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2015 Annual Report

LAND BANK of TAIWAN

Website : <http://newmops.tse.com.tw>

The Bank Website : <http://www.landbank.com.tw>

Time of Publication : July 2016



■ **Spokesman**
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Title : Executive Vice President
Tel : (886) 2-2348-3366
E-Mail : lbev2@landbank.com.tw

■ **First Substitute Spokesman**
Name : Chu,Yu-Feng
Title : Executive Vice President
Tel : (886) 2-2348-3686
E-Mail : lbev4@landbank.com.tw

■ **Second Substitute Spokesman**
Name : Huang,Cheng-Ching
Title : Executive Vice President
Tel : (886)2-2348-3555
E-Mail : lbev3@landbank.com.tw

Address & Tel of the bank's Head Office and Branches (please refer to "Directory of LBOT's offices")

■ **Credit rating agencies**

Name : Moody's Investors Service
Address : 24/F One Pacific Place 88 Queensway Admiralty, Hong Kong.
Tel : (852)3758-1330 Fax : (852)3758-1631
Web Site : <http://www.moody.com>

Name : Standard & Poor's Corp.
Address : Unit 6901, level 69, International Commerce Centre 1
Austin Road West Kowloon, Hong Kong
Tel : (852)2841-1030 Fax : (852)2537-6005
Web Site : <http://www.standardandpoors.com>

Name : Taiwan Ratings Corporation
Address : 49F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 11049, Taiwan (R.O.C)
Tel : (886)2-8722-5800 Fax : (886)2-8722-5879
Web Site : <http://www.taiwanratings.com>

■ **Stock transfer agency**

Name : Secretariat land bank of Taiwan Co., Ltd.
Address : 3F, No.53, Huaining St. Zhongzheng Dist., Taipei City 10046, Taiwan (R.O.C)
Tel : (886)2-2348-3456 Fax : (886)2-2375-7023
Web Site : <http://www.landbank.com.tw>

■ **Certified Public Accountants of financial statements for the past year**

Name of attesting CPAs : Gau,Wey-Chuan, Mei,Ynan-Chen
Name of Accounting Firm : KPMG
Address : 68F., No.7, Sec. 5, Xinyi Rd., Xinyi Dist., Taipei City 11049, Taiwan (R.O.C)
Tel : (886)2-8101-6666 Fax : (886)2-8101-6667
Web Site : <http://www.kpmg.com.tw>

The Bank's Website : <http://www.landbank.com.tw>



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Global Reputation

International Connection

Online Financial Services have become the norm, and the digital financing revolution has made its debut.

The Land Bank of Taiwan has abundant experiences for seventy years upon which it has built its stable foundation. It aggressively establishes a secure and strict Internet environment, coordinates digital products and innovative transaction services, and welcomes the changes of Bank 3.0

The Land Bank of Taiwan keeps progressing by innovative thinking and connects to global financial movements, strengthens its international competitiveness, and be at the forefront of the digital financing trend.





Land Bank of Taiwan Annual Report 2015

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Financial Highlights

Unit: NTD in millions;%

	2015		2014		2013		(2015/2014)	(2014/2013)
	NT\$	US\$	NT\$	US\$	NT\$	US\$	%	%
Assets	2,483,467	75,531	2,515,322	76,500	2,427,716	73,836	98.73	103.61
Deposits	2,098,647	63,827	2,050,349	62,359	1,977,494	60,143	102.36	103.68
Loans and Discounts	1,724,903	52,461	1,868,479	56,827	1,804,190	54,872	92.32	103.56
Investments	394,352	11,994	305,527	9,292	298,293	9,072	129.07	102.43
Net Worth	127,143	3,867	116,717	3,550	110,221	3,352	108.93	105.89
Interest Income	43,718	1,330	43,313	1,317	41,608	1,265	100.94	104.10
Interest Expenses	19,385	590	20,162	613	19,197	584	96.15	105.03
Net Income	9,982	304	9,462	288	9,002	274	105.50	105.11
ROA	0.40%		0.38%		0.37%			
ROE	8.19%		8.34%		8.36%			
NPL Ratio	0.19%		0.19%		0.27%			
Capital Adequacy Ratio	11.43%		11.06%		11.30%			

◆ Remarks 1 : Figures for the period from 2013 to 2014 have been made by the CPAs based on the audit result of the Ministry of Audit. These figures are in accordance with the 2013 version of the International Financial Reporting Standards and several accounts after adjustment. Figures for the period from 2015 have been audited and certified by CPAs.

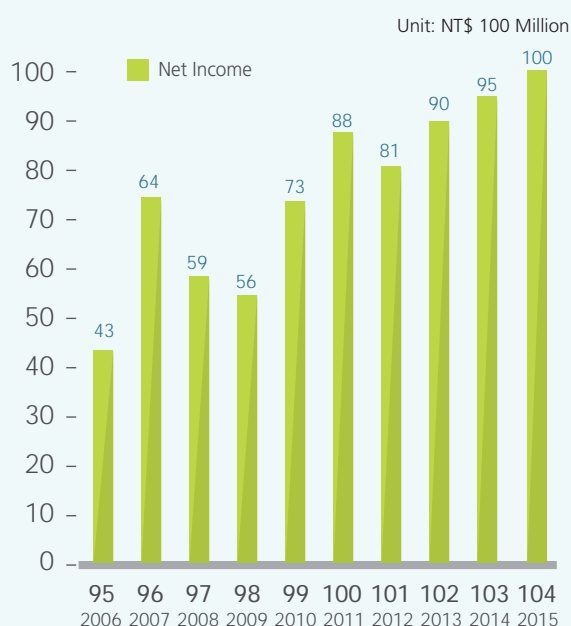
2 : ROA=Net Income/ Average assets

3 : ROE=Net income/ Average net worth

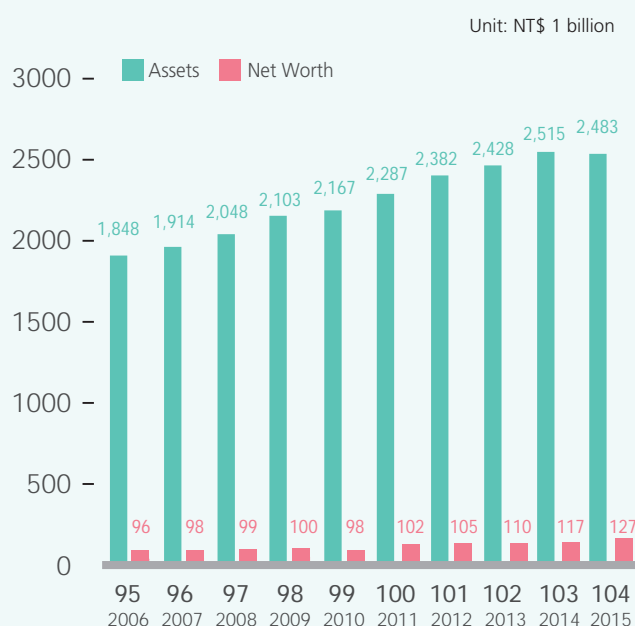
4 : US dollar amounts are converted solely for convenience at NT\$32.88=US\$1.00, the Central Bank's closing exchange rate as of December 31, 2015.

5 : The figures contained within the table follow the International Financial Reporting Standards (IFRSs) and are verified by certified public accountants.

Net Income 2006~2015



Assets and Net Worth 2006~2015



Inheritance

Stable Management and Operation
Innovative Future

■ 008 Business Reports

- 009 Business Review for the year 2015
- 010 Brief Business Plan for 2016
- 011 Future Development Strategies
- 012 Influences on the Environment of External Competition, Acts and Comprehensive Management
- 013 Credit Ratings



■ Business Reports



The economy in 2015 was changeable and chaotic. The global market was influenced by two primary competing forces. One force was the gradually recovering economies of places like the United States of America and the United Kingdom, in which interest rates were poised to be raised for the first time since the onset of the global economic recession. The Eurozone economy also benefitted from low oil prices and the quantitative easing measures carried out. The other force that affected the global market was low demand in Mainland China. The prices of crude oil and bulk commodities also dropped sharply, while interest rates could potentially rise, the market for these items remained poor in the U.S.A. These factors resulted in capital outflow in developing countries. According to figures from the International Monetary Fund (IMF), the rate of global economic growth in 2015 was 3.1 percent, within 2 percent of the economic growth rate in the developed countries, with an increase of 0.2 percent on last year. The rate of economic growth in developing countries was 4 percent, a decrease of 0.6 percent on last year. These figures highlighted the differing trends of economic growth in both areas.

A sluggish international economic recovery, a slow rate of clearing electronic products, the weak global trade performance as well as the 'crowding out' effect of the supply chain of Mainland China and the falling price of raw materials including crude oil contributed to a total export amount of -10.6 percent, the greatest reduction in the last six years. This adversely affected business investment and aspiration in labor employment, private consumption also tended to be conservative, the momentum of domestic demand growth did not meet expectations and the strength of macroeconomic growth was slow-moving. Therefore, the Central Bank of the Republic of China cut the interest rate to 0.125 percent in September and December respectively. Under the Quantitative Easing Monetary Policy, the market fund was inundated; furthermore, compared to other currencies, the American dollar is predicted to remain a powerful currency in the future. In order to improve exports, the government adjusted the exchange rate policy regarding New Taiwan Dollar depreciation, so the current deposits and foreign exchange deposits in the domestic banks were continuously increasing. At the end of 2015, the deposits in all financial institutions in the country amounted to 34.5 trillion dollars.

On the basis of the falling interest rate and economic recession, the Bank inclined to focus on the foreign currencies with higher interests, and small and medium enterprise lending in order to increase the loan-deposit interest rate spread. The non-performing loan ratios maintained a low level at 0.23 percent but the coverage rate of allowance for uncollectable accounts rose to 555.43 percent, the highest record in its history. In terms of profitability in the year 2015, the before-tax profit accumulated was 319.6 billion dollars, a decrease of 0.2 percent compared to 2014. The global economic downturn also affected the Bank's overseas branches, with offshore banking units and the branches in Mainland China seeing a decrease in profit of 2.3 percent compared to last year.

chairperson

Wu, Tang-Chieh

In compliance with government policies, and due to the excellent leadership of the management team and the dedication of its staff, the before-tax profit accumulated was NTD12.251 billion, which profits of more than NTD 10 billion gained in five consecutive years. The non-performing loans ratio was 0.19 percent and the coverage rate of allowance for uncollectable accounts was 818.32 percent. Business operation volume has also seen stable growth. The business review of 2015 and business plan and the strategies for future development in 2016 are outlined below:

I. Business Review for the year 2015

(I) Bank Organization and Change

1. In compliance with digital trends in banking, the Bank adjusted the numbers of branches and merged the Feng Yuan branch, Feng Nong branch, Chao Zhou branch, and Chao Rong branch. The number of domestic branches decreased from 151 to 149.
2. The new branch of Wuhan has been built in order to strengthen overseas logistical management, increase business networking in Mainland China and expand service territory.
3. In order to protect personal information, the personal information business within the Secretary Department was transferred to the Legal and Legal Compliance Department within the newly built up "Integrated Management Division".
4. In response to business demands, specific schedules have been modified and set for departments including: the auditing department; legal and legal compliance department, business unit, and corporate banking department.

(II) Business Plan and Operating Strategies Achievements

Unit: NTD in millions; USD in millions (foreign exchange); %

Major Operation Category \ Year	2015	2014	Growth Rate Compared to Preceding Year (%)
Deposits	2,101,840	2,091,776	0.48
Loans	1,821,388	1,872,389	-2.72
Foreign Exchange	74,867	68,710	8.96
Scale of Trust Property	380,551	353,784	7.57
Guaranties	79,757	85,111	-6.29
Securities Brokerage	168,431	167,654	0.46
Before-tax profit	12,251	11,607	5.55

(III) Status of Budget Execution

In the year 2015, the total accumulated average deposit amounted to NTD\$2.1018 trillion, achieving 106.96% of the budget goal. The accumulated average loan outstanding amounted to NTD\$1.8214 trillion, reaching 104.38% of the budget goal. The accumulated volume of foreign exchange transactions undertaken amounted to USD\$74.867 billion, reaching 122.73% of the budget goal. The before-tax net income amounted to NTD\$12.251 billion, reaching 162.46% of the budget goal.



(IV) Income, Expense and Profitability Analysis

After audit and attestation by the CPAs, the main categories of increase and decrease in income, expense and profitability for the year 2015 as compared to final accounts for the preceding year (2014) restated by the CPAs, are analyzed below:

Unit: NTD in millions; %

Category		Year 2015	Year 2014	Increase/Decrease Comparison (%)
Net Interest Income		24,333	23,151	5.11
Net Non-Interest Income		4,641	3,860	20.23
Total Net Income		28,974	27,011	7.27
NPL Expense		408	191	113.61
Operating Expense		16,315	15,214	7.24
Before-Tax Net Income		12,251	11,607	5.55
Net Profit for the Period		9,982	9,462	5.50
Return on Assets	Before-Tax	0.49	0.47	0.02
	After-Tax	0.40	0.38	0.02
Return on Equity	Before-Tax	10.05	10.23	-0.18
	After-Tax	8.19	8.34	-0.15
Net Income Ratio		34.45	35.03	-0.58
Before-Tax Earnings Per Share (NT\$)		2.11	2.00	0.11

- ◆ Remarks: 1. The figures contained within the table follow the International Financial Reporting Standards (IFRSs) and are verified by certified public accountants.
2. Net non-interest income for the year 2015 increased when compared to the year 2014, due mainly to the foreign exchange gain increase on the preceding year.
3. Before-tax net income for 2015 increased when compared to 2014, mainly due to the net interest income when compared to the year 2014.
4. The amount of capital in the bank has increased to 58.1 billion since October 30 of year 2015. The retroactive adjustment list displays earnings per share (EPS) in each year period of time.

(V) Status in Research and Development

The Bank had a unit specially designated for periodical and non-periodical analysis of economic and financial situations, study of industry development and trends, special topic research in banking business etc. Important R&D achievements for the year 2015 included: 8 R&D reports, domestic and foreign economic and financial situation reports (weekly and monthly), industry reports (monthly and quarterly), industry development status reports (bi-monthly), 6 special economic and financial topic research reports, and 12 domestic real estate market status survey reports for business reference.

II. Brief Business Plan for 2016

(I) Operating Guidelines and Major Operating Policies

1. Continuously improve asset quality, enlarge the capital scale, lower operational risk, exercise organizational efficiency, and boost information service capacity in order to consolidate the Bank's operating form.
2. Follow financial policies, continuously expand the operating scale, develop multi-core niche businesses, and increase operating synergy.

3. Enlarge the deposit/loan spread, improve interest income, expand businesses for administrative fee income, increase investment income, strengthen benefits from use of own property, and reward employees for active marketing in order to enhance profitability.
4. Aggressively expand overseas operating locations, grasp international financial business opportunities, develop cross-strait electronic money flow business, build a worldwide corporate banking service network, and advance overseas operating performance.
5. In alignment with digital financial trends, promote digital financial services, integrate the service of brick-and-mortar and virtual channels, focus on customer demand, provide excellent digital service, enhance customer experience, develop and establish good customer relations, use big data analysis and build up innovation in digital financial services.
6. Nurture professional talents, pay attention to customer rights and interests, implement corporate governance, and fulfill corporate social responsibility.

(II) Projected Operating Goals

1. Average deposit: NTD\$2,095 billion
2. Average loan outstanding: NTD\$1,872.4 billion
3. Foreign exchange undertaken: USD\$68.8 billion
4. Before-tax net income: NTD\$8.506 billion

III. Future Development Strategies

- (I) Strengthen capital, adjust structures of assets and liabilities, increase functions of risk management and liquidity management, solidify risk information disclosure on a periodical and quantifiable basis and build up an internationalized risk management mechanism.
- (II) Solidify the division of labor between the head office, district center and business unit and the horizontal connection between the departments of the head office in order to develop organizational efficiency.
- (III) Enlarge business loans, strive for organizing the business of syndicated loans and securities underwriting services, assist businesses to raise funding and plan their finances, reinforce financial services for small and medium-sized businesses, supply miscellaneous electronic money flow services and expand our financial business territory.



President

Kao, Ming-Hsien



- (IV) Bring into line with the market trend, understand and fulfil customer needs, and supply appropriate and multiple financial instruments. Through professional marketing assistance, integrate marketable securities, funds, mortgages, mortgage life insurances, consumer loans, credit cards, gold passbooks, personal insurances, property insurances, comprehensive insurance of industry and commerce, etc. Provide complete financial services and create business opportunities for digital wealth management.
- (V) Develop a new payment service, promote internal and external cash flow in order to create a cross-industry alliance to provide convenient customers' payment options, expand and serve more customer groups, and create more win-win situations in cross-border e-commerce.

IV. Influences on the Environment of External Competition, Acts and Comprehensive Management



(I) The External Competition Environment and Comprehensive Management

- With the official establishment of the Fujian free trade zone the prospect of preferential policies being offered to Taiwan from the Fujian province looks optimistic. This enterprise was arranged due to the targeting of, and arrangement by, domestic banks. However, the economy in Mainland China has been gradually slowing. Taiwan-invested banks have started to reduce their commitment after the rapid increase of branches a few years ago. Focus has been gradually transferred to strengthening their business, expanding their customer groups, and enhancing profits gained.
- At the beginning of year 2015, the Financial Supervisory Commission R.O.C was pushing "Banking 3.0" which contains more online financial business services applications, the market expansion of mobile payment use and third-party payment use, financial big data accumulation, which was beneficial for its use and effect on in analysis, and promoted people to be willing to manage their wealth and use financial service and drive every business developing and income increasing in banks via convenient electronic financial services.
- In order to build up a "Bank 3.0" environment, industrial restructuring was pushed, the digitizing of the bank was embarked upon, brick-and-mortar branches were downsized and offered endorsements to help them transform, including putting more effort into different business marketing, such as wealth management marketing. The Financial Supervisory Commission R.O.C (FSC, R.O.C) asked all domestic banks to submit their "Bank 3.0" transformation plans, which detailed arrangements included specific implementation plans in each phase and year, the numbers of branches which were going to be reduced in three years, and an estimation of how many cash tellers would need to be educated to take on other tasks.

(II) Acts Environment

- The Legislative Yuan passed "The Act Governing Electronic Payment Institutions", which stipulates the setting up of electronic payment institutions and the specification of electronic payment business. In addition, the act regulates electronic payment institutions and stipulates the need to hold payments in trust, and should establish a "Sinking Fund", in order to pay back consumers when the payments are defaulted by third parties.
- The Financial Supervisory Commission, R.O.C (FSC, R.O.C) relaxed the restrictions on mobile payment services carried out by the financial institutions which include banks applying for credit cards of NFC mobile phone, mobile debit cards, digitizing stored value to prepaid account's payment without pilot implementation in advance. Banks sought permission from

the FSC R.O.C to pilot QR Code mobile payment service and mPOS (mobile point of sales) service and they also passed the assessments of information security and related risk control, the banks could apply for these business start-up in advance from the FSC, R.O.C. The banks could apply for the start-up of electronic financial service without pilot implementation from the second quarter in 2015 if they had assessed their information security and related risk controls were under control.

-  In response to the operation bases of branches and the related business of the domestic banks in Mainland China grew significantly, the Financial Supervisory Commission, R.O.C suggested that domestic banks should be strengthened by having more control over credit exposure in Mainland China, which included dealing with project check-up, and incorporated and highlighted the credit risk control on Mainland China in the annual check of the domestic banks. Moreover, the Financial Supervisory Commission, R.O.C claimed that the banks should carry out credit checking, credit giving and post-lending management measures and include them in internal management practices, and undertake credit limit management and build up a case notification mechanism according to how much risk the bank can tolerate. Additionally, the banks should urge the Association of Banks to modify the principles of its credit checking and credit giving, coordinate Central Deposit Insurance Corporation and Joint Credit Information Center to help monitor and control credit risks of businesses in Mainland China and reinforce supervision in statement of risk exposure in Mainland China.
-  In order to strengthen the domestic banks toleration of risks from Mainland China, the Financial Supervisory Commission, R.O.C claimed the domestic banks should achieve at 1.5% of its rate of loan loss provision on credit extensions to Mainland China (including short-term trade finance) before the end of 2015, and the Financial Supervisory Commission, R.O.C would undertake a special audit on the dealings of the short-term trade finance, and when the demolition account deposit has accumulated for three months, it should be calculated in total with risk exposure in Mainland China.

Looking forward, even though the domestic banks expanded their electronic financial markets, each business is expected to grow. However, the risk exposure of housing mortgage in the country and in Mainland China are both rising, the provision of bad debts has been increasing in banks, as well as the monetary easing environment will narrow the interest margin spread. Therefore, it is expected that the domestic banks will have small profit growth in 2016. As for the operation risk, the domestic banks will be facing the challenge caused by the slow economic growth in Taiwan and Mainland China. Weakening asset risks will be gradually going up, but the real estate loan and the rate of loan loss provision on credit extensions gained by 1.5%, and stable profit level will benefit to balance the loss absorption, so the related risks are still able to be under control.

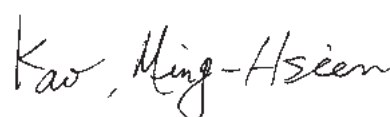
V. Credit Ratings

Rating Company	Rating Date	Rating Results		Other Rating Information
		Long-Term Rating	Short-Term Rating	
Taiwan Ratings Corporation	June 30, 2015	twAA	twA-1+	Rating Outlook: Stable
Standard & Poor's Ratings Services	June 30, 2015	A-	A-2	Outlook: Stable
Moody's Investors Service	December 23, 2015	Aa3	P-1	Outlook: Stable

chairperson



President



Macro Perspective

Insightful Judgement on Markets

Keeping up with trend

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- 017 Land Bank of Taiwan Organization Chart
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- 018 Capital Structure

■ 019 Directors and Officers

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- 019 Officers

■ 022 Status of Corporate Governance Practice

- 022 Status of the Bank's Corporate Governance Practice and its Deviations from the Corporate Governance Best-Practice Principles for Banks (with Respective Reasoning)
- 026 Status of Social Responsibility Performance
- 030 Status of implementing the integrity management system





■ Bank Profile

I. History

The history of the Land Bank of Taiwan dates from 1945 when World War II came to an end. To facilitate implementation of land policies such as land-rights equalization and the land-to-the-tiller program in Taiwan, the government appropriated funds from the national treasury as capital to establish the “Land Bank of Taiwan” in accordance with the R.O.C. law on September 1, 1946 based on the five branches of Nippon Kangyo Bank consecutively set up in Taipei, Hsinchu, Taichung, Tainan and Kaohsiung since 1922, making the Bank the only domestic specialized bank that handled real estate. In May 1985, the Land Bank of Taiwan became qualified as a juristic person pursuant to Article 52 of the Banking Act; the Bank was later changed to a state-run organization on December 21, 1998 upon implementation of the Taiwan Province Simplification Statute; it was reorganized as “Land Bank of Taiwan Co., Ltd.” on July 1, 2003, and was further transformed into a public company on May 21, 2004 °



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II. Land Bank of Taiwan Organization Chart





Landbank of Taiwan

Ownership percentage : 100%
No. of shares owned : 5.81 billion
Capital : NT\$ 58.1 billion

Landbank Insurance Brokerage

Ownership percentage : 100%
No. of shares owned : 2 million
Capital : NT\$20 million

III. Employees

Year		2015	2014
Number of Employees	Staff	5,211	5,210
	Technicians	529	546
	Total	5,740	5,756
Average Age		44.83	44.91
Average Service Seniority		17.31	17.37
Distribution of Education Levels (%)	Doctor of Philosophy	0.07	0.07
	Master	16.32	14.38
	College	73.03	74.01
	High School	8.61	9.45
	Below High School	1.97	2.09

IV. Capital Structure

Month & Year	Issue Price	Registered Capital		Paid-in Capital		Remarks	
		No. of Shares	Amount	No. of Shares	Amount	Capital Source	Others
Dec. 2015	NT\$10	5.81 billion	NT\$58.1 billion	5.81 billion	NT\$58.1 billion	Appropriation from National Treasury and Capitalization over Years	

■ Directors and Officers

I. Directors

March, 31 2016

Title	Name	Appointment Date	Term Duration	Institution Represented
Chairperson of the Board	Wu, Tang-Chieh	09/03/2015	12/18/2017	Ministry of Finance
Managing Director	Kao, Ming-Hsien	12/19/2014	12/18/2017	Ministry of Finance
Managing Director	Chang, Chin-Oh	07/24/2015	12/18/2017	Ministry of Finance
Managing Director	Lee, Tsung-Pei	12/19/2014	12/18/2017	Ministry of Finance (Independent Director)
Managing Director	Yen, Chun-Lan	12/04/2015	12/18/2017	Ministry of Finance
Director	Hsu, Huo-Ming	12/19/2014	12/18/2017	Ministry of Finance (Independent Director)
Director	Lee, Ching-Hua	12/19/2014	12/18/2017	Ministry of Finance
Director	Lee, Jih-Shyuan	12/19/2014	12/18/2017	Ministry of Finance
Director	Hwang, Jen-Te	12/19/2014	12/18/2017	Ministry of Finance
Director	Chen, Chih-Yuan	12/19/2014	12/18/2017	Ministry of Finance (Independent Director)
Director	Yang, Song-Ling	12/19/2014	12/18/2017	Ministry of Finance
Director	Jong, Jeng-Fang	12/19/2014	12/18/2017	Ministry of Finance
Director	Chen, Chung-Tsan	12/19/2014	12/18/2017	(Labor Director)
Director	Hsu, Ming-Chin	12/19/2014	12/18/2017	(Labor Director)
Director	Tsai, Kuei-Hua	04/09/2015	12/18/2017	(Labor Director)

II. Officers

March 31, 2016

Title	Name	Appointment Date
President	Kao, Ming-Hsien	01/03/2014
Executive Vice President	Chu, Yu-Feng	01/16/2011
Executive Vice President	Huang, Chung-Min	07/16/2011
Executive Vice President	Huang, Cheng-Ching	09/19/2011
Executive Vice President	Lee, Jenn-Ming	03/03/2014
Executive Vice President	Shyn, Ming-Jeng	06/30/2014
General Auditor	Wu, Mei-Yu	03/03/2014
EVP&Chief Compliance Officer	He, Ying-Ming	07/28/2015

Directors



Managing
Director

Yen, Chun-Lan

Managing
Director

Chang, Chin-Oh

Chairperson of
the Board

Wu, Tang-Chieh

Managing
Director

Kao, Ming-Hsien

Managing
Director

Lee, Tsung-Pei

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Management Team



General Auditor

Wu, Mei-Yu

Executive Vice President

Huang, Cheng-Ching

Executive Vice President

Shyn, Ming-Jeng

Executive Vice President

Chu, Yu-Feng

Chairperson of the Board

Wu, Tang-Chieh

President

Kao, Ming-Hsien

Executive Vice President

Huang, Chung-Min

Executive Vice President

Lee, Jenn-Ming

EVP&Chief Compliance Officer

He, Ying-Ming



■ Status of Corporate Governance Practice

I. Status of the Bank's Corporate Governance Practice and its Deviations from the Corporate Governance Best-Practice Principles for Banks (with Respective Reasoning)

Category	Status of Practice			Deviations from the Corporate Governance Best-Practice Principles for Banks and Respective Reasons
	Yes	No	Brief Description	
1. Bank ownership structure and shareholders' equity				
(1) Did the Bank set up the internal procedure of handling shareholder's suggestions, questions, disputes, and lawsuit? And does the Bank follow up the procedure to implement?	✓		There were specifically assigned personnel for handling related affairs and ensuring good channels of communication.	No deviation.
(2) Did the Bank actually control the major controlling shareholders of the Bank, and their ultimate controllers?	✓		The Ministry of Finance was the sole shareholder of the Bank, and the Bank specifically assigned personnel to handle stock affairs, so it was actually informed of its major shareholders and its ultimate controllers.	No deviation.
(3) Did the Bank build the risk control mechanism and firewall with affiliated enterprises?	✓		To reinforce control over its subsidiaries, the Bank had established the Subsidiaries Management Guideline and the Management Guideline for Appointing Personnel to Serve as Directors and Supervisors of Reinvested Businesses and Subsidiaries of the Land Bank of Taiwan in order to implement its supervision and management mechanism.	No deviation.
2. Composition and duties of the Board of Directors				
(1) Did the Bank follow up it's legal requirements to set up the Remuneration Committee and voluntarily set up the other functional committees?	✓		The Board of Directors set up the Audit Commission in compliance with legal regulations but did not set up the other functional committees.	No deviation.
(2) Did the Bank periodically review the attesting CPA's independence?	✓		Before the Bank retained its attesting CPA in accordance with the Government Procurement Act, it had to report the CPA to the Audit Commission and the Board of Directors for discussion and agreement, then submitted the decision of CPA to the Audit Commission to get its permission. The Bank achieved the accounting firm provisions regarding annual review, contract termination, and contract cancellation.	No deviation.
3. Did the Bank establish communication channels with stakeholders?				
	✓		The Bank had established a toll-free customer complaints hotline, and had executive mailbox, customer complaints and e-mail on the opinion exchange section of the Bank's website, in which specifically-assigned personnel handled suggestions or disputes raised by customers and stakeholders.	No deviation.

Category	Status of Practice			Deviations from the Corporate Governance Best-Practice Principles for Banks and Respective Reasons
	Yes	No	Brief Description	
4. Information disclosure				
(1) Did the Bank establish a website to disclose information regarding finance, business, and the Bank's corporate governance ✓			The Bank had set up a global website and disclosed information about important financial and business affairs, and corporate governance every quarter in accordance with pertinent regulations of the Ministry of Finance, R.O.C.	No deviation.
(2) Did the Bank adopt other means to disclose information (such as setting up an English website, specifically assigning personnel to collect and disclose bank information, implementing the spokesperson mechanism, and posting the taped investor conferences on the Bank website)? ✓			The Bank had set up an English website and specifically assigned personnel to periodically collect important financial and business information, and disclose related information on the website. To implement the spokesperson mechanism completely, the Bank had established the Notice for News Release and Contact, where the General manager appointed one Executive Vice-President as the news spokesperson, and separately appointed another one Executive Vice-managers as the deputy spokespersons, to exclusively make public comments on major policies and business measures adopted by the Bank. The Secretariat's Public Relations Section was in charge of the collection of related information and news releases. It also posted taped investor conferences on the Bank website. The Ministry of Finance was the institutional representative of the Bank. We did not hold investor conferences for emerging stocks.	No deviation.
5. Did the Bank have the other important information that enhances understanding of the Bank's corporate governance practice? ✓			Refer to No.7	No deviation.
6. Did the Bank have a self-assessment report of corporate governance or an assessment report of corporate governance made by a contracting professional institution, please clearly state the results of the self-assessment (or contracting assessment), the major defects (or suggestions), and the status of improvements? ✓			Refer to No.8	No deviation.
7. Other important information that enhances understanding of the Bank's corporate governance practice (such as rights and interests of employees, employee care, investor relations, interests and rights between related parties, Directors and Supervisors continuing education, status of executing risk management policies and risk measurement standards, status of executing consumer or customer protection policy, status of the Bank purchasing liability insurance for Directors and Supervisors, status of donating money to political parties, stakeholders and charity groups, etc.):				
(1) Rights and interests of employees and employee care:				
A. Agreement between the employers and the employees				
(a) The appeals made by the labor union and the employees have to be communicated and answered via meetings, in order to resolve the doubts and conflicts to reach an agreement between each other.				
(b) According to Article 83 of the Labor Standards Act, and the Regulations for Implementing Labor-Management Meeting, the business entity shall hold meeting to coordinate worker-employer relationships and promote worker-employer cooperation to increase employees' cohesion.				
B. The maintenance measurements of the rights and interests of employees				
(a) In order to specify clearly the rights and interests between the labor and management, the Bank follows Article 70 of the Labor Standards Act to set up "The Bank's Work Rules" for labor and management to abide.				



Category	Status of Practice			Deviations from the Corporate Governance Best-Practice Principles for Banks and Respective Reasons
	Yes	No	Brief Description	
			<p>(b) "The Collective Agreement of the Land Bank of Taiwan Co., Ltd and the Enterprise Union of the Land Bank of Taiwan" was made by the agreement between the labor and the management, and accredited by the Ministry of Finance, approved for inference by the Ministry of Labor and the Department of Labor, Taipei City Government, which is beneficial to stabilize the relationship between the labor and the management, and they can communicate thoroughly and cooperate with each other, follow the honesty principles to safeguard the employees' rights and interests and boost the harmony between each other.</p> <p>C. "Caring Employees": The Bank sends an official letter to each unit every year and reiterates each unit has to care for its employees and specially assign a person to guide new employees and newly transferred coworkers to enable them to fit into their new working environment and living conditions, and also, to offer appropriate help to enable their adjustment to their working conditions and to develop their strengths in order to secure their career development in the Bank.</p> <p>(2) Investor relations, interests and rights between related parties: please refer to Interests and Rights between Related Parties and Social Responsibility Perspective, page 25.</p> <p>(3) Directors and Supervisors continuing education: The Bank hosted the conference of advanced practice for Directors and Supervisors (Including Independent Supervisors) and the keynote speech was called "Research on Special Breach of Trust in Banking Law" on July 24, 2015. In addition, on November 20, 2015, Yan Chun-lan, the Managing Director, attended the "Advanced Conference of Directors and Supervisors(Including Independent Supervisors) – Research on Cheating Case of Enterprises Mergers and Acquisitions from the Viewpoints of Corporate Governance" course, held by the Securities and Futures Institutes, R.O.C. Wu Dan-Jay, the Manager Director, attended the following conferences; " Corporate Governance and Social Responsibility of State-owned Financial Institutions" and "Communication and Coordination Across Boundaries" held by the Training Institute of Ministry of Finance on July 3, 2015, August 12, 2015, August 24, 2015, and August 26, 2015. He also attended "Finance and Banking and Good Society -- From the Perspectives of Social Responsibility of Enterprises" held by Department of Public Finance, National Taipei University on October, 7, 2015. The Bank also continued to arrange courses related to administrative neutrality and corporate governance.</p> <p>(4) Status of executing risk management policies and risk measurement standards: The Bank's "Risk Management Committee" convened 7 meetings during the year, in which the committee members reviewed the whole bank's risk monitoring reports and risk control proposals, and continued to have the Department of Risk Management handle measuring, monitoring and reporting of the whole bank's credit, market, operation and other risks. Additionally, the Bank modified and issued the Risk Management regulations below: A. On February 24, 2015, the Bank issued a letter to modify the "Statement of Risk Management Policies and Procedures of Land Bank of Taiwan". B. On February 24, 2015, the Bank issued a letter to modify the Bank's "Guidelines of Risk Management of Interest Rate". C. On April 17, 2015, and August 4, 2015, the Bank issued a letter to modify the Bank's "Operation Instructions of Business Risk Management of Derivative Financial Products". D. On June 6, 2015, and December 18, 2015, the Bank issued a letter to modify the "Statement of Land Bank of Taiwan's Market Risk Value Limit Table". E. On August 7, 2015, "Directions for Operating Risk Self-Evaluation of Land Bank of Taiwan" and "Directions for Operating Key Risk and Risk Indicator Management of Land Bank of Taiwan". F. On August 10, 2015, the Bank issued a letter to the Financial Supervisory Commission to report the Bank's "Operating Plan for the Year 2015", "the "Capital Adequacy Assessment Result for the Year 2014" and the "Statement of Self-Assessment on Various Risk Indicators for the Year 2014" of the Land Bank of Taiwan.</p> <p>(5) Status of executing consumer or customer protection policy: A. Information about each business service was announced on the Bank's website (www.landbank.com.tw) for people to view at any time. B. Providing various inquiry channels: (a) Providing information for each loan on the Bank's homepage for people to view. (b) 24-hour customer service. (c) Building a mortgage blog. C. Establish a toll-free customer complaint line: 0800-231590, in this way, the Bank could deal immediately with and analyze customer complaints in order to improve customer service. D. The table of charges for services was placed in an easily seen location at the business office and on the bank's website in order to protect consumers' rights. E. The Bank provided "Information on the Prevention of Fraud" in the business service section, business brief section and loan section of the homepage of the Bank's website: 'You have to apply for loan at the Bank yourself rather than have another person to do it for you. If someone asks you to "remit your money first" or "charges you an additional service fee or reward", the person could be an agent and you must be cautious. The Bank never outsources customer loans to other financial institutions or agents. If you have any loan needs, please contact the business office of the nearest branch. Be vigilant regarding claims made by third party institutions. The Land Bank of Taiwan cares about you'.</p>	

Category	Status of Practice			Deviations from the Corporate Governance Best-Practice Principles for Banks and Respective Reasons
	Yes	No	Brief Description	
			<p>F. In consideration of the needs and rights of visually impaired consumers when applying for bank loans, the Bank established the following procedures; visually impaired costumers may choose to either “provide a notary in compliance with the Notarization Law of the Republic of China” or authorize “a spouse, blood relative, relative, friend, or a social welfare and service worker” to act as a witness for the loan application.</p> <p>G. On December 25, 2015, the Bank modified the regulations for the protection and management of personal data held in order to fully comply with the “Act of Protecting and Managing Personal Data Files of Non-government Agency Stipulated by Financial Supervisory Commission R.O.C (Taiwan)”.</p> <p>H. On December 14, 2015, the Bank modified the instructions for the protection and management of personal data held in order to fully comply with the “Act of Protecting and Managing Personal Data Files of Non-government Agency Stipulated by Financial Supervisory Commission R.O.C (Taiwan)”.</p> <p>I. In order to strengthen the response measures to prevent personal data exposure and the practice of e-commerce service system, the concerned departments should carry out simulation exercises and maintain complete simulation notes, in order to implement the personal data protection truly in the Bank.</p> <p>J. In order to protect the personal data of the Bank’s customers, the Bank issued a letter to the units in all branches to follow the regulations fully to file all documents safely, preserve them or destroy them when they are out of their record retention schedule and retain document retrieval records and destruction records for future reference.</p>	
8. Where there is a self-assessment report of corporate governance or an assessment report of corporate governance made by a contracting professional institution, please clearly state the results of the self-assessment (or contracting assessment), the major defects (or suggestions), and the status of improvements:				
In 2015 the Bank retained a professional institution, National Taipei University of Technology to conduct corporate governance assessment, for which the general opinions are summarized below:				
(1) The strengths of the Bank is summarized in four main dimensions:				
A. Dimension of Information Transparency: The “Public Disclosure Issues Section” and “The Bank’s Governance Section” on the portal site of the Bank provide information for the shareholders and stakeholders for reference.				
B. Dimension of Management Performance: The directors of board have a meeting to communicate with internal auditors periodically and examine and discuss the internal controls.				
C. Dimension of Abilities of Directors of Board and Supervisors: It was very positive that the Bank has established an Audit Commission which is composed of three independent directors of board with accounting or financial expertise.				
D. Dimension of Stakeholders and Social Responsibility: The Bank signed a “contract of cooperation and promotion” with its subsidiary corporations which are corporations of insurance broker and insurance companies, then it was approved and certified by The Board of Directors.				
(2) Suggestions for the Bank:				
A. The Bank should provide important instant information on the Public Information Observatory in accordance with the related legal regulations. We also suggested the Bank should consider adding links to its website in order to reveal important information (such as change of high-ranking managers, the Bank’s capital increase proposal, disposal of assets, etc), so the stakeholders can know clearly how the Bank runs its business.				
B. The Bank hired certified public accounts for a two-year tenure. The certified public accounts are in charge of auditing and certification of financial statements and auditing the internal control system, professional and independent external auditing and checking account officers monitoring business management and operation. This complements the function of the Board of Directors. Nowadays, the European Union (EU) adopts the audit rotation system for selecting certified public accounts, and after a few years, the external auditing jobs will be taken by other accountants (accounting firms). We provide the system for your reference even though the system has not yet been used in Taiwan.				
C. In terms of social responsibility, the Bank should consider combining its business with the concerned society issues not including its usual charitable activities, in this way, it not only represents the features of financial industry but also creates higher social value.				
(3) the Bank’s Reflection and Improvement				
A. The Bank will follow the evaluation suggestions to add the link to “Public Information Observatory” on the homepage of the external website to help the stakeholders check information.				
B. The Bank will command the Department of Accounting to follow the suggestions about appointing accounts by selection.				
C. In terms of the social responsibility, the Bank will issue these evaluation suggestions to each of business departments to combine its business with the concerned society issues when holding public interest or related business activities.				

II. Status of Social Responsibility Performance:

Category	Yes	No	Status of Practice
1. Implementing the promotion of corporate governance			
(1) Status of the Bank in establishing a corporate social responsibility policy or system and reviewing implementation achievements.	✓		The Bank is a state-run business, of which the Ministry of Finance is the sole shareholder. For years, the Bank followed governmental policy for the provision of various special loans and the promotion of national economic development. Following the ideal of "What is taken from society is used for society," the Bank has spared no effort in positively sponsoring community care, environmental protection and underprivileged groups, and as such has not established a separate corporate social responsibility policy or system.
(2) Status of holding social responsibility training periodically	✓		The Bank is a state-owned bank. The Bank arranged the following training programs: "Work Ethics and Integrity Ethics Regulations", "Theory and Practice of Administrative Neutrality", "The Legal Responsibility of the Banker (including Civil Servant Service Act)", "A Brief Overview of Abiding Financial Law and Bank Law", "Abiding-Law Workshop".
(3) Operating status of the Bank in establishing a specially-set (adjunct) unit to promote corporate social responsibility and the Board of Directors assigning senior management to handle and report to the Board of Directors.	✓		The Bank has not established any specially-set (adjunct) unit to promote corporate social responsibility.
(4) Status of the Bank periodically holding corporate ethics training sessions and promotion campaigns for directors, supervisors and employees, and combining it with the employee performance evaluation system to establish a clear and effective reward and punishment mechanism.	✓		<p>A. How the Bank pays its employees is in accordance with the "Directions of Management of Employee Payrolls of Ministry of Finance-owned Institutions" issued by Ministry of Finance.</p> <p>B. Pursuant to the "Directions for General Evaluation of Civil Servants of the Executive Yuan and Affiliated Agencies" and the "Directions for Evaluation of Personnel of State-Run Financial and Insurance Business Organizations Under the Ministry of Finance", the Bank should take employee work competency, service attitude, character and integrity, organizational goal fulfillment, and implementation of customer orientation as the items for consideration of employee general and annual evaluations, with proper rewards or punishments being issued for respective superior or inferior performances</p>
2. Developing a sustainable environment			
(1) Status of the Bank in striving for improved efficiency in usage of various resources, as well as using recycled materials of low environmental load and impact.	✓		<p>A. The Bank promoted using both sides of paper for copying (printing), and procured and used recycled paper.</p> <p>B. The Bank carried out garbage reduction, garbage sorting, and resources recycling.</p> <p>C. The attached report form related to the credit card's account bill has been changed to an online approval note since April 15, 2015. The note has been preserved via electronic media and it doesn't need to be printed.</p> <p>D. When the cases of financial credit, easier cases of credit analysis of credit card, cases of profit ration verification are investigated in credit checking system online only (which means a monorail way), they don't need to be printed out.</p>

Category	Yes	No	Status of Practice
(2) Status of the Bank in establishing a proper environmental management system according to the characteristics of its sector. ✓			<p>A. The Occupational Office set up under the Office of General Affairs is in charge of promoting environmental education and clean environment maintenance.</p> <p>B. The Bank periodically cleans and waxes its working premises, clears waste, renews flowers, trees and pot plants, beautifies the working environment, and regularly sends patrol personnel to enforce environmental management.</p>
(3) Status of the Bank in paying attention to the impact of climate change on operating activities, as well as setting up its policy on energy saving, carbon reduction and greenhouse gas emission reduction. ✓			<p>A. Every year the Bank conducted 4 hours of environmental education sessions, in order to advance the employees' understanding of environmental ethics and responsibilities and fulfill sustainable development.</p> <p>B. The Bank followed a campaign of green procurement by purchasing more environmentally-friendly products with the Energy Label, Water Saving Label, and Green Building Label.</p> <p>C. In compliance with the Energy Saving and Carbon Reduction policy, the Bank set an annual goal of saving over 2% of water, electricity and fuel expenditure and saving over 3% of paper. Every year, the Bank replaced 10% of high electricity-consuming appliances with energy-saving equipment.</p>

3. Safeguarding social interest

(1) Status of the Bank in observing pertinent labor laws and regulations, respecting internationally-recognized principles of basic labor rights, protecting legal rights and interests of employees, upholding non-discrimination in its employment policy, and establishing and implementing proper management conduct and procedures. ✓			<p>A. In accordance with its business nature and Article 70 of the Labor Standards Act, the Bank had established work rules on the following matters for both of employer and employees to abide.</p> <p>B. In accordance with Article 83 of the Labor Standards Act and the Regulations for Implementing Labor-Management Meeting, the Bank should convene a labor-management meeting in order to increase harmonious labor-management relationships and engender employee cohesion.</p>
(2) Status of the Bank in establishing a mechanism and channel for employees' complaints and appropriate treatment. ✓			The Bank established an Area of Employees' Complaints and Appeal to President and General Manager as well as Area of Employees' for Discussion and for Union of Labor on the Bank's website in which the channels were open to reflect employees' suggestions and opinions.
(3) Status of the Bank in offering employees a safe and healthy working environment, and periodically providing employees with health and safety education. ✓			<p>A. The Bank has followed the Occupational Safety and Health Act 34 and has established the Working Directions for Labor Safety and Health, which should be strictly followed by all employees, to prevent various incidents from occurring and to effectively safeguard all employees' safety and health.</p> <p>B. In order to implement safety and health management, the Bank has followed Labor Safety and Health Management Act 12-1 and has established the Labor Safety and Health Management Notice, and Labor Safety and Health Management Plan to increase the sense of health and safety of all employees, and to ensure their safety and fitness.</p> <p>C. Every 3 years the Bank holds a 3-hour health and safety training session for on-job employees to safeguard employees' safety and health.</p>



Category	Yes	No	Status of Practice
(4) Status of the Bank in establishing a mechanism for periodical employee communication, and a reasonable way of informing employees of operating changes that may impact substantially upon them. ✓			<p>A. The Bank initiated the “Labor-Management Meeting” pursuant to Article 83 of the Labor Standards Act and the Regulations for Implementing Labor-Management Meeting, after which the Bank would hold labor-management meetings in order to increase harmonious labor-management relationships and engender employee cohesion towards the corporation.</p> <p>B. The Bank would deal with its employees’ complaints and appeals via thorough communication in labor-management meetings in order to resolve outstanding issues and achieve agreement between all parties.</p>
(5) Status of the Bank in establishing an effective career development and training plan for its employees. ✓			<p>In accordance with the business needs of the executive management units, the Bank opened 94 professional training programs in which 10,426 employees attended (including 15 online learning programs in which 3,030 employees attended). These training programs are beneficial in increasing professional knowledge and boosting working efficacy.</p>
(6) Status of the Bank in establishing a policy for consumer rights’ protection and a consumer complaint procedure in research and development, purchase and service. ✓			<p>A. To protect customer rights and interests, and handle financial consumption disputes fairly, reasonably and effectively, the Bank issued a letter to every unit to publish its “Financial Consumer Protection Policy” and pertinent regulations and standard operating procedure on June 12, 2012. The bank modified the previous policy in accordance with the authority institution. Also, the Bank issued and published “The System of Handling Disputes of Financial Consumption” on September 8, 2015 in order to implement the assured protection of our financial consumers.</p> <p>B. The Bank had set up the 3 channels of executive mailbox, customer complaint and mailbox of customers’ opinions on its access website to communicate with the public, where customer requirements and suggestions would be processed in a timely manner by the responsible units according to their functions and duties.</p> <p>C. In compliance with the Financial Consumer Protection Act and the related regulations of the authority institution, the Bank set the policy that the business units should use face-to-face, telephone, or letter when they deal with the customers with disputes during the business hours in order to follow the procedure of “Handling Disputes of Financial Consumption” and implement the Bank’s policy of handling consumers’ dispute.</p>
(7) Status of the Bank following the related regulations and International Accounting Standards to market and demonstrate its product and service. ✓			<p>Follow the authorities’ related regulations and International Accounting Standards to handle the business.</p>
(8) Status of the Bank in evaluating the performance of suppliers that have a bad record in relation to the environment and society prior to having business with them. ✓			<p>The bank is state-owned and follows government requirements for open and transparent purchases, develops the function of government’s purchase acts and regulations to increase profits and prevent cheating, and in this way enhances purchase effects to build an open and transparent purchase environment.</p>

Category	Yes	No	Status of Practice
(9) Status of the contracts of the Bank with its suppliers containing the conditions to cease or cancel the contract if the suppliers acted against their corporate social responsibility and had an obvious negative impact on the environment and society.	✓		As above.
4. Enhancing information disclosure Whether the Bank discloses reliable and relevant corporate social responsibility information on its website and information observation post system.	✓		Information of the Bank relating to corporate social responsibility was disclosed on the "Corporate Governance Section" of the Bank's website.
5. Other important information that enhances understanding of the Bank's corporate social responsibility practice:			
(1) In January, 2015, the Bank and Chinese Calligraphy Society held the "Each home having good culture and each person spending a good year" promotional campaign at Jianye Building in which people used Chinese writing brushes to write calligraphy. Eight modern calligraphers were invited to demonstrate writing calligraphy impromptu for the Bank's customers. The works of spring festival couplets were given to the participants. All the people who joined the campaign gave enthusiastic responses which created a wonderful festival ambiance of the Chinese Lunar New Year.			
(2) Public Interest Event entitled "Travelling Casually for Fun, Love Going Everywhere": In order to help children from disadvantaged minorities who could feel the love and warmth from the society in the chilly winter season, the Bank cooperated with Southern Taipei Family Helper Project, Taiwan Fund for Children and Families Corporation to invite 60 children during their winter vacation to experience and play roles in different professions in order to teach through lively activities in Baby Boss City, Taipei, led by the Bank's president, on February 4. The Bank also donated daily necessities to these children as usual to put love into action and fulfill their social and public obligations.			
(3) Assisting the colored powder fire explosion disaster relief event of Formosa Fun Park in New Taipei city: On June 27, 2015, the heaviest casualties occurred in Taiwan caused by the colored powder fire explosion disaster in Formosa Fun Park in New Taipei city. The Bank donated one million dollars to respond and assist the disaster relief event. The donation account was designated to help the victims and their families with medical treatment and rehabilitation, which the Bank used substantive funding to express its care and help.			
(4) The sport event of public interest entitled "Summer Camp of Badminton and Tennis for Young People": In response to promoting all people should exercise by the government, whose goal was "Cultivating Young People, Rooting Downward", the Bank held the summer camp of badminton and the summer camp of tennis from August 10 to August 21, this event always garners a lot of expectation and positive feedback every year. In addition, in order to fulfill the enterprise's social responsibility, in the summer camp, the Bank provided a certain amounts of sponsorship which provided practical and complimentary gifts, such as insurance premium, lunch and rackets to poor and underprivileged children. The Bank wanted these children to learn and have fun from these activities in which they learnt the basic movements for playing badminton and tennis and the correct exercise concepts, in this way, to enhance interest in playing badminton and tennis and to build enthusiasm and confidence. The Bank also expected that every attendee would enjoy a happy, healthy, sunny and wonderful summer with the company and professional coaching of the Bank's national badminton's and tennis' players.			
(5) The Public Interest Event called "The Round Mid-autumn Moon, The Care of the Land Bank of Taiwan Expanding Love": In order to improve the enterprise image of the Bank, the Bank organized a public interest event entitled "The Round Mid-autumn Moon, The Care of the Land Bank of Taiwan Expanding Love". The Bank purchased moon cake gifts from Eden Bakery Sheltered Workshop and the seasonal fruits (pomelo, papaya, and pear) for social welfare organizations. The Bank put them into actions in order to care for underprivileged groups.			
(6) The public interest events in winter: In order to take the social responsibility, the Bank held the public interest events in winter in which the Bank donated the good Hsiluo rice grown in Taiwan, and seasonal fruits (tangerine, orange, and sweet persimmon) etc to 12 social welfare organizations for children and youth welfare, old people welfare, and disabled nursing to benefit more than 530 people in these organizations and created the opportunity of interest share between farmers, social welfare organizations and enterprises.			
(7) Holding a series of public interest events of localization and community.			
A. For the purpose of contributing to society and building up a good interactive relationship with customers: On May 16, the Taoyuan branch held the public interest event of "Shining Your Life – Garden Party of Love and Compassion" in response of the Development Center for the Spinal Cord Injured. The Bank expected that the event which sponsored underprivileged groups could make other people notice them in order to express their love and care for society.			
B. For the purpose of affirming that the disabled could work well and independently: The Yuanshan branch purchased food made by "Mentally-retarded Children" to serve at the reception of the opening of the designated foreign exchange branch to put invisible love and caring into practice and support.			



Category	Yes	No	Status of Practice
C. "Endless Love in Year 2015, Public Interest Event of Blood Donation": The fourteenth blood donation event was held by the Civil Affairs Bureau of Taichung city and Lee Ming Construction Co., Ltd., etc. In order to encourage people to donate blood eagerly, the Chungkang branch provided complimentary gifts and assigned its employees to participate in the event, which contributed to improve the public interest image of the Bank and promote marketing business.			
D. The West Sanchung Branch has been involved in public interest for long time. It collected donations periodically for underprivileged groups, and the employees of the branch also actively partook in eight public interest events, such as "Spiritual Journey of Morning Water Drops" and the public interest concert held by the Taiwan Foundation for the Blind. The branch hoped to promote charity to arouse people's awareness and to encourage other enterprises participation in bringing more warmth and harmony to society.			
E. In order to contribute to society and build good interactive relationships with customers, the Sanchung branch held its fiftieth anniversary celebration event on August 11. The general manager Gao, Ming-Xian represented the Bank to donate second-hand books to Xiu-De elementary school and the "New Dream Tutoring Team". The idea of collecting second-hand books embodies education, complete use and circulation of book resources as well as environmental protection awareness. The Bank hoped this action would enhance reading quality and practice and combined dreaming touring car to provide the children in the faraway rural areas to have more reading resources.			
(8) Sponsoring scholarship to school children: In order to enhance the enterprise image and contribution to the society, and encourage students to study hard, the Bank sponsored 17 branches to provide scholarships, NTD1.45 million to students in 22 schools.			
(9) Public interest garden party entitled "Financial Service and Caring the Society": In order to promote financial knowledge and love and caring, the Taiwan Financial Services Roundtable and some city and county governments held a garden party in Nantou and another one in Taitung, in which the Bank set a booth to promote financial knowledge and devised some activities to interact with citizens in order to embody the Bank's devotion to the promotion of financial education and caring for underprivileged groups in society.			
(10) In accordance with the government policy of preventing financial fraud crime accidents from happening, reducing the property loss of citizens, the Bank drew up the measures in relation to fraud. There were 20 cases of good behavior in preventing fraud, which successfully stopped people from remitting money in total of NTD18,390,000 and USD100,000. This ensured people did not lose their wealth.			
(11) In accordance with the authorities in promoting the setting up of Accessible ATMs (including the ATMs for disabled persons and the visually impaired). At the end of the year 2015, there were 188 accessible ATMs designed for wheelchair users (including 12 Accessible ATMs which were designed for visually impaired persons. During the period of 2015, the Bank also purchased 27 accessible ATMs which were specifically placed and used in hospitals located in the neighborhood of the governments of the Six Special Municipalities and in hypermarkets and medical centers outside of the six municipalities to provide a convenient service for people.			
(12) The Bank and the Small Business Integrated Assistance Center held the "Caring and Serving Small Business and Increasing the Financial Competitiveness" conference at the Taichung branch on March 18, 2015 in order to assist small businesses get operating funds and increase their financial competitiveness.			

III. Status of implementing the integrity management system

Category	Yes	No	Status of Practice
1. Propose and promulgate an integrity management policy and associated provisions.			
(1) The integrity management policy and associated provisions shall have been promulgated and explicitly described in the internal regulations as well as the external documents by the bank authority. The board of directors and management shall also endeavor to enforce the above-mentioned policy and provisions.	✓		The bank authority has promulgated guidelines for the directors, supervisors, and managers, aiming to encourage them to apply the highest ethical standards to every aspect of their businesses and to act with integrity at all times. The board of directors and management shall also endeavor to enforce the integrity management policy.

Category	Yes	No	Status of Practice
(2) Does the Bank set up and implement a number of preventative deceit conduct provisions measures with a standard operating procedure, guidelines for conduct, and punishment for violation of rules, and an appeals system? ✓			<p>A. All the staff working for this bank shall abide by the following guidelines promulgated by the Executive Yuan and the Ministry of Finance respectively, "Integrity and Ethics Directions for Civil Servants", "Guidelines for Regulating Lobbying Registration and Inspection within the Executive Yuan and its Subordinate Agencies and Institutions", and "Guidelines for Regulating Lobbying Registration and Inspection within the Ministry of Finance and its Subordinate Agencies and Institutions". All the governmental agencies and institutions are obliged to file suspicious cases which may breach any regulations prescribed in the above-mentioned guidelines.</p> <p>B. The bank shall set up a "Registration System for Integrity and Ethics Directions" within an internal website. The relevant courses shall be included in the on-job training programs for employees.</p>
(3) Does the Bank set up and implement preventative measures and programs which shall be applied to regulate some business activities which may be at a higher risk of being involved in potential unethical conduct, though these business transactions are still within the bank's business scope according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, Article 7, Regulation 2 including preventing the offering of bribes, receiving bribes, and providing illegal political donations? ✓			Refer to the above-mentioned operation and establish a reporting channel to the authority.
2. Enforce the integrity management policy.			
(1) Does the Bank evaluate its clients' integrity records and establish the Integrity Deed regulations in commercial contracts? ✓			<p>A. The financial consumer protection policy promulgated by the Bank indicates that the Bank shall provide financial consumers with financial products or services based on the agreements which are designed to warrant that the fairness, mutually beneficial principles, and integrity will be fulfilled throughout the whole process of the financial operation or investment. In addition, the bank is also obliged to pursue the best interests of clients and exercise the due care of clients as a professional manager, as well as a good administrator.</p> <p>B. When the Bank is undertaking dealings with our clients or counterparties, the relevant legal issues will be assessed prior to the transactions. In addition, fairness and transparency will also be ensured.</p>
(2) Does the Bank establish a specially-set (adjunct) unit to promote integrity management and how does the board of directors propose that the relevant operations shall be supervised? ✓			So far, no specially-set (adjunct) unit has yet been set up to promote the integrity management policy.
(3) Does the Bank propose policy for avoiding work-related conflicts of interests and establish appropriate reporting channels and implement its functions? ✓			As the Bank is a state-run bank, all employees shall abide by the "Act on Recusal of Public Servants Due to Conflicts of Interest". When any employee is suspected of breaching the "Act on Recusal of Public Servants Due to Conflicts of Interest", the Bank should not interfere with the lawsuit and the concerned authorities shall provide that employee with proper consultation and advice. On 7, July and 14, July, 2014, the Bank established information courses.

Category	Yes	No	Status of Practice
(4) Aiming to ensure the enforcement of integrity management, has the Bank authority established effective accounting systems, internal control systems, and audit systems carried out by internal auditors or accountants? ✓			<p>A. Based on the 'Accounting Act', the 'Business Entity Accounting Act', the 'International Financial Reporting Standards', the 'Sample of Accounting System for Banking Entity', and other laws and regulations promulgated by the concerned authorities, the "Accounting System of the Land Bank of Taiwan" has been finalized and approved by the board of directors and submitted to the Directorate General of Budget, Accounting and Statistics (DGBAS), Executive Yuan. The "Accounting System of the Land Bank of Taiwan" has subsequently been approved and promulgated by the DGBAS. The 'Accounting System of the Land Bank of Taiwan' has further been posted on the internal website as per the guidelines for all accounting-related affairs.</p> <p>B. According to the rules described in section 28 of the 'Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries', the bank shall authorize a certified public accountant to assess and certify the annual balance sheet, filing returns, and internal control system. After that assessment, the bank shall present a final evaluation report with respect to the control environment of our bank, major business risks, the accuracy of the data submitted to the concerned authorities, the internal control system, the implementation of the major policies and the appropriateness of bad debt write-off expenses.</p> <p>C. Based on the 'Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries' promulgated by the Financial Supervisory Commission, Executive Yuan, our bank has established an effective internal control system and every business section has also proposed associated provisions so that the above-mentioned 'Implementation Rules' have been enforced accordingly.</p> <p>D. All the audit and evaluation reports prepared by different sections, with respect to general businesses, projects, important unexpected incidents, and any other investigation projects assigned by the superordinate institutions shall be submitted to the chairperson and standing supervisors for further review and approval. All the independent directors and supervisors are entitled to be notified of the details of the audit and evaluation reports. Comments made by the external auditors in relation to the audit and recommendations made to alleviate the audit defects and ensure continuous improvement will also be submitted to the board of directors and supervisors.</p> <p>E. The internal audit section shall submit an "Audit Report" to the board of directors and supervisors every six months. This report shall contain the status of implementing the measures related to the internal control system and internal auditing system, the follow-up improvement on the flaws contained in the reports prepared by the internal and external auditors, and the instructions made by the independent directors and supervisors in relation to the audit report. All the above-mentioned matters should be followed up by the internal audit unit until they are improved.</p>

Category	Yes	No	Status of Practice
			<p>F. The directors of the Bank and the internal auditors convened a meeting to examine the defects of the internal control system. The directors should raise their instructions concerning the implementation of internal control system and auditing system.</p> <p>G. The Bank's "Annual Auditing Plan in Internal Auditing Operation" was reported to the Audit Committee. After passing, it would be reported to the board of directors to be reviewed, then implemented if passed.</p>
(5) Does the Bank periodically host educational training of Integrity Management between the internal and external sections? ✓			Refer to the educational training of corporate social responsibility.
3. Operation of receiving reports system in the Bank			
(1) Has the Bank established a system for reporting and managing any unethical conduct, a convenient channel for receiving reports on any unethical conduct, and assigning a chairperson in charge of filing the appeal? ✓			In accordance with the "Act of the Establishment and Management of the Government Employee Ethics Units and Officers and "The Enforcement Rules", our bank has set up the following channels to receive reports on any unethical conduct. These channels include the direct phone line, (02)2371-4572, the prosecution box—Taipei P.O. Box 1541, the e-mail address: lbged@landbank.com.tw, the bulletin board on the website for customers to file complaints or appeals, and the chairperson's mail box on the website.
(2) Has the Bank established a standard operation procedure for dealing with an appeal and a relevant confidential mechanism? ✓			The Bank dealt with the case report, checked and collected information in accordance with the Work Ethics Manual published by The Ministry of Justice Agency Against Corruption. In addition, the Bank followed Article 10 of "The Anti-Corruption Informant Rewards and Protection Regulation" and protected the confidential information relating to the reported cases.
(3) Did the Bank protect people who were the subject of accusations in order to keep them from improper punishment while the accusation was investigated? ✓			The Bank followed Article 12 of "The Anti-Corruption Informant Rewards and Protection Regulation" and protected the accused persons.
4. Reinforce the information disclosure policy			
Has the Bank set up a website and open information post for disclosing information relating to the integrity management policy and implemented effectively? ✓			The Bank has disclosed all the information related to the integrity management policy on the bank's web site - Corporate Governance Section". In addition, the Bank has set up an English-version website and has appointed an employee to be in charge of collecting important financial business information and disclosing this information on the website.

Innovation

Product Integration

Service Improvement

■ 036 Operating Overview

036 Contents of Business

040 Market Analysis





Operating Overview

I. Contents of Business

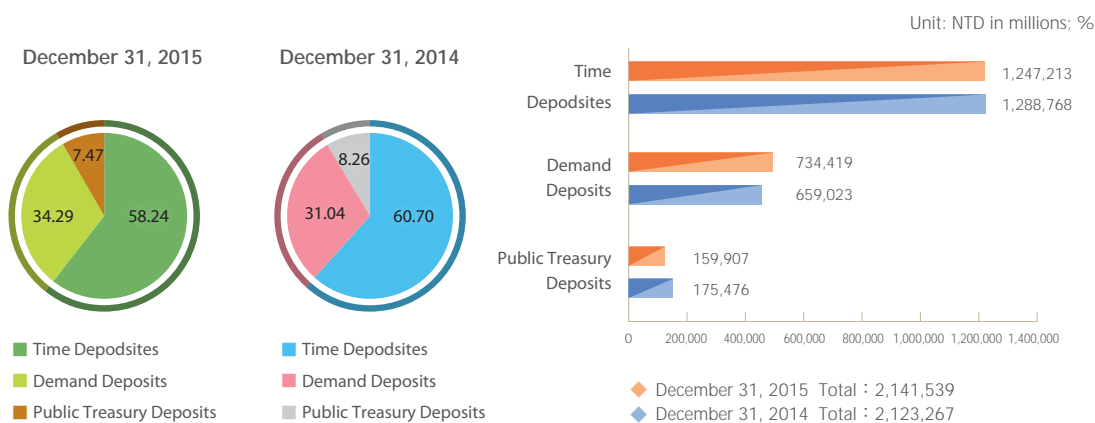
(I) Overview of Operations

1. Major Businesses

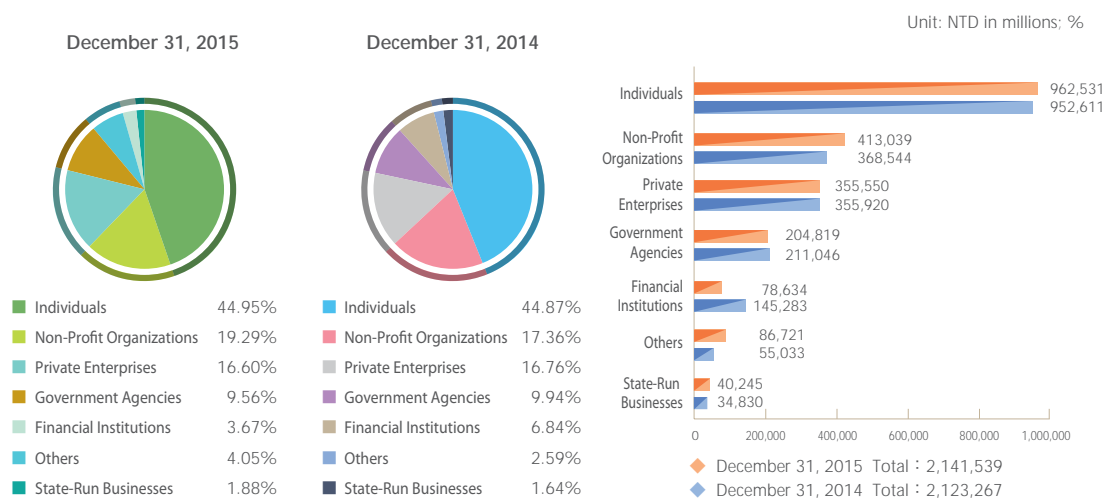
(1) Deposits

At the end of 2015, the total deposits of the Bank stood at NTD\$2,141.5 billion, with an increase of NTD\$18.3 billion (0.86%) compared to the end of 2014, within which demand deposits increased by NTD\$75.4 billion (11.44%). The time deposits and public treasury deposits decreased by NTD\$41.6 billion (3.22%) and NTD\$15.6 billion (8.87%) respectively.

Comparison of Deposit Structures between 2015 and 2014



Comparison of Depositor Structures between 2015 and 2014



(2) Credit Granting

Until the end of 2015, New Taiwan Dollar loans out of the Bank's own funds stood at NTD\$1,749.1 billion, with a market share that ranked No. 4 in the domestic lending market.

① Corporate Banking

In compliance with the government policy of stabilizing real estate, the Bank took up the business of corporate financing and more diversified development, avoiding focusing on real estate loans in order to spread risk. The Bank not only promoted the government policy business, actively developed loan to private enterprise, dealt with urban renewal financing and expanded non-interest income business, but also engaged in expanding joint credit business, held a variety of marketing training of corporate financing to carry out business and attending corporate financing business seminars to boost the bank teller's professional skills and enhance their marketing abilities.

Until the end of 2015, corporate banking loans reached NTD\$1,007.8 billion, within which small and medium enterprises loans amounted to NTD\$342.2 billion, and construction industry loans amounted to NTD\$292.1 billion. The Bank also undertook 56 financing urban renewal cases, with the aggregate amount of credit extension of NTD\$27.8 billion, which amounted to 106 cases, with NTD\$92.9 billion.

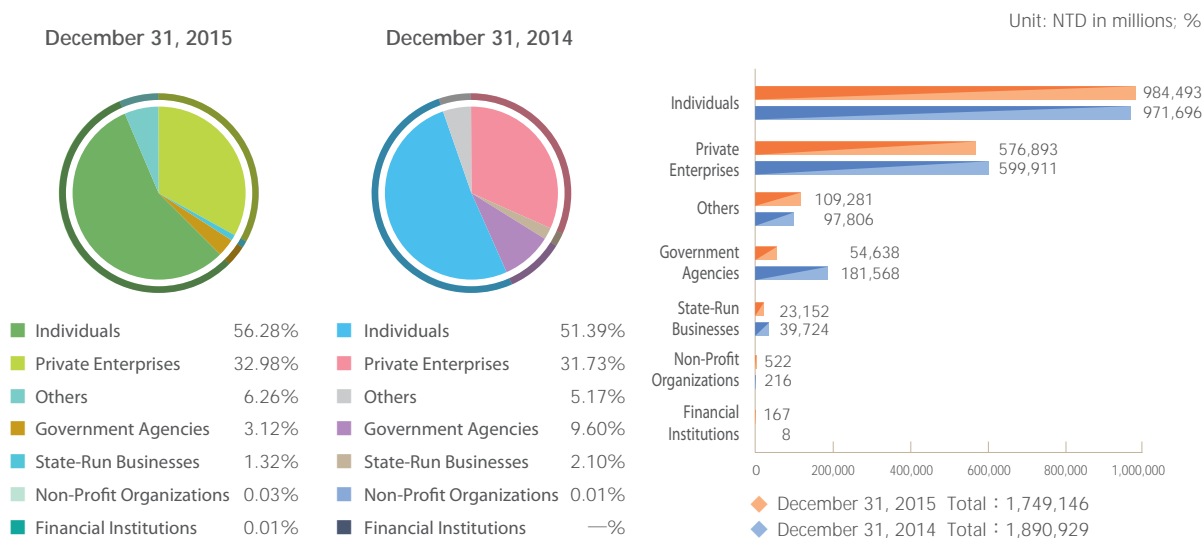
At the end of the year 2015, the Bank had been a mandated arranger and a participating bank in 92 syndicated loan cases. According to the syndicated loan data of Bloomberg magazine, the Bank was ranked No.2 as a Mandated Arranger and No.5 in Bookrunner respectively in the domestic syndicated loan market until December, 2015. According to the syndicated loan data of Basis Point magazine, the Bank was ranked at No.2 in Mandated Arranger and No.6 in Bookrunner respectively in the domestic syndicated loan market until December, 2015.

② Consumer Banking

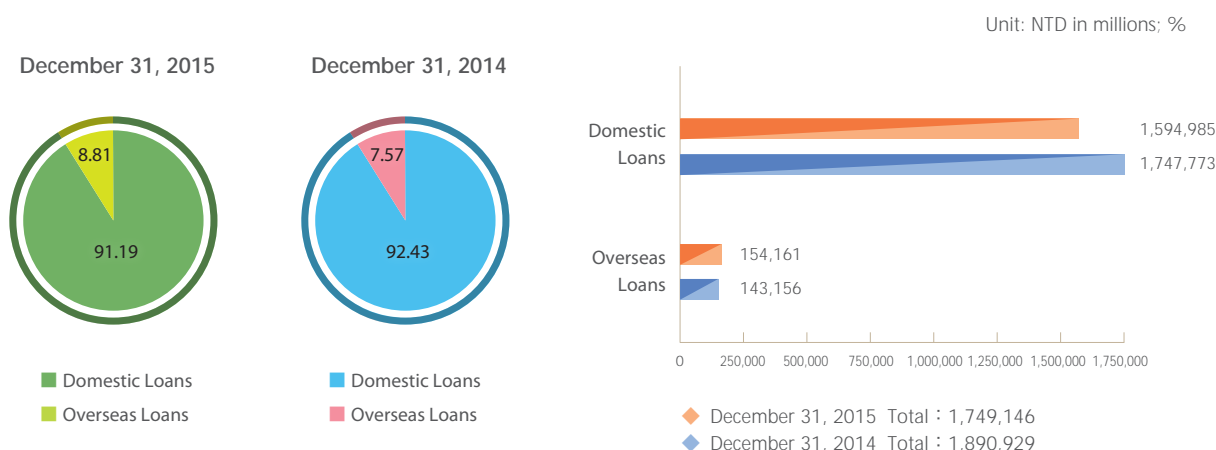
Until the end of the year 2015, consumer banking loans reached NTD\$847.3 billion, increased by NTD\$32.1 billion compared to 2014, within which housing loans amounted to NTD\$732.2 billion, consumer loans amounted to NTD\$66.2 billion and outstanding deposits NTD\$60.17 billion entrusted by the government.

Consumer banking in the Bank mainly included housing loans, consumer loans and the credit card business, where "Elite Housing Loan," "Quality Housing Loan," "Policy-Oriented Housing Loan," and "Comprehensive Consumer Loan" served as its featured products. Based on data published by the Financial Supervisory Commission on December, 2015, the Bank ranked No. 1 in the banking industry in housing loans, with a market share of 11.46%. The Bank also outperformed all other banks in agency/organization employee consumer loans with a market share of 42.80%. In addition to this and in accordance with government policies, the Bank actively conducted various policy-oriented housing loans, agricultural loans and labor hardship loans. The amount of "Privileged Loan for Young Couples Purchasing Houses", which received special mention, was 110.39 billion until the end of December, 2015. 38,752 loan application cases in total were accepted. The total loan was NTD\$153.68 billion. All of these achievements were exceptional.

Comparison of Borrower Structures Between 2015 and 2014



Comparison of Loan Structures between 2015 and 2014



(3) Trusts

The types of fund trustees came in 29 series/1,367 types of offshore funds, 32 series/656 types of domestic funds, 17 foreign bonds, 3 offshore structured products, etc., with trust property invested in domestic and foreign negotiable securities of NTD\$58.91 billion. The Bank has also continuously offered renminbi (RMB) on the shelf and a variety of foreign currency products amounted to 112 for our customers.

Until the end of 2015, there were 15 fund custodies and the value of property entrusted was 100.94 billion. The Bank had also undertaken up to 1,986 real estate trusts, with a trust property of NTD\$156 billion. To protect consumer rights and interests, the Bank consecutively launched the businesses of "payment trust" and "real estate development trust" to expand its business scope. At the end of December 2015, there had been 34 and 51 newly-undertaken cases respectively. At the end of 2015, the Bank had undertaken 27 cases as a financial

asset securitization trustee institution, amongst which 3 cases remained operating, with trust property of NT\$10.57 billion. The Bank had also undertaken 7 cases as a real estate securitization trustee institution, amongst which 3 cases remained operating, with a trust property of NTD\$50.51 billion, as the Bank took the lead both as an securitization trustee institution and in the real estate trust business.

In order to meet the demand of the current market, the Bank has tailored many varieties of trusts, such as charitable trust, grey-hair retirement care trust, next generation education trust, easy life and caring trust, property price premium trust, corporate property trust, equity trading price of trust and advanced payment trust, etc.

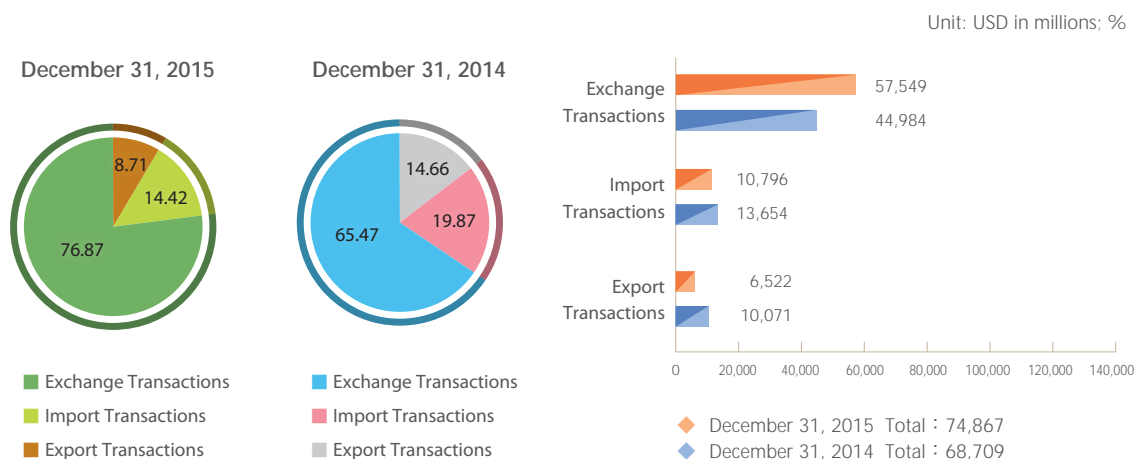
(4) Wealth Management

To respond to public investment trends and the needs of wealth management, the Bank has added investment services such as diverse and innovative wealth management products, and offered financial planning or asset allocation in order to meet customer need. In 2015, the Bank added 23 conservative insurance products 'of the shelf' in total, 141 domestic and foreign funds of trustee investment in total, making a total of 113 life insurance products available 'of the shelf' and 2,023 domestic and foreign fund products available and 13 newly added foreign debt, and added 3 structured products, promoted 3 whole class plenary investment insurance projects throughout the year. At the end of 2015, the wealth management's administration income grew 52.81%, comparing to year 2014.

(5) Foreign Exchange and International Banking

At the end of 2015, the Bank had 150 authorized foreign exchange business units, 8 overseas branches and as many as 2,954 overseas correspondent banks spread across major financial centers over five continents. The volume of foreign exchange transactions undertaken by the Bank stood at USD\$74.87 billion, within which import transactions reached USD\$10.796 billion or 14.42%. Export transactions reached USD\$6.52 billion or 8.71%. And exchange transactions reached USD\$57.55 billion or 76.87%.

■ Comparison of Foreign Exchange Structures between 2015 and 2014





(6) Electronic Banking

To provide customers with a convenient and efficient service, the Bank continuously promoted various new financial products, such as electronic banking services by establishing 811 automated service machines, continued to promote receipt and payment collection, management for enterprises, labor protection card, debit card (including cards' issuance, acquiring, money deduction, and transnational withdrawal), UnionPay Card's ATM receipt in Taiwan, online banking, mobile banking, mobile payment, and accessing a financial institution's online banking facility, etc.

(7) Financial Planning and Investment

The Bank not only reinvested in state-run and private enterprises to generate revenues in accordance with government policies, but also created an efficient overall plan for the various uses of foreign currency and New Taiwan Dollar funds, flexibly managed and arranged funds, lowered the cost of funds, paid close attention to market trends of interest rates, and actively promoted the business of bonds and notes in order to generate greater earnings. The Bank further invested in stocks and depositary receipts of TWSE/GTSM-listed public companies in consideration of domestic and overseas financial landscapes and industry development factors in order to increase investment efficiency.

(8) Securities

The Bank took the advantages of our corporate finance, combined interdepartmental marketing, and promoted active securities brokerage, and underwriting business. Until the end of 2015, the Bank's securities brokerage operation volume stood at NT\$168.43 billion with 52 cases underwritten, increasing NTD\$777 Million with 8 cases, compared to the end of 2014. In order to provide more efficient service for our customers, the Bank opened an electronic filing service, and our customers could sign risk disclosure statements online and user agreements for electronic dealings, and apply for services of entrust, transaction returns, and electronic statement either via computer or mobile phone.

II. Market Analysis

(I) Business Operation Area

The Bank was the only specified bank to do credit on real estate. We provided services of corporate finance, personal finance, trust, wealth management, foreign exchange, and electronic finance. Our service channels spread over domestic and overseas markets. There were 149 domestic branches and 1 offshore banking unit. There were 7 overseas branches respectively located in Los Angeles, Singapore, Hong Kong, Shanghai, New York, Tianjin, and Wuhan.

(II) Supply and Demand in Future Market, and Growth Probability

1. Continuous Growth of Loan in Small and Medium Enterprises and Wealth Management Business

The amount of real estate deals shrank and it effected consumer lending business, but the Bank actively undertook small and medium enterprise financing in order to spread income. In addition, the global economy recovered gradually, and the Bank promoted the businesses of the American

dollar and Renminbi Chinese Yuan, which were beneficial to the continuous growth of wealth management. In response to the financial development trend, the electronic financing business would remain spreading. These factors resulted in the increase of the domestic business growth momentum.

2. Inexhaustible Potentiality of Overseas Loan Market

Our offshore business units have been continuously increasing, and the Mainland China authority opened its foreign branches to undertake the Renminbi Chinese Yuan business, and the domestic administration authorities opened a lot of OBU business. These factors would help the Bank expand its overseas loan and syndication loans markets. The Association of Southeast Asian Nations (ASEAN) market especially became the niche of Taiwanese business customers and it is located on the route of One Belt and One Road in Mainland China, which would become the focus which the domestic banks placed their overseas layout as well as the overseas markets increased their contribution to the Bank.

(III) Competition Niche

1. Solid Professional Foundations

In accordance with the government's land policies of promoting "Average Land Ownership and Land to the Tiller", the Bank has been the only one specified bank by the government to provide real estate credit for seventy years since September 1st, 1946. We not only had much more experiences in solidifying in the field of real estate credit, but also especially had superior sector dominance in order to develop real estate trust, real estate securitization, financial asset securitization, which could provide our customers with a more complete real estate finance service mechanism. On the other hand, the Bank played leading roles in land financing, building financing, and housing loans in Taiwan.

2. Finance Diversification Service

The Bank not only played a leading role in the field related to real estate financing, but also our specialisms were utilized in these businesses, such as Taiwanese people buying overseas properties or in real estate development plan, buying real estate to support for the living when being old, the aged people caring trust to prepare for the aging society. In the meantime, the Bank actively expanded financial services, such as personal finance, corporate finance, wealth management, trust business etc. in order to engage in the operating digital financing transformation plan which could provide diversified services for our customers.

3. Active Global Layout

The Bank had a very dense service networking in Taiwan and in the world. So far, the Bank established branches in Los Angeles, New York, Singapore, Hong Kong, as well as in Mainland China including Shanghai, Tianjin, and Wuhan. In addition, the Wuhan branch got the earlier opportunity to become the first Taiwanese bank which were set up in the middle part of Mainland China, which helped to enlarge its services and areas to Taiwan-funded enterprises, which resulted in a more complete financial service network in Mainland China.

Rigorousness

Optimized Network

Thorough Thinking

■ 044 Financial Status and Risk Management

- 044 Condensed Consolidated Balance Sheets and Income Statements (last 5 years)
- 049 Financial Data for the Last Five Years
- 056 Risk Management





■ Financial Status and Risk Management

I. Condensed Consolidated Balance Sheets and Income Statements (last 5 years)

(1) Condensed Consolidated Balance Sheets and Income Statements : International Financial Reporting Standards

1. Condensed Consolidated Balance Sheets

Unit: NTD in thousands

Accounting Title	Year	Financial data for Year 2014–2015 (Note)	
		2015	2014
Cash and cash equivalents (due from the Central Bank and Call Loans to banks)		297,349,053	276,816,472
Financial assets at fair value through profit or loss		4,689,817	1,551,824
Financial assets available-for-sale		351,622,173	288,193,371
Securities purchased under agreements to resell and bond investment		0	0
Receivables - Net		6,930,795	6,055,423
Income tax assets		167,370	143,714
Discount and loans - Net		1,724,903,022	1,868,479,470
Financial assets in held-to-maturity		36,460,359	12,195,507
Investments accounted for using equity method – Net		0	24,190
Other financial assets - Net		1,657,383	3,680,710
Real estate properties – Net		23,377,397	23,837,637
Investment properties – Net		24,195,770	24,262,176
Intangible assets – Net		660,361	611,567
Deferred income tax assets – Net		3,925,696	3,985,029
Other assets		7,527,506	5,484,918
Total assets		2,483,466,702	2,515,322,008
Due to the Central Bank and Call Loans from banks		122,083,387	209,745,830
Borrowed from the Central Bank and other banks		2,516,829	2,529,138
Financial liabilities at fair value through profit or loss		9,017,252	222,942
Securities sold under agreements to repurchase		5,372,087	10,757,747
Account payables		20,644,932	22,680,553
Income tax liabilities		923,755	1,106,456
Deposits and remittances		2,098,660,734	2,050,378,807
Payable bonds		72,193,289	77,797,199
Other financial liabilities		101,981	119,893
Liability reserve		16,611,687	15,361,617
Deferred income tax liabilities		6,935,227	6,937,342
Other liabilities		1,262,364	967,125
Total liabilities	Before distribution	2,356,323,524	2,394,772,387
	After distribution	2,356,323,524	2,398,604,649
Capital stock	Before distribution	58,100,000	50,000,000
	After distribution	58,100,000	50,000,000
Capital reserve		21,748,869	21,748,869

Accounting Title	Year	Financial data for Year 2014–2015 (Note)	
		2015	2014
Retained earnings	Before distribution	42,294,258	44,715,121
	After distribution	42,294,258	40,882,859
Other items in shareholders' equity		5,000,051	4,085,631
Total shareholders' equity	Before distribution	127,143,178	120,549,621
	After distribution	127,143,178	116,717,359

◆ Note: Figures for the period from 2014 have been made by the CPAs based on the audit result of the Ministry of Audit. These figures are in accordance with the 2013 version of the International Financial Reporting Standards and several accounts after adjustment. Figures for the period from 2015 have been audited and certified by CPAs.

2. Condensed Consolidated Comprehensive Income Statements

Unit: NTD in thousands

Accounting Title	Year	Financial data for Year 2014–2015 (Note)	
		2015	2014
Interest revenues		43,718,337	43,313,386
Less: Interest expense		19,385,011	20,162,020
Net interest revenue		24,333,326	23,151,366
Net non-interest revenue		4,640,907	3,859,697
Net operating income		28,974,233	27,011,063
Loan losses and provision for losses on guarantee		408,371	191,047
Operating expenses		16,314,912	15,213,508
Continuing operations' income before tax		12,250,950	11,606,508
Income tax expense		2,268,481	2,144,580
Continuing operations' net income		9,982,469	9,461,928
Income (Loss) from discontinued operations		0	0
Net income		9,982,469	9,461,928
Other comprehensive income (net of tax) for the period		443,350	866,828
Total comprehensive income for the period		10,425,819	10,328,756
Net income attributable to owner of the parent		9,982,469	9,461,928
Net income attributable to non-controlling interests		0	0
Comprehensive income attributable to owner of the parent		10,425,819	10,328,756
Comprehensive income attributable to non-controlling interests		0	0
Earnings per share (NTD)		1.72	1.63

◆ Note:1. Figures for the period from 2014 have been made by the CPAs based on the audit result of the Ministry of Audit. These figures are in accordance with the 2013 version of the International Financial Reporting Standards and several accounts after adjustment. Figures for the period from 2015 have been audited and certified by CPAs.

Note 2. The Bank's capital has increased to 58.1 billion dollars since October 30, 2015 and retroactively adjusted tabulated earnings per share each year.

3. Individual Condensed Balance Sheets

Unit: NTD in thousands

Accounting Title	Year	Financial data for Year 2012 - 2015 (Note)			
		2015	2014	2013	2012
Cash and cash equivalents (due from the Central Bank and Call Loans to banks)		297,349,003	276,816,472	255,690,923	272,970,238
Financial assets at fair value through profit or loss		4,689,817	1,551,824	2,205,335	1,115,209
Financial assets available-for-sale		351,622,173	288,193,371	290,049,749	245,553,231
Securities purchased under agreements to resell and bond investment		0	0	1,171,587	0
Receivables - Net		7,000,046	6,055,423	14,000,043	7,276,723
Income tax assets		167,370	143,714	139,788	126,013
Discount and loans - Net		1,724,903,022	1,868,479,470	1,804,190,412	1,793,830,759
Financial assets in held-to-maturity		36,457,128	12,195,507	1,270,403	177,958
Investments accounted for using equity method - Net		33,616	24,190	18,942	0
Other financial assets - Net		1,657,383	3,680,710	3,690,519	3,958,548
Real estate properties - Net		23,370,911	23,837,637	23,964,785	24,173,455
Investment properties - Net		24,195,770	24,262,176	24,351,193	24,414,519
Intangible assets - Net		651,345	611,567	553,016	456,895
Deferred income tax assets - Net		3,925,696	3,985,029	4,234,895	4,202,345
Other assets		7,527,271	5,484,918	2,183,930	3,873,071
Total assets		2,483,550,551	2,515,322,008	2,427,715,520	2,382,128,964
Due to the Central Bank and Call Loans from banks		122,083,387	209,745,830	202,365,412	182,218,350
Borrowed from the Central Bank and other banks		2,516,829	2,529,138	2,476,871	2,543,368
Financial liabilities at fair value through profit or loss		9,017,252	222,942	105,971	79,248
Securities sold under agreements to repurchase		5,372,087	10,757,747	6,226,271	6,395,130
Account payables		20,633,393	22,680,553	27,850,177	40,322,574
Income tax liabilities		908,967	1,106,456	1,020,336	1,007,227
Deposits and remittances		2,098,772,607	2,050,378,807	1,977,568,122	1,946,054,843
Payable bonds		72,193,289	77,797,199	75,697,121	75,696,489
Other financial liabilities		101,981	119,893	146,415	182,259
Liability reserve		16,609,619	15,361,617	15,143,320	14,488,284
Deferred income tax liabilities		6,935,227	6,937,342	6,950,727	6,970,118
Other liabilities		1,262,735	967,125	1,943,913	1,125,669
Total liabilities	Before distribution	2,356,407,373	2,394,772,387	2,313,725,230	2,273,584,604
	After distribution	2,356,407,373	2,398,604,649	2,317,494,656	2,277,083,559
Capital stock	Before distribution	58,100,000	50,000,000	50,000,000	50,000,000
	After distribution	58,100,000	50,000,000	50,000,000	50,000,000
Capital reserve		21,748,869	21,748,869	21,748,869	21,748,869
Retained earnings	Before distribution	42,294,258	44,715,121	38,932,123	33,656,618
	After distribution	42,294,258	40,882,859	35,162,697	30,157,663
Other items in shareholders' equity		5,000,051	4,085,631	3,309,298	3,138,873
Total shareholders' equity	Before distribution	127,143,178	120,549,621	113,990,290	108,544,360
	After distribution	127,143,178	116,717,359	110,220,864	105,045,405

◆ Note: Figures for the period from 2012 to 2013 have been made by the CPAs based on the audit result of the Ministry of Audit. These figures are in accordance with the 2013 version of the International Financial Reporting Standards and several accounts after adjustment. Figures for the period from 2014 to 2015 have been audited and certified by CPAs.

4. Individual Condensed Comprehensive Income Statements

Unit: NTD in thousands

Accounting Title	Year	Financial data for Year 2014-2015 (Note)			
		2015	2014	2013	2012
Interest revenues		43,718,288	43,313,386	41,608,347	41,854,763
Less: Interest expense		19,385,154	20,162,020	19,196,556	19,383,164
Net interest revenue		24,333,134	23,151,366	22,411,791	22,471,599
Net non-interest revenue		4,559,668	3,859,697	4,263,169	3,157,804
Net operating income		28,892,802	27,011,063	26,674,960	25,629,403
Loan losses and provision for losses on guarantee		408,371	191,047	1,410,461	1,416,385
Operating expenses		16,252,657	15,213,508	14,340,493	14,083,856
Continuing operations' income before tax		12,231,774	11,606,508	10,924,006	10,129,162
Income tax expense		2,249,305	2,144,580	1,921,777	2,042,557
Continuing operations' net income		9,982,469	9,461,928	9,002,229	8,086,605
Income (Loss) from discontinued operations		0	0	0	0
Net income		9,982,469	9,461,928	9,002,229	8,086,605
Other comprehensive income (net of tax) for the period		443,350	866,828	-57,344	-785,317
Total comprehensive income for the period		10,425,819	10,328,756	8,944,885	7,301,288
Net income attributable to owner of the parent		9,982,469	9,461,928	9,002,229	8,086,605
Net income attributable to non-controlling interests		0	0	0	0
Comprehensive income attributable to owner of the parent		10,425,819	10,328,756	8,944,885	7,301,288
Comprehensive income attributable to non-controlling interests		0	0	0	0
Earnings per share (NTD)		1.72	1.63	1.55	1.39

◆ Note 1: Figures for the period from 2012 to 2013 have been made by the CPAs based on the audit result of the Ministry of Audit. These figures are in accordance with the 2013 version of the International Financial Reporting Standards and several accounts after adjustment. Figures for the period from 2014 to 2015 have been audited and certified by CPAs.

Note 2: The Bank's capital has increased to 58.1 billion dollars since October 30, 2015 and retroactively adjusted tabulated earnings per share each year.

(2) Condensed Consolidated Balance Sheets and Income Statements under ROC GAAP

1. Condensed Consolidated Balance Sheets

Unit: NTD in thousands

Accounting Title	Year	Financial Data for Year 2011 - 2012 (Note)	
		2012	2011
Cash and cash equivalents, due from the Central Bank and Call Loans to banks		272,967,465	233,821,304
Financial assets at fair value through profit or loss		1,115,209	1,400,956
Securities purchased under agreements to resell		0	0
Available-for-sale financial assets		245,552,414	189,326,452
Discounts and loans		1,793,826,933	1,789,807,842
Receivables		7,274,910	7,338,393
Held-to-maturity financial assets		177,958	267,910
Investments accounted for using equity method		0	0
Fixed assets		24,468,186	24,605,384
Intangible assets		456,840	565,723
Other financial assets		3,958,548	7,027,839

Accounting Title	Year	Financial Data for Year 2011 - 2012 (Note)	
		2012	2011
Other assets		32,807,196	32,987,689
Total assets		2,382,605,659	2,287,149,492
Due to the Central Bank and Call Loans from banks		182,213,837	180,258,561
Deposits and remittances		1,946,054,489	1,887,146,816
Financial liabilities at fair value through profit or loss		79,248	178,503
Securities sold under agreements to repurchase		6,395,130	10,897,378
Borrowed from the Central Bank and other banks, financial debentures payable		78,239,857	58,315,953
Accrued pension liabilities		12,482,537	12,603,291
Other financial liabilities		182,259	205,455
Other liabilities		49,741,241	36,007,944
Total liabilities	Before distribution	2,271,889,643	2,180,206,040
	After distribution	2,275,388,598	2,185,613,901
Capital stock	Before distribution	50,000,000	50,000,000
	After distribution	50,000,000	50,000,000
Capital reserve		21,748,869	21,748,869
Retained earnings	Before distribution	28,174,084	24,885,885
	After distribution	24,675,129	19,478,024
Unrealized gain or loss from financial instrument		3,306,831	2,526,463
Cumulative translation adjustments		-288,214	-88,544
Other items in shareholders' Equity		7,774,446	7,870,779
Total shareholders' equity	Before distribution	110,716,016	106,943,452
	After distribution	107,217,061	101,535,591

◆ Note 1: Figures for the period from 2011 to 2012 have been restated by the CPAs based on the audit result of the Ministry of Audit.

Note 2: The asset revaluation in Oct. 27, 2011 resulted in 33,246,214 (NTD in thousands) of the total appreciation of revaluation, including 12,080,845 (NTD in thousands) of the appreciation of fixed asset (land) and 21,165,370 (NTD in thousands) of the appreciation of other assets (non-business use land) respectively.

2. Condensed Consolidated Income Statements

Unit: NTD in Thousands

Accounting Title	Year	Financial data for Year 2011 - 2012 (Note)	
		2012	2011
Net interest income		22,497,370	21,315,803
Net non-interest income		1,927,883	3,201,958
Net operating income		24,425,253	24,517,761
Provision for loan losses		1,413,117	1,597,975
Operating expenses		12,338,604	12,376,527
Continuing business sector income (before income tax)		10,673,532	10,543,259
Income tax expense		1,977,471	1,727,537
Continuing business sector income (after income tax)		8,696,061	8,815,722
Defunct business sector income		0	0
Unusual income		0	0
Cumulative impact factor of change in accounting principle		0	0
The current income		8,696,061	8,815,722
Earnings per share		1.50	1.52

◆ Note 1: Figures for the period from 2011 to 2012 have been restated by the CPAs based on the audit result of the Ministry of Audit.

Note 2: The Bank's capital has increased to 58.1 billion dollars since October 30, 2015 and retroactively adjusted tabulated earnings per share each year.

II. Financial Data for the Last Five Years

(1) Consolidated Financial Analysis: International Financial Reporting Standards

Accounting Title Analyzed		2014-2015 Financial Analysis (Note)	
		2015	2014
Operating capability	Ratio of loans to deposits (%)	83.49	92.40
	Non-performing loan ratio (%)	0.19	0.19
	Ratio of interest expenses to annual average deposits (%)	0.83	0.85
	Ratio of interest revenues to annual average loans (%)	2.05	2.02
	Total assets turnover (times)	0.01	0.01
	Average operating income per employee (NTD in thousands)	5,025.01	4,672.39
	Average profit per employee (NTD in thousands)	1,731.26	1,636.73
Profitability	Return on Tier I capital (%)	10.50	11.30
	Return on assets (%)	0.40	0.38
	Return on shareholders' equity (%)	8.19	8.34
	Net income ratio (%)	34.45	35.03
	Earnings per share (NTD)	1.72	1.63
Financial structure	Ratio of liabilities to assets (%)	94.85	95.33
	Ratio of fixed assets to shareholders' equity (%)	18.39	20.42
Growth rate	Asset growth rate (%)	-1.27	3.61
	Profit growth rate (%)	5.55	6.25
Cash flows	Cash ratio (%)	31.52	15.10
	Cash flow adequacy ratio (%)	1,054.29	494.03
	Cash flow sufficiency ratio (%)	-1,496.62	-2,983.14
Liquid reserve ratio (%)		19.11	18.31
Total secured loans to related parties (NTD in thousands)		10,799,874	10,662,338
Ratio of total secured loans to related parties to total loans (%)		0.68	0.61
Operating scale	Market share of assets (%)	3.66	3.96
	Market share of net worth (%)	2.39	2.39
	Market share of deposits (%)	5.53	5.72
	Market share of loans (%)	6.79	7.57

Analysis of changes in financial ratios for the past 2 years (increase/decrease over 20%):

Compared to 2014, the cash flow and cash flow adequacy ratio for 2015 increased, mainly because in 2015 the net cash flows from operating activities increased.

◆ Note 1: Figures for the period from 2014 have been made by the CPAs based on the audit result of the Ministry of Audit. These figures are in accordance with the 2013 version of the International Financial Reporting Standards and several accounts after adjustment. Figures for the period from 2015 have been audited and certified by CPAs.

Note 2: Equations for calculation of various ratios:

1. Operation capabilities

(1) Ratio of loans to deposits = Average total loans outstanding / Average total deposits

(2) Non-performing loan ratio = Total non-performing loans / Total loans

(3) Ratio of interest expenses to annual average deposits = Total interest expenses / Annual average deposits

(4) Ratio of interest revenues to annual average loans = Total interest revenues / Annual average loans



- (5) Total assets turnover = Net operating income / Average total assets
 (6) Average operating revenues per employee = Net operating income / Number of employees
 (7) Average profit per employee = Net income / Number of employees
2. Profitability
- (1) Return on Tier I capital = Before-tax earnings or losses / Net average Tier I capital
 (2) Return on assets = Net income / Average total assets
 (3) Return on shareholders' equity = Net income / Average net shareholders' equity
 (4) Net income ratio = Net income / Net operating income
 (5) Earnings per share = (Comprehensive income attributable to owner of the parent – preferred stock dividends) / Weighted average number of shares issued
3. Financial structure
- (1) Ratio of liabilities to assets = Total liabilities / Total assets
 (2) Ratio of real estate and equipment to shareholders' equity – real estate and equipment / I shareholders' equity
4. Growth rate
- (1) Asset growth rate = (Total assets in the current year – Total assets in the preceding year) / Total assets in the preceding year
 (2) Profit growth rate = (Income before income tax in the current year – Income before income tax in the preceding year) / Income before income tax in the preceding year
5. Cash flows
- (1) Cash flows ratio = Net cash flows from operating activities / (Interbank loans and overdrafts + Commercial papers payable + Financial liabilities at fair value through profit or loss + Securities sold under agreements to repurchase + Payables with due date within one year)
 (2) Net cash flow adequacy ratio = Net cash flows from operating activities for the last five years / (Capital expenditure + Cash dividends) for the last five years
 (3) Cash flow sufficiency ratio = Net cash flows from operating activities / Net cash flows from investment activities
6. Liquid reserve ratio = Current assets required by the Central Bank / Various liabilities requiring liquid reserve
7. Operating scale
- (1) Market share of assets = Total assets / Total assets of all financial institutions handling deposits and loans
 (2) Market share of net worth = Net worth / Total net worth of all financial institutions handling deposits and loans
 (3) Market share of deposits = Total deposits / Total deposits of all financial institutions handling deposits and loans
 (4) Market share of loans = Total loans / Total loans of all financial institutions handling deposits and loans

Note 3: Total liabilities are net of reserves for losses on guarantees, losses on security trades, losses on breach of contracts, and accidental loss.

Note 4: Financial institutions handling deposits and loans include domestic banks, branches of Mainland China in Taiwan, branches of foreign banks in Taiwan, credit cooperatives, and credit departments of farmers' and fishermen's associations.

Note 5: The Bank's capital has increased to 58.1 billion dollars since October 30, 2015 and retroactively adjusted tabulated earnings per share each year.

1. Individual Financial Analysis

Accounting Title Analyzed		2012-2015 Financial Analysis (Note)			
		2015	2014	2013	2012
Operating capability	Ratio of loans to deposits (%)	83.48	92.40	92.58	93.47
	Non-performing loan ratio (%)	0.19	0.19	0.27	0.27
	Ratio of interest expenses to annual average deposits (%)	0.83	0.85	0.85	0.86
	Ratio of interest revenues to annual average loans (%)	2.05	2.02	2.02	2.03
	Total assets turnover (times)	0.01	0.01	0.01	0.01
	Average operating income per employee (NTD in thousands)	5,033.59	4,692.68	4,607.87	4,454.96
	Average profit per employee (NTD in thousands)	1,739.11	1,643.84	1,555.06	1,405.63
Profitability	Return on Tier I capital (%)	10.91	11.30	11.48	11.17
	Return on assets (%)	0.40	0.38	0.37	0.35
	Return on shareholders' equity (%)	8.19	8.34	8.36	7.84
	Net income ratio (%)	34.55	35.03	33.75	31.55
	Earnings per share (NTD)	1.72	1.63	1.55	1.39
Financial structure	Ratio of liabilities to assets (%)	94.85	95.33	95.43	95.56
	Ratio of fixed assets to shareholders' equity (%)	18.38	20.42	21.74	23.01
Growth rate	Asset growth rate (%)	-1.26	3.61	1.91	—
	Profit growth rate (%)	5.39	6.25	7.85	—

Accounting Title Analyzed	Year	2012-2015 Financial Analysis (Note)			
		2015	2014	2013	2012
Cash flows	Cash ratio (%)	31.50	15.10	-11.40	22.72
	Cash flow adequacy ratio (%)	413.60	216.47	86.94	446.97
	Cash flow sufficiency ratio (%)	-1,503.69	-2,983.14	6,271.43	-4,278.72
Liquid reserve ratio (%)		19.11	18.31	18.89	17.65
Total secured loans to related parties (NTD in thousands)		10,799,874	10,662,338	10,938,576	12,211,878
Ratio of total secured loans to related parties to total loans (%)		0.68	0.61	0.64	0.72
Operating scale	Market share of assets (%)	3.66	3.96	4.18	4.46
	Market share of net worth (%)	2.39	2.39	2.57	2.63
	Market share of deposits (%)	5.53	5.72	5.85	6.09
	Market share of loans (%)	6.79	7.57	7.68	7.94

Analysis of changes in financial ratios for the past 2 years (increase/decrease over 20%):

Compared to 2014, the cash flow and cash flow adequacy ratio for 2015 increased, mainly because in 2015 the net cash flows from operating activities increased.

◆ Note 1: Figures for the period from 2012 to 2015 have been made by the CPAs based on the audit result of the Ministry of Audit. These figures are in accordance with the 2013 version of the International Financial Reporting Standards and several accounts after adjustment. Figures for the period from 2014 to 2015 have been audited and certified by CPAs.

Note 2: Equations for calculation of various ratios:

1. Operation capabilities

- (1) Ratio of loans to deposits = Average total loans outstanding / Average total deposits
- (2) Non-performing loan ratio = Total non-performing loans / Total loans
- (3) Ratio of interest expenses to annual average deposits = Total interest expenses / Annual average deposits
- (4) Ratio of interest revenues to annual average loans = Total interest revenues / Annual average loans
- (5) Total assets turnover = Net operating income / Average total assets
- (6) Average operating revenues per employee = Net operating income / Number of employees
- (7) Average profit per employee = Net income / Number of employees

2. Profitability

- (1) Return on Tier I capital = Before-tax earnings or losses / Net average Tier I capital
- (2) Return on assets = Net income / Average total assets
- (3) Return on shareholders' equity = Net income / Average net shareholders' equity
- (4) Net income ratio = Net income / Net operating income
- (5) Earnings per share = (Comprehensive income attributable to owner of the parent – preferred stock dividends) / Weighted average number of shares issued

3. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets
- (2) Ratio of real estate and equipment to shareholders' equity – real estate and equipment / I shareholders' equity

4. Growth rate

- (1) Asset growth rate = (Total assets in the current year – Total assets in the preceding year) / Total assets in the preceding year
- (2) Profit growth rate = (Income before income tax in the current year – Income before income tax in the preceding year) / Income before income tax in the preceding year

5. Cash flows

- (1) Cash flows ratio = Net cash flows from operating activities / (Interbank loans and overdrafts + Commercial papers payable + Financial liabilities at fair value through profit or loss + Securities sold under agreements to repurchase + Payables with due date within one year)
- (2) Net cash flow adequacy ratio = Net cash flows from operating activities for the last five years / (Capital expenditure + Cash dividends) for the last five years
- (3) Cash flow sufficiency ratio = Net cash flows from operating activities / Net cash flows from investment activities

6. Liquid reserve ratio = Current assets required by the Central Bank / Various liabilities requiring liquid reserve

7. Operating scale

- (1) Market share of assets = Total assets / Total assets of all financial institutions handling deposits and loans
- (2) Market share of net worth = Net worth / Total net worth of all financial institutions handling deposits and loans
- (3) Market share of deposits = Total deposits / Total deposits of all financial institutions handling deposits and loans
- (4) Market share of loans = Total loans / Total loans of all financial institutions handling deposits and loans

Note 3: Total liabilities are net of reserves for losses on guarantees, losses on security trades, losses on breach of contracts, and accidental loss.

Note 4: Financial institutions handling deposits and loans include domestic banks, branches of Mainland China in Taiwan, branches of foreign banks in Taiwan, credit cooperatives, and credit departments of farmers' and fishermen's associations.

Note 5: The Bank's capital has increased to 58.1 billion dollars since October 30, 2015 and retroactively adjusted tabulated earnings per share each year.



2. Capital Adequacy

Unit: NTD in thousands

Accounting Title Analyzed		Year (Note 1)	Capital Adequacy Ratios from 2013 to 2015		
		2015	2014	2013	
Owner's capital	Common stock	113,570,681	104,813,055	97,135,643	
	Other total tier I of non-common stocks equity	2,990,121	2,944,555	0	
	Tier II capital	61,685,666	64,008,483	68,110,196	
	Owner's capital	178,246,468	171,766,093	165,245,839	
Risk-weighted assets	Credit risk	Standardized approach	1,466,575,546	1,466,626,560	1,377,185,253
		Internal ratings-based approach			
		Securitization			
	Operational risk	Basic indicator approach	51,118,577	49,101,454	47,980,803
		Standardized approach / Alternative standardized approach			
		Advanced measurement			
	Market risk	Standardized approach	42,277,653	36,635,433	37,041,116
		Internal models			
	Total risk-weighted assets		1,559,971,776	1,552,363,447	1,462,207,172
Capital adequacy ratio (%)		11.43%	11.06%	11.30%	
Ratio of Tier I capital to risk assets (%)		7.47%	6.94%	6.64%	
Ratio of common stock to total assets (%)		7.28%	6.75%	6.64%	
Leverage ratio (%)		4.45%	3.04%	2.91%	

Please account for the reason which influences the Capital adequacy ratio of the last two years (There is no need to analyze it if the variation of increase and decrease has not achieved 20%)

◆ Note 1: Figures for 2013 and 2014 have been audited by the CPAs.

Note 2: The individual Capital Adequacy of Figures for 2015 have been audited by the CPAs

Note 3: Equations for calculation of various ratios or values:

(1) Owner's capital = Common stocks equity + Other total tier I of non-common stocks equity + Tier II capital

(2) Total risk-weighted assets = Credit-risk-weighted assets + Total risk charge (operational risk + market risk) × 12.5

(3) Capital adequacy ratio = Owner's capital / Total risk-weighted assets

(4) Ratio of Tier I capital to risk assets = Tier I capital (common stocks equity + other total tier I of non-common stocks equity) / Total risk-weighted assets

(5) Ratio of common stocks equity to risk asset = Common stocks equity / Total risk-weighted asset

(6) Leverage Ratio = Net tier I capital / Exposure measurement

Note 4: The leverage ratio will be shown from the year 2015.

(2) Financial Analysis under ROC GAAP

Accounting Title Analyzed	Year	Financial analysis for Year 2011 – 2012	
		2012	2011
Operating capability	Ratio of loans to deposits (%)	93.47	96.25
	Non-performing loan ratio (%)	0.27	0.29
	Ratio of interest expenses to annual average deposits (%)	0.96	0.88
	Ratio of interest revenues to annual average loans (%)	2.30	2.21
	Total assets turnover (times)	0.01	0.01
	Average operating income per employee (NTD in thousands)	4,245.65	4,244.03
	Average profit per employee (NTD in thousands)	1,511.57	1,526.00
Profitability	Return on Tier I capital (%)	11.78	12.31
	Return on assets (%)	0.37	0.40
	Return on shareholders' equity (%)	8.33	8.82
	Net income ratio (%)	35.60	35.96
	Earnings per share (NTD)	1.50	1.51
Financial structure	Ratio of liabilities to assets (%)	95.47	95.53
	Ratio of fixed assets to shareholders' equity (%)	22.82	24.23
Growth rate	Asset growth rate (%)	4.17	5.53
	Profit growth rate (%)	1.24	12.77
Cash flows	Cash ratio (%)	1.09	21.83
	Cash flow adequacy ratio (%)	178.85	179.23
	Cash flow sufficiency ratio (%)	-5.80	-16.54
Liquid reserve ratio (%)		17.65	15.32
Total secured loans to related parties (NTD in thousands)		12,211,878	10,844,335
Ratio of total secured loans to related parties to total loans (%)		0.72	0.63
Operating scale analysis	Market share of assets (%)	4.46	4.53
	Market share of net worth (%)	2.69	2.81
	Market share of deposits (%)	6.09	6.13
	Market share of loans (%)	7.94	8.20

◆ Note 1: Figures for the period from 2011 to 2012 have been restated by the CPAs based on the audit result of the Ministry of Audit.

Note 2: Equations for calculation of various ratios:

1. Operating capability

- (1) Ratio of loans to deposits = Average total loans outstanding / Average total deposits
- (2) Non-performing loan ratio = Total non-performing loans / Total loans
- (3) Ratio of interest expenses to annual average deposits = Total interest expenses / Annual average deposits
- (4) Ratio of interest revenues to annual average loans = Total interest revenues / Annual average loans
- (5) Total assets turnover = Net operating income / Total assets
- (6) Average operating income per employee = Net operating income / Number of employees
- (7) Average profit per employee = Net income / Number of employees

2. Profitability

- (1) Return on Tier I capital = Before-tax earnings or losses / Net average Tier I capital
- (2) Return on assets = Net income / Average total assets
- (3) Return on shareholders' equity = Net income / Average net shareholders' equity
- (4) Net income ratio = Net income / Net operating income
- (5) Earnings per share = (Net income – preferred stock dividends) / Weighted average number of shares issued

3. Financial structure

- (1) Ratio of liabilities to assets = Total liabilities / Total assets
- (2) Ratio of fixed assets to net worth = Net fixed assets / Net shareholders' equity

4. Growth rate

- (1) Asset growth rate = (Total assets in the current year – Total assets in the preceding year) / Total assets in the preceding year

(2) Profit growth rate = (Income before income tax in the current year – Income before income tax in the preceding year) / Income before income tax in the preceding year

5. Cash flows

(1) Cash flows ratio = Net cash flows from operating activities / (Interbank loans and overdrafts + Commercial papers payable + Financial liabilities at fair value through profit or loss + Securities sold under agreements to repurchase + Payables with due date within one year)

(2) Net cash flow adequacy ratio = Net cash flows from operating activities for the last five years / (Capital expenditure + Cash dividends) for the last five years

(3) Cash flow sufficiency ratio = Net cash flows from operating activities / Net cash flows from investment activities

6. Liquid reserve ratio = Current assets required by the Central Bank / Various liabilities requiring liquid reserve

7. Operating scale

(1) Market share of assets = Total assets / Total assets of all financial institutions handling deposits and loans

(2) Market share of net worth = Net worth / Total net worth of all financial institutions handling deposits and loans

(3) Market share of deposits = Total deposits / Total deposits of all financial institutions handling deposits and loans

(4) Market share of loans = Total loans / Total loans of all financial institutions handling deposits and loans

Note 3: Total liabilities are net of reserves for losses on guarantees, losses on security trades, and accidental loss.

Note 4: Financial institutions handling deposits and loans include domestic banks, branches of Mainland China banks in Taiwan, branches of foreign banks in Taiwan, credit cooperatives, credit departments of farmers' and fishermen's associations.

Note 5: The Bank's capital has increased to 58.1 billion dollars since October 30, 2015 and retroactively adjusted tabulated earnings per share each year.

1. Capital Adequacy

Unit: NTD in thousands

Accounting Title Analyzed		Capital Adequacy Ratios for Year 2011 – 2012	
		2012	2011
Owner's capital	Common stock	50,000,000	50,000,000
	Perpetual noncumulative preferred stock		
	Perpetual noncumulative subordinate debentures		
	Capital collected in advance		
	Additional paid-in capital (excluding fixed assets increments reserve)	21,748,869	21,748,869
	Legal reserve	17,404,953	14,835,534
	Tier I capital		
	Special reserve	6,387,617	4,674,670
	Accumulated profit or loss	0	0
	Minority interest		
	Other titles in shareholders' equity	-640,400	-1,050,975
	Less: Goodwill		
	Less: Unamortized loss for sale of non-performing loans		
	Less: Titles of capital deducted	2,405,498	2,971,709
	Total Tier I capital	92,495,541	87,236,389
	Perpetual cumulative preferred stock		
	Perpetual cumulative subordinate debentures		
	Fixed assets increments reserve	7,866,759	7,870,779
	45% of unrealized gain from available-for-sale financial assets	1,642,103	1,565,631
Tier II capital	Convertible bonds		
	Operating reserve and allowance for uncollectible accounts	14,589,906	13,406,337
	Long-term subordinate debentures	46,209,449	43,320,000
	Non-perpetual preferred stock		
	Total of perpetual noncumulative preferred stock and perpetual noncumulative subordinate debentures that exceeds 15% of total Tier I capital		
	Less: Titles of capital deducted	2,405,498	2,971,708
	Total Tier II capital	67,902,719	63,191,039

Accounting Title Analyzed			Year	Capital Adequacy Ratios for Year 2011 – 2012	
				2012	2011
Owner's capital	Tier III capital	Short-term subordinate debentures			
		Non-perpetual preferred stock			
		Total Tier III capital	0	0	
	Owner's capital		160,398,260	150,427,428	
Risk-weighted assets	Credit risk	Standardized approach	1,336,542,594	1,276,659,360	
		Internal ratings-based approach			
		Securitization	0	0	
	Operational risk	Basic indicator approach	46,566,628	43,838,604	
		Standardized approach / Alternative standardized approach			
		Advanced measurement approach			
	Market risk	Standardized approach	30,712,114	21,102,948	
		Internal models approach			
Total risk-weighted assets			1,413,821,336	1,341,600,912	
Capital adequacy ratio (%)			11.35	11.21	
Ratio of Tier I capital to risk assets (%)			6.54	6.50	
Ratio of Tier II capital to risk assets (%)			4.80	4.71	
Ratio of Tier III capital to risk assets (%)			0	0	
Ratio of common stock to total assets (%)			2.1	2.19	

◆ Note 1: Figures for the period from 2011 to 2012 have been audited by the CPAs

Note 2: Equations for calculation of various ratios or values:

1. Owner's capital = Tier I capital + Tier II capital + Tier III capital
2. Total risk-weighted assets = Credit-risk-weighted assets + Total risk charge (operational risk + market risk) × 12.5
3. Capital adequacy ratio = Owner's capital / Total risk-weighted assets
4. Ratio of Tier I capital to risk assets = Tier I capital / Total risk-weighted assets
5. Ratio of Tier II capital to risk assets = Tier II capital / Total risk-weighted assets
6. Ratio of Tier III capital to risk assets = Tier III capital / Total risk-weighted assets
7. Ratio of common stock to total assets = Common stock / Total assets





III. Risk Management

(I) Qualitative and Quantitative Information About Various Risks

1. Credit Risk Management System and Accrued Capital

Credit Risk Management System

2015

Category of Disclosure	Description
1. Credit risk strategies, goals, policies and process	<p>1. Credit risk management goals: The Bank's goals in conducting credit risk management were to maintain adequate capital within an acceptable credit risk range, and maximize risk-adjusted return; for credit risk management, the Bank not only took into account the credit risk for individual transactions, but also paid attention to the credit risk for the overall loan portfolio and investment business.</p> <p>2. Credit risk management strategies: To effectively utilize and allocate its funds, the Bank's management strategies for various credit risk businesses would first consider the general economic situation, its operating strategies, the content and quality of the overall loan portfolio, and risk cost and return, then the Bank would determine and use credit risk mitigation tools, including collateral provision, balance sheet netting, and third party guarantees, to lower or transfer credit risk.</p> <p>3. Credit risk management policies: (1) In accordance with the risk management strategies and operating guidelines of the Bank's Risk Management Policy and Procedure, Directions for Credit Risk Management and Credit and Investment Policy approved by its Board of Directors, and under the New Basel Capital Accord and the pertinent regulations stipulated by governing authorities, the Bank expressly set various operating rules of credit risk management for compliance in operations. (2) To effectively utilize the Bank's funds, all credit risk strategies and operating rules took into consideration factors such as the overall economic situation, the Bank's operating strategies, and risk cost and return, and were established pursuant to the New Basel Capital Accord and pertinent regulations stipulated by governing authorities. Those strategies and rules would also be reviewed and adjusted periodically, and put into practice after being formally submitted to and approved by the Bank's Board of Directors/senior management.</p> <p>4. Credit risk management process: Responsible departments at the Head Office, regional centers and operating units would identify, measure, monitor, report, assess and review all potential credit risks in line with every loan and investment business, to facilitate credit risk management of the whole bank.</p>
2. Credit risk management organization and structure	<p>The Bank established a credit risk management organization and structure with three lines of defense that included the Board of Directors, the Risk Management Committee, the Department of Risk Management, responsible business units, operating units, and the Department of Auditing under the Board of Directors:</p> <p>1. First line of defense (risk-causing or risk-assuming units): (1) Each operating unit was required to carry out credit risk control for transactions undertaken in accordance with pertinent rules prescribed by the Head Office, and report management information related to credit risk to the Head Office. (2) Each responsible business unit at the Head Office was required to identify, assess and control the risks of its responsible business transactions, and establish pertinent credit risk management rules for compliance of operating units in operations.</p> <p>2. Second line of defense (risk control unit): The Department of Risk Management played an independent and dedicated role in charge of assessment, monitoring, control, review and reporting of the whole bank's credit risks.</p> <p>3. Third line of defense (internal auditing unit): The Department of Auditing was responsible for checking the design and implementation of credit risk management systems, providing independent assessment, and inspecting the construction process of credit risk management models and the feasibility, reliability and legal compliance of credit risk management information systems.</p>

Category of Disclosure	Description
3. Scope and feature of credit risk report and credit risk measurement system	<p>1. Credit risk report:</p> <p>(1) Scope: The scope of the Bank's credit risk monitoring report periodically submitted to top management encompassed the status of risk exposures for asset quality, various countries, industry sectors, conglomerates, major borrowers and types of collaterals.</p> <p>(2) Feature: The Bank conducted credit risk dynamic monitoring at all times, where, in order to effectively control credit risk, major changes or exceeded limits were relayed to responsible business units and submitted to executive officers.</p> <p>2. Credit risk measurement system:</p> <p>(1) Scope: Currently the Bank adopts the credit risk standardized approach in calculating accrued capital. Through which the risk management system produces various statements each month, which are utilized in compiling the monitoring statements which are then reported to executive officers, the Risk Management Committee and the Board of Directors. In addition, a more advanced approach to measure credit risk was introduced; the Bank utilized internal credit rating models where the default models of housing loan application scoreboard, housing loan scoreboard, consumer loan scoreboard, credit card scoreboard, and gold prices scorecard were used for risk segmentation of borrowers; to further enhance its credit risk management capability. The Bank expects to plan for the establishment of credit rating models for other businesses.</p> <p>(2) Feature: For the purpose of strengthening the Bank's credit risk management mechanism, the Bank built an organization-wide credit risk data mart that was able to connect to related information systems (such as the credit rating system and the credit analysis/extension operation management system), to facilitate control of various credit risk limits, and conduct risk segmentation based on the customer default level.</p>
4. Credit risk hedge or mitigation policies, and strategy and process for continued effectiveness of tools monitoring, hedging and mitigating risks	<p>1. Credit risk hedge or mitigation policies:</p> <p>(1) To prevent the Bank's losses and effectively mitigate risk caused by defaults of borrowers or counterparties, the Bank levied collaterals, demanded guarantors, or transferred cases to credit guarantee institutions for guaranty depending on the risk status of loan transactions.</p> <p>(2) Pursuant to the New Basel Capital Accord and regulations stipulated by governing authorities, the Bank included the operational practice eligible for credit risk mitigation (such as qualified collateral, and guarantee institution) into related information systems, in order to accurately calculate the Bank's credit risk mitigation effects.</p> <p>2. Strategy and process for continued effectiveness of tools monitoring, hedging and mitigating credit risks:</p> <p>Through a post-lending management and review mechanism, the Bank periodically inspected the operating status of the borrower, the current status of collateral, the credit status of the guarantor, and whether the case to be transferred for credit guarantee met pertinent rules of the Bank and the guarantee institution, to ensure the effectiveness of risk mitigation effects.</p>
5. Method adopted for legal capital accrual	Credit risk standardized approach

Risk Exposure and Accrued Capital after Risk Mitigation Under Credit Risk Standardized Approach

December 31, 2015

Unit: NTD in thousands

Type of Risk Exposure	Risk Exposure After Risk Mitigation	Accrued Capital
Sovereign countries	528,219,622	2,453
Public agencies not under Central Government	40,365,406	645,846
Banks (including multilateral development banks)	132,117,942	4,138,047
Enterprises (including securities and insurance companies)	668,788,490	49,745,528
Retail creditor's rights	318,954,075	22,226,565
Residential property	712,293,937	35,598,888
Equity securities investment	458,768	146,806
Other assets	76,942,881	4,769,184
Total	2,478,141,121	117,273,317

◆ Note: The capital accrual is that risk exposure multiplies the minimum legal capital adequacy ratio.



2. Securitization Risk Management System, Risk Exposure and Accrued Capital

Securitization Risk Management System

2015

Category of Disclosure	Description
1. Asset securitization management strategy and process	<p>1. Asset securitization management strategy:</p> <p>The Bank expressly set regulations on investing in beneficiary securities, asset-backed securities (non-originating bank), or acting as the underwriting institution for asset-backed commercial papers (originating bank) and other businesses pursuant to the Directions for Investment in Beneficiary Securities and Asset-Backed Securities and the Directions for Business of Short-Term Transactions Instruments approved by the Board of Directors, for compliance in operations.</p> <p>2. Asset securitization management process:</p> <p>(1) Pursuant to Directions for Investment in Beneficiary Securities and Asset-Backed Securities and Directions for Business of Short-Term Transactions Instruments, the Bank expressly mandated that investment targets for investing in beneficiary securities and asset-backed securities (non-originating bank) and for acting as the underwriting institution for asset-backed commercial papers (originating bank) achieve a certain credit rating class. If the investment amount exceeded the authorized limit of the responsible department manager, the investment should be reviewed and adopted by the Bank's "Task Force of Investment in TWSE-Listed and GTSM-Listed Stocks, Beneficiary Certificates and Other Negotiable Securities," and submitted to the President for approval before proceeding further.</p> <p>(2) In accordance with the table of authorized credit limits for the Bank's various levels of executive officers, the Bank expressly mandated that the liquidity facilities business (originating bank) should follow the precedent of the ordinary credit review procedure under the credit management organization and structure with a clear hierarchy and outline of duties.</p>
2. Asset securitization management organization and structure	<p>The Bank established a credit risk management organization and structure with three lines of defense that included the Board of Directors, the Risk Management Committee, the Department of Risk Management, responsible business units, operating (trading) units, and the Department of Auditing:</p> <p>1. First line of defense (risk-causing or risk-assuming units):</p> <p>(1) Each operating (trading) unit was required to carry out risk control for asset securitization transactions undertaken in accordance with pertinent rules prescribed by the Head Office, and report related risk management information to the Head Office.</p> <p>(2) Each responsible business unit at Head Office was required to identify, assess and control the risks of its responsible business transactions, and establish pertinent business regulations, for compliance of operating (trading) units in operations.</p> <p>2. Second line of defense (risk control unit):</p> <p>The Department of Risk Management played an independent and dedicated role in charge of assessment, monitoring, control, review and reporting of the whole bank's asset securitization business.</p> <p>3. Third line of defense (internal auditing unit):</p> <p>The Department of Auditing was responsible for checking the design and implementation of the asset securitization process, providing independent assessment, and inspecting its feasibility, reliability and legal compliance.</p>
3. Scope and feature of asset securitization risk report and asset securitization measurement system	<p>1. Asset securitization risk report:</p> <p>(1) Scope: The scope of the Bank's asset securitization product investment assessment report periodically submitted to senior management encompassed investment type, amount, credit rating and evaluation.</p> <p>(2) Feature: The Bank, in order to control risk, set loss control standards and related responsive measures for all its investments in products like real estate investment trust (REIT), beneficiary securities, domestic beneficiary securities, asset-backed beneficiary securities and foreign currency asset securitization.</p>

Category of Disclosure	Description
	<p>2. Asset securitization measurement system:</p> <p>(1) Scope: Pursuant to Directions for Investment in Beneficiary Securities and Asset-Backed Securities and other relevant operating regulations, the Bank manually and periodically monitored the risk exposure status of target securitization assets (such as credit rating, contract performance status, and market trade information), and proceeded accordingly with capital accrual.</p> <p>(2) Feature: The monitoring results reached pursuant to the above-mentioned regulations were compiled and included periodically in the risk monitoring report to be submitted to the Bank's Board of Directors/Risk Management Committee. In cases of irregularities, the responsible business unit escalated proceedings to executive officers to prepare responsive measures.</p>
4. Asset securitization risk hedge or mitigation policy, and strategy and process for continued effectiveness of tools monitoring, hedging and mitigating risks	<p>1. Asset securitization risk hedge or mitigation policy:</p> <p>Pursuant to the New Basel Capital Accord and regulations stipulated by governing authorities, the Bank took into consideration the credit risk mitigation tools that can be used as asset securitization risk exposures (such as credit enhancement, and risk transfer), to accurately calculate the mitigation effects of the Bank's asset securitization credit risk.</p> <p>2. Strategy and process for continued effectiveness of tools monitoring, hedging and mitigating asset securitization risks:</p> <p>Via periodical and non-periodical monitoring of credit ratings and asset pool change of beneficiary securities and asset-backed securities that the Bank invested in, the Bank executed the stop-loss mechanism when necessary, and reported to executive officers in accordance with procedures, to effectively control asset securitization risk.</p>
5. Method adopted for legal capital accrual	Securitization standardized approach

Securitization Activity: None

Securitization Risk Exposure and Accrued Capital: None

Information about Securitization Products: None

3. Operational Risk Management System and Accrued Capital

Operational Risk Management System

2015

Category of Disclosure	Description
1. Operational risk management strategy and process	<p>1. Operational risk management strategy:</p> <p>To effectively contain the frequency of occurrences and the severity of loss amounts for its operational risk within risk tolerance, the Bank actively identified, measured and monitored businesses and operating processes of the whole bank, and continued to develop and establish various operational risk management tools.</p> <p>2. Operational risk management process:</p> <p>(1) The Bank established its business regulations, internal control system and standard operational processes with respect to all products and operating activities, for full compliance of its operating units, and controlled operational risk through risk identification mechanisms, measurement, monitoring, reporting, assessment and review.</p> <p>(2) The Bank established the pertinent emergency response and restoration plan (business continuation plan), to ensure that every business was able to operate continuously should any severe natural or man-made incident occur, and established regulations relating to outsourced operations of the Bank.</p>



Category of Disclosure	Description
2. Operational risk management organization and structure	<p>The organizational structure for the Bank's operational risk management included the Board of Directors, the Risk Management Committee, the Department of Auditing, the Department of Risk Management, responsible business units at the Head Office, and various operating units.</p> <p>The Bank adopted three lines of defense to define duties of the units in operational risk management:</p> <ol style="list-style-type: none"> 1. First line of defense (operating units and responsible business units at the Head Office): <ol style="list-style-type: none"> (1) Each operating unit of the Bank was responsible for implementing control of various operational risks pursuant to related laws and regulations stipulated by governing authorities, Bank rules, operational risk management tools and the characteristics of various businesses, where the unit was also required to report management information regarding operational risk to responsible business units at Head Office. (2) Each responsible business unit at the Head Office shall identify, measure, assess and monitor operational risks related to the businesses, core products, operating activities, operational processes and information systems under its command. The unit was also responsible for establishing policies, guidelines, procedures and the internal control mechanism for its business and operating activities. It was further responsible for training and informing employees at all levels of their undertaking to cooperate in implementing operational risk management and their duties within the scope of their job description. 2. Second line of defense (Department of Risk Management): <p>The Department of Risk Management played an independent and dedicated role overseeing assessment, monitoring, control, review and reporting of the whole bank's operational risks.</p> 3. Third line of defense (Department of Auditing): <p>The Department of Auditing was responsible for examining operational risk management results achieved by units of the whole bank, periodically inspecting the execution status of operational risk management systems and process controls, and reviewing correction of the whole bank's operational risk control defects or follow-up of their improvement.</p>
3. Scope and features of operational risk report and operational risk measurement system	<ol style="list-style-type: none"> 1. Operational risk report: <ol style="list-style-type: none"> (1) Scope: The scope of the operational risk monitoring report periodically submitted to senior management encompassed the following: <ol style="list-style-type: none"> A. Business type of operational risk loss, operational risk exposure status, Key Risk Indicators (KRIs) established by responsible business units, early warning recommendations and monthly trend analysis. B. Results of operational risk self-assessment of various major businesses conducted within the year. (2) Features: For major operational risk issues, the Bank non-periodically produced related dynamic risk monitoring reports; when change in the external or internal environment of the Bank altered relevant risk exposure and control assessment, it was also disclosed in the operational risk monitoring report. 2. Operational risk measurement system: <ol style="list-style-type: none"> (1) Scope: Pursuant to the New Basel Capital Accord, the regulations stipulated by governing authorities and Land Bank's business needs, the Bank introduced management tools such as internal loss event management, which was used to identify, measure and assess operational risks of the Bank's core products, operating activities, operational processes and information systems. The Bank also implemented risk profile data of the whole bank according to risk cause, risk type and business type. The Bank further built its operational risk database via the functions linking all management tools, in order to accurately calculate the operational risk accrued capital, and gradually introduce advanced risk measurement methodology. (2) Features: The Bank collected internal loss data, built an operational risk loss database, and introduced KRIs and set warning limits for quantifiable risks, to help identify operational risks involved in the Bank's major products and operating activities. For qualitative risks, the Bank introduced Risk Control Self Assessment (RCSA), where every unit of the whole bank assessed the control of operational risks in major operating activities.

Category of Disclosure	Description
4. Operational risk hedge or mitigation policies, and strategy and process for continued effectiveness of tools monitoring, hedging and mitigating risks	<p>1. Operational risk hedge or mitigation policies:</p> <p>(1) The Bank analyzed the occurrence frequency of operational risk loss incidents and the severity of loss amounts to determine the risk response strategies for its businesses and operating activities, including risk hedge, risk transfer or mitigation, risk reduction or control, risk assumption and other strategies as follows:</p> <p>A. For incidents with low loss occurrence frequency but high loss amount, it was required to adopt prevention and mitigation measures such as limit control, business transfer or business continuation plan.</p> <p>B. For incidents with high loss occurrence frequency but low loss amount, it was required to adopt internal control, insurance policy, outsourcing operations, know your customer, legal compliance management, ethics regulation management, and enhanced education and training.</p> <p>C. For incidents with high loss occurrence frequency and high loss amount, it was required to adopt avoidance measures to circumvent operating activities that may induce risk.</p> <p>D. For incidents with low loss occurrence frequency and low loss amount, risk was accepted.</p> <p>(2) Operations outsourced by the Bank to others (such as data processing, credit card operation, cash transit and refill, and internal audit operation) were all conducted pursuant to the Directions for Outsourcing Operations and the Directions for Information Processing Outsourcing Operations established by the Land Bank of Taiwan to prevent operational risk caused by outsourcing, and in pursuance of other operational risk mitigation policies.</p> <p>(3) The Bank mitigated risks resulting from operations by purchasing the following insurance policies as operational risk mitigation tools: fidelity bond insurance, money insurance, banking safe deposit box liability insurance, burglary insurance, public liability insurance, fire insurance, electronic equipment insurance, etc.</p> <p>2. Strategy and process for continued effectiveness of tools monitoring, hedging and mitigating operational risks:</p> <p>(1) Each responsible business unit periodically inspected rules and standard operating processes related to the businesses undertaken, and via RCSA discovered any risk not identified or any control point not effectively implemented.</p> <p>(2) The Department of Risk Management periodically inspected the status of the whole bank's operational risk control and related operational risk issues, promptly provided suggestions, and continued to monitor and track any deficiencies in risk control, followed by appropriate management measures, in order to reduce operational risk.</p> <p>(3) Each insurance applicant unit periodically inspected the business categories insured, to ensure continuous validity of the insurance policies.</p>
5. Method adopted for legal capital accrual	Operational risk basic indicator approach

Operational Risk Accrued Capital

December 31, 2015

Unit: NTD in thousands

Year	Operating Gross Profit	Accrued Capital
2013	26,090,151	
2014	26,950,984	
2015	28,748,588	
Total	81,789,723	4,089,486



4. Market Risk Management System and Accrued Capital

Market Risk Management System

2015

Category of Disclosure	Description
1. Market risk management strategies and process	<p>1. Market risk management strategies:</p> <p>In handling businesses related to market risk, before or after each transaction or upon major change in the economic environment, the Bank assessed the severity of losses that might occur, and applied risk avoidance solutions, risk mitigation or transfer, risk control and risk assumption, such as actively avoiding highly-leveraged, highly-volatile and high-loss-potential financial products, or adopted the strategies of closing, selling or hedging. In accordance with regulations on limit management, stop-loss mechanism, over-the-limit handling and risk assumption status, the Bank effectively controlled the market risk, and mastered the overall risk exposure position and risk measurement results, to ensure continued effectiveness.</p> <p>2. Market risk management process:</p> <p>(1) Basic principles covered various product standards, new product/business approval standards, and standards and operational processes for market risk identification, measurement, assessment, monitoring and reporting.</p> <p>(2) Market risk identification: Financial trading units and related risk management personnel fully understood and verified market risk factors especially associated with each type of financial instrument. Risk management personnel endeavored to identify all risk factors that may result in market risk, and ensured the accuracy and applicability of the financial instrument assessment formulae.</p> <p>(3) Market risk measurement: The Bank developed quantifiable models to measure the market risk, and integrated them into daily risk limit management.</p> <p>(4) Market risk assessment: The Bank assessed the prices of all financial products it held by the market price method, model assessment, external sources or independent market price verification.</p> <p>(5) Market risk monitoring: Based on the various limits, financial trading units undertook real-time and comprehensive monitoring of the trading status during routine operating activities, to keep every type of transaction executed within the range of authorization and limits. The monitoring ensured that the transaction type, transaction target, transaction process, position and profit/loss variation for every financial product would conform to regulations and proceed within the range of limits and authorization. The Department of Risk Management monitored and analyzed data produced by risk measurement models on a daily basis. If any major risk and/or exposure jeopardizing the Bank's finance, business or legal compliance was to be uncovered, it would be reported immediately to the President and the Board of Directors.</p> <p>(6) Market risk reporting: The Department of Risk Management periodically submitted the whole bank's market risk management statements or report to the Risk Management Committee, including the Banks' market risk exposure position, risk exposure status, profit/loss status, use of limits, and compliance with pertinent market risk management regulations. Furthermore, in compliance with the principles of public disclosure, the Bank periodically disclosed to the public its market risk management information pursuant to rules prescribed by governing authorities.</p>
2. Market risk management organization and structure	<p>The Bank established a market risk management organization and structure with three lines of defense that included the Board of Directors, the Risk Management Committee, the Department of Risk Management, responsible business units, operating units, and the Department of Auditing:</p>

Category of Disclosure	Description
	<p>1. First line of defense (risk-causing or risk-assuming units): Each financial trading unit was required to comply with the Bank's relevant market risk management rules, to accordingly establish pertinent regulations to conduct market risk control and position management, to actively monitor various limits, and report related management information to the responsible business units or the Department of Risk Management. Each responsible business unit was required to be responsible for monitoring and controlling market risks caused by businesses undertaken in accordance with the Bank's risk management policy, directions, and pertinent risk management regulations.</p> <p>2. Second line of defense (risk control unit): The Department of Risk Management was the independent and dedicated unit for market risk management of the whole bank, which played the role of a centralized platform, in charge of planning and building the market risk management structure and procedure approved by the Board of Directors. The Department also compiled and disclosed the Bank's market risk information and implementation status, periodically submitted reports and recommendations to the Risk Management Committee and the Board of Directors, and served as the dispatch center for market risk management knowledge and culture.</p> <p>3. Third line of defense (internal auditing unit): The Department of Auditing was responsible for checking the design and implementation of market risk management systems, providing independent assessment, and inspecting the construction process of market risk management models and the feasibility, reliability and legal compliance of market risk management information systems.</p>
3. Scope and features of market risk report and market risk measurement system	<p>1. Market risk report:</p> <p>(1) Scope: The scope of the market risk monitoring report periodically submitted to senior management encompassed equity securities risk, fixed income securities interest rate risk, exchange rate risk, financial derivative risk, overseas negotiable securities risk, foreign currency fund liquidity risk, interest rate risk, and investment limit monitoring.</p> <p>(2) Features: The market risk report showed recent market risks of the whole bank's NTD and foreign currency financial assets using methods such as Value at Risk, β value, DVO1, duration, gap analysis, and scenario simulation. The report not only reflected the status of market risk exposures, but also provided senior management with information on various profits and losses, use of limits, investment performance, overall view of market trends, etc., as the basis for senior management to adjust the market risk management policy, procedures and various limits.</p> <p>2. Market risk measurement system:</p> <p>(1) Scope: The scope of financial product measurement under the VaR assessment system encompassed calculation and measurement of single VaR, market risk factor VaR and overall VaR of the whole bank's stocks, funds, bonds, bills and foreign exchange positions.</p> <p>(2) Features: The VaR assessment system adopted statistical methodology to assess the maximum loss occurring in a given period based on specific probability, to reasonably estimate market risk exposures for stocks, funds, bonds, bills, foreign exchange positions and the whole bank. The system also separately showed the Bank's VaR based on the interest rate, exchange rate, and securities, in order to measure the market risk for each factor and provide the basis for senior management to adjust market investment strategies and risk tolerances.</p>
4. Market risk hedge or mitigation policies, and strategy and process for continued effectiveness of tools monitoring, hedging and mitigating risks	<p>1. Market risk hedge or mitigation policies:</p> <p>(1) Pursuant to related rules, the Bank implemented transaction limits, risk limits, duration limits, and the stop-loss mechanism for various financial products, as well as conducting risk-hedging derivative product transactions, in order to hedge market risk.</p>



Category of Disclosure	Description
	<p>(2) Most foreign currency negotiable securities with fixed interest rates undertook interest rate swap to avoid interest rate risk, as such the Bank designed various warning standards before the loss control standard was reached, where e-mail was instantly sent to notify the relevant unit when any warning standard was reached, in order to effectively control and hedge market risk. Besides, the main purpose of forward foreign currency transactions was to square the customer position in response to customer's risk-hedging needs in international trade payment or financial arrangements, and the swap transactions carried out by the Bank also focused on squaring the customer swap or forward exchange position; as they both served the main purpose of risk-hedging, the Bank was able to limit its market risk within a certain range.</p> <p>2. Strategy and process for continued effectiveness of tools monitoring, hedging and mitigating market risks:</p> <p>The Bank periodically and non-periodically reviewed the whole bank's VaR, notional principal, stop loss limits, trading strategies, etc. In case of emergency or limit exceeding, the trading unit was required to immediately carry out the contingency plan, lower the position, stop loss and withdraw, or proceed with hedging, in order to prevent further loss.</p>

5. Method adopted for legal capital accrual Market risk standardized approach

Market Risk Accrued Capital

December 31, 2015

Unit: NTD in thousands

Type of Risk	Accrued Capital
Interest rate risk	2,449,342
Equity securities risk	859,606
Foreign exchange risk	73,264
Commodity risk	
Option dealt by The Simplified Approach	
Total	3,382,212

5. Liquidity Risk Disclosure

(1) Analysis of Term Structures of NTD Maturity Dates:

December 31, 2015

Unit: NTD in thousands

	合計	Amount Outstanding in Remaining Time to Maturity					
		0-10 days	11-30 days	31-90 days	91-180 days	181 days - 1 year	Over 1 year
Inflow of major matured funds	2,184,630,027	253,628,538	197,157,013	175,481,521	196,450,574	311,275,774	1,050,636,607
Outflow of major matured funds	2,843,891,465	103,372,950	220,302,002	398,528,953	480,768,005	658,113,532	982,806,023
Duration gap	-659,261,438	150,255,588	-23,144,989	-223,047,432	-284,317,431	-346,837,758	67,830,584

◆ Note: This table includes the amount of NTD of the whole bank.

(2) Analysis of Term Structures of USD Maturity Dates:

December 31, 2015

Unit: USD in thousands

	Total	Amount Outstanding in Remaining Time to Maturity				
		0-30 days	31-90 days	91-180 days	181 days -1 year	Over 1 year
Inflow of major matured funds	10,292,508	3,140,792	1,883,535	751,598	530,087	3,986,496
Outflow of major matured funds	11,070,287	3,479,394	3,794,866	1,733,541	684,173	1,378,313
Duration gap	-777,779	-338,602	-1,911,331	-981,943	-154,086	2,608,183

◆ Notes 1: This table includes the amount of USD of the whole bank.

Notes 2: Where overseas assets reach 10% of the whole bank's total assets, supplemental disclosure information shall be separately provided.



Expansion

Professional Efforts

Grand Vision

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-





■ Financial Statements

Statement by the Audit Committee

The Company's business report and individual and consolidated financial statements for the year of 2015 (including the Balance Sheets, the Statements of Comprehensive Income, the Statements of Changes in Equity, and the Statements of Cash Flows), audited and attested by CPAs Gau, Wey-Chuan, and Mei, Yuan-Chen of KPMG, have been reviewed by the Audit Committee at the 1st-term ninth meeting held on March 18, 2016, in which we have found no discrepancy. This review report is submitted in accordance with the requirements of Article 14-4 of the Securities and Exchange Act.

Audit Committee

Independent Director: Hsu, Huo-Ming

Independent Director: Chen, Chih-Yuan

Independent Director: Lee, Tsung-Pei
(Convenor)

March 18, 2016

Independent Auditors' Report

The Board of Directors

Land Bank of Taiwan Co., Ltd.:

We have audited the accompanying consolidated balance sheets of Land Bank of Taiwan Co., Ltd. and subsidiary (together referred to as the "Banks") as of December 31, 2015 and 2014(restated) and January 1, 2014(restated), and the related consolidated statements of comprehensive income, changes in stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit its partial overseas branches whose reports reflect the total assets of \$75,844,338 thousand and \$55,850,956 thousand, which represent 3.02% and 2.30% of the Bank's total assets as of December 31 and January 1, 2014, respectively; and comprehensive incomes of \$1,377,403 thousand, which represents 13.49% of the Bank's comprehensive income for the year then ended. Those statements were audited by other auditors whose report have been furnished to us, and our opinion, in so far as it relates to the data included for such overseas branches, is based solely on the report of the other auditors.

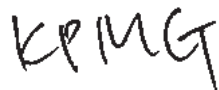
We conducted our audits in accordance with the Regulations Governing the Auditing of Financial Statements of Financial Institutions by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Those standards and regulations require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred in the first paragraph present fairly, in all material respects, the consolidated financial position of Land Bank of Taiwan Co., Ltd. and subsidiary as of December 31, 2015 and 2014(restated) and January 1, 2014(restated), and the results of their consolidated operations and their consolidated cash flows for the years then ended, respectively, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Criteria Governing the Preparation of Financial Reports by Securities Firms, and the International Financial Reporting Standards, International Accounting Standards and Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

As started in note 3 of the consolidated financial statements, the Banks adopted the 2013 International Financial Reporting Standards, International Accounting Standards and Interpretations (excluding IFRS 9) endorsed by the Financial Supervisory Commission of the Republic of China since January 1, 2015. The Banks also restated the financial statement in 2014.

As stated in notes 4(b) and 12(b) of the consolidated financial statements, the consolidated financial statements of Land Bank of Taiwan Co., Ltd. are based on the amounts audited by the Ministry of Audit of the Control Yuan. The accounts of Land Bank of Taiwan Co., Ltd. as of and for the year ended December 31, 2014 have been examined by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan and the Ministry of Audit of the Control Yuan, and the adjustments from this examination have been recognized retroactively in the accompanying financial statements for the related years.

We have also audited the separate financial statements of Land Bank of Taiwan for the year ended December 31, 2015, and have issued the independent auditors' report with modified unqualified opinion.



KPMG

CPA: Gau, Wey-Chuan

Mei, Yuan-Chen

Taipei, Taiwan, R.O.C

March 25, 2016

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of financial performance and cash flows in accordance with the IFRSs accepted by the Financial Supervisory Commission and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in Taiwan, the Republic of China.

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



Consolidated Statement of Financial Position

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

Assets	December 31, 2015		December 31, 2014(Restated)		January 1, 2014(Restated)	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (note 6(a))	\$ 39,281,452	2	42,955,639	2	29,033,934	1
Due from the Central Bank and call loans to banks (note 6(b))	258,067,601	11	233,860,833	9	226,656,989	9
Financial assets at fair value through profit or loss (notes 6(c) and (ag))	4,689,817	-	1,551,824	-	2,205,335	-
Securities bought under resell agreements (note 6(d))	-	-	-	-	1,171,587	-
Receivables, net (notes 6(e) and 7)	6,930,795	-	6,055,423	-	14,000,043	1
Current income tax assets	167,370	-	143,714	-	139,788	-
Discounts and loans, net (notes 6(f) and 7)	1,724,903,022	70	1,868,479,470	74	1,804,190,412	75
Available-for-sale financial assets, net (notes 6(g), (ah) and 8)	351,622,173	14	288,193,371	12	290,049,749	12
Held-to-maturity financial assets, net (notes 6(h), (ah) and 8)	36,460,359	1	12,195,507	1	1,270,403	-
Equity investments under the equity method, net	-	-	24,190	-	18,942	-
Other financial assets, net (notes 6(i) and (ah))	1,657,383	-	3,680,710	-	3,690,519	-
Property and Equipment, net (note 6(j))	23,377,397	1	23,837,637	1	23,964,785	1
Investment property, net (note 6(k))	24,195,770	1	24,262,176	1	24,351,193	1
Intangible assets, net (note 6(l))	660,361	-	611,567	-	553,016	-
Deferred income tax assets (note 6(v))	3,925,696	-	3,985,029	-	4,234,895	-
Other assets, net (notes 6(m))	7,527,506	-	5,484,918	-	2,183,930	-
Total assets	<u>\$ 2,483,466,702</u>	<u>100</u>	<u>2,515,322,008</u>	<u>100</u>	<u>2,427,715,520</u>	<u>100</u>

Expressed in thousands of New Taiwan dollars

Liabilities and Equity	December 31, 2015		December 31, 2014(Restated)		January 1, 2014(Restated)	
	Amount	%	Amount	%	Amount	%
Due to the Central Bank and call loans from banks (note 6(n))	\$ 122,083,387	5	209,745,830	8	202,365,412	8
Funds borrowed from the Central Bank and other banks	2,516,829	-	2,529,138	-	2,476,871	-
Financial liabilities at fair value through profit or loss (notes 6(c) and (ag))	9,017,252	-	222,942	-	105,971	-
Securities sold under repurchase agreements (note 6(d))	5,372,087	-	10,757,747	-	6,226,271	-
Payables (note 6(o))	20,644,932	1	22,680,553	1	27,850,177	1
Current income tax liabilities	923,755	-	1,106,456	-	1,020,336	-
Deposits and remittances (notes 6(p), (ag) and 7)	2,098,660,734	85	2,050,378,807	82	1,977,568,122	82
Financial debentures (notes 6(q) and (ag))	72,193,289	3	77,797,199	3	75,697,121	3
Other financial liabilities (note 6(r))	101,981	-	119,893	-	146,415	-
Provision (note 6(s))	16,611,687	1	15,361,617	1	15,143,320	1
Deferred income tax liabilities (note 6(v))	6,935,227	-	6,937,342	-	6,950,727	-
Other liabilities (note 6(u))	1,262,364	-	967,125	-	1,943,913	-
Total liabilities	2,356,323,524	95	2,398,604,649	95	2,317,494,656	95
Stockholders' Equity (note 6(w))						
Common stock	58,100,000	2	50,000,000	2	50,000,000	2
Capital reserve	21,748,869	1	21,748,869	1	21,748,869	1
Retained earnings:						
Legal reserve	25,346,802	1	22,943,403	1	20,112,535	1
Special reserve	13,681,727	1	18,590,448	1	15,817,352	1
Unappropriated earnings	3,265,729	-	(650,992)	-	(767,190)	-
	42,294,258	2	40,882,859	2	35,162,697	2
Others	5,000,051	-	4,085,631	-	3,309,298	-
Total equity	127,143,178	5	116,717,359	5	110,220,864	5
Total liabilities and equity	\$ 2,483,466,702	100	2,515,322,008	100	2,427,715,520	100



Consolidated Statements of Comprehensive Income

For the years ended December 31, 2015 and 2014

Expressed in thousands of New Taiwan dollars, except earnings per share, which are expressed in New Taiwan dollars

	2015		2014(Restated)		Percentage Increase (Decrease)%
	Amount	%	Amount	%	
Interest revenue	\$ 43,718,337	151	43,313,386	160	1
Less: interest expense	19,385,011	67	20,162,020	75	(4)
Net interest (note 6(y))	24,333,326	84	23,151,366	85	5
Net revenues other than interest					
Service fee income, net (notes 6(z) and 7)	3,055,652	11	2,652,927	10	15
Losses on financial assets and liabilities at fair value through profit or loss (notes 6(c) and (aa))	(738,507)	(3)	(8,087)	-	(9,032)
Realized gains on the sale of available-for-sale financial assets (note 6(ab))	571,750	2	317,365	1	80
Share of profit of associates using equity method	-	-	42,955	-	(100)
Foreign exchange gains (losses), net	999,458	2	399,475	1	150
Impairment loss of assets	-	-	(1,802)	-	100
Gain on disposal of assets	284,042	1	320	-	88,663
Other noninterest gains, net (note 6(ac))	468,512	3	456,544	3	3
Total net revenues	28,974,233	100	27,011,063	100	7
Bad debt expenses and reserve for losses on quarantees (note 6(f))	408,371	1	191,047	1	114
Operating expenses:					
Employee benefits expense (note 6(ad))	10,201,604	35	9,855,581	36	4
Depreciation and amortization expense (note 6(ae))	926,812	3	865,695	3	7
Other general and administrative expenses (note 6(af))	5,186,496	18	4,492,232	17	15
Total operating expenses	16,314,912	56	15,213,508	56	7
Net income before income tax - continuing operating	12,250,950	43	11,606,508	43	6
Less: Income tax expenses (note 6(v))	2,268,481	8	2,144,580	8	(6)
Net Income	9,982,469	35	9,461,928	35	6
Other comprehensive income:					
Not be reclassified to profit or loss (net of tax)					
Remeasurements of defined benefit plan	(471,070)	(2)	90,495	-	(621)
Income tax relating to components of other comprehensive income that may not be reclassified subsequently to profit or loss	-	-	-	-	-
	(471,070)	(2)	90,495	-	(621)
Items that may be reclassified subsequently to profit or loss (net of tax)					
Exchange differences on translation of foreign financial statements	269,974	1	758,873	3	(64)
Unrealized gains on available-for-sale financial assets	644,446	2	17,460	-	3,591
Income tax relating to components of other comprehensive income that may be reclassified subsequently to profit or loss	-	-	-	-	-
	914,420	3	776,333	3	18
Other comprehensive income, net of tax	443,350	1	866,828	3	(49)
Total comprehensive income, net of tax	\$ 10,425,819	36	10,328,756	38	1
Basic earnings per share (in dollars) (note 6(x))	\$ 1.72		1.63		

Consolidated Statements of Changes in Equity
For the years ended December 31, 2015 and 2014

in thousands of New Taiwan dollars

	Common stock	Capital reserve	Retained earnings			Other items in stockholders' equity		Total
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on available-for-sale financial assets	
Balance at January 1, 2014	\$ 50,000,000	21,748,869	20,112,535	15,817,352	849,075	74,917	3,234,381	111,837,129
The effects of retrospective application and retrospective restatement	-	-	-	-	(1,616,265)	-	-	(1,616,265)
Restatement opening balance	50,000,000	21,748,869	20,112,535	15,817,352	(767,190)	74,917	3,234,381	110,220,864
Net income for the year ended December 31, 2014	-	-	-	-	9,461,928	-	-	9,461,928
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	90,495	758,873	17,460	866,828
Total comprehensive income	-	-	-	-	9,552,423	758,873	17,460	10,328,756
Reversal of the disposed land to special reserve	-	-	-	(12,246)	12,246	-	-	-
Earnings appropriation and distribution								
Provision of legal reserve	-	-	2,830,868	-	(2,830,868)	-	-	-
Provision of special reserve	-	-	-	2,785,342	(2,785,342)	-	-	-
Contribution of dividends and bonus	-	-	-	-	(3,832,261)	-	-	(3,832,261)
Balance at December 31, 2014	50,000,000	21,748,869	22,943,403	18,590,448	(650,992)	833,790	3,251,841	116,717,359
Net income for the year ended December 31, 2015	-	-	-	-	9,982,469	-	-	9,982,469
Other comprehensive income for the year ended December 31, 2015	-	-	-	-	(471,070)	269,974	644,446	443,350
Total comprehensive income	-	-	-	-	9,511,399	269,974	644,446	10,425,819
Retained earnings transferred to capital	8,100,000	-	-	(8,100,000)	-	-	-	-
Reversal of the disposed land to special reserve	-	-	-	(13,254)	13,254	-	-	-
Earnings appropriation and distribution								
Provision of legal reserve	-	-	2,403,399	-	(2,403,399)	-	-	-
Provision of special reserve	-	-	-	3,204,533	(3,204,533)	-	-	-
Balance at December 31, 2015	\$ 58,100,000	21,748,869	25,346,802	13,681,727	3,265,729	1,103,764	3,896,287	127,143,178

Consolidated Statements of Cash Flows

For the years ended December 31, 2015 and 2014

	2015	2014 (Restated)
Cash flows from operating activities:		
Net income before income tax	\$ 12,250,950	11,606,508
Adjustment items:		
Adjustments for the non-cash effects of items of incomes and expenses		
Depreciation expense	747,413	723,634
Amortization expense	179,399	142,061
Provision for bad debt expense	206,372	208,699
Interest expense	19,385,011	20,162,020
Interest income	(43,718,337)	(43,313,386)
Dividends income	(353,579)	(340,510)
Net change in provisions for guarantee liabilities	202,883	(14,127)
Share of profit of associates using equity method	-	(42,955)
Loss on disposal of property and equipment	-	880
Gain on disposal of investment property	(284,042)	-
Impairment of financial assets	-	1,802
Others	23,173	-
Total incomes and expenses	(23,611,707)	(22,471,882)
Changes in operating assets and liabilities:		
Change in operating assets:		
Decrease (increase) in due from the central bank and call loans to banks	997,621	(1,189,449)
Decrease (increase) in financial assets at fair value through profit or loss	(3,137,993)	653,511
Decrease (increase) in account receivable	(1,207,466)	7,925,490
Decrease (increase) in discounts and loans	143,431,581	(64,499,264)
Decrease (increase) in available-for-sale financial assets	(62,784,356)	1,873,838
Increase in held-to-maturity financial assets	(24,264,852)	(10,925,104)
Decrease in other financial assets	2,059,364	47,436
Increase in other assets	(299,054)	(3,289,217)
Total net change in operating assets	54,794,845	(69,402,759)
Changes in operating liabilities:		
Increase (decrease) in deposits from the central bank and banks	(87,662,443)	7,380,418
Increase in financial liabilities at fair value through profit or loss	8,794,310	116,971
Increase (decrease) in notes and bonds issued under repurchase agreement	(5,385,660)	4,531,476
Decrease in payables	(1,748,810)	(5,245,005)
Increase in deposits and remittances	48,281,927	72,810,685
Increase in provisions for employee benefits	576,117	322,919

Expressed in thousands of New Taiwan dollars

	2015	2014 (Restated)
Increase in other liabilities	14,862	33,820
Total net change in operating liabilities	(37,129,697)	79,951,284
Total change in operating assets and liabilities	17,665,148	10,548,525
Total Adjustments	(5,946,559)	(11,923,357)
Cash inflow (outflow) generated from operations	6,304,391	(316,849)
Interest received	43,937,595	43,371,710
Dividends received	353,579	340,510
Interest paid	(19,627,627)	(20,127,641)
Income tax paid	(2,417,620)	(1,825,905)
Net cash flows from (used in) operating activities	28,550,318	21,441,825
Cash flows from (used in) investing activities:		
Acquisition of property and equipment	(359,258)	(550,257)
Increase in refundable deposits	(1,743,534)	(11,771)
Acquisition of intangible assets	(223,747)	(200,224)
Acquisition of investments in real estate	(6,320)	-
Proceeds from disposal of investment in real estate	425,209	43,485
Net cash flows used in investing activities	(1,907,650)	(718,767)
Cash flows from (used in) financing activities:		
Increase (decrease) in funds borrowed from the Central Bank and other banks	(12,309)	52,267
Proceeds from issuing financial debenture	4,994,235	11,498,740
Repayment of financial debenture	(10,600,000)	(9,400,000)
Increase (decrease) in refundable deposits	280,377	(1,010,608)
Decrease in other financial liabilities	(17,912)	(26,522)
Dividends paid	(42,340)	(3,789,921)
Net cash flows used in financing activities	(5,397,949)	(2,676,044)
Effect of exchange rate changes on cash and cash equivalents	282,316	720,666
Net increase in cash and cash equivalents	21,527,035	18,767,680
Cash and cash equivalents at beginning of period	169,557,531	150,789,851
Cash and cash equivalents at end of period	\$ 191,084,566	169,557,531
Cash and cash equivalents reported in the statement of financial position		
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	\$ 39,281,452	42,955,639
	151,803,114	126,601,892
Cash and cash equivalents at end of period	\$ 191,084,566	169,557,531



■ Directory of Lbot's Offices

HEAD OFFICE			
Department of Securities	No.81, Yanping S. Rd., Zhongzheng District, Taipei City 10043, Taiwan (R.O.C.)		
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Department of Trusts	No.53, Huaining St., Zhongzheng District, Taipei City 10046, Taiwan (R.O.C.)		
	TEL:(02)23483456	FAX:(02)23754092	
Department of International Banking	No.46, Guanqian Rd., Zhongzheng District, Taipei City 10047, Taiwan (R.O.C.)		
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Department of Business	No.46, Guanqian Rd., Zhongzheng District, Taipei City 10047, Taiwan (R.O.C.)		
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DOMESTIC BRANCHES			
Taipei City			
Offshore Banking Branch	6F, No.53, Huaining St., Zhongzheng District, Taipei City 10046, Taiwan (R.O.C.)		
	TEL:(02)23483456	FAX:(02)23711359	
Taipei Branch	No.72, Bo-ai Rd., Zhongzheng District, Taipei City 10043, Taiwan (R.O.C.)		
	TEL:(02)23713241	FAX:(02)23752122	SWIFT:LBOTTWTP005
Yuanshan Branch	No.91, Sec. 4, Chengde Rd., Shilin District, Taipei City 11166, Taiwan (R.O.C.)		
	TEL:(02)28866379	FAX:(02)28866556	SWIFT:LBOTTWTP155
Dongmen Branch	No.165, Sec.2, Jinshan S.Rd, Da- an District, Taipei City 10644, Taiwan (R.O.C.)		
	TEL:(02)23911188	FAX:(02)23960209	SWIFT:LBOTTWTP138
Chengtung Branch	No.46-2, Sec. 2, Zhongshan N. Rd., Zhongshan District, Taipei City 10448, Taiwan (R.O.C.)		
	TEL:(02)25676268	FAX:(02)25217239	SWIFT:LBOTTWTP140
Minquan Branch	No.26, Minquan W. Rd., Zhongshan District, Taipei City 10449, Taiwan (R.O.C.)		
	TEL:(02)25629801	FAX:(02)25616053	SWIFT:LBOTTWTP006
Changan Branch	No.52, Sec. 2, Chang-an E. Rd., Zhongshan District, Taipei City 10456, Taiwan (R.O.C.)		
	TEL:(02)25238166	FAX:(02)25434262	SWIFT:LBOTTWTP008
Changchuen Branch	No.156, Changchun Rd., Zhongshan District, Taipei City 10459, Taiwan (R.O.C.)		
	TEL:(02)25681988	FAX:(02)25683261	SWIFT:LBOTTWTP102
Sungshan Branch	No.1, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 10557, Taiwan (R.O.C.)		
	TEL:(02)25774558	FAX:(02)25780590	SWIFT:LBOTTWTP063
Chunglun Branch	No.26, Dongxing Rd., Songshan District, Taipei City 10565, Taiwan (R.O.C.)		
	TEL:(02)27477070	FAX:(02)27471762	SWIFT:LBOTTWTP106
Fuhsin Branch	No.132, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 10596, Taiwan (R.O.C.)		
	TEL:(02)27199989	FAX:(02)25451215	SWIFT:LBOTTWTP090
Kuting Branch	No.125, Sec. 3, Roosevelt Rd., Da-an District, Taipei City 10647, Taiwan (R.O.C.)		
	TEL:(02)23634747	FAX:(02)23632118	SWIFT:LBOTTWTP007
Jenai Branch	No.29, Sec. 3, Ren-ai Rd., Da-an District, Taipei City 10651, Taiwan (R.O.C.)		
	TEL:(02)27728282	FAX:(02)27110884	SWIFT:LBOTTWTP057
Chunghsiao Branch	No.129, Sec. 1, Fuxing S. Rd., Da-an District, Taipei City 10666, Taiwan (R.O.C.)		
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DOMESTIC BRANCHES			
Taipei City			
Dah An Branch	No.37, Sec. 2, Da-an Rd., Da-an District, Taipei City 10667, Taiwan (R.O.C.)		
	TEL:(02)23256266	FAX:(02)23259819	SWIFT:LBOTTWTP123
Hoping Branch	No.15, Sec. 3, Heping E. Rd., Da-an District, Taipei City 10670, Taiwan (R.O.C.)		
	TEL:(02)27057505	FAX:(02)27015459	SWIFT:LBOTTWTP045
Tunhua Branch	No.76, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 10683, Taiwan (R.O.C.)		
	TEL:(02)27071234	FAX:(02)27066470	SWIFT:LBOTTWTP074
Wanhua Branch	No.205, Sec. 2, Xiyuan Rd., Wanhua District, Taipei City 10864, Taiwan (R.O.C.)		
	TEL:(02)23322778	FAX:(02)23323391	SWIFT:LBOTTWTP116
Hinyi Branch	No.436, Sec. 1, Keelung Rd., Xinyi District, Taipei City 11051, Taiwan (R.O.C.)		
	TEL:(02)27585667	FAX:(02)27582282	SWIFT:LBOTTWTP079
Tungtaipei Branch	No.107, Songde Rd., Xinyi District, Taipei City 11075, Taiwan (R.O.C.)		
	TEL:(02)27272588	FAX:(02)27285721	SWIFT:LBOTTWTP099
Sungnan Branch	No.130, Songshan Rd., Xinyi District, Taipei City 11090, Taiwan (R.O.C.)		
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Shihlin Branch	No.689, Sec. 5, Zhongshan N. Rd., Shilin District, Taipei City 11145, Taiwan (R.O.C.)		
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Tienmu Branch	No.122, Sec. 2, Zhongzheng Rd., Shilin District, Taipei City 11148, Taiwan (R.O.C.)		
	TEL:(02)28767287	FAX:(02)28767257	SWIFT:LBOTTWTP133
Shipai Branch	No.116, Wunlin N. Rd., Beitou District., Taipei City 11287, Taiwan (R.O.C.)		
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Neihu Branch	No.156, Sec. 6, Minquan E. Rd., Neihu District, Taipei City 11490, Taiwan (R.O.C.)		
	TEL:(02)27963800	FAX:(02)27963961	SWIFT:LBOTTWTP064
Shihu Branch	No.185, Gangqian Rd., Neihu District, Taipei City 11494, Taiwan (R.O.C.)		
	TEL:(02)26599888	FAX:(02)26593659	SWIFT:LBOTTWTP120
Nankang Branch	No.364 Sec. 1, Nangang Rd., Nangang District, Taipei City 11579, Taiwan (R.O.C.)		
	TEL:(02)27834161	FAX:(02)27820454	SWIFT:LBOTTWTP004
Wenshan Branch	No.206, Jingxing Rd., Wenshan District, Taipei City 11669, Taiwan (R.O.C.)		
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NanJing Donglu Branch	1F,No.70,Sec.3,NanJing E.Rd.,ZhongShan District, Taipei City10489 Taiwan (R.O.C.)		
	TEL:(02)25036435	FAX:(02)25035643	SWIFT:LBOTTWTP165
New Taipei City			
Huachiang Branch	No.2, Alley 1, Lane 182, Sec. 2, Wunhua Rd., Banqiao District ,New Taipei City 22044, Taiwan (R.O.C.)		
	TEL:(02)22518599	FAX:(02)22517665	SWIFT:LBOTTWTP107
Panchiao Branch	No.143, Sec. 1, Wunhua Rd., Banqiao District., New Taipei City 22050, Taiwan (R.O.C.)		
	TEL:(02)29689111	FAX:(02)29667278	SWIFT:LBOTTWTP050
Tungpanchiao Branch	No.212, Minzu Rd., Banqiao District, New Taipei City 22065, Taiwan (R.O.C.)		
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Kuangfu Branch	No.148, Sec. 2, Sanmin Rd.,Banqiao District, New Taipei City, 22069 Taiwan,R.O.C.		
	TEL:(02)89522345	FAX:(02)89522395	SWIFT:LBOTTWTP129



DOMESTIC BRANCHES			
New Taipei City			
Hsichih Branch	No.306-3, Sec. 1, Datong Rd., Xizhi District, New Taipei City 22146, Taiwan (R.O.C.)		
	TEL:(02)26498577	FAX:(02)26498666	SWIFT:LBOTTWTP115
Xike Branch	No.93, Sec. 1,Xintai 5 th Rd., Xizhi District, New Taipei City 22175, Taiwan (R.O.C.)		
	TEL:(02)26972858	FAX:(02)26972601	SWIFT:LBOTTWTP148
Hsintien Branch	No.309, Sec. 1, Beixin Rd., Xindian District ,New Taipei City 23147, Taiwan (R.O.C.)		
	TEL:(02)29151234	FAX:(02)29178333	SWIFT:LBOTTWTP061
Yungho Branch	No.33, Zhulin Rd., Yonghe District ,New Taipei City 23441, Taiwan (R.O.C.)		
	TEL:(02)89268168	FAX:(02)89268181	SWIFT:LBOTTWTP049
Yuantong Branch	No.192, Liancheng Rd., Zhonghe District ,New Taipei City 23553, Taiwan (R.O.C.)		
	TEL:(02)22497071	FAX:(02)22497701	SWIFT:LBOTTWTP158
Shuangho Branch	No.120, Sec. 2, Zhongshan Rd., Zhonghe District ,New Taipei City 23555, Taiwan (R.O.C.)		
	TEL:(02)22425300	FAX:(02)22425495	SWIFT:LBOTTWTP087
Chunggho Branch	No.323, Jingping Rd., Zhonghe District ,New Taipei City 23577, Taiwan (R.O.C.)		
	TEL:(02)29461123	FAX:(02)29440419	SWIFT:LBOTTWTP003
Tucheng Branch	No.127, Sec. 1, Zhongyang Rd., Tucheng District, New Taipei City 23664, Taiwan (R.O.C.)		
	TEL:(02)22651000	FAX:(02)22667858	SWIFT:LBOTTWTP080
Sanshia Branch	No.83, Minsheng St., Sanxia District, New Taipei City 23741, Taiwan (R.O.C.)		
	TEL:(02)86711010	FAX:(02)86711033	SWIFT:LBOTTWTP112
Shulin Branch	No.82, Bao-an 2nd St., Shulin District ,New Taipei City 23860, Taiwan (R.O.C.)		
	TEL:(02)26845116	FAX:(02)26845115	SWIFT:LBOTTWTP098
Beisanchong Branch	No. 99, Sec. 4, Chongyang Rd., Sanchong District ,New Taipei City 24145, Taiwan (R.O.C.)		
	TEL:(02)89821919	FAX:(02)89819492	SWIFT:LBOTTWTP157
Sanchung Branch	No.1-8, Sec. 2, Chongxin Rd., Sanchong District,New Taipei City 24147, Taiwan (R.O.C.)		
	TEL:(02)89712222	FAX:(02)29848053	SWIFT:LBOTTWTP010
Hsianchung Branch	No.81, Sec. 1, Chongyang Rd., Sanchong District, New Taipei City 24161, Taiwan (R.O.C.)		
	TEL:(02)29846969	FAX:(02)29859842	SWIFT:LBOTTWTP100
Hsinchuang Branch	No.221, Siyuan Rd., Xinzhuang District , New Taipei City 24250, Taiwan (R.O.C.)		
	TEL:(02)29973321	FAX:(02)29973320	SWIFT:LBOTTWTP086
Nanhsinchuang Branch	No.288-23, Xinshu. Rd., Xinzhuang District, New Taipei City 24262, Taiwan (R.O.C.)		
	TEL:(02)22066080	FAX:(02)22066372	SWIFT:LBOTTWTP111
Taishan Branch	No.168, Sec. 3, Mingzhi Rd., Taishan District, New Taipei 24354, Taiwan (R.O.C.)		
	TEL:(02)29018899	FAX:(02)29014174	SWIFT:LBOTTWTP134
Luchou Branch	No.100, Zhongshan 1st Rd., Luzhou District, New Taipei City 24748, Taiwan (R.O.C.)		
	TEL:(02)22859100	FAX:(02)22858983	SWIFT:LBOTTWTP076
Tanshui Branch	No.42, Sec. 1, Zhongshan N. Rd., Danshui District, New Taipei City 25157, Taiwan (R.O.C.)		
	TEL:(02)26219691	FAX:(02)26219695	SWIFT:LBOTTWTP081
Baozhong Branch	No.94-3, Baozhong Rd., Xindian District ,New Taipei City 23144, Taiwan (R.O.C.)		
	TEL:(02)29111898	FAX:(02)29111737	SWIFT:LBOTTWTP163

DOMESTIC BRANCHES			
Keelung City			
Keelung Branch	No.18, Yi 1st Rd., Zhongzheng District, Keelung City 20241, Taiwan (R.O.C.)		
	TEL:(02)24210200	FAX:(02)24224407	SWIFT:LBOTTWTP002
Chengping Branch	No.652, Zhongzheng Rd., Zhongzheng District, Keelung City 20248, Taiwan (R.O.C.)		
	TEL:(02)24621111	FAX:(02)24627214	SWIFT:LBOTTWTP073
Taoyuan County			
Chungli Branch	No.190, Zhongshan Rd., Zhongli District, Taoyuan City 32041, Taiwan (R.O.C.)		
	TEL:(03)4253140	FAX:(03)4253674	SWIFT:LBOTTWTP014
Peichungli Branch	No.400, Huanbei Rd., Zhongli District, Taoyuan City 32070, Taiwan (R.O.C.)		
	TEL:(03)4250011	FAX:(03)4223230	SWIFT:LBOTTWTP124
Neili Branch	No.33, Huanzhong E. Rd., Zhongli District, Taoyuan City 32071, Taiwan (R.O.C.)		
	TEL:(03)4612666	FAX:(03)4613868	SWIFT:LBOTTWTP145
Pingchen Branch	No.5, Shanding Sec., Zhongfeng Rd., Pingzhen District, Taoyuan City 32463, Taiwan (R.O.C.)		
	TEL:(03)4699111	FAX:(03)4699119	SWIFT:LBOTTWTP091
Shihmen Branch	No.49, Beilong Rd., Longtan District, Taoyuan City 32552, Taiwan (R.O.C.)		
	TEL:(03)4792101	FAX:(03)4708934	SWIFT:LBOTTWTP015
Yangmei Branch	No.116, Daping St., Yangmei District, Taoyuan City 32643, Taiwan (R.O.C.)		
	TEL:(03)4881215	FAX:(03)4881217	SWIFT:LBOTTWTP137
Taoyuan Branch	No.75, Zhongzheng Rd., Taoyuan District, Taoyuan City 33041, Taiwan (R.O.C.)		
	TEL:(03)3379911	FAX:(03)3379976	SWIFT:LBOTTWTP013
Peitaoyuan Branch	No.1071, Zhongzheng Rd., Taoyuan District, Taoyuan City 33045, Taiwan (R.O.C.)		
	TEL:(03)3566199	FAX:(03)3565406	SWIFT:LBOTTWTP131
Nantaoyuan Branch	No.835, Zhongshan Rd., Taoyuan District, Taoyuan City 33059, Taiwan (R.O.C.)		
	TEL:(03)3786969	FAX:(03)3786984	SWIFT:LBOTTWTP114
Linkou Branch	No.109, Wunhua 2nd Rd., Guishan District, Taoyuan City 33377, Taiwan (R.O.C.)		
	TEL:(03)3182128	FAX:(03)3183719	SWIFT:LBOTTWTP143
Bade Branch	No.702, Sec. 1, Jieshou Rd., Bade District, Taoyuan City 33450, Taiwan (R.O.C.)		
	TEL:(03)3667966	FAX:(03)3669900	SWIFT:LBOTTWTP121
Dayuan Branch	No. 55, Zhongzheng E. Rd., Dayuan District, Taoyuan City 33756, Taiwan (R.O.C.)		
	TEL:(03)3850805	FAX:(03)3856625	SWIFT:LBOTTWTP136
Nanknag Branch	No.16, Luoyang St., Luzhu District, Taoyuan City 33845, Taiwan (R.O.C.)		
	TEL:(03)3526556	FAX:(03)3527099	SWIFT:LBOTTWTP096
Hsinchu City			
Hsinchu Branch	No.1, Zhongyang Rd., Hsinchu City 30041, Taiwan (R.O.C.)		
	TEL:(03)5213211	FAX:(03)5233693	SWIFT:LBOTTWTP016
Tunghsinchu Branch	No.22, Beida Rd., East District, Hsinchu City 30044, Taiwan (R.O.C.)		
	TEL:(03)5353998	FAX:(03)5353923	SWIFT:LBOTTWTP103



DOMESTIC BRANCHES

Hsinchu County

Chupei Branch	No.130, Xianzheng 9th Rd., Zhubei City, Hsinchu County 30251, Taiwan (R.O.C.)
	TEL:(03)5532231 FAX:(03)5532308 SWIFT:LBOTTWTP108
Hukou Branch	No.102, Sec. 1, Zhongzheng Rd., Hukou Township, Hsinchu County 30342, Taiwan (R.O.C.)
	TEL:(03)5996111 FAX:(03)5901987 SWIFT:LBOTTWTP052
Hsingong Branch	No.76, Zhonghua Rd., Hukou Township, Hsinchu County 30353, Taiwan (R.O.C.)
	TEL:(03)5981969 FAX:(03)5985373 SWIFT:LBOTTWTP118
ITRI Branch	No.195, Sec. 4, Zhongxing Rd., Zhudong Township, Hsinchu County 31040, Taiwan (R.O.C.)
	TEL:(03)5910188 FAX:(03)5910199 SWIFT:LBOTTWTP156
Chutung Branch	No.10, Donglin Rd., Zhudong Township, Hsinchu County 31047, Taiwan (R.O.C.)
	TEL:(03)5961171 FAX:(03)5961175 SWIFT:LBOTTWTP017

Miaoli County

Chunan Branch	No.62, Zhongzheng Rd., Zhunan Township, Miaoli County 35047, Taiwan (R.O.C.)
	TEL:(037)551022 FAX:(037)551090 SWIFT:LBOTTWTP146
Toufen Branch	No.932, Zhonghua Rd., Toufen Township, Miaoli County 35159, Taiwan (R.O.C.)
	TEL:(037)667185 FAX:(037)667188 SWIFT:LBOTTWTP021
Tunghsiao Branch	No.85, Zhongzheng Rd., Tongxiao Township, Miaoli County 35741, Taiwan (R.O.C.)
	TEL:(037)756010 FAX:(037)756014 SWIFT:LBOTTWTP084
Miaoli Branch	No.402, Zhongzheng Rd., Miaoli City, Miaoli County 36043, Taiwan (R.O.C.)
	TEL:(037)320531 FAX:(037)329215 SWIFT:LBOTTWTP020

Taichung City

Taichung Branch	No.1, Sec. 2, Ziyou Rd., Central District, Taichung City 40045, Taiwan (R.O.C.)
	TEL:(04)22235021 FAX:(04)22204961 SWIFT:LBOTTWTP024
Nantaichung Branch	No.81, Guoguang Rd., South District, Taichung City 40254, Taiwan (R.O.C.)
	TEL:(04)22240323 FAX:(04)22201390 SWIFT:LBOTTWTP101
Hsitaichung Branch	No.2-4, Wuquan Rd., West District, Taichung City 40355, Taiwan (R.O.C.)
	TEL:(04)22289151 FAX:(04)22276621 SWIFT:LBOTTWTP055
Peitaichung Branch	No.79, Sec.1,Zhongping Rd., Beitun District, Taichung City 40458, Taiwan (R.O.C.)
	TEL:(04)22016902 FAX:(04)22014766 SWIFT:LBOTTWTP077
Beituen Branch	No.232, Sec. 4, Wenxin Rd., North District, Taichung City 40462, Taiwan (R.O.C.)
	TEL:(04)22915678 FAX:(04)22913636 SWIFT:LBOTTWTP122
Chungkang Branch	No.598, Sec.2, Wenxin Rd., Xitun District, Taichung City 40758, Taiwan (R.O.C.)
	TEL:(04)23288800 FAX:(04)23287958 SWIFT:LBOTTWTP094
Situn Branch	No.542, Sec. 3, Taiwan Blvd. Xitun District, Taichung City 40757, Taiwan (R.O.C.)
	TEL:(04)27087759 FAX:(04)27086359 SWIFT:LBOTTWTP144
Nantun Branch	No.65, Wenxin S. Rd., Nantun District, Taichung City 40854, Taiwan (R.O.C.)
	TEL:(04)24723568 FAX:(04)24727911 SWIFT:LBOTTWTP161
Taiping Branch	No.131, Sec. 3, Zhongshan Rd., Taiping District, Taichung City 41169, Taiwan (R.O.C.)
	TEL:(04)22780788 FAX:(04)22783488 SWIFT:LBOTTWTP072
Dali Branch	No.405, Sec. 2, Guoguang Rd., Dali District, Taichung City 41266, Taiwan (R.O.C.)
	TEL:(04)24061679 FAX:(04)24061579 SWIFT:LBOTTWTP150

DOMESTIC BRANCHES			
Taichung City			
Wujih Branch	No.328, Xinxing Rd., Wuri District, Taichung City 41457, Taiwan (R.O.C.)		
	TEL:(04)23360311	FAX:(04)23360321	SWIFT:LBOTTWTP119
Fengyuan Branch	No.508, Zhongshan Rd., Fengyuan District, Taichung City 42044, Taiwan (R.O.C.)		
	TEL:(04)25242191	FAX:(04)25283716	SWIFT:LBOTTWTP022
Jhongke Branch	2F.-1, No.6, Zhongke Rd., Daya District, Taichung City 42881, Taiwan (R.O.C.)		
	TEL:(04)25658228	FAX:(04)25658255	SWIFT:LBOTTWTP135
Shalu Branch	No.407, Zhongshan Rd., Shalu District, Taichung City 43350, Taiwan (R.O.C.)		
	TEL:(04)26651717	FAX:(04)26651256	SWIFT:LBOTTWTP113
Tachia Branch	No.40, Zhenzheng Rd., Dajia District, Taichung City 43746, Taiwan (R.O.C.)		
	TEL:(04)26877181	FAX:(04)26860142	SWIFT:LBOTTWTP023
Zhongcing Branch	No.358 Sec.2, Jhongcing Rd., Beitun District, Taichung City 40676, Taiwan (R.O.C.)		
	TEL:(04)22956677	FAX:(04)22956776	SWIFT:LBOTTWTP164
Nantou County			
Nantou Branch	No.202, Zhongshan St., Nantou City, Nantou County 54057, Taiwan (R.O.C.)		
	TEL:(049)2222143	FAX:(049)2221833	SWIFT:LBOTTWTP025
Tsaotun Branch	No.601-7, Zhongzheng Rd., Caotun Township, Nantou County 54241, Taiwan (R.O.C.)		
	TEL:(049)2330573	FAX:(049)2353647	SWIFT:LBOTTWTP082
Changhua County			
Changhua Branch	No.98, Guangfu Rd., Changhua City, Changhua County 50045, Taiwan (R.O.C.)		
	TEL:(04)7230777	FAX:(04)7242934	SWIFT:LBOTTWTP047
Fuhsing Branch	No.399, Sec. 7, Zhanglu Rd., Fuxing Township, Changhua County 50661, Taiwan (R.O.C.)		
	TEL:(04)7785566	FAX:(04)7789933	SWIFT:LBOTTWTP142
Yuanlin Branch	No.100, Sec. 2, Zhongshan Rd., Yuanlin City, Changhua County 51052 Taiwan (R.O.C.)		
	TEL:(04)8323171	FAX:(04)8330634	SWIFT:LBOTTWTP026
Yunlin County			
Huwei Branch	No.490, Sec. 1, Linsen Rd., Huwei Township, Yunlin County 63243, Taiwan (R.O.C.)		
	TEL:(05)6327373	FAX:(05)6320297	SWIFT:LBOTTWTP056
Touliu Branch	No.72, Zhongshan Rd., Douliu City, Yunlin County 64051, Taiwan (R.O.C.)		
	TEL:(05)5323901	FAX:(05)5334295	SWIFT:LBOTTWTP027
Peikang Branch	No.90, Minzhu Rd., Beigang Township, Yunlin County 65142, Taiwan (R.O.C.)		
	TEL:(05)7836111	FAX:(05)7835525	SWIFT:LBOTTWTP028
Chiayi City			
Chiayi Branch	No.309, Zhongshan Rd., Chiayi City 60041, Taiwan (R.O.C.)		
	TEL:(05)2241150	FAX:(05)2250426	SWIFT:LBOTTWTP029
Chiayi City			
Chiasing Branch	No.28, Ziyou Rd., Chiayi City 60093, Taiwan (R.O.C.)		
	TEL:(05)2810866	FAX:(05)2810882	SWIFT:LBOTTWTP110



DOMESTIC BRANCHES

Chiayi County

Minhsiung Branch	No.126, Sec. 3, Jianguo Rd., Minxiong Township, Chiayi County 62157, Taiwan (R.O.C.)		
	TEL:(05)2200180	FAX:(05)2214643	SWIFT:LBOTTWTP066

Tainan City

Tainan Branch	No.28, Zhongzheng Rd., West District, Tainan City 70048, Taiwan (R.O.C.)		
	TEL:(06)2265211	FAX:(06)2240057	SWIFT:LBOTTWTP032
Tungtainan Branch	No.261, Sec. 3, Dongmen Rd., East District, Tainan City 70172, Taiwan (R.O.C.)		
	TEL:(06)2902789	FAX:(06)2906946	SWIFT:LBOTTWTP083
Peitainan Branch	No.128-7, Gongyuan Rd., North District, Tainan City 70448, Taiwan (R.O.C.)		
	TEL:(06)2210071	FAX:(06)2256036	SWIFT:LBOTTWTP062
Anping Branch	No.23, Sec. 2, Zhonghua W. Rd., Anping District, Tainan City 70844, Taiwan (R.O.C.)		
	TEL:(06)2933555	FAX:(06)2933666	SWIFT:LBOTTWTP109
Annan Branch	No.47, Sec. 3, Haidian Rd., Annan District, Tainan City 70966, Taiwan (R.O.C.)		
	TEL:(06)2568669	FAX:(06)2569778	SWIFT:LBOTTWTP147
Yungkang Branch	No.20, Zhongshan S. Rd., Yongkang District, Tainan City, 71075, Taiwan (R.O.C.)		
	TEL:(06)2321171	FAX:(06)2324144	SWIFT:LBOTTWTP031
Dawan Branch	No.1062, Sec. 2, Yongda Rd., Yongkang District, Tainan City, 71080, Taiwan (R.O.C.)		
	TEL:(06)2071200	FAX:(06)2071250	SWIFT:LBOTTWTP151
Hsuehchia Branch	No.303, Zhongzheng Rd., Xuejia District, Tainan City 72641, Taiwan (R.O.C.)		
	TEL:(06)7832166	FAX:(06)7836743	SWIFT:LBOTTWTP085
Hsinying Branch	No.79, Zhongshan Rd., Xinying District, Tainan City, 73045, Taiwan (R.O.C.)		
	TEL:(06)6322441	FAX:(06)6322270	SWIFT:LBOTTWTP030
Paiho Branch	No.395, Sanmin Rd., Baihe District, Tainan City 73242, Taiwan (R.O.C.)		
	TEL:(06)6855301	FAX:(06)6852545	SWIFT:LBOTTWTP089
Hsinshih Branch	No.10, Fusing Rd., Xinshi District, Tainan City 74444, Taiwan (R.O.C.)		
	TEL:(06)5997373	FAX:(06)5990799	SWIFT:LBOTTWTP104

Kaohsiung City

Chungcheng Branch	No.158, Zhongzheng 3rd Rd., Xinxing District, Kaohsiung City 80052, Taiwan (R.O.C.)		
	TEL:(07)2352156	FAX:(07)2352140	SWIFT:LBOTTWTP059
Hsinhsing Branch	No.480, Qixian 1st Rd., Xinxing District, Kaohsiung City 80053, Taiwan (R.O.C.)		
	TEL:(07)2355111	FAX:(07)2355118	SWIFT:LBOTTWTP054
Chungshan Branch	No.87, Wufu 3rd Rd., Qianjin District, Kaohsiung City 80148, Taiwan (R.O.C.)		
	TEL:(07)2519406	FAX:(07)2518154	SWIFT:LBOTTWTP048
Lingya Branch	No.18, Zhongxiao 2nd Rd., Lingya District, Kaohsiung City 80241, Taiwan (R.O.C.)		
	TEL:(07)3328477	FAX:(07)3356471	SWIFT:LBOTTWTP078

Kaohsiung City

Kaohsiung Branch	No.131, Dayong Rd., Yancheng District, Kaohsiung City 80343, Taiwan (R.O.C.)		
	TEL:(07)5515231	FAX:(07)5510428	SWIFT:LBOTTWTP033

DOMESTIC BRANCHES			
Kaohsiung City			
Chiencheng Branch	No.241, Yixin 1st Rd., Qianzhen District, Kaohsiung City 80606, Taiwan (R.O.C.)		
	TEL:(07)3329755	FAX:(07)3313296	SWIFT:LBOTTWTP069
Poai Branch	No.300, Bo-ai 1st Rd., Sanmin District, Kaohsiung City 80757, Taiwan (R.O.C.)		
	TEL:(07)3150301	FAX:(07)3226961	SWIFT:LBOTTWTP105
Chienkuo Branch	No.458, Jianguo 1st Rd., Sanmin District, Kaohsiung City 80760, Taiwan (R.O.C.)		
	TEL:(07)2250011	FAX:(07)2250077	SWIFT:LBOTTWTP097
Shanming Branch	No.657, Jiangong Rd., Sanmin District, Kaohsiung City 80778, Taiwan (R.O.C.)		
	TEL:(07)3861301	FAX:(07)3891941	SWIFT:LBOTTWTP065
Shiaokang Branch	No.336, Hongping Rd., Xiaogang District, Kaohsiung City 81268, Taiwan (R.O.C.)		
	TEL:(07)8065606	FAX:(07)8018837	SWIFT:LBOTTWTP117
Zuoying Branch	No.1237, Huaxia Rd., Zuoying District, Kaohsiung City 81361, Taiwan (R.O.C.)		
	TEL:(07)3436168	FAX:(07)3433321	SWIFT:LBOTTWTP130
Tashe Branch	No.369, Zhongshan Rd., Dashe District, Kaohsiung City 81547, Taiwan (R.O.C.)		
	TEL:(07)3520779	FAX:(07)3529804	SWIFT:LBOTTWTP067
Kangshan Branch	No.285, Gangshan Rd., Gangshan District, Kaohsiung City 82041, Taiwan (R.O.C.)		
	TEL:(07)6216102	FAX:(07)6213119	SWIFT:LBOTTWTP034
Luzhu Branch	No.18, Guochang Rd., Luzhu District, Kaohsiung City 82150, Taiwan (R.O.C.)		
	TEL:(07)6972131	FAX:(07)6973834	SWIFT:LBOTTWTP070
Cingnian Branch	No.281, Sec. 2, Qingnian Rd., Fengshan District, Kaohsiung City 83048, Taiwan (R.O.C.)		
	TEL:(07)7808700	FAX:(07)7805166	SWIFT:LBOTTWTP038
Fengshan Branch	No.15, Caogong Rd., Fengshan District, Kaohsiung City 83064, Taiwan (R.O.C.)		
	TEL:(07)7460121	FAX:(07)7436569	SWIFT:LBOTTWTP051
Wuchia Branch	No.256, Wujia 2nd Rd., Fengshan District, Kaohsiung City, 83083, Taiwan (R.O.C.)		
	TEL:(07)7715176	FAX:(07)7715170	SWIFT:LBOTTWTP071
Dafa Branch	No.272, Fonglin 4th Rd., Daliao District, Kaohsiung City 83150, Taiwan (R.O.C.)		
	TEL:(07)7869169	FAX:(07)7869189	SWIFT:LBOTTWTP153
Nanzi Branch	No.318, Lanchang Rd., Nanzi District, Kaohsiung City 81168, Taiwan (R.O.C.)		
	TEL:(07)3621199	FAX:(07)3621099	SWIFT:LBOTTWTP149
Meinung Branch	No.65, Sec. 1, Zhongshan Rd., Meinong District, Kaohsiung City 84348, Taiwan (R.O.C.)		
	TEL:(07)6813211	FAX:(07)6813111	SWIFT:LBOTTWTP035

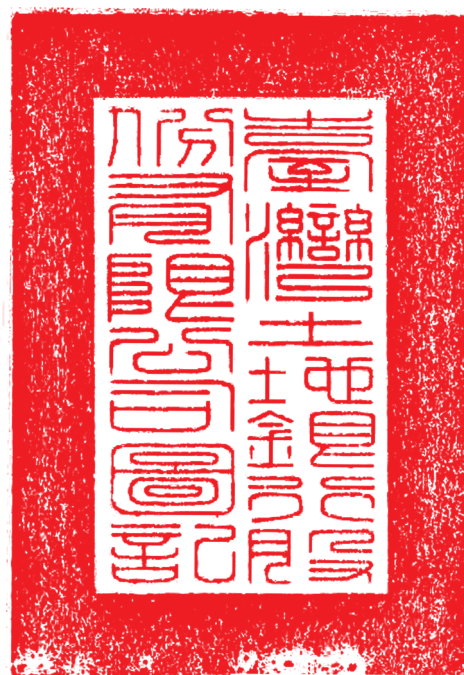
Pingtung County			
Pingtung Branch	No.78, Fongjia Rd., Pingtung City, Pingtung County 90075, Taiwan (R.O.C.)		
	TEL:(08)7325131	FAX:(08)7322236	SWIFT:LBOTTWTP036
Kaoshu Branch	No.99, Nanxing Rd., Gaoshu Township, Pingtung County 90641, Taiwan (R.O.C.)		
	TEL:(08)7963399	FAX:(08)7966333	SWIFT:LBOTTWTP125
Chaozhou Branch	No.12, Xinsheng Rd., Chaozhou Township, Pingtung County 92046, Taiwan (R.O.C.)		
	TEL:(08)7884111	FAX:(08)7881972	SWIFT:LBOTTWTP046
Donggang Branch	No.27, Sec. 2, Guangfu Rd., Donggang Township, Pingtung County 92847, Taiwan (R.O.C.)		
	TEL:(08)8332255	FAX:(08)8325399	SWIFT:LBOTTWTP132
Fangliao Branch	No.111, Longshan Rd., Fangliao Township, Pingtung County 94049, Taiwan (R.O.C.)		
	TEL:(08)8781533	FAX:(08)8786282	SWIFT:LBOTTWTP126



DOMESTIC BRANCHES			
Yilan County			
Ilan Branch	No.31,Sec.2, Zhongshan Rd., Yilan City, Yilan County 26046, Taiwan (R.O.C.)		
	TEL:(03)9361101	FAX:(03)9323692	SWIFT:LBOTTWTP011
Lotung Branch	No.158, Gongzheng Rd., Luodong Township, Yilan County 26550, Taiwan (R.O.C.)		
	TEL:(03)9571111	FAX:(03)9571117	SWIFT:LBOTTWTP012
Suao Branch	No.17, Taiping Rd., Su'ao Township, Yilan County 27048, Taiwan (R.O.C.)		
	TEL:(03)9961100	FAX:(03)9965334	SWIFT:LBOTTWTP053
Hualien County			
Hualien Branch	No.356, Zhongshan Rd., Hualien City, Hualien County 97050, Taiwan (R.O.C.)		
	TEL:(03)8312601	FAX:(03)8320482	SWIFT:LBOTTWTP018
Yuli Branch	No.51, Sec.2, Zhongshan Rd., Yuli Township, Hualien County 98142, Taiwan (R.O.C.)		
	TEL:(03)8886181	FAX:(03)8882320	SWIFT:LBOTTWTP019
Taitung County			
Taitung Branch	No.357, Sec. 1, Zhonghua Rd., Taitung City, Taitung County 95046, Taiwan (R.O.C.)		
	TEL:(089)310111	FAX:(089)310100	SWIFT:LBOTTWTP037
Penghu County			
Penghu Branch	No.20, Sanmin Rd., Magong City, Penghu County 88050, Taiwan (R.O.C.)		
	TEL:(06)9262141	FAX:(06)9278371	SWIFT:LBOTTWTP040
Kinmen County			
Kinmen Branch	No.34, Minsheng Rd., Jincheng Township, Kinmen County 89345, Taiwan (R.O.C.)		
	TEL:(082)327301	FAX:(082)327305	SWIFT:LBOTTWTP039
Kincheng Branch	No.6, Minsheng Rd., Jincheng Township, Kinmen County 89345, Taiwan (R.O.C.)		
	TEL:(082)311981	FAX:(082)311986	SWIFT:LBOTTWTP128
OVERSEAS BRANCH			
Los Angeles Branch	Suite1900, 811 Wilshire Boulevard Los Angeles, California 90017 U.S.A.		
	TEL:(1)213-532-3789	FAX:(1)213-532-3766	SWIFT:LBOTUS66
Hong Kong Branch	Unit 3101-6 & 12,Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon., H.K.		
	TEL:(852)2581-0788	FAX:(852)2581-0777	SWIFT:LBOTHKHH
Singapore Branch	80,Raffles Place,#34-01 UOB Plaza 1,Singapore		
	TEL:(65)6349-4555	FAX:(65)6349-4545	SWIFT:LBOTSGSG
Shanghai Branch	Unit1203-04, 12F,Aurora Plaza,99 Fu Cheng Road,Pudong Shanghai, China 200120		
	TEL:(86)21-5037-2495	FAX:(86)21-5037-2497	SWIFT: LBOTCNBH
New York Branch	100 Wall Street, 14F New York, New York 10005 U S A		
	TEL:(1)917-542-0222	FAX : (1)917-542-0288	SWIFT: LBOTUS33
Tianjin Branch	Room 3701-3702, Xin Silver Building, No.28,Zeng Jin Dao,Hexi District ,TianJin,China.300201		
	TEL:(86)22-2837-1115	FAX : (86)22-2837-1113	SWIFT: LBOTCNBT
Wuhan Branch	Unit 01-03, 41F, Wuhan Wanda Center, No.96 Linjiang Avenue,Jiyuqiao, Wuchang District, Wuhan.,China 430062		
	TEL:(86)27-59606939	FAX : (86)27-59606936	SWIFT: LBOTCNBW

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Chairperson *Ulu, Tang-chih*





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