 381,189,784 | $ 387,136,056 | $ 374,967,477 |
| Territory of Asia | 12,069,045 | 13,720,976 | 13,834,202 |
| Territory of America | 6,113,255 | 5,321,307 | 4,850,339 |
| Others | 3,586,567 | 1,193,764 | 1,444,626 |
| | $ 402,958,651 | $ 407,372,103 | $ 395,096,644 |

| By collateral | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Non-secured | $ 73,233,011 | $ 76,835,568 | $ 77,405,777 |
| Secured | | | |
| Secured by property | 293,277,578 | 291,663,458 | 277,968,806 |
| Secured by Letter of Guarantee | 18,991,065 | 20,466,859 | 21,079,649 |
| Secured by Chattel | 3,776,420 | 4,523,290 | 5,168,507 |
| Secured by bonds | 5,073,291 | 5,884,021 | 5,105,310 |
| Secured by stocks | 2,407,053 | 2,587,322 | 2,310,078 |
| Notes receivable | 2,374,452 | 1,846,918 | 1,882,295 |
| Others | 3,825,781 | 3,564,667 | 4,176,222 |
| | $ 402,958,651 | $ 407,372,103 | $ 395,096,644 |

The consolidated company concludes that certain financial assets held by the consolidated company, such as cash and cash equivalents, due from the Central Bank and lend to Banks, financial assets measured at fair value through income statement, bonds and securities sold under repurchase agreements, refundable deposits, operating bond, and settlement and clearing funds, because the counterparties are with good credit rating, are with low credit risks. In addition to the above, the credit quality analysis of financial assets is as follows:

## A. Discounts and loans and receivables credit quality analysis

| June 30, 2015 | Not-overdue impaired-free position amount | | | | | Overdue unimpaired position amount (B) | Impaired position amount (C) | Total (A)+(B)+(C) | Appropriated loss amount (D) | | Net (A)+(B)+(C)-(D) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 4 | Subtotal (A) | | | | With individual objective evidence of impairment | Without individual objective evidence of impairment | |
| Items on the statement | | | | | | | | | | | |
| Receivable | | | | | | | | | | | |
| Credit card | $ 113,301 | $ 107,366 | $ 97,925 | $ 231,150 | $ 549,742 | $ 47,562 | $ 26,974 | $ 624,278 | $ 16,948 | $ 4,124 | $ 603,206 |
| Others | 91,873,797 | 458,963 | 84,511 | 4,714,911 | 97,132,182 | 318,635 | 500,110 | 97,950,927 | 231,592 | 65,700 | 97,653,635 |
| Discounts and loans | 179,636,054 | 121,740,653 | 47,493,292 | 20,850,987 | 369,720,986 | 7,297,156 | 9,917,053 | 386,935,195 | 1,821,276 | 1,648,467 | 383,465,452 |

| December 31, 2014 | Not-overdue impaired-free position amount | | | | | Overdue unimpaired position amount (B) | Impaired position amount (C) | Total (A)+(B)+(C) | Appropriated loss amount (D) | | Net (A)+(B)+(C)-(D) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 4 | Subtotal (A) | | | | With individual objective evidence of impairment | Without individual objective evidence of impairment | |
| Items on the statement | | | | | | | | | | | |
| Receivable | | | | | | | | | | | |
| Credit card | $ 106,282 | $ 103,569 | $ 99,858 | $ 213,054 | $ 522,763 | $ 34,617 | $ 23,582 | $ 580,962 | $ 14,116 | $ 3,206 | $ 563,640 |
| Others | 88,887,594 | 319,498 | 98,853 | 5,106,666 | 94,412,611 | 118,318 | 582,973 | 95,113,902 | 178,468 | 80,357 | 94,855,077 |
| Discounts and loans | 176,497,724 | 126,757,058 | 50,767,768 | 20,854,719 | 374,877,269 | 5,337,512 | 9,591,192 | 389,805,973 | 1,780,912 | 2,016,216 | 386,008,845 |

| June 30, 2014 | Not-overdue impaired-free position amount | | | | | Overdue unimpaired position amount (B) | Impaired position amount (C) | Total (A)+(B)+(C) | Appropriated loss amount (D) | | Net (A)+(B)+(C)-(D) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 4 | Subtotal (A) | | | | With individual objective evidence of impairment | Without individual objective evidence of impairment | |
| Items on the statement | | | | | | | | | | | |
| Receivable | | | | | | | | | | | |
| Credit card | $ 104,495 | $ 96,699 | $ 90,316 | $ 211,274 | $ 502,784 | $ 39,897 | $ 23,473 | $ 566,154 | $ 13,380 | $ 3,140 | $ 549,634 |
| Others | 83,209,938 | 290,059 | 84,389 | 5,140,964 | 88,725,350 | 130,351 | 357,515 | 89,213,216 | 140,885 | 66,735 | 89,005,596 |
| Discounts and loans | 171,459,553 | 119,678,804 | 48,862,712 | 20,743,375 | 360,744,444 | 8,038,043 | 9,839,253 | 378,621,740 | 2,104,477 | 1,998,124 | 374,519,139 |

B. The credit quality analysis on the consolidated company's not-overdue impairment-free discounts and loans depends on the credit quality of customers.

| June 30, 2015 | Not-overdue impaired-free position amount | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 4 | Total |
| Consumer banking | | | | | |
| Residential mortgage loans | $ 15,568,450 | $ 18,146,659 | $ 12,599,541 | $ 5,131,910 | $ 51,446,560 |
| Cash card | - | - | 27 | 411 | 438 |
| Small credit loans | 58,801 | 135,297 | 144,543 | 93,778 | 432,419 |
| Others (secured) | 64,894,038 | 33,531,931 | 12,108,088 | 3,931,028 | 114,465,085 |
| Others (non-secured) | 3,181,199 | 1,287,412 | 496,458 | 218,287 | 5,183,356 |
| | 83,702,488 | 53,101,299 | 25,348,657 | 9,375,414 | 171,527,858 |
| Corporate Finance | | | | | |
| Secured | 62,937,769 | 45,261,472 | 13,968,067 | 3,394,275 | 125,561,583 |
| Non-secured | 32,995,797 | 23,377,882 | 8,176,568 | 8,081,298 | 72,631,545 |
| | 95,933,566 | 68,639,354 | 22,144,635 | 11,475,573 | 198,193,128 |
| Total | $ 179,636,054 | $ 121,740,653 | $ 47,493,292 | $ 20,850,987 | $ 369,720,986 |

| December 31, 2014 | Not-overdue impaired-free position amount | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 4 | Total |
| Consumer banking | | | | | |
| Residential mortgage loans | $ 15,624,283 | $ 19,004,267 | $ 13,298,465 | $ 5,611,740 | $ 53,538,755 |
| Cash card | - | - | 30 | 529 | 559 |
| Small credit loans | 52,878 | 136,540 | 149,208 | 115,090 | 453,716 |
| Others (secured) | 64,326,003 | 33,886,480 | 12,464,402 | 4,196,170 | 114,873,055 |
| Others (non-secured) | 2,821,579 | 1,286,652 | 584,015 | 232,663 | 4,924,909 |
| | 82,824,743 | 54,313,939 | 26,496,120 | 10,156,192 | 173,790,994 |
| Corporate Finance | | | | | |
| Secured | 58,910,332 | 48,765,814 | 16,215,035 | 3,361,256 | 127,252,437 |
| Non-secured | 34,762,649 | 23,677,305 | 8,056,613 | 7,337,271 | 73,833,838 |
| | 93,672,981 | 72,443,119 | 24,271,648 | 10,698,527 | 201,086,275 |
| Total | $ 176,497,724 | $ 126,757,058 | $ 50,767,768 | $ 20,854,719 | $ 374,877,269 |

| June 30, 2014 | Not-overdue impaired-free position amount | | | | |
|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 4 | Total |
| Consumer banking | | | | | |
| Residential mortgage loans | $ 15,118,640 | $ 19,265,494 | $ 13,234,238 | $ 5,793,352 | $ 53,411,724 |
| Cash card | - | - | 35 | 605 | 640 |
| Small credit loans | 54,072 | 127,605 | 146,580 | 134,632 | 462,889 |
| Others (secured) | 59,959,762 | 31,498,306 | 12,467,103 | 3,657,791 | 107,582,962 |
| Others (non-secured) | 2,952,574 | 1,133,398 | 512,606 | 247,639 | 4,846,217 |
| | 78,085,048 | 52,024,803 | 26,360,562 | 9,834,019 | 166,304,432 |
| Corporate Finance | | | | | |
| Secured | 55,910,975 | 45,992,222 | 15,535,976 | 3,305,713 | 120,744,886 |
| Non-secured | 37,463,530 | 21,661,779 | 6,966,174 | 7,603,643 | 73,695,126 |
| | 93,374,505 | 67,654,001 | 22,502,150 | 10,909,356 | 194,440,012 |
| Total | $ 171,459,553 | $ 119,678,804 | $ 48,862,712 | $ 20,743,375 | $ 360,744,444 |

C. Marketable securities investment credit quality analysis

| June 30, 2015 | Not-overdue impaired-free position amount | | | | Overdue unimpaired position amount (B) | Impaired position amount (C) | Total (A)+(B)+(C) | Appropriated loss amount (D) | Net (A)+(B)+(C)-(D) |
|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Subtotal (A) | | | | | |
| Available-for-Sale Financial Assets | | | | | | | | | |
| Bond investment | $19,208,216 | $ 345,912 | $ - | $19,554,128 | $ - | $ 65,250 | $19,619,378 | $ 65,250 | $19,554,128 |
| Equity investment | 211,459 | - | - | 211,459 | - | - | 211,459 | - | 211,459 |
| Others | - | - | - | - | - | 14,944 | 14,944 | 14,944 | - |
| Held-to-maturity financial assets | | | | | | | | | |
| Bond investment | 3,943,896 | - | - | 3,943,896 | - | - | 3,943,896 | - | 3,943,896 |
| Other financial assets | | | | | | | | | |
| Equity investment | - | - | 145,684 | 145,684 | - | - | 145,684 | - | 145,684 |
| Others | - | - | - | - | - | 2,055,862 | 2,055,862 | 1,193,728 | 862,134 |

| December 31, 2014 | Not-overdue impaired-free position amount | | | | Overdue unimpaired position amount (B) | Impaired position amount (C) | Total (A)+(B)+(C) | Appropriated loss amount (D) | Net (A)+(B)+(C)-(D) |
|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Subtotal (A) | | | | | |
| Available-for-Sale Financial Assets | | | | | | | | | |
| Bond investment | $20,143,511 | $ 361,322 | $ - | $20,504,833 | $ - | $ 66,884 | $20,571,717 | $ 66,884 | $20,504,833 |
| Equity investment | 207,164 | - | - | 207,164 | - | - | 207,164 | - | 207,164 |
| Others | - | - | - | - | - | 15,318 | 15,318 | 15,318 | - |
| Held-to-maturity financial assets | | | | | | | | | |
| Bond investment | 1,418,003 | - | - | 1,418,003 | - | - | 1,418,003 | - | 1,418,003 |
| Other financial assets | | | | | | | | | |
| Equity investment | - | - | 145,684 | 145,684 | - | - | 145,684 | - | 145,684 |
| Others | - | - | - | - | - | 2,107,358 | 2,107,358 | 1,245,459 | 861,899 |

| June 30, 2014 | Not-overdue impaired-free position amount | | | | Overdue unimpaired position amount (B) | Impaired position amount (C) | Total (A)+(B)+(C) | Appropriated loss amount (D) | Net (A)+(B)+(C)-(D) |
|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Subtotal (A) | | | | | |
| Available-for-Sale Financial Assets | | | | | | | | | |
| Bond investment | $19,763,147 | $ 348,271 | $ - | $20,111,418 | $ - | $ 63,150 | $20,174,568 | $ 63,150 | $20,111,418 |
| Equity investment | 181,571 | - | - | 181,571 | - | - | 181,571 | - | 181,571 |
| Others | - | - | - | - | - | 14,463 | 14,463 | 14,463 | - |
| Held-to-maturity financial assets | | | | | | | | | |
| Bond investment | 900,916 | 4,779 | - | 905,695 | - | 473,093 | 1,378,788 | 473,093 | 905,695 |
| Other financial assets | | | | | | | | | |
| Equity investment | - | - | 142,684 | 142,684 | - | - | 142,684 | - | 142,684 |
| Others | - | - | - | - | - | 1,989,709 | 1,989,709 | 1,203,240 | 786,469 |

D. Overdue impairment-free financial assets but aging analysis

Borrower's processing delays and other administrative reasons may cause financial assets to become overdue but not impaired. According to the consolidated company's internal risk management rules, financial assets that are overdue for less than 90 days are usually not considered impaired, unless it is evidenced.

The aging analysis on the consolidated company's overdue impairment-free financial assets:

| | June 30, 2015 | | |
|---|---|---|---|
| Item | Less than one month overdue | 1~3 months overdue | Total |
| Receivable | | | |
| Credit card | $ 35,893 | $ 11,669 | $ 47,562 |
| Others | 116,356 | 202,279 | 318,635 |
| | $ 152,249 | $ 213,948 | $ 366,197 |
| Discounts and loans | | | |
| Consumer banking | | | |
| Residential mortgage loans | $ 1,153,659 | $ 11,523 | $ 1,165,182 |
| Cash card | 17 | 2 | 19 |
| Small credit loans | 11,535 | 357 | 11,892 |
| Others (secured) | 2,916,296 | 63,770 | 2,980,066 |
| Others (non-secured) | 84,025 | 1,740 | 85,765 |
| | 4,165,532 | 77,392 | 4,242,924 |
| Corporate Finance | | | |
| Secured | 2,456,364 | 4,422 | 2,460,786 |
| Non-secured | 593,446 | - | 593,446 |
| | 3,049,810 | 4,422 | 3,054,232 |
| | $ 7,215,342 | $ 81,814 | $ 7,297,156 |

| | December 31, 2014 | | |
|---|---|---|---|
| Item | Less than one month overdue | 1~3 months overdue | Total |
| Receivable | | | |
| Credit card | $ 25,315 | $ 9,302 | $ 34,617 |
| Others | 17,602 | 100,716 | 118,318 |
| | $ 42,917 | $ 110,018 | $ 152,935 |
| Discounts and loans | | | |
| Consumer banking | | | |
| Residential mortgage loans | $ 801,647 | $ 17,808 | $ 819,455 |
| Cash card | 9 | 2 | 11 |
| Small credit loans | 8,432 | 111 | 8,543 |
| Others (secured) | 1,643,236 | 5,144 | 1,648,380 |
| Others (non-secured) | 93,505 | 742 | 94,247 |
| | 2,546,829 | 23,807 | 2,570,636 |
| Corporate Finance | | | |
| Secured | 2,187,349 | 3,737 | 2,191,086 |
| Non-secured | 574,368 | 1,422 | 575,790 |
| | 2,761,717 | 5,159 | 2,766,876 |
| | $ 5,308,546 | $ 28,966 | $ 5,337,512 |

| Item | June 30, 2014 | | |
|---|---|---|---|
| | Less than one month overdue | 1~3 months overdue | Total |
| Receivable | | | |
| Credit card | $ 30,965 | $ 8,932 | $ 39,897 |
| Others | 28,078 | 102,273 | 130,351 |
| | $ 59,043 | $ 111,205 | $ 170,248 |
| Discounts and loans | | | |
| Consumer banking | | | |
| Residential mortgage loans | $ 1,287,088 | $ 25,692 | $ 1,312,780 |
| Cash card | 73 | - | 73 |
| Small credit loans | 12,929 | 28 | 12,957 |
| Others (secured) | 2,050,520 | 177,677 | 2,228,197 |
| Others (non-secured) | 131,347 | 1,445 | 132,792 |
| | 3,481,957 | 204,842 | 3,686,799 |
| Corporate Finance | | | |
| Secured | 3,197,960 | 103,204 | 3,301,164 |
| Non-secured | 1,043,000 | 7,080 | 1,050,080 |
| | 4,240,960 | 110,284 | 4,351,244 |
| | $ 7,722,917 | $ 315,126 | $ 8,038,043 |

3. Liquidity Risk

The Taichung Bank's Liquidity Ratios on June 30, 2015 and December 31, June 30, 2014 were both 22%, 20% and 21%. The Taichung Bank's capital and working funds are sufficient to perform all contractual obligations. Therefore, there is no liquidity risk arising from the failure to raise funds to perform contractual obligations. It is very unlikely that the financial derivatives held by the Bank could not be sold at a reasonable price on the market. Therefore, there is low liquidity risk for realization. The Taichung Bank's basic management policy is to coordinate the maturity date of assets and liabilities and interest rates and to control gaps.

The Taichung Commercial Bank's basic operating management policy is to match up assets and liabilities maturity and interest rate and control the unmatched gap. Due to the uncertainty and classification of trade conditions, the maturity date of assets and liabilities and interest rate are usually not fully matched up; this gap may cause a potential gain or loss.

Non-derivative financial liabilities maturity analysis

The analysis on the cash outflow of the consolidated company's non-derivative liabilities is based on the remaining period from the consolidated balance sheet date to the contract maturity date as follows: The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet.

| June 30, 2015 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Due to Central Bank and banks | $ 14,847,702 | $ 67,473 | $ 585,793 | $ 349,513 | $ 13,284 | $ 15,863,765 |
| Funds borrowed from CBC and other banks | 505,771 | 996,736 | 713,356 | 1,092,738 | 497,619 | 3,806,220 |
| Financial liabilities at fair value through income statement | 30,238 | 39,876 | 80,665 | 135,436 | 10,302 | 296,517 |
| Bills and bonds sold under repurchase agreements | 250,133 | 773,409 | - | - | - | 1,023,542 |
| Payables | 3,469,044 | 320,280 | 192,038 | 716,201 | 263,873 | 4,961,436 |
| Current Tax Liability | - | - | - | 263,115 | - | 263,115 |
| Customer deposits and remittances | 45,143,378 | 62,685,782 | 81,973,498 | 112,698,364 | 160,756,889 | 463,257,911 |
| Financial bonds payable | - | - | - | 3,100,000 | 11,300,000 | 14,400,000 |
| Other matured capital outflow items | 246,265 | 40,943 | 134,235 | 29,595 | 124,224 | 575,262 |

| December 31, 2014 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Due to Central Bank and banks | $ 7,411,457 | $ 2,144,675 | $ 317,060 | $ 824,195 | $ - | $ 10,697,387 |
| Funds borrowed from CBC and other banks | 480,977 | 1,116,871 | 709,962 | 747,680 | 444,470 | 3,499,960 |
| Financial liabilities at fair value through income statement | 44,025 | 30,768 | 27,135 | 24,500 | 6,932 | 133,360 |
| Bills and bonds sold under repurchase agreements | 273,898 | - | - | - | - | 273,898 |
| Payables | 5,577,025 | 967,920 | 412,111 | 197,859 | 208,744 | 7,363,659 |
| Current Tax Liability | - | - | 218,945 | - | - | 218,945 |
| Customer deposits and remittances | 44,059,866 | 68,122,909 | 64,678,822 | 120,485,483 | 158,619,044 | 455,966,124 |
| Financial bonds payable | - | - | - | - | 14,400,000 | 14,400,000 |
| Other matured capital outflow items | 123,784 | 172,641 | 132,342 | 86,448 | 147,484 | 662,699 |

| June 30, 2014 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Due to Central Bank and banks | $ 7,692,765 | $ 2,421,468 | $ 1,127,425 | $ 366,251 | $ - | $ 11,607,909 |
| Funds borrowed from CBC and other banks | 829,600 | 1,069,962 | 779,962 | 430,155 | 616,894 | 3,726,573 |
| Financial liabilities at fair value through income statement | 8,109 | 5,258 | 9,910 | 14,920 | 3,423 | 41,620 |
| Bills and bonds sold under repurchase agreements | 257,723 | - | - | - | - | 257,723 |
| Payables | 3,208,089 | 340,909 | 437,645 | 605,816 | 180,928 | 4,773,387 |
| Current Tax Liability | - | - | - | 251,127 | - | 251,127 |
| Customer deposits and remittances | 41,362,996 | 62,346,629 | 74,717,115 | 106,171,174 | 152,223,566 | 436,821,480 |
| Financial bonds payable | - | - | - | - | 14,400,000 | 14,400,000 |
| Other matured capital outflow items | 54,211 | 88,652 | 100,577 | 209 | 278,856 | 522,505 |

Derivative financial liabilities maturity analysis

(1) Derivative instruments cleared and settled at net value

The consolidated company's derivatives that are settled and cleared at net value include:

Foreign exchange derivatives: Exchange rate options

It is concluded that the contractual maturity is the essential element to understand all derivative financial instruments listed on the consolidated balance sheet. The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet. Financial liabilities cleared and settled at net amount maturity analysis:

| June 30, 2015 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financial liabilities measured at fair value through income statement case | | | | | | |
| Foreign exchange derivatives | $ 10,310 | $ 18,105 | $ 38,993 | $ 68,458 | $ 4,304 | $ 140,170 |
| Total | $ 10,310 | $ 18,105 | $ 38,993 | $ 68,458 | $ 4,304 | $ 140,170 |

| December 31, 2014 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financial liabilities measured at fair value through income statement case | | | | | | |
| Foreign exchange derivatives | $ 5,952 | $ 8,283 | $ 16,966 | $ 27,796 | $ 7,312 | $ 66,309 |
| Total | $ 5,952 | $ 8,283 | $ 16,966 | $ 27,796 | $ 7,312 | $ 66,309 |

| June 30, 2014 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financial liabilities measured at fair value through income statement case | | | | | | |
| Foreign exchange derivatives | $ 4,546 | $ 13,715 | $ 18,514 | $ 16,193 | $ 2,953 | $ 55,921 |
| Total | $ 4,546 | $ 13,715 | $ 18,514 | $ 16,193 | $ 2,953 | $ 55,921 |

(2) Derivatives cleared and settled at total value

The consolidated company's derivatives that are settled at total value include:

Foreign exchange derivatives: Forward foreign exchange and foreign exchange swaps

Illustrate the consolidated company's derivatives that are settled at total value in accordance with the remaining period from the consolidated balance sheet date to the contract maturity date. It is concluded that the contractual maturity is the essential element to understand all derivative financial instruments listed on the consolidated balance sheet. The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet. Financial liabilities cleared and settled at total value maturity analysis:

| June 30, 2015 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financial liabilities measured at fair value through income statement case | | | | | | |
| Foreign exchange derivatives | | | | | | |
| - Cash outflow | $ 6,434,907 | $ 1,707,993 | $ 702,127 | $ 992,561 | $ - | $ 9,837,588 |
| - Cash inflow | 6,410,061 | 1,691,021 | 691,118 | 964,781 | - | 9,756,981 |
| Subtotal of cash outflow | 6,434,907 | 1,707,993 | 702,127 | 992,561 | - | 9,837,588 |
| Subtotal of cash inflow | 6,410,061 | 1,691,021 | 691,118 | 964,781 | - | 9,756,981 |
| Net cash flow | ( $ 24,846 ) | ( $ 16,972 ) | ( $ 11,009 ) | ( $ 27,780 ) | $ - | ( $ 80,607 ) |

| December 31, 2014 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financial liabilities measured at fair value through income statement case | | | | | | |
| Foreign exchange derivatives | | | | | | |
| - Cash outflow | $ 3,743,201 | $ 2,572,780 | $ 822,806 | $ 21,824 | $ - | $ 7,160,611 |
| - Cash inflow | 3,688,145 | 2,539,481 | 797,193 | 21,576 | - | 7,046,395 |
| Subtotal of cash outflow | 3,743,201 | 2,572,780 | 822,806 | 21,824 | - | 7,160,611 |
| Subtotal of cash inflow | 3,688,145 | 2,539,481 | 797,193 | 21,576 | - | 7,046,395 |
| Net cash flow | ( $ 55,056 ) | ( $ 33,299 ) | ( $ 25,613 ) | ( $ 248 ) | $ - | ( $ 114,216 ) |

| June 30, 2014 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financial liabilities measured at fair value through income statement case | | | | | | |
| Foreign exchange derivatives | | | | | | |
| - Cash outflow | $ 1,524,243 | $ 202,393 | $ 338,276 | $ 11,947 | $ - | $ 2,076,859 |
| - Cash inflow | 1,519,588 | 200,834 | 336,538 | 11,921 | - | 2,068,881 |
| Subtotal of cash outflow | 1,524,243 | 202,393 | 338,276 | 11,947 | - | 2,076,859 |
| Subtotal of cash inflow | 1,519,588 | 200,834 | 336,538 | 11,921 | - | 2,068,881 |
| Net cash flow | ( $ 4,655 ) | ( $ 1,559 ) | ( $ 1,738 ) | ( $ 26 ) | $ - | ( $ 7,978 ) |

4. The maturity analysis of items not on the statement:

The analysis on the maturity date of the items not on the consolidated company's balance sheet in accordance with the remaining period from the

consolidated balance sheet date to the contract maturity date. For financial guarantee contracts issued, the earliest time period that maximum amounts of the guarantee may be requested for guarantee performance. The amount in the statements is based on the contractual cash flows; therefore, the amount of some items disclosed is not consistent with the respective items on the consolidated balance sheet.

| June 30, 2015 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financing commitment not utilized by the customers | $ 9,658,486 | $ 17,987,808 | $ 25,709,518 | $ 61,939,198 | $ 24,291,701 | $ 139,586,711 |
| Customer's outstanding letters of credit amount | 850,550 | 2,381,075 | 313,046 | 47,925 | - | 3,592,596 |
| Guarantee payments | 2,656,946 | 2,328,174 | 1,167,106 | 2,418,243 | 1,583,528 | 10,153,997 |
| Lease contract commitments | 909,886 | - | - | - | - | 909,886 |
| Total | $ 14,075,868 | $ 22,697,057 | $ 27,189,670 | $ 64,405,366 | $ 25,875,229 | $ 154,243,190 |

| December 31, 2014 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financing commitment not utilized by the customers | $ 7,742,113 | $ 12,026,802 | $ 27,783,008 | $ 56,516,334 | $ 21,557,147 | $ 125,625,404 |
| Customer's outstanding letters of credit amount | 849,187 | 2,626,617 | 98,900 | 58,413 | - | 3,633,117 |
| Guarantee payments | 3,143,990 | 1,872,985 | 890,493 | 3,141,334 | 2,166,465 | 11,215,267 |
| Lease contract commitments | 1,248,697 | - | - | - | - | 1,248,697 |
| Total | $ 12,983,987 | $ 16,526,404 | $ 28,772,401 | $ 59,716,081 | $ 23,723,612 | $ 141,722,485 |

| June 30, 2014 | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year | Total |
|---|---|---|---|---|---|---|
| Financing commitment not utilized by the customers | $ 8,032,678 | $ 15,109,351 | $ 24,497,997 | $ 51,150,864 | $ 20,392,670 | $ 119,183,560 |
| Customer's outstanding letters of credit amount | 1,006,951 | 2,176,415 | 217,176 | 57,499 | - | 3,458,041 |
| Guarantee payments | 2,264,735 | 2,626,131 | 444,415 | 1,787,552 | 3,407,448 | 10,530,281 |
| Lease contract commitments | 970,734 | - | - | - | - | 970,734 |
| Total | $ 12,275,098 | $ 19,911,897 | $ 25,159,588 | $ 52,995,915 | $ 23,800,118 | $ 134,142,616 |

5. Cash flow risk estimated under interest rate changes

The future cash flow of assets or liabilities estimated based on floating interest rates held or borne by the Taichung Bank might fluctuate and even generate risk due to market interest rate changes. However, upon evaluation, the Taichung Bank, in practice, tends to control the net liquidity gap to reduce cash flow risk resulting from interest rate changes.

39. Information on the transfer of financial assets

Transferred financial assets not fully removed from book

The financial assets already transferred in the routine business transactions of the company but not qualified for removal from the book are debt securities with R/P features or the lent equity securities under the securities lending agreements. The transactions resulted in the cash flow from the contracts already transferred to a third party, and reflected related liabilities of the company for the responsibility of the repurchase of the financial assets already transferred at fixed price in the future. For this category of transactions, the company shall not use, sell, or pledge under lien the transferred assets within the valid period of the transactions. However, the company shall still assume interest risk and credit risk, and therefore cannot be removed from book. The following table shows the analysis of the financial assets not qualified for removal and related information on the financial assets:

| June 30, 2015 | | | | | |
|---|---|---|---|---|---|
| Types of financial assets | Book value of the transferred financial assets | Book value of related financial liabilities | Fair value of transferred assets | Fair value of related financial liabilities | Net fair value |
| Available-for-Sale Financial Assets Agreement on R/P | $ 251,445 | $ 250,021 | $ 251,445 | $ 250,021 | $ 1,424 |
| Held-to-maturity financial assets Agreement on R/P | 850,577 | 772,692 | 849,907 | 772,692 | 77,215 |

| December 31, 2014 | | | | | |
|---|---|---|---|---|---|
| Types of financial assets | Book value of the transferred financial assets | Book value of related financial liabilities | Fair value of transferred assets | Fair value of related financial liabilities | Net fair value |
| Available-for-Sale Financial Assets Agreement on R/P | $ 296,896 | $ 273,573 | $ 296,896 | $ 273,573 | $ 23,323 |
| Held-to-maturity financial assets Agreement on R/P | - | - | - | - | - |

| June 30, 2014 | | | | | |
|---|---|---|---|---|---|
| Types of financial assets | Book value of the transferred financial assets | Book value of related financial liabilities | Fair value of transferred assets | Fair value of related financial liabilities | Net fair value |
| Available-for-Sale Financial Assets Agreement on R/P | $ 286,522 | $ 257,493 | $ 286,522 | $ 257,493 | $ 29,029 |
| Held-to-maturity financial assets Agreement on R/P | - | - | - | - | - |

40. Information to be disclosed pursuant to Article 16 of the "Rules Governing the Preparation of Financial Statements of Public Issued Banks"

(1) Asset quality

| Type \ Item | | | June 30, 2015 | | | | | June 30, 2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | NPL amount (Note 1) | Total amount | NPL ratio (Note 2) | Allowance for bad debt | Allowance for bad debt coverage rate (Note 3) | NPL amount (Note 1) | Total amount | NPL ratio (Note 2) | Allowance for bad debt | Allowance for bad debt coverage rate (Note 3) |
| Corporate banking | Secured | | 497,021 | 132,888,047 | 0.37% | 1,321,575 | 265.90% | 836,273 | 129,185,759 | 0.65% | 1,212,866 | 145.03% |
| | Non-secured | | 259,072 | 74,596,638 | 0.35% | 2,113,487 | 815.79% | 418,475 | 76,412,764 | 0.55% | 2,787,119 | 666.02% |
| Personal banking | Residential mortgage loans (Note 4) | | 153,632 | 53,902,259 | 0.29% | 876,477 | 570.50% | 128,422 | 55,908,623 | 0.23% | 209,142 | 162.86% |
| | Cash card | | 45 | 8,511 | 0.53% | 5,523 | 12,273.33% | 67 | 12,373 | 0.54% | 8,043 | 12,004.48% |
| | Small credit loans (Note 5) | | 2,742 | 480,284 | 0.57% | 34,430 | 1,255.65% | 5,802 | 523,945 | 1.11% | 50,951 | 878.16% |
| | Others (Note 6) | Secured | 349,597 | 117,969,737 | 0.30% | 585,426 | 167.46% | 118,317 | 110,148,363 | 0.11% | 395,047 | 333.89% |
| | | Non-secured | 31,064 | 6,239,457 | 0.50% | 113,136 | 364.20% | 8,923 | 5,836,979 | 0.15% | 130,691 | 1,464.65% |
| Total amount | | | 1,293,173 | 386,084,933 | 0.33% | 5,050,054 | 390.52% | 1,516,279 | 378,028,806 | 0.40% | 4,793,859 | 316.16% |

| Type \ Item | June 30, 2015 | | | | | June 30, 2014 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | NPL amount | Balance of receivable accounts | NPL rate | Allowance for bad debt | Allowance for bad debt coverage rate | NPL amount | Balance of receivable accounts | NPL rate | Allowance for bad debt | Allowance for bad debt coverage rate |
| Credit card | 12,099 | 623,277 | 1.94 | 34,211 | 282.76 | 7,603 | 564,982 | 1.35 | 31,040 | 408.26 |
| Factoring without recourse (Note 7) | - | - | - | - | - | - | - | - | - | - |

NPL or non-performing receivable accounts exempted from report

| | June 30, 2015 | | June 30, 2014 | |
|---|---|---|---|---|
| | Total NPL exempted from report | Total non-performing receivable accounts exempted from report | Total NPL exempted from report | Total non-performing receivable accounts exempted from report |
| Amount exempted from report upon debt negotiation and performance (Note 8) | 21,513 | 3,564 | 33,808 | 4,558 |
| Performance of debt clearance program and rehabilitation program (Note 9) | 14,626 | 12,965 | 19,553 | 11,702 |
| Total | 36,139 | 16,529 | 53,361 | 16,260 |

Note 1: The NPL amount is recognized according to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Non-accrual Loans". The credit card NPL is recognized based on that provided under the Letter Chin-Kuan-Yin (4) Zi No. 0944000378 dated July 6, 2005.

Note 2: NPL rate=NPL/Total amount; Credit card NPL rate=NPL/balance of receivable accounts.

Note 3: Allowance for bad debt coverage rate=allowance for bad debt provided for loans/NPL amount; allowance for bad debt coverage rate for receivable accounts of credit cards=allowance for bad debt provided for receivable accounts of credit cards/NPL amount.

Note 4: Borrowers apply for residential mortgage loans for the purpose of purchasing or building residences or decorating houses. The loans shall be secured by the residence purchased (owned) by the borrower himself/herself, or his/her spouse or minor children in full, and the mortgage shall be pledged to the financial institution.

Note 5: Small credit loans mean those provided in the Letter under Chin-Kuan-Yin (4) Zi No. 09440010950 dated December 19, 2005 and those other than small loans by credit cards/cash cards.

Note 6: “Others” for Personal banking refer to the secured or non-secured consumer loans other than “residential mortgage loans”, “cash card loans” and “small credit loans”, exclusive of credit cards loans.

Note 7: According to the Letter under Chin-Kuan-Yin (5) Zi No. 094000494 dated July 19, 2005, factoring without recourse shall be recognized as NPL within three months after the factoring Consignee or insurance company confirms that no compensation should be granted.

Note 8: Total NPL exempted from report upon debt negotiation and performance and the balance of total non-performing receivable accounts exempted from report upon debt negotiation and performance were disclosed pursuant to the Letter under Chin-Kuan-Yin (1) Zi No. 09510001270 dated April 25, 2006.

Note 9: The balance of total NPL exempted from report upon performance of debt clearance program and rehabilitation program and balance of total non-performing receivable accounts exempted from report upon performance of debt clearance program and rehabilitation program were disclosed pursuant to the Letter under Chin-Kuan-Yin (1) Zi No. 09700318940 dated September 15, 2008.

(2) Status of credit risk concentration

June 30, 2015

Unit: NTD thousand

| Rank (Note 1) | Business type of company or group (Note 2) | Total balance of loan (Note 3) | Percentage of net value as of June 30, 2015 |
|---|---|---|---|
| 1 | Group A<br>016700 Real estate development industry | $ 3,960,084 | 10.68% |
| 2 | Group B<br>015510 Short-term accommodation service | 3,877,040 | 10.46% |
| 3 | Group C<br>012411 Iron and steel Manufacturing | 2,657,847 | 7.17% |
| 4 | Group D<br>015590 Other accommodation service | 2,229,916 | 6.02% |
| 5 | Group E<br>012630 Manufacturer of PCB | 1,911,929 | 5.16% |
| 6 | Group F<br>014100 Construction Engineering | 1,588,738 | 4.29% |
| 7 | Group G<br>010892 Noodle products manufacturing | 1,408,280 | 3.80% |
| 8 | Group H<br>015101 Civil air transportation | 1,384,110 | 3.73% |
| 9 | Group I<br>015101 Civil air transportation | 1,309,076 | 3.53% |
| 10 | Group J<br>016700 Real estate development industry | 1,211,490 | 3.27% |

June 30, 2014

Unit: NTD thousand

| Rank (Note 1) | Business type of company or group (Note 2) | Total balance of loan (Note 3) | Percentage of net value as of June 30, 2014 |
|---|---|---|---|
| 1 | Group A<br>016700 Real estate development industry | 3,323,495 | 9.75% |
| 2 | Group B<br>015510 Short-term accommodation service | 3,280,597 | 9.62% |
| 3 | Group C<br>012411 Iron and steel Manufacturing | 2,921,767 | 8.57% |
| 4 | Group K<br>011810 Manufacturer of Chemical materials | 2,754,120 | 8.08% |

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(Continued from previous page)

| Rank (Note 1) | Business type of company or group (Note 2) | Total balance of loan (Note 3) | Percentage of net value as of June 30, 2014 |
|---|---|---|---|
| 5 | Group D<br>015590 Other accommodation service | 2,541,575 | 7.45% |
| 6 | Group L<br>015101 Civil air transportation | 1,940,103 | 5.69% |
| 7 | Group G<br>010892 Noodle products manufacturing | 1,766,709 | 5.18% |
| 8 | Group M<br>016811 Real estate lease and sale | 1,680,027 | 4.93% |
| 9 | Group I<br>015101 Civil air transportation | 1,335,364 | 3.92% |
| 10 | Group N<br>016700 Real estate development industry | 1,324,373 | 3.88% |

Note 1: The top ten enterprises other than public or state enterprises were identified according to rank of the total balance of loans to these enterprises. If the account refers to a group, the loan to the group should be identified and summed up, and disclosed in the form of "code" and "business type". In the case of group, the business type of the group with the maximum exposure should be disclosed. The business type shall be specified in "detailed item" according to the business classification defined by Directorate General of Budget, Accounting and Statistics (e.g. Company (Group) A, real estate development).

Note 2: The enterprises mean those defined in Article 6 of "Supplementary Rules of TSEC's Criteria for Reviewing Listing of Marketable Securities".

Note 3: The balance of total credit extension means the total balance of the various loans (including import negotiation, export negotiation, discount, overdraft, short-term loans, short-term secured loans, receivable securities financing, mid-term loans, mid-term secured loans, long-term loans, long-term secured loans, Delinquent loans), inward remittances, factoring without recourse, Acceptances receivable and guarantee payments.

(3) Interest rate sensitivity information

Interest rate sensitivity assets and liabilities analysis data (NTD)
June 30, 2015

Unit: NTD thousand, %

| Item | 1 to 90 days (inclusive) | 91 to 180 days (inclusive) | 181 days to 1 year (inclusive) | Over 1 year | Total |
|---|---|---|---|---|---|
| Interest rate sensitivity assets | 386,797,297 | 10,068,275 | 16,966,168 | 57,324,943 | 471,156,683 |
| Interest rate sensitivity liabilities | 131,255,485 | 252,836,193 | 51,108,703 | 13,514,636 | 448,715,017 |
| Interest rate sensitivity gap | 255,541,812 | (242,767,918) | (34,142,535) | 43,810,307 | 22,441,666 |
| Equity | | | | | 37,062,408 |
| Interest rate sensitivity assets and liabilities rate | | | | | 105.00% |
| Interest rate sensitivity gap and net worth rate | | | | | 60.55% |

June 30, 2014

Unit: NTD thousand, %

| Item | 1 to 90 days (inclusive) | 91 to 180 days (inclusive) | 181 days to 1 year (inclusive) | Over 1 year | Total |
|---|---|---|---|---|---|
| Interest rate sensitivity assets | 357,866,334 | 12,316,902 | 16,513,042 | 61,410,147 | 448,106,425 |
| Interest rate sensitivity liabilities | 127,031,161 | 239,291,129 | 47,991,520 | 11,957,179 | 426,270,989 |
| Interest rate sensitivity gap | 230,835,173 | (226,974,227) | (31,478,478) | 49,452,968 | 21,835,436 |
| Equity | | | | | 34,102,028 |
| Interest rate sensitivity assets and liabilities rate | | | | | 105.12% |
| Interest rate sensitivity gap and net worth rate | | | | | 64.03% |

Note: 1. The table specifies the amount in NTD (exclusive of foreign currencies) of Taichung Bank Head Office and local branches.

2. Interest rate sensitivity assets and liabilities mean the assets and liabilities with interest of which the income or cost varies depending on the interest rate.

3. Interest rate sensitivity gap=Interest rate sensitivity assets - Interest rate sensitivity liabilities.

4. Interest rate sensitivity assets and liabilities rate=Interest rate sensitivity assets ÷ interest rate sensitivity liabilities (i.e. interest rate sensitivity assets and interest rate sensitivity liabilities in NTD)

Interest rate sensitivity assets and liabilities analysis data (USD)

June 30, 2015

Unit: USD thousand; %

| Item | 1 to 90 days (inclusive) | 91 to 180 days (inclusive) | 181 days to 1 year (inclusive) | Over 1 year | Total |
|---|---|---|---|---|---|
| Interest rate sensitivity assets | 733,803 | 249,646 | 9,087 | 40,086 | 1,032,622 |
| Interest rate sensitivity liabilities | 470,017 | 489,906 | 140,309 | - | 1,100,232 |
| Interest rate sensitivity gap | 263,786 | (240,260) | (131,222) | 40,086 | (67,610) |
| Equity | | | | | 1,200,985 |
| Interest rate sensitivity assets and liabilities rate | | | | | 93.85% |
| Interest rate sensitivity gap and net worth rate | | | | | (5.63%) |

June 30, 2014

Unit: USD thousand; %

| Item | 1 to 90 days (inclusive) | 91 to 180 days (inclusive) | 181 days to 1 year (inclusive) | Over 1 year | Total |
|---|---|---|---|---|---|
| Interest rate sensitivity assets | 693,048 | 243,729 | - | 32,268 | 969,045 |
| Interest rate sensitivity liabilities | 318,994 | 427,075 | 75,336 | - | 821,405 |
| Interest rate sensitivity gap | 374,054 | (183,346) | (75,336) | 32,268 | 147,640 |
| Equity | | | | | 1,141,796 |
| Interest rate sensitivity assets and liabilities rate | | | | | 117.97% |
| Interest rate sensitivity gap and net worth rate | | | | | 12.93% |

Note: 1. The table specifies the total amount in USD of Taichung Bank Head Office and local branches, International Banking Branch and offshore branches, exclusive of contingent assets or liabilities.

2. Interest rate sensitivity assets and liabilities mean the assets and liabilities with interest of which the income or cost varies depending on the interest rate.

3. Interest rate sensitivity gap=Interest rate sensitivity assets - Interest rate sensitivity liabilities.

4. Interest rate sensitivity assets and liabilities rate=Interest rate sensitivity assets ÷ interest rate sensitivity liabilities (i.e. interest rate sensitivity assets and interest rate sensitivity liabilities in USD)

(4) Profitability

Unit: %

| Item | | June 30, 2015 | June 30, 2014 |
|---|---|---|---|
| ROA | Before taxation | 0.44 | 0.46 |
| | After taxation | 0.38 | 0.41 |
| ROE | Before taxation | 6.51 | 7.12 |
| | After taxation | 5.57 | 6.33 |
| Net profit rate | | 44.54 | 42.89 |

Note: 1. ROA = Income before (after) taxation/Average total assets
2. ROE=Income before (after) taxation / Average net worth
3. Profit (loss) rate = Income after taxation/income-net
4. Income before (after) taxation means the income accumulated from January of the current year until the current quarter

(5) Analysis on maturity of assets and liabilities

Table of analysis of maturity structure of NTD
June 30, 2015

Unit: NTD thousand

| | Total | Remaining balance to maturity | | | | | |
|---|---|---|---|---|---|---|---|
| | | 0 to 10 days | 11 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year |
| Main capital inflow upon maturity | 502,292,542 | 44,072,460 | 63,712,667 | 31,716,290 | 37,202,522 | 70,036,403 | 255,552,200 |
| Main capital outflow upon maturity | 595,444,870 | 30,047,521 | 36,794,625 | 79,845,659 | 113,679,234 | 127,269,329 | 207,808,502 |
| Gap | ( 93,152,328) | 14,024,939 | 26,918,042 | ( 48,129,369) | ( 76,476,712) | ( 57,232,926) | 47,743,698 |

June 30, 2014

Unit: NTD thousand

| | Total | Remaining balance to maturity | | | | | |
|---|---|---|---|---|---|---|---|
| | | 0 to 10 days | 11 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year |
| Main capital inflow upon maturity | 472,754,057 | 41,385,076 | 51,239,400 | 27,865,897 | 38,165,499 | 67,419,593 | 246,678,592 |
| Main capital outflow upon maturity | 563,841,892 | 24,142,082 | 34,363,025 | 79,214,620 | 107,600,932 | 120,427,636 | 198,093,597 |
| Gap | ( 91,087,835) | 17,242,994 | 16,876,375 | ( 51,348,723) | ( 69,435,433) | ( 53,008,043) | 48,584,995 |

Note: The table only specifies the amount in NTD (exclusive of foreign currencies) of Taichung Bank Head Office and local branches.

Analysis of maturity structure of USD
June 30, 2015

Unit: USD thousand

| | Total | Remaining balance to maturity | | | | |
|---|---|---|---|---|---|---|
| | | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year |
| Main capital inflow upon maturity | 1,304,638 | 326,421 | 201,606 | 205,512 | 113,186 | 457,913 |
| Main capital outflow upon maturity | 1,766,117 | 349,711 | 490,248 | 311,071 | 527,646 | 87,441 |
| Gap | ( 461,479) | ( 23,290) | ( 288,642) | ( 105,559) | ( 414,460) | 370,472 |

June 30, 2014

Unit: USD thousand

| | Total | Remaining balance to maturity | | | | |
|---|---|---|---|---|---|---|
| | | 0 to 30 days | 31 to 90 days | 91 to 180 days | 181 days to 1 year | More than 1 year |
| Main capital inflow upon maturity | 1,097,391 | 165,804 | 201,666 | 224,377 | 50,579 | 454,965 |
| Main capital outflow upon maturity | 1,424,892 | 279,509 | 408,849 | 243,493 | 392,124 | 100,917 |
| Gap | ( 327,501 ) | ( 113,705 ) | ( 207,183 ) | ( 19,116 ) | ( 341,545 ) | 354,048 |

Note: 1. The table specifies the total amount in USD of Taichung Bank Head Office, local branches and International Banking Branch. Unless otherwise provided, it shall be stated at the Book Value, and it is not necessary to include any accounts that are not stated in the table (e.g. negotiable certificates of deposit, bonds or stocks scheduled to be issued).

2. Where offshore assets account for more than 10% of the Bank's total assets, it is necessary to provide supplementary disclosure.

41. Capital management

(1) The consolidated company's eligible preparatory capital should be sufficient to meet the legal capital requirements, and achieve the minimum statutory capital adequacy ratio that is the basic objective of the Company's capital management. The appropriation and calculation of the relevant eligible proprietary capital and statutory capital shall be handled in accordance with the requirements of the concerned authorities.

The consolidated company's capital management structure is properly planned depending on the capital market conditions, capital instrument features, capital implementation efficiency and operating performance in order to maintain a ratio of preparatory capital to risk assets above the target level.

(2) The consolidated company has the information of capital adequacy disclosed periodically in accordance with the relevant specifications of the competent authorities and the Company's internal operating procedures; also, has reported it to the competent authorities quarterly

Proprietary capital is classified as Category I capital and Category II capital in accordance with the "Regulations Governing Bank's Capital Adequacy and Capital Classification."

1. Tier I capital: It includes the other Tier I capital, including common stock equity and non-common stock equity.

(1) The scope of common stock equity includes common stock and stock premium, advanced capital, additional paid-in capital, legal reserves, special reserves, the cumulative gain or loss, non-controlling equity and other equity items.

(2) The other Tier I capital other than common stock equity includes perpetual non-cumulative preferred stock and its stock premium, non-cumulative subordinated bonds without maturity date, perpetual non-cumulative preferred stocks issued by the Bank's subsidiary that are not directly or indirectly held by the Bank and its stock premium, and non-cumulative subordinated bonds without maturity date.

2. Tier II Capital:

The scope covers perpetual cumulative preferred shares and premium, cumulative subordinated bonds with no maturity date, convertible subordinated bonds, long-term subordinated bonds, non-perpetual preferred shares and premium, the increase of retained earnings deriving from the fair value or reappraised value of real properties with the use of the IFRSs for the first time, appreciations of real properties for investment purpose recognized under the fair value model for subsequent measurement and 45% of the unrealized gain from the financial assets available for sale, preparation for business operation and provision for bad debts, cumulative subordinated bonds with no maturity date, convertible subordinated bonds, long-term subordinated bonds, non-perpetual preferred shares and premium.

(3) Capital Adequacy

Unit: NTD thousand; %

| Analytical items \ Year | | | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|---|---|
| Total Self-owned Capital | Common stock equity | | 36,384,678 | 35,259,138 | 33,637,956 |
| | Other Tier I Capital | | - | - | - |
| | Tier II Capital | | 9,112,294 | 9,847,617 | 10,531,108 |
| | Total Self-owned Capital | | 45,496,972 | 45,106,755 | 44,169,064 |
| Total risk-weighted assets | Credit Risk | Standardized Approach | 375,491,549 | 368,631,467 | 351,486,623 |
| | | Internal Ratings-Based Approach | - | - | - |
| | | Asset Securitization | - | - | - |
| | Operation Risk | Basic Indicator Approach | 15,742,475 | 13,340,988 | 13,340,988 |
| | | Standard Method /Optional Standard Method | - | - | - |
| | | Advanced Measurement Approach | - | - | - |
| | Market Risk | Standardized Approach | 5,810,413 | 5,442,150 | 3,636,963 |
| | | Internal Models Approach | - | - | - |
| | Total risk-weighted assets | | 397,044,437 | 387,414,605 | 368,464,574 |
| Capital adequacy ratio | | | 11.46% | 11.64% | 11.99% |
| Common stock equity as a percentage of risk assets | | | 9.16% | 9.10% | 9.13% |
| Proportion of Tier I capital to risk assets | | | 9.16% | 9.10% | 9.13% |
| Leverage ratio (Note 5) | | | 6.36% | - | - |

Note 1: The self-owned capital, risk assets, and total exposure in this table should be calculated according to the regulations in “Regulation on Bank Capital Adequacy and Capital Tiers” and “Clarification on Bank Equity Capital and Risk Capital Calculation Methods and Forms.”

Note 2: The annual financial statement shall specify the Capital adequacy ratios for the current period and the previous period. The semiannual financial statement

shall also disclose the Capital adequacy ratio at the end of the previous year, in addition to those for the current period and previous period.

Note 3: Equations for financial analysis:

1. Total self-owned capital = Common stock equity + Other Tier I Capital + Tier II Capital
2. Total amount of risk-weighed-assets = Credit risk-weighed assets + Capital charge of (operational risk + market risk) x 12.5.
3. Capital Adequacy ratio = Total self-owned capital / Total amount risk-weighed assets.
4. Ratio of common stock equity to risk assets = Common stock equity / Total risk weighted assets.
5. Proportion of Tier I capital to risk assets = (Common stock equity + Tier I Capital) / Total risk-weighted asset
6. Leverage ratio = Net Tier I capital / Total exposure.

Note 4: This table may not be disclosed in the financial statements for Q1 and Q3.

Note 5: Leverage ratio was started to disclose in FY2015. The disclosure of leverage ratio in FY2014 is not necessary.

42. Information on exchange rates of financial assets and liabilities denominated in foreign currencies

The information regarding assets and liabilities dominated by foreign currency in the consolidated company which might arouse material effect:

| June 30, 2015 | USD | RMB | AUD | JPY | Other foreign currencies | Total |
|---|---|---|---|---|---|---|
| Foreign currency financial assets | | | | | | |
| Cash and cash equivalents | $ 1,502,991 | $ 1,473,482 | $ 3,465 | $ 347,604 | $ 256,923 | $ 3,584,465 |
| Due from Central Bank and lend to Banks | 657,318 | 2,284,128 | 1,280,340 | - | 359,174 | 4,580,960 |
| Financial assets at fair value through income statement | 268,918 | - | - | - | 32,278 | 301,196 |
| Available-for-Sale Financial Assets | 443,641 | - | - | - | - | 443,641 |
| Discounts and loans | 27,685,374 | 201,528 | 177,825 | 272,528 | 1,121,743 | 29,458,998 |
| Accounts receivable | 891,817 | 564,781 | 23,703 | 145,888 | 36,035 | 1,662,224 |
| Held-to-maturity financial assets | 1,391,362 | 1,699,890 | - | - | - | 3,091,252 |
| Other financial assets | 862,133 | - | - | - | - | 862,133 |
| Other assets | 2,723,629 | - | - | - | 295,413 | 3,019,042 |
| Foreign currency financial liabilities | | | | | | |
| Due to Central Bank and banks | 3,233,327 | - | 6,635 | - | 338 | 3,240,300 |
| Funds borrowed from CBC and other banks | - | 791,649 | - | - | - | 791,649 |
| Customer deposits and remittances | 30,720,848 | 3,984,565 | 1,306,444 | 457,184 | 1,199,649 | 37,668,690 |

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| June 30, 2015 | USD | RMB | AUD | JPY | Other foreign currencies | Total |
|---|---|---|---|---|---|---|
| Financial liabilities at fair value through income statement | $ 139,792 | $ - | $ - | $ - | $ - | $ 139,792 |
| Other financial liabilities | - | - | - | - | - | - |
| Payables | 695,727 | 39,731 | 56,186 | 125,884 | 69,758 | 987,286 |
| Bills and bonds sold under repurchase agreements | - | - | - | - | - | - |
| Liability reserve | 6,581 | - | - | - | - | 6,581 |
| Other liabilities | 39,724 | 499,282 | 116,068 | 182,952 | 831,768 | 1,669,794 |
| | | | | | | |
| Taiwan Dollar exchange rates | 30.86 | 4.97 | 23.71 | 0.25 | | |

| December 31, 2014 | USD | RMB | AUD | JPY | Other foreign currencies | Total |
|---|---|---|---|---|---|---|
| Foreign currency financial assets | | | | | | |
| Cash and cash equivalents | $ 1,394,022 | $ 982,823 | $ 25,600 | $ 109,023 | $ 219,716 | $ 2,731,184 |
| Due from Central Bank and lend to Banks | 37,960 | 3,943,975 | 807,456 | - | - | 4,789,391 |
| Financial assets at fair value through income statement | 84,644 | - | - | - | - | 84,644 |
| Available-for-Sale Financial Assets | 458,583 | - | - | - | - | 458,583 |
| Discounts and loans | 27,949,841 | 200,834 | 194,100 | 336,081 | 1,017,001 | 29,697,857 |
| Accounts receivable | 892,019 | 600,743 | 56,190 | 274,081 | 71,446 | 1,894,479 |
| Held-to-maturity financial assets | 158,165 | 827,340 | - | - | - | 985,505 |
| Other financial assets | 861,899 | - | - | - | - | 861,899 |
| Other assets | 99,452 | - | 262,782 | - | 769,692 | 1,131,926 |
| | | | | | | |
| Foreign currency financial liabilities | | | | | | |
| Due to Central Bank and banks | 3,013,100 | - | 15,528 | 8,140 | 115,350 | 3,152,118 |
| Funds borrowed from CBC and other banks | 255,386 | 250,256 | - | - | - | 505,642 |
| Customer deposits and remittances | 25,527,183 | 5,187,853 | 1,249,378 | 397,231 | 1,166,609 | 33,528,254 |
| Financial liabilities at fair value through income statement | 66,309 | - | - | - | - | 66,309 |
| Payables | 1,532,578 | 52,108 | 81,222 | 223,946 | 95,070 | 1,984,924 |
| Bills and bonds sold under repurchase agreements | 273,573 | - | - | - | - | 273,573 |
| Liability reserve | 3,513 | - | - | - | - | 3,513 |
| Other liabilities | 47,284 | 120,399 | - | 89,868 | 700,658 | 958,209 |
| | | | | | | |
| Taiwan Dollar exchange rates | 31.63 | 5.09 | 25.88 | 0.26 | | |

| June 30, 2014 | USD | RMB | AUD | JPY | Other foreign currencies | Total |
|---|---|---|---|---|---|---|
| Foreign currency financial assets | | | | | | |
| Cash and cash equivalents | $ 816,849 | $ 369,753 | $ 33,995 | $ 109,164 | 151,757 | $ 1,481,518 |
| Due from Central Bank and lend to Banks | 29,867 | 3,830,352 | 61,798 | - | 84,997 | 4,007,014 |
| Financial assets at fair value through income statement | 47,741 | - | - | - | - | 47,741 |
| Available-for-Sale Financial Assets | 422,786 | - | - | - | - | 422,786 |
| Discounts and loans | 26,647,215 | 267,464 | 213,322 | 425,544 | 1,048,762 | 28,629,307 |
| Accounts receivable | 1,175,051 | 448,829 | 57,887 | 140,623 | 61,881 | 1,884,271 |
| Held-to-maturity financial assets | 154,114 | - | - | - | - | 154,114 |
| Other financial assets | 786,469 | - | - | - | - | 786,469 |
| Other assets | 86,017 | 15,750 | 970,442 | - | 1,163,740 | 2,235,949 |
| | | | | | - | |
| Foreign currency financial liabilities | | | | | - | |
| Due to Central Bank and banks | 2,594,112 | - | - | 12,280 | 618,820 | 3,225,212 |
| Funds borrowed from CBC and other banks | 449,600 | 88,731 | - | - | - | 538,331 |
| Customer deposits and remittances | 21,517,280 | 4,294,738 | 1,243,409 | 230,737 | 1,133,744 | 28,419,908 |
| Financial liabilities at fair value through income statement | 55,921 | - | - | - | - | 55,921 |
| Payables | 641,417 | 15,289 | 94,035 | 136,885 | 75,273 | 962,899 |
| Bills and bonds sold under repurchase agreements | 257,493 | - | - | - | - | 257,493 |
| Liability reserve | 3,275 | - | - | - | - | 3,275 |
| Other liabilities | 2,819,815 | 45,239 | - | 330,531 | 683,300 | 2,878,885 |
| | | | | | | |
| Taiwan Dollar exchange rates | 29.87 | 4.81 | 28.09 | 0.29 | | |

43. Financial information for operating segments

Financial information for operating segments is provided for main decision makers to allocate resources and evaluate the performance of each segment. Such information focuses on each delivered or offered product or service. According to the International Financial Reporting Standards No. 8, "Operating Segments," the consolidated company's reportable segments are as follows:

Taichung Region
North District
Changhua Area
OBU
Head Office and other

(1) Revenues and operating results of segments

Revenues and operating results of the consolidated company's continuing units are analyzed in accordance with segments to be reported, which are summarized as follows:

| | Taichung Region | North District | Changhua Area | OBU | Head Office and other | Adjustment and Write off | Total |
|---|---|---|---|---|---|---|---|
| January 1 to June 30, 2015 | | | | | | | |
| Interest revenue | $ 2,128,675 | $ 1,597,552 | $ 1,720,527 | $ 362,889 | $ 808,646 | ($ 885,204) | $ 5,733,085 |
| Interest expenses | ( 685,097) | ( 585,565) | ( 621,466) | ( 136,200) | ( 904,304) | 885,204 | ( 2,047,428) |
| Net interest income | 1,443,578 | 1,011,987 | 1,099,061 | 226,689 | ( 95,658) | - | 3,685,657 |
| Net income (loss) other than interest income | | | | | | | |
| Service Fee, Net | 328,650 | 127,260 | 250,800 | 20,875 | 221,634 | - | 949,219 |
| The net gain or loss of financial instruments | 1,110 | 3,047 | 1,784 | ( 744) | 317,230 | - | 322,427 |
| Other net profit (loss) | 2,981 | 10,134 | 9,145 | 867 | 19,006 | ( 40,289) | 1,844 |
| Bad debt expenses | ( 336,308) | ( 129,941) | ( 180,237) | ( 70,234) | 647,024 | - | ( 69,696) |
| Operating expenses | ( 568,505) | ( 361,340) | ( 458,678) | ( 6,876) | ( 1,153,167) | 40,289 | ( 2,508,277) |
| Income (loss) before taxation | $ 871,506 | $ 661,147 | $ 721,875 | $ 170,577 | ($ 43,931) | $ - | $ 2,381,174 |
| January 1 to June 30, 2014 | | | | | | | |
| Interest revenue | $ 2,028,234 | $ 1,497,544 | $ 1626,958 | $ 315,636 | $ 782,506 | ($ 854,553) | $ 5,396,325 |
| Interest expenses | ( 666,041 ) | ( 600,501 ) | ( 588,933 ) | ( 106,822 ) | ( 859,595 ) | 854,553 | ( 1,967,339 ) |
| Net interest income | 1,362,193 | 897,043 | 1,038,025 | 208,814 | ( 77,089 ) | - | 3,428,986 |
| Net income (loss) other than interest income | | | | | | | |
| Service Fee, Net | 335,412 | 132,257 | 242,726 | 17,761 | 293,118 | - | 1,021,274 |
| The net gain or loss of financial instruments | 778 | 690 | 1,361 | 454,543 | 149,777 | - | 607,149 |
| Other net profit (loss) | 8,846 | 4,113 | 9,242 | 75,842 | 100,181 | ( 40,025 ) | 158,199 |
| Bad debt expenses | ( 766,336 ) | ( 521,806 ) | ( 138,374 ) | ( 70,187 ) | 732,551 | - | ( 764,152 ) |
| Operating expenses | ( 499,172 ) | ( 283,506 ) | ( 410,666 ) | ( 5,786 ) | ( 962,347 ) | 40,025 | ( 2,121,452 ) |
| Income before taxation | $ 441,721 | $ 228,791 | $ 742,314 | $ 680,987 | $ 236,191 | $ - | $ 2,330,004 |

The measured figures are provided for main decision makers to allocate resources to segments and evaluate the performance of each segment.

(2) Segment assets

| Segment assets | June 30, 2015 | December 31, 2014 | June 30, 2014 |
|---|---|---|---|
| Taichung Region | $ 178,762,117 | $ 153,153,068 | $ 143,506,216 |
| North District | 100,057,724 | 131,893,136 | 127,185,018 |
| Changhua Area | 105,338,107 | 107,929,300 | 102,895,008 |
| OBU | 26,181,426 | 20,637,936 | 19,290,977 |
| Head Office and other | 132,320,218 | 116,436,960 | 114,482,824 |
| Total segment assets | $ 542,659,592 | $ 530,050,400 | $ 507,360,043 |

(3) Main revenues from products and service

The consolidated company's main business is interest revenue. There is no information by products and by service.

(4) Information by areas

The consolidated company's net income is as follows:

| Region | January 1 to June 30, 2015 | January 1 to June 30, 2014 |
|---|---|---|
| Taiwan | $ 4,923,039 | $ 5,181,783 |
| Asia | 33,097 | 26,511 |
| America | 3,011 | 7,314 |
| | $ 4,959,147 | $ 5,215,608 |

(5) Information on key customers

Interest revenue from a single customer of the consolidated company does not exceed 10% of total interest revenues. Therefore, there is no information on key customers.

44. Notes of disclosure

(1) Information about important transactions:

Information to be disclosed pursuant to Article 18 of the "Rules Governing the Preparation of Financial Statements of Public Issued Banks":

| No. | Item | Remark |
|---|---|---|
| 1 | Cumulative amount of the stock of the same investee purchased or sold reaching NTD 300 million or more than 10% of the Paid-in shares capital. | None |
| 2 | Acquisition amount of real estate reaching NTD 300 million or more than 10% of the Paid-in shares capital. | Attached table 1 |
| 3 | Amount on disposal of real estate reaching NTD 300 million or more than 10% of the Paid-in shares capital. | None |
| 4 | Discount of service charges in transaction with related party reaching more than NTD 5 million. | None |
| 5 | Accounts receivable-related party reaching NTD300 million or more than 10% of the Paid-in shares capital. | None |
| 6 | Information regarding sale of NPL. | None |
| 7 | Securitization of financial assets or real estate. | None |
| 8 | Other important transactions sufficient to affect the policy to use financial statements. | None |

(2) Information regarding investees:

| No. | Item | Remark |
|---|---|---|
| 1 | Information regarding investees and total shareholdings. | Attached table 2 |
| 2 | Loans to others. | Attached table 3 |
| 3 | Endorsements/guarantees to others. | Attached table 4 |
| 4 | Marketable securities – end. | Attached table 5 |
| 5 | Cumulative amount of the same marketable securities purchased or sold reaching NTD 300 million or more than 10% of the Paid-in shares capital. | None |
| 6 | Acquisition amount of real estate reaching NTD 300 million or more than 10% of the Paid-in shares capital. | None |
| 7 | Amount on disposal of real estate reaching NTD 300 million or more than 10% of the Paid-in shares capital. | None |
| 8 | Discount of service charges in transaction with related party reaching more than NTD 5 million. | None |
| 9 | Accounts receivable-related party reaching NTD300 million or more than 10% of the Paid-in shares capital. | None |
| 10 | Information regarding sale of NPL. | Attached table 6 |
| 11 | Securitization of financial assets or real estate. | None |
| 12 | Engaged in derivative transactions | None |
| 13 | Other important transactions sufficient to affect the policy to use financial statements. | None |

Note: No disclosure of such information is required, if the investee is a financial business, insurance business, and securities business.

(3) Information regarding investment in the territory of mainland china: Attached table 7.

(4) Inter-company relationships and significant intercompany transactions between the parent company and subsidiaries: Attached table 8.

Attached table 1. Acquisition amount of real estate reaching NTD 300 million or more than 10% of the Paid-in shares capital:

Unit: in NTD thousand unless otherwise specified

| Companies acquiring real properties | Asset title | Date of event | Trade value | Payment status | Counterparties | Relation | If the counterparty is a related party, the information on previous transaction | | | | Reference for price determination | Purpose of acquisition and the state of use | Other stipulations of the transaction |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Owner | Relationship with the issuer | Date of transfer | Amount | | | |
| Taichung Commercial Bank Co., Ltd. | Lot No. 145, Huei Min Section, Xi Tun District, Taichung District | 2014/12/04 | $ 5,750,000 | $ 5,750,000 | Highwealth Construction Co., Ltd. | Unrelated party | — | — | — | $ - | Consult the appraisal report issued by the professional appraisal institution | For the construction of the new corporate headquarters | — |

Attached table 2: Information regarding investees:

Unit: NTD thousand; thousand shares; %

| Investor | Investee's name (Note 1) | Location | Principal business | Proportion of shareholding % - end | Book value of investment | Investment profit recognized in the current period | Consolidated shareholding of the Bank and affiliated enterprises (note 1) | | | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | Quantity - current | Scheduled quantity (Note 2) | Total | | |
| | | | | | | | | | Quantity | Ratio of Shareholding | |
| Taichung Commercial Bank Co., Ltd. | Reliance Securities Investment Trust Co., Ltd. | Taipei City | Reliance Securities Investment Trust Co., Ltd. | 38.46 | $ 139,702 | ( $ 580 ) | 18,643 | - | 18,643 | 59.75 | |

Note 1: Any current shares or scheduled shares held by the Bank, directors, supervisors, President, Executive Vice President, and investees that are defined as affiliated enterprises under Company Law shall be included.

Note 2: (1) Scheduled shares mean swapped shares under the assumption that the equity securities purchased or derivative product contract as concluded (not yet converted into equity) are converted according to the agreed trading conditions and the bank's intent to link with the equity of investee for the purpose of the reinvestment referred to in Article 74 of the Banking Act.

(2) Said "equity securities" mean the marketable securities, convertible corporate bonds, and stock warrants provided in Paragraph 1 of Article 11 of the Enforcement Rules of Securities and Exchange Act.

(3) The "Derivatives Contract" referred to above meant for those in compliance with the definition of derivatives in IAS No. 39, such as, stock options.

Note 3: This table may not be disclosed in the financial statements for Q1 and the previous three quarters.

Attached table 3. Loans to others:

Unit: in NTD thousand unless otherwise specified

| No. (Note 1) | The lender of fund | The borrower of fund | Transaction title (Note 2) | Are they related parties | Maximum balance – current period (Note 3) | Balance, ending (Note 8) | The actual amounts disbursed | Interest rate collars | Nature of financing (Note 4) | Amount of business transactions (Note 5) | The reasons for short-term financing (Note 6) | Amount of provision for bad debts | Collateral | | Limit of financing particular beneficiary (Note 7) | Total limit of financing (Note 7) | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | | |
| 1 | Taichung Commercial Bank Lease Enterprise | TCCBL Co., Ltd. (B.V.I.) | Other receivables | Yes | $ 28,257 | $ 26,973 | $ 26,973 | 2% | The necessity of short-term financing | $ - | Working capital | $ - | — | — | $ 1,905,366 | $ 1,905,366 | Limited to the net worth of Taichung Leasing Co., Ltd. |

Note 1: The column for numbering is elaborated below:
(1) Fill in 0 for the issuer.
(2) The investees are sequentially numbered from 1 and so forth.

Note 2: The receivables-affiliates, receivables-related parties, shareholders accounts, prepayments, temporary payments and others as stated in book shall be filled in here if they are classified as financing.

Note 3: Maximum balance of financing a third party in current period.

Note 4: Specify if the nature of financing is for business transactions or short-term financing is necessary.

Note 5: If the nature of financing is for business transactions, specify the amount of business transactions. The amount of business transactions shall be the amount of business conducted between the lender and the beneficiary of financing.

Note 6: If it is necessary for short-term financing, specify the reasons and the beneficiary of financing and the use of the fund, such as: retirement of loans, procurement of equipment, and working capital.

Note 7: Specify the Procedure for Financing Third Parties and the upper limit of financing in favor of particular beneficiary and the total limit of financing, and also the method for the calculation of the upper limit of financing in favor of particular beneficiary and the total limit of financing in the space provided in this field.

Note 8: For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the amount approved by the Board but not yet being drawn shall still be included in the amount for announcement for the disclosure of risk being assumed. If the loans are being retired in the future, disclose the outstanding balance to reflect the adjustment of risk. For public companies proposed the lending of funds before the Board for resolution case by case pursuant to Article 14-2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" whereby the Board resolved to authorize the Chairman to effect the drawdown or in revolving credit in tranches within specific limit and in the year, the amount and the limit approved by the Board shall still be announced as the outstanding balance. In subsequent retirement of loans, repeated drawdown shall still be considered and the amount and the limit approved by the Board shall still be announced as the outstanding balance.

Attached table 4. Endorsements/guarantees to others:

Unit: NTD thousand

| No. | The company providing the endorsement and/or guarantee | The party receiving the endorsement and/or guarantee | | The limit of endorsements and/or guarantees to a single business entity (Note 1) | The highest balance of endorsements and/or guarantees in the current period (Note 2) | The ending balance of endorsements and/or guarantees | The actual amounts disbursed | The endorsements and/or guarantees secured with property | Total endorsements and guarantees as a percentage of equity in the most recent financial statement | The upper limit of an endorsement and/or guarantee (Note 1) | Guarantee and endorsement of parent company to subsidiary (Note 3) | Guarantee and endorsement of parent company to subsidiary (Note 3) | Guarantee and endorsement in Mainland China (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company name | Relation | | | | | | | | | | |
| 1 | Taichung Commercial Bank Lease Enterprise | TCCBL Co., Ltd. (B.V.I.) | 100% and directly owned subsidiary | $ 11,432,194 | $ 2,726,319 | $ 1,690,000 | $ 212,730 | $ - | 88.70 | $ 19,053,657 | — | — | — |
| 2 | Taichung Commercial Bank Lease Enterprise | Taichung Commercial Bank Leasing (Suzhou) Ltd. | 100% and indirectly owned subsidiary | 11,432,194 | 2,726,319 | 1,036,319 | 401,180 | - | 54.39 | 19,053,657 | — | — | Y |

Note 1: According to the "Regulations Governing Making of Endorsement and Guarantees" of Taichung Commercial Bank Lease Enterprise, the endorsement/guarantee amount made for one single enterprise shall not exceed six times the net worth of the Taichung Commercial Bank Lease Enterprise. The total endorsement/guarantee amount should not exceed ten times the net worth of the Taichung Commercial Bank Lease Enterprise.

Note 2: The highest balance of endorsements and/or guarantees in the current year

Note 3: For guarantee and endorsement from parent company to subsidiaries, from subsidiaries to parent company, and to Mainland China, as in the case of TWSE/GTSW-listed companies, fill in Y.

Attached table 5. Marketable securities – end:

Unit: NTD thousand / thousand shares

| Holding company | Types and names of securities | Relationship with the securities issuer | Account titles in book | At ending | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Quantity | Book value | Ratio of Shareholding | Market price | |
| Taichung Commercial Bank Co., Ltd. | Domestic non-listed (OTC) stocks | | | | | | | |
| | Taichung Commercial Bank Lease Enterprise | Subsidiaries | Investment under the equity method | 180,000 | $ 1,905,366 | 100 | $ 1,905,366 | |
| | Taichung Commercial Bank Insurance Agency Co., Ltd. | 〃 | 〃 | 50,000 | 616,272 | 100 | 616,272 | |
| | Taichung Commercial Bank Securities Co., Ltd. | 〃 | 〃 | 150,000 | 1,472,599 | 100 | 1,472,599 | |
| | Reliance Securities Investment Trust Co., Ltd. | Affiliate business | 〃 | 12,000 | 139,702 | 38 | 139,702 | |
| Taichung Commercial Bank Lease Enterprise | Foreign non-listed (OTC) stocks | | | | | | | |
| | TCCBL Co., Ltd. (B.V.I.) | Sub-subsidiary | 〃 | 30,000 | 959,804 | 100 | 959,804 | |
| TCCBL Co., Ltd. (B.V.I.) | Foreign non-listed (OTC) stocks | | | | | | | |
| | Taichung Commercial Bank Leasing (Suzhou) Ltd. | Sub-subsidiary | 〃 | - | 925,907 | 100 | 925,907 | |

Note: No disclosure of such information is required, if is a financial business, insurance business, and securities business.

Attached table 6. Information regarding sale of NPL:

1. Master list for disposition of non-performing loans

Unit: NTD thousand

| Date of transaction | Counterparties | Content of the creditor rights | Book Value (Note 1) | Sale price | Capital gain/loss from disposition (Note 2) | Conditions attached | Relation of the counterparties to the Bank |
|---|---|---|---|---|---|---|---|
| Mar. 31, 2015 | Far Eastern Asset Management Corporation | Installment note receivables | $ 82,179 | $ 84,921 | $ 2,742 | None | None |

Note 1: the book value is the balance of the initial amount of the loan net of the provision for bad debts.
Note 2: recognized as the capital gain from the disposal of non-performance assets amounted to NTD 2,742 thousand.

Attached table 7: Information on investments in Mainland China:

Unit: NTD thousand

| Names of investees in China | Principal business | Paid-in shares Capital | Mode of investments | Accumulated amount of investment remitted from Taiwan at beginning | Amount of investment remitted or recovered in current period | | Accumulated amount of investment remitted from Taiwan at ending | Ratio of shareholding of investment directly or indirectly made by the Company | Investment profit recognized in current period (Note 1) | Book value of investment at ending | ROI remitted to Taiwan at ending |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outward remittance | Recover | | | | | |
| Taichung Commercial Bank Leasing (Suzhou) Ltd. | Financing Leasing and investments | $ 893,373 ( CNY NTD 186,329 thousand) | Investment in Mainland China via a company in existence in a third country/territory | $ 893,373 ( CNY NTD 186,329 thousand) | $ - | $ - | $ 893,373 ( CNY NTD 186,329 thousand) | 100% | $ 4,028 ( CNY NTD 804 thousand) | $ 925,907 ( CNY NTD 186,187 thousand) | $ - |

| Accumulated investment from Taiwan to Mainland China at ending | Amount of investment approved by Investment Commission of MOEA | Compliance with the limit of investment in Mainland China set forth by Investment Commission of MOEA (Note 2) |
|---|---|---|
| $ 893,373 | $ 893,373 | $ 1,143,219 |

Note 1: Investment return/loss has been recognized by parent company on the basis of the audited financial statements

Note 2: It is the limit calculated by the applicant – Taichung Commercial Bank Lease Enterprise in accordance with requirements set forth in “Principle of Review of Investment or Technology Joint Venture in Mainland China” of Investment Commission of MOEA.

Note 3: All foreign currencies involved were converted into NTD on the basis of the exchange rate applicable at the end of the period and the average exchange rate applicable in the period as of the financial reporting date (CNY1=NTD4.97, CNY1=NTD5.01).

Attached table 8. Business relationship and significant transactions between the parent company and subsidiaries:

Unit: NTD thousand

| No. (Note 1) | Trader's name | Counterparty | Relationship with trader (Note 2) | Transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Title | Amount (Note 3) | Terms and conditions | Percentage of consolidated net income or total assets (Note 4) |
| | January 1 to June 30, 2015 | | | | | | |
| 0 | Taichung Commercial Bank Co. | Taichung Commercial Bank Insurance Broker Co., Ltd. | 1 | Customer deposits and remittances | $ 827,088 | No significant difference from the general customer | |
| 0 | Taichung Commercial Bank Co. | Taichung Commercial Bank Insurance Broker Co., Ltd. | 1 | Service Fee | 100,002 | No significant difference from the general customer | 2% |
| 0 | Taichung Commercial Bank Co. | Taichung Commercial Bank Insurance Broker Co., Ltd. | 1 | Accounts receivable | 16,667 | No significant difference from the general customer | |
| 0 | Taichung Commercial Bank Co. | Taichung Commercial Bank Securities Co., Ltd. | 1 | Customer deposits and remittances | 126,778 | No significant difference from the general customer | |
| 0 | Taichung Commercial Bank Co. | Taichung Commercial Bank Lease Enterprise | 1 | Customer deposits and remittances | 224,618 | No significant difference from the general customer | |
| 3 | Taichung Commercial Bank Lease Enterprise | TCCBL Co., Ltd. | 3 | Accounts receivable | 30,229 | No significant difference from the general customer | - |

Note 1: The information of business operation between the parent company and its subsidiaries should be documented in the respectively numbered column as follows:
1. Fill in "0" for parent company.
2. The subsidiaries are sequentially numbered from 1 and so forth.

Note 2: The relationship with the traders is classified into three categories as follows:
1. The Bank to the Subsidiary.
2. The Subsidiary to the Bank.
3. The Subsidiary to the Subsidiary.

Note 3: Written-off upon consolidation

Note 4: Calculate the ratio of the transaction amount to consolidate the total income or total assets. For the assets and liabilities account, calculate the ratio of the ending balance to the consolidated total assets. For the profits and losses account, calculate the ratio of the interim cumulated amount to the consolidated total income.

Note 5: Major transactions refer to transactions with amount of NTD10,000 thousand and shall be subject to disclosure