第一銀行
First Bank

2014 ANNUAL REPORT

第一銀行 ▪ First Bank　第一銀行 ▪ First Bank

Contents

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Highlights

(in millions)	12.31.2014 NTD	12.31.2013 NTD	12.31.2014 USD
Major financial data at year end			
Total assets	2,296,743	2,206,684	72,521
Loan discounted, net	1,497,007	1,431,260	47,269
Deposits and remittances	1,826,398	1,734,624	57,670
Common stock	75,859	66,351	2,395
Equity	153,211	131,588	4,838
Operating results			
Total revenues	61,498	52,426	1,942
Total expenses	45,636	39,842	1,441
Pre-tax income	15,999	12,689	505
Income tax	(2,618)	(2,045)	(83)
Net income	13,381	10,645	423
Capital adequacy ratio	11.81%	11.08%	
World rank			
The Banker - by tier 1 capital (12/13)	237	231	
The Banker - by total assets (12/13)	204	202	
Distribution network			
Domestic full/mini/sub-branches	190/0/0	189/0/0	
Overseas branches/sub-branches/rep. offices/OBU	16/5/2/1	15/2/2/1	
First Commercial Bank (USA)	1 main office and 7 branches	1 main office and 7 branches	
Number of employees	7,286	7,207	

*NT$31.67:US$1.00

*The Major Financial Data and Operating Results of 2014 and 2013 are Accordance with IFRS.

History

First Commercial Bank has grown strongly and steadily with Taiwan's economic development over the last 115 years, and consistently adhered to the corporate philosophy of "Customer First, Service Foremost".

The Bank is committed to transforming into a global financial institution that is not only highly recognized by employees, but also is friendly, reliable and sound from customers' perspective.

- 1899 Savings Bank of Taiwan established
- 1912 Merged with Commercial and Industrial Bank of Taiwan (est. 1910)
- 1923 Merged with Chia-I Bank (est. 1905) and Hsin-Kao Bank (est. 1916)
- 1945 Reversion of Taiwan from Japanese Governance
- 1949 The Bank was renamed First Commercial Bank of Taiwan
- 1967 The Bank started international business
- 1976 The Bank's name was shortened to First Commercial Bank
- 1998 The Bank was privatized
- 1999 Centennial Anniversary
- 2003 First Financial Holding Co. established; The Bank transformed to be a wholly owned subsidiary of FFHC
- 2004 A new corporate structure created due to the organizational reshaping
- 2006 Awarded "Bank of the Year 2006" for Taiwan by The Banker, ISO 27001 Certification from BSI
- 2007 Continued winning glory and honor awards from The Banker (UK), Asiamoney (HK) and FSC (Taiwan)
- 2008 Graded A for "Loan Promotion Program to SMEs by Taiwanese Banks" by the FSC; winning "Credit Guarantee Partner Award" from the MOEA and the FSC; awarded "The Best Visa Debit Issuer of the highest Activation Rate in 2008" by Visa organization
- 2009 Establishing the First brand image in urban regeneration financing; receiving a "2009 ANZCham Business Excellence Award"; Winning "The 2nd Information Security Awards 2009" and "Enterprise PMP Benchmarking Awards"
- 2010 Shanghai Branch opened for business on December 23, making First Bank the first Taiwanese bank to operate in China
- 2011 Signing MOUs with China’s six leading banks; upgrading Hanoi Representative Office into a branch; awarded “The Best Loan Promotion Program to SMEs by Taiwanese Banks” by FSC; OBU launched RMB-denominated business
- 2013 Awarded “Bank of the Year 2013” for Taiwan by The Banker; Winning “USD RTGS Promotion Awards” from BAROC, Taiwan
- 2014 Ranked No.1 in SME market share for fourth year in a row; Chengdu Branch opened for business on September 15.

Message to Our Shareholders

Business Report for 2014

Overview of Global Economy

The world economy continued its modest recovery in 2014. The pace, however, was slower than what many economists had expected at the start of the year due to adverse weather conditions, the spillover effects of the U.S. monetary policy on emerging market economies, geopolitical tensions arising from the Ukraine crisis and civil conflicts in Iraq, the eurozone's uneven recovery, the impact of the consumption tax hike on Japan's economy and concerns over slower growth in China. Given this weakness, global forecasting institutions had repeatedly downgraded their growth forecasts. At the same time, diverging trends in economic growth of developed economies became ever more evident. The U.S. offered relative strength with improving unemployment numbers, leading to the Federal Reserve's decision to end its six-year quantitative easing program in October 2014. The eurozone stagnated against a backdrop of structural issues, slow reforms and deflation risks even though fears over sovereign debt crisis had eased in most euro-area countries. Japanese Prime Minister Shinzo Abe's stimulus policies were faltering as the country slipped into a technical recession with two consecutive quarters of negative growth. In the less-developed world, the growth of emerging and developing countries varied considerably. China saw a marked slowdown as the structural transformation of its economy continued. Russia's economy ground to a halt, weighted down by the U.S. and its European allies' economic sanctions and tumbling oil prices. Brazil's economy trudged along at a slow pace. India, by contrast, continued to gain momentum on Prime Minister Narendra Modi's reform actions and significantly eased inflation.

Ching-Nain Tsai
Chairman of the Board

Overview of Domestic Economy

On the domestic front, strong sales of mobile devices and a demand pick-up in notebook PCs boosted order volume for Taiwan's contract manufacturers and their supply chains during the second half of 2014, sending full-year exports to a record level of US$313.7 billion. Encouraging jobs reports and a rally in stocks put consumers in a spending mood, with the food scandals that surfaced in mid-2014 leaving a limited impact on consumption. Upbeat data such as the number of registered new vehicles and credit card transactions provided evidence that consumption remained on a solid footing. Private investment, however, was weaker than expected as increased capital spending driven by semiconductor companies' transition into advanced processes, telecom operators' 4G infrastructure investment and airlines' fleet expansion was offset by weakening construction activity. According to revised figures from the Directorate General of Budget, Accounting and Statistics, the Taiwan economy grew by 3.74% in 2014, the fastest pace in four years. As for interest rates, the Central Bank of R.O.C (Taiwan) has kept rates unchanged for 15 consecutive quarters in light of global financial and economic uncertainty and mild growth, low inflation and a healthy money supply in Taiwan. The timing of interest-rate increases is expected to depend on the level of consumer prices and global macroeconomic situations.

As for the financial sector, a slow, steady economic recovery at home and abroad, combined with banks' increased exposure to foreign markets, spurred lending activity and supported profit growth. Pre-tax profit reported by local banks hit a record high

Po-Chiao Chou
President

of NT$320.1 billion, an increase of 24.26% over 2013. The average return on assets and the return on equity rose to 0.79% and 11.65%, respectively. The asset quality continued to improve with the industry average non-performing loans ratio dropping to 0.25% at the end of 2014. The loan loss coverage ratio increased by 197.20 percentage points to 516.38%, an indication of enhanced risk coverage among local banks.

Organizational Structure

In October 2014, we changed some of our organizational structure to recognize the importance of the compliance function and to ensure that the compliance officer is provided adequate training and resources:

- We established the position of Chief Compliance Officer to lead the compliance function.
- The Legal Affairs Division was renamed the Compliance & Legal Affairs Division to ensure compliance with all applicable laws, rules and regulations. The Compliance Department was formed as part of the division. The compliance function of the bank's overseas branches, which previously was carried out by the Overseas Business Management Department of the Overseas Business Administration Division, was transferred to the Compliance Department.

In February 2015, we further changed our corporate structure to respond to the trends reshaping the global banking industry, to create organizational synergies and to enhance operational efficiency:

- We formed Taipei Regional Center 1 and Taipei Regional Center 2 to support business growth in northern Taiwan. Loan approval and mortgage registration/cancellation, functions that previously were implemented by the Credit Approval Department 2 under the Credit Approval Division, plus the functions of claim review, credit monitoring and recovery of bad loans performed by the Special Asset Management Department of the Special Asset Management Division, were transferred to Taipei Regional Center 1 and Taipei Regional Center 2.
- After some functions of Credit Approval Department 2 were moved to Taipei Regional Center 1 and Taipei Regional Center 2, the department's remaining functions were incorporated into Credit Approval Department 1, which was later renamed the Credit Approval Department.
- We established the Overseas Business Planning Department with the responsibility of planning, managing and overseeing overseas business operations.
- The Urban Regeneration Department was merged into the SME Banking Department in order to facilitate more efficient human resource management and to improve operational efficiency.

Performance in 2014

During 2014, we set out "Be First with Us, Your Bank of Choice for Connecting the World" as our annual strategic initiative and focused on five priorities to implement management plans and to meet financial targets. These five priorities were: expanding into China and Southeast Asia to capture Asia's cross-border banking opportunities; supporting cross-border connectivity with a broadened regional platform for service delivery; integrating products, services and channels to drive market penetration and to increase fees and interest income; optimizing asset-liability allocation to improve the return on capital; and making care for the environment and the society a core corporate value.

Thanks to our hardworking, dedicated staff, we delivered another year of exceptional performance. The 2014 summary results are as follows:

Sustained Profit Growth

In 2014, pre-tax profit grew 26.05% to an all-time high of NT$15.862 billion, reflecting steady gains in net interest income and significant growth in net fee income and net gains from financial instruments. Our greater exposure to non-interest income, together with the improvement in efficiency ratio, demonstrates our success in driving business integration, increasing client engagement, optimizing sources of income and achieving a well-balanced asset-liability allocation.

At the same time, we seek to balance the pursuit of profit with risk management. Our non-performing loans ratio set a multi-year low of 0.2% and our loan loss coverage ratio increased to 680.71% at the end of 2014, reflecting significant improvement in the bank's asset quality.

Seizing Opportunities across Asia

In 2014, we continued expanding westward and southward into Asia in our initiative of "March West to China, Head South to ASEAN" in order to capture the region's growth opportunities. In China, we opened a branch office in Chengdu and added a sub-branch in the Shanghai Free Trade Zone. In addition, we received approval from the Chinese banking authority to establish a branch office in Xiamen. Within the Southeast Asian market, we opened two sub-branches in Chamkar Mon and Tuol Kouk under our branch in Phnom Penh, and our request to open a new branch in Vientiane was granted by the Lao government. Our expanded footprint means that we are better able to meet the growing financial services needs in this dynamic region.

During 2014, we accelerated the localization of overseas branches to align with the business, client and market needs of each foreign market we operate in. We also strengthened our capabilities to serve customers across borders with a wide range of services including lending, the renminbi business and SME banking. As a result, overseas branches and OBUs contributed 44.81% of our total profit, the highest level in recent years.

Leadership in SME Lending

In support of government policy to provide credit to underserved markets, we offered loans to a diverse range of individuals and corporations including: SMEs; young entrepreneurs; micro startups; companies involved in creative industries; foreign-based, Taiwanese-owned businesses that look to invest back in Taiwan; traditional industrial companies; victims of the Kaohsiung gas explosion; first-time home buyers; and people in need of building or renovating their homes. We also implemented anti-speculation measures to prevent loans from being used to speculate on industrial land. In 2014, we remained the largest lender to SMEs for four years in a row, with our strong leadership recognized by the Ministry of Economic Affairs with awards of "Best Credit Guarantee Partner for Small and Medium Enterprises," "Outstanding Loan Underwriter," "Excellence in Direct Credit Guarantee," "Outstanding Contribution to Young Start-up Entrepreneurs" and "Outstanding Support of Young Start-up Entrepreneurs."

Innovative E-payment Services

Throughout the years, we continue to apply our passion for innovation to new ways of thinking and operating our business. In 2014, we launched the third-party payment service as an easy, safe and convenient way for individuals and businesses to transact and accept payments. We also offered a payment processing service specifically for small vendors to facilitate their e-commerce activities. Other digital innovations included a mobile point of sale solution, which transforms mobile devices into POS terminals and enables UnionPay card acceptance; wireless payment with QR codes; and credit card and debit card payments processed on mobile devices. Moreover, an iPASS co-branded card received Excellence Award from Visa in recognition of our contribution to the development of mobile payment technology. Addressing the risks involved with forfaiting, we joined hands with the Export-Import Bank of the R.O.C to provide forfaiters with trade credit insurance, which broadened our trade finance product options. These actions demonstrate our commitment to staying at the forefront of innovation so as to enhance customer experience and better engage customers.

Acting Responsibly as Corporate Citizen

We have, over the years, been implementing environmentally sound practices to reduce the carbon footprint of our operations. These practices include increasing the use of e-statements, holding paperless meetings via tablets and video projectors, installing water- and electricity-efficient fixtures, adopting VoIP cloud phone systems and expanding green procurement. In 2014, we received from the Ministry of Economic Affair the Energy Conservation Outstanding Award, won the top prize in Taipower's first energy efficiency competition for SMEs, and were named by New Taipei City an exemplary leader in energy conservation. As part of our long-standing commitment to corporate social responsibility, we have also increased public awareness of health issues, promoted cultural and athletic events, helped the needy achieve self-sufficiency, and provided care to residents in rural areas. The highlights of our works in 2014 included: inviting bands made up of musicians with disabilities to perform in National Taiwan University Hospital; organizing volunteer medical trips to Taitung County in partnership with New Taipei City Hospital; beach cleaning at select locations; and after-school support for economically disadvantaged children. During the year, we continued to sponsor the national women's weightlifting team, which won one gold medal and two bronze medals at the 2014 Asian Games in Incheon, South Korea.

Research and Development

In view of the fast-changing operating environment, during 2014, we continued to keep track of the latest developments of global economies, markets and industries and published reports on them regularly. We also conducted research on local regulatory changes as they arose and recommended strategic options in response to those changes. As our business grew, we remained focused on enhancing the breadth and depth of our research and regulatory knowledge.

Budget Implementation, Growth and Profitability

Net revenue for 2014 was NT$37,520 million, an increase of NT$4,744 million, compared with the prior year. Pre-tax income was NT$15,862 million, an achievement of 119.46% of our income target.

- Deposits
  The average balance of deposits outstanding was NT$1,765,700 million, an increase of NT$117,735 million, or 7.14%, compared with the prior year. the percentage of target achieved for 2014 was 104.79%.
- Loans
  The average balance of loans outstanding was NT$1,473,746 million, an increase of NT$ 37,164 million, or 2.59%, compared with the prior year. the percentage of target achieved for 2014 was 99.24%.
- Wealth Management Business
  - The volume of trusts declined 18.54% year-over-year, or NT$ 54,395 million, to NT$ 238,957 million, reaching 99.74% of our given target.
  - The fee income of insurance products sold through bancassurance increased 43.93% year-over-year, or NT$ 380 million, to NT$ 1,245 million, reaching 156.21% of our given target.
- Custodian Business
  Assets under custody increased 2.81% year-over-year, or NT$ 18,715 million, to NT$ 685,789 million as of year-end 2014, reaching 103.13% of our given target.

Business Plans for 2015

Last year, we were guided by the strategic theme of "Be First with Us, Your Bank of Choice for Connecting the World." Looking ahead to 2015, we will draw on our strengths of a comprehensive regional service network and electronic transaction platforms to respond to changes in the operating environment and meet the challenges ahead. Our strategic theme for 2015 will be "Be First with Us, Your Integrated and Innovative Partner." We have identified collaboration across geographies, segments and products and integration of virtual channels with bank branches as two key objectives. Along with these objectives are a set of strategies we will implement in the year ahead, including: encouraging sharing of resources across borders; integrating services to create added value for customers; managing customer expectations of the physical and virtual banking experience; enhancing the return on capital; and building core values that make us a "happy" organization. These strategies will position us to achieve our vision of being an Asia-Pacific regional bank, a niche bank that offers unique capabilities and, at the same time, a "happy" bank that helps employees fulfill their aspirations in both their personal and professional lives.

2015 Strategies

Strengthening Connectivity within Asia

In 2015, we will continue the "March West to China, Head South to ASEAN" initiative as part of our efforts to become an Asia-focused regional bank. In China, we plan to open a branch in Xiamen and consider adding another sub-branch in Shanghai and setting up our fourth branch in the country. We also look to increase our network to include five rural banks in Henan province subject to the passage of the Cross-Strait Service Trade Agreement. Our geographic coverage across the southern region (Pearl River Delta and Fujian province), the eastern region (Yangtze River Delta), the northern region (Henan province) and the western region (Sichuan province), combined with the diverse forms of our operation (branches, sub-branches, rural banks and subsidiaries), strengthens and deepens our presence in China. As for Southeast Asia, after having opened a new branch in Vientiane, the capital of Laos, in March 2015, we are evaluating the opportunity for expansion into Myanmar, the Philippines, Thailand and Indonesia through own branch network, strategic investment, joint ventures, or mergers and acquisitions. Our goal is to take advantage of the relaxed regulations to build out our presence in ASEAN.

In addition, we will continue to enhance our cross-border transaction platforms to support clients' financial activities across national borders. These platforms, implemented together with our internal cross referral and revenue sharing systems, deliver value-added services to clients wherever they operate. We will also encourage cooperation between local and overseas units in the sharing of sales leads and client relations. These efforts will position us as the preferred banking partner for cross-border transaction services.

Integrating Services and Enhancing Customer Value

Taking advantage of our large clientele and leadership positions in selected core businesses, we have been expanding collaboration across main lines of businesses in order to increase customer retention and loyalty. In the year ahead, we will guide our branches' efforts to add value to customer relationships. Through cross-unit collaboration, cross-selling and related incentive programs, we look to bring the integrated service model that currently exists in our personal banking and corporate banking businesses to our six core customer groups. We are confident that deepened relationships will drive greater product penetration in each of these six customer groups.

In 2015, we will offer distribution chain financing in addition to our existing supply chain financing to provide working capital support for our clients' suppliers, buyers and distributors. This adds to our current offerings of value chain financing, and our innovative cross-border online financing platform will allow us to gain a non-price competitive advantage over our peers.

Innovating on Products and Channels

Riding the trends of digitalization and globalization, we will continue to drive innovation in products and channels to capitalize on emerging opportunities. On product innovation, we will offer a wider range of investment-linked insurance, financial products and transaction banking services developed internally, by third-party vendors or in partnership with other subsidiaries of our parent company so as to respond to changing trends in the banking environment.

As for innovation in channels, we plan to streamline business processes while improving the overall quality of customer service. The Bank 3.0 concept will be key to our digital channel strategy, which complements our existing branch-based business model, with the goals of increasing the delivery of services through virtual channels, leveraging the benefits provided by our cross-border banking platform and integrating virtual channels with in-branch banking. The performance measurement system will be linked to the volume of transactions conducted electronically so as to encourage the use of digital channels and to tap into online banking opportunity.

A Prudent Approach to Capital Management

In order to support Asian-Pacific expansion, position the bank for growth and to ensure compliance with the Basel III capital adequacy framework, we plan to work on three initiatives in 2015. First, we will focus on fee-based and income-generating investment products and services that do not entail or entail little capital to improve profitability. We also look to increase product penetration within our core customer base. Secondly, we will take a prudent risk and capital management approach to raise the return on capital and mitigate risks, with capital adequacy assessment applied to all management decision-making whether in the case of new business projects or the measurement of corporate performance. In the process, we seek to raise awareness throughout the organization of the importance of considering the price of capital and generating reasonable, sustainable returns. Finally, we will strengthen our capital position via the issue of stock dividend as a means to distribute accumulated profit, or through sales of common stock and financial debentures. On the front of asset-liability allocation, we will adjust our deposit and lending portfolios and allocate funds towards higher-margin, higher-yield activities. At the same time, we will ensure that excess funds be managed within the bank's risk appetite and with the outcome of improved investment performance.

Fulfilling Social Responsibility

We have a long-standing commitment to corporate governance, accountability to customers, employment welfare, environmental sustainability and charitable causes. Throughout the years, we have worked across the organization and with community partners to implement programs that span from the sponsorship of cultural and athletic events to support for people from disadvantaged backgrounds. Guided by the Equator Principles and the OECD Guidelines for Multinational Enterprises, we have amended our credit policy to tighten or withdraw credit for businesses that have issues of high social or environmental impact such as food safety, labor and working conditions. We also aim to embed a corporate culture that encourages socially responsible behavior and work practices among our staff. With the support from our clients, shareholders and employees, we will be able to create a harmonious relationship between the environment, the clients we serve and the society at large.

Discussion on Operating Environment

External Competitive Environment

Now that China is the world's second largest economy as well as Taiwan's most important partner for trade and investments, local financial institutions are accelerating their move into China, especially after the relaxation of regulations governing trade and financial flows to and from China. Meanwhile, the emergence of ASEAN is making Southeast Asia an ever-more important strategic market for local financial institutions with global ambitions.

We expect that with trade and market restrictions relaxed gradually across Taiwan and China, local banks will be able to provide a diverse range of renminbi-based deposits, remittance, loans, trade and investment products through their mainland offices, in turn attracting more Taiwanese and mainland companies to use their services. The growing demand for renminbi services should compel Taiwanese banks to develop insights and capabilities to compete internationally. Yet it also presents challenges to them as they seek to balance risks with opportunities that arise from their expansion efforts.

Regulatory Environment

In August 2012, the China and Taiwan governments signed a memorandum of understanding on a currency clearing agreement, followed by the appointment of the Taipei Branch of Bank of China on December 11, 2012 as the renminbi clearing bank in Taiwan. On February 6, 2013, Taiwanese banks began offering renminbi current accounts, with the availability of renminbi transfer significantly improving transaction efficiency by eliminating passage through the third currency. Afterward, renminbi-denominated Formosa Bonds were debuted and the Shanghai Free Trade Zone was launched on the heels of the inauguration of Kunshan Deepen Cross-Strait Industrial Cooperation Experimental Zones, further facilitating trade and investment flows between China and Taiwan. Currently, the Cross-Strait Service Trade Agreement is still being reviewed. Despite the stalled process, in December 2014, meetings between Taiwanese and Chinese regulators reached conclusions on three important issues, including: speedy review of applications for setting up offices across Taiwan and China; a cooperation framework that allows for a regular exchange of information between Taiwan's and China's regulators; and a collaborative contingency plan for handling banking crisis. These conclusions will further financial cooperation between Taiwan and China and provide banks with greater access to cross-strait banking opportunities.

Overall Operating Environment

We expect that the global market will experience increased volatility due to diverging monetary policy in major developed economies, in particular the U.S., Japan and the eurozone. The U.S. economy should continue to gather pace along with an improved job market, which may lead the Federal Reserve to raise interest rates in the second half of 2015. Faced with sagging growth and deflationary pressure, the eurozone and Japan may loosen their monetary policy further, with the former already launching massive quantitative easing in March 2015. China's growth will continue to moderate in the midst of a structural transition. Emerging nations may face a slowdown due to sluggish global demand and falling commodity prices. In a report issued in January 2015, IMF lowered its forecast for global growth by 0.3 percentage point to 3.3% for 2014 and 3.5% for 2015, suggesting that the world economy would continue to expand but at a slower pace. Taiwan's economic performance is likely to mirror that of the global economy, and the Directorate General of Budget, Accounting, and Statistics, in its forecast published in February 2015, estimated a real GDP growth rate of 3.74% for 2014 and 3.78% for 2015, respectively.

On the lending side, local banks' exposure to the property sector will be under close scrutiny. As local developers are rolling out projects that were previously delayed because of the local elections at 2014 year-end, the housing market should see an increasing number of homes changing hands in the first half of 2015. We expect the activity to slow in the second half due to concerns over the property tax reform and the uncertain direction of government policy in the run-up to the 2016 presidential and legislative elections. Shifts in market sentiment, coupled with falling housing prices, may make home buyers reluctant to pay higher prices and prompt sellers to lower their expectations. In fact, a gradual drop in home prices has been widely anticipated: Yung-Ching Realty forecasts a price correction of 5% to 15% while Sinyi Realty predicts a drop of 5% to 10%. Meanwhile, banks' increasingly conservative attitudes to real estate lending may slow growth in mortgages, renovation loans and construction loans. Lower housing prices will also pose challenges to banks as they manage property valuation and collateral risks.

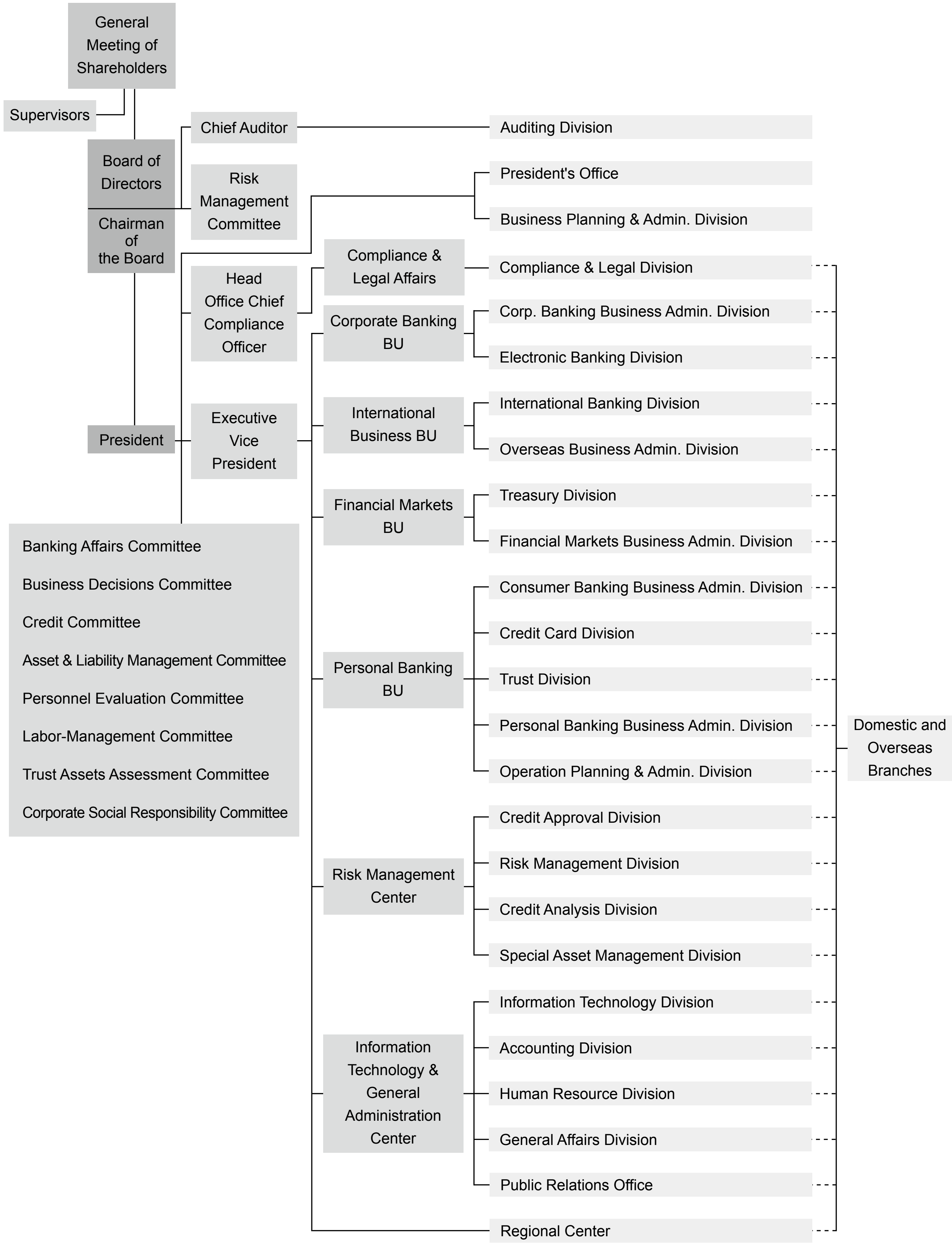
Overall, the operating environment for the banking sector is likely to improve in 2015 in tandem with a broad economic recovery. However, a few risks should remain. We will continuously monitor and respond to changes in the macroeconomic environment.

Credit-rating Results

2014				
Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	September 12, 2014	twA-1+	twAA	Stable
Standard & Poor's	September 11, 2014	A-2	BBB+	Stable
Moody's	Nocember 13, 2014	P-2	A3	Stable

2013				
Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	September 17, 2013	twA-1+	twAA	Stable
Standard & Poor's	September 16, 2013	A-2	BBB+	Stable
Moody's	December 29, 2013	P-2	A3	Stable

Organization Chart



March 2015

Board of Directors and Supervisors

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Chairman of the Board	R.O.C.	Ching-Nain Tsai	July 1'10	■ M.S., Industrial Management, National Cheng Kung University Director General, National Treasury Agency, MOF; President, Land Bank of Taiwan; Chairman, Taiwan Business Bank; Chairman, Taiwan Futures Exchange; Chairman, First Commercial Bank (USA)	Chairman, First Financial Holding Co., Ltd. (FFHC); Chairman, The First Education Foundation
Managing Director	R.O.C.	Po-Chiao Chou	Sep. 9'13	■ B.S., National Cheng Kung University; VP & General Manager of Si Tainan Branch, FCB; SVP & General Manager of Accounting Dept. and General Affair Dept., FCB; EVP, FCB; Chairman, First Venture Capital Co., Ltd.; Chairman, First Financial Management Consulting Co.,Ltd.; Supervisor, First Securities Inc. ; Advisor & Head of Administration Management Dept. and Risk Management Dept., FFHC; EVP., FFHC: Director, The First Education Foundation	President, FCB; Director, FFHC; Director, Taiwan Small Business Integrated; Vice Chairman, The First Education Foundation; Chairman, First Commercial Bank (USA)
Managing Director	R.O.C.	Tien-Yuan Chen	Oct. 22'97	■ B.A., Tamkang University Chairman, Taiwan Coca-Cola Co., Ltd.; Director, Golden Gate Investment Co., Ltd.	Director, FFHC; Chairman, Golden Garden Investment Co., Ltd.; Chairman, Golden Gate Motor Co., Ltd.; Chairman, Golden Gate Investment Co., Ltd.; Director, The First Education Foundation
Managing Director	R.O.C.	Hsien-Feng Lee	July 13'06	■ Ph.D., Bielefeld University, Germany Advisory Committee Consultant of Council for Economic Planning and Development, Executive Yuan; Director, Farmers Bank of China	Director, FFHC; Director, Yuanta-Polaris Research Institute; Associate Professor of Dept. of Economics, National Taiwan University; CEO, Public Economics Research Center, National Taiwan University
Independent Managing Director	R.O.C.	Yophy Huang	July 16'09	■ Ph.D., Indiana University Research Fellow, Taxation and Tariff Committee, MOF; Supervisor, Taipei Fubon Bank; Member, Taxation Revolution Committee, Executive Yuan	Independent Director, FFHC; Supervisor, GreTai Securities Market; Professor of Public Finance and Tax Administration, National Taipei College of Business
Independent Director	R.O.C.	Du-Tsuen Uang	Aug. 25'11	■ Ph.D. in Law, National Chengchi University Commissioner, Fair Trade Commission, Executive Yuan; Associate Research Fellow, Associate Professor, Institute of International Relations, National Chengchi University	Director, Hung Ching Development & Construction Co. Ltd.; Director, Sino Horizon Holdings Limited; Dean of School of Law, Ming Chuan University
Independent Director	R.O.C.	Chun-Shyong Chang	Apr. 28'11	■ Ph.D., University of Maryland. Director, Taiwan Stock Exchange; Supervisor, FCB; Chairman, Pan Asia Bank; Managing Director, Bank of Kaohsiung; Director, Hwa-Hsia Leasing & Financial Corp.; Professor, Dean of Dept. of Money and Banking, National Chengchi University	Director, HH Leasing & Financial Corp; Supervisor, SciVision Biotech Inc.; Professor Emeritus, Dept. of Finance and Banking, Shih Chien University
Director	R.O.C.	Grace M. L. Jeng	Dec. 25'14	■ B.S., National Taiwan University SVP & General Manager of Yuan-Shan Branch; SVP & Chief of Personal Banking Business Admin. Division; EVP, FCB; Director, First Securities Investment Trust Co., Ltd.; Chairman; First Commercial Bank (USA)	Director & President, FFHC; Director; Taiwan Asset Management Corp.; Director, The First Education Foundation;
Director	R.O.C.	Jan-Yan Lin	Aug. 22'08	■ Ph.D. in Business Administration, National Chengchi University Dean of Academic Affairs, Kainan University; Secretary General, Chinese Professional Management Association	Professor, Chung Yuan Christian University
Director	R.O.C.	Shang-Wu Yu	Sep. 25'08	■ Ph.D., University of Birmingham, U.K. Chief Secretary for Chairperson, Fair Trade Commission, Executive Yuan; VP, Dean of College of Management, Tungnan University; Dean, College of Management and Language, Yuanpei University	Director, FFHC; Independent Director, TXC Corporation; Director, Taiwan Stock Exchange; Dean, College of Business Management, JinWen University of Science & Technology
Director	R.O.C.	Chia-Yin, Hung	Apr. 28'11	■ Ph.D. in Law, National Chengchi University Member of Complaint Review Board for Government Procurement, Taipei City Government; Member of Legal Affairs Committee, MOEA; Member of Petitions and Appeals Committee, MOF	Professor, Dean of School of Law, Soochow University
Director	R.O.C.	Lung-Fa Hsieh	Mar. 21'13	■ Ph.D., National Chengchi University Director, REIJU Constuction Co. Ltd.; Supervisor, Taiwan Life Insurance Co. Ltd.; Dean, College of Management, Dayeh University; Supervisor, Taiwan Depository & Clearing Corporation	Independent Director, Vedan International (Holdings) Ltd.; Independent Director, Y.C.C. Parts MFG. Co. Ltd.; Director, Connect secondly with limited company, headhunter of enterprise; VP, Dayeh University; Professor, Dept. of Business Administration, Chung Yuan Christian University
Director	R.O.C.	Hsiao-Ling Tseng	July 26'12	■ LL.B., Fu Jen Catholic University Lawyer of Lord's International Law Office; AVP & Deputy Manager of Chien-Kuo Branch, Special Asset Management Division, FCB; SAVP & Deputy General Manager of Taoyuan Branch, FCB	SAVP & Deputy General Manager of San-Chung-Pu Branch, FCB
Standing Supervisor	R.O.C.	Ming-Yuan Chiu	Oct. 24'13	■ Ph. D., Bulacan State University Professor, Director of Accounting Office, Dean of Academic Affairs Dept.and General Affair Dept., Southern Taiwan University of Science and Technology; President, Tung Fang Design Institute	President, Ching Kuo Institute of Management and Health
Supervisor	R.O.C.	Yih-Cherng Yang	July 19'00	■ M.S., National Taiwan University Director, FCB; Managing Director, Standing Supervisor, China Bills Finance Corp.	Director, Taiwan Incubator SME Development Corporation; President, Taiwan Small Business Integrated Assistance Center; Director, Amcad Biomed Corporation

(to be continued)

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Supervisor	R.O.C.	Liang Chen	June 30'11	■ MBA, Finance, Bernard M. Baruch College, The City University of New York Vice President, International Investments, Oppenheimer & Co. Inc.; Executive Director & Head of Asia, Investment Banking, Paine Webber Inc.; Director, Taiwan Financial Holding Co., Ltd.	Chairman, Peak Capital Co., Ltd.
Supervisor	R.O.C.	Han-Chung Huang	July 26'12	■ M.S., National Chengchi University Revenue Officer, National Taxation Bureau of Taipei, MOF; Audit Officer, Hsinta CPAs	Supervisor, Posiflex Technology, Inc.
Supervisor	R.O.C.	Da-Bai Shen	Aug. 23'12	■ Ph.D., Tulane University, USA Director, Center for Business Innovation and Incubation, Soochow University; Member of Investment Review Committee, National Development Fund, Executive Yuan	Director, APFC Ltd.; Supervisor, SolidWizard Co., Ltd.; Director, Pili International Multimedia Co.,Ltd.; Professor of Accounting Dept., Soochow University

February 28, 2015

Executive Officers

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
President	R.O.C.	Po-Chiao Chou	Sep. 9'13	■ B.S., National Cheng Kung University VP & General Manager of Si Tainan Br.; SVP & General Manager of Accounting Dept. and General Affair Dept.; Executive Vice President, FCB	Director, FFHC; Managing Director, FCB; Chairman, First Commercial Bank (USA); Vice Chairman, The First Education Foundation; Director, Taiwan Small Business Integrated
EVP	R.O.C.	Ming-Hua Cheng	Jan. 1'11	■ MBA, National Cheng Kung University SVP & GM of Nanking-East-Road Branch; Advisor, FCB	Member of Executive Committee on Interbank Financial Information System Agreement, Financial Information Service Co., Ltd.; Director, Taiwan Mobile Payment Co.; Member of Advisory Committee, Small Business Integrated Assistance Center; Director, Waterland Financial Holding Co., Ltd; Supervisor, Taiwan Small Business Integrated Assistance Center
EVP	R.O.C.	Ying Wu	Sep. 6'12	■ B.S., National Chengchi University Supervisor, First Venture Capital Co., Ltd.; Supervisor, First Financial Management Consulting Co., Ltd.	Chairman & Director, First P&C Insurance Agency Co., Ltd.; Chairman & Director, First Insurance Agency Co., Ltd. Director, First-Aviva Life Insurance Co., Ltd
EVP	R.O.C.	Ling-Cheng Lu	Sep. 9'13	■ A.S., Ming Chuan University SVP & Division Chief, Treasury Division and Financial Markets Business Admin. Division, FCB	Supervisor, Taipei Foreign Exchange Market Development Foundation
EVP	R.O.C.	Chung-Huei Yeh	June 27'14	■ B.A., National Taiwan University EVP & Head of Strategy Planning Department/ Spokesperson, FFHC; Head of Business Development Dept., FFHC; SVP & GM, HR Division, FCB	Director, First Consulting Co., Ltd.; Director, First Venture Capital Co., Ltd.
EVP	R.O.C.	Huey-Chin Hung	June 27'14	■ B.A., National Chengchi University SVP & Head of Kaohsiung District Center, Credit Approval Division and Credit Analysis Division, FCB	Advisor & Head of Risk Management Department, FFHC; Supervisor, First Securities Investment Trust; Director, Taiwan Asset Management Corp.
EVP	R.O.C.	Sheng-Shi Lu	Oct. 16'14	■ B.A., Tamkang University SVP & Head of Taichung District Center, FCB	EVP & Chief Compliance Officer , FFHC; Supervisor, FCB Leasing Co., Ltd.; Supervisor, FCB International Leasing Ltd.; Supervisor, FCB Leasing (Xiamen) Ltd.
EVP	R.O.C.	Ming-Jin Ju	Feb. 26'15	■ B.A., Tamkang University SVP & Head of Overseas Business Admin. Division, FCB	Director, First Commercial Bank (USA)
Chief Auditor	R.O.C.	Yu-Po Wu	Feb. 26'15	■ LL.B., Fu Jen Catholic University SVP & Head of Hsin-Chu Regional Center, FCB	

March 27, 2015

Main Shareholders of Sole Owner FFHC

Shareholders	Holding %
Ministry of Finance	13.35
Bank of Taiwan	7.72
Hua Nan Bank	2.89
Civil Servants' Retirement Fund	2.37
Labor Insurance Fund	2.05
China Life Insurance	1.47
Vanguard Emerging Markets Stock Index Fund	1.46
Dimensional Emerging Markets Value Fund	1.34
Government of Singapore	1.30
Chunghwa Post Co., Ltd.	1.15

April 28, 2015

Banking Operations

Scope of Operations

Banking Business Line

1. Receive all kinds of deposits.
2. Issue financial bonds.
3. Extend loans.
4. Discount bills and notes.
5. Invest in securities.
6. Engage in domestic remittances.
7. Engage in acceptance of commercial drafts.
8. Issue local letters of credit.
9. Guarantee the issuance of corporate bonds.
10. Engage in domestic guarantee business.
11. Act as collecting and paying agent.
12. Act as agent to sell government bonds, treasury bills, corporate bonds and stocks.
13. Act as securities underwriter.
14. Engage in securities trading on its own account.
15. Engage in warehousing and custodian services.
16. Engage in rental safe deposit box.
17. Engage in agency services related to the business listed on business license or approved by the competent authorities.
18. Engage in credit card business.
19. Act as agent to sell gold bullions, gold and silver coins.
20. Purchase and sale of gold bullions, gold and silver coins.
21. Engage in guarantee business of import and export of foreign trade, outward and inward remittances, foreign currency deposits and foreign currency loans.
22. Engage in outward and inward remittances and foreign currency deposits business.
23. Purchase and sale of foreign currency cash and traveler's checks.
24. Engage in derivative financial products business approved by the competent authorities.
25. Engage in trust business as regulated.
26. Handle the investment in foreign securities under non-discretionary trust of money service.
27. Sale of domestic mutual funds under non-discretionary trust of money service.
28. Purchase and sale of government bonds.
29. Act as broker, dealer, registrar, and underwriter for short-term debt instruments.
30. Provide financial consultation service for financing.
31. Act as agent to sell charity lottery tickets approved by the competent authorities.
32. Engage in foreign exchange margin trading.
33. Handle the investment in domestic securities investment trust funds under non-discretionary trust of money service.
34. Purchase and sale of corporate bonds and financial bonds.
35. Engage in wealth management business.
36. Other related business approved by the competent authorities.

Trust Business Line

1. Trust Business
   - Trust of money
   - Trust of loans and related security interests
   - Trust of securities
   - Trust of real estate
   - Trust of superficies
   - Handling discretionary investment business by means of trust
2. Affiliated business
   - Act as agent for issuance, transfer, registration of securities, and for distribution and payment of dividends and bonuses.
   - Provide consultation services for securities issuance and subscription.
   - Provide registration for securities.
   - Act as trustee for issuance of bonds and engage in agency services related to the business.
   - Provide custody services.
   - Act as custodian of securities investment trust funds.
   - Provide consultation services in connection with investments, assets and real estate development.
   - Concurrently conduct securities investment consulting business.
   - Other related business approved by the competent authorities.

Main Figures for Business Operations

		2014 NT$,000	%	2013 NT$,000	%
Deposits at year end					
Current Deposits	Checking deposits	38,788,852	2.0	37,113,372	2.0
	Demand deposits	461,114,764	23.8	435,654,008	23.4
	Savings deposits	602,071,829	31.1	558,395,632	30.0
	Subtotal	1,101,975,445	56.9	1,031,163,012	55.4
Time Deposits	Time deposits	385,809,218	19.9	365,169,054	19.6
	Time savings deposits	325,434,661	16.8	325,248,124	17.5
	Subtotal	711,243,879	36.7	690,417,178	37.1
Others	Due to other banks	5,416,932	0.3	3,310,766	0.2
	Overdrafts from other banks	646,929	0.0	1,309,760	0.1
	Call loans from other banks	119,358,271	6.1	136,678,173	7.2
	Subtotal	125,422,132	6.4	141,298,699	7.5
Total		**1,938,641,456**	**100.0**	**1,862,878,889**	**100.0**
Loans at year end					
Corporate		755,952,406	50.3	729,578,106	50.9
Consumer		412,523,887	27.4	410,363,617	28.7
Domestic branches In foreign currencies		69,286,366	4.6	61,943,811	4.3
Foreign branches		263,038,509	17.5	229,816,525	16.0
Import-export negotiations		2,523,345	0.2	1,207,030	0.1
Total		**1,503,324,513**	**100.0**	**1,432,909,089**	**100.0**
Foreign Trade and Payment (US$,000)					
FX buy	Export negotiations and collections	6,155,969	2.9	7,362,182	3.7
	Inward remittances	103,927,684	50.0	99,994,523	49.7
	Subtotal	110,083,653	52.9	107,356,705	53.4
FX sell	Import L/Cs and collections	6,364,359	3.1	6,620,409	3.3
	Outward remittances	91,541,445	44.0	87,249,374	43.3
	Subtotal	97,905,804	47.1	93,869,783	46.6
Total		**207,989,457**	**100.0**	**201,226,488**	**100.0**
Total Revenues					
Interest income		41,472,499	67.4	36,776,302	70.2
Fees and commissions		7,414,297	12.1	6,471,202	12.3
Gains on financial assets and liabilities		1,457,576	2.4	832,253	1.6
Income from equity investments accounted for under the equity method		317,244	0.5	331,649	0.6
Foreign exchange gains		2,029,901	3.3	1,311,460	2.5
Other non-interest income		8,806,532	14.3	6,703,306	12.8
Total		**61,498,049**	**100.0**	**52,426,172**	**100.0**
Total Expenses					
Interest expense		14,334,673	31.4	11,910,850	29.9
Fees and commissions		1,224,655	2.7	1,073,991	2.7
Provision for credit losses		3,920,704	8.6	3,922,121	9.9
Business and administrative expenses		17,737,017	38.9	16,269,940	40.8
Other non-interest expenses and losses		8,419,205	18.4	6,664,848	16.7
Total		**45,636,254**	**100.0**	**39,841,750**	**100.0**

The financial data has been adjusted in accordance with IFRS since 2013.

NT$,000		2014	2013
Trust Business			
Balance at year end	Custody of funds and other investment assets	**685,789,699**	667,074,632
	Domestic trust assets	**71,817,564**	71,940,211
	Foreign trust assets	**133,611,003**	127,633,305
	Trustee accounts	**48,682,280**	81,432,974
	Family wealth trust assets	**1,438,401**	1,242,582
	Employee bonus trust assets	**1,000,624**	1,148,557
	Real estate trust assets	**16,652,149**	12,098,976
	Securities trust assets	**90,326,400**	91,404,465
	Securitization trustee assets	**488,661**	2,599,803
	Project trust assets	**7,798,110**	6,629,847
	Real estate escrow trust assets	**1,370,442**	1,305,549
	Collective management accounts	**448,365**	546,485
	Individual management accounts	**13,881**	14,161
Transaction volume	Registrar for issuance of securities	**34,765,121**	19,477,511
E-Banking Business			
Corporate online banking		**4,837,085,000**	4,393,245,000
Individual online banking		**248,733,000**	208,135,000
Mobile banking		**25,319,691**	12,976,426
Investment Business			
Transaction volume	Bills outright buy/sell (OB/OS)	**127,145,515**	95,281,694
	Bills repurchase/resale (RP/RS)	**394,383**	5,997,508
	Bills underwriting	**7,477,000**	580,000
Balance at year end	Bonds	**150,443,985**	148,546,555
	Stocks (short-term investment)	**3,888,104**	5,445,007
Credit Card Business			
Number of active cards		**546,720**	486,414
Transaction volume		**41,130,264**	37,836,492
Revolving balance of credit cards		**1,305,245**	1,268,965
Wealth Management Business at year end			
Deposits		**558,178,109**	521,397,082
Mutual funds		**120,749,600**	114,124,518
Bonds/bills		**3,354,207**	2,931,431
Derivative financial instruments		**1,574,638**	1,690,050

Market Analysis

Multinational Network

In Taiwan, we have a network of 190 branches as of the end of 2014. Abroad, our operations span the continents of Asia, America, Europe and Oceania with 16 branches (not including offshore banking units, or OBUs), five sub-branches, two representative offices and a U.S.-based subsidiary bank that owns seven branches.

Our future expansion will focus on three priority markets: Greater China, Southeast Asia and developed economies including the eurozone, the U.S., Japan and Australia. Our goal is to become an Asia-focused regional bank with a global reach and range of services to capture the growing international trade and capital flows.

Future Market Supply, Demand, and Growth

The Supply Side

Taiwan's domestic banking market is nearing saturation with little differentiation between products. Local banks are under increasing pressure from foreign- and Chinese-owned banks with no relief in sight. Chinese banks, in particular, are using their advantages of vast net worth and extensive networks to secure business from high-value local clients and Taiwanese-owned corporations operating abroad. The possibility of Chinese banks expanding into Taiwan through mergers and acquisitions may have a long-lasting impact on the local financial system and lead to intense competitive pressure.

The Demand Side

An increasingly relaxed regulatory climate across Taiwan and China, together with the Free Economic Pilot Zones program led by the Taiwan government, has contributed to financial sector liberalization in Taiwan. On November 18, 2014 the Financial Supervisory Commission announced that it would permit sales of Taiwan equity funds in offshore banking units (OBUs) and offshore securities units (OSUs), giving mainland investors access to a diverse range of investment products. Looking ahead to 2015, the government should continue its policy of financial liberalization aimed at driving demand for banking and wealth management services in its bid to transform Taiwan into a regional hub for personal banking and capital raising. Meanwhile, the e-commerce boom that increases consumer demand for payment options will fuel competition among banks to develop solutions for processing payment flows between institutions and across systems, such as the third-party payment processing and cross-border payment solutions for multinationals.

Competitive Advantages, Favorable and Unfavorable Factors for Development Prospects, and Responsive Measures

Our advantages lie in our track record of strong management, innovative thinking, successful expansion both at home and abroad, deep client relationships, and consistent business performance that balances return against risk. To keep up with changes happening in global markets, we will continue to develop and strengthen our core competencies. We will also align our strategies with trends that are shaping the industries we serve in order to prepare for challenges and realize new opportunities.

Favorable Factors

- a century-old brand and a management philosophy aiming for stable growth
- a combination of extensive branch network, local market knowledge and deep client relationships
- excellent asset quality enabled by a sound risk management system
- a concentrated shareholder base and a stable management team
- global talent development efforts that offer the Bank a competitive edge in international markets
- long-standing leadership in corporate banking which sustains profitable growth
- continuous expansion into China to capture growing opportunities in RMB services
- synergies created by integrating resources across various units of First Financial Holding Company
- a network of businesses connecting the eurozone, the U.S. and Greater China and global capability that is unmatched by peers

Unfavorable Factors

- downward risk to the economy leading to less SME lending demand
- excess liquidity that squeezes bank NIMs
- the existence of numerous banks, highly homogeneous products and fierce price competition
- relatively small-scale operations of local banks compared to those of global counterparts
- competitive pressure from the new Chinese entrants in the local market
- heightened market volatility as a result of fluctuations in global economy

Responsive Measures

To counter the adverse factors described above, we will:

- address macroeconomic and industry trends with responsive strategies and actions;
- consolidate leadership in traditional SME loans, foreign exchange and trusts to maintain the Bank's main sources of earnings;
- continue the "March West to China, Head South to ASEAN" strategy and expand international banking services such as cross-border trade finance and the renminbi service;
- drive stronger collaboration between global units and improve the delivery of integrated services;

- strengthen business integration, enhance product penetration and increase customer engagement;
- drive innovation in products, integrate virtual and physical channels and create a unique customer experience;
- adopt a disciplined capital management approach across the organization and improve the return on capital; and
- build an international talent pool and enhance training effectiveness.

Business Plans for 2015

Our annual business plan sets out the activities that we intend to carry out during the year. In 2015, we will:

Corporate Banking and Internet Banking

- promote cross-border financing, loan syndication and related services with selected conglomerates and high-priority corporate customers;
- grow SME lending and deliver added value through tailored products and services based on different sizes and types of customers;
- expand the supply chain and distribution chain financing offerings, deepen relationships with core customers and deliver market-leading transaction banking services;
- drive cross-selling of loans, foreign exchange, treasury and other corporate banking products and to compete on expertise rather than on price;
- increase the percentage share of factoring services and loans granted with the credit guarantee facility and/or indirect guarantee in order to improve margin and the return on capital;
- adjust commercial loans portfolio to achieve greater fee income and interest margin;
- expand the features and functions of virtual channels and increase the percentage of transactions handled electronically;
- create a unique customer experience through personalized promotional offerings for different customer groups, interactive social network marketing and the integration of virtual and physical channels;
- build a competitive edge as well as a major differentiator through continued enhancement of cross-border platforms and systems;

International Business

- continue to focus on trade finance, cross-border RMB transactions and trade settlements, forex swap and payment (settlement) services provided to correspondent accounts;
- drive cross-unit, cross border collaboration to promote cross-border financial services and to market forex deposit products as instruments for portfolio investments;
- cultivate new foreign exchange clients, maintain relationships with existing ones, capture cross-selling opportunities and integrate customer data;
- deepen presence in the Asia-Pacific market and build an extensive service network;

- establish a niche position in international syndication loans, increase SME lending in foreign markets and enhance overseas branches' profitability and return on capital;
- increase cross-border business activity originated by overseas branches and enhance cross-border transaction management;
- promote cross-border RMB loans and transaction services and improve return on RMB funds;
- strengthen internal control and compliance functions of overseas branches to avoid potential risks;

Treasury and Financial Markets

- upgrade trading rooms in global financial hubs to ensure global connectivity for transaction processing;
- explore opportunities in U.S. dollar/RMB bilateral swap and spot/futures trading and build long-term currency positions specifically in emerging-market local currencies;
- stay on top of changes in industries and companies and improve returns on equity investments;
- diversify investment portfolios and align them with changes in financial markets to ensure sustainable returns in the long term;
- support the growth of RMB services, manage lending exposure to China and expand RMB-denominated product offerings that don't involve direct exposure to China;
- consider selling international bonds to raise mid- to long-term foreign currency funds at a lower rate;
- expand the treasury marketing unit and strengthen branch offices' role as marketing agents to drive commissions on sales of financial products;
- launch a variety of structured notes to enlarge the base of retail customers;
- apply for licenses to sell new structured investment products to increase the width of products available to clients;

Personal Banking

- expand product line-up with new products developed internally or provided by third-party vendors in response to a more liberalized market and the resulting increase in personal banking demand;
- upgrade the features and functions of electronic channels, improve customer interface and create a digital environment for personal banking services;
- provide tailored solutions for retirement planning and long-term care to address a rapidly ageing population;
- deepen relationship with corporate banking and foreign exchange customers and give them access to integrated services that include personal banking products;
- implement differentiated pricing of mortgage products, increase the weight of home loans in the loan portfolio and modify the rate approval process when necessary;
- sell additional insurance products such as mortgage life insurance and homeowners insurance to increase the value customers get from loans;
- integrate transaction flows of corporate clients to enlarge the pool of current deposits and to improve deposit portfolio;
- ride the wave of m-commerce with mobile debit card and credit card processing solutions and micro-payment service; and
- grow the credit card payment processing business, integrate transaction flows of corporate clients and increase customer retention.

Corporate Governance

Item	Yes/No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
A. Ownership Structure and Shareholders' Equity			
1. Does the bank develop and implement internal operating procedure to handle shareholder's suggestions, doubts, disputes and lawsuits? 2. Is the bank the major shareholder of controlling stake in the bank? 3. Has the bank developed risk assessment and firewalls established against the operations with the affiliates?	No Yes Yes	1. The Bank's sole shareholder is First Financial Holding Co.; communication channels are open. 2. The Bank is owned by a single shareholder, the structure is quite simple. 3. The subject matters are governed by the "Rule for Personnel, Information and Business Exchanges between First Commercial Bank and its investee Companies."	no deficiency no deficiency no deficiency
B. Organization and Responsibilities of the Board of Directors			
1. Apart from establishing remuneration committee and audit committee according to law, has the bank voluntarily established other committees with similar function? 2. Does the bank evaluating the independence of the CPAs periodically?	No Yes	1. The bank has set up three independent directors, one of which is designated as independent managing director. 2. When the Bank employs CPAs to audit financial condition and tax filing each year, it will seek independent statement from the auditor and submits the commissioning of the auditor to the Board of Directors for approval.	no deficiency no deficiency
C. Does the bank established communications with Interested Parties?	Yes		
		1. To protect the interests of customers, the Bank has established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank" and has set up a customer feedback hotline and external website, providing for open communication with the interested parties. 2. The Bank's internal website contains a discussion forum and bank-wide videoconferences are held regularly, providing for open communication with employees.	no deficiency no deficiency
D. Disclosure of Information			
1. Does the bank set up a website to disclose financial information and corporate governance? 2. Does the bank use other methods?	Yes Yes	1. Annual Report, major financial statements and corporate governance are publicized on the Bank's website. 2. The Bank has set up an English website, where Annual Report and monthly financial information, etc. are available. A spokesperson system has also been established; Mr. Chung-Huei Yeh, EVP is appointed spokesperson.	no deficiency no deficiency

Item	Yes/No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
E. Does the bank has other information related to corporate governance?	Yes	1. Employee welfare The Bank is committed to looking after its employees' well-being through an employee welfare program that includes career development planning, continuing education and training, open channels of communication, health check-ups and regular review of the compensation system. 2. Investor relations and stakeholders' rights Any director having a conflict of interest withdraws from voting and participation at board meetings over matters that involve an actual or potential conflict of interest for that director in compliance with the "Guideline for the Board of Directors Meetings of First Commercial Bank." 3. Implementation of continuing education for directors and supervisors In addition to supporting directors' individual needs for continuing education, the Bank provides directors and supervisors with full access to information on relevant courses. 4. Implementation of risk policies and processes: The Bank has formulated a risk management policy and established a risk governance framework for identifying, assessing, monitoring and managing risks in order to create a cohesive risk management environment. The goal is to adopt a risk-centric approach to the Bank's operations to achieve business performance targets and to enhance shareholders' return. The Risk Management Committee reviews, oversees and coordinates all risk-related activities. 5. Consumer protection policy: The Bank has established the "Consumer Protection Principles and Implementation Guidelines for First Commercial Bank" and "Financial Consumer Protection Policy and Operational Rules for First Commercial Bank" to ensure that consumer interests are protected. 6. Liability insurance for directors and supervisors: In line with First Financial Holding Company's policy, the Bank purchases directors and supervisors liability insurance to reduce or eliminate risks from damages to the Bank and its shareholders as a result of wrongful or negligent acts committed within the scope of duty by directors and supervisors. 7. Donations to political parties, related parties and non-profit organizations: Please refer to the enclosed supplement.	no deficiency
F . Does the bank has corporate governance self-assessment report?	No	subject to implementation of relevant laws and regulations.	same as left

Risk Management Overview

Risk Governance

The Bank's risk management program is established based on its risk management strategy and business operating objectives as approved by the Board of Directors, and in accordance with the "Risk Management Policies and Guiding Principles for the First Financial Holding Company and its Subsidiaries", Basel rules, and the relevant regulations of the competent authorities of Taiwan. The Policy is to be timely adjusted in response to economic change and industry cycle, and in view of the Bank's loan portfolio, asset quality and its business promotion strategy, etc. by the governed laws; and its adjustment has to be approved by the Board of Directors or reported to the top executives for approval.

Organization and Structure

The Board of Directors is the highest level of risk management oversight.

The Risk Management Committee is in charge of risk review, risk oversight, reporting and coordination of all risk related business activities.

The Top Executives oversee the implementation of the risk management program as approved by the Board of Directors.

The Risk Management Center consists of four Divisions and six Regional Centers and is responsible for the assessment and monitoring of credit risk, market risk, operational risk and integrated risk.

A centralized management framework in relation to ***operational risk*** is employed with three lines of defense, each with its defined authority and reporting threshold:

- Units bank-wide: All units should conduct regular control of business activities and carry out operational risk management within the scope of their respective duties and responsibilities.
- Risk Management Division: This Division is responsible for establishing the Bank's risk management system, planning of management tools and procedures, and implementation of exposure monitoring and reporting bank-wide.
- Auditing Division: This Division, independent of business units, is responsible for auditing and assessing whether the management framework is operating effectively.

Credit Risk

Process

- In order to comply with the new Basel Accord and establish applicable appraisal standards, various internal and external modeling techniques for the rating of credit risk are gradually developed and further introduced to the processes of credit analysis and loans review, as well as linked with warning mechanism employed for the post-credit control, so as to establish a complete credit risk management process.
- The credit limits for the conglomerate, business type, country and stocks listed on TSE or OTC etc. have been prescribed so as to control loans concentration risk.
- To operate effectively on the process of risk management, the Bank sets up related internal auditing and control system.

Risk Reporting and Assessment

- Risk Management Report: To avoid the excessive concentration of credit risk and monitor the changes in credit rating of the loan assets, the Bank conforms to the limits for "one person", "a related person" and "a related enterprise". In addition, the credit risk analysis reports including credit rating, asset quality, NPL ratio and credit concentration etc. are submitted to the Risk Management Committee or the Board of Directors for their reviews periodically.
- Measurement system: We developed the risk modules to evaluate the risk of borrowers on the products of corporate banking, credit loans and mortgages, which are further put into system to perform stress test in order to quantify credit risk within the Bank's risk tolerance.

Risk Hedging

- Periodic monitoring and reporting of concentration risk by group, business type, country and stocks listed on TSE or OTC. According to the market conditions, the complexity of businesses and risk management strategies, we evaluate and adjust the risk limits.
- According to borrower's credit or the type of credit limit to request proper collateral or guarantee in order to lower credit risk.

The methodology for calculating capital requirements: standardized approach.

The Credit Exposures after Risk Mitigation and Minimum Capital Requirements by the Standardized Approach as of December 31, 2014 (in NT$,000)

Type of risk	Credit exposures after risk mitigation	Minimum capital requirements
Sovereigns	423,814,679	34,400
Non-central government public sector entities	65,889	1,783
Banks (including multilateral development banks)	202,076,587	5,228,482
Corporates (including securities firms and insurance co.)	860,345,605	64,309,285
Regulatory retail portfolios	240,440,309	13,875,104
Residential property	399,346,084	20,675,482
Equity investments	5,019,376	1,581,743
Other assets	66,103,459	3,213,518
Total	2,197,211,988	108,919,797

Market Risk

Strategy
Under the market risk appetite approved by the Board of Directors, the Bank sets risk limits and management, scheduled reporting process, the internal auditing system, independent monitoring and management units, and high-level committee organizations.

Process
- Appropriate market risk management indexes and quotas are established and updated on a scheduled basis in response to changes and trends in the market.
- Risk management methods are established for different areas of business, and the recognition, measurement, monitoring, control, and reporting of market risk are included within the rules of operating procedure.
- Market risk management department reports the current status and results of market risk management to the Board of Directors or the top executives on a scheduled basis.

Risk Reporting and Assessment
- Assets and derivative products on or off the balance sheet are at risk of potential losses caused by unfavorable changes in market prices. The "market price" referred to encompasses interest rate, equity, foreign exchange rate, and commodity price, etc.
- The Bank makes its investment portfolios based on risk factors.
- The risk-measuring tools of VaR and Greek are employed to evaluate risk exposure.
- The market risk reports will themselves present the extent of risk exposure, and be used as references by the management executives to timely adjust the risk control policy.

Risk Hedging
The trading positions of financial products dealt with customers will be properly hedged or squared, and some will be held as risk assets within adequate risk tolerance. The hedging financial derivatives primarily encompass interest rate swaps, cross-currency swaps, interest rate swap options, and interest caps or floors, etc. The Bank has engaged in interest rate swaps to mitigate the fair value risk of fixed-rate loan assets held by overseas branches.
The methodology for calaulating capital requirements: standardized approach.

The Minimum Capital Requirements for Market Risk as of December 31, 2014

Item	Minimum capital requirements (in NT$,000)
Interest rate risk	756,820
Equity position risk	661,654
Foreign exchange risk	711,820
Commodities risk	0
Total	2,130,294

Operational Risk

Strategy

- A "risk appetite" instruction manual has been compiled to serve as a basis for the establishment of the Bank's risk control mechanism.
- Employees at different levels are directly charged with the management of risk within their own scope of responsibility, and are required to observe the internal control and auditing systems together with related rules.

Process

Methods of management are differentiated as risk recognition, assessment, monitoring, reporting, and countermeasures, and are exercised in line with the introduction of management tools such as Loss Data Collection (LDC), Risk and Control Self-Assessment (RCSA), Control Self-Assessment (CSA) and Key Risk Indicators (KRI).

Risk Reporting and Assessment

- Standardized operating methods are used for risk recognition and assessment so that managers would be able to observe the risk profile and constantly monitor potential risks.
- The headquarter's risk management unit discloses the status of bank-wide exposure monitoring on a regular basis, compiles bank-wide operational risk data, and reports to the top executives, the Risk Management Committee, and the Board of Directors.
- If a unit discovers a major risk exposure that threatens the Bank's financial or business situation, it must report immediately to the Auditing Division and the business management unit, and risk management unit involved must report to the chief auditor and the top executives. Should the incident induces disciplinary action by regulatory agencies, a report must also be submitted to the compliance unit.

Risk Hedging

- The primary method employed to transfer or mitigate the operational risk is insurance. To ensure the continuous implementation of those methods, RCSA and CSA are regularly conducted.
- To reduce the risk of potential losses from a stoppage of operations caused by fire, explosion, typhoon, earthquake, robbery, bank-run, labor strike, or other major incidents, the Bank has established the contingency and business non-interruption guidelines including the rules for implementation.

The methodology for calculating capital requirements: standardized approach.

The Minimum Capital Requirements for Operational Risk as of December 31, 2014

Year	Operating profit	Minimum capital requirements (in NT$,000)
2014	37,744,024	
2013	33,278,231	-
2012	31,156,580	
Total	102,178,835	4,992,366

Asset Securitization Risk

Strategy and Process

The Bank currently holds all of its securitized products as a non-originating bank, employing strategy and process the same as those for market risk management.

Risk Reporting and Assessment

- The Bank's securitization investment positions are all allocated to the banking book. Risk assessment and reporting are in accordance with the Bank's internal regulations.
- The Bank emphasizes the credit ratings and changes in market prices of the invested instruments. The results of related evaluations are reported regularly to the business management unit and top executives. Since the proportion of this investment is small, the same assessment system is employed without specific variations.

Risk Hedging

- The Bank's hedging policy for securitized products is the same as that for market risk.

The methodology for calculating capital requirements: standardized approach.

The Securitization Risk Exposures and Minimum Capital Requirements as of December 31, 2014 (in NT$,000)

Type	Purchased or Held Securitized Products Exposure	Minimum capital requirements
Banking book		
Agency Mortgages	471,918	7,551
Trading book	-	-
Total	471,918	7,551

Information on Securitized Products as of December 31, 2014 (in NT$,000)

Items	Accounting category	Original cost	Gain/ Loss of accumulated valuation	Accumulated impairment	Book value
CDO	Held-to-maturity financial assets	-	-	-	-
CMO	Bond investments with no active market	10,288	-	-	10,288
	Held-to-maturity financial assets	461,365	-	-	461,365
REATs	Bond investments with no active market	-	-	-	-
	Held-to-maturity financial assets	-	-	-	-
CBO	Held-to-maturity financial assets	-	-	-	-
	Financial instruments for trading purpose	-	-	-	-

Corporate Responsibility and Ethical Behavior

The Bank has always endeavored to fulfill its social responsibility. In 2014, we continued to carry out public-benefit activities summarized below:

- Held "Celebrating the Dawn of the New Year" to promote tourism.
- Sponsored "2014 Taipei Lantern Festival" organized by the Taipei City Government and "2014 Taiwan Lantern Festival" organized by the Nantou County Governmant.
- Made donation to "Financially-at-Ease Program" for NCKU students.
- Co-sponsored with Ministry of Finance to hold "Uniform Invoice Cup Race", originating a uniform invoice-donation activity for disadvantaged groups.
- Provided food and supplies to socially disadvantaged groups or residents in remote areas through 60 volunteering programs, benefiting as many as 6,842 people.
- Donation and participated in charity races to our support for households affected by Kaohsiung Gas Explosion.
- Invited music and dancing group made of mentally and physically challenged to perform during our seasonal voluntary activities to boost morale of mass public.

■ Environmental Sustainability

Took part in Earth Hour (March 29) and Earth Day (April 22) events by switching off lights for an hour to show our support of energy conservation and reduction of carbon footprint.

■ The First Education Foundation

The Foundation fostered the following public-benefit activities in 2014:

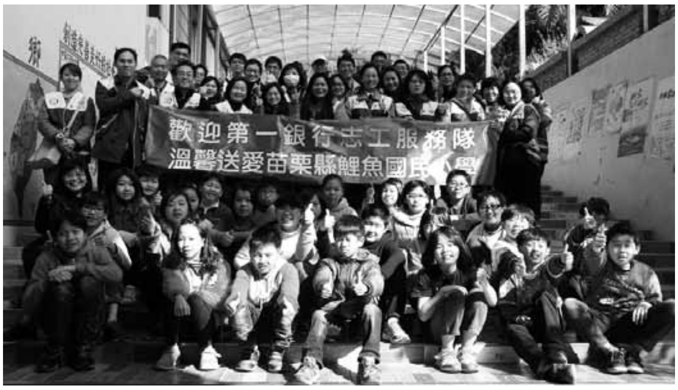
- Sponsored three elementary schools, and provided psychological counseling and after-school academic assistance for children in need.
- Three large concerts were held in Taipei, Taichung and Kaohsiung in March, July and October respectively.
- Invited music and dance groups made of patients and the physically challenged to perform at National Taiwan University Hospital, thus offering a creative outlet to patients and bringing to them the healing power of arts.
- Held arts exhibitions every month at the Headquarters to promote and integrate arts into everyday life, make the office space aesthetically pleasing and enrich service experience.

■ Safety and Health

- In an effort to raise awareness of safety and hyqiene at work, we held educational programs reqarding safety and health in the workplace requlary and provided active assistance to employees with occupational illness or injuries.
- To provide an ideal environment for customers and employees, we held carbon oxide and lighting tests in premises every six months, with all tests results meeting the safety standards.

■ Employee Ethical Behavior

To prevent employees from unethical behavior and doing harm to corporate image, we have not only strengthened employees ethical evaluation but have also established an abnormal behavior reporting and follow-up guidance management mechanism designed to manifest staff care management and understand their work, physical, mental, and financial status. Staff behavior is strictly regulated, and violations of moral rules are handled in accordance with the law.



Significant Financial Information - Consolidated

Condensed balance sheets (IFRS compliant)

NT$,000	12.31.2014	12.31.2013
Cash and cash equivalents, due from the Central Bank and call loans to banks	240,659,807	215,115,150
Financial assets at fair value through profit or loss	50,114,468	41,551,918
Available-for-sale financial assets, net	77,674,581	85,532,583
Derivative financial assets for hedging	-	-
Securities purchased under resell agreements	-	-
Receivables, net	55,159,359	59,683,527
Current tax assets	2,420,478	2,633,667
Assets classified as held for sale	-	-
Loan discounted, net	1,497,006,908	1,431,260,245
Held-to-maturity financial assets, net	307,625,308	304,110,961
Investments measured by equity method, net	2,072,059	856,625
Restricted assets	-	-
Other financial assets, net	25,650,264	28,242,811
Property and equipment, net	27,546,466	27,729,949
Investment property, net	6,429,494	5,848,151
Intangible assets, net	382,777	288,446
Deferred tax assets, net	1,609,952	1,604,808
Others assets, net	2,391,093	2,224,759
Total assets	**2,296,743,014**	**2,206,683,600**
Deposits from the Central Bank and banks	126,095,434	141,375,782
Due to the Central Bank and banks	80,968	69,243
Financial liabilities at fair value through profit or loss	23,464,824	14,906,202
Derivative financial liabilities for hedging	-	7,973
Notes and bonds issued under repurchase agreements	4,922,050	10,966,322
Payables	62,324,815	56,305,037
Current tax liabilities	2,207,686	2,422,777
Liabilities related to assets classified as held for sale	-	-
Deposits and remittances	1,826,398,350	1,734,623,649
Bank notes payable	34,900,000	42,700,000
Preferred stock liabilities	-	-
Other financial liabilities	47,474,760	57,020,964
Provisions	5,732,685	5,636,839
Deferred income tax liabilities	5,724,379	5,750,211
Other liabilities	4,206,145	3,310,974
Total liabilities	**2,143,532,096**	**2,075,095,973**
Equity attributable to owners of parent	**153,210,918**	**131,587,627**
Common stock	75,859,000	66,351,000
Capital surplus	22,669,729	19,669,729
Retained earnings	47,650,662	41,759,944
Other equity interest	7,031,527	3,806,954
Treasury shares	-	-
Non-controlling interests	-	-
Total equity	**153,210,918**	**131,587,627**
Total liabilities and equity	**2,296,743,014**	**2,206,683,600**

Condensed Statements of Income (IFRS compliant)

NT$,000	2014	2013
Interest incomes	42,198,166	37,465,086
Interest expenses	(14,406,492)	(11,994,966)
Net interest income	27,791,674	25,470,120
Net non-interest income	10,425,907	7,926,668
Net income	38,217,581	33,396,788
Bad debts expense and guarantee liability provision	(3,933,456)	(4,027,156)
Operating expenses	(18,284,896)	(16,680,386)
Income from continuing operations before income tax	15,999,229	12,689,246
Tax expense	(2,618,078)	(2,044,519)
Income from continuing operations, net of tax	13,381,151	10,644,727
Income from discontinued operations	-	-
Profit	13,381,151	10,644,727
Other comprehensive income, net of tax	3,242,140	1,165,003
Total comprehensive income	16,623,291	11,809,730
Profit, attributable to owners of parent	13,381,151	10,644,727
Profit, attributable to non-controlling interests	0	0
Comprehensive income attributable to owners of parent	16,623,291	11,809,730
Comprehensive income attributable to non-controlling interests	0	0
Earnings per share (In NT dollars) Basic and diluted earnings per share	1.81	1.44

Financial Ratios (IFRS compliant)

(%)	2014	2013
Financial structure		
Debt ratio (total liabilities to total assets)	93.33	94.04
Property & equipment to net worth	17.98	21.07
Solvency		
Liquidity reserve ratio	25.88	24.81
Operating performance		
Loans to deposits	83.18	83.65
NPL ratio	0.20	0.47
Total assets turnover (times)	0.02	0.02
Profitability		
ROA (net income to average total assets)	0.59	0.50
ROE (net income to average shareholders' equity)	9.40	8.35
Profit margin ratio	35.01	31.87
Cash flows		
Cash flow adequacy ratio	745.02	423.41
Capital adequacy		
Capital adequacy ratio	11.81	11.08
Tier-one capital ratio	9.13	8.36

Condensed Balance Sheets (ROC GAAP compliant)

NT$,000	12.31.2012	12.31.2011	12.31.2010
Cash and cash equivalents, due from the Central Bank and other banks	171,726,342	173,093,060	138,611,825
Financial assets at fair value through profit or loss	15,326,525	15,268,103	21,363,219
Receivables	52,169,005	56,219,293	61,210,755
Bills discounted and loans (remittance purchased)	1,437,982,862	1,357,301,432	1,258,380,906
Available-for-sale financial assets	71,300,737	71,540,498	77,186,402
Held-to-maturity financial assets	280,537,163	322,672,462	406,243,640
Equity investments accounted for under the equity method	1,514,916	1,412,939	755,434
Other financial assets	3,136,855	3,532,255	3,965,001
Property, plant and equipment	26,357,243	25,555,403	22,873,725
Intangible assets	248,969	159,236	234,205
Others assets	9,446,953	8,679,202	11,541,168
Total assets	**2,069,747,570**	**2,035,433,883**	**2,002,366,280**
Due to the Central Bank and other banks	153,181,697	152,998,908	140,863,295
Financial liabilities at fair value through profit or loss	22,795,703	25,662,026	47,947,887
Bills and bonds payable under repurchase agreements	3,077,230	9,479,214	7,250,102
Payables	60,455,293	59,537,510	60,777,595
Deposits and remittances	1,624,164,465	1,614,392,498	1,617,793,482
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151	27,779,073	21,501,683
Accrued pension liabilities	2,933,778	2,553,681	1,869,143
Other financial liabilities	26,536,790	17,946,078	352,543
Other liabilities	8,618,121	8,396,273	8,149,353
Total liabilities	**1,944,541,228**	**1,918,745,261**	**1,906,505,083**
Common stock	62,720,000	58,700,000	49,490,000
Additional paid-in capital	19,669,729	19,669,729	10,460,326
Retained earnings	34,540,222	30,197,856	25,844,290
Unrealized revaluation increments	7,205,596	6,750,704	4,998,561
Unrealized gains / losses on financial instruments	3,650,093	2,917,126	6,595,295
Cumulative translation adjustments	(1,805,998)	(854,281)	(1,475,364)
Unrecognized pension costs	(773,300)	(692,512)	(51,911)
Total stockholders' equity	**125,206,342**	**116,688,622**	**95,861,197**
Total liabilities and stockholders' equity	**2,069,747,570**	**2,035,433,883**	**2,002,366,280**

Condensed Statements of Income (ROC GAAP compliant)

NT$,000	2012	2011	2010
Net interest income	23,442,658	21,219,022	18,671,997
Net non-interest income	10,660,911	10,059,175	9,548,805
Provision for credit losses	(5,889,866)	(5,346,832)	(5,491,496)
Operating expenses	(15,957,461)	(15,713,130)	(14,449,258)
Income from continuing operations before income tax	12,256,242	10,218,235	8,280,048
Income from continuing operations after income tax	10,374,835	8,624,869	6,339,004
Cumulative effect of a change in accounting principle	-	-	-
Net income	10,374,835	8,624,869	6,339,004
Earnings per share ($)	1.40	1.24	0.93

Financial Ratios (ROC GAAP compliant)

(%)	2012	2011	2010
Financial structure			
Debt ratio (total liabilities to total assets)	93.95	94.27	95.21
Fixed assets to net worth	21.05	21.90	23.86
Solvency			
Liquidity reserve ratio	20.54	22.51	32.52
Operating performance			
Loans to deposits	89.67	85.05	78.61
NPL ratio	0.44	0.47	0.84
Total assets turnover (times)	0.02	0.02	0.01
Profitability			
ROA (net income to average total assets)	0.51	0.43	0.32
ROE (net income to average shareholders' equity)	8.58	8.12	6.82
Profit margin ratio	30.42	27.57	22.46
Cash flows			
Cash flow adequacy ratio	259.32	148.54	128.65
Capital adequacy			
Capital adequacy ratio	11.65	11.09	10.53
Tier-one capital ratio	8.45	8.34	7.09

Significant Financial Information - Standalone

Condensed balance sheets (IFRS compliant)

NT$,000	12.31.2014	12.31.2013
Cash and cash equivalents, due from the Central Bank and call loans to banks	236,031,307	211,378,183
Financial assets at fair value through profit or loss	50,114,468	41,551,918
Available-for-sale financial assets, net	77,463,047	85,244,237
Derivative financial assets for hedging	-	-
Securities purchased under resell agreements	-	-
Receivables, net	50,202,758	54,367,660
Current tax assets	2,420,475	2,633,664
Assets classified as held for sale	-	-
Loan discounted, net	1,487,013,101	1,422,151,000
Held-to-maturity financial assets, net	307,529,119	304,053,858
Investments measured by equity method, net	6,921,652	4,560,836
Restricted assets	-	-
Other financial assets, net	25,636,828	28,230,177
Property and equipment, net	27,528,019	27,709,269
Investment property, net	6,429,494	5,848,151
Intangible assets, net	381,417	286,389
Deferred tax assets, net	1,381,797	1,384,874
Others assets, net	893,667	1,059,493
Total assets	**2,279,947,149**	**2,190,459,709**
Deposits from the Central Bank and banks	125,462,454	141,376,177
Due to the Central Bank and banks	80,968	69,243
Financial liabilities at fair value through profit or loss	23,464,824	14,906,202
Derivative financial liabilities for hedging	-	7,973
Notes and bonds issued under repurchase agreements	4,922,050	10,966,322
Payables	62,188,524	56,180,601
Current tax liabilities	2,187,360	2,419,451
Liabilities related to assets classified as held for sale	-	-
Deposits and remittances	1,815,526,003	1,723,640,108
Bank notes payable	34,900,000	42,700,000
Preferred stock liabilities	-	-
Other financial liabilities	43,466,110	52,821,627
Provisions	5,727,436	5,631,201
Deferred income tax liabilities	5,713,268	5,713,261
Other liabilities	3,097,234	2,439,916
Total liabilities	**2,126,736,231**	**2,058,872,082**
Equity attributable to owners of parent	**153,210,918**	**131,587,627**
Common stock	75,859,000	66,351,000
Capital surplus	22,669,729	19,669,729
Retained earnings	47,650,662	41,759,944
Other equity interest	7,031,527	3,806,954
Treasury shares	-	-
Non-controlling interests	-	-
Total equity	**153,210,918**	**131,587,627**
Total liabilities and equity	**2,279,947,149**	**2,190,459,709**

Condensed Statements of Income (IFRS compliant)

NT$,000	2014	2013
Interest incomes	41,472,499	36,776,302
Interest expenses	(14,334,673)	(11,910,850)
Net interest income	27,137,826	24,865,452
Net non-interest income	10,381,690	7,911,031
Net income	37,519,516	32,776,483
Bad debts expense and guarantee liability provision	(3,920,704)	(3,922,121)
Operating expenses	(17,737,017)	(16,269,940)
Income from continuing operations before income tax	15,861,795	12,584,422
Tax expense	(2,480,644)	(1,939,695)
Income from continuing operations, net of tax	13,381,151	10,644,727
Income from discontinued operations	-	-
Profit	13,381,151	10,644,727
Other comprehensive income, net of tax	3,242,140	1,165,003
Total comprehensive income	16,623,291	11,809,730
Profit, attributable to owners of parent	13,381,151	10,644,727
Profit, attributable to non-controlling interests	-	-
Comprehensive income attributable to owners of parent	16,623,291	11,809,730
Comprehensive income attributable to non-controlling interests	-	-
Earnings per share (In NT dollars) Basic and diluted earnings per share	1.81	1.44

Financial Ratios (IFRS compliant)

(%)	2014	2013
Financial structure		
Debt ratio (total liabilities to total assets)	93.28	93.99
Property & equipment to net worth	17.97	21.06
Solvency		
Liquidity reserve ratio	25.88	24.81
Operating performance		
Loans to deposits	83.12	83.64
NPL ratio	0.20	0.47
Total assets turnover (times)	0.02	0.02
Profitability		
ROA (net income to average total assets)	0.60	0.50
ROE (net income to average shareholders' equity)	9.40	8.35
Profit margin ratio	35.66	32.48
Cash flows		
Cash flow adequacy ratio	728.53	407.30
Capital adequacy		
Capital adequacy ratio	11.50	10.90
Tier-one capital ratio	9.02	8.31
Market share		
Assets	5.46	5.61
Net worth	5.30	5.05
Deposits	5.58	5.62
Loans	6.04	6.08

Condensed Balance Sheets (ROC GAAP compliant)

NT$,000	12.31.2012	12.31.2011	12.31.2010
Cash and cash equivalents, due from the Central Bank and other banks	170,387,503	170,072,724	136,398,135
Financial assets at fair value through profit or loss	15,326,525	15,268,103	21,363,219
Receivables	52,152,616	56,174,591	61,169,374
Bills discounted and loans (remittance purchased)	1,429,197,217	1,346,878,428	1,248,381,359
Available-for-sale financial assets	70,435,968	70,812,945	76,590,226
Held-to-maturity financial assets	278,126,146	322,633,882	406,186,980
Equity investments accounted for under the equity method	4,361,449	4,298,225	3,466,037
Other financial assets	3,124,537	3,532,255	3,965,001
Property, plant and equipment	26,336,701	25,528,901	22,842,268
Intangible assets	247,655	158,941	233,654
Others assets	9,177,925	8,408,109	11,201,573
Total assets	**2,058,874,242**	**2,023,767,104**	**1,991,797,826**
Due to the Central Bank and other banks	153,182,097	152,999,324	140,889,666
Financial liabilities at fair value through profit or loss	22,795,703	25,662,026	47,947,887
Bills and bonds payable under repurchase agreements	3,077,230	9,479,214	7,250,102
Payables	60,444,047	59,509,109	60,730,985
Deposits and remittances	1,613,307,734	1,602,756,237	1,582,852,202
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151	27,779,073	21,501,683
Accrued pension liabilities	2,933,778	2,553,681	1,869,143
Other financial liabilities	26,536,790	17,946,078	24,748,143
Other liabilities	8,612,370	8,393,740	8,146,818
Total liabilities	**1,933,667,900**	**1,907,078,482**	**1,895,936,629**
Common stock	62,720,000	58,700,000	49,490,000
Additional paid-in capital	19,669,729	19,669,729	10,460,326
Retained earnings	34,540,222	30,197,856	25,844,290
Unrealized revaluation increments	7,205,596	6,750,704	4,998,561
Unrealized gains / losses on financial instruments	3,650,093	2,917,126	6,595,295
Cumulative translation adjustments	(1,805,998)	(854,281)	(1,475,364)
Unrecognized pension costs	(773,300)	(692,512)	(51,911)
Total stockholders' equity	**125,206,342**	**116,688,622**	**95,861,197**
Total liabilities and stockholders' equity	**2,058,874,242**	**2,023,767,104**	**1,991,797,826**

Condensed Statements of Income (ROC GAAP compliant)

NT$,000	2012	2011	2010
Net interest income	23,002,580	20,761,208	18,179,188
Net non-interest income	10,728,485	10,162,610	9,649,968
Provision for credit losses	(5,808,989)	(5,300,612)	(5,428,680)
Operating expenses	(15,730,198)	(15,481,686)	(14,199,729)
Income from continuing operations before income tax	12,191,878	10,141,520	8,200,747
Income from continuing operations after income tax	10,374,835	8,624,869	6,339,004
Cumulative effect of a change in accounting principle	-	-	-
Net income	10,374,835	8,624,869	6,339,004
Earnings per share ($)	1.40	1.24	0.93

Financial Ratios (ROC GAAP compliant)

(%)	2012	2011	2010
Financial structure			
Debt ratio (total liabilities to total assets)	93.92	94.23	95.19
Fixed assets to net worth	21.03	21.88	23.83
Solvency			
Liquidity reserve ratio	20.54	22.51	32.52
Operating performance			
Loans to deposits	89.72	84.04	78.87
NPL ratio	0.44	0.47	0.84
Total assets turnover (times)	0.02	0.02	0.01
Profitability			
ROA (net income to average total assets)	0.51	0.43	0.32
ROE (net income to average shareholders' equity)	8.58	8.12	6.82
Profit margin ratio	30.76	27.89	22.78
Cash flows			
Cash flow adequacy ratio	328.71	257.61	308.58
Capital adequacy			
Capital adequacy ratio	11.51	10.94	10.36
Tier-one capital ratio	8.41	8.28	7.00
Market share			
Assets	5.68	5.85	6.08
Net worth	5.21	5.34	4.59
Deposits	5.60	5.81	6.06
Loans	6.44	6.32	6.29

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(103)PWCR14000413

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and stockholders of First Commercial Bank

We have audited the accompanying consolidated balance sheets of First Commercial Bank, Ltd. and its subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and cash flows for the years ended December 31, 2014 and 2013. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First Commercial Bank, Ltd. and its subsidiaries as of December 31, 2014 and 2013, and their financial performance and its cash flows for the years ended December 31, 2014 and 2013 in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms" and International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), IFRS Interpretations Committee ("IFRIC"), and Standing Interpretations Committee ("SIC"), as endorsed by the Financial Supervisory Commission ("FSC").

We have also audited the financial statements of First Commercial Bank, Ltd. as of and for the years ended December 31, 2014 and 2013, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

February 26, 2015

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and of cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

		December 31, 2014		December 31, 2013	
ASSETS	Notes	Amount	%	Amount	%
Cash and cash equivalents	6(1) and 7	$ 59,483,428	3	$ 52,528,179	2
Due from the Central Bank and call loans to banks	6(2) and 7	181,176,379	8	162,586,971	7
Financial assets at fair value through profit or loss	6(3) and 7	50,114,468	2	41,551,918	2
Receivables, net	6(4)	55,159,359	3	59,683,527	3
Current tax assets	7	2,420,478	-	2,633,667	-
Loans discounted, net	6(5)(15) and 7	1,497,006,908	65	1,431,260,245	65
Available-for-sale financial assets	6(6) and 8	77,674,581	3	85,532,583	4
Held-to-maturity financial assets	6(7) and 8	307,625,308	13	304,110,961	14
Investments accounted for using equity method	6(8)	2,072,059	-	856,625	-
Other financial assets, net	6(9)	25,650,264	1	28,242,811	1
Property and equipment, net	6(10)	27,546,466	1	27,729,949	1
Investment property, net	6(11)	6,429,494	1	5,848,151	1
Intangible assets, net		382,777	-	288,446	-
Deferred income tax assets, net	6(35)	1,609,952	-	1,604,808	-
Other assets, net	6(12) and 8	2,391,093	-	2,224,759	-
Total Assets		$ 2,296,743,014	100	$ 2,206,683,600	100

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

LIABILITIES AND EQUITY	Notes	December 31, 2014 Amount	%	December 31, 2013 Amount	%
LIABILITIES					
Deposits from the Central Bank and banks	6(13) and 7	$ 126,095,434	5	$ 141,375,782	6
Due to the Central Bank and banks		80,968	-	69,243	-
Financial liabilities at fair value through profit or loss	6(14) and 7	23,464,824	1	14,906,202	1
Derivative financial liabilities for hedging	6(15)	-	-	7,973	-
Notes and bonds issued under repurchase agreements	6(16)	4,922,050	-	10,966,322	-
Payables	6(17)	62,324,815	3	56,305,037	3
Current tax liabilities	7	2,207,686	-	2,422,777	-
Deposits and remittances	6(18) and 7	1,826,398,350	80	1,734,623,649	79
Bank notes payable	6(19) and 7	34,900,000	2	42,700,000	2
Other financial liabilities	6(20)	47,474,760	2	57,020,964	3
Provisions	6(21)	5,732,685	-	5,636,839	-
Deferred tax liabilities	6(35)	5,724,379	-	5,750,211	-
Other liabilities	6(22)	4,206,145	-	3,310,974	-
Total Liabilities		2,143,532,096	93	2,075,095,973	94
EQUITY					
Common stock	6(23)	75,859,000	4	66,351,000	3
Capital surplus	6(23)	22,669,729	1	19,669,729	1
Retained earnings					
Legal reserve	6(23)	27,039,492	1	23,846,074	1
Special reserve	6(23)	4,077,121	-	4,077,121	-
Unappropriated earnings	6(24)	16,534,049	1	13,836,749	1
Other equity interest	6(25)	7,031,527	-	3,806,954	-
Total Equity		153,210,918	7	131,587,627	6
Total Liabilities and Equity		$ 2,296,743,014	100	$ 2,206,683,600	100

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

		For the years ended December 31				Change
		2014		2013		
	Notes	Amount	%	Amount	%	Percentage
Interest income		$ 42,198,166	111	$ 37,465,086	112	13
Less: Interest expense		(14,406,492)	(38)	(11,994,966)	(36)	20
Net interest income	6(26) and 7	27,791,674	73	25,470,120	76	9
Net non-interest income						
Net service fee income	6(27) and 7	6,608,641	17	5,664,657	17	17
Gains on financial assets or liabilities measured at fair value through profit or loss	6(3)(28)	1,297,683	3	636,805	2	104
Realized gains on available-for-sale financial assets	6(29)	156,549	1	188,557	1	(17)
Reversal of impairment loss on assets	6(30)	59,474	-	882	-	6643
Share of profit of associates and joint ventures accounted for using equity method	6(8)	(100,556)	-	69,331	-	(245)
Foreign exchange gains		2,029,901	5	1,311,460	4	55
Net other non-interest income	6(31)	374,215	1	54,976	-	581
Net income		38,217,581	100	33,396,788	100	14
Bad debt expense and guarantee liability provisions		(3,933,456)	(10)	(4,027,156)	(12)	(2)
Operating expenses						
Employee benefits expenses	6(32) and 7	(12,196,700)	(32)	(11,405,017)	(34)	7
Depreciation and amortization expenses	6(33)	(865,120)	(2)	(779,939)	(2)	11
Other general and administrative expenses	6(34) and 7	(5,223,076)	(14)	(4,495,430)	(14)	16
Income from continuing operations before income tax		15,999,229	42	12,689,246	38	26
Tax expense	6(35)	(2,618,078)	(7)	(2,044,519)	(6)	28
Profit		13,381,151	35	10,644,727	32	26

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

		For the years ended December 31,				
		2014		2013		Change
	Notes	Amount	%	Amount	%	Percentage
Other comprehensive income	6(25)					
Exchange differences on translation		$ 2,536,392	7	$ 698,261	2	263
Unrealized gains (losses) on valuation of available-for-sale financial assets		581,005	2	391,120	1	49
Share of other comprehensive income of associates and joint ventures accounted for using equity method		107,176	-	19,197	-	458
Actuarial gains (loss) on defined benefit plans		21,165	-	67,982	-	(69)
Income tax related to components of other comprehensive income		(3,598)	-	(11,557)	-	(69)
Other comprehensive income, net of tax		3,242,140	9	1,165,003	3	178
Total comprehensive income		$ 16,623,291	44	$ 11,809,730	35	41
Profit, attributable to owners of parent		$ 13,381,151	35	$ 10,644,727	32	26
Comprehensive income attributable to:						
Comprehensive income, attributable to owners of parent		$ 16,623,291	44	$ 11,809,730	35	41
Earnings per share (In NT dollars)	6(36)					
Basic and diluted earnings per share		$	1.81	$	1.44	

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	Equity attributable to owners of the parent							
			Retained Earnings			Other Equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total
For the year ended December 31, 2013								
Balance at January 1, 2013	$ 62,720,000	$ 19,669,729	$ 20,733,624	$ 4,077,121	$ 13,510,431	($ 951,717)	$ 3,650,093	$ 123,409,281
Earnings distribution for 2012								
Legal reserve	-	-	3,112,450	-	(3,112,450)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(3,631,384)	-	-	(3,631,384)
Stock dividends of ordinary shares	3,631,000	-	-	-	(3,631,000)	-	-	-
Net income for the period	-	-	-	-	10,644,727	-	-	10,644,727
Other comprehensive income for the period	-	-	-	-	56,425	717,458	391,120	1,165,003
Balance at December 31, 2013	$ 66,351,000	$ 19,669,729	$ 23,846,074	$ 4,077,121	$ 13,836,749	($ 234,259)	$ 4,041,213	$ 131,587,627
For the year ended December 31, 2014								
Balance at January 1, 2014	$ 66,351,000	$ 19,669,729	$ 23,846,074	$ 4,077,121	$ 13,836,749	($ 234,259)	$ 4,041,213	$ 131,587,627
Earnings distribution for 2013								
Legal reserve	-	-	3,193,418	-	(3,193,418)	-	-	-
Stock dividends of ordinary shares	7,508,000	-	-	-	(7,508,000)	-	-	-
Net income for the period	-	-	-	-	13,381,151	-	-	13,381,151
Other comprehensive income for the period	-	-	-	-	17,567	2,643,568	581,005	3,242,140
Capital Increase by Cash	2,000,000	3,000,000	-	-	-	-	-	5,000,000
Balance at December 31, 2014	$ 75,859,000	$ 22,669,729	$ 27,039,492	$ 4,077,121	$ 16,534,049	$ 2,409,309	$ 4,622,218	$ 153,210,918

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before tax	$ 15,999,229	$ 12,689,246
Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities		
Income and expenses having no effect on cash flows		
Provision for bad debt expense	6,223,408	7,195,434
Depreciation of investment property	1,469	1,241
Depreciation of property and equipment	678,188	646,484
Amortization expense	185,463	133,455
Interest income	(42,198,166)	(37,465,086)
Interest expense	14,406,492	11,994,966
Dividend income	(509,184)	(241,617)
Share of loss of associates accounted for using equity method	100,556	(69,331)
Loss from abandonment of plant and equipment	2,211	4,080
Reversal of impairment gain on assets	(59,474)	(882)
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(2,548,291)	(2,742,552)
Increase in financial assets at fair value through profit or loss	(8,562,550)	(27,395,856)
Decrease (increase) in receivables	4,879,310	(3,746,004)
Increase in discounted and loans	(71,856,850)	(1,413,234)
Decrease (increase) in available-for-sale financial assets	8,440,655	(13,837,282)
Increase in held-to-maturity financial assets	(3,514,347)	(25,573,798)
Decrease (increase) in other financial assets	2,644,756	(23,105,956)
Changes in operating liabilities		
Decrease in deposits from the Central Bank and banks	(15,280,348)	(11,805,915)
Increase (decrease) in financial liabilities at fair value through profit or loss	8,558,622	(6,861,716)
Decrease in derivative financial liabilities for hedging	(7,973)	(36,611)
Increase (decrease) in payables	5,940,109	(2,968,563)
Increase in deposits and remittances	91,774,701	110,722,379
(Decrease) increase in other financial liabilities	(9,546,204)	27,339,492
(Decrease) increase in provisions	(119,751)	(117,000)
Increase in other liabilities	895,171	150,714
Cash flows provided by operations	6,527,202	13,496,088
Interest received	41,815,259	37,060,102
Interest paid	(14,326,823)	(11,968,293)
Dividend received `	509,184	241,617
Income tax paid	(2,654,554)	(1,642,936)
Net cash flows provided by operating activities	31,870,268	37,186,578

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments using the equity method	($ 1,208,814)	$ -
Acquisition of investment property	(484)	-
Acquisition of property and equipment	(1,075,089)	(1,208,245)
Proceeds from disposal of property and equipment	-	2,094
Increase intangible assets	(280,144)	(171,314)
Increase in other assets	(159,086)	(162,034)
Net cash flows used in investing activities	(2,723,617)	(1,539,499)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and banks	11,725	(8,908)
(Decrease) increase in securities sold under repurchase agreements	(6,044,272)	7,889,.092
Decrease in financial bonds payable	(7,800,000)	-
Distribution of cash dividends	-	(3,631,384)
Capital Increase by Cash	5,000,000	-
Net cash flows (used in) provided by financing activities	(8,832,547)	4,248,800
Effect of exchange rate changes on cash and cash equivalents	2,682,262	731,278
Net increase in cash and cash equivalents	22,996,366	40,627,157
Cash and cash equivalents at beginning of period	169,706,931	129,079,774
Cash and cash equivalents at end of period	$ 192,703,297	$ 169,706,931
The components of cash and cash equivalents：		
Cash and cash equivalents as per consolidated balance sheet	$ 59,483,428	$ 52,528,179
Due from the Central Bank and call loans to banks qualified as cash and cash equivalents as defined by IAS No. 7	133,219,869	117,178,752
Cash and cash equivalents at end of period	$ 192,703,297	$ 169,706,931

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the years ended December 31, 2014 and 2013
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. Organization and business

(1) The Bank was incorporated in 1899 as a company limited by shares and had been a listed company since February 9, 1962. The Bank was privatized on January 22, 1998. On January 2, 2003, the Bank became a subsidiary of First Financial Holding Co., Ltd. ("FFHC") through an exchange of shares. After the exchange of shares, the Bank ceased from being listed in the Taiwan Stock Exchange ("TSE") but remains as a public company. As of December 31, 2014, the Bank's operating units consist of Business Division, Trust Division, Offshore Banking Branch, as well as domestic and overseas branches.

(2) The Bank's primary services are as follows:

A. Engaging in business as prescribed under the Banking Law;

B. Conducting trust business as authorized by the competent authorities;

C. Establishing overseas branches to operate business approved by the local government; and

D. Engaging in other businesses approved by the competent authorities.

(3) The Bank's parent company is First Financial Holding Co., Ltd., which holds 100% of the Bank's shareholding as of December 31, 2014.

(4) As of December 31, 2014, the Bank and its subsidiaries had 7,543 employees.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 26, 2015.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

None.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014, commencing 2015, the bank and its subsidiaries shall adopt the 2013 version of IFRS not including IFRS 9, 'Financial instruments', but including the following standards effective January 1, 2015:

“Regulations Governing the Preparation of Financial Reports by Public Banks” and “Regulations Governing the Preparation of Financial Reports by Securities Firms” (“the 2013 version of IFRS”) as endorsed by the FSC in preparing the consolidated financial statements. The related new standards, interpretations and amendments are listed below:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board(“IASB”)
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures－Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, ‘Consolidated financial statements’	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11,‘Joint arrangements’	January 1, 2013
IFRS 12,‘Disclosure of interests in other entities’	January 1, 2013
IFRS 13, ‘Fair value measurement’	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	January 1, 2012
IAS 19 (revised), ‘Employee benefits’	January 1, 2013
IAS 27,‘Separate financial statements’	January 1, 2013
IAS 28,‘Investments in associates and joint ventures’	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20, ‘Stripping costs in the production phase of a surface mine’	January 1, 2013
Improvements to IFRS 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

Based on the bank and its subsidiaries's assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the bank and its subsidiaries, except for the following:

A. IAS 19 (revised), 'Employee benefits'

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognized immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows.

Based on the bank and its subsidiaries's preliminary evaluation, it was noted that the above-mentioned affected amounts are immaterial, and additional disclosures will be made in accordance with the standard.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the bank and its subsidiaries will adjust its presentation of the statement of comprehensive income.

C. IFRS 13, 'Fair value measurement'

The standard defines fair value, sets out a framework for measuring fair value, and requires disclosures about fair value measurements. Based on the bank and its subsidiaries's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the bank and its subsidiaries will disclose additional information about fair value measurements accordingly.

(3)IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRS as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by IASB
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by IASB
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The bank and its subsidiaries is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the bank and its subsidiaries have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the financial assets or financial liabilities (including derivative instruments) at fair value through profit or loss, liability reserve for defined benefit plans of actuarial value and foreclosed asset (which are stated at the lower of its carrying amount or fair value less costs to sell at the end of period) these consolidated financial statements have been prepared under the historical cost convention.

B. The analysis of expense is classified based on the nature of expenses.

C. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRSs) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Principles for preparation of consolidated financial statements

(A) The bank and its subsidiaries prepares the consolidated financial statements by aggregating the bank and its subsidiaries's assets, liabilities, revenues and expenses, which have been eliminated versus owners' equity during the consolidation. In addition, the financial statements of the bank and its subsidiaries are made in the same reporting period. (Item included in the consolidated financial statements are not classified as current and non-current items.) Relevant items are arranged in order based on current and non-current nature.

(B) Subsidiaries are all entities over which the bank and its subsidiaries have the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity.

(C) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

B. The consolidated financial statements include the following directly owned subsidiaries:

Investor	Subsidiary	Business activities	Percentage of holding shares (%)(Note (3))
FCB	First Commercial Bank (USA)	Banking services	100
FCB	FCBL	Leasing(Note (1))	100
FCB	FIA	Insurance agency(Note (2))	100

Note (1) FCBL was approved to establish in May 1998. The main business includes chattel secured and repo trade, lease business and receivable factoring.

Note (2) FIA was approved to establish on December 13, 2001. The main business is the agency of various life insurance products of other insurance enterprises.

Note (3) The stock ownership ratio remained consistent as of December 31, 2014 and 2013.

C. Unconsolidated entities：None.

D. Adjustment on different accounting periods of the subsidiaries: None.

E. Information with respect to the subsidiaries' significant restriction to transfer its funds to the parent company: None.

F. Specific operation risks of the foreign subsidiaries: None.

G. Restrictions on earnings distribution of subsidiaries: None.

(4) Foreign currency translation

A. Functional and presentation currency

Financial statements of the entities in the bank and its subsidiaries are presented by the currency of the primary economic environment in which the entities operate (that is the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars.

B. Transactions and balances

Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency monetary items should be reported using the closing rate (market exchange rate) at the date of each balance sheet. When multiple exchange rates are available for use, they should be reported using the rate that would be used to settle the future cash flows of the foreign currency transactions or balances at the measurement date. Foreign currency non-monetary items measured at historical cost should be reported using the exchange rate at the date of the transaction. Foreign currency non-monetary items measured at fair value should be reported at the rate that existed when the fair values were determined.

Exchange differences arising when foreign currency transactions are settled or when monetary items are translated at rates different from those at which they were translated when initially recognized or in previous financial statements are reported in profit or loss in the period, with one exception. The exception is that exchange differences associated with the gains or losses of the parts of effective hedges of cash flow hedges or hedges of net investments in foreign operations are recognized in other comprehensive income.

If a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income. Conversely, if a gain or loss on a non-monetary item is recognized in profit or loss, any foreign exchange component of that gain or loss is also recognized in profit or loss.

C. Entities in the consolidated financial statements

If the entity has a functional currency (not in an economy with high inflation) that is different from presentation currency in the consolidated financial statements, its operating results and financial position is translated into presentation currency using the following procedures:

(A) At the balance sheet date, all assets and liabilities are translated by the closing exchange rate of the bank and its subsidiaries;

(B) The profit and loss is translated by the average exchange rate in the period (unless the exchange rate fluctuate rapidly, the exchange rate on the trade date shall be adopted); and

(C) All gains and losses arising from translation are recognized in other comprehensive income.

The exchange difference is recognized in “exchange difference on translation of foreign financial statements” of equity item.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and a portion of currency instruments designated as hedges of such investments, are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss.

(5) <u>Cash and cash equivalents</u>

“Cash and cash equivalents” in the consolidated balance sheet includes cash on hand, due from other banks, short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash includes cash and cash equivalents, due from Central Bank and call loans to other banks, securities purchased under resell agreements qualified as cash and cash equivalents as defined by IAS 7.

(6) <u>Securities purchased or sold under resell or repurchase agreements</u>

The transactions of bills and bonds with a condition of repurchase agreement or resell agreement are accounted for under the financing method. The interest expense and interest income are recognized as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

(7) <u>Financial assets and financial liabilities</u>

The financial assets and liabilities of the bank and its subsidiaries including derivatives are recognized in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by FSC.

A. Financial assets

All financial assets held by the bank and its subsidiaries are in compliance with IFRSs as endorsed by FSC, classified into following four categories: “loans and receivables”, “financial assets at fair value through profit and loss”, “available-for-sale financial assets”, “financial assets held to maturity” and “other financial assets”.

(A) Regular way purchase or sale

Acquisition or disposal of financial assets under general transaction practices are accounted for using trade date accounting or settlement date accounting. Treatment for acquisition and disposal of financial assets of the same category should be consistent. Financial assets held by the bank and its subsidiaries are all accounted for using trade date accounting.

(B) Loans and receivables

The loans and receivables are the non-derivative financial assets with no quoted prices in an active market. Such financial assets with fixed or determinable receivable amounts include those originated and those not originated by the bank and its subsidiaries. The former originated directly from money, product or service that the bank and its subsidiaries provide to the debtors, while the latter refers to all the other loans and receivables.

Loans and receivables are measured at initial fair value as the transaction price, and are recognized on the basis of fair value plus significant transaction cost, expense or significant service fee charge, discount or premium. Subsequently, the loans and receivables shall be measured using effective interest method.

If there is any objective evidence of impairment, impairment is recognized as impairment losses. The impairment loss is recognized in the credit side of the financial assets, which is recognized as "bad debt expense and reserve for guarantee policy".

(C) Financial assets at fair value through profit or loss

When the financial assets of the bank and its subsidiaries are held to repurchase or resell or when the portfolio belongs to derivative instruments, or are held in a short-term profit seeking model, then they should be classified as financial assets at fair value through profit and loss and measured by fair value at initial recognition.

Criteria to designate financial assets and financial liabilities as at fair value through profit or loss at initial recognition are as follows:

a. The designation can eliminate or significantly mitigate a measurement or recognition inconsistency as a result of different measuring basis of assets or liabilities; or

b. The performance of financial instruments is assessed by fair value; or

c. Hybrid instruments include embedded derivatives.

Any change in fair value of financial assets at fair value through profit and loss and financial asset designated at fair value through profit and loss at initial recognition are recognized under " Gain or loss on financial assets and financial liabilities at fair value through profit and loss" in the consolidated statements of comprehensive income.

(D) Held-to-maturity financial assets

Held-to-maturity financial assets are the non-derivative financial assets with fixed or determinable payments and fixed maturities and the bank and its subsidiaries have positive intention and ability to hold to maturity, excluding loans and receivables, assets designated as available-for-sale financial assets and financial assets designated as at fair value through profit and loss upon initial recognition which shall not be treated as held-to-maturity financial assets.

Held-to-maturity financial assets are recognized at fair value plus the acquisition cost. Subsequently, held-to-maturity financial assets shall be measured using effective interest method. If there is any objective evidence of impairment, the impairment is recognized in the credit side of the financial assets' carrying amount as "asset impairment loss".

(E) Available-for-sale financial assets

Available-for-sale financial assets include assets designated as available-for-sale, financial assets not held to maturity, financial assets at fair value through profit and loss, non-derivative financial assets such as loans and receivables. Equity or debt investments are initially recognized at fair value plus the transaction cost of acquisition or issuance.

Available-for-sale financial assets are measured at fair value with changes in fair value recognized in other comprehensive income. When the financial asset is no longer recognized, the cumulative unrealized gain or loss that was previously recognized in other comprehensive income is recognized in profit or loss.

Impairment loss is recognized when there is objective evidence of impairment of available-for-sale financial assets. If the financial asset has not been derecognized, cumulative loss is reclassified from 'other comprehensive income' to 'profit or losses'. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss and any subsequent change in equity is recognized in other comprehensive income. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss.

Equity instruments with no quoted price in an active market are initially recognized at fair value plus acquisition or issuance cost. The fair value can be reasonably estimated when the following criteria are met at the balance sheet date: (a) the variance of the reasonable estimate on instrument's fair value is insignificant; or (b) the possibility of the estimate in the interval can be reasonably evaluated and used to estimate fair value.

(F) Other financial assets

Other financial assets include bonds investment without active market and financial assets measured at cost.

a. Bond investments with no active market

Such financial instruments are initially recognized at fair value plus acquisition or issuance cost. Gains or losses are recognized when the investments are derecognized. Bond investments with no active market shall be subsequently measured at amortized cost using the interest method.

b. Financial assets measured at cost

Equity instruments with no active market initially are recognized at fair value plus the acquisition or issuance cost. At the balance sheet date, if the interval of reasonable fair value estimates could be significant and the possibility of different estimates cannot be reasonably evaluated, cost is adopted for measurement. For financial assets measured at cost, an impairment loss shall be recognized if there is an objective evidence of impairment. The impairment loss shall not be reversed.

B. Financial liabilities

Financial liabilities held by the bank and its subsidiaries include financial liabilities at fair value through profit and loss (please refer to note 4(11)), financial liabilities measured at amortized cost and hedging derivatives.

(A) Financial liabilities at fair value through profit and loss

These includes financial liabilities at fair value through profit and loss and those designated as financial liabilities at fair value through profit and loss at initial recognition.

Such as financial liabilities incurred with a purpose of repurchasing in a short period of time, identifiable portion of financial instruments in the portfolio belonging to the consolidated management at initial recognition with evidence indicating that its latest operating model is in a short-term profit seeking, are classified as held for trading purpose. Derivative instruments are designated as held for trading excluding those designated as effective hedging instrument or financial guarantee contract. Financial liabilities held for trading also include the obligation of the financial assets borrowed from short seller. Above financial liabilities are recognized in “financial liabilities at fair value through profit and loss” in the consolidated balance sheet.

At initial recognition, it is not revocable if a debt instrument is designated at fair value through profit and loss. When the fair value method is adopted, the main contract and the embedded derivative need not be recognized respectively.

In relation to financial liabilities at fair value through profit and loss and those designated as financial liabilities at fair value through profit and loss at initial recognition, any change in fair value is recognized as “gain and loss on financial assets and liabilities at fair value through profit and loss” in the statement of comprehensive income.

(B) Financial liabilities carried at amortized cost

Financial liabilities carried at amortized cost include liabilities not classified as financial liabilities at fair value through profit and loss, financial guarantee contracts, loan commitment with a lower-than-market interest rate and the financial liabilities incurred due to continuing engagement or that the transferring of a financial asset does not meet the requirement of derecognition.

C. Derecognition of financial instruments

The bank and its subsidiaries derecognise a financial asset when one of the following conditions is met:

(A) The contractual rights to receive the cash flows from the financial asset expire.

(B) The contractual rights to receive cash flows of the financial asset have been transferred and the bank and its subsidiaries have transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the bank and its subsidiaries have not retained control of the financial asset.

(8) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet only when (1) there is a legally enforceable right to offset the recognized amounts; and (2) there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(9) Impairment evaluation and provision of loans and receivables

If there is any objective evidence indicating that an individual or a group of financial assets are impaired from estimated future cash flow after initial recognition, impairment exists and is recognized as impairment losses.

Impairment of loans and receivables is evaluated based on individual or group classification; loans and receivables are evaluated based on whether objective evidence of significant impairment exists or whether they belong to significant monitored cases. When objective evidence of significant impairment does not exist, the assets shall be included in group of financial assets with similar characteristics and evaluate the impairment losses.

The criteria that the bank and its subsidiaries use to determine whether there is objective evidence of animpairment loss is as follows:

A. There is no principal or interest payment after the lapse of 3 full months, or with regard to which the Credit Cooperative has sought payment from primary/subordinate debtors or has disposed of collateral.

B. If a restructured loan meets payment terms agreement, the loan may be exempted from reporting as a non-performing loan.

C. If a loan's negotiated terms meet regulations by the Bankers Association of the Republic of China in 2006, the loan may be exempted from reporting as a non-performing loan.

D. Cases approved and signed in the negotiations in accordance with the Statute for Consumer Debt Clearance.

E. Cases that are in clearance or settlement proceedings by the court's ruling.

F. Cases that have begun being reorganized by the court's ruling.

G. Cases that have been declared for bankruptcy by the court.

H. Cases that meet the self-made evaluation items of the Bank.

In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized (for example, the upgraded credit rating of the debtor), the previously recognized impairment loss is reversed through the allowance for bad debt to the extent that the carrying amounts do not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior years. The reversal is recognized as current profit and loss.

Above-mentioned impairment evaluation and provision of loans and receivables is in conformity with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Financial Supervisory Commission.

(10) Derivative instruments

Derivative instruments are initially recognized at fair value at the contract date and subsequently measured by fair value. The fair value includes the public quoted price in an active market or the latest trade price (such as options traded in Stock Exchange Corporation), and evaluation techniques such as cash flow discounting model or option pricing model (such as swap contract and foreign exchange transaction). All derivative assets are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

Hybrid contracts refer to financial instruments embedded with derivatives. Economic characteristics and risks of the embedded derivatives and the economic characteristics of the main contract should be examined. If the two are not closely related and the main contract is not a financial asset or liability at fair value through profit and loss, the main contract and embedded derivatives should be respectively recognized unless the overall hybrid contract is designated as assets or liabilities at fair value through profit and loss. The embedded derivatives are the financial assets or liabilities at fair value through profit and loss.

(11) Derivative financial assets and financial liabilities held for hedging

Derivative financial assets and financial liabilities held for hedging are those derivative financial assets and financial liabilities that are designated as effective hedging instruments under hedge accounting and are measured at fair value.

The bank and its subsidiaries is currently adopting fair value hedge. When all the criteria of fair value hedge accounting are met, it recognizes the offsetting effects on gains or losses of changes in the fair values of the hedging instrument and the hedged item. Any gain or loss from re-measuring the hedging instrument at fair value or the foreign currency component of its carrying amount shall be recognized immediately in the statement of comprehensive income. Any gain or loss attributable to the hedged risk shall be adjusted in the carrying amount of the hedged item and be recognized immediately in the statement of comprehensive income.

(12) Investments accounted for using equity method

Investment of the bank and its subsidiaries accounted for using equity method refers to investments in associates.

A. Associates are all entities over which the bank and its subsidiaries have significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The bank and its subsidiaries's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the bank and its subsidiaries's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the bank and its subsidiaries does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. Unrealised gains on transactions between the bank and its subsidiaries and its associates are eliminated to the extent of the bank and its subsidiaries's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the bank and its subsidiaries.

(13) Property and equipment

The property and equipment of the bank and its subsidiaries are recognized on the basis of the historical cost less accumulated depreciation. The historical cost includes any cost directly attributable to the acquisition of the asset.

If the future economic benefit generated from subsequent cost of the asset can be measured reliably and is very likely to flow into the bank and its subsidiaries, the subsequent cost of property and equipment including the carrying amount may be individually recognized as asset. Additonally, the carrying amounts of a replaced item are derecognized.

Major renewals and improvements incurred to increase the future economic benefits of the assets are capitalized and depreciated. Routine maintenance and repairs are charged to expense as incurred.

Land is not affected by depreciation. Depreciation for other assets is provided on a straight-line basis over the estimated service lives of the assets until salvage value. Service life is as follows:

Land and improvements	3 ~ 30 years
Buildings	5 ~ 55 years
Transportation equipment	5 ~ 10 years
Machinery and equipment	3 ~ 4 years
Miscellaneous assets	5 ~ 17 years

Leasehold improvements are depreciated over the lease terms of the lease agreements or 5 years, whichever is shorter.

On balance sheet date, the bank and its subsidiaries assess or appropriately adjusts the salvage value and service life of the asset. When there is an activity or change in the environment suggesting that the carrying amount may not be recovered, the bank and its subsidiaries shall evaluate impairment on the asset. If the carrying amount of the asset is higher than the recoverable amount, the carrying amount shall be written off until it is equivalent to the recoverable amount. The recoverable amount is the higher of asset at fair value less disposal expense and value in use. Any gain or loss on disposal is calculated by the difference between the carrying amount and proceeds on disposal, and be recognized in the "Other non-interest income, net" in the statement of comprehensive income.

(14) Investment property

The properties held by the bank and its subsidiaries, with an intention to obtain long-term rental profit or capital increase or both and not being used by other entities of the consolidated company and its subsidiaries, are classified as investment property. Investment property includes the office building and land rented in the form of an operating lease.

Part of the property may be held by the bank and its subsidiaries and another part generates rental income or capital increase. If the property held by the bank and its subsidiaries can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the property is deemed as investment property in its entirety.

When the future economic benefit related to the investment property is very likely to flow into the bank and its subsidiaries and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is very likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized as incurred in the consolidated statement of comprehensive income.

Investment property is subsequently measured by cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment. The fair value of investment property is disclosed in the financial statements at the balance sheet date, of which the valuation should be carried out by the appraisal segment of the bank and its subsidiaries based on the internal appraisal guidelines.

(15) Foreclosed assets

Foreclosed properties are stated at the lower of its carrying amount or fair value less costs to sell at the end of period.

(16) Lease

When the bank and its subsidiaries is the lessor, please refer to Note 4(14) for the accounting treatment of the leased assets satisfying investment property set out in IAS 40, “Investment Property”.

The lease contract of the bank and its subsidiaries’s subsidiaries includes operating leases and finance leases.

A. Operating lease

When the bank and its subsidiaries is the lessor or the lessee, rental payable and receivable from the operating lease is calculated through straight-line method based on the lease term, which are recognized respectively as “other non-interest income, net” and “other business and administration expense”.

B. Finance lease

When the bank and its subsidiaries is the lessor, the asset is derecognized when the finance lease contract is signed and the present value of lease payment is recognized as lease payable. The difference between the total lease payable and present value is recognized as unrealized interest income, and transferred to interest income as incurred at period end. Rental income is calculated based on remaining lease payment receivable using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss.

When the bank and its subsidiaries is the lessee, the lower of fair value of lease assets or the lowest present value of the lease payment is capitalized. Rental payment is amortized through financial leasing liabilities and recognized as interest income. Interest expense is calculated based on beginning balance of lease liabilities of each lease term using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss. Financing lease liabilities are recognized as “other financial liabilities”. Property and equipment acquired through finance lease contracts are measured by cost model.

(17) Intangible assets

The intangible assets of the bank and its subsidiaries consist of computer software expenditures, which are recognized by cost and amortized over its economic useful life. The maximum estimated useful life is three years.

Subsequent measurements are based on the cost model.

(18) Impairment of non-financial assets

When there is any evidence indicating a possible impairment, the bank and its subsidiaries immediately performs impairment test in relation to the assets applicable for IAS 36, “Impairment of Assets”.

If the testing result of the cash-generating unit of an asset or an individual asset suggests that the recoverable amount is less than the carrying amount, impairment loss is recognized. Recoverable amount refers to the higher of an asset’s fair value less its cost or value in use. Reassess the recoverable amount of an asset when there is an indication that the impairment loss recognized in the prior period decreases or does not exist anymore. If there is any change in the estimated recoverable amount and result in an increase, asset impairment is reversed to the extent that the carrying amounts shall not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior periods.

(19) Provisions, contingent liabilities and contingent assets

The bank and its subsidiaries recognizes liabilities when all of the following three conditions are met：

(A) present obligation (legal or constructive) has arisen as a result of past event; and

(B) the outflow of economic benefits is highly probable upon settlement; and

(C) the amount is reliably measurable.

The outflow of economic benefit as a result of settlement is determined based on the overall obligation when there are several similar obligations. Contingent assets should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligation is remote.

Measurements for provisions are at discounted present value of expenditure for settlement obligation using a pre-tax discount rate with timely adjustment made that reflects the current market assessments of the time value of money and the risks specific to the liabilities.

Contingent liability is a possible obligation that arises from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank and its subsidiaries. Or it could be a present obligation as a result of a past event but the payment is not probable or the amount cannot be measured reliably. The bank and its subsidiaries did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

Contingent asset is a possible obligation that arises from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the bank and its subsidiaries. The bank and its subsidiaries did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(20) Financial guarantee contract

A financial guarantee contract is a contract that requires the bank and its subsidiaries to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when they are due in accordance with the original or modified terms of a debt instrument.

The bank and its subsidiaries initially recognizes financial guarantee contracts at fair value on the date of issuance granted. The bank and its subsidiaries charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognized in deferred accounts and amortized through straight-line method during the contract term.

Subsequently, the bank and its subsidiaries should measure the contract at the higher of:

A. the amount determined in accordance with IAS 37; and

B. the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18, “Revenue”.

The best estimate of the liability amount requires management to exercise their judgment and historical loss data based on the similar transaction experiences.

The increase in liabilities due to financial guarantee contract is recognized in “bad debt expenses and guaranty policy reserve”.

(21) Employee benefits

A. Short-term employee benefits

The bank and its subsidiaries recognizes undiscounted short-term employee benefits due in the future as expense during the period that the service is provided.

B. Employee preferential deposit

The bank provides preferential interest rate for employees, including flat preferential savings rate for current employees and retired employees. The difference gap compared to market interest rate is deemed as employee benefits.

According to "Regulations Governing the Preparation of Financial Statements by Public Banks", the preferential interest paid to current employees is calculated based on accrual basis, and the difference between the preferential interest and the market interest is recognized under "employee benefit expense". According to Article 28 of "Regulations Governing the Preparation of Financial Statements by Public Banks", the interest rate upon retirement agreed with the employees which exceeds general market interest rate is actualized in accordance with IAS 19, Defined Benefit Plan, as endorsed by FSC. However, various parameters should be in compliance with competent authorities if indicated otherwise.

C. Termination benefit

Termination benefit is paid to the employee being terminated who is eligible for retirement or as a result of voluntary termination in exchange of termination benefit. The bank and its subsidiaries have made commitments in the formal detailed employment termination plan which is irrevocable, and recognizes liabilities when providing termination benefit to employees who voluntarily dismiss. Termination benefit paid 12 months after the financial reporting date should be discounted.

D. Post-employment benefit

The bank and its subsidiaries adopts both defined benefit plan and defined contribution plan. Overseas branches and subsidiaries adopt defined benefit plans based on regulations of the country in which the entities operate.

The bank and its subsidiaries adopted the defined contribution plan from July 1, 2005, the date that Labor Pension Act takes effect. Employees may choose to apply the pension policy of the bank and its subsidiaries or the policy of the Act and retain their work seniority before the Act. For employees who are eligible for the Act, the bank and its domestic subsidiaries should set aside 6% of their monthly salaries. The bank and its subsidiaries have no other legal or constructive obligation to set aside additional reserve. Additionally, the pension in each period is recognized as pension cost in the period as incurred. Prepaid pension assets can only be recognized when there is a cash refund or deductible future pension payable.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Any actuarial gains and losses on pension of the defined benefit plan are all recognized in other comprehensive income.

E. Employees' bonus

Employees' bonus is recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus is different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates.

(22) Income and expense

Income and expense of the bank and its subsidiaries are recognized as incurred. Expense consists of employee benefit expense, depreciation and amortization expense and other business and administration expenses. However, interest income is recognized on a cash basis upon receiving the interest when (1) reclassified as non- accrual loans; and (2) interest from restructured loans whose maturities have been extended is not recognized as interest income but recorded in the memo accounts.

A. Other than those classified as financial assets and liabilities at fair value through profit and loss, all the interest income and interest expense generated from interest-bearing financial assets are calculated by effective interest according to relevant regulation and recognized as "interest income" and "interest expense" in the consolidated statements of comprehensive income.

B. Handling fees and expenses are recognized when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognized upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortized or included in the calculation of effective interest rate of loans and receivables during the service period. However, according to the Article 10.7 and 10.10 of the "Regulation Governing the Preparation of Financial Reports by Public Banks", the loans and receivables may be measured by the initial amounts if the effects on discount are insignificant.

C. For more details on rental income of operating lease and unrealized interest income of finance lease in relation to lease business, please refer to Note 4(16).

(23) Income tax

A. Current tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where the bank and its subsidiaries operates and generates taxable income. Except for transactions or other matters that are directly recognized in other comprehensive income or equity, all the other transactions should be recognized as income or expense and recorded as gain and loss in the period. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

B. Deferred tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amount of assets and liabilities included in the consolidated balance sheet are calculated through liability method and recognized as deferred income tax. The temporary difference of the bank and its subsidiaries mainly occurs due to the revaluation on the depreciation of property and equipment and certain financial instruments (including derivatives) and provision and transferring of the reserve for pension and other post-employment benefits. Deductible temporary difference within the scope that it is probable to offset taxable income is recognized as deferred income tax.

Temporary difference related to the investees, branches and affiliated entities are recognized as deferred tax liabilities. However, when the bank and its subsidiaries is capable of controlling the time length required to reverse the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future, the temporary difference is not recognized.

The land revaluation appraisal occurred due to the revaluation assessment in line with relevant regulations, deemed as taxable temporary difference, and is recognized as deferred tax liabilities.

If the future taxable income is probable to be utilized as unused loss carryforwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax assets.

Certain transactions of the bank and its subsidiaries are recognized in other comprehensive income. The tax effects on these kinds of transactions are also recognized in other comprehensive income.

Current tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(24) Share capital

Incremental costs directly attributable to the issuance of new shares are shown as a deduction, net of tax, from equity. Common stock dividends distributed are recognized in equity in the year in which they are approved by the bank and its subsidiaries's shareholders. If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

(25) Operating segments

The bank and its subsidiaries's operating segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance.

5. Critical accounting judgments, estimates and key source of assumption uncertainty

The consolidated financial statements of the bank and its subsidiaries may be affected by the adoption of accounting policies, accounting estimates and assumptions. Therefore, adoption of the significant accounting policies in Note 4 requires the management's judgment, estimate and assumption, which involves information of significant adjustment made on the carrying amount of assets and liabilities in the next financial statements due to lack of resources. Estimate and assumptions of the Bank and its subsidiaries are the best estimates compliance with IFRS as endorsed by FSC. Estimate and assumptions are made on the basis of past experience and other elements deemed to be relevant. However, the actual results may differ from the estimates. The bank and its subsidiaries will continually monitor the estimates and assumptions and if the revision of estimate leaves an impact in the current period, the adjustment is recognized in the period. If a revision could affect both current and future periods, then the estimated revision shall be made in current and future periods.

Certain accounting policies and judgments of management could have significantly affected the recognized amounts in the consolidated financial statements. Details are as follows:

(1) Evaluation on financial instruments (including derivatives)

The bank and its subsidiaries evaluates the financial instrument at fair value not traded in an active market or with no quoted price. The fair value may be estimated with reference to observable market price in the market if there is observable information of similar instruments. If not, fair value is calculated based on the appropriate evaluation models generally used in the market. The input used in the model should first primarily be based on the observable information in the market. However, in the event that certain information or input cannot be observed directly in the market and/or the model assumption itself is comparatively objective, then financial instrument at fair value can be retrieved from historical data or other information. Every valuation model of the bank and its subsidiaries are assessed and tested on a regular basis to ensure the output can reflect actual information and the market price. Note 12(1)C provides the main assumptions used in determining the financial instruments at fair value. The competent authorities recognize that the valuation models and assumptions chosen can be appropriately used to determine the financial instrument at fair value.

(2) Loan impairment loss

In addition to the compliance with the regulations from competent authorities, the bank and its subsidiaries evaluates risk characteristics of clients and many other factors such as secured and non-secured loans to build modules and case assessments and evaluates cash flows to calculate impairment amount by month. Recognition for impairment loss is determined by observable evidence suggesting a probable impairment. The evidence could include the payment condition of the debtor, events related to overdue payment and national or local economic situation that have given rise to a significant adverse movement, etc. When evaluating the future cash flows, overdue payment of the debtor, current position of the borrower, collateral, guarantee from external institutions and historical data should all be considered. Impairment occurrence rate and impairment recovery rate used in the portfolio assessment is estimated through different product types and historical data. The bank and its subsidiaries regularly examines the assumptions used and the reasonableness of input to ensure the appropriateness of various assumptions and inputs.

(3) Post-employment benefit

The present value of post-employment benefit obligation is based on actuarial result of various assumptions, through which any change could affect the carrying amount of post-employment benefit obligation.

Discount rate is included when determining the net pension cost (income), and the bank and its subsidiaries decides the appropriate discount rate at the end of each year, which is used to calculate the estimated present value of future cash outflow of post-employment benefit obligation needed. The bank and its subsidiaries should consider interest rate of government bonds of the same currency and maturity in order to determine the appropriate discount rate.

(4) Income tax

The bank and its subsidiaries needs to pay income tax in different countries and significant estimates are required when estimating the global income tax after a series of transactions and calculations to determine the ultimate tax amount. The bank and its subsidiaries recognizes additional income tax liabilities arising from tax issues based on the subsequent development of stringent evaluation and assessment on tax issues. The difference between the ultimate tax amount and the initial recognition, if any, will affect the recognition for income tax in the period and deferred income tax account.

6. Summary of significant accounts

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand	$ 13,065,374	$ 11,887,189
Checks for clearance	14,971,201	8,174,408
Due from other banks	31,446,853	32,466,582
Total	$ 59,483,428	$ 52,528,179

(2) Due from the Central Bank and call loans to banks

	December 31, 2014	December 31, 2013
Reserve for deposits-account A	$ 29,585,291	$ 29,458,215
Reserve for deposits-account B	46,153,702	44,265,163
Inter-Bank clearing fund	5,602,492	3,230,015
Deposits of national treasury account	93,407	88,412
Deposits of overseas branches with foreign Central Banks	3,064,672	2,728,855
Reserve for deposits- foreign currency	323,034	288,865
Call loans and overdrafts to other banks	96,353,781	82,527,446
Total	$ 181,176,379	$ 162,586,971

The Bank and its subsidiaries' reserve for deposits is required by the Banking Law and is determined by applying the reserve ratios set by the Central Bank to the monthly average balance of each type of deposit. The reserve amount is deposited in the reserve deposit account at the Central Bank. According to the regulations, such reserve for deposits - account B cannot be withdrawn except for monthly adjustments of the reserve for deposits.

(3) Financial assets at fair value through profit or loss

	December 31, 2014	December 31, 2013
Financial assets held for trading		
Short-term bills	$ 15,440,631	$ 15,760,410
Stocks	287,773	117,664
Bonds (government, financial and corporate bonds)	9,975,708	13,727,910
Derivative financial instruments	9,199,078	4,492,095
Valuation adjustment for financial assets held for trading	43,858	113,344
Subtotal	34,947,048	34,211,423
Financial assets designated as at fair value through profit or loss		
Bonds	15,050,650	7,290,219
Valuation adjustment for designated financial assets at fair value through profit or loss	116,770	50,276
Subtotal	15,167,420	7,340,495
Total	$ 50,114,468	$ 41,551,918

A. Details of gains (losses) on financial assets and liabilities at fair value through profit or loss for the years ended December 31, 2014 and 2013 are as follows:

	For the year ended December 31, 2014	For the year ended December 31, 2013
Net gain on financial assets and liabilities held for trading	$ 862,362	$ 686,128
Net gain (loss) on financial assets designated as at fair value through profit or loss	435,321	(49,323)
Total	$ 1,297,683	$ 636,805

B. Financial instruments designated at fair value through profit or loss of the Bank and its subsidiaries are the hybrid instruments and products to eliminate the inconsistency of accounting recognition.

(4) Receivables, net

	December 31, 2014	December 31, 2013
Spot exchange receivable	$ 23,732,422	$ 19,788,919
Factoring receivable	9,758,089	15,651,840
Interest receivable	4,184,508	3,801,601
Acceptances receivable	6,421,115	8,665,481
Credit card accounts receivable	5,502,474	4,881,236
Other receivables	6,525,606	7,868,082
Subtotal	56,124,214	60,657,159
Less: Allowance for bad accounts	(964,855)	(973,632)
Net amount	$ 55,159,359	$ 59,683,527

(5) Loans discounted, net

	December 31, 2014	December 31, 2013
Bills and notes discounted	$ 5,450,725	$ 6,487,589
Overdrafts	1,105,803	1,217,405
Short-term loans	456,242,287	404,671,405
Medium-term loans	428,183,728	421,639,708
Long-term loans	620,068,663	607,064,351
Import-export bills negotiations	2,523,346	1,207,030
Loans transferred to non-accrual loans	3,777,651	6,972,351
Subtotal	1,517,352,203	1,449,259,839
Less: allowance for bad accounts	(20,345,295)	(17,999,594)
Net amount	$ 1,497,006,908	$ 1,431,260,245

A. As of December 31, 2014 and 2013, gains from hedge evaluation were $0 and $7,973, respectively. The fair values of fixed-rate loans held by overseas branches may fluctuate with changes in interest rates. Please refer to Note 6(15) for details of relevant hedge information.

B. As of December 31, 2014 and 2013, please see Note 12(2)C(E) for the explanation on impaired financial assets of the Bank and its subsidiaries for the loans discounted.

C. The Bank and its subsidiaries assessed the appropriate amount of allowance for doubtful accounts; the details and movements of the allowance for doubtful accounts balance for loans discounted and receivables for the years ended December 31, 2014 and 2013 were as follows:

	For the year ended December 31, 2014	For the year ended December 31, 2013
Loans discounted (including other related receivable derived from loans)		
Beginning balance	$ 18,198,602	$ 16,417,952
Provision	5,899,935	6,779,170
Write-off	(3,774,530)	(5,054,778)
Foreign exchange and other movements	210,252	56,258
Ending balance	$ 20,534,259	$ 18,198,602
Receivables		
Beginning balance	$ 1,237,059	$ 909,628
Provision	83,473	410,146

Write-off	(424,043)	(83,045)
Foreign exchange and other movements	(55,708)	330
Ending balance	$ 840,781	$ 1,237,059

(6) Available-for-sale financial assets

	December 31, 2014	December 31, 2013
Stocks - listed	$ 5,866,198	$ 7,791,836
Bonds	65,127,098	71,615,789
Other marketable securities	2,057,977	2,084,303
Valuation adjustment for available-for-sale financial assets	4,623,308	4,040,655
Total	$ 77,674,581	$ 85,532,583

Please refer to Note 8 for details of the above available-for-sale financial assets pledged as collateral as of December 31, 2014 and 2013.

(7) Held-to-maturity financial assets

	December 31, 2014	December 31, 2013
Certificates of deposits purchased	$ 247,465,000	$ 249,045,000
Bonds	58,585,504	54,150,322
Short-term bills	1,574,804	915,639
Total	$ 307,625,308	$ 304,110,961

Please refer to Note 8 for details of the above held-to-maturity financial assets pledged as collateral as of December 31, 2014 and 2013.

(8) Investments accounted for using equity method

A. Investments accounted for using equity method:

	December 31, 2014		December 31, 2013	
	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
East Asia Real Estate Management Co., Ltd.	$ 2,926	30%	$ 2,926	30%
FCBL Capital International (B.V.I) Ltd.	2,069,133	100%	853,699	100%
	$ 2,072,059		$ 856,625	

B. The affiliated enterprises invested by the Bank and its subsidiaries have no quoted price. The affiliated enterprises' capacity to transfer capital through the distribution of cash dividends, loan repayment or advances is not significantly restricted.

C. For the years ended December 31, 2014 and 2013, share of profit of associates and joint ventures accounted for under the equity method were ($100,556) and $69,331, respectively.

D. The investment income or losses from the above equity investments accounted for under the equity method, other than East Asia Real Estate Management Co., Ltd., that was recognized based on the unaudited financial statements of the same period (the Bank expects the effect to be immaterial assuming the financial statements had been audited), was recognized based on the investees' audited financial statements for the years ended December 31, 2014 and 2013.

(9) Other financial assets – net

	December 31, 2014	December 31, 2013
Bond investments with no active market	$ 2,010,288	$ 2,058,031
Investment in time deposits without active market	20,696,846	23,223,751
Stock investments carried at cost	2,941,280	2,917,280
Overdue receivable	62,240	499,709
Exchanged bills negotiated	4,500	6,475
Subtotal	25,715,154	28,705,246
Less: Allowance for bad debts - overdue receivable	(64,890)	(462,435)
	$ 25,650,264	$ 28,242,811

A. As the Bank and its subsidiaries's investments in unlisted stocks lack quoted marked price and their fair values cannot be measured reliably; those financial assets are accounted for at cost.

B. For methods and assumptions used to measure fair value of debt instruments with no active market, please refer to Note 12 (1) D.

C. The Bank's overdue notes and debts securities affected by the financial crisis of Iceland and Washington Mutual, U.S.A. are recognized as other financial assets –overdue receivables, and the balance as of December 31, 2014 and 2013 were $15,807 and $58,394, respectively, with balances for allowance for doubtful loans of $2,371 and $6,696, respectively. The abovementioned overdue notes and debts securities have been included in debts security and prosecution procedures.

(10) Property and equipment - net

Changes in the property and equipment of the Bank and its subsidiaries for the years ended December 31, 2014 and 2013 are as follows:

	Lands and land improvements	Buildings	Machinery and equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2014	$ 19,483,101	$ 11,554,092	$ 2,677,994	$ 819,879	$ 2,159,161	$ 837,318	$ 402,619	$ 37,934,164
Additions	-	373,291	228,994	44,830	98,557	47,307	282,110	1,075,089
Transfers	123,546	77,172	22,313	3,269	14,173	29,663	(270,136)	-
Transfer out to investment property	(580,338)	(22,760)	-	-	-	-	-	(603,098)
Disposals	(3,063)	(14,376)	(91,588)	(45,027)	(44,916)	(7,037)	-	(206,007)
Foreign exchange	-	(771)	3,089	1,520	2,758	11,975	-	18,571
At December 31, 2014	19,023,246	11,966,648	2,840,802	824,471	2,229,733	919,226	414,593	38,218,719
Accumulated depreciation								
At January 1, 2014	(2,872)	(5,047,629)	(2,152,660)	(685,475)	(1,604,009)	(711,570)	-	(10,204,215)
Depreciation	-	(273,901)	(205,962)	(40,489)	(113,187)	(44,649)	-	(678,188)
Transfer out to investment property	-	20,770	-	-	-	-	-	20,770
Disposals	2,872	14,106	91,083	44,545	44,153	7,037	-	203,796
Foreign exchange	-	-	(2,848)	(1,468)	(2,362)	(7,738)	-	(14,416)
At December 31, 2014	-	(5,286,654)	(2,270,387)	(682,887)	(1,675,405)	(756,920)	-	(10,672,253)
Book value	$ 19,023,246	$ 6,679,994	$ 570,415	$ 141,584	$ 554,328	$ 162,306	$ 414,593	$ 27,546,466

	Lands and land improvements	Buildings	Machinery and equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2013	$ 19,781,029	$ 11,098,505	$ 2,633,793	$ 839,470	$ 2,108,295	$ 839,117	$ 148,551	$ 37,448,760
Additions	55,975	279,085	230,100	40,219	99,440	23,312	480,114	1,208,245
Transfers	-	192,144	-	3,344	14,051	16,507	(226,046)	-
Transfer out to investment property	(353,903)	(15,642)	-	-	-	-	-	(369,545)
Disposals	-	-	(186,268)	(63,139)	(63,410)	(43,748)	-	(356,565)
Foreign exchange	-	-	369	(15)	785	2,130	-	3,269
At December 31, 2013	19,483,101	11,554,092	2,677,994	819,879	2,159,161	837,318	402,619	37,934,164
Accumulated depreciation								
At January 1, 2013	(2,872)	(4,801,578)	(2,143,370)	(706,945)	(1,560,991)	(704,704)	-	(9,920,460)
Depreciation	-	(258,054)	(195,319)	(40,901)	(105,655)	(46,555)	-	(646,484)
Transfer out to investment property	-	12,003	-	-	-	-	-	12,003
Disposals	-	-	186,378	62,480	63,200	40,660	-	352,718
Foreign exchange	-	-	(349)	(109)	(563)	(971)	-	(1,992)
At December 31, 2013	(2,872)	(5,047,629)	(2,152,660)	(685,475)	(1,604,009)	(711,570)	-	(10,204,215)
Book value	$ 19,480,229	$ 6,506,463	$ 525,334	$ 134,404	$ 555,152	$ 125,748	$ 402,619	$ 27,729,949

There was no interest capitalized on property and equipment acquired for the years ended December 31, 2014 and 2013.

(11) Investment property– net

Please see below table for the investment property of the Bank and its subsidiaries for the years ended December 31, 2014 and 2013:

	Lands and land improvements	Buildings	Total
Cost			
At January 1, 2014	$ 5,833,641	$ 120,556	$ 5,954,197
Additions	-	484	484
Transferred from property and equipment	580,338	22,760	603,098
At December 31, 2014	6,413,979	143,800	6,557,779
Accumulated depreciation			
At January 1, 2014	-	(106,046)	(106,046)
Depreciation	-	(1,469)	(1,469)
Transferred from property and equipment	-	(20,770)	(20,770)
At December 31, 2014	-	(128,285)	(128,285)
Investment property– net	$ 6,413,979	$ 15,515	$ 6,429,494

	Lands and land improvements	Buildings	Total
Cost			
At January 1, 2013	$ 5,479,738	$ 104,914	$ 5,584,652
Transferred from property and equipment	353,903	15,642	369,545
At December 31, 2013	5,833,641	120,556	5,954,197
Accumulated depreciation			
At January 1, 2013	-	(92,802)	(92,802)
Depreciation	-	(1,241)	(1,241)
Transferred from property and equipment	-	(12,003)	(12,003)
At December 31, 2013	-	(106,046)	(106,046)
Investment property– net	$ 5,833,641	$ 14,510	$ 5,848,151

A. As of December 31, 2014 and 2013, the investment property at fair value of the Bank and its subsidiaries was $14,774,822 and $11,491,919, respectively. All the investment properties of the Bank and its subsidiaries are assessed by the internal appraisal expert, and market approach was adopted for all assessments.

B. For the years ended December 31, 2014 and 2013, the rental income from investment property were $69,824 and $67,859, respectively, the operating expenses from investment property were $50,706 and $49,664, respectively.

(12) Other assets - net

	December 31, 2014	December 31, 2013
Leased assets-vehicles	$ 1,901,816	$ 1,580,854
Less: Accumulated depreciation	(593,024)	(494,299)
Leased assets - net	1,308,792	1,086,555
Foreclosed assets		
Cost	76,446	100,019
Less: Accumulated impairment	(76,446)	(93,740)
Net foreclosed assets	-	6,279
Guarantee deposits paid	608,622	555,969
Prepayments	441,577	521,942
Others	32,102	54,014
Total	$ 2,391,093	$ 2,224,759

Please refer to Note 8 for details of other assets pledged as collateral as of December 31, 2014 and 2013.

(13) Deposits from the Central Bank and banks

	December 31, 2014	December 31, 2013
Call loans from other banks	$ 119,991,671	$ 136,678,173
Transfer deposits from Chunghwa Post Co. Ltd.	1,878,109	2,834,591
Overdrafts from other banks	646,929	1,309,760
Due to other banks	3,538,403	475,780
Due to the Central Bank	40,322	77,478
Total	$ 126,095,434	$ 141,375,782

(14) Financial liabilities at fair value through profit or loss

	December 31, 2014	December 31, 2013
Financial liabilities for trading purpose		
When-issued trading of central government bonds	$ -	$ 448,805
Derivative instruments	5,142,741	3,693,962
Financial liabilities designated at fair value through profit or loss		
Bonds	18,101,000	10,300,000
Valuation adjustment	221,083	463,435
Total	$ 23,464,824	$ 14,906,202

A. The financial instruments of the Bank and its subsidiaries at fair value through profit or loss were designated to eliminate or significantly reduce recognition inconsistency.

B. For the years ended December 31, 2014 and 2013, the changes in fair value belonging to financial debentures designated at fair value through profit and loss by the Bank were $35,060 and $34,511, respectively.

C. The Bank sold the financial debentures at the face value. As of December 31, 2014 and 2013, the carrying amounts exclusive of valuation adjustment and the amounts payable to the creditors are identical.

(15) Derivative financial liabilities for hedging

	December 31, 2014	December 31, 2013
Derivative financial liabilities for hedging	$ -	$ 7,973

Derivative financial liabilities held for hedging and related information were as follows:

Fair values of fixed-rate loans held by overseas branches of the Bank may fluctuate with changes in interest rates. The Bank had assessed that the risk may be significant, so the Bank hedged such risk by entering into interest rate swap contracts.

	Designated hedging instruments		
	Designated hedging instruments	Fair value	
Hedged item		December 31, 2014	December 31, 2013
Fixed-rate loans	Interest rate swap contracts	$ -	($ 7,973)

(16) Notes and bonds issued under repurchase agreements

	December 31, 2014	December 31, 2013
Government bonds	$ 3,032,472	$ 4,330,611
Financial bonds	1,889,578	6,585,882
Commercial papers	-	49,829
Total	$ 4,922,050	$ 10,966,322

The Bank and its subsidiaries are obliged to repurchase the above bonds at original sale price plus a mark-up pursuant to the repurchase agreement. The repurchase agreement amounts for such bonds and bills were $4,934,374 and $10,980,005 as of December 31, 2014 and 2013, respectively.

(17) Payables

	December 31, 2014	December 31, 2013
Accounts payable	$ 20,821,327	$ 17,120,186
Spot exchange payable	23,734,833	19,793,282
Bank acceptances	6,585,298	8,774,484
Interest payable	2,176,372	2,096,703
Accrued expenses	4,954,466	4,177,608
Other payables	4,052,519	4,342,774
Total	$ 62,324,815	$ 56,305,037

(18) Deposits and remittances

	December 31, 2014	December 31, 2013
Checking accounts deposits	$ 38,788,810	$ 37,113,368
Demand deposits	465,291,398	439,634,958
Time deposits	382,648,772	360,204,149
Negotiable certificates of deposits	9,856,200	11,967,500

Savings account deposits	927,506,490	883,643,756
Remittances Outstanding	2,198,734	2,033,271
Others	107,946	26,647
Total	$ 1,826,398,350	$ 1,734,623,649

(19) Bank notes payable

On June 24, 2005, August 18, 2006, February 29, 2008, June 25, 2010, February 25, 2011, February 24, 2012, February 22, 2013, and February 27, 2014, and October 16, 2014, the Board of Directors resolved to issue senior and subordinated financial bonds with the quota of $20, $20, $20, $8, $10, $15, $12, $15 and $9.501 (US $300 million) billion New Taiwan dollars, respectively, to strengthen FCB's capital adequacy ratio and to raise capital for long-term operating purposes. The issuances of the financial bonds had been approved by the Ministry of Finance, R.O.C. and Financial Supervisory Commission, Executive Yuan. The subordinated creditors have a right to repayment that is higher than that of a shareholder's but would rank below other creditors in the event of liquidation. The detailed terms of each issuance are as follows:

	First to Third issues, 2006
Issue date	April 24, July 27 and December 4, 2006
Issue amount	NT$14 billion (NT$13 billion has been paid back)
Issue price	At par
Coupon rate	2.24%~2.75%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	5 years and 6 months to 10 years

	First to Third issues, 2007
Issue date	March 9, June 25 and December 24, 2007
Issue amount	NT$14 billion(NT$10.5 billion has been paid back)
Issue price	At par
Coupon rate	Partial interest rate is fixed (2.4%~3.16%) and partial is floating rate. Interest rate index is average interest rate of NTD 90-day commercial paper in secondary market provided by Reuters.
Interest and repayment terms	Floating rate: Interest is accrued quarterly and paid annually. The principal is to be paid pursuant to face value at maturity. Fixed rate: Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7~10 years

	First to Third issues, 2008
Issue date	June 23, October 21, December 24, 2008
Issue amount	NT$8.7 billion
Issue price	At par
Coupon rate	Partial is fixed interest rate (3.0%~3.10%) and partial is floating rate. Interest rate index is average interest rate of NTD 90-day commercial paper in secondary market provided by Reuters. However, effective from January 1, 2015, interest rate index is the fixing rate of the 3-month Taipei Inter-bank Offered Rate from Reuters.

Interest and repayment terms	Floating rate: Interest is accrued quarterly and paid annually. The principal is to be paid pursuant to face value at maturity. Fixed rate: Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	First to Second issues, 2010
Issue date	September 28, 2010
Issue amount	NT$8 billion
Issue price	At par
Coupon rate	1.5%/1.92%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	First to Second issues, 2011
Issue date	March 30, June 24, 2011
Issue amount	NT$6.3 billion
Issue price	At par
Coupon rate	Fixed rate:1.65% /1.72%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 /10 years

	First to Second issues, 2012
Issue date	September 25, December 27, 2012
Issue amount	NT$15 billion
Issue price	At par
Coupon rate	Fixed rate:1.43%/1.47%/1.59%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 /10 years

	First issues, 2014
Issue date	September 26, 2014
Issue amount	NT$1 billion
Issue price	At par
Coupon rate	Fixed rate:3.5%
Interest and repayment terms	Interest is paid annually. After the expiration of five years. Early redemption would be possible if it has approval from authority.
Maturity period	No expiry date

	Second issues, 2014
Issue date	November 26, 2014
Issue amount	NT$9.501 billion (US $300 million)
Issue price	At par
Coupon rate	A:This is a zero-coupon bond with the implicit interest rate is 4.10% B: This is a zero-coupon bond with the implicit interest rate is 4.07%

Interest and repayment terms	A:The bond can be redeemed after two years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid. B: The bond can be redeemed after five years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	20 years

For the years ended December 31, 2014 and 2013, the range of interest rates of the above mentioned corporate bonds was 1.11%~4.10% and 1.11%~3.16%, respectively.

As of December 31, 2014 and 2013, the outstanding balances of the above mentioned financial bonds amounted to $53.001 billion and $53 billion New Taiwan dollars, respectively. Among the preceding mentioned financial bonds, the senior and the subordinate financial bonds with face value of $9.501 billion and $0, $8.6 billion and $10.3 billion New Taiwan dollars were designated as held for trading financial liabilities and hedged by interest rate swap contracts. As such interest rate swap contracts were valued at fair value with changes in fair value recognized as profit or loss, the financial bonds stated above were designated as financial liabilities at fair value through profit or loss in order to eliminate or significantly reduce recognition inconsistency.

(20) Other financial liabilities

	December 31, 2014	December 31, 2013
Received principal of structured notes	$ 43,379,783	$ 52,680,145
Commercial papers payable	3,408,650	2,849,337
Short-term borrowing	600,000	1,350,000
Others	86,327	141,482
Total	$ 47,474,760	$ 57,020,964

These short-term borrowings were credit borrowings as of December 31, 2014, and December 31, 2013, the interest rate range were 1.16%~1.35%, and 1.10%~1.11%, respectively.

(21) Provisions

	December 31, 2014	December 31, 2013
Provisions for employee benefit	4,935,680	5,076,676
Reserve for guarantees	795,376	558,614
Others	1,629	1,549
Total	$ 5,732,685	$ 5,636,839

Provisions for employee benefit of actuarial value was as follows:

	December 31, 2014	December 31, 2013
Consolidated balance sheet:		
Defined benefit plans	$ 4,179,141	$ 4,334,473
Preferential saving plan for employees	716,177	704,315
Total	$ 4,895,318	$ 5,038,788

A. Defined contribution plans

Effective from July 1, 2005, the Bank and its subsidiaries established a funded defined contribution plan pursuant to the Labor Pension Act, which covers the employees with R.O.C. nationality and those who choose to or are required to follow the Labor Pension Act. The contributions are made monthly based on not less than 6% of the employees' monthly salaries and are deposited in the employee's individual pension fund account at the Bureau of Labor Insurance. The payment of pension benefits is based on the employee's individual pension fund accounts and the cumulative profit in such accounts, and the employees can choose to receive such pension benefits monthly or in lump sum. For the years ended December 31, 2014 and 2013, the pension costs of fhe Bank and its subsidiaries under the defined contribution plan were $128,095 and $119,096, respectively. For employees working overseas, pension expenses under defined contribution plans are recognized according to the local regulations. For the years ended December 31, 2014 and 2013, pension expenses of current period were $16,382 and $15,270, respectively.

B. Defined benefit plans

The Bank and its subsidiaries have a defined benefit pension plan set up in accordance with the Labor Standards Law of the R.O.C., covering all regular employees for their services prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who choose continuously to be applicable to the Labor Standards Law for the services after the implementation of the Labor Pension Act. The payment of pension benefits is based on the length of the service period and average monthly compensation in the last six months prior to retirement. Under the defined benefit plan, employees are granted two points for each year of service for the first 15 years and are granted one point for each additional year of service from the 16th year, but are subject to a maximum of 45 points. Monthly contributions made by the Bank and its subsidiaries to the pension fund that are deposited in the designated pension account at the Bank of Taiwan were based on 10% of the total monthly salaries and wages. The net pension costs under defined contribution pension plans of the Bank for the third quarter of 2014 and 2013, as well as the years ended December 31, 2014 and 2013 were $405,509 and $411,280, respectively. As of December 31, 2014 and 2013, the balances of the pension fund deposited in the Bank of Taiwan were $6,117,775 and $5,912,616, respectively.

(A) The net liability recognised in the balance sheet are determined as follows:

	December 31, 2014	December 31, 2013
Present value of funded obligations	$ 10,349,101	$ 10,241,524
Fair value of plan assets	(6,169,960)	(5,907,051)
Deficit in the plan	4,179,141	4,334,473
Unrecognised past service cost	-	-
Net liability in the balance sheet	$ 4,179,141	$ 4,334,473

(B) Changes in present value of funded obligations are as follows:

	2014	2013
Present value of funded obligations		

At January 1	$ 10,241,524	$ 10,249,145
Current service cost	333,466	346,450
Interest expense	176,681	151,528
Actuarial profit and loss	13,730	(81,639)
Benefits paid	(416,300)	(423,960)
At December 31	$ 10,349,101	$ 10,241,524

(C) Changes in fair value of plan assets are as follows:

	2014	2013
Fair value of plan assets		
At January 1	$ 5,907,051	$ 5,722,892
Expected return on plan assets	105,370	87,407
Actuarial profit and loss	34,895	(13,657)
Employer contributions	538,944	534,369
Benefits paid	(416,300)	(423,960)
At December 31	$ 6,169,960	$ 5,907,051

(D) Amounts of expenses recognised in comprehensive income statements are as follows:

	2014	2013
Current service cost	$ 333,466	$ 346,450
Interest cost	176,681	151,528
Expected return on plan assets	(105,370)	(87,407)
Current pension costs	$ 404,777	$ 410,571

(E) Amounts recognised under other comprehensive income are as follows:

	2014	2013
Recognition for current period	($ 21,165)	($ 67,982)
Accumulated amount	$ 118,952	$ 140,117

(F) The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	1.75%	1.75%
Future salary increases	1.50%	1.50%
Expected return on plan assets	1.75%	1.75%

Assumption on future death rate is based on the 4th historical life chart by the Taiwan life insurance enterprises.

(G) The Bank of Taiwan was commissioned to manage the Fund of the Bank's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, afeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2014 and 2013 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The actual return on plan assets for the years ended December 31, 2014 and 2013 was $140,265 and $73,750, respectively.

(H) Historical information of experience adjustments was as follows:

	2014	2013	2012
Present value of defined benefit obligations	$ 10,349,101	$ 10,241,524	$ 10,249,145
Fair value of plan assets	(6,169,960)	(5,907,051)	(5,722,892)
Deficit in the plan	$ 4,179,141	$ 4,334,473	$ 4,526,253
Experience adjustments on plan liabilities	$ 13,730	$ 212,814	$ 53,686
Experience adjustments on plan assets	($ 34,895)	$ 13,657	$ 34,875

(I) The Bank and its subsidiaries plans to set aside $495,769 into the defined benefit plan within one year starting from December 31, 2014.

C. Employee preferential savings plan

The Bank complies with the internal policy and the allotment savings after retirement for retired and current employees which is subject to a limit of NT$480,000 with 13% interest rate. Under the employee preferential savings plan, the Group recognized pension cost of $364,548 and $335,761 for the years ended December 31, 2014 and 2013, respectively. Please see Note 4(21)B for details.

(A) As of December 31, 2014 and 2013, net liability in the balance sheet was $716,177 and $704,315, respectively.

(B) Changes in present value of funded obligations are as follows:

	2014	2013
Present value of funded obligations		
At January 1	$ 704,315	$ 708,976
Interest cost	26,310	26,519
Actuarial profit and loss	191,724	172,239
Benefits paid	(206,172)	(203,419)
At December 31	$ 716,177	$ 704,315

(C) Changes in fair value of plan assets are as follows:

	2014	2013
Employer contributions	$ 206,172	$ 203,419
Benefits paid	(206,172)	(203,419)

	2014	2013
At December 31	$ -	$ -

(D) Amounts of expenses recognised in comprehensive income statements are as follows:

	2014	2013
Interest cost	$ 26,310	$ 26,519
Expected return on plan assets	191,724	172,239
Current pension costs	$ 218,034	$ 198,758

(E) For the years ended December 31, 2014 and 2013, there are no actuarial loss, recognized in other comprehensive income.

(F) The actuarial assumptions of employee preferential savings plan are as follows:

	2014	2013
Discount rate	4.00%	4.00%
Return on capital deposited	2.00%	2.00%
Annual decreasing ratio of account balance	1.00%	1.00%
Variable ratio of preferential savings program	50.00%	50.00%

Assumption on future death rate is based on the 4th historical life chart by the Taiwan life insurance enterprises.

(G) Historical information of experience adjustments was as follows:

	2014	2013	2012
Present value of defined benefit obligations	$ 716,177	$ 704,315	$ 708,976
Fair value of plan assets	-	-	-
Deficit in the plan	$ 716,177	$ 704,315	$ 708,976

(H) The Bank and its subsidiaries plans to set aside $95,392 into the defined benefit plan within one year starting from December 31, 2014.

D. Movements in reserve for guarantees were as follows:

	For the years ended December 31	
	2014	2013
Beginning balance	$ 558,614	$ 553,478
Provision	240,000	6,118
Foreign exchange and other movements	(3,238)	(982)
Ending balance	$ 795,376	$ 558,614

(22) Other liabilities

	December 31, 2014	December 31, 2013
Guarantee deposits received	$ 2,091,909	$ 1,880,102
Advance receipts	1,764,134	1,313,684
Temporary receipts and suspense accounts	208,150	34,482

Others	141,952	82,706
Total	$ 4,206,145	$ 3,310,974

(23) Equity

A. Common stock

The approved and issued capital stock were both $75,859,000 as of December 31, 2014, Total issued and outstanding shares were both 7,585,900 thousand shares of common stock with $10 (in dollars) par value per share.

On April 19, 2013, the Bank's Board of Directors has approved and on behalf of stockholders resolved to increase capital through unappropriated earnings amounting to $3,631,000 by issuing 363,100 thousand shares with a par value of $10 (in dollars per share) on June 28, 2013. The capital increase was under the approval of Jin-Quan-Zheng-Fa Letter No. 1020030734, has completed the registration and the total capital was $66,351,000 by issuing 6,635,100 thousand shares with a par value of $10 (in dollars per share) after the capital increase.

On April 18, 2014, the Bank's Board of Directors has approved and on behalf of stockholders resolved to increase capital through unappropriated earnings amounting to $7,508,000 by issuing 750,800 thousand shares with a par value of $10 (in dollars per share) on June 27, 2014. The capital increase was under the approval of Jin-Quan-Zheng-Fa Letter No. 1030028255, has completed the registration and the total capital was $73,859,000 by issuing 7,385,900 thousand shares with a par value of $10 (in dollars per share) after the capital increase.

On November 20, 2014, the Bank's Board of Directors on behalf of stockholders resolved to increase capital by cash to $5,000,000 by issuing 200,000 thousand shares with private stock premiun of $25 on December 15, 2014. The capital increase was under the approval of Financial Supervisory Commission's Letter No. 10300345211, has completed the registration and the total capital was $75,859,000.

B. Capital surplus

As required by the Companies Act, additional paid-in capital resulting from the amount received in excess of par value of the issuance of capital stock and donated income may not only be used to offset the accumulated losses but also to issue new shares or distribute cash dividends in proportion to the number of shares being held by original shareholders. In addition, according to the Securities and Exchange Act, the additional paid-in capital used for capital increase shall not exceed 10% of total issued capital stock. A company should not use the capital surplus to cover its capital loss, unless the surplus reserve is insufficient.

C. Legal reserve and special reserve

(A) Legal reserve

According to the Company Law of the R.O.C., legal reserve can be used only to recover accumulated deficits or to increase capital stock and shall not be used for any other purposes. However, it is permitted that the legal reserve be used to increase capital stock if the balance of the legal reserve has reached twenty five percent of the issued capital stock, and only half of the legal reserve can be capitalized.

(B) Special reserve

Upon the first-time adoption of IFRSs, Jin-Guan-Zheng-Fa Letter No. 1010012865 dated April 6, 2012 requires the Bank to reverse special earnings reserve in the proportion of the original recognition when the Bank subsequently uses, disposes or reclassifies related assets. If the above related assets belong to investment properties, reversal of land is made when being disposed or reclassified and others are reversed during the periods of being used. In addition, the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms". The "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Jin-Guan-Zeng-Chung Letter No. 0990073857 dated November 11, 2011. The special earnings reserve can only be used in offsetting an entity's deficit or 50% of such reserve can be transferred to capital given that such reserve is equivalent to 50% of the paid-in capital or more. No other purpose is permitted.

(24) Unappropriated earnings

A. As stipulated by the Bank's Articles of Incorporation, the annual net income after income tax should be first used to offset accumulated losses, then 30% of it should be set aside as legal reserve and if the current year-end accounts in the stockholders' equity have debit balances, the Bank is required to appropriate a special reserve.

The remaining earnings are to be distributed as follows:

(A) 1% to 8% as employees' bonus.

(B) Dividend and bonus to shareholders as proposed by the Board of Directors and approved by the shareholders at the shareholders' meeting. (The Board of Directors is appointed to act on behalf of the shareholders.)

Before the legal reserve reaches the total capital, or the capital adequacy ratio meets the requirements under the Banking Act, the maximum distribution of cash earnings should be subject to the Banking Act and the requirements of central governing authority.

B. Dividend policy for the next three years

Banking is a fully developed industry and the Bank, operating under a solid financial base, has maintained a stable income. The Bank has set up its dividend policy to be primarily in the form of cash dividends and supplemented by share dividends, as to increase its capital adequacy ratio and to enhance its competitiveness.

C. The appropriation of 2013 and 2011 earnings were resolved on June 27, 2014 and June 28, 2013 and were summarized as follows:

	2013		2012	
	Earnings distribution	Dividend per share (NT dollar)	Earnings distribution	Dividend per share (NT dollar)
Legal reserve	$ 3,193,418	$ -	$ 3,112,450	$ -
Cash dividends on common stock	-		3,631,384	0.58
Stock dividends on common stock	7,508,000	1.13	3,631,000	0.58
	$ 10,701,418	$ 1.13	$ 10,374,834	$ 1.16

D. The Bank estimated employees' bonus and supervisors' and directors' remunerations amounting to $779,800 and $598,600 were recognized as operating expense for the years ended December 31, 2014 and 2013, respectively. After taking into account the legal reserve and other factors, the amount was arrived at by multiplying the net income after tax with the percentage stipulated in the Articles of Incorporation of the Bank. The employees' bonus approved by the Board of Directors and resolved at the stockholders' meeting amounted to $571,956 for the year ended December 31, 2013, which has decreased by $26,644 as compared with the operating expense- employees' bonus of $ 598,600 recognized in the financial statements for the year ended December 31, 2013. The amount of $26,644 respectively the difference in estimates has been adjusted in the 2014 statement of comprehensive income based on the accounting for changes in estimates upon the resolution of distribution through the stockholders' meeting. Besides, there were no directors' and supervisors' remuneration.

E. Information on the appropriation of the Bank's earnings as resolved by the Board of Directors will be posted on the Market Observation Post System website of the Taiwan Stock Exchange

(25) Other equity interest

	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total
Balance, January 1, 2014	($ 234,259)	$ 4,041,213	$ 3,806,954
Available-for-sale financial assets - Valuation adjustment	-	581,005	581,005
Exchange difference on the financial statements of foreign entities	2,536,392	-	2,536,392
Share of the profit or loss of associates accounted for using the equity method	107,176	-	107,176
Balance, December 31, 2014	$ 2,409,309	$ 4,622,218	$ 7,031,527

	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total
Balance, January 1, 2013	($ 951,717)	$ 3,650,093	$ 2,698,376
Available-for-sale financial assets - Valuation adjustment	-	391,120	391,120
Exchange difference on the financial statements of foreign entities	698,261	-	698,261
Share of the profit or loss of associates accounted for using the equity method	19,197	-	19,197
Balance, December 31, 2013	($ 234,259)	$ 4,041,213	$ 3,806,954

(26) Net interest income

	2014	2013
Interest income		
Interest income on loans discounted	$ 33,376,057	$ 31,472,597
Interest income on securities investment	4,311,281	3,984,071
Interest income due from bank	4,038,399	1,495,679
Interest income on credit cards recurrence	204,107	208,935
Other interest income	268,322	303,804
Subtotal	42,198,166	37,465,086
Interest expense		
Interest expense for deposits	(11,864,802)	(10,060,616)
Interest expense due to Central Banks and banks	(1,497,478)	(920,275)
Interest expense, financial bonds	(656,826)	(702,194)
Interest expense on structured notes	(243,418)	(215,919)
Interest expense of bonds payable under repurchase agreements	(104,469)	(54,871)
Other interest expense	(39,499)	(41,091)
Subtotal	(14,406,492)	(11,994,966)
Total	$ 27,791,674	$ 25,470,120

(27) Net service fee income

	2014	2013
Service fee income		
Trust business	$ 1,768,432	$ 1,536,729
Custodian business	468,897	454,166
Insurance agency	1,735,944	1,181,850
Foreign exchange	971,346	959,596
Credit extension	982,922	945,244
Credit card	715,181	625,397
Other service fee income on deposits and remittances	536,808	507,921
Overseas branches excluding OBU	727,460	590,520
Subtotal	7,906,990	6,801,423
Service fee expense		
Trust business	(113,780)	(119,644)
Custodian business	(100,935)	(103,642)
Insurance agency	(300,361)	(222,585)
Foreign exchange	(24,491)	(24,867)
Credit extension	(54,343)	(49,886)
Credit card	(329,509)	(271,896)
Other service fee expense on deposits and remittances	(347,400)	(320,950)
Overseas branches excluding OBU	(27,530)	(23,296)
Subtotal	(1,298,349)	(1,136,766)
Total	$ 6,608,641	$ 5,664,657

(28) Gains or losses on financial assets and financial liabilities at fair value through profit or loss

	2014	2013
Gain and loss from disposal of financial assets at fair value through profit or loss		
Short-term bills	($ 51,749)	($ 17,289)
Bonds	(26,706)	(63,367)
Stocks	(26,306)	20,193
Interest rate	(146,056)	317,102
Exchange rate	787,390	814,619
Options	(32,449)	299,091
Futures	(92,028)	(33,125)
Other securities	34	268
Subtotal	412,130	1,364,492
Evaluation gain and loss on financial assets at fair value through profit or loss		
Short-term bills	(7)	(2,868)
Bonds	280,527	153,400
Stocks	9,982	5,369
Interest rate	(98,054)	(490,632)
Exchange rate	109,580	(389,096)
Options	19,672	(13,691)
Futures	7,314	(5,104)
Subtotal	329,014	(742,622)
Coupon payment and bonus income on financial assets at fair value through profit or loss	16,456	6,116
Interest income on financial assets at fair value through profit or loss	868,750	350,963
Interest expense on financial liabilities at fair value through profit or loss	(328,667)	(342,144)
Total	$ 1,297,683	$ 636,805

Net income on exchange rate instruments are realized and unrealized gain and loss on spot and forward exchange contracts, FX options and FX futures. Financial assets and liabilities denominated in foreign currencies that are not designed for hedging and are measured at fair value through profit and loss, the translation gains and losses are also included under the net income of exchange rate instruments.

Interest-linked instruments include interest rate swaps, money market instruments, interest-linked options and other interest related instruments.

When the Bank and its subsidiaries designates a financial instrument to be measured at fair value through profit and loss, any change in fair value of the derivative managed with the financial instrument is recognized in “gain and loss on financial assets and liabilities at fair value through profit and loss”.

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

	2014	2013
Gain on disposal		
Bonds	49,598	37,827
Stock	60,681	109,507
Beneficiary certificate	-	261
Subtotal	110,279	147,595
Loss on disposal		
Bonds	(3,344)	(15,856)
Stock	(356,214)	(178,683)
Subtotal	(359,558)	(194,539)
Dividends income	405,828	235,501
Total	$ 156,549	$ 188,557

(30) Reversal of impairment loss on assets

	2014	2013
Impairment loss of other financial assets	$ 52,209	$ -
Reversal of impairment loss on collaterals	7,265	882
	$ 59,474	$ 882

(31) Net other non-interest income

	2014	2013
Net gain on financial assets carried at cost	$ 86,900	$ 242,818
Net income and losses from rent	259,784	215,420
Gain on disposal of property	2,266	2,159
Loss on retired assets	(2,211)	(4,080)
Net gain (loss) on sale of foreclosed collaterals	(5,789)	(147)
Other net income and losses	33,265	(401,194)
Total	$ 374,215	$ 54,976

(32) Employee benefit expenses

	2014	2013
Wages and salaries	$ 10,600,043	$ 9,869,688
Labour and health insurance fees	506,989	497,773
Pension costs	914,534	881,407
Other employee benefit	175,134	156,149
Total	$ 12,196,700	$ 11,405,017

The Bank and its subsidiaries had 7,543 employees. The calculation for the employee benefit expense is based on the numbers of employee 7,543.

(33) Depreciation and amortization

	2014	2013
Depreciation expenses	$ 679,657	$ 646,484
Amortization expenses	185,463	133,455
Total	$ 865,120	$ 779,939

(34) Other business and administrative expenses

	2014	2013
Taxes	$ 1,650,646	$ 1,020,114
Rental	958,325	929,061
Insurance premium	621,813	607,412
Post and cable	225,125	216,239
Maintenance	192,792	194,602
Water, electricity and gas	175,662	172,355
Entrustment of investigate and research	149,526	162,024
Land occupancy	135,042	134,282
Police and security	134,472	132,978
Advertising	151,199	124,864
Stationery	109,683	110,323
Others	718,791	691,176
Total	$ 5,223,076	$ 4,495,430

(35) Income tax expenses

A. Income tax expense

	2014	2013
Current tax		
Current tax expense	$ 2,009,548	$ 2,140,643
Income tax of overseas branches and adjustments for over provisions of prior years' income tax expense	643,104	(78,646)
Total current tax	2,652,652	2,061,997
Origination and reversal of temporary differences	(34,574)	(17,478)
Income tax expense	$ 2,618,078	$ 2,044,519

B. Details of reconciliation between income tax expense and accounting profit

	2014	2013
Income tax from pretax income calculated at regulated tax rate	$ 2,719,869	$ 2,157,172
Income tax of overseas branches and adjustments for over provisions of prior years' income tax expense	643,104	(78,646)
Adjusted effects on income tax exemption and other income tax	(744,895)	(34,007)
Income tax expense	$ 2,618,078	$ 2,044,519

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2014			
Temporary differences	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Allowance for bad debt in excess of tax limits	$ 490,425	$ 211,631	$ -	$ 702,056
Impairment loss of foreclosed assets	21,626	(1,385)	-	20,241
Unappropriated employee benefit liabilities reserve	764,235	(22,460)	(3,598)	738,177
Overseas branches and overseas subsidiary	461,631	34,796	-	496,427
Others	(133,109)	(213,840)	-	(346,949)
Deferred tax assets-net	$ 1,604,808	$ 8,742	($ 3,598)	$ 1,609,952
Deferred tax liabilities:				
Increment tax on land value	$ 5,713,259	$ -	$ -	$ 5,713,259
Others	36,952	(25,832)	-	11,120
Deferred tax liabilities:-net	$ 5,750,211	$ 25,832	$ -	$ 5,724,379

	2013			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences				
Deferred tax assets:				
Allowance for bad debt in excess of tax limits	$ 480,648	$ 9,777	$ -	$ 490,425
Impairment loss of foreclosed assets	21,626	-	-	21,626
Unappropriated employee benefit liabilities reserve	794,552	(18,760)	(11,557)	764,235
Overseas branches and overseas subsidiary	483,231	(21,600)	-	461,631
Others	(193,511)	60,402	-	(133,109)
Deferred tax assets-net	$ 1,586,546	$ 29,819	($ 11,557)	$ 1,604,808
Deferred tax liabilities:				
Temporary differences				
Increment tax on land value	5,713,259	-	-	5,713,259
Others	24,611	12,341	-	36,952
Deferred tax liabilities:-net	$ 5,737,870	$ 12,341	$ -	$ 5,750,211

D. The Bank's income tax returns through 2009 have been assessed and approved by the Tax Authority. However, the Bank disagreed with the assessments related to "interest income increase from bond premium amortization" for income tax returns of 2007, "allocation of Head Office's management fees to Offshore Banking Unit" for income tax returns of 2008, and "recognition of revenue from overseas branches and investment tax credit for personnel training" in 2009, and had filed for reexamination for income tax returns (2007-2009) in accordance with the regulations. Besides, the Bank disagreed with the assessments related to occurrence of "loss offset" for income tax returns of 2003, and had filed for administrative appeals in accordance with the regulations. On October 29, 2014, the Ministry of Finance decided to revoke the original ruling and remand the case to the original action agency for another proper action.

Income tax returns of FCBL and FIA through 2012 have been respectively assessed and approved by the Tax Authority.

E. The balance of unappropriated earnings were as follows:

As of December 31, 2014 and 2013, the balance of unappropriated earnings is generated on and after January 1, 1998.

F. As of December 31, 2014 and 2013, the balance of the imputation tax credit account was \$90,820 and \$81,063, respectively. The creditable tax rate was 1.21% for 2013 and is estimated to be 0.54% for 2014.

(36) Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

	2014	2013
Gain and loss attributable to the common stock of the bank and its subsidiaries (in thousand dollars)	\$ 13,381,151	\$ 10,644,727
Outstanding weighted average common stock (in thousand of shares)	7,395,215	7,385,900
Earnings per share (in dollars)	1.81	1.44

Note: Basic earnings per share and diluted earnings per share for the years ended December 31, 2014 and 2013 are the same.

7. Related party transactions

(1) Parent and ultimate controlling company

The Bank is controlled by First Financial Holding Co., Ltd., which holds 100% of the Bank's shareholding, and the Bank's ultimate controlling company is First Financial Holding Co., Ltd.

(2) Details of the related parties

Names of related parties	Relationship with the Bank
Bank of Taiwan Co., Ltd.	Substanive related parties
Golden Garden Investment Co., Ltd.	Substantive related parties
Global Investments Co., Ltd.	Substantive related parties
Waterland Financial Holdings Co., Ltd.	Substantive related parties
East Asia Real Estate Management Co., Ltd. (EAREM)	Investee accounted for under the equity method
The First Education Foundation	Over one third of total fund is donated by the Bank
First Securities Inc. (FS)	Subsidiary of FFHC
First Securities Inc. (Asia)	Subsidiary of FFHC
First Capital Management Inc.	Subsidiary of FFHC
First Securities Investment Trust Co., Ltd. (FSIT)	Subsidiary of FFHC
First Financial Asset Management Co., Ltd. (FFAM)	Subsidiary of FFHC
First Venture Capital Co., Ltd. (FVC)	Subsidiary of FFHC
First Financial Management Consulting Co., Ltd. (FFMC)	Subsidiary of FFHC
First P&C Insurance Agency Co., Ltd.	Subsidiary of FFHC
First-Aviva Life Insurance Co., Ltd. (FALI)	Subsidiary of FFHC
Mutual funds managed by FSIT	Mutual funds managed by the subsidiary of FFHC
Others	Related parties, Spouses of representatives of the Bank's directors and supervisors, chairman and president, and relatives within second degree of kinship of the Bank's chairman and president

(3) Major balances and transactions with related parties:

A. Call loans to banks

	December 31, 2014		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ -	0.388~0.395

	December 31, 2013		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ -	0.388~0.390

For the years ended December 31, 2014 and 2013, the interest income on above related parties were $9,129 and $2,451, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

B. Call loans from banks

	December 31, 2014		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 3,800,000	$ -	0.388

	December 31, 2013		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 5,000,000	$ -	0.388~0.410

For the years ended December 31, 2014 and 2013, the interest expense on above related parties were $40 and $211, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

C. Due from other banks

	December 31, 2014	
	Ending balance	Percentage (%)
Other related parties		
Bank of Taiwan	$ 225,695	0.72

	December 31, 2013	
	Ending balance	Percentage (%)
Other related parties		
Bank of Taiwan	$ 290,986	0.90

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

D. Loans

December 31, 2014

Items	Category of related party (Note 2)	Number or name of related party (Note 1)	Maximum balance for current period	Ending balance	Status of performance		Collateral	Terms Differences Compared to Non-Related Parties
					Performing loans	Non-performing loans		
Consumer loans	Other related parties	23	9,947	8,976	8,976	-	None	None
Residential mortgage loans	Other related parties	121	516,204	442,588	442,588	-	Real estate	None
Other loans	Subsidiary	FFAM	338,000	20,000	20,000	-	Real estate	None
Other loans	Other related parties	4	30,585	30,577	30,577	-	Certificates of deposits of the Bank、real estate	None

December 31, 2013

Items	Category of related party (Note 2)	Number or name of related party (Note 1)	Maximum balance for current period	Ending balance	Status of performance		Collateral	Terms Differences Compared to Non-Related Parties
					Performing loans	Non-performing loans		
Consumer loans	Other related parties	25	12,532	9,347	9,347	-	None	None
Residential mortgage loans	Other related parties	144	482,976	457,723	457,723	-	Real estate	None
Other loans	Subsidiary	FFAM	338,000	338,000	338,000	-	Real estate	None
Other loans	Other related parties	4	1,159	1,143	1,143	-	Certificates of deposits of the Bank	None

For the years ended December 31, 2014 and 2013, the interest income received from the above related parties were $2,388 and $2,838, respectively.
Note 1:Account numbers are calculated based on the statistics at the end of the year.
Note 2:None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually in detail.

E. Deposits

	December 31, 2014		December 31, 2013	
	Ending balance	Percentage(%)	Ending balance	Percentage(%)
Parent company				
First Financial Holding Co., Ltd.	$ 1,749,883	0.10	$ 1,484,644	0.09
Subsidiary				
First-Aviva Life Insurance Co., Ltd.	536,618	0.03	472,908	0.03
First Securities Inc.	387,729	0.02	340,651	0.02
Others	496,869	0.03	291,337	0.02
Other related parties				
Others (Note)	1,291,115	0.07	1,180,466	0.06
Total	$ 4,462,214	0.25	$ 3,770,006	0.22

The interest expense paid to the above related parties for years ended December 31, 2014 and 2013 were $44,725 and $6,154, respectively.

Note: Staff savings accounts of FCB are provided to the above related parties with interest rate of 13% p.a. and limited to a balance of $480. Deposits exceeding $480 is calculated at demand savings deposit rate. Interest rates for others are the same as those offered to other customers.

F. Derivative instrument transactions

December 31, 2014

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (Loss) on valuation for current period	Period-end balance: Item	Period-end balance: Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2014/10/31~2015/3/30	$ 4,310,287	$ 89,032	Valuation adjustment for trading Assets – currency exchange rate	$ 89,032
Other related parties	Bank of Taiwan	Foreign exchange contracts	2014/12/30~2015/4/7	316,700	605	Valuation adjustment for trading Assets– currency exchange rate	605

December 31, 2013

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (Loss) on valuation for current period	Period-end balance: Item	Period-end balance: Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2013/12/20-2014/3/26	$2,293,060	($11,653)	Valuation adjustment for trading Liabilities – currency exchange rate	$ 11,653

Note 1: The evaluation gain and loss are those gain and loss of financial derivatives measured by fair value at the ending period as of the balance sheet date in the year.

Note 2: The balances in the balance sheet are the ending balances of financial derivative assets or liabilities of financial assets or liabilities at fair value through profit or loss.

G. Current income tax assets

	December 31, 2014	December 31, 2013
First Financial Holding Co., Ltd.(Note)	$ 1,848,953	$ 2,033,066

Note: Receivable as a result of consolidated income tax return filing of parent company.

H. Current income tax liabilities

	December 31, 2014	December 31, 2013
First Financial Holding Co., Ltd.(Note)	$ 1,458,550	$ 1,671,534

Note: payable as a result of consolidated income tax return filing of parent company.

I. Bank notes payable

	December 31, 2014	December 31, 2013
First-Aviva Life Insurance Co., Ltd. (FALI)	$ 317,936	$ -

For the years ended December 31, 2014 and 2013, the interest expense on above related parties were $1,184 and $0, respectively.

J. Handling charges income and other income

	For the years ended December 31	
	2014	2013
Parent company		
First Financial Holding Co.,Ltd.	$ 21,264	$ 21,744
Subsidiary of FFHC		
First Securities Inc.	90,030	92,823
First Securities Investment Trust Co., Ltd.	49,282	48,503
First-Aviva Life Insurance Co., Ltd.	45,311	36,665
First P&C Insurance Agency	30,166	26,615
First Capital Management Inc.	15,275	14,187
First Financial Asset Management Co., Ltd.	4,503	4,576
Other related parties		
Others	5,459	5,502
	$ 261,290	$ 250,615

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

K. Rent expense and other expenses

	For the years ended December 31	
	2014	2013
Parent company		
First Financial Holding Co.,Ltd.	$ 5,858	$ 8,630
Subsidiary of FFHC		
First Financial Asset Management Co.,Ltd.	109,473	114,389
First Securities Inc.	57,043	50,901
Other related parties		
Others	10,887	8,706
	$ 183,261	$ 182,626

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

L. Information on salaries and remunerations to the Bank's directors, supervisors, president, vice-president and others:

	For the years ended December 31	
	2014	2013
Salaries and other short-term employee benefits	$ 89,847	$ 74,822
Post-employment benefits	3,744	2,119
Other long-term employee benefits	219	214
Total	$ 93,810	$ 77,155

8. Pledged assets

Pledged assets provided by the Bank and its subsidiaries as of December 31, 2014 and 2013 were as follows:

Items	December 31, 2014	Purpose of Pledge
Available-for-sale financial assets – bonds	$ 1,959,883	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank
Held-to-maturity financial assets	88,978	Deposits with Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank (FRB)
Refundable deposits	608,622	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 2,657,483	

Items	December 31, 2013	Purpose of Pledge
Available-for-sale financial assets – bonds	2,350,478	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank
Held-to-maturity financial assets	49,371	Deposits with Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank (FRB)
Refundable deposits	555,969	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 2,955,818	

9. Significant contingent liabilities and unrecognized contractual commitments

(1) The Bank has the following commitments as of December 31, 2014 and 2013:

	December 31, 2014
Unused loan commitments	$ 135,195,659
Unused credit commitments for credit cards	60,425,196
Unused letters of credit issued	31,040,109
Guarantees	79,865,265
Collections receivable for customers	140,823,599
Collections payable for customers	186,527,417
Travelers' checks consignment-in	373,388
Guaranteed notes payable	58,151,193
Trust assets	706,940,964
Customers' securities under custody	361,215,423
Book-entry for government bonds under management	162,378,800
Depository for short-term marketable securities under management	75,172,132

	December 31, 2013
Unused loan commitments	$ 126,835,001
Unused credit commitments for credit cards	57,267,299
Unused letters of credit issued	31,159,643
Guarantees	78,343,237
Collections receivable for customers	138,977,461
Collections payable for customers	116,423,187
Travelers' checks consignment-in	382,947
Guaranteed notes payable	55,537,158
Trust assets	735,784,130
Customers' securities under custody	339,738,557
Book-entry for government bonds under management	156,157,300
Depository for short-term marketable securities under management	70,325,300

(2) Material litigation

Due to the collapse of the Tung Xin building caused by an earthquake on September 21, 1999, the residents filed a civil lawsuit for compensation of tort damages against Hong Cheng Building Co., Ltd., Hong Ku Construction Co., Ltd., (including their directors and supervisors) and the

Bank in 2000. The court of third instance dismissed the appeal on October 2, 2014. As for criminal liability, the Supreme Court has ruled that the employees of the Bank are not guilty.

Besides, the residents of adjacent building, Hao Men Shi Jia, which was crushed due to the collapse of the Tung Xin building, also filed a civil lawsuit for compensation of tort damages against the Bank. The proceeding of the lawsuit was stayed in 2001, and reviewed under retrial of the Taipei District Court on July 29, 2014.

10. Significant losses from disasters: None.

11. Significant subsequent events:

The subsidiary of the bank holds 'Series A Registered Convertible Preferred Stock' issued by Taiwan High Speed Rail Corporation ("THSRC"). The total investment is NT$2 billion and is recognised as 'bond investments without active market'. As THSRC's proposal of financial reform in response to financial difficulty was not approved on January 7, 2015, THSRC has submitted to arbitration to the Arbitration Association of the Republic of China on February 17, 2015. For the lawsuit relating to redemption of preferred shares, on March 3, 2015, the Taiwan High Court has ruled that THSRC must redeem the preferred shares of China Development Financial Holding Corp and others. However, the lawsuit may be influenced by factors such as future arbitration, possible proposal of financial reform by THSRC, negotiation of banks. Thus, as of the reporting date, the subsidiary could not reasonably estimate possible impairment loss.

12. Others:

(1) Fair value and hierarchy information on financial instruments

A. Scope

Fair value is the amount for which an asset could be exchanged or a liability can be settled between knowledgeable, willing parties in an arm's length transaction. Financial instruments are initially recognized by fair value, which is transaction price in most cases. Subsequent recognitions are measured by fair value except that certain financial instruments are recognized by amortized cost. The best evidence of fair value is the quoted market price in an active market. If the market in which financial instruments traded is not active, the Bank then adopts valuation technique or takes reference to Bloomberg or the fair value of financial instrument from counterparties.

B. Fair value information of financial instruments

The fair value information of financial instruments measured at fair value is provided in Note 12(1) C.

Except for those listed in the table below, the carrying amount of some of the Bank's financial instruments (e.g. cash and cash equivalents, due from Central Bank and call loans to other banks, receivables, loans discounted, refundable deposits, deposits from the Central Bank and banks, due to Central Bank and other banks, bills and bonds under repurchase agreements, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits) is approximate to their fair value. (Please refer to Note 12 (1)D)

	December 31, 2014	
Financial assets	Book value	Fair value
Held-to-maturity financial assets-net	307,625,308	307,876,495
Other financial assets- bond instruments without active market	22,707,134	22,707,375

	December 31, 2013	
Financial assets	Book value	Fair value
Held-to-maturity financial assets-net	304,110,961	304,298,661
Other financial assets- bond instruments without active market	25,281,782	25,332,847

C. Financial instruments measured at fair value

(A) Determination of the fair value

Fair value is the amount for which an asset could be exchanged or liability could be settled between knowledgeable, willing parties in an arm's length transaction.

The quoted market price is used as the fair value when the financial instruments have an active market, such as market prices provided by the Stock Exchange Corporation, Bloomberg and Reuters are all foundation of fair value for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market. If the above condition is not met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price or significantly increasing price variance are both indicators of an inactive market.

In addition to above financial instruments with an active market, other financial instruments at fair value are assessed by evaluation technique with reference to other financial instruments at fair value with similar conditions and characteristics in actual practice, cash flow discounting method and other evaluation technique, including market information obtained by exercising the model at balance sheet date (such as yield curve used in OTC and average interest rate of commercial bill from Reuters).

When a financial instrument has no standardized evaluation and with less complexity involved, such as interest rate swap, currency swap and options. The Bank and its subsidiaries usually adopts the valuation generally accepted by market users. The inputs used in these financial instruments valuation usually are observable information in the market.

For financial instruments with higher complexity, the fair value is assessed through the valuation model developed by general valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments with no quoted market price (including debt instrument of embedded derivatives) or other debt instruments with low market liquidity.

Certain inputs used in these valuation models are not observable in the market, and the Bank and its subsidiaries needs to make appropriate estimates based on the assumptions.

The output of the evaluation model is always an estimate, and the valuation technique may not reflect all the relevant factors of the financial instruments held by the Bank and its subsidiaries. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk, liquidity risk or credit risk of counterparties. According to the Bank and its subsidiaries's valuation model management and other related controlling procedures, the adjustment made is adequate and necessary and the balance sheet is believed to present fairly, in all material aspects, the fair value of financial instruments. The pricing information and input are prudently evaluated in the valuation process, and shall be timely adjusted by market condition.

Valuation on derivative instrument is based on the valuation model generally accepted by market users, such as discounting method and option pricing model. FX contract usually is valuated based on current FX rate. Structured-interest derivative contract is valuated based on option pricing model.

(B) Valuation methods by financial instruments of the Bank and its subsidiaries are shown by types and nature as follows:

a. NTD Central Government Bond: the latest transaction price announced by Electronic Bond Trading System of GTSM or SEC or the yield rates across different contract lengths bulletined by OTC are used.

b. NTD corporate bonds & financial bonds: fair value of different maturities announced by GTSM is adopted. If the fair value is not available, yield rate curve of the corresponding credit rating provided by GTSM is used to compute the theory price.

c. Securitization instruments: future cash flows discounted by market interest rate or the quotations provided by the counterparties are adopted for valuation.

d. Convertible corporate bond: closing prices bulletined by the GTSM or the latest closing prices is adopted as valuation standard.

e. NTD short-term bills: future cash flows discounted by the mid price of TWD-T6165 provided by Reuters is used to estimate present valuation.

f. Foreign securities: prices quoted from Bloomberg, Reuters, or counterparties are adopted.

g. Listed stocks: the closing price listed in TSE or OTC is adopted.

h. Beneficiary certificates: closed-end funds use the closing price in an active market as the fair value and open-ended funds use the net asset value of the a fund as the fair value.

i. Financial bonds designated at fair value issued by the Bank: future cash flow discounted by the mid price of TWD-T6165 provided by Reuters is used to estimate present valuation.

j. Derivatives:

(a)Call (put) warrant, stock index futures, and stock index futures options: prices quoted from an active market are deemed the fair value.

(b)Forward FX, currency swap, interest swap and cross currency swap: discounted future cash flows is adopted.

(c)Options: Black-Scholes model is mainly adopted for valuation.

(d)Certain derivatives use the quoted price from counterparties.

D.Financial instruments not measured at fair value

The methods and assumption used by financial instruments not measured at fair value of the Bank and its subsidiaries are as follows:

(A)The book value of cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, refundable deposits, due to Central Bank and banks, fund borrowed from Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, other borrowings, deposits, and other financial liabilities which have a short maturity period will be considered as their fair value.

(B)Loans discounted (including overdue receivables and assumed receivables from leasing subsidiary): Considering the nature of the financial industry, the fair value is determined by the market rate (market price). The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for medium-term or long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.

(C)Held-to-maturity financial assets: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.

a. NTD Central Government Bond: fair value of bonds of different maturities bulletined by Over-The-Counter (hereinafter OTC).

b. NTD corporate bonds, financial bonds, government bonds and beneficiary bond certificates: future cash flow discounted by the yield curve of OTC is used to measure present valuation.

c. NTD and US short-term bills and NTD beneficiary securities: the average NTD and US commercial paper’s interest rate of Reuters (Fixing Rate) and mid-price of TWD-T6165 are used to discount the future cash flow for the present valuation.

(D)Deposits: Considering the nature of the financial industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. Additionally, as the maturities are less than three years, it is reasonable to use the carrying amount to estimate the fair value.

(E)Bonds payable: Since the coupon rates of the financial bonds issued by the Bank approximate the market rates, the fair value based on the discounted value of expected future cash flow approximates the book value.

(F)Other financial assets- bond instruments without active market: If a quoted price is available from a transaction or a market maker, the latest transaction price and quoted price is used as foundation for fair value measurement. If no quoted market price is available for reference, the valuation method is adopted. The estimate and assumption adopted are the discounted value of expected future cash flow used to estimate the fair value.

(G)Other financial assets- financial assets measured at cost: financial assets measured at cost have no quoted market price in an active market. The variability in the range of reasonable fair value estimates is significant for the assets, and the probabilities of the estimates within the range cannot be reasonably assessed leading that the fair value cannot be reliably measured. As a result, the fair value is not disclosed.

E.Hierarchy of fair value estimation of financial instruments

(A)Definition for the hierarchy classification of financial instruments measured at fair value

a. Level 1

This refers to the quoted prices in active markets for any identical instruments. An active market by definition has to satisfy all the following conditions: 1) the products traded in the market share a common nature; and 2) the willing buying and selling parties can be readily found in the market and the prices are observable for the public. The fair value of the investments of the Bank, such as listed stocks investment, beneficiary certificates, popular Taiwan Government Bonds and the derivatives with a quoted price in an active market, are deemed as Level 1.

b. Level 2

Observable prices other than the quoted prices in an active market comprise direct (e.g. prices) or indirect (e.g. derived by prices) observable inputs obtained from an active market. For instance, investments of the Bank and its subsidiaries in non-popular corporate bonds, financial bonds, convertible bonds and most derivatives and financial bonds issued by the Bank and its subsidiaries.

c. Level 3

The inputs adopted for measuring fair value at this level are not based on available data from the markets. For instance, the derivatives and certain overseas securities invested by the Bank and its subsidiaries.

(B)Hierarchy of fair value estimation of financial instrument

Financial instruments measured at fair value	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 303,452	$ 303,452	$ -	$ -
Bond investments	9,985,838	1,887,225	8,098,613	-
Short-term notes	15,458,680	-	15,458,680	-
Financial assets designated as at fair value through profit or loss on initial recognition	15,167,420	-	15,167,420	-
Available-for-sale financial assets				
Stock investments	10,764,513	10,764,513	-	-
Bond investments	64,848,371	208,310	64,640,061	-
Others	2,061,697	-	2,061,697	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss on initial recognition	18,322,083	-	18,322,083	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	9,199,078	125,876	9,073,202	-
Liabilities				
Financial liabilities at fair value through profit or loss	5,142,741	-	5,142,741	-
Total	$ 151,253,873	$ 13,289,376	$ 137,964,497	$ -

Financial instruments measured at fair value	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 123,361	$ 123,361	$ -	$ -
Bond investments	13,827,218	926,096	12,901,122	-
Short-term notes	15,768,749	-	15,768,749	-
Financial assets designated as at fair value through profit or loss on initial recognition	7,340,495	-	7,340,495	-
Available-for-sale financial assets				
Stock investments	12,435,472	12,435,472	-	-
Bond investments	71,002,932	5,976,950	65,025,982	-
Others	2,094,179	-	2,094,179	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	448,805	-	448,805	-
Financial liabilities designated as at fair value through profit or loss on initial recognition	10,763,435	-	10,763,435	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,492,095	117,575	3,786,509	588,011
Liabilities				
Financial liabilities at fair value through profit or loss	3,693,962	-	3,105,951	588,011
Derivative liabilities of hedging	7,973	-	7,973	-
Total	$141,998,676	$ 19,579,454	$121,243,200	$ 1,176,022

(C)Movements of financial assets and liabilities at fair value classified into Level 3

a. Movements of financial assets classified into Level 3 of fair value

For the year ended December 31, 2014

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3 (Note)	
Derivative financial instruments	$ 588,011	$ 79,340	$ -	$ 41,221	$ -	$ 378,501	$ 330,071	$ -

For the year ended December 31, 2013

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3 (Note)	
Derivative financial instruments	$ 977,689	$ 938	$ -	$ 494,178	$ -	$ 857,000	$ 27,794	$ 588,011

In relation to the above amounts recognized in gain and loss in the period, as of December 31, 2014 and 2013, the carrying amounts of gains on assets were $79,340 and $938, respectively.

Note: Derivative positions at the end of the period were transferred from Level 3 to Level 2 as their quoted prices from the counterparties are available and the inputs used in the valuation model are based on observable market data.

b. Movements of financial liabilities classified into Level 3 of fair value

For the year ended December 31, 2014

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3 (Note)	
Derivative financial instruments	$ 588,011	$ 56,202	$ -	$ 64,346	$ -	$ 400,277	$ 308,282	$ -

For the year ended December 31, 2013

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3 (Note)	
Derivative financial instruments	$ 695,161	$ 25,476	$ -	$ 512,652	-	$ 617,368	$ 27,910	$ 588,011

In relation to the above amounts recognized in gain and loss in the period, as of December 31, 2014 and 2013, the carrying amounts of losses on liabilities were $56,202 and $25,476, respectively.

Note: Derivative positions at the end of the period were transferred from Level 3 to Level 2 as their quoted prices from the counterparties are available and the inputs used in the valuation model are based on observable market data.

(D) Transfers between Level 1 and Level 2

With regard to the financial instruments held by the Bank and its subsidiaries, no transfers between Level 1 and Level 2 occurred during this period.

(E) Fair value measurement to Level 3, and the sensitivity analysis of the substitutable appropriate assumption made on fair value

The fair value measurement that the Bank and its subsidiaries made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in Level 3 moves 0.2% (for example, the interest rate, etc.), the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

Financial instruments are not classified into Level 3 for the year ended December 31, 2014.

December 31, 2013	Change in fair value recognized in profit and loss in the period		Change in fair value recognized in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading	$ 1,176	($ 1,176)	$ -	$ -
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$ 1,176	($ 1,176)	$ -	$ -

Favorable and unfavorable movements of the Bank and its subsidiaries refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

(2) Management objective and policy for financial risk

A. Scope

Financial risk management objectives of the Bank and subsidiaries are to consider the risk tolerance, laws and regulations, and external factors according to the overall operating strategies and financial objectives and to take proper coping strategy and control various business risks and potential financial losses within bearable level through effective risk management mechanism including identification, measurement, monitoring, and reporting for risk for the purpose of ensuring sound business development and achieving reasonable objectives of risks and rewards and thereby enhancing shareholder value.

Major risks faced by the Bank and subsidiaries while operating business include various credit risk, market risk, operational risk, and liquidity risk from businesses in and off the balance sheet. To practice risk management culture and strategy, the Bank has already proposed policies, system, procedures, and methods for risk management and followed relevant laws and regulations with timely evaluation and correction. Through establishment and management of various risk limits, regular monitoring and reporting, internal control and internal audit system and supervision of high-level committee organization, the Bank can effectively identify, measure, supervise and control various key risks to facilitate legal compliance and achievement of strategic objectives and provide reliable financial reporting information.

B. Organization structure for risk management

Bank

The Bank's Board of Directors has the ultimate approval right in risk management. Major management risk items include overall risk management policy, risk tolerance limit, and authority wich must be approved by the Board of Directors.

Under the Board of Directors, there is a Risk Management Committee (RMC), which is headed by the Bank's President and comprised of several committee members including Executive Vice President and Auditor General. Besides, heads of Risk Management Division, Credit Review Division, Credit Analysis Division, Loan Asset Management Division, and Legal Affairs Division are required to participate in the committee. Risk Management Division is a business line under Risk Management Committee. It is responsible for handling of overall affairs for the committee. RMC is responsible for integration of review, supervision, reporting and coordinating interaction between each division for firm-wide risk management. Besides, the committee needs to resolve affairs related to risk management policies and guidelines, risk authorized limits, risk tolerance limits, risk measurement methods, risk assessment procedures, risk monitoring system, and implementation report on risk management, and then deliver orders to each business segment in accordance with their responsibilities and approval procedures. RMC also submits regular reports about the risk evaluation of the Bank to the Board of Directors and supervisors.

The Auditing department regularly reviews the execution of risk management based on relevant internal control system to ensure the effective operation for risk management and assessment control, which should be reported to the Board of Directors regularly.

The Subsidiary, FCB Leasing

FCB Leasing's Board of Directors has the ultimate approval right in risk management. Major items of risk control include risk management policy, risk tolerance limit, and authority, which shall all be approved by the Board of Directors. FCB Leasing also set up Department of Management I and II to take charge of implementation and management of overall risk management strategies.

C. Credit risk

(A) Source and definition of credit risk

Financial instruments held by the Bank and its subsidiaries may incur losses if counterparties are not able to fulfill their obligations at the maturity date. Credit risk may happen due to items in or off the balance sheet. For items in the balance sheet, credit risk exposure of the Bank and its subsidiaries mainly comprises of bill discounted and loans and credit card business, securities financing, leases, deposits and call loans from banks, debt instrument and derivatives, etc. Off balance sheet items include finance guarantee, bank acceptance, letter of credit, and loan commitment.

(B) Policy for credit risk management

Risk management program and procedures are as follows:

a. Establishing the qualification condition and credit limit of the counterparty and granting different credit limits by referring to information from domestic and foreign credit rating institutions or by establishing its own rating system before each transaction;

b. Avoiding the concentration risk, that is, through limiting the amount of financing to or investing in a single customer, single industry, single conglomerate, single stock, or related parties;

c. Monitoring credit risk by industry, counterparty (individual and group) and country through the limits;

d. Setting up loan approval and review procedure for credit extension business as well as specific review policy for complicated credit extension cases;

e. Establishing policy of loan percentage on collateral, collateral appraisal, management and disposal in relation to credit extension;

f. Reporting to the senior management with regard to the summary of credit risk information.

In addition, each foreign operating entity of the Bank and its subsidiaries sets aside the loss reserve and appraises the assets quality, unless otherwise indicated by competent authorities of the domestic countries in which the subsidiaries reside, in conformity with risk management policy of each operating entity.

The Bank and its subsidiaries classify debt instruments and credit assets into 5 categories by referring to internal ratings and external rating institutions. Comparisons between the internal rating and external long-term rating scales are as follows:

No direct correlation between the internal rating of credit assets and external rating of debt investments has been shown in the following table, but merely shows two different rating scales of the same category.

Credit quality category	Internal rating of credit assets	The Debt investments	
		External rating (Note)	Taiwan rating
Low risk	Level 1 to level 7	Above level BB	Above level twBBB+
Medium risk	Level 8 to level 9	Level BB- to level B+ (including the debt investments of non rating)	twBBB～twBB+
Medium-high risk	Level 10	Level B	twBB～twBB-
High risk	Level 11 to level 12	Level B- to level C	twB+～twCCC+
Default	Level 13	Level D	

(Note) These are ratings of Moody's, Fitch and S&P.

Procedures and methods used in credit risk management for the core businesses of the Bank and its subsidiaries are as follows:

a. Credit business (including accounts receivable of lease business, loan commitments and guarantees of the lease subsidiaries):

Classification for credit assets and internal risk ratings are as follows:

(a)Credit asset classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining unsound assets are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category three for assets deemed recoverable. Category Four for assets that are doubtful. Category Five for assets that are not recoverable. In order to manage credit extension, the Bank and its subsidiaries established Operation Guidelines for Credit Extension Assets Risks, Regulations Governing the Setting Aside of Asset Losses Valuation and Non-Performing Loans, Guidelines for Claims Receivables, Standard Procedures for Collection of Overdue receivables as the principles for managing non-performing and overdue payments.

(b)Internal risk rating

In response to the characteristics and scale of business, the Bank and its subsidiaries implement a credit risk internal evaluation module or set up a credit rating table in order to management risk.

The Bank and its subsidiaries, mainly by the statistic and professional judgement of expertise and consideration of client information, developed an objective indicator for evaluating client's credit risk. That is the "Borrower's risk rating" of the Bank and its subsidiaries, among which 13 thresholds are set up based on the default possibility, and then divided into 5 sub-categories as follows:

I. Low risk: Level 1 to level 7 have a default rate lower than 2%. Clients in this threshold usually have ability to sustain the payment of interest and principal even under the adverse impact of economic environment, and the default rate is low.

II. Medium risk: Level 8 to level 9 have a default rate ranging around 2-5%. Clients in this threshold usually have potential issues and adverse economic environment that could damage the borrower's willingness and capacity to make the payment of interest and principal.

III. Medium-high risk: Level 10 has a default rate ranging around 5-10%. Clients' ability to make the payment of interest and principal are relatively lower and easily affected by the economic fluctuation.

IV. High risk: Level 11 to level 12 have a default rate ranging from 10% and above to less than 100%. Clients' ability the make the payment of interest and principal are extremely weak with a high possibility of default.

V. Default: Level 13 has a default rate of 100%. Definition of default includes interest or principal payments that have been overdue for more than 60 days, overdue or non-performing loans transferred, suspended interest, C Chart, debt negotiation records and others.

The Bank should perform credit rating to the corporations at least once a year and to those who sign a mid-long-term credit contract at least once a year during the contract term. Same applies to the collective credit extension. Credit rating mainly processed by investigation division and regional center that are independent from operating units and only cases with certain amount and below may be processed by operating units.

Petty loans and mortgage loans are assessed through internal credit rating module, and the rest of retail banking are assessed by experts. Methods used in rating credit for petty loans and mortgage loans are as follows:

I. Credit rating for petty loans:

The credit rating results, Possibility of Default (PD), Loss Given Default (LGD) and Expected Loss (EL) are assessed by credit evaluation module of the borrowers, from which 3 categories were divided as follows: 'Low risk', 'Medium high risk' and 'High risk'.

II. Credit rating for mortgage loans:

Possibility of default (PD), loss given default (LGD) and exposure at default (EAD) of the borrowers assessed by credit evaluation module are used to calculate the expected loss (EL). The expected loss (EL) together with cost of capital, operation cost, and service fee are integrated into information on cost aspect. In addition, information on income aspect such as interest income and service fee income are assessed based on the credit line and interest rate at the time the borrowers applied for loans to produce 'expected profit' (revenue minus cost) and expected loss. Based on the expected default frequency within the next year, the credit rating results are classified into four levels, which are 'low risk', 'medium risk', 'medium-high risk' and 'high risk', respectively.

b. Deposits and call loans

The Bank regularly reviews the limit (including limit of call loan) set up for every counterparty in the financial industry. The credit approval unit, with reference to credit risk limit granted based on long-term credit rating of external rating institutions, is responsible for individual assessment and implementation.

c. Debt investment and derivatives

The risk management of the Bank's and its subsidiaries' debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

The counterparties of the derivative instruments are mostly financial institutions being rated at BB or above, and the credit extension (including the extension of call loan) granted to each financial institution counterparty is regularly reviewed and controlled by the credit granting segment. Those counterparties without credit rating or being rated below BB should apply risk limit to the credit granting segment by case which is then managed and controlled individually. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives as approved by general credit extension procedures to manage credit exposure of counterparties.

(C) Credit risk hedging and mitigation policy

a. Collateral

The Bank and its subsidiaries adopts a series of policies and measures to mitigate credit risks in relation to credit business, and one of the most common methods is requesting the borrower for the collateral. The Bank sets up the scope of collateral that can be recovered and the appraisal, as well as the management and disposing procedures to ensure the credit right. On the other hand, the loan security, terms of collateral, conditions to writing-off are addressed in the credit extending contract. The reduced facility, shortened repayment period or whether or not a loan is deemed matured, writing-off the deposits of the borrower for his/her liabilities are all well defined to mitigate credit risk in case that the credit event does incur.

b. Credit risk limit and risk concentration control

The Bank complies with the Banking Act in relation to the provision of business credit to the same individual, the same related parties, or the same affiliated companies as well as residential architecture, corporate architecture. In order to effectively control credit risk concentration, the Bank sets up risk assumption limit by rating, industry types, groups, countries and listed securities based on risk management strategy, change in market environment, business complexity, and report to senior management regularly. Assessment and modification shall be performed to various credit risk assumption limit based on overall economic cycle, finance environment and business development strategy regularly (at least once a year) or irregularly.

c. Net settlement with gross agreement

The transactions of the Bank and its subsidiaries are usually carried out by gross settlement. Despite that, net settlement is signed in a form of agreement with some trading counterparties, and is executed when a default occurs and all transactions were to terminate in order to further mitigate credit risk.

(D) Maximum credit risk exposure and concentration of the Bank and its subsidiaries

Maximum credit risk exposure

The maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit strengthening instruments, is equivalent to the carrying amount. The maximum credit risk exposure relating to accounts off the balance sheet (without consideration of collaterals or the maximum exposure of other credit enhancements) are the unused loan commitments, unused credit commitments for credit cards, unused letters of credit and other guaranteed commitments. As of December 31, 2014 and 2013, please see Note 9 for details.

The management of the Bank and its subsidiaries believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Bank and its subsidiaries can be minimized and continuously controlled.

Credit risk concentration of the credit assets in the balance sheet

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

The credit risks of the Bank and its subsidiaries concentrate on accounts in and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either products or services), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The nature that the debtor engages in could be a sign of credit risk concentration. The credit business of FCB and its subsidiaries is one of the core businesses; however, the Bank does not significantly carry out transactions with single client or single counterparty, nor does any of total trading volume to a single client or a single counterparty account for more than 5% the balance of loans discounted and overdue receivable. The credit risk concentration of the bills discounted, overdue receivables and lease business of the Bank and its subsidiaries by industry, location and collateral are shown as follows:

Loans discounted, overdue receivable and receivable from lease business of the Bank and its subsidiaries by industry are shown as follows:

Industry	December 31, 2014 Amount	%	December 31, 2013 Amount	%
Private enterprises	$ 819,954,876	54.04	$ 774,338,717	53.43
Private individual	481,678,177	31.74	468,764,649	32.35
Overseas and others	175,400,546	11.56	132,652,670	9.15
Government institutions	35,465,831	2.34	64,934,855	4.48
State-owned organizations	3,006,132	0.20	5,087,868	0.35
Non-profit organizations	1,688,291	0.11	1,858,070	0.13
Financial institutions	158,350	0.01	1,623,010	0.11
Total	$ 1,517,352,203	100.00	$ 1,449,259,839	100.00

Loans discounted, overdue receivable and receivable from lease business of the Bank and its subsidiaries by location (Note) are shown as follows:

Geographical location	December 31, 2014 Amount	%	December 31, 2013 Amount	%
Asia	$ 1,432,488,536	94.41	$ 1,370,184,404	94.55
North America	61,865,391	4.08	56,438,321	3.89
Europe	12,622,434	0.83	10,860,271	0.75
Oceania	10,375,842	0.68	11,776,843	0.81
Total	$ 1,517,352,203	100.00	$ 1,449,259,839	100.00

Note: the above geographical location is made on the basis of the branch of debtor.

Loans discounted, overdue receivable and receivable from lease business of the Bank and its subsidiaries by collateral are shown as follows:

	December 31, 2014		December 31, 2013	
Collateral type	Amount	%	Amount	%
Unsecured loans	$ 430,905,023	28.40	$ 413,044,505	28.50
Secured loans				
-Financial collateral	24,215,254	1.60	22,049,252	1.52
-Receivables	34,687	-	15,517	-
-Real estate	748,670,286	49.34	720,644,133	49.73
-Guarantee	87,641,702	5.77	85,029,337	5.87
-Other collateral	58,226,112	3.84	60,504,680	4.17
Overseas and others	167,659,139	11.05	147,972,415	10.21
Total	$ 1,517,352,203	100.00	$ 1,449,259,839	100.00

(E)Analysis on quality and overdue impairment of financial assets of the Bank and its subsidiaries:

Certain financial assets held by the Bank and its subsidiaries such as cash and cash equivalents, financial assets at fair value through profit and loss, bills and bonds under resale agreement, refundable deposits, operating deposits, and settlement fund and so on, while the counterparties have good credit rating, the credit risks are deemed extremely low. As a result, these financial assets are not included in the analysis on credit risk quality.

Other than the abovementioned items, credit quality analysis for the rest of financial assets is as follows:

a. The credit risk quality of loans discounted, receivables, and securities investment:

December 31, 2014	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)		Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)	With individual impaired evidence	With no individual impaired evidence	(A)+(B)+(C)-(D)
Receivables	$ 183,979,108	$ -	$ -	$ -	$ 183,979,108	$ -	$ 968,686	$ 184,947,794	$ 614,564	$ 226,217	$ 184,107,013
Loans discounted	1,060,239,116	412,844,165	23,149,087	17,142,661	1,513,375,029	5,835,880	21,834,541	1,541,045,450	4,373,088	16,161,171	1,520,511,191
Total	$ 1,244,218,224	$ 412,844,165	$ 23,149,087	$ 17,142,661	$ 1,697,354,137	$ 5,835,880	$ 22,803,227	$ 1,725,993,244	$ 4,987,652	$ 16,387,388	$ 1,704,618,204

December 31, 2014	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)	Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)		(A)+(B)+(C)-(D)
Available-for-sale financial assets										
-Bonds investment	$ 63,834,660	$ 1,013,711	$ -	$ -	$ 64,848,371	$ -	$ -	$ 64,848,371	$ -	$ 64,848,371
-Others	2,061,697	-	-	-	2,061,697	-	-	2,061,697	-	2,061,697
Held-to-maturity financial assets										
-Certificates of time deposit purchased	247,465,000	-	-	-	247,465,000	-	-	247,465,000	-	247,465,000
- Bonds investment	57,144,316	1,441,188	-	-	58,585,504	-	-	58,585,504	-	58,585,504
-Others	635,019	939,785	-	-	1,574,804	-	-	1,574,804	-	1,574,804
Other financial assets										
-Bonds investment	2,010,288	-	-	-	2,010,288	-	-	2,010,288	-	2,010,288
-Investment deposits	20,696,846	-			20,696,846			20,696,846		20,696,846
Total	$ 393,847,826	$ 3,394,684	$ -	$ -	$ 397,242,510	$ -	$ -	$ 397,242,510	$ -	$ 397,242,510

December 31, 2013	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)		Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)	With individual impaired evidence	With no individual impaired evidence	(A)+(B)+(C)-(D)
Receivables	$ 168,639,763	$ -	$ -	$ -	$ 168,639,763	$ -	$ 1,454,465	$ 170,094,228	$ 967,432	$ 269,627	$ 168,857,169
Loans discounted	1,014,086,927	378,357,309	31,740,134	14,860,329	1,439,044,699	4,626,658	36,773,629	1,480,444,986	7,250,103	10,948,499	1,462,246,384
Total	$ 1,182,726,690	$ 378,357,309	$ 31,740,134	$ 14,860,329	$ 1,607,684,462	$ 4,626,658	$ 38,228,094	$ 1,650,539,214	$ 8,217,535	$ 11,218,126	$ 1,631,103,553

December 31, 2013	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)	Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)		(A)+(B)+(C)-(D)
Available-for-sale financial assets										
-Bonds investment	$ 69,865,820	$ 1,137,112	$ -	$ -	$ 71,002,932	$ -	$ -	$ 71,002,932	$ -	$ 71,002,932
-Others	2,094,179	-	-	-	2,094,179	-	-	2,094,179	-	2,094,179
Held-to-maturity financial assets										
-Certificates of time deposit purchased	249,045,000	-	-	-	249,045,000	-	-	249,045,000	-	249,045,000
- Bonds investment	49,512,636	4,637,686	-	-	54,150,322	-	-	54,150,322	-	54,150,322
-Others	915,639	-	-	-	915,639	-	-	915,639	-	915,639
Other financial assets										
-Bonds investment	2,058,031	-	-	-	2,058,031	-	-	2,058,031	-	2,058,031
-Inrestment deposits	23,223,751	$ -	-	-	23,223,751	-	-	23,223,751	-	23,223,751
Total	$ 396,715,056	$ 5,774,798	$ -	$ -	$ 402,489,854	$ -	$ -	$ 402,489,854	$ -	$ 402,489,854

b. In relation to loans discounted of the Bank and its subsidiaries that were neither past due nor impaired, the credit quality analysis is based on the credit quality rating by client:

December 31, 2014	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Receivables	$ 183,979,108	$ -	$ -	$ -	$ 183,979,108
Credit card business	4,058,246	595,839	378,918	237,541	5,270,544
Consumer banking	403,476,869	3,920,396	715,473	156,984	408,269,722
Corporate banking	635,235,543	268,149,868	22,054,696	16,748,136	942,188,243
Overseas and others	17,468,458	140,178,062	-	-	157,646,520
Total	$ 1,244,218,224	$ 412,844,165	$ 23,149,087	$ 17,142,661	$ 1,697,354,137

December 31, 2013	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Receivables	$ 168,639,763	$ -	$ -	$ -	$ 168,639,763
Credit card business	3,474,124	515,546	417,454	234,274	4,641,398
Consumer banking	400,111,514	3,877,414	793,537	183,438	404,965,903
Corporate banking	595,130,060	256,131,951	30,529,143	14,442,617	896,233,771
Overseas and others	15,371,229	117,832,398	-	-	133,203,627
Total	$ 1,182,726,690	$ 378,357,309	$ 31,740,134	$ 14,860,329	$ 1,607,684,462

c. Aging analysis of overdue financial assets with no impairment of the Bank and its subsidiaries:

The delayed processing of the borrower and other administrative reasons may give rise to an overdue financial asset with no impairment. According to the internal risk management policy of the Bank and its subsidiaries, financial assets overdue for less than 90 days are usually not deemed impaired unless other evidence indicates otherwise.

Aging analysis of the overdue financial assets with no impairment of the Bank and its subsidiaries:

Items	December 31, 2014		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Loans discounted			
Credit card business	$ 11,228	$ 26,394	$ 37,622
Consumer banking	2,013,252	515,694	2,528,946
Corporate banking	3,121,234	148,078	3,269,312
Total	$ 5,145,714	$ 690,166	$ 5,835,880

Items	December 31, 2013		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Loans discounted			
Credit card business	$ 5,053	$ 30,227	$ 35,280
Consumer banking	2,612,908	580,279	3,193,187
Corporate banking	1,068,318	329,873	1,398,191
Total	$ 3,686,279	$ 940,379	$ 4,626,658

d. Analysis of impaired financial assets of the Bank and its subsidiaries

Items			Loans discounted	Impaired amount
			December 31, 2014	December 31, 2014
With individual objective evidence of impairment	Individual assessment	Corporate loans-secured	$ 14,449,712	$ 2,966,985
		Residential mortgage loans	132,866	1,346
		Overseas and others (Note)	4,344,358	647,551
	Collective assessment	Corporate loans-secured	1,288,016	365,185
		Residential mortgage loans	1,352,564	277,204
		Overseas and others (Note)	267,025	114,817
Without individual objective evidence of impairment	Collective assessment	Corporate loans-secured	945,387,531	9,778,226
		Residential mortgage loans	390,540,832	4,837,539
		Overseas and others (Note)	183,282,546	1,545,406
Total			1,541,045,450	20,534,259

Items			Loans discounted	Impaired amount
			December 31, 2013	December 31, 2013
With individual objective evidence of impairment	Individual assessment	Corporate loans-secured	$ 27,113,817	$ 4,654,820
		Residential mortgage loans	106,398	523
		Overseas and others (Note)	5,230,508	1,015,856
	Collective assessment	Corporate loans-secured	2,547,560	1,135,134
		Residential mortgage loans	1,452,805	321,377
		Others (Note)	316,300	122,393
Without individual objective evidence of impairment	Collective assessment	Corporate loans-secured	887,783,232	7,562,702
		Residential mortgage loans	391,986,347	1,990,481
		Overseas and others (Note)	163,908,019	1,395,316
Total			1,480,444,986	18,198,602

Note : Other including small amount of credit loans, consumer banking, cash card and credit card and credit card services and so on.

Items			Total receivables	Impaired amount
			December 31, 2014	December 31, 2014
With individual objective evidence of impairment	Individual assessment	Receivables	$ 949,546	$ 611,754
		Overseas and others	19,140	2,810
Without individual objective evidence of impairment	Collective assessment	Receivables	128,701,959	62,759
		Overseas and others	55,277,149	163,458
Total			$ 184,947,794	$ 840,781

Items			Total receivables	Impaired amount
			December 31, 2013	December 31, 2013
With individual objective evidence of impairment	Individual assessment	Receivables	$ 1,393,096	$ 964,789
		Overseas and others	61,369	2,643
Without individual objective evidence of impairment	Collective assessment	Receivables	126,845,530	82,928
		Overseas and others	41,794,233	186,699
Total			$ 170,094,228	$ 1,237,059

(F) Policy for assumed collateral management

The collaterals assumed by the Bank and its subsidiaries on December 31, 2014 and 2013 are of the nature of land and property and the carrying amounts were $0 and $6,279, respectively.

The assumed collateral shall be disposed once it is disposable and the proceeds of disposal shall be used to offset the remaining unpaid loan. Collaterals are classified under other assets in the consolidated balance sheet.

(G)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Asset quality of the Bank

Date & year			December 31, 2014				
Business / Items			Non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		$ 1,840,977	$ 596,935,847	0.31%	$ 7,575,359	411.49%
	Unsecured loans		415,149	496,974,856	0.08%	5,839,080	1406.50%
Consumer Banking	Residential mortgage loans (Note 4)		678,218	392,081,712	0.17%	6,412,498	945.49%
	Cash cards		36	6,054	0.59%	289	802.78%
	Micro credit loans (Note 5)		9,351	4,946,692	0.19%	72,156	771.64%
	Others (Note 6)	Secured	7,481	16,116,629	0.05%	188,684	2522.18%
		Unsecured	-	40,374	-	997	-
Gross loans business			2,951,212	1,507,102,164	0.20%	20,089,063	680.71%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			10,749	5,500,769	0.20%	126,444	1176.33%
Without recourse factoring (Note 7)			-	4,829,874	-	97,581	-

Date & year			December 31, 2013				
Business / Items			Non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		$ 3,988,317	$ 555,511,630	0.72%	$ 6,076,449	152.36%
	Unsecured loans		2,118,519	473,357,965	0.45%	7,555,412	356.64%
Consumer Banking	Residential mortgage loans (Note 4)		640,707	393,822,028	0.16%	3,894,949	607.91%
	Cash cards		36	8,423	0.43%	325	902.78%
	Micro credit loans (Note 5)		16,771	5,616,870	0.30%	89,997	536.62%
	Others (Note 6)	Secured	5,035	11,511,479	0.04%	111,132	2207.19%
		Unsecured	5,032	53,045	9.49%	2,176	43.24%
Gross loans business			6,774,417	1,439,881,440	0.47%	17,730,440	261.73%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			7,794	4,881,144	0.16%	136,488	1751.19%
Without recourse factoring (Note 7)			-	13,618,616	-	78,259	-

Note:

1. The amount recognized as non-performing loans is in compliance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amount included in overdue accounts for credit cards is in compliance with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.

2. Non-performing loan ratio=non-performing loans/gross loans. Non-performing loan ratio of credit cards ＝Non-performing loan ratio of credit cards /balance of accounts receivable.

3. Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards＝allowance for doubtful accounts for accounts receivable of credit cards/ Non-performing loan ratio of credit cards.

4. For residential mortgage loans, the borrower provides his/her (or spouse’s or minor child’s) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to own house.

5. Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

6. Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loans, cash card services and small amount of credit loans, and excluding credit card services.

7. Pursuant to the Banking Bureau (5) Letter No. 094000494 dated July 19, 2005 amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

b. Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2014	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 3,213	$ 49,655
Perform in accordance with debt liquidation program and restructuring program (Note 2)	50,100	120,228
Total	$ 53,313	$ 169,883

	December 31, 2013	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 5,017	$ 66,080
Perform in accordance with debt liquidation program and restructuring program (Note 2)	48,793	118,322
Total	$ 53,810	$ 184,402

Note:

1. The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt negotiation in accordance with the Banking Bureau (1) Letter No. 09510001270 of the FSC dated April 25, 2006.

2. The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt liquidation program and restructuring program in accordance with the Banking Bureau (1) Letter No. 09700318940 of the FSC dated September 15, 2008.

c. Profile of concentration of credit risk and credit extensions of the Bank

December 31, 2014			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	A. Group Air Transportation	$ 21,498,630	14.03%
2	B. Group Visual Display and Terminal Service Manufacturing	15,037,812	9.82%
3	C. Group-Petroleum and Coal Products Manufacturing	14,946,777	9.76%
4	D. Group Liquid Crystal Panel and Components Manufacturing	13,678,530	8.93%
5	E. Group Iron and Steel Rolls over Extends and Crowding	10,311,498	6.73%
6	F. Group Unclassified Other Financial Intermediation	10,099,152	6.59%
7	G. Group Manmade Fiber Manufacturing and Yarn Spinning Mills	9,319,721	6.08%
8	H. Group Investment Consultation	9,078,442	5.93%
9	I. Group Property leasing	8,474,639	5.53%
10	J. Group Air Transportation	8,340,321	5.44%

December 31, 2013			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	A. Group Plastic Sheets, Pipes and Tubes Manufacturing	$ 21,580,350	16.40%
2	B. Group Air Transportation	20,365,619	15.48%
3	C. Group Liquid Crystal Panel and Components Manufacturing	18,731,865	14.24%
4	D. Group Visual Display and Terminal Service Manufacturing	15,394,132	11.70%
5	E. Group Iron and Steel Smelting	10,085,534	7.66%
6	F. Group Unclassified Other Financial Intermediation	9,633,108	7.32%
7	G. Group Power Cable and Wiring Accessories Manufacturing	8,892,125	6.76%
8	H. Group Unclassified Other Financial Intermediation	8,827,381	6.71%
9	I. Group Manmade Fiber Manufacturing and Yarn Spinning Mills	8,239,603	6.26%
10	J. Group Iron and Steel Rolls over Extends and Crowding	7,776,769	5.91%

Note:

1. Ranking the top ten enterprise groups other than government and government enterprise according to their total outstanding loan amount.

2. Definition of enterprise group is based on the Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

3. Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, short-term unsecured loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), purchases in remittances, without recourse factoring, acceptance receivable and guarantees.

D. Liquidity risk

(A) Definition and resource of liquidity risk

The liquidity risk of the Bank and its subsidiaries refer to a financial loss when assets are not convertible or not enough financing aid can be obtained to inject fund for the financial liabilities soon to be matured. For instance, the client terminates the deposit contract in advance, or financing channel of call loan becomes difficult due to market influence, or deterioration on the credit default rate giving rise to unusual fund collection, difficulty in converting the financial instrument and interest sensitive insurer exercise the right to terminate contract in advance. Above events may mitigate the cash inflows from loan origination, transactions and investing activities from the lease subsidiaries.

Liquidity risk exists in the Bank’s operation, which may be given rise by specific event of various industries or overall market movement, such as liquidation protocol of deposit or call loan payment, source of loan or time required for asset liquidation are affected by various industries or certain overall market events, including but not limited to insufficient depth of market, market disorder, low liquidity on funds, credit event, merging or acquisition activities, systematic impact and natural disasters.

Working capital of FCBL and FIA is sufficient, therefore there is no liquidity risk regarding inability to raise fund for meeting contractual obligations.

(B) Procedures and evaluation method used for liquidity risk management

In order to prevent liquid risk that gives rise to operating risk, crisis reaction procedures have been set up in relation to liquidity risk and fund liquidity gap shall be monitored on a regular basis.

Management procedure and evaluation method for the liquidity risk of the Bank and its subsidiaries are as follows:

<u>Procedure</u>

In consideration of the operating demand, the sources of fund need to be diverse and stable. The use of fund should avoid high concentration, and the liquid assets held should take precedence of highly liquid earning assets of high quality.

In accordance with the “Management policy of assets and liabilities” and “Management principle of liquidity and interest risk”, risk management division is the investigation unit for liquidity risk indicator. Finance division is the execution unit for fund transferring. Also, attention needs to be paid on the movement of market condition and day-to-day capital liquidity to ensure appropriate liquidity and long-term profitability. Unless otherwise indicated by offshore branches, sufficient liquidity shall be maintained in accordance with the local competent authorities.

Risk management division sets up liquid position or indicator limit by the duration and implements after obtaining the approval from assets and liabilities management committee and Board of Directors. Each liquidity risk monitoring indicator are assessed and appraised regularly in the meeting of assets and liabilities management committee.

Risk management division is responsible for reporting the assets and liabilities management committee, risk management committee and Board of Directors to represent the liquidity risk and other monitoring result.

<u>Evaluation method</u>

The content of the liquidity risk report mainly used to estimate cash flow from various business line and the effects on fund transferring so that early warning area and target goal can be set up for cash gap and relevant indicator in order to control both under the tolerable risk limit.

Risk Management Division regularly makes “Analysis table for cash flow gap” and “Adjustment table for cash flow gap” to ensure that the cash flow gap is within the granted limit and reports to the management in relation to fund liquidity matters. Given that the limit has been reached or an obvious deteriorated indicator shown internally or externally, immediate escalation should be made to the assets and liabilities management committee for further response action and report to the Board of Directors. Given the liquidity risk, action shall be taken in accordance with “Contingent plan for liquidity risk”.

(C) Duration analysis for the financial assets and liabilities held for liquidity risk management are as follows:

a. Financial assets held for liquidity risk management

In order to fulfill the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets held by the Bank and its subsidiaries with high liquidity include cash and cash equivalents, deposits and call loans, financial assets at fair value through profit and loss, bills discounted and call loan, term receivables, available-for-sale financial assets, and bonds investment without an active market, etc.

b. Duration analysis for the financial assets and liabilities held for liquidity risk management

The following table illustrates the cash inflow and outflow of financial assets and liabilities of the Bank and its subsidiaries held for liquidity risk management based on the remaining maturity from the balance sheet date to the contract expiration date. While the amounts disclosed in the table are not discounted by contract cash flow, certain accounts may differ from the responding accounts in the balance sheet.

December 31, 2014	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 83,865,718	$ 8,007,799	$ 6,826,298	$ 9,172,346	$ 27,711,108	$ 135,583,269
Call loans and overdrafts	70,046,973	23,637,824	2,259,802	243,793	-	96,188,392
Securities investment	286,777,849	15,350,167	6,833,063	26,073,523	116,845,931	451,880,533
Loans discounted	164,597,765	192,418,257	194,868,755	240,491,357	724,604,444	1,516,980,578
Interest receivables and income	3,240,387	620,283	239,306	562,822	16,190	4,678,988
Other capital inflow upon maturity	34,710,443	7,268,618	4,191,684	5,442,010	7,190,100	58,802,855
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	1,536,270	1,507,371	912,184	377,634	4,334	4,337,793
FX margin trading	193,159	13,397	63	-	-	206,619
Non-delivery forwards	1,618	17,787	7,372	-	-	26,777
FX options and involving stock options held	105,751	221,806	265,250	710,475	512,911	1,816,193
Commodity options held	35,194	31,118	40,368	-	-	106,680
Cross currency swap contracts (exclusive of notional principal)	109,554	173,104	218,015	610,416	8,085	1,119,174
Interest rate related contracts (interest rate swaps and asset swap excluding the principal of bonds)	5,942	1,897	41,661	22,418	1,388,048	1,459,966
Futures trading	-	21,644	-	-	104,232	125,876
Total	645,226,623	249,291,072	216,703,821	283,706,794	878,385,383	2,273,313,693
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	94,379,371	20,980,012	3,357,487	399,882	3,693,382	122,810,134
Demand deposits	46,726,461	42,695,697	37,172,765	56,832,190	922,919,459	1,106,346,572
Time deposits	143,272,177	194,316,042	135,233,698	231,724,410	16,177,556	720,723,883
Interest payables	1,371,614	365,472	265,691	283,465	34,543	2,320,785
Commercial papers payables	3,408,650	-	-	-	-	3,408,650
Bonds (bills) purchased under a repurchase agreement	2,231,919	1,794,111	846,191	49,829	-	4,922,050
Financial liabilities at fair value through profit and loss – non-derivatives	-	-	4,202,073	-	14,120,010	18,322,083
Bonds payable	-	-	900,000	3,700,000	30,300,000	34,900,000
Other capital outflow upon maturity	57,069,718	4,355,285	7,508,170	1,593,902	51,209,356	121,736,431
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	507,633	623,890	214,180	90,355	8,014	1,444,072
FX margin trading	29,435	-	-	-	-	29,435
Non-delivery forwards	39,949	30,913	12,940	-	-	83,802
FX options and involving stock options written	101,383	222,619	275,619	787,537	513,025	1,900,183
Commodity options written	35,194	31,118	40,368	-	-	106,680
Cross currency swaps (excluding the notional principal)	-	-	-	41,687	34,909	76,596
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	6,638	3,964	15,597	22,166	1,453,608	1,501,973
Total	349,180,142	265,419,123	190,044,779	295,525,423	1,040,463,862	2,140,633,329
3.Gap upon maturity	$ 296,046,481	($ 16,128,051)	$ 26,659,042	($ 11,818,629)	($ 162,078,479)	$ 132,680,364

December 31, 2013	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 74,277,191	$ 4,517,547	$ 3,752,262	$ 6,986,891	$ 25,143,522	$ 114,677,413
Call loans and overdrafts	73,296,746	17,188,211	2,877,107	1,092,844	-	94,454,908
Securities investment	284,412,331	18,325,620	9,430,548	22,019,792	120,749,813	454,938,104
Loans discounted	127,682,341	160,222,528	161,429,902	145,319,037	854,596,255	1,449,250,063
Interest receivables and income	3,069,547	467,367	126,301	549,410	-	4,212,625
Other capital inflow upon maturity	35,660,879	14,017,799	6,221,071	1,393,720	3,668,176	60,961,645
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	479,369	381,124	144,308	73,720	-	1,078,521
FX margin trading	165,819	9,411	2,962	-	-	178,192
Non-delivery forwards	2,764	715	-	-	-	3,479
FX options held	168,501	151,345	176,236	240,995	129,097	866,174
Commodity options held	34,100	10,566	15,796	-	-	60,462
Cross currency swap contracts (exclusive of notional principal)	-	1,715	51,701	234,881	61,752	350,049
Interest rate related contracts (interest rate swaps and asset swap excluding the principal of bonds)	1,457	9,700	28,909	45,607	1,751,971	1,837,644
Futures trading	-	23,484	-	-	94,090	117,574
Total	599,251,045	215,327,132	184,257,103	177,956,897	1,006,194,676	2,182,986,853
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	104,596,833	31,735,007	4,185,866	721,498	-	141,239,204
Demand deposits	55,222,299	46,795,562	42,610,430	52,144,810	839,079,221	1,035,852,322
Time deposits	144,783,518	171,516,717	136,949,890	231,324,058	12,591,479	697,165,662
Interest payables	1,181,666	365,162	308,817	307,771	30,479	2,193,895
Commercial papers payables	2,849,337	-	-	-	-	2,849,337
Bonds (bills) purchased under a repurchase agreement	9,064,214	1,074,334	627,895	199,879	-	10,966,322
Financial liabilities at fair value through profit and loss – non-derivatives	-	-	1,735,617	-	9,027,817	10,763,434
Bonds payable	-	3,500,000	3,300,000	2,000,000	33,900,000	42,700,000
Other capital outflow upon maturity	48,618,060	6,347,315	4,415,720	2,029,672	52,362,397	113,773,164
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	443,976	184,182	63,209	24,202	-	715,569
FX margin trading	1,581	124	82	-	-	1,787
Non-delivery forwards	26,034	-	-	-	-	26,034
FX options written	245,486	161,497	181,260	263,778	129,097	981,118
Commodity swap written	34,099	10,566	15,796	-	-	60,461
Cross currency swaps (excluding the notional principal)	8,219	6,436	15,512	71,019	27,274	128,460
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	16,219	7,519	19,268	42,373	1,695,154	1,780,533
Hedge						
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	-	7,973	-	-	-	7,973
Total	367,091,541	261,712,394	194,429,362	289,129,060	948,842,918	2,061,205,275
3.Gap upon maturity	$ 232,159,504	($ 46,385,262)	($ 10,172,259)	($ 111,172,163)	$ 57,351,758	$ 121,781,578

Maturity analysis for above demand deposits are amortized to each period based on historical experience of banking subsidiary. Given that all the demand deposits have to be paid in the shortest period, as of December 31, 2014 and 2013, the payment on period of 0-30 days will be increased by $1,059,620,111 and $980,630,023, respectively.

(D)Maturity analysis for items off the balance sheet

The loans, loan commitment and letters of credit include unused loan commitments and unused letters of credit issued. Financial guarantee contract refers that the Bank and its subsidiaries represent a guarantor and the issuer of the guaranteed letter of credit.

Terms of financial instruments contracts off the balance sheet which may require fulfillment at the earliest are all less than a year:

Financial instruments contracts	December 31, 2014	December 31, 2013
Unused loan commitments (Note)	$ 135,195,659	$ 126,835,001
Unused letters of credit issued	31,040,109	31,159,643
Various guarantees	79,865,265	78,343,237
Total	$ 246,101,033	$ 236,337,881

Note: Above unused loan commitments include irrevocable loan commitment except for the significant adverse movement.

(E)Maturity analysis on lease contract and capital expense commitment

Lease commitment of the Bank and its subsidiaries includes operating lease and finance lease.

Operating lease commitment is the minimum rental that the Bank and its subsidiaries should make as a lessee or lessor under the lease term not revocable.

Capital expenditure commitment of the Bank and its subsidiaries refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis of lease contract commitment and capital expenditure commitment of the Bank and its subsidiaries:

December 31, 2014	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 127,151	$ 1,581,225	$ 256,402	$ 1,964,778
Operating lease income (Lessor)	(480,194)	(1,342,370)	(120,258)	(1,942,822)
Total	($ 353,043)	$ 238,855	$ 136,144	$ 21,956

December 31, 2013	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 98,266	$ 1,377,089	$ 299,745	$ 1,775,100
Operating lease income (Lessor)	(448,286)	(1,266,581)	(4,062)	(1,718,929)
Total	($ 350,020)	$ 110,508	$ 295,683	$ 56,171

The present value of finance lease has been recognized under finance lease liabilities. As the amount is immaterial and the liquidity risk is low, no analysis on its maturity value will be taken.

(F)Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Structure analysis of NTD time to maturity of the Bank

Expressed In Thousands of New Taiwan Dollars

December 31, 2014						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 1,796,519,207	$ 502,416,147	$ 163,361,758	$ 164,529,275	$ 249,004,767	$ 717,207,260
Primary capital outflow upon maturity	(2,551,020,779)	(270,264,527)	(322,559,377)	(372,693,217)	(512,571,377)	(1,072,932,281)
Gap	($ 754,501,572)	$ 232,151,620	($ 159,197,619)	($ 208,163,942)	($ 263,566,610)	($ 355,725,021)

December 31, 2013						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 1,767,028,179	$ 501,661,150	$ 136,149,237	$ 131,006,454	$ 133,451,494	$ 864,759,844
Primary capital outflow upon maturity	(2,164,064,620)	(198,097,336)	(215,869,112)	(182,711,211)	(283,789,477)	(1,283,597,484)
Gap	($ 397,036,441)	$ 303,563,814	($ 79,719,875)	($ 51,704,757)	($ 150,337,983)	($ 418,837,640)

Note: The amounts listed above represent the funds denominated in New Taiwan dollars only (i.e., excluding foreign currency).

b. Structure analysis of USD time to maturity of the Bank

Expressed In Thousands of US Dollars

December 31, 2014						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 19,420,139	$ 7,113,767	$ 4,617,761	$ 2,220,219	$ 1,457,970	$ 4,010,422
Primary capital outflow upon maturity	(28,316,148)	(7,912,874)	(4,720,992)	(3,453,002)	(5,044,740)	(7,184,540)
Gap	($ 8,896,009)	($ 799,107)	($ 103,231)	($ 1,232,783)	($ 3,586,770)	($ 3,174,118)

December 31, 2013						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 19,144,554	$ 6,031,652	$ 4,771,058	$ 2,368,371	$ 1,871,045	$ 4,102,428
Primary capital outflow upon maturity	(19,501,898)	(8,174,137)	(3,931,474)	(1,922,313)	(2,016,429)	(3,457,545)
Gap	($ 357,344)	($ 2,142,485)	$ 839,584	$ 446,058	($ 145,384)	$ 644,883

Note: The amounts listed above represent the items denominated in U.S. dollars for Company’s head office, domestic and Offshore Banking Units.

E. Market risk

(A) Market risk definition

Market risk occurs when the market price fluctuates leading to movement in fair value of financial instrument held by the Bank and its subsidiaries in or off the balance sheet or the future cash flow. The risk factors that could give rise to market price movement usually include interest rate, exchange rate, equity securities and instrument price. Any movement in above risk factors could result in risk of fluctuation on net profit or value of investment portfolio held by the Bank and its subsidiaries.

The market risks that the Bank and its subsidiaries faces mainly are equity securities, interest rate and exchange rate risk. Market risk position of equity securities mainly include domestic listed stocks, domestic stock index options and stock index futures and call and put warrants, etc. Positions with interest rate risk mainly include: bonds and interest-derivative instruments, such as fixed and floating interest swap and bond option, etc. Positions with exchange rate risk mainly include: the consolidated positions invested by the subsidiaries, indirect subsidiaries of the Bank and its subsidiaries, such as various derivatives denominated in foreign currency, credit-linked bonds, US government bonds, and other foreign bonds, etc.

The subsidiaty, FCB Leasing, is engaged in interest rate swap contracts for the purpose of financial hedging Gains or losses arising from changes in interest rates and gains or losses on hedged items are offset substantially. As a result, market price risk is deemed insignificant.

(B) Goal of market risk management

Major subsidiaries of the Bank and its subsidiaries have various market risk management policies, standards, key points and the regulations from competent authorities and the Bank to comply.

The Bank sets up “Management policy for market risk”, “Management standards for market risk”, “Management standards for liquidity and interest rate risk” and “Management guidelines for market risk” and others in an attempt to effectively regulate market risk and ensure that the market risk is under the Bank’s bearable capacity.

The Bank divided market risk management into trading book and banking book. Interest rate risk management in relation to trading book and banking book is provided in Note 12(2)E(F), (G) and (H). ‘Trading book’ refers to :

a. positions held with an intention to earn profit from interest rate movement or price variance between the purchase price and selling price,

b. positions held for hedging purpose, and

c. interest rate related instruments positions and equity securities positions held for brokerage or proprietary trading on which regular market value assessment and capital provision against market risk shall be made. Financial instrument positions not classified as trading book are classified into the scope of ‘banking book’.

(C) Policy and procedure for market risk management

In order to identify, evaluate, control and monitor market risks that the Bank and its subsidiaries faces and strengthen managing mechanism for market risks, management policies and procedures have been set up to effectively manage market risk and ensure that market risk is controlled under a bearable capacity.

<u>Policy</u>

The Board of the bank is the highest command and supervisory unit in charge of the granting of risk management policy, major risk assumption limit and relevant authorization. The Risk Management Committee under the Board of Directors executes various risk management implementations as resolved and granted by the Board and performs risk supervision. In addition, risk management division set up independent from the business unit is responsible for establishing market risk management structure for the market risk management.

<u>Procedure</u>

The risk management division of the Bank assesses various risk indicators regularly as required by the policies and monitors various risk indicators to be within the limits authorized by the Board of Directors. Any excess over the limits and the usage level of risk limits are summarized and reported to the Board of Directors, risk management committee, general manager, vice-general manager and other related segments.

Business unit, before the engagement in new transaction or developing new market, should identify and evaluate risk in compliance with related procedures. The evaluation module before adoption should be verified through module testing technicians in order to effectively identify various market risks. For financial instruments that cannot be assessed by market price or module evaluation, the risks should be transferred by back-to-back method to avoid that the Bank may assume uncertain market risk.

(D) Management procedure for market risk

The Bank’s management procedure for market risk of interest rate risk, exchange risk and equity securities are as follows:

a. Identification and evaluation

Risk identification: When there is any new product, market or currency of a financial instrument, market risk factors and market risk source should first be identified before the underwriting is permitted.

Risk evaluation: Appropriate risk indicator and risk limits for management are set up. Each every significant risk indicator of the subsidiaries includes position, gain and loss, stress testing loss, sensitivity (PVO1, Delta, Vega, Gamma) and Value-at-Risk (VaR).

b. Monitoring and report

For financial instrument evaluated by the market price, the information of independent source should be assessed at least once a day. For those evaluated by modules, the assumption and input used in the evaluation module as provided by the market data of

Reuters and Bloomberg, after the module experience is tested and granted, the calculation on evaluation and sensitivity may be carried on, which is used to control the risk incurred through investment portfolio.

The key subsidiaries of the Bank establish risk reporting programs and procedures. The risk management division should regularly present the daily report, monthly report and other risk management report to the Board of Directors and senior management based on the needs of segment heads, general manager, general president or the Board of Directors to report interest risk, exchange risk and equity securities exposure, including gain and loss, trading position, various risk indicators, risk limit usage, all limit excess or fault and so on, and regularly follow-up and send out warning reminder to ensure corrective action has been taken in a timely manner and in compliance with regulations.

(E) Risk evaluation method (market risk evaluation technique)

In order to effectively evaluate the market risks, the Bank establishes appropriate risk indicators and measurement instruments based on each investment portfolio and business characteristics of trading book and banking book. Meanwhile, by setting up risk limits and controlling mechanism, risk limit control is regularly reported to each responsible segment and reported to the Board of Directors on a weekly/monthly basis. Above risk indicators include: positions, gains and losses, sensitivity indexes (Delta, Gamma, Vega), Value-at-Risk of equity securities (VaR), stress losses and others.

Definitions of various indicators:

PV01: It is the change in related amount of interest rate instrument when the interest rate moves by 1 unit (1bp = 0.01%).

Delta: When the price of underlying asset moves by 1 unit that leads to related movement in Delta ratio of the derivative, by which is multiplied the nominal amount to measure to Delta position.

Vega: It is the change in related amount of derivative instrument when the value of underlying asset moves by 1 unit. It is the change in related amount of the interest rate instrument when the interest rate moves by 100 basic units.

Gamma: It is the change in related amount of Delta when the underlying asset value moves by 1 unit.

Interest rate-sensitive instruments are the change in related amount of PV01 that incurred to the interest rate instrument when interest rate moves by unit.

Exchange rate-sensitive instruments are the change in related amount of Delta that incurred to the exchange rate instrument when exchange rate moves by 1% of the unit.

Stress loss: Provided that all other conditions remain constant, it is the effects from ±100bp interest rate movement, ±15% overall market movement of equity securities, ±3% exchange rate fluctuation on New Taiwan Dollars versus major currencies or ±5% exchange rate fluctuation on New Taiwan Dollars versus other currencies.

(F) Policy and procedure of risk management on trading book

The so-called trading book includes the financial instrument and physical instrument position held for trading or held for hedging purpose in relation to the trading position. The positions held for trading are instruments held with an attempt to sell in short-term or gain profit or arbitrage from the actual or estimated short-term price fluctuations. For example, self-operating position, discretionary account (such as agent facilitating transaction), position generated through market transaction or the position held to offset another position in the trading book, total or major investment portfolio. For positions not included in above trading book are banking book position.

The Bank establishes specific policy and procedure for the trading strategy of trading book position in order to manage potential market risk of trading position and well control the risk within the limits.

a. Strategy

In order to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by sale units, market risk limit of the trading book is set at the level of "investment portfolio" to carry out various assessments and controls. In addition, risk limits of each portfolio are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policy and procedure of risk management

In principle, management policy is carried out based on annually revised risk limits of each investment portfolio.

c. Evaluation policy and procedure

Generally, financial instruments are assessed through Mark-to-Market, however, Mark-to-Model may be adopted if there is no fair value in the market. Nonetheless, the model should be independently verified before adoption and relevant guideline model management needs to be set up and implemented accordingly.

Evaluation procedure: The risk management unit confirms that the risk evaluation is consistent with the position information posted on the evaluation system at day-end and the market data adopted. In addition, the risk management unit monitors daily evaluation and risk limit and regularly report risk quota usage and limit exceeding event.

d. Evaluation method

The Bank executes stress testing on ±100bp interest rate movement, ±15% equity securities movement, ±3% exchange rate fluctuation and ±5% circumstance movement on a monthly basis and reports to the risk management committee regularly.

(G) Interest risk management for trading book

Risk management on the interest rate of trading book for the Bank is as follows:

a. Interest risk definition

Interest risk occurs when there is an adverse movement of interest rate resulting in change in fair value of trading book position held.

b. Management objective

The management objective of interest risk lies in effective identification, evaluation, controlling and monitoring of interest rate to enhance managing mechanism of market risk.

c. Management policy and procedure

In principle, annual risk limits are controlled based on investment portfolio of trading book with interest rate revised annually.

d. Evaluation method

Evaluation is calculated based on the risk-sensitive index verified by system calculation. In addition, stress testing is performed based on +/-100bp annual interest rate movement and reported to the risk management committee regularly.

(H) Risk management for banking book interest

Interest risk is the risk that a bank suffers from an adverse movement of interest rate or financial condition of the bank. Interest movement might change the bank's net interest income and other interest-sensitive incomes which further affects the bank's earnings. Meanwhile, interest movement could also affect positions in and off the bank's balance sheet.

The banking book risk management of the Bank is as follows:

a. Strategy

The objective of interest rate management is to improve banks' adaptability so that the earnings and economic value in the balance sheet can be assessed and managed through avoiding the impact from interest rate movement.

b. Policy and procedure of risk management

According to "Management policy of asset and liability" and "Management guideline for liquidity and interest risk" of the Bank, risk management division is the monitoring unit that is responsible for interest risk index, analysis and monitoring interest-sensitive position, and regular reporting the monitoring result of interest risk to the asset and liability management committee, risk management committee and Board of Directors.

If various interest risk indexes and stress testing results fall in the warning threshold, risk management division should issue warning notice to the asset and liability management committee. However, if interest risk index exceed the planned threshold, it should be reported to the asset and liability management committee for discussing the responding measures, which is followed by relevant business unit and reported to the Board of Directors.

c. Evaluation method

The interest rate risk of the Bank is mainly the repricing gap risk resulting from the difference between maturities and repricing date of banking book assets and liabilities and off balance sheet accounts. In order to stabilize long-term profit and business development at the same time, Risk Management Division sets up various monitoring indicators for interest rate of most common period and executes stress testing, and tests the effects on net interest income and net fair economic value within one year when the market interest rate moves by +/-200 bps, that is Interest Rate Shock from the perspective of earnings and economic value. Every interest rate risk indicator and stress testing result should be reported to management for review.

(I) Risk management for foreign exchange

a. Definition of foreign exchange

Foreign exchange risk occurs when the net foreign position held fluctuates with the currency exchange rate giving rise to an exchange gain or loss. The foreigner exchange risks of financial instruments held by the Bank and its subsidiaries mainly include foreign investment position, spot exchange and forward contract, FX option and other derivative or non-derivative instruments. Major currencies involving foreign exchange risks include: USD, EUR, JPY, HKD, AUD, CAD, RMB, etc.

b. Objective

The objective of foreign exchange lies in effective identification, evaluation, controlling and monitoring foreign exchange risk of the Bank and enhancement of management mechanism for market risk.

c. Management policy and procedure

Management policy for market risk is adjusted based on the annual risk limit revised by foreign exchange trading investment portfolio annually.

d. Evaluation method

Through risk sensitive indicators calculated by the validated system as a benchmark, the Bank regularly carries out testing and reports the results to the risk management committee given that the currency movement is provided at +/-3% and other currency movement at +/-5%.

(J) Risk management for equity securities

a. Definition of equity securities risk

The market risk of the equity securities held by the Bank includes the individual risk resulting from market price movement of each equity securities and general market risk resulting from overall market price movement.

b. Risk management objective

The objective for equity risk management lies in effective identification, evaluation, risk controlling and monitoring for the equity securities of the Group and enhancement of managing mechanism for market risk.

c. Management policy

Management policy for market risk is adjusted based on the annual risk limit revised by stock trading investment portfolio annually.

d. Evaluation method

The Bank executes stress testing on +/-15% weighted average index of taiwan stock movement on a monthly basis and reports to the risk management committee regularly.

(K) Foreign exchange risk gap

As of December 31, 2014 and 2013, the following table summarizes financial instruments of foreign denominated assets and liabilities by currency of which the foreign exchange exposure is presented by the carrying amount:

Expressed In Thousands of New Taiwan Dollars

	December 31, 2014		December 31, 2013	
	USD	RMB	USD	RMB
Financial assets				
Cash and cash equivalents	$ 7,581,872	$ 20,763,557	$ 14,251,265	$ 17,330,626
Due from the Central Bank and call loans to other banks	44,145,216	12,665,068	51,050,710	6,488,256
Financial assets at fair value through profit or loss	12,376,554	1,322	7,001,652	1,595
Available-for-sale financial assets	5,282,955	1,270,146	6,628,460	1,507,035
Loans discounted	273,834,578	10,286,092	243,392,641	4,210,345
Receivables	20,036,910	6,791,078	30,807,278	2,842,501
Held-to-maturity financial assets	17,735,318	7,376,993	19,314,038	7,521,084
Other financial assets	28,224	20,696,846	426,559	23,223,751
Subtotal-financial assets	$ 381,021,627	$ 79,851,102	$ 372,872,603	$ 63,125,193
Financial liabilities				
Deposits from Central Bank and banks	$ 86,991,014	$ 5,717,756	$ 121,428,892	$ 5,099,043
Deposits and remittances	297,764,195	75,283,508	284,819,586	48,197,413
Financial liabilities at fair value through profit or loss	11,579,640	1,343	1,041,670	1,597
Other financial liabilities	335,702	206,632	2,218,400	157,825
Payables	20,131,975	2,322,165	22,357,093	984,228
Subtotal-financial liabilities	$ 416,802,526	$ 83,531,404	$ 431,865,641	$ 54,440,106

Note: As of December 31, 2014 and 2013, the exchange rate of USD to NTD was 31.670, and 29.780, respectively. In addition, as of December 31, 2014 and 2013, the exchange rate of RMB to NTD were 5.099, and 4.913, respectively.

(L) Sensitivity analysis

a. Interest rate risk

If the market yield curve shifts upwards or downwards by 20 bps, it could affect the assessed fair value and interest income. Items being assessed include all assets of the trading book position and banking book position, of which the interest income of banking book assets that could be affected is one year.

The Bank and its subsidiaries assumes that yield curve is the only variable when all the other interest curves remain constant and sums up the gain and loss resulting from changes in each yield curve. According to the above estimated net interest income and assessed gain and loss on fair value, sensitivity analysis is as follows:

b. Foreign exchange risk

Given that all the other variables remain constant, every NTD to USD appreciate by 2%, NTD to JPY and RMB appreciate by 3%, NTD to other currencies appreciate by 4%, the sensitivity of the gain and loss on the net foreign exchange position held by the Bank and its subsidiaries is shown in the below table.

c. Equity securities risk

Given that all the other variables remain constant, if the equity price rises/falls by 4% (based on the average interest rate of Taiwan Stock Exchange Market Index in the latest three years), the fair value of listed stocks, emerging stocks in the trading book and other equity interest relating position held by the Bank and its subsidiaries are shown in the below table:

d. Sensitivity analysis is summarized as follows:

December 31, 2014 (Expressed In Thousands of New Taiwan Dollars`

Main risk	Movements	Effects on gain and loss	Effects on equity
Foreign exchange risk	NTD to USD appreciate by 2%, JPY and RMB appreciate by 3%, NTD to other currencies appreciate by 4%.(Note 1)	152,556	-
Foreign exchange risk	NTD to USD depreciate by 2%, JPY and RMB depreciate by 3%, NTD to other currencies depreciate by 4%.(Note 2)	(152,556)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(197,397)	(446,152)
Interest rate risk	Main interest rate curve decreases by 20 bps	185,923	529,365
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 4%.	(12,415)	(147,108)
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 4%.	12,415	147,108

December 31, 2013 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effects on gain and loss	Effects on equity
Foreign exchange risk	NTD to USD, RMB and JPY appreciate by 2%, NTD to other currencies appreciate by 4%.(Note 3)	68,665	-
Foreign exchange risk	NTD to USD, RMB and JPY depreciate by 2%, NTD to other currencies depreciate by 4%.(Note 4)	(68,665)	-

Interest rate risk	Main interest rate curve increases by 20 bps	(77,228)	(562,277)
Interest rate risk	Main interest rate curve decreases by 20 bps	79,326	648,214
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 4%.	(3,962)	(178,920)
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 4%.	3,962	178,920

Note 1: If NTD to USD, RMB, JPY, and other currencies respectively appreciate by 2%, 3%, 3%, and 4%, the effects on profit (loss) will be ($41,205), $209,718, ($2,449) and ($13,508), respectively.

Note 2: If NTD to USD, RMB, JPY, and other currencies respectively depreciate by 2%, 3%, 3% and 4%, the effects on profit (loss) will be $41,205, ($209,718), $2,449 and $13,508, respectively.

Note 3: If NTD to USD, RMB, JPY, and other currencies respectively appreciate by 2%, 2%, 2% and 4%, the effects on profit (loss) will be ($38,568), $125,325, ($1,847) and ($16,245), respectively.

Note 4: If NTD to USD, RMB, JPY, and other currencies respectively depreciate by 2%, 2%, 2% and 4%, the effects on profit (loss) will be $38,568, ($125,325), $1,847 and $16,245, respectively.

(M)Disclosure made in accordance with Regulations Governing the Preparation of Financial Reports by Public Banks

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2014
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,441,411,464	23,079,918	32,964,293	113,137,831	1,610,593,506
Interest-rate-sensitive liabilities	410,169,577	908,170,178	97,512,697	37,782,186	1,453,634,638
Interest-rate-sensitive gap	1,031,241,887	(885,090,260)	(64,548,404)	75,355,645	156,958,868
Net					153,210,918
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					110.80%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					102.45%

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2013
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,407,540,638	42,227,726	21,746,422	119,558,122	1,591,072,908
Interest-rate-sensitive liabilities	439,061,162	851,478,326	95,673,038	39,947,664	1,426,160,190
Interest-rate-sensitive gap	968,479,476	(809,250,600)	(73,926,616)	79,610,458	164,912,718
Net					131,587,627
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					111.56%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					125.33%

Note: The amounts listed above represent the items denominated in NTD for the Bank (exclusive of foreign currency), excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2014

(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	15,628,582	2,424,202	1,008,192	414,297	19,475,273
Interest-rate-sensitive liabilities	10,792,379	6,019,120	1,081,461	108,779	18,001,739
Interest-rate-sensitive gap	4,836,203	(3,594,918)	(73,269)	305,518	1,473,534
Net					4,837,730
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					108.19%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					30.46%

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2013

(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	13,469,448	2,202,331	1,394,510	627,870	17,694,159
Interest-rate-sensitive liabilities	10,547,067	5,903,286	828,344	22,818	17,301,515
Interest-rate-sensitive gap	2,922,381	(3,700,955)	566,166	605,052	392,644
Net					4,418,658
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					102.27%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					8.89%

Explanation:The amounts listed above represent the items denominated in USD for the Bank, excluding contingent assets and contingent liabilities.

Note：

A.Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

B.Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities =Interest-rate-sensitive assets / interest-rate-sensitive liabilities.

C.Interest-rate-sensitive gap = Interest-rate-sensitive assets － interest-rate-sensitive liabilities.

(3)Capital management

In addition, in order to establish evaluation process for capital adequacy and maintain proper self-owned capital structure of each significant subsidiary within the Bank and its subsidiaries, also to develop business and control risk on both sides for better improvement of capital utilization, subsidiaries have established capital management policies to implement the strategies of senior management and the related information shall be disclosed or reported accordingly.

The management objectives and procedures for capital management of the significant subsidiaries within the Bank and its subsidiaries are as follows:

A.Objective of capital management

(A) To ensure that the Bank and its subsidiaries comply with regulations governing capital adequacy and minimum requirements set up by competent authorities of each industry. To comply with statutory minimum requirement of eligible capital, and statutory minimum self-owned capital and risk assets ratio as shown in “Regulations Governing the Capital Adequacy and Capital Category of Banks” of competent authority.

(B)In response to the capital required from each subsidiary’s operation plan, and to make them have sufficient capital for various risks derived from capital demand, capital allocation is distributed under a goal of utilization of capital arrangement. To attain capital requirement for the business plan, to have sufficient capital for acceptance of various risks including credit risk, market risk, and operating risk, and to manage risk through capital allocation to realize risk-adjusted performance management and optimal capital allocation.

(C) To have sufficient capital in response to possible losses in stress scenario while performing regular stress testing in accordance with relevant regulations by competent authority.

B.Capital management procedures

The Board of Directors of the Bank is the highest authority of the Bank and its subsidiaries. The responsible segments of significant banking, securities and life insurance subsidiaries and others should effectively identify, evaluate, monitor and control market risk, credit risk, operating risk, banking book interest risk, liquidity risk as set up by competent authorities and comply with legal and compliance risk regulations with an attempt to reflect evaluation on the minimum capital required. The Bank also sets up separately a team for capital planning and holds a meeting to ensure the implementation of the Board’s capital strategies on a regular basis in respect of capital managing objectives, fund gap, responding measures that could impose an effect on risk assets or qualifying self-owned capital and so on.

Major procedures of evaluation on capital included:

(A) Before the start of each fiscal year, the Bank follows the business plan to set up capital adequacy ratio target in compliance with relevant regulations. The target will be implemented upon approval of the Board of Directors.

(B) To assess capital requirements for various key risks according to the capital adequacy ratio target on a monthly basis.

(C) To perform regular stress testing in order to assess whether current capital and provisions that have been made are sufficient to cope with possible losses in stress scenario.

(D) Besides, to estimate impact on self-owned capital, risk-weighted assets, and capital adequacy ratio target based on significant capital utilization, changes in market and business, and plans such as capital increase/reduction or bonds issuance in order to take countermeasures timely.

C. <u>Capital adequacy ratio</u>

Combined capital adequacy ratio

UNIT：In thousands of NT Dollars, %

Items			December 31, 2014	December 31, 2013
Self-owned capital	Tier 1 Capital of common equity		$ 134,228,671	$ 117,270,376
	Other Tier 1 Capital		410,115	-
	Tier 2 Capital		39,640,429	38,173,222
	Self-owned capital		174,279,215	155,443,598
Total risk - weighted assets	Credit risk	Standardized Approach	1,384,208,051	1,308,082,229
		Internal Ratings-Based Approach	-	-
		Asset securitization	318,081	344,610
	Operation risk	Basic Indicator Approach	-	-
		Standardized Approach / Alternative Standardized Approach	64,201,400	58,947,689
		Advanced Measurement Approaches	-	-
	Market risk	Standardized Approach	26,628,675	35,305,238
		Internal Models Approach	-	-
	Total risk-weighted assets		1,475,356,207	1,402,679,766
Capital adequacy ratio (Note 2)			11.81%	11.08%
Total risk assets based Tier 1 Capital of Common equity, net Ratio			9.10%	8.36%
Total risk assets based Tier 1 Capital, net Ratio			9.13%	8.36%
Leverage ratio			4.19%	3.69%

Note 1: The self-owned capital, risk-weighted assets and exposures amount in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy Ratio of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

(1) Self-owned capital = Tier 1 Capital of Common equity＋ Other Tier 1 Capital＋ Tier 2 Capital。

(2) Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5

(3) Capital adequacy ratio = Self-owned capital / Total risk-weighted assets

(4) Total risk assets based Tier 1 Capital of Common equity Ratio＝ Tier 1 Capital of Common equity / Total risk-weighted assets

(5) Total risk assets based Tier 1 Capital Ratio＝(Tier 1 Capital of Common equity + Other Tier 1 Capital) / Total risk-weighted assets

(6) Gearing ratio = Tier 1 capital/ exposures amount

(4) Profitability

Units：%

Items		For the years ended December 31, 2014	2013
Return on total assets (%)	Before tax	0.71	0.59
	After tax	0.59	0.50
Return on stockholders' equity (%)	Before tax	11.24	9.95
	After tax	9.40	8.35
Net profit margin ratio (%)		35.01	31.87

Note 1: Return on total assets = Income before (after) income tax/average total assets.
Note 2: Return on stockholders' equity = Income before (after) income tax / average stockholders' equity.
Note 3: Net profit margin ratio = Income after income tax / total operating revenues.
Note 4: The term "Income before (after) income tax" represents net income from January 1 to the balance sheet date of the reporting period.

(5) Content and amount of investment trust business in accordance with Trust Enterprise Act

UNIT: In thousands of NT Dollars

Balance Sheet of Trust Accounts

Trust assets	December 31, 2014	December 31, 2013
Bank deposits	$ 11,186,194	$ 9,995,624
Bonds	49,252,352	81,493,188
Stocks	91,152,688	94,374,375
Mutual funds	206,060,965	200,142,057
Real estate	15,533,438	11,431,026
Net assets under collective management accounts	448,365	546,485
Net assets under individual management accounts	13,880	14,161
Customers' securities under custody	333,293,082	337,787,214
Total	$ 706,940,964	$ 735,784,130
Trust liabilities		
Payables-customers securities under custody	$ 333,293,082	$ 337,787,214
Payables	44	-
Trust capital	373,519,274	397,864,708
Accumulated profit or loss	128,564	132,208
Total	$ 706,940,964	$ 735,784,130

Amount shown in account books including "Use-specified foreign currency fiduciary funds invest international securities" and "Use-specified foreign currency fiduciary funds invest domestic securities" of Offshore Banking Unit are $3,373,399 and $35,736, respectively, on December 31,2014.

UNIT: In thousands of NT Dollars

Property List of Trust Accounts

Investment items	December 31, 2014	December 31, 2013
Bank deposits	$ 11,186,194	$ 9,995,624
Bonds	49,252,352	81,493,188
Stocks	91,152,688	94,374,375
Mutual funds	206,060,965	200,142,057
Real estate	15,533,438	11,431,026
Net assets under collective management accounts	448,365	546,485
Net assets under individual management accounts	13,880	14,161
Customers' securities under custody	333,293,082	337,787,214
Total	$ 706,940,964	$ 735,784,130

UNIT: In thousands of NT Dollars

Income Statement of Trust Accounts	For the years ended December 31	
Trust revenues	2014	2013
Interest income	$ 4,580,483	$ 3,914,013
Dividend income	3,714	899
Realized gain on bonds	29,932	608,981
Realized gain on stocks	1,480	1,168
Realized gain on mutual funds	4,287,897	3,931,526
Gain on translation	839	647
Total trust revenues	8,904,345	8,457,234
Trust expenses		
Management fee	(2,102)	(1,804)
Other expense	(36)	-
Service fee	(935)	(759)
Realized loss on bonds	(153,482)	(323,437)
Realized loss on stocks	(209)	(5,172)
Realized loss on mutual funds	(2,818,601)	(3,269,092)
Gain on translation	(2,081)	(1,477)
Total trust expenses	(2,977,446)	(3,601,741)
Net gain before tax	5,926,899	4,855,493
Income tax expense	(60)	-
Net gain after tax	$ 5,926,839	$ 4,855,493

The investing domestic and international beneficiary certificate income distribution would be brought into interest income from 2014, and retroactively adjust 2013.

(6) Information with respect to the transferring of financial assets and extinguishing of liabilities: None.

(7) Adjustment of key organization and significant change in regulatory system: None.

(8) Significant impact arising from changes in government laws and regulations: None.

(9) Information with respect to the subsidiary holding the capital stock of parent company: None.

(10) Information for private placement securities: Please refer to Note 6(23).

(11) Information for discontinued operations: None.

(12) Major operating assets or liabilities transferred from (or to) other financial institutions: None.

(13) Information of the Bank and its subsidiaries' engagement in co-marketing:

The Bank has entered into cross-selling marketing contracts with First-Aviva Life Insurance Co., Ltd., First Securities Inc., First Venture Capital Co., Ltd., First Financial Management Consulting Co., Ltd., First Financial Asset Management Co., Ltd., First P&C Insurance Agency Co., Ltd., FCB Leasing Co., Ltd. and First Insurance Agency Co., Ltd. The contracts are effective from the respective contract dates but are not allowed to be terminated except with the written consent of FFHC. The contracts cover joint usage of operation sites and facilities as well as cross-selling marketing personnel. Expenses arising from joint usage of operation sites and facilities are allocated in accordance with separate agreements of the contracting parties. Remuneration apportionment and expenses allocation for cross-selling marketing personnel follow the provisions under the “First Financial Group Scope of Cross-selling Marketing and Rules for Reward”.

The Bank has entered into separate cooperative promotional or cross-selling marketing contracts with First P&C Insurance Agency Co., Ltd. and First Insurance Agency Co., Ltd. to provide solicitation, introduction and services on specific insurance products. Commission agreements are signed in accordance with the terms of the contracts for the paying or receiving of commissions and the calculation of related remunerations.

The Bank has entered into cooperative contracts with First Financial Holding Co., Ltd., First-Aviva Life Insurance Co., Ltd., First Financial Asset Management Co., Ltd., First P&C Insurance Agency Co., Ltd. and First Insurance Agency Co., Ltd. for the joint usage of information equipment and the planning, development, implementation, operation, maintenance and management of information systems. Calculation methodologies for remuneration apportionment and expenses allocation have also been established.

13.Supplementary disclosures

(1) Information regarding significant transactions

A. Cumulative purchases or sales of the same investee’s capital stock over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2014:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

Type and name of marketable securities	General ledger account	Counterparty (Note 1)	Relationship with the investor (Note 1)	Balance as at January 1, 2014		Additions (Note 2)		Balance as at December 31, 2014	
				Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount
Stock	Investments accounted for under the equity method	FCB Leasing Co., Ltd.	Subsidiary	100,000	$ 1,000,000	200,000	$ 2,000,000	300,000	$ 3,000,000

Note 1：Marketable securities that are accounted for under the equity method.

Note 2：Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 10% of paid-in capital.

B. Acquisition of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2014: None.

C. Disposal of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2014: None.

D. Handling fee discounts for transactions with related parties over the amount of NT $5 million dollars as of December 31, 2014: None.

E. Receivables from related parties over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2014:

Company book in current tax assets	Counterparty	Relationship	Amount of related party accounts receivable	Turnover Rate	Non-performing account receivable of relater party		Accounts receivable of related party recovered	Allowance for doubtful account
					Amount	Disposal		
FCB	FFHC	Parent company	$ 1,848,953	-	-	-	-	-

F. Information regarding non-performing loans of subsidiaries:

(A) Summary of selling non-performing loans as of December 31, 2014:

(Expressed In Thousands of New Taiwan Dollars)

Transaction date (Date of contract)	Counterparty	Composition of creditor's right	Book value(Note)	Sale price	Gain (loss) on disposal	Additional terms	Relationship between counterparty and FCB
2014.1.10	SC Lowy Primary Investments,Ltd	Loans and Derivative financial instruments	$ 1,711,406	$ 1,653,922	($ 57,484)	None	None
2014.1.13	Deutsche Bank AG London Branch	Loans	153,821	201,274	47,453	None	None
2014.1.14	JP Morgan Chase Bank N.A.	Loans	611,711	683,077	71,366	None	None
2014.4.3	Deutsche Bank AG London Branch	Debt investments without active market	101,884	126,718	24,834	None	None
2014.5.19	Credit Suisee Securities(Europe)Limited	Debt investments without active market	45,293	89,891	44,598	None	None
2014.5.19	Credit Suisee Securities(Europe)Limited	Debt investments without active market	45,293	89,891	44,598	None	None
2014.12.3	Bank of America Merrill Lynch	Financial bonds	45,189	86,764	41,575	None	None

Note: The carrying amount is the balance of the original loan amount after deduction of allowance for doubtful debts

(B) Sale of non-performing loans for which the amount exceeded NT$1 billion (excluding sale to related parties) as of December 31, 2014:

Transaction object: SC Lowy Primary Investments,Ltd

Disposal date：January 10, 2014

Composition of Debt		Debt amount(Note 1)	Book value	Allocation of selling price(Note 2)
Corporations	Secured	$ 2,335,035	$ 1,366,902	$ 1,653,922
	Unsecured	344,504	344,504	-
Total		2,679,539	1,711,406	1,653,922

Transaction object: ：JP Morgan Chase Bank N.A.

Disposal date：January 14, 2014

Composition of Debt		Debt amount(Note 1)	Book value	Allocation of selling price (Note 2)
Corporations	Secured	$ 1,046,016	$ 611,711	$ 683,077
	Unsecured	-	-	-
Total		1,046,016	611,711	683,077

Note 1: The debt amount is amount that a buyer may claim from the creditor, including the sum of balance of disposal on non-performing loan (the carrying amount before the deduction of allowance for doubtful debts) and written-off bad debt.

Note 2: Allocation of selling price refers to the price allocation after the evaluation of recoverable amount for various loans when the bank disposes loans.

G. Securitization products, including its related information, applied by subsidiaries in compliance with the "Financial Asset Securitization Act" or "Real Estate Securitization Act" as of December 31 , 2014 : None.

H. Significant transactions between parent company and subsidiaries for the year ended December 31, 2014:

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	FCB	First Commercial Bank (USA)	1	Due to overseas bank	$ 420	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank (USA)	1	Deposits of overseas bank	41,299	〃	0.00%
1	First Commercial Bank (USA)	FCB	2	Due to overseas bank	41,299	〃	0.00%
1	First Commercial Bank (USA)	FCB	2	Deposits of overseas bank	420	〃	0.00%
0	FCB	FCBL	1	Deposits and remittances	46,487	〃	0.00%
0	FCB	FCBL	1	Receivables	78	〃	0.00%
0	FCB	FCBL	1	Payables	2	〃	0.00%
0	FCB	FCBL	1	Loan discounted - net	170,000	〃	0.01%
0	FCB	FCBL	1	Other liabilities	1	〃	0.00%
0	FCB	FCBL	1	Interest income	5,485	〃	0.01%
0	FCB	FCBL	1	Net other non-interest income	3,657	〃	0.01%
0	FCB	FCBL	1	Interest expense	208	〃	0.00%
0	FCB	FCBL	1	Business and administrative expense	6,683	〃	0.02%
0	FCB	FCBL	1	Net commission income	613	〃	0.00%

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
2	FCBL	FCB	2	Cash and cash equivalents	46,487	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Payables	78	〃	0.00%
2	FCBL	FCB	2	Receivables	2	〃	0.00%
2	FCBL	FCB	2	Other financial liabilities	170,000	〃	0.01%
2	FCBL	FCB	2	Other assets	1	〃	0.00%
2	FCBL	FCB	2	Business and administrative expense	4,270	〃	0.01%
2	FCBL	FCB	2	Interest expense	5,485	〃	0.01%
2	FCBL	FCB	2	Interest income	208	〃	0.00%
2	FCBL	FCB	2	Net other non-interest income	6,683	〃	0.02%
0	FCB	FIA	1	Deposits and remittances	301,378	〃	0.01%
0	FCB	FIA	1	Receivables	156,680	〃	0.01%
0	FCB	FIA	1	Payables	62	〃	0.00%
0	FCB	FIA	1	Other liabilities	1	〃	0.00%
0	FCB	FIA	1	Net other non-interest income	4,233	〃	0.01%
0	FCB	FIA	1	Interest expense	1,409	〃	0.00%
0	FCB	FIA	1	Net commission income	1,249,086	〃	3.27%
3	FIA	FCB	2	Cash and cash equivalents	301,378	〃	0.01%
3	FIA	FCB	2	Payables	156,680	〃	0.01%
3	FIA	FCB	2	Receivables	62	〃	0.00%
3	FIA	FCB	2	Other assets	1	〃	0.00%
3	FIA	FCB	2	Business and administrative expense	4,443	〃	0.01%
3	FIA	FCB	2	Interest income	1,409	〃	0.00%
3	FIA	FCB	2	Net commission income	1,248,876	〃	3.27%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

(3)Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

I. Other significant transactions that may affect the decisions made by financial statement users as of December 31, 2014: None.

(2) Information regarding reinvested business

A. Funds lent to others:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014	Balance at December 31, 2014	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	FCB Leasing Co., Ltd.	Pan Pacific Asset Property Management Co., Ltd.	Other receivables	N	$ 26,000	$ -	$ -	4.96%	2	-	Operation turnover	-	Real estate setting	$ 60,000	$ 987,950	$ 1,317,267
2	FCB Leasing Co. Ltd.	Pantech Construction Co., Ltd.	Other receivables	N	102,000	90,000	90,000	4.96%	2	-	Operation turnover	-	Real estate setting	144,000	987,950	1,317,267
3	FCB Leasing Co. Ltd.	Punggi Construction Co., Ltd.	Other receivables	N	64,050	59,850	59,850	3.75%	2	-	Operation turnover	-	Real estate setting	120,000	987,950	1,317,267
4	FCB Leasing Co. Ltd.	Ai Kuai International, Inc.	Other receivables	N	50,000	50,000	43,493	5.53%	2	-	Operation turnover	-	Stock	55,000	987,950	1,317,267

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014	Balance at December 31, 2014	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
5	FCB Leasing Co. Ltd.	Ai Kuai International, Inc.	Other receivables	N	23,832	8,832	8,832	4.75%	2	-	Operation turnover	-	Deposit	1,500	987,950	1,317,267
6	FCB Leasing Co. Ltd.	I-Mei Multimedia e-Content Production & Marketing Co., Ltd.	Other receivables	N	20,810	8,652	8,652	6.80%	2	-	Operation turnover	-	Deposit	2,600	987,950	1,317,267
7	FCB Leasing Co. Ltd.	Pan Feng International Co., Ltd.	Other receivables	N	15,000	6,333	6,333	6.43%	2	-	Operation turnover	-	Deposit	1,500	987,950	1,317,267
8	FCB Leasing Co. Ltd.	MJ Life Enterprises Ltd.	Other receivables	N	10,967	869	869	7.30%	2	-	Operation turnover	-	Deposit	2,250	987,950	1,317,267
9	FCB Leasing Co. Ltd.	San Wen Co., Ltd.	Other receivables	N	13,380	3,698	3,698	5.80%	2	-	Operation turnover	-	Deposit	1,500	987,950	1,317,267
10	FCB Leasing Co. Ltd.	Futek Alloy Co., Ltd.	Other receivables	N	10,000	4,537	4,537	6.30%	2	-	Operation turnover	-	Real estate setting	12,000	987,950	1,317,267
11	FCB Leasing Co. Ltd.	HANKY Co., Ltd.	Other receivables	N	300,000	295,985	295,985	4.18%	2	-	Operation turnover	-	Real estate setting	240,000	987,950	1,317,267
12	FCB Leasing Co. Ltd.	Yuans of biological Science Technologies Co., Ltd. of hall	Other receivables	N	11,377	3,921	3,921	8.11%	2	-	Operation turnover	-	Real estate setting	14,400	987,950	1,317,267
13	FCB Leasing Co. Ltd.	Taiwan Newleader Co., Ltd.	Other receivables	N	8,000	7,353	7,353	7.40%	2	-	Operation turnover	-	Tickets	4,018	987,950	1,317,267
14	FCB Leasing Co. Ltd.	Reserve for guarantees-Han Kuan Fruit & Vegetable Production Cooperative in Yunlin County, Taiwan	Other receivables	N	8,813	3,872	3,872	6.72%	2	-	Operation turnover	-	Personal property secured	12,000	987,950	1,317,267
15	FCB Leasing Co. Ltd.	Compass guarantee responsibility Changhua County Cooperative Farm	Other receivables	N	10,000	8,980	8,980	7.20%	2	-	Operation turnover	-	Personal property secured	12,000	987,950	1,317,267
16	FCB Leasing Co. Ltd.	Xuantai Food Co., Ltd.	Other receivables	N	12,000	10,582	10,582	7.35%	2	-	Operation turnover	-	Deposit	1,200	987,950	1,317,267
17	FCB Leasing Co. Ltd.	Newera Art Co., Ltd.	Other receivables	N	10,000	9,134	9,134	8.11%	1	10,000	Operation turnover	-	Real estate setting	14,000	329,317	1,317,267
18	FCB Leasing	Arch-world Co., Ltd.	Other	N	150,000	143,600	73,600	4.50%	1	237,000	Operation	-	Real estate	180,000	329,317	1,317,267

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2014	Balance at December 31, 2014	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
	Co. Ltd.		receivables								turnover		setting			

Note: 1. The amount of loans for individual companies due to business transactions shall not exceed 10% net asset value of FCBL's latest financial statements. The total amount of loans for individual companies due to business transactions shall not exceed 40% net value of FCBL's latest financial statements.

2. With regard to short-term financing capital borrowers who did not have business transactions with FCB Leasing, the amount of loans for individual companies due to business transactions shall not exceed 30% net asset value of FCBL's latest financial statements. For those who have the demand for short-term financing capital, the total amount of loans shall not exceed 40% net asset value of FCBL's latest financial statements. If the borrower is FCBL's subsidiary, the amount of loans shall not exceed 40% net asset value of FCBL's latest financial statements.

3. The total amount of FCBL shall not exceed 40% net asset value of its latest financial statements.

B. Endorsements and guarantees provided for others:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

No.	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum balance accumulated as of the month	Ending balance of endorsement and guarantee	Actually used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statements	Maximum limit	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Name of company	Relationship										
1	FCB Leasing Co., Ltd.	FCBL Capital International (B.V.I) Ltd.	Subsidiary	$9,879,504	$2,541,518	$2,406,920	$427,862	None	73.09%	$32,931,680	N	N	N
2	FCB Leasing Co., Ltd.	FCB International Leasing Ltd.	Sub-Subsidiary	9,879,504	2,851,890	2,693,540	1,694,345	None	81.79%	32,931,680	N	N	Y

Note 1:Depending on the endorsement and guarantee procedures, the total amount shall not exceed the net value of the latest audited financial statements.

C. Securities held at the end of period:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

(Expressed In Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

Investor	Name Of Investee And Type Of Securities		Relationship	Account	Shares / Units (in thousands)	Book value	Ownership Percentage (%)	Market Value (Note 1)	Note
FCBL	FCBL Capital International (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	60,500	2,069,133	100.00%	2,069,133	2
FCBL Capital International (B.V.I) Ltd	FCB International Leasing Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD 30,000 thousand	891,114	100.00%	891,114	2
FCBL Capital International (B.V.I) Ltd	FCB Leasing (Xiamen) Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD 30,000 thousand	946,653	100.00%	946,653	2

Note 1：No transactions in active market, no clear market price.

Note 2：Long-term investments in the above table remain free of pledge or guarantee..

D. Cumulative purchases or sales of the marketable securities up to NT$300 million or over 10% of the issued capital stock:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Name of investor	Name of investee	Address	Major operating activities	Initial investment amount		Shares held as at December 31, 2014			Net profit (loss) of the investee for the year ended December 31, 2014	Investment income (loss) recognized by the Company for current period
				Balance as at December 31, 2014	Balance as at December 31, 2013	Number of shares (in thousands)	Rate	Book value		
FCBL	FCBL Capital International (B.V.I) Ltd	6F,94,Chung Hsiao E. Road., Sec.2, Taipei, Taiwan	Note	$ 1,791,218 (USD60,050)	$ 582,404 (USD20,500)	60,050	100%	$2,069,133	($100,556)	($100,556)
FCBL Capital International (B.V.I) Ltd	FCB International Leasing Ltd.	Rm. 1008, Jianwu Building, No. 188, Wangdun Rd., Suzhou,	Note	886,103 (USD30,000)	580,784 (USD20,000)	USD 30,000 thousand	100%	891,114	(157,660)	(157,660)
FCBL Capital International (B.V.I) Ltd	FCB Leasing (Xiamen) Ltd.	20-21F., Huli Building, Wuyuanwan Business Operations Center, Huli District, Xiamen City	Note	903,495 (USD30,000)	-	USD 30,000 thousand	100%	946,653	4,206	4,206

Note: Leasing business, investment consulting services, and business management consulting services

E. Information of derivative instrument transactions: None.

F. Information regarding reinvested business and consolidated stock holdings:

Name of investee company (Note1)	Address	Major operating activities	Percentage of ownership (%) at the end of current period	Carrying value of investment	Investment income (loss) recognized by the Company for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties (Note 1)			
						Number of owned shares (in thousands)	Number of pro forma shares (Note 2)	Total: Number of shares (in thousands)	Total: Percentage of ownership (%)
FIRST COMMERCIAL BANK(USA)	200 East Main Street, Alhambra, CA91801, USA	Note 3	100	3,315,397	139,770	7,000	-	7,000	100
FCBL	6F, 94,ChungHsiaoE.Road., Sec. 2, Taipei, Taiwan	Note 4	100	3,328,321	12,141	300,000	-	300,000	100
FIA	9F, 30, Chung-King S. Road, Sec. 1, Taipei, Taiwan	Note 5	100	275,008	165,333	5,000	-	5,000	100
EAREM	9F, 94,ChungHsiaoE.Road., Sec.2, Taipei, Taiwan	Note 6	30	2,926	-	1,500	-	1,500	30
FCBL Capital International (B.V.I) Ltd.	6F, 94,ChungHsiaoE.Road, Sec. 2, Taipei, Taiwan	Note 4	100	2,069,133	-	60,050	-	60,050	100
FCB International Leasing Ltd.	Rm. 1008, Jianwu Building, No. 188, Wangdun Rd., Suzhou, China	Note 4	100	891,114	-	USD 30,000 thousand	-	USD 30,000 thousand	100
FCB Leasing (Xiamen) Ltd.	20-21F., Huli Building, Wuyuanwan Business Operations Center, Huli District, Xiamen City	Note 4	100	946,653	-	USD 30,000 thousand	-	USD 30,000 thousand	100

Note 1:All the owned shares and pro forma shares of investee company held by the Bank, directors, supervisors, president, executive vice presidents, and its related parties defined under the R.O.C. Company Law shall be included.

Note 2:

(1) Pro forma shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed linked to Investee Company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 74 of the R.O.C. Company Law.

(2) The equity securities mentioned above are referred to as those securities under the provision of Article 11, Item 1 of the bylaws to the R.O.C. Securities and Exchange Law, for example, convertible bond and warrant.

(3) The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IAS39, for example, stock option.

Note 3: Banking industry.

Note 4: Leasing, investment consulting, and business consulting.

Note 5: Insurance industry.

Note 6: Consulting and contract certification of construction proposal.

(3) Investments in People's Republic of China

A. The Bank's investments in Shanghai branch for the year ended December 31, 2014 were as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
First Commercial Bank Shanghai Branch	Banking businesses approved by local government	$ 4,676,508 (USD 157,440)	(1)	$ 4,676,508 (USD 157,440)	$ -	-	$ 4,676,508 (USD 157,440)	$ 338,271	N/A	$ 338,271 (2)A

Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Investments in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,634,695	-	$ 4,676,508 (USD 157,440)	$ 4,676,508 (USD 157,440)	$ 91,926,551

B. The Bank’s investments in Chengdu branch for the year ended December 31, 2014 were as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
First Commercial Bank Chengdu Branch	Banking businesses approved by local government	$ 4,896,697 (USD 162,269)	(1)	$ -	$ 4,896,697 (USD 162,269)	-	$ 4,896,697 (USD 162,269)	$32,021	N/A	$32,021 (2)A

Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Investments in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,171,086	-	$ 4,896,697 (USD 162,269)	$ 4,896,697 (USD 162,269)	$ 91,926,551

C. Investments on FCB International Leasing Ltd. through the Bank's indirect subsidiary, FCBL Capital International (B.V.I.) Ltd., are as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
FCB International Leasing Ltd.	Financial Leasing	$ 886,103 (USD 30,000)	(2)	$ 580,784 (USD 20,000)	$ 305,319 (USD10,000)	-	$ 886,103 (USD 30,000)	($157,660)	100%	($157,660) (2)A

Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Investments in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 891,114	-	$ 886,103 (USD 30,000)	$ 886,103 (USD 30,000)	$ 1,975,901

D. Information on FCB's investment in FCB Leasing (Xiamen) Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I) Ltd. as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
FCB Leasing (Xiamen) Ltd	Financial Leasing	$ 903,495 (USD 30,000)	(2)	$ -	$ 903,495 (USD30,000)	-	$ 903,495 (USD30,000)	$ 4,206	100%	$ 4,206 (2)A

Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014	Accumulated Investments in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 946,653	-	$ 903,495 (USD 30,000)	$ 903,495 (USD 30,000)	$ 1,975,901

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area (FCBL Capital International (B.V.I.) Ltd.), which then invested in the investee in Mainland China.

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Bank for the year ended December 31, 2014' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C..)

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by R.O.C. parent company's CPA.)

C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

14. Disclosure of financial information by segments

(1) General information

The Bank and its subsidiaries's operation segment reports are consistent with the internal reports provided to chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance.

Inter-segmental transactions are arm's length transactions, and gain and loss arising from such transactions are eliminated by the parent company upon the preparation of the consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

The operating segments of the Bank comprise loans, deposits, wealth management, treasury, overseas business (excluding OBU) and other businesses. The operating results are reviewed by the Bank's Board of Directors (CODM) regularly and are referenced when allocating resources and evaluating operating performance. The Bank has 6 major business segments which are based on global market, and there are no changes this year in relation to the components of reportable segment.

The operating results of the Bank's operating segments are from interest income and the Bank's Board of Directors evaluates segment performance based on the net interest income.The operating results have different income items due to different nature of the operating segments, and the Bank and its subsidiaries evaluates segment performance based on the net profit before tax of various segments. Therefore, performance of all reporting segments is presented by the net value of operating net profit less various operating expenses. Income from external clients provided for the CODM to review is measured on the same basis of the statement of comprehensive income.

Adjustments of internal pricing and transfer pricing are reflected in segment performance evaluation. Income from external clients has been allocated based on the regulated allocation standard between segments.

The internal management's operating reports are prepared based on net operating profit, including net interest income, net service fee income, recovered bad debts (provision), and loan impairment loss, net gain (loss) on financial instruments and other operating gain (loss). Measurement basis does not include non-recurring items, e.g. litigation expenses.

Segment information is mainly based on the internal management reports provided by various operating segments to the CODM, including segmental gain (loss), segmental assets, segmental liabilities and other related information.

(2)Information about segment gain (loss), assets and liabilities:

Financial information of the Bank and its subsidiaries by business for the years ended December 31, 2014 and 2013 were as follows:

Unit: NTD thousands

For the year ended December 31, 2014	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 15,866,024	$ 4,161,351	$ -	$ 2,452,166	$ 3,915,033	$ 1,397,100	$ 27,791,674
Net commision income	1,499,078	4,230	3,236,035	(5,202)	699,717	1,174,783	6,608,641
Net gain and loss on financial instruments	35,882	332,349	58,728	2,633,433	101,694	221,491	3,383,577
Other net income	(3,472)	6,430	6,106	3,724	8,956	411,945	433,689
Provision for credit losses	(2,204,001)	-	-	-	(212,049)	(1,517,406)	(3,933,456)
Operating gross margin after provision	$ 15,193,511	$ 4,504,360	$ 3,300,869	$ 5,084,121	$ 4,513,351	$ 1,687,913	34,284,125
Operating expenses							(18,284,896)
Net profit before tax after provision							$ 15,999,229

Unit: NTD thousands

For the year ended December 31, 2013	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 15,155,439	$ 3,570,558	$ 1	$ 1,745,500	$ 3,115,303	$ 1,883,319	$ 25,470,120
Net commision income	1,469,520	4,622	2,608,343	(3,215)	566,532	1,018,855	5,664,657
Net gain and loss on financial instruments	33,080	296,905	45,006	1,435,684	116,815	278,663	2,206,153
Other net income	(3,277)	11,632	2,555	12,348	4,999	27,601	55,858
Provision for credit losses	(2,726,185)	-	-	-	75,058	(1,376,029)	(4,027,156)
Operating gross margin after provision	$ 13,928,577	$ 3,883,717	$ 2,655,905	$ 3,190,317	$ 3,878,707	$ 1,832,409	29,369,632
Operating expenses							(16,680,386)
Net profit before tax after provision							$ 12,689,246

	December 31, 2014						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,356,419,849	$ -	$ 732,381,545	$ 238,564,715	$ 148,616,394	($ 179,239,489)	$ 2,296,743,014
Segment liabilities	4,077,331	1,730,175,889	271,213,005	208,220,293	102,166,338	(172,320,760)	2,143,532,096

	December 31, 2013						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,318,390,173	$ -	$ 675,695,813	$ 203,205,930	$ 122,448,625	($ 113,056,941)	$ 2,206,683,600
Segment liabilities	10,873,017	1,652,919,333	256,745,691	182,609,975	85,004,895	(113,056,938)	2,075,095,973

(3) Geographical information

The Bank and its subsidiaries' geographical information for the years ended December 31, 2014 and 2013 are as follows:

	2014	2013
Taiwan	$ 33,188,733	$ 29,236,915
Asia	3,102,420	2,353,096
North America	1,525,460	1,429,352
Others	400,968	377,425
Total	$ 38,217,581	$ 33,396,788

(4) Information on products

The Bank's information on products is consistent with their segment, please refer to Note 14(2).

(5) Major customer information

No single external customer is deemed significant by its transactions with the Bank generating revenues which accounted for more than 10% of the net profit of the Bank..

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(103)PWCR14000414

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and stockholders of First Commercial Bank

We have audited the accompanying balance sheets of First Commercial Bank, Ltd. (the "Bank") as of December 31, 2014 and 2013, and the related statements of comprehensive income, of changes in equity and cash flows for the years ended December 31, 2014 and 2013. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of First Commercial Bank, Ltd. as of December 31, 2014 and 2013, and their financial performance and its cash flows for the years ended December 31, 2014 and 2013 in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and "Regulations Governing the Preparation of Financial Reports by Securities Firms".

PricewaterhouseCoopers, Taiwan

February 26, 2015

The accompanying financial statements are not intended to present the financial position and results of operations and of cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

First Commercial Bank, Ltd.
Balance Sheets
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	December 31, 2014		December 31, 2013	
ASSETS	Amount	%	Amount	%
Cash and cash equivalents	$ 59,411,418	3	$ 52,387,493	2
Due from the Central Bank and call loans to banks	176,619,889	8	158,990,690	7
Financial assets at fair value through profit or loss	50,114,468	2	41,551,918	2
Receivables, net	50,202,758	2	54,367,660	3
Current tax assets	2,420,475	-	2,633,664	-
Loans discounted, net	1,487,013,101	65	1,422,151,000	65
Available-for-sale financial assets	77,463,047	3	85,244,237	4
Held-to-maturity financial assets	307,529,119	14	304,053,858	14
Investments accounted for using equity method, net	6,921,652	-	4,560,836	-
Other financial assets, net	25,636,828	1	28,230,177	1
Property and equipment, net	27,528,019	1	27,709,269	1
Investment property, net	6,429,494	1	5,848,151	1
Intangible assets, net	381,417	-	286,389	-
Deferred income tax assets, net	1,381,797	-	1,384,874	-
Other assets, net	893,667	-	1,059,493	-
Total Assets	$ 2,279,947,149	100	$ 2,190,459,709	100

(Continued)

First Commercial Bank, Ltd.
Balance Sheets
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	December 31, 2014		December 31, 2013	
LIABILITIES AND EQUITY	Amount	%	Amount	%
LIABILITIES				
Deposits from the Central Bank and banks	$ 125,462,454	5	$ 141,376,177	6
Due to the Central Bank and banks	80,968	-	69,243	-
Financial liabilities at fair value through profit or loss	23,464,824	1	14,906,202	1
Derivative financial liabilities for hedging	-	-	7,973	-
Notes and bonds issued under repurchase agreements	4,922,050	-	10,966,322	1
Payables	62,188,524	3	56,180,601	3
Current tax liabilities	2,187,360	-	2,419,451	-
Deposits and remittances	1,815,526,003	80	1,723,640,108	79
Bank notes payable	34,900,000	2	42,700,000	2
Other financial liabilities	43,466,110	2	52,821,627	2
Provisions	5,727,436	-	5,631,201	-
Deferred tax liabilities	5,713,268	-	5,713,261	-
Other liabilities	3,097,234	-	2,439,916	-
Total Liabilities	2,126,736,231	93	2,058,872,082	94
EQUITY				
Common stock	75,859,000	4	66,351,000	3
Capital surplus	22,669,729	1	19,669,729	1
Retained earnings				
Legal reserve	27,039,492	1	23,846,074	1
Special reserve	4,077,121	-	4,077,121	-
Unappropriated earnings	16,534,049	1	13,836,749	1
Other equity interest	7,031,527	-	3,806,954	-
Total Equity	153,210,918	7	131,587,627	6
Total Liabilities and Equity	$ 2,279,947,149	100	$ 2,190,459,709	100

First Commercial Bank, Ltd.
Statements of Comprehensive Income
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	For the years ended December 31				
	2014		2013		Change
	Amount	%	Amount	%	Percentage
Interest income	$ 41,472,499	110	$ 36,776,302	112	13
Less: Interest expense	(14,334,673)	(38)	(11,910,850)	(36)	20
Net interest income	27,137,826	72	24,865,452	76	9
Net income except interest					
Net service fee income	6,189,642	17	5,397,211	16	15
Gains on financial assets or liabilities measured at fair value through profit or loss	1,297,683	4	636,805	2	104
Realized gains on available-for-sale financial assets	159,893	-	195,448	1	(18)
Reversal of impairment loss on assets	59,474	-	882	-	6643
Share of profit of associates and joint ventures accounted for using equity method	317,244	1	331,649	1	(4)
Foreign exchange gains	2,029,901	5	1,311,460	4	55
Net other non-interest income	327,853	1	37,576	-	773
Net income	37,519,516	100	32,776,483	100	14
Bad debt expenses and guarantee liability provisions	(3,920,704)	(11)	(3,922,121)	(12)	-
Operating expenses					
Employee benefits expenses	(11,836,363)	(32)	(11,124,245)	(34)	6
Depreciation and amortization expenses	(857,375)	(2)	(772,211)	(3)	11
Other general and administrative expenses	(5,043,279)	(13)	(4,373,484)	(13)	15
Income from continuing operations before income tax	15,861,795	42	12,584,422	38	26
Tax expense	(2,480,644)	(6)	(1,939,695)	(6)	28
Profit	13,381,151	36	10,644,727	32	26

(Continued)

First Commercial Bank, Ltd.
Statements of Comprehensive Income
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	For the years ended December 31				
	2014		2013		Change
	Amount	%	Amount	%	Percentage
Other comprehensive income					
Exchange differences on translation	$ 2,341,315	6	$ 606,197	2	286
Unrealized gains (losses) on valuation of available-for-sale financial assets	578,722	1	391,157	1	48
Share of other comprehensive income of associates and joint ventures accounted for using equity method	304,536	1	111,224	1	174
Actuarial gains (losses) on defined benefit plans	21,165	-	67,982	-	(69)
Income tax related to components of other comprehensive income	(3,598)	-	(11,557)	-	(69)
Other comprehensive income, net of tax	3,242,140	8	1,165,003	4	178
Total comprehensive income	$ 16,623,291	44	$ 11,809,730	36	41
Earnings per share (In NT dollars)					
Basic and diluted earnings per share	$ 1.81		$ 1.44		

First Commercial Bank, Ltd.
Statements of Changes In Equity
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

			Retained Earnings			Other Equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gains or losses on available-for-sale financial assets	Total
For the year ended December 31, 2013								
Balance at January 1, 2013	$ 62,720,000	$ 19,669,729	$ 20,733,624	$ 4,077,121	$ 13,510,431	($ 951,717)	$ 3,650,093	$ 123,409,281
Earnings distribution for 2012 (Note)								
Legal reserve	-	-	3,112,450	-	(3,112,450)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(3,631,384)	-	-	(3,631,384)
Stock dividends of ordinary shares	3,631,000	-	-	-	(3,631,000)	-	-	-
Net income for the period	-	-	-	-	10,644,727	-	-	10,644,727
Other comprehensive income for the period	-	-	-	-	56,425	717,458	391,120	1,165,003
Balance at December 31, 2013	$ 66,351,000	$ 19,669,729	$ 23,846,074	$ 4,077,121	$ 13,836,749	($ 234,259)	$ 4,041,213	$ 131,587,627
For the year ended December 31, 2014								
Balance at January 1, 2014	$ 66,351,000	$ 19,669,729	$ 23,846,074	$ 4,077,121	$ 13,836,749	($ 234,259)	$ 4,041,213	$ 131,587,627
Earnings distribution for 2013 (Note)								
Legal reserve	-	-	3,193,418	-	(3,193,418)	-	-	-
Stock dividends of ordinary shares	7,508,000	-	-	-	(7,508,000)	-	-	-
Net income for the period	-	-	-	-	13,381,151	-	-	13,381,151
Other comprehensive income for the period	-	-	-	-	17,567	2,643,568	581,005	3,242,140
Capital Increase by Cash	2,000,000	3,000,000	-	-	-	-	-	5,000,000
Balance at December 31, 2014	$ 75,859,000	$ 22,669,729	$ 27,039,492	$ 4,077,121	$ 16,534,049	$ 2,409,309	$ 4,622,218	$ 153,210,918

Notes : For the years ended December 31, 2013 and 2012, the employee bonuses $571,956 and $ $581,111, respectively, were deducted from the comprehensive income.

First Commercial Bank, Ltd.
Statements of Cash Flows
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before tax	$ 15,861,795	$ 12,584,422
Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities		
Income and expenses having no effect on cash flows		
Provision for bad debt expense	6,161,163	7,090,399
Depreciation of investment property	1,469	1,241
Depreciation of property and equipment	671,405	639,763
Amortization expense	184,501	132,448
Interest income	(41,472,499)	(36,776,302)
Interest expense	14,334,673	11,910,850
Dividend income	(509,184)	(241,617)
Share of loss of associates accounted for using equity method	(317,244)	(331,649)
Loss from abandonment of plant and equipment	2,209	3,995
Reversal of impairment gain on assets	(59,474)	(882)
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(2,548,291)	(2,742,552)
Increase in financial assets at fair value through profit or loss	(8,562,550)	(27,395,856)
Decrease (increase) in receivables	4,578,445	(3,361,353)
(Increase) decrease in discounted and loans	(70,971,402)	234,804
Decrease (increase) in available-for-sale financial assets	8,359,912	(14,417,112)
Increase in held-to-maturity financial assets	(3,475,261)	(27,927,712)
Decrease (increase) in other financial assets	2,645,558	(23,105,640)
Changes in operating liabilities		
Decrease in deposits from the Central Bank and banks	(15,913,732)	(11,805,920)
Increase (decrease) in financial liabilities at fair value through profit or loss	8,558,622	(6,861,716)
Decrease in derivative financial liabilities for hedging	(7,973)	(36,611)
Increase (decrease) in payables	5,927,813	(2,932,038)
Increase in deposits and remittances	91,885,895	110,332,374
(Decrease) increase in other financial liabilities	(9,355,517)	26,329,421
Decrease in provisions	(119,757)	(117,000)
Increase in other liabilities	657,318	29,138
Cash flows provided by operations	6,517,903	11,234,895
Interest received	41,093,579	36,373,688
Interest paid	(14,254,563)	(11,881,771)
Dividend received `	509,184	241,617
Dividend received (for using equity method)	260,964	243,486
Income tax paid	(2,500,060)	(1,578,414)
Net cash flows provided by operating activities	31,627,007	34,633,501

(Continued)

First Commercial Bank, Ltd.
Statements of Cash Flows
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments using the equity method	($ 2,000,000)	$ -
Acquisition of investment property	(484)	-
Acquisition of property and equipment	(1,071,277)	(1,206,167)
Increase intangible assets	(279,906)	(171,063)
Decrease in other assets	173,074	92,199
Net cash flows used in investing activities	(3,178,593)	(1,285,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and banks	11,725	(8,908)
(Decrease) increase in securities sold under repurchase agreements	(6,044,272)	7,889,092
Decrease in financial bonds payable	(7,800,000)	-
Distribution of cash dividends	-	(3,631,384)
Capital Increase by Cash	5,000,000	-
Net cash flows (used in) provided by financing activities	(8,832,547)	4,248,800
Effect of exchange rate changes on cash and cash equivalents	2,488,966	650,858
Net increase in cash and cash equivalents	22,104,833	38,248,128
Cash and cash equivalents at beginning of period	165,969,964	127,721,836
Cash and cash equivalents at end of period	$ 188,074,797	$ 165,969,964
The components of cash and cash equivalents：		
Cash and cash equivalents as per balance sheet	$ 59,411,418	$ 52,387,493
Due from the Central Bank and call loans to banks qualified as cash and cash equivalents as defined by IAS No. 7	128,663,379	113,582,471
Cash and cash equivalents at end of period	$ 188,074,797	$ 165,969,964

FCB Subsidiaries & Affiliates

December 31, 2014

Key Figures

As of and for the year ended December 31, 2014

(in NT$,000)

	Paid-in capital	Total assets	Total liabilities	Stockholder's equity	Operating profit	Net income	EPS (in dollars)
First Commercial Bank (USA)	2,101,600	15,255,151	11,938,803	3,316,348	240,853	140,682	20.10
FCB Leasing Co., Ltd.	3,000,000	8,653,528	5,360,360	3,293,168	91,541	4,287	0.02
FCBL Capital Int'l (B.V.I.) Ltd.	1,791,218	2,564,120	531,749	2,032,371	33,960	-110,019	-0.06
FCB International Leasing, Ltd.	886,103	2,784,193	1,893,079	891,114	-225,370	-157,660	-
FCB Leasing (Xiamen) Ltd.	903,495	962,995	16,342	946,653	5,580	4,206	-
First Insurance Agency Co., Ltd.	50,000	503,676	228,669	275,007	287,298	165,333	33.07

Domestic Offices Appointed to Conduct Foreign Exchange Business

Branch	Address	Tel
International Banking Division Swift: FCBKTWTP	3 & 4 FL. 30, Chung King S. Rd., Sec.1, Taipei 100, Taiwan	886-2-23481111
Business Division	1 & 2 FL. 30, Chung King S. Rd., Sec.1, Taipei 100, Taiwan	886-2-23481111
An-Ho Branch	184, Hsin Yi Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-23256000
Nan-Kang Branch	2FL-8, 3, Park St., Nan Kang Dist., Taipei 115, Taiwan	886-2-26558777
Xi-Men Branch	52, Xining S. Rd., Wan Hua Dist., Taipei 108, Taiwan	886-2-23119111
Chung-Hsiao-Road Branch	94, Chung Hsiao E. Rd., Sec.2, Chung Cheng Dist., Taipei 100, Taiwan	886-2-23416111
Tung-Hu Branch	483 & 489, Min Chuan E. Rd., Sec.6, Nei Hu Dist., Taipei 114, Taiwan	886-2-26348811
Ching-Mei Branch	28,Ching Chung St., Wen Shan Dist., Taipei 116, Taiwan	886-2-29303011
Ta-Chih Branch	588, Ming Shui Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-85095611
Ta-Tao-Cheng Branch	63, Ti Hua St., Sec.1, Ta Tung Dist., Taipei 103, Taiwan	886-2-25553711
Hsin-Wei Branch	368 & 370, Fu Hsin S. Rd., Sec.1, Ta An Dist., Taipei 106, Taiwan	886-2-27557241
Chien-Cheng Branch	40, Cheng Teh Rd., Sec.1, Ta Tung Dist., Taipei 102, Taiwan	886-2-25556231
Hua-Shan Branch	22, Chang An E. Rd., Sec.1, Chung Shan Dist., Taipei 104, Taiwan	886-2-25368111
Ta-Tung Branch	56, Chung King N. Rd., Sec.3, Ta Tung Dist., Taipei 103, Taiwan	886-2-25913251
Kwang-Lung Branch	82, Keelung Rd., Sec. 2, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27201701
Hsin-Sheng Branch	8, Nanking E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25620256
Chien-Tan Branch	152, Cheng Teh Rd., Sec.4, Shih Lin Dist., Taipei 111, Taiwan	886-2-28802468
Yuan-Shan Branch	53, Min Chuan W. Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25979234
Chung-Shan Branch	61, Chung Shan N. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25211111
Chung-Lun Branch	188, Nanking E. Rd., Sec.5, Sung Shan Dist., Taipei 105, Taiwan	886-2-27606969
Nanking-East-Road Branch	125, Nanking E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25062111
Cheng-Tung Branch	103, Nanking E. Rd., Sec.3, Chung Shan Dist., Taipei 104, Taiwan	886-2-25062881
Min-Sheng Branch	131, Min Sheng E. Rd., Sec.3, Sung Shan Dist., Taipei 105, Taiwan	886-2-27138512
Sung-Chiang Branch	309, Sung Chiang Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25017171
Min-Chuan Branch	365, Fu Hsing N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-27192009
Pa-Teh Branch	3, Tun Hua S. Rd., Sec.1, Sung Shan Dist., Taipei 105, Taiwan	886-2-25793616
Chang-Chun Branch	169, Fu Hsin N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-27192132
Nei-Hu Branch	143 & 145, Cheng Kung Rd., Sec.3, Nei Hu Dist., Taipei 114, Taiwan	886-2-27932311
Sung-Shan Branch	1 &2 FL. 760, Pa Teh Rd., Sec.4, Sung Shan Dist., Taipei 105, Taiwan	886-2-27674111
Yen-Chi Branch	289, Chung Hsiao E. Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27315741
Kwang-Fu Branch	16, Kwang Fu N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-25773323
Hsin-Ya Branch	167, Yon Gji Rd., Hsin Yi Dist., Taipei 110, Taiwan	886-2-27655935
Yung-Chun Branch	297-1, Chung Hsiao E. Rd., Sec.5, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27682111
Neihu-Science-Park Branch	388, Nei Hu Rd., Sec.1, Nei Hu Dist., Taipei 114, Taiwan	886-2-87978711
Chi-Lin Branch	136, Chi Lin Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25311677
Jen-Ai Branch	50, Jen Ai Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27023111
Ta-An Branch	382, Hsin Yi Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27556811
Hsin-Yi Branch	7, Hsin Yi Rd., Sec.3, Ta An Dist., Taipei 106, Taiwan	886-2-23256811
Fu-Hsing Branch	36-10, Fu Hsing S. Rd., Sec.1, Chung Shan Dist., Taipei 104, Taiwan	886-2-27722345
Tun-Hua Branch	267, Tun Hua S. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27362711
Jen-Ho Branch	376, Jen Ai Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27556556
Shih-Mao Branch	65, Tun Hua S. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27849811
Mu-Cha Branch	11, Bao Yi Rd., Wen Shan Dist., Taipei 116, Taiwan	886-2-22345101
Sung-Mao Branch	18, Hsin Yi Rd., Sec.5, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27236111
Hsin-Hu Branch	159, Xing Ai Rd., Nei Hu Dist., Taipei 114, Taiwan	886-2-27931811
Ku-Ting Branch	95, Roosevelt Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-23695222
Nan-Men Branch	94, Nan Chang Rd., Sec. 1, Chung Cheng Dist., Taipei 100, Taiwan	886-2-23947162
Kung-Kuan Branch	293, Roosevelt Rd., Sec.3, Ta An Dist., Taipei 106, Taiwan	886-2-23623111
Ho-Ping Branch	151, Ho Ping E. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27035111
Wan-Hua Branch	87, Kang Ding Rd., Wan Hua Dist., Taipei 108, Taiwan	886-2-23719221
Shuang-Yuan Branch	42, Chung Hua Rd., Sec. 2, Wan Hua Dist., Taipei 108, Taiwan	886-2-23068620
Tien-Mu Branch	60 & 62, Chung Chen Rd., Sec. 1, Shih Lin Dist., Taipei 111, Taiwan	886-2-28369898
Pei-Tou Branch	133, Guang Ming Rd., Pei Tou Dist., Taipei 112, Taiwan	886-2-28913921
Shih-Lin Branch	456 & 458, Chung Cheng Rd., Shih Lin Dist., Taipei 111, Taiwan	886-2-28370011
Chien-Kuo Branch	161 & 163, Min Sheng E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25060110
Wan-Lung Branch	347, Xing Long Rd., Sec. 2, Wen Shan Dist., Taipei 116, Taiwan	886-2-29326478
Shih-Pai Branch	100, Ming Teh Rd., Pei Tou Dist., Taipei 112, Taiwan	886-2-28209111
Pan-Chiao Branch	107, Szu Chuan Rd., Sec.1, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-29615171
Hua-Chiang Branch	329, Wen Hua Rd., Sec.1, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-22578091
Shu-Lin Branch	27-7 & 27- 8, Chung Shan Rd., Sec.1, Shu Lin Dist., New Taipei City 238, Taiwan	886-2-26833191
Tu-Cheng Branch	208, Chung Yang Rd., Sec. 3, Tu Cheng Dist., New Taipei City 236, Taiwan	886-2-22679611

Branch	Address	Tel
Jiangzicui Branch	388, Wen Hua Rd., Sec. 2, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-82570111
Pei-Tu-Cheng Branch	37, Jin Cheng Rd., Sec. 3, Tu Cheng Dist., New Taipei City 236, Taiwan	886-2-22607811
Linkuo-Gong'er Branch	498, Chung Shan Rd., Lin Kou Dist., New Taipei City 244, Taiwan	886-2-26021101
San-Chung-Pu Branch	70, San Ho Rd., Sec.3, San Chung Dist., New Taipei City 241, Taiwan	886-2-29822111
Chang-Tai Branch	99, Chung Hsin Rd., Sec.2, San Chung Dist., New Taipei City 241, Taiwan	886-2-29884433
Lu-Chou Branch	12, Chung Shan 1st Rd., Lu Chou Dist., New Taipei City 247, Taiwan	886-2-82826788
Tou-Chien Branch	320, Hua Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-22762311
Wu-Ku Branch	90, Si Wei Rd., Wu Ku Dist., New Taipei City 248, Taiwan	886-2-29845577
Chung-Yang Branch	89, Chung Yang Rd., Sec.1, San Chung Dist., New Taipei City 241, Taiwan	886-2-29868822
Wu-Ku Ind. Zone Branch	117, Wu Gong Rd., Wu Ku Dist., New Taipei City 248, Taiwan	886-2-22997811
Dan-Shui Branch	84 & 86, Chung Shan Rd., Dan Shui Dist., New Taipei City 251, Taiwan	886-2-26202611
Hsin-Tien Branch	134, Chung Hsing Rd., Sec.3, Hsin Tien Dist., New Taipei City 231, Taiwan	886-2-29181835
Dapinglin Branch	82, Min Chuan Rd., Hsin Tien Dist., New Taipei City 231, Taiwan	886-2-22184651
Tai-Shan Branch	135 & 137, Ming Zhi Rd., Sec. 1, Tai Shan Dist., New Taipei City 243, Taiwan	886-2-29097111
Hsin-Chuang Branch	316, Chung Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29929001
Ying-Ko Branch	1, Jen Ai Rd., Ying Ko Dist., New Taipei City 239, Taiwan	886-2-26791921
Chung-Ho Branch	152, Chung Shan Rd.,Sec.2, Chung Ho Dist., New Taipei City 235, Taiwan	886-2-22495011
Yung-Ho Branch	296, Fu Ho Rd., Yung Ho Dist., New Taipei City 234, Taiwan	886-2-29221711
Shuang-Ho Branch	91, An Le Rd., Chung Ho Dist., New Taipei City 235, Taiwan	886-2-29408000
Lien-Cheng Branch	258, Lien Cheng Rd., Chung Ho Dist., New Taipei City 235, Taiwan	886-2-82272111
Jui-Fang Branch	76, Ming Deng Rd., Sec. 3, Jui Fang Dist., New Taipei City 224, Taiwan	886-2-24967711
Pu-Chien Branch	1FL., 3, Min Sheng Rd., Sec.1, Pan Chiao Dist., Taipei 220, Taiwan	886-2-29599211
Dan-Feng Branch	669-1, Chung Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29021111
Hsi-Chih Branch	280, Ta Tung Rd., Sec.1, Hsi Chih Dist., New Taipei City 221, Taiwan	886-2-26471688
Hsi-Ko Branch	133, Ta Tung Rd., Sec.2, Hsi Chih Dist., New Taipei City 221, Taiwan	886-2-86926000
Hsing-Fu Branch	1 & 2FL., 688, Hsing Fu Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29989111
Keelung Branch	103, Hsiao 3rd Rd., Jen Ai Dist., Keelung City 200, Taiwan	886-2-24279121
Shao-Chuan-Tou Branch	1 & 2FL., 57, Yi 1st Rd., Chung Cheng Dist., Keelung City 202, Taiwan	886-2-24266141
I-Lan Branch	152, Chung Shan Rd., Sec.3, I Lan City, I Lan County 260, Taiwan	886-3-9324111
Lo-Tung Branch	165, Chung Cheng Rd., Lo Tung Township, I Lan County 265, Taiwan	886-3-9545611-8
Su-Ao Branch	12, Chung Shan Rd., Sec.1, Su Ao Township, I Lan County 270, Taiwan	886-3-9962711-6
Tao-Yuan Branch	55, Min Tsu Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3326111
Pei-Tao Branch	258 & 260, San Min Rd., Sec. 2, Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3353131
Chung-Cheng Branch	1298 & 1300, Chung Cheng Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3171838
Ta-Nan Branch	919, Jie Shou Rd., Sec. 1, Pa Teh Dist., Taoyuan City 334, Taiwan	886-3-3661966
Nei-Li Branch	117, Hsin Yi Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4552410
Chung-Li Branch	146, Chung Cheng Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4225111
Hsi-Li Branch	30, Chung Yang W. Rd., Sec. 2, Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4918111
Ping-Cheng Branch	68, Huan Xi Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4939211
Ta-Yuan Branch	63, Xin Sheng Rd., Ta Yuan Dist., Taoyuan City 337, Taiwan	886-3-3857111
Nan-Kan Branch	112 & 114, Chung Cheng Rd., Lu Chu Dist., Taoyuan City 338, Taiwan	886-3-3216882
Hui-Lung Branch	161, Wan Shou Rd., Sec. 1, Gui Shan Dist., Taoyuan City 333, Taiwan	886-3-82006111
Lin-Kou Branch	76 & 78, Wen Hua 2nd Rd., Gui Shan Dist., Taoyuan City 333, Taiwan	886-3-3186611
Ta-Hsi Branch	111, Kang Chuang Rd., Ta Hsi Dist., Taoyuan City 335, Taiwan	886-3-3882101
Lung-Tan Branch	80, Chung Cheng Rd., Lung Tan Dist., Taoyuan City 325, Taiwan	886-3-4991111
Hsin-Chu Branch Swift: FCBKTWTP301	3, Ing Ming St., North Dist., Hsinchu 300, P.O.Box 30, Hsinchu, Taiwan	886-3-5226111
Tung-Men Branch	216, Tung Men St., North Dist., Hsinchu 300, Taiwan	886-3-5249211
Hsinchu-Science-Park Branch	611, Kwang Fu Rd., Sec.1, East Dist., Hsinchu 300, Taiwan	886-3-5637111
Chu-Tung Branch	30, Tung Lin Rd., Chu Tung Township, Hsinchu County 310, Taiwan	886-3-5963251
Kuan-Hsi Branch	18, Cheng Yi Rd., Kuan Hsi Township, Hsinchu County 306, Taiwan	886-3-5872411
Chu-Pei Branch	210, Guang Ming 5th St., Chu Pei City, Hsinchu County 302, Taiwan	886-3-5559111
Miao-Li Branch	601, Chung Cheng Rd., Miao Li City, Miaoli County 360, Taiwan	886-37-322411
Chu-Nan Branch	53, Min Tsu St., Chu Nan Township, Miaoli County 350, Taiwan	886-37-477111
Tou-Fen Branch	67, Chung Cheng Rd., Tou Fen Township, Miaoli County 351, Taiwan	886-37-672611
Taichung Branch Swift: FCBKTWTP401	144, Tzu Yu Rd., Sec.1, West Dist., Taichung 403, P.O.Box 7, Taichung, Taiwan	886-4-22233611
Nan-Taichung Branch	33 & 35, Fu Hsin Rd., Sec.4, East Dist., Taichung 401, Taiwan	886-4-22231111
Pei-Taichung Branch	501, Taiwan Blvd., Sec. 1, Central Dist., Taichung 400, Taiwan	886-4-22238111
Chung-Kang Branch	912, Taiwan Blvd., Sec. 2, Hsi Tun Dist., Taichung 407, Taiwan	886-4-23136111
Pei-Tun Branch	696, Wen Hsin Rd., Sec.4, Pei Tun Dist., Taichung 406, Taiwan	886-4-22366111
Chin-Hua Branch	236, Chin Hua N. Rd., North Dist., Taichung 404, Taiwan	886-4-22300311
Nan-Tun Branch	668, Wu Chuan W. Rd., Sec. 2, Nan Tun Dist., Taichung 408, Taiwan	886-4-23801515
Feng-Yuan Branch	423, Chung Shan Rd., Feng Yuan Dist., Taichung 420, Taiwan	886-4-25225111
Ta-Li Branch	43, 45 & 47, Tung Lung Rd., Ta Li Dist., Taichung 412, Taiwan	886-4-24838111
Taichung-Science-Park Branch	6-3, Chung Ko Rd., Ta Ya Dist., Taichung 428, Taiwan	886-4-25659111
Tung-Shih Branch	105, Feng Shih Rd., Tung Shih Dist., Taichung 423, Taiwan	886-4-25874121
Sha-Lu Branch	355, Chung Shan Rd., Sha Lu Dist., Taichung 433, Taiwan	886-4-26621331

Branch	Address	Tel
Ta-Chia Branch	361 & 363, Shun Tien Rd., Ta Chia Dist., Taichung 437, Taiwan	886-4-26882981
Tai-Ping Branch	1 & 2FL., 50, Chung Hsin E. Rd., Tai Ping Dist., Taichung 411, Taiwan	886-4-22799011
Ching-Shui Branch	35-10, Guang Ming Rd., Ching Shui Dist., Taichung 436, Taiwan	886-4-26238111
Ta-Ya Branch	96, Chung Ching E. Rd., Ta Ya Dist., Taichung 428, Taiwan	886-4-25686111
Nan-Tou Branch	2, Chung Shan 1st St., Nan Tou City, Nantou County 540, Taiwan	886-49-2223111
Tsao-Tun Branch	256, Tai Ping Rd., Sec. 2, Tsao Tun Township, Nantou County 542, Taiwan	886-49-2338181
Pu-Li Branch	97, Xi An Rd., Sec. 1, Pu Li Township, Nantou County 545, Taiwan	886-49-2982711
Chang-Hua Branch	48, Ho Ping Rd., Chang Hua City, Changhua County 500, Taiwan	886-4-7232161
Yuan-Lin Branch	26, Yu-Ying Rd., Yuan Lin Township, Changhua County 510, Taiwan	886-4-8328811
Lu-Kang Branch	301, Chung Shan Rd., Lu Kang Township, Changhua County 505, Taiwan	886-4-7772111
Hsi-Hu Branch	166, Chang Shui Rd., Sec. 3, Hsi Hu Township, Changhua County 514, Taiwan	886-4-8824111
Pei-Dou Branch	35, Chung Shan Rd., Sec.2, Pei Dou Township, Changhua County 521, Taiwan	886-4-8782111
Ho-Mei Branch	84, 86 & 88, Ho Xian Rd., Ho Mei Township, Changhua County 508, Taiwan	886-4-7551111
Chia-Yi Branch	307, Chung Shan Rd., East Dist., Chiayi City 600, Taiwan	886-5-2272111
Hsing-Chia Branch	425 & 427, Hsing Ye W. Rd., West Dist., Chiayi City 600, Taiwan	886-5-2859833
Pu-Tzu Branch	135, Chung Cheng Rd., Pu Tzu City, Chiayi County 613, Taiwan	886-5-3795111
Dou-Liu Branch	16, Tai Ping Rd., Dou Liu City, Yunlin County 640, Taiwan	886-5-5324311
Pei-Kang Branch	96, Chung Cheng Rd., Pei Kang Township, Yunlin County 651, Taiwan	886-5-7833211
Hsi-Lo Branch	189, Yan Ping Rd., Hsi Lo Township, Yunlin County 648, Taiwan	886-5-5862131
Hu-Wei Branch	83, Chung Cheng Rd., Hu Wei Township, Yunlin County 632, Taiwan	886-5-6322330
Tainan Branch Swift: FCBKTWTP601	82, Chung Yi Rd., Sec.2, West Central Dist., Tainan 700, P.O.Box 10, Tainan, Taiwan	886-6-2224131
Fu-Chiang Branch	31, Tung Men Rd., Sec. 3, East Dist., Tainan 701, Taiwan	886-6-2904453
Chih-Kan Branch	217, Cheng Kung Rd., West Central Dist., Tainan 700, Taiwan	886-6-2268111
Chu-Hsi Branch	98, Ta Tong Rd., Sec. 1, West Central Dist., Tainan 700, Taiwan	886-6-2160111
Chin-Cheng Branch	105, Xia Lin Rd., South Dist., Tainan 702, Taiwan	886-6-2248833
An-Nan Branch	438, Hai Dian Rd., Sec. 2, An Nan Dist., Tainan 709, Taiwan	886-6-2465111
Hsin-Ying Branch	150, Chung Shan Rd., Hsin Ying Dist., Tainan 730, Taiwan	886-6-6324211
Yen-Shui Branch	57, San Fu Rd., Yen Shui Dist., Tainan 737, Taiwan	886-6-6521611
Ma-Tou Branch	12, Hsing Chung Rd., Ma Tou Dist., Tainan 721, Taiwan	886-6-5729901
Shan-Hua Branch	366, Chung Shan Rd., Shan Hua Dist., Tainan 741, Taiwan	886-6-5817350
Chia-Li Branch	225, Wen Hua Rd., Chia Li Dist., Tainan 722, Taiwan	886-6-7226111
Hsin-Hua Branch	374, Chung Cheng Rd., Hsin Hua Dist., Tainan 712, Taiwan	886-6-5901111
Ta-Wan Branch	5, Yong Ta Rd., Sec. 2, Yung Kang Dist., Tainan 710, Taiwan	886-6-2713251
Tainan-Science-Park Branch	2FL., 15, Nan Ko 3rd Rd., Hsin Shi Dist., Tainan 744, Taiwan	886-6-5051111
Kuei-Jen Branch	55 & 57, Chung Shan Rd., Sec. 2, Kuei Jen Dist., Tainan 711, Taiwan	886-6-3300111
Yung-Kang Branch	109, Chung Cheng S. Rd., Yung Kang Dist., Tainan 710, Taiwan	886-6-2513211
Kaohsiung Branch Swift: FCBKTWTP701	28, Min Chuan 1st Rd., Ling Ya Dist., Kaohsiung 802, P.O.Box16, Kaohsiung, Taiwan	886-7-3350811
Yen-Cheng Branch	115, Ta Jen Rd., Yen Cheng Dist., Kaohsiung 803, Taiwan	886-7-5519201
Hsin-Hsing Branch	17, Chung Cheng 4th Rd., Hsin Hsing Dist., Kaohsiung 800, Taiwan	886-7-2719111
San-Min Branch	291, Chung Hua 3rd Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-2718111
Ling-Ya Branch	61, Wu Fu 3rd Rd., Qian Jin Dist., Kaohsiung 801, Taiwan	886-7-2822111
Tso-Ying Branch	411 & 413, Tso Ying Avenue, Tso Ying Dist., Kaohsiung 813, Taiwan	886-7-5815511
Nan-Tzu Branch	3, Nan Tzu Rd., Nan Tzu Dist., Kaohsiung 811, Taiwan	886-7-3511211
Wu-Fu Branch	161, Chung Cheng 2nd Rd., Ling Ya Dist., Kaohsiung 802, Taiwan	886-7-2225111
Shih-Chuan Branch	57, Tsu Yu 1st Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-3112131
Chien-Cheng Branch	191, San Duo 3rd Rd., Chien Cheng Dist., Kaohsiung 806, Taiwan	886-7-3344191
Wan-Nei Branch	147, Ta Shun 2nd Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-3821526
Po-Ai Branch	426, Po Ai 2nd Rd., Tso Ying Dist., Kaohsiung 813, Taiwan	886-7-5588311
Hsiao-Kang Branch	182, Yan Hai 1st Rd., Hsiao Kang Dist., Kaohsiung 812, Taiwan	886-7-8066601
Wu-Chia Branch	1 & 2FL., 322, Bao Tai Rd., Feng Shan Dist., Kaohsiung 830, Taiwan	886-7-7260211
Feng-Shan Branch	1, Cheng Kung Rd., Feng Shan Dist., Kaohsiung 830, Taiwan	886-7-7463611
Lu-Chu Branch	1187, Chung Shan Rd., Lu Chu Dist., Kaohsiung 821, Taiwan	886-7-6963211
Kang-Shan Branch	275, Kang Shan Rd., Kang Shan Dist., Kaohsiung 820, Taiwan	886-7-6212111
Chi-Shan Branch	120, Chung Shan Rd., Chi Shan Dist., Kaohsiung 842, Taiwan	886-7-6621811
Lin-Yuan Branch	459, Lin Yuan N. Rd., Lin Yuan Dist., Kaohsiung 832, Taiwan	886-7-6436111
Tzu-Beng Branch	306, Chung Cheng Rd., Tzu Guan Dist., Kaohsiung 826, Taiwan	886-7-6172111
Ping-Tung Branch	308, Min Sheng Rd., Ping Tung City, Pingtung County 900, Taiwan	886-8-7325111
Chao-Chou Branch	107-1, Chung Shan Rd., Chao Chou Township, Pingtung County 920, Taiwan	886-8-7883771
Tung-Kang Branch	23, Chao Yang St., Tung Kang Township, Pingtung County 928, Taiwan	886-8-8350111
Heng-Chun Branch	17, Chung Cheng Rd., Heng Chun Township, Pingtung County 946, Taiwan	886-8-8893231
Wan-Luan Branch	29, Chung Cheng Rd., Wan Luan Township, Pingtung County 923, Taiwan	886-8-7811211
Hua-Lien Branch	22, Gong Yuan Rd., Hualien City, Hualien County 970, Taiwan	886-3-8324611
Tai-Tung Branch	397, Chung Hua Rd., Sec. 1, Taitung City, Taitung County 950, Taiwan	886-89-324211
Peng-Hu Branch	88, Guang Fu Rd., Ma Gong City, Penghu County 880, Taiwan	886-6-9273211

Overseas Network

Overseas Branches

- **Brisbane Branch**
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- **Chengdu Branch**
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- **Guam Branch**
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- **Hanoi City Branch**
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  Fax: 84-43-9362-112
- **Ho Chi Minh City Branch**
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  Tel: 84-8-3823-8111
  Fax: 84-8-3822-1747
- **Hong Kong Branch**
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  Fax: 1-213-362-0244
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  Avenida Comercial de Macau
  Tel: 853-2857-5088
  Fax: 853-2872-2772
- **New York Branch**
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  New York, NY 10017, U.S.A.
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  Fax: 1-212-599-6133
- **Phnom Penh Branch**
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  Sangkat Cheychomnoas, Khan Daun Penh
  Phnom Penh, Cambodia
  Tel: 855-23-210026
  Fax: 855-23-210029
- **Chamkar Mon Sub-Branch**
  1F, No.216B, Norodom Blvd (41)
  Sangkat Tonle Basak, Khan Chamkar Mon
  Phnom Penh, Cambodia
  Tel: 855-23-726806~8
  Fax: 855-23-726809
- **Chorm Chaov Sub-Branch**
  3,5,7 & 9, Prey Chisak Village, Sangkat Chorm Chaov, Khan Dangkor
  Phnom Penh, Cambodia
  Tel: 855-23-865171
  Fax: 855-23-865175
- **Olympic Sub-Branch**
  155AB, Street 215, Sangkat
  Phsar Depo 1, Khan Tuolkork
  Phnom Penh, Cambodia
  Tel: 855-23-880392
  Fax: 885-23-880396
- **Tuol Kouk Sub-Branch**
  No.89E, KIM IL SUNG Blvd (289)
  Sangkat Boeng Kak Ti Pir, Khan Tuol Kouk
  Phnom Penh, Cambodia
  Tel: 855-23-885891~3
  Fax: 885-23-885890
- **Shanghai Branch**
  JH Gubei 88 Building
  86, Ronghua East Road
  Shanghai 201103, China
  Tel: 86-21-2227-0611
  Fax: 86-21-3209-6117
- **Shanghai Pilot Free Trade Zone Sub-Branch**
  Room 2210-2215, Tomson
  International Trade Building
  No.1 JiLong Road, Pudong New District
  Shanghai 200131, China
  Tel: 86-21-2069-0611
  Fax: 86-21-2069-0500
- **Singapore Branch**
  77, Robinson Road, #01-01 and #10-01
  Singapore 068896
  Tel: 65-6593-0888
  Fax: 65-6225-1905
- **Tokyo Branch**
  23 Fl., Otemachi NOMURA Building 1-1
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  Tokyo 100-0004, Japan
  Tel: 81-3-3279-0888
  Fax: 81-3-3279-0887
- **Toronto Branch**
  5000 Yonge Street, Suite 1803
  Toronto, ON M2N 7E9, Canada
  Tel: 1-416-250-8788
  Fax: 1-416-250-8081
- **Vancouver Branch**
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  Richmond, BC V6X 3J6, Canada
  Tel: 1-604-207-9600
  Fax: 1-604-207-9638
- **Vientiane Branch**
  No.61, 23 Singha Road, Phonxay
  Village, Saysettha District
  Vientiane Capital, Lao PDR
  Tel: 856-21-415318
  Fax: 856-21-415317

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  175, South Sathorn Road
  Tungmahamek, Sathorn
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  Parami Road, Mayangone
  Township, Yangon, Myanmar
  Tel: 95-1-9669568
  Fax: 95-1-9669582

Subsidiary

First Commercial Bank (USA)

- **Head Office & Alhambra Branch**
  200 E. Main Street
  Alhambra, CA 91801, U.S.A.
  Tel: 1-626-300-6000
  Fax: 1-626-300-6030
- **Arcadia Branch**
  1309 S. Baldwin Ave.
  Arcadia, CA 91007, U.S.A.
  Tel: 1-626-254-1828
  Fax: 1-626-254-1883
- **Artesia Branch**
  17808 Pioneer Blvd., Suite 108
  Artesia, CA 90701, U.S.A.
  Tel: 1-562-207-9858
  Fax: 1-562-207-9862
- **City of Industry Branch**
  18725 E. Gale Ave. Suite 150
  City of Industry, CA 91748, U.S.A.
  Tel: 1-626-964-1888
  Fax: 1-626-964-0066
- **Fremont Branch**
  46691 Mission Blvd.,
  Fremont, CA 94539, U.S.A.
  Tel: 1-510-933-0270
  Fax: 1-510-933-0278
- **Irvine Branch**
  4250 Barranca Parkway, Suite E
  Irvine, CA 92604, U.S.A.
  Tel: 1-949-654-2888
  Fax: 1-949-654-2899
- **Silicon Valley Branch**
  1141 S. De Anza Blvd.
  San Jose, CA 95129, U.S.A.
  Tel: 1-408-253-4666
  Fax: 1-408-253-4672

April 2015

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