

**SinoPac Financial Holdings Company  
Limited and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2017 and 2016 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders  
SinoPac Financial Holdings Company Limited

We have reviewed the accompanying consolidated balance sheets of SinoPac Financial Holdings Company Limited and its subsidiaries (collectively referred to as the "Group") as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income for the three months ended March 31, 2017 and 2016, as well as the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2017 and 2016. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 26, 2017

### Notice to Readers

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

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

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)		March 31, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS, NET (Notes 4 and 6)	\$ 21,015,662	1	\$ 28,122,261	2	\$ 20,730,602	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS, NET (Notes 4 and 7)	113,118,233	7	142,406,843	8	115,447,989	7
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 3, 4, 8, 15 and 45)	127,466,569	8	117,189,893	7	114,955,782	7
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4, 9, 14, 15, 45, 46 and 53)	235,399,526	14	241,794,535	14	207,519,577	13
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 11)	12,639,695	1	16,758,811	1	15,659,472	1
RECEIVABLES, NET (Notes 4, 5, 12 and 45)	91,613,379	5	75,586,574	5	85,113,805	5
CURRENT TAX ASSETS (Notes 4, 33 and 45)	212,057	-	393,253	-	318,223	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 13, 45 and 46)	917,773,584	55	894,394,211	53	887,476,234	56
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4, 14, 46 and 53)	73,337,409	4	78,132,231	5	73,682,920	5
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Notes 4 and 16)	393,458	-	420,179	-	448,071	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 17, 45 and 46)	45,227,473	3	45,466,838	3	46,429,014	3
INVESTMENT PROPERTIES, NET (Notes 3, 4, 18, 19, 45 and 46)	2,627,894	-	2,649,839	-	2,351,549	-
PROPERTY AND EQUIPMENT, NET (Notes 4, 19 and 46)	12,502,286	1	12,565,470	1	12,891,997	1
INTANGIBLE ASSETS, NET (Notes 3, 4, 5, 19, 20 and 45)	3,084,182	-	3,209,306	-	2,733,917	-
DEFERRED TAX ASSETS (Notes 3, 4 and 33)	2,975,079	-	2,988,558	-	2,891,477	-
OTHER ASSETS, NET (Notes 4, 21, 45 and 46)	<u>17,669,183</u>	<u>1</u>	<u>16,851,549</u>	<u>1</u>	<u>12,240,515</u>	<u>1</u>
TOTAL	<u>\$ 1,677,055,669</u>	<u>100</u>	<u>\$ 1,678,930,351</u>	<u>100</u>	<u>\$ 1,600,891,144</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Note 22)	\$ 53,843,732	3	\$ 29,854,651	2	\$ 70,843,200	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 3, 4, 8 and 45)	23,527,547	1	26,801,740	2	23,650,845	2
DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 10)	13,831	-	19,705	-	70,952	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Notes 4, 8, 9, 11, 14, 23 and 45)	44,853,779	3	45,686,894	3	43,937,740	3
COMMERCIAL PAPER PAYABLES, NET (Note 24)	50,540,318	3	46,819,831	3	38,017,198	2
PAYABLES (Notes 25, 30 and 45)	37,739,106	2	34,745,908	2	30,814,239	2
CURRENT TAX LIABILITIES (Notes 4, 33 and 45)	936,233	-	790,532	-	660,908	-
DEPOSITS AND REMITTANCES (Notes 26 and 45)	1,212,797,497	72	1,249,596,128	74	1,151,543,034	72
BONDS PAYABLE (Notes 27 and 45)	44,028,822	3	41,779,336	2	45,958,042	3
SHORT-TERM BORROWINGS (Notes 28 and 45)	17,606,760	1	12,381,507	1	11,467,523	1
LONG-TERM BORROWINGS (Notes 28 and 45)	11,630,097	1	13,615,513	1	8,677,686	1
LIABILITY COMPONENT OF PREFERRED STOCKS (Notes 4 and 34)	18,437	-	18,437	-	18,437	-
PROVISIONS (Notes 4, 5, 29 and 30)	3,151,659	-	3,215,411	-	3,262,518	-
OTHER FINANCIAL LIABILITIES (Notes 4, 31 and 45)	32,556,833	2	30,482,014	2	31,358,685	2
DEFERRED TAX LIABILITIES (Notes 4 and 33)	1,463,681	-	1,562,452	-	1,634,453	-
OTHER LIABILITIES (Notes 4, 32 and 45)	<u>7,102,870</u>	<u>1</u>	<u>7,662,339</u>	<u>-</u>	<u>5,143,942</u>	<u>-</u>
Total liabilities	<u>1,541,811,202</u>	<u>92</u>	<u>1,545,032,398</u>	<u>92</u>	<u>1,467,059,402</u>	<u>92</u>
<b>EQUITY</b>						
Equity attributable to owners of the parent						
Share capital						
Common shares	106,763,797	6	106,763,797	6	101,679,807	6
Capital surplus	<u>2,228,771</u>	<u>-</u>	<u>2,227,009</u>	<u>-</u>	<u>2,227,009</u>	<u>-</u>
Retained earnings						
Legal reserve	15,289,804	1	15,289,804	1	14,204,149	1
Special reserve	483,818	-	483,818	-	483,818	-
Unappropriated earnings	<u>10,608,057</u>	<u>1</u>	<u>8,243,050</u>	<u>1</u>	<u>13,293,785</u>	<u>1</u>
Total retained earnings	<u>26,381,679</u>	<u>2</u>	<u>24,016,672</u>	<u>2</u>	<u>27,981,752</u>	<u>2</u>
Other equity	<u>(186,460)</u>	<u>-</u>	<u>832,637</u>	<u>-</u>	<u>1,884,204</u>	<u>-</u>
Total equity attributable to owners of the parent	135,187,787	8	133,840,115	8	133,772,772	8
Non-controlling interests	<u>56,680</u>	<u>-</u>	<u>57,838</u>	<u>-</u>	<u>58,970</u>	<u>-</u>
Total equity	<u>135,244,467</u>	<u>8</u>	<u>133,897,953</u>	<u>8</u>	<u>133,831,742</u>	<u>8</u>
TOTAL	<u>\$ 1,677,055,669</u>	<u>100</u>	<u>\$ 1,678,930,351</u>	<u>100</u>	<u>\$ 1,600,891,144</u>	<u>100</u>

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

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
INTEREST REVENUE	\$ 7,041,149	87	\$ 6,984,910	87
INTEREST EXPENSE	<u>2,971,801</u>	<u>37</u>	<u>2,931,836</u>	<u>37</u>
NET INTEREST (Notes 4, 35 and 45)	<u>4,069,348</u>	<u>50</u>	<u>4,053,074</u>	<u>50</u>
NET REVENUES OTHER THAN INTEREST (Note 4)				
Commission and fee revenues, net (Notes 36 and 45)	2,387,108	30	2,538,269	32
Gains on financial assets and liabilities at fair value through profit or loss, net (Notes 37 and 45)	1,457,885	18	766,113	9
Realized gains on available-for-sale financial assets, net (Notes 38 and 45)	25,307	-	137,868	2
Foreign exchange gains	20,628	-	376,454	5
Reversal of impairment on assets (Notes 5 and 39)	21,515	-	62,047	1
Share of the losses gains of associates	(11,659)	-	3,981	-
Other noninterest net revenues (Notes 40 and 45)	<u>131,415</u>	<u>2</u>	<u>105,375</u>	<u>1</u>
Total net revenues other than interest	<u>4,032,199</u>	<u>50</u>	<u>3,990,107</u>	<u>50</u>
TOTAL NET REVENUES	<u>8,101,547</u>	<u>100</u>	<u>8,043,181</u>	<u>100</u>
ALLOWANCE FOR DOUBTFUL ACCOUNTS (REVEAL OF) AND GUARANTEES (Notes 4, 6, 7, 12, 13, 17 and 21)	<u>307,582</u>	<u>4</u>	<u>(37,944)</u>	<u>-</u>
OPERATING EXPENSES (Notes 4 and 45)				
Employee benefits (Notes 5, 30 and 41)	3,222,881	40	3,124,000	39
Depreciation and amortization (Note 42)	288,091	3	251,208	3
Others (Note 43)	<u>1,434,578</u>	<u>18</u>	<u>1,551,569</u>	<u>19</u>
Total operating expenses	<u>4,945,550</u>	<u>61</u>	<u>4,926,777</u>	<u>61</u>
INCOME BEFORE INCOME TAX	2,848,415	35	3,154,348	39
INCOME TAX EXPENSE (Notes 4, 5 and 33)	<u>484,566</u>	<u>6</u>	<u>429,979</u>	<u>5</u>
NET INCOME	<u>2,363,849</u>	<u>29</u>	<u>2,724,369</u>	<u>34</u>

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# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
(Notes 4 and 34)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	\$ (1,773,947)	(22)	\$ (638,048)	(8)
Unrealized gain (loss) on available-for-sale financial assets	457,842	6	(72,497)	(1)
Share of the other comprehensive gain of associates accounted for using the equity method	5,072	-	569	-
Income tax relating to the components of other comprehensive income (Notes 5 and 33)	<u>291,936</u>	<u>4</u>	<u>102,522</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss	<u>(1,019,097)</u>	<u>(12)</u>	<u>(607,454)</u>	<u>(8)</u>
Other comprehensive loss for the year, net of income tax	<u>(1,019,097)</u>	<u>(12)</u>	<u>(607,454)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,344,752</u>	<u>17</u>	<u>\$ 2,116,915</u>	<u>26</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 2,365,007	29	\$ 2,724,842	34
Non-controlling interests	<u>(1,158)</u>	<u>-</u>	<u>(473)</u>	<u>-</u>
	<u>\$ 2,363,849</u>	<u>29</u>	<u>\$ 2,724,369</u>	<u>34</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 1,345,910	17	\$ 2,117,388	26
Non-controlling interests	<u>(1,158)</u>	<u>-</u>	<u>(473)</u>	<u>-</u>
	<u>\$ 1,344,752</u>	<u>17</u>	<u>\$ 2,116,915</u>	<u>26</u>
EARNINGS PER SHARE (Note 44)				
Basic	<u>\$ 0.22</u>		<u>\$ 0.26</u>	
Diluted	<u>\$ 0.22</u>		<u>\$ 0.26</u>	

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

(Concluded)

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

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

	Total Equity Attributable to Owners of the Parent (Note 34)											
							Other Equity					
							Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Total Equity of the Parent	Non-controlling Interests	Total Equity
	Share Capital Common Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total						
BALANCE AT JANUARY 1, 2016	\$ 101,679,807	\$ 2,227,009	\$ 14,204,149	\$ 483,818	\$ 10,568,943	\$ 25,256,910	\$ 1,235,305	\$ 1,256,353	\$ 2,491,658	\$ 131,655,384	\$ 59,443	\$ 131,714,827
Net profit for the three months ended March 31, 2016	-	-	-	-	2,724,842	2,724,842	-	-	-	2,724,842	(473)	2,724,369
Other comprehensive income for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	(527,794)	(79,660)	(607,454)	(607,454)	-	(607,454)
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	2,724,842	2,724,842	(527,794)	(79,660)	(607,454)	2,117,388	(473)	2,116,915
BALANCE AT MARCH 31, 2016	<u>\$ 101,679,807</u>	<u>\$ 2,227,009</u>	<u>\$ 14,204,149</u>	<u>\$ 483,818</u>	<u>\$ 13,293,785</u>	<u>\$ 27,981,752</u>	<u>\$ 707,511</u>	<u>\$ 1,176,693</u>	<u>\$ 1,884,204</u>	<u>\$ 133,772,772</u>	<u>\$ 58,970</u>	<u>\$ 133,831,742</u>
BALANCE AT JANUARY 1, 2017	\$ 106,763,797	\$ 2,227,009	\$ 15,289,804	\$ 483,818	\$ 8,243,050	\$ 24,016,672	\$ 585,505	\$ 247,132	\$ 832,637	\$ 133,840,115	\$ 57,838	\$ 133,897,953
Other changes in capital surplus Changes in associates accounted for using the equity method	-	1,762	-	-	-	-	-	-	-	1,762	-	1,762
Net profit for the three months ended March 31, 2017	-	-	-	-	2,365,007	2,365,007	-	-	-	2,365,007	(1,158)	2,363,849
Other comprehensive income for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	(1,476,158)	457,061	(1,019,097)	(1,019,097)	-	(1,019,097)
Total comprehensive income for the three months ended March 31, 2017	-	-	-	-	2,365,007	2,365,007	(1,476,158)	457,061	(1,019,097)	1,345,910	(1,158)	1,344,752
BALANCE AT MARCH 31, 2017	<u>\$ 106,763,797</u>	<u>\$ 2,228,771</u>	<u>\$ 15,289,804</u>	<u>\$ 483,818</u>	<u>\$ 10,608,057</u>	<u>\$ 26,381,679</u>	<u>\$ (890,653)</u>	<u>\$ 704,193</u>	<u>\$ (186,460)</u>	<u>\$ 135,187,787</u>	<u>\$ 56,680</u>	<u>\$ 135,244,467</u>

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

# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,848,415	\$ 3,154,348
Adjustments for:		
Depreciation expenses	177,624	176,532
Amortization expenses	110,467	74,676
Allowance for doubtful accounts	479,281	150,122
Interest expense	2,971,801	2,931,836
Interest revenues	(7,041,149)	(6,984,910)
Dividend revenues	(14,107)	(12,286)
Net change in provisions for guarantee liabilities	1,239	14,432
Net change in other provisions	(1,597)	(6,955)
Share of the loss (gain) of associates	11,659	(3,981)
(Gain) loss on disposal and retirement of property and equipment	(14,226)	1,072
Expense through the transfer of property and equipment	161	355
Gains on disposal of investments	(23,066)	(137,137)
Reversal of impairment loss on financial assets	(21,515)	(62,047)
Changes in operating assets and liabilities		
Decrease in due from the Central Bank and call loans to other banks	15,355,580	14,766,604
(Increase) decrease in financial assets at fair value through profit or loss	(10,276,676)	267,403
(Increase) decrease in receivables	(16,730,269)	24,846,788
Increase in discounts and loans	(23,214,894)	(8,764,932)
Increase in deposits from the Central Bank and banks	23,989,081	9,513,242
Decrease in financial liabilities at fair value through profit or loss	(3,274,193)	(6,537,464)
Increase (decrease) in payables	3,219,112	(1,616,715)
(Increase) decrease in deposits and remittances	(34,312,269)	2,952,533
Decrease in provisions for employee benefits	(55,366)	(83,349)
Net cash (used in) generated from operations	(45,814,907)	34,640,167
Interest received	7,272,548	7,056,589
Dividend received	10,363	8,334
Interest paid	(2,883,550)	(2,853,947)
Income tax return (paid)	8,320	(111,893)
Net cash (used in) generated from operating activities	(41,407,226)	38,739,250
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of available-for-sale financial assets	(504,839,487)	(530,599,521)
Proceeds from disposal of available-for-sale financial assets	507,716,157	521,581,260
Acquisition of non-active market debt instruments	(1,235,954)	(1,823,035)
Proceeds from repayments of non-active market debt instruments	1,809,598	2,501,605
Acquisition of held-to-maturity financial assets	(4,254,993)	(5,472,929)

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# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2017	2016
Proceeds from repayments of held-to-maturity financial assets	\$ 8,837,123	\$ 723,837
Acquisition of unquoted equity instruments	(48,166)	(65,871)
Proceeds from disposal of unquoted equity instruments	-	2,158
Proceeds of the capital reduction of financial assets measured at cost	1,129	-
Acquisition of property and equipment	(117,845)	(138,426)
Proceeds from disposal of property and equipment	18,806	3,259
Acquisition of intangible assets	(26,073)	(69,333)
Acquisition of investment properties	(3,631)	(299)
Increase in securities purchased under agreements to resell	(204,759)	-
(Increase) decrease in long-term lease receivables	(143,939)	274,605
Increase in other financial assets	(637,578)	(1,383,035)
(Increase) decrease in other assets	<u>(777,512)</u>	<u>5,195,837</u>
Net cash generated from (used in) investing activities	<u>6,092,876</u>	<u>(9,269,888)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term borrowings	5,167,968	(2,770,236)
Increase in commercial paper payable	3,720,487	6,312,658
Bank debentures issued	2,250,000	2,530,000
Proceeds from long-term borrowings	17,393,276	14,129,160
Repayments of long-term borrowings	(18,656,467)	(12,394,379)
Decrease in securities sold under agreements to repurchase	(833,115)	(614,547)
Increase in other financial liabilities	2,074,819	982,605
Decrease in other liabilities	<u>(559,469)</u>	<u>(2,772,935)</u>
Net cash generated from financing activities	<u>10,557,499</u>	<u>5,402,326</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(607,819)</u>	<u>(296,907)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(25,364,670)	34,574,781
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>136,528,442</u>	<u>81,629,688</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 111,163,772</u>	<u>\$ 116,204,469</u>

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# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2017 and 2016:

	<b>March 31</b>	
	<b>2017</b>	<b>2016</b>
Cash and cash equivalents in consolidated balance sheets	\$ 21,015,662	\$ 20,730,602
Due from the Central Bank and call loans to other banks reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”		
Securities purchased under agreements to resell reclassified as cash and cash equivalents under IAS 7 “Statement of Cash Flows”	78,462,829	79,814,395
Cash and cash equivalents in consolidated statements of cash flows	<u>11,685,281</u>	<u>15,659,472</u>
	<u>\$ 111,163,772</u>	<u>\$ 116,204,469</u>

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

(Concluded)

# **SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)**

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### **1. ORGANIZATION AND OPERATIONS**

- May 9, 2002                Following its incorporation, SinoPac Financial Holdings Co., Ltd. (the Company or SPH) issued shares to swap with the shares of Bank SinoPac (BSP), National Securities Corporation (NSC), and SinoPac Securities Corporation (SPS), resulting in all three companies becoming wholly owned subsidiaries of SPH.
- December 26, 2005      The International Bank of Taipei became a wholly owned subsidiary of SPH through a share swap made in accordance with the Financial Holding Company Act. The share swap ratio was 1.3646 (with 1 representing the SPH's share). The trading of IBT's shares on the Taiwan Stock Exchange then ceased.
- June 2006                SPH convened a shareholders' meeting to reach the decision of changing SPH's Chinese name, and completed the registration on July 2006.

SPH invests and manages financial institutions.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the Group) are presented in the New Taiwan dollar, the Company's functional currency.

The information in consolidated entities is shown in Note 4.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the board of directors on May 26, 2017.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017 (Collectively referred to as the "IFRSs")

Except for the following, the initial application of the amendments to the regulations Governing the Preparation of Financial Reports would not have any material impact on the Group's accounting policies:

Amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants.

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC for application starting from 2017. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions, of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group or is the spouse or second immediate family of the chairman of the board of directors or president of the Group, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists.

The amendments also require additional disclosure if there is a significant difference between the actual operation after a business combination and the expected benefit on the acquisition date.

The disclosures of related party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017. Refer to Notes 20 and 45.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

## 1) IFRS 9 “Financial Instruments”

### Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

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

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

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

### Impairment of financial assets

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

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

### Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risks eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

### Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period, and the restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

## 2) IFRS 15 “Revenue from Contracts with Customers” and related amendment

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

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

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

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

## 3) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

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

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

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

4) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses to deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Statement of Compliance**

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the guidelines issued by the competent authority, and IAS 34 “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

### **Basis of Preparation**

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, and properties and equipment that are chosen the deemed cost as exemptions by IFRS 1 through the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants on the IFRS transition date. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

### Classification of Current and Non-current Assets and Liabilities

Since the operating cycle in the finance industry cannot be reasonably identified, the accounts included in the Group's financial statements were not classified as current or noncurrent. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Refer to Note 50 for the maturity analysis of assets and liabilities.

### Principles for Preparing Consolidated Financial Statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of its subsidiaries to bring its accounting policies into line with those used by the Company.

All intragroup transactions, balances, income and expenses are eliminated in full upon consolidation. Related information is shown in Table 6.

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

The consolidated entities were as follows:

Investor	Investee	Main Business	% of Ownership			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
SinoPac Financial Holdings Company Limited	Bank SinoPac	Commercial bank, trust and foreign exchange services	100	100	100	
	SinoPac Securities Corporation	Securities brokering, dealing and underwriting	100	100	100	Note 1
	SinoPac Venture Capital Co., Ltd.	Venture capital investment	100	100	100	
	SinoPac Management Co., Ltd.	In liquidation	100	100	100	Note 2
	SinoPac Call Center Co., Ltd.	Data processing, client service and client relationship management	100	100	100	
Bank SinoPac	SinoPac Securities Investment Trust Corporation	Securities investment trust, discretionary investment and investment consulting services	100	100	100	
	SinoPac Leasing Corporation	Leasing and installment sales	100	100	100	
	SinoPac Bancorp	Holding company	100	100	100	Note 3
	SinoPac Capital Limited (H.K.)	Credit and investment service	100	100	100	
	SinoPac Life Insurance Agent Co., Ltd.	Life insurance agent	100	100	100	Note 4
SinoPac Bancorp	SinoPac Property Insurance Agent Co., Ltd.	Property insurance agent	100	100	100	Note 4
	Bank SinoPac (China) Ltd.	Commercial bank	100	100	100	
	Far East National Bank	Commercial bank	100	100	100	
SinoPac Capital Limited (H.K.)	SinoPac Capital (B.V.I.) Ltd.	Financial advisory	100	100	100	Note 5
	SinoPac Insurance Brokers Ltd.	Insurance brokerage	100	100	100	Note 5

(Continued)

Investor	Investee	Main Business	% of Ownership			Note
			March 31, 2017	December 31, 2016	March 31, 2016	
SinoPac Capital (B.V.I.) Ltd.	RSP Information Service Company Limited	General trading and internet services	100	100	100	Note 5
SinoPac Securities Corporation	SinoPac Futures Corporation	Future contract brokering and dealing and consulting business	100	100	100	
	SinoPac Securities Investment Service Corporation	Investment consulting and discretionary investment business	100	100	100	
	SinoPac Securities (Cayman) Holdings Ltd.	Holding company	100	100	100	
	SinoPac Financial Consulting (Shanghai) Ltd.	Corporation management, investment and business information consulting	100	100	100	
	BEA Insurance Brokerage (Taiwan) Ltd.	The liquidation process is completed	-	100	100	Note 6
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Europe) Ltd.	European stock agent business	100	100	100	
	SinoPac Asset Management (Asia) Ltd.	Asset management and investment consulting	100	100	100	
	SinoPac Securities (Asia) Ltd.	Hong Kong stock and future contract brokerage and dealing business	100	100	100	Note 12
	SinoPac Asia Ltd.	Securities brokering, and dealing investment advisory and consulting business	100	100	100	
	SinoPac International Holdings Limited	Investment Holdings	100	100	-	Note 7
SinoPac Securities (Asia) Ltd.	SinoPac (Asia) Nominees Ltd.	Nominee trust account for overseas stock holdings	100	100	100	
	SinoPac Capital (Asia) Ltd.	Securities dealing	100	100	100	
	SinoPac Solutions and Services Ltd.	Fund management	100	100	100	Note 10
	Tung Shing Securities (Brokers) Limited	Securities and forex trading	-	100	-	Notes 7, 10 and 12
	Tung Shing Futures (Brokers) Limited	Future trading	-	100	-	Notes 7, 10 and 12
SinoPac International Holdings Limited	SinoPac Bullion (Brokers) Limited (formerly known as Tung Shing Bullion (Brokers) Limited)	In liquidation	100	100	-	Notes 7 and 11
	SinoPac Financial Service (Brokers) Limited (formerly known as Tung Shing Financial Service (Brokers) Limited)	In liquidation	100	100	-	Notes 7 and 11
	SinoPac Service (Brokers) Limited (formerly known as Tung Shing Service (Brokers) Limited)	The management service	100	100	-	Notes 7 and 11
	ICEA Capital Limited	In liquidation	100	100	-	Notes 7 and 8
	Beijing Tung Shang Investment Consulting Limited	Completed liquidation	-	100	-	Notes 7 and 9
SinoPac Leasing Corporation	Grand Capital International Limited	Leasing and installment sales	100	100	100	
	SinoPac International Leasing Corp.	Financing and leasing	100	100	100	
	SinoPac Leasing (Tianjin) Limited	Financing, leasing, factoring and trade financing	100	100	100	
SinoPac Venture Capital Co., Ltd.	SinoPlus Venture Capital Corp.	Venture capital investment	70	70	70	Note 13

(Concluded)

Note 1: The board of directors of SinoPac Securities Corporation (SSC) exercised the rights and functions of a shareholders' meeting on October 23, 2015. In its meeting, SSC's board passed a resolution approving the payment by SSC to the shareholders of BEA Securities Co., Ltd. (BEA) of NT\$13.2287 for each BEA share in line with the merger between SSC and BEA, with SSC as the surviving entity. The merger price was about \$374,635. The effective date of this merger was March 28, 2016. Refer to Note 52 for the acquisition information. In order to improve the market share of their brokerage business, the board of directors of SinoPac Securities Corporation passed a resolution to acquire the brokerage business and operating equipment of IBT Securities Co., Ltd. (IBT) on April 19, 2016. The sale price is \$390,000 (net of the claims of securities and financing bills). The operating sales resolution was approved by the FSC under letter No. 1050023014 on July 18, 2016 and set September 26, 2016 as the record date. Refer to Note 52 "Business Combinations".

Note 2: The board of SinoPac Management Co., Ltd. resolved to dissolve SinoPac Management Co., Ltd. in July 2013, and the record date was August 31, 2013, which was approved by the Taipei City Government.



- Note 3: The board of directors of Bank SinoPac has planned to sell 100% of the equity of SinoPac Bancorp at a price of US\$353 million on July 8, 2016. The trade has been approved by the authorities of the United States on March 20, 2017.
- Note 4: Under legal permission, a bank may also operate within the insurance industry. The board of directors of the Bank SinoPac has planned to apply for the qualification to operate as an insurance agency and for the rights to merge, through 100% shareholdings, SinoPac Life Insurance Agent Co., Ltd. and SinoPac Property Insurance Agent Co., Ltd., which are both subsidiaries of Bank SinoPac. After the merger, Bank SinoPac will be the surviving company, and the two subsidiaries will be liquidated, and hence Bank SinoPac can achieve the integration of resources, reduced operating costs and improved operational efficiency.
- Note 5: The board of directors of Bank SinoPac has planned to purchase 100% of the equity of SinoPac Insurance Brokers Limited, the subsidiary of SinoPac Capital Limited (SPCL), and resolved to dissolve SinoPac Capital (B.V.I.) Ltd. after transferring 100% of its equity to SinoPac Venture Capital Co., Ltd. (SinoPac Venture Capital).
- Note 6: SinoPac Securities Corporation (SSC) merged East Asia Securities Company Ltd. and BEA Insurance Brokerage (Taiwan) Ltd., a 100% shareholding subsidiary of East Asia Company Ltd. The conduct was approved by the FSC under letter No. 10502058170 on May 20, 2016. The liquidation proceeding of BEA Insurance Brokerage (Taiwan) was completed in October 2016, and BEA Insurance Brokerage (Taiwan) repaid its capital and completed liquidation in January 2017.
- Note 7: Refer to Note 52 for related disclosures on the acquisition of SinoPac International Holdings Ltd. (formerly known as Tung Shing Holdings Ltd.) and subsidiaries.
- Note 8: On March 30, 2016, the board of directors of SSC resolved to dissolve ICEA Capital Ltd. This dissolution was approved by the FSC under letter No. 1050015503 on April 28, 2016. As of the date the consolidated financial statements were authorized for issue, the dissolution was not yet completed.
- Note 9: The dissolution of Beijing Dongshang Investment Consultancy Ltd. was approved on November 23, 2012 (before the merger date). Its capital was repaid in December 2016 and the liquidation proceeding were completed in January 2017.
- Note 10: The board of directors of SinoPac Securities (Cayman) Holdings Ltd. resolved the reorganization of its subsidiaries abroad on May 25, 2016. The reorganization will transfer the subsidiary, SinoPac Securities Investment Service Corporation, from SinoPac Asset Management (Asia) Ltd. to SinoPac Securities (Asia) Ltd. and also transfer two subsidiaries, Tung Shing Securities (Brokers) Limited and Tung Shing Futures (Brokers) Limited, from SinoPac International Holdings Limited to SinoPac Securities (Asia) Ltd. by the book value method. The transaction was held on December 5, 2016 and used cash as a transfer medium. The reorganization was approved by the FSC under letter No. 1050043151 on October 27, 2016.
- Note 11: Tung Shing Bullion (Brokers) Limited, Tung Shing Financial Service (Brokers) Limited and Tung Shing Service (Brokers) Limited changed their names to SinoPac Bullion (Brokers) Limited, SinoPac Financial Service (Brokers) Limited and SinoPac Service (Brokers) Limited. The above issues were resolved by the board of SinoPac Securities Corporation on December 28, 2016 and were approved by the FSC under letter No. 1050053605 on January 26, 2017. The board resolved the liquidation issue of SinoPac Bullion (Brokers) Limited and SinoPac Service (Brokers) Limited on March 30, 2017 and was approved by the FSC under letter No. 1060012731 on April 17, 2017.

Note 12: For enhancing the operational efficiency and integration of Hong Kong subsidiaries, the board of SinoPac Securities resolved the acquisition. The resolution was approved by the FSC under letter No. 1050053605 on January 26, 2017. In the acquisition resolution, SinoPac Securities (Asia) Ltd. merged Tung Shing Securities (Brokers) Limited and Tung Shing Futures (Brokers) Limited and set February 13, 2017 as the merge date. After the merger, SinoPac Securities (Asia) Ltd. will be the surviving company, and the two subsidiaries will be liquidated.

Note 13: For Efficiency of capital and resources allocations of the Group, the board resolved the capital reduction of SinoPlus Venture Capital Corp. The capital reduction for cover accumulated deficits was \$1,856 and for cashback was \$178,144. The total amount of reduction was \$180,000. After the capital reduction, the paid in capital held by the Group was \$20,000 with 70% of the total share right as before. The related issues was held by the subsidiary of the Group.

### Other Significant Accounting Policies

Please refer to the Group's consolidated financial statements for the year ended December 31, 2016 for the significant accounting policies, except for those described below.

#### a. Retirement benefits

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

#### b. Income tax

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

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the Group's consolidated financial statements for the year ended December 31, 2016 for the critical accounting judgments and key sources of estimation uncertainty.

## 6. CASH AND CASH EQUIVALENTS, NET

	March 31, 2017	December 31, 2016	March 31, 2016
Cash on hand	\$ 7,163,653	\$ 7,316,615	\$ 7,292,161
Notes and checks for clearing	2,608,560	4,911,764	1,143,741
Deposits in banks and due from other banks	10,444,032	15,017,420	10,720,378
Short-term bills	<u>801,416</u>	<u>878,670</u>	<u>1,578,657</u>
	21,017,661	28,124,469	20,734,937
Less: Allowance for credit losses	<u>1,999</u>	<u>2,208</u>	<u>4,335</u>
	<u>\$ 21,015,662</u>	<u>\$ 28,122,261</u>	<u>\$ 20,730,602</u>

Cash equivalents include short-term bills acquired by SinoPac Securities and SinoPac Securities Investment Trust that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

Under the Guidelines on the Management of Country Risk by Banking Financial Institutions issued by the China Banking Regulatory Commission for countries or regions with low risks, Bank SinoPac (China) recognized the country risk provisions at 0.5% of the due from other banks and call loans to other banks (Note 7).

Cash and cash equivalents as of March 31, 2017, December 31, 2016 and March 31, 2016 as shown in the consolidated statements of cash flows can be reconciled to the related items in the consolidated balance sheets as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Cash and cash equivalents in consolidated balance sheets	\$ 21,015,662	\$ 28,122,261	\$ 20,730,602
Due from the Central Bank and call loans to other banks that meet the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	78,462,829	92,397,025	79,814,395
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents under IAS 7 “Statement of Cash Flows”	<u>11,685,281</u>	<u>16,009,156</u>	<u>15,659,472</u>
Cash and cash equivalents in consolidated statements of cash flows	<u>\$ 111,163,772</u>	<u>\$ 136,528,442</u>	<u>\$ 116,204,469</u>

The ranges of market rates for intervals of short-term bills at the end of the reporting period are as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Short-term bills	0.36%-0.41%	0.32%-0.55%	0.29%-0.36%

The carrying amounts of time deposits with original maturities of over three months or without early termination option were classified as other financial assets. Related information is shown in Note 17.

## **7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS, NET**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Call loans to banks	\$ 63,237,622	\$ 97,544,068	\$ 72,924,460
Trade finance advance - interbank	1,062,065	807,157	826,732
Deposit reserve - checking accounts	17,089,786	12,626,490	13,204,989
Due from the Central Bank - interbank settlement funds	813,496	808,385	819,846
Deposit reserve - demand accounts	26,184,244	26,135,051	24,968,616

(Continued)

	March 31, 2017	December 31, 2016	March 31, 2016
Deposit reserve - foreign currencies	\$ 693,286	\$ 749,172	\$ 507,572
Due from the U.S. Federal Reserve Bank	<u>4,043,519</u>	<u>3,743,471</u>	<u>2,197,711</u>
	113,124,018	142,413,794	115,449,926
Less: Allowance for credit losses	<u>5,785</u>	<u>6,951</u>	<u>1,937</u>
Net amount	<u>\$ 113,118,233</u>	<u>\$ 142,406,843</u>	<u>\$ 115,447,989</u>
			(Concluded)

Under a directive issued by the Central Bank of the ROC, New Taiwan dollar (NTD) - denominated deposit reserves of Bank SinoPac are determined monthly at prescribed rates based on the average balances of customers' NTD-denominated deposits. Deposit reserve - demand account should not be used, except for adjusting the deposit reserve account monthly. In addition, the foreign-currency deposit reserves are determined at prescribed rates based on the balances of foreign-currency deposits. These reserves can be withdrawn momentarily anytime at no interest.

Under the relevant provisions issued by People's Bank of China, Bank SinoPac (China) Ltd. showed deposit reserves in proportion on the basis of deposit and margin account balances at the end of the months.

## 8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Held-for-trading financial assets</u>			
SinoPac Securities			
Operating securities - dealing	\$ 59,606,502	\$ 54,623,191	\$ 51,422,504
Operating securities - hedging	1,259,606	1,487,373	1,329,296
Operating securities - underwriting	505,505	483,822	868,578
Beneficial certificates	230,173	661,386	275,993
Futures margins - own funds	321,642	263,185	373,426
Interest rate swap contracts	297,419	304,200	302,522
Others	271,404	262,015	260,903
Adjustment for change in value of held-for-trading financial assets	<u>(177,385)</u>	<u>(264,708)</u>	<u>52,804</u>
	<u>62,314,866</u>	<u>57,820,464</u>	<u>54,886,026</u>
Bank SinoPac			
Government bonds	35,277,049	24,571,176	27,884,262
Bank debentures	9,107,045	6,661,872	5,240,289
Corporate bonds	3,886,332	3,801,988	4,684,566
Currency swap contracts and hybrid FX swap structured instruments	10,985,762	17,459,261	13,865,951
Interest rate swap contracts	2,114,392	2,095,816	2,219,306
Cross-currency swap contract	835,896	1,043,981	408,546
Forward contracts	664,150	1,637,559	1,857,790
Others	687,640	643,082	1,470,349
Adjustment for change in value of held-for-trading financial assets	<u>(266,006)</u>	<u>(634,895)</u>	<u>117,675</u>
	<u>63,292,260</u>	<u>57,279,840</u>	<u>57,748,734</u>
	<u>125,607,126</u>	<u>115,100,304</u>	<u>112,634,760</u>
			(Continued)

	March 31, 2017	December 31, 2016	March 31, 2016
Financial assets designated as at fair value through profit or loss			
Bank SinoPac			
Convertible bonds	\$ 1,848,944	\$ 2,086,097	\$ 2,330,736
Adjustment for change in value of financial assets designated as at fair value through profit or loss	10,499	3,492	(9,714)
	<u>1,859,443</u>	<u>2,089,589</u>	<u>2,321,022</u>
	<u>\$ 127,466,569</u>	<u>\$ 117,189,893</u>	<u>\$ 114,955,782</u>

Held-for-trading financial liabilities

SinoPac Securities			
Securities purchased under agreements to resell			
- short sales	\$ 1,900,309	\$ 1,693,343	\$ -
Borrowing securities payable - hedging	245,498	421,599	86,404
Liabilities for issuance of warrants	6,048,009	5,608,111	5,771,082
Repurchase of issued warrants	(5,813,785)	(5,399,985)	(5,417,066)
Asset swap option contracts	422,311	328,548	353,484
Interest rate swap contracts	164,237	164,913	297,554
Others	188,931	403,137	240,152
Adjustment for change in value of held-for-trading financial liabilities	1,437	(70,986)	15,229
	<u>3,156,947</u>	<u>3,148,680</u>	<u>1,346,839</u>
Bank SinoPac			
Currency swap contracts and hybrid FX swap structured instruments	12,929,924	16,630,499	14,990,546
Interest rate swap contracts	1,824,494	1,732,922	2,476,968
Cross-currency swap contracts	698,746	1,533,483	447,149
Forward contracts	333,184	843,605	1,670,243
Others	254,693	338,860	720,481
	<u>16,041,041</u>	<u>21,079,369</u>	<u>20,305,387</u>
	<u>19,197,988</u>	<u>24,228,049</u>	<u>21,652,226</u>

Financial liabilities designated as at fair value  
through profit or loss

SinoPac Securities			
Liabilities for structured notes	\$ 4,329,559	\$ 2,573,691	\$ 1,998,619
	<u>\$ 23,527,547</u>	<u>\$ 26,801,740</u>	<u>\$ 23,650,845</u>

(Concluded)

- The Group designated hybrid instruments as financial assets and liabilities at FVTPL.
- As of March 31, 2017, December 31, 2016 and March 31, 2016, the par values of financial assets at FVTPL under agreements to repurchase were \$41,808,662, \$37,823,261 and \$38,997,079, respectively.

- c. The Group engages in derivative transactions mainly to accommodate customers' needs and manage its own exposure positions. Outstanding derivative contracts (nominal) as of March 31, 2017, December 31, 2016 and March 31, 2016 are shown as follows:

	<b>Contract Amount</b>		
	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Currency swap contracts and hybrid FX swap structured instruments	\$ 1,317,069,729	\$ 1,235,472,751	\$ 1,396,836,444
Interest rate swap contracts	645,045,966	638,550,096	634,035,793
Cross-currency swap contracts	41,833,981	40,872,667	37,384,510
Forward contracts			
Long position	30,283,600	45,895,206	76,401,384
Short position	27,124,525	38,963,978	82,441,756
Option contracts			
Long position	17,602,805	13,684,146	36,877,538
Short position	16,228,772	14,427,310	38,361,704
Futures contracts	11,921,504	11,905,173	14,463,535
Asset swap contracts	9,137,144	9,643,997	11,457,836
Principal guaranteed contracts	3,077,328	980,282	1,650,330
Equity derivative instrument contracts	1,090,857	776,619	-
Credit-linked swap contracts	1,083,000	1,169,000	308,000
Equity-linked swap contracts	445,579	568,977	1,164,374
Commodity-linked swap contracts	123,313	195,703	66,328
Interest rate lock commitments	-	-	100,646

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Negotiable certificates of deposits	\$ 101,750,623	\$ 100,826,951	\$ 120,125,114
Bank debentures	57,882,904	59,469,880	37,428,405
Commercial paper	40,101,510	45,484,581	10,769,551
Corporate bonds	26,277,377	26,994,869	27,971,600
Others	<u>8,746,623</u>	<u>8,839,244</u>	<u>9,998,534</u>
	234,759,037	241,615,525	206,293,204
Adjustments for change in value of available-for-sale financial assets	748,561	292,852	1,226,373
Less: Accumulated impairments	<u>108,072</u>	<u>113,842</u>	<u>-</u>
Net Amount	<u>\$ 235,399,526</u>	<u>\$ 241,794,535</u>	<u>\$ 207,519,577</u>

At March 31, 2016, the par values of available-for-sale financial assets under agreements to repurchase was \$661,400. (March 31, 2017 and December 31, 2016: None)

Please refer to Note 46 for information on available-for-sale financial assets pledged as security.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

The Group' management authorities had regulated related risk management policy.

	March 31, 2017	December 31, 2016	March 31, 2016
Derivative financial liabilities under <u>hedge accounting</u>			
Fair value hedges - interest rate swap	\$ <u>13,831</u>	\$ <u>19,705</u>	\$ <u>70,952</u>

The fair value risk on the interest of the fixed rate loans may fluctuate as market rates change. Bank SinoPac and its subsidiaries used interest rate swap contracts as hedging instruments.

### March 31, 2017

Hedged Item	Hedging Instrument	Notional Amount	Fair Value	Adjustment for Change in Value of Derivative Financial Instruments under Hedge Accounting	Adjustment for Change in Value of Hedged Item
Fixed rate loans	Interest rate swap	\$ 1,131,960	\$ (13,831)	\$ 4,807	\$ (4,807)

### December 31, 2016

Hedged Item	Hedging Instrument	Notional Amount	Fair Value
Fixed rate loans	Interest rate swap	\$ 1,212,403	\$ (19,705)

### March 31, 2016

Hedged Item	Hedging Instrument	Notional Amount	Fair Value	Adjustment for Change in Value of Derivative Financial Instruments under Hedge Accounting	Adjustment for Change in Value of Hedged Item
Fixed rate loans	Interest rate swap	\$ 1,777,184	\$ (70,952)	\$ (30,338)	\$ 30,338

# 11. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	March 31, 2017	December 31, 2016	March 31, 2016
Commercial paper	\$ 7,554,269	\$ 7,860,258	\$ 11,697,003
Government bonds	2,373,945	2,795,338	2,200,108
Foreign bonds	1,822,355	5,985,861	1,683,068
Negotiable certificates of deposit	600,148	1,500	60,085
Corporate bonds	211,149	69,214	19,208
Bank debentures	<u>77,829</u>	<u>46,640</u>	<u>-</u>
	<u>\$ 12,639,695</u>	<u>\$ 16,758,811</u>	<u>\$ 15,659,472</u>
Agreed-upon resell amount	<u>\$ 12,642,249</u>	<u>\$ 16,756,523</u>	<u>\$ 15,662,769</u>
Expiry	December 2017	December 2017	June 2016

As of March 31, 2017, December 31, 2016 and March 31, 2016, securities purchased under agreements to resell which were underlying for agreements to repurchase were \$2,537,759, \$7,654,676 and \$3,990,570, respectively.

# 12. RECEIVABLES, NET

	March 31, 2017	December 31, 2016	March 31, 2016
Margin loans receivable	\$ 23,011,776	\$ 20,790,846	\$ 16,153,650
Credit card receivables	14,430,099	15,282,263	15,931,280
Accounts receivable - settlement	13,015,109	5,739,591	7,927,091
Receivables from securities sale	9,336,897	3,760,459	1,371,849
Accounts receivable - factoring	8,795,205	10,083,797	5,856,857
Accounts receivable - forfaiting	6,783,515	3,729,891	21,212,126
Lease receivables due in one year	6,204,623	6,938,423	4,546,145
Interest and revenue receivables	3,984,457	4,497,267	3,721,851
Accounts and notes receivable	3,884,877	2,242,842	3,099,637
Acceptances	1,204,792	1,519,471	2,950,683
Factoring receivables	793,140	840,550	1,369,905
Acceptances - forfaiting	-	-	1,275,788
Others	<u>2,418,695</u>	<u>2,126,341</u>	<u>1,858,295</u>
	93,863,185	77,551,741	87,275,157
Less: Unrealized interest revenue	713,992	762,979	702,765
Allowance for credit losses	1,535,759	1,202,139	1,458,587
Premium or discount on receivables	<u>55</u>	<u>49</u>	<u>-</u>
Net amount	<u>\$ 91,613,379</u>	<u>\$ 75,586,574</u>	<u>\$ 85,113,805</u>



The Group assessed the collectability of receivables to determine the related allowance. Movements in the related allowance of receivables are shown as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Balance, January 1	\$ 1,202,139	\$ 1,842,883
Provision (reversal of provision)	434,047	(320,772)
Write-off	(49,808)	(48,163)
Recovery of written-off credits	-	(250)
Effect of exchange rate changes	<u>(50,619)</u>	<u>(15,111)</u>
Balance, March 31	<u>\$ 1,535,759</u>	<u>\$ 1,458,587</u>

Some of the borrower of SinoPac Securities (Asia) pledged shares of Huishan Dairy as collateral. The collateral value were lack of value after the downfall of Huishan Dairy's stock price and application for suspension in HKEx on March 24, 2017. The amount of margin loans receivable related to Huishan Dairy shares as collateral was HK\$342,000 thousands. On March 31, 2017, SinoPac Securities (Asia) estimated the expected loss of receivable was HK\$89,261 thousand based on the closing price of the day Huishan Dairy applied for suspension at HKEx.

Securities and Futures Commission in Hong Kong (SFC) claimed that the trading related to Huishan Dairy will suspended as from May 8, 2017. SinoPac Securities (Asia) will trace continuously related issues of Huishan Dairy and take care of the aftermath in order to protect the Company's right and interest. The collateral of Huishan Dairy will be disposed by SinoPac Securities (Asia) after the SFC release the suspension. For the rest of the borrowers related to Huishan Dairy, SinoPac Securities (Asia) will appoint a lawyer to take legal actions.

Please refer to Note 50 and Table 5 for the analysis of receivable impairment loss. The recovery of receivables write-off as deduction of provision for the three months ended March 31, 2017 and 2016 were \$53,383 and \$68,007, respectively.

### 13. DISCOUNTS AND LOANS, NET

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Export negotiation	\$ 324,728	\$ 436,738	\$ 532,652
Overdrafts	1,022	1,257	1,204
Secured overdrafts	184,897	202,059	234,473
Accounts receivable - financing	1,329,700	1,466,859	1,367,032
Short-term loans	178,878,221	155,389,270	174,793,083
Secured short-term loans	91,789,201	92,268,460	89,073,788
Medium-term loans	138,949,552	133,547,350	128,232,635
Secured medium-term loans	80,307,716	84,639,738	87,354,181
Long-term loans	5,251,496	4,726,818	4,385,951
Secured long-term loans	431,537,486	432,945,859	412,060,761
Nonperforming loans transferred from loans	<u>2,671,000</u>	<u>2,437,092</u>	<u>2,209,220</u>
	931,225,019	908,061,500	900,244,980
Less: Allowance for credit losses	13,125,261	13,339,952	12,503,998
Less: Premium or discount on discounts and loans	340,005	347,042	335,700
Add: Adjustment of hedge valuation	<u>13,831</u>	<u>19,705</u>	<u>70,952</u>
Net amount	<u>\$ 917,773,584</u>	<u>\$ 894,394,211</u>	<u>\$ 887,476,234</u>

Please refer to Note 50 and Table 5 for the analysis of impairment loss on discounts and loans. Please refer to Note 46 for information on discounts and loans pledged as security.

The Group assessed the collectability of discounts and loans to determine the required allowance. Movements of the allowance of discounts and loans are shown as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Balance, January 1	\$ 13,339,952	\$ 12,497,524
Provision	7,896	388,912
Write-off	(50,082)	(335,222)
Recovery of written-off credits	5,745	16,911
Effect of exchange rate changes	<u>(178,250)</u>	<u>(64,127)</u>
Balance, March 31	<u>\$ 13,125,261</u>	<u>\$ 12,503,998</u>

The Group received loans previous written-off \$119,452 and \$134,491 for the three months ended March 31, 2017 and 2016, respectively, which recognized as deductions on provision expenses.

As of July 2016, Ting Sing Group, the loan account of the Bank SinoPac, faced cases of bounced checks. The related events are under investigation. The total amount of the loan and the related costs of litigation for Ting Sing Group is \$415,344. The Bank SinoPac has recognized an allowance for doubtful accounts and wrote off the loan account as of September 26, 2016.

#### 14. HELD-TO-MATURITY FINANCIAL ASSETS

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Government bonds	\$ 40,066,372	\$ 43,423,335	\$ 41,211,172
Certificates of deposit purchased	30,594,984	31,664,984	28,551,413
Others	<u>2,676,053</u>	<u>3,043,912</u>	<u>3,920,335</u>
	<u>\$ 73,337,409</u>	<u>\$ 78,132,231</u>	<u>\$ 73,682,920</u>

The Bank SinoPac and subsidiaries as of March 31, 2017, December 31, 2016 and March 31, 2016, the par value of held-to-maturity financial assets under agreements to repurchase were \$2,089,200 and \$1,864,200 and \$1,300,000, respectively

A change of intention led Bank SinoPac to reclassify available-for-sale financial assets (government bonds \$8,410,928 and corporate bonds \$1,753,088) into held-to-maturity financial assets. Please refer to Note 53 for the related information.

Please refer to Note 46 for information relating to held-to-maturity financial assets pledged as security.

## 15. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The tables below show the information of unconsolidated structures entities in which the Group had an interest at the reporting date:

Type of Structured Entity	Nature and Purpose	The Group's Ownership
Funds	Funds under management by the third party The Group also invests units in these funds	a. The Group invests in those funds under management by the third party. b. The Group entitled to receive management fee based on the assets under management.

The total assets of Funds unrecognized in the consolidated balance sheets were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Funds	<u>\$ 64,266,400</u>	<u>\$ 66,718,063</u>	<u>\$ 64,557,584</u>

The carrying amounts of the funds in which the Group also invests were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Financial assets at fair value through profit or loss	<u>\$ 1,160,136</u>	<u>\$ 1,072,546</u>	<u>\$ 1,288,154</u>
Available-for-sale financial assets	<u>\$ 25,444</u>	<u>\$ 10,054</u>	<u>\$ 10,253</u>

The maximum exposure of loss was the carrying amount of the funds.

As of March 31, 2017, December 31, 2016 and March 31, 2016, the Group did not provide any financial support to those unconsolidated structures.

## 16. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2017	December 31, 2016	March 31, 2016
Golden Trust SinoPac Fund Management	\$ 251,435	\$ 274,814	\$ 311,601
Telexpress	92,353	90,786	95,773
DBL Partners III-A, L.P.	<u>49,670</u>	<u>54,579</u>	<u>40,697</u>
	<u>\$ 393,458</u>	<u>\$ 420,179</u>	<u>\$ 448,071</u>

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights		
			March 31, 2017	December 31, 2016	March 31, 2016
Golden Trust SinoPac Fund Management	Fund raising and sale, asset management business approved by CSRC	China	49.00%	49.00%	49.00%
Telexpress	Stockholding	Cayman Islands/ Taiwan	34.21%	34.21%	34.21%
DBL Partners III-A, L.P.	Venture capital	U.S.A.	44.00%/-	44.00%/-	44.00%/-

The board of directors of SinoPac Security Investment Trust Co. (SITC) determined to dispose of 49% of its shares in Golden Trust Sinopac Fund Management Co., Ltd. at CNY160 million on October 21, 2016. The gain on disposal before tax was estimated at CNY466 million. The final payment is subject to the conditions of payment of the equity transfer agreement and actual adjustments. The transaction will be executed after approval from the competent authorities in Taiwan and China.

To conform with the provision of the local community act - Community Reinvestment Act, Far East National Bank invested in the DBL Partners III-A, L.P. venture capital. As of March 31, 2017, December 31, 2016 and March 31, 2016, Far East National Bank has invested a total of US\$1,871 thousand, US\$1,871 thousand and US\$1,324 thousand holding 44% of the ownership in the Company. This investment is recognized using the equity method.

The Group accounts for investments using the equity method, and hence the profit or loss and other comprehensive income resulting from the investments thereof are prorated accordingly based on the shares. The calculation of the shares of the investment in Golden Trust SinoPac Fund Management and Telexpress was based on the investee's audited financial statements. The calculation of the share of other investments was based on the investee's unaudited financial statements; however, the management of the Group believes that the aforesaid investment should not cause material impact to the Group's financial statements.

The associates' audited financial information is summarized as follows:

	For the Three Months Ended March 31	
	2017	2016
The Group's share of:		
Net profit (loss)	\$ (11,659)	\$ 3,981
Other comprehensive income	<u>5,072</u>	<u>569</u>
	<u>\$ (6,587)</u>	<u>\$ 4,550</u>

## 17. OTHER FINANCIAL ASSETS, NET

	March 31, 2017	December 31, 2016	March 31, 2016
Unquoted equity instruments			
Unlisted equity investments	\$ 2,788,135	\$ 2,851,356	\$ 3,033,913
Beneficial certificates	155,361	188,935	257,560
Debt investments without active market			
Certificates of deposit purchased	6,122,550	6,458,477	2,064,023
Beneficial debt products	1,185,925	1,877,426	2,746,500
Structured instruments	180,870	69,516	-
Customer margin deposits	18,376,587	18,105,491	17,986,403
Long-term lease receivables	7,409,295	7,308,508	9,439,744
Time deposits not belong to cash and cash equivalents	5,049,953	4,321,460	7,329,489
Purchase of the PEM Group's instruments	4,264,445	4,537,383	4,558,463
Cash surrender value of managers' life insurance	1,388,203	1,467,654	1,437,844
Nonperforming receivables transferred from other than loans	535,039	563,817	372,929
Others	<u>665,084</u>	<u>772,480</u>	<u>513,880</u>
	48,121,447	48,522,503	49,740,748
Less: Allowance for credit loss	273,858	245,566	278,005
Less: Unrealized interest revenue	688,564	731,716	744,162
Less: Accumulated impairment	<u>1,931,552</u>	<u>2,078,383</u>	<u>2,289,567</u>
Net amount	<u>\$ 45,227,473</u>	<u>\$ 45,466,838</u>	<u>\$ 46,429,014</u>

Above time deposits not belong to cash and cash equivalent include over three months, no advanced termination time deposits, or pledged time deposits.

Please refer to Note 46 for information on other financial assets pledged as security.

The Group assessed the collectability of other financial assets to determine the required allowance. Movements in the allowance of other financial assets are shown as follows:

	For the Three Months Ended March 31	
	2017	2016
Balance, January 1	\$ 245,566	\$ 201,782
Provision	37,574	82,759
Write off	(1,551)	(2,100)
Recovery of written-off credits	(15)	-
Effect of exchange rate changes	<u>(7,716)</u>	<u>(4,436)</u>
Balance, March 31	<u>\$ 273,858</u>	<u>\$ 278,005</u>

Bank SinoPac was delegated by professional investors to sell the PEM Group's investment products amounting to US\$146,000 thousand through private placement. A U.S. Federal Court appointed a receiver for all assets that belonged to, were being managed by, or were in the possession of or control of the PEM Group. To protect the client's interests, Bank SinoPac bought back the products at the price of the initial payment net of the distribution and redemption costs. On December 24, 2010, Bank SinoPac's board of directors resolved to abide by the Court's appointment of a PEM Group receiver to take the PEM Group's insurance policies at the price of approximately US\$40.4 million, and Bank SinoPac thus recognized impairment losses of US\$11,152 thousand. On March 7, 2011, the receiver transferred a

portion of the insurance policies to a trustee established jointly by certain banks to hold insurance policies. And Bank SinoPac had submitted to the authorities the results of this policy transfer. As of March 31, 2017, a reserve of US\$63,654 thousand (NT\$1,931,552) had been set aside to cover the accumulated impairment losses.

## 18. INVESTMENT PROPERTY, NET

The movements of investment property are summarized as follow:

<b>For the Three Months Ended March 31, 2017</b>				
	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>				
Balance, January 1	\$ 2,053,801	\$ 713	\$ 956,628	\$ 3,011,142
Addition	776	2,838	17	3,631
Deduction	-	-	-	-
Reclassifications	(9,002)	-	(17,009)	(26,011)
Balance, March 31	<u>2,045,575</u>	<u>3,551</u>	<u>939,636</u>	<u>2,988,762</u>
<u>Accumulated depreciation</u>				
Balance, January 1	-	226	361,077	361,303
Addition	-	197	5,333	5,530
Deduction	-	-	-	-
Reclassifications	-	-	(5,965)	(5,965)
Balance, March 31	<u>-</u>	<u>423</u>	<u>360,445</u>	<u>360,868</u>
<u>Net amount</u>				
Balance, March 31	<u>\$ 2,045,575</u>	<u>\$ 3,128</u>	<u>\$ 579,191</u>	<u>\$ 2,627,894</u>
<b>For the Three Months Ended March 31, 2016</b>				
	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>				
Balance, January 1	\$ 1,798,647	\$ 713	\$ 933,069	\$ 2,732,429
Addition	-	-	299	299
Deduction	-	-	-	-
Reclassifications	(17,085)	-	(20,467)	(37,552)
Balance, March 31	<u>1,781,562</u>	<u>713</u>	<u>912,901</u>	<u>2,695,176</u>
<u>Accumulated depreciation</u>				
Balance, January 1	\$ -	\$ 154	\$ 340,905	\$ 341,059
Addition	-	18	4,997	5,015
Deduction	-	-	-	-
Reclassifications	-	-	(10,307)	(10,307)
Balance, March 31	<u>-</u>	<u>172</u>	<u>335,595</u>	<u>335,767</u>

(Continued)

**For the Three Months Ended March 31, 2016**

	<b>Land</b>	<b>Land Improvements</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated impairment</u>				
Balance, January 1	\$ -	\$ -	\$ 7,860	\$ 7,860
Addition	-	-	-	-
Deduction	-	-	-	-
Balance, March 31	<u>-</u>	<u>-</u>	<u>7,860</u>	<u>7,860</u>
<u>Net amount</u>				
Balance, March 31	<u>\$ 1,781,562</u>	<u>\$ 541</u>	<u>\$ 569,446</u>	<u>\$ 2,351,549</u> (Concluded)

The above investment properties were depreciated at the following estimated useful lives:

<u>Category</u>	<u>Useful Lives</u>
Land improvements	3-10 years
Buildings	5-61 years

The investment property of Bank SinoPac was held for earning rentals and/or for capital appreciation. The fair values of properties used mainly or partially for Bank SinoPac's investment properties as of March 31, 2017, December 31, 2016 and March 31, 2016 were \$9,211,404, \$9,427,283 and \$9,331,069, respectively. The fair values, which were based on an internal valuation yearly report instead of an assessment by an independent professional appraiser, were unobservable inputs (Level 3).

The fair values of SinoPac Securities' investment properties as of March 31, 2017, December 31, 2016 and March 31, 2016 were \$201,823, \$207,821 and \$220,463, respectively. The fair values were arrived at not through the valuations of independent experts but by reference to unobservable inputs (Level 3), i.e., neighboring area transaction prices of 2016 and 2015.

The fair values of SinoPac Leasing's investment properties as of March 31, 2017, December 31, 2016 and March 31, 2016 were \$7,089,111, \$7,089,111 and \$6,661,370, respectively. The fair values were evaluated by independent experts using level 2 inputs from August 2015 to January 2017.

Please refer to Note 46 for information on investment properties pledged as security. Fair value information was described in Note 49.

## 19. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment are summarized as follows:

For the Three Months Ended March 31, 2017								
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<u>Cost</u>								
Balance, January 1	\$ 7,317,436	\$ 7,040,225	\$ 2,253,720	\$ 205,474	\$ 1,724,905	\$ 2,177,189	\$ 135,584	\$ 20,854,533
Addition	-	3,963	42,545	2,949	14,186	6,115	48,087	117,845
Deduction	-	-	19,201	8,738	6,619	3,101	-	37,659
Reclassifications	9,002	17,009	3,559	-	602	536	(17,407)	13,301
Effect of exchange rate changes	(2,039)	(1,121)	(26,926)	(319)	(13,092)	(25,926)	(1,453)	(70,876)
Balance, March 31	<u>7,324,399</u>	<u>7,060,076</u>	<u>2,253,697</u>	<u>199,366</u>	<u>1,719,982</u>	<u>2,154,813</u>	<u>164,811</u>	<u>20,877,144</u>
<u>Accumulated depreciation</u>								
Balance, January 1	-	3,479,066	1,693,669	109,590	1,309,563	1,697,175	-	8,289,063
Depreciation	-	42,300	52,938	7,772	29,424	39,660	-	172,094
Deduction	-	-	18,677	5,544	6,331	2,527	-	33,079
Reclassifications	-	5,965	(2)	-	-	-	-	5,963
Effect of exchange rate changes	-	(1,286)	(22,768)	(318)	(10,858)	(23,953)	-	(59,183)
Balance, March 31	-	<u>3,526,045</u>	<u>1,705,160</u>	<u>111,500</u>	<u>1,321,798</u>	<u>1,710,355</u>	-	<u>8,374,858</u>
<u>Net amount</u>								
Balance, March 31	<u>\$ 7,324,399</u>	<u>\$ 3,534,031</u>	<u>\$ 548,537</u>	<u>\$ 87,866</u>	<u>\$ 398,184</u>	<u>\$ 444,458</u>	<u>\$ 164,811</u>	<u>\$ 12,502,286</u>
For the Three Months Ended March 31, 2016								
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Other Equipment	Leasehold Improvement	Prepayments for Equipment and Construction in Progress	Total
<u>Cost</u>								
Balance, January 1	\$ 7,435,972	\$ 7,095,137	\$ 2,124,153	\$ 215,674	\$ 1,688,323	\$ 2,201,550	\$ 165,086	\$ 20,925,895
Addition	-	4,555	61,818	2,444	21,419	11,373	36,817	138,426
Deduction	-	-	33,269	9,410	11,971	17,081	-	71,731
Reclassifications	17,085	21,433	1,730	-	2,459	2,626	(59,885)	(14,552)
Effect of exchange rate changes	(1,366)	(1,997)	(8,316)	(129)	(4,914)	(11,143)	(371)	(28,236)
Balance, March 31	<u>7,451,691</u>	<u>7,119,128</u>	<u>2,146,116</u>	<u>208,579</u>	<u>1,695,316</u>	<u>2,187,325</u>	<u>141,647</u>	<u>20,949,802</u>
<u>Accumulated depreciation</u>								
Balance, January 1	-	3,354,566	1,582,507	102,891	1,277,559	1,648,137	-	7,965,660
Depreciation	-	43,904	49,587	9,190	28,193	40,643	-	171,517
Deduction	-	-	32,678	7,445	11,378	15,899	-	67,400
Reclassifications	-	10,307	-	-	-	-	-	10,307
Effect of exchange rate changes	-	(1,191)	(7,080)	(127)	(4,242)	(9,639)	-	(22,279)
Balance, March 31	-	<u>3,407,586</u>	<u>1,592,336</u>	<u>104,509</u>	<u>1,290,132</u>	<u>1,663,242</u>	-	<u>8,057,805</u>
<u>Net amount</u>								
Balance, March 31	<u>\$ 7,451,691</u>	<u>\$ 3,711,542</u>	<u>\$ 553,780</u>	<u>\$ 104,070</u>	<u>\$ 405,184</u>	<u>\$ 524,083</u>	<u>\$ 141,647</u>	<u>\$ 12,891,997</u>

Reclassifications were mainly from prepayments for equipment and construction in progress to machinery and computer equipment, other equipment, leasehold improvement and computer software (listed in intangible assets); from investment property to land, buildings.

The above property and equipment were depreciated at the following estimated useful lives:

Buildings	2-60 years
Machinery and computer equipment	1-15 years
Transportation equipment	5-6 years
Other equipment	1-15 years
Leasehold improvement	1- 15 years

Please refer to Note 46 for the information on property and equipment pledged as security.



## 20. INTANGIBLE ASSETS, NET

Items	March 31, 2017		
	Original Cost	Accumulated Amortization	Carrying Amount
Goodwill	\$ 1,893,691	\$ -	\$ 1,893,691
Computer software	1,509,992	941,639	568,353
Customer relationships	698,755	118,030	580,725
Membership fees	<u>41,413</u>	<u>-</u>	<u>41,413</u>
	<u>\$ 4,143,851</u>	<u>\$ 1,059,669</u>	<u>\$ 3,084,182</u>

Items	December 31, 2016		
	Original Cost	Accumulated Amortization	Carrying Amount
Goodwill	\$ 1,873,286	\$ -	\$ 1,873,286
Computer software	1,602,416	995,982	606,434
Customer relationships	767,917	79,744	688,173
Membership fees	<u>41,413</u>	<u>-</u>	<u>41,413</u>
	<u>\$ 4,285,032</u>	<u>\$ 1,075,726</u>	<u>\$ 3,209,306</u>

Items	March 31, 2016		
	Original Cost	Accumulated Amortization	Carrying Amount
Goodwill	\$ 1,911,047	\$ -	\$ 1,911,047
Computer software	1,579,769	902,339	677,430
Customer relationships	161,230	57,203	104,027
Membership fees	<u>41,413</u>	<u>-</u>	<u>41,413</u>
	<u>\$ 3,693,459</u>	<u>\$ 959,542</u>	<u>\$ 2,733,917</u>

Movements in the Group's intangible assets are shown as follows:

	For the Three Months Ended March 31	
	2017	2016
<u>Costs</u>		
Balance, January 1	\$ 4,285,032	\$ 3,599,925
Addition	26,073	69,333
Deduction	115,194	8,498
Reclassifications	12,549	51,750
Effect of exchange rate changes	<u>(64,609)</u>	<u>(19,051)</u>
Balance, March 31	<u>4,143,851</u>	<u>3,693,459</u>

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<u>Accumulated amortization</u>		
Balance, January 1	\$ 1,075,726	\$ 897,276
Amortization	110,467	74,676
Deduction	115,194	8,498
Reclassifications	2	-
Effect of exchange rate changes	(11,332)	(3,912)
Balance, March 31	<u>1,059,669</u>	<u>959,542</u>
Net amount	<u>\$ 3,084,182</u>	<u>\$ 2,733,917</u> (Concluded)

The above intangible assets were amortized on a straight-line basis over the following estimated useful lives:

<u>Items</u>	<u>Years</u>
Computer software	1-10 years
Customer relationships	8-15 years

Goodwill will be tested for impairment annually and whenever there is an indication that it may be impaired. In assessing whether goodwill on an equity investment or an unamortized difference between the acquisition cost and the equity is impaired, the Company considered the credit card department of Bank SinoPac, SinoPac Securities Investment Trust domestic sales group or the Company's investee company as a cash generating unit and estimated the recoverable amount of the investee's value in use. The Company used an investee's actual profitability and estimated salvage value in making key assumptions to predict the investee's future cash flows and thus calculate the investee's value in use. Under a going concern assumption, the Company predicted the net cash flows generated from the investee's operating activities in the next 5 years and estimated the salvage value and used the Company's weighted average cost of capital to calculate the value in use. The goodwill impairment test had been proceeded on October 31, 2016 and 2015 recently.

Goodwill before impairment includes referred to:

- a. The Company acquired SinoPac Securities Investment Trust from Bank SinoPac and other shareholders in July 2007. The purchase price in excess of the fair value of the net tangible assets acquired was \$559,543 originally, which was recorded as goodwill. As of March 31, 2017, the book value was \$195,709 after recognized impairment loss by years.

For the three months ended March 31, 2017, the year ended December 31, 2016 and the three months ended March 31, 2016, the net income after tax affiliated with cash generating were \$4,590, \$16,660 and \$2,694. The expected net income after tax were \$5,139, \$46,065 and \$6,674. According to the test result above, the Company recognize goodwill impairment \$58,281 in 2016.

- b. \$876,717, resulting from Bank SinoPac's cash merger with SinoPac Card Services, and this merger was treated as a reorganization of the Company.

For the three months ended March 31, 2017, the year ended December 31, 2016 and the three months ended March 31, 2016, the net income after tax affiliated with cash generating were \$31,510, \$66,386 and \$19,104. The expected net income after tax were \$21,075 and \$101,431 in 2017 and 2016. In estimation, the recoverable amount is higher than the book value. There is no significant goodwill impairment evidence as of March 31, 2017, December 31, 2016 and March 31, 2016.

- c. Bank SinoPac's acquisition of Far East National Bank (FENB) through SinoPac Bancorp on August 1997, which was accounted for using the purchase method. The assets and liabilities of FENB were revalued to estimate its fair market value as of the date of acquisition. The purchase price in excess of the fair market value of the net tangible assets acquired was US\$16,123 thousand, which was recorded as goodwill.

The Board of Bank SinoPac resolved the disposal of FENB with US\$353,000 thousand on July 8, 2016. The fact that transaction price higher than the book value of FENB shows that there is no goodwill impairment evidence.

- d. As of March 31, 2017, SinoPac Securities and subsidiaries consolidated goodwill book value as below:

- 1) The goodwill that SinoPac Securities merged Pacific Securities and BEA Securities broker is \$147,944.

For the three months ended March 31, 2017, the year ended December 31, 2016 and the three months ended March 31, 2016, the net income after tax were \$209,707, \$977,596 and \$348,076. The expected net income after tax were \$854,198 and \$1,161,352 in 2017 and 2016. According to the test result above, the SinoPac Securities recognize goodwill impairment \$22,479 in 2016.

- 2) The goodwill that SinoPac Futures merged Pacific Securities Futures broker is \$63,582.

For the three months ended March 31, 2017, the year ended December 31, 2016 and the three months ended March 31, 2016, the net income after tax were \$46,544, \$249,687 and \$58,390. The expected net income after tax were \$282,822 and \$273,740 in 2017 and 2016. In estimation, recoverable amount more than the book value. According to the test result above, there is no impairment as of March 31, 2017, December 31, 2016 and March 31, 2016.

- 3) The goodwill that SinoPac Securities (Cayman) bought shares from SinoPac Asset Management (Asia) broker and merged Tung Shin Holding is \$120,480.

For the three months ended March 31, 2017, the year ended December 31, 2016 and the three months ended March 31, 2016, the net income or loss after tax affiliated with cash generating were gain \$2,891, loss \$13,068 and loss \$7,328. The expected net income after tax were \$23,144 and \$37,357 in 2017 and 2016. In estimation, recoverable amount more than the book value. According to the test result above, the SinoPac Securities recognize goodwill impairment \$19,359 in 2016.

Membership fees are considered to have an indefinite useful life. A membership fee will not be amortized until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

## 21. OTHER ASSETS, NET

	March 31, 2017	December 31, 2016	March 31, 2016
Amounts held for settlement	\$ 8,266,591	\$ 8,018,944	\$ 5,158,033
Securities borrowing margins	3,330,552	3,619,647	1,667,244
Guarantee deposits	2,678,055	2,132,667	1,978,321
The guarantee bond and clearing the settlement fund	1,463,960	1,471,630	1,466,887
Prepaid lease payments - surface rights	762,456	768,459	786,470
Prepayment	561,826	419,572	756,862
The temporary payment	468,485	231,844	238,532
Others, net	<u>145,483</u>	<u>196,650</u>	<u>195,795</u>
	17,677,408	16,859,413	12,248,144
Less: Allowance for reduction of inventory to market - gold	692	864	76
Less: Allowance for credit losses	<u>7,533</u>	<u>7,000</u>	<u>7,553</u>
	<u>\$ 17,669,183</u>	<u>\$ 16,851,549</u>	<u>\$ 12,240,515</u>

The surface rights were amortized on a straight-line basis over 44 years.

Refer to Note 46 for information on other assets pledged as security.

The guarantee bond is mainly for using cash, governing bonds or financial bonds as the legal deposit paid to financial institutions designated by relevant authorities to hold these deposits when the domestic subsidiaries register or sets up a branch office in accordance with the Regulations Governing Securities Firms, Regulations Governing Futures Firms and overseas clearing regulations.

Under the Regulations Governing Securities Firms, Regulations Governing Futures Firms and overseas clearing regulations, when SinoPac Securities and its domestic and overseas subsidiaries accept consignments for trading on the centralized securities exchange market, they should deposit a settlement/clearing fund in the Taiwan Stock Exchange, Taipei Exchange, Taiwan Futures Exchange and overseas stock and futures exchanges before or after the start of business operation.

## 22. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	March 31, 2017	December 31, 2016	March 31, 2016
Call loans from banks	\$ 47,975,045	\$ 23,638,701	\$ 67,106,035
Redeposits from Chunghwa Post	5,420,577	5,375,769	3,518,439
Due to banks	<u>448,110</u>	<u>840,181</u>	<u>218,726</u>
	<u>\$ 53,843,732</u>	<u>\$ 29,854,651</u>	<u>\$ 70,843,200</u>

**23. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Foreign bonds	\$ 13,653,332	\$ 15,950,207	\$ 12,561,784
Corporate bonds	9,103,408	9,122,257	10,798,702
International bonds	6,914,550	5,899,587	2,934,578
Government bonds	6,183,164	4,744,192	7,368,947
Bank debentures	5,787,247	5,311,252	3,445,004
Convertible bonds	2,612,078	4,059,399	6,828,725
Financial asset securities of beneficiary securities	<u>600,000</u>	<u>600,000</u>	<u>-</u>
	<u>\$ 44,853,779</u>	<u>\$ 45,686,894</u>	<u>\$ 43,937,740</u>
Agreed-upon repurchase price	<u>\$ 44,963,922</u>	<u>\$ 45,791,709</u>	<u>\$ 44,017,529</u>

Securities with maturities were all due within one year.

**24. COMMERCIAL PAPER PAYABLES, NET**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Commercial paper payables	\$ 50,560,000	\$ 46,840,000	\$ 38,030,000
Less: Unamortized discount	<u>19,682</u>	<u>20,169</u>	<u>12,802</u>
Net amount	<u>\$ 50,540,318</u>	<u>\$ 46,819,831</u>	<u>\$ 38,017,198</u>
Maturity date	2017.4-2017.6	2017.1-2017.3	2016.4
Discount rate	0.41%-1.588%	0.42%-1.588%	0.39%-1.608%

Except for free-guarantee items commercial paper was guaranteed or acceptances were issued by the bill finance corporations or banks. For information on related collaterals, refer to Note 46.

**25. PAYABLES**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Accounts payable for settlement	\$ 16,295,364	\$ 12,696,847	12,020,932
Payable from buying Securities	5,126,633	369,748	1,583,701
Notes and checks in clearing	2,955,091	5,506,556	1,543,742
Accounts payable - factoring	2,354,048	2,357,885	2,620,838
Accrued expense	1,991,603	3,374,854	2,079,334
Accounts and notes payable	1,980,129	1,442,303	2,036,217
Interest payables	1,789,124	1,700,359	1,973,638
Financing guarantees payable	1,420,737	2,346,137	1,291,128
Deposits on short sales	1,256,658	2,048,235	1,211,180
Acceptances payable	1,204,792	1,519,471	2,950,683
Others	<u>1,364,927</u>	<u>1,383,513</u>	<u>1,502,846</u>
	<u>\$ 37,739,106</u>	<u>\$ 34,745,908</u>	<u>\$ 30,814,239</u>

Bank SinoPac signed a business-university collaboration contract with National Chung Hsing University in July 2012, to donate toward the construction of a Food Safety & Agricultural Chemicals and Machinery Research Building. With a budget of not more than \$300,000, Bank SinoPac obtained the construction permit and signed the contract with the building contractor in November 2016. The contract price is \$250,998 and will be paid with previously estimated accrued expenses of \$295,000. The balance of the accrued expenses was \$238,331 as of March 31, 2017.

## 26. DEPOSITS AND REMITTANCES

	March 31, 2017	December 31, 2016	March 31, 2016
Checking	\$ 17,821,957	\$ 20,539,691	\$ 18,393,812
Demand	257,476,047	259,377,630	246,207,122
Savings - demand	279,738,243	281,385,723	265,242,244
Time deposits	350,441,039	383,433,006	339,706,365
Negotiable certificates of deposit	40,598,000	37,716,000	15,769,500
Savings - time	265,789,714	265,365,857	264,616,104
Inward remittances	880,171	1,643,782	1,256,141
Outward remittances	<u>52,326</u>	<u>134,439</u>	<u>351,746</u>
	<u>\$ 1,212,797,497</u>	<u>\$ 1,249,596,128</u>	<u>\$ 1,151,543,034</u>

## 27. BONDS PAYABLE

To raise capital for its financial operation and increase its capital adequacy ratio, Bank SinoPac obtained approval from the FSC to issue bank debentures as follows:

	March 31, 2017	December 31, 2016	March 31, 2016	Maturity	Rates
First subordinated bank debentures issued in 2009	\$ -	\$ -	\$ 5,599,959	2009.04.29-2016.04.29 Principal is repayable on maturity date.	Fixed interest rate of 2.8%, interest is paid annually.
Second subordinated bank debentures issued in 2009 (B)	2,199,997	2,199,995	2,199,987	2009.06.23-2017.06.23 Principal is repayable on maturity date.	Fixed interest rate of 2.9%, interest is paid annually.
First subordinated bank debentures issued in 2010 (A)	3,099,830	3,099,770	3,099,587	2010.12.09-2017.12.09 Principal is repayable on maturity date.	Fixed interest rate of 1.8%, interest is paid annually.
First subordinated bank debentures issued in 2010 (B)	2,899,845	2,899,790	2,899,622	2010.12.09-2017.12.09 Principal is repayable on maturity date.	Index rate plus 0.35%. Interest rate is reset quarterly since the issuance date and paid annually.
First subordinated bank debentures issued in 2011	999,906	999,881	999,809	2011.03.11-2018.03.11 Principal is repayable on maturity date.	Fixed interest rate of 1.92%, interest is paid annually.
Second subordinated bank debentures issued in 2011 (A)	3,799,585	3,799,513	3,799,292	2011.08.18-2018.08.18 Principal is repayable on maturity date.	Fixed interest rate of 1.95%, interest is paid annually.
Second subordinated bank debentures issued in 2011 (B)	2,999,269	2,999,230	2,999,112	2011.08.18-2021.08.18 Principal is repayable on maturity date.	Fixed interest rate of 2.18%, interest is paid annually.
Third subordinated bank debentures issued in 2011	3,199,580	3,199,516	3,199,323	2011.11.04-2018.11.04 Principal is repayable on maturity date.	Fixed interest rate of 1.85%, interest is paid annually.
First subordinated bank debentures issued in 2012 (A)	4,699,098	4,699,009	4,698,742	2012.09.18-2019.09.18 Principal is repayable on maturity date.	Fixed interest rate of 1.53%, interest is paid annually.
First subordinated bank debentures issued in 2012 (B)	1,299,610	1,299,593	1,299,543	2012.09.18-2022.09.18 Principal is repayable on maturity date.	Fixed interest rate of 1.65%, interest is paid annually.
First subordinated bank debentures issued in 2013	1,499,608	1,499,561	1,499,417	2013.09.27-2019.03.27 Principal is repayable on maturity date.	Fixed interest rate of 1.80%, interest is paid annually.
Second subordinated bank debentures issued in 2013	1,999,437	1,999,376	1,999,194	2013.12.23-2019.06.23 Principal is repayable on maturity date.	Fixed interest rate of 1.75%, interest is paid annually.
First subordinated bank debentures issued in 2014	1,999,379	1,999,316	1,999,136	2014.03.20-2019.09.20 Principal is repayable on maturity date.	Fixed interest rate of 1.70%, interest is paid annually.
Second subordinated bank debentures issued in 2014	2,499,162	2,499,089	2,498,866	2014.06.23-2019.12.23 Principal is repayable on maturity date.	Fixed interest rate of 1.65%, interest is paid annually.
Third subordinated bank debentures issued in 2014 (A)	1,879,244	1,879,184	1,879,003	2014.09.30-2020.03.30 Principal is repayable on maturity date.	Fixed interest rate of 1.75%, interest is paid annually.
Third subordinated bank debentures issued in 2014 (B)	699,611	699,599	699,564	2014.09.30-2024.09.30 Principal is repayable on maturity date.	Fixed interest rate of 2.05%, interest is paid annually.

(Continued)

	March 31, 2017	December 31, 2016	March 31, 2016	Maturity	Rates
First subordinated bank debentures issued in 2015	\$ 749,664	\$ 749,640	\$ 749,570	2015.07.22, no maturity date (Note 1)	Fixed interest rate of 3.90% (Note 3)
Second subordinated bank debentures issued in 2015	459,785	459,770	459,727	2015.09.08, no maturity date (Note 2)	Fixed interest rate of 3.90% (Note 3)
Third subordinated bank debentures issued in 2015	709,656	709,634	709,568	2015.11.05, no maturity date (Note 2)	Fixed interest rate of 3.90% (Note 3)
Fourth subordinated bank debentures issued in 2015	139,927	139,923	139,909	2015.12.15, no maturity date (Note 2)	Fixed interest rate of 3.90% (Note 3)
First subordinated bank debentures issued in 2016	1,499,280	1,499,235	1,499,112	2016.02.23, no maturity date (Note 2)	Fixed interest rate of 3.90% (Note 3)
Second subordinated bank debentures issued in 2016	1,029,455	1,029,422	1,030,000	2016.03.30, no maturity date (Note 2)	Fixed interest rate of 3.90% (Note 3)
Third subordinated bank debentures issued in 2016	1,419,167	1,419,290	-	2016.12.23-2023.12.23 Principal is repayable on maturity date.	Fixed interest rate of 1.50%, interest is paid annually.
First subordinated bank debentures issued in 2017 (A)	149,847	-	-	2017.02.24-2024.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.60%, interest is paid annually.
First subordinated bank debentures issued in 2017 (B)	2,098,880	-	-	2017.02.24-2027.02.24 Principal is repayable on maturity date.	Fixed interest rate of 1.90%, interest is paid annually.
	<u>\$ 44,028,822</u>	<u>\$ 41,779,336</u>	<u>\$ 45,958,042</u>		

(Concluded)

Note 1: The bond has neither a maturity date nor fixed callable date. Bank SinoPac has the right to call or buy back the bond from the market after five years of its issuance if one of the conditions listed below is met, and bank debenture issuance has been approved by regulatory authorities.

- a. Bank SinoPac's ratio of regulatory capital to risk-weighted assets will still meet the minimum requirement prescribed in Article 5 of Section 1 of the Regulations Governing the Capital Adequacy and Capital Category of Banks after bond repayment.
- b. Bank SinoPac replaces the bond with another capital market instrument that offers interest equal to or higher than that on the bond that has been called.

Note 2: The bond has neither a maturity date nor fixed callable date. Bank SinoPac has the right to call or buy back the bond from the market after five years of its issuance if both of the conditions listed below are met, and bank debenture issuance has been approved by regulatory authorities.

- a. Bank SinoPac's ratio of regulatory capital to risk-weighted assets still meets the minimum requirement prescribed in Article 5 of Section 1 of the Regulations Governing the Capital Adequacy and Capital Category of Banks after bond repayment.
- b. Bank SinoPac replaces the bond with another capital instrument that offers interest equal to or higher than that on the bond that has been called.

Note 3: Interest payment amount on the bond will be based on Bank SinoPac's calculation. Calculation of the interest starts on the issuance date, accrues on the basis of actual days, and is payable annually. Bank SinoPac is not obligated to pay interest when Bank SinoPac has no profit from the prior year and does not distribute any dividends (both cash and stock dividends). However, this does not apply when accumulated undistributed earnings less the proceeds on unamortized nonperforming loans losses is larger than the interest payment amount while the condition for interest payment has not been modified. Interest payments that were not issued due to the reason described previously shall not be accumulated nor deferred. If Bank SinoPac's regulatory capital to risk-weighted assets ratio does not meet the minimum requirement prescribed in Article 5, Section 1 of the Regulations Governing the Capital Adequacy and Capital Category of Banks on an interest payment date, the bond shall defer interest payments. Accrued interest on the bond shall be deferred till the next interest payment date that conforms to the condition of an interest payment date described above. Deferred interest does not incur additional interest.

## 28. BORROWINGS

### a. Short-term borrowings

	March 31, 2017	December 31, 2016	March 31, 2016
Credit loans	\$ 17,516,760	\$ 12,381,507	\$ 10,940,676
Guaranteed loans	<u>90,000</u>	<u>-</u>	<u>526,847</u>
	<u>\$ 17,606,760</u>	<u>\$ 12,381,507</u>	<u>\$ 11,467,523</u>
Maturity date	2017.4-2018.3	2017.1-2017.12	2016.4-2017.2
Range of interest rates per annum	1.07%- 5.42288%	0.75%- 5.42288%	1.17%- 5.22%

### b. Long-term borrowings

	March 31, 2017	December 31, 2016	March 31, 2016
Credit loans	\$ 10,588,775	\$ 11,876,546	\$ 7,798,471
Guaranteed loans	<u>1,041,322</u>	<u>1,738,967</u>	<u>879,215</u>
	<u>\$ 11,630,097</u>	<u>\$ 13,615,513</u>	<u>\$ 8,677,686</u>
Maturity date	2017.4-2019.8	2017.1-2019.8	2016.4-2018.12
Range of interest rates per annum	1.38%-5.2250%	1.36%-5.2250%	1.08%-4.9875%

#### SinoPac Securities

To the expansion capital requirements of SinoPac Securities (Cayman) Holdings Ltd., the Corporation's board of directors resolved enter into syndicated loan transactions with financial institutions on November 25, 2015. The term for syndicated loan transactions is three years from the first used date. If the syndicated loan transactions is unused in three months from the date of signing the contract (November 26, 2015), the date of first drawdown is three months later from the contract date. The credit line was US\$120,000 thousand and could be revolving by the Corporation for the term. The SinoPac Securities (Cayman) Holdings Ltd. could not pledge the subsidiaries to others in the term by the regulation of contract.

#### SinoPac Leasing

To raise working capital and repay the syndicated loan signed in 2013, SinoPac Leasing entered into a syndicated loan agreement (the "2015 Agreement") of \$6,250,000 with a syndicate of 15 banks led by Mega International Commercial Bank in April 2015.

To raise working capital, SinoPac Leasing entered into a syndicated loan agreement (the "2013 Agreement") of \$4,000,000 with a syndicate of 15 banks led by Mega International Commercial Bank in November 2013.

To raise working capital, Grand Capital entered into a syndication loan agreement (the "2016 Agreement") of US\$240,000 thousand with a syndicate of 15 banks led by Mega International Commercial Bank in 2016 and a syndication loan agreement (the "2015 Agreement") of US\$75,000 thousand a with a syndicate of 6 banks led by Mega International Commercial Bank in 2015.



To raise working capital, Grand Capital entered into a syndication loan agreement (the “2011 Agreement”) of US\$160,000 thousand with a syndicate of 9 banks led by Mega International Commercial Bank in August 2011.

The loans above were for the operating purposes. According to the contract, the restriction conditions were as below.

- 1) During the term of the Agreement, the Group should maintain following financial ratios:
  - a) Debt ratio: Ratio of liability to equity not more than 800%.
  - b) Interest coverage ratio: Ratio of net income before interest expenses, taxation, depreciation and amortization to interest expenses not less than 110%.
- 2) The aforementioned financial ratios should be reviewed annually and determined based on annual consolidated financial statements audited by independent auditors.
- 3) Failing to meet the financial covenants, a penalty of 0.125% annual interest rate (calculated daily and paid monthly based on the outstanding principal, for the period starting from October 1 subsequent to the year breach to the date that the financial ratios were improved) would be imposed. Furthermore, during the period that the covenants were breached and the Group drew the second line of credit, additional guarantee fee with an annual rate of 0.125% would be charged, and the guarantee fee previously paid was not refundable.

Assets mortgaged or pledged as collaterals for borrowings are shown in Note 46.

## 29. PROVISIONS

	March 31, 2017	December 31, 2016	March 31, 2016
Provision for employee benefits	\$ 2,721,438	\$ 2,776,804	\$ 2,792,375
Provision for guarantee liabilities	306,959	313,748	350,461
Provision for decommissioning liabilities	<u>123,262</u>	<u>124,859</u>	<u>119,682</u>
	<u>\$ 3,151,659</u>	<u>\$ 3,215,411</u>	<u>\$ 3,262,518</u>

## 30. PROVISION FOR EMPLOYEE BENEFITS

	March 31, 2017	December 31, 2016	March 31, 2016
Recognized in the consolidated balance sheets (payables and provisions)			
Defined contribution plans	\$ 56,375	\$ 55,870	\$ 53,884
Defined benefit plans	2,449,967	2,498,198	2,525,338
Preferential interest on employees' deposits	250,053	241,914	231,518
Deferred annual leave and retirement benefits	<u>21,418</u>	<u>36,692</u>	<u>35,519</u>
	<u>\$ 2,777,813</u>	<u>\$ 2,832,674</u>	<u>\$ 2,846,259</u>

The pension expenses related to defined benefit plans and preferential interest on employee's deposits plan are recognized according to the results of actuarial valuation on December 31, 2016 and 2015:

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Operating expense	\$ 58,332	\$ 44,801

### 31. OTHER FINANCIAL LIABILITIES

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Futures trader's equity	\$ 18,376,587	\$ 18,105,491	\$ 17,986,403
Principal of structured products	13,218,437	11,396,686	11,936,544
Federal Home Loan Banks Fund	910,342	968,589	968,476
Oversea certificate of deposits	-	-	456,448
Others	<u>51,467</u>	<u>11,248</u>	<u>10,814</u>
	<u>\$ 32,556,833</u>	<u>\$ 30,482,014</u>	<u>\$ 31,358,685</u>

### 32. OTHER LIABILITIES

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Securities lending refundable deposits	\$ 3,832,028	\$ 4,119,020	\$ 1,975,287
Guarantee deposits received	1,919,642	2,113,893	1,562,776
Temporary receipts and suspense accounts	636,735	727,126	910,050
Receipts under custody	313,840	268,014	174,473
Others	<u>400,625</u>	<u>434,286</u>	<u>521,356</u>
	<u>\$ 7,102,870</u>	<u>\$ 7,662,339</u>	<u>\$ 5,143,942</u>

### 33. INCOME TAX

Under Article 49 of the Financial Holding Company Act and related directives issued by the Ministry of Finance, a financial holding company and its domestic subsidiaries that hold over 90% of shares issued by the financial holding company for 12 months within the same tax year may choose to adopt the linked-tax system for income tax filings.

The Company has used the linked-tax system for income tax and unappropriated earnings tax filings with its qualified subsidiaries since 2003.

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Current tax		
Current period	\$ 364,101	\$ 385,865
Prior periods	<u>32,214</u>	<u>(52,386)</u>
	<u>396,315</u>	<u>333,479</u>
Deferred tax		
Temporary differences	<u>88,251</u>	<u>96,500</u>
Income tax expenses recognized in profit or loss	<u>\$ 484,566</u>	<u>\$ 429,979</u>

b. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<u>Deferred tax</u>		
Recognized in other comprehensive income		
Exchange difference on translating foreign operations	\$ 293,972	\$ 108,703
Unrealized gain (loss) on available-for-sale financial assets	(1,254)	(5,864)
Share of the other comprehensive income of associate and joint venture	<u>(782)</u>	<u>(317)</u>
Income tax recognized in other comprehensive income	<u>\$ 291,936</u>	<u>\$ 102,522</u>

As the status of 2017 appropriations of earnings is uncertain, the potential income tax consequences of 2016 unappropriated earnings are not reliably determinable.

c. The information on the Integrated Income Tax system is as follows:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Balances of the imputation credit account (ICA)			
SPH	\$ 603	\$ 603	\$ 181,285
Bank SinoPac	403	403	478
SinoPac Life Insurance Agent	298,061	298,061	114,421
SinoPac Property Insurance Agent	6,112	6,112	3,373
SinoPac Securities	61,708	61,708	35,590
SinoPac Futures	58,734	58,734	40,455
SinoPac Securities Investment Service	703	703	1,074
SinoPac Venture Capital	1,734	1,734	7,945
SinoPac Leasing	7	7	7
SinoPac Securities Investment Trust	6	6	5
SinoPac Management	202	202	202
SinoPac Call Center	-	-	-

<b>Creditable Tax Ratio for Earnings</b>	<b>2017 (Estimate)</b>	<b>2016 (Actual)</b>
SPH	10.77%	10.41%
Bank SinoPac	4.18%	2.71%
SinoPac Life Insurance Agent	20.48%	20.48%
SinoPac Property Insurance Agent	20.48%	20.48%
SinoPac Securities	6.01%	3.07%
SinoPac Futures	20.48%	20.48%
SinoPac Securities Investment Service	4.79%	20.48%
SinoPac Venture Capital	1.08%	2.17%
SinoPac Leasing	-	-
SinoPac Securities Investment Trust	-	-
SinoPac Management	-	-
SinoPac Call Center	-	-

Except for Bank SinoPac, no company had unappropriated earnings before 1998. As of March 31, 2017, Bank SinoPac's unappropriated earnings generated before 1997 was \$8,758. The unappropriated earnings were recorded as capital surplus resulting from a merger.

The Company's foreign shareholders are not entitled to tax credit under the Integrated Income Tax System except those related to the 10% tax on undistributed retained earnings actually paid by the Company. This tax will be used to reduce the final withholding taxes on dividends paid to foreign shareholders.

- d. The income tax returns of SinoPac Securities through 2011 have been examined by the tax authorities. However, the tax authorities disallowed the treatment of items such as operating expenses and interest expenses allocated to the dealing department and the assessment of warrants as deductions against SinoPac Securities' income tax obligations for 2007 to 2011. SinoPac Securities thus filed an appeal on its 2007 to 2011 returns for the authorities' reconsideration of the assessments. Even if this matter were still unresolved, SinoPac Securities accrued \$163,040 as additional income tax expense.
- e. The income tax returns of SinoPac Futures through 2014 have been examined by the tax authorities. However, the tax authorities disallowed the treatment of items such as futures brokerage business's amortization in 2012 to 2014, which was caused by acquisitions of Pacific Securities. SinoPac Futures thus filed an appeal for the authorities' reconsideration of the assessments. Even if this matter were still unresolved, SinoPac Futures accrued income tax expense in advance.
- f. The income tax returns of SinoPac Venture Capital through 2011 have been examined by the tax authorities. However, the tax authorities had a different opinion about SinoPac Venture Capital's amortizing certain operating expenses in 2007 to 2011. Thus, the tax authorities canceled the operating expense deduction and increased taxable income by \$158,086. SinoPac Venture Capital thus filed an appeal on its 2007 to 2011 returns for the authorities' reconsideration of the assessments.
- g. The income tax returns of SinoPac Securities Investment Trust through 2011 have been examined by the tax authorities. However, the tax authorities had a different opinion about recognition of advertisement expenses in 2011. SinoPac Securities Investment Trust thus filed an appeal for the authorities' reconsideration of the assessments.

- h. The status of the subsidiaries' examined income tax returns is as follows:

	<u>Examined Year</u>
SPH	2011
Bank SinoPac	2011
SinoPac Life Insurance Agent	2015
SinoPac Property Insurance Agent	2015
SinoPac Securities Investment Service	2015
SinoPac Leasing	2011
SinoPac Call Center	2011
SinoPac Management Consultant	2011 and dissolution period of January to August 2013

### 34. EQUITY

- a. Share capital

1) Common shares

The Company had an authorized capital of \$120,000,000 divided into 12,000,000 thousand shares, with a par value of NT\$10. The authorized capital can be issued in installments upon approval of the board of directors. Of the authorized capital, 500,000 thousand shares had been reserved for issuing stock option certificates, stock warrants associated with preferred stock and stock warrants associated with corporate bonds. The subscription shares issued on the exercise of employee stock options were subject to the regulations of the Securities and Futures Bureau.

In the meeting on June 17, 2016, the shareholders approved the issuance of stock dividends totaling \$5,083,990 or 508,399 thousand shares at the par value of NT\$10. Total capital stock thus increased to \$106,763,797. This stock dividend appropriation was approved by the Securities and Futures Bureau; the record date of earnings capitalization was August 17, 2016.

To increase the Company's cash and operating capital, raise its capital adequacy ratio, cover loans granted, and have more financial flexibility, the Company's shareholders resolved in their meeting on June 17, 2016 to increase through private placement, a cash capital injection, or the issuance of overseas depositary receipts; the shareholders' resolution on the capital increase requires the approval of the board of directors. The Company's common shares issuance is limited to 1,200,000 thousand shares, and the total amount of the convertible bonds to be issued may not exceed \$15,000,000.

2) Preferred shares

To strengthen its financial structure, raise its capital adequacy ratio and increase its operating capital, the Company proposed the issuance of preferred Class A shares, with the effective date of May 15, 2009, at a price of NT\$6.00 per share.

Major terms and conditions of the preferred Class A shares are as follows:

- a) The current year's earnings will be first used to cover losses of the past years as well as settle all taxes payable. The balance will then be used to appropriate legal reserve and special reserve and to reverse a special reserve in accordance with relevant laws and regulations and the corporate charter. The remainder will then be used to pay the accrued dividends of the past years and dividend of the current year.

- b) In the 15 years after the offering, dividends will be calculated at floating rates, using the annual deposit interest rates of Chunghwa Post Co., Ltd. for the period starting from the capital increase record date to the first anniversary of the offering plus 0.7%; from the 16th year and on, dividends will be calculated at the annual interest rates of Chunghwa Post Co., Ltd. at the anniversary of the offering, plus 1.5%. Dividend are payable in cash annually on the basis of the actual offering price. The date of dividend payment will be determined by the board after the shareholders' meeting approves the Company's audited operating results. The Board will then decide the record date for the payment of the previous year's dividend. Dividends for the year of initial share offering and for the buyback year are calculated using the number of days the shares have been outstanding, and the dividend for the buyback year should be paid when a notice is served after the following year's shareholders' meeting.
- c) If no earnings are available, earnings are insufficient to fully pay dividends of preferred Class A stock, or the dividend payout will result in the consolidated capital adequacy ratio falling below the minimum amount set by laws and regulations or administrative bodies, the current year's dividends should be accrued together with those of the past years and paid preferentially in the following surplus years.
- d) For the distribution of the Company's residual assets, preference is given to preferred Class A shareholders instead of common shareholders and preferred Class B shareholders, with the amount not exceeding the offering amount and accrued dividends payable.
- e) Preferred Class A shareholders do not have voting rights in shareholders' meetings but have the right to be elected as board directors or supervisors. Nonetheless, preferred Class A shareholders are entitled to in the meetings of preferred Class A shareholders.
- f) Preferred Class A shareholders are not entitled to payouts from earnings as well as capital reserve meant for common stock, but they may receive dividends mentioned in paragraph (b) above.
- g) If new shares are issued, preferred Class A shareholders have the preferential right of subscription.
- h) Within three years of the preferred Class A stock offering, preferred Class A shareholders are entitled to convert all or part of their holdings into common stock on a one-for-one basis at any time, except when the registration of the conversion is suspended in accordance with relevant laws and regulations and when the offering falls within a period starting from the third business day after the date of the board of directors' announcement of its decision on the ex-dividend dates for the stock dividends, cash dividends and rights issues - which involve the suspension of stock registration on certain dates - till the record dates on the above dividends and rights. After conversion, the rights of the holders of the converted shares become the same as those of the common shares.
- i) Preferred Class A shares are not entitled to preferred dividends of the current year and the following year's dividend payout for the preferred stock if they had been converted into common stock before the record date (for common dividend distribution). In addition, if preferred stock dividends have already been paid in the year when preferred Class A shares have been converted to common stock, holders of the converted shares are not entitled to common dividends paid out in the year of the conversion. In the following years, accrued preferred dividends should be paid ahead of common dividends in the year and thereafter.

- j) Preferred Class A stock has no maturity date. Within 15 years of share offering, all or part of the preferred Class A shares may be bought back at a price based on the offering price plus accrued dividends of the past years and on the basis of the number of days the shares have been outstanding in the current year. For this buyback, the Company will use the money raised through earnings generation, new share offerings or any other means as permitted by relevant laws and regulations. If the Company wants to buy back preferred Class A shares, a written notice should be given to the shareholders 30 days before the buyback. The right to convert the preferred shares into common shares within this period will not be affected by this notice.

There were 70,000 thousand preferred Class A shares. Under IAS 32 “Financial Instruments: Presentation”, the Company bifurcated the conversion rights embedded in the preferred Class A stock and the liability component, which amounted to \$290,940, recorded as capital surplus - conversion rights, and \$129,060, respectively. The related public issuance procedures had been completed, with the registration of these procedures approved by the Financial Supervisory Commission (FSC) under guidelines No. 1010058323. As of March 31, 2017, preferred Class A shares had been converted into 60,000 thousand common shares.

b. Capital surplus

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Arising from issuance of common stock	\$ 2,080,001	\$ 2,080,001	\$ 2,080,001
Conversion rights	41,562	41,562	41,562
Employee share option - issuance of common stock	102,570	102,570	102,570
Others	<u>4,638</u>	<u>2,876</u>	<u>2,876</u>
	<u>\$ 2,228,771</u>	<u>\$ 2,227,009</u>	<u>\$ 2,227,009</u>

The premium from shares issued in excess of par (share premium from issuance of common stock, conversion of bonds and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company’s paid-in capital and once a year).

The capital surplus from investments accounted for using the equity method and from employee share options may not be used for any purpose.

Under the Financial Holding Company Act and related directives of the Securities and Futures Bureau, if the capital surplus obtained by a financial holding company through a share swap comes from its subsidiaries’ unappropriated retained earnings after legal and special reserves, the surplus is exempted from the restriction stated in the Securities and Exchange Act (Ref No. 0910016280). This surplus was distributed together with 2004 earnings.

c. Other equity items

	<b>Exchange Differences on Translating Foreign Operations</b>	<b>Unrealized Gain (Loss) on Available-for- sale Financial Assets</b>	<b>Total</b>
Balance, January 1, 2017	\$ 585,505	\$ 247,132	\$ 832,637
Exchange difference			
Exchange differences arising on translating foreign operations	(1,773,947)	-	(1,773,947)
Income tax	293,972	-	293,972
Available-for-sale financial assets			
Unrealized gain or loss on revaluation	-	475,616	475,616
Realized gain or loss on revaluation	-	(17,774)	(17,774)
Income tax	-	(1,254)	(1,254)
Share of the other comprehensive income of associates and joint venture accounted for using equity method			
Current differences	4,599	473	5,072
Income tax	<u>(782)</u>	<u>-</u>	<u>(782)</u>
Balance, March 31, 2017	<u>\$ (890,653)</u>	<u>\$ 704,193</u>	<u>\$ (186,460)</u>
Balance, January 1, 2016	\$ 1,235,305	\$ 1,256,353	\$ 2,491,658
Exchange difference			
Exchange difference arising on translating foreign operations	(638,048)	-	(638,048)
Income tax	108,703	-	108,703
Available-for-sale financial assets			
Unrealized gain or loss on revaluation	-	64,640	64,640
Realized gain or loss on revaluation	-	(137,137)	(137,137)
Income tax	-	(5,864)	(5,864)
Share of the other comprehensive income of associates and joint venture accounted for using equity method			
Current differences	1,868	(1,299)	569
Income tax	<u>(317)</u>	<u>-</u>	<u>(317)</u>
Balance, March 31, 2016	<u>\$ 707,511</u>	<u>\$ 1,176,693</u>	<u>\$ 1,884,204</u>

d. Earnings distribution and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The Company made subsequent amendments to the Company's Articles of Incorporation to be approved during the annual shareholders' meeting on June 17, 2016. For information about the accrual basis of the employee's compensation and remuneration of directors and supervisors, refer to employee benefits expense in Note 41.

The Company's Articles of Incorporation provide that annual net income should be appropriated after deducting any accumulated losses and taxes and providing legal and special reserves and reversing special reserve. The remaining earnings will be used to pay the accumulated and current year's dividends of Class-A preferred shares, the board of directors will then prepare a proposal for approval at the shareholders' meeting on the appropriation of the remaining earnings and the retained earnings from previous years.



When legal reserve reaches the full amount of the Company's paid-in capital, legal reserve appropriation could be suspended.

Based on the Company's operating plans, the dividend policy is to distribute most dividends in the form of stock to meet capital needs. The cash dividends will be declared only when there is an excess of cash and cash dividends should not be less than 10% of total dividends declared.

Cash dividends and cash bonuses are paid after the approval of the shareholders, while the distribution of stock dividends requires the additional approval of the authorities.

Legal reserve should be appropriated until it has reached the amount of the Company's paid-in capital. This reserve may be used to offset a deficit. Under the revised Company Act issued on January 4, 2012, when the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

The appropriation of earnings for 2015 had been approved in the shareholder's meeting on June 17, 2016, respectively. The appropriation and dividends per share are as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 1,085,655	
Cash dividends	4,392,568	\$0.432
Share dividends	5,083,990	0.500

The shareholders' meeting resolved to authorize the board of directors to adjust the amount of dividends to be distributed in these situations: (a) treasury stock buyback (b) preferred stock converted to common stock (c) shareholders renouncement of their rights to dividends and bonus distribution; or (d) other circumstances.

The board of directors approved the 2016 appropriations of earnings and dividends per share on March 24, 2017 were as follows:

	<b>Appropriation of Earnings</b>	<b>Dividends Per Share (NT\$)</b>
Legal reserve	\$ 824,305	
Cash dividends	3,672,674	\$0.344
Share dividends	3,736,733	0.350

The appropriations of earnings for 2016 is subject to the resolution of the shareholders' meeting in 2017.

**35. INTEREST REVENUE, NET**

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Interest revenue		
Loans	\$ 4,689,678	\$ 4,799,066
Available-for-sale financial assets	834,433	584,967
Financing	562,664	456,698
Due from the Central Bank and other banks	379,103	296,895
Held-to-maturity financial assets	157,464	170,699
Credit Card revolving interest rate income	144,477	162,685
Accounts receivable - forfaiting	20,509	266,140
Others	<u>252,821</u>	<u>247,760</u>
	<u>7,041,149</u>	<u>6,984,910</u>
Interest expense		
Deposits	2,116,612	2,260,605
Bank debentures	213,433	227,381
Borrowing	201,421	144,899
Deposits from banks	130,000	77,248
Interest expense of structured products	114,571	85,249
Others	<u>195,764</u>	<u>136,454</u>
	<u>2,971,801</u>	<u>2,931,836</u>
	<u>\$ 4,069,348</u>	<u>\$ 4,053,074</u>

**36. COMMISSION AND FEE REVENUES, NET**

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Commissions and fees revenues		
Brokerage services	\$ 956,557	\$ 789,325
Insurance services	668,519	860,405
Trust and related services	493,913	437,501
Credit card services	277,521	306,308
Loan services	140,099	208,292
Underwriting services	56,948	170,537
Others	<u>217,807</u>	<u>221,373</u>
	<u>2,811,364</u>	<u>2,993,741</u>
Commissions and fees expense		
Credit card services	110,388	137,472
Brokerage services	99,298	95,309
Interbank services	37,462	34,744
Futures commission	30,773	44,026
Settlement and delivery services	28,715	34,354
Dealing service	25,021	26,452
Others	<u>92,599</u>	<u>83,115</u>
	<u>424,256</u>	<u>455,472</u>
	<u>\$ 2,387,108</u>	<u>\$ 2,538,269</u>

### 37. GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended March 31	
	2017	2016
Realized gain (loss) on financial assets and liabilities at fair value through profit or loss		
SinoPac Securities		
Operating securities - dealing	\$ 639,513	\$ 416,057
Operating securities - hedging	67,996	(92,276)
Issuance of call (put) warrants	2,247,791	2,189,961
Currency swap contracts	388,823	(482,947)
Futures contracts	(71,413)	(21,055)
Asset swap contracts	(110,426)	24,633
Others	(67,109)	51,966
	<u>3,095,175</u>	<u>2,086,339</u>
Bank SinoPac		
Bank debentures	52,462	31,996
Government bonds	31,496	257,133
Corporate bonds	16,845	20,865
Currency swap contracts and hybrid FX swap structured instruments	308,096	346,536
Option contracts	29,363	523,495
Futures contracts	25,093	(149,673)
Forward contracts	(11,240)	(108,691)
Others	(19,448)	46,663
	<u>432,667</u>	<u>968,324</u>
	<u>3,527,842</u>	<u>3,054,663</u>
Unrealized gain (loss) on financial assets and liabilities at fair value through profit or loss		
SinoPac Securities		
Operating securities - dealing	53,720	57,282
Operating securities - underwriting	3,556	71,079
Securities purchased under resell agreements - financing	(69,870)	(41,398)
Currency swap contracts	199,773	133,619
Asset swap contracts	(43,967)	(39,048)
Issuance of call (put) warrants	(2,251,774)	(2,056,811)
Others	1,208	(81,567)
	<u>(2,107,354)</u>	<u>(1,956,844)</u>
Bank SinoPac		
Government bonds	300,790	(139,796)
Bank debentures	40,199	1,038
Currency swap contracts and hybrid FX swap structured instruments	204,405	(24,253)
Option contracts	8,161	(258,239)
Futures contracts	4,939	100,543
Interest rate swap contracts	(44,677)	(19,184)
Cross-currency swap contracts	(58,959)	(10,322)
Forward contracts	(429,648)	5,985
Others	12,187	12,522
	<u>37,397</u>	<u>(331,706)</u>
	<u>(2,069,957)</u>	<u>(2,288,550)</u>
	<u>\$ 1,457,885</u>	<u>\$ 766,113</u>

- a. For the three months ended March 31, 2017 and 2016, realized gains or losses on financial assets and liabilities at fair value through profit or loss, including capital gain or loss, were \$3,013,610 and \$2,651,574, respectively; related interest and dividend revenues were \$514,232 and \$403,089, respectively.
- b. When the Group designates financial instruments as at fair value through profit or loss, the fair value change in derivate instruments is included in “gains (losses) on financial assets and liabilities at fair value through profit or loss.”

### 38. REALIZED GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Three Months Ended March 31	
	2017	2016
Gain from disposal of stocks	\$ 22,972	\$ 137,893
Dividends revenue	2,241	731
Loss from disposal of bank debentures	-	(745)
Others	94	(11)
	<u>\$ 25,307</u>	<u>\$ 137,868</u>

### 39. REVERSAL OF IMPAIRMENT (LOSSES) ON ASSETS

	For the Three Months Ended March 31	
	2017	2016
Gain on the reversal of losses on other financial assets	<u>\$ 21,515</u>	<u>\$ 62,047</u>

### 40. OTHER REVENUES AND OTHER NONINTEREST NET REVENUES

	For the Three Months Ended March 31	
	2017	2016
Operating assets rental income	\$ 23,691	\$ 25,211
Securities lending	23,656	12,521
Stock affairs agent revenue	22,480	21,900
Gains on disposal of property and equipment	14,866	1,295
Administration fee revenue	14,820	10,913
Net gain on financial assets carried at cost	11,866	11,555
Rental income	11,577	14,619
Life insurance cash surrender revenue	9,031	10,239
Gain on reversal of decommissioned liabilities	2,292	7,201
Expense arising from issuance of call (put) warrants	(22,664)	(21,870)
Others	<u>19,800</u>	<u>11,791</u>
	<u>\$ 131,415</u>	<u>\$ 105,375</u>

#### 41. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended March 31	
	2017	2016
Salaries and wages	\$ 2,690,317	\$ 2,626,802
Labor insurance and national health insurance	197,555	190,565
Pension costs	133,942	126,326
Others	<u>201,067</u>	<u>180,307</u>
	<u>\$ 3,222,881</u>	<u>\$ 3,124,000</u>

Under the Company Act as amended in May 2015, the Company's Articles of Incorporation should stipulate a fixed amount or a ratio of annual profit to be distributed as employees' compensations. But if the Company has incurred cumulative losses, the profit should be used instead to offset the losses. For compliance with the amended Company Act, the revision of the Company's Articles of Incorporation was approved at the 2016 shareholders' meeting on June 17, 2016. The Company's Articles of Incorporation provide that the Company allocate from annual profit more than 0.01% as employees' compensation and not more than 1% as remuneration of directors and supervisors. For the three months ended March 31, 2017, the employees' compensation were \$234 and \$235. For the three months ended March 31, 2016, the remuneration of directors and supervisors were \$8,907 and \$10,086, respectively. These amounts were estimated on the basis of the Company's Articles of Incorporation and past experience.

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

The board of directors proposed \$816 as employees' compensation and \$27,500 as remuneration of directors on March 24, 2017 and January 20, 2017, respectively. These amounts were the same as those recognized in the financial statements and will be delivered entirely in cash.

The board of directors on January 29, 2016 approved \$1,500 as employees' compensation and \$33,000 as remuneration of directors and supervisors in 2015. The abovementioned approval has been reported in the shareholders' meeting on June 17, 2016. There were no differences between the amounts mentioned above and the amounts recognized in the financial statements for the year ended December 31, 2015.

The information on the proposed and approved compensations to employees and the remuneration of directors and supervisor is available on the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

#### 42. DEPRECIATION AND AMORTIZATION

	For the Three Months Ended March 31	
	2017	2016
Depreciation expense		
Buildings	\$ 47,633	\$ 48,901
Machinery and computer equipment	52,938	49,587
Transportation equipment	7,772	9,190
Other equipment	29,424	28,193
Leasehold improvements	39,660	40,643
Land improvements	197	18
	<u>177,624</u>	<u>176,532</u>
Amortization expense	<u>110,467</u>	<u>74,676</u>
	<u>\$ 288,091</u>	<u>\$ 251,208</u>

#### 43. OTHER OPERATING EXPENSES

	For the Three Months Ended March 31	
	2017	2016
Taxation and fees	\$ 313,442	\$ 349,643
Rent	257,316	232,509
Automated equipment	163,506	153,205
Marketing	143,900	184,710
Professional advisory	109,518	134,187
Location fee	97,943	103,984
Communications expense	91,540	102,415
Insurance premium	72,837	82,547
Others	<u>184,576</u>	<u>208,369</u>
	<u>\$ 1,434,578</u>	<u>\$ 1,551,569</u>

#### 44. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net income by the weighted-average number of common shares outstanding.

In the calculation of diluted earnings per share, the preferred shares, which have a dilutive effect, are included in the weighted-average number of common shares outstanding by which net income will be divided. The Company has preferred stocks which are potential dilutive common shares.

The numerators and denominators used in computing earnings per share (EPS) are summarized as follows:

	For the Three Months Ended March 31					
	2017			2016		
	Amount	Denominator (Shares in Thousands)	EPS (NT\$)	Amount	Denominator (Shares in Thousands)	EPS (NT\$)
Basic EPS						
Net income attributable to common shareholders of the parent	\$ 2,365,007	10,676,380	<u>\$ 0.22</u>	\$ 2,724,842	10,676,380	<u>\$ 0.26</u>
Effect of potentially dilutive common shares						
Preferred shares	269	10,000		310	10,000	
Employee stock bonus	-	104		-	81	
Diluted EPS	<u>\$ 2,365,276</u>	<u>10,686,484</u>	<u>\$ 0.22</u>	<u>\$ 2,725,152</u>	<u>10,686,461</u>	<u>\$ 0.26</u>

The EPS computation was retrospectively adjusted for the effects of adjustments resulting from bonus stock issuance on August 17, 2016. The adjustment caused the basic EPS and diluted EPS for the three months ended March 31, 2016 to retrospectively decrease from NT\$0.27 to NT\$0.26.

If the Group decides to give an employee bonus in the form of cash or shares, the Group should presume that the entire amount of the bonus will be in the form of shares and if the resulting potential shares have a dilutive effect, these shares should be included in the weighted-average number of shares outstanding to be used in the calculation of diluted earnings per share. The dilutive effect of the potential shares should be included in the computation of diluted earnings per share until the board of directors resolve at their meeting in the following year the number of shares to be distributed to employees.

#### 45. RELATED-PARTY TRANSACTIONS

In addition to those disclosed in other notes to the financial statements, relationships with the Group and significant transactions, as well as the subsidiaries' related-party transactions, are summarized as follows:

##### a. Related parties and their relationships with the Group

Related Party	Relationship with the Group
Yung An Leasing Corporation (Yung An Leasing)	Affiliate of the Company's chairman
YFY Cayman Co., Ltd. (YFY Cayman)	Affiliate of the Company's chairman
MiCareo Taiwan Co., Ltd. (MiCareo)	Affiliate of the Company's chairman
Taiwan Futures Exchange (TAIFEX)	Affiliate of the SinoPac Securities' chairman
Jelyte Infodata Inc. (Jelyte Infodata)	Affiliate of third-degree kin of the Company's chairman
Hoss Venture Inc. (Hoss Venture)	Affiliate of third-degree kin of the Company's chairman
Boardtek Electronics Corporation (Boardtek Electronics)	Affiliate of second-degree in-laws of the Company's chairman
YFY Inc.	Director of the Company
Taiwan Stock Exchange Corporation (TWSE)	SinoPac Securities' is Taiwan Stock Exchange Corporation's corporate director
Taigen Biopharmaceuticals Holdings Limited	SinoPac Securities' is Taigen Biopharmaceuticals Holdings Limited's corporate director
Taiwan Global BioFund	SinoPac Venture Capital is Taiwan Global BioFund director

(Continued)

<b>Related Party</b>	<b>Relationship with the Group</b>
3S Silicon Tech., Inc. (3S Silicon)	SinoPac Venture Capital is 3S Silicon's corporate director
YFY International BVI Corp. (YFY International)	Affiliate of the Company's director
Pegatron Corporation (Pegatron)	Affiliate of the Company's director
Foongtone Technology Co., Ltd. (Foongtone Technology)	Affiliate of the Company's director
YFY Packaging Inc.	Affiliate of the Company's director
Yuen Foong Paper Co., Ltd.	Affiliate of the Company's director
Zhu You Asset Management Corp. (Zhu You Asset Management)	Affiliate of SinoPac Securities' director
Nang Kuang Pharmaceutical Co., Ltd. (Nang Kuang)	Affiliate of Bank SinoPac managers' spouse
Mechema Chemicals International Corp. (Mechema)	Affiliate of Bank SinoPac managers' spouse
Cheng Da Industrial Co., Ltd. (Cheng Da)	Affiliate of Bank SinoPac managers' spouse
Chailease Finance Co., Ltd. (Chailease Finance)	Affiliate of Bank SinoPac managers' spouse
Wafer Works Corporation (Wafer Works)	Affiliate of Bank SinoPac managers' spouse
Taiwan Printed Circuit Board Techvest Co., Ltd (Tpt)	Affiliate of SinoPac Securities managers' spouse
Joyin Co., Ltd. (Joyin)	Affiliate of SinoPac Securities managers' spouse
Kim Great Co., Ltd. (Kim Great)	Affiliate of second-degree kin of the Bank SinoPac's manager
Bolin Company Ltd. (Bolin Company)	Affiliate of third-degree kin of the Bank SinoPac's manager
International Rice Noodle Corp.	Affiliate of third-degree kin of the Bank SinoPac's manager
Hsin Construction	Affiliate of third-degree kin of the Bank SinoPac's manager
Well Shine Biotechnology Development Co., Ltd (Well Shine Bio)	Affiliate of second-degree in-laws of the Bank SinoPac's manager
Evercast Precision Industry Corporation (Evercast Precision Industry)	Affiliate of first-degree kin of the Bank SinoPac's Lending committee member
Great Wheel Limited (Great Wheel)	Affiliate of second-degree kin of the Bank SinoPac's Lending committee member
Kwong Yu Industrial Co., Ltd	Affiliate of second-degree in laws of the Bank SinoPac's Lending committee member
Ting Sing Trading Co., Ltd. (Ting Sing Trading)	Related party (before September 2016)
Ying Yi Corporation (Ying Yi)	Related party (before September 2016)
Ho, Show Chung	Chairman of the Company
Others	The Group's directors, supervisors, managers and their relatives, department chiefs, investees accounted for by equity method and their subsidiaries, and investees of the Company' other subsidiaries, etc.
	(Concluded)



b. Significant transactions with related parties

1) Financial assets at fair value through profit or loss

	March 31, 2017	December 31, 2016	March 31, 2016
SinoPac Securities and its subsidiaries			
Others	\$ 110,181	\$ 43,328	\$ 183,117

2) Derivative financial instruments

March 31, 2017					
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Bank SinoPac and its subsidiaries					
Forward contracts					
YFY Cayman	\$ 3,641,365	2016.11.23- 2018.3.18	\$ 23,653	Financial assets at fair value through profit or loss	\$ 15,143
YFY International	910,341	2017.2.8- 2017.8.15	3,756	Financial assets at fair value through profit or loss	3,756
December 31, 2016					
	Contract (Notional) Amount	Contract Period		Account	Balance
Bank SinoPac and its subsidiaries					
Forward contracts					
YFY Cayman	\$ 6,709,091	2016.11.10-2017.12.12		Financial liabilities at fair value through profit or loss	\$ 133,664
YFY International	887,873	2016.11.10-2017.9.12		Financial liabilities at fair value through profit or loss	21,962
March 31, 2016					
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Bank SinoPac and its subsidiaries					
Forward contracts					
Yuen Foong Paper	\$ 28,456	2016.3.17- 2016.8.25	\$ 228	Financial assets at fair value through profit or loss	\$ 228

3) Available-for-sale financial assets

	March 31, 2017	December 31, 2016	March 31, 2016
SinoPac Securities and its subsidiaries			
Stock			
Others	\$ 53,339	\$ 54,539	\$ 61,698
SinoPac Securities Investment Trust			
Beneficial certificate			
Others	25,444	10,054	10,253
SinoPac Venture Capital and its subsidiaries			
Stock			
Others	960,660	951,134	973,863

## 4) Receivables

	March 31, 2017	December 31, 2016	March 31, 2016
SinoPac Securities and its subsidiaries			
Others	\$ 4,858	\$ 6,487	\$ 4,959
SinoPac Securities Investment Trust			
Others	18,803	18,369	20,554
SinoPac Leasing and its subsidiaries			
Lease receivable			
Others	1,616	1,872	2,576
Other			
Others	38	35	54

## 5) Loans

For the Three Months Ended March 31, 2017			
	Ending Balance	Highest Balance	Interest/ Fee Rates (%)
Loans	<u>\$ 8,230,355</u>	<u>\$ 10,006,004</u>	0-16.14
			<u>\$ 35,716</u>

Category	March 31, 2017						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	511	\$ 173,703	\$ 150,326	V	-	None	Yes
Household mortgage loans	1,462	7,733,556	7,422,022	V	-	Real estate	Yes
Others:							
	Chailease Finance	1,500,000	100,000	V	-	None, Note 1	Yes
	Boardtek Electronics	400,000	400,000	V	-	Real estate	Yes
	Evercast Precision Industry	41,074	40,566	V	-	Real estate	Yes
	Hoss Venture	30,000	30,000	V	-	Real estate	Yes
	Bolin Company	28,800	28,200	V	-	Real estate	Yes
	Kim Great	21,507	21,164	V	-	Real estate	Yes
	Jelyte Infodata	18,624	18,115	V	-	Real estate	Yes
	Well Shine Bio	15,000	-	V	-	Real estate	Yes
	Kwong Yu Industrial Co., Ltd.	8,200	8,200	V	-	Real estate	Yes
	International Rice Noodle Corp.	403	364	V	-	Vehicle	Yes
	Cheng Da	33	-	V	-	Vehicle	Yes
	Others	35,104	11,398	V	-	Vehicle and certificates of deposit	Yes
	Others subtotal	2,098,745	658,007				
	Total	10,006,004	8,230,355				

**For the Year Ended December 31, 2016**

**Ending  
Balance                      Highest Balance      March 31, 2014**

Loans \$ 8,154,513      \$ 13,813,149      0-16.14

Category	December 31, 2016						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	507	\$ 185,846	\$ 150,801	V	-	None	Yes
Household mortgage loans	1,473	7,983,078	7,436,428	V	-	Real estate	Yes
Others:							
	Pegatron	4,681,751	-	V	-	None, Note 1	Yes
	Boardtek Electronics	400,000	400,000	V	-	Real estate	Yes
	Yung An Leasing	176,500	-	V	-	Real estate	Yes
	Mechema	100,000	-	V	-	None, Note 1	Yes
	Evercast Precision Industry	52,578	26,074	V	-	Real estate	Yes
	Hoss Venture	30,000	30,000	V	-	Real estate	Yes
	Bolin Company	30,000	28,800	V	-	Real estate	Yes
	Kim Great	22,850	21,507	V	-	Real estate	Yes
	Nang Kuang	20,781	-	V	-	Real estate and machinery equipments	Yes
	Jelyte Infodata	20,000	18,624	V	-	Real estate	Yes
	Well Shine Bio	16,507	15,000	V	-	Real estate	Yes
	3S Silicon	5,000	5,000	V	-	None, Note 2	Yes
	Great Wheel	2,000	-	V	-	Real estate	Yes
	International Rice Noodle Corp.	480	403	V	-	Vehicle	Yes
	Cheng Da	233	33	V	-	Vehicle	Yes
	Hsin Construction	169	-	V	-	Vehicle	Yes
	Others	85,376	21,843	V	-	Vehicle and certificates of deposit	Yes
	Others subtotal	5,644,225	567,284				
	Total	13,813,149	8,154,513				

**For the Three Months Ended March 31, 2016**

**Ending  
Balance                      Highest  
Balance                      Interest/  
Fee Rates (%)                      Interest  
Revenue**

Loans \$ 3,397,493      \$ 3,638,488      0-4.98      \$ 15,384

Category	March 31, 2016						
	Account Volume or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collaterals	Is the Transaction at Arm's Length Commercial Term
Employees' consumer loans	74	\$ 24,944	\$ 21,965	V	-	None	Yes
Household mortgage loans	452	2,810,819	2,686,851	V	-	Real estate	Yes
Others:							
	Yung An Leasing	176,500	175,000	V	-	Real estate	Yes
	Zhu You Asset Management	118,000	117,000	V	-	Real estate	Yes
	Mechema	100,000	-	V	-	None, Note 1	Yes
	Tpt	100,000	100,000	V	-	None, Note 2	Yes
	Ting Sing Trading	74,167	71,667	V	-	Credit guarantee funds	Yes
	Evercast Precision Industry	43,450	43,450	V	-	Real estate	Yes
	Hoss Venture	30,000	30,000	V	-	Real estate	Yes
	Bolin Company	30,000	30,000	V	-	Real estate	Yes
	Ying Yi	29,792	26,667	V	-	Credit guarantee funds	Yes
	Kim Great	22,850	22,518	V	-	Real estate	Yes
	Nang Kuang	20,781	20,781	V	-	Machinery equipments	Yes
	Jelyte Infodata	20,000	19,629	V	-	Real estate	Yes
	Well Shine Bio	16,507	16,452	V	-	Real estate	Yes
	Joyin	10,000	10,000	V	-	Certificates of deposit	Yes
	3S Silicon	3,802	2,541	V	-	None, Note 2	Yes
	Cheng Da	233	183	V	-	Vehicle	Yes
	Hsin Construction	169	113	V	-	Vehicle	Yes
	Others	6,474	2,676	V	-	Vehicle and certificates of deposit	Yes
	Others subtotal	802,725	688,677				
	Total	3,638,488	3,397,493				

Note 1: Non-related to the Bank on the loan's sign date.

Note 2: Not a related party as stated in Financial Holding Company Act Article 44, Banking Act Article 32 and Article 33.

Note 3: Debtor of related party loans are all normal credit ranking. The Group estimated the provision of doubtful debt periodically in accordance with the guidelines issued by the authority and IFRSs.

#### 6) Guarantees

March 31, 2017

Related Party	Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
Wafer Works	\$ 101,003	\$ 100,956	\$ -	0.75%	Certificates of deposit	
Chailease Finance	27,054	27,054	-	0.7%	None	
MiCareo	15,910	15,910	-	1.25%	Certificates of deposit	

December 31, 2016

Related Party	Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
Wafer Works	\$ 101,003	\$ 101,003	\$ -	0.75%	Certificates of deposit	

March 31, 2016

Related Party	Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
Wafer Works	\$ 101,003	\$ 101,003	\$ -	0.75%	Certificates of deposit	

7) Unquoted equity instruments (recorded as other financial assets)

	March 31, 2017	December 31, 2016	March 31, 2016
Bank SinoPac and its subsidiaries			
Others	\$ 119,290	\$ 119,290	\$ 119,290
SinoPac Securities and its subsidiaries			
Others	488,270	488,270	551,909
SinoPac Venture Capital and its subsidiaries			
Others	581,615	554,079	587,956

8) Property and equipment

For the three months ended March 31, 2017, the Company purchased machinery and computer equipment from its related parties with a total of \$14, recognized in property and equipment.

For the three months ended March 31, 2017, Bank SinoPac purchased machinery and computer equipment from its related parties with a total of \$1,170, recognized in property and equipment.

9) Intangible assets

For the year ended December 31 2016, Bank SinoPac purchased computer software from its related parties for a total of \$210, respectively, recognized under intangible assets.

10) Other assets

	March 31, 2017	December 31, 2016	March 31, 2016
Bank SinoPac and its subsidiaries			
Guarantee deposits			
Others	\$ 490	\$ 490	\$ 490
SinoPac Securities and its subsidiaries			
Securities borrowing margins			
Others	2,600,167	1,901,016	955,986
Clearing and settlement fund			
Others	233,389	270,865	250,478
Others			
Others	2	-	1

Bank SinoPac signed an agreement with Foongtone Technology for the purchase of a debit card with a second-generation chip. Bank SinoPac paid Foongtone Technology \$9,170 and \$19,135 for the three months ended March 31, 2017 and 2016, respectively, which were recorded as prepayments (other assets) on Bank SinoPac's acquisition of the debit cards or as other operating expenses on the issuance of the debit cards to bank clients.

11) Notes and bonds transaction

	<b>For the Three Months Ended March 31, 2017</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Bank SinoPac and its subsidiaries		
Others	\$ 369,641	\$ 369,664
	<b>For the Three Months Ended March 31, 2016</b>	
	<b>Purchase of Notes and Bonds</b>	<b>Sell of Notes and Bonds</b>
Bank SinoPac and its subsidiaries		
Others	\$ 99,917	\$ 49,949

12) Securities sold under agreements to repurchase

	<b>March 31, 2017</b>		<b>For the Three Months Ended March 31, 2017</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Expense</b>
Bank SinoPac and its subsidiaries			
Others	\$ 195,200	\$ 197,823	\$ 147
	<b>December 31, 2016</b>		
	<b>Face Amount</b>	<b>Carrying Amount</b>	
Bank SinoPac and its subsidiaries			
Others		\$ 195,200	\$ 197,691
	<b>March 31, 2016</b>		<b>For the Three Months Ended March 31, 2016</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Expense</b>
Bank SinoPac and its subsidiaries			
Others	\$ 217,200	\$ 219,516	\$ 239

13) Payables

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Bank SinoPac and its subsidiaries			
Others	\$ 688	\$ 990	\$ 1,929
SinoPac Securities and its subsidiaries			
Others	46,413	35,438	44,900
SinoPac Leasing and its subsidiaries			
Others	8	7	3

14) Deposits

	<b>March 31, 2017</b>		<b>For the Three Months Ended March 31, 2017</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	\$ 19,019,020	0-13	\$ 57,804
		<b>December 31, 2016</b>	
		<b>Ending Balance</b>	<b>Interest Rate (%)</b>
Others		\$ 19,830,539	0-13
		<b>March 31, 2016</b>	<b>For the Three Months Ended March 31, 2016</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	\$ 17,049,391	0-13	\$ 49,891

15) Bond payable

Third subordinated bank debentures issued in 2015 by Bank SinoPac were subscribed by related parties for a total amount of \$630,000.

16) Other financial liabilities

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
SinoPac Securities and its subsidiaries			
Futures traders' equity			
Others	\$ 179,308	\$ 249,637	\$ 391,940

17) Other liabilities

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Bank SinoPac and its subsidiaries			
Guarantee deposits			
Others	\$ 2,235	\$ 2,235	\$ 1,995
SinoPac Securities Investment Trust			
Other			
Others	74,247	79,794	97,089
SinoPac Leasing and its subsidiaries			
Guarantee deposits			
Others	500	796	1,566

18) Interest revenue

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
SinoPac Securities and its subsidiaries		
Others	\$ 2,656	\$ 1,251
SinoPac Leasing and its subsidiaries		
Others	25	53

19) Interest expense

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
SinoPac Leasing and its subsidiaries		
Others	\$ 1	\$ -

20) Commissions and fee revenues, net

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Bank SinoPac and its subsidiaries		
Commissions and fee revenues		
Others	\$ 889	\$ 1,397
Commissions and fee expenses		
Others	36,946	45,210
SinoPac Securities and its subsidiaries		
Commissions and fee revenues		
Others	22,793	24,736
Commissions and fee expenses		
Others	98,493	109,611
SinoPac Securities Investment Trust		
Commissions and fee revenues		
Others	59,702	65,856



21) Realized gains or losses on available-for-sale financial assets

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
SinoPac Securities Investment Trust		
Gain from disposal of beneficial certificates		
Others	\$ 8	\$ (11)
SinoPac Venture Capital and its subsidiaries		
Gain from disposal of stocks		
Others	132	-

22) Other noninterest net revenues (expenses)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Bank SinoPac and its subsidiaries		
Operating assets rental revenue		
Others	\$ 3,019	\$ 2,659
Other revenues		
Others	90	90
SinoPac Securities and its subsidiaries		
Revenue from providing agency service for stock affairs		
Others	2,704	2,893
Expenses arising from issuance of call (put) warrants		
Others	13,417	14,277
Other net revenues		
Others	2,750	2,941
SinoPac Venture Capital and its subsidiaries		
Other revenues		
Others	30	30
SinoPac Leasing and its subsidiaries		
Operating asset rental revenues		
Others	109	269
Other expenses		
Others	476	-

23) Operating expenses

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
The Company		
Others	\$ 2,531	\$ 1,111
Bank SinoPac and its subsidiaries		
Others	26,424	38,220
SinoPac Securities and its subsidiaries		
Others	21,002	9,246
SinoPac Securities Investment Trust		
Others	481	53

(Continued)

		<b>For the Three Months Ended March 31</b>	
		<b>2017</b>	<b>2016</b>
SinoPac Venture Capital and its subsidiaries			
Others	\$	8	\$ 54
SinoPac Call Center			
Others		-	31
SinoPac Leasing and its subsidiaries			
Others		396	888
			(Concluded)

24) Compensation of key management personnel

		<b>For the Three Months Ended March 31</b>	
		<b>2017</b>	<b>2016</b>
Short-term employee benefits	\$	26,849	\$ 19,654
Post-employment benefits		<u>725</u>	<u>487</u>
	\$	<u>27,574</u>	<u>20,141</u>

The management personnel are composed of general manager, vice general manager and other employees with higher positions.

c. Related-party transactions amounting to over \$100,000

Bank SinoPac and its subsidiaries

1) Derivative financial instruments

<b>March 31, 2017</b>					
	<b>Contract (Notional) Amount</b>	<b>Contract Period</b>	<b>Valuation Gains or Losses</b>	<b>Account</b>	<b>Balance</b>
Currency swap contracts					
SinoPac Securities	\$ 515,860	2017.3.28- 2017.4.6	\$ 2,937	Financial assets at fair value through profit or loss	\$ 2,937
Interest rate swap contracts					
SinoPac Securities	2,000,000	2012.4.10- 2020.8.26	1,935	Financial assets at fair value through profit or loss	13,713
SinoPac Securities	2,100,000	2012.5.16- 2020.9.1	(1,169)	Financial liabilities at fair value through profit or loss	6,544
Forward contracts					
YFY Cayman	3,641,365	2016.11.23- 2018.3.18	23,653	Financial assets at fair value through profit or loss	15,143
YFY International	910,341	2017.2.8- 2017.8.15	3,756	Financial assets at fair value through profit or loss	3,756

December 31, 2016				
	Contract (Notional) Amount	Contract Period	Account	Balance
Interest rate swap contracts				
SinoPac Securities	\$ 1,700,000	2012.4.12-2020.1.20	Financial assets at fair value through profit or loss	\$ 11,779
SinoPac Securities	2,400,000	2012.5.18-2020.9.1	Financial liabilities at fair value through profit or loss	5,375
Forward contracts				
YFY Cayman	6,709,091	2016.11.10-2017.12.12	Financial liabilities at fair value through profit or loss	133,664
YFY International	887,873	2016.11.10-2017.9.12	Financial liabilities at fair value through profit or loss	21,962

March 31, 2016					
	Contract (Notional) Amount	Contract Period	Valuation Gains or Losses	Account	Balance
Interest rate swap contracts					
SinoPac Securities	\$ 4,400,000	2011.6.10-2020.8.26	\$ 140	Financial assets at fair value through profit or loss	\$ 28,737
SinoPac Securities	5,300,000	2011.6.3-2020.9.1	(406)	Financial liabilities at fair value through profit or loss	19,520

## 2) Payables

	March 31, 2017	December 31, 2016	March 31, 2016
Cash dividend payable to the Company	<u>\$ 1,435,025</u>	<u>\$ 1,435,025</u>	<u>\$ 1,435,025</u>

## 3) Current income tax assets and liabilities

	March 31, 2017	December 31, 2016	March 31, 2016
Receivable from adopting the linked-tax system	<u>\$ 1,273,487</u>	<u>\$ 1,273,425</u>	<u>\$ 1,137,415</u>
Payable from adopting the linked-tax system	<u>\$ 417,169</u>	<u>\$ 313,463</u>	<u>\$ 110,960</u>

## 4) Loan-to other related parties

	Ending Balance	Highest Balance	Interest/ Fee Rates (%)	Interest Revenue
For the three months ended March 31, 2017	<u>\$ 8,230,355</u>	<u>\$ 10,006,004</u>	0-16.14	<u>\$ 35,716</u>
For the year ended December 31, 2016	<u>\$ 8,154,513</u>	<u>\$ 16,899,786</u>	0-16.14	
For the three months ended March 31, 2016	<u>\$ 5,667,166</u>	<u>\$ 6,523,125</u>	0-4.98	<u>\$ 28,150</u>

5) Guarantees

March 31, 2017

Related Party	Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
Wafer Works	\$ 101,003	\$ 100,956	\$ -	0.75%	Certificates of deposit	

December 31, 2016

Related Party	Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
Wafer Works	\$ 101,003	\$ 101,003	\$ -	0.75%	Certificates of deposit	

March 31, 2016

Related Party	Highest Balance in Current Period	Ending Balance	Provision	Rates	Type of Collaterals	Note
Wafer Works	\$ 101,003	\$ 101,003	\$ -	0.75%	Certificates of deposit	

6) Other financial assets

	March 31, 2017	December 31, 2016	March 31, 2016
Call loans to securities			
SinoPac Securities	\$ 1,517,236	\$ -	\$ -
Excess margin of futures and options			
SinoPac Futures.	231,034	208,728	84,196

7) Notes and bonds transaction

	For the Three Months Ended March 31, 2017	
	Purchase of Notes and Bonds	Sell of Notes And Bonds
YFY Packaging Inc.	\$ 249,958	\$ 249,973
SinoPac Securities	200,000	328,871
SinoPac Leasing	149,980	149,987
YFY Inc.	119,683	119,691

8) Securities sold under agreements to repurchase

	<b>Ending Balance at March 31, 2017</b>		<b>For the Three Months Ended March 31, 2017</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Expense</b>
Ho, Show Chung	\$ 195,200	\$ 197,823	\$ 147

	<b>December 31, 2016</b>	
	<b>Face Amount</b>	<b>Carrying Amount</b>
Ho, Show Chung	\$ 195,200	\$ 197,691

	<b>Ending Balance at March 31, 2016</b>		<b>For the Three Months Ended March 31, 2016</b>
	<b>Face Amount</b>	<b>Carrying Amount</b>	<b>Interest Expense</b>
Ho, Show Chung	\$ 217,200	\$ 219,516	\$ 239

9) Deposits

	<b>March 31, 2017</b>		<b>For the Three Months Ended March 31, 2017</b>
	<b>Ending Balance</b>	<b>Interest Rates (%)</b>	<b>Interest Expense</b>
Others	<u>\$ 26,327,969</u>	0-13	<u>\$ 70,968</u>

	<b>December 31, 2016</b>	
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>
Others	<u>\$ 27,913,230</u>	0-13

	<b>March 31, 2016</b>		<b>For the Three Months Ended March 31, 2016</b>
	<b>Ending Balance</b>	<b>Interest Rate (%)</b>	<b>Interest Expense</b>
Others	<u>\$ 23,888,312</u>	0-13	<u>\$ 59,671</u>

10) Bank debentures

Third subordinated bank debentures issued in 2015 by Bank SinoPac were subscribed by related parties for a total amount of \$630,000.

SinoPac Securities and its subsidiaries

1) Bank deposits

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Bank SinoPac	<u>\$ 2,574,407</u>	<u>\$ 2,357,500</u>	<u>\$ 2,662,981</u>

Bank deposits included cash and cash equivalents, other financial assets - current, other current assets - settlement, underwriting receipts under custody and separated account for customer.

2) Open-end funds

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Funds managed by SinoPac Securities Investment Trust	<u>\$ 7,068</u>	<u>\$ 7,063</u>	<u>\$ 113,662</u>

3) Securities borrowing deposits

TWSE	<u>\$ 2,600,167</u>	<u>\$ 1,901,016</u>	<u>\$ 955,986</u>
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4) Current tax assets

SPH	<u>\$ 119,763</u>	<u>\$ 119,763</u>	<u>\$ 112,157</u>
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5) Restricted assets - current

Bank SinoPac	<u>\$ 1,125,000</u>	<u>\$ 1,125,000</u>	<u>\$ 1,120,000</u>
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6) Guarantee deposits

Bank SinoPac	\$ 795,008	\$ 795,008	\$ 750,008
TAIFEX	125,744	128,891	123,504
TWSE	<u>107,645</u>	<u>141,974</u>	<u>126,974</u>
	<u>\$ 1,028,397</u>	<u>\$ 1,065,873</u>	<u>\$ 1,000,486</u>

7) Short-term borrowings

Bank SinoPac	<u>\$ 1,517,236</u>	<u>\$ -</u>	<u>\$ -</u>
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8) Futures trader's equity

Bank SinoPac	\$ 303,606	\$ 257,154	\$ 198,393
Funds managed by SinoPac Securities Investment Trust	<u>179,308</u>	<u>249,637</u>	<u>391,940</u>
	<u>\$ 482,914</u>	<u>\$ 506,791</u>	<u>\$ 590,333</u>

9) Acquisition of related party's shares -  
unquoted equity instruments

TWSE	<u>\$ 285,360</u>	<u>\$ 285,360</u>	<u>\$ 285,360</u>
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	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
10) Current tax liabilities			
SPH	\$ <u>175,993</u>	\$ <u>86,249</u>	\$ <u>26,102</u>

SinoPac Venture Capital and its subsidiaries

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Cash and cash equivalents and other financial assets			
Bank deposits			
Bank SinoPac	\$ <u>675,323</u>	\$ <u>716,546</u>	\$ <u>880,937</u>
Available-for-sale financial assets			
Taigen Biopharmaceuticals Holding Limited	\$ <u>919,663</u>	\$ <u>951,134</u>	\$ <u>973,863</u>
Unquoted equity investment			
Taiwan Global BioFund	\$ <u>112,500</u>	\$ <u>112,500</u>	\$ <u>112,500</u>

SinoPac Leasing and its subsidiaries

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
1) Cash and cash equivalents and other financial assets			
Bank deposits and compensating deposits			
Bank SinoPac	\$ <u>532,875</u>	\$ <u>1,428,800</u>	\$ <u>861,713</u>
2) Short-term and long-term borrowings			
Borrowings from banks			
Bank SinoPac	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,374,000</u>
Borrowings			
SinoPac Capital Limited (H.K.)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>822,180</u>
3) As of March 31, 2017, December 31, 2016 and March 31, 2016, borrowings, derivative financial instruments and guarantees from Bank SinoPac for SinoPac Leasing and its subsidiaries totaling \$2,465,656, \$2,538,580 and \$4,778,365, respectively, and investment properties and ship assets were provided as collaterals for SinoPac Leasing's borrowings and issuance of commercial paper.			

## 46. PLEDGED OR MORTGAGED ASSETS

In addition to those disclosed in other Notes, pledged or restricted assets of the Group are summarized as follows:

Company/Restricted Assets	Object	March 31, 2017	December 31, 2016	March 31, 2016	Remarks
<u>Bank SinoPac and its subsidiaries</u>					
Available-for-sale financial assets	Government bonds	\$ 2,300	\$ 2,300	\$ 50,400	Note 1
Discounts and loans	Loans	12,861,445	15,271,652	14,246,052	Note 2
Held-to-maturity financial assets	Certificates of deposit purchased	8,000,000	8,000,000	8,161,413	Note 3
Held-to-maturity financial assets	Agency bonds and US municipal bonds	1,206,687	1,373,326	1,826,553	Note 4
Held-to-maturity financial assets	Government bonds	1,614,310	2,901,988	3,025,208	Note 5
Other financial assets	Certificates of deposits	1,916,312	2,015,199	1,994,456	Note 6
<u>SinoPac Leasing and its subsidiaries</u>					
Investment properties	Land and land improvements	566,951	563,534	552,154	Note 7
Properties and equipment	Land and buildings	554,644	560,536	578,211	Note 7
Other assets	Surface rights	762,456	768,459	786,470	Note 7
<u>SinoPac Securities and its subsidiaries</u>					
Other financial assets	Demand deposits and time deposits	245,000	245,000	264,370	Note 8
Investment properties	Land and buildings	160,441	160,822	161,964	Note 8
Properties and equipment	Land and buildings	421,820	422,604	424,958	Note 8

Note 1: Pledged to court as collaterals for filing a provisional seizure.

Note 2: Pledged with the Federal Reserve Bank under the discount window program and the Federal Home Loan Bank.

Note 3: Pledged in accordance with the requirements of the California Department of Financial Institutions, with the Central Bank for foreign-exchange transactions, and with Mega Bank for USD foreign-exchange settlement.

Note 4: Pledged with the Federal Home Loan Bank, guarantee of foreign-exchange transaction and guarantee of the Federal Reserve Bank loan.

Note 5: Guarantees of dealing and underwriting business, a trust reserve fund, guarantees of bills financial service, reserve for payment of VISA international card, pledged to court as collaterals for filing provisional seizure and disposition, Hong Kong branch's clearing system of real-time gross settlement and mortgage of derivative instrument outstanding.

Note 6: Pledged in accordance with the requirements of the California Department of Financial Institutions, pledged with intraday overdraft of settlement banks.

Note 7: Loan collateral.

Note 8: Assets pledged to financial institutions as guarantees for commercial paper issued and pledged to obtain credit line for short-term borrowings and bank overdraft.



#### 47. SIGNIFICANT CONTINGENCIES LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. In addition to those disclosed in other notes, significant unrecognized commitments of the Group as of March 31, 2017, December 31, 2016 and March 31, 2016 are as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Trust assets	\$ 255,544,795	\$ 251,633,555	\$ 275,303,849
Securities under custody	143,074,748	140,775,729	124,025,656
Agent for government bonds	57,144,400	59,912,300	68,468,600
Receipts under custody	34,770,750	35,607,224	41,316,832
Guarantee notes payable	11,182,412	12,443,399	12,795,569
Appointment of investment	6,205,528	7,144,187	8,386,900
Agent for marketable securities under custody	5,986,095	6,341,751	7,753,891
Goods under custody	1,218,570	1,213,259	1,049,940
Travelers' checks consigned-in	226,649	256,904	302,899
Investment commitment	200,694	213,535	231,183
Others	6,539	6,565	7,709

As of March 31, 2017, in addition to abovementioned unrecognized commitments, Bank SinoPac and SinoPac Securities had applied for tax concessions from the Ministry of Finance regarding their technical support service expenditure relating to their financial transaction system, and had jointly signed a letter of indemnity to the system manufacturer for which the total compensation is not more than US\$1,300 thousands to obtain a proxy of the manufacturer thereof to apply for the aforesaid tax concession. The compensation distributable to Bank SinoPac is US\$867 thousands and to SinoPac Securities is US\$433 thousands.

- b. The Group entered into contracts to buy computers and office equipment and to construct office buildings for \$607,856, of which \$424,370 had been paid as of March 31, 2017. The above contract price of \$275,996 was for Bank SinoPac (China) Ltd. to buy the property and equipment for operation, which was approved by the board of directors on April 24, 2015.

- c. Contingencies

- 1) The Securities and Futures Investors Protection Center (SFIPC) filed a lawsuit against Bank SinoPac and SinoPac Leasing Corporation's (SPL) subsidiary, Grand Capital, on the ground that Procomp Informatics Ltd. (Procomp) deposited US\$10,000 thousand in Bank SinoPac's Shisung Branch (formally Sungshan Branch) and placed a restriction on the use of this deposit as a condition for a short-term loan to Addie International Limited granted by SPL and for allegedly helping Yeh, Sue-Fei and Procomp do irregular trading but, at the same time, Procomp used the restricted deposit for fictitious sale transactions. Later, when problems on Procomp's account arose, Bank SinoPac and Grand Cathay demanded compensation, which was taken from Procomp's account, resulting in damage to Procomp. Bank SinoPac was suspected of misleading investors by concealing the restricted status of Procomp's deposit and window dressing Procomp's financial statements. On behalf of investors, the SFIPC filed a lawsuit against Bank SinoPac, SPL and all other parties related to Procomp. Both the court of the first instance and the second instance ruled in favor of Bank SinoPac and SPL. However, the SFIPC decided to file an appeal on January 20, 2016. This case is still under process.

- 2) The SFIPC filed a lawsuit against Bank SinoPac on the ground that Bank SinoPac's Tunpei Branch provided National Aerospace Fasteners Corporation (NAFCO) with its accounts receivable factoring services. NAFCO recorded this significant-amount loan transaction as an accounts receivable financing to window-dress its financial position in order to attract investments. The SFIPC filed a lawsuit against Bank SinoPac and other parties and demanded compensation approximately \$543,233 the court of the first instance ruled in favor of Bank SinoPac. However, the SFIPC decided to file an appeal to the second instance and stated to reduce the amount of compensation to \$293,940 on November 13, 2015, Taiwan High Court ruled in favor of Bank SinoPac on December 13, 2016. Nevertheless, the SFIPC filed another appeal to the Supreme Court on January 6, 2017. This case is still under process.
- 3) A certain Mr. Chang claimed he had been suffering since 1997 because of a loss on an option investment transacted through SinoPac Securities (Asia) Limited (SSL). Mr. Chang claimed for compensation and accused SSL's president, executive director, and some SSL traders as well as the president of SinoPac Securities of fraud, forgery, and violation of the Company Act and the Securities and Exchange Act since 1997. The court decided to have a non-prosecutorial disposition of this case and acquitted the accused of the charges brought against them and rejected the compensation claim. Mr. Chang again filed a lawsuit against the above parties and demanded compensation of \$1,000 in 2011 and then increased compensation claim amount to \$49,252 in January 2013. Since the nature of the new lawsuit was the same as the previous lawsuit, SinoPac Securities entered a plea on this lawsuit. In March 2014, the Taipei District Court rejected the prosecution's appeal; thus, SinoPac Securities won this case. However, Mr. Chang filed another appeal before the Taiwan High Court and the amount of the claim has been changed to \$22,858 in the Court statement. As of March 31, 2017, the case was still under process.
- 4) A certain Mr. Wu, SinoPac Securities' brokerage client, sued a former employee of SinoPac Securities, Mr. Yeh, for embezzlement and forgery of documents and made SinoPac Securities a codefendant in a civil case, in which Mr. Wu demanded compensation of \$7,000 added to \$33,243, with the latter amount later decreased to \$32,693. After the trial at the local court of first instance on July 7, 2010, the local court determined that SinoPac Securities should afford the related compensation with Mr. Yeh within \$4,705 but dismissed other plaintiffs' charges against SinoPac Securities. On the basis of the conservatism principle, SinoPac Securities estimated compensation losses of \$4,705 and an interest expense of \$2,077. Nevertheless, SinoPac Securities filed an appeal with the Taiwan High Court. SinoPac Securities won the case. However Mr. Wu filed another appeal before the Supreme Court. As of March 31, 2017, this case was still under process.
- 5) A certain Mr. Jane, SinoPac Securities' brokerage client, sued an employee of SinoPac Securities, Mr. Jun, for allegedly committing fraud from 2012 to 2014. But evidence presented for this trial showed that SinoPac Securities was not jointly liable for the injury arising from its employee's actions. Had the Court determined otherwise, SinoPac Securities would have been required to make only a partial compensation payment. SinoPac Securities on this lawsuit with the Taiwan Taoyuan District Court. SinoPac Securities won the case. However Mr. Wu filed another appeal before the Supreme Court and do not have any damage obligation. As of July 2016, this case was pronounced successful before the court. The case can still appeal.
- 6) A certain Mr. Li sued a former employee of SinoPac Securities, Mr. Gau, for allegedly committing fraud. SinoPac Securities needed to make a partial compensation payment with Mr. Gau of \$2,930. SinoPac Securities had entrusted external lawyer to handle the following suits. After the lawsuits with Taichung District Court, SinoPac Securities was pounced successful in September 2016 and do not have any damage obligation. However Mr. Li filed for another appeal. This case is still under process in Taiwan High Courts.

- 7) In 2017, SinoPac Securities Corporation received a Civil Complaint from Taiwan Shilin District Court. The plaintiff, Securities and Futures Investors Protection Center (SFIPC), appealed that SinoPac Securities Corporation was the underwriter of the Bull Will Group's convertible corporate bond in 2014, so it had joint and several liability of the damages due to false information provided by Bull Will Group, in accordance with the Securities and Exchange Act and other related regulations. The amount of the liability was \$1,207. This case is still under process in Taiwan Shilin District Court and has no material impact on SPS's operation.
- d. SinoPac Asia Limited held management shares of SinoPac Multi Strategy Quant Master Fund Ltd. and two other companies established in the Cayman Islands during the period from November 2012 to July 2014. Management shares were issued to the investment manager in compliance with specific legal procedures, and the holders do not have the rights to participate in profit, assets and surplus distributions of funds. On July 31, 2014, SinoPac Asia Limited transferred the management shares to Maurant Ozannes Corporate Services (Cayman) Limited (Maurant) who then established the SGT Trust 1, 2, 3 trust funds. Maurant was the trustee and managed the funds thereafter in accordance with its trust structure.

#### 48. LEASE AGREEMENT

- a. The Group as lessee

All the Group's lease agreements on business space and transportation equipment are operating leases with terms of between 1 year and 15 years. The Group has no bargain purchase option.

The future minimum lease payments for the Group's lease commitments are as follows:

	<b>Within 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
As of March 31, 2017	\$ 805,999	\$ 1,195,424	\$ 572,964	\$ 2,574,387
As of December 31, 2016	812,235	1,186,526	567,772	2,566,533
As of March 31, 2016	756,276	1,260,508	608,243	2,625,027

- b. The Group as lessor

Leased properties are mainly from the investment properties owned by the Group. All lease agreements have market review clauses when lessees exercise lease renewal options. The lessees have no bargain purchase option on the leased properties.

The Group's lease commitments are as follows:

<b>March 31, 2017</b>	<b>Within 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Operating lease revenue	\$ 90,787	\$ 206,975	\$ 534,708	\$ 832,470
Financial lease revenue	1,598,156	3,093,053	-	4,691,209
Financial lease revenue, present value	1,300,793	2,662,355	-	3,963,148

<b>December 31, 2016</b>	<b>Within 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Operating lease revenue	\$ 94,770	\$ 203,701	\$ 543,747	\$ 842,218
Financial lease revenue	1,527,032	2,835,268	-	4,362,300
Financial lease revenue, present value	1,256,651	2,426,429	-	3,683,080

<b>March 31, 2016</b>	<b>Within 1 Year</b>	<b>Over 1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
Operating lease revenue	\$ 97,439	\$ 208,601	\$ 573,730	\$ 879,770
Financial lease revenue	1,665,079	2,112,614	45	3,777,738
Financial lease revenue, present value	1,450,527	1,858,579	44	3,309,150

#### **49. HIERARCHY AND FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS**

a. The definition of the hierarchy:

1) Level one

Level 1 financial instruments are traded in active market and have the identical price for the same financial instruments. "Active market" should fit the following characteristics:

- a) All financial instruments in the market are homogeneous;
- b) Willing buyers and sellers exist in the market all the time;
- c) The public can access the price information easily.

2) Level two

The products categorized in this level have the prices that can be inferred from either direct or indirect observable inputs other than the active market's prices. Examples of these inputs are:

- a) Quoted prices from the similar products in the active market. This means the fair value can be derived from the current trading prices of similar products. It is also noted that whether they are similar products should be judged by the characteristics and trading rules. The fair value valuation in this circumstance may make some adjustment due to time lags, trading rule's differences, related parties' prices, and the correlation of price between itself and the similar instruments.
- b) Quoted prices for identical or similar financial instruments in inactive markets.
- c) When marking-to-model, the input of model in this level should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be attained from market and can reflect the expectation of market participants.
- d) Inputs which can be derived from other observable prices or whose correlation can be verified through other observable market data.

3) Level three

The fair prices of the products in this level are based on the inputs other than the direct market data. For example, historical volatility used in valuing options is an unobservable input, because it cannot represent the entire market participants' expectation for future volatility.

b. Financial instrument measured at fair value

1) Hierarchy information of fair value of financial instruments

Financial Instruments Measured at Fair Value	March 31, 2017			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 5,438,892	\$ 4,774,327	\$ 212,656	\$ 451,909
Bonds	100,792,781	95,079,761	4,705,643	1,007,377
Others	3,617,712	2,109,537	1,508,175	-
Financial assets designated as at fair value through profit or loss	1,859,443	-	1,859,443	-
Available-for-sale financial assets				
Stocks	4,120,921	3,754,597	-	366,324
Bonds	89,406,846	46,525,079	42,881,767	-
Certificates of deposit purchased and others	141,871,759	-	141,871,759	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	2,147,244	2,147,244	-	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets	15,757,741	366,878	14,324,652	1,066,211
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	17,050,744	268,966	15,704,835	1,076,943
Financial liabilities designated as at fair value through profit or loss	4,329,559	-	4,164,383	165,176
Derivative financial liabilities for hedging	13,831	-	13,831	-

Financial Instruments Measured at Fair Value	December 31, 2016			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 4,924,398	\$ 4,223,309	\$ 167,905	\$ 533,184
Bonds	83,486,601	73,708,470	9,396,928	381,203
Others	3,303,069	1,567,401	1,735,668	-
Financial assets designated as at fair value through profit or loss	2,089,589	-	2,089,589	-
Available-for-sale financial assets				
Stocks	3,550,175	3,333,138	-	217,037
Bonds	91,782,845	44,460,570	47,322,275	-
Certificates of deposit purchased and others	146,461,515	-	146,461,515	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	2,069,118	2,069,118	-	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets	23,386,236	314,405	21,400,977	1,670,854
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	22,158,931	248,511	20,241,394	1,669,026
Financial liabilities designated as at fair value through profit or loss	2,573,691	-	2,152,780	420,911
Derivative financial liabilities for hedging	19,705	-	19,705	-

Financial Instruments Measured at Fair Value	March 31, 2016			
	Total	Level 1	Level 2	Level 3
<u>Measured on a recurring basis</u>				
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	\$ 3,958,132	\$ 3,409,057	\$ 350,787	\$ 198,288
Bonds	84,018,462	73,225,378	10,793,084	-
Others	4,695,327	2,987,156	1,708,171	-
Financial assets designated as at fair value through profit or loss	2,321,022	-	2,321,022	-
Available-for-sale financial assets				
Stocks	3,194,883	3,001,584	-	193,299
Bonds	73,253,815	34,448,464	38,752,124	53,227
Certificates of deposit purchased and others	131,070,879	-	131,070,879	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	122,540	122,540	-	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets	19,962,839	484,902	17,212,528	2,265,409
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	21,529,686	455,379	18,817,398	2,256,909
Financial liabilities designated as at fair value through profit or loss	1,998,619	-	1,960,299	38,320
Derivative financial liabilities for hedging	70,952	-	70,952	-

## 2) Fair value measurement technique

Financial instruments at fair value through profit or loss, available-for-sale financial assets and derivative financial instruments for hedging with quoted price in an active market are using market price as fair value; financial instruments above with no quoted price in an active market are estimated by valuation methods. The estimation and assumption of valuation method the Group used is the same as market participants'. The Group can obtain this information.

The basis of fair value estimation used by the Group is shown as follows:

The fair value of forward contract, interest rate swap contracts and currency swap contracts is measured by the discounted cash flow method; the fair value of option is measured by Black & Scholes Model.

Fair values of forward contracts are estimated on the basis of the foreign exchange rates provided by Reuters. Structured product is measured by opponents' price based on match basis. This method diminished market risk to zero. Fair value of interest rate swap contracts and cross currency swap contracts are estimated on the basis of market quotation provided by Reuters.

Fair value are determined as follows: (a) listed stocks and Taipei Exchange stocks - closing prices as of the balance sheet date; (b) beneficial certificates (open-end funds), net asset values as of the balance sheet date; (c) bonds - period-end reference prices published by the Taipei Exchange; (d) bank debentures issued overseas and the overseas bonds-period-end reference prices published by Bloomberg, calculated through an internal model or provided by a counter-party.

All emerging stocks and unlisted stocks held by the Group should be valued at fair value except when the estimated interval is material or the estimation of probability cannot be evaluated reasonably. The Group valued its emerging stocks at fair value.

3) Credit risk valuation adjustment is set out below:

Credit risk valuation consists of credit valuation adjustment and debit valuation adjustment.

Credit valuation adjustment adopts for derivative contracts trading in other than exchange market, over-the-counter, and reflects the non-performance risk of counter party on fair value.

Debit valuation adjustment adopts for derivative contracts trading in other than exchange market, over-the-counter, and reflects the non-performance risk of the Group on fair value.

The Group calculated debit and credit valuation adjustment based on models with inputs of Probability of Default (PD) and Loss Given Default (LGD) multiplying Exposure at Default (EAD).

The Group calculated EAD based on mark-to-market fair value of OTC derivative instruments.

The Group takes 60% as the PD of counter parties, and subject to change under the risk nature and data feasibility.

The Group take credit risk valuation adjustment into valuation of the fair value of financial instruments, thus reflect the credit quality of counter parties and the Group.

4) Transfer between Levels 1 and 2

For the three months ended March 31, 2017, the Group transferred part of the NTD corporate bonds, bank debentures in foreign currency and foreign government bonds from Levels 1 and 2 because the Group determined these investments were not in an active market.

For the three months ended March 31, 2016, the Group transferred part of the NTD Central Government bonds, NTD corporate bonds and bank debentures in foreign currency from Levels 1 and 2 because the Group determined these investments were not in an active market.

5) Reconciliation of Level 3 items of financial instruments

a) Reconciliation of Level 3 items of financial assets

For the Three Months Ended March 31, 2017									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Non-derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Held-for-trading financial assets	\$ 914,387	\$ (102,792)	\$ -	\$ 782,567	\$ 12,928	\$ 48,868	\$ 77,552	\$ (21,384 )	\$ 1,459,286
Available-for-sale financial assets	217,037	132	78,790	70,788	-	-	423	-	366,324
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Held-for-trading financial assets	1,670,854	(604,643)	-	-	-	-	-	-	1,066,211

Note: Items transferring to Level 3 for the three months ended March 31, 2017 are lack of observable price (due to the inactive transaction in the securities market); items transferring out of Level 3 are because the price can be attained from the securities market.



For the Three Months Ended March 31, 2016									
Items	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Non-derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Held-for-trading financial assets	\$ 413,650	\$ (66,876 )	\$ -	\$ 13,278	\$ 105,981	\$ 9,393	\$ 258,352	\$ -	\$ 198,288
Available-for-sale financial assets	206,037	-	(61,267 )	2,033	99,723	-	-	-	246,526
<u>Derivative financial instruments</u>									
Financial assets at fair value through profit or loss									
Held-for-trading financial assets	4,282,685	(2,009,380 )	-	-	-	7,699	-	(197 )	2,265,409

Note: Items transferring to Level 3 for the three months ended March 31, 2016 are lack of observable price (due to the inactive transaction in the securities market); items transferring out of Level 3 are because the price can be attained from the securities market.

For the three months ended March 31, 2017 and 2016, the losses on valuation included in net income with assets still held were \$635,514 and \$507,818, respectively.

For the three months ended March 31, 2017 and 2016, the gains or losses on valuation included in other comprehensive income with assets still held were gain \$78,790 and loss \$25,914, respectively.

b) Reconciliation of Level 3 items of financial liabilities

For the Three Months Ended March 31, 2017								
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Derivative financial instruments</u>								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	\$ 1,669,026	\$ (592,083 )	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,076,943
Financial liabilities designated as at fair value through profit or loss	420,911	(1,080 )	850,035	-	1,104,690	-	-	165,176

For the Three Months Ended March 31, 2016								
Items	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Effect of Changes in Exchange Rate	Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/Sold	Transfer Out of Level 3		
<u>Derivative financial instruments</u>								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	\$ 4,280,052	\$ (1,558,717 )	\$ -	\$ -	\$ 453,408	\$ -	\$ (11,018 )	\$ 2,256,909
Financial liabilities designated as at fair value through profit or loss	23,854	21	221,337	-	206,892	-	-	38,320

For the three months ended March 31, 2017 and 2016, the gains on valuation included in net income with liabilities still held were \$557,429 and \$508,601, respectively.

6) Quantitative information about the significant unobservable inputs (Level 3) used in the fair value measurement

Quantitative information about the significant unobservable inputs is set out below:

March 31, 2017

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Held-for-trading financial instruments					
Hybrid foreign exchange option	\$ 961,772	\$ 960,445	Sellers' quote	(Note 1)	-
Others	<u>104,439</u>	<u>116,498</u>	Sellers' quote	(Note 1)	-
	<u>\$ 1,066,211</u>	<u>\$ 1,076,943</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	<u>\$ -</u>	<u>\$ 165,176</u>	Self-built option pricing model	Volatility	7%-40% (Note 2)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Held-for-trading financial instruments					
Bond investment	\$ 1,007,377	\$ -	Self-built pricing model (Note 3) (IRR Model)	The probabilities of issuer to buy back on the next buy back day	-
Emerging stocks	<u>451,909</u>	<u>-</u>	Market value with liquidity valuation discount	Discount factor of liquidity	0%-20%
	<u>\$ 1,459,286</u>	<u>\$ -</u>			
Available-for-sale financial assets					
Emerging stocks	<u>\$ 366,324</u>	<u>\$ -</u>	Market value with liquidity valuation discount	Discount factor of liquidity	0%-20%

December 31, 2016

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Held-for-trading financial instruments					
Hybrid FX swap structured instruments	\$ 1,553,936	\$ 1,551,792	Sellers' quote	(Note 1)	-
Others	<u>116,918</u>	<u>117,234</u>	Sellers' quote	(Note 1)	-
	<u>\$ 1,670,854</u>	<u>\$ 1,669,026</u>			
Financial instruments designated as at fair value through profit or loss					
Liabilities for structured note	<u>\$ -</u>	<u>\$ 420,911</u>	Self-built option pricing model	Volatility	9%-59% (Note 4)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Held-for-trading financial instruments					
Bond investment	\$ 381,203	\$ -	Self-built pricing model (Note 3) (IRR Model)	The probabilities of issuer to buy back on the next buyback day.	-
Emerging stocks	<u>533,184</u>	<u>-</u>	Market value with liquidity valuation discount	Discount factor of liquidity	0%-20%
	<u>\$ 914,387</u>	<u>\$ -</u>			
Available-for-sale financial assets					
Emerging stocks	<u>\$ 217,037</u>	<u>\$ -</u>	Market value with liquidity valuation discount	Discount factor of liquidity	0%-20%

March 31, 2016

Financial Instruments Measured at Fair Value	Financial Assets	Financial Liabilities	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)
<u>Derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Held-for-trading financial instruments					
Hybrid FX swap structured instruments	\$ 2,118,555	\$ 2,116,140	Sellers' quote	(Note 1)	
Others	<u>146,854</u>	<u>140,769</u>	Sellers' quote	(Note 1)	-
	<u>\$ 2,265,409</u>	<u>\$ 2,256,909</u>			
Financial liabilities designated as at fair value through profit or loss					
Liabilities for structured note	<u>\$ -</u>	<u>\$ 38,320</u>	Self-built option pricing model	Volatility	7%-46% (Note 5)
<u>Non-derivative financial instruments</u>					
Financial instruments at fair value through profit or loss					
Held-for-trading financial instruments					
Emerging stocks	<u>\$ 198,288</u>	<u>\$ -</u>	Market value with liquidity valuation discount	Discount factor of liquidity	0%-20%
Available-for-sale financial assets					
Bond investment	\$ 53,227	\$ -	Sellers' quote	-	-
Emerging stocks	<u>193,299</u>	<u>-</u>	Market value with liquidity valuation discount	Discount factor of liquidity	0%-20%
	<u>\$ 246,526</u>	<u>\$ -</u>			

Note 1: For pairs of back-to-back transactions, the consequences of significant unobservable inputs and fair values are not fully captured in practice. Therefore, both inputs are not disclosed.

Note 2: The stock price volatilities of structured notes issued by SinoPac Securities and subsidiaries were between 7% and 40%.

Note 3: The IRR Model is an evaluation for the zero-coupon redeemable bond. Based on the assumption that the issuer will buy back the bond on the next buyback day, the IRR is calculated on the basis of accumulation from the beginning of the year to the evaluation day in order to estimate the price of zero-coupon redeemable bonds.

Note 4: The stock price volatilities of structured note issued by SinoPac Securities and subsidiaries were between 9% and 59%.

Note 5: The stock price volatilities of structured note issued by SinoPac Securities and subsidiaries were between 7% and 46%.

7) Valuation processes for fair value measurements categorized within Level 3

The Group assesses fair values according to the quote by counter parties, related assessment are compiled as risk-control reports and inform the manager by month and report to the board of directors by quarter.

c. Financial instruments not carried at fair value

1) Fair value information of financial instruments

Financial instruments not carried at fair value excluding the table below are reasonably close to their fair value, therefore no additional disclosure, for example: Cash and cash equivalents, due from the Central Bank and other banks, securities purchased under agreement to resell, receivables, discounts and loans, some other financial assets, deposits from the Central Bank and other banks, securities sold under agreement to repurchased, commercial paper payables, payables, deposits and remittances, short-term and long-term borrowing, liability component of preferred stock and other financial liabilities.

Items	March 31, 2017	
	Carrying Amount	Fair Value
Held-to-maturity financial assets	\$ 73,337,409	\$ 73,572,336
Debt investments without active market	7,489,345	7,461,601
Bonds payable	44,028,822	44,671,266

Items	December 31, 2016	
	Carrying Amount	Fair Value
Held-to-maturity financial assets	\$ 78,132,231	\$ 78,319,837
Debt investments without active market	8,405,419	8,355,938
Bonds payable	41,779,336	42,479,009

Items	March 31, 2016	
	Carrying Amount	Fair Value
Held-to-maturity financial assets	\$ 73,682,920	\$ 74,318,713
Debt investments without active market	4,810,523	4,804,825
Bonds payable	45,958,042	46,699,168

2) Hierarchy information of fair value of financial instruments

Assets and Liabilities Item	March 31, 2017			
	Total	Level 1	Level 2	Level 3
Held-to-maturity financial assets	\$ 73,572,336	\$ 29,019,528	\$ 44,552,808	\$ -
Debt investments without active market	7,461,601	-	5,943,082	1,518,519
Bonds payable	44,671,266	5,142,774	34,892,592	4,635,900

Assets and Liabilities Item	December 31, 2016			
	Total	Level 1	Level 2	Level 3
Held-to-maturity financial assets	\$ 78,319,837	\$ 33,950,124	\$ 44,369,713	\$ -
Debt investments without active market	8,355,938	-	6,247,566	2,108,372
Bonds payable	42,479,009	1,419,997	36,423,112	4,635,900

Assets and Liabilities Item	March 31, 2016			
	Total	Level 1	Level 2	Level 3
Held-to-maturity financial assets	\$ 74,318,713	\$ 32,045,070	\$ 42,112,230	\$ 161,413
Debt investments without active market	4,804,825	-	2,058,325	2,746,500
Bonds payable	46,699,168	-	42,063,268	4,635,900

3) Methods and assumptions applied in estimating the fair values of financial instruments not carried at fair value are as follows:

- a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and other banks, securities purchased under agreement to resell, receivables, some of other financial assets, deposits from the Central Bank and other banks, commercial paper payables, securities sold under agreement to repurchased, short-term borrowing and other financial liabilities payables approximate their fair value because of the short maturity or the similarity of the carrying amount and future price.
- b) Discounts and loans (include nonperforming loans): The Group usually uses base rate (floating rate) as loan rate because it can reflect market rate. Thus, using its carrying amount to consider the probability of repossession and estimate its fair value is reasonable. Long-term loans with fixed rate should estimate its fair value by its discounted value of expected cash flow. Because this kind of loans is not significant in this item, using its carrying amount to consider the probability of repossession and estimate its fair value should be reasonable.
- c) Held-to-maturity financial assets: Held-to-maturity financial assets with quoted price in an active market are using market price as fair value; held-to-maturity financial assets with no quoted price in an active market are estimated by valuation methods or opponent's price.
- d) Debt investments without active market: Discounted cash flows from debt investments with no quoted price in an active market is estimated by using discount rate plus credit premium.
- e) Deposits and remittances: Considering banking industry's characteristic, since deposits have one year maturity and measured by market rate (market value), using carrying value to assess fair value is reasonable. For deposits with three years maturity are measured by discounted cash flow, using carrying value to assess fair value is reasonable.
- f) Bond payable: Bond payable with quoted price in an active market are using market price as fair value or quotes from counterparties; bond payable with no quoted price in an active market are estimated by valuation methods or opponent's price.
- g) Investments accounted for using the equity method and unquoted equity investments: The fair value of unquoted equity investments and investments accounted for using the equity method cannot be reliably measured because of no quoted price in an active market, the variability interval of fair value measurements is significant or the probability of the estimations in the variability interval cannot be reasonably assessed. Hence, the fair value is not disclosed.
- h) Liability components of preferred stocks: These components are interest-bearing liabilities with floating interest rates; thus, their carrying amounts represent fair value.

- i) Long-term borrowings: These borrowings are interest-bearing liabilities with floating interest rates; thus, their carrying amounts represent fair value.

## **50. FINANCIAL RISK MANAGEMENT**

### **Bank SinoPac**

#### **a. Overview**

Bank SinoPac and its subsidiaries document the risk management policies, including overall operating strategies and risks control philosophy. Bank SinoPac and its subsidiaries' overall risk management policies are to minimize the possibility of potential unfavorable factors. The board of directors approves the documentation of overall risk management policies and specific risk management policies; including credit risk, liquidity risk, market risk, operational risk, derivative instruments transactions and managements. The board of directors reviews the policies regularly, and reviews the operation to make sure Bank SinoPac and its subsidiaries' policies are executed properly.

#### **b. Risk management framework**

The board of directors is the top risk supervisor of Bank SinoPac and its subsidiaries. The board not only reviewed risk management policies and rules but also authorized management to be in charge of daily risk management work. Bank SinoPac has set up a risk management committee to be responsible for the services above; Bank SinoPac has also set up a credit committee to review the policies and supervise the abnormal cases. The credit committee also helps the board of directors approve cases over general manager's authority under the board's authorization.

The board of directors authorized Bank SinoPac and its subsidiaries' management to supervise risk management activities, evaluate the performance and confirm every risk management agent having essential code of ethic and professional skills. Internal audit is responsible for the periodic review of risk management and the control environment, and then reports the results directly to the board of directors.

Bank SinoPac has set up a risk management department to control risk management policies, establish rules, plan and set up risk management system. The risk management department executes these policies based on the board's approval, then reports the results and performance reviews to the authority or the board.

#### **c. Credit risk**

##### **1) Sources and definitions of credit risk**

Credit risk is the risk of financial loss if a customer or counterparty fails to meet an obligation under a contract. It arises principally from lending, trade finance, treasury, and credit derivative transactions. An instrument issuer's credit risk should be considered part of credit risk when the investment target is securities in an active market.

##### **2) Policies and strategies**

Under the authorization of Bank SinoPac's board, Bank SinoPac and its subsidiaries established policies based on operating goals and strategies, business plans and risk management goals. Management policies and procedures were established to lower financial losses, minimize risks and provide rewards to raise Bank SinoPac's performance and protect shareholders' equity in order to diversify risks.

The purpose of Bank SinoPac and its subsidiaries risk strategy is to strengthen the credit risk management framework by establishing a complete credit verification system and procedures and developing and using efficient and scientific credit risk management instruments to identify, measure, manage and supervise credit risks. These strategies will help make credit management more structured, transparent, systematic, and specialized toward better management of credit risks on loans, nonperforming assets and other kinds of assets.

Bank SinoPac and its subsidiaries have set up policies of main risks as prime direction based on legislations and operational goals. These policies cover risk appetite, management goals, organization structure of responsibility and accountability, measurement, evaluation, supervision and report procedure of risks. These policies have been established to reach the purposes of risk consistency and for centralized management as part of corporate governance.

Credit risk management procedures and measurements cover the following areas:

a) Loan business (includes loan commitment and guarantee)

Loan business classification and qualities are shown as follows:

i. Classification

Under the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans” (the Regulations) issued by the Banking Bureau, Bank SinoPac evaluates credit losses on the basis of the estimated collectability. In accordance with the Regulations, credit assets are classified as normal assets, assets that require special mentioned, assets with substandard, assets with doubtful collectability, and assets on which there is loss.

FENB evaluates credit losses on the basis of the estimated collectability. Credit assets are classified as pass, and rest of assets were evaluate by mortgages and overdue period then classified as assets that require special mentioned, assets with substandard, assets with doubtful collectability.

Bank SinoPac (China) Ltd. strictly follows the “Guidance for the Risk-Based Loan Categorization” established by the China Banking Regulatory Commission. It divides its loans into five categories based on a debtor’s ability to repay the full principal and interest on time. The five categories are normal, special mention, substandard, doubtful, and loss. The last three categories are considered nonperforming loans.

ii. Credit quality level

Bank SinoPac and its subsidiaries sets up credit quality level (ex. internal credit risk assessment model, credit assessment rules) based on business characteristic and scale to manage risks.

In order to measure clients’ credit risks, Bank SinoPac and its subsidiaries established credit risk assessment model for corporate banking, personal banking and consumer banking through statistic methods, professional judgment and clients’ information. Every model should be reviewed regularly to examine whether the calculations match to the actual conditions or not, then Bank SinoPac and its subsidiaries will adjust parameters to optimize the results.

For personal banking and consumer banking customers, every case will be reviewed individually to assess default risks except that micro-credit and credit card business should be assessed by internal credit assessment model.



Bank SinoPac and its subsidiaries' customers' credit qualities are classified as excellent, good, acceptable, weak and no ratings. Customers' credit quality should be evaluated annually to make sure the valuation results are accurate.

b) Debt investment and derivative financial instruments

Bank SinoPac and its subsidiaries manages and identifies credit risks of debt investment through credit ratings by outsiders, credit qualities of the debt, regional conditions and counterparties' risks.

Bank SinoPac and its subsidiaries carry out derivative instrument transactions with counterparties in financial industry which are almost above the investment level. Bank SinoPac and its subsidiaries would control credit risks based on counterparties' credit lines; counterparties with no credit ratings or at non-investment level should be reviewed individually. Normal customers' credit exposure positions should be controlled by approved derivative instrument credit line and condition based on normal credit procedure.

Bank SinoPac and its subsidiaries classifies credit qualities of debt investment and derivative financial instruments as excellent, good, acceptable, weak, and no ratings.

3) Credit risk hedge or mitigation policies

a) Collateral

For credit exposures and collaterals requirements, Bank SinoPac and its subsidiaries has set up several standards such as disposal of collateral, acceptance of real estate disposal, real estate appraisal and credit policies for every commodity to regulate collaterals' categories, appraisals, procedures, deduction percentages, loan rate, loan-to-value and maturity, control, management and disposal to confirm these standards can mitigate credit risks and maintain creditor's right.

To maintain collateral's effectiveness, Bank SinoPac and its subsidiaries supervises and manage it based on after-loan management and review policies examines through examining the usage, custody and maintenance of collaterals regularly and irregularly to avoid selling, leasing, pledging, moving and disposing collaterals without authorization. Once the case is due and willing to extend the contract, it should be seen as a new case and the collateral should be revalued.

b) Credit risk limits and credit risk concentration control

Bank SinoPac and its subsidiaries manages credit line and concentration of all credit assets through appropriate information managing system to gather information, credit exposure centralized conditions and large credit exposure of every credit assets combination, including national risk, large credit exposure, credit line of single corporation, group and industry. For cases approaching credit line, Bank SinoPac and its subsidiaries should report to related management and make control strategies; for cases over credit line, Bank SinoPac and its subsidiaries should enhance authorization level based on credit review authority.

c) Settlement agreements

Bank SinoPac and its subsidiaries often makes gross settlement on transactions, sign net settlement contract with other counterparties or cancel every transactions and make net settlement when default occurs to mitigate credit risk.

- 4) The maximum credit exposure of the financial instruments held by Bank SinoPac, FENB and Bank SinoPac (China)

Maximum credit exposures of assets on balance sheet (excluding collaterals and other credit enhancement instruments) are almost equivalent to its carrying value. The maximum credit exposures (excluding collaterals, other credit enhancement instruments and undrawn maximum exposure) off balance sheet are shown as follows:

Off-Balance Sheet Items	The Maximum Credit Exposure		
	March 31, 2017	December 31, 2016	March 31, 2016
Undrawn credit card commitments	\$ 159,303,847	\$ 159,365,248	\$ 165,844,710
Undrawn loan commitments	23,322,949	24,451,379	24,945,411
Guarantees	17,475,854	17,632,022	20,845,560
Standby letter of credit	3,680,151	3,400,256	4,347,748

Bank SinoPac, FENB and Bank SinoPac (China) adopt a strict evaluate procedure and review the result regularly to control and minimize off-balance sheet credit risk exposures continuously.

The payment of this kind credit business and financial instruments may not be fully paid before the maturity, therefore the contract amount is not deemed as the amount of future cash outflow. In other words, the future cash demand is lower than contract amount. If the credit limit is out and collaterals or other collaterals lose their value, the amount of credit risk is equal to the contract amount which is the possible maximum loss.

- 5) Credit risk concentration of Bank SinoPac and its subsidiaries

When financial instrument transactions concentrate on counterparties, which engage in similar business activities and have similar economic characteristics and abilities to execute contracts, credit risk concentration rises.

Credit risk concentrations can arise in Bank SinoPac and its subsidiaries' assets, liabilities or off-balance sheet items through the execution or processing of transactions (either product or service) or through a combination of exposures across these broad categories. It includes credit, loan and deposits, call loan to banks, investment, receivables and derivatives. Bank SinoPac and its subsidiaries maintain a diversified portfolio to limit its exposure to any one geographic region, country or individual creditor and monitor its exposures continually. Bank SinoPac and its subsidiaries' most significant concentrations of credit risk are summarized by industry, region and collateral as follows:

- a) By industry

Industries	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Private enterprise	\$ 398,404,171	43.03	\$ 395,405,806	43.81	\$ 357,292,147	39.92
Public enterprise	25,577,932	2.76	36,361,707	4.03	53,020,754	5.92
Government sponsored enterprise and business	26,562,065	2.87	2,645,726	0.29	25,097,700	2.80
Nonprofit organization	98,387	0.01	100,739	0.01	140,236	0.02
Private	451,034,667	48.71	451,835,349	50.06	429,890,983	48.03
Financial institutions	24,267,487	2.62	16,283,738	1.80	29,594,459	3.31
Total	\$ 925,944,709	100.00	\$ 902,633,065	100.00	\$ 895,036,279	100.00

b) By region

Regions	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Domestic	\$ 786,893,954	84.98	\$ 765,839,171	84.85	\$ 765,573,225	85.53
Asia	63,144,909	6.82	57,432,161	6.36	50,350,747	5.63
North America	55,628,502	6.01	60,111,705	6.66	64,087,277	7.16
Others	20,277,344	2.19	19,250,028	2.13	15,025,030	1.68
Total	\$ 925,944,709	100.00	\$ 902,633,065	100.00	\$ 895,036,279	100.00

c) By collateral

Collaterals	March 31, 2017		December 31, 2016		March 31, 2016	
	Amount	%	Amount	%	Amount	%
Credit	\$ 313,181,744	33.82	\$ 289,511,761	32.07	\$ 300,345,583	33.55
Secured						
Stocks	4,541,435	0.49	4,573,408	0.51	3,125,458	0.35
Bonds	8,728,318	0.94	7,949,048	0.88	8,568,272	0.96
Real estate	548,530,262	59.24	548,207,398	60.73	519,553,921	58.05
Movable collaterals	23,028,395	2.49	25,351,966	2.81	26,385,849	2.95
Guarantees	9,260,790	1.00	7,084,490	0.79	12,693,544	1.42
Others	18,673,765	2.02	19,954,994	2.21	24,363,652	2.72
Total	\$ 925,944,709	100.00	\$ 902,633,065	100.00	\$ 895,036,279	100.00

## 6) Credit quality and impairment assessment

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to banks, financial asset at fair value through profit or loss, and securities purchased under agreements to resell are regarded as very low credit risk owing to the good credit rating of counterparties.

Except for the abovementioned financial assets, other financial assets' analyses are summarized as follows:

### a) Discounts, loans and receivables

March 31, 2017	Neither Overdue Nor Impaired						Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Weak	No Ratings	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables												
Accounts receivable - forfaiting	\$ 4,286,508	\$ 1,157,572	\$ 1,084,444	\$ 7,316	\$ 212,522	\$ 6,748,362	\$ -	\$ 35,153	\$ 6,783,515	\$ 35,153	\$ 98,932	\$ 6,649,430
Credit card receivables	5,910,984	1,892,480	5,024,866	166,987	273,582	13,268,899	101,346	1,059,854	14,430,099	125,446	95,707	14,208,946
Accounts receivable - factoring	2,335,671	1,922,424	3,042,435	251,694	853,098	8,405,322	389,883	-	8,795,205	-	104,092	8,691,113
Others	2,474,201	1,213,703	1,708,775	150,826	2,011,624	7,559,129	27,104	539,867	8,126,100	497,991	19,698	7,608,411
Discounts and loans	251,851,067	146,657,213	445,984,750	59,786,326	5,065,193	909,344,549	10,658,890	5,941,270	925,944,709	1,509,359	11,558,734	912,876,616
Other financial asset												
Call loans to security corporations	-	1,517,236	-	-	-	1,517,236	-	-	1,517,236	-	-	1,517,236
Nonperforming receivables transferred other than loan	-	-	-	-	-	-	-	106,099	106,099	87,757	-	18,342

December 31, 2016	Neither Overdue Nor Impaired						Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Weak	No Ratings	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables												
Accounts receivable - forfaiting	\$ 2,093,111	\$ 663,571	\$ 913,305	\$ -	\$ 22,502	\$ 3,692,489	\$ -	\$ 37,402	\$ 3,729,891	\$ 37,402	\$ 63,271	\$ 3,629,218
Credit card receivables	7,279,558	2,466,738	3,826,723	259,690	262,337	14,095,046	106,750	1,080,467	15,282,263	117,458	103,680	15,061,125
Accounts receivable - factoring	1,806,069	2,306,293	3,712,602	286,779	907,867	9,019,610	1,059,228	4,959	10,083,797	1,099	114,255	9,968,443
Others	2,866,931	385,060	1,866,679	180,072	1,613,144	6,911,886	27,993	572,538	7,512,417	526,137	21,801	6,964,479
Discounts and loans	242,700,558	157,889,055	428,402,297	53,283,719	5,206,856	887,482,485	9,403,282	5,747,298	902,633,065	1,513,580	11,776,841	889,342,644
Other financial asset												
Nonperforming receivables transferred other than loan	-	-	-	-	-	-	-	104,673	104,673	91,024	-	13,649

March 31, 2016	Neither Overdue Nor Impaired						Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Weak	No Ratings	Subtotal (A)				With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables												
Accounts receivable - forfaiting	\$ 6,365,055	\$ 3,607,124	\$ 8,033,813	\$ -	\$ 3,206,134	\$ 21,212,126	\$ -	\$ -	\$ 21,212,126	\$ -	\$ 316,323	\$ 20,895,803
Credit card receivables	7,638,014	2,511,335	3,854,625	318,067	338,007	14,660,048	117,744	1,153,488	15,931,280	129,548	137,176	15,664,556
Acceptances - forfaiting	-	-	1,275,788	-	-	1,275,788	-	-	1,275,788	-	21,388	1,254,400
Accounts receivable - factoring	267,063	991,267	3,004,400	282,472	668,424	5,213,626	607,015	36,216	5,856,857	7,041	59,281	5,790,535
Others	2,310,917	1,766,963	2,184,924	142,737	1,997,036	8,402,577	26,339	626,801	9,055,717	573,466	40,197	8,442,054
Discounts and loans	292,982,421	141,348,685	388,360,761	50,367,684	6,513,762	879,573,313	9,468,175	5,994,791	895,036,279	1,511,277	10,931,997	882,593,005
Other financial asset												
Nonperforming receivables transferred other than loan	-	-	-	-	-	-	-	53,089	53,089	32,750	-	20,339

- b) Credit analysis by customer type for discounts and loans neither overdue nor impaired are as follows:

March 31, 2017	Neither Overdue Nor Impaired					
	Excellent	Good	Acceptable	Weak	No Ratings	Total
Consumer banking						
Mortgage	\$ 111,043,384	\$ 52,806,427	\$ 81,905,214	\$ 8,606,121	\$ -	\$ 254,361,146
Cash card	-	-	10	-	14	24
Micro credit	5,892,090	3,750,632	4,704,685	103,436	46,166	14,497,009
Others	84,638,610	34,669,199	41,081,008	4,981,711	4,814,399	170,184,927
Corporate banking						
Secured	529,804	4,101,497	147,311,366	22,498,890	-	174,441,557
Unsecured	49,747,179	51,329,458	170,982,467	23,596,168	204,614	295,859,886
Total	\$ 251,851,067	\$ 146,657,213	\$ 445,984,750	\$ 59,786,326	\$ 5,065,193	\$ 909,344,549

December 31, 2016	Neither Overdue Nor Impaired					
	Excellent	Good	Acceptable	Weak	No Ratings	Total
Consumer banking						
Mortgage	\$ 114,521,338	\$ 57,718,370	\$ 76,386,520	\$ 7,395,623	\$ -	\$ 256,021,851
Cash card	-	-	11	-	16	27
Micro credit	5,889,358	4,016,732	3,859,738	67,401	46,449	13,879,678
Others	84,877,531	38,770,706	38,256,379	4,227,678	4,933,356	171,065,650
Corporate banking						
Secured	531,819	4,377,803	149,595,907	19,510,777	-	174,016,306
Unsecured	36,880,512	53,005,444	160,303,742	22,082,240	227,035	272,498,973
Total	\$ 242,700,558	\$ 157,889,055	\$ 428,402,297	\$ 53,283,719	\$ 5,206,856	\$ 887,482,485

March 31, 2016	Neither Overdue Nor Impaired					
	Excellent	Good	Acceptable	Weak	No Ratings	Total
Consumer banking						
Mortgage	\$ 122,221,476	\$ 51,221,373	\$ 59,783,057	\$ 5,232,753	\$ 7	\$ 238,458,666
Cash card	-	-	9	-	27	36
Micro credit	5,179,848	3,934,973	3,608,662	72,381	54,193	12,850,057
Others	85,359,350	35,701,789	37,338,255	3,554,454	5,414,788	167,368,636
Corporate banking						
Secured	712,857	5,002,994	151,440,715	19,041,123	-	176,197,689
Unsecured	79,508,890	45,487,556	136,190,063	22,466,973	1,044,747	284,698,229
Total	\$ 292,982,421	\$ 141,348,685	\$ 388,360,761	\$ 50,367,684	\$ 6,513,762	\$ 879,573,313

c) Credit analysis for marketable securities

March 31, 2017	Neither Overdue Nor Impaired						Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Weak	No Ratings	Subtotal (A)					
Available-for-sale financial assets											
Investment in bonds	\$ 179,844,749	\$ 46,959,281	\$ 3,145,913	\$ -	\$ 1,294,925	\$ 231,244,868	\$ -	\$ 88,229	\$ 231,333,097	\$ 88,229	\$ 231,244,868
Investment in stocks and beneficial certificates	-	-	-	-	79,162	79,162	-	26,066	105,228	19,843	85,385
Held-to-maturity financial assets											
Investment in bonds	73,337,409	-	-	-	-	73,337,409	-	-	73,337,409	-	73,337,409
Other financial assets											
Investment in stocks	603,651	-	81,499	-	296,879	982,029	-	-	982,029	-	982,029
Investment in bonds	6,122,550	-	-	-	-	6,122,550	-	-	6,122,550	-	6,122,550
Others (Note)	1,793,496	111,595	455,171	-	155,361	2,515,623	-	4,264,445	6,780,068	1,931,552	4,848,516

December 31, 2016	Neither Overdue Nor Impaired						Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Weak	No Ratings	Subtotal (A)					
Available-for-sale financial assets											
Investment in bonds	\$ 177,191,908	\$ 54,151,187	\$ 5,240,577	\$ -	\$ 1,501,607	\$ 238,085,279	\$ -	\$ 92,688	\$ 238,177,967	\$ 92,688	\$ 238,085,279
Investment in stocks and beneficial certificates	-	-	-	-	219,120	219,120	-	32,280	251,400	21,154	230,246
Held-to-maturity financial assets											
Investment in bonds	78,132,231	-	-	-	-	78,132,231	-	-	78,132,231	-	78,132,231
Other financial assets											
Investment in stocks	635,221	-	81,499	-	297,820	1,014,540	-	-	1,014,540	-	1,014,540
Investment in bonds	6,458,477	-	-	-	-	6,458,477	-	-	6,458,477	-	6,458,477
Others (Note)	1,853,768	-	23,271	-	188,935	2,065,974	-	4,537,383	6,603,357	2,078,383	4,524,974

March 31, 2016	Neither Overdue Nor Impaired						Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)	Net Total (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Weak	No Ratings	Subtotal (A)					
Available-for-sale financial assets											
Investment in bonds	\$ 186,032,479	\$ 13,059,904	\$ 2,854,327	\$ -	\$ 2,204,661	\$ 204,151,371	\$ -	\$ -	\$ 204,151,371	\$ -	\$ 204,151,371
Investment in stocks and beneficial certificates	-	-	-	-	268,395	268,395	-	-	268,395	-	268,395
Held-to-maturity financial assets											
Investment in bonds	73,682,920	-	-	-	-	73,682,920	-	-	73,682,920	-	73,682,920
Other financial assets											
Investment in stocks	624,463	-	81,499	-	297,819	1,003,781	-	-	1,003,781	-	1,003,781
Investment in bonds	1,568,031	-	-	-	-	1,568,031	-	-	1,568,031	-	1,568,031
Others (Note)	2,991,684	1,471,284	-	-	257,560	4,720,528	-	4,558,463	9,278,991	2,289,567	6,989,424

Note: Other financial assets include unquoted beneficial certificates, time deposits not belonging to cash and cash equivalent, and purchases of PEM Group's instruments.

7) Aging analysis for overdue but unimpaired financial assets of Bank SinoPac and its subsidiaries

Delayed procedures by borrowers and other administrative reasons could result in financial assets becoming overdue without being impaired. According to Bank SinoPac and its subsidiaries' internal risk management policies, financial assets overdue within 90 days are not considered impairment loss (accounts receivable - factoring without advancement will also not to be considered impairment loss) unless other evidences provided.

Aging analysis for overdue but unimpaired financial assets is as follows:

Items	March 31, 2017			
	Overdue by Less Than One Month	Overdue by One to Three Months	Overdue by More Than Three Months	Total
Accounts receivables				
Credit card receivable	\$ 66,440	\$ 34,906	\$ -	\$ 101,346
Accounts receivable - factoring	152,542	11,585	225,756	389,883
Others	24,199	2,905	-	27,104
Discounts and loans				
Mortgage	5,075,683	261,635	-	5,337,318
Micro credit	445,006	26,076	-	471,082
Corporate banking	1,312,382	176,570	-	1,488,952
Others	3,242,286	119,252	-	3,361,538

Items	December 31, 2016			
	Overdue by Less Than One Month	Overdue by One to Three Months	Overdue by More Than Three Months	Total
Accounts receivables				
Credit card receivable	\$ 66,229	\$ 40,521	\$ -	\$ 106,750
Accounts receivable - factoring	809,752	21,327	228,149	1,059,228
Others	25,225	2,768	-	27,993
Discounts and loans				
Mortgage	4,161,183	195,667	-	4,356,850
Micro credit	466,822	31,510	-	498,332
Corporate banking	1,559,872	57,470	-	1,617,342
Others	2,743,951	186,807	-	2,930,758

Items	March 31, 2016			
	Overdue by Less Than One Month	Overdue by One to Three Months	Overdue by More Than Three Months	Total
Accounts receivables				
Credit card receivable	\$ 77,833	\$ 39,911	\$ -	\$ 117,744
Accounts receivable - factoring	273,297	101,287	232,431	607,015
Others	23,132	3,207	-	26,339
Discounts and loans				
Mortgage	4,512,049	211,150	-	4,723,199
Micro credit	455,165	30,301	-	485,466
Corporate banking	1,375,023	41,547	-	1,416,570
Others	2,660,684	182,256	-	2,842,940

8) Analysis of financial assets impairment

Analysis of the impairment of bond investments is summarized in Note 50, c, 6), c).

Analysis of the impairment of discounts, loans and receivables is summarized as follows:

Items		Discounts and Loans			Allowance for Credit Losses		
		March 31, 2017	December 31, 2016	March 31, 2016	March 31, 2017	December 31, 2016	March 31, 2016
With objective evidence of impairment	Individually assessed	\$ 1,336,308	\$ 1,283,563	\$ 2,128,809	\$ 161,526	\$ 167,484	\$ 280,906
	Collectively assessed	4,604,962	4,463,735	3,865,982	1,347,833	1,346,096	1,230,371
With no objective evidence of impairment	Collectively assessed	920,003,439	896,885,767	889,041,488	11,558,734	11,776,841	10,931,997

Items		Receivables			Allowance for Credit Losses		
		March 31, 2017	December 31, 2016	March 31, 2016	March 31, 2017	December 31, 2016	March 31, 2016
With objective evidence of impairment (Note 2)	Individually assessed	\$ 573,269	\$ 602,363	\$ 617,771	\$ 532,671	\$ 561,349	\$ 573,466
	Collectively assessed	1,167,704	1,197,676	1,251,823	213,676	211,771	169,339
With no objective evidence of impairment	Collectively assessed	36,500,045	34,913,002	51,515,263	318,429	303,007	574,365

Note 1: The loans and receivables exclude the amount of the allowance for credit losses and adjustments for discount (premiums).

Note 2: Nonperforming receivables transferred other than loans is included.

9) Management policies of collaterals assumed

Collaterals assumed are classified as other assets. According to regulations, Bank SinoPac should dispose of collaterals within four years and FENB, within five years. There are no assumed collaterals of Bank SinoPac and its subsidiaries as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively.

10) Disclosures prepared in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks

a) Overdue loans and receivables of Bank SinoPac

Date			March 31, 2017				
Items			Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured		\$ 1,191,581	\$ 151,786,132	0.79%	\$ 2,053,583	172.34%
	Unsecured		1,067,275	287,765,492	0.37%	3,997,485	374.55%
Consumer loan	Mortgage (Note 4)		392,421	258,917,713	0.15%	3,924,794	1,000.15%
	Cash card		23	10,258	0.22%	14,014	60,930.43%
	Micro credit (Note 5)		49,820	15,387,365	0.32%	188,781	378.93%
	Others (Note 6)	Secured	565,012	174,127,493	0.32%	1,899,778	336.24%
		Unsecured					
Total			3,266,132	887,994,453	0.37%	12,078,435	369.81%
			Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card			55,581	14,430,099	0.39%	221,153	397.89%
Accounts receivable - factoring with no recourse (Notes 7 and 8)			-	8,885,410	-	189,660	-



Date		March 31, 2016				
Items		Nonperforming Loan (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loan	Secured	\$ 1,217,168	\$ 154,410,535	0.79%	\$ 2,072,954	170.31%
	Unsecured	746,699	284,226,771	0.26%	3,919,939	524.97%
Consumer loan	Mortgage (Note 4)	316,987	242,073,162	0.13%	3,464,105	1,092.82%
	Cash card	41	13,181	0.31%	14,259	34,778.05%
	Micro credit (Note 5)	63,327	13,801,578	0.46%	237,848	375.59%
	Others (Note 6)					
	Secured	333,282	170,566,299	0.20%	1,817,948	545.47%
	Unsecured					
Total		2,677,504	865,091,526	0.31%	11,527,053	430.51%
		Overdue Receivables	Accounts Receivables	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card		51,917	15,931,280	0.33%	266,724	513.75%
Accounts receivable - factoring with no recourse (Notes 7 and 8)		-	5,911,742	-	98,902	-

Note 1: For loan business: Overdue loans represent the amounts of overdue loans reported in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans”.

For credit card business: Overdue receivables are regulated by the Banking Bureau letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loan business:  $NPL\ ratio = NPL / Total\ loans$ .

For credit card business:  $Delinquency\ ratio = Overdue\ receivables / Accounts\ receivables$ .

Note 3: For loan business:  $Coverage\ ratio = LLR / NPL$ .

For credit card business:  $Coverage\ ratio = Allowance\ for\ credit\ losses / Overdue\ receivables$ .

Note 4: Household mortgage loan is a financing to be used by a borrower to buy, build, or fix a dwelling, and the dwelling owned by the borrower, spouse, or children is used to fully secure the loan.

Note 5: Micro credit loan is regulated by the Banking Bureau letter dated December 19, 2005 (Ref. No. 09440010950) and is not credit and debit cards' micro credit loan.

Note 6: Others in consumer loans refers to secured or unsecured loans excluding mortgage, cash card, micro credit, and credit cards.

Note 7: For accounts receivable - factoring with no recourse, as required by the Banking Bureau letter dated July 19, 2005 (Ref. No. 0945000494), and allowance for bad debts is recognized once no compensation is made from factoring or insurance within three months.

Note 8: Part of nonperforming receivables transferred from other than loans was included.

b) Excluded NPLs and overdue receivables of Bank SinoPac

Date	March 31, 2017		March 31, 2016	
Items	Excluded NPL	Excluded Overdue Receivables	Excluded NPL	Excluded Overdue Receivables
As a result of debt negotiation and loan agreement (Note 1)	\$ 2,773	\$ 112,581	\$ 3,730	\$ 152,731
As a result of consumer debt clearance (Note 2)	8,497	734,389	7,889	742,777
Total	11,270	846,970	11,619	895,508

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreement is based on the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's letters dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

c) Concentration of credit extensions of Bank SinoPac

Year	March 31, 2017		
Rank (Note 1)	Industry Category (Note 2)	Total Credit Consists of Loans (Note 3)	Percentage of Net Worth (%)
1	A Group (manufacture of computers)	\$ 7,525,559	6.19
2	B Group (rolling and extruding of iron and steel)	7,204,579	5.93
3	C Group (ocean transportation)	5,683,490	4.68
4	D Group (manufacture of computers)	5,024,458	4.14
5	E Group (manufacture of computers)	4,522,300	3.72
6	F Group (manufacture of liquid crystal panel and components)	4,080,353	3.36
7	G Group (mechanics, telecommunications and electricity facilities installation)	4,004,463	3.30
8	H Group (wired telecommunications activities)	3,843,405	3.16
9	I Group (financial leasing)	2,366,887	1.95
10	J Group (real estate development activities)	2,218,280	1.83

<b>Year</b>	<b>March 31, 2016</b>		
<b>Rank (Note 1)</b>	<b>Industry Category (Note 2)</b>	<b>Total Credit Consists of Loans (Note 3)</b>	<b>Percentage of Net Worth (%)</b>
1	A Group (manufacture of computers)	\$ 6,878,285	5.93
2	B Group (manufacture of liquid crystal panel and components)	5,231,978	4.51
3	C Group (manufacture of computers)	4,892,764	4.22
4	D Group (manufacture of computers)	4,841,508	4.17
5	E Group (wholesale of computers, computer peripheral equipment and software)	4,721,184	4.07
6	F Group (ocean transportation)	4,338,707	3.74
7	G Group (banking)	4,293,446	3.70
8	H Group (wired telecommunications activities)	4,014,000	3.46
9	I Group (manufacture of computers and peripheral equipment)	3,584,104	3.09
10	J Group (manufacture of computers)	3,479,585	3.00

Note 1: Ranking of top 10 groups (excluding government or state-owned utilities) whose total credit consists of loans.

Note 2: Groups were those as defined in Articles 6 of the Supplementary Provision to the Taiwan Stock Exchange Corporation's Rules for Review of Securities Listings Law.

Note 3: Total credit is the sum of all loans (including import and export bills negotiated, discounts, overdrafts, short-term loans, short-term secured loans, marginal receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, and nonperforming loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantee deposit issued.

#### d. Liquidity risk management

##### 1) Definition of liquidity risk

Liquidity is the bank's ability to provide sufficient funding for asset growth and matured liabilities. Liquidity risk means the risk banks cannot obtain sufficient fund with reasonable cost and correct timing, and then suffer losses on earnings or capital.

The measures of enhancing cash liquidity are holding sufficient cash and highly liquid able securities, adjusting maturities differences, savings absorption or arranging borrowings, etc.

##### a) Strategies

Bank SinoPac established a sound liquidity risk managing system based on business' scale and characteristic, assets and liabilities' structure, funding strategies and diversity of funding sources to ensure it would have sufficient funding for obligations in normal or worst scenario.

##### b) Risk measurement

Bank SinoPac uses quantitative analysis to manage liquidity risk. Cash flow deficit and liquidity management goals are used as measure instruments to report monthly the analysis results to the assets and liabilities managing committee.

Stress testing is done to ensure Bank SinoPac would have sufficient funding for asset growth and matured liabilities despite any internal operating problems or adverse changes in the financial environment.

c) Risk monitoring

Bank SinoPac established a liquidity deficit limit and an early warning system to detect liquidity risk and take appropriate action at the right time.

Bank SinoPac has formed a crisis management team to handle any liquidity crisis. The general manager is the team convener, and the managers of the financial obligation department and the risk management department are the team members. The general manager can also assign the managers of related departments to join the team, depending on the situation. Members' rights and responsibilities are listed in "Bank SinoPac's Liquidity Risk Emergency Response Rule".

2) Maturity analysis of financial liabilities held to manage liquidity risk

a) Maturity analysis of non-derivative financial liabilities

Cash outflow analyses of non-derivative financial liabilities of Bank SinoPac, FENB and Bank SinoPac (China) are summarized in the following tables. The amounts are provided on a contract cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheets.

Bank Sinopac

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 37,579,700	\$ 12,033,039	\$ 1,463,238	\$ 715,804	\$ -	\$ 51,791,781
Securities sold under agreements to repurchase	3,255,995	191,758	-	-	-	3,447,753
Payables	5,790,038	433,619	453,130	898,399	1,945,082	9,520,268
Deposits and remittances	662,932,634	178,352,733	125,651,063	202,398,643	22,076,129	1,191,411,202
Bank debentures	35,279	2,355,984	180,227	7,461,490	36,794,396	46,827,376

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 16,999,389	\$ 11,107,723	\$ 625,306	\$ 552,490	\$ -	\$ 29,284,908
Securities sold under agreements to repurchase	1,645,378	191,627	-	-	-	1,837,005
Payables	8,317,337	754,671	344,964	146,243	2,352,810	11,916,025
Deposits and remittances	681,522,389	207,780,438	122,454,028	185,838,434	22,466,311	1,220,061,600
Bank debentures	71,279	157,801	119,959	8,672,064	35,367,528	44,388,631

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 59,299,776	\$ 6,706,351	\$ 83,340	\$ 2,850,681	\$ -	\$ 68,940,148
Securities sold under agreements to repurchase	2,432,765	374,057	242,604	6,162	-	3,055,588
Payables	3,895,183	1,845,810	446,056	1,008,502	2,016,533	9,212,084
Deposits and remittances	652,579,528	144,574,595	112,066,608	195,258,846	22,967,754	1,127,447,331
Bank debentures	5,724,163	97,879	186,179	493,119	42,586,371	49,087,711
Other financial liabilities - certificates of deposit	-	-	456,448	-	-	456,448

FENB

(In Thousands of U.S. Dollars)

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	\$ 1,899	\$ -	\$ -	\$ -	\$ -	\$ 1,899
Payables	14,814	1	-	-	-	14,815
Deposits and remittances	553,483	50,140	79,633	84,435	53,534	821,225
Federal Home Loan Banks Fund	24	48	73	5,145	25,037	30,327

(In Thousands of U.S. Dollars)

<b>December 31, 2016</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 1,869	\$ -	\$ -	\$ -	\$ -	\$ 1,869
Payables	22,721	1	1	-	-	22,723
Deposits and remittances	560,433	109,588	85,385	96,012	51,424	902,842
Federal Home Loan Banks Fund	24	48	73	145	30,108	30,398

(In Thousands of U.S. Dollars)

<b>March 31, 2016</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 1,503	\$ -	\$ -	\$ -	\$ -	\$ 1,503
Payables	14,991	1	1	2	1	14,996
Deposits and remittances	513,124	32,894	134,954	195,326	79,291	955,589
Federal Home Loan Banks Fund	24	48	73	145	30,327	30,617

### Bank SinoPac (China)

(In Thousands of U.S. Dollars)

<b>March 31, 2017</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 84,112	\$ 2,352	\$ 25,567	\$ -	\$ -	\$ 112,031
Payables	4,524	-	131	622	2	5,279
Deposits and remittances	131,076	30,201	101,589	23,091	13,681	299,638

(In Thousands of U.S. Dollars)

<b>December 31, 2016</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 35,126	\$ 10,038	\$ -	\$ -	\$ -	\$ 45,164
Payables	5,909	2,554	13	5	-	8,481
Deposits and remittances	168,413	187,221	23,884	23,876	13,862	417,256

(In Thousands of U.S. Dollars)

<b>March 31, 2016</b>	<b>0-30 Days</b>	<b>31-90 Days</b>	<b>91-180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Deposits from the Central Bank and other banks	\$ 32,017	\$ 18,431	\$ 20,166	\$ 10,000	\$ 90,000	\$ 170,614
Payables	5,122	816	119	645	-	6,702
Deposits and remittances	49,413	28,641	58,765	19,193	2,739	158,751

### b) Maturity analysis of derivative financial liabilities

A hedging derivative financial instrument is managed within the contract period and it is disclosed as undiscounted cash flow based on its maturity. Bank SinoPac and FENB use derivative financial liabilities at fair value through profit or loss mainly to accommodate customers' needs and manage their own exposure positions and disclosed at fair value based on shortest period.

## Bank SinoPac

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss	\$ 16,047,586	\$ -	\$ -	\$ -	\$ -	\$ 16,047,586

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss	\$ 21,084,744	\$ -	\$ -	\$ -	\$ -	\$ 21,084,744

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss	\$ 20,323,268	\$ -	\$ -	\$ -	\$ -	\$ 20,323,268

## FENB

(In Thousands of U.S. Dollars)

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivatives financial liabilities - hedging						
Derivative interest rate instrument	\$ 910	\$ 115	\$ 172	\$ 344	\$ 1,245	\$ 2,786

(In Thousands of U.S. Dollars)

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivatives financial liabilities - hedging						
Derivative interest rate instrument	\$ 742	\$ 119	\$ 164	\$ 350	\$ 1,411	\$ 2,786

(In Thousands of U.S. Dollars)

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss	\$ 50	\$ 1	\$ -	\$ -	\$ -	\$ 51
Derivatives financial liabilities - hedging						
Derivative interest rate instrument	298	156	238	473	2,644	3,809

Note: Derivative interest rate instrument is settled at net amount.

### 3) Maturity analysis of off-balance sheet items

Maturity analysis of off-balance sheet items are summarized in the following tables. Financial guarantee contracts of Bank SinoPac that assume full amount are available or require to execute at the earliest time. The amounts are provided on a contract cash flow basis so some of the amounts will not match the amounts in the consolidated balance sheets.

March 31, 2017	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 268,795	\$ 889,231	\$ 1,428,212	\$ 1,834,993	\$ 13,265,222	\$ 17,686,453
Guarantees	3,498,145	4,050,473	2,678,738	1,842,714	3,484,941	15,555,011
Standby letter of credit	929,626	2,065,602	659,522	16,841	-	3,671,591

December 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 106,876	\$ 606,862	\$ 1,160,387	\$ 4,096,209	\$ 12,642,628	\$ 18,612,962
Guarantees	2,757,620	1,870,727	5,282,837	2,556,058	3,107,905	15,575,147
Standby letter of credit	1,072,102	2,032,863	140,272	59,602	-	3,304,839

March 31, 2016	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year	Total
Undrawn loan commitments	\$ 357,657	\$ 1,606,268	\$ 1,546,126	\$ 2,518,545	\$ 11,356,244	\$ 17,384,840
Guarantees	2,697,833	2,282,523	2,651,575	3,588,373	7,869,581	19,089,885
Standby letter of credit	1,174,441	2,224,075	721,994	127,627	-	4,248,137

4) Maturity analysis of operating lease commitments

Operating lease commitment is the minimum lease payment when Bank SinoPac and its subsidiaries are lessee or lessor with non-cancelling condition.

Maturity analysis of operating lease commitments is summarized as follows:

March 31, 2017	Less than 1 Year	1-5 Years	Over 5 Years	Total
Operating lease commitments				
Operating lease expense (lessee)	\$ 602,727	\$ 926,106	\$ 88,269	\$ 1,617,102
Operating lease income (lessor)	72,815	139,905	-	212,720
Financial lease expense total amount (lessee)	97	332	-	429
Financial lease expense present value (lessee)	77	301	-	378

December 31, 2016	Less than 1 Year	1-5 Years	Over 5 Years	Total
Operating lease commitments				
Operating lease expense (lessee)	\$ 623,567	\$ 959,457	\$ 82,178	\$ 1,665,202
Operating lease income (lessor)	76,382	144,501	-	220,883
Financial lease expense total amount (lessee)	97	357	-	454
Financial lease expense present value (lessee)	76	321	-	397

March 31, 2016	Less than 1 Year	1-5 Years	Over 5 Years	Total
Operating lease commitments				
Operating lease expense (lessee)	\$ 556,866	\$ 1,014,249	\$ 125,854	\$ 1,696,969
Operating lease income (lessor)	68,488	65,242	1,952	135,682
Financial lease expense total amount (lessee)	97	389	41	527
Financial lease expense present value (lessee)	73	338	40	451

5) Disclosures prepared in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of assets and liabilities of Bank SinoPac (New Taiwan dollars)

	March 31, 2017						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 1,367,907,310	\$ 170,662,540	\$ 188,612,251	\$ 246,778,170	\$ 112,837,308	\$ 95,133,230	\$ 553,883,811
Main capital outflow on maturity	1,704,602,102	102,647,676	133,920,095	314,486,162	237,251,068	347,115,332	569,181,769
Gap	(336,694,792)	68,014,864	54,692,156	(67,707,992)	(124,413,760)	(251,982,102)	(15,297,958)

	March 31, 2016						
	Total	0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 1,325,464,681	\$ 152,962,311	\$ 231,660,608	\$ 218,342,578	\$ 110,262,299	\$ 113,063,571	\$ 499,173,314
Main capital outflow on maturity	1,642,894,732	103,423,801	180,227,669	248,894,064	245,284,813	338,324,642	526,739,743
Gap	(317,430,051)	49,538,510	51,432,939	(30,551,486)	(135,022,514)	(225,261,071)	(27,566,429)

Note: The amounts shown in this table are Bank SinoPac's position denominated in NTD.

b) Maturity analysis of assets and liabilities of Bank SinoPac (U.S. dollars)

(In Thousands of U.S. Dollars)

	March 31, 2017					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 33,460,839	\$ 10,589,383	\$ 9,145,241	\$ 5,522,928	\$ 4,707,163	\$ 3,496,124
Main capital outflow on maturity	33,904,481	9,350,820	10,011,534	6,044,425	5,752,006	2,745,696
Gap	(443,642)	1,238,563	(866,293)	(521,497)	(1,044,843)	750,428

(In Thousands of U.S. Dollars)

	March 31, 2016					
	Total	0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	\$ 32,610,691	\$ 10,544,435	\$ 7,926,448	\$ 7,069,079	\$ 4,492,250	\$ 2,578,479
Main capital outflow on maturity	32,883,981	9,893,551	8,639,649	6,021,967	5,486,207	2,842,607
Gap	(273,290)	650,884	(713,201)	1,047,112	(993,957)	(264,128)

Note: The amounts shown in this table are Bank SinoPac's position denominated in USD.

e. Market risk

1) Definition of market risk

Market risk arises from market changes (such as those referring to interest rates, exchange rates, equity securities and commodity prices) which may cause the fluctuation of a financial instrument's fair value or future cash flow. Bank SinoPac's net revenue and investment portfolio value may fluctuate when risk factors above change.

The main market risks Bank SinoPac should overcome pertain to interest rate, exchange rate and equity securities. Interest rate risks primarily refer to bonds and interest rate related derivative instruments such as fixed rate and floating rate interest rate swaps and bond options; the exchange rate risk refers to foreign currency investments Bank SinoPac holds such as exchange rate related derivative instruments and foreign currency bonds; equity securities risk includes listed stocks, emerging stocks, and equity related derivative financial instruments.



## 2) Management strategies and procedures

To follow the “Market Risk Management Rule” and other regulations, Bank SinoPac established standards for risk identification, measurement, supervision and reporting to set up appropriate risk management framework for every kind of market risk.

In accordance with the risk management limit approved by the board of directors, Bank SinoPac supervises every loss limit and position at risk such as interest rate, exchange rate, equity security, spot trading and forward contract, option, future, swap, and related sensitivity information derived from spot trading to confirm that market risk exposure is accepted to Bank SinoPac.

Bank SinoPac separates its transactions into hedge and non-hedge on the basis of trading purposes. For hedge transactions, Bank SinoPac should measure hedge relations, risk management goals and hedge strategies. Bank SinoPac should also perform hedge testing for hedging effectiveness.

## 3) Organization and framework

The board of directors is the top supervision and decision making level of Bank SinoPac; it determines every risk management procedure and limit on the basis of its operating strategy and the business environment.

Bank SinoPac also set up a risk management department headed by a general manager to establish risk managing principles, regulate risk managing policies, and plan and set up a risk management system.

Following the internal control and segregation of duties principles, Bank SinoPac had certain related functions with market risk exposures transformed into three independent departments: Trading, risk control and settlement departments, usually called front office, middle office and back office. Nevertheless the risk management department remains in charge of market risk control, i.e., it is responsible for identifying measuring, controlling and reporting market risk.

## 4) Market risk control procedure

### a) Identification and measurement

Risk measurement includes exposures changes in the market of interest rates, exchange rates, and equity securities, which affect spot trading and forward exchange, option, futures, and swap transactions or related combined transactions derived from spot trading. Bank SinoPac set up appropriate market risk limits based on commodity category, characteristic and complexity. The limits are the nominal exposure limit, the risk factor sensitivity limit of options as measured by Delta/Vega/DV01 and the loss control limit. These limits are calculated by the risk control department through measurements (such as those of the Black & Scholes Model) provided by financial data and company information providers (e.g., Murex and Bloomberg) based on market prices.

### b) Supervision and reporting

Bank SinoPac’s market risk management department prepares risk management reports such as those on daily market valuations, value at risk and risk limits. If the risk is over the limit, the department should report this situation to the transaction department and appropriate managers in the risk management department. The department should also collect and organize bank market risk exposure information, risk value, risk limit rules, and information on situations in which limits are exceeded, analyze security investments, and submit regularly to the board of directors reports on the collected information and security investment analysis.

## 5) Trading book risk management policies

### a) Definitions

The trading book is an accounting book of the financial instruments and physical commodities held for trading or hedged by Bank SinoPac. Held-for-trading position refers to revenues earned from practical or impractical trading differences. Positions that should not be recorded in the trading book are recorded in the banking book.

### b) Strategies

Bank SinoPac earns revenues from trading spreads or fixed arbitrage debt and equity instruments are held for short periods of time, purchased with the intention of profiting from short-term price changes through properly control short-term fluctuation of market risk factors (interest rate, exchange rate and stock price). It executes hedge transactions as needed.

### c) Policies and procedures

Bank SinoPac carries out “Market Risk Management Policy” to control market risk.

Under the above policy, traders may autonomously operate and manage positions within the range of authorized limits and the approved trading strategy. The market risk management department supervises trading positions (including limit, liquidity, the ability to establish hedge positions and investment portfolio risk) based on market information and evaluates market information quality, acquirability, liquidity and scale which are calculated into the pricing model.

### d) Assessment policies

Bank SinoPac assesses financial instruments once a day on the basis of information obtained from independent sources if market prices are acquirable. If Bank SinoPac assesses financial instruments using a pricing model, it should be careful in making mathematical calculations and should review the pricing model’s assumptions and parameters regularly.

### e) Measurements

- i. The risk valuation and calculation methods are described in Note 50, e, 10).
- ii. The calculation of the nominal exposure amount and the risk factor sensitivity value Delta/Vega/DV01 is done through the trading systems.
- iii. Bank SinoPac makes stress tests using a light scenario (change in interest rate  $\pm 100$  bp, change in securities  $\pm 15\%$  and change in exchange rate  $\pm 3\%$ ) and serious scenario (change in interest rate  $\pm 200$  bp, change in securities  $\pm 30\%$  and change in exchange rate  $\pm 6\%$ ) and reports the stress test results to the board of directors.

## 6) Trading book interest rate risk management

### a) Definitions

Interest rate risk refers to a decrease in earnings and value of financial instruments due to adverse interest rate fluctuations. Major instruments with interest rate risk include securities and derivative instruments.

b) Procedures

Bank SinoPac has a trading limit and a stop-loss limit (which should be applied to trading instrument by the dealing room and dealers) based on management strategy and market conditions; limits have been approved by the board of directors.

c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 50, e, 10).
- ii. DV01 is used daily to measure the impact of interest rate changes on investment portfolios.

7) Trading book exchange rate risk management

a) Definitions

Exchange rate risk refers to the incurrence of loss from the exchange of currencies in different timing. Bank SinoPac's major financial instruments exposed to exchange rate risk spot contract, forward contracts, and FX option.

b) Policies and procedures

To control the exchange rate risk, Bank SinoPac sets trading limit and stop-loss limit and requires the dealing room, dealers, etc., to observe these limits.

c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 50, e, 10).
- ii. Exposure positions are measured daily for the impact of exchange rate changes on investment portfolio value.

8) Trading book equity risk management

a) Definitions

Market risk of equity securities includes individual risk which arises from volatility of market price on individual equity securities and general market risk which arises from volatility of overall market price.

b) Procedures

To control equity risk, Bank SinoPac sets investment position limits and stop-loss limits. The limits are approved by the board of directors. Within the limit of authority, Bank SinoPac sets investment position limits and stop-loss limits for each dealer.

c) Measurements

- i. The risk valuation assumptions and calculation methods are described in Note 50, e, 10).
- ii. Exposure positions are measured daily to measure the impact of equity risk on investment portfolio value due from equity risk.

## 9) Banking book interest rate risk management

Banking book interest rate risk refers to the decrease in the value of the banking book portfolio due to unfavorable interest rate changes. The banking book interest rate risk is not related to the interest rate position shown in the trading book.

Through managing the banking book interest rate risk, Bank SinoPac can measure and manage the risk to earnings and financial position caused by interest rate fluctuations.

### a) Strategies

To reduce the negative effect of interest rate changes on net interest revenue and economic value, Bank SinoPac adjusts positions within certain limits for better performance. It reviews the interest rate sensitivity regularly to create maximum profit and manage interest rate risk.

### b) Risk measurement

Risk measurement refers to the interest rate risk of assets, liabilities, and off-balance-sheet positions. Bank SinoPac periodically reports interest rate sensitivity positions and measures the impact of interest rate fluctuations on interest rate-sensitive assets and net interest revenue.

### c) Risk monitoring

The asset and liability management committee examines and monitors exposure to interest rate risk on the basis of the measurement provided by the risk management sector.

If the risk exposure condition exceeds the limit or target value, the risk management sector should investigate how this condition arose and notify the executive division accordingly. The executive division coordinates with relevant divisions to find solutions to problems. The asset and liability management committee will evaluate solutions for effectiveness. If evaluation results are positive, the relevant division will apply the solutions.

## 10) Market risk measurement technique

### Value at Risk (VaR)

Bank SinoPac uses the Risk Manager system and stress testing to measure its investment portfolio risk and uses several hypotheses about market conditions to measure market risk and expected maximum loss of holding positions. Bank SinoPac's board of directors has set a VaR limit. The VaR is controlled daily by the market risk management sector and is a widely used risk measure of the risk of loss on a specific portfolio of financial assets.

VaR is the statistical estimate of the potential loss of holding positions due to unfavorable market conditions. For Bank SinoPac, VaR refers to a fall in value of its holding position in a day, with a 99% confidence level. Bank SinoPac uses VaR and the Monte Carlo simulation method to derive quantitative measures for the market risks of the holding positions under normal conditions. The calculated result is used to test and monitor the validity of parameters and hypotheses periodically. However, the use of the VaR cannot prevent loss caused by huge unfavorable changes in market conditions.

Bank SinoPac considers the expected maximum loss, target profit, and operating strategy in setting the VaR, which is proposed by the market risk management sector and approved by the board of directors.

Bank SinoPac's trading book VaR overview

	<b>For the Three Months Ended March 31, 2017</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	12,954	23,804	6,491
Interest rate risk	114,715	178,649	63,850
Equity risk	-	-	-
Total VaR	119,131	180,422	68,804

Note 1: Estimated VaR: Time frame = 1 day, confidence level = 99%, decay factor = 0.94.

Note 2: Historical data period: 2017.01.04 - 2017.03.31

	<b>For the Three Months Ended March 31, 2016</b>		
	<b>Average</b>	<b>Maximum</b>	<b>Minimum</b>
Exchange rate risk	25,823	62,289	10,431
Interest rate risk	89,635	113,528	73,700
Equity risk	1,867	3,067	900
Total VaR	97,850	123,119	78,999

Note 1: Estimated VaR: Time frame = 1 day, confidence level = 99%, decay factor = 0.94.

Note 2: Historical data period: 2016.01.04 - 2016.03.31

11) Exchange rate risks

Exchange rate risks of holding net positions in foreign currencies are shown as below:

	<b>March 31, 2017</b>		
	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Converted to NTD</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 5,816,981	30.34471	\$ 176,514,615
CNY	15,821,110	4.41147	69,794,353
Nonmonetary items			
USD	120,575	30.34471	3,658,804
<u>Financial liabilities</u>			
Monetary items			
USD	9,404,918	30.34471	285,389,509
CNY	15,568,012	4.41147	68,677,818

December 31, 2016			
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,214,162	32.28629	\$ 297,491,108
CNY	16,685,453	4.63442	77,327,399
Nonmonetary items			
USD	120,438	32.28629	3,888,496
<u>Financial liabilities</u>			
Monetary items			
USD	10,677,847	32.28629	344,748,065
CNY	15,914,676	4.63442	73,755,293
March 31, 2016			
	Foreign Currency (In Thousands)	Exchange Rate	Converted to NTD
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,635,931	32.28251	\$ 278,789,536
CNY	14,709,777	4.98614	73,345,006
Nonmonetary items			
USD	116,264	32.28251	3,753,294
<u>Financial liabilities</u>			
Monetary items			
USD	9,797,479	32.28251	316,287,214
CNY	15,027,821	4.98614	74,930,819

12) Compliance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Interest rate sensitivity information (New Taiwan dollars)

March 31, 2017

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 863,454,008	\$ 32,281,171	\$ 59,300,913	\$ 93,774,932	\$ 1,048,811,024
Interest rate-sensitive liabilities	310,345,147	447,011,548	109,479,602	48,637,597	915,473,894
Interest rate-sensitive gap	553,108,861	(414,730,377)	(50,178,689)	45,137,335	133,337,130
Net worth					121,596,336
Ratio of interest rate-sensitive assets to liabilities (%)					114.56%
Ratio of interest rate-sensitive gap to net worth (%)					109.66%

**March 31, 2016**

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 826,257,402	\$ 30,149,069	\$ 59,118,724	\$ 121,749,575	\$ 1,037,274,770
Interest rate-sensitive liabilities	315,694,307	423,910,172	109,980,596	52,627,445	902,212,520
Interest rate-sensitive gap	510,563,095	(393,761,103)	(50,861,872)	69,122,130	135,062,250
Net worth					115,726,385
Ratio of interest rate-sensitive assets to liabilities (%)					114.97%
Ratio of interest rate-sensitive gap to net worth (%)					116.71%

Note 1: The above amounts include only New Taiwan dollars held by Bank SinoPac and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities are affected by interest rate changes.

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

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

b) Interest rate sensitivity information (U.S. dollars)

**March 31, 2017**

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 5,859,700	\$ 343,355	\$ 228,834	\$ 1,254,017	\$ 7,685,906
Interest rate-sensitive liabilities	3,593,645	4,915,147	714,069	15,320	9,238,181
Interest rate-sensitive gap	2,266,055	(4,571,792)	(485,235)	1,238,697	(1,552,275)
Net worth					(6,001)
Ratio of interest rate-sensitive assets to liabilities (%)					83.20%
Ratio of interest rate-sensitive gap to net worth (%)					25,866.94%

**March 31, 2016**

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	\$ 5,089,922	\$ 270,003	\$ 94,428	\$ 373,766	\$ 5,828,119
Interest rate-sensitive liabilities	3,034,144	3,847,358	526,106	25,620	7,433,228
Interest rate-sensitive gap	2,055,778	(3,577,355)	(431,678)	348,146	(1,605,109)
Net worth					5,792
Ratio of interest rate-sensitive assets to liabilities (%)					78.41%
Ratio of interest rate-sensitive gap to net worth (%)					(27,712.52%)

Note 1: The above amounts include only USD held by Bank SinoPac and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earnings assets and interest-bearing liabilities are affected by interest-rate changes.

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

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

### 13) Transfers of financial assets

The transferred financial assets of Bank SinoPac and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under agreements to repurchase.

The transaction transfers the contractual rights to receive the cash flows of the financial assets but Bank SinoPac and its subsidiaries retain the liabilities to repurchase the transferred financial assets at fixed price in the future period.

Bank SinoPac and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, Bank SinoPac and its subsidiaries still bear the interest rate risk and credit risk; thus, Bank SinoPac and its subsidiaries do not derecognize it.

The analysis of financial assets and related liabilities that did not completely meet derecognizing condition is shown in following table:

Category of Financial Asset	March 31, 2017				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through profit or loss Transactions under agreements to repurchase	\$ 1,504,904	\$ 1,505,593	\$ 1,504,904	\$ 1,505,593	\$ (689)
Held-to-maturity financial assets Transactions under agreements to repurchase	1,655,045	1,500,000	1,658,395	1,500,000	158,395

Category of Financial Asset	December 31, 2016				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Held-to-maturity financial assets Transactions under agreements to repurchase	\$ 1,331,772	\$ 1,300,000	\$ 1,332,995	\$ 1,300,000	\$ 32,995

Category of Financial Asset	March 31, 2016				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Financial assets at fair value through profit or loss Transactions under agreements to repurchase	\$ 1,089,712	\$ 1,090,772	\$ 1,089,712	\$ 1,090,772	\$ (1,060)
Held-to-maturity financial assets Transactions under agreements to repurchase	1,300,187	1,300,000	1,306,767	1,300,000	6,767

### 14) Offsetting of financial assets and financial liabilities

Bank SinoPac and its subsidiaries did not hold financial instruments covered by Section 42 of the IAS 32 “Financial Instruments: Presentation” endorsed by the Financial Supervisory Commission; thus, it made an offset of financial assets and liabilities and reported the net amount in the balance sheet.



Bank SinoPac and its subsidiaries engages in transactions on the following financial assets and liabilities that are not subject to balance sheet offsetting based on IAS 32 but are under master netting arrangements or similar agreements. These agreements allow both Bank SinoPac and its subsidiaries and its counterparties to opt for the net settlement of financial assets and financial liabilities. If one party defaults, the other one may choose net settlement.

The netting information of financial assets and financial liabilities is set out below:

March 31, 2017

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 13,788,301	\$ -	\$ 13,788,301	\$ 7,116,480	\$ 674,182	\$ 5,997,639
Securities purchased under agreements to resell	8,254,417	-	8,254,417	8,254,417	-	-
	<u>\$ 22,042,718</u>	<u>\$ -</u>	<u>\$ 22,042,718</u>	<u>\$ 15,370,897</u>	<u>\$ 674,182</u>	<u>\$ 5,997,639</u>

  

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments	Cash Collaterals Pledged	
Derivative instruments	\$ 15,997,102	\$ -	\$ 15,997,102	\$ 7,507,779	\$ 481,156	\$ 8,008,167
Securities sold under agreements to repurchase	3,447,547	-	3,447,547	3,447,547	-	-
	<u>\$ 19,444,649</u>	<u>\$ -</u>	<u>\$ 19,444,649</u>	<u>\$ 10,955,326</u>	<u>\$ 481,156</u>	<u>\$ 8,008,167</u>

Note: Including netting settlement agreements and non-cash financial collaterals.

December 31, 2016

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 20,909,348	\$ -	\$ 20,909,348	\$ 13,216,187	\$ 819,461	\$ 6,873,700
Securities purchased under agreements to resell	7,861,758	-	7,861,758	7,861,758	-	-
	<u>\$ 28,771,106</u>	<u>\$ -</u>	<u>\$ 28,771,106</u>	<u>\$ 21,077,945</u>	<u>\$ 819,461</u>	<u>\$ 6,873,700</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments	Cash Collaterals Pledged	
Derivative instruments	\$ 21,074,690	\$ -	\$ 21,074,690	\$ 14,528,240	\$ 741,206	\$ 5,805,244
Securities sold under agreements to repurchase	<u>1,836,801</u>	<u>-</u>	<u>1,836,801</u>	<u>1,836,801</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,911,491</u>	<u>\$ -</u>	<u>\$ 22,911,491</u>	<u>\$ 16,365,041</u>	<u>\$ 741,206</u>	<u>\$ 5,805,244</u>

Note: Including netting settlement agreements and non-cash financial collaterals.

### March 31, 2016

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Received as Collaterals	
Derivative instruments	\$ 16,810,897	\$ -	\$ 16,810,897	\$ 11,230,455	\$ 108,512	\$ 5,471,930
Securities purchased under agreements to resell	<u>11,757,088</u>	<u>-</u>	<u>11,757,088</u>	<u>11,757,088</u>	<u>-</u>	<u>-</u>
	<u>\$ 28,567,985</u>	<u>\$ -</u>	<u>\$ 28,567,985</u>	<u>\$ 22,987,543</u>	<u>\$ 108,512</u>	<u>\$ 5,471,930</u>

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments	Cash Collaterals Pledged	
Derivative instruments	\$ 20,309,770	\$ -	\$ 20,309,770	\$ 12,441,115	\$ 365,528	\$ 7,503,127
Securities sold under agreements to repurchase	<u>3,055,198</u>	<u>-</u>	<u>3,055,198</u>	<u>3,055,198</u>	<u>-</u>	<u>-</u>
	<u>\$ 23,364,968</u>	<u>\$ -</u>	<u>\$ 23,364,968</u>	<u>\$ 15,496,313</u>	<u>\$ 365,528</u>	<u>\$ 7,503,127</u>

Note: Including netting settlement agreements and non-cash financial collaterals.

## **SinoPac Securities Corporation**

### a. Risk management organization

SinoPac Securities Corporation (SinoPac Securities) has a risk management committee under the board of directors. The committee is in charge of deliberating risk management policy, regulation and overall risk limitation. It helps the board of directors supervise all the risk management - related operations. Further, it set up a risk management division that is headed by manager and is responsible for planning, managing, assessing and executing daily risk management. The committee deliberates each policy, principle and regulation, which are presented to the board of directors for final approval and executed by the risk management division. The risk management division reviews the results and performance of the risk management committee.

b. Goal and policy of risk management

SinoPac Securities and its subsidiaries' objectives and policies of risk management are based on the concept of capital allocation to define the overall total exposure limit. Under this concept and risk management principles, SinoPac Securities and its subsidiaries pursues steady growth within a certain level of risk.

1) Market risk

Market risk refers to the possible loss due to the change in market price of a financial instrument as a result of change in such factors as market interest rates, exchange rates, share prices and consumer goods. The financial instruments held by SinoPac Securities and its subsidiaries include equity securities, bonds, derivatives and foreign currency - denominated commodities.

SinoPac Securities and its subsidiaries applies the concept of risk capital allocation in use to set the overall operating limit and market risk limit through the monitoring of limits, loss advisories and statistical measures to keep an eye on and control market risk in time. Moreover, for the efficient management of market risk, a regular assessment should be presented to the managerial level and board of directors.

SinoPac Securities and its subsidiaries use value-at-risk (VaR), a statistical measure to estimate and manage market risk. Through a regular stress test, sensitivity test and feedback test, SinoPac Securities will be able to verify the validity of the risk management system. SinoPac Securities and its subsidiaries uses a risk managing tool, risk manager, designed by an internationally renowned institution, MSCI. The system provides more solid, precise quantitative indices and other tools for a more effective risk evaluation.

a) Value-at-risk (VaR)

VaR is a statistical measure that estimates potential losses and is defined as the predicted worst-scenario case due to changes in risk factors under normal circumstances over a specified period and at a specific level of statistical confidence. The VaR is calculated at a 99% confidence level for a one-day holding period, using changes in historical rates and prices.

The table below shows the result of SinoPac Securities and its subsidiaries' VaR measure using a 99% confidence level.

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Equities	<u>\$ 57,714</u>	<u>\$ 55,192</u>	<u>\$ 48,036</u>
Interest rate risk	<u>\$ 72,419</u>	<u>\$ 69,638</u>	<u>\$ 65,218</u>
General	<u>\$ 77,956</u>	<u>\$ 110,645</u>	<u>\$ 77,043</u>
Net worth ratio	<u>0.31%</u>	<u>0.43%</u>	<u>0.30%</u>

<b>For the Three Months Ended March 31</b>						
	<b>2017</b>			<b>2016</b>		
	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Average</b>	<b>Minimum</b>	<b>Maximum</b>
Equities	\$ 45,560	\$ 36,574	\$ 57,714	\$ 65,517	\$ 46,800	\$ 119,338
Interest rate risk	55,378	44,037	72,419	72,148	46,743	115,729

Foreign exchange rate risk is mainly due to the purchase of foreign currency-denominated assets. SinoPac Securities and its subsidiaries use certain agreed-upon proximal and distal exchanging points on currency swap contracts to manage foreign exchange risk, so the risk is rather low.

The table below shows the foreign currency-denominated assets and liabilities as of the balance sheet date.

**(Foreign Currency/New Taiwan Dollars in Thousands)**

	<b>March 31, 2017</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u><b>Assets</b></u>			
Monetary items			
USD	\$ 2,050,441	30.343	\$ 62,215,811
HKD	5,104,548	3.905	19,933,193
CNY	1,136,661	4.411	5,014,129
EUR	161,212	32.445	5,230,446
GBP	6,560	37.800	247,969
AUD	60,976	23.233	1,416,676
SGD	3,833	21.722	83,260
CAD	437	22.756	9,939
JPY	1,838,869	0.271	498,882
NZD	1,755	21.193	37,203
ZAR	39,841	2.253	89,765
KRW	208,842	0.027	5,666
YTL	231	8.369	1,934
THB	1	0.881	1
MXN	4	1.627	7
Nonmonetary items			
USD	538	30.371	16,341
HKD	4,198	3.905	16,393
CNY	39	4.411	172
GBP	18	37.833	684
<u><b>Liabilities</b></u>			
Monetary items			
USD	1,814,788	30.343	55,065,452
HKD	3,643,975	3.905	14,229,531
CNY	707,394	4.411	3,120,487
EUR	143,342	32.442	4,650,345
GBP	249	37.830	9,427
AUD	44,164	23.233	1,026,072
SGD	191	21.719	4,150
CAD	410	22.756	9,339
JPY	2,087,522	0.271	566,487
NZD	1,597	21.594	34,484
KRW	5	0.027	-
YTL	230	8.370	1,925
Nonmonetary items			
USD	65	30.345	1,965

December 31, 2016			
	Foreign Currency	Exchange Rate	NTD
<u>Assets</u>			
Monetary items			
USD	\$ 1,728,781	32.279	\$ 55,802,909
HKD	3,657,288	4.162	15,223,362
CNY	1,201,872	4.634	5,569,190
EUR	235,203	33.865	7,965,238
GBP	4,458	39.578	176,431
AUD	46,557	23.321	1,085,735
SGD	3,465	22.306	77,298
CAD	1,034	23.928	24,750
JPY	1,916,850	0.276	528,266
NZD	554	22.432	12,432
ZAR	17,944	2.370	42,521
KRW	138,076	0.027	3,703
YTL	230	8.518	1,959
THB	1	0.901	1
Nonmonetary items			
USD	439	32.288	14,178
HKD	4,583	4.163	19,080
CNY	377	4.634	1,748
GBP	18	39.577	715
<u>Liabilities</u>			
Monetary items			
USD	1,577,504	32.281	50,923,541
HKD	2,710,433	4.162	11,281,394
CNY	534,394	4.633	2,476,093
EUR	119,670	33.868	4,052,944
GBP	210	39.584	8,301
AUD	33,985	23.321	792,551
SGD	173	22.303	3,865
CAD	1,008	23.928	24,124
JPY	2,166,343	0.276	597,757
NZD	405	22.475	9,113
YTL	230	8.517	1,959
Nonmonetary items			
USD	117	32.286	3,790

	<b>March 31, 2016</b>		
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>NTD</b>
<u>Assets</u>			
Monetary items			
USD	\$ 1,093,810	32.260	\$ 35,285,942
HKD	2,338,182	4.161	9,729,868
CNY	1,252,373	4.986	6,244,070
EUR	100,613	36.609	3,683,406
GBP	3,140	46.313	145,413
AUD	43,924	24.717	1,085,657
SGD	3,210	23.933	76,832
CAD	502	24.873	12,479
JPY	5,593,511	0.287	1,604,172
ZAR	3,360	2.171	7,294
Nonmonetary items			
USD	8,484	32.289	273,954
HKD	18,415	4.163	76,662

Liabilities

Monetary items			
USD	938,280	32.261	30,269,489
HKD	1,204,985	4.160	5,012,597
CNY	847,790	4.986	4,227,005
EUR	85,952	36.608	3,146,511
SGD	665	23.932	15,908
AUD	27,414	24.717	677,573
CAD	486	24.873	12,097
JPY	5,459,786	0.287	1,565,821
Nonmonetary items			
USD	2,162	31.119	67,275

The table below shows the VaR for derivatives owned by SinoPac Securities and its subsidiaries.

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Futures and options	\$ 11,445	\$ 12,669	\$ 55,503
Warrants	7,644	11,117	13,893
Interest rate swap contracts	12,984	9,904	202
Cross currency swaps	3,314	4,123	17,250
Currency swaps contracts	2,918	2,099	15,841
Asset swap option transactions	20,458	22,217	30,605
Equity-linked note transactions	2	-	114
Credit-linked note transactions	9,203	10,973	1,734
Principal guaranteed note transactions	261,689	56	78
Forward contracts	21,005	24,970	2,658

b) Sensitivity analysis

Aside from using VaR, SinoPac Securities and its subsidiaries use several different sensitivity interest indices (e.g., DVP and DV01) and option Greeks (e.g., Delta, Gamma, and Vega) for risk assessment.

2) Credit risk

Credit risk is the risk of financial loss if a counterparty fails to meet an obligation under a contract. The maximum credit risk exposures to financial loss arise principally from the financial assets recognized in the consolidated balance sheets. Except those listed below, the credit risk amounts of financial assets held by SinoPac Securities and its subsidiaries approximated their carrying values.

	<b>March 31, 2017</b>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Trading financial assets		
Interest rate swap contracts	\$ 303,963	\$ 357,026
Cross-currency swap contracts	99,121	31,585
Convertible bond asset swap options	<u>44,867</u>	<u>62,119</u>
	<u>\$ 447,951</u>	<u>\$ 450,730</u>
	<b>December 31, 2016</b>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Trading financial assets		
Interest rate swap contracts	\$ 309,575	\$ 442,530
Cross-currency swap contracts	207,609	1,796
Convertible bond asset swap options	<u>35,371</u>	<u>49,289</u>
	<u>\$ 552,555</u>	<u>\$ 493,615</u>
	<b>March 31, 2016</b>	
	<b>Carrying Value</b>	<b>Max. Credit Exposure Amount</b>
Trading financial assets		
Interest rate swap contracts	\$ 322,041	\$ 569,927
Cross-currency swap contracts	104,677	49,897
Convertible bond asset swap options	<u>75,201</u>	<u>98,299</u>
	<u>\$ 501,919</u>	<u>\$ 718,123</u>

SinoPac Securities and its subsidiaries, financial assets that are the main sources of credit risks are follows:

a) Cash and cash equivalents

Cash and cash equivalents are mainly deposited in banks as short-term bills. Transaction counterparties are financial institutions with good credit. The limit of short-term bill is set not only by the Regulation Governing Securities Firms sets the limit on the amount of short-term bills that may be transacted as well as the credit limit for the counterparty.

b) Accounts receivable

Accounts receivable represent money owed by entities to SinoPac Securities and its subsidiaries on the sale of the product or service on credit, for example, payments for others, temporary debits and settlements receivable. SinoPac Securities and its subsidiaries have receivables from a diverse client base in different industries and geographic areas. Thus, SinoPac Securities and its subsidiaries have set measures on how to evaluate losses on assets. For the receivables that cannot be retrieved within six months, a report should be submitted to the managerial level for further assessment and follow-up.

c) Bonds and derivative instruments trading

SinoPac Securities and its subsidiaries use risk-based asset allocation to set its caps for total credit risk exposure. Through risk diversification, it monitors and manages the credit limits by client by entity, and by corporation. Through the internal rating system, SinoPac Securities and its subsidiaries give out an exposure limit corresponding to its trading object. It also sets trading and exposure limits by type of product and department. At the same time, the credit rating of the trading object should be above the acceptable level set by SinoPac Securities and its subsidiaries. Besides managing by product, SinoPac Securities and its subsidiaries should also consider the risk involved when of different departments handle the same financial instruments as well as the types of commodities being transacted.

SinoPac Securities and its subsidiaries have set a credit risk limit monitoring panel to keep track of trading opponents daily and regularly prepare credit risk reports for the managerial level and board of directors' review. Of the overall transactions of SinoPac Securities and its subsidiaries as of March 31, 2017, was 53% in the financial service sector and 13% in the electronic industry. In addition, the transaction amounts for trading objects with credit ratings of TWA+ and above had a market share of 88%.

d) Marketable security transactions

By using a financing concentration system and Merton's probability default (PD) model, SinoPac Securities and its subsidiaries can monitor the stock that has a higher default risk, analyze any abnormal condition and control the default risk. The periodical analysis of the financing concentration system should be reported to management and the board of directors.

e) Security borrowing collateral price and margin

Security borrowing margin is the premiums placed with the Taiwan Stock Exchange Corporation; the credit risk is rather low. Security borrowing collateral price is the premium for a hedge transaction, and all the institutions holding premiums have good credit rating.



f) Guarantee deposit paid

Refundable deposit paid mainly serves as the guarantee bond and clearing and settlement fund. It is the legal deposit paid to financial institutions designated by relevant authorities to hold these deposits. The clearing and settlement fund is the legal deposit paid to Taiwan Stock Exchange. The risk for both guaranty bond and clearing and settlement fund are rather low.

g) Restricted assets

Restricted assets are mainly the bank deposits used as collaterals for loans obtained by SinoPac Securities and its subsidiaries. The financial institutions holding these restricted assets all have good credit rating.

3) Liquidity risk

Liquidity risk is the risk that a security or asset cannot be traded quickly enough in the market to prevent a loss or make the required profit.

SinoPac Securities and its subsidiaries have multiple sources of funding besides their own equity funds. They can also get the funding through borrowing from banks or, issuing commercial paper and corporate bonds. Any emergencies should be reported to the general manager and the chairman immediately and be subjected to the following response measures:

- a) Using a secured loan to issue commercial paper;
- b) Refinancing through securities finance companies;
- c) Selling the property trading stock and the bonds;
- d) Financing through financial holding company or other nonfinancial institutions.

For ensuring capital needs for business development of the subsidiary of SinoPac Securities, mid-term and long-term capital was fulfilled with credit lines from financial institutions and will be approved by authorized person on demand.

As of March 31, 2017, December 31, 2016 and March 31, 2016, the unused credit lines of SinoPac Securities and its subsidiaries were \$46,965,101, \$56,673,504 and \$36,531,993, respectively.

The table below shows the analysis of the remaining financial liabilities as of March 31, 2017, December 31, 2016 and March 31, 2016:

March 31, 2017	Repayment Period				Total
	Current Period	First 3 to 12 Months	Over 1 Year - 5 Years	Over 5 Years	
Short-term borrowings	\$ 13,544,288	\$ -	\$ -	\$ -	\$ 13,544,288
Commercial paper payable	22,850,000	-	-	-	22,850,000
Financial liabilities at fair value through profit or loss - current	6,051,794	304,330	1,148,856	-	7,504,980
Securities sold under agreements to repurchase	34,289,506	7,226,663	-	-	41,516,169
Securities financing refundable deposits	1,256,658	-	-	-	1,256,658
Deposits payable for securities financing	1,420,737	-	-	-	1,420,737
Securities lending refundable deposits	3,832,028	-	-	-	3,832,028
Futures traders' equity	18,679,987	-	-	-	18,679,987
Separate account ledger for customer rights	12,419	-	-	-	12,419
Notes payable and accounts payable	21,552,547	-	-	-	21,552,547
Other payables	477,107	-	-	-	477,107
Long-term borrowings	2,796,739	-	-	-	2,796,739
	<u>\$ 126,763,810</u>	<u>\$ 7,530,993</u>	<u>\$ 1,148,856</u>	<u>\$ -</u>	<u>\$ 135,443,659</u>

December 31, 2016	Repayment Period				
	Current Period	First 3 to 12 Months	Over 1 Year - 5 Years	Over 5 Years	Total
Short-term borrowings	\$ 6,075,960	\$ -	\$ -	\$ -	\$ 6,075,960
Commercial paper payable	19,330,000	-	-	-	19,330,000
Financial liabilities at fair value through profit or loss - current	4,453,966	195,227	1,087,546	-	5,736,739
Securities sold under agreements to repurchase	37,874,647	1,350,008	4,730,049	-	43,954,704
Securities financing refundable deposits	2,048,235	-	-	-	2,048,235
Deposits payable for securities financing	2,346,137	-	-	-	2,346,137
Securities lending refundable deposits	4,119,020	-	-	-	4,119,020
Futures traders' equity	18,362,610	-	-	-	18,362,610
Separate account ledger for customer rights	6,962	-	-	-	6,962
Notes payable and accounts payable	13,990,436	-	-	-	13,990,436
Other payables	735,863	-	-	-	735,863
Long-term borrowings	3,877,811	-	-	-	3,877,811
	<u>\$ 113,221,647</u>	<u>\$ 1,545,235</u>	<u>\$ 5,817,595</u>	<u>\$ -</u>	<u>\$ 120,584,477</u>

  

March 31, 2016	Repayment Period				
	Current Period	First 3 to 12 Months	Over 1 Year - 5 Years	Over 5 Years	Total
Short-term borrowings	\$ 788,275	\$ -	\$ -	\$ -	\$ 788,275
Commercial paper payable	15,380,000	-	-	-	15,380,000
Financial liabilities at fair value through profit or loss - current	2,653,310	164,368	557,197	-	3,374,875
Securities sold under agreements to repurchase	36,853,337	4,108,604	-	-	40,961,941
Securities financing refundable deposits	1,211,180	-	-	-	1,211,180
Deposits payable for securities financing	1,291,128	-	-	-	1,291,128
Securities lending refundable deposits	1,975,288	-	-	-	1,975,288
Futures traders' equity	18,184,797	-	-	-	18,184,797
Notes payable and accounts payable	14,196,864	-	-	-	14,196,864
Other payables	462,237	-	-	-	462,237
Long-term borrowings	1,549,640	-	-	-	1,549,640
	<u>\$ 94,546,056</u>	<u>\$ 4,272,972</u>	<u>\$ 557,197</u>	<u>\$ -</u>	<u>\$ 99,376,225</u>

The analysis of the remaining contractual maturities of financial liabilities is based on the earliest due date and prepared on the basis of undiscounted cash flows.

c. Transfers of financial assets

The transferred financial assets of SinoPac Securities and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under agreement to repurchase.

The transaction transfers the contractual rights to receive the cash flows of the financial assets but SinoPac Securities and its subsidiaries retain the liabilities to repurchase the transferred financial assets at fixed price in the future period.

SinoPac Securities and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, SinoPac Securities and its subsidiaries still bear the interest rate risk and credit risk; thus, SinoPac Securities and its subsidiaries do not derecognize it.

Analysis of financial assets and related liabilities not completely meet derecognizing condition is shown in following table:

Category of Financial Asset	March 31, 2017				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under agreements to repurchase					
Financial assets at fair value through profit or loss	\$ 35,934,298	\$ 34,026,175	\$ 35,934,298	\$ 34,026,175	\$ 1,908,123
Securities purchased under agreements to resell	2,431,401	2,731,199	2,431,401	2,731,199	(299,798)

Category of Financial Asset	December 31, 2016				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under agreements to repurchase					
Financial assets at fair value through profit or loss	\$ 33,171,706	\$ 31,438,252	\$ 33,171,706	\$ 31,438,252	\$ 1,733,454
Securities purchased under agreements to resell	7,205,228	7,029,998	7,205,228	7,029,998	175,230

Category of Financial Asset	March 31, 2016				
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value	Transferred Financial Assets - Fair Value	Related Financial Liabilities - Fair Value	Net Position - Fair Value
Transactions under agreements to repurchase					
Financial assets at fair value through profit or loss	\$ 34,271,123	\$ 32,526,406	\$ 34,271,123	\$ 32,526,406	\$ 1,744,717
Securities purchased under agreements to resell	3,902,384	4,048,601	3,902,384	4,048,601	(146,217)

d. Offsetting of financial assets and financial liabilities

SinoPac Securities and its subsidiaries have partial of receivables from securities sale and payables from securities purchase which meeting offsetting condition, and then offset them on the balance sheet.

SinoPac Securities and its subsidiaries engage in transactions with net settlement contracts or similar agreements with counterparties, ex: Global master repurchase agreement, global securities lending agreement and similar repurchasing agreement or reverse-repurchasing agreement. Above executable net settlement contracts or similar agreements allowed net settlement of financial assets and financial liabilities by the choice of both parties. If one party defaulted, the other one may choose to net settlement.

The offsetting information of financial assets and financial liabilities are shown as follows:

March 31, 2017

<b>Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements</b>						
<b>Financial Assets</b>	<b>Recognized Financial Assets - Gross Amount</b>	<b>Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount</b>	<b>Recognized Financial Assets - Net Amount</b>	<b>Related Amount Not Netted on the Balance Sheet</b>		<b>Net Amount</b>
				<b>Financial Instruments</b>	<b>Cash Received as Collaterals</b>	
Derivative instruments - OTC	\$ 574,057	\$ -	\$ 574,057	\$ 220,826	\$ -	\$ 353,231
Securities purchased under agreements to resell	4,385,278	-	4,385,278	4,385,278	-	-
Receivables from securities sale	<u>3,044,237</u>	<u>2,350,397</u>	<u>693,840</u>	<u>-</u>	<u>-</u>	<u>693,840</u>
	<u>\$ 8,003,572</u>	<u>\$ 2,350,397</u>	<u>\$ 5,653,175</u>	<u>\$ 4,606,104</u>	<u>\$ -</u>	<u>\$ 1,047,071</u>

<b>Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements</b>						
<b>Financial Liabilities</b>	<b>Recognized Financial Liabilities - Gross Amount</b>	<b>Netted Financial Assets Recognized on the Balance Sheet - Gross Amount</b>	<b>Recognized Financial Liabilities - Net Amount</b>	<b>Related Amount Not Netted on the Balance Sheet</b>		<b>Net Amount</b>
				<b>Financial Instruments</b>	<b>Cash Collaterals Pledged</b>	
Derivative instruments - OTC	\$ 792,094	\$ -	\$ 792,094	\$ 220,826	\$ -	\$ 571,268
Securities sold under agreements to repurchase	41,406,232	-	41,406,232	36,644,711	-	4,761,521
Payables from securities purchase	<u>2,386,320</u>	<u>2,350,397</u>	<u>35,923</u>	<u>-</u>	<u>-</u>	<u>35,923</u>
	<u>\$ 44,584,646</u>	<u>\$ 2,350,397</u>	<u>\$ 42,234,249</u>	<u>\$ 36,865,537</u>	<u>\$ -</u>	<u>\$ 5,368,712</u>

December 31, 2016

<b>Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements</b>						
<b>Financial Assets</b>	<b>Recognized Financial Assets - Gross Amount</b>	<b>Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount</b>	<b>Recognized Financial Assets - Net Amount</b>	<b>Related Amount Not Netted on the Balance Sheet</b>		<b>Net Amount</b>
				<b>Financial Instruments</b>	<b>Cash Received as Collaterals</b>	
Derivative instruments - OTC	\$ 570,713	\$ -	\$ 570,713	\$ 326,397	\$ -	\$ 244,316
Securities purchased under agreements to resell	8,897,053	-	8,897,053	8,897,053	-	-
Receivables from securities sale	<u>2,062,267</u>	<u>2,057,162</u>	<u>5,105</u>	<u>-</u>	<u>-</u>	<u>5,105</u>
	<u>\$ 11,530,033</u>	<u>\$ 2,057,162</u>	<u>\$ 9,472,871</u>	<u>\$ 9,223,450</u>	<u>\$ -</u>	<u>\$ 249,421</u>

**Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements**

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments	Cash Collaterals Pledged	
Derivative instruments - OTC	\$ 883,197	\$ -	\$ 883,197	\$ 326,397	\$ -	\$ 556,800
Securities sold under agreements to repurchase	43,850,093	-	43,850,093	38,365,806	-	5,484,287
Payables from securities purchase	<u>2,078,969</u>	<u>2,057,162</u>	<u>21,807</u>	<u>-</u>	<u>-</u>	<u>21,807</u>
	<u>\$ 46,812,259</u>	<u>\$ 2,057,162</u>	<u>\$ 44,755,097</u>	<u>\$ 38,692,203</u>	<u>\$ -</u>	<u>\$ 6,062,894</u>

March 31, 2016

**Financial Assets Under Offsetting and Executable Net Settlement Contracts or Similar Agreements**

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments	Cash Received as Collaterals	
Derivative instruments - OTC	\$ 582,231	\$ -	\$ 582,231	\$ 352,437	\$ -	\$ 229,794
Securities purchased under agreements to resell	3,902,384	-	3,902,384	3,902,384	-	-
Receivables from securities sale	<u>2,491,055</u>	<u>1,884,150</u>	<u>606,905</u>	<u>-</u>	<u>-</u>	<u>606,905</u>
	<u>\$ 6,975,670</u>	<u>\$ 1,884,150</u>	<u>\$ 5,091,520</u>	<u>\$ 4,254,821</u>	<u>\$ -</u>	<u>\$ 836,699</u>

**Financial Liabilities Under Offsetting and Executable Net Settlement Contracts or Similar Agreements**

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments	Cash Collaterals Pledged	
Derivative instruments - OTC	\$ 896,638	\$ -	\$ 896,638	\$ 352,437	\$ -	\$ 544,201
Securities sold under agreements to repurchase	40,882,541	-	40,882,541	36,575,007	-	4,307,534
Payables from securities purchase	<u>1,884,150</u>	<u>1,884,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 43,663,329</u>	<u>\$ 1,884,150</u>	<u>\$ 41,779,179</u>	<u>\$ 36,927,444</u>	<u>\$ -</u>	<u>\$ 4,851,735</u>

## **51. CAPITAL MANAGEMENT**

### **SinoPac Financial Holdings**

#### **a. Overview**

The Group's capital management goals are as follows:

As a basic target, the Group's eligible capital should be sufficient to meet their operating needs and should be higher than the required minimum capital adequacy ratio. Eligible capital and legal capital are calculated under regulations pronounced by the authorities.

The Group should also have adequate capital to bear its risks, should measure capital demand on the basis of risk combinations and risk characteristics, and should optimize resource and capital allocation through risk management.

#### **b. Capital management procedure**

The Group's capital adequacy ratio should meet the regulations set by the authorities. Also, the Group should maintain capital adequacy ratio by considering the business scale, major operating strategy, risk conditions, eligible capital structure, future capital increase plan, etc. The Group reports to the authorities regularly. Overseas subsidiaries' capital management is in accordance with local regulations.

The Group's capital maintenance is in accordance with the "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Companies", "Regulations Governing the Capital Adequacy and Capital Category of Banks", "Regulations Governing Securities Firms" etc., and is managed by the Group's risk management and accounting divisions.

### **Bank SinoPac**

#### **a. Overview**

Bank SinoPac and its subsidiaries' capital management goals are as follows:

Bank SinoPac and its subsidiaries basic target is to have an eligible capital that is sufficient to meet its operating needs, and is higher than the required minimum capital adequacy ratio. Eligible capital and legal capital are calculated under the regulations set by the authorities.

Bank SinoPac and its subsidiaries should have adequate capital to bear its risks, should measure capital demand on the basis of risk combinations and risk characteristics, and should optimize resource and capital allocation through risk management.

#### **b. Capital management procedure**

Bank SinoPac and its subsidiaries capital adequacy ratio should meet the regulations set by the authorities. Also, Bank SinoPac and its subsidiaries should maintain capital adequacy ratio by considering the business scale, major operating strategy, risk conditions, eligible capital structure, future capital increase plan, etc. Bank SinoPac and its subsidiaries reports to the authorities regularly. Overseas subsidiaries' capital management is in accordance with local regulations.

## SinoPac Securities

As part of coping with its business scale requirements, key operational plans and future capital projects, and other company considerations, SinoPac Securities complies with Article 59 of the Regulations Governing Securities Firms on the calculation of a capital adequacy ratio based on operating risks and its capital structure. Thus, for maintaining stable operations, SinoPac Securities' capital adequacy ratio, in principle, is at least 250% for its capital adequacy management objectives.

SinoPac Securities' capital adequacy management procedures are as follows:

- a. The risk management division should be regular monthly basis, monitor, analyze our capital adequacy ratio and was chairman of the board for approval.
- b. Simulates the capital adequacy ratio based on SinoPac Securities' business plan, policy direction, investment strategy, important event, and provide to the relevant units.
- c. If SinoPac Securities' capital adequacy ratio seems to be falling below the target, of any danger, the risk management department should instruct the management to jointly develop measures on one or all following areas, and obtain the board's approval of these measures before implementation.
  - 1) Issuance of financial bonds.
  - 2) Capital increase.
  - 3) Adjustment of business strategies.

## 52. BUSINESS COMBINATIONS

- a. Acquisitions and mergers

To strengthen the local management and long-term core competitiveness of SinoPac Securities (Asia) Limited in Hong Kong, the board of directors of SinoPac Securities determined that SinoPac Securities (Cayman) to would acquire Tung Shing Holdings Ltd. (TSH) on October 23, 2015. The transaction base date was April 6, 2016 and the acquiree was renamed as SinoPac International Holdings Ltd., which invests in 7 companies including Tung Shing Securities (Brokers) Limited. The main business activities are stock brokerage and finance business.

For enhanced wealth management operations and greater market competitiveness, SinoPac Securities Corporation (SSC) and its subsidiaries passed a resolution for a merger between SSC and BEA Securities Co., Ltd. (BEA), with SSC as the surviving entity. The effective date of this merger was March 28, 2016. The main business activity for BEA is accepting order to Trade Foreign Securities, domestic and foreign fund sales, asset management, investment advisory and trust services.

- b. Fair value of transfer consideration

	<b>TSH</b>	<b>BEA</b>
Cash	\$ 2,434,573 (HK\$ 584,796)	\$ 374,635

c. All assets, liabilities and rights and obligations of BEA as of acquisition day

	<b>TSH (Note 1)</b>	<b>BEA</b>	<b>BEAI</b>
Current assets			
Cash and cash equivalents	\$ 632,755	\$ 291,393	\$ 3,387
Securities financing receivables	1,431,622	-	-
Receivables	339,380	307	384
Other receivables	6,651	17	-
Prepayments	8,128	636	1
Other current assets - others	2,729,102	562	122
Noncurrent assets			
Investments accounted for using the equity method (Note 2)	-	3,720	-
Property and equipment	15,386	13,616	47
Other intangible assets - computer software	-	2,824	-
Other intangible assets - client relationship	161,985	-	-
Deferred tax assets	17,748	-	-
Guarantee deposits	46,947	132,608	306
Other noncurrent assets	9,764	-	-
Current liabilities			
Short-term loans	(83,263)	-	-
Accounts payable	(2,972,349)	(39,335)	(337)
Other payables	(23,326)	(35,061)	(158)
Tax liabilities	(478)	-	-
Other current liabilities	<u>(9,879)</u>	<u>(20,111)</u>	<u>(32)</u>
	<u>\$ 2,310,173</u>	<u>\$ 351,176</u>	<u>\$ 3,720</u>

Note 1: The amounts is the consolidated assets and liabilities of Tung Shing Holdings and subsidiaries.

Note 2: Investments accounted for using the equity method is the 100% of reinvestment of BEA's subsidiary - BEA Insurance Brokerage (Taiwan) Ltd. (BEAI).

d. Goodwill

	<b>TSH</b>	<b>BEA</b>
Fair value of transfer consideration	\$ 2,434,573	\$ 374,635
Less: Fair value of acquired net identifiable assets	<u>(2,310,173)</u>	<u>(351,176)</u>
Goodwill	<u>\$ 124,400</u>	<u>\$ 23,459</u>

Besides the goodwill of acquisition of BEA and TSH mainly generated from premium controlled, acquired consideration paid by the department contains acquired synergies expected to arise, the revenue growth, future market development and the value of staff. Provided that such benefits do not meet the conditions of identifiable intangible assets recognized, it is not recognized separately.



e. The impact on operations of business combinations

If the business acquisition of BEA and TSH occurred on the first day of the acquisition year, SinoPac Securities and its subsidiaries assumed revenue and net income for the three months ended March 31, 2016 would be \$1,496,457 and \$334,349.

f. Sale of businesses

To raise the market share of the brokerage business, the board of directors of SinoPac Securities decided to acquire the brokerage business and operating equipment of Industrial Bank of Taiwan Securities on April 19, 2016. The sale of business was approved by FSC under Letter No. 1050023014 on July 18, 2016. The base date of the transfer is September 26, 2016. The transfer amount of assets and liabilities are as follows:

	<b>Amount</b>
Price of operating transfer contract	\$ 390,000
Net debt value of securities financing bonds	<u>1,287,816</u>
Operating transfer price (cash)	<u>\$ 1,677,816</u>
	<b>Amount</b>
Current assets	
Margin loans receivable	\$ 1,463,604
Margin loans receivable and refinancing margin interest receivable	33,620
Refinancing collateral receivable	6,648
Refinancing margin	7,130
Non-current assets	
Property and equipment	4,735
Other intangible assets - customer relationship	385,265
Current liabilities	
Securities financing refundable deposits	(99,321)
Deposits payable for securities financing	(123,820)
Interest payable for securities financing	<u>(45)</u>
Net asset	<u>\$ 1,677,816</u>

### 53. RECLASSIFICATION

Financial assets were reclassified on September 25, 2013. The fair values on the reclassification day were as follows:

	<b>Before Reclassification</b>	<b>After Reclassification</b>
Available-for-sale securities	\$ 10,164,016	\$ -
Held-to-maturity securities	<u>-</u>	<u>10,164,016</u>
	<u>\$ 10,164,016</u>	<u>\$ 10,164,016</u>

The effective interest rate for reclassified financial assets on the reclassification day was between 0.9795% and 2.0696%, and the estimated recoverable cash flow was \$10,879,405.

The book value and fair value of the reclassified financial assets as of March 31, 2017, December 31, 2016 and March 31, 2016:

	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
<u>Held-to-maturity securities</u>			
Book value	\$ 6,765,431	\$ 9,624,005	\$ 10,055,446
Fair value	6,849,140	9,718,072	10,237,471

The gains or losses recorded for the reclassified financial assets (excluding those that had been derecognized) for the three months ended March 31, 2017 and 2016 and the pro forma gains or losses assuming no reclassifications had been made were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<u>Held-to-maturity securities</u>		
Recognition in profit (interest revenue)	\$ 20,499	\$ 27,773
Assumed equity adjustment without asset reclassification	115,525	197,161

#### 54. CROSS-SELLING INFORMATION

For the three months ended March 31, 2017 and 2016, Bank SinoPac charged SinoPac Securities for \$472 and \$563, respectively, as marketing and opening accounts. The rental fees Bank SinoPac had charged SinoPac Securities were \$805 and \$838 for the three months ended March 31, 2017 and 2016.

The rental fees Bank SinoPac paid to SinoPac Securities were \$154 and \$172 for the three months ended March 31, 2017 and 2016. The bonuses Bank SinoPac paid to SinoPac Securities were \$1,337 and \$1,284 for the three months ended March 31, 2017 and 2016 as part of cross-selling agreement.

For other transactions within the Group, please refer to Note 45 and Table 6.

#### 55. BUSINESS SEGMENT FINANCIAL INFORMATION

**For the Three Months Ended March 31, 2017**

**(In Thousands of New Taiwan Dollars)**

<b>Business Segment</b>	<b>Banking</b>	<b>Security</b>	<b>Others</b>	<b>Consolidated</b>
<b>Item</b>				
Net interest	\$ 3,685,089	\$ 158,622	\$ 225,637	\$ 4,069,348
Net revenues other than interest	2,376,463	1,653,664	2,072	4,032,199
Total net revenues	6,061,552	1,812,286	227,709	8,101,547
Allowance (reversal of allowance) for doubtful accounts and guarantees	(103,322)	357,860	53,044	307,582
Operating expenses	3,378,458	1,329,842	237,250	4,945,550
Income (loss) before income tax	2,786,416	124,584	(62,585)	2,848,415
Income tax expenses	405,400	51,983	27,183	484,566
Net income (loss)	2,381,016	72,601	(89,768)	2,363,849

**For the Three Months Ended March 31, 2016**

**(In Thousands of New Taiwan Dollars)**

<b>Business Segment</b>	<b>Banking</b>	<b>Security</b>	<b>Others</b>	<b>Consolidated</b>
<b>Item</b>				
Net interest	\$ 3,610,615	\$ 142,408	\$ 300,051	\$ 4,053,074
Net revenues other than interest	2,524,852	1,257,487	207,768	3,990,107
Total net revenues	6,135,467	1,399,895	507,819	8,043,181
Allowance (reversal of allowance) for doubtful accounts and guarantees	(91,618)	5,185	48,489	(37,944)
Operating expenses	3,560,364	1,111,746	254,667	4,926,777
Income before income tax	2,666,721	282,964	204,663	3,154,348
Income tax expenses (benefits)	455,915	(54,823)	28,887	429,979
Net income	2,210,806	337,787	175,776	2,724,369

**56. PROFITABILITY**

**SinoPac Holdings and Its Subsidiaries**

**(%)**

<b>Items</b>		<b>For the Three Months Ended March 31, 2017</b>	<b>For the Three Months Ended March 31, 2016</b>
Return on total assets	Before income tax	0.17	0.20
	After income tax	0.14	0.17
Return on net worth	Before income tax	2.12	2.38
	After income tax	1.76	2.05
Profit margin		29.18	33.87

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

Note 2: Return on net worth = Income before (after) income tax/Average net worth (included non-controlling interests).

Note 3: Profit margin = Income after income tax/Total net revenues.

Note 4: Income before (after) tax represents income for the three months ended March 31, 2017 and 2016.

**SinoPac Holdings**

**(%)**

<b>Items</b>		<b>For the Three Months Ended March 31, 2017</b>	<b>For the Three Months Ended March 31, 2016</b>
Return on total assets	Before income tax	1.49	1.78
	After income tax	1.50	1.80
Return on net worth	Before income tax	1.75	2.03
	After income tax	1.76	2.05
Profit margin		98.36	99.57

Note 1:  $\text{Return on total assets} = \text{Income before (after) income tax} / \text{Average total assets}$

Note 2:  $\text{Return on net worth} = \text{Income before (after) income tax} / \text{Average net worth}$ .

Note 3:  $\text{Profit margin} = \text{Income after income tax} / \text{Total net revenues}$ .

Note 4: Income before (after) tax represents income for the three months ended March 31, 2017 and 2016.

#### **Bank SinoPac**

(%)

Items		For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016
Return on total assets	Before income tax	0.18	0.18
	After income tax	0.16	0.15
Return on net worth	Before income tax	2.17	2.19
	After income tax	1.91	1.90
Profit margin		40.92	37.83

Note 1:  $\text{Return on total assets} = \text{Income before (after) income tax} / \text{Average total assets}$ .

Note 2:  $\text{Return on net worth} = \text{Income before (after) income tax} / \text{Average net worth}$ .

Note 3:  $\text{Profit margin} = \text{Income after income tax} / \text{Total net revenues}$ .

Note 4: Income before (after) tax represents income for the three months ended March 31, 2017 and 2016.

#### **SinoPac Securities**

(%)

Items		For the Three Months Ended March 31, 2017	For the Three Months Ended March 31, 2016
Return on total assets	Before income tax	0.11	0.32
	After income tax	0.07	0.40
Return on net worth	Before income tax	0.46	1.10
	After income tax	0.29	1.35
Profit margin		5.40	27.04

Note 1:  $\text{Return on total assets} = \text{Income before (after) income tax} / \text{Average total assets}$ .

Note 2:  $\text{Return on net worth} = \text{Income before (after) income tax} / \text{Average net worth}$ .

Note 3:  $\text{Profit margin} = \text{Income after income tax} / \text{Total net revenues}$ .

Note 4: Income before (after) tax represents income for the three months ended March 31, 2017 and 2016.

## 57. ADDITIONAL DISCLOSURES

a. Significant transactions and b. following is the additional information required for the Company and investees:

- 1) Financing provided: Table 1 (under certain regulations, Bank SinoPac, FENB and Bank SinoPac (China) are exempt from making related disclosure requirements)
- 2) Endorsement/guarantee provided: Table 2 (Bank SinoPac, FENB and Bank SinoPac (China) are exempt from making related disclosure requirements under certain regulations. In addition, the board of directors of SinoPac Securities resolved on November 30 and December 28, 2016 to provide a guarantee of US\$15 million and US\$10 million, respectively, to SinoPac Securities (Asia) and SinoPac Capital (Asia). Under the FSC letter No. 1050002195 on April 27, 2016, the abovementioned guarantee may only be conducted under the approval of FSC. As of the date the consolidated financial statements were issued, the application was still under review.)
- 3) Marketable securities held: Table 3 (Bank SinoPac, FENB, Bank SinoPac (China), SinoPac Securities and SinoPac Securities (Asia) are excluded from related disclosure requirements under the Criteria Governing the Preparation of Financial Reports by Public Banks and the Criteria Governing the Preparation of Financial Reports by Securities Firms)
- 4) Marketable securities acquired and disposed of, at costs or prices of at least NT\$300 million or 10% of the issued capital: None
- 5) Acquired and disposed of investment, at costs or prices of at least NT\$300 million or 10% of the issued capital: None
- 6) Acquisition of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None
- 7) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the issued capital: None
- 8) Allowance for service fees to related parties of at least NT\$5 million: None
- 9) Securitization product offered by a subsidiary and under government approval in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act, and related information: None
- 10) Receivables from related parties amounting to at least NT\$300 million or 10% of the issued capital: Table 4
- 11) Sale of nonperforming loans: None
- 12) Names, locations, and other information of investees on which the Company exercises significant influence: Not required for disclosure in quarterly report
- 13) Derivative financial transactions: Note 8
- 14) Other material transactions which will affect the decisions of financial report users: Tables 5 to 12
  - a) Allowance for possible losses on loans and receivable assessed for impairment: Table 5
  - b) Related party transactions: Table 6
  - c) Balance sheets of SPH: Table 7

- d) Comprehensive income statements of SPH: Table 8
  - e) Statement of changes in equity of SPH: Table 9
  - f) Statements of cash flows of SPH: Table 10
  - g) Statement of balance sheet and comprehensive income of SPH's subsidiaries: Table 11
  - h) Specific risk from futures dealing, and financial ratio, limitations and the related implementation of futures commission merchants subsidiary: Table 12
  - i) Public announcements prescribed in financial holding company ACT Article 46: Not required for disclosure in quarterly report
  - j) Other significant transactions which may affect the decisions of users of financial reports: None
- c. Information related to investment in Mainland China: Table 13

## 58. SEGMENT INFORMATION

The main business of the Company is the investment in and management of its subsidiaries. On the basis of the chief decision maker's resource allocation and department performance review, the Group has divided, business segments by type of services and products provided. The accounting standards and policies mentioned in Note 4 apply to of the business segments under IFRS 8 "Operating Segments". The Group operating segments for the three months ended March 31, 2017 and 2016 are without change. The Group reports the following:

Banking - comprise Bank SinoPac and its subsidiaries; provides commercial banking, money lending and investment, insurance agent, insurance brokerage, and other services.

Securities - comprise SinoPac Securities and its subsidiaries; provides securities dealing, futures proprietary trading, investment consulting and asset management services.

Other business segments - comprises SinoPac Leasing and its subsidiaries, SinoPac Securities Investment Trust, SinoPac Venture Capital and its subsidiaries, SinoPac Call Center and other investment were not identified to disclose as on individual segment.

The Group's segment revenue, operating results and segment assets are shown in the following table.

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Three Months Ended March 31, 2017					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest	\$ 3,674,166	\$ 161,712	\$ 262,756	\$ 4,098,634	\$ (29,286)	\$ 4,069,348
	Interest revenue	6,279,465	383,820	385,072	7,048,357	(7,208)	7,041,149
	Interest expense	2,605,299	222,108	122,316	2,949,723	22,078	2,971,801
	Commission and fee revenues, net	1,412,845	910,843	67,543	2,391,231	(4,123)	2,387,108
	Others	975,252	756,637	65,357	1,797,246	(152,155)	1,645,091
	Total net revenue	6,062,263	1,829,192	395,656	8,287,111	(185,564)	8,101,547
	Allowance (reversal of allowance) for doubtful accounts and guarantees	(103,321)	357,860	53,043	307,582	-	307,582
	Operating expense	3,455,543	1,345,275	203,462	5,004,280	(58,730)	4,945,550
	Depreciation and amortization	177,311	87,961	21,539	286,811	1,280	288,091
	Income (loss) before income tax	2,710,041	126,057	139,151	2,975,249	(126,834)	2,848,415
	Income tax (expense) benefit	(405,400)	(51,983)	(39,703)	(497,086)	12,520	(484,566)
	Net income (loss)	2,304,641	74,074	99,448	2,478,163	(114,314)	2,363,849
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using the equity method	\$ 49,670	\$ -	\$ 343,788	\$ 393,458	\$ -	\$ 393,458
	Total assets	1,491,624,151	161,534,911	33,662,949	1,686,822,011	(9,766,342)	1,677,055,669

Segment revenues and results

(In Thousands of New Taiwan Dollars)

		For the Three Months Ended March 31, 2016					
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Income (loss)	Net interest	\$ 3,615,863	\$ 143,883	\$ 318,710	\$ 4,078,456	\$ (25,382)	\$ 4,053,074
	Interest revenue	6,292,365	271,517	437,485	7,001,367	(16,457)	6,984,910
	Interest expense	2,676,502	127,634	118,775	2,922,911	8,925	2,931,836
	Commission and fee revenues, net	1,657,245	812,759	72,862	2,542,866	(4,597)	2,538,269
	Others	869,052	468,261	226,662	1,563,975	(112,137)	1,451,838
	Total net revenue	6,142,160	1,424,903	618,234	8,185,297	(142,116)	8,043,181
	Allowance (reversal of allowance) for doubtful accounts and guarantees	(91,618)	5,185	48,489	(37,944)	-	(37,944)
	Operating expense	3,639,181	1,127,343	223,583	4,990,107	(63,330)	4,926,777
	Depreciation and amortization	181,527	45,077	23,400	250,004	1,204	251,208
	Income (loss) before income tax	2,594,597	292,375	346,162	3,233,134	(78,786)	3,154,348
	Income tax (expense) benefit	(455,915)	54,823	(65,921)	(467,013)	37,034	(429,979)
	Net income (loss)	2,138,682	347,198	280,241	2,766,121	(41,752)	2,724,369
		Banking	Security	Others	Operating Segments	Nonoperating Segments (Including Intercompany Transactions)	Total
Asset	Investments accounted for using the equity method	\$ 40,697	\$ -	\$ 407,374	\$ 448,071	\$ -	\$ 448,071
	Total assets	1,446,197,232	125,861,748	38,950,864	1,611,009,844	(10,118,700)	1,600,891,144



# SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES

FINANCING PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2017  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financier	Counterparty	Financial Statement Account	Related Parties	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Financing Type	Transaction Amount	Financing Reasons	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
													Item	Value		
1	SinoPac Leasing Corporation	Jiao Tai Construction Co., Ltd.	Other receivable	No	\$ 185,000	\$ 185,000 (Note 2)	\$ 185,000	7.00	Short-term financing	\$ -	Operating use	\$ -	Real estate	\$ 259,375	\$ 1,588,077 (Note 1)	\$ 2,117,436 (Note 1)
		Dun-Qian Hotel Management Ltd.	Other receivable	No	51,000	51,000 (Note 2)	23,000	5.75-6.00	Short-term financing	-	Operating use	225	Real estate	19,205	1,588,077 (Note 1)	2,117,436 (Note 1)
		Wangseng Investment Co., Ltd.	Other receivable	No	107,123	67,500 (Note 2)	67,500	3.75	Short-term financing	-	Operating use	647	Real estate/ stock trust benefit	139,334	1,588,077 (Note 1)	2,117,436 (Note 1)
		Bauhung Construction Co., Ltd.	Other receivable	No	353,552	294,972 (Note 2)	197,972	3.00-5.25	Short-term financing	-	Operating use	1,896	Real estate	403,393	1,588,077 (Note 1)	2,117,436 (Note 1)
		Oakpark Construction Co., Ltd.	Other receivable	No	400,000	400,000 (Note 2)	400,000	5.00	Short-term financing	-	Operating use	3,822	Real estate	480,998	1,588,077 (Note 1)	2,117,436 (Note 1)
		Grande Arcade Development Co., Ltd.	Other receivable	No	50,000	50,000 (Note 2)	-	6.50	Short-term financing	-	Operating use	-	Real estate	95,684	1,588,077 (Note 1)	2,117,436 (Note 1)
		Yufu International Co., Ltd.	Other receivable	No	150,000	150,000 (Note 2)	150,000	5.00	Short-term financing	-	Operating use	1,433	Real estate	193,475	1,588,077 (Note 1)	2,117,436 (Note 1)
		Sen Yuan Construction Co., Ltd.	Other receivable	No	120,000	120,000 (Note 2)	-	2.90	Short-term financing	-	Operating use	-	Real estate	149,423	1,588,077 (Note 1)	2,117,436 (Note 1)
2	SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Asia) Ltd.	Other receivable	Yes	2,759,962 (Notes 3 and 6)	2,670,334 (Notes 3 and 6)	2,670,334 (Note 6)	2.4	Short-term financing	-	Operating use	-	-	-	4,438,955 (Notes 3 and 6)	4,438,955 (Notes 3 and 6)
3	SinoPac Asia Limited	SinoPac Securities (Asia) Ltd.	Other receivable	Yes	188,179 (Notes 4 and 6)	182,068 (Notes 4 and 6)	182,068 (Note 6)	1.98222	Short-term financing	-	Operating use	-	-	-	209,623 (Notes 4 and 6)	209,623 (Notes 4 and 6)
4	SinoPac International Holdings Limited	SinoPac Securities (Asia) Ltd.	Other receivable	Yes	- (Notes 5 and 6)	- (Notes 5 and 6)	1,171,524 (Notes 5 and 6)	HIBOR+0.5	Short-term financing	-	Operating use	-	-	-	1,995,856 (Notes 5 and 6)	1,995,856 (Notes 5 and 6)

Note 1: The financial limit for each borrowing company and the financing company's financing amount limits are 30% and 40% of the reviewed net worth \$5,293,592 of SinoPac Leasing Corporation as of March 31, 2017, respectively. The financial limit to each subsidiary of SinoPac Leasing Corporation is 40% of its reviewed net worth.

Note 2: The Board of Directors of SinoPac Leasing Corp. proceeded the credit line. The maximum balance of \$185,000, \$51,000, \$67,500, \$294,972, \$400,000, \$50,000, \$150,000 and \$120,000, respectively are the credit line SinoPac Leasing Corp. provided to Jiao Tai Construction Co., Ltd., Dun-Qian Hotel Management Limited, Wangseng Investment Co., Ltd., Bauhung Construction Co., Ltd., Oakpark Construction Co., Ltd., Grande Arcade Development Co., Ltd., Yufu International Co., Ltd. and Sen Yuan Construction Co., Ltd.

Note 3: In March 2017, April and October 2016, the Board of Directors of SinoPac Securities (Cayman) Holdings Limited proceeded the credit line. The maximum balance of US\$40,000 thousands, US\$26,000 thousands and US\$22,000 thousands are the credit line SinoPac Securities (Cayman) Holdings Ltd. provided to SinoPac Securities (Asia) Ltd. for financing.

The maximum balance and the ending balance were based on the credit line of US\$88,000 thousands (NT\$2,759,962 and NT\$2,670,334, respectively). The credit line for individual and total financing amount calculated based on the net worth of SinoPac Securities (Cayman) Holdings Ltd. as of March 31, 2017, which equals to US\$146,284 thousands (NT\$4,438,955). As of March 31, 2017, the actual balance US\$88,000 thousands (NT\$2,670,334) had been eliminated in consolidated report.

Note 4: In March 2017, the Board of Directors of SinoPac Asia Limited proceeded the credit line. The maximum balance of US\$6,000 thousands is the credit line SinoPac Asia Limited provided to SinoPac Securities (Asia) Ltd. for financing.

The maximum balance and the ending balance were based on the credit line of US\$6,000 thousands (NT\$188,179 and NT\$182,068, respectively). The credit line for individual and total financing amount calculated based on the net worth of SinoPac Asia Limited as of March 31, 2017, which equals to US\$6,908 thousands (NT\$209,623). As of March 31, 2017, the actual balance US\$6,000 thousands (NT\$182,068) had been eliminated in consolidated report.

Note 5: Before the SinoPac Securities (Cayman) completed the acquisition of SinoPac International Holdings Limited, SinoPac International Holdings loaned Tung Shing Securities (Brokers) Limited HK\$300,000 thousands (NT\$1,171,524). The credit funds were established before acquisition and no credit line proceeded from the board of directors. SinoPac Securities updated "loans to operating procedures" in April 2016, and subsequent monetary loan amounts will follow the implementation of the provisions of the loan funds and the operating procedures. SinoPac Securities (Asia) Ltd. merged Tung Shing Securities (Brokers) Limited. Hence, the loans was taken over by SinoPac Securities (Asia) Ltd. since February 13, 2017 and had been eliminated in the consolidation report. The financial limit for each borrowing and the financing amount limits are HK\$511,092 thousands (NT\$1,995,856) of SinoPac International Holdings Limited.

Note 6: Foreign currency amounts translated to NT at spot exchange rate on balance sheet date.

**TABLE 2**

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**

**ENDORSEMENT/GUARANTEE PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2017  
(In Thousands of New Taiwan Dollars)**

No.	Endorsement/Guarantee Provider	Counterparty		Limits on Individual Endorsement/ Guarantee Amounts	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Endorsement/ Guarantee Amount Collateralized by Properties	Ratio of Accumulated Amount of Endorsement/ Guarantee to Net Asset Value of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amounts Allowable
		Name	Nature of Relationship							
1	SinoPac Leasing Corporation	Grand Capital International Limited	Subsidiary	\$ 42,348,736	\$ 16,993,037	\$ 16,993,037	\$ 8,012,903	\$ -	321.01%	\$ 42,348,736 (Note 1)
		SinoPac International Leasing Limited	Subsidiary	42,348,736	6,800,106	6,800,106	2,273,834	849,652	128.46%	42,348,736 (Note 1)
		SinoPac Leasing (Tianjin) Limited	Subsidiary	42,348,736	3,864,490	3,864,490	1,221,852	849,652	73.00%	42,348,736 (Note 1)
2	SinoPac Venture Capital Co., Ltd.	SinoPac Leasing Corporation	Affiliate	1,749,124	407,174	407,174	-	-	11.64%	3,498,248 (Note 2)

Note 1: The limit on individual endorsement or guarantee amounts is up to 200% of the net worth of SinoPac Leasing Corporation. The maximum amount of endorsement or guarantee is 800% of the net worth of SinoPac Leasing Corporation. But the amount of endorsement or guarantee is 800% of the worth of the subsidiaries of SinoPac Leasing Corporation, which held by more than 50%. The reviewed net worth of SinoPac Leasing Corporation as of March 31, 2017 was \$5,293,592.

Note 2: Endorsement or guarantee cannot exceed the net worth of SinoPac Venture Capital Co., Ltd.; individual endorsements or guarantees amounts cannot exceed half of the net worth of SinoPac Venture Capital Co., Ltd. The reviewed net worth of SinoPac Venture Capital Co., Ltd. as of March 31, 2017 was \$3,498,248.

Note 3: Foreign-currency amounts were translated to New Taiwan dollars at the spot exchange rates on the balance sheet date.

TABLE 3

## SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES

## MARKETABLE SECURITIES HELD

MARCH 31, 2017

(In Thousands of New Taiwan Dollars or Shares)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Financial Holdings	<u>Stock</u> Taiwan Depository And Clearing Corporation	-	Unquoted equity investments	292	\$ 4,639	0.08	\$ 4,639	Note 3
SinoPac Bancorp	<u>Stock</u> GS Series A	-	Financial assets at fair value through profit or loss	59	42,128	-	42,128	Note 3
	GS Series C	-	Financial assets at fair value through profit or loss	24	17,381	-	17,381	Note 3
	GS Series D	-	Financial assets at fair value through profit or loss	117	81,899	-	81,899	Note 3
	BAC Series E	-	Financial assets at fair value through profit or loss	200	141,164	-	141,164	Note 3
SinoPac Capital (H.K.) Limited	<u>Stock</u> MeiTa Industrial Co., Ltd.	-	Unquoted equity investments	212	12,987	0.49	12,987	Note 3
	<u>Fund</u> SinoPac China IPO Fund	-	Available-for-sale financial assets	47	2,068	-	2,068	Note 4
	China Enterprise Capital Limited		Available-for-sale financial assets	0.02	6,223	-	6,223	Note 4
SinoPac Property Insurance Agent Co., Ltd.	<u>Bond</u> Government Bond 88-3	-	Hold-to-maturity financial assets	600	608	-	650	Pledge
SinoPac Life Insurance Agency Co., Ltd.	<u>Bond</u> Government Bond 88-3	-	Hold-to-maturity financial assets	600	608	-	650	Pledge
SinoPac Futures Corporation	<u>Stock</u> Taiwan Futures Exchange (TAIFEX)	Affiliate of SPH Chairman	Unquoted equity investments	764	4,991	0.25	4,991	Note 3
	GME Group Inc.	-	Available-for-sale financial assets	20	72,064	0.01	72,064	Note 3
	Fubon Taix ETF Umbrella	-	Financial assets at fair value through profit or loss	500	4,620	-	4,620	Note 2
	Fund-Fubon Taix Daily -1X Inverse ETF							
	W.I.S.E. Yuanta/P-shares CSI 300 ETF	-	Financial assets at fair value through profit or loss	150	2,316	-	2,316	Note 2

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Fubon Sse (ETF)	-	Financial assets at fair value through profit or loss	72	\$ 2,381	-	\$ 2,381	Note 2
	Yuanta S&P GSCI Crude Oil ER Futures ETF	-	Financial assets at fair value through profit or loss	65	1,154	-	1,154	Note 2
	S&P 500 (ETF)	-	Financial assets at fair value through profit or loss	48	1,036	-	1,036	Note 2
	Charoen Pokphand Enterprise (Taiwan) Co., Ltd	-	Financial assets at fair value through profit or loss	9	488	-	488	Note 2
	Makalot Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	7	872	-	872	Note 2
	Yungtay Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	10	526	-	526	Note 2
	Zeng Hsing Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	3	468	-	468	Note 2
	Tsrc Corporation	-	Financial assets at fair value through profit or loss	14	489	-	489	Note 2
	Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss	9	564	-	564	Note 2
	Foxconn Technology Group	-	Financial assets at fair value through profit or loss	12	1,092	-	1,092	Note 2
	Taiwan Semiconductor Manufacturing Company, Limited	-	Financial assets at fair value through profit or loss	31	5,859	-	5,859	Note 2
	Elite Material Co., Ltd.	-	Financial assets at fair value through profit or loss	2	236	-	236	Note 2
	United Integrated Services Co., Ltd.	-	Financial assets at fair value through profit or loss	5	334	-	334	Note 2
	Thinking Electronic Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	4	268	-	268	Note 2
	Da Cin Construction Co., Ltd.	-	Financial assets at fair value through profit or loss	13	263	-	263	Note 2
	Huaku Development Co., Ltd.	-	Financial assets at fair value through profit or loss	8	559	-	559	Note 2
	Chinese Maritime Transport Ltd.	-	Financial assets at fair value through profit or loss	7	217	-	217	Note 2
	King's Town Bank Co., Ltd	-	Financial assets at fair value through profit or loss	9	271	-	271	Note 2
	Taiwan Fire & Marine Insurance Co., Ltd.	-	Financial assets at fair value through profit or loss	27	514	-	514	Note 2
	Shinkong Insurance Co., Ltd.	-	Financial assets at fair value through profit or loss	9	230	-	230	Note 2
	Fubon Financial Holdings	-	Financial assets at fair value through profit or loss	20	990	-	990	Note 2
	Cathay Financial Holdings Co., Ltd.	-	Financial assets at fair value through profit or loss	5	244	-	244	Note 2
	Wah Lee Industrial Corp.	-	Financial assets at fair value through profit or loss	11	537	-	537	Note 2

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Chailease Holding Company Limited	-	Financial assets at fair value through profit or loss	9	\$ 638	-	\$ 638	Note 2
	Polytronics Technology Corp.	-	Financial assets at fair value through profit or loss	4	245	-	245	Note 2
	Chaun-Choung Technology Corp.	-	Financial assets at fair value through profit or loss	2	281	-	281	Note 2
	Flexium Interconnect Inc.	-	Financial assets at fair value through profit or loss	3	317	-	317	Note 2
	Cleanaway Company Limited	-	Financial assets at fair value through profit or loss	2	346	-	346	Note 2
	Pou Chen Group	-	Financial assets at fair value through profit or loss	6	252	-	252	Note 2
	Taiwan Fu Hsing Industrial Co., Ltd.	-	Financial assets at fair value through profit or loss	6	252	-	252	Note 2
	Nak Sealing Technologies Corporation,	-	Financial assets at fair value through profit or loss	5	403	-	403	Note 2
	Holiday Entertainment Co., Ltd.	-	Financial assets at fair value through profit or loss	5	269	-	269	Note 2
	St. Shine Optical Co., Ltd.	-	Financial assets at fair value through profit or loss	1	615	-	615	Note 2
	Sinmag Equipment Corporation	-	Financial assets at fair value through profit or loss	2	278	-	278	Note 2
	Grand Plastic Technology Corporation	-	Financial assets at fair value through profit or loss	1	179	-	179	Note 2
	Microlife Corporation	-	Financial assets at fair value through profit or loss	4	285	-	285	Note 2
	Phison Electronics Corp	-	Financial assets at fair value through profit or loss	1	273	-	273	Note 2
	Xxentria Technology Materials Co., Ltd.	-	Financial assets at fair value through profit or loss	4	288	-	288	Note 2
	Macauto Industrial Co., Ltd	-	Financial assets at fair value through profit or loss	3	519	-	519	Note 2
	<u>Fund</u>							
	Taishin RMB Money Market Fund	-	Financial assets at fair value through profit or loss	101	4,826	0.03	4,826	Note 4
	Hua Nan Strategy Return TWD	-	Financial assets at fair value through profit or loss	300	2,871	-	2,871	Note 4
	Concord Dream Futures Trust Fund	-	Financial assets at fair value through profit or loss	1,423	15,347	0.04	15,347	Note 4
	Yuanta Greater China Harvest Bal TWD	-	Financial assets at fair value through profit or loss	1,000	9,601	0.01	9,601	Note 4
	Taishin China-US Money Market	-	Financial assets at fair value through profit or loss	500	4,830	0.02	4,830	Note 4

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Venture Capital Co., Ltd.	Union Global Balanced Fund	-	Financial assets at fair value through profit or loss	700	\$ 6,996	0.01	\$ 6,996	Note 4
	Cathay Smart ETF Cnsrv Fd of ETFs	-	Financial assets at fair value through profit or loss	1,500	14,880	0.01	14,880	Note 4
	Concord Prosperity Futures Trust Fund	-	Financial assets at fair value through profit or loss	501	4,985	0.08	4,985	Note 4
	Fsite Glb Quattro Foc Inc Fd Of Fd	-	Financial assets at fair value through profit or loss	700	7,011	-	7,011	Note 4
	<u>Stock</u>							
	Taigen Biopharmaceuticals Holdings Limited	SinoPac Venture Capital is the Company's corporate director	Available-for-sale financial assets	34,968	919,663	4.62	919,663	Note 2
	OBI Pharma, Inc.	-	Available-for-sale financial assets	14	3,853	0.01	3,853	Note 2
	Aerowin Technology Corporation	-	Available-for-sale financial assets	620	16,988	0.91	16,988	Note 2
	TBI Motion Technology Co., Ltd.	-	Available-for-sale financial assets	3,027	85,301	3.55	85,301	Note 2
	One Production Film Co.	-	Available-for-sale financial assets	617	13,205	2.21	13,205	Note 2
	Impinj, Inc.	-	Available-for-sale financial assets	326	301,666	1.60	301,666	Note 2
	Kuang Hong Arts Management Incorporation	-	Available-for-sale financial assets	700	38,899	3.68	38,899	Note 2
	United Advertising Co., Ltd.	-	Available-for-sale financial assets	400	30,800	1.33	30,800	Note 2
	3S Silicon Tech, Inc.	SinoPac Venture Capital is the Company's corporate director	Available-for-sale financial assets	1,634	40,997	6.95	40,997	Note 2
	MOSA Industrial Corporation	-	Available-for-sale financial assets	2,253	80,029	1.45	80,029	Note 2
	Apollo Medical Optics Inc.	-	Unquoted equity investments	1,666	33,802	5.05	33,802	Note 3
	Asia Best Healthcare Co., Ltd.	-	Unquoted equity investments	11	48,675	1.60	48,675	Note 3
	BDF II	-	Unquoted equity investments	-	5,752	2.30	5,752	Note 3
	BDF IV	-	Unquoted equity investments	-	7,822	3.18	7,822	Note 3
	Brightman Optoelectronics (Cayman) Co., Ltd.	-	Unquoted equity investments	855	67,998	11.69	67,998	Note 3
	CGK International Co., Ltd.	-	Unquoted equity investments	1,800	56,189	4.90	56,189	Note 3
	Dream Craft Group International Ltd. A-1	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	9	29,853	5.02	29,853	Note 3
	Dream Craft Group International Ltd. A-2	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	9	-	5.02	-	Note 3
	Hope Bulkship S.A.	-	Unquoted equity investments	-	21	17.00	21	Note 3
	Loyalty Alliance Enterprise Corp.	-	Unquoted equity investments	607	15,645	0.51	15,645	Note 3
	MiCareo Inc.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	6,033	86,575	14.83	86,575	Note 3
	Mozido C-1	-	Unquoted equity investments	59	23,759	0.02	23,759	Note 3
	Mozido C-2	-	Unquoted equity investments	258	102,935	0.07	102,935	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	Neutron Innovation (BVI) Limited	Affiliate of SPH Chairman spouse	Unquoted equity investments	1,568	\$ 36,814	6.06	\$ 36,814	Note 3
	Transound Electronics Co., Ltd.	-	Unquoted equity investments	1,800	45,000	5.10	45,000	Note 3
	Winking Entertainment Ltd.	-	Unquoted equity investments	967	21,489	2.64	21,489	Note 3
	YFY Biotech Management Company	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	11,250	112,500	5.00	112,500	Note 3
	DA HO Marketing Co., Ltd.	-	Unquoted equity investments	1,000	17,500	12.20	17,500	Note 3
	Taisys Technologies Co., Ltd.	-	Unquoted equity investments	379	17,500	1.93	17,500	Note 3
	Nisho Image Tech Inc.	-	Unquoted equity investments	3,000	39,000	6.67	39,000	Note 3
	Taiwan Cultural - Creative Development Co., Ltd.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	1,700	20,400	8.50	20,400	Note 3
	Taiwan Incubator Small & Medium Enterprises Development Corp.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	3,417	29,000	4.84	29,000	Note 3
	Global Strategic Venture	-	Unquoted equity investments	850	8,505	1.94	8,505	Note 3
	Boston Life Science Venture Co.	-	Unquoted equity investments	2,329	21,151	5.00	21,151	Note 3
	ProtectLife International Biomedical Inc.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	2,000	30,000	7.76	30,000	Note 3
	IF Mobile Technology Co., Ltd.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	1,500	30,000	16.13	30,000	Note 3
	J-METRICS Technology Co., Ltd.	-	Unquoted equity investments	1,200	36,000	6.75	36,000	Note 3
	Knowledge Freeway Co., Ltd.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	572	6,864	11.44	6,864	Note 3
	Andros Pharmaceuticals Co., Ltd.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	2,040	43,500	8.33	43,500	Note 3
	Maxima Capital Management	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	52	875	9.39	875	Note 3
	Huashan Wen Chong Industrial Co., Ltd.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	7,278	72,783	14.00	72,783	Note 3
	M2 Communication Inc.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	3,925	49,975	10.14	49,975	Note 3
	New Micropore, Inc.	SinoPac Venture Capital is the Company's corporate supervisors	Unquoted equity investments	1,000	16,000	10.00	16,000	Note 3
	Centera Photonics Inc.	-	Unquoted equity investments	1,750	30,000	10.32	30,000	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
SinoPac Securities Investment Trust Co., Ltd.	Readmoo, Corp	-	Unquoted equity investments	1,000	\$ 10,000	0.83	\$ 10,000	Note 3
	Global Investment Holdings	-	Unquoted equity investments	3,018	15,781	2.50	15,781	Note 3
	Telexpress Corp.	SinoPac Venture Capital is the Company's corporate supervisors	Unquoted equity investments	542	5,226	3.69	5,226	Note 3
	Lian An Services Co., Ltd.	SinoPac Venture Capital is the Company's corporate director	Unquoted equity investments	125	1,250	5.00	1,250	Note 3
	<u>Fund</u> SinoPac TAIEX ETF	Fund under SinoPac Securities Investment Trust Corporation's management	Available-for-sale financial assets	5	250	0.17	250	Note 4
	SinoPac S&P Southwest Asia 40 Index	Fund under SinoPac Securities Investment Trust Corporation's management	Available-for-sale financial assets	1,000	10,300	8.01	10,300	Note 4
	SinoPac CSI 300 Dividend Index Fund	Fund under SinoPac Securities Investment Trust Corporation's management	Available-for-sale financial assets	485	7,529	0.19	7,529	Note 4
	Sinopac S&P 500 Low Vol Hi Div Idx	Fund under SinoPac Securities Investment Trust Corporation's management	Available-for-sale financial assets	688	7,365	4.68	7,365	Note 4
	<u>Fund</u> Russell Multi-Asset 70 Fund B Acc.	-	Financial assets at fair value through profit or loss	3	16,944	0.43	16,944	Note 4
	SinoPac TWD Money Market	Fund under SinoPac Securities Investment Trust Corporation's management	Financial assets at fair value through profit or loss	512	7,068	0.05	7,068	Note 4
SinoPac Capital (Asia) Ltd.	<u>Bond</u> ISPIM 4.5 02/27/19 EMTN	-	Financial assets at fair value through profit or loss	6,670	28,342	-	28,342	Note 3
	SWIBSP 7.75 09/18/17 EMTN	-	Financial assets at fair value through profit or loss	5,000	-	-	-	Note 3
	ISPIM 5.25 03/27/18 MTN	-	Financial assets at fair value through profit or loss	4,000	17,646	-	17,646	Note 3
	DB V5.6 04/10/25 EMTN	-	Financial assets at fair value through profit or loss	5,000	21,423	-	21,423	Note 3
	LENOVO 4.95 06/10/20	-	Financial assets at fair value through profit or loss	7,000	30,766	-	30,766	Note 3
	MS 4.02 07/16/20	-	Financial assets at fair value through profit or loss	15,000	66,172	-	66,172	Note 3
	MAYMK 4 07/19/19 EMTN	-	Financial assets at fair value through profit or loss	20,000	85,795	-	85,795	Note 3

(Continued)



Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	CENTRAL AMERICAN BANK 3.95% 21SEP2019	-	Financial assets at fair value through profit or loss	1,000	\$ 4,332	-	\$ 4,332	Note 3
	CENTRAL AMERICAN BANK 4.20% 21SEP2021	-	Financial assets at fair value through profit or loss	1,000	4,307	-	4,307	Note 3
	ICBCAS 3.2 09/19/18 EMTN	-	Financial assets at fair value through profit or loss	3,000	12,930	-	12,930	Note 3
	INDON 5.875 03/13/20 REGS	-	Financial assets at fair value through profit or loss	250	8,287	-	8,287	Note 3
	BCHINA 5.55 02/11/20 REGS	-	Financial assets at fair value through profit or loss	1,000	32,665	-	32,665	Note 3
	MQGAU 6.625 04/07/21 REGS	-	Financial assets at fair value through profit or loss	38	1,296	-	1,296	Note 3
	KDB 3.5 08/22/17	-	Financial assets at fair value through profit or loss	800	24,435	-	24,435	Note 3
	CNPCCH 2.75 04/19/17 REGS	-	Financial assets at fair value through profit or loss	2,750	83,480	-	83,480	Note 3
	CNOOC 3.875 05/02/22 REGS	-	Financial assets at fair value through profit or loss	500	15,656	-	15,656	Note 3
	INDKOR 2.375 07/17/17 REGS	-	Financial assets at fair value through profit or loss	2,000	60,774	-	60,774	Note 3
	SUMIBK 1.8 07/18/17	-	Financial assets at fair value through profit or loss	750	22,782	-	22,782	Note 3
	KORGAS 2.25 07/25/17 REGS	-	Financial assets at fair value through profit or loss	1,000	30,391	-	30,391	Note 3
	CIMBMK 2.375 07/26/17 EMTN	-	Financial assets at fair value through profit or loss	2,000	60,742	-	60,742	Note 3
	JPM 2 08/15/17	-	Financial assets at fair value through profit or loss	500	15,203	-	15,203	Note 3
	BCHINA 2.875 10/10/17 EMTN	-	Financial assets at fair value through profit or loss	1,500	45,707	-	45,707	Note 3
	STANLN 3.95 01/11/23 REGS	-	Financial assets at fair value through profit or loss	688	20,830	-	20,830	Note 3
	RBS 6.125 12/15/22	-	Financial assets at fair value through profit or loss	32	1,025	-	1,025	Note 3
	CHCONS 3.125 04/02/18	-	Financial assets at fair value through profit or loss	1,200	36,607	-	36,607	Note 3
	SOFTBK 4.5 04/15/20 REGS	-	Financial assets at fair value through profit or loss	3,000	93,101	-	93,101	Note 3
	WANTSP 1.875 05/14/18 REGS	-	Financial assets at fair value through profit or loss	1,000	30,181	-	30,181	Note 3
	RBS 4.7 07/03/18	-	Financial assets at fair value through profit or loss	300	9,274	-	9,274	Note 3
	BACR 10.179 06/12/21 REGS	-	Financial assets at fair value through profit or loss	20	758	-	758	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	JPM 3.375 05/01/23	-	Financial assets at fair value through profit or loss	601	\$ 18,174	-	\$ 18,174	Note 3
	AAPL 2.4 05/03/23	-	Financial assets at fair value through profit or loss	68	2,021	-	2,021	Note 3
	HKCGAS V4.75 P07/29/49 REGS	-	Financial assets at fair value through profit or loss	1,000	31,307	-	31,307	Note 3
	SINOPE F 04/10/19 REGS	-	Financial assets at fair value through profit or loss	1,000	30,402	-	30,402	Note 3
	SINOPE 2.75 04/10/19 REGS	-	Financial assets at fair value through profit or loss	500	15,294	-	15,294	Note 3
	SINOPE 1.75 04/10/17 REGS	-	Financial assets at fair value through profit or loss	2,500	75,862	-	75,862	Note 3
	SINOPE F 04/10/17 REGS	-	Financial assets at fair value through profit or loss	1,000	30,345	-	30,345	Note 3
	RBS 6 12/19/23	-	Financial assets at fair value through profit or loss	305	9,771	-	9,771	Note 3
	BNKEA 2.375 04/24/17 EMTN	-	Financial assets at fair value through profit or loss	1,250	37,947	-	37,947	Note 3
	CHINLP V4.25 P05/29/49	-	Financial assets at fair value through profit or loss	365	11,329	-	11,329	Note 3
	LENOVO 4.7 05/08/19	-	Financial assets at fair value through profit or loss	2,000	62,746	-	62,746	Note 3
	ICBCAS 2.5 11/21/17 EMTN	-	Financial assets at fair value through profit or loss	500	15,215	-	15,215	Note 3
	CHINAM 2.375 06/12/17 EMTN	-	Financial assets at fair value through profit or loss	1,600	48,565	-	48,565	Note 3
	CHMETL 2.625 06/16/17	-	Financial assets at fair value through profit or loss	1,600	48,585	-	48,585	Note 3
	WHEELK 2.75 07/02/17	-	Financial assets at fair value through profit or loss	2,000	60,781	-	60,781	Note 3
	CCB 3.25 07/02/19 EMTN	-	Financial assets at fair value through profit or loss	500	15,467	-	15,467	Note 3
	CITNAT 1.625 07/14/17 REGS	-	Financial assets at fair value through profit or loss	500	15,164	-	15,164	Note 3
	HRAM 3 07/17/17	-	Financial assets at fair value through profit or loss	4,125	125,449	-	125,449	Note 3
	SLMLZ 3.5 07/17/17	-	Financial assets at fair value through profit or loss	1,500	45,587	-	45,587	Note 3
	ADSEMI 2.125 07/24/17	-	Financial assets at fair value through profit or loss	4,000	121,304	-	121,304	Note 3
	RLCONS V3.95 P02/28/49	-	Financial assets at fair value through profit or loss	2,900	89,731	-	89,731	Note 3
	PERTIJ 4.3 05/20/23 REGS	-	Financial assets at fair value through profit or loss	7,170	224,059	-	224,059	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	ORIEAS 3.75 09/03/19 EMTN	-	Financial assets at fair value through profit or loss	2,250	\$ 69,733	-	\$ 69,733	Note 3
	BOCOM V4.5 10/03/24	-	Financial assets at fair value through profit or loss	1,000	31,241	-	31,241	Note 3
	LONGYU 2.875 10/03/17	-	Financial assets at fair value through profit or loss	1,000	30,429	-	30,429	Note 3
	NIPLIF V5.1 10/16/44 REGS	-	Financial assets at fair value through profit or loss	700	22,383	-	22,383	Note 3
	MQGAU 1.6 10/27/17 REGS	-	Financial assets at fair value through profit or loss	500	15,162	-	15,162	Note 3
	MQGAU F 10/27/17 REGS	-	Financial assets at fair value through profit or loss	500	15,191	-	15,191	Note 3
	BCHINA 5 11/13/24 REGS	-	Financial assets at fair value through profit or loss	500	16,119	-	16,119	Note 3
	BEIJII 2.625 11/20/17	-	Financial assets at fair value through profit or loss	2,500	76,000	-	76,000	Note 3
	CNPCCH 2.7 11/25/19	-	Financial assets at fair value through profit or loss	1,250	38,238	-	38,238	Note 3
	CNPCCH 1.95 11/25/17	-	Financial assets at fair value through profit or loss	500	15,188	-	15,188	Note 3
	AMIPEA 2.375 11/26/17 EMTN	-	Financial assets at fair value through profit or loss	900	27,351	-	27,351	Note 3
	INDON 4.125 01/15/25 REGS	-	Financial assets at fair value through profit or loss	400	12,442	-	12,442	Note 3
	SHENGY 2.5 01/20/18	-	Financial assets at fair value through profit or loss	1,500	45,652	-	45,652	Note 3
	SBSG 3.875 01/28/20	-	Financial assets at fair value through profit or loss	3,500	108,468	-	108,468	Note 3
	CARINC 6.125 02/04/20 REGS	-	Financial assets at fair value through profit or loss	300	9,414	-	9,414	Note 3
	ICBCAS F 02/12/18	-	Financial assets at fair value through profit or loss	1,000	30,494	-	30,494	Note 3
	ICBCAS 2.625 03/19/18	-	Financial assets at fair value through profit or loss	2,800	85,257	-	85,257	Note 3
	BEICAP 2.875 04/01/18	-	Financial assets at fair value through profit or loss	2,000	60,600	-	60,600	Note 3
	SOCGEN 4.25 04/14/25 REGC	-	Financial assets at fair value through profit or loss	1,053	31,204	-	31,204	Note 3
	STANLN 3.2 04/17/25 REGS	-	Financial assets at fair value through profit or loss	120	3,477	-	3,477	Note 3
	CHCOMU V3.5 P12/29/49	-	Financial assets at fair value through profit or loss	1,500	45,756	-	45,756	Note 3
	FORCAY 3.375 04/22/25	-	Financial assets at fair value through profit or loss	670	19,859	-	19,859	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	HTISEC 3.5 04/21/20	-	Financial assets at fair value through profit or loss	2,000	\$ 61,280	-	\$ 61,280	Note 3
	ITAU 2.85 05/26/18 REGS	-	Financial assets at fair value through profit or loss	500	15,227	-	15,227	Note 3
	GZHCIG 3 06/04/18	-	Financial assets at fair value through profit or loss	1,000	30,371	-	30,371	Note 3
	AHTRHK 2.875 06/11/18	-	Financial assets at fair value through profit or loss	1,500	45,468	-	45,468	Note 3
	SAIL 2014-10 M1 MTGE	-	Financial assets at fair value through profit or loss	6,748	17,089	-	17,089	Note 3
	BCHINA 2.875 06/30/20 REGS	-	Financial assets at fair value through profit or loss	240	7,321	-	7,321	Note 3
	ICBCAS 3.25 03/17/20	-	Financial assets at fair value through profit or loss	70	2,138	-	2,138	Note 3
	BINHCO 3.1 07/23/18	-	Financial assets at fair value through profit or loss	3,300	100,194	-	100,194	Note 3
	BINHCO 4 07/23/20	-	Financial assets at fair value through profit or loss	1,000	30,721	-	30,721	Note 3
	ELEBRA 6.875 07/30/19 REGS	-	Financial assets at fair value through profit or loss	300	9,589	-	9,589	Note 3
	C 4.4 06/10/25	-	Financial assets at fair value through profit or loss	894	27,518	-	27,518	Note 3
	BOIIN 3.625 09/21/18 REGS	-	Financial assets at fair value through profit or loss	2,000	61,300	-	61,300	Note 3
	ONGCIN 2.5 05/07/18	-	Financial assets at fair value through profit or loss	2,000	60,734	-	60,734	Note 3
	SINOCH V5 P12/29/49 REGS	-	Financial assets at fair value through profit or loss	500	15,534	-	15,534	Note 3
	SUMIBK 2.45 10/20/20	-	Financial assets at fair value through profit or loss	250	7,529	-	7,529	Note 3
	DIALEA 2.75 10/21/20 EMTN	-	Financial assets at fair value through profit or loss	500	15,122	-	15,122	Note 3
	MYLIFE V5.2 10/20/45 REGS	-	Financial assets at fair value through profit or loss	1,000	32,077	-	32,077	Note 3
	ICBCIL 2.6 11/13/18 REGS	-	Financial assets at fair value through profit or loss	2,000	60,791	-	60,791	Note 3
	WFC 3 02/19/25 MTN	-	Financial assets at fair value through profit or loss	120	3,537	-	3,537	Note 3
	SDGOLD 2.5 11/13/18	-	Financial assets at fair value through profit or loss	500	15,157	-	15,157	Note 3
	HRAM 2.875 11/19/18 EMTN	-	Financial assets at fair value through profit or loss	250	7,601	-	7,601	Note 3
	CHCONS 2.95 11/19/20	-	Financial assets at fair value through profit or loss	1,000	30,483	-	30,483	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	KOREAN V2.5 11/25/45	-	Financial assets at fair value through profit or loss	2,000	\$ 60,535	-	\$ 60,535	Note 3
	NWDEVL 4.375 11/30/22 EMTN	-	Financial assets at fair value through profit or loss	500	15,740	-	15,740	Note 3
	GUAMET 2.875 12/03/18 EMTN	-	Financial assets at fair value through profit or loss	500	15,264	-	15,264	Note 3
	KORHIC V2.5 12/03/45	-	Financial assets at fair value through profit or loss	2,600	78,749	-	78,749	Note 3
	F 2.943 01/08/19 MTN	-	Financial assets at fair value through profit or loss	3,000	92,178	-	92,178	Note 3
	FF 01/08/19 MTN	-	Financial assets at fair value through profit or loss	3,000	92,567	-	92,567	Note 3
	MQGAU F 01/15/19 REGS	-	Financial assets at fair value through profit or loss	1,000	30,674	-	30,674	Note 3
	PINANI 2.375 01/19/19 EMTN	-	Financial assets at fair value through profit or loss	200	6,068	-	6,068	Note 3
	EXIMBK 3.125 07/20/21 EMTN	-	Financial assets at fair value through profit or loss	400	12,216	-	12,216	Note 3
	SUMIBK F 01/18/19 MTN	-	Financial assets at fair value through profit or loss	1,000	30,544	-	30,544	Note 3
	NIPLIF V4.7 01/20/46 REGS	-	Financial assets at fair value through profit or loss	4,300	134,698	-	134,698	Note 3
	BABA 3.6 11/28/24	-	Financial assets at fair value through profit or loss	1,100	33,611	-	33,611	Note 3
	CKINF 5.875 P12/29/49	-	Financial assets at fair value through profit or loss	500	15,745	-	15,745	Note 3
	CMZB 8.125 09/19/23 REGS	-	Financial assets at fair value through profit or loss	100	3,547	-	3,547	Note 3
	GM 4.75 08/15/17	-	Financial assets at fair value through profit or loss	101	3,099	-	3,099	Note 3
	SUMIBK F 03/09/21	-	Financial assets at fair value through profit or loss	500	15,639	-	15,639	Note 3
	SUMIBK 2.934 03/09/21	-	Financial assets at fair value through profit or loss	1,000	30,522	-	30,522	Note 3
	UOBSP V3.5 09/16/26 EMTN	-	Financial assets at fair value through profit or loss	2,000	60,910	-	60,910	Note 3
	LLOYDS 4.65 03/24/26	-	Financial assets at fair value through profit or loss	2,500	77,177	-	77,177	Note 3
	AAPL 3.85 05/04/43	-	Financial assets at fair value through profit or loss	80	2,310	-	2,310	Note 3
	BAC 4.25 10/22/26 MTN	-	Financial assets at fair value through profit or loss	510	15,608	-	15,608	Note 3
	MSFT 3.5 02/12/35	-	Financial assets at fair value through profit or loss	50	1,448	-	1,448	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	STANLN 4.05 04/12/26 REGS	-	Financial assets at fair value through profit or loss	500	\$ 15,272	-	\$ 15,272	Note 3
	BAC 3.95 04/21/25 L	-	Financial assets at fair value through profit or loss	826	24,887	-	24,887	Note 3
	AAPL 3.45 02/09/45	-	Financial assets at fair value through profit or loss	190	5,122	-	5,122	Note 3
	HPQ 6 09/15/41	-	Financial assets at fair value through profit or loss	61	1,878	-	1,878	Note 3
	SUNSHG 4.5 04/20/26 10YR	-	Financial assets at fair value through profit or loss	600	18,292	-	18,292	Note 3
	SUNSHG 2.5 04/20/19 3YR	-	Financial assets at fair value through profit or loss	2,000	59,951	-	59,951	Note 3
	SUNSHG 3.15 04/20/21 5YR	-	Financial assets at fair value through profit or loss	1,000	29,853	-	29,853	Note 3
	SINOPE 2.75 05/03/21 REGS	-	Financial assets at fair value through profit or loss	500	15,066	-	15,066	Note 3
	BACR 5.2 05/12/26	-	Financial assets at fair value through profit or loss	2,000	61,935	-	61,935	Note 3
	HSBC 4.25 08/18/25	-	Financial assets at fair value through profit or loss	500	15,221	-	15,221	Note 3
	JPM 2.7 05/18/23	-	Financial assets at fair value through profit or loss	1,000	29,594	-	29,594	Note 3
	ANZ 4.4 05/19/26 REGS	-	Financial assets at fair value through profit or loss	500	15,548	-	15,548	Note 3
	HSBC 2.95 05/25/21	-	Financial assets at fair value through profit or loss	600	18,248	-	18,248	Note 3
	HSBC 3.6 05/25/23	-	Financial assets at fair value through profit or loss	600	18,457	-	18,457	Note 3
	HSBC 3.9 05/25/26	-	Financial assets at fair value through profit or loss	600	18,362	-	18,362	Note 3
	PCLN 3.6 06/01/26	-	Financial assets at fair value through profit or loss	500	15,038	-	15,038	Note 3
	SUNHKC 4.75 05/31/21 EMTN	-	Financial assets at fair value through profit or loss	800	24,612	-	24,612	Note 3
	HRAM 2.75 06/03/19	-	Financial assets at fair value through profit or loss	666	20,066	-	20,066	Note 3
	MIDEAZ 2.375 06/03/19 EMTN	-	Financial assets at fair value through profit or loss	500	15,130	-	15,130	Note 3
	HRAM 4.625 06/03/26	-	Financial assets at fair value through profit or loss	800	24,507	-	24,507	Note 3
	HPE 6.2 10/15/35 REGS	-	Financial assets at fair value through profit or loss	10	317	-	317	Note 3
	JPM 3.2 06/15/26	-	Financial assets at fair value through profit or loss	1,000	29,369	-	29,369	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	EVERRE 8 01/15/19	-	Financial assets at fair value through profit or loss	500	\$ 15,744	-	\$ 15,744	Note 3
	RBS 5.125 05/28/24	-	Financial assets at fair value through profit or loss	300	9,168	-	9,168	Note 3
	CITPAC 2.8 12/14/21 EMTN	-	Financial assets at fair value through profit or loss	3,000	89,821	-	89,821	Note 3
	CITPAC 3.7 06/14/26 EMTN	-	Financial assets at fair value through profit or loss	1,500	44,934	-	44,934	Note 3
	CHCONS 2.25 06/14/19	-	Financial assets at fair value through profit or loss	334	10,085	-	10,085	Note 3
	CHCONS 2.7 06/14/21	-	Financial assets at fair value through profit or loss	500	14,981	-	14,981	Note 3
	DAIL V4 P12/29/49 REGS	-	Financial assets at fair value through profit or loss	646	19,054	-	19,054	Note 3
	CDBI 2.25 08/02/21 EMTN	-	Financial assets at fair value through profit or loss	600	17,595	-	17,595	Note 3
	AAPL 3.85 08/04/46	-	Financial assets at fair value through profit or loss	500	14,346	-	14,346	Note 3
	SANUK 2.875 08/05/21	-	Financial assets at fair value through profit or loss	500	14,946	-	14,946	Note 3
	MU 5.875 02/15/22	-	Financial assets at fair value through profit or loss	380	12,012	-	12,012	Note 3
	STANLN 4.3 02/19/27 REGS	-	Financial assets at fair value through profit or loss	330	9,836	-	9,836	Note 3
	STX 5.75 12/01/34	-	Financial assets at fair value through profit or loss	101	2,766	-	2,766	Note 3
	DBSSP V3.6 P12/29/49 GMTN	-	Financial assets at fair value through profit or loss	200	5,961	-	5,961	Note 3
	MUFG 2.19 09/13/21	-	Financial assets at fair value through profit or loss	250	7,393	-	7,393	Note 3
	MUFG 2.757 09/13/26	-	Financial assets at fair value through profit or loss	1,250	35,558	-	35,558	Note 3
	MIZUHO 2.839 09/13/26	-	Financial assets at fair value through profit or loss	500	14,295	-	14,295	Note 3
	BOCAVI 2.375 09/15/21 REGS	-	Financial assets at fair value through profit or loss	250	7,324	-	7,324	Note 3
	NDB 6.25 04/10/24 REGS	-	Financial assets at fair value through profit or loss	1,000	29,887	-	29,887	Note 3
	HONHAI 2.25 09/23/21 EMTN	-	Financial assets at fair value through profit or loss	600	17,746	-	17,746	Note 3
	SINOPE 1.75 09/29/19 REGS	-	Financial assets at fair value through profit or loss	500	14,931	-	14,931	Note 3
	SINOPE 2 09/29/21 REGS	-	Financial assets at fair value through profit or loss	500	14,570	-	14,570	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	SINOPE 2.75 09/29/26 REGS	-	Financial assets at fair value through profit or loss	500	\$ 14,067	-	\$ 14,067	Note 3
	TVB 3.625 10/11/21	-	Financial assets at fair value through profit or loss	400	11,947	-	11,947	Note 3
	CBAAU V3.375 10/20/26	-	Financial assets at fair value through profit or loss	250	7,511	-	7,511	Note 3
	BDOPM 2.625 10/24/21 EMTN	-	Financial assets at fair value through profit or loss	1,600	47,784	-	47,784	Note 3
	PEMEX 3.5 01/30/23	-	Financial assets at fair value through profit or loss	10	289	-	289	Note 3
	T 4.35 06/15/45	-	Financial assets at fair value through profit or loss	126	3,352	-	3,352	Note 3
	MSCI 4.75 08/01/26 REGS	-	Financial assets at fair value through profit or loss	50	1,510	-	1,510	Note 3
	HPE 6.35 10/15/45	-	Financial assets at fair value through profit or loss	36	1,115	-	1,115	Note 3
	VZ 4.4 11/01/34	-	Financial assets at fair value through profit or loss	161	4,606	-	4,606	Note 3
	FUTLAN 5 02/16/20	-	Financial assets at fair value through profit or loss	100	3,055	-	3,055	Note 3
	VZ 4.672 03/15/55	-	Financial assets at fair value through profit or loss	200	5,409	-	5,409	Note 3
	CHJMAO 3.6 03/03/22	-	Financial assets at fair value through profit or loss	600	18,075	-	18,075	Note 3
	RUSSIAN RAILWAYS VIA RZD CAPITAL PLC 4.375% 01MAR2024	-	Financial assets at fair value through profit or loss	500	15,142	-	15,142	Note 3
	CHNAAR 4.7 03/08/22	-	Financial assets at fair value through profit or loss	500	14,935	-	14,935	Note 3
	AAPL 4.375 05/13/45	-	Financial assets at fair value through profit or loss	100	3,108	-	3,108	Note 3
	VZ 4.125 08/15/46	-	Financial assets at fair value through profit or loss	110	2,876	-	2,876	Note 3
	WFC 4.1 06/03/26 MTN	-	Financial assets at fair value through profit or loss	50	1,544	-	1,544	Note 3
	CCAMCL 3.65 03/09/22	-	Financial assets at fair value through profit or loss	500	15,332	-	15,332	Note 3
	CCAMCL 4.4 03/09/27	-	Financial assets at fair value through profit or loss	500	15,177	-	15,177	Note 3
	GOME 5 03/10/20	-	Financial assets at fair value through profit or loss	200	6,149	-	6,149	Note 3
	LENOVO V5.375 PERP EMTN	-	Financial assets at fair value through profit or loss	500	15,369	-	15,369	Note 3
	EVERRE 8.25 03/23/22	-	Financial assets at fair value through profit or loss	500	15,764	-	15,764	Note 3

(Continued)



Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	WFC 3.55 09/29/25 MTN	-	Financial assets at fair value through profit or loss	130	\$ 3,950	-	\$ 3,950	Note 3
	INTNED F 03/29/22	-	Financial assets at fair value through profit or loss	500	15,195	-	15,195	Note 3
	TEWOO GROUP FIN NO3 4.625% 06APR2020	-	Financial assets at fair value through profit or loss	1,000	30,202	-	30,202	Note 3
	TEWOO FROUP FIN NO3 5.50% 06APR2022	-	Financial assets at fair value through profit or loss	600	18,130	-	18,130	Note 3
	AXSBIN 2.875 06/01/21 REGS	-	Financial assets at fair value through profit or loss	550	16,451	-	16,451	Note 3
	SMBCAC 2.65 07/15/21 REGS	-	Financial assets at fair value through profit or loss	1,700	50,125	-	50,125	Note 3
	EBIUH F 01/26/20 EMTN	-	Financial assets at fair value through profit or loss	10,000	306,193	-	306,193	Note 3
	WSTP 3.35 03/08/27	-	Financial assets at fair value through profit or loss	1,000	30,122	-	30,122	Note 3
	RLCONS 1.5 12/21/21	-	Financial assets at fair value through profit or loss	5,000	22,215	-	22,215	Note 3
	YANGTZ 0 11/09/21 EEUR	-	Financial assets at fair value through profit or loss	100	3,370	-	3,370	Note 3
	KNBZMK 0 09/18/21	-	Financial assets at fair value through profit or loss	900	26,230	-	26,230	Note 3
	SILPRE 0 10/31/19	-	Financial assets at fair value through profit or loss	1,000	33,660	-	33,660	Note 3
	ADSEMI 0 03/27/18	-	Financial assets at fair value through profit or loss	2,400	72,807	-	72,807	Note 3
	FAREST 0 02/07/18	-	Financial assets at fair value through profit or loss	3,000	89,710	-	89,710	Note 3
	ZHEDIN 0 06/26/19	-	Financial assets at fair value through profit or loss	4,000	122,073	-	122,073	Note 3
	SHIGBK 0 06/23/20	-	Financial assets at fair value through profit or loss	3,500	105,974	-	105,974	Note 3
	YAMAFG F 03/26/20	-	Financial assets at fair value through profit or loss	2,000	63,003	-	63,003	Note 3
	JOYOBK 0 04/24/19	-	Financial assets at fair value through profit or loss	1,500	45,294	-	45,294	Note 3
	SBSG 0 12/01/18	-	Financial assets at fair value through profit or loss	3,000	93,438	-	93,438	Note 3
	BJENTE 0 07/28/19	-	Financial assets at fair value through profit or loss	6,000	23,567	-	23,567	Note 3
	HTISEC 0 10/25/21	-	Financial assets at fair value through profit or loss	4,000	15,835	-	15,835	Note 3

(Continued)

Holding Company	Type And Issuer of Marketable Securities	Relationship with Holding Company	Financial Statement Account	March 31, 2017				Note
				Shares/Units/ Face Amount	Carrying Amount (Note 1)	Percentage of Ownership	Market Value or Net Asset Value (Note 1)	
	<u>Stock</u>	-						
	Taiwan Mobile Co., Ltd.	-	Financial assets at fair value through profit or loss	2,190	\$ 244,188	0.06	\$ 244,188	Note 2
	Ememory Technology Inc.	-	Financial assets at fair value through profit or loss	76	32,642	0.10	32,642	Note 2
	Egis Technology Inc.	-	Financial assets at fair value through profit or loss	2,661	654,614	3.82	654,614	Note 2
	Macronix International Co., Ltd.	-	Financial assets at fair value through profit or loss	17,448	221,592	0.48	221,592	Note 2
	<u>Fund</u>							
	SinoPac China Strategic Growth Fund - CL B (USD)	-	Financial assets at fair value through profit or loss	969	281,350	-	281,350	Note 4
	Accudo Asian Value Arbitrage Fund - CL A (USD)	-	Financial assets at fair value through profit or loss	5	249,368	-	249,368	Note 4
	SinoPac RQFII Stable Inc. Fund - CL B (RMB)	-	Financial assets at fair value through profit or loss	136	133,014	-	133,014	Note 4
	SinoPac China IPO Fund - CL A (RMB)	-	Financial assets at fair value through profit or loss	153	6,774	-	6,774	Note 4
	SinoPac Superfund SP1 (USD)	-	Financial assets at fair value through profit or loss	10	28,855	-	28,855	Note 4
	SPIF SinoPac USD ST Fixed Income Fund - CL B (USD)	-	Financial assets at fair value through profit or loss	1,000	307,104	-	307,104	Note 4
	SinoPac Greater China CB FD - CL A_DIS_CASH (USD)	-	Financial assets at fair value through profit or loss	20	60,989	-	60,989	Note 4
	SinoPac Greater China CB FD - CL B (USD)	-	Financial assets at fair value through profit or loss	20	67,892	-	67,892	Note 4
	SinoPac Dynasty Capital FD - CL B (USD)	-	Financial assets at fair value through profit or loss	10	24,790	-	24,790	Note 4

Note 1: Foreign-currency amounts were translated to New Taiwan dollars at the exchange rates on the balance sheet date.

Note 2: Market prices of listed and OTC Securities Market stocks were determined at closing prices as of March 31, 2017.

Note 3: Market prices or NAV were based on carrying amounts.

Note 4: Market prices were determined at the closing prices, the fund NAV or the valuation of object asset closing prices of the fund as of March 31, 2017.

Note 5: Market prices were determined at the closing prices or NAV as of March 31, 2017 and the variability of market value.

(Concluded)

**TABLE 4****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE ISSUED CAPITAL****MARCH 31, 2017****(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
SinoPac Financial Holdings Company Limited	Bank SinoPac	Subsidiary	\$ 1,872,883 (Note 1)	-	\$ -	-	\$ -	\$ -
Bank SinoPac	SinoPac Financial Holdings Company Limited	Parent company	1,261,809 (Note 2)	-	-	-	-	-
SinoPac Securities (Cayman) Holdings Ltd.	SinoPac Securities (Asia) Ltd.	Subsidiary of SinoPac Securities (Cayman) Holdings Ltd.	2,670,334 (Note 3)	-	-	-	-	-
SinoPac International Holdings Limited	SinoPac Securities (Asia) Ltd.	Related enterprise of SinoPac International Holdings Limited	1,171,524 (Note 3)	-	-	-	-	-

Note 1: The balance mainly included dividends receivable on the appropriation of the 2009 earnings and linked-tax system receivable (booked as current tax assets), which were not included in the consolidated financial statements.

Note 2: The balance mainly included a linked-tax system receivable (booked as current tax assets) and other related parties' receivables, which were not included in the consolidated financial statements.

Note 3: The balance mainly included receivable on financial lending, which was not included in the consolidated financial statements.

**SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEES**

**STATEMENT OF THE ALLOWANCES FOR POSSIBLE LOSSES ON LOANS AND RECEIVABLES ASSESSED FOR IMPAIRMENT**  
**MARCH 31, 2017, DECEMBER 31, 2016 AND MARCH 31, 2016**  
**(In Thousands of New Taiwan Dollars)**

**Discounts and Loans**

<b>Items</b>		<b>Discounts and Loans</b>			<b>Allowance for Possible Losses</b>		
		<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
With objective evidence of impairment	Individually assessed	\$ 1,336,308	\$ 1,258,101	\$ 2,128,809	\$ 161,526	\$ 142,022	\$ 280,906
	Collectively assessed	4,604,962	4,463,735	3,865,982	1,347,833	1,346,096	1,230,371
With no objective evidence of impairment	Collectively assessed	925,283,749	902,339,664	894,250,189	11,615,902	11,851,834	10,992,721

**Receivables**

<b>Items</b>		<b>Receivables</b>			<b>Allowance for Possible Losses</b>		
		<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
With objective evidence of impairment	Individually assessed	\$ 1,038,974	\$ 1,101,499	\$ 992,467	\$ 648,388	\$ 655,402	\$ 741,373
	Collectively assessed	1,167,704	1,197,677	1,251,823	213,676	211,771	169,339
With no objective evidence of impairment	Collectively assessed	99,600,841	83,124,890	94,843,540	939,532	574,153	820,460

Note 1: The loans and receivables exclude the allowance for credit losses and adjustments for discounts (premiums).

Note 2: Receivables included nonperforming receivables transferred from other than loans and long-term lease receivables recorded as other financial assets.

**TABLE 6****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES**

**RELATED-PARTY TRANSACTIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2017**  
**(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Item	Percentage of Consolidated Net Revenue/ Assets (Note 3)
0	SinoPac Financial Holdings	Bank SinoPac	a	Receivables, net	\$ 1,435,025	Note 4	0.09
		Bank SinoPac	a	Current tax assets	417,169	Note 4	0.02
		Bank SinoPac	a	Other financial assets, net	895,528	Note 4	0.05
		Bank SinoPac	a	Payables	150	Note 4	-
		Bank SinoPac	a	Current tax liabilities	1,248,560	Note 4	0.07
		SinoPac Securities	a	Current tax assets	166,311	Note 4	0.01
		SinoPac Securities	a	Current tax liabilities	132,634	Note 4	0.01
		SinoPac Securities	a	Other liabilities	251	Note 4	-
1	Bank SinoPac	SinoPac Financial Holdings	b	Receivables, net	150	Note 4	-
		SinoPac Financial Holdings	b	Current tax assets	1,248,560	Note 4	0.07
		SinoPac Financial Holdings	b	Payables	1,435,025	Note 4	0.09
		SinoPac Financial Holdings	b	Current tax liabilities	417,169	Note 4	0.02
		SinoPac Financial Holdings	b	Deposits and remittances	895,528	Note 4	0.05
		SinoPac Capital (H.K.) Limited	c-1	Deposits and remittances	661,724	Note 4	0.04
		SinoPac Insurance Brokers Ltd.	c-1	Deposits and remittances	242,951	Note 4	0.01
		SinoPac Life Insurance Agency	c-1	Receivables, net	157,090	Note 4	0.01
		SinoPac Life Insurance Agency	c-1	Deposits and remittances	1,979,562	Note 4	0.12
		SinoPac Life Insurance Agency	c-1	Fee and commission revenues, net (fee and commission revenues)	152,726	Note 4	1.89
		SinoPac Life Insurance Agency	c-1	Other noninterest net revenues	2,606	Note 4	0.03
		Bank SinoPac (China) Ltd.	c-1	Due from the Central Bank and call loans to other banks, net	1,082,609	Note 4	0.06
		Bank SinoPac (China) Ltd.	c-1	Receivables, net	100,398	Note 4	0.01
		Bank SinoPac (China) Ltd.	c-1	Other financial assets, net	239,939	Note 4	0.01
		SinoPac Securities	c-1	Other financial assets, net	1,517,236	Note 4	0.09
		SinoPac Securities	c-1	Deposits and remittances	2,632,297	Note 4	0.16
		SinoPac Futures	c-1	Financial assets at fair value through profit or loss	3,101	Note 4	-
		SinoPac Futures	c-1	Other financial assets, net	230,906	Note 4	0.01
		SinoPac Securities Investment Service Corporation	c-1	Deposits and remittances	114,526	Note 4	0.01
		SinoPac Venture Capital	c-1	Deposits and remittances	520,563	Note 4	0.03
		SinoPlus Venture Capital Corp.	c-1	Deposits and remittances	154,760	Note 4	0.01
		SinoPac Leasing	c-1	Deposits and remittances	190,538	Note 4	0.01
		Grand Capital	c-1	Deposits and remittances	342,337	Note 4	0.02

(Continued)

No. (Note 1)	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Item	Percentage of Consolidated Net Revenue/ Assets (Note 3)
2	Sinopac Bancorp	Far East National Bank	c-1	Cash and cash equivalents, net	\$ 378,836	Note 4	0.02
3	Far East National Bank	Sinopac Bancorp	c-2	Deposits and remittances	378,836	Note 4	0.02
4	SinoPac Capital (H.K.) Limited	Bank SinoPac	c-2	Cash and cash equivalents, net	661,724	Note 4	0.04
5	SinoPac Insurance Brokers Ltd.	Bank SinoPac	c-2	Cash and cash equivalents, net	231,236	Note 4	0.01
		Bank SinoPac	c-2	Other financial assets, net	11,715	Note 4	-
6	SinoPac Life Insurance Agency	Bank SinoPac	c-2	Cash and cash equivalents, net	1,979,562	Note 4	0.12
		Bank SinoPac	c-2	Payables	157,090	Note 4	0.01
		Bank SinoPac	c-2	Fee and commission revenues, net (fee and commission expenses)	152,726	Note 4	1.89
		Bank SinoPac	c-2	Other operating expenses	2,606	Note 4	0.03
7	Bank SinoPac (China) Ltd.	Bank SinoPac	c-2	Deposits from the Central Bank and other banks	1,322,548	Note 4	0.08
		Bank SinoPac	c-2	Payables	100,398	Note 4	0.01
8	SinoPac Securities	SinoPac Financial Holdings	b	Current tax assets	132,885	Note 4	0.01
		SinoPac Financial Holdings	b	Current tax liabilities	166,311	Note 4	0.01
		Bank SinoPac	c-2	Cash and cash equivalents, net	1,188,677	Note 4	0.07
		Bank SinoPac	c-2	Other financial assets, net	1,443,620	Note 4	0.09
		Bank SinoPac	c-2	Short-term borrowings	1,517,236	Note 4	0.09
		SinoPac Futures	c-1	Financial assets at fair value through profit or loss	381,874	Note 4	0.02
9	SinoPac Futures	Bank SinoPac	c-2	Other financial liabilities	234,007	Note 4	0.01
		SinoPac Securities	c-2	Other financial liabilities	381,874	Note 4	0.02
		SinoPac Securities (Asia) Ltd.	c-1	Other financial assets, net	1,391,453	Note 4	0.08
		SinoPac Securities (Asia) Ltd.	c-1	Other financial liabilities	313,925	Note 4	0.02
10	SinoPac Securities Investment Service Corporation	Bank SinoPac	c-2	Cash and cash equivalents, net	49,526	Note 4	-
		Bank SinoPac	c-2	Other financial assets, net	65,000	Note 4	-
11	SinoPac Securities (Cayman)	SinoPac Securities (Asia) Ltd.	c-1	Receivables, net	2,670,334	Note 4	0.16
12	SinoPac Asia Ltd.	SinoPac Securities (Asia) Ltd.	c-1	Receivables, net	182,068	Note 4	0.01
13	SinoPac Securities (Asia) Ltd.	SinoPac Futures	c-2	Other financial liabilities	1,391,453	Note 4	0.08
		SinoPac Futures	c-2	Other financial assets, net	313,925	Note 4	0.02
		SinoPac Securities (Cayman)	c-2	Long-term borrowings	2,670,334	Note 4	0.16
		SinoPac Asia Ltd.	c-2	Short-term borrowings	182,068	Note 4	0.01
		SinoPac International Holdings Limited	c-1	Long-term borrowings	1,171,524	Note 4	0.07

(Continued)

No. (Note 1)	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Item	Percentage of Consolidated Net Revenue/ Assets (Note 3)
14	SinoPac International Holdings Limited	SinoPac Securities (Asia) Ltd. SinoPac Service (Brokers) Limited ICEA Capital Limited	c-2	Receivables, net	\$ 1,171,524	Note 4	0.07
			c-1	Receivables, net	121,470	Note 4	0.01
			c-1	Payables	269,810	Note 4	0.02
15	SinoPac Service (Brokers) Limited	SinoPac International Holdings Limited	c-2	Payables	121,470	Note 4	0.01
16	ICEA Capital Limited	SinoPac International Holdings Limited	c-2	Receivables, net	269,810	Note 4	0.02
17	SinoPac Venture Capital	Bank SinoPac Bank SinoPac	c-2	Cash and cash equivalents, net	108,563	Note 4	0.01
			c-2	Other financial assets, net	412,000	Note 4	0.02
18	SinoPlus Venture Capital Corp.	Bank SinoPac Bank SinoPac	c-2	Cash and cash equivalents, net	64,760	Note 4	-
			c-2	Other financial assets, net	90,000	Note 4	0.01
19	SinoPac Leasing	Bank SinoPac	c-2	Cash and cash equivalents, net	190,538	Note 4	0.01
20	Grand Capital	Bank SinoPac	c-2	Cash and cash equivalents, net	342,337	Note 4	0.02

Note 1: The Parent company and subsidiaries are identified as follows:

- a. Parent company: 0.
- b. Subsidiaries are numbered in sequence from 1.

Note 2: Flow of transactions with related parties is as follows:

- a. From parent company to subsidiary
- b. From subsidiary to parent company.
- c-1. Subsidiary A to subsidiary B.
- c-2. Subsidiary B to subsidiary A.

On the above transaction between parent company and subsidiaries, category a and c-1 of the related - party will post on the XBRL based on the Taiwan Stock Exchange under letter No. 1030005380.

Note 3: In the computation of percentage of revenue/assets, if the amount is the ending balance of assets or liabilities, the accounts percentage will be the balance dividing the consolidated assets; if the amount is income or expense, the accounts percentage will be the amount dividing by the consolidated net revenues in the same period.

Note 4: On the transactions between the Company and related parties, the terms were similar to those for unrelated parties.

(Concluded)

**TABLE 7****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****BALANCE SHEETS****MARCH 31, 2017, DECEMBER 31, 2016 AND MARCH 31, 2016****(In Thousands of New Taiwan Dollars)**

<b>ASSETS</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>	<b>LIABILITIES AND EQUITY</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
CASH AND CASH EQUIVALENTS	\$ 33,485	\$ 55,681	\$ 44,144	COMMERCIAL PAPER PAYABLE, NET	\$ 20,765,584	\$ 20,764,415	\$ 15,744,916
RECEIVABLES, NET	1,456,844	1,450,054	1,435,819	PAYABLES	53,721	77,255	58,054
CURRENT TAX ASSETS	794,024	679,448	347,222	CURRENT TAX LIABILITIES	2,115,782	1,964,117	1,615,010
INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD, NET	154,817,577	153,355,622	149,903,855	LONG-TERM BORROWINGS	-	-	1,200,000
OTHER FINANCIAL ASSETS, NET	900,167	945,426	517,860	LIABILITY COMPONENT OF PREFERRED STOCKS	18,437	18,437	18,437
PROPERTIES AND EQUIPMENT, NET	15,867	16,678	19,253	PROVISIONS	9,946	9,809	9,645
INTANGIBLE ASSETS, NET	777	872	1,412	OTHER LIABILITIES	<u>251</u>	<u>267</u>	<u>255</u>
DEFERRED TAX ASSETS	91,373	126,978	107,264	Total liabilities	<u>22,963,721</u>	<u>22,834,300</u>	<u>18,646,317</u>
OTHER ASSETS, NET	<u>41,394</u>	<u>43,656</u>	<u>42,260</u>	EQUITY			
				Share capital			
				Common shares	<u>106,763,797</u>	<u>106,763,797</u>	<u>101,679,807</u>
				Capital surplus	<u>2,228,771</u>	<u>2,227,009</u>	<u>2,227,009</u>
				Retained earnings			
				Legal reserve	15,289,804	15,289,804	14,204,149
				Special reserve	483,818	483,818	483,818
				Unappropriated earnings	<u>10,608,057</u>	<u>8,243,050</u>	<u>13,293,785</u>
				Total retained earnings	<u>26,381,679</u>	<u>24,016,672</u>	<u>27,981,752</u>
				Other equity	<u>(186,460)</u>	<u>832,637</u>	<u>1,884,204</u>
				Total equity	<u>135,187,787</u>	<u>133,840,115</u>	<u>133,772,772</u>
TOTAL	<u>\$ 158,151,508</u>	<u>\$ 156,674,415</u>	<u>\$ 152,419,089</u>	TOTAL	<u>\$ 158,151,508</u>	<u>\$ 156,674,415</u>	<u>\$ 152,419,089</u>



**TABLE 8****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED**
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016**  
**(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
REVENUES		
Share of the profit of subsidiaries and associates	\$ 2,479,290	\$ 2,766,572
Others	5,942	16,891
EXPENSES AND LOSSES		
Operating expenses	(52,104)	(48,717)
Others	<u>(80,682)</u>	<u>(46,978)</u>
INCOME BEFORE INCOME TAX	2,352,446	2,687,768
INCOME TAX BENEFIT	<u>12,561</u>	<u>37,074</u>
NET INCOME	2,365,007	2,724,842
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	<u>(1,019,097)</u>	<u>(607,454)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,345,910</u>	<u>\$ 2,117,388</u>
BASIC EARNINGS PER SHARE	<u>\$0.22</u>	<u>\$0.26</u>
DILUTED EARNINGS PER SHARE	<u>\$0.22</u>	<u>\$0.26</u>

**TABLE 9****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED**
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

							Other Equity			
	Share Capital		Retained Earnings				Exchange	Unrealized		
	Common				Unappropriated		Differences on	Gain (Loss) on		
	Stock	Capital Surplus	Legal Reserve	Special Reserve	Earnings	Total	Translating	Available-for-	Total	Total Equity
							Foreign	sale Financial		
							Operations	Assets		
BALANCE AT JANUARY 1, 2016	\$ 101,679,807	\$ 2,227,009	\$ 14,204,149	\$ 483,818	\$ 10,568,943	\$ 25,256,910	\$ 1,235,305	\$ 1,256,353	\$ 2,491,658	\$ 131,655,384
Net profit for the three months ended March 31, 2016	-	-	-	-	2,724,842	2,724,842	-	-	-	2,724,842
Other comprehensive income for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	(527,794)	(79,660)	(607,454)	(607,454)
Total comprehensive income for the three months ended March 31, 2016	-	-	-	-	2,724,842	2,724,842	(527,794)	(79,660)	(607,454)	2,117,388
BALANCE AT MARCH 31, 2016	<u>\$ 101,679,807</u>	<u>\$ 2,227,009</u>	<u>\$ 14,204,149</u>	<u>\$ 483,818</u>	<u>\$ 13,293,785</u>	<u>\$ 27,981,752</u>	<u>\$ 707,511</u>	<u>\$ 1,176,693</u>	<u>\$ 1,884,204</u>	<u>\$ 133,772,772</u>
BALANCE AT JANUARY 1, 2017	\$ 106,763,797	\$ 2,227,009	\$ 15,289,804	\$ 483,818	\$ 8,243,050	\$ 24,016,672	\$ 585,505	\$ 247,132	\$ 832,637	\$ 133,840,115
Other changes in capital surplus										
Changes in associates accounted for using the equity method	-	1,762	-	-	-	-	-	-	-	1,762
Net profit for the three months ended March 31, 2017	-	-	-	-	2,365,007	2,365,007	-	-	-	2,365,007
Other comprehensive income for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	(1,476,158)	457,061	(1,019,097)	(1,019,097)
Total comprehensive income for the three months ended March 31, 2017	-	-	-	-	2,365,007	2,365,007	(1,476,158)	457,061	(1,019,097)	1,345,910
BALANCE AT MARCH 31, 2017	<u>\$ 106,763,797</u>	<u>\$ 2,228,771</u>	<u>\$ 15,289,804</u>	<u>\$ 483,818</u>	<u>\$ 10,608,057</u>	<u>\$ 26,381,679</u>	<u>\$ (890,653)</u>	<u>\$ 704,193</u>	<u>\$ (186,460)</u>	<u>\$ 135,187,787</u>

**TABLE 10****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED****STATEMENTS OF CASH FLOWS****FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016****(In Thousands of New Taiwan Dollars)**

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,352,446	\$ 2,687,768
Adjustments for:		
Depreciation expenses	1,175	986
Amortization expenses	105	218
Interest expense	35,256	33,249
Interest income	(5,847)	(7,724)
Net change in other provisions	9	9
Share of the profit of subsidiaries and associates	(2,479,290)	(2,766,572)
Losses on disposal or retirement of property and equipment	-	11
Changes in operating assets and liabilities		
Increase in receivables	(952)	(501)
Decrease (increase) in other assets	2,262	(1,309)
Decrease in payables	(23,812)	(41,291)
Increase in provisions for employee benefits	128	110
Interest received	10	4,434
Interest paid	(34,978)	(33,652)
Income tax refunded	<u>85,255</u>	<u>2,345</u>
Net cash used in operating activities	<u>(68,233)</u>	<u>(121,919)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investments accounted for using the equity method	-	(5,000,000)
Decrease in other financial assets	-	5,000,000
Acquisition of properties and equipment	(364)	(640)
Acquisition of intangible assets	(11)	-
Decrease in guarantee deposits	<u>-</u>	<u>3</u>
Net cash used in investing activities	<u>(375)</u>	<u>(637)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term borrowings	-	(710,000)
Increase in commercial paper payable	1,169	828,836
(Decrease) increase in other liabilities	<u>(16)</u>	<u>4</u>
Net cash generated from financing activities	<u>1,153</u>	<u>118,840</u>

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	\$ <u>45,259</u>	\$ <u>4,631</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(22,196)	915
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>55,681</u>	<u>43,229</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 33,485</u>	<u>\$ 44,144</u>

(Concluded)

**TABLE 11-1****Bank SinoPac****Balance Sheets**

**March 31, 2017, December 31, 2016 and March 31, 2016**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>	<b>Liabilities</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Cash and cash equivalents	\$ 13,780,298	\$ 18,672,608	\$ 15,534,270	Deposits from the Central Bank and other banks	\$ 51,726,825	\$ 29,216,573	\$ 68,860,998
Due from the Central Bank and call loan to other banks	102,002,922	120,000,200	95,203,619	Financial liabilities at fair value through profit or loss	16,047,586	21,084,744	20,323,268
Financial assets at fair value through profit or loss	64,835,883	59,036,478	59,496,572	Securities sold under agreements to repurchase	3,447,547	1,836,801	3,055,198
Securities purchased under agreements to resell	8,254,417	7,861,758	11,757,088	Payables	13,453,679	15,878,573	13,687,325
Receivables, net	37,105,473	35,434,514	51,817,385	Current tax liabilities	362,004	351,587	188,858
Current tax assets	1,282,488	1,374,861	1,295,474	Deposits and remittances	1,187,161,772	1,215,786,561	1,122,972,991
Discounts and loans, net	875,638,463	855,585,358	853,317,151	Bank debentures	44,028,822	41,779,336	45,958,042
Available-for-sale financial assets	230,079,224	236,783,572	201,972,046	Other financial liabilities	13,257,776	11,401,270	12,404,077
Held-to-maturity financial assets	72,111,329	76,738,349	71,512,995	Provisions	2,663,541	2,721,052	2,820,320
Investments accounted for using the equity method	22,269,012	23,069,827	23,364,727	Deferred tax liabilities	782,631	871,904	957,066
Other financial assets, net	12,799,559	12,370,916	7,596,854	Other liabilities	<u>1,760,853</u>	<u>1,903,040</u>	<u>1,471,427</u>
Property and equipment, net	8,934,618	8,954,617	9,171,647	Total liabilities	<u>1,334,693,036</u>	<u>1,342,831,441</u>	<u>1,292,699,570</u>
Investment properties, net	1,269,594	1,294,213	1,191,501	<b>Equity</b>			
Intangible assets, net	1,254,914	1,281,323	1,358,116	Share capital	83,954,571	83,954,571	77,796,937
Deferred tax assets	1,648,581	1,676,487	1,761,757	Capital surplus	12,147,640	12,147,640	12,147,640
Other assets, net	<u>2,917,334</u>	<u>2,418,265</u>	<u>2,325,285</u>	Retained earnings	26,081,489	23,776,848	25,218,831
				Other equity	<u>(692,627)</u>	<u>(157,154)</u>	<u>813,509</u>
				Total equity	<u>121,491,073</u>	<u>119,721,905</u>	<u>115,976,917</u>
Total	<u>\$ 1,456,184,109</u>	<u>\$ 1,462,553,346</u>	<u>\$ 1,408,676,487</u>	Total	<u>\$ 1,456,184,109</u>	<u>\$ 1,462,553,346</u>	<u>\$ 1,408,676,487</u>

(Continued)

**Bank SinoPac**

**Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2017 and 2016**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Interest revenue	\$ 5,786,267	\$ 5,847,558
Interest expense	<u>(2,515,095)</u>	<u>(2,606,386)</u>
Net interest	3,271,172	3,241,172
Net revenues other than interest	<u>2,360,900</u>	<u>2,412,065</u>
Total net revenues	5,632,072	5,653,237
Allowance for doubtful accounts and reserve for guarantees	121,039	91,618
Operating expenses	<u>(3,137,204)</u>	<u>(3,276,932)</u>
Income before income tax	2,615,907	2,467,923
Income tax expense	<u>(311,266)</u>	<u>(329,241)</u>
Net income	2,304,641	2,138,682
Other comprehensive loss	<u>(535,473)</u>	<u>(279,739)</u>
Total comprehensive income for the period	<u>\$ 1,769,168</u>	<u>\$ 1,858,943</u>
Basic earnings per share (New Taiwan dollars)	<u>\$0.27</u>	<u>\$0.27</u>

(Concluded)

**TABLE 11-2****SinoPac Securities****Balance Sheets**

**March 31, 2017, December 31, 2016 and March 31, 2016**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Current assets	\$ 95,785,136	\$ 85,659,277	\$ 79,024,618
Investments accounted for using the equity method	6,909,735	7,356,814	5,634,820
Property and equipment	1,910,741	1,920,787	1,904,399
Investment properties	369,903	370,771	373,372
Intangible assets	633,672	667,322	320,231
Deferred tax assets	213,913	132,120	97,265
Other noncurrent assets	<u>1,916,781</u>	<u>1,873,350</u>	<u>1,950,780</u>
Total	<u>\$ 107,739,881</u>	<u>\$ 97,980,441</u>	<u>\$ 89,305,485</u>
<b>Liabilities</b>			
Current liabilities	\$ 81,884,133	\$ 71,968,606	\$ 63,027,499
Deferred tax liabilities	115,591	137,213	161,760
Other noncurrent liabilities	<u>310,861</u>	<u>309,036</u>	<u>265,778</u>
Total liabilities	<u>82,310,585</u>	<u>72,414,855</u>	<u>63,455,037</u>
<b>Equity</b>			
Share capital	16,212,238	16,212,238	16,212,238
Capital surplus	476,766	476,766	476,766
Retained earnings	9,059,206	8,985,132	9,148,222
Other equity	<u>(318,914)</u>	<u>(108,550)</u>	<u>13,222</u>
Total equity	<u>25,429,296</u>	<u>25,565,586</u>	<u>25,850,448</u>
Total	<u>\$ 107,739,881</u>	<u>\$ 97,980,441</u>	<u>\$ 89,305,485</u>

(Continued)

**SinoPac Securities**

**Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2017 and 2016**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Revenues	\$ 1,372,894	\$ 1,284,017
Commission fees	(61,971)	(61,366)
Employees' benefit expenses	(653,205)	(585,919)
Share of profit of subsidiaries for using equity method	(135,633)	(24,002)
Other operating expenditure	(135,518)	(89,053)
Other operating expenses	(324,079)	(281,753)
Other gains and losses	<u>53,596</u>	<u>39,457</u>
Income before income tax	116,084	281,381
Income tax (expense) benefit	<u>(42,010)</u>	<u>65,817</u>
Net income	74,074	347,198
Other comprehensive (loss) income	<u>(210,364)</u>	<u>79,428</u>
Total comprehensive (loss) income for the period	<u>\$ (136,290)</u>	<u>\$ 426,626</u>
Basic earnings per share (New Taiwan dollars)	<u>\$0.05</u>	<u>\$0.21</u>

(Concluded)



**TABLE 11-3****SinoPac Call Center Co., Ltd.**

**Balance Sheets**  
**March 31, 2017, December 31, 2016 and March 31, 2016**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Current assets	\$ 89,905	\$ 98,193	\$ 85,184
Property and equipment, net	7,427	8,017	8,098
Intangible assets	10,470	11,388	7,482
Other assets	<u>1,332</u>	<u>1,145</u>	<u>1,085</u>
Total	<u>\$ 109,134</u>	<u>\$ 118,743</u>	<u>\$ 101,849</u>
<b>Liabilities</b>			
Current liabilities	\$ 15,152	\$ 30,017	\$ 13,633
Other liabilities	<u>2,349</u>	<u>2,575</u>	<u>2,009</u>
Total liabilities	<u>17,501</u>	<u>32,592</u>	<u>15,642</u>
<b>Equity</b>			
Share capital	40,000	40,000	40,000
Capital surplus	987	987	987
Retained earnings	<u>50,646</u>	<u>45,164</u>	<u>45,220</u>
Total equity	<u>91,633</u>	<u>86,151</u>	<u>86,207</u>
Total	<u>\$ 109,134</u>	<u>\$ 118,743</u>	<u>\$ 101,849</u>

**SinoPac Call Center Co., Ltd.**

**Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2017 and 2016**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Operating revenues and gains	\$ 42,564	\$ 43,872
Operating costs and expenses	<u>(36,471)</u>	<u>(36,800)</u>
Operating income	6,093	7,072
Nonoperating income and gains	<u>513</u>	<u>536</u>
Income before income tax	6,606	7,608
Income tax expense	<u>(1,123)</u>	<u>(1,293)</u>
Net income	<u>5,483</u>	<u>6,315</u>
Total comprehensive income for the period	<u>\$ 5,483</u>	<u>\$ 6,315</u>
Basic earnings per share (New Taiwan dollars)	<u>\$1.37</u>	<u>\$1.58</u>

**TABLE 11-4****SinoPac Management Corp.**

**Balance Sheets**  
**March 31, 2017, December 31, 2016 and March 31, 2016**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Current assets	\$ 58,795	\$ 58,785	\$ 58,752
Total	<u>\$ 58,795</u>	<u>\$ 58,785</u>	<u>\$ 58,752</u>
<b>Liabilities</b>			
Current liabilities	\$ 60	\$ 20	\$ 20
<b>Equity</b>			
Share capital	40,000	40,000	40,000
Retained earnings	<u>18,735</u>	<u>18,765</u>	<u>18,732</u>
Total equity	<u>58,735</u>	<u>58,765</u>	<u>58,732</u>
Total	<u>\$ 58,795</u>	<u>\$ 58,785</u>	<u>\$ 58,752</u>

**SinoPac Management Corp.**

**Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2017 and 2016**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Operating revenues and gains	\$ -	\$ -
Operating costs and expenses	<u>-</u>	<u>-</u>
Operating gain	-	-
Nonoperating income and gains	<u>10</u>	<u>18</u>
Income before income tax	10	18
Income tax expense	<u>(40)</u>	<u>(40)</u>
Net loss	<u>(30)</u>	<u>(22)</u>
Total comprehensive loss for the period	<u>\$ (30)</u>	<u>\$ (22)</u>
Basic earnings per share (New Taiwan dollars)	<u>\$(0.01)</u>	<u>\$(0.01)</u>

Note: The board of SinoPac Management Corp. resolved to dissolve SinoPac Management Corp. in July 2013, and the record date is August 31, 2013, which approved by Taipei City Government.

**TABLE 11-5****SinoPac Venture Capital Corp.**

**Balance Sheets**  
**March 31, 2017, December 31, 2016 and March 31, 2016**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Current assets	\$ 563,085	\$ 604,364	\$ 751,045
Available-for-sale financial assets	1,531,400	1,487,013	1,170,179
Unquoted equity investments	1,196,140	1,226,850	1,356,527
Investments accounted for using the equity method	224,606	225,741	233,371
Property and equipment, net	73	80	99
Other assets	<u>780</u>	<u>409</u>	<u>306</u>
Total	<u>\$ 3,516,084</u>	<u>\$ 3,544,457</u>	<u>\$ 3,511,527</u>
<b>Liabilities</b>			
Payables	\$ 10,135	\$ 12,209	\$ 44,056
Other liabilities	<u>7,700</u>	<u>7,733</u>	<u>8,581</u>
Total liabilities	<u>17,835</u>	<u>19,942</u>	<u>52,637</u>
<b>Equity</b>			
Share capital	2,200,000	2,200,000	2,000,000
Capital surplus	1,892	130	130
Retained earnings	293,630	298,039	587,623
Other equity	<u>1,002,727</u>	<u>1,026,346</u>	<u>871,137</u>
Total equity	<u>3,498,249</u>	<u>3,524,515</u>	<u>3,458,890</u>
Total	<u>\$ 3,516,084</u>	<u>\$ 3,544,457</u>	<u>\$ 3,511,527</u>

(Continued)

**SinoPac Venture Capital Corp.**

**Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2017 and 2016**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Operating revenues and gains	\$ 5,528	\$ 138,117
Operating costs and expenses	<u>(4,828)</u>	<u>(4,840)</u>
Operating income	700	133,277
Nonoperating income and gains	1,196	1,008
Nonoperating expenses and losses	<u>(4,137)</u>	<u>(1,154)</u>
(Loss) income before income tax	(2,241)	133,131
Income tax expense	<u>(2,168)</u>	<u>(18,568)</u>
Net (loss) income	(4,409)	114,563
Other comprehensive loss	<u>(23,619)</u>	<u>(325,856)</u>
Total comprehensive loss for the period	<u>\$ (28,028)</u>	<u>\$ (211,293)</u>
Basic earnings per share (New Taiwan dollars)	<u>\$ (0.02)</u>	<u>\$ 0.57</u>

(Concluded)

**TABLE 11-6****SinoPac Securities Investment Trust Co., Ltd.**

**Balance Sheets**  
**March 31, 2017, December 31, 2016 and March 31, 2016**  
**(In Thousands of New Taiwan Dollars)**

<b>Assets</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Current assets	\$ 1,124,334	\$ 1,148,960	\$ 1,154,606
Available-for-sale financial assets	25,444	10,054	10,253
Investments accounted for using the equity method	251,435	274,814	311,601
Property and equipment, net	2,736	3,111	3,106
Intangible assets	1,348	1,121	1,659
Other assets	<u>151,485</u>	<u>149,274</u>	<u>150,867</u>
Total	<u>\$ 1,556,782</u>	<u>\$ 1,587,334</u>	<u>\$ 1,632,092</u>
<b>Liabilities</b>			
Current and noncurrent liabilities	<u>\$ 104,259</u>	<u>\$ 116,632</u>	<u>\$ 137,605</u>
<b>Equity</b>			
Share capital	1,420,000	1,420,000	1,420,000
Capital surplus	844	844	844
Retained earnings	58,730	65,118	66,922
Other equity	<u>(27,051)</u>	<u>(15,260)</u>	<u>6,721</u>
Total equity	<u>1,452,523</u>	<u>1,470,702</u>	<u>1,494,487</u>
Total	<u>\$ 1,556,782</u>	<u>\$ 1,587,334</u>	<u>\$ 1,632,092</u>

(Continued)

**SinoPac Securities Investment Trust Co., Ltd.**

**Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2017 and 2016**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Operating revenues	\$ 67,768	\$ 73,435
Operating expenses	<u>(62,945)</u>	<u>(71,973)</u>
Operating income	4,823	1,462
Share of loss of associates accounted for using the equity method	(10,978)	(422)
Nonoperating income and gains	709	1,788
Nonoperating expenses and losses	<u>(4)</u>	<u>(1)</u>
(Loss) income before income tax	(5,450)	2,827
Income tax expense	<u>(938)</u>	<u>(554)</u>
Net (loss) income	(6,388)	2,273
Other comprehensive loss	<u>(11,792)</u>	<u>(4,142)</u>
Total comprehensive loss for the period	<u>\$ (18,180)</u>	<u>\$ (1,869)</u>
Basic earnings per share (New Taiwan dollars)	<u>\$(0.04)</u>	<u>\$0.02</u>

(Concluded)

**TABLE 11-7****SinoPac Leasing Co., Ltd.**

**Balance Sheets**  
**March 31, 2017, December 31, 2016 and March 31, 2016**  
(In Thousands of New Taiwan Dollars)

<b>Assets</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>March 31, 2016</b>
Current assets	\$ 1,497,981	\$ 1,787,310	\$ 2,608,947
Debt investments without active market	1,185,925	1,877,425	2,746,500
Investments accounted for using the equity method	4,864,235	5,011,355	4,815,303
Property and equipment	96,357	105,248	115,013
Investment properties	5,017,511	5,023,002	4,868,406
Intangible assets	3,827	3,723	385
Deferred tax assets	67,523	61,159	38,551
Other noncurrent assets	<u>2,957,167</u>	<u>2,933,144</u>	<u>2,925,165</u>
Total	<u>\$ 15,690,526</u>	<u>\$ 16,802,366</u>	<u>\$ 18,118,270</u>
<b>Liabilities</b>			
Current liabilities	\$ 5,233,086	\$ 6,210,670	\$ 2,002,762
Current tax liabilities	17,583	19,689	31,481
Long-term borrowings	4,288,144	4,286,647	9,818,120
Deferred tax liabilities	422,684	440,623	379,323
Other noncurrent liabilities	<u>435,437</u>	<u>419,215</u>	<u>469,166</u>
Total liabilities	<u>10,396,934</u>	<u>11,376,844</u>	<u>12,700,852</u>
<b>Equity</b>			
Share capital	4,681,044	4,681,044	4,681,044
Capital surplus	1,498	1,498	1,498
Retained earnings	761,646	655,727	555,262
Other equity	<u>(150,596)</u>	<u>87,253</u>	<u>179,614</u>
Total equity	<u>5,293,592</u>	<u>5,425,522</u>	<u>5,417,418</u>
Total	<u>\$ 15,690,526</u>	<u>\$ 16,802,366</u>	<u>\$ 18,118,270</u>

(Continued)

**SinoPac Leasing Co., Ltd.**

**Statements of Comprehensive Income**  
**For the Three Months Ended March 31, 2017 and 2016**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>For the Three Months Ended March 31</b>	
	<b>2017</b>	<b>2016</b>
Operating revenues	\$ 115,604	\$ 152,035
Operating costs	(74,404)	(86,335)
Operating expenses	<u>(49,843)</u>	<u>(50,173)</u>
Operating gain	(8,643)	15,527
Nonoperating income and expenses	<u>138,653</u>	<u>178,232</u>
Income before income tax	130,010	193,759
Income tax expense	<u>(24,091)</u>	<u>(36,196)</u>
Net income	105,919	157,563
Other comprehensive loss	<u>(237,849)</u>	<u>(77,145)</u>
Total comprehensive (loss) income for the period	<u>\$ (131,930)</u>	<u>\$ 80,418</u>
Basic earnings per share (New Taiwan dollars)	<u>\$0.23</u>	<u>\$0.34</u>

(Concluded)



**TABLE 12****SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND INVESTEEES****SPECIFIC RISK FROM FUTURES DEALING AND STATUS OF COMPLIANCE BY FUTURES COMMISSION MERCHANT - SUBSIDIARIES WITH FINANCIAL RATIOS AND LIMITATION REQUIREMENTS****MARCH 31, 2017, DECEMBER 31, 2016 AND MARCH 31, 2016****(In Thousands of New Taiwan Dollars)****1. Futures dealing**

SinoPac Securities and its subsidiaries pay margin deposits when entering into futures contracts. SinoPac Securities and its subsidiaries also pay margin deposits for short option contracts. The margin account of SinoPac Securities and its subsidiaries are reevaluated on the basis of the market prices of the outstanding futures and option contracts. If the margin is less than the maintenance level, SinoPac Securities and its subsidiaries should either deposit additional margin or write off the contracts.

As of March 31, 2017, December 31, 2016 and March 31, 2016, the outstanding futures and options held by customers of SinoPac Securities and its subsidiaries were as follows:

		<b>March 31, 2017</b>			
<b>Item</b>	<b>Instrument Type</b>	<b>Opening Position</b>		<b>Contract Amount/ Premium Paid (Received)</b>	<b>Fair Value</b>
		<b>Long/Short</b>	<b>Paid Volume</b>		
Futures	Stock index futures contracts	Long	124	\$ 193,993	\$ 193,259
	Single stock futures contracts	Long	2,343	188,929	193,462
	Foreign exchange futures contracts	Long	618	572,324	569,867
	Commodity futures contracts	Long	221	105,216	104,789
	Stock index futures contracts	Short	2,871	2,773,840	2,765,691
	Single stock futures contracts	Short	4,258	572,273	580,171
	Interest futures contracts	Short	39	181,296	181,248
	Foreign exchange futures contracts	Short	732	942,654	939,542
	Commodity futures contracts	Short	311	477,388	488,796
Options	Options - call	Long	337	1,005	586
	Options - put	Long	442	1,197	724
	Options - call	Short	2	(2)	(1)
	Options - put	Short	30	(35)	(34)
		<b>December 31, 2016</b>			
<b>Item</b>	<b>Instrument Type</b>	<b>Opening Position</b>		<b>Contract Amount/ Premium Paid (Received)</b>	<b>Fair Value</b>
		<b>Long/Short</b>	<b>Paid Volume</b>		
Futures	Stock index futures contracts	Long	332	\$ 216,381	\$ 216,903
	Single stock futures contracts	Long	757	183,915	183,631
	Foreign exchange futures contracts	Long	1,167	1,014,908	1,019,050
	Commodity futures contracts	Long	52	91,264	92,345
	Stock index futures contracts	Short	1,318	2,065,647	2,084,767
	Single stock futures contracts	Short	4,023	447,402	443,520
	Foreign exchange futures contracts	Short	436	664,541	668,997
	Commodity futures contracts	Short	249	157,524	156,810
Options	Options - call	Long	217	679	751
	Options - put	Long	95	305	126
	Options - call	Short	10	(16)	(18)

(Continued)

		March 31, 2016			
Item	Instrument Type	Opening Position		Contract Amount/ Premium Paid	Fair Value
		Long/Short	Paid Volume	(Received)	
Futures	Stock index futures contracts	Long	383	\$ 927,183	\$ 924,808
	Single stock futures contracts	Long	724	31,885	31,720
	Foreign exchange futures contracts	Long	430	571,348	569,920
	Commodity futures contracts	Long	3	11,935	11,930
	Stock index futures contracts	Short	5,874	2,591,287	2,604,570
	Single stock futures contracts	Short	1,237	249,861	248,676
	Foreign exchange futures contracts	Short	337	571,302	570,942
	Commodity futures contracts	Short	184	268,305	270,319
Options	Options - call	Long	231	632	449
	Options - put	Long	169	425	264
	Options - call	Short	315	(1,901)	(2,369)
	Options - put	Short	6	(23)	(13)

The fair value of each contract of futures and option as of the balance sheet date was based on the closing price multiplied by the number of open contracts and calculated with each contract of futures and option respectively.

## 2. Futures brokering

Customers pay margin deposits when entering into futures transactions and short option contracts. Customers gain or lose a lot on the leverage resulting from the margin deposits. For the protection SinoPac Futures and SinoPac Securities (Asia) from harm arising from customers' huge losses, the margin accounts of customers are reevaluated daily on the basis of the market prices of the outstanding futures and option contracts. SinoPac Futures and SinoPac Securities (Asia) will inform customers immediately to put in additional margin deposits when their margin accounts fall below an agreed level (the "maintenance margin"). If the customers fail to do so, SinoPac Futures and SinoPac Securities (Asia) settles their position by writing off the contracts.

As of March 31, 2017, December 31, 2016 and March 31, 2016, the outstanding futures and options held by customers of SinoPac Futures and SinoPac Securities (Asia) were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Futures - carrying value	\$ 20,265,153	\$ 29,997,739	\$ 29,777,431
- unrealized gains (loss) from outstanding contracts	471,289	398,058	(819,526)
Options - market value of long options	126,103	125,570	144,926
- market value of short options	103,355	103,138	163,886
Customers' margin accounts	18,679,987	18,362,610	18,184,797

## 3. Futures management

The term "discretionary futures trading" refers to a managed futures enterprise accepting commissions from specified persons and performing analyses and making judgments on futures trading in order to execute futures trading operations on behalf of, and with trading funds consigned by, the principal. Before engaging in consignments with the Management Department of SinoPac Futures for discretionary futures trading, principals should note these characteristics of futures transactions: Low margin and high finance-leverage. Because of these characteristics, principals could earn high profits or suffer serious losses. Thus, principals should be closely considered in evaluating the various factors affecting futures trading before actually making the trade. Discretionary futures trading are not risk-free transactions, and the Management Department of SinoPac Futures will not use a past trading performance to guarantee minimum profitability.

(Continued)

4. As of March 31, 2017, December 31, 2016 and March 31, 2016, all financial ratios of SinoPac Securities - futures department and SinoPac Futures are in compliance with Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants, summarized as follows:

a. SinoPac Securities - futures department

		March 31, 2017			
	Calculation Formula	Equation	Ratios	Benchmark	Conclusion
1)	Equities	\$951,785	=817.68	≥ 1	Conformity
	Total liabilities less futures trader's equity	\$1,164			
2)	Current assets	\$942,411	=3,830.94	≥ 1	Conformity
	Current liabilities	\$246			
3)	Equities	\$951,785	=238%	≥ 60%	Conformity
	Minimum paid-in capital	\$400,000		≥ 40%	
4)	Adjusted net capital	\$904,135	=1,194%	≥ 20%	Conformity
	Amount of customers' margin accounts for open position of futures customers	\$75,732		≥ 15%	
		December 31, 2016			
	Calculation Formula	Equation	Ratios	Benchmark	Conclusion
1)	Equities	\$985,113	=911.30	≥ 1	Conformity
	Total liabilities less futures trader's equity	\$1,081			
2)	Current assets	\$975,576	=5,054.80	≥ 1	Conformity
	Current liabilities	\$193			
3)	Equities	\$985,113	=246%	≥ 60%	Conformity
	Minimum paid-in capital	\$400,000		≥ 40%	
4)	Adjusted net capital	\$933,390	=1,161%	≥ 20%	Conformity
	Amount of customers' margin accounts for open position of futures customers	\$80,389		≥ 15%	

(Continued)

		March 31, 2016			
	Calculation Formula	Equation	Ratios	Benchmark	Conclusion
1)	<div>Equities</div> <div>Total liabilities less futures trader's equity</div>	<div>\$588,503</div> <div>\$3,528</div>	=166.81	≥ 1	Conformity
2)	<div>Current assets</div> <div>Current liabilities</div>	<div>\$581,171</div> <div>\$2,531</div>	=229.62	≥ 1	Conformity
3)	<div>Equities</div> <div>Minimum paid-in capital</div>	<div>\$588,503</div> <div>\$400,000</div>	=147%	<div>≥ 60%</div> <div>≥ 40%</div>	Conformity
4)	<div>Adjusted net capital</div> <div>Amount of customers' margin accounts for open position of futures customers</div>	<div>\$520,364</div> <div>\$108,787</div>	=478%	<div>≥ 20%</div> <div>≥ 15%</div>	Conformity

b. SinoPac Futures

		March 31, 2017			
	Calculation Formula	Equation	Ratios	Benchmark	Conclusion
1)	Equities	\$2,238,268	=20.10	≥ 1	Conformity
	Total liabilities less futures trader's equity	\$111,334			
2)	Current assets	\$20,374,302	=1.09	≥ 1	Conformity
	Current liabilities	\$18,608,860			
3)	Equities	\$2,238,268	=313%	≥ 60%	Conformity
	Minimum paid-in capital	\$715,000		≥ 40%	
4)	Adjusted net capital	\$1,956,678	=58%	≥ 20%	Conformity
	Amount of customers' margin accounts for open position of futures customers	\$3,394,017		≥ 15%	

(Continued)

		December 31, 2016			
	Calculation Formula	Equation	Ratios	Benchmark	Conclusion
1)	Equities Total liabilities less futures trader's equity	$\frac{\$2,193,663}{\$104,960}$	=20.90	$\geq 1$	Conformity
2)	Current assets Current liabilities	$\frac{\$20,063,386}{\$18,351,677}$	=1.09	$\geq 1$	Conformity
3)	Equities Minimum paid-in capital	$\frac{\$2,193,663}{\$715,000}$	=307%	$\geq 60\%$ $\geq 40\%$	Conformity
4)	Adjusted net capital Amount of customers' margin accounts for open position of futures customers	$\frac{\$1,913,395}{\$2,903,462}$	=66%	$\geq 20\%$ $\geq 15\%$	Conformity

		March 31, 2016			
	Calculation Formula	Equation	Ratios	Benchmark	Conclusion
1)	Equities Total liabilities less futures trader's equity	$\frac{\$1,992,246}{\$124,237}$	=16.04	$\geq 1$	Conformity
2)	Current assets Current liabilities	$\frac{\$20,154,348}{\$18,648,010}$	=1.08	$\geq 1$	Conformity
3)	Equities Minimum paid-in capital	$\frac{\$1,992,246}{\$715,000}$	=279%	$\geq 60\%$ $\geq 40\%$	Conformity
4)	Adjusted net capital Amount of customers' margin accounts for open position of futures customers	$\frac{\$1,675,215}{\$4,577,299}$	=37%	$\geq 20\%$ $\geq 15\%$	Conformity

5. The management department of SinoPac Futures renders discretionary investment services. As shown below, the ratios of the discretionary investment account to shareholders' equity as of March 31, 2017, December 31, 2016 and March 31, 2016 were in conformity with the benchmark stipulated in the Regulations Governing Managed Futures Enterprises.

Calculation Formula	March 31, 2017		December 31, 2016		March 31, 2016		Benchmark
	Equation	Ratios	Equation	Ratios	Equation	Ratios	
$\frac{\text{Amount of discretionary investment account}}{\text{Stockholders' equity}}$	$\frac{\$93,586}{\$41,103}$	=2.28	$\frac{\$105,024}{\$42,550}$	=2.47	$\frac{\$102,816}{\$47,106}$	=2.18	$\leq 10.00$

(Concluded)

TABLE 13

SINOPAC FINANCIAL HOLDINGS COMPANY LIMITED AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2017  
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2017	Net Income (Loss) of the Investment (Note 1)	Percentage of Ownership	Equity in the Earnings (Losses) (Note 1)	Carrying Value (Note 1)	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Golden Trust SinoPac Fund Management	Fund raising and sale, asset management business approved by CSRC	\$ 882,294	Investment in Mainland China directly	\$ 432,324	\$ -	\$ -	\$ 432,324	\$ (22,404)	49.00	\$ (10,978)	\$ 251,435	\$ -
Telexpress (Shanghai) Co., Ltd.	Management consultant	42,483	Investment in Mainland China companies through an existing company established in a third region	14,533	-	-	14,533	1,536	34.21	-	14,533	-
Brightman International Co., Ltd.	Small and medium-size panel thinning	627,254	Investment in Mainland China companies through an existing company established in a third region	70,725	-	-	70,725	(40,397)	11.69	-	70,725	-
Zhong Shan Dong Yi Technology Co., Ltd.	Cover glass	242,758	Investment in Mainland China companies through an existing company established in a third region	12,138	-	-	12,138	(21,817)	4.90	-	12,138	-
Dong Ming Technology Co., Ltd.	Cover glass	19,525	Investment in Mainland China companies through an existing company established in a third region	979	-	-	979	9,819	4.90	-	979	-
Jong Jin Street Voice Cultral Development Co., Ltd.	Design of software and service for computer system integration	22,820	Investment in Mainland China companies through an existing company established in a third region	1,675	-	-	1,675	777	6.06	-	1,675	-
Shanghai Winking Entertainment Ltd.	Design development and manufacture of software	474,680	Investment in Mainland China companies through an existing company established in a third region	333	-	-	333	(26,478)	1.95	-	333	-
Dong Guan Transound Electronics Co., Ltd.	Dynamic receiver, dynamic speaker, SMD, Array, MEMS ECM microphone, ear phone module, ear phone, headphone	234,305	Investment in Mainland China companies through an existing company established in a third region	43,971	-	-	43,971	28,252	5.10	-	43,971	-
SinoPac International Leasing Corp.	Leasing and financing of machinery equipment	846,482	Investment in Mainland China directly	846,482	-	-	846,482	20,943	100.00	20,943	741,674	-
SinoPac Leasing (Tianjin) Limited	Leasing and financing of machinery equipment, account receivable factoring, trade receivable financing	829,356	Investment in Mainland China directly	829,356	-	-	829,356	11,501	100.00	11,501	737,984	-
Bank SinoPac (China) Ltd.	Commercial bank	9,827,769	Investment in Mainland China directly	9,827,769	-	-	9,827,769	25,647	100.00	25,647	9,852,585	-
SinoPac Financial Consulting (Shanghai) Limited	Business management consulting, investment consulting, business intelligence consulting	60,689	Investment in Mainland China directly	60,689	-	-	60,689	(1,071)	100.00	(1,071)	47,887	-
Beijing Sheng Chuang Hui Limited	Processing production development of cosmetics and sale of self-made product	239,543	Investment in Mainland China companies through an existing company established in a third region	25,224	-	-	25,224	21,434	1.14	-	25,224	-

(Continued)

Accumulated Investment in Mainland China as of March 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Limit on Investment
\$12,166,198	\$12,178,810	\$89,212,979

Note 1: Above figures have not been reviewed by independent certified public accountants, except those of Golden Trust SinoPac Fund Management, SinoPac International Leasing Corp., SinoPac Leasing (Tianjin) Limited, Bank SinoPac (China) Ltd. and SinoPac Financial Consulting (Shanghai) Ltd.

Note 2: The accumulated investment amounts in Mainland China as of March 31, 2017 are US\$400,933 thousand and had been authorized by the Investment Commission, MOEA are US\$401,349 thousand.

Note 3: Subsidiary invested in Telexpress (Shanghai) Co., Ltd. via Telexpress Corp.

Note 4: Subsidiary invested in Brightman International Co., Ltd. via Brightman Optoelectronics (Cayman) Co., Ltd.

Note 5: Subsidiary invested in Zhong Shan Dong Yi Technology Co., Ltd. and Dong Ming Technology Co., Ltd. via CGK International Co., Ltd.

Note 6: Subsidiary invested in Jong Jin Street Voice Cultural Development Co., Ltd. (formerly named Jong Jin Far East Information Technology Co., Ltd.) via Neutron Innovation (BVI) Limited.

Note 7: Subsidiary invested in Shanghai Winking Entertainment Ltd. via Winking Entertainment Ltd.

Note 8: Subsidiary invested in Dong Guan Transound Electronics Co., Ltd. via Transound Electronics Co., Ltd.

Note 9: Subsidiary invested in Beijing Sheng Chuang Hui Limited via Hong Kong Xian-Xing Investment Limited.

Note 10: Foreign currencies are translated to N.T. dollars with current rate of the date of balance sheet, only the gains or losses investments are translated with current period average rate.

(Concluded)