Yuanta Commercial Bank Co., Ltd.

2014 Annual Report

1. Contact information of company spokesperson and deputy spokesperson

	Company Spokesperson	Company Deputy Spokesperson
Name / Title	Yu-De Chuang / Executive Vice President	Tsai-Yu Chang / Executive Vice President
Tel	(02)2173-6656	(02)2173-7006
E-mail	YudeChuang@yuanta.com	DanChang@yuanta.com

2. Contact information of Yuanta Commercial Bank

Tel	(02) 2173-6699	Toll Free	0800-688-168
Website	http://www.yuantabank.com.tw	E-mail	service@yuanta.com
Address	1F-3F, 8F, No. 66 & 1F, No. 68, Dunhua S. Rd., Taipei City 105, Taiwan		

3. Contact information of stock transfer agent

Stock Transfer Agent	Stock-Related Services Dept., Yuanta Securities	Tel	(02) 2586-5859
Website	http://agent.yuanta.com.tw	Address	B1, No. 210, Chengde Rd., Sec. 3, Taipei City

4. Contact information of credit rating agencies

Credit Rating Agencies	Address	Tel
Taiwan Ratings Corporation	49F, No. 7, Xinyi Rd., Sec. 5, Taipei City (Taipei 101 Building)	(02) 8722-5800
Fitch Ratings Corporation	13F, No. 205, Dunhua N. Rd., Taipei City	(02) 8175-7600

5. Contact information of independent accountants

Name	Ellen Kuo; Maria Chen	Tel	(02) 2729-6666
CPA Firm	PricewaterhouseCoopers Taiwan	Address	27F, International Trade Building, No. 333, Keelung Rd., Sec. 1, Taipei City
Website	http://www.pwc.tw/		

6. Name of foreign exchanges listed where company stock is and sources for searching the said foreign listed stock：None

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I. Letter to Shareholders

1. Business Report for 2014

Changes in the Financial Environment

During Year 2014, global economy slowly recovered. The steady expansion of the US economy ended the third round of Quantitative Easing in November 2014. Nevertheless, central banks of Europe and Japan announced the strengthening of the easing policies during the same period because of their low inflation and customer spending. Meanwhile, overcapacity and the cooling real estate market in China slowed its economy growth. In Taiwan, the domestic economy was impacted by the food safety crisis. However, Taiwan economy grew modestly due to the stable growth in export, domestic consumption, investment and continuous decreasing unemployment rate. According to the announcement made by Directorate General of Budget Accounting and Statistics, Executive Yuan in February 2015, the estimate for 2014 economy growth is raised to be 3.74%, outnumbering 2.23% of Year 2013.

Major institutes all predicted that the global economy will grow in 2015, because of the steady growth of US economy will offset the slowing economic expansion of China. Benefited by enlarged investment made by the semiconductor, telecom and airline sectors, private investment may keep ascending with continuous growth of private consumption driven by better employment, Taiwan economy is expect to grow in 2015. The recent plummeting international oil prices will also boost the exports of Taiwan. DGBAS estimated 2015 economic growth to be 3.78%, hiking slightly from Year 2014.

The financial sector was benefited by financial deregulation, booming overseas business and the stable asset quality, so the earnings before tax of total domestic banks for 2014 reached NT$ 320.1 billion, or a growth of 24% from 2013. However, global economy for Year 2015 will still be impacted by the raise of interest rates in USA, fluctuation of oil prices and the growth prospect of China economy. Therefore, the management of domestic banks should correspond to international situations and economic changes, and the premise of business expansion should lies in risk management. Because FSC strongly urges the banking sector to expand overseas business channel in Asia and deregulated OBU businesses will further drive the expansion of wealth management , and e-business development led to fruitful business opportunities, the overall scale and profits of banking industry may keep hitting a record high.

Organizational Change

1. In order to aggressively develop businesses of financial product, Treasury Marketing Product Evaluation Committee, which was founded in January 2014, and Treasury Marketing Department, added in March, are responsible for the R&D of financial products and the planning, marketing and promotion of these products.
2. The competent authorities revised Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries and added the clause requiring the chief compliance offices be the responsible units. The Bank initiated the establishment of Compliance Affairs Department in June 2014 to be responsible for the planning, management and execution of the regulatory compliance system in order to ensure the effective operation of the compliance system. Meanwhile, for the consistence inside the Yuanta Financial Holdings, Legal & Compliance Department was renamed Legal Affairs Department.
3. In response to the business demand, official seals, document dispatch and secretarial affairs were reassigned to President Office, which was renamed Business Management Department in October 2014.

Actual Accomplishments in 2014

In 2014, the Bank embraced tremendous growth in business scale and profitability. As of December 2014, the Bank's consolidated asset achieved NT$ 698 billion, which grew by 17% from NT$ 598.4 billion of year 2013. The annual net income after tax was NT$ 4.547 billion with earnings per share of NT$ 1.21, which significantly increased by NT$ 1.495 billion, or 49%, compared to NT$ 3.052 billion in 2013. With the high profit growth of six consecutive years, the NPL ratio as 0.19% and the NPL coverage ratio as 658.94% and the loan coverage ratio as 1.27% fully manifested the Bank's premium asset quality. The performance of main businesses are as following:

(1) Deposits:

Through deepening customer analysis and mastering the trend of customer needs, the Bank launched deposit promotion to actively expand the general demand and foreign currency deposit, elevate the share of current demand deposits and sustain the Bank's advantaged low funding cost.

In 2014, the Bank embraced total deposits of NT$ 549.5 billion, an increase of NT$ 66.4 billion from NT$ 483.1 billion in 2013. Meanwhile, demand deposits increased by NT$ 32.5 billion, and time deposits increased by NT$ 33.9 billion.

(2) Loans:

Respecting corporate banking business, the Bank founded regional centers to escalate business dynamics of sales representatives. The bank also fortified the cooperation between its corporate banking departments and the securities subsidiary of the Group to integrate resources of the Group and to fully meet customers' demand on comprehensive financing, cash flow and financial management.

In regards to consumer banking business, the bank targeted premium customers for mortgage loans to sustain the growth in quantity and quality. Also, the Bank steadily expanded its car loans and Stock-Secured loans to effectively maximize the market share.

In 2014, the loan volume of the bank totaled NT$ 419 billion or an increase of NT$ 34.5 billion from NT$ 384.5 billion in 2013. This included NT$ 261.7 billion of loans through corporate banking, or 62% of total loan service, and NT$ 157.3 billion through consumer banking, or 38% of total loan.

(3) Foreign Exchange:

Driven by the deregulation of Renminbi business and the launch of Western Union Quick Cash service, foreign exchange business of the Bank has been expanding these years. The Bank aims to persistently solidify capability of personnel, and expand the overseas correspondent banking relationships to provide professional and convenient foreign exchange service.

In 2014, foreign exchange volume of the Bank reached USD 33.1 billion, an increase of USD 6 billion from USD 27.1 billion in 2013. Meanwhile, remittance service weighted 91%, with the import service standing for 6% and the export service for 3%.

(4) Trust Business:

In addition to furnishing a wide variety of trust products to meet client's demands in financial management, the Bank aggressively expanded its mutual fund custody and foreign capital custody business to increase its fee income.

In 2014, the Bank added 1 trust fund, amounted to about NT$ 1.2 billion, 23 new custody accounts of foreign inventors, amounted to about NT$ 12.8 billion.

In 2014, the total balance of trust assets reached NT$ 113.7 billion, an increase of NT$ 11.4 billion from NT$ 102.3 billion at the end of 2013.

(5) Wealth Management:

The bank symbolized its wealth management brand concept with "Caring, Considerate and Sincere" in Year 2014. Meanwhile, the Bank aggressively develop its customer base, business scale and to increase fee income by expanding its wealth management team, conducting professional training , integrating resources of the Group, furnishing financial planning based on customer demand, providing real-time market and product information, tax planning and financial seminars.

In 2014 net fee income on wealth management totaled NT$ 1.077 billion, or an increase of NT$ 218 million from NT$ 859 million in 2013.

(6) Credit Card:

In order to broaden the customer base of credit cards, the Bank, during Year 2014, launched the highly competetive “Diamond Cashrebate Card”, and also re-positioned “Leisure Card”. Additionally, to maximize the number of active credit cards and transaction amounts, the Bank provided variety of exclusive premium services according to customers’ specific attributes and launched comprehensive discount events with quality enterprises, including receipt redemption, free gifts for purchase and repayment installation plans.

In 2014, total credit cards in circulation reached 310,000 cards, with the active cards rate of 48% in 2014 from 36% in 2013.

Budget Implementation, Financial Status and Profitability

In 2014, the Bank’s net income achieved NT$ 11.339 billion, including net interest income of NT$ 6.959 billion and non-interest income at NT$ 4.381 billion. Compared with the net income in 2013 at NT$ 9.369 billion, net income increased by NT$ 1.970 billion.

Major differences between 2014 and 2013 are explicated as follows:

(1) Net interest income: increased by NT$ 843 million from Year 2013 as a result of the increase in deposits and loans by NT$ 66.4 billion and NT$ 34.5 billion respectively, spread and interest income on securities investment.

(2) Net non-interest income: grew by NT$ 1.127 billion from 2013 as a result of the increase in net service fee and commission income, trading and foreign exchange.

(3) Bad debt expense in 2014 amounted to NT$ 759 million, an increase of NT$ 38 million from Year 2013. Operating expenses in 2014 was NT$ 5.568 billion or an increase of NT$ 328 million from 2013.

(4) In conclusion, the Bank’s net income before tax in 2014 was NT$ 5.013 billion. After deducting income tax at NT$ 466 million, the net income was NT$ 4.547 billion with the budget achieving rate as 113%, or an increase of NT$ 1.495 billion from NT$ 3.052 billion in 2013.

Research and Development

(1) In response to the deregulation of Third-Party Payment, the Bank launched “Yuanta e-Pay”, the cross-border online collection and payment service, to seize business opportunities.

(2) Launched mobile payment service in cooperation with Chunghwa Telecom and Taiwan Mobile Payment Corporation to boost consumption convenience for customers.

(3) Established Phone Banking Service for wealth management to provide customers with a more diverse transaction channel.

(4) Launched long-term Structured Investment products in USD, RMB and ZAR to fully satisfy the asset allocation needs of customers in wealth management area.

(5) Risk Management:

A. Credit risk: The Bank persistently develop the application on credit risk data mart and the analysis platform to enhance the efficiency for the establishment of corporate credit rating model and the integrity for credit risk analysis.

B. Market risk: Strengthened the disassembly of financial derivatives, the verification and according documentation of the valuation model, also planned to calculate capital requirement for the market risk of options in Delta-plus Approach.

C. Operational risk: We also integrated and applied comprehensive management tools including Risk Indicator System, Risk and Control Self-Assessment and Loss Data Collection to uplift the Bank's capability in supervising and optimizing the Bank's operational risks.

(6) Information system R&D and upgrade: To elevate system operation efficiency and security, important IT projects were established, including Credit Card Issue Accounts and Authorization System、3D Secure for online credit card transactions, New Consumer Credit Checking System, new-generation Cross-Platform Teller System, New Data Warehouse Project, New Corporation Internet Banking System, Cross-Border Online Collection and Payment- e-Pay, Cross-Border Collection and Payment of Tuition and Miscellaneous Expenses, New Historical Data Platform, PSP-TSM, Gold Passbook in USD Currency, and upgrade of the core system storage equipment.

2. Impacts of External Competitive, Regulative and Overall Business Environment

Financial Supervisory Commission, thereafter FSC, adopted active and open policies and continuously deregulated various restrictions. These will lead to advantages favoring the management of the Banking sector and have positive influences on the profitability.

Also, the effects of changes in related laws and regulations are as follows:

(1) Enforcement of U.S Foreign Account Tax Compliance Act (thereafter FATCA) :

In response to FATCA execution, the Bank has registered itself as a FATCA foreign financial institution in U.S. IRS in June 2014 and acquired GIIN issued by U.S. IRS. The Bank commits to conduct auditing and investigation on related accounts, and will deduct 30% withholding tax from the U.S. income of the account fails to comply with this Act or foreign financial institutions did not sign the agreement. The implementation of FATCA impacts financial sector considerably. Take OBU, regard to be tax haven, as an example, the corporations whose actual shareholders with U.S citizenship will be forced to reveal themselves and the bank business will be influenced accordingly. Moreover, banks have to input extra cost and efforts to verificae client's identity and collect the documents in comply with the FATCA requirements. Nevertheless, in avoidance of risks arising from incompliance, the Bank has revised bylaws and developed the according system.

(2) The Amendment of The Banking Act to raise the investment limit of bank :

To assist domestic banks for the development of overseas units in Asia area, FSC planned to amend Article 74 of The Banking Act, which was approved through the third reading by Legislative Yuan on January 22 2015. The upper limit for bank reinvestment was changed from 40% of Paid-in Capital to 40% of net worth.

To boost its overseas business and respond to FSC's policy, the Bank has obtained approval from FSC to acquire TONG YANG Savings Bank of Philippine and actively assess the investment targets in Asia. Upon formal enforcement of amendment of Article 74 of The Banking Act, the Bank can embrace an increase in its upper investment limit by NTD 5 billion, which will significantly increase its overseas merger and acquisition capability.

(3) FSC deregulated restrictions against OBU financial businesses and products:

The FSC issued a letter with Ref. No. Jin-Guan-Yin-Wai-Zi-10200293010 on Dec. 27, 2013 and another with Ref. No.: Jin-Guan-Yin-Wai-10300017351 on January 29, 2014 to deregulate financial businesses and the products of OBUs. In response to this deregulation, the Bank developed Operation Procedures on Financial Service of Offshore Business Units to regulate procedures on standards for acceptance of customers and know-your-customer review, the types and scope of products that may be provided to customers, product suitability rules, new product review mechanism, compliance matters related to recommendations, advertising, business solicitations, and promotion and money-laundry prevention. The according regulations are also amended in an effort to introduce offshore products and develop wealth management services for OBU clients.

(4) Revised Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing/Non-accrual Loans and required the coverage ratio of real estate loans be raised over 1.5% before the end of Year 2016:

As of January 28 2014, FSC enforced the amended stipulations on loan loss provision and guarantee reserve in Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans. The minimum loan loss provision and guarantee reserve shall be the sum of 1% of the outstanding balance of Category One credit asset's claim (excluding assets that represent claims against the central and local government in Taiwan), 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and the full balance of Category Five credit assets. As of the end of December 2014, the Bank's account balance of loan loss provision and guarantee reserve amounted to NT$ 6.223 billion, and the provision ratio of Category One Credit Asset reached 1.17%, which complied with the requirement of the competent authorities' policy.

In addition, according to promulgation of Jin-Guan-Yin-Kuo-Zi. No.10300329440 from FSC, the coverage ratio, when processing loans of purchasing houses with the balance including renovation and construction and excluding policy-oriented loans added after January 1 2011 (Policy-oriented loans refer to the those with the special government-offered fund or self-owned fund in compliance with government policies), should achieve the minimum standard of 1.5% before 2016, in order to solidify the banks' risk-bearing capabilities. As of December 31 2014, coverage ratio of the Bank for loans of purchasing houses with the balance including renovation and construction (excluding policy-oriented loans added after January 1 2011) is 1.45%. It is expected that the Bank can meet the requirement of the competent authority prior to the deadline.

(5) Amendment of Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries：

To maximize the attention from the banking sector to legal compliance and fortify the professional training and functions of compliance offers, FSC, announced the amendment of Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries on August 8 2014. The amendment clearly stipulates that the chief compliance officer of bank shall be comparable to that of vice president and adds the clause requiring the chief compliance officer and personnel of the compliance unit of bank have to attend at least fifteen (15) hours of training a year. Also, it is required that, before banks introduce a new product or service, or applies to the competent authority for approval to offer a new business, the chief compliance officer shall issue and sign an opinion statement undertaking that the new product, service or business complies with applicable regulations and internal rules. Also, a compliance unit shall assess the results of compliance self-evaluation of each bank unit.

In response to the amendment of Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, the Bank not only raised the post of the chief compliance officer and revised Implementation Rules of Compliance System, but also founded Compliance Affairs Department to fortify the effectiveness and independence of the Bank's compliance system.

(6) FSC promotes Digitalize Financial Environment 3.0：

The development of mobile communication, social media, megadata, cloud technology forces financial service to echo this trend and advance its IT development in order to elevate the convenience for consumers. FSC thereby promotes "Digitalize Financial Environment 3.0", which will be launched in 2015.

In respond to the said project, the bank plan to establish the procedures and security mechanism for online service application to deliver a more convenient financial service and utilize the business opportunities brought by this deregulation.

3. Latest Credit Ratings

Type of rating	Rating agency	Date	Latest Credit Ratings		
			Long-term rating	Short-term rating	Outlook
International rating	S&P	02/03/2015	BBB+	A-2	Stable
	Fitch	05/25/2014	BBB+	F2	Stable
Domestic rating	Taiwan Ratings	02/03/2015	twAA	twA-1+	Stable
	Fitch	05/25/2014	AA- (twn)	F1+ (twn)	Stable

4. Business Plan in 2015 and Outlook

During 2015, the Bank will focus on business structure adjustment and aim to raise the efficiency of capital utilization, the share of fee income and the income of financial transaction business. Additionally, the bank will also grasp the business opportunity of mobile payment and aggressively escalate its contribution to profit. The business plan of the Bank is summarized as follows:

(1) Business Development:

A. For different target markets, the Bank will provide various products and marketing activities, through physical and online channels, to satisfy customers' diverse demand for financial services. Meanwhile, the bank will deepen relations with existing customers and acquire potential customers to expand the customer base and cement the Bank's base for future development.

B. Respecting corporate banking business, it is planned to further acquire small-and-medium business customers, integrate resources from DBU, OBU and subsidiary companies of the Group, and offer diverse cash flow services to maximize profitability of credit products and fee income.

C. The Bank will further its consumer banking business through actively expanding car loans, stock-secured loans and consumer unsecured loans, fortifying promotion of credit cards and expeditious elevation of credit card issuance and transaction amounts.

D. Launch the new brand identity for wealth management through Caring, Considerate and Sincere to satisfy customer's demand for financial management and further impress customers on the Bank's wealth management brand. Additionally, the bank will, on the foundation of professional team and diverse product, earn customer trust and acknowledgement and expand its business scale gradually.

(2) Channel Development:

The domestic physical channels are deployed according to regional business distribution and wealth status to realize localization strategies. Head Office will periodically review its performance and practices to effectively advance performance of channel management. Moreover, the establishment of offshore offices will be actively assessed by International Business Team to seize overseas business opportunities. The electronic channels will be developed through promotion of online banking, mobile banking, Third-Party Payment and mobile payment to make the Bank's service available everywhere.

(3) Risk Management:

The Bank will enhance the control in the credit, market and operational risk by building the risk model and risk data mart. The Bank will also scrutinize the trend of industrial and national risk, the clients' cash flow and their top-down transactions to minimize the Bank's credit risk.

(4) Personnel Training:

The Bank will reinforce the pre-job and on-the-job training, nurture multi-talented personnel through job rotation, and advance employees' competence in foreign languages to cultivate international professionals, to solidify the basis for sustainable development.

II. Bank Profile and Corporate Governance

1. Introduction

Yuanta Commercial Bank (“the Bank”), formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. Afterwards, in conformity with the development of the financial market and Government’s financial reform, the Bank joined Fuhwa FHC on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific commercial Bank was approved to be renamed Fuhwa Commercial Bank. On April 2, 2007 Yuanta Core Pacific Securities merged with Fuhwa FHC formally. On September 23, 2007 the Bank was renamed Yuanta Commercial Bank.

In order to broaden the Bank’s operating foundation and strengthen its competency, the Bank successively acquired Toulio Credit Cooperative, Taitung Credit Cooperative, Tainan 7th and 6th Credit Cooperative and increased its branches as many as 70. After Purchase and Assumption 18 domestic branches of Chinfon Commercial Bank in April 2010, the Bank expanded service territory to 88 branches. In the future, we will continue to deploy domestic locations according to the need of business development and the group’s development strategy, with a focus on metropolitan areas in Taiwan, including Taipei City, New Taipei City, Taichung City, Tainan City, and Kaohsiung City. We will also aggressively plan and establish overseas locations, in order to cultivate business opportunities in Taiwan, Hong Kong, and China.

The Bank set up Yuanta Property Insurance Agent Company through reinvestment on October 2, 1999 with the main business at property insurance agency services and Yuanta Life insurance agency Co., Ltd. on November 20, 2001 with the main business at life insurance agency business. In addition, Yuanta International Leasing Co., Ltd. was established on November 15, 2012 with the main business at dealership, leasing and factoring management of immovable properly / real property.

April 2010	Purchase and Assumption "Chin-Fon Bank" of 18 branches；Total branches increased to 88
September 2007	Renamed "Yuanta Commercial Bank"
December 2005	Acquired and merged "Tainan 6th Credit Cooperative"；Total branches increased to 70
June 2005	Acquired and merged "Tainan 7th Credit Cooperative"；Total branches increased to 58
June 2004	Acquired and merged "Taitung Credit Cooperative"；Total branches increased to 50
July 2003	Acquired and merged "Toulio Credit Cooperative"；Total branches increased to 42
August 2002	Joined Fuhwa FHC；Renamed "Fuhwa Commercial Bank" ；Total Branches 37
February 1992	"Asia Pacific Commercial Bank"；Total Branches 7

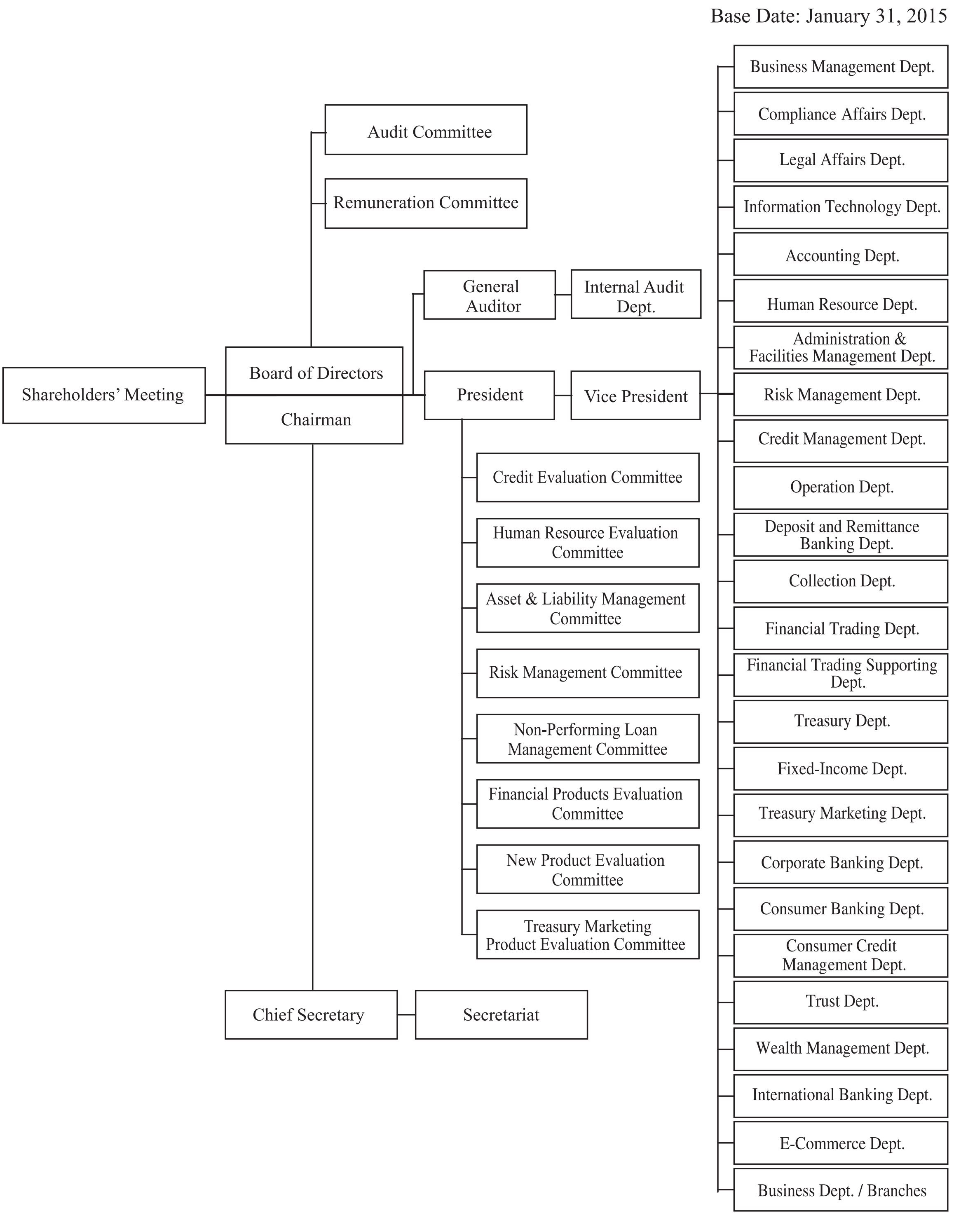
- Overseas Office: Hong Kong Representative Office
- Affiliate:
  Yuanta Property Insurance Agent Company
  Yuanta Life Insurance Agent Company
  Yuanta International Leasing Company

After joining Yuanta Financial Holdings, the Bank has been not only carrying out a variety of important service and system reforms, but integrating the abundant resources of the Financial Holdings in security clients, which steadily uplift the Bank's asset quality and stably grow its operation scale.

In prospect of the future, Yuanta Commercial Bank will persistently observes its philosophy-Sincerity, Stability, Service, Innovation and Attentiveness- and provide more professional and all-round financial services to customers through the quality management models with risk emphasis, customer orientation and objective management in order to create maximum profit for shareholders and full perform its social responsibility.

2. Organization

(1) Organization Chart



(2) Major Departments

Base Date: January 31, 2015

Departments	Function
Internal Audit Dept.	Manage the Bank's internal audits and supervise self auditing.
Business Management Dept.	Manage and plan the organization and service locations; integrate bank-wise operation performance, develop budgetary objectives, appraise business performance and strategies, manage long-term equity investment and M&A, and plan the corporate image, marketing and advertising activities and process secretarial and administrative affairs.
Compliance Affairs Dept.	Plan, manage, appraise and execute the legal compliance system of the Bank.
Legal Affairs Dept.	Proofread legal documentation and offer assistance and legal consultancy on non-lawsuit and lawsuit cases in the Bank.
Information Technology Dept.	Develop the Bank's IT policies. Construct and execute the IMS and plan, establish and manage the information facility, system and network.
Accounting Dept.	In charge of the accounting system and procedures, accounting, compilation of the budgets, periodic financial reporting and tax affairs.
Human Resource Dept.	Manage human resource affairs, including recruitment, employment, promotion, transfer, appraisal, compensation, bonus, training, insurance and benefit.
Administration & Facilities Management Dept.	Conduct property management, including seal management, documentation, safety maintenance, construction and maintenance, procurement, and real estate rental and purchase, and other administrative affairs.
Risk Management Dept.	Construct credit risk, market risk and operation risk control mechanism. Monitor and manage risk-related affairs in the Bank.
Credit Management Dept.	Examine, approve and review credit accounts of corporate and consumer banking. (excluding consumer loans under Consumer Credit Management Dept.) Develop on credit management policies, and real estate valuation policies and review the credit application of financial products from Treasury Marketing Units.
Operation Dept.	Planning, management and implementation of back-office centralization of deposit services, loan services and lending reexamination.
Deposit and Remittance Banking Dept.	Supervise the accomplishment of budgeting objects for deposit business, plan, promote, and manage the deposit service, develop regulations, manage and train personnel.
Collection Dept.	Collect the Bank's non-performing loans and other debts. Compile and analyze assets with non-performing loans.
Financial Trading Dept.	Manage the operation of trading books of the Bank, including foreign exchange, and transactions in the capital market, such as securities and derivatives.

Departments	Function
Financial Trading Supporting Dept.	Conduct confirmation, delivery, account management, internal audit and other affairs for financial products.
Treasury Dept.	Manage the Bank's asset and liability. Based on the Bank's outlook, manage funding and liquidity gap.
Fixed-Income Dept.	Manage transactions of fixed-income products and according derivatives, including outright purchases, repo and reverse repo of bonds, bills, beneficiary securities, and asset-backed securities.
Treasury Marketing Dept.	Research and develop financial products and plan, market and promote according businesses, including financial derivatives, structured products and structured notes, such as interest rates, foreign exchange rates, raw materials.
Corporate Banking Dept.	Supervise operational objectives, budget objectives, business development and product research and development for corporate banking business and plan and integrate services featuring projects, policies, large size, and complexity；and administrative affairs including personnel allocation and training.
Consumer Banking Dept.	Supervise, for consumer banking business, operational policies, budget objectives, business development, product research and development, marketing activities, customer services, crediting credit card users and plan and manage all of business regions.
Consumer Credit Management Dept.	Examine car loans, stock-secured loans, mortgages, consumer unsecured loans and credit cards; manage credit card warning, disputed payments, anti-fraudulence operations; review bill collection authorized stores; develop procedures for consumer banking products.
Trust Dept.	Plan, develop and manage trust business, execute annual budget objectives, and conduct R&D and integration of wealth management products and process trust business.
Wealth Management Dept.	Supervise the operational policies, budget objectives, business development, marketing plans and manage other wealth management services.
International Banking Dept.	Planning, management, institutionalization, and processing of foreign exchange.
E-Commerce Dept.	Supervise the development of the E-Banking services, including the planning of strategies, the integration of business operation, also the related promotion and manage affairs.
Business Dept. / Branches	Manage services of commercial banks approved by the competent authority, execute budgetary objectives of branches, administers accounting affairs and other tasks assigned by the headquarter.

3. Directors, Supervisors and Managers

(1) Information of Directors

Base Date: January 31, 2015

Title	Nationality or Place of Registration	Name	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Chairman	Republic of China	Representative of Yuanta Financial Holdings：Rong-Jou Wang	11/05/2013 (Note 3)	3 Years	11/05/2013	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,769,049,013	—	● Master of Laws, National Chung Hsing University ● Chairman of Hua Nan Financial Holdings；Chairman of Mega Financial Holdings/Mega Bank；Independent Director/Vice Chairman/ President of Yuanta Commercial Bank；Chairman of Taiwan Asset Management Corporation；Chairman of Taiwan Business Bank；Administrative Deputy Minister, Ministry of Finance；Supervisor of Taiwan External Trade Development Council；Director of Taiwan Academy of Banking and Finance	Chairman of Yuanta Commercial Bank；Chairman of Yuanta Financial Holdings；Director of Chinese Tax Research Association(Taiwan)；Supervisor of National Credit Card Center of R.O.C.	—
Director	Republic of China	Representative of Yuanta Financial Holdings：Song-Erh Chang	06/01/2013 (Note 4)	3 Years	05/06/2012			● Bachelor of Commerce, Tamkang University ● Chairman of Yuanta Commercial Bank；Chairman of Polaris International Securities Investment Trust Company；Chairman and President of Bank of Overseas Chinese;President of Chang Hwa Commercial Bank	—	

Title	Nationality or Place of Registration	Name	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected ; Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director	Republic of China	Representative of Yuanta Financial Holdings : Michael Ma	06/01/2013	3 Years	06/01/2013	100% owned by Yuanta FHC ; Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,769,049,013	–	● Bachelor of Commerce, University of Southern California, USA ● Chief Executive Vice President of Yuanta Financial Holdings ; Vice Chairman of Yuanta Commercial Bank ; CEO of Syspower Corporation ; Director of Yuanta Core Pacific Securities ; Chairman of Tzi-Fu International Corporation ; Executive Assistant to CEO of Yuanta Construction Development	Director of Yuanta Foundation ; Director of Yuanta Financial Holdings ; Director of Yuanta Construction Development ; Director of Yuanta Life ; Director of Yuan Hung Investment ; Director of Yuan Hsiang Investment ; President of Lien Heng Investment ; Director of Asia Modern Foundation ; Director of TWTC International Trade Building Corporation	–
	Republic of China	Representative of Yuanta Financial Holdings : Jin-Long Fang	06/01/2013	3 Years	06/29/2007			● Provincial Chiayi Senior Vocational High School ● Director of Yuanta Core Pacific Securities;Chairman of Li Ching Industry ; Chairman of Yuanta United Steel Corporation ; Chairman of Yuan Kun Construction	Director of Yuanta Financial Holdings;Director of Yuan Kun Construction	
	Republic of China	Representative of Yuanta Financial Holdings : Hsien-Tao Chiu	06/01/2013	3 Years	06/30/2005			● Bachelor of Business administration, University of Southwestern,USA ● Chairman of Taichung Securities ; Standing Director of Asia Pacific Bank ; Director of Asia Pacific Investment & Trust ; Chairman of Asia Pacific Leasing ; Chairman of Fuan Insurance Agent	Director of Yuanta Financial Holdings ; Chairman of Taiwan Yi-Her International Corporation ; Director of Fong-Long Automobile ; Director of Kong-Ya Investment Corporation ; Director of Jin-Li Industry Corporation ; Chairman of Yi-Her Automobile ; Director of Cheng-Long Automobile ; Chairman of FIAT	Executive Vice President, Eric K Chiu, kin with the second degree

Title	Nationality or Place of Registration	Name	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director	Republic of China	Representative of Yuanta Financial Holdings：Cheng-Hsin Wang	06/01/2013	3 Years	09/16/2008	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,769,049,013	—	● Master of Public Finance, National Chengchi University ● Vice Chairman of Yuanta Commercial Bank；President of Yuanta Financial Holdings；CSO of Chinatrust Financial Holdings；Senior Vice President of Chinatrust Commercial Bank；President of Jih Sun Financial Holdings	CSO of Yuanta Financial Holdings；Chairman of Yuanta Life	—
	Republic of China	Representative of Yuanta Financial Holdings：Chia-Lin Chin	06/01/2013	3 Years	04/16/2009			● Bachelor of Business Administration, National Chengchi University ● 25^{th} Executives Program, Graduate School of Business Administration, National Chengchi University ● General Auditor of Fuhwa Financial Holdings；General Auditor of Yuanta Core Pacific Securities；Vice President of Yuanta Core Pacific Securities；Vice President of SAMPO Securities；Department Head of Atlas Technology Corp.	President of Yuanta Commercial Bank；Chairman of Yuanta Life Insurance Agent；Director of Yuanta Asset Management；Director of Yuanta Property Insurance Agent；Chairman of Yuanta International Leasing；Director of Yuanta Foundation	

Title	Nationality or Place of Registration	Name	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected； Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director	Republic of China	Representative of Yuanta Financial Holdings： Frank Kuo	06/18/2014 (Note 5)	3 Years	06/18/2014	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,769,049,013	—	● MBA, the University of Texas at Arlington ● President of Yuanta Venture Capital; President of Yuanta I Venture Capital;	CEO of Corporate Banking Division, Yuanta Financial Holdings; Chairman of Yuanta Asia Investment; Director of WI Harper Group; Director of CDIB BioScience Ventures Management Corp.; Director of TSC BioVenture Capital Corp.; Director of Top Taiwan III Venture Capital Corp.; Director of Top Taiwan II Venture Capital Corp.; Director of Kun Ji II Venture Capital Corp.; Independent Director of TSH Biopharm; Director of Grand Cathay Venture Capital III Corp.; Director of e-Ray Optoelectronics Technology Corp.; Director of Qi Ding Venture Capital Corp.; Chairman and President of Grand Asia Captial Services Pte. (Singapore) ; Chairman and President of Grand Asia Asset Management; Director of Parawin Venture Capital Capital Corp.; Director of China Power Venture Capital Corp.; Director of Hua-Liu Venture Capital Corp.; Director of Rong Man Industrial Company; Director of TSC Venture Capital Corp.; Director of De Yang Biotechnology Venture Capital Corp.;Director of Harbinger Venture Capital Corp.; Director of Lian Ding Venture Capital Corp.; Director of Yuanta Securities (HK)	—

Title	Nationality or Place of Registration	Name	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director	Republic of China	Representative of Yuanta Financial Holdings：Jin-Sheng Duann	06/01/2013	3 Years	04/01/2012	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,769,049,013	—	● Bachelor of Public Finance, National Chengchi University ● Chairman of Taipei Foreign Exchange Market Development Foundation；Director General of Department of Foreign Exchange, Central Bank R.O.C；Director General of Department of the Treasury, Central Bank R.O.C	—	—
Independent Director	Republic of China	Representative of Yuanta Financial Holdings：Dah-Hsian Seetoo	06/01/2013	3 Years	06/29/2007	—	—	●Ph.D. in Business administration, Northwestern University,USA；MBA, University of Illinois,USA ●Chairman of Commerce Development Research Institute；Director of Yuanta Securities；Independent Director of Yuanta Core Pacific Securities；Director of Taiwan Stock Exchange；Deputy Director of Public Administration Center, National Chengchi University; Deputy Director of Civil Servant Education Center, National Chengchi University；Director of Department of Business Administration, National Chengchi University；Director of Graduate Institute of Business Administration, National Chengchi University；Vice President of National Chengchi University	Independent Director of Yuanta Financial Holdings; Chair Professor of National Chengchi University	

Title	Nationality or Place of Registration	Name	Date Elected	Term (Years) (Note 2)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Independent Director	Republic of China	Representative of Yuanta Financial Holdings： Jung-Hsien Huang	06/01/2013	3 Years	03/19/2008	—	—	●Bachelor of Public Finance, National Chengchi University ●Independent Director of Yuanta Securities；Chairman of Central Trust of China；Counselor of Ministry of Finance；President of Taipei Bank；Vice President of Chiao Tung Bank	Independent Director of Yuanta Futures	—
	Republic of China	Representative of Yuanta Financial Holdings： Chwo-Ming Yu	06/01/2013	3 Years	06/01/2013			●Ph.D. in business administration , Michigan University , USA ●Independent Director of Antec Inc.；Consultant of Hon Hai Precision Industry；Assistant professor of business administration,University of Illinois at Urbana-Champaign, USA	Independent Director of Yuanta Securities；Independent Director of Advantech Corporation；Director of Higher Education Foundation；Professor of National Chengchi University	

Note 1: On June 1, 2013, Yunata Financial Holdings designated Mr. Song-Erh Chang, Mr. Michael Ma, Mr. Jin-Long Fang, Mr. Hsien-Tao Chiu, Mr. Cheng-Hsin Wang, Mr. Chia-Lin Chin, Mr. Ming-Heng Ho and Mr. Jin-Sheng Duann as the directors of the 8th term of the Company and Mr. Dah-Hsian Seetoo, Mr. Jung-Hsien Huang and Mr. Chwo-Ming Yu as the independent directors of the 8th term of the Company.

Note 2: The term of the 8th board is from June 1, 2013 to May 31, 2016.

Note 3: Mr. Rong-Jou Wang was designated by Yunata Financial Holdings as the director of the 8th term of the Company on November 5, 2013 and elected as Chairman at the 13th Director's Meeting of the 8th term.

Note 4: Mr. Song-Erh Chang resigned from vice chairman on July 1, 2014, and continued as the director.

Note 5: Yunata Financial Holdings re-appointed Mr. Frank Kuo to succeed to Mr. Ming-Heng Ho as a director of the 8th term of the Company on June 18, 2014.

Note 6: Yunata Financial Holdings re-appointed Mr. Chich-Chiang Fan to succeed to Mr. Rong-Jou Wang as a director of the 8th term of the Company on March 30, 2015 and elected as Chairman at the 49th Director's Meeting of the 8th term.

(2) Major Institutional Shareholders:

Base Date: August 26, 2014

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd.	3.88%
	Yuan Hung Investment Co., Ltd.	3.39%
	Yuan Hsiang Investment Co., Ltd.	2.86%
	Yu Yang Investment Co., Ltd.	2.79%
	Dedicated investment account managed by Mega International Commercial Bank on behalf of Mega Securities (HK)	2.77%
	Bank of Taiwan Co., Ltd.	2.33%
	Dedicated investment account managed by Citibank (Taiwan) on behalf of Singapore Government	2.24%
	Lian Ta Investment Co., Ltd.	2.18%
	Nan Shan Life Insurance Co., Ltd.	2.01%
	Cathay Life Insurance Co., Ltd.	1.92%

Note: Data for the company's top 10 major shareholders are as of Yuanta Financial Holdings' latest book closure date (2014.8.26).

(3) Key Shareholders of Major Institutional Shareholders:

Base Date: January 31, 2015

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Tsun Chueh Investment Co., Ltd.	Lian Ta Investment Co., Ltd.	19.49%
	Teng Ta Investment Co., Ltd.	19.30%
	Lien Heng Investment Co., Ltd	18.92%
	Chiu Ta Investment Co., Ltd.	18.36%
	Hsing Tsai Investment Co., Ltd	10.24%
	Victor Ma	8.27%
	Judy Tu	4.69%
	Yung-Tsang Lin	0.39%
	Er-Tai Ma	0.34%
Yuan Hung Investment Co., Ltd.	Mei Jia Li Investment Company Limited	45.88%
	Lien Heng Investment Co., Ltd	33.74%
	Teng Ta Investment Co., Ltd.	15.38%
	Judy Tu	5.00%
Yuan Hsiang Investment Co., Ltd.	Lian Ta Investment Co., Ltd.	44.38%
	Lien Heng Investment Co., Ltd	19.00%
	Teng Ta Investment Co., Ltd.	18.69%
	Chiu Ta Investment Co., Ltd.	9.96%
	Judy Tu	5.01%
	Hsing Tsai Investment Co., Ltd	2.96%
Yu Yang Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd.	100.00%

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Dedicated investment account managed by Mega International Commercial Bank on behalf of Mega Securities (HK)	N/A	
Bank of Taiwan Co., Ltd.	Taiwan Financial Holdings Co., Ltd	100.00%
Dedicated investment account managed by Citibank (Taiwan) on behalf of Singapore Government	N/A	
Lian Ta Investment Co., Ltd.	Chiao Hua International Investment Co., Ltd	45.79%
	Lien Heng Investment Co., Ltd	37.14%
	Chiu Ta Investment Co., Ltd.	14.02%
	Hsing Tsai Investment Co., Ltd	2.58%
	Judy Tu	0.47%
Nan Shan Life Insurance Co., Ltd.	Dedicated investment account managed by First Bank on behalf of Ruen Chen Investment Holding Co., Ltd.	83.11%
	Ruen Chen Investment Holding Co., Ltd.	7.52%
	Ying Tsung Tu	3.25%
	Dedicated stock trust property account managed by Taishin International Bank on behalf of Nanshan Life Insurance	0.88%
	Ruen Hua Dyeing & Weaving Co., Ltd.	0.28%
	Ruen Tex Leasing Co., Ltd.	0.15%
	Chi Pin Investment Co., Ltd.	0.11%
	Wen Te Kuo	0.11%
	Pao Chih Investment Co., Ltd.	0.05%
	Pao Yi Investment Co., Ltd.	0.05%
	Pao Hui Investment Co., Ltd.	0.05%
	Pao Huang Investment Co., Ltd.	0.05%
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings Co., Ltd	100.00%

(4) Information of Managers:

A. Presidents, Vice Presidents and Department Heads:

Base Date: January 31, 2015

Title	Nationality	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
President	Republic of China	Chia-Lin Chin	01/01/2010	N/A	N/A	● President ● Bachelor of Business Administration, National Chengchi University ● 25th Executives Program,Graduate School of Business Administration, National Chengchi University	Director of Yuanta Commercial Bank； Chairman of Yuanta Life Insurance Agent；Director of Yuanta Property Insurance Agent；Director of Yuanta Foundation；Director of Yuanta Asset Management； Chairman of Yuanta International Leasing	N/A
General Auditor	Republic of China	Chien Weng	10/22/2012	N/A	N/A	● General Auditor ● Bachelor of Law, Fu Jen Catholic University	General Auditor of Yuanta Financial Holdings；Director of MacroWell OMG Digital Entertainment Corporation	N/A
Executive Vice President	Republic of China	Yu-De Chuang	07/14/2014	N/A	N/A	● Supervisor and Manager of Compliance Affairs Dept. ● Master of Public Finance, National Chengchi University	Executive Vice President of Yuanta Financial Holdings；Director of Yuanta Securities Finance；Director of Yuanta Foundation	N/A
Executive Vice President	Republic of China	Tsai-Yu Chang	10/17/2013	N/A	N/A	● Supervisor of Financial Trading Dept., Treasury Marketing Dept., Treasury Dept., Credit Management Dept. and Fixed-Income Dept. ● MBA, National Chengchi University ● 29th Executives Program,Graduate School of Business Administration, National Chengchi University	Senior Vice President of Yuanta Financial Holdings；Director of Yuanta Life Insurance Agent；Supervisor of Yuanta Venture Capital；Supervisor of Yuanta I Venture Capital；Supervisor of Yuanta Securities Finance；Director of SYF Information (Samoa) Limited	N/A
Executive Vice President	Republic of China	Chung-Ping Lue	10/01/2013	N/A	N/A	● Supervisor of International Banking Dept., Financial Trading Supporting Dept., Operation Dept. and Deposit and Remittance Banking Dept. ● Master of Accounting, National Chengchi University	Director of Yuanta Life Insurance Agent；Supervisor of Yuanta International Leasing	N/A

Title	Nationality	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Executive Vice President	Australia	Eric K. Chiu	10/01/2013	N/A	N/A	●Supervisor of Wealth Management Dept., Trust Dept. and Offshore Banking Branch ● MBA, The University of Queensland, Australia ●28th Executives Program,Graduate School of Business Administration, National Chengchi University	Director of Yuanta International Leasing	N/A
	Republic of China	Allen Wu	10/16/2014			● Supervisor of Business Management Dept. ● MBA, Mississippi State University, USA	Senior Vice President of Yuanta Financial Holdings；Director of First Securities Joint Stock Company; Director of GC Structured Products Limited	
Senior Vice President	Republic of China	Yu Chang	07/01/2013			●Business Supervisor and Supervisor of Corporate Banking Dept. ●Master of Public Administration, National Chengchi University	N/A	
	Republic of China	Yung-Chung Huang	05/01/2011			●Supervisor of Consumer Banking Dept., Consumer Credit Management Dept. and Collection Dept. ●Bachelor of Business Administration, Tamkang University	Director of Yuanta International Leasing	
	Republic of China	Siou-Mei Chen	09/01/2014			●Supervisor of Information Technology Dept. and E-Commerce Dept. ●Bachelor of Economics, National Chung Hsing University	Vice President of Yuanta Financial Holdings	
Vice President	Republic of China	Tai-Yung Hsiung	11/01/2013			●Chief Secretary and Manager of Secretariat ●Bachelor of Cooperative Economics, National Chung Hsing University	Vice President of Yuanta Financial Holdings	
	Republic of China	Siao-Jyuan Zeng	04/13/2012			●Manager of Credit Management Dept. ●MBA, National Taiwan University of Science and Technology	N/A	
	Republic of China	Su-Hui Wu	10/01/2013			●Manager of Wealth Management Dept. ●Bachelor of Business Administration, National Chung Hsing University		

Title	Nationality	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Vice President	Republic of China	Fan-Sheng Pu	10/01/2014	N/A	N/A	●Manager of Fixed-Income Dept. ●MBA, National Chung Hsing University	N/A	N/A
	Republic of China	Yi-Liang Su	10/01/2014			●Manager of Risk Management Dept. ●Ph.D. of Management, National Taiwan University of Science and Technology	Senior Assistant Vice President of Yuanta Financial Holdings	
Senior Assistant Vice President	Republic of China	Wen-Hsiang Chang	04/16/2012			●Business Supervisor ●Bachelor of Cooperative Economics, National Chung Hsing University	N/A	
	Republic of China	Sin-Yu Lin	04/16/2012			●Business Supervisor, Manager of Prepatory Office of Singapore Branch. ●MBA, Arizona State University,USA		
	Republic of China	Yeong-Jen Chen	10/01/2013			●Business Supervisor ●Bachelor of Finance and Banking ,Aletheia University		
	Republic of China	Wen-Jeng Chang	07/04/2011			●Manager of Offshore Banking Branch, Chief Representative of Hong Kong Representative Office, Manager of Prepatory Office of Macau Branch. ●MBA,George Washington University, USA		
	Republic of China	Shu-Jung Wang	04/01/2011			●Manager of Treasury Dept. ●Bachelor of International Trade, Fu Jen Catholic University		
	Republic of China	Yu-Ching Su	04/01/2011			●Manager of Accounting Dept. ●Bachelor of Accounting, Tamkang University		
	Republic of China	Li-Yun Chen	07/14/2014			●Manager of Human Resource Dept. ●MBA, Hofstra University, New York, USA	Assistant Vice President of Yuanta Financial Holdings	
	Republic of China	Chi-Jung Huang	09/01/2014			●Manager of Information Technology Dept. ●Bachelor of Information Engineering and Computer Science, Feng Chia University	N/A	
	Republic of China	Mei-Chih Yu	10/13/2014			●Manager Treasury Marketing Dept. ●Bachelor of International Business, Tamkang University		

Title	Nationality	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant Vice President	Republic of China	Ming-Shing Chen	10/24/2014	N/A	N/A	●Manager of Business Management Dept. and Corporate Banking Dept. ●Bachelor of Laws, National Taiwan University	N/A	N/A
	Republic of China	Kung-He Chang	10/01/2013			●Manager of Consumer Credit Management Dept. ●Master of Applied Statistics, Fu Jen Catholic University		
	Republic of China	Chi-Liang Hsiao	10/01/2013			●Manager of Consumer Banking Dept. ●MBA, California State University, San Bernardino,USA		
	Republic of China	Chih-Hsun Chiang	04/01/2011			●Manager of Financial Trading Supporting Dept. ●Bachelor of Business Administration, Tamkang University		
	Republic of China	Mei-Ju Chen	06/20/2014			●Manager of Legal Affairs Dept. ●Master of Laws, Fu Jen Catholic University	Assistant Vice President of Yuanta Financial Holdings；Supervisor of Yuanta Life Insurance Agent	
	Republic of China	Mei-Jhu Chang	10/01/2013			●Manager of Operation Dept. ●Dept. of Management, National Taipei College of Business	N/A	
	Republic of China	Wen-Ting Huang	10/01/2013			●Manager of Deposit and Remittance Banking Dept. ●Bachelor of International Trade, National Chengchi University		
	Republic of China	Luin-Chian Lin	02/14/2014			●Manager of International Banking Dept. ●Bachelor of Banking, Tamkang University		
	Republic of China	Chien-Ming Tseng	04/01/2014			●Manager of Financial Trading Dept. ●Bachelor of Finance and Banking , Aletheia University		
	Republic of China	Che-Yi Chu	08/29/2014			●Manager of Trust Dept. ●Master of Finance, Tamkang University		
Senior Manager	Republic of China	Sheng-Hsing Huang	04/01/2011			●Manager of Administration & Facilities Management Dept. ●Bachelor of Accounting, Soochow University		

Title	Nationality	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Republic of China	Li-Jung Chang	02/14/2014	N/A	N/A	●Manager of E-Commerce Dept. ●Bachelor of Business Administration, Chinese Culture University	N/A	N/A
	Republic of China	Hui-Kuo Chien	04/01/2014			●Manager of Collection Dept. ●Bachelor of Economics, Fu Jen Catholic University		

B. Branch Managers:

Base Date: January 31, 2015

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant Vice President	Republic of China	Hong-Chih Lin	05/09/2014			● Manager of Business Department ● Bachelor of International Business, Soochow University		
Assistant Vice President	Republic of China	Jeng-Hwa Cherng	10/01/2013			● Manager of Taipei Branch ● Master of Finance, Fu Jen Catholic University		
Senior Manager	Republic of China	Cheng-Yi Chang	10/01/2013			● Manager of Chingmei Branch ● MBA, National Chengchi University		
Assistant Vice President	Republic of China	Chun-Huang Lu	10/01/2013			● Manager of Nanjing East Road Branch ● MBA, National Taipei University		
Manager	Republic of China	Chiu-Hua Chou	09/26/2014			● Manager of Shihlin Branch ● Associate Degree of Information Management, Hwa Hsia Junior College of Industrial and Commercial Management		
Assistant Vice President	Republic of China	Chen-kang Yang	10/01/2013	N/A	N/A	● Manager of Guting Branch ● Bachelor of Economics, Soochow University	N/A	N/A
Manager	Republic of China	Ying-Chou He	09/26/2014			● Manager of Neihu Branch ● Master Program in Mainland China Studies, Chinese Culture University		
Manager	Republic of China	Yung-Li Huang	10/01/2013			● Manager of Sinyi Branch ● Bachelor of Banking, National Chengchi University		
Assistant Vice President	Republic of China	Chien-Pin Wu	10/01/2013			● Manager of Songiang Branch ● Bachelor of Business Administration, National Chung Hsing University		
Assistant Vice President	Republic of China	Chien-Wei Pan	06/22/2012			● Manager of Tianmu Branch ● Master of Finance, California State University, USA		

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant Vice President	Republic of China	Ta-Hsiang Yuan	05/09/2014	N/A	N/A	● Manager of Minsheng Branch ● MBA, Southern Queensland University, Australia	N/A	N/A
Senior Manager	Republic of China	Pei-Ying Wang	09/26/2014			● Manager of Zhongshan North Road Branch ● MBA, St. John's University, New York		
Manager	Republic of China	Hu-Hua Liang	10/01/2013			● Manager of Zhongxiao Branch ● Associate Degree of Banking Management, Tamsui Institute of Business Administration		
Senior Manager	Republic of China	Ming-Hung Chang	03/22/2013			● Manager of Chengde Branch ● Associate Degree of Advertising Design, KaiNan High School of Commerce and Industry		
Senior Manager	Republic of China	Li-Chang Lu	09/19/2013			● Manager of Chengjhong Branch ● Associate Degree of Banking and Insurance, National Taipei College of Business		
Manager	Republic of China	Chi-Chang Yu	10/01/2013			● Manager of Guanqian Branch ● Bachelor of Business, National Open University		
Manager	Republic of China	Chia-Lin Chiu	04/25/2014			● Manager of Datong Branch ● Bachelor of Finance, Tamkang University		
Manager	Republic of China	Chao-Hsiang Chen	03/28/2014			● Manager of Songshan Branch ● Bachelor of Banking and Insurance, Feng Chia University		
Senior Manager	Republic of China	Jeng-Huei Chen	06/22/2012			● Manager of Daan Branch ● MBA, Ming Chuan University		
Manager	Republic of China	Neng-Che Shih	04/01/2011			● Manager of Yanping Branch ● Master of Finance, National Chung Cheng University		
Manager	Republic of China	Shih-Ho Tsai	10/01/2013			● Manager of Wende Branch ● Bachelor of Public Finance and Taxation, Aletheia University ● Bachelor of Laws, Fu Jen Catholic University		

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Yen-Shan Lee	10/01/2013	N/A	N/A	● Manager of Beitou Branch ● Bachelor of Statistics, National Chung Hsing University	N/A	N/A
Senior Manager	Republic of China	Hui-Jen Chen	11/26/2010			● Manager of Dunnan Branch ● Associate Degree of International Trade, China Junior College of Industrial and Commercial Management		
Senior Manager	Republic of China	Mei-Jen Liu	05/13/2011			● Manager of Gongguan Branch ● Bachelor of International Trade, Tamkang University		
Manager	Republic of China	Hui-Jen Chang	10/01/2013			● Manager of Heping Branch ● MBA, Royal Roads University, Canada		
Manager	Republic of China	Yung-Chang Tseng	02/17/2014			● Manager of Ximen Branch ● Master of Accounting, Kansas State University, USA		
Manager	Republic of China	Hua-En Fang	03/03/2014			● Manager of Guangfu Branch ● Master of Finance, Monash University, Australia		
Manager	Republic of China	Yung-Chieh Lin	10/01/2013			● Manager of Xindian Branch ● Associate Degree of Business Administration, Gingchung Business College		
Manager	Republic of China	Chin-Tsung Huang	03/28/2014			● Manager of Xindian Zhongzheng Branch ● MBA, National Taiwan University of Science and Technology		
Manager	Republic of China	Kan-Lin Chen	10/01/2013			● Manager of Shuanghe Branch ● MBA, National Chengchi University		
Manager	Republic of China	Ching-Hui Chiu	02/17/2012			● Manager of Yonghe Branch ● Bachelor of International Business, Tamkang University		

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Zu-Jen Lee	04/01/2011	N/A	N/A	● Manager of Jhonghe Branch ● Associate Degree of Business International Trade, Chihlee College	N/A	N/A
Senior Manager	Republic of China	Jin-Ren Syu	09/09/2011			● Manager of Sanchong Branch ● Bachelor of Business Administration, Soochow University		
Manager	Republic of China	Pan-Yi Chiu	02/14/2014			● Manager of Beisanchong Branch ● Bachelor of Business, National Open University		
Senior Manager	Republic of China	Shun-Ming Fanchiang	04/22/2011			● Manager of Shangsinjhuang Branch ● Bachelor of Economics, Soochow University		
Senior Assistant Vice President	Republic of China	Tzu-Ping Liu	05/09/2014			● Manager of Sinjhuang Branch ● Bachelor of Accounting, Tamkang University		
Assistant Vice President	Republic of China	Ming-Kun Wang	09/19/2013			● Manager of Banqiao Branch ● Master of Finance, Ming Chuan University		
Manager	Republic of China	Hsiao-Pei Chang	11/29/2013			● Manager of Puqian Branch ● Bachelor of Accounting, Soochow University		
Manager	Republic of China	Kuo-Hsing Shen	02/14/2014			● Manager of Tucheng Branch ● MBA, Dallas Baptist University, USA		
Senior Manager	Republic of China	Cheng Liao	04/01/2011			● Manager of Lujhou Branch ● MBA, National Chung Hsing University		
Manager	Republic of China	Kuo-Tsai Liu	02/13/2014			● Manager of Shulin Branch ● Bachelor of Banking and Finance, Tamkang University		
Assistant Vice President	Republic of China	Chung-Hsi Chuang	05/09/2014			● Manager of Nankan Branch ● Associate Degree of Public Administration, The Affiliated Administration junior college of the National Chengchi University		

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Republic of China	Li-Ching Yu	05/09/2014	N/A	N/A	● Manager of Zhongli Branch ● Bachelor of International Trade, Tunghai University	N/A	N/A
Senior Manager	Republic of China	Rong-Hwa Huang	04/22/2011			● Manager of Taoyuan Branch ● Bachelor of Commerce, National Taiwan University		
Senior Manager	Republic of China	Chih-Hung Lu	10/01/2013			● Manager of Taosin Branch ● Bachelor of Business Administration, National Chengchi University		
Assistant Vice President	Republic of China	Tai-Yuan Huang	10/01/2013			● Manager of Pingjhen Branch ● MBA, North Alabama University, USA		
Manager	Republic of China	Che-Chin Lin	09/19/2013			● Manager of Linkou Branch ● Master of Finance, National Taiwan University of Science and Technology		
Assistant Vice President	Republic of China	Ching-Sung Chen	11/04/2011			● Manager of Hsinchu Branch ● MBA, South Australia University		
Manager	Republic of China	Ming-Hsiung Lin	10/01/2013			● Manager of Jhubei Branch ● Associate Degree of International Trade,Tamsui Institute of Business Administration		
Senior Manager	Republic of China	Yu-Ling Hsu	03/02/2012			● Manager of Hsinchu Science Park Branch ● MBA, National Central University		
Manager	Republic of China	Yu-Chien Hsu	02/22/2013			● Manager of Datong Branch ● Bachelor of Management Science, National Chaio Tung University		
Assistant Vice President	Republic of China	Chun-Chieh Wu	10/01/2013			● Manager of Luodong Branch ● Bachelor of Commerce, National Taiwan University		
Manager	Republic of China	Jie-Ping Wu	10/01/2013			● Manager of Kinmen Branch ● Master of Business Education, National Changhua University of Education Department		

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Republic of China	Win-Yen Chen	09/19/2013	N/A	N/A	● Manager of Hualien Branch ● Bachelor of Finance, Feng Chia University	N/A	N/A
Manager	Republic of China	Sheng-Feng Chen	03/02/2012			● Manager of Miaoli Branch ● Master of Economics, Feng Chia University		
Senior Assistant Vice President	Republic of China	Kuang-Chung Liao	11/04/2011			● Manager of Taichung Branch ● MBA, National Sun Yat-Sen University		
Manager	Republic of China	Yeh-Lu Lee	02/22/2013			● Manager of Wunsin Branch ● Bachelor of Economics, Tunghai University		
Manager	Republic of China	Ting-I Chu	03/02/2012			● Manager of Fusing Branch ● Master of International Management, American Graduate School of International Management ● MBA, South Dakota University,USA		
Senior Manager	Republic of China	Sheng-Wen Chien	10/01/2013			● Manager of Chongde Branch ● MBA, Chaoyang University of Technology		
Manager	Republic of China	Ling-Ying Liao	02/22/2013			● Manager of ChungGang Branch ● Associate Degree of Business Administration, Ling Tung Junior College of Accounting		
Assistant Vice President	Republic of China	Chih-Sheng Pan	11/04/2011			● Manager of Shalu Branch ● MBA, Tunghai University		
Manager	Republic of China	Ping-Hwang Hu	03/22/2012			● Manager of Fongyuan Branch ● Bachelor of Economics, Fu Jen Catholic University		
Senior Manager	Republic of China	Tsung-Chieh Lee	02/22/2013			● Manager of Dali Branch ● Master of Accounting, National Yunlin University of Science and Technology		
Manager	Republic of China	Li-Fen Chang	09/09/2011			● Manager of Dajia Branch ● Bachelor of Business Management, Ling Tung Junior College of Technology		

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Republic of China	Lu-Wen Tang	10/01/2013	N/A	N/A	● Manager of Taiping Branch ● Bachelor of Finance, Chaoyang University of Technology	N/A	N/A
Manager	Republic of China	Cheng-Fang Chen	04/27/2012			● Manager of Caotun Branch ● Master of Finance, National Yunlin University of Science and Technology		
Assistant Vice President	Republic of China	Jui-Chien Hsieh	03/02/2012			● Manager of Changhua Branch ● Associate Degree of Accounting and Statistic, National Taipei College of Business		
Senior Manager	Republic of China	Chung-Lin Yeh	05/09/2014			● Manager of Yuanlin Branch ● Master of Accounting , Chung Yuan Christian University		
Assistant Vice President	Republic of China	Chi-Wen Tso	03/02/2012			● Manager of Lugang Branch ● Master of Finance, Chaoyang University of Technology		
Senior Manager	Republic of China	An-Kuo Hung	05/09/2014			● Manager of Beidou Branch ● Bachelor of Business Administration, Transworld Institute of Technology		
Senior Assistant Vice President	Republic of China	Chin-Sen Wang	10/01/2013			● Manager of Doushin Branch ● Associate Degree of Accounting and Statistics, Transworld Junior College of Commerce		
Manager	Republic of China	Hao Tsai	02/17/2012			● Manager of Huwei Branch ● Associate Degree of International Trade, Taichung College of Commerce		
Senior Manager	Republic of China	Tsung-hua Hsieh	02/17/2012			● Manager of Dounan Branch ● Associate Degree of Banking Management, Tamsui Institute of Business Administration		
Manager	Republic of China	Chien-Sheng Wang	04/01/2011			● Manager of Chiayi Branch ● Master of Finance, National Yunlin University of Science and Technology		

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Republic of China	Wen-Hsiung Shih	03/22/2013	N/A	N/A	● Manager of Yongkang Branch ● Bachelor of Business Administration, National Chung Hsing University	N/A	N/A
Senior Manager	Republic of China	Chun-Hsiung Kuo	03/22/2013			● Manager of Jiali Branch ● Master of Industrial Management,National Cheng Kung University		
Assistant Vice President	Republic of China	Ming-Kuan Lu	04/27/2012			● Manager of Tainan Branch ● Bachelor of Statistics, National Chengchi University		
Manager	Republic of China	Chung-Lin Wu	04/01/2011			● Manager of Fuchen Branch ● Master of Economics, National Sun Yat-Sen University of Institute Interdisciplinary Studies for Social Sciences		
Manager	Republic of China	Ming-Sheng Chen	05/09/2014			● Manager of Fudong Branch ● Associate Degree of Bank Insurance, TaTung Junior College of Commerce		
Manager	Republic of China	Chin-Hao Wang	05/09/2014			● Manager of Kaiyuan Branch ● Associate Degree of Business Administration, Far Eastern College of Industrial and Commercial Management		
Manager	Republic of China	Kuo-Ching Wong	02/17/2012			● Manager of Anhe Branch ● Bachelor of Economics, National Taiwan University		
Manager	Republic of China	Cherng-Jer Lee	10/01/2013			● Manager of Zuoying Branch ● Master of Money and Banking, National Kaohsiung First University of Science and Technology		
Assistant Vice President	Republic of China	Bih-Ru Liao	09/26/2014			● Manager of Kaohsiung Branch ● Master of Financial Management, National Kaohsiung First University of Science and Technology		

Title	Nationality	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant Vice President	Republic of China	Ching-Chi Huang	09/26/2014	N/A	N/A	● Manager of Boai Branch ● Master of Money and Banking, National Kaohsiung First University of Science and Technology	N/A	N/A
Senior Manager	Republic of China	Ming-Chai Tsai	05/09/2014			● Manager of Fongshan Branch ● Master of Economics, National Sun Yat-Sen University		
Senior Manager	Republic of China	Wen-Pin Lu	05/09/2014			● Manager of Sanmin Branch ● Bachelor of Business Administration, Cheng Shiu University		
Manager	Republic of China	Yu-Chao Cheng	02/22/2013			● Manager of Pingtung Branch ● Bachelor of Laws, Chinese Culture University		
Manager	Republic of China	San-Kuei Huang	09/19/2013			● Manager of Tungshin Branch ● Bachelor of Accounting, Chinese Culture University		

4. Corporate Governance

(1) Disclosures made in accordance with Corporate Governance Best-Practice Principles for Banks and related regulations:

Disclosed in "Corporate Governance" on the Bank's website

http://www.yuantabank.com.tw/en/

(2) State of Corporate Governance:

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
	Yes	No	Summary	
1. Equity structure and shareholders' rights of the Bank: (1) Did the Bank set up methods to handle shareholder suggestions, questions, complaints and legal actions from shareholders, and implemented the procedure? (2) Did the Bank maintain list of its major shareholders and the ultimate controllers of these major shareholders? (3) Did the Bank establish and execute risk control and firewall mechanism between the Bank and its affiliates?	✓ ✓ ✓		(1) The Bank is wholly-owned by Yuanta Financial Holding. It accords its management of the Bank with Article 26 of Financial Holding Company Act, and maintains an unobstructed communication channels with the Bank. (2) Yuanta Financial Holding is the sole shareholder of the Bank. Therefore, Yuanta Financial Holding is the major shareholder actually controlling the Bank and the ultimate controller of the shareholder. (3) The Bank and its related party have been processing their finance independently, and the performance and division of responsibilities between both parties have been defined clearly, and also audited by CPA periodically. Additionally, the Bank has also established the stakeholder query system and developed according operation procedures and the controlling mechanism all according to Article 44 and Article 45 of Financial Holding Company Act and relevant policies of the parent company. The Bank also handled the cross-selling operation in accordance with Article 42 and 43 of Financial Holding Company Act and the relevant regulations.	Conformity
2. Composition and responsibilities of the board of directors: (1) Did the Bank's voluntary establishment of other functional committees in additional to Remuneration Committee and Audit Committee?	✓		(1) In addition to Remuneration Committee and Audit Committee, the Bank also set up Risk Management Committee, Non-Performing Loan Management Committee, Financial Products Evaluation Committee, New Product Evaluation Committee, Credit Evaluation Committee, Human Resource Evaluation Committee, Asset & Liability Management Committee and Treasury Marketing Product Evaluation Committee	Conformity

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and “Guidelines for Bank Corporate Governance” and Causes
	Yes	No	Summary	
(2) Did the Bank assess the independence of the CPA periodically?	✓		according to respective services. (2) The evaluation report on the independence of certified accountants and their appointment are reported to the Audit Committee and Board of Directors for approval.	
3. Did the Bank establish communication channel with stakeholders?	✓		The Bank has defined the “Regulations Governing Stakeholder’s Suggestions and Disputes for Audit Committee” to establish the unobstructed communication and constructed “The Area for Employees and Stakeholder’s Suggestions and Disputes for Audit Committee” as a communication channel on the website.	Conformity
4. Information Disclosure: (1) Did the Bank establish website to disclose information concerning financial affairs and corporate governance? (2) Did the Bank have other information-disclosing approaches (e.g. English website, assignment of specific personnel to collect and disclose the Bank’s information, implementation of a spokesperson system, broadcasting of investor conferences via the bank website and etc.)?	✓ ✓		(1) The Bank has built the Chinese and English websites to disclose to the public the important financial information and corporate governance information, including annual financial reports. (2) The Bank established the spokesperson and deputy spokesperson system to unify and integrate financial and business information and advance the timeliness of public announcement.	Conformity
5. Did the Bank have other important information enabling better understanding of the Bank’s corporate governance status (including but not limited to staff interests and employee care, investors relations and stakeholder’s rights, director’s and supervisor’s further trainning, the implementation of risk management policies and risk evaluation criteria, the implementation of customers' policies, Bank’s purchase of liabilities insurance for directors and supervisors and the donation to political parties, takeholders and charities)	✓		Other important information enabling better understanding of the Bank’s corporate governance status: (1) Staff Right and Employee Care: The Bank established Employees' Welfare Committee and, on the corporate website, set up Employee’s Recommendation area as a communicative medium between employees and employers. (2) Investors Relations and Stakeholder’s Rights: The Bank’s sole investor is Yuanta Financial Holding Co., Ltd., which is the only shareholder and has smooth relationship with the Bank. (3) Director’s and Supervisor’s Further Education: The Bank has developed “Director Further Education Procedures” and implemented director’s continuing education courses according to the procedures. (4) The Implementation of Risk Management Policies and Risk Evaluation Criteria: The Bank has developed superior risk management policy approved by Board of Director, and constituted a well-structured	Conformity

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
	Yes	No	Summary	
			risk management system in order to ensure various risk evaluation criteria. Meanwhile, the Bank also set up Risk Management Committee to integrate the deliberation, supervision and coordination of the Bank's risk management. (5) The Implementation of Customers' Policies： To guard customer's rights, the Bank has developed Guidelines on Consumer Protection and regulations of personal information protection. Furthermore, the bank acquired ISO 27001, a certificate of the Information Security Management Standard (ISMS), and BS10012, a certificate of Personal Information Management System to shield customers' privacy and advance the security of personal information. (6) Bank's Purchase of Liabilities Insurance for Directors and Supervisors: The Bank has purchased liability insurance from Union Insurance Company for directors and supervisors. (7) The donation to political parties, stakeholders and charities: A. NT$ 4.6 million is donated to Polaris Research Institute in January 2014 for the research on the macro-economy, finance and products of Taiwan and major countries. B. NT$ 11 million is donated to Yuanta Foundation in May 2014 for the personnel training, arts and cultural and public welfare activities. C. NT$ 2 million is donated to Social Affairs Bureau, Kaohsiung City Government in August 2014 to help the relief and recovery of the disaster area after gas explosion in Cianjhen District, Kaohsiung City. D. NT$ 25 million is donated to National Chengchi University in December 2014 to advance students' ability of art appreciation, expand students' horizon and creativity, further education of top talents and realize holistic education.	

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
	Yes	No	Summary	
6. Did the Bank conduct a corporate governance self-assessment report or commissions a professional institution to compile a corporate governance assessment report? (If yes, the opinions of the Board, the results of self-assessment or commissioned assessment, major deficiencies or suggestions, and its improvements) (Note)	✓		In 2013, the Bank entered the assessment of CG6008 Advanced Corporate Governance, held by Taiwan Corporate Governance Association (TCGA), and received the certificate on January 3, 2014(valid for 2 years). According to six facets , industry indicators and advanced indicators of corporate governance evaluation system, the Bank elaborates its corporate governance as follows: (1) Protection over Shareholder's Equity: The foremost principle of corporate governance lies in protecting equity of all shareholders and encouraging shareholders to involve themselves in corporate governance. The Bank complied with such standard consistently. Nevertheless, TCGA advised that, while the board meeting functions in an acting capacity of shareholder's meeting, the minute of the director's meeting shall be disclosed on the corporate website to further solidify information transparency and safeguard the rights of all stakeholders. (2) Fortify the Functions of Board of Directors: The Bank has recruited three independent directors to be members of Audit Committee and Remuneration Committee. They fully fulfilled their duties in independent supervision. Additionally, the Bank was advised to raise the weights of independent directors or outside directors in Board of Directors and, in reference to self-evaluation procedures of Audit Committee, to establish an objective evaluation mechanism on comprehensive performance of Remuneration Committee. (3) Utilize the Supervisory Functions of Audit Committee: The Bank's three independent directors in Audit Committee all possess intensive expertise in their own fields. Functions of Audit Committee are considerably utilized. The overall performance is exceptional. (4) Discipline and Communication of Executives: The Bank is not only systematic and fully carries out the Bank's system. Further, while the Bank's core businesses are clear and specific, the disciplines for executives are rather strict. Advice was provided that some proportion of assessment powered can be provided to Audit Committee to assess the performance of internal audit supervisors. (5) Respect for Stakeholder's Rights and Social Responsibility: The Bank manifested concrete practice in respecting stakeholder's rights and social	Conformity

Item	Implementation			The Differences between the Corporate Governance Practice of the Bank and “Guidelines for Bank Corporate Governance” and Causes
	Yes	No	Summary	
			responsibility. (6) Financial Industry Risk Indicators: The Bank performed well in Industry Risk Related Indicators. (7) Advanced Comprehensive Indicators: The Bank’s functional committees showed excellent performance in related indicators but some progress still can be made. The suggestions are as follows: A. The Bank shall incorporate future risk factors into the performance assessment system of Board of Directors. B. In response to the Bank’s future growth, it is better to add hours of corporate governance courses for members of Board of Directors to more than six hours. C. It is recommended to provide questionnaires or other reviewing mechanisms to directors for the regular self-review on their observation of Standards on Code of Ethics. (8) Comprehensive Advantages: A. Persistently conduct evaluation on the corporate governance system. The Bank’s positive and aggressive attitude deserves recognition. B. The Bank’s Chairman has been endeavoring to realize corporate governance culture in the Conglomerate and independent directors has been aggressively performing their duties, which are highly respectable. C. The Bank developed the communication procedures between Audit Committee and every functional department to effectively utilize the function of Audit Committee. Such practice provides an outstanding example for the banking sector.	

Note : The corporate governance self-assessment report referred to herein means the report stating the status of operation and implementation of any policies within the scope of self-assessment and stated by the Company.

(3) Implementation of social responsibility:

Item	Implementation		
	Yes	No	Summary
1. Implementation of Corporate Governance:			
(1) Did the Bank stipulate corporate social responsibility policy and examines the results of its implementation?	✓		(1) The parent company Yuanta Financial Holdings has stipulated its "CSR Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies" and established CSR Promotion Center as the exclusive dedicated unit in the Group. The Center periodically convenes meetings to review the performance of CSR implementation.
(2) Did the Bank host regular social corporate responsibility training?	✓		(2) The Bank holds corporate social responsibility training (including business ethics, anti-bribery, anti-corruption propaganda) every year; Also, it hosts courses regarding legal responsibility, professional ethics and code of conduct for new recruits to advance their concept of social responsibility and fully carry it out in their work.
(3) Did the Bank establish exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies and Board of Directors authorizes top management to address such issue and report progress to the Board?	✓		(3) The Bank conformed to the general rules and objectives developed by the parent company Yuanta Financial Holdings. CSR Promotion Center of Yuanta Financial Holdings periodically reports its performance of CSR implementation to the Board of Directors.
(4) Did the Bank develop reasonable salary and compensation policies, integrate employee performance appraisal system with CSR policies and set up the effective reward and penalty system?	✓		(4) The Bank's general compensation policies are performance-oriented andare structured for market competitiveness to encourage our team to fully exercise its potential and achieve high performance. In addition, to carry out corporate social responsibility, the Bank's reward and penalty rules are linked to performance appraisal to encourage and urge employees to be responsible and diligent and to ensure employees fully comply with corresponding regulations and internal audit mechanism in daily operation.
2. Fostering a Sustainable Environment:			
(1) Did the Bank endeavor to utilize all resources more efficiently and uses recyclable materials which have a low impact on the environment?	✓		(1) Fully executed by the policies and regulations of the parent company Yuanta Financial Holding to raise resource utilization efficiency and its use of recyclable materials are explained below: A. We recycle and reuse energy-intensive articles. This includes advocating and promoting the recycling and reuse of paper products, the use of recycled paper and resource recycling as well as execution status reporting. B. We properly dispose of waste. This includes advocating and promoting waste sorting and reduction, waste water treatment and reporting on the outcome. C. We use low energy, green energy office supplies and machines. Yuanta Financial Holding is awarded Best Green Purchasing Unit by Taipei City Government and Environmental Protection Administration for four consecutive years from 2011 to 2014. D. Fully utilize all office furniture to avoid waste. Meanwhile, all discard equipments are handled by the according recycling procedure.

Item	Implementation		
	Yes	No	Summary
(2) Did the Bank establish proper environmental management systems based on the characteristics of their industries?	✓		(2) Regarding the establishment of environment management systems(including water conservation, energy conservation, carbon and greenhouse gas reduction), we have taken the following measures: A. In response to the policy for the air-conditioning temperature of office buildings in Taipei, the Bank developed the internal managerial standards and the air-conditioning inspection approach for all business sites to carry out temperature control. B. In order to realize water conservation, energy conservation, carbon and greenhouse gas reduction, we regularly report the outcome of conservation measures for water, electricity and other items of energy consumption. C. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry out disinfection, rodent and insect control. D. The use of company cars complied with energy saving and avoid unnecessary carbon emission.
(3) Did the Bank monitor the impact of climate change on its operations and establish company strategies for energy conservation and carbon and greenhouse gas reduction?	✓		(3) The Bank engages in financial service and does not produce a significant amount of greenhouse emission. The greenhouse emission from the Bank mostly results from electricity and water usage and transportation oil. During the past 3 years, a persistent examination on greenhouse emission has been conducted along with the following eco-friendly strategies: A. Newly established business offices shall adopt low energy-saving lights, such as LED or Cold Cathode Fluorescent Lamp, to minimize electricity expense and energy consumption. B. Used energy-saving electric fans to minimize the energy consumption of air conditioning.
3. Preserving Public Welfare: (1) Did the Bank develop management policies and procedures according to regulations and International Bill of Human Rights?	✓		(1) The Bank has complied with labor regulations and codes of its parent company Yuanta Financial Holdings and developed codes of work and according personnel management rules for job seekers or employees, which specify no discrimination on ethnicity, thoughts, religions, political parties, household registry, birthplace registry, sex, sexual orientation, age and marriage, in order to construct an equal employment environment and shield employee's legal rights. In addition, the labor management meeting is convened periodically to guard employee rights, expedite labor-management harmony and construct a mutually-benefiting and win-win prospect.
(2) Did the Bank establish the employee complaint mechanism and channel and process according affairs properly?	✓		(2) The Bank set up Employee Suggestion Mailbox as a platform of the conversation between labors and the employer and of employee complaints. The internal website also details the complaint and reporting channels and responsible units and personnel. Employees can file complaints and report through multiple channels.
(3) Did the Bank offer employees the safe and healthy workplace and conduct safety and health education for employees periodically?	✓		(3) The Bank not only observes the Group's policies and offers employees secure and healthy workplace, but also periodically executes security and security and health education. The Bank also constructed "Operation Unit Security Maintenance Procedures" to forge its security maintenance mechanism. A. Strict entrance guard and security check measures to fully protect the safety of our employees at work and in everyday life. B. Regular safety inspections of drinking water, carbon dioxide and illumination brightness. C. Regular report and inspected fire and public safety

Item	Implementation		
	Yes	No	Summary
			equipments. D. Regular maintained and inspect the generator, uninterruptable power supply and the elevators. E. Regular disinfection and sanitation of the environment. F. Confirming that office surveillance systems at all business locations function normally. G. Realized non-smoking working environment and provided a cozy, healthful and refreshing workplace. The Bank acquired Healthy Workplace Certificate Cigarette Prevention Logo for all of its branches. H. Regular occupational safety and firefighting trainings and drills as required by law. Moreover, based on Article 16 of the "Regulations for Labor Safety and Health Education and Training" by the Council of Labor Affairs, Executive Yuan, the Bank's parent company Yuanta Financial Holding has established the following regulation: "The employer shall have new recruits receive necessary safety and health education and trainings applicable to their new posts." In order to protect the health and safety of all workers, we hired a business supervisor holding a certificate of labor safety to hold "educational trainings for new recruits on occupational health and safety" in fiscal year 2014. The educational trainings cover the following topics: An outline of laws and regulations relating to occupational health and safety, occupational health and safety concepts as well as safety and health work rules, emergency response management, basic knowledge and drills about firefighting and emergency rescue, as well as health and safety knowhow related to work operations.
(4) Did the Bank establish the periodic communication mechanism and, in a reasonable approach, inform employees of the operation changes with possible significant influence?	✓		(4) A.The Company, through the periodical convention of labor-management meetings, establishes a communication platform for labor and management, enhances employee's participation and assurance in company policies and develops smooth interaction in order to achieve the goal that labor and management share one mind and create a win-win situation. B. All information on rules, systems and benefits of the Company and employees are announced on the internal website so that employees are aware of their rights. In addition, a fully dedicated unit places daily important news of the Company on the web pages for employees to look up anytime in order to understand the latest industrial news and important news of the Company. C. The Bank also irregularly announces the Company major changes in operation through email boxes so that employees can receive instant information.
(5) Did the Bank develop training programs on effective career and capability development for employees?	✓		(5) In response to the rapidly changing international financial environment and in accordance with corporate business strategies, the Bank is devoted to nurturing talents for business development and fortifying comprehensive organization competency. Considering employee's career development, the Bank furnish employees with diverse learning resources, including orientation training, managerial competency training for supervisor, internal instructor training, legally training, license consultancy, general competency, healthy lifestyle workshops and seminars, and trainings provided by external institutions. Additionally, through development mechanism such as senior employees offering consultancy, attending meetings and participating in projects and job rotation to nurture multifaceted financial talents and elevate their professional capabilities and legal compliance so that more thorough and professional service can be offered to clients and

Item	Implementation		
	Yes	No	Summary
			advancethe business expansion and performance growth.

2014 Education and Training					
Type	Total Course	Total Hours (Note1)	Total number of persons	Avg. training hours per person (Note 2)	Avg. training per person (Note 3)
Internal	177	96,713.5	34,340	37	13.1
External	356	10,748	1,006	4.1	0.4
Total	533	107,461.5	35,346	41.1	13.5

Note 1:Total Hours = Σ (Total course hours*number of participants)
Note 2:Avg. training hours per person= Total Hours÷ Total Employees
Note 3:Avg. training per person = Total number of persons ÷Total employees

Item	Yes	No	Summary
(6) Did the Bank develop policies and complaint procedures for consumer rights protection on research and development, procurement, production, operation and service processes?	✓		(6) A. To fully serve the Bank duty in the confidentiality of customers' personal information, the Bank developed Guidelines on Consumer Protection, Personal Information Protection Policies and related Regulations. Meanwhile, the bank has not only disclosed Privacy Protection Statement and the measures for the confidentiality of customer data on its website, but also executed all the group's confidentiality measures for the personal information to shield customers' privacy and advance personal information security. B. The Bank uses the following avenues and procedures to handle customer complaints: a. Customer Feedback Forms are placed in the business hall of business units. b. The Bank's Hotline: 0800-688-168. c. E-mail: service@yuanta.com d. As soon as any complaint is made by consumers, according units will be instantly informed for response while case status and responses will stay fully controlled.
(7) Did the Bank conform its marketing, products and services to regulations and international principles?	✓		(7) The Bank's marketing acyivities of all products and services are in conformity with according regulations.
(8) Did the Bank evaluate the suppliers' past records for influencing environment and society prior to the relationship establishment?		✓	(8) The Bank, up to now, has not initiated the evaluation on suppliers' past records for influencing on the environment and the society prior to the Bank's relationship establishment with them.
(9) Did the agreement signed between the bank and its suppliers stipulate that the Bank may suspend or terminate the contract should the suppler be involved any violation of its corporate social responsibilities?		✓	(9) Currently the Bank has not signed any agreement with the suppliers stipulating that the Bank may suspend or terminate the contract in case of the suppler's violation of its corporate social responsibilities.
4. Enhance Information Disclosure: Did the Bank disclose vital and accountable CSR information on its website and Market Observation Post System?	✓		(1)The Bank has disclosed information through its parent company Yuanta Financial Holdings website and Market Observation Post System. (2) Yuanta Financial Holdings, the Banks' parent company, has produced Corporate Social Responsibility Report to disclose its performance on Corporate Social Responsibility.

Item	Implementation		
	Yes	No	Summary
5. If the Bank has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: None.			
6. Other important information to facilitate better understanding of the Company's corporate social responsibility practices (e.g., systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, social and public interests, consumer rights and interests, human rights, safety and health, other corporate social responsibilities and activities, and the status of implementation.): For further details please view our corporate and parent company Yuanta Financial Holdings website.			
7. If the Bank's products or corporate social responsibility reports have met the assurance standards of relevant certification institutions, they should state so below: None.			

(4) The Bank's Implementation of Ethical Corporate Management and Practices:

Item	Implementation		
	Yes	No	Summary
1. Develop ethical corporate management policies and solutions: (1) Did the Bank clearly express its ethical corporate management policies in regulations and external documents and the promise made by Board of Directors and Management to fully execute these policies?	✓		(1) A. In compliance with Ethical Corporate Management Best Practice Principles for Yuanta Financial Holding and Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding, the Bank has established good corporate governance, risk management mechanism and complete internal regulations to prevent unethical conduct and create an operational environment for sustainable development. B. To fully carry out the commitment of the Board and the management to operation policies, the Bank designated a responsible unit for according affairs and periodically report its progress to the Board of Directors.
(2) Did the Bank develop programs against unethical conduct, including the detailed operating procedures, conduct guidance, penalty against violation and the dispute system, and also fully execute these programs?	✓		(2) A. In addition to Ethical Corporate Management Best Practice Principles for Yuanta Financial Holding and Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding, the Bank has developed Code of Work and Standards on Ethical Conduct in order that the employees and the employer are both devoted to the establishment of business ethics and business morality. Directors and managers are also required to set good examples of fully compliance with ethical principles in order to nurture the ethical and sincere corporate culture. B. The labor contract that the Bank and all of its staff signed include the agreement of confidentiality, which stipulates that employees shall shoulder full obligation for confidentiality of the authorized services, tasks, documents and customers' data. Unless stipulated or approved, no disclosure is permitted. The same procedure shall be followed after employees left jobs. No browse or summarization of reports and documents unrelated to according duties are permitted. C. The Bank developed reward and penalty policies stipulating that any employee of material violation against ethical conduct shall be discharged or dismissed. D. The Bank set up Human Resource Evaluation Committee for reviewing employee reward and penalty cases and disputes.
(3)Did the Bank take preventive measure against operation activities involving highly risky unethical conduct stipulated in Section 2, Article 7, Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and other business scopes?	✓		(3)The Bank, in conformity with "Procedures for Ethical Management and Guidelines for Conduct" of Yuanta Financial Holdings, adopt the following preventive measures against business activities with relatively high unethical risks, such as procurement: A. The Bank regulates that all employees shall not exploit their authority to seek illegal interest and receive preferential treatment, endowment, rebates, peculation of public money and any other illegal interest. B. The Bank developed "External Donation Procedures" to be the provision of political donations, charity donation or sponsorship. All donation and sponsorship requires approval from the authorized executives, which complies with the corresponding laws and the internal procedure.

Item	Implementation		
	Yes	No	Summary
2. Fully execute ethical corporate management: (1) Did the Bank evaluate ethics records of its clients and sign any agreement stipulating ethical conduct?	✓		(1) Before the Bank signs contracts of suppliers, the authorized divisions execute regulated evaluation and explain the Bank's ethical strategies and according regulations. Proper examination procedures are conducted according to The Inspection Sheet of Purchase Contract Signing Procedures. These procedures include signing Declaration Letter of Ethics Promise by suppliers, looking up any records of unethical conduct on website of Judicial Yuan, and specifying clauses of ethical conduct in the contract. In addition, transactions and procurement requires the inquiry of the stakeholder database to confirm if the supplier is a stakeholder of the company shall be confirmed through Civil Service of Doc, MOEA to fully inspect the business ethics of the trading partners and avoid transactions with any company with unethical records.
(2) Did the Bank set up dedicated units for business ethical management subordinate to Board of Directors and report the said units' performance periodically?	✓		(2)Yuanta Financial Holdings plans to establish Ethical Management Committee in 2015. The Bank will comply with this plan and set up designated units subordinate to Board of Directors. Currently the Bank designated Internal Audit Dept., Business Management Dept., Human Resource Dept., Administration & Facilities Management Dept., Legal Affairs Depts. and Compliance Affairs Dept. as responsible units for procedures of corporate ethical management and have Business Management Dept. summarily report to the Board the corporate governance and the performance of ethical management for the previous year.
(3) Did the Bank develop policies against conflicts of interest, provides proper declaration channels and fully execute these policies?	✓		(3) A.Organizational Rules of Audit Committee, Principles on Ethical Conduct and according regulations are fully complied regarding avoidance of corporate personnel on conflict of interests, divulgence of commercial secrets, forbiddance of internal trading and the agreement of confidentiality. B.It is regulated that critical financial transaction involving stakeholders shall be approved by Board of Directors. The stakeholder query system has also been established to fully ensure that transactions involving stakeholders shall not be more preferable to counterparts.
(4) Has the Bank, to fully execute ethical management, established effective accounting and internal audit systems and conduct periodical auditing by the internal audit unit or appoint accountants to conduct such audit?	✓		(4) A. In accordance with The Banking Act of The Republic of China, Securities and Exchange Act, Company Act，Business Entity Account Act, Regulations Governing the Preparation of Financial Reports by Public Ban, International Financial Reporting Standards (IFRS) endorsed by FSC, International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) and in reference to Accounting System Models for the Banking Industry and Practical Banking and Accounting Procedures made by Bankers' Association of R.O.C, the Bank has developed the corresponding accounting system. B. According to the audit report issued by internal audit Dept., there is no violation against Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financial Holdings of the Bank in 2014.
(5)Did the Bank periodically host internal and external training on ethical management?	✓		(5)To fulfill ethical management and carry it out through daily operation, ethics principles and according internal and external regulations are elaborated in the pre-job training of newcomers. For current employees, training on corporate social responsibility (including corporate ethics, anti-bribery, and anti-corruption propaganda) is held every year in hope for deepen ethics into daily operation.

Item	Implementation		
	Yes	No	Summary
3. Operation of the whistle-blowing mechanism: (1) Did the Bank develop a clear whistle-blowing and reward mechanism, establish convenient channels for the reporters and designate appropriate dedicated personnel for persons being reported? (2) Did the Bank develop standards of procedures and confidentiality mechanism on the investigation of reported cases? (3) Did the Bank execute measures to protect reporters from improper treatment arising from whistle-blowing?	✓ ✓ ✓		(1) The Bank developed reward policies and set up multiple channels for employees to file complaints and report, The Employee Suggestion Mailbox is a platform of the conversation between labors and the employer and of employee complaints. The internal website also details the complaint and reporting channels and responsible units and personnel. (2)(3) A.According to Ethical management Guidelines of Yuanta Financial Holdings, the Bank provides the legitimate whistle-blowing channel and keeps the identity of the reporter and the content of the cases confidential. The Bank stipulated the penalty and dispute system against violation of ethical management and instantly discloses the information including position titles and names of violators, dates of violation, contents of violation, and responsive procedures on the internal website. B.According to Yuanta Financial Holdings Procedures for Ethical Management and Guidelines for Conduct, the Bank integrated ethical management with employee performance appraisal and human resources policies to set up a clear and effective reward and dispute system. Any employee of material violation against ethical conduct shall be discharged or dismissed according to the external and internal regulations.
4. Enhance information disclosure: Did the Bank disclose the content of principles of ethical management and its performance on website and Market Observation Post System?	✓		Information in respect of ethical management is disclosed in the Annual Report on the Bank's website.
5. If the Bank has developed its practice principles of ethical management in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please explicate its implementation and any deviation from the principles: The Bank fully complies with regulation and conducts management according to Ethical Corporate Management Best Practice Principles and Operational Procedures and Code of Conduct for Yuanta Financial Holding.			
6. Other important information enabling better understanding to the Bank's implementation of ethical corporate management (such as the Bank reviews and amends its practice principles of ethical corporate management.): The Bank has developed The Inspection Sheet of Purchase Contract Signing Procedures to require suppliers present the Declaration Letter of Ethics Promise for the contract signing. In addition, the Bank inquires, on the website of Judicial Yuan if there is any public record of unethical conduct in bribery or illegal political donation for any involving supplier and incorporates clauses and matters on the compliance with ethical management are embedded in the contract.			

III. Fund Raising and Operational Highlights

1. Capital and Shares

(1) Sources of Capital:

Unit:NT$1,000, thousand shares；Base Date: January 31, 2015

Date of Issue	Issue price	Authorized Capital		Paid-in Capital		Remarks
		Shares	Amount	Shares	Amount	Source of Capital
December 2002	$10	1,211,514	12,115,136	1,211,514	12,115,136	
December 2003	$10	1,050,000	10,500,000	1,050,000	10,500,000	Capital decrease to make up for loss of 161,514 thousand shares
February 2004	$10	1,350,000	13,500,000	1,350,000	13,500,000	Private placement of 300,000 thousand shares
July 2004	$10	1,400,000	14,000,000	1,400,000	14,000,000	Capitalization of earnings, 50,000 thousand shares
July 2005	$10	1,800,000	18,000,000	1,800,000	18,000,000	Capitalization of earnings, 100,000 thousand shares, and private placement of 300,000 thousand shares.
October 2007	$10	2,400,000	24,000,000	2,400,000	24,000,000	Capital decrease to make up for loss of 400,000 thousand shares, and private placement of 1,000,000 thousand shares
March 2008	$10	2,200,000	22,000,000	2,200,000	22,000,000	Capital decrease to make up for loss of 200,000 thousand shares
March 2009	$10	2,200,000	22,000,000	1,874,509	18,745,090	Capital decrease to make up for loss of 325,491 thousand shares
March 2009	$15	2,200,000	22,000,000	2,150,000	21,500,000	Private placement of 275,491 thousand shares
June 2010	$10	2,200,000	22,000,000	2,181,134	21,811,335	Capitalization of earnings, 31,134 thousand shares
June 2011	$10	2,500,000	25,000,000	2,273,313	22,733,131	Capitalization of earnings, 92,179 thousand shares
November 2011	$16	2,700,000	27,000,000	2,510,813	25,108,131	Private placement of 237,500 thousand shares
June 2012	$10	2,700,000	27,000,000	2,622,983	26,229,835	Capitalization of earnings, 112,170 thousand shares
September 2012	$13.74	3,500,000	35,000,000	3,496,331	34,963,314	Private placement of 873,348 thousand shares
June 2013	$10	3,650,000	36,500,000	3,649,693	36,496,931	Capitalization of earnings, 153,362 thousand shares
June 2014	$10	3,800,000	38,000,000	3,769,049	37,690,490	Capitalization of earnings, 119,356 thousand shares

Unit: thousand shares；Base Date: January 31, 2015

Types of shares	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	3,769,049	30,951	3,800,000	Public offering

(2) Shareholder structure:

Unit: thousand shares；Base Date: January 31, 2015

Quantity \ Shareholder structure	Government agencies	Financial institutions	Other institutions	Individuals	Foreign Institute and others	Total
Persons	0	1	0	0	0	1
Shares held (shares)	0	3,769,049	0	0	0	3,769,049
Shareholding ratio (%)	0	100%	0	0	0	100%

(3) Distribution of equity:

Face value $10 per share
Unit: thousand shares；Base Date: January 31, 2015

Shareholding category	Number of shareholders	Shares held	Shareholding ratio (%)
1,000,001 and above	1	3,769,049	100%
Total	1	3,769,049	100%

(4) List of major shareholders:

Unit: thousand shares；Base Date: January 31, 2015

Major shareholders \ Shares	Shares held	Shareholding ratio (%)
Yuanta Financial Holdings	3,769,049	100%

(5) Market Price, Book Value, Earnings and Dividends Per Share, and the Relevant Information Over the Most Recent two years:

Item \ Year			2013	2014	January 31, 2015 (Note 2)
Market Price/Share	Highest		Not applicable	Not applicable	Not applicable
	Lowest		Not applicable	Not applicable	Not applicable
	Average		Not applicable	Not applicable	Not applicable
Book Value/Share	Before distribution		NT$12.67	NT$13.55	NT$13.68
	After distribution		NT$12.67	NT$13.55	Not applicable
EPS	Weighted average shares (thousand shares)		3,769,049	3,769,049	3,769,049
	EPS	Before adjustment	NT$0.84	NT$1.21	NT$0.11
		After adjustment	NT$0.81	NT$1.21	Not applicable
Dividend/Share (NT$/Share)	Cash dividends		—	NT$0.32	Not applicable
	Stock dividends	By earnings	NT$0.33	NT$0.61	Not applicable
		By capital surplus	—	—	Not applicable
	Accumulated unpaid dividends		—	—	—
Return on investment	P/E ratio		Not applicable	Not applicable	Not applicable
	Dividend yield		Not applicable	Not applicable	Not applicable
	Cash dividend yield		Not applicable	Not applicable	Not applicable

Note 1: As of the annual report publishing date, earning distribution for 2014 has not been resolved by the shareholders' meeting.
Note 2: The preliminary financial data ending January 31, 2015 were prepared by the bank.

2. Financial Debentures and Capital Utilization Plan

(1) Issuance of Financial Debentures:

Type of financial debentures	1st term financial debentures 2010	1st term financial debentures 2011	2nd term financial debentures 2011
Date of approval & approval document No.	Jin-Kuan-Yin-kong-09900149260 Dated April 29, 2010	Jin-Kuan-Yin-kong-10000110840 Dated April 25, 2011	Jin-Kuan-Yin-kong-10000110840 Dated April 25, 2011
Date of issuance	June 10, 2010	June 27,2011	August 22,2011
Par value	NT$10,000,000	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT$	NT$	NT$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT$5 billion	NT$2.45 billion	NT$2.35 billion
Interest rate	2.3%	1.75%	1.85%
Duration	Duration: 7 years Maturity: June 10, 2017	Duration: 7 years Maturity: June 27, 2018	Duration: 7 years Maturity: August 22, 2018
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	Pricewaterhouse Coopers James Huang	Pricewaterhouse Coopers James Huang	Pricewaterhouse Coopers James Huang
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$5 billion	NT$2.45 billion	NT$2.35 billion
Paid-in capital for previous year	NT$21,500,000 thousand	NT$21,811,335 thousand	NT$21,811,335 thousand
Net value upon final account in the previous year	NT$23,649,799 thousand	NT$24,812,541 thousand	NT$24,812,541 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	62.58%	70.11% (Note1,2,3)	79.58% (Note1,2,3)
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12, 2014 Taiwan Ratings: twAA - (Debentures rating)

Type of financial debentures	3rd term financial debentures A 2011	3rd term financial debentures B 2011
Date of approval & approval document No.	Jin-Kuan-Yin-kong-10000110840 dated April 25, 2011	Jin-Kuan-Yin-kong-10000110840 dated April 25, 2011
Date of issuance	October 27, 2011	October 27, 2011
Par value	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City
Currency	NT$	NT$
Issuing price	Issued at par value	Issued at par value
Total amount	NT$0.7 billion	NT$4.5 billion
Interest rate	1.80%	1.95%
Duration	Duration: 7 years Maturity: October 27, 2018	Duration: 10 years Maturity: October 27, 2021
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	Pricewaterhouse Coopers James Huang	Pricewaterhouse Coopers James Huang
Certification financial Institution	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$0.7 billion	NT$4.5 billion
Paid-in capital for previous year	NT$21,811,335 thousand	NT$21,811,335 thousand
Net value upon final account in the previous year	NT$24,812,541 thousand	NT$24,812,541 thousand
Performance	None	None
Terms of redemption or early repayment	None	None
Terms and conditions of conversion and exchange	None	None
Restrictions	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	80.39% (Note2,3)	80.39% (Note2,3)
Eligible entity capital and type	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12, 2014 Taiwan Ratings: twAA - (Debentures rating)	December 12, 2014 Taiwan Ratings: twAA- (Debentures rating)

Note1： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-1) outstanding at NT$5 billion. The debentures matured on August 24, 2011 and have been repaid in full.

Note2： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-1) outstanding at NT$1.8 billion. The debentures matured on December 22, 2011 and have been repaid in full.

Note3： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-2) outstanding at NT$3 billion. The debentures matured on December 27, 2011 and have been repaid in full.

Type of financial debentures	1st term financial debentures A 2014	1st term financial debentures B 2014	2nd term financial debentures 2014
Date of approval & approval document No.	Jin-Kuan-Yin-kong-10300180640 Dated June 27, 2014	Jin-Kuan-Yin-kong-10300180640 Dated June 27, 2014	Jin-Kuan-Yin-kong-10300180640 Dated June 27, 2014
Date of issuance	September 4, 2014	September 4, 2014	October 29, 2014
Par value	NT$10,000,000	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT$	NT$	NT$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT$1.6 billion	NT$4.7 billion	NT$1.7 billion
Interest rate	1.80%	2.00%	1.85%
Duration	Duration: 7 years Maturity: September 4, 2021	Duration: 10 years Maturity: September 4, 2024	Duration: 7 years Maturity: October 29, 2021
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	Chien Yeh Law Offices Hermes Kung	Chien Yeh Law Offices Hermes Kung	Chien Yeh Law Offices Hermes Kung
Certification CPA	Pricewaterhouse Coopers Ellen Kuo	Pricewaterhouse Coopers Ellen Kuo	Pricewaterhouse Coopers Ellen Kuo
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$1.6 billion	NT$4.7 billion	NT$1.7 billion
Paid-in capital for previous year	NT$36,496,931 thousand	NT$36,496,931 thousand	NT$36,496,931 thousand
Net value upon final account in the previous year	NT$46,245,949 thousand	NT$46,245,949 thousand	NT$46,245,949 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	46.06%	46.06%	49.73%
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	December 12, 2014 Taiwan Ratings: twA + (Debentures rating)	December 12, 2014 Taiwan Ratings: twA + (Debentures rating)	December 12, 2014 Taiwan Ratings: twA + (Debentures rating)

(2) Acquisitions or Assignment of Other Financial Institutes:

A. CPA's opinions on share exchange ratio for mergers and acquisitions or assignment of other financial institutions for the most recent year: 【**None**】

B. Upon the resolution of the Board of Directors on any merger or acquisition of other financial institution through new share issuance in the recent year and until the date of publication of the financial statement , the enforcement thereof and basic information of the merged or acquired financial institutions shall be disclosed: 【**None**】

(3) Implementation Capital Utilization Plan

A. With approval from the authority, the Bank issued subordinated debentures totaling NT$5 billion on April 29, 2010, issued subordinated debentures of NT$10 billion on April 25, 2011, issued subordinated debentures of NT$8 billion on June 27, 2014 and issued foreign currency financial debentures of NT$5 billion (equivalent to USD or CNY) on January 14, 2015. The Bank expect to issue subordinated debentures in order to enhance capital adequacy ratio and fulfill capital demand for loans and financial operation, and reduce liquidity risk.

B. As of January 31, 2015 the Bank issued debentures totaling NT$23 billion Applying amount and the according execution are itemized as follows:

Date of approval & approval document No.	Total amount	Execution
Jin-Kuan-Yin-kong-09900149260 dated April 29, 2010	The subordinated financial debentures for NT$5 billion	The 1st term financial debentures 2010 were issued on June 10, 2010 and the applying capital was executed completely before the deadline.
Jin-Kuan-Yin-kong-10000110840 dated April 25 ,2011	The subordinated financial debentures for NT$10 billion	• The 2011 1st term financial debentures for NT$2.45 billion were issued on June 27, 2011. • The 2011 2nd term financial debentures for NT$2.35 billion were issued on August 22, 2011. • The 2011 3rd term financial debentures A for NT$0.7 billion were issued on October 27, 2011. • The 2011 3 rd term financial debentures B for NT$4.5 billion were issued on October 27, 2011.
Jin-Kuan-Yin-kong-10300180640 dated June 27, 2014	The subordinated financial debentures for NT$8 billion	• The 2014 1st term financial debentures A for NT$1.6 billion were issued on September 4, 2014. • The 2014 1st term financial debentures B for NT$4.7 billion were issued on September 4, 2014. • The 2014 2nd term financial debentures for NT$1.7 billion were issued on October 29, 2014.
Jin-Kuan-Yin-kong-10400000510 dated January 14, 2015	The foreign currency financial debentures of NT$5 billion (equivalent to USD or CNY)	Not yet been executed

3. Business Overview

(1) Business Performance for 2013~2014:

A. Deposit:

Unit: NT$ in million；%

Item \ Year	2014		2013		Comparison with 2013	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Checking deposits	4,830	0.83	3,938	0.79	892	22.65
Demand deposits	78,102	13.49	62,599	12.62	15,503	24.77
Demand saving deposits	207,098	35.77	185,470	37.38	21,628	11.66
Time deposits	184,213	31.81	148,432	29.92	35,781	24.11
Time savings deposits	104,821	18.10	95,685	19.29	9,136	9.55
Total	**579,064**	**100.00**	**496,124**	**100.00**	**82,940**	**16.72**

Note: The deposits include NTD and foreign currency deposits but not the deposits from the Central Bank and Other Banks.

B. Loan:

Unit: NT$ in million；%

Item \ Year	2014		2013		Comparison with 2013	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Corporate Loans	**286,073**	**63.45**	**256,787**	**63.82**	**29,286**	**11.40**
General corporate loans	191,567	42.49	172,567	42.89	19,000	11.01
Small-and-medium business loans	93,873	20.82	83,312	20.70	10,561	12.68
Government loans	—	—	—	—	—	—
Delinquent	633	0.14	908	0.23	(275)	(30.29)
Consumer Loans	**164,819**	**36.55**	**145,598**	**36.18**	**19,221**	**13.20**
Mortgage	142,021	31.50	126,883	31.53	15,138	11.93
Car loans	18,513	4.11	14,877	3.70	3,636	24.44
Consumer unsecured loans	973	0.21	1,053	0.26	(80)	(7.60)
Stock-Secured Loan	2,986	0.66	2,435	0.60	551	22.63
Delinquent	140	0.03	235	0.06	(95)	(40.43)
Other (Note)	186	0.04	115	0.03	71	(61.74)
Total	**450,892**	**100.00**	**402,385**	**100.00**	**48,507**	**12.05**

Note: Including certificate of deposit loan, composite overdraft.

C. Foreign Exchange:

Unit: US$ 1,000；%

Item \ Year	2014		2013		Comparison with 2013	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Import business	1,926,802	5.82	1,384,974	5.12	541,828	39.12
Export business	872,199	2.63	551,895	2.04	320,304	58.04
Outward Remittance	14,909,193	45.01	13,121,852	48.47	1,787,341	13.62
Inward Remittance	15,418,380	46.54	12,012,967	44.37	3,405,413	28.35
Total	**33,126,574**	**100.00**	**27,071,688**	**100.00**	**6,054,886**	**22.37**

D. Trust Business:

Unit: NT$ 1,000；%

Item \ Year		2014	2013	Comparison with 2013	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Total balance of trust assets		113,761,789 (Note 1)	102,345,751 (Note 2)	11,416,038	11.15
Other consigned items		4,086,570	4,094,310	(7,740)	(0.19)
Total revenue of trust business service fee		871,120	716,099	155,021	21.65
Scale of assets under custody of investment insurance policy		1,229,363	1,645,510	(416,147)	(25.29)
The custody asset in discretionary investment account		4,724,376	2,100,341	2,624,035	124.93
Scale of assets under custody of foreign investment		22,809,139	26,184,968	(3,375,829)	(12.89)
Other property custody		—	—	—	—
Scale of assets under custody of business guarantee bond		3,440,000	3,730,000	(290,000)	(7.77)
Custodian service fee income		43,681	56,430	(12,749)	(22.59)
Certification of securities	Amount of certification	14,465,701	16,385,133	(1,919,432)	(11.71)
	Revenue of certification service charges	2,135	2,593	(458)	(17.66)

Note 1: including OBU trust property in the amount of NT$1,786 million.
Note 2: including OBU trust property in the amount of NT$1,445 million.

E. Credit card:

Unit: NT$ in million；%

Item \ Year	2014	2013	Comparison with 2013	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Number of cards issued (card)	1,007,442	920,875	86,567	9.40
Card in force (card)	308,050	251,968	56,082	22.26
Value of transactions (NT$ in million)	11,535	9,622	1,913	19.88
Revolving balance (NT$ in million)	474	521	(47)	(9.02)

F. Investment:

Unit: :NT$ in million；%

Item \ Year	2014	2013	Comparison with 2013	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Bond trading volume	122,978	123,774	(796)	(0.64)
Bill trading volume	212,025	182,903	29,122	15.92

Unit: US$ in million；%

Item \ Year	2014	2013	Comparison with 2013	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Spot transaction	26,202	27,913	(1,711)	(6.13)
Forward exchange transaction	5,283	4,289	994	23.18
Foreign exchange SWAP	27,828	26,057	1,771	6.80
Option transaction	57,034	61,065	(4,031)	(6.60)

G. E-Banking:

Unit: in thousands

Item		2014	2013	Comparison with 2013	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Analysis of E-banking transactions	Total Internet banking transactions	3,171	2,878	293	10.18
	Total mobile banking transactions	1,468	818	650	79.46

(2) 2014 Operating Plan:

The Banks have to expand its business and market share with cautious risk control and fortify their comprehensive competency through restructuring asset and profit.

The Bank's business plan in 2014 is summarized as follows:

A. Business Development:

a. According to the trend of financial markets and customer demands, the Bank will launch deposit products, services and agency service in New Taiwan Dollar and foreign currencies in order to acquire potential customers and cement the Bank's base for future development.

b. For corporate banking, the Bank will strengthen the development of small and medium enterprises and syndicated loans to raise the profitability and advance the ability of developing and offeringof various derivatives to elevate the scale of TMU. To escalate the scale and profit of consumer loans, the Bank will focus on premium mortgages with collateral in urban areas, car loans cooperated with automakers, and further promoting stock-secured loans.

c. For wealth management business, the bank will establish comprehensive teams to conduct services according to customer's assets and attributes. Also, the Bank will furnish exclusive and advice on optimal asset allocation through diverse products and effectively utilize scale economies effect of the Bank's branchs through full marketing.

B. Risk Management: The Bank will enhance the control in the credit, market and operational risk by building the risk model and risk data mart. The Bank will also scrutinize the structure of industrial supply chains and the clients' cash flow and their top-down transactions in order to minimize the Bank's credit risk.

C. Channel Management: The deployment of physical channels will focus on Taipei urban areas. After established one new branch in Taipei City and another in New Taipei City in the first quarter of 2014, the bank will complete the deployment of 88 branches. E-Commerce Department will be established to dedicate the Bank's full effort to the development of electronic channels, expedite the integration, promotion and management of online banking, mobile banking, Third-Party Payment and QR Code mobile payment in order to maximize the efficiency of the business development and seize market opportunities.

D. Personnel Training: The Bank will reinforce the pre-job and on-the-job training to better the personnel competence and realize the compliance of internal control. The job rotation system will be constructed to nurture multi-talented personnel and solidify the basis for sustainable development.

(3) Research and Development

To cope with the globalization of financial market, we will make aggressive and practical concerns and grasp the movements of the financial industry, in order to facilitate business expansion, alert to risk, integrate marketing, enhance customer satisfaction, and improve profit-making ability. The future research and development plans include:

A. Banking service research and development:

a. To utilize business opportunities arising from deregulation of electronic payment and the change of domestic consumption habits, actively promote mobile credit cards, mobile ATM cards, QR Code mobile payment, third party payment and value adding businesses through market events, and elevate convenience and security of usage to boost the utilization ratio.

b. Developing equity-linked structure notes to expand the product line of TMU service.

c. Establish mobile financial advisor system to enable financial advisors to serve more clients dynamically and provide instant financial consultancy through mobile devices.

B. Risk Management:

a. Fortify the development and application of Bank’s credit risk parameters and model, including the establishment of the expected loss model of IFRS 9.

b. Establish and fine-tune the personal loan application scorecard model, credit card application scorecard model, the car loan application scorecard model.

c. Build the automated risk control reporting and analysis platform through utilization of the risk data mart to maximize the efficiency for establishment of the credit risk model and the thoroughness of credit risk analysis.

d. Persistently strengthen the risk pricing mechanism by developing rating models for various businesses on the credit risk pricing framework (cost, expense, risk, and return) for the quantitative assessment of risk cost.

e. Refer to the competitors or external data and managerial techniques, and persistently advance the quality and quantity of the Bank’s loss database to plan the research on the quantitative model of Bank’s operational risk loss database.

f. Perfect the operational risk indicator platform to continuously expand information collection channels through integrated definition and solidify the effectiveness on systematic integration of the Bank’s risk indication management through introduction of operational risk indicators.

g. Strengthen the Bank’s response to and compliance with Basel III.

h. Fortify the managerial mechanism of capital liquidity risks through calculation of liquidity coverage ratio.

C. IT research and development projects:

In response to the Bank's business strategies and the future business goals, in addition to persistently fortify IT infrastructure, system integration and optimization, strengthen risk management and maximize operation efficiency, the Bank will start to reconstruct the teller system, ATM, online banking, and mobile banking to further its marketing orientation and build the service of comprehensive channels in order to achieve the marketing and service of Any Time, Any Where, Any Device. Meanwhile, the Bank plans to research and develop online identity verification technology, including new-generation physical tokens (such as the password generator and certificates etc.) and recognition of biological specificities (such as fingerprints, face, voice and signature).

(4) The Long-Term and Short-Term Business Plans

A. Short-Term Business Development Plans:

a. Adjust the asset structure and persistently elevate the core profitability.

i. Aggressively expand loan business with low risks but high profitability by targeting in the market of small-to-mid enterprises, Offshore Business Units and general consumers. The risks from small-to-mid enterprise can be mitigated through Small and Medium Enterprise Credit Guarantee Fund of Taiwan. Products will mainly focus on self-liquidating financing, syndicated loan host, international syndicated loans, TMU, revolving mortgage loans and consumer unsecured loans.

ii. To elevate fee income from wealth management business, the Bank plan to effectively expand the number of clients and the scale of asset through establishing sales teams, advancing professionalism and service quality.

iii. Regarding credit cards to be one of critical payment methods in e-commerce, the Bank aims to maximize customer satisfaction through issuing co-brander cards and promoting card usage of different consumption segments in order to raise the number of valid cards and the amount of transactions and create additional sources of fee income other than wealth management.

iv. Increase the business scale, profitability and stability of financial operations to replenish non-interest income.

b. Development strategies for physical and electronic channels.

i. Localization strategies will be carried out in physical channels. The Bank aims to cultivate wealth management and consumer finance clients and plan to establish the Branches Greeting System to maximize service quality and efficiency of the bank counter.

ii. The e-channels will be developed with main focuses on mobile banking and mobile payment, complemented by online banking. Based on client needs, the Bank will enhance functionality and security to maximize the number of clients and transitions.

iii. Utilize business opportunities arising from the deregulation of third-party payment and value-adding service, and the Bank will expand domestic and overseas cooperative businesses to become the best financial platform for product-selling and cash flow of clients.

iv. Establish the phone banking system to escalate convenience for client's transactions.

c. Carry out regulation compliance and risk management and sustain excellent asset quality.

i. Periodically collect information on the latest changes in financial regulations and instantly revise bylaws. In addition, through periodically enforcing legal compliance on self-assessment and appraisal, ensure the completeness of legal compliance.

ii. In response to internationalization strategies, further the collection on financial regulations of the country where the Bank plans to establish overseas offices.

iii. Relentlessly fortify risk management, perfect every risk rating model and, under the premise of sustaining asset quality, aggressively promote credit granting service.

iv. Enhance the function of the collection system, reinforce creditor's right management and escalate collection efficiency.

B. Long-Term Business Development Plans:

a. Enhance business performance and further ROE and profit contribution per employee.

i. Persistently expand wealth management service, and enhance credit card business growth to build additional source of fee income.

ii. Adjust financial asset structure and engage in development of financial products to raise their contribution to non-interest income.

iii. Better efficiency of capital utilization and submit earnings to Yuanta Financial Holdings.

b. Advance product development and provide professional service to become customer's top choice of financial institutions.

i. Master market trend and improve the Bank's ability to develop new financial products to satisfy client's financial needs during different phases.

ii. Establish the customer relation management system to, through cross-selling and customized service, increase the number of customer-possessed products and customer retention and raise customer's general contribution.

c. Penetrate the domestic market and actively explore the overseas market.

i. In the domestic market, the Bank will integrate 88 business locations with multiple e-channels, including ATM, online banking and mobile banking, to sustain customer relations and found the basis for business development.

ii. Actively evaluate the establishment of overseas locations, and opportunities of equity participation or M&A to expedite the bank's internationalization.

iii. Further nurture international talent and encourage employees to strengthen their foreign language ability and strive for opportunities of overseas visits and advanced learning.

(5) Employee Composition:

Year		2013	2014	January 31, 2015
Number of staff		2,299	2,614	2,644
Average age		38.53	38.13	38.15
Average seniority		7.71	7.36	7.37
Education level ratio	PhD	0.08 %	0.03 %	0.03 %
	Master degree	12.96 %	14.34 %	14.48 %
	University/ College	82.59 %	81.51 %	81.38 %
	Senior high school	4.24 %	4.01 %	4.00 %
	Lower than senior high school	0.13 %	0.11 %	0.11 %
Certificates and licenses held by Yuanta Commercial Bank employees	Certificates/Licenses	Number of staff	Certificates/Licenses	Number of staff
	Internal Control	1,998	Investment Insurance Salesperson	964
	Trust Salesperson	1,882	Financial Knowledge and Ethics	1,746
	Life Insurance Salesperson	1,825	Financial Planning Specialist	528
	Property Insurance Salesperson	1,442	Other Financial Certificates/Licenses	6,340
	Life Insurance Salesperson to Sell Foreign Currency Receipts and Disbursements Non-investment Insured Goods			918

(6) Corporate Social Responsibilities and Ethics:

The Bank has been making donations to Yuanta Foundation for social services in cultural and education fields. Yuanta Foundation centers on Care For Public Welfare with initiatives on education in four educational approaches: 1. social welfare and education; 2. fostering of young talent through scholarships and other forms of academic sponsorship and professional training; 3. promotion of the arts and cultural education.; 4. social security and law education. A total of 385 events or 7 events per week in average were organized and dedicated to various charity services in 2014, including 65 self-hosted events, 143 co-hosted events and 177 sponsored events

The Foundation also integrated the extensive network and ample human resources of Yuanta Financial Holdings to promote volunteer service so that the Foundation can aim at wide targets and scope and generate stronger power for its service. During 2014, the Foundation even expanded the events, such as Yuanta Blissful Day and Volunteer Day, to accompany hundreds of children from children's shelters to attend exhibitions. Hundreds of employees participated in hepatitis prevention as the volunteers to assist as many as 5,000 citizens in the remote areas with free testing.

The Foundation gathers the social service strength and hopes to set an example for various sectors in the society and encourage them to participate the public welfare events, so as to fulfill the corporate social responsibility insisted by the Company. In the future, the Foundation will persistently help more minorities and families in need, as our promise "Let dreams be not just dreams!", and build a warmer future for Taiwan.

During 2014, the Bank, to fully perform its corporate social responsibility and humanity, donated NT$ 2 million to Social Affairs Bureau, Kaohsiung City Government for its overall plan to help the relief and recovery of the disaster area from gas explosion in

Cianjeng District, Kaohsiung. In addition, the Bank donated NT$ 25 million to National Chengchi University for its plans to advance students art-appreciation ability, expand students' horizon and creativity, further education of top talents and realize holistic education.

The Bank also cooperated with charity groups to issue co-brander cards for charitable donation. For example, for Buddha Card, 1% of the consumption amount will be appropriated by the Bank to Tathagata Empirical Association, Tathagata School, Buddhismas donation; for Changhua Fellow Townsmen Association Affinity Card, the Bank appropriates 0.2% of the consumption amount to Changhua Fellow Townsmen Association for charity use; for Sung Shan TsuHuei Temple Affinity Card, the Bank appropriated 0.2% of the consumption amount to Sung Shan TsuHuei Temple for charity use. It is hoped to feedback the society and fully carry out the Bank's corporate social responsibilities.

(7) Employee Welfare :

A. In addition to enrolling employees in labor insurance and national health insurance in accordance with the government's laws and regulations, the Bank also enrolled employees in group insurance, including term life insurance, injury insurance, cancer insurance, hospitalization insurance and occupational disaster insurance, etc...

B. Established Employees Welfare Committee and stipulated the relevant reimbursement procedures, such as providing subsidies to events of employee clubs and to the employee events etc...

C. Provided employees meal reimbursement and children scholarship.

D. Provided preferential interest rates for savings accounts of employees, mortgage loans, property remodeling loans and consumer loans.

E. Provided employees with Employee Stock Ownership Trust.

(8) IT Development Projects:

A. Hardware and software configuration of major information systems:

The configuration of major information system, including NTD deposit and loan, domestic remittance, cross-bank transactions, foreign exchange, trust, accounting and data warehouse etc., are equipped with the hardwares and operation systems of IBM p-Series, IBM AS/400 I-Series, SUN M5000 and EMC Greenplum.

B. The future development and procurement plans:

In response to the Bank's business strategies and the future business goals, in addition to continuously improving the bank's information infrastructure, internal IT efficiency and information security; we aggressively optimized the customer-orientation functions for electronic transactions, in order to support business development, enhance operation efficiency and improve customer satisfaction. The Bank's future development plans are as follows:

a. In conformity with the construction, integration and optimization of the Group's IT system, the Bank will develop and construct critical IT projects, including development of CTI Customer Service Platform, Customer Greeting System, 24 Hour Service of Foreign Exchange System, Credit Card Acquiring System of the Authorized Stores, Mobile Financial Advisor System, Cross-Border Online Collection and Payment Platform, Added Value Payment Service, Mobile Banking Push Service, WebATM Online Collector, ALM/FTP System Upgrade and Liquidity

Risk Management establish Project, Upgrading Project for the operating system and hardware of NTD core banking system, Replacement of Core Router Equipment, Security Platform for Mobile Device management Mechanism, Upgrade of Backup System, and Security Evaluation of IT System.

b. We will improve the Bank's information security management mechanism and establish related personal information protection and security measures according to the Personal Information Protection Act, in order to ensure management of personal information, and protect the rights and interests of customers in the collection, processing and use of personal information within the scope of our businesses; and thereby provide customers with safe and reliable financial and banking services.

c. Fortify the system functions of mobile banking, personal internet banking and corporate internet banking and the transaction safety mechanism in order to perfect the Bank's electronic financial service.

C. Emergency backup and security measures:

In order to safeguard the smoothness of major system operation, local backup and remote backup mechanisms are devised for the host of each connectivity system according to the service features and conduct corresponding fail-over maneuvers to the system levels. It is not only the responding capability of the trainers, but also the effectiveness of the backup recovery procedures reviewed. In order to safeguard the equipment of the system and data storage, the Bank plans the following safety preventive measures:

a. Computer room security:

The computer facilities of the Bank are installed with equipment against earthquake, fire, thunder and disasters. The access control system and the monitoring system are also well executed to tightly control entry and exit. Vital computer and equipment are maintained and tested periodically to safeguard the equipment operation.

b. Network Security:

i. Firewall:

Critical gateways in the internal network are shielded with Back To Back dual layer firewall to achieve double defense with different brands of hardware and software firewalls. Major external websites are setup on the N-tier structure. While the web server is placed in the DMZ area behind the layer 1 firewall, major application servers and database servers are placed behind the layer 2 firewall.

ii. IP address protection:

The user terminal of the Bank adopted MAC and IP address blocking system to protect the internal IP addresses of the Bank from being mistakenly or falsely used.

iii. Weakness scanning and flaw repair:

Scanned the weakness of servers and automatically fix the system flaws of personal computers to improve system security.

iv. External service website penetration testing:

Proactively conducted the penetration testing on external e-commerce websites, in order to identify security issues proactively for protection.

v. **Anti-virus mechanism:**

All of personal computers, servers and emails are devised with anti-virus and anti-spam mail mechanism.

vi. **The intrusion detection system:**

Establish an intrusion detection system on critical gateways of external websites. Actively detect hacker's invasion and attack and have operators instantly supervise and report such matter 24 hours a day.

vii. **The Application Firewall:**

Establish the application firewall on critical gateways of the external website. Actively analyze and filter OSI L4-L7 Internet behavior. For illegal programming or any penetration and attack against the flaws of the system or programs, the application firewall will actively quarantine, block and report such matter to fortify the Internet defense and system security.

viii. **Source code security:**

Established the inspection mechanism of source code security which automatically excute the analysis to find hidden flaws and malicious programs during the development phase of the electronic trading programs in order to avoid the poor quality programs cause any security concern, such as the attach from hackers to intensify the program quality and safety.

ix. **Monitor the changes of files:**

Launch the file changed monitoring system on the e-commerce website to avoid malicious damages or false information implantation.

x. **Mobile Device Management Mechanism:**

Strengthen enterprise' internal management of mobile devices to ensure the data security through the establishment of Mobile Device Management Mechanism, including managing mobile device components, enhancing content security for mobile devices and establishing Internet security mechanisms for mobile devices.

IV. Financial Information and Risk Management

1. Financial Review 2010~2014

(1) Condensed Consolidated Balance Sheet for 2012~2014

Unit: NT$1,000

Item \ Year		Financial Information (Note 1)		
		2014	2013	2012
Cash and cash equivalents, Due from Central Bank and call loans to other banks		92,216,191	92,951,953	82,540,667
Financial assets at fair value through profit or loss – net		49,411,506	24,375,726	25,919,168
Available-for-sale financial assets – net		34,767,019	31,039,688	52,179,082
Receivables - net		19,085,191	12,332,649	9,393,972
Current income tax assets		3,110,066	3,058,196	2,878,060
Bills discounted and loans – net		445,096,204	397,268,743	375,712,974
Held-to-maturity financial assets		7,277,780	4,955,516	—
Other financial assets – net		38,841,612	26,175,376	7,641
Property and equipment– net		2,087,564	2,149,569	2,372,459
Investment Property – net		306,052	314,808	234,390
Intangible assets		2,067,369	2,058,637	2,184,964
Deferred income tax assets – net		582,573	194,094	194,178
Other assets– net		3,196,095	1,495,054	749,992
Total		**698,045,222**	**598,370,009**	**554,367,547**
Due to Central Bank and other banks		5,681,005	13,072,480	13,070,340
Financial liabilities at fair value through profit or loss – net		5,679,085	2,336,752	1,977,281
Bills and bonds sold under repurchase agreements		8,340,995	—	—
Payables		15,824,899	10,326,621	7,994,445
Current income tax liabilities		986,876	325,264	332,460
Deposits and remittances		579,291,319	496,482,959	453,401,765
Financial debentures payable		23,000,000	15,000,000	15,000,000
Other financial liabilities		6,237,906	12,902,996	16,747,503
Provision		1,028,258	736,243	670,381
Deferred income tax liabilities		171,751	209,163	119,218
Other liabilities		729,679	731,582	660,329
Total liabilities	**Before distribution**	**646,971,773**	**552,124,060**	**509,973,722**
	After distribution	**Note 2**	**552,124,060**	**509,973,722**
Equity attributable to owners of the parent company		51,073,449	46,245,949	44,393,825
Share Capital	Before distribution	37,690,491	36,496,931	34,963,315
	After distribution	Note 2	37,690,491	36,496,931
Additional paid-in capital		6,116,883	6,116,883	6,116,883
Retained earnings	Before distribution	7,494,432	4,240,079	2,752,946
	After distribution	Note 2	3,046,519	1,219,330
Other equity interest		(228,357)	(607,944)	560,681
Total equity	**Before distribution**	**51,073,449**	**46,245,949**	**44,393,825**
	After distribution	**Note 2**	**46,245,949**	**44,393,825**

Note 1: Starting January 1, 2013, the Company prepares the financial statements in accordance with “Taiwan-IFRSs”, and to comply with IAS1, the comparative period has been restated. The financial information from 2013 to 2014 was audited by accountants.

Note 2: The distribution of earnings for 2014 has not been approved by the stockholders in 2015.

(2) Condensed Consolidated Statements of Comprehensive Income for 2012~2014

Unit: NT$1,000

Item \ Year	Financial Information (Note 1)		
	2014	2013	2012
Interest income	11,121,437	9,798,277	9,175,638
Less：Interest expense	4,162,584	3,682,850	3,414,446
Net interest income	6,958,853	6,115,427	5,761,192
Net non-interest income	4,380,587	3,253,166	2,218,438
Net revenue	11,339,440	9,368,593	7,979,630
Bad debts expense and guarantee liability provision	758,804	720,371	480,790
Operating expenses	5,567,738	5,239,500	5,109,778
Income from continuing operations before income tax	5,012,898	3,408,722	2,389,062
Income tax expense	(465,748)	(356,517)	(329,637)
Net income from continuing operations	4,547,150	3,052,205	2,059,425
Net income	4,547,150	3,052,205	2,059,425
Other comprehensive income(net of tax)	280,350	(1,200,081)	386,334
Total comprehensive income	4,827,500	1,852,124	2,445,759
Net income attributable to parent company	4,547,150	3,052,205	2,059,425
Net income attributable to uncontrolled equity	—	—	—
Comprehensive income attributable to parent company	4,827,500	1,852,124	2,445,759
Comprehensive income attributable to uncontrolled equity	—	—	—
EPS(NT$)	1.21	0.81	0.66

Note 1: Starting January 1, 2013, the Company prepares the financial statements in accordance with "Taiwan-IFRSs", and to comply with IAS1, the comparative period has been restated. The financial information from 2013 to 2014 was audited by accountants.

(3) Condensed Separate Balance Sheet for 2012~2014

Unit: NT$1,000

Item \ Year		Financial Information (Note 1) 2014	2013	2012
Cash and cash equivalents, Due from Central Bank and call loans to other banks		92,216,081	92,951,873	82,540,611
Financial assets at fair value through profit or loss – net		49,411,506	24,375,726	25,919,168
Available-for-sale financial assets – net		34,764,718	31,037,413	52,177,668
Receivables - net		18,632,661	12,269,178	9,376,347
Current income tax assets		3,109,168	3,057,284	2,878,045
Bills discounted and loans – net		445,096,204	397,268,743	375,712,974
Held-to-maturity financial assets		7,277,780	4,955,516	—
Equity investments accounted for under the equity method – net		670,509	655,121	667,498
Other financial assets – net		38,841,612	25,849,605	7,641
Property and equipment– net		2,087,487	2,149,071	2,369,557
Investment Property – net		306,052	314,808	234,390
Intangible assets		2,067,369	2,058,637	2,184,964
Deferred income tax assets – net		582,403	193,924	193,964
Other assets– net		3,191,959	1,467,868	747,459
Total assets		**698,255,509**	**598,604,767**	**555,010,286**
Due to Central Bank and other banks		5,681,005	13,072,480	13,070,340
Financial liabilities at fair value through profit or loss – net		5,679,085	2,336,752	1,977,281
Bills and bonds sold under repurchase agreements		8,340,995	—	—
Payables		15,777,844	10,313,523	7,971,693
Current income tax liabilities		981,147	323,253	324,970
Deposits and remittances		579,560,295	496,750,456	454,075,352
Financial debentures payable		23,000,000	15,000,000	15,000,000
Other financial liabilities		6,237,906	12,902,996	16,747,503
Provision		1,028,258	736,243	670,381
Deferred income tax liabilities		171,751	209,163	119,218
Other liabilities		723,774	713,952	659,723
Total liabilities	**Before distribution**	**647,182,060**	**552,358,818**	**510,616,461**
	After distribution	**Note 2**	**552,358,818**	**510,616,461**
Equity attributable to owners of the parent company		51,073,449	46,245,949	44,393,825
Share Capital	Before distribution	37,690,491	36,496,931	34,963,315
	After distribution	Note 2	37,690,491	36,496,931
Additional paid-in capital		6,116,883	6,116,883	6,116,883
Retained earnings	Before distribution	7,494,432	4,240,079	2,752,946
	After distribution	Note 2	3,046,519	1,219,330
Other equity interest		(228,357)	(607,944)	560,681
Total equity	**Before distribution**	**51,073,449**	**46,245,949**	**44,393,825**
	After distribution	**Note 2**	**46,245,949**	**44,393,825**

Note 1: Starting January 1, 2013, the Company prepares the financial statements in accordance with “Taiwan-IFRSs”, and to comply with IAS1, the comparative period has been restated. The financial information from 2013 to 2014 was audited by accountants.

Note 2: The distribution of earnings for 2014 has not been approved by the stockholders in 2015.

(4) Condensed Separate Statements of Comprehensive Income for 2012~2014

Unit: NT$1,000

Item \ Year	Financial Information (Note 1)		
	2014	2013	2012
Interest income	11,098,363	9,795,941	9,175,614
Less：Interest expense	4,164,271	3,687,102	3,415,015
Net interest income	6,934,092	6,108,839	5,760,599
Net non-interest income	4,336,470	3,218,495	2,120,604
Net revenue	11,270,562	9,327,334	7,881,203
Bad debts expense and guarantee liability provision	758,804	720,371	480,790
Operating expenses	5,509,500	5,205,430	5,021,427
Income from continuing operations before income tax	5,002,258	3,401,533	2,378,986
Income tax expense	(455,108)	(349,328)	(319,561)
Net income from continuing operations	4,547,150	3,052,205	2,059,425
Net income	4,547,150	3,052,205	2,059,425
Other comprehensive income(net of tax)	280,350	(1,200,081)	386,334
Total comprehensive income	4,827,500	1,852,124	2,445,759
EPS(NT$)	1.21	0.81	0.66

Note 1: Starting January 1, 2013, the Company prepares the financial statements in accordance with “Taiwan-IFRSs”, and to comply with IAS1, the comparative period has been restated. The financial information from 2013 to 2014 was audited by accountants.

(5) Condensed Consolidated Balance Sheet for 2010~2012 - R.O.C. GAAP

Unit: NT$1,000

Item	Year	Financial Information (Note)		
		2012	2011	2010
Cash and cash equivalents, Due from Central Bank and call loans to banks		82,436,828	110,417,531	124,650,076
Financial assets at fair value through profit or loss – net		26,023,007	14,569,643	10,248,106
Investments in notes and bonds under resale agreements		—	1,546,544	1,691,578
Receivables - net		12,171,396	12,535,440	14,918,327
Bills discounted and loans – net		375,712,974	348,783,971	284,751,517
Available-for-sale financial assets – net		51,501,159	13,245,099	10,680,673
Held-to-maturity financial assets		—	151,450	151,840
Equity investments accounted for under the equity method – net		—	—	349,051
Other financial assets – net		431,955	431,978	439,175
Property, plant and equipment		2,372,459	2,560,170	2,622,005
Intangible assets		2,184,964	2,326,540	2,456,470
Other assets		1,086,385	1,505,707	2,760,893
Total assets		**553,921,127**	**508,074,073**	**455,719,711**
Due to Central Bank and other banks		13,070,340	7,080,166	16,807,124
Financial liabilities at fair value through profit or loss – net		1,977,281	2,734,648	3,924,425
Notes and bonds payable under repurchase agreements		—	—	100,170
Deposits and remittances		453,401,765	437,896,659	381,412,448
Financial debentures payable		15,000,000	15,147,060	15,094,120
Accrued pension liabilities		172,611	127,551	116,955
Other financial liabilities		16,747,503	5,826,442	3,119,273
Other liabilities		9,057,133	9,155,538	10,331,528
Total liabilities	**Before distribution**	**509,426,633**	**477,968,064**	**430,906,043**
	After distribution	**509,426,633**	**477,968,064**	**430,906,021**
Common stock	Before distribution	34,963,315	25,108,131	21,811,335
	After distribution	36,496,931	26,229,835	22,733,131
Additional paid-in capital		6,116,883	2,850,363	1,377,456
Retained earnings	Before distribution	3,200,116	2,234,905	1,450,280
	After distribution	1,666,500	1,113,201	528,506
Unrealized profit or loss on available-for-sale financial assets		242,180	(72,775)	217,213
Cumulative translation adjustment		—	—	—
Other shareholders' equity		(28,000)	(14,615)	(43,743)
Minority equity		—	—	1,127
Total shareholders' equity	**Before distribution**	**44,494,494**	**30,106,009**	**24,813,668**
	After distribution	**44,494,494**	**30,106,009**	**24,813,690**

Note: The financial information from 2010 to 2012 was audited by accountants.

(6) Condensed Consolidated Statements of Income for 2010~2012 - R.O.C. GAAP

Unit: NT$1,000

Item \ Year		Financial Information (Note)		
		2012	2011	2010
Net Interest income		6,011,203	5,035,237	4,273,629
Net Non-interest income		1,905,244	1,781,950	1,940,349
Bad debts losses (Provision reversal gain)		480,790	(294,923)	(174,808)
Operating expenses		5,064,025	5,061,640	4,648,344
Continuing operating income before tax		2,371,632	2,050,470	1,740,442
Continue operating income after tax		2,086,915	1,706,815	1,316,902
Discontinued operation income (net after tax)		—	—	—
Extraordinary income (net after tax)		—	—	—
Cumulative effect of changes in accounting principles (net after tax)		—	—	—
Net Income		2,086,915	1,706,815	1,316,902
EPS(NT$)	Before adjustment	0.72	0.74	0.60
	After adjustment	0.67	0.66	0.51

Note: The financial information from 2010 to 2012 was audited by accountants.

(7) Condensed Separate Balance Sheet for 2010~2012 - R.O.C. GAAP

Unit: NT$1,000

Item \ Year		Financial Information (Note)		
		2012	2011	2010
Cash and cash equivalents, Due from Central Bank and call loans to banks		82,436,772	110,417,491	124,650,036
Financial assets at fair value through profit or loss – net		26,023,007	14,569,643	10,248,106
Investments in notes and bonds under resale agreements		—	1,546,544	1,691,578
Receivables - net		12,153,756	12,533,591	14,895,036
Bills discounted and loans – net		375,712,974	348,783,971	284,751,517
Available-for-sale financial assets – net		51,499,745	13,243,700	10,680,673
Held-to-maturity financial assets		—	151,450	151,840
Equity investments accounted for under the equity method – net		667,498	41,774	399,896
Other financial assets – net		431,955	431,978	439,175
Property, plant and equipment		2,369,557	2,555,956	2,615,472
Intangible assets		2,184,964	2,326,540	2,456,470
Other assets		1,083,638	1,501,513	2,757,682
Total assets		**554,563,866**	**508,104,151**	**455,737,481**
Due to Central Bank and other banks		13,070,340	7,080,166	16,807,124
Financial liabilities at fair value through profit or loss – net		1,977,281	2,734,648	3,924,425
Notes and bonds payable under repurchase agreements		—	—	100,170
Deposits and remittances		454,075,352	437,944,350	381,466,045
Financial debentures payable		15,000,000	15,147,060	15,094,120
Accrued pension liabilities		172,091	125,404	114,780
Other financial liabilities		16,747,503	5,826,442	3,119,273
Other liabilities		9,026,805	9,140,072	10,299,003
Total liabilities	**Before distribution**	**510,069,372**	**477,998,142**	**430,924,940**
	After distribution	**510,069,372**	**477,998,142**	**430,924,918**
Common stock	Before distribution	34,963,315	25,108,131	21,811,335
	After distribution	36,496,931	26,229,835	22,733,131
Additional paid-in capital		6,116,883	2,850,363	1,377,456
Retained earnings	Before distribution	3,200,116	2,234,905	1,450,280
	After distribution	1,666,500	1,113,201	528,506
Unrealized profit or loss on available-for-sale financial assets		242,180	(72,775)	217,213
Cumulative translation adjustment		—	—	—
Other shareholders' equity		(28,000)	(14,615)	(43,743)
Total shareholders' equity	**Before distribution**	**44,494,494**	**30,106,009**	**24,812,541**
	After distribution	**44,494,494**	**30,106,009**	**24,812,563**

Note: The financial information from 2010 to 2012 was audited by accountants.

(8) Condensed Separate Statements of Income for 2010~2012 - R.O.C. GAAP

Unit: NT$1,000

Item \ Year		Financial Information (Note) 2012	2011	2010
Net Interest income		6,010,610	5,034,939	4,273,444
Net Non-interest income		1,807,410	1,735,769	1,867,598
Bad debts losses (Provision reversal gain)		480,790	(294,923)	(174,808)
Operating expenses		4,975,674	5,020,267	4,582,261
Continuing operating income before tax		2,361,556	2,045,364	1,733,589
Continue operating income after tax		2,086,915	1,706,399	1,316,851
Discontinued operation income (net after tax)		—	—	—
Extraordinary income (net after tax)		—	—	—
Cumulative effect of changes in accounting principles (net after tax)		—	—	—
Net Income		2,086,915	1,706,399	1,316,851
EPS(NT$)	Before adjustment	0.72	0.74	0.60
	After adjustment	0.67	0.66	0.51

Note: The financial information from 2010 to 2012 was audited by accountants.

(9) Independent Auditors Over the Past Five Years and their Audit Opinions

Year	Independent auditing firm	CPA	Auditor’s opinion
2010	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2011	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2012	PricewaterhouseCoopers, Taiwan	James Huang & Ellen Kuo	Standard unqualified opinion
2013	PricewaterhouseCoopers, Taiwan	James Huang & Ellen Kuo	Standard unqualified opinion
2014	PricewaterhouseCoopers, Taiwan	Ellen Kuo& Maria Chen	Standard unqualified opinion

(10) Consolidated Financial Analysis

Item	Year	Financial Analysis (Note 1)		
		2014	2013	2012
Operating performance	Ratio of deposits to loans (%)	77.18	80.25	83.00
	NPL ratio (%)	0.19	0.31	0.19
	Ratio of interest cost to annual average deposits (%)	0.68	0.68	0.66
	Ratio of interest income to annual average loans outstanding (%)	2.17	2.14	2.17
	Total assets turnover (times)	0.02	0.02	0.02
	Average operation revenue per employee (thousand NT$)	4,310	4,047	3,117
	Average profit per employee (thousand NT$)	1,728	1,318	804
Profitability	Return on tier I capital (%)	10.98	7.99	6.88
	Return on assets (%)	0.70	0.53	0.39
	Return on equity (%)	9.34	6.73	5.54
	Net income ratio (%)	40.10	32.58	25.81
	EPS (NT$)	1.21	0.81	0.66
Financial Structure	Ratio of liabilities to assets (%)	92.63	92.23	91.96
	Ratio of property and equipment to equity (%)	4.09	4.65	5.34
Growth rate	Rate of assets growth (%)	16.66	7.94	9.02
	Rate of earnings growth (%)	47.06	42.68	16.51(Note 2)
Cash flow	Cash flow ratio (%)	Note 3	44.66	Note 3
	Cash flow adequacy ratio (%)	955.37	2,188.06	1,260.64
	Cash flow coverage ratio (%)	Note 3	(1.117.80)	Note 3
Ratio of liquidity reserve (%)		29.00	31.90	29.60
Total balance of secured loans of related parties (thousand NT$)		6,632,636	6,649,493	4,793,300
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.36	1.51	1.15
Scale of operations	Asset market share (%)	1.42	1.33	1.35
	Net-worth market share (%)	1.62	1.63	1.70
	Deposits market share (%)	1.64	1.50	1.46
	Loans market share (%)	1.65	1.56	1.56

The specify reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)

A. On the premise of asset quality sustenance, the consolidated company, during Year 2014, continued to boost its businesses and enjoyed a constant grow of net income, and has higher growth in profitability of various business scopes than Year 2013.

B. Net cash outflow from operation activities of the consolidated company for Year 2014 and the latest five years increased greatly from Year 2013 and the latest five years so cash flow adequacy ratio dropped.

Note 1: The financial information from 2013 to 2014 was audited by accountants. In addition, the comparative information of 2012 was produced according to International Financial Reporting Standards (IFRSs).

Note 2: Starting January 1, 2013, the Company prepares the financial statements in accordance with "Taiwan-IFRSs", and to comply with IAS1, the comparative period has been restated. Regarding the profit growth ratios between 2012 and 2011, earnings before tax for 2011 were produced according to R.O.C. GAAP.

Note 3: Because cash flows from operating activities in statement of cash flows are cash outflow in 2012 and 2014, it is not included for the calculation of according cash flow ratio.

Note 4: Because of inaccessibility to information, market share of operating scale is calculated according to individual financial statements.

Note 5: The formulas of various ratios are as follows:

1. Operating performance
   (1) Ratio of deposits to loans＝Annual average loans outstanding／Annual average deposit (Including postal savings re-deposits)
   (2) NPL ratio＝Total NPL／Total loans outstanding
   (3) Ratio of interest cost to annual average deposits＝Total interest cost from deposits／Annual average deposits
   (4) Ratio of interest income to annual average loans outstanding＝Total interest income from loans／Annual average amount of loans outstanding
   (5) Total assets turnover (times)＝Operating income／Average total assets
   (6) Average operation revenue per employee (Note 8)＝Operating Revenues／Annual average total number of employees
   (7) Average profit per employee＝Net income after tax／total employees
2. Profitability
   (1) Return on tier I capital =Before-tax profit or loss／Total amount of tier I capital
   (2) Return on assets＝Net income／Average total assets
   (3) Return on Equity＝Net income／Average total equity
   (4) Net income ratio＝Net income／Total operating revenues
   (5) EPS＝(Net profit attributable to parent company-preferred stock dividend)／Weighted average number of shares issued (Note 7)
3. Financial structure
   (1) Ratio of Liabilities to Assets＝Liabilities／Total assets
   (2) Ratio of Property and Equipment to Equity＝Property and equipment assets／Total equity
4. Growth rate
   (1) Rate of Assets growth=(Total assets for current year－Total assets for previous year)／Total assets for previous year
   (2) Rate of earnings growth = (Before-tax profit or loss for current year－Before-tax profit or loss for previous year)／Before-tax profit for previous year
5. Cash flow (Note 9)
   (1) Cash flow ratio＝Net cash flow from operating activities／(interbank lending and overdraft＋payable commercial paper ＋Financial liabilities at fair value through profit or loss＋RP＋Payable accounts-current portion)
   (2) Net cash flow adequacy ratio＝Net cash flow from operating activities for the latest five years／(Capital expenditure＋cash dividends for the latest five years)
   (3) Cash flow coverage ratio＝Net cash flow from operating activities／net cash flow from investing activities
6. Ratio of liquidity reserve＝Liquidity assets defined by Central Bank／Accrual liquidty reserve liabilities
7. Scale of operations:
   (1) Asset market share = total assets/total assets of all financial institutions able to engage in deposit and loan business
   (2) Net-worth market share = net worth/total net worth of all financial institutions able to engage in deposit and loan business
   (3) Deposit market share = total value of deposits/total value of deposits at all financial institutions able to engage in deposit and loan business
   (4) Loan market share = total value of loans/total value of loans at all financial institutions able to engage in deposits and loan business

Note 6: The total liabilities have deduct allowance for gurantee liability and allowance for accidental loss

Note 7: The following shall be noted in the equations of EPS of the preceding paragraph:

1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.
2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.
3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.

Note 8: The income means the total interest income and non-interest income.

Note 9: The following shall be considered in measuring of cash flow analysis:

1. Net cash flow from operating activities means the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure means the cash outflow from capital investment per year.
3. Cash dividends include of common and preferred stocks.
4. Gross for fixed assets means the total fixed assets before deduction of accumulated depreciation.

(11) Separate Financial Analysis

Item		Financial Analysis (Note 1) 2014	2013	2012
Operating performance	Ratio of deposits to loans (%)	77.15	80.21	82.88
	NPL ratio (%)	0.19	0.31	0.19
	Ratio of interest cost to annual average deposits (%)	0.68	0.68	0.66
	Ratio of interest income to annual average loans outstanding (%)	2.17	2.14	2.17
	Total assets turnover (times)	0.02	0.02	0.01
	Average operation revenue per employee (thousand NT$)	4,312	4,057	3,092
	Average profit per employee (thousand NT$)	1,740	1,328	808
Profitability	Return on tier I capital (%)	11.03	8.04	6.89
	Return on assets (%)	0.70	0.53	0.39
	Return on equity (%)	9.34	6.73	5.54
	Net income ratio (%)	40.35	32.72	26.13
	EPS (NT$)	1.21	0.81	0.66
Financial Structure	Ratio of liabilities to assets (%)	92.63	92.24	91.96
	Ratio of property and equipment to equity (%)	4.09	4.65	5.34
Growth rate	Rate of assets growth (%)	16.65	7.85	9.14
	Rate of earnings growth (%)	47.06	42.98	16.31(Note 2)
Cash flow	Cash flow ratio (%)	Nots 3	44.57	Nots 3
	Cash flow adequacy ratio (%)	954.66	2,191.23	1,263.63
	Cash flow coverage ratio (%)	Nots 3	(1,146.17)	Nots 3
Ratio of liquidity reserve (%)		29.00	31.90	29.60
Total balance of secured loans of related parties (thousand NT$)		6,632,636	6,649,493	4,793,300
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.36	1.51	1.15
Scale of operations	Asset market share (%)	1.42	1.33	1.35
	Net-worth market share (%)	1.62	1.63	1.70
	Deposits market share (%)	1.64	1.50	1.46
	Loans market share (%)	1.65	1.56	1.56

The specify reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)

A. On the premise of asset quality sustenance, the Company, during Year 2014, continued to boost its businesses and enjoyed a constant grow of net income, and has higher growth in profitability of various business scopes than Year 2013.

B. Net cash outflow from operation activities of the company for Year 2014 and the latest five years increased greatly from Year 2013 and the latest five years so cash flow adequacy ratio dropped.

Note 1: The financial information from 2013 to 2014 was audited by accountants. In addition, the comparative information of 2012 was produced according to International Financial Reporting Standards (IFRSs).

Note 2: Starting January 1, 2013, the Company prepares the financial statements in accordance with "Taiwan-IFRSs", and to comply with IAS1, the comparative period has been restated. Regarding the profit growth ratios between 2012 and 2011, earnings before tax for 2011 were produced according to R.O.C. GAAP.

Note 3: Because cash flows from operating activities in statement of cash flows are cash outflow in 2012 and 2014, it is not included for the calculation of according cash flow ratio.

Note 4: The formulas of various ratios are as page 75

(12) Financial Analysis - R.O.C. GAAP

Item		Financial Analysis (Note 1) 2012	2011	2010
Operating performance	Ratio of deposits to loans (%)	82.88	79.76	74.24
	NPL ratio (%)	0.19	0.19	0.49
	Ratio of interest cost to annual average deposits (%)	0.67	0.60	0.41
	Ratio of interest income to annual average loans outstanding (%)	2.15	2.09	1.94
	Total assets turnover (times)	0.01	0.01	0.01
	Average operation revenue per employee (thousand NT$)	3,067	2,640	2,433
	Average profit per employee (thousand NT$)	819	665	522
Profitability	Return on tier I capital (%)	6.84	8.24	7.66
	Return on assets (%)	0.39	0.35	0.32
	Return on shareholders' equity (%)	5.59	6.21	5.43
	Net income ratio (%)	26.69	25.20	21.44
	EPS (NT$)	0.67	0.66	0.51
Financial Structure	Ratio of liabilities to assets (%)	91.94	94.07	94.56
	Ratio of fixed assets to equity (%)	5.33	8.49	10.54
Growth rate	Rate of assets growth (%)	9.14	11.49	24.83
	Rate of earnings growth (%)	15.46	17.98	102.26
Cash flow	Cash flow ratio (%)	13.75	2.55	4.92
	Cash flow adequacy ratio (%)	1,367.83	1,451.84	1,311.50
	Cash flow coverage ratio (%)	(8.03)	(0.78)	(2.01)
Ratio of liquidity reserve (%)		29.60	31.30	29.20
Total balance of secured loans of related parties (thousand NT$)		4,793,300	5,378,015	3,551,953
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.15	1.36	1.12
Operating scale	Asset market share (%)	1.35	1.28	1.22
	Net-worth market share (%)	1.70	1.25	1.08
	Deposits market share (%)	1.46	1.46	1.33
	Loans market share (%)	1.56	1.50	1.34

Note 1: The financial information from 2010 to2012 was audited by accountants.

Note 2: The formulas of various ratios are as follows:

1. Operating performance
   (1) Ratio of deposits to loans＝Annual average loans outstanding／Annual average deposit (Including postal savings re-deposits)
   (2) NPL ratio＝Total NPL／Total loans outstanding
   (3) Ratio of interest cost to annual average deposits＝Total interest cost／Annual average deposits
   (4) Ratio of interest income to annual average loans outstanding＝Total interest income／Annual average amount of loans outstanding
   (5) Total assets turnover (times)＝Operating income／Average total assets
   (6) Average operation revenue per employee (Note 5)＝Operating Revenues／Annual average total number of employees
   (7) Average profit per employee＝Net income after tax／total employees
2. Profitability
   (1) Return on tier I capital =Before-tax profit or loss／Total amount of tier I capital
   (2) Return on assets＝Net income／Average total assets
   (3) Return on shareholders' Equity＝Net income／Average net shareholders' equity
   (4) Net income ratio＝Net income／Total operating revenues
   (5) EPS＝Income after income tax-preferred stock dividend／Weighted average number of shares issued (Note 4)
3. Financial structure
   (1) Ratio of Liabilities to Assets＝Liabilities／Total assets (Note 3)

(2) Ratio of Fixed Assets to Equity＝Fixed assets／Shareholders' equity

4. Growth rate

(1) Rate of Assets growth=(Total assets for current year－ Total assets for previous year)／Total assets for previous year

(2) Rate of earnings growth = (Before-tax profit or loss for current year)－(Before-tax profit or loss for previous year)／Before-tax profit for previous year

5. Cash flow (Note 6)

(1) Cash flow ratio＝Net cash flow from operating activities／ (interbank lending and overdraft＋Financial liabilities at fair value of payable commercial paper through income statement＋RP＋Payable accounts-current portion)

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

(3) Cash flow coverage ratio＝Net cash flow from operating activities／net cash flow from investing activities

6. Ratio of liquidity reserve＝Liquidity assets defined by Central Bank／Accrual liquidty reserve liabilities

7. Scale of operations:

(1) Asset market share = total assets/total assets of all financial institutions able to engage in deposit and loan business

(2) Net-worth market share = net value/total net worth of all financial holding institutions able to engage in deposit and loan business

(3) Deposit market share = total value of deposits/total value of deposits at all financial institutions able to engage in deposit and loan business

(4) Loan market share = total value of loans/total value of loans at all financial institutions able to engage in deposits and loan business

Note 3: The total liabilities have deduct allowance for gurantee liability, allowance for breach of traded secrutities and allowance for accidental loss

Note 4: The following shall be noted in the equations of EPS of the preceding paragraph:

1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.
2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.
3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.

Note 5: The income means the total interest income and non-interest income.

Note 6: The following shall be considered in measuring of cash flow analysis:

1. Net cash flow from operating activities means the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure means the cash outflow from capital investment per year.
3. Cash dividends include of common and preferred stocks.
4. Gross for fixed assets means the total fixed assets before deduction of accumulated depreciation.

(13) Consolidated Capital Adequacy

Unit: NT$1,000

Item			Consolidated capital adequacy ratio 2014	Consolidated capital adequacy ratio 2013
Eligible Capital	Common Equity Tier Ⅰ		47,972,473	43,367,166
	Additional Tier Ⅰ Capital		—	—
	Tier ⅠⅠ Capital		19,003,750	11,649,461
	Eligible Capital		**66,976,223**	**55,016,627**
Total risk-weighted assets	Credit risk	Standardized Approach	471,176,159	396,135,491
		Internal Ratings- Based Approach	—	—
		Securitization	—	—
	Operational risk	Basic Indicator Approach	—	—
		Standardized Approach / Alternative Standardized Approach	17,517,763	15,150,838
		Advanced Measurement Approaches	—	—
	Market risk	Standardized Approach	33,517,888	14,523,300
		Internal Models Approach	—	—
	Total Risk-Weighted Assets		**522,211,810**	**425,809,629**
Capital Adequacy Ratio (%)			**12.83**	**12.92**
Tier I Risk-based Capital Ratio (%)			**9.19**	**10.18**
Common Equity Tier I Ratio (%)			**9.19**	**10.18**
Leverage Ratio (%)			**4.68**	**5.13**
Please specify the reasons for the changes of capital adequacy ratios for the past two years: The changes of capital adequacy ratios for the past two years is less than 20% and is waived from explanation.				

Note 1: The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and“calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier I Capital + Tier II Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Tier I Risk-based Capital Ratio＝(Common Equity Tier I + additional Tier I Capital)/Total risk-weighted assets
5. Common Equity Tier I Ratio＝Common Equity Tier I /Total risk-weighted assets
6. Leverage Ratio= Tier I Capital / Exposure Measurement

Unit: NT$1,000

Item		Year	Consolidated capital adequacy ratio		
			2012	2011	2010
Eligible Capital	Tier I capital	Common stock	34,963,315	25,108,131	21,811,335
		Non-cumulative perpetual preferred stock	–	–	–
		Nonsol non-cumulative subordinated debts without maturity dates	–	–	–
		Capital collected in advance	–	–	–
		Capital surplus (exclusive of reserve for revaluation of fixed assets)	6,116,883	2,850,363	1,377,456
		Legal reserve	1,040,404	528,484	133,429
		Special reserve	72,797	22	–
		Retained earnings	2,086,915	1,706,399	1,316,851
		Minority equity	–	–	1,127
		Other shareholders' equity	(81,589)	(178,462)	(55,572)
		Less: Goodwill	1,924,395	1,924,395	1,924,395
		Less: Unamortized loss on sale of NPL	–	–	–
		Less: Capital deductions	314,567	634,164	403,861
		Total Tier I capital	**41,959,763**	**27,456,378**	**22,256,370**
	Tier II capital	Cumulative perpetual preferred stock	–	–	–
		Cumulative subordinated debts without maturity dates	–	–	3,000,000
		Reserve for revaluation of fixed assets	–	–	–
		45% of Unrealized gain on financial assets in available-for-sale	133,096	40,982	103,068
		Convertible bonds	–	–	–
		Operating reserve and allowance for bad debt	644,685	–	815,098
		Long-term subordinated bonds	14,000,000	13,728,189	5,418,264
		Non- perpetual preferred stock	–	–	–
		Total of non-cumulative perpetual preferred stock and non-cumulative subordinated debts without maturity dates exceeding 15% of total Tier I capital	–	–	–
		Less: Capital deductions	314,567	212,018	403,861
		Total Tier II capital	**14,463,214**	**13,557,153**	**8,932,569**
	Tier III capital	Short-term subordinated debts	–	–	–
		Non- perpetual preferred stock	–	–	–
		Total Tier III capital	–	–	–
	Eligible Capital		**56,422,977**	**41,013,531**	**31,188,939**

Item \ Year			Consolidated capital adequacy ratio		
			2012	2011	2010
Total risk-weighted assets	Credit risk	Standardized approach	357,324,695	332,276,102	267,354,070
		Internal ratings-based approach	—	—	—
		Securitization	—	45,591	122,537
	Operational risk	Basic indicator approach	—	—	12,448,688
		Standardized approach/ Alternative standardized approach	12,724,888	11,877,200	—
		Advanced measurement approach	—	—	—
	Market risk	Standardized approach	16,003,613	7,140,763	10,456,938
		Internal models approach	—	—	—
	Total risk-weighted assets		**386,053,196**	**351,339,656**	**290,382,233**
Capital adequacy ratio (%)			**14.62**	**11.67**	**10.74**
Ratio of Tier I capital in risk-based assets (%)			**10.87**	**7.81**	**7.66**
Ratio of Tier II capital in risk-based assets (%)			**3.75**	**3.86**	**3.08**
Ratio of Tier III capital in risk-based assets (%)			—	—	—
Ratio of common capital stock in total assets (%)			**6.31**	**4.94**	**4.79**

Note 1: Eligible capital＝Tier I capital＋Tier II capital＋Tier III capital

Note 2: Total risk- weighted assets＝Credit risk weighted risk-based assets＋capital charge of (operational risk＋market risk)×12.5

Note 3: Capital adequacy ratio＝Eligible capital／Total weighted risk-based assets

Note 4: Ratio of Tier I capital in risk-based assets＝Tier I capital／Total weighted risk-based assets

Note 5: Ratio of Tier II capital in risk-based assets＝Tier II capital／Total weighted risk-based assets

Note 6: Ratio of Tier III capital in risk-based assets＝Tier III capital／Total weighted risk-based assets

Note 7: Ratio of common capital stock in total assets＝Common capital stock／Total assets

(14) Capital Adequacy

Unit: NT$1,000

Item			Capital adequacy ratio 2014	Capital adequacy ratio 2013
Eligible Capital	Common Equity Tier I		47,637,217	43,040,229
	Additional Tier I Capital		—	—
	Tier II Capital		18,668,496	11,321,900
	Eligible Capital		**66,305,713**	**54,362,129**
Total risk-weighted assets	Credit risk	Standardized Approach	470,706,649	395,721,923
		Internal Ratings- Based Approach	—	—
		Securitization	—	—
	Operational risk	Basic Indicator Approach	—	—
		Standardized Approach / Alternative Standardized Approach	17,262,188	14,950,575
		Advanced Measurement Approaches	—	—
	Market risk	Standardized Approach	33,517,888	14,523,300
		Internal Models Approach	—	—
	Total Risk-Weighted Assets		**521,486,725**	**425,195,798**
Capital Adequacy Ratio (%)			**12.71**	**12.79**
Tier I Risk-based Capital Ratio (%)			**9.13**	**10.12**
Common Equity Tier I Ratio (%)			**9.13**	**10.12**
Leverage Ratio (%)			**4.66**	**5.09**

Note 1: The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and“calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier I Capital + Tier II Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Tier I Risk-based Capital Ratio＝(Common Equity Tier I + additional Tier I Capital)/Total risk-weighted assets
5. Common Equity Tier I Ratio＝Common Equity Tier 1/Total risk-weighted assets
6. Leverage Ratio= Tier I Capital / Exposure Measurement

Unit: NT$1,000

Item		Year	Capital adequacy ratio		
			2012	2011	2010
Eligible capital	Tier I capital	Common stock	34,963,315	25,108,131	21,811,335
		Non-cumulative preferred stock	—	—	—
		Non-cumulative subordinated debts without maturity dates	—	—	—
		Capital collected in advance	—	—	—
		Capital surplus (exclusive of reserve for revaluation of fixed assets)	6,116,883	2,850,363	1,377,456
		Legal reserve	1,040,404	528,484	133,429
		Special reserve	72,797	22	—
		Retained earnings	2,086,915	1,706,399	1,316,851
		Minority equity	—	—	—
		Other shareholders' equity	(81,589)	(178,462)	(55,572)
		Less: Goodwill	1,924,395	1,924,395	1,924,395
		Less: Unamortized loss on sale of NPL	—	—	—
		Less: Capital deductions	648,316	655,051	429,283
		Total Tier I capital	**41,626,014**	**27,435,491**	**22,229,821**
	Tier II capital	Cumulative perpetual preferred stock	—	—	—
		Cumulative subordinated debts without maturity dates	—	—	3,000,000
		Reserve for revaluation of fixed assets	—	—	—
		45% of Unrealized gain on financial assets in available-for-sale	133,096	40,982	103,068
		Convertible bonds	—	—	—
		Operating reserve and allowance for bad debt	644,685	—	815,098
		Long-term subordinated bonds	14,000,000	13,717,745	5,418,264
		Non- perpetual preferred stock	—	—	—
		Total of non-cumulative perpetual stock and non-cumulative subordinated debts without maturity dates exceeding 15% of total Tier I capital	—	—	—
		Less: Capital deductions	648,316	232,905	429,283
		Total Tier II capital	**14,129,465**	**13,525,822**	**8,907,147**
	Tier III capital	Short-term subordinated debts	—	—	—
		Non-perpetual preferred stock	—	—	—
		Total Tier III capital	—	—	—
	Eligible Capital		**55,755,479**	**40,961,313**	**31,136,968**
Total risk-weighted assets	Credit risk	Standardized approach	357,301,405	332,266,318	267,322,507
		Internal ratings-based approach	—	—	—
		Securitization	—	45,591	122,537
	Operational risk	Basic indicator approach	—	—	12,306,100
		Standardized approach/ Alternative standardized approach	12,561,150	11,744,813	—
		Advanced measurement approach	—	—	—
	Market risk	Standardized approach	16,003,613	7,140,763	10,456,938
		Internal models approach	—	—	—
	Total weighted risk-based assets		**385,866,168**	**351,197,485**	**290,208,082**
Capital adequacy ratio (%)			**14.45**	**11.66**	**10.73**

Item \ Year	Capital adequacy ratio		
	2012	2011	2010
Ratio of Tier I capital in risk-based assets (%)	**10.79**	**7.81**	**7.66**
Ratio of Tier II capital in risk-based assets (%)	**3.66**	**3.85**	**3.07**
Ratio of Tier III capital in risk-based assets (%)	—	—	—
Ratio of common capital stock in total assets (%)	**6.30**	**4.94**	**4.79**

Note 1: Eligible capital＝Tier I capital＋Tier II capital＋Tier III capital
Note 2: Total risk- weighted assets＝Credit risk weighted risk-based assets＋capital charge of (operational risk＋market risk)×12.5
Note 3: Capital adequacy ratio＝Eligible capital／Total weighted risk-based assets
Note 4: Ratio of Tier I capital in risk-based assets＝Tier I capital／Total weighted risk-based assets
Note 5: Ratio of Tier II capital in risk-based assets＝Tier II capital／Total weighted risk-based assets
Note 6: Ratio of Tier III capital in risk-based assets＝Tier III capital／Total weighted risk-based assets
Note 7: Ratio of common capital stock in total assets＝Common capital stock／total assets

2. Consolidated Financial Report for 2014

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PWCR14000309

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Yuanta Commercial Bank Co., Ltd.

We have audited the accompanying consolidated balance sheets of Yuanta Commercial Bank Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, of changes in equity and of 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 the Audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits 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 Yuanta Commercial Bank Co., Ltd. and subsidiaries as of December 31, 2014 and 2013, and their financial performance and cash flows for the years ended December 31, 2014 and 2013 in conformity with the "Regulations Governing the Preparations of Financial Reports by Public Banks" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Yuanta Commercial Bank Co., 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

March 17, 2015

The accompanying financial statements are not intended to present the financial position and results of operations and 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 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.

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	ASSETS	NOTES	December 31, 2014 AMOUNT	%	December 31, 2013 AMOUNT	%
11000	Cash and cash equivalents	6(1)	$ 13,120,575	2	$ 7,332,688	1
11500	Due from Central Bank and call loans to other banks	6(2)	79,095,616	11	85,619,265	14
12000	Financial assets at fair value through profit or loss – net	6(3)	49,411,506	7	24,375,726	4
13000	Receivables – net	6(4)	19,085,191	3	12,332,649	2
13200	Current income tax assets		3,110,066	-	3,058,196	1
13500	Bills discounted and loans – net	6(5)	445,096,204	64	397,268,743	67
14000	Available-for-sale financial assets – net	6(6)	34,767,019	5	31,039,688	5
14500	Held-to-maturity financial assets	6(6)and(7)	7,277,780	1	4,955,516	1
15500	Other financial assets – net	6(6)and(8)	38,841,612	6	26,175,376	5
18500	Property and equipment – net	6(9)	2,087,564	-	2,149,569	-
18700	Investment property- net	6(10)	306,052	-	314,808	-
19000	Intangible assets – net	6(11)	2,067,369	-	2,058,637	-
19300	Deferred income tax assets	6(36)	582,573	-	194,094	-
19500	Other assets – net	6(12)	3,196,095	1	1,495,054	-
	TOTAL ASSETS		$ 698,045,222	100	$ 598,370,009	100

(CONTINUED ON NEXT PAGE)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

			December 31, 2014		December 31, 2013	
	LIABILITIES AND EQUITY	NOTES	AMOUNT	%	AMOUNT	%
	LIABILITIES					
21000	Due to Central Bank and other banks	6(13)	$ 5,681,005	1	$ 13,072,480	2
22000	Financial liabilities at fair value through profit or loss - net	6(14)	5,679,085	1	2,336,752	-
22500	Bills and bonds sold under repurchase agreements	6(15)	8,340,995	1	-	-
23000	Payables	6(16)	15,824,899	2	10,326,621	2
23200	Current income tax liabilities		986,876	-	325,264	-
23500	Deposits and remittances	6(17)	579,291,319	83	496,482,959	83
24000	Financial debentures payable	6(18)	23,000,000	4	15,000,000	3
25500	Other financial liabilities	6(19)	6,237,906	1	12,902,996	2
25600	Provisions	6(20)and(21)	1,028,258	-	736,243	-
29300	Deferred income tax liabilities	6(36)	171,751	-	209,163	-
29500	Other liabilities	6(22)	729,679	-	731,582	-
	TOTAL LIABILITIES		646,971,773	93	552,124,060	92
	EQUITY					
31000	**Equity attributable to owners of the parent company**					
31100	**Share capital**					
31101	Common stock	6(23)	37,690,491	5	36,496,931	6
31500	**Additional paid-in capital**	6(24)	6,116,883	1	6,116,883	1
32000	**Retained earnings**	6(25)				
32001	Legal reserve		2,438,552	-	1,666,478	-
32003	Special reserve		607,967	-	22	-
32011	Unappropriated earnings		4,447,913	1	2,573,579	1
32500	**Other equity interest**	6(26)	(228,357)	-	(607,944)	-
	TOTAL EQUITY		51,073,449	7	46,245,949	8
	TOTAL LIABILITIES AND EQUITY		$ 698,045,222	100	$ 598,370,009	100

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

			2014		2013		Change Percentage
		NOTES	AMOUNT	%	AMOUNT	%	%
41000	Interest income		$ 11,121,437	98	$ 9,798,277	104	14
51000	Less: Interest expense		(4,162,584)	(37)	(3,682,850)	(39)	13
	Net interest income	6(27)	6,958,853	61	6,115,427	65	14
	Net non-interest income						
49100	Net service fee and commission income	6(28)	2,057,487	18	1,689,385	18	22
49200	Gain (loss) on financial assets and financial liabilities at fair value through profit or loss	6(3)and(29)	836,693	7	(785,643)	(8)	(206)
49300	Realized gain on available-for-sale financial assets	6(30)	306,817	3	369,513	4	(17)
49600	Foreign exchange gain		617,046	5	1,770,087	19	(65)
49700	Reversal of impairment loss on assets	6(11)and(31)	3,447	-	34,819	-	(90)
49800	Other non-interest income	6(11)and(32)	165,026	2	135,921	2	21
49821	Net gain on sale of non-performing loans	13(1)	394,071	4	39,084	-	908
	Net revenue		11,339,440	100	9,368,593	100	21
58200	Bad debts expense and guarantee liability provision		(758,804)	(7)	(720,371)	(7)	5
	Operating expenses						
58500	Employee benefit expense	6(33)	(3,195,388)	(28)	(3,073,713)	(33)	4
59000	Depreciation and amortization expense	6(34)	(333,100)	(3)	(460,428)	(5)	(28)
59500	Other general and administrative expense	6(35)	(2,039,250)	(18)	(1,705,359)	(18)	20
61001	**Income from continuing operations before income tax**		5,012,898	44	3,408,722	37	47
61003	Income tax expense	6(36)	(465,748)	(4)	(356,517)	(4)	31
64000	**Net income**		4,547,150	40	3,052,205	33	49
65000	**Other comprehensive income**						
65001	Translation gain and loss on the financial statements of foreign operating entities	6(26)	87,217	1	943	-	9149
65011	Unrealized gain or loss on available-for-sale financial assets	6(26)	296,156	3	(1,163,989)	(13)	(125)
65031	Actuarial gains and losses of defined benefit plan	6(21)	(119,563)	(1)	(37,899)	-	215
65091	Income tax relating to components of other comprehensive income	6(26)and(36)	16,540	-	864	-	1814
65000	**Other comprehensive income (loss) (net of tax)**		280,350	3	(1,200,081)	(13)	(123)
66000	**Total comprehensive income**		$ 4,827,500	43	$ 1,852,124	20	161
	Net income attributable to:						
	Parent company		$ 4,547,150	40	$ 3,052,205	33	49
	Comprehensive income attributable to:						
	Parent company		$ 280,350	2	$ 1,852,124	20	(85)
	Earnings per share (in New Taiwan Dollars)	6(37)					
	Basic and Diluted		$	1.21	$	0.81	

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							
			Retained earnings			Other equity interest		
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain on available-for-sale financial assets	Total equity
For the year ended December 31, 2013								
Balance, January 1, 2013	$ 34,963,315	$ 6,116,883	$ 1,040,404	$ 72,797	$ 1,639,745	$ -	$ 560,681	$ 44,393,825
Appropriation and distribution of 2012 earnings								
Legal reserve appropriated	-	-	626,074	-	(626,074)	-	-	-
Special reserve reversed	-	-	-	(72,775)	72,775	-	-	-
Stock dividends of ordinary shares	1,533,616	-	-	-	(1,533,616)	-	-	-
Net income for the year	-	-	-	-	3,052,205	-	-	3,052,205
Other comprehensive income for the year	-	-	-	-	(31,456)	943	(1,169,568)	(1,200,081)
Total comprehensive income for the year	-	-	-	-	3,020,749	943	(1,169,568)	1,852,124
Balance, December 31, 2013	$ 36,496,931	$ 6,116,883	$ 1,666,478	$ 22	$ 2,573,579	$ 943	($ 608,887)	$ 46,245,949
For the year ended December 31, 2014								
Balance, January 1, 2014	$ 36,496,931	$ 6,116,883	$ 1,666,478	$ 22	$ 2,573,579	$ 943	($ 608,887)	$ 46,245,949
Appropriation and distribution of 2013 earnings								
Legal reserve appropriated	-	-	772,074	-	(772,074)	-	-	-
Special reserve appropriated	-	-	-	607,945	(607,945)	-	-	-
Stock dividends of ordinary shares	1,193,560	-	-	-	(1,193,560)	-	-	-
Net income for the year	-	-	-	-	4,547,150	-	-	4,547,150
Other comprehensive income for the year	-	-	-	-	(99,237)	87,217	292,370	280,350
Total comprehensive income for the year	-	-	-	-	4,447,913	87,217	292,370	4,827,500
Balance, December 31, 2014	$ 37,690,491	$ 6,116,883	$ 2,438,552	$ 607,967	$ 4,447,913	$ 88,160	($ 316,517)	$ 51,073,449

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated profit from continuing operations before tax for the period	$ 5,012,898	$ 3,408,722
Adjustments to reconcile income before income tax to net cash provided by (used in) operating activities		
Income and expenses having no effect on cash flows		
Depreciation	205,592	263,999
Amortization	127,508	196,429
Provision for bad debt expense	1,312,654	1,313,775
Realized gain on available-for-sale financial assets	(89,443)	-
Interest expense	4,162,584	3,682,850
Interest income	(11,121,437)	(9,798,277)
Dividend income	(159,596)	(68,761)
(Gain) loss on disposal of property and equipment	(471)	3,170
Property and equipment transferred to expense	-	190
Loss on disposal of investment property	352	24,490
Loss from sale or retirement of other assets	52	-
Reversal of impairment loss on non-financial assets	(3,447)	(34,819)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Increase in due from Central Bank and call loans to other banks	(2,042,346)	(942,360)
(Increase) decrease in financial assets at fair value through profit or loss	(25,035,780)	1,543,442
Increase in receivables	(6,366,839)	(2,978,613)
Increase in bills discounted and loans	(48,934,964)	(22,804,828)
Increase in available-for-sale financial assets	(3,470,865)	(8,676,125)
Increase in held-to-maturity financial assets	(2,322,264)	(5,218)
Increase in other financial assets	(12,744,932)	(2,550,267)
Net changes in liabilities relating to operating activities		
(Decrease) increase in due to Central Bank and other banks	(7,391,475)	2,140
Increase in financial liabilities at fair value through profit or loss	3,342,333	359,471
Increase in payables	5,431,153	2,348,347
Increase in deposits and remittances	82,808,360	43,081,194
Decrease in other financial liabilities	(6,663,911)	(3,842,408)
Increase in provisions for employee benefits	19,466	12,822
(Decrease) Increase in other liabilities	(1,903)	71,253
Cash (used in) provided by operations	(23,926,721)	4,610,618
Interest received	10,733,258	9,864,725
Interest paid	(4,095,459)	(3,699,021)
Dividend received	159,596	69,053
Income tax paid	(265,357)	(452,956)
Net cash (used in) provided by operating activities	(17,394,683)	10,392,419

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YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013
(Expressed in thousands of New Taiwan dollars)

	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (248,520)	$ (169,298)
Proceeds from disposal of property and equipment	959	1,973
Acquisition of intangible assets	(4,618)	(4,563)
Proceeds from disposal of investment property	8,999	7,200
Increase in other assets	(1,725,418)	(765,034)
Proceeds from disposal of available-for-sale financial assets	129,133	-
Net cash used in investing activities	(1,839,465)	(929,722)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of financial bonds	8,000,000	-
Increase in bills and bonds sold under repurchase agreements	8,340,995	-
Decrease in lease payables	(1,179)	(2,099)
Net cash provided by (used in) financing activities	16,339,816	(2,099)
Net effect of foreign exchange rate changes on cash and cash equivalents	116,224	8,328
Net (decrease) increase in cash and cash equivalents	(2,778,108)	9,468,926
Cash and cash equivalents at beginning of year	79,823,129	70,354,203
Cash and cash equivalents at end of year	77,045,021	$ 79,823,129
Components of cash and cash equivalents:		
Cash and cash equivalents as per consolidated balance sheet	$ 13,120,575	$ 7,332,688
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	63,924,446	72,490,441
Cash and cash equivalents at end of year	$ 77,045,021	$ 79,823,129

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. History and organization

(1) Yuanta Commercial Bank Co., Ltd. (the "Bank") was incorporated as a public company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Bank formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. The Bank is principally engaged in commercial banking activities allowed by the Banking Laws of the Republic of China (R.O.C.) and in business activities authorized by the supervising authority of the central government. In accordance with the Financial Holding Company Act, the Bank joined Fuhwa Financial Holdings on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific commercial Bank was approved to be renamed Fuhwa Commercial Bank.

(2) On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa Financial Holdings through stock transfer and became a wholly-owned subsidiary. Under the approval of shareholders' meeting in June 2007, Fuhwa Financial Holdings was renamed Yuanta Financial Holdings and the Bank was also renamed Yuanta Commercial Bank on September 23, 2007.

(3) The head office directs company-wide operations and opened domestic branches to promote business. As of December 31, 2014, the Bank has a trust department, an international banking department, an offshore banking unit, and 88 branches including the business department and 1 overseas representative office.

(4) The subsidiary Yuanta International Life Insurance Agent Co., Ltd. ("the Yuanta Life Insurance Agent") was incorporated under the Company Law of the Republic of China on November 20, 2001. The main business is engaged in life insurance products agency. In October, 2002 Asia Pacific Life Insurance Agent Co., Ltd. was approved to be renamed Fuhwa Life Insurance Agent Co., Ltd. and further renamed Yuanta Life Insurance Agent in September 2007.

(5) The subsidiary Yuanta Property Insurance Agent Ltd. (the "Yuanta Property Insurance Agent") was incorporated under the provisions of the Company Law of the Republic of China on October 2, 1999. The main business is engaged in property insurance products agency. In November, 2002 Fu An Property Insurance Agent Ltd. was approved to be renamed Fuhwa Property Insurance Agent Company and further renamed Yuanta Property Insurance Agent in September 2007.

(6) The subsidiary Yuanta International Leasing Co., Ltd. (the "Yuanta International Leasing") was incorporated under the provisions of the Company Law of the Republic of China on November 15, 2012. The main business is engaged in a leasing business.

(7) As of December 31, 2014, the number of the Bank and subsidiaries (collectively referred herein as the Consolidated Company) employees was 2,631.

(8) Yuanta Financial Holdings Co., Ltd. (the "Yuanta Financial Holdings") is the parent company and ultimate parent company which holds 100% equity interest in the Consolidated Company.

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 March 17, 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 Consolidated Company

According to Financial-Supervisory-Securities-Auditing No.1030010325 issued on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taiwan GreTai Securities Market or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the " Regulations Governing the Preparations of Financial Reports by Public Banks " effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") 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
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	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 (revised),'Separate financial statements'	January 1, 2013
IAS 28,'Investments in associates and joint ventures'(as amended in 2011)	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
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
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	January 1, 2013

Based on the Consolidated Company's assessment, the adoption of the 2013 version of IFRS has no significant impact on the consolidated financial statements of the Consolidated Company, except the following:

A. 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 Consolidated Company will adjust its presentation of the statement of comprehensive income.

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

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 recognized in other comprehensive income. An entity is required to recognize termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes 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.

The Consolidated Company expected to recognize previously unrecognized past service cost by decreasing accrued pension liabilities by $1,121 and $862, increasing deferred income tax liabilities by $191 and $147, increasing retained earnings by $930 and $715 at January 1, 2014 and December 31, 2014, respectively. Employee benefit expense would be decreased by $259 and tax expense would be increased by $44 for the year ended December 31, 2014.

C. Disclosures - Transfers of financial assets (amendment to IFRS 7)

The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognized and for any continuing involvement in transferred assets, existing at the reporting date. Based on the Consolidated Company's assessment, the adoption of the amendment will require the Consolidated Company to include qualitative and quantitative disclosures for all transferred financial assets.

D. 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 Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

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

A. 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 International Accounting Standards Board
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 1) January 1, 2016	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Services related contributions from employees or third parties (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
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
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRIC 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
IFRIC 21, 'Levies'	January 1, 2014

B. The Consolidated Company 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 Consolidated Company have been prepared in accordance with the "Regulations Governing the Preparations of Financial Reports by Public Banks" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRS").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(A) Financial assets and financial liabilities at fair value through profit or loss.

(B) Available-for-sale financial assets.

(C) Employee benefit liabilities reserve.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Consolidated Company'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.

C. The Consolidated Company's analysis of expense is classified based on the nature of expenses.

D. The Consolidated Company classifies the economic activities as operating activities, investment activities and financing activities based on the judgment of the management. Consolidated statements of cash flows report the changes in cash and cash equivalents in the period based on operating, investing and financing activities. Cash and cash equivalents include highly liquid investments. Components of cash and cash equivalents are disclosed in Note 4(5).

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(A) In accordance with the IAS 27 as endorsed by the FSC, the Consolidated Company prepares the consolidated financial statements by aggregating the Consolidated Company's assets, liabilities, equities, revenues and expenses, which have been eliminated during the consolidation. In addition, the financial statements of Consolidated Company are made in the same reporting period.

(B) All subsidiaries are included in the Consolidated Company's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Consolidated Company has 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 Consolidated Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Company. They are de-consolidated from the date that control ceases.

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

(D) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(E) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(F) When the Consolidated Company loses control of a subsidiary, the Consolidated Company remeasure any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Consolidated Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2014	Ownership (%) December 31, 2013
The Bank	Yuanta Life Insurance Agency Co., Ltd.("Yuanta Life Insurance Agency")	Life insurance agency	100.00	100.00
The Bank	Yuanta Property Insurance Agency Co., Ltd.("Yuanta Property Insurance Agency")	Property insurance agency	100.00	100.00
The Bank	Yuanta International Leasing Co., Ltd.("Yuanta International Leasing")	Leasing business	100.00	100.00

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Nature of the restrictions on fund remittance from subsidiaries to the parent company:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Consolidated Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency for the components of Consolidated Company is New Taiwan dollars, and the only exception is Offshore Banking Unit for which the functional currency is US dollars. However, the consolidated financial statements are presented in New Taiwan dollars.

A. Foreign currency transactions and balances

(A) Foreign currency transactions dominated 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.

(B) Assets dominated in foreign currency are translated by the closing exchange rate at the date of balance sheet that is consolidated. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Any translation difference is recognized as gain and loss in the period.

(C) Non-monetary assets and liabilities denominated in foreign currencies:

a. Assets and liabilities carried at cost are re-translated at the exchange rates prevailing at the original transaction date.

b. Assets and liabilities held at fair value through profit or loss are re-translated at the exchange rates prevailing at the date at which the fair value is determined.

When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized in other comprehensive income, any translation difference included in the gains and losses are also recognized in other comprehensive income. When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized as gains and losses, any translation difference included in the gains and losses are also recognized as gains and losses.

B. Translation of foreign operations

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

(A) All presented assets and liabilities are re-translated by the closing exchange rate prevailing at the date of the consolidated balance sheet.

(B) The presented gains and losses are re-translated by the exchange rate of the trading date.

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

(5) Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents includes cash on hand, due from banks and short-term highly liquid investments that is 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 and cash equivalents includes cash and cash equivalents, due from central bank and call loans to other banks, Investments in notes and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7.

(6) Bills and bonds under repurchase or resale agreements

In relation to transactions of bills and securities with a condition of repurchase agreement or resell agreement, 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) Financial assets and liabilities

All financial assets and liabilities of the Consolidated Company including derivatives are recognized in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by the FSC.

A. Financial assets

All financial assets held by the Consolidated Company are classified into the following four categories: “financial assets at fair value through profit or loss”, “receivables”, “available-for-sale financial assets” and “held-to-maturity financial assets”.

(A) Regular way purchase or sale

Financial assets held by the Consolidated Company are all accounted for using trade date accounting.

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

a. When the financial assets of the Consolidated Company 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 or loss and measured by fair value at initial recognition.

b. 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 (combined) instruments include embedded derivatives.

c. Financial assets at fair value through profit and loss and financial assets designated as at fair value through profit or loss on initial recognition are recognized under “financial assets at fair value through profit or loss”. Any changes in fair value of financial assets at fair value through profit are recognized under “gain and loss of financial assets and liabilities at fair value through profit or loss”.

(C) Loans and receivables

a. Receivables include loans and receivables that are originally generated, which refer to the receivables that are originated directly from money, product or service that the Consolidated Company provides to the debtors, while the latter refers to all the other loans and receivables.

b. 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, significant service fee charged, discount or premium factor. Subsequently, the loans and receivables shall be measured using effective interest rate method. However, according to “Regulations Governing the Preparation of Financial Reports by Public Banks” (7) and (10) of Article 10 stipulates that loans and receivables could be measured at initial amount if the effect of discounting is immaterial.

c. Bond investments without active market are initially recognized at fair value on the trade date plus transaction costs and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Amortization of a premium or a discount on such assets is recognized in profit or loss.

(D) Available-for-sale financial assets

a. Available-for-sale financial assets are measured by fair value plus the trading cost of acquisition upon initial recognition.

b. Available-for-sale financial assets are subsequently measured by fair value with changes in fair value recognized as other comprehensive income. The cumulative valuation gain or loss is recognized as gain and loss in the period when it is derecognized from the financial assets.

c. Because the Consolidated Company had intention and was able to hold the following assets to maturity or foreseeable future, financial assets that were initially classified as available-for-sale financial assets were reclassified to held-to-maturity financial assets and bond investments without active market in accordance with IAS 39.

(E) Held-to-maturity financial assets

a. Held-to-maturity financial assets are measured by the fair value plus the trading cost of acquisition upon initial recognition.

b. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost and interest income using the effective interest rate.

B. Financial liabilities

Financial liabilities held by the Consolidated Company include financial liabilities at fair value through profit or loss (including financial liabilities designated at fair value through profit or loss) and financial liabilities carried at amortized cost.

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

a. Including financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss upon initial recognition.

b. Such as financial liabilities incurred with a purpose of repurchasing or resale in a short period of time, identifiable portion of financial instruments in the portfolio belonging to the consolidated management upon initial recognition with evidence indicating that its latest operating is in a short-term profit seeking model, are classified as held for trading purpose. Derivative instruments are also classified as held for trading, including the obligation of the financial assets borrowed from short seller.

c. Financial liabilities at fair value through profit or loss and those designated as financial liabilities at fair value through profit or loss upon initial recognition are recognized under financial liabilities at fair value through profit or loss, and any change in fair value is recognized as "gain and loss on financial assets and liabilities at fair value through profit or loss".

(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 or 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 assets

The Consolidated Company derecognizes a financial asset when one of the following conditions is met:

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

(B) The contractual rights to receive cash flows from the financial asset have been transferred and the Consolidated Company has transferred substantially all risks and rewards of ownership of the financial asset.

(C) The Consolidated Company does not transfer and retain substantially all risks and rewards of ownership of the financial asset; however, it retains control of the asset.

D. Derecognition of financial liabilities

(A) A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(B) The Consolidated Company derecognizes an original financial liability and recognizes a new financial liability if the terms of an existing financial liability have substantial modifications and such modifications make significant differences to the original terms. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in profit or loss.

(8) Financial instruments offsetting

Financial assets and liabilities are offset in the net amount 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.

(9) Impairment of financial assets

A. The Consolidated Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Consolidated Company uses to determine whether there is objective evidence of an impairment loss are as follows:

(A) Significant financial difficulty of the issuer or debtor;

(B) A breach of contract, such as a default or delinquency in interest or principal payments;

(C) The Consolidated Company, for economic or legal reasons relating to the borrower's financial difficulty granted the borrower a concession that a lender would not otherwise consider;

(D) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(E) The disappearance of an active market for that financial asset because of financial difficulties;

(F) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(G) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(H) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost; or

(I) Other indicators determined by the Consolidated Company's internal policies.

C. When the Consolidated Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(A) Financial assets measured at amortized cost

The Consolidated Company assesses whether objective evidence exists which indicates impairment losses of material individual financial assets and impairment losses generated individually or as a group from immaterial individual financial assets. If the Consolidated Company decides that there is no objective evidence exist for the financial asset individually assessed (no matter it is material or not), the asset should be included in the financial asset portfolios sharing similar credit risk characteristics before the group assessment. Financial assets that are assessed individually with impairment recognized or continually recognized need not be included in the group assessment.

If there is any objective evidence that the financial asset is impaired, the impairment amount is the difference between the financial assets' book value and the estimated future cash flow (exclusive of future credit loss) discounted using the original effective interest rate. The asset's book value is decreased by adjusting the account of allowance for bad debt, and loss amount is recognized under “bad debt expense and reserve for guarantee liabilities” or “asset impairment losses” depending on the nature of financial asset. If a financial asset uses floating rate, then the discounting rate used to assess impairment loss shall adopt the current effective interest rate as decided by the contract.

No matter the collateral is provided or not, by calculating the pledged financial assets to estimate the present value of future cash flow, the cash flow that may occur from the collateral can be reflected. However, the acquisition or selling cost regarding the collateral should be deducted.

Financial assets are categorized on the basis of similar credit risk characteristics in relation to collective assessment for impairment. The credit risk characteristics refer to the capability of a debtor to pay all the amounts at maturities according to the contract term (for example, asset type, overdue status, assessing procedure or rating process of the relevant credit risk may all be put into consideration). The debtor with specific representative characteristics chosen, of whom the capacity to pay amounts due as required by the contract, is closely correlated to the future cash flow estimate of each asset portfolio.

For financial assets assessed collectively, the estimate made on future cash flow is made on the basis of historical losses of the assets sharing similar credit risk characteristics within the assessment group. Historical loss experience is adjusted by the current observable information to reflect the effect on the current situation of the period in which the historical loss experience has not been reflected. Also, non-existing historical effects should be excluded.

The estimate of future cash flow movement reflects the movement in observable information of each period (such as change in real estate price, commodity price, payment status or the change in other factors giving rise to losses and loss amounts attributable to one or more events) , and the two move in the same direction. The Consolidated Company regularly reviews the methods and assumptions used to estimate future cash flow to mitigate difference between the losses estimate and actual losses experience.

When a loan to other banks or clients is confirmed to be not recoverable, the book value and related allowance for bad debt should be written off. Once the Consolidated Company completes all the necessary legal procedures and the impairment amount is confirmed, the unrecoverable loans can be written off.

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.

In addition, above-mentioned assessments for provisions are made in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” issued by FSC.

(B) Available-for-sale financial assets

When the reduction of fair value of available-for-sale financial asset has been recognized in other comprehensive income and at the same time with objective evidence indicating that the impairment has incurred, even if the financial asset has not been derecognized, accumulative evaluation losses recognized in other comprehensive income shall be reclassified into gain and loss.

Equity instruments classified as available-for-sale assets, the impairment loss cannot be reversed through gain and loss. Any subsequent increase in fair value should all be recognized in other comprehensive income. Debt instruments that are classified as available-for-sale assets, if the fair value increases in the subsequent periods which can be objectively related to the incidence after the impairment loss has been recognized in gain and loss, can be reversed and recognized as gain and loss in the period.

(10) Derivative financial instruments

A. Derivative instruments are initially recognized at fair value at the contract date and subsequently measured by fair value. The fair value includes the public quotation in an active market or the latest trade price, and evaluation techniques such as cash flow discounting model or option pricing model. All derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

B. Economic characteristics and risks of the embedded derivatives and the economic characteristics of the main contract should be examined for the embedded derivatives. If the two are not closely correlated 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) Property and equipment

A. The property and equipment of the Consolidated Company are recognized on the basis of cost less accumulated depreciation and accumulated impairment. Cost includes any cost directly attributable to the acquisition of the asset.

B. If the future economic benefit generated from subsequent expenses of the asset can be measured reliably and is very likely to flow into the Consolidated Company, the subsequent expenses of property and equipment may be individually recognized as an asset or included in the carrying amount of the asset. Significant renewals and improvements incurred to increase the future economic benefits of the assets are capitalized. Routine maintenance and repairs are charged to expense as incurred.

C. The property and equipment of the Consolidated Company were initially recognized at the original cost and subsequently measured by cost model.

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

Buildings	3 ~ 55 years
Office equipment	3 ~ 6 years
Transportation equipment	3 ~ 5 years
Leased improvements	3 ~ 10 years
Other equipment	3 ~ 20 years

E. On each consolidated balance sheet date, the Consolidated Company appropriately adjusts the salvage value and useful life of the assets.

F. Any gain or loss on disposal is calculated by the difference between the carrying amounts and proceeds on disposal, which is recognized in “Other non-interest income” in the consolidated statement of comprehensive income.

(12) Lease

A. In accordance with the IAS 17 and SIC 4 as endorsed by the FSC, the lease contracts are classified as operating lease and financing lease.

B. The lease contract of the Consolidated Company includes operating lease and finance lease.

(A) Operating lease

Payments that the Consolidated Company receives or charges under the operating lease are recognized as gain and loss on a straight-line basis during the contract term, which are recognized under "other business and administrative expenses" and "other net non-interest income", respectively.

(B) Finance lease

a. When the Consolidated Company 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 to finance leasing liabilities and the interest expense is recognized. Interest expense is calculated based on the beginning balance of finance leasing liabilities of each period using the leasing embedded interest rate or incremental borrowing interest rate and recognized as gains and losses. Finance leasing liabilities are recognized under "other financial liabilities". Property and equipment acquired through finance leasing contract are measured by cost model.

b. When the Consolidated Company is the lessor, the asset is derecognized when the financing contract is signed and the lessor should record a finance lease as lease receivables at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognized as unrealized interest income, which 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 at period end.

(13) Investment property

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

B. Part of the property may be held by the Consolidated Company for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Consolidated Company can be sold individually, then the accounting treatment should be made respectively.

C. When the future economic benefit related to the investment property is highly likely to flow into the Consolidated Company 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 highly 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.

D. When there is certain replacement occurring onto the investment property, the replacement cost should be recognized in the carrying amount of the investment property given that the criteria of recognition can be met. The carrying amount of the replaced account should be derecognized.

E. Investment property is subsequently measured using the 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.

F. The fair value of investment property is disclosed in the financial statements at each consolidated balance sheet date. Each year, the appraisal of fair value is conducted by external appraisal contractor, and managing segments of the Consolidated Company review the characteristics, location and status of the investment property to determine its fair value accordingly. However, the fair value of investment property does not reflect that the future capital expense can be improved or benefited from, nor the future benefit related to future expense is reflected.

(14) Intangible assets

A. Goodwill

Pursuant to IFRS 3, 'Business Combinations' as endorsed by the FSC, the excess of the consideration transferred in business combination over the net identifiable assets acquired and the net fair value of liabilities assumed shall be recognized as goodwill.

The company is entitled to perform impairment testing on its goodwill on a timely basis. Furthermore, any impairment loss is required to be recognized when occurs and the carry amount is also needed to be accounted. Impairment loss of goodwill that has been recognized shall not be reversed.

B. Computer software

Acquired computer software are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. The cost is amortized over its estimated useful life. The computer software's estimated useful life is five to ten years.

(15) Impairment of non-financial assets

The Consolidated Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Financial bonds payable

Financial bonds payable issued by the Consolidated Company is carried at amortized cost using the effective interest method.

(17) Liabilities reserve, contingent liabilities and assets

A. The Consolidated Company 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;

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

(C) the amount is reliably measurable.

B. The Consolidated Company does not recognize liability reserve for the future operating losses. If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Liability reserve 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.

C. When the time value may have a significant impact on a currency, the reserve is measured by the present value of expense which is required for settling the anticipated obligation. The pre-tax discount rate is used with timely adjustment that reflects the current market assessments on the time value of money and the risks specific to the liabilities.

D. Contingent liability is a possible obligation that arises from 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 Consolidated Company. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Consolidated Company did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

E. Contingent asset is a possible obligation that arises from 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 Consolidated Company. The Consolidated Company did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(18) Financial guarantee contracts

A. The Consolidated Company initially recognizes financial guarantee contracts at fair value on the date of issuance. The Consolidated Company 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.

B. Subsequently, the Consolidated Company should measure the financial guarantee contract issued at the higher of:

(A) the amount determined in accordance with IAS 37; and

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

C. The best estimate of the liability amount of a financial guarantee contract requires management to exercise their judgment combined with historical loss data based on the similar transaction experiences.

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

E. Assessment for above guarantee reserve is assessed and set aside according to “Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

a. In a defined benefit plan, the pension paid is determined based on the amount that an employee shall receive upon retirement, which could vary with age, work seniority and salary compensations.

b. The Consolidated Company recognizes the net amount of actuarial present value of defined benefit obligation less the fair value of fund, which is adjusted with the net unrecognized gain and loss on pension and the net of prior service cost recognized as liabilities, and recognizes the pension assets or liabilities in the consolidated balance sheet. Defined benefit obligation is assessed annually using projected unit credit method by the actuary. The actuarial present value of the defined benefit obligation is determined using the market yield of government bonds or high-quality corporate bonds of which the currency and maturity are the same with the defined benefit obligation to discount the future cash flow.

c. Actuarial gain and loss as a result of actual experience or change in actuarial assumption should be recognized in other comprehensive income immediately. Prior service costs, except that the continuing service should be amortized through the vesting period on a straight-line basis due to changing the pension plan in a specified period (vesting period), should all be recognized as gain and loss in the period.

(C) Deposits

The Consolidated Company provides preferential interest rate for its employees, including flat preferential savings for current employees. The gap difference compared to market interest rate is deemed as employee benefits.

(D) Termination benefits

Termination benefit is paid the employees who are eligible for retirement and terminated or voluntarily dismissed in exchange for termination benefit. The Consolidated Company has made commitments in the formal detailed employment termination plan which is irrevocable, and shall recognize liabilities when providing termination benefit to employees who voluntarily resign as a result of encouragement. Termination benefit paid 12 months after the financial reporting date should be discounted.

(E) Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized 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 and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(20) Income tax

A. Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except that the transactions or other matters are directly recognized in other comprehensive income or equity, and that related income taxes in the period are recognized in other comprehensive income or directly derecognized from equity, all the others 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 income tax

(A) 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 amounts and temporary differences of assets and liabilities included in the consolidated balance sheet are calculated using the balance sheet liability method and recognized as deferred income tax. The temporary difference of the Consolidated Company mainly occurs due to the setting aside and transferring of valuation and pension reserve of certain financial instruments (including derivatives).

(B) The land revaluation appraisal due to the revaluation assessment in compliance with relevant regulations, deemed as taxable temporary difference, is recognized as deferred income tax liabilities.

(C) If the future taxable income is probable to provide 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 asset.

C. Current income 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. The Consolidated Company does not offset deferred income tax assets against liabilities taxed by different tax authorities.

(21) Interest income and expense

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 rate according to relevant regulations and recognized as “interest income” and “interest expense” in the consolidated statement of comprehensive income.

(22) Net service fee and commission income

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.

(23) Operating segment report

A. The Consolidated Company's operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM").

B. Inter-segmental transactions are arm's length transactions, and gain and loss arising from such transactions are eliminated by the Consolidated Company upon the preparation of consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

5. Critical accounting judgment, estimates and key sources of assumption uncertainty

In the process of applying the Company's accounting policies, which are described in Note 4, management has made some professional judgements that have significant effect on the amounts recognized in the consolidated financial statement. These also include key assumptions concerning the future, and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and assumptions of the Consolidated Company are the best estimates made in compliance with IFRSs as endorsed by the FSC. Estimates and assumptions are made based on the past experience and other factors, including the anticipation to the future, and evaluation will be continuously carried on.

Certain accounting policies and judgments of management could have significantly affected the recognized amounts in the consolidated financial statements.

(1) Impairment losses of loans

The Consolidated Company assesses impairment on loans quarterly and decides to recognize impairment loss mainly depending if there is any observable evidence indicating that potential impairment may occur. This evidence may include observable information that indicates worsening of the debtor's payment status. In the analysis of estimated cash flows, management makes its estimate based on the loss experience of assets with similar credit risk characteristics in the past. The Consolidated Company regularly reviews methods and assumptions used on the cash flow amount and the timing to mitigate the difference between the estimated and actual loss amount.

(2) Fair value of financial instruments

Financial instruments with no active market or quoted price use valuation technique to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in a market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to take only observable information as much as possible while management needs to estimate the fluctuation. Please refer to Note 12(2) for sensitivity analysis for financial instruments.

The fair value of unlisted stocks held by the Consolidated Company that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgments and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(1) for the financial instruments' fair value information.

As of December 31, 2014, the carrying amounts of unlisted stocks with no active market classified as available-for-sale financial assets by the Consolidated Company amounted to $900,040.

(3) Impairment assessment of goodwill

At each reporting date, the Company reviews the carrying amount of goodwill to determine whether there is any indication that it has suffered an impairment loss. If any such indication exists, the recoverable amounts of cash-generating units have been determined based on the higher of value-in-use calculation. Furthermore, refer to Note 6(12), this calculation requires the estimates of expectated future cash flows of cash-generating units with appropriated discount rate.

(4) 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 obligations.

Discount rate is included when determining the net pension cost (income), and the Consolidated Company decides an 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 Consolidated Company should consider interest rate of high quality corporate bonds of the same currency and maturity in order to determine appropriate discount rate. Other significant assumptions of post-employment benefit are made based on the current market conditions.

(5) Income tax

The Consolidated Company 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. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash on hand	$ 2,884,758	$ 2,967,399
Foreign currency on hand	318,492	284,996
Checks for clearing	1,248,129	544,989
Due from other banks	8,520,875	3,478,171
Futures trading guarantees	106,021	57,133
Cash in transit	42,300	-
Total	$ 13,120,575	$ 7,332,688

For the consolidated statement of cash flows, cash and cash equivalents includes as follows：		
Cash and cash equivalents	$ 13,120,575	$ 7,332,688
Due from Central Bank and call loans to other banks	63,924,446	72,490,441
Total	$ 77,045,021	$ 79,823,129

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

	December 31, 2014	December 31, 2013
Reserve for deposits - account A	$ 8,402,599	$ 6,440,564
Reserve for deposits - account B	15,171,170	13,128,824
Reserve for deposits - foreign currency account	190,308	74,875
Reserve for deposits - inter-bank clearing fund	1,200,330	805,755
Time deposits	46,100,000	58,600,000
Call loans to banks	8,031,209	6,569,247
Total	$ 79,095,616	$ 85,619,265

Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.

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

	December 31, 2014	December 31, 2013
Financial assets held for trading :		
Corporate bonds	$ 23,746,138	$ 10,695,171
Commercial paper	5,925,116	6,944,690
Time deposits	4,179,205	-
Financial bonds	4,093,444	219,698
Convertible corporate bonds	3,669,996	1,511,875
Government bonds	473,735	2,122,383
Beneficiary certificates	300,000	300,000
Stocks of companies listed on TSE or OTC	2,725	-
Derivative financial instruments	5,733,872	2,607,335
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	37,141	(25,426)
Subtotal	48,161,372	24,375,726
Financial assets designated as at fair value through profit or loss on initial recognition :		
Structured interest rate products	1,250,180	-
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	(46)	-
Subtotal	1,250,134	-
Total	$ 49,411,506	$ 24,375,726

For the years ended December 31, 2014 and 2013, the net gain (loss) on financial assets and liabilities at fair value through profit or loss are as follows:

	For the years ended December 31	
	2014	2013
Net gain (loss) on financial assets and liabilities held for trading	$ 829,190	$(785,419)
Net gain (loss) on financial assets and liabilities designated as at fair value through profit or loss	7,503	(224)
Total	$ 836,693	$(785,643)

A. Financial instruments designated as at fair value through profit or loss on initial recognition is for hybrid instruments.

B. As of December 31, 2014 and 2013, the Consolidated Company has no financial assets held for trading undertaken for repurchase agreements or pledged as collaterals.

(4) Receivables- net

	December 31, 2014	December 31, 2013
Spot exchange receivables	$ 10,336,957	$ 5,220,818
Factoring receivables	3,832,525	3,342,224
Credit card receivables	2,029,005	1,397,481
Interest receivables	1,389,572	1,001,393
Acceptances receivables	831,113	1,083,765
Account receivables	270,175	262,359
Other receivables	475,568	105,266
Subtotal	19,164,915	12,413,306
Less: allowance for doubtful accounts	(79,724)	(80,657)
Total	$ 19,085,191	$ 12,332,649

(5) Bills discounted and loans- net

	December 31, 2014	December 31, 2013
Bills discounted	$ 412,269	$ 152,075
Overdrafts	231,891	290,628
Short-term loans	65,205,802	53,621,047
Short-term loans secured	43,078,675	38,911,926
Medium-term loans	94,766,621	95,028,169
Medium-term loans secured	95,774,531	78,020,114
Long-term loans	6,872,722	7,483,372
Long-term loans secured	143,135,817	127,398,331
Import- export negotiations	127,766	64,487
Accounts receivable financing	513,194	272,140
Loans transferred to non-performing loans	772,784	1,143,123
Subtotal	450,892,072	402,385,412
Less: allowance for credit losses	(5,719,233)	(5,052,374)
Less: Adjustments of discount	(76,635)	(64,295)
Total	$ 445,096,204	$ 397,268,743

The Consolidated Company recognized appropriate allowance for bad debts for the bills discounted, loans and receivables. As of December 31, 2014 and 2013, details and changes in allowance for bad debts in relation to bills discounted and loans are as follows:

Bills discounted and loans	For the years ended December 31 2014	2013
Beginning balance	$ 5,052,374	$ 4,932,367
Add : Provision	1,079,349	1,241,738
Foreign exchange rate changes and others	28,153	7,346
Less : Transfers to other allowance for bad debts	-	(25)
Reversal due to disposal	(231,731)	-
Write-off	(208,912)	(1,129,052)
Ending balance	$ 5,719,233	$ 5,052,374

Receivables	For the years ended December 31 2014	2013
Beginning balance	$ 160,144	$ 127,507
Add : Provision	80,540	-
Transfers from other allowance accounts	-	63,758
Foreign exchange rate changes and others	632	16
Less : Reversal	-	(6,814)
Reversal due to disposal	(856)	-
Write-off	(22,042)	(24,323)
Ending balance	$ 218,418	$ 160,144

Please refer to Note 12(3) for the impairment assessment made on bills discounted, loans and receivables of the Consolidated Company.

(6) Available-for-sale financial assets- net

	December 31, 2014	December 31, 2013
Bonds (including government bonds, financial bonds, and corporate bonds)	$ 31,648,627	$ 29,452,569
Listed (TSE and OTC) stocks	2,156,931	767,202
Unlisted stocks	359,667	386,969
Valuation adjustments of available-for-sale financial assets	601,949	433,103
Subtotal	34,767,174	31,039,843
Less : accumulated impairment- available-for-sale financial assets	(155)	(155)
Total	$ 34,767,019	$ 31,039,688

A. Reclassifications

(A) Because the Consolidated Company changed its intent to hold and was able to hold the following assets to maturity or foreseeable future, government bonds that were initially classified as available-for-sale financial assets were reclassified on September 30, 2013 in accordance with paragraph 50(e) of IAS 39. The fair value of the government bonds on the date of reclassification was as follows:

At September 30, 2013	Available-for-sale financial assets	Held-to-maturity financial assets	Bond investments without active market
Before reclassification	$ 28,651,530	$ -	$ -
After reclassification	-	4,950,298	23,701,232

(B) Book value and fair value of reclassified financial assets that have not yet been disposed of are as follows:

	December 31, 2014	
	Book Value	Fair Value
Held-to-maturity financial assets	$ 4,976,243	$ 5,025,199
Bond investments without active market	23,822,324	24,123,087
	$ 28,798,567	$ 29,148,286

	December 31, 2013	
	Book Value	Fair Value
Held-to-maturity financial assets	$ 4,955,516	$ 4,957,977
Bond investments without active market	23,725,421	23,898,224
	$ 28,680,937	$ 28,856,201

(C) The loss on aforesaid government bonds recognized in other comprehensive income was $1,059,284 for the nine months ended September 30, 2013.

(D) If the above government bonds had not been reclassified to held-to-maturity financial assets and bond investments without active market on September 30, 2013, the gain recognized in other comprehensive income would be $295,216 for the year ended December, 2014.

(E) The effective interest rates of the assets that were reclassified on September 30, 2013 ranged between 1.32% and 1.79% on the reclassification date.

(F) The expected recoverable cash flow of the assets that were reclassified on September 30, 2013 is $32,803,022 on the reclassification date.

B. As of December 31, 2014 and 2013, for the above available-for-sale financial assets pledged as collaterals, please refer to Note 8.

(7) Held-to-maturity financial assets– net

	December 31, 2014	December 31, 2013
Government bonds	$ 7,277,780	$ 4,955,516

A. The Consolidated Company recognized interest income of $67,884 and $16,763 for held-to-maturity financial assets in profit or loss for the years ended December 31, 2014 and 2013, respectively.

B. As of December 31, 2014 and 2013, the Consolidated Company has no held-to-maturity financial assets pledged to others as collaterals.

C. Because the Consolidated Company changed its intent to hold the following assets, a portion of the government bonds were reclassified from available-for-sale financial assets to held-to-maturity financial assets on September 30, 2013. Details of the reclassification are provided in Note 6 (6)

(8) Other financial assets- net

	December 31, 2014	December 31, 2013
Bond investments without active market	$ 38,833,620	$ 26,102,766
Advance and bills purchased	7,992	17,144
Non-loans reclassified to non-performing loans	138,694	135,182
Subtotal	38,980,306	26,255,092
Less: provision for credit losses	(138,694)	(79,487)
Discount adjustment	-	(229)
Total	$ 38,841,612	$ 26,175,376

A. The Consolidated Company recognized interest income of $639,811and $97,450 for bond investments without active market in profit or loss for the years ended December 31, 2014 and 2013, respectively.

B. As of December 31, 2014 and 2013, details of the Consolidated Company's bond investments without active market pledged to others as collateral are provided in Note 8.

C. Because the Consolidated Company changed its intent to hold the following assets, a portion of the government bonds were reclassified from available-for-sale financial assets to bond investments without active market on September 30, 2013. Details of the reclassification are provided in Note 6 (6).

(9) Property and equipment- net

Change in Property and equipment of the Consolidated Company:

Cost	Land	Buildings	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2014	$ 1,187,450	$ 604,262	$ 337,509	$ 34,253	$ 88,945	$ 574,859	$ 78,283	$ 2,905,561
Additions	-	-	22,161	6,870	6,174	29,786	183,529	248,520
Disposals	-	-	(166,056)	(5,679)	(33,292)	(221,997)	-	(427,024)
Reclassifications	652	(2,174)	25,407	-	100	36,252	(169,056)	(108,819)
At December 31, 2014	1,188,102	602,088	219,021	35,444	61,927	418,900	92,756	2,618,238
Accumulated depreciation								
At January 1, 2014	-	(107,080)	(224,993)	(20,611)	(52,632)	(350,676)	-	(755,992)
Depreciation	-	(17,462)	(67,373)	(3,055)	(13,849)	(99,669)	-	(201,408)
Disposals	-	-	166,008	5,679	33,240	221,609	-	426,536
Reclassifications	-	190	-	-	-	-	-	190
At December 31, 2014	-	(124,352)	(126,358)	(17,987)	(33,241)	(228,736)	-	(530,674)
Net carrying amount	$ 1,188,102	$ 477,736	$ 92,663	$ 17,457	$ 28,686	$ 190,164	$ 92,756	$ 2,087,564

Cost	Land	Buildings	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2013	$ 1,242,780	$ 634,519	$ 462,504	$ 26,739	$ 92,415	$ 691,298	$ 46,146	$ 3,196,401
Additions	-	-	21,089	13,068	3,835	20,517	110,789	169,298
Disposals	-	(642)	(149,240)	(5,554)	(7,305)	(166,695)	-	(329,436)
Reclassifications	(55,330)	(29,615)	3,156	-	-	29,739	(78,652)	(130,702)
At December 31, 2013	1,187,450	604,262	337,509	34,253	88,945	574,859	78,283	2,905,561
Accumulated depreciation								
At January 1, 2013	-	(93,696)	(275,591)	(24,367)	(44,661)	(385,627)	-	(823,942)
Depreciation	-	(18,035)	(98,204)	(1,528)	(15,239)	(127,346)	-	(260,352)
Disposals	-	642	148,802	5,284	7,268	162,297	-	324,293
Reclassifications	-	4,009	-	-	-	-	-	4,009
At December 31, 2013	-	(107,080)	(224,993)	(20,611)	(52,632)	(350,676)	-	(755,992)
Net carrying amount	$ 1,187,450	$ 497,182	$ 112,516	$ 13,642	$ 36,313	$ 224,183	$ 78,283	$ 2,149,569

(10) Investment property- net

Change in investment property of the Consolidated Company:

Cost	Land and land improvements	Buildings	Total
At January 1, 2014	$ 311,496	$ 130,226	$ 441,722
Disposals	(9,351)	-	(9,351)
Reclassifications	(652)	2,174	1,522
At December 31, 2014	301,493	132,400	433,893
Accumulated depreciation			
At January 1, 2014	-	(17,642)	(17,642)
Depreciation	-	(4,184)	(4,184)
Reclassifications	-	(190)	(190)
At December 31, 2014	-	(22,016)	(22,016)
Accumulated impairment			
At January 1, 2014	(109,272)	-	(109,272)
Reversal of impairment loss	3,447	-	3,447
At December 31, 2014	(105,825)	-	(105,825)
Net carrying amount	$ 195,668	$ 110,384	$ 306,052

Cost	Land and land improvements	Buildings	Total
At January 1, 2013	$ 287,856	$ 100,719	$ 388,575
Disposals	(31,690)	(108)	(31,798)
Reclassifications	55,330	29,615	84,945
At December 31, 2013	311,496	130,226	441,722
Accumulated depreciation			
At January 1, 2013	-	(10,094)	(10,094)
Depreciation	-	(3,647)	(3,647)
Disposals	-	108	108
Reclassifications	-	(4,009)	(4,009)
At December 31, 2013	-	(17,642)	(17,642)
Accumulated impairment			
At January 1, 2013	(144,091)	-	(144,091)
Reversal of impairment loss	34,819	-	34,819
At December 31, 2013	(109,272)	-	(109,272)
Net carrying amount	$ 202,224	$ 112,584	$ 314,808

A. The fair value of the investment property held by the Consolidated Company as of December 31, 2014 and 2013 was $341,899 and $342,365, respectively, according to the result of valuation by an independent valuation expert using the income method, comparison method, cost approach and land development analysis approach.

B. For the years ended December 31, 2014 and 2013, rental income from the lease of the investment property was $14,054 and $12,356, respectively.

(11) Intangible assets- net

Change in intangible assets of the Consolidated Company:

Cost	Goodwill	Computer software	Total
At January 1, 2014	$ 1,924,395	$ 675,372	$ 2,599,767
Additional	-	4,618	4,618
Disposals	-	(500,440)	(500,440)
Reclassifications	-	95,386	95,386
At December 31, 2014	1,924,395	274,936	2,199,331
Accumulated amortization			
At January 1, 2014	-	(541,130)	(541,130)
Amortization	-	(91,272)	(91,272)
Disposals	-	500,440	500,440
At December 31, 2014	-	(131,962)	(131,962)
Net carrying amount	$ 1,924,395	$ 142,974	$ 2,067,369

Cost	Goodwill	Computer software	Total
At January 1, 2013	$ 1,924,395	$ 788,118	$ 2,712,513
Additional	-	4,563	4,563
Disposals	-	(135,437)	(135,437)
Reclassifications	-	18,128	18,128
At December 31, 2013	1,924,395	675,372	2,599,767
Accumulated amortization			
At January 1, 2013	-	(527,549)	(527,549)
Amortization	-	(149,018)	(149,018)
Disposals	-	135,437	135,437
At December 31, 2013	-	(541,130)	(541,130)
Net carrying amount	$ 1,924,395	$ 134,242	$ 2,058,637

Tests of impairment for goodwill:

A. The basis of determining the recoverable amount of cash generating unit:
Recoverable amount of cash generating unit as identified by the operating segments is assessed by the value-in-use, which is calculated by pre-tax cash flow of the one-year financial budget as granted by the management.

B. The key assumptions used in calculating value-in-use are as follows:

(A) Discount rate：Calculations are based on the weighted average cost of capital (WACC), taking into account risks that are specific to the cash generating units tested for impairment.

(B) Growth rate：Calculations are based on the conservatively estimated future cash flow over 10 years.

C. Goodwill of the Consolidated Company is tested annually for impairment. The reasonableness of key assumptions used in calculating the recoverable amount of cash generating unit are assessed to ensure that the recoverable amounts of the Consolidated Company calculated through value-in-use did not exceed the carrying amount. As a result, no impairment on goodwill was determined. For the years ended December 31, 2014 and 2013, the discount rate and growth rate of key assumptions used in calculating value-in-use were 8.84%, 0.00%, 10.08%, and 0.00%, respectively.

(12) Other assets-net

	December 31, 2014	December 31, 2013
Refundable deposits-out	$ 3,020,674	$ 1,307,349
Other deferred expenses	80,977	95,015
Others	94,444	92,690
Total	$ 3,196,095	$ 1,495,054

(13) Due to Central Bank and other banks

	December 31, 2014	December 31, 2013
Due to other banks	$ 3,461	$ 1,138
Overdrafts from other banks	2,422	14,235
Call loans from other banks	779,320	8,146,400
Redeposit from the directorate general of postal remittance	4,895,802	4,910,707
Total	$ 5,681,005	$ 13,072,480

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

	December 31, 2014	December 31, 2013
Derivative financial instruments	$ 5,679,085	$ 2,336,752

(15) Bills and bonds sold under agreements to repurchase

	December 31, 2014	December 31, 2013
Bills and bonds payable under agreements to repurchase	$ 8,340,995	$ -
Range of interest-rate	-0.05%~2.90%	-
Agreed-to-repurchase price	$ 8,379,243	$ -

(16) Payables

	December 31, 2014	December 31, 2013
Demand remittance payables	$ 10,353,521	$ 5,223,423
Checks for clearing	1,248,129	544,989
Accrued expenses	1,138,516	889,210
Bankers' acceptances payables	831,113	1,083,765
Interest payables	734,711	667,586
Factoring payables	366,174	409,967
Accounts payables	330,376	1,054,549
Collections payable for customers	160,393	151,390
Compensation payables	11,187	11,750
Other payables	650,779	289,992
Total	$ 15,824,899	$ 10,326,621

(17) Deposits and remittances

	December 31, 2014	December 31, 2013
Checking deposits	$ 4,830,187	$ 3,938,258
Demand deposits	78,102,071	62,599,117
Time deposits	149,676,566	114,595,554
Negotiable certificates of deposit	34,536,500	33,836,500
Savings deposits	311,918,441	281,154,262
Remittances	227,554	359,268
Total	$ 579,291,319	$ 496,482,959

(18) Financial debentures payable

	December 31, 2014	December 31, 2013
Subordinate financial debentures	$ 23,000,000	$ 15,000,000

The details of financial debentures as of December 31, 2014 were as follows:

First series of subordinate financial debentures in 2010	
Par value	$5,000,000
Stated interest rate	Fixed interest rate at 2.30%
Period	Seven years
Interest payment date	Payable every year
Term of principal payment	Payable on maturity
Issue price	Price at face value on issuing date

First series of subordinate financial debentures in 2011	
Par value	$2,450,000
Stated interest rate	Fixed interest rate at 1.75%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Second series of subordinate financial debentures in 2011	
Par value	$2,350,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2011(debenture A)	
Par value	$700,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2011(debenture B)	
Par value	$4,500,000
Stated interest rate	Fixed interest rate at 1.95%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2014(debenture A)	
Par value	$1,600,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

First series of subordinate financial debentures in 2014(debenture B)	
Par value	$4,700,000
Stated interest rate	Fixed interest rate at 2.00%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Second series of subordinate financial debentures in 2014	
Par value	$1,700,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

(19) Other financial liabilities

	December 31, 2014	December 31, 2013
Structured deposit	$ 6,022,114	$ 12,793,727
Appropriated loan fund	207,400	99,698
Lease payables	8,392	9,571
Total	$ 6,237,906	$ 12,902,996

(20) Provisions

	December 31, 2014	December 31, 2013
Provisions for employee benefits	$ 657,772	$ 518,743
Provisions for guarantee liabilities	370,486	217,500
Total	$ 1,028,258	$ 736,243

Change in provisions for guarantee liabilities of the Consolidated Company is as follows:

	For the years ended December 31	
	2014	2013
Beginning balance	$ 217,500	$ 202,359
Add : Provision	152,765	78,851
Foreign exchange rate changes and others	221	23
Less : Transfers to other allowance for bad debts	-	(63,733)
Ending balance	$ 370,486	$ 217,500

(21) Provisions for employee benefits

A. Defined benefit plans:

(A) The Consolidated Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Consolidated Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(B) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2014	December 31, 2013
Present value of funded obligations	$ 1,041,870	$ 916,070
Fair value of plan assets	(384,960)	(398,448)
	656,910	517,622
Unrecognized past service cost	862	1,121
Net liability in the balance sheet	$ 657,772	$ 518,743

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

	For the years ended December 31	
Present value of funded obligations	2014	2013
At January 1	$ 916,070	$ 920,065
Current service cost	20,351	21,725
Interest expense	18,322	13,801
Actuarial loss	122,358	37,087
Benefits paid	(33,942)	(71,832)
Expenses paid	(1,289)	(4,776)
At December 31	$ 1,041,870	$ 916,070

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

Fair value of plan assets	For the years ended December 31 2014	2013
At January 1	$ 398,448	$ 453,423
Expected return on plan assets	7,969	6,801
Actuarial gain (loss)	2,795	(812)
Employer contributions	9,690	10,868
Benefits paid	(33,942)	(71,832)
At December 31	$ 384,960	$ 398,448

(E) Amounts of expenses recognized in comprehensive income statements are as follows:

	For the years ended December 31 2014	2013
Current service cost	$ 20,351	$ 21,725
Interest cost	18,322	13,801
Expected return on plan assets	(7,969)	(6,801)
Past service cost	(259)	(259)
Current pension costs	$ 30,445	$ 28,466

(F) Amounts recognized under other comprehensive income are as follows:

	For the years ended December 31 2014	2013
Recognition loss for current period	$ 119,563	$ 37,899
Accumulated losses amount	$ 195,377	$ 75,814

(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 utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization 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 utilization 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 Utilization 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 utilization 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. For the years ended December 31, 2014 and 2013, actual return on plan assets of the Consolidated Company are $10,764 and $5,989, respectively.

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

	For the years ended December 31	
	2014	2013
Discount rate	2.00%	2.00%
Future salary increases	3.00%	3.00%
Expected return on plan assets	2.00%	2.00%

For the years end December 31, 2014 and 2013, assumptions regarding future mortality rate are set based on the 5th Chart of Life Span Estimate, used by the Taiwan Life Insurance Enterprises.

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

	For the years ended December 31		
	2014	2013	2012
Present value of defined benefit obligation	$ 1,041,870	$ 916,070	$ 920,065
Fair value of plan assets	(384,960)	(398,448)	(453,423)
Deficit in the plan	$ 656,910	$ 517,622	$ 466,642
Experience adjustments on plan liabilities	$ 122,358	$ 43,154	$ (8,551)
Experience adjustments on plan assets	$ 2,795	$(812)	$ (4,218)

(J) Expected contributions to the defined benefit pension plans of the Consolidated Company within one year from December 31, 2014 amounts to $10,084.

B. Defined contribution plans:

(A) Effective July 1, 2005, the Consolidated Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Consolidated Company contributes monthly an amount based on 6.0% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) Under the defined contribution plan, the Consolidated Company recognized pension expense of $92,980 and $88,824 for the years ended December 31, 2014 and 2013, respectively.

(22) Other liabilities

	December 31, 2014	December 31, 2013
Collections in advance	$ 655,374	$ 606,199
Refundable deposits- in	11,556	8,916
Others	62,749	116,467
Total	$ 729,679	$ 731,582

(23) Share capital

A. As of December 31, 2014, authorized capital and paid-in capital were $38,000,000 and $37,690,491, respectively, equivalent to 3,800,000 thousand and 3,769,049 thousand shares, respectively, with a par value of $10 dollars per share. As of December 31, 2013, authorized capital and paid-in capital were $36,500,000 and $36,496,931, respectively, equivalent to 3,650,000 thousand and 3,649,693 thousand shares, respectively, with a par value of $10 dollars per share.

B. The Board of Directors resolved on May 22, 2014 on behalf of stockholders to transfer undistributed earnings amounting to $1,193,560 to increase its capital, 119,356 thousand shares with a par value of $10 dollars per share, The Board has set the effective date of stock distribution for capital increase and earnings transferred to new stocks issuance on June 26, 2014. The registration for capital change has been completed.

C. The Board of Directors resolved on May 16, 2013 on behalf of stockholders to transfer undistributed earnings amounting to $1,533,616 to increase its capital,153,362 thousand shares with a par value of $10 dollars per share. The Board has set the effective date of stock distribution for capital increase and earnings transferred to new stocks issuance on June 27, 2013. The registration for capital change has been completed.

(24) Capital surplus

As of December 31, 2014 and 2013, additional paid-in capital is by the following composition:

Share premium	Employee stock options	Change in equities of investee company accounted for under equity method	Total
$ 6,068,976	$ 47,783	$ 124	$ 6,116,883

As required by the Company Law, capital reserve of premiums exceeding the face value on issuance or the donation is to be used to offset any accumulated deficit. Alternatively, it may be used to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership provided that the company has no accumulated deficit. In addition, as required by Securities and Exchange Act, only 10% of the aforementioned paid-in capital reserve shall be capitalized annually in total. Unless the earnings reserve is insufficient to offset the deficit, the capital reserve shall not be used.

(25) Unappropriated earnings

A. Legal reserve

The Bank's Articles of Incorporation states that 30% of current year's earnings after paying all taxes and offsetting any accumulated deficit, should be set aside as the legal reserve. Until the legal reserve balance equals the total amount of capital, the maximum cash earnings distribution shall not exceed 15% of total amount of capital. Provided that the legal reserve equals the total amount of capital or the criteria of sound financial structure outlined by the competent authorities is met, the above rule may be exemptible. The legal reserve is to be used exclusively to offset any accumulated deficit or to increase capital by issuing new shares or to distribute cash to shareholder in proportion to their share ownership when the reserve has exceeded capital by 25%.

B. Special reserve

In addition to the legal reserve, the Bank should set aside special reserve in accordance with its Articles of Incorporation or provisions under the applicable laws and regulations. Special reserve for unrealized loss of financial instruments accounted for in current year's other equity (ex: accumulated balance of translation gains and losses on the financial statements of foreign operating entities and unrealized gains or losses on available-for-sale financial assets, etc.) should be recognized from the current year's earnings after tax and prior year's undistributed earnings. Unless there is a reversal for the unrealized loss of financial instruments in other equity, distribution of earnings may be allowed only for the reversal amount and no other purpose is allowed.

C. Unappropriated earnings distribution and dividend policy

(A) According to the Bank's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes, to offset prior years' operating losses, and then to set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. The remaining earnings are then distributed as follows: set aside 0.01% ~ 5% as employees' bonus, and the remaining earnings are subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the Ordinary Stockholders' Meeting for approval.

In order to continuously expand operation scale and enhance the profitability and capital adequacy ratio, the Company adopts a dividend surplus policy which regulates retained earning distribution in cash dividends shall not be less than 30% of the annual earnings to be distributed. Additionally, cash dividends distribution shall be resolved at stockholders' meeting where as share dividends distribution shall be approved to execute by the Financial Supervisory Commission. Furthermore, any matter in regarding to distribution policy shall be raised at the Board of Directors' meeting and resolved at the stockholders' meeting.

(B) After the Bank became a subsidiary of Yuanta Financial Holding Company, the rights of the stockholders were exercised by the Board of Directors.

(C) The Board of Directors has approved the distribution of earnings for the year 2013 and the retained earnings transferred to capital for the year 2014 on May 22, 2014 and the distribution of earnings for the year 2012 on May 16, 2013. and the retained earnings transferred to capital for the year 2013. Details are shown as follows：

	2013 earnings		2012 earnings	
	Amount	Stock dividends per share (dollar)	Amount	Stock dividends per share (dollar)
Legal reserve	$ 772,074		$ 626,074	
Special reserve	607,945		(72,775)	
Stock dividends	1,193,560	$ 0.3270	1,533,616	$ 0.4386
Total	$ 2,573,579		$ 2,086,915	

(D) Earnings distribution for the year 2014 and the retained earnings transferred to capital for the year 2015 with the approval of the Board of Directors on March 17, 2015 are as follows:

	2014 earnings	
	Amount	Stock dividends per share (dollar)
Legal reserve	$ 1,334,374	
Special reserve	(379,588)	
Cash dividends	2,000,000	$ 0.5306
Stock dividends	1,493,127	0.3962
Total	$ 4,447,913	

The appropriation of the Bank's 2014 earnings has been approved by the Board of Directors on March 17, 2015 and is pending until the confirmation from the Board of Directors on behalf of stockholders.

(E) The estimate of the Bank's employee bonus is based on the net income after tax for the current period minus legal reserve that should be set aside as required by the Bank and then multiplied by the amount with the most appropriate estimate according to allocated threshold. Any difference should then be recognized as gain (loss) of next year.

Through the approval by the Board of Directors on behalf of the stockholders' meeting on May 22, 2014, the Bank's employee bonus for the years ended December 31, 2013 were set to be $21,400, which is consistent with the employee bonus recognized in the financial statements of 2013. The Bank's Board of Directors on March 17, 2015 has approved the employee bonus for year 2014 amounting to $27,061, which is consistent with the employee bonus recognized in the financial statements of 2014 and is awaiting the confirmation from the Board of Directors on behalf of stockholders.

(F) Earning distribution of the Company is approved by the Board of Directors and resolved at the stockholders' meetings. Any relevant information such as the retained earnings transferred to capital, share distribution and employees' bonus has been updated to be available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange Corporation (TESE).

(26) Other equity items

	Translation gain and loss on the financial statements of foreign operating entities	Available-for-sale financial assets	Total
Balance, January 1, 2014	$ 943	$(608,887)	$(607,944)
Available-for-sale financial assets			
-Evaluation adjustment in the period	-	448,464	448,464
- Realized gain and loss in the period	-	(152,308)	(152,308)
Changes in translation difference of foreign operating entities	87,217	-	87,217
Effects on income tax	-	(3,786)	(3,786)
Balance, December 31, 2014	$ 88,160	$(316,517)	$(228,357)

	Translation gain and loss on the financial statements of foreign operating entities	Available-for-sale financial assets	Total
Balance, January 1, 2013	$ -	$ 560,681	$ 560,681
Available-for-sale financial assets			
-Evaluation adjustment in the period	-	(862,852)	(862,852)
- Realized gain and loss in the period	-	(301,137)	(301,137)
Changes in translation difference of foreign operating entities	943	-	943
Effects on income tax	-	(5,579)	(5,579)
Balance, December 31, 2013	$ 943	$(608,887)	$(607,944)

(27) Net interest income

	For the years ended December 31	
	2014	2013
Interest income		
Bills discounted and interest income on loans	$ 9,152,828	$ 8,287,388
Interest income on securities investment	1,055,501	728,403
Interest income from placement and call loan to other banks	828,876	716,413
Recurring interest income from credit card	58,662	61,015
Other interest income	25,570	5,058
Subtotal	11,121,437	9,798,277
Interest expense		
Interest expense of deposit	(3,692,045)	(3,248,771)
Coupon rate of bank debenture	(347,251)	(301,700)
Interest expenses of structured instruments	(67,604)	(113,159)
Interest expenses of Central Bank and other banks' deposit	(33,529)	(18,120)
Other interest expenses	(22,155)	(1,100)
Subtotal	(4,162,584)	(3,682,850)
Total	$ 6,958,853	$ 6,115,427

(28) Net service income

	For the years ended December 31	
	2014	2013
Service fee and commission income		
Service fee income on trust business	$ 898,340	$ 759,218
Service fee income on insurance brokerage	746,941	505,920
Service fee income on credit extension	440,662	387,365
Service fee income on credit card	210,177	168,183
Service fee income on foreign exchange	76,057	67,906
Deposits and remittance and other service fee income	101,299	97,593
Subtotal	2,473,476	1,986,185
Service fee expense and commission expense		
Service fee expense on credit card	(157,242)	(105,113)
Service fee expense on insurance brokerage	(71,101)	(27,499)
Service fee expense on foreign exchange	(20,112)	(17,118)
Service fee expense on credit extension	(13,722)	(12,878)
Service fee expense on trust business	(10,411)	(13,208)
Deposits and remittance and other service fee expense	(143,401)	(120,984)
Subtotal	(415,989)	(296,800)
Total	$ 2,057,487	$ 1,689,385

(29) Gain or loss on financial assets and financial liabilities at fair value through profit or loss

	For the years ended December 31	
	2014	2013
Realized gain or loss on financial assets and financial liabilities at fair value through profit or loss		
Bonds	$ 512,744	$ 90,033
Time deposits	62,338	365
Commercial papers	53,661	51,621
Beneficiary certificates	(4,361)	(14,511)
Stocks	(41,626)	(18,994)
Exchange rate-linked instruments	272,483	(1,048,871)
Interest-linked instruments	(165,209)	(31,196)
Other derivative instruments	(6,102)	(43,802)
Subtotal	683,928	(1,015,355)
Unrealized gain or loss on financial assets and financial liabilities at fair value through profit or loss		
Bonds	54,901	(17,074)
Time deposits	4,671	-
Commercial papers	466	(218)
Beneficiary certificates	1,487	5,778
Stocks	(334)	(23,638)
Exchange rate-linked instruments	134,417	236,885
Interest-linked instruments	(42,647)	26,554
Other derivative instruments	(196)	1,425
Subtotal	152,765	229,712
Total	$ 836,693	($ 785,643)

A. The realized gains (losses) on the financial assets and liabilities at fair value through profit or loss of the Consolidated Company for the years ended December 31, 2014 and 2013, including the gain(loss) on disposal and the interest income, are as follows:

	For the years ended December 31	
	2014	2013
Gain (loss) on disposal	$ 222,889	$ (1,224,598)
Interest income	455,952	208,858
Dividend income	5,087	385
Total	$ 683,928	$ (1,015,355)

B. Exchange rate-linked instrument include forward exchange contracts, foreign exchange swap contracts, cross currency swap contracts, non-delivery forwards contracts, exchange rate options and other exchange rate related instruments.

C. Interest-linked instruments include interest rate swap contracts, structured interest rate products and interest linked-options futures and other interest related instruments.

D. Any changes in fair value of the derivatives together managed with the financial instruments designated at fair value through profit or loss are listed under “gain and loss of financial assets at fair value through profit or loss”.

(30) Realized gain on available-for-sale financial assets

	For the years ended December 31	
	2014	2013
Stock dividend income	$ 154,509	$ 68,376
Gains on disposal		
Listed (TSE and OTC) stocks	83,913	295,144
Unlisted stocks	89,443	33,715
Financial bonds	2,861	4,353
Corporate bonds	-	771
	-	114
Subtotal	330,726	402,503
Loss on disposal		
Listed (TSE and OTC) stocks	(23,909)	(27,110)
Corporate bonds	-	(5,822)
Government bonds	-	(58)
Subtotal	(23,909)	(32,990)
Total	$ 306,817	$ 369,513

(31) Reversal of impairment loss on assets

	For the years ended December 31	
	2014	2013
Gain on reversal of investment property	$ 3,447	$ 34,819

(32) Other non-interest income

	For the years ended December 31	
	2014	2013
Gain on bond investments without active market	$ 46,396	$ -
Gains on default fine of loans	24,248	29,926
Rental income on investment property	14,054	12,356
Gain and Loss on trade/disposal of property	419	(3,170)
Loss on disposal of investment property	(352)	(24,490)
Other net losses	80,261	121,299
Total	$ 165,026	$ 135,921

(33) Employee benefit expense

	For the years ended December 31	
	2014	2013
Wages and salaries	$ 2,728,052	$ 2,523,187
Labor and health insurance fees	190,785	185,349
Pension costs	123,425	117,290
Other personnel expenses	153,126	247,887
Total	$ 3,195,388	$ 3,073,713

(34) Depreciation and amortization

	For the years ended December 31	
	2014	2013
Property and equipment depreciation	$ 201,408	$ 260,352
Investment property depreciation	4,184	3,647
Intangible assets amortization	91,272	149,018
Deferred assets amortization	36,236	47,411
Total	$ 333,100	$ 460,428

(35) Other general and administrative expense

	For the years ended December 31	
	2014	2013
Rental expense	$ 566,493	$ 566,253
Tax	470,499	267,381
Repairs and maintenance	161,475	162,011
Insurance expense	152,003	137,777
Others	688,780	571,937
Total	$ 2,039,250	$ 1,705,359

(36) Income tax expense

A. Income tax expense

(A) Income tax expense by the following composition:

	For the years ended December 31	
	2014	2013
Current tax:		
Income tax from current income	$ 832,591	$ 303,416
Adjustments in respect of prior years	42,441	(88,597)
Total current tax	875,032	214,819
Deferred tax:		
Origination and reversal of temporary differences	(409,284)	141,698
Income tax expense	$ 465,748	$ 356,517

(B) Reconciliation between accounting income and income tax expense：

	For the years ended December 31	
	2014	2013
Income tax from pretax income calculated at regulated tax rate	$ 852,193	$ 579,483
Adjustments in respect of prior years	42,441	(88,597)
Income tax payable in relating to the alternative minimum tax	16,811	-
Effects of items not recognized under relevant regulations	(1,302)	1,043
Adjusted effects on income tax exemption and other income	(444,395)	(135,412)
Income tax expense	$ 465,748	$ 356,517

(C) Recognized in other comprehensive income:

	For the years ended December 31	
	2014	2013
Fair value gains/losses on available-for-sale financial assets	$ 3,786	$ 5,579
Actuarial gains/losses on defined benefit obligations	(20,326)	(6,443)
Total	$(16,540)	$(864)

B. Details of temporary differences, loss carryforwards and investment tax credits resulting in deferred income tax assets and liabilities were as follows:

	For the year ended December 31, 2014				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Other	December 31
Temporary differences:					
- Deferred tax assets:					
Unrealized exchange loss	$ -	$ 271,803	$ -	$	$ 271,803
Unrealized valuation loss on short-term commercial paper	22	(22)	-		-
Increase in allowance for credit losses in excess of tax limitation	93,665	93,270	-		186,935
Unrealized compensation loss	1,998	(96)	-		1,902
Accrued unused compensated absences	2,624	329	-		2,953
Available-for-sale financial assets impairment loss	26	-	-		26
Employee benefit liabilities reserve	88,187	3,309	20,326		111,822
Deferred revenue of credit cards	7,402	(440)	-		6,962
Other	170	-	-		170
Subtotal	$ 194,094	$ 368,153	$ 20,326	$	$ 582,573
- Deferred tax liabilities:					
Unrealized exchange gain	$(11,427)	$ 11,427	$ -	$	$ -
Unrealized valuation gain on derivatives	(86,322)	50,371	-		(35,951)
Unrealized valuation gain on short-term commercial paper	-	(57)	-		(57)
Unrealized valuation gain on available-for-sale financial assets	(13,007)	-	(3,786)		(16,793)
Amortization of goodwill	(77,287)	(20,610)	-		(97,897)
Reserve for land revaluation increment tax	(21,120)	-	-	6′	(21,053)
Subtotal	$(209,163)	$ 41,131	$(3,786)	$ 6′	$(171,751)
Total	$(15,069)	$ 409,284	$ 16,540	$ 6′	$ 410,822

	For the year ended December 31, 2013				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Other	December 31
Temporary differences:					
- Deferred tax assets:					
Unrealized exchange loss	$ 14,019	$(14,019)	$ -	$ -	$ -
Unrealized valuation loss on short-term commercial paper	-	22	-	-	22
Increase in allowance for credit losses in excess of tax limitation	82,420	11,245	-	-	93,665
Unrealized compensation loss	1,998	-	-	-	1,998
Accrued unused compensated absences	-	2,624	-	-	2,624
Available-for-sale financial assets impairment loss	26	-	-	-	26
Employee benefit liabilities reserve	79,564	2,180	6,443	-	88,187
Deferred revenue of credit cards	8,027	(625)	-	-	7,402
Loss carryforwards	7,954	(44)	-	(7,910)	-
Other	170	-	-	-	170
Subtotal	$ 194,178	$ 1,383	$ 6,443	$ -	$ 194,094
- Deferred tax liabilities:					
Unrealized exchange gain	$ -	$(11,427)	$ -	$ -	$(11,427)
Unrealized valuation gain on derivatives	(33,956)	(52,366)	-	-	(86,322)
Unrealized valuation gain on short-term commercial paper	(15)	15	-	-	-
Unrealized valuation gain on available-for-sale financial assets	(7,428)	-	(5,579)	-	(13,007)
Amortization of goodwill	(56,677)	(20,610)	-	-	(77,287)
Reserve for land revaluation increment tax	(21,142)	-	-	22	(21,120)
Subtotal	$(119,218)	$ (84,388)	$(5,579)	$ 22	$(209,163)
Total	$(74,960)	$ (83,005)	$ 864	$ 7,888	$ 15,069

C. As of December 31, 2014, the assessment information on the Consolidated Company's income tax returns is as follows:

	Assessment Information
Yuanta Bank	Assessed through 2008
Yuanta Life Insurance Agency	Assessed through 2011
Yuanta Property Insurance Agency	Assessed through 2012
Yuanta International Leasing	Assessed through 2012

The Bank's annual income tax returns for 2004 to 2008 were assessed by the Tax Authority and received assessment reports. The Tax Authority disallowed the amortization of goodwill and bond investments. In accordance with the law, the Company has claimed for administrative remedy to recognize the income tax expense relating to the addition al income tax payable.

D. Imputation credit account for stockholders and its related information

	December 31, 2014	December 31, 2013
Balances of the imputation credit account for stockholders	$ 14,924	$ 12,187

The actual creditable tax rate based on the appropriation of 2013 earnings was 0.84%; the actual creditable tax rate based on the appropriation of 2012 earnings was 1.25%.

E. The undistributed earnings on account have been accumulated since 1998.

(37) Earnings per share

A. Basic earnings per share

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.

	For the year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 4,547,150	3,769,049	$ 1.21

	For the year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 3,052,205	3,769,049	$ 0.81

B. The above weighted-average outstanding stocks have been adjusted retrospectively according to the ratio of capital increase from retained earnings for the year ended June 26, 2014. Earnings per share before adjusted was $0.84 dollars in 2013.

7. Related party transactions

(1) Parent and ultimate controlling party

Yuanta Financial Holdings is parent company and ultimate controlling party of the Consolidated Company.

(2) Names and relationship of related parties

Names of related parties	Relationship with the Bank
Yuanta Securities Finance Co., Ltd. ("Yuanta Securities Finance")	Affiliated company in the same Group
Yuanta Securities Investment Consulting Co., Ltd. ("Yuanta Securities Investment Consulting")	Affiliated company in the same Group
Yuanta Securities Co., Ltd.("Yuanta Securities")	Affiliated company in the same Group
Yuanta Securities Investment Trust Co., Ltd.("YSIT")	Affiliated company in the same Group
Yuanta Futures Co., Ltd.	Affiliated company in the same Group
Yuanta Life Insurance Co., Ltd.	Affiliated company in the same Group (Note1)
Funds managed by Yuanta Securities Investment Trust	Funds managed by the same group (Note2)
MF Global Investment Consulting Co., Ltd.	Related party in substance(Note2)

Names of related parties	Relationship with the Bank
Yuan Kun Construction Co., Ltd. (Yuan Kun Construction)	Related party in substance
Yuanta Cultural & Education Foundation (Yuanta Foundation)	Related party in substance
Polaris Research Institute (Polaris Research)	Related party in substance
Funds managed by MF Global Investment Consulting Co., Ltd.	Funds managed by the same group (Note2)
Others (each related party's deposits and loans are not over 1% of total deposits and loans)	The Consolidated Company's affiliated companies and directors, supervisors and managers, and their relatives

Note 1: Yuanta Financial Holding Co., Ltd. acquired 100% shares of New York Life Insurance Taiwan Corporation on 2014/1/1. Then New York Life officially became a wholly-owned subsidiary of Yuanta Financial Holding and was renamed Yuanta Life Insurance Co., Ltd.

Note 2: MF Global Multi-Strategy Futures Trust Fund managed by previous MF Global Futures Trust Co., Ltd. was transferred to Yuanta Securities Investment Trust Company on October 14, 2013 and was renamed MF Global Investment Consulting Company on January 3, 2014. Later, MF Global Investment Consulting executed Dissolution on March 14, 2014.

(3) Significant transactions and balances with related parties

A. Deposits

December 31, 2014			
Name	Balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits by each related party not over 1% of total deposits)	$ 28,264,820	4.88	0.00~6.42

December 31, 2013			
Name	Balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits by each related party not over 1% of total deposits)	$ 26,416,735	5.32	0.00~6.42

Apart from an interest rate limit on staff demand savings deposits of 6.42%, for both the years ended December 31, 2014 and 2013, the range of interest rate on other related parties' demand savings deposits were 0.00%~5.00%. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2014 and 2013, interest expense on the above deposits was $231,738 and $220,688, respectively.

B. Loans

December 31, 2014

Unit: Thousands of New Taiwan dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	185	19,691	9,486	9,486	-	Credit loans and movables	None
Home mortgage loans	402	3,670,489	2,769,954	2,769,954	-	Real estate	None
Other loans	Yuan Kun Construction	1,175,000	1,175,000	1,175,000	-	Real estate and machinery	None
	54	200,430	131,382	131,382	-	Stock, deposits and real estate	None
Total			4,085,822	4,085,822	-		

December 31, 2013

Unit: Thousands of New Taiwan dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	166	23,447	12,795	12,795	-	Credit loans and movables	None
Home mortgage loans	380	3,730,101	2,958,818	2,958,818	-	Real estate	None
Other loans	Yuan Kun Construction	1,100,000	600,000	600,000	-	Real estate and machinery	None
	51	196,922	89,957	89,957	-	Stock, deposits and real estate	None
Total			3,661,570	3,661,570	-		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies, ranging from 2.25% and 1.60%, the interest rates on the remaining loans are ranging from 1.42 % to 5.00% and 1.42 % to 5.25% for the years ended December 31, 2014 and 2013, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2014 and 2013, interest income resulting from the above loans amounted to $67,033 and $63,021, respectively.

C. Fee and commission income

Names of related parties	For the years ended December 31 2014	2013
Fellow subsidiary:		
Yuanta Life Insurance	$ 250,091	$ -
Yuanta Securities Investment Trust	12,287	14,357
Yuanta Securities	230	243
Yuanta Futures	9	10
Total	$ 262,617	$ 14,610

The following income was mainly from commissions from sales of mutual funds and insurance and fiduciary affiliated services, the related receivables were as follows:

Names of related parties	December 31, 2014	December 31, 2013
Fellow subsidiary:		
Yuanta Life Insurance	$ 33,901	$ -
Yuanta Securities Investment Trust	1,530	2,110
Total	$ 35,431	$ 2,110

D. Rental revenue

Names of related parties	Purpose	For the years ended December 31 2014	2013
Fellow subsidiary:			
Yuanta Securities	Office rental/ Venue rental	$ 8,412	$ 7,778
Yuanta Futures	Office rental	636	636
Total		$ 9,048	$ 8,414

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-in were as follows:

Names of related parties	December 31, 2014	December 31, 2013
Fellow subsidiary:		
Yuanta Securities	$ 2,159	$ 2,159
Yuanta Futures	158	158
Total	$ 2,317	$ 2,317

E. Rent expenses

Names of related parties	Purpose	For the years ended December 31 2014	2013
Fellow subsidiary:			
Yuanta Securities	Office rental/ Venue rental	$ 177,207	$ 175,268
Yuanta Securities Finance	Office rental	2,539	2,539
Total		$ 179,746	$ 177,807

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-out were as follows:

Names of related parties	December 31, 2014	December 31, 2013
Fellow subsidiary:		
Yuanta Securities	$ 26,202	$ 25,700
Yuanta Futures	633	633
Total	$ 26,835	$ 26,333

F. Donations

Names of related parties	For the years ended December 31 2014	2013
Other related parties:		
Yuanta Foundation	$ 11,000	$ 7,000
Polaris Research Institute	4,600	4,500
	$ 15,600	$ 11,500

G. Consulting fee

Names of related parties	For the years ended December 31 2014	2013
Fellow subsidiary:		
Yuanta Securities Investment Consulting	$ 9,538	$ 11,642
Yuanta Securities	2,550	-
	$ 12,088	$ 11,642

H. Commission expense

Names of related parties	For the years ended December 31 2014	2013
Fellow subsidiary:		
Yuanta Securities	$ 18,417	$ 12,654

I. Current income tax assets/liabilities

Names of related parties	December 31, 2014	December 31, 2013
Parent：		
Yuanta Financial Holdings		
Consolidated income tax return receivable	$ 2,869,359	$ 2,817,474
Consolidated income tax return payable	$ 612,938	$ 33,522

J. Property transactions

(A) Open-end funds raised by the related parties that the Consolidated Company acquired were as follows:

For the year ended December 31, 2014: None.

	For the year ended December 31, 2			
	Purchases	Balance as of January 1	Balance as of December 31	Profit (loss) on redemption
Other related parties:				
Funds managed by MF Global Futures Trust	$ -	$ 50,000	$ -	$ (7,261)

(B) Exchange Traded Funds raised by the related parties that the Consolidated Company acquired were as follows:

For the year ended December 31, 2014: None.

	For the year ended December 31, 2013			
	Purchases	Balance as of January 1	Balance as of December 31	Profit (loss) on redemption
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	$ 99,857	$ 112,042	$ -	$ 2,051

(C) The details of the Consolidated Company's outright purchase and sale transactions with affiliates in the open market were as follows:

	For the year ended December 31, 2014		
	Type	Purchase price	Selling price
Fellow subsidiary:			
Yuanta Securities	Bond	$ 248,676	$ -

	For the year ended December 31, 2013		
	Type	Purchase price	Selling price
Fellow subsidiary:			
Yuanta Securities	Bond	$ 397,799	$ 453,370

K. Others

Detail of securities lending with related parties were as follows:

For the year ended December 31, 2014: None.

	For the year ended December 31, 2013		
	Ending balance	Highest Balance	Revenue from securities borrowing
Fellow subsidiary:			
Yuanta Securities	$ -	$ 27,657	$ 13

(4) Information on remunerations to the Consolidated Company's key management

	For the years ended December 31	
	2014	2013
Salaries and other short-term employee benefits	$ 431,090	$ 410,350
Post-employment benefit	10,265	11,575
Total	$ 441,355	$ 421,925

8. Pledged assets

As of December 31, 2014 and 2013, the Consolidated Company's assets pledged as collateral are as follows:

Items	December 31, 2014	December 31, 2013	Purpose of pledge
Investment of debt instruments without active market			
- government bonds	$ 9,659,535	$ -	Foreign currency clearing overdraft guarantee
- Time deposits	1,632,960	271,865	Foreign currency clearing overdraft guarantee
- government bonds	96,896	-	OTC EBTS for bond settlement reserves
- government bonds	77,517	67,554	Trust fund reserve
- government bonds	67,990	42,992	Collateral for provisional seizure
- government bonds	49,128	48,966	Deposit guarantees of bills merchants
- government bonds	9,826	9,793	Operating guarantee deposits for securities dealing
- government bonds	3,925	3,719	VISA International card payment reserves
Available-for-sale financial assets			
- government bonds	2,301	2,275	Operating guarantee deposits
- government bonds	-	5,323	Collateral for provisional seizure
Total	$ 11,600,078	$ 452,487	

9. Significant contingent liabilities and unrecognized contract commitments

(1) Commitments

A. Operating leases

Please refer to Note 12(3)C(C).

B. As of December 31, 2014 and December 31, 2013, capital expenditure contracted for at the balance sheet date but not yet incurred was $83,013 and $116,912 respectively.

(2) Others

	December 31, 2014	December 31, 2013
Irrevocable loan commitments	$ 22,417,888	$ 26,021,083
Unused credit commitments on credit cards	34,001,624	30,075,322
Unused L/C balance	2,855,407	4,083,754
Other guarantees	32,167,463	31,975,444
Consignment collection for others	16,984,119	15,703,886
Trust assets	113,761,789	102,345,751
Items under custody	33,104,150	34,609,453
Commitment of securities under a repurchase agreement	8,379,243	-

10. Significant losses from disasters

None.

11. Significant subsequent events

(1) As resolution made by the Board of Directors, an expenditure of ₩122 billion aimed to acquire 100% shares of Tong Yang Reserved Bank Co., Ltd. (Philippine) from Yuanta Securities (Korea) on November 20, 2014. On February 3, 2015, an initial approval has been issued by FSC, and a formal application shall be filed to Philippines competent authority later to proceed acquisition further.

(2) For the purpose to enhance the operation of foreign currency, and middle and long term investment capital, the Board of Directors has reached a decision on issuing senior financial bonds in foreign currency in equivalent to 50 billion in year 2015, on November 20, 2014. Later on January 14, 2015, the issuance application was granted by the FSC to issue within the year.

12. Others

(1) Financial instruments

A. Fair value information of financial instruments

Financial instruments measured at fair value should be recognized at trading date, and this measurement shall be consistent.to maintain the equivalency in between its book value and fair value. On the other hand, financial instruments not measured at fair value, except for those listed in the following table, are approximate to their fair values.

	December 31, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
Financial assets				
Held-to-maturity financial assets- net	$ 7,277,780	$ 7,329,497	$ 4,955,516	$ 4,957,977
Other financial assets- net	38,841,612	39,165,776	26,175,376	26,348,179

B. The assumptions and methods used to estimate the financial instruments not measured by fair value:

(A) In relation to cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreement, receivables, other financial assets-net (except bond investments without active market), refundable deposits-out, due to Central Bank and other banks, bills and bonds sold under agreements to repurchase, payables, and refundable deposits-in the book value of the financial instruments which have a short maturity period will be considered as their fair value. While the maturities are quite close or the future payment or receipts are close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.

(B) Bills discounted and loans: 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 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 offer by the counterparties will be adopted to measure the fair value.

(D) Other financial assets：Bond investments without active market such as NTD Central Government Bonds shall refer to the yield rate and the theory price that bulletined by Over-The-Counter. For foreign currency bonds, corporate bonds and financial debentures, the quotations from Bloomberg information are adopted. The carrying amount of remaining financial instruments on balance-sheet-date should be used to estimate the fair value as the future payments and receipts shall have similar resultant figures.

(E) Deposits and remittances: Considering the nature of the banking 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. On top of that, as the maturities are less than three years to date, it is reasonable to use the carrying amount to estimate the fair value.

(F) Financial bonds payable: Since the coupon rates of the financial bonds issued by the Consolidated Company approximate the market rates, the fair value based on the discounted value of expected future cash flow approximates the book value. The estimated cash flow of corporate bonds and convertible corporate bond issued by the Consolidated Company is discounted to evaluate the fair value.

C. Financial instruments measured at fair value: 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.

(A) 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. In the subsequent measurements, 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 Consolidated Company then adopts valuation technique or takes reference to Bloomberg or the fair value of financial instrument from counterparties.

(B) If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value. Market prices bulletined by major SEC and OTC, where high volume of central government bonds are traded, are the foundation of debt instruments' fair value of quoted market price in an active market and listed equity instruments.

(C) If the market quotation from Stock Exchange Corporation, Reuters, Bloomberg information, commission merchants, or competent authorities 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 cannot be met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price, significantly increasing price variance or extremely low trading volume are all indicators of an inactive market.

(D) If the financial instruments held by the Consolidated Company has an active market, the fair values by classification and nature are as follows:

a. NTD Central Government Bond: the yield rates across different contract length bulletined by Over-The-Counter (hereinafter OTC) are used.

b. NTD government bonds, corporate bonds, financial bonds and beneficiary securities: the yield rates across different contract length bulletined by OTC are adopted.

c. Foreign financial bonds, corporate bonds, securitized instruments: the quotations from Bloomberg information or Reuters are adopted.

d. Listed stocks (TSE and OTC)、ETF： Listed stock and ETF: the closing price on the date that the stock or ETF being listed in TSE or OTC for the first-time or the prior transaction price is adopted.

e. Domestic convertible corporate bonds: reference prices for the next day bulletined by the TSE are adopted as valuation standard.

f. Domestic and overseas funds: the net fund values announced by the investment trust are adopted.

g. Overseas convertible bond: quotations from Bloomberg are adopted.

h. Spot exchange transactions: quotations from Reuters are adopted.

(E) If the financial instruments held by the Consolidated Company has no active market, the fair values by classification and nature are as follows:

a. NTD Central Government Bond: Bonds with lower trading volume adopt the theory price of fair value bulletined by OTC.

b. NTD local government bonds, corporate bonds, financial bonds and beneficiary securities: For bonds with lower trading volume, theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.

c. Term deposit of Central Bank, NCD, short-term commercial papers and treasury bills: the quoted price of Reuters is referenced and used to discount the future cash flows.

d. Foreign financial bonds, corporate bonds, NCD and securitized instruments: when the quoted price is not obtainable in a market, the quoted price from counterparties is adopted as the valuation basis.

e. Structured interest rate products：The quoted price of Reuters is referenced and used to discount the future cash flows.

f. Derivatives trading:

(a) Foreign exchange forward contract, currency swaps, forward rate agreement, interest rate swaps and cross currency swaps: quoted priced of Reuters is referenced and used to discount future cash flow.

(b) Options: Black-Scholes model is mainly adopted for valuation and the quoted priced of Reuters is referenced.

(c) Certain foreign structured instruments use the quoted price from counterparties.

g. Unlisted stocks:

(a) With regard to unlisted stocks without an active market held by the Consolidated Company, the fair value is assessed by the adoption of market method, income method or replacement cost method. The fair value is estimated by valuation technique with consideration of availability of the valuation information. As a result, the Consolidated Company first uses the market method to determine the fair value of unlisted stocks, then the income method. Only when the market method and income method cannot appropriately assess the fair value of the unlisted stocks, can the replacement cost method be used.

(b) Estimate made on fair value assessment is primarily based on the latest fund raising activities of the issuance company, stock price fluctuation of the same type of companies, growth trend of the industry, overall financial market and macro economy indicator. Any change in the estimate could affect the measurement of fair value. The valuation technique used to assess fair value may not completely reflect all the relevant factors of the financial asset held by the Consolidated Company. As a result, other important inputs may be appropriately included for adjustment, such as liquidity risk. According to the management policy and related control procedures for the fair value valuation of the Consolidated Company, the management believes that the price information and inputs are stringently evaluated in the valuation process and should be able to reasonably reflect the current market situation.

Fair value of financial instrument without an active market is assessed through valuation technique or refinancing to quotations from counterparties. The fair value obtained through the valuation technique may take reference to the fair value of other financial instruments with similar characteristics and actual terms, discounted cash flow method, or other valuation technique, including the available market data obtained through the exercise of model calculations at the consolidated balance sheet date (such as yield rate of OTC, the quotations from Reuters).

When assessing non-standardized financial instruments with lower complexity, such as debt instruments without an active market, interest swaps, FX swap and options, the Consolidated Company adopts the valuation technique generally accepted by market users. The valuation model for these kinds of financial instruments usually uses the observable information as the input.

In relation to the highly sophisticated financial instruments, the Consolidated Company assesses the fair value through the valuation model self-developed by valuation method and technique generally accepted by the counterparties. These kinds of valuation models are usually used for derivatives, embedded derivative debt instruments or securitized instruments and others.

(1) Hierarchy of fair value estimation of financial instruments

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

(A) Level 1

That is the quoted prices in active markets for identical assets or liabilities. An active market 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 public. The fair value of the investments of the Consolidated Company, 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

Inputs, other than quoted prices in active markets, are those observable price, either directly (that is, as prices) or indirectly (that is, derived from prices) in active market. Investment of the Consolidated Company such as non-popular government bonds, corporate bonds, financial bonds, convertible corporate bonds, most derivatives and financial bonds issued by the Consolidated Company are all classified within Level 2.

(C) Level 3

Inputs for level 3 instruments' fair value are data that cannot be obtained in the market. Certain derivatives and overseas securities of the Consolidated Company are classified within Level 3.

B. Hierarchy of fair value estimation of financial instrument:

Financial instruments measured at fair value	December 31, 2014			
Items	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	$ 2,391	$ 2,391	$ -	$ -
Bond investments	32,012,475	8,454,072	20,380,051	3,178,352
Others	10,412,634	302,367	5,925,453	4,184,814
Financial assets designated as at fair value through profit or loss on initial recognition	1,250,134	-	1,250,134	-
Available-for-sale financial assets				
Stock investments	2,971,082	2,071,042	-	900,040
Bond investments	31,795,937	-	29,704,042	2,091,895
Total	$ 78,444,653	$ 10,829,872	$ 57,259,680	$ 10,355,101
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 5,733,872	$ 11,548	$ 2,870,609	$ 2,851,715
Liabilities				
Financial liabilities at fair value through profit or loss	$ 5,679,085	$ -	$ 2,748,775	$ 2,930,310

Financial instruments measured at fair value	December 31, 2013			
Items	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				
Bond investments	$ 14,522,957	$ 280,519	$ 14,242,438	$ -
Others	7,245,434	300,873	6,944,561	-
Available-for-sale financial assets				
Stock investments	1,556,358	728,272	-	828,086
Bond investments	29,483,330	-	27,531,434	1,951,896
Total	$ 52,808,079	$ 1,309,664	$ 48,718,433	$ 2,779,982
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 2,607,335	$ 2,965	$ 2,079,894	$ 524,476
Liabilities				
Financial liabilities at fair value through profit or loss	$ 2,336,752	$ -	$ 1,809,847	$ 526,905

C. Movements of financial instruments classified into Level 3 of fair value are as follows

(A) Movements of financial assets classified into Level 3 of fair value are as follows:

	For the year ended December 31, 2014							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss	$ 524,476	$ 1,778,225	$ -	$ 9,669,758	$ 1,397,995	$ 3,104,543	$ 51,030	$ 10,214,881
Available-for-sale financial assets	2,779,982	89,671	239,027	12,000	-	128,745	-	2,991,935
Total	$ 3,304,458	$ 1,867,896	$ 239,027	$ 9,681,758	$ 1,397,995	$ 3,233,288	$ 51,030	$ 13,206,816

	For the year ended December 31, 2013							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss	$ 406,782	$ (324,998)	$ -	$ 172,883	$ 91,330	$ (178,479)	$ -	$ 524,476
Available-for-sale financial assets	1,505,589	33,876	114,810	1,196,922	-	71,215	-	2,779,982
Total	$ 1,912,371	$ (291,122)	$ 114,810	$ 1,369,805	$ 91,330	$ (107,264)	$ -	$ 3,304,458

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2014 and 2013, the gains on assets were $2,660,632 and $396,664, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. As of December 31, 2014 and 2013, the gains on assets were $261,307 and $114,810, respectively.

Note: Transfers to/from Level 3 were due to lack of/sufficient information in the observable market.

(B) Movements of financial assets classified into Level 3 of fair value are as follows:

	For the year ended December 31, 2014							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial liabilities at fair value through profit or loss	$ 526,905	$ 1,238,169	$ -	$ 749,007	$ 320,466	$ (95,763)	$ -	$ 2,930,310

	For the year ended December 31, 2013							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial liabilities at fair value through profit or loss	$ 406,782	$ (755,011)	$ -	$ 640,726	$ 91,329	$ (143,079)	$ -	$ 526,905

Above valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2014 and 2013, the losses on liabilities were $2,382,947 and $341,291, respectively.

Note: Transfers to/from Level 3 were due to lack of/sufficient information in the observable market.

D. Transfer between Level 1 and Level 2

Certain NTD Central Government Bonds held by the Consolidated Company are assessed to be debt instruments in a non-active market according to popularity of OTC. As a result, the related amount will be transferred from Level 1 to Level 2.

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 Consolidated Company made onto the financial instruments is deemed reasonable; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input of financial instrument classified in Level 3 moves upward or downward by 10%, the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

	Change in fair value recognized in current profit and loss		Change in fair value recognized in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
December 31, 2014				
Assets				
Financial assets at fair value through profit or loss	$ 1,021,488	$(1,021,488)	$ -	$ -
Available-for-sale financial assets	-	-	299,194	(299,194)
Liabilities				
Financial liabilities at fair value through profit or loss	$ 293,031	$(293,031)	$ -	$ -
December 31, 2013				
Assets				
Financial assets at fair value through profit or loss	$ 52,448	$(52,448)	$ -	$ -
Available-for-sale financial assets	-	-	277,998	(277,998)
Liabilities				
Financial liabilities at fair value through profit or loss	$ 52,691	$(52,691)	$ -	$ -

Favorable and unfavorable movements of the Consolidated Company 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.

There was only single non-observable input on both December 31, 2014 and 2013, thus the table above presents the figures that was impacted on changes in single non-observable input.

(2) Management objective and policy for financial risk

The Bank engages in risk management under the principles of not only serving customers but also conforming to the Bank operational goal, overall risk tolerance limits, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and to create a trilateral win for all customers, shareholders, and employees. The Bank is mainly exposed to credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and commodity risks), operational risk, and liquidity risk on or off balance sheets.

The Bank established written risk management policies and guidelines which have been approved by the Board of Directors or senior managements in order to identify, measure, monitor and control credit risk, market risk, and liquidity risk.

A. Risk Management Framework:

Ultimate responsibility for the effective management of risk rests with the Board. In order to achieve the Bank's overall risk management goals, the Board of Directors is in charge of reviewing risk management policies and relating procedures, and monitoring the effectiveness of risk management systems. The Board delegates authority for monitoring the control of risks to the Audit Committee. The chief executive officer delegates authority to the Credit Evaluation Committee, the Human Resource Evaluation Committee, the Assets and Liabilities Management Committee, the Risk Management Committee, the Non-Performing Loan Management Committee, the Financial Product Evaluation Committee, and the New Product Evaluation Committee. The President holds regular or ad hoc meetings with relating committees to discuss issues regarding risk management; moreover, an emergency response team is set, when faced with crises or extraordinary events, to take timely and effective actions to prevent further damage, to mitigate risks, and to stay functional.

B. Credit risk

(A) Source and definition of credit risk

Credit risk is the potential loss due to a failure of counterparty to meet its obligations to pay the Consolidated Company in accordance with the agreed terms. Credit risk may happen due to accounts on and off the balance sheet. For accounts on the balance sheet, credit risk exposure of the Consolidated Company mainly comprises of bills discounted, loans, credit card business, debt instruments, derivatives and call loans from banks, etc. Off balance sheet accounts include financial guarantees, acceptance bills, letters of credit and loan commitments that could give rise to credit risk exposure to the Consolidated Company.

(B) Principle of credit risk management

The Bank has stipulated credit risk management guidelines where the framework of credit risk management is set out, and through the building and implementation of the management system, potential credit risk relating to businesses can be carefully assessed and signaled. The Bank divided its services into consumer finance services and corporate finance services by the nature of services. With an emphasis on segregation of duties whereby the credit investigation performed independently from the credit review, risk management is effective. Detailed risk management information of corporate finance services, personal finance services, and cross-services integration is set out as follows:

a. Credit Risk Management for Corporate Finance Services: The Bank develops a credit rating model and a risk grading mechanism for loan applications, strengthens quantitative mechanisms for credit risk management, and effectively assesses the quality of credit assets and its fluctuation to secure credit assets. A credit client early warning system is established aimed at credit risk exposures from significantly unusual cases. And an information integration and communication mechanism is set to monitor the financial and operational positions of these clients, providing a timely knowledge of these clients' operations and credit status.

b. Credit Risk Management for Consumer Finance Services: The Bank controls the credit risks through credit grading mechanisms, credit investigation, credit review and overdue management systems. With these systems in place, the Bank manages to strengthen controls over consumer finance, to raise the bar on credit reviewing, to strengthen controls over credit limits, to enhance the quality of credit assets, and to cut losses arising from credit risk.

c. Cross-Services Integration of Risk Management: The bank-wide and cross-services credit risk early warning system serves as a platform for operating units to check on the financial and operational positions of clients with lower credit ratings, and it is used as a reference for loan management. To effectively manage concentration risk, a bank-wide large risk exposures guideline is set up.

(C) Credit Risk Mitigation Policies

To limit the credit risk to lie within tolerable range, the Bank sets out a rule in its credit risk management guideline that for the products provided and businesses conducted which includes all transactions arising from both banking and trading books, either on-balance or off-balance sheet, a detailed analysis should be carried out to identify any existing and potential credit risk; Before the introduction of new products or businesses, accompanying credit risk should be indentified and examined in accordance with relating guidelines. As for the more complex credit services, e.g. factoring, credit-linked derivatives, etc., tailored risk management mechanisms are incorporated into relating operating guidelines.

Procedures and methods used in credit risk management for the core businesses of the Consolidated Company are as follows:

a. Credit business (including loan commitment and guarantees)

Details of credit assets classification and credit quality rating are set out as follows:

(a) Credit Assets Classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining non-performing loans 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 those are doubtful. Category Five for assets those are not recoverable.

(b) Credit Quality Rating

In response to the characteristics and scale of business, the Consolidated Company sets up credit quality rating for risk management purposes (such as implementing internal evaluation model of credit risk, setting up credit rating table or other relevant regulations).

The Consolidated Company, mainly by the statistic and professional judgment of expertise and consideration of client information, developed a business credit rating model for the purpose of evaluating the credit risk of corporate clients. The model is regularly reviewed to check if the calculation result is consistent with the actual situation. And adjustment on various inputs should be calibrated to optimize the calculation result.

Credit rating of corporate finance is categorized into 10 levels according to the risks assessment on each credit extension case. When a loan is granted, in addition to that the credit quality of the client, fund purpose, repayment source, protection of claims and credit prediction should be considered, credit risk by credit account and facility should also be respectively assessed and rated based on the corporate or consumer risk rating referencing standards.

Credit risk rating of the consumer finance is categorised by client superiority, client profession and the rating of collateral threshold.

The credit quality of borrowers can be divided into three grades as follows:

	Corporate finance	Consumer finance
Credit risk rating	Internal/External credit rating level	Credit risk rating
Excellent	Level 1~6	Excellent
Acceptable	Level 7~8	Acceptable
Weak	Level 9~10	Weak

The Bank reassesses ratings for each client at least once a year. Moreover, to ensure the reasonableness of the design and the process of credit rating system, and that of the estimates of relating risk factors, the Bank takes actual defaults into account and performs inspections and back testings on the credit rating model annually.

b. Due from and call loans to other banks

The Bank assesses the credit status of each counterparty before any transaction, and ratings assigned by domestic and foreign external ratings agencies are used in determining internal credit grades on which various credit risk exposure limits are set and then granted to different counterparties.

c. Debt instruments investment and derivatives

The risk management of the Consolidated Company's 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. Financial institutions with which the Bank conducts derivative transactions are mostly above investment grade and each year counterparty credit risk limits at different levels are submitted to the Board for approval. The limits are the basis for credit risk control. Counterparties with no credit rating are subject to individual review and Board of Directors approval. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives approved by general credit procedures to manage credit exposure of counterparties.

The Consolidated Company divides the credit quality of debt instruments investment and derivatives into three grades as follows:

(a) Excellent: Exposure to instrument with a result of internal/external credit rating level in between 1 to 6.

(b) Acceptable: Exposure to instrument with a result of internal/external credit rating level in between 7 to 8.

(c) Weak: Exposure to instrument with a result of internal/external credit rating level in between 9 to 10.

(D) Hedging and mitigation of credit risk

a. Collateral

The Consolidated Company adopts a series of policies and measures to mitigate credit risk in relation to credit extension business. Amongst those, requesting borrowers to provide collateral is one of the most usual means. The Consolidated Company has specific criteria for acceptable collateral and collateral valuation, management and disposing procedures regarding the collateral valuation management, collateral assessment for credit facility in order to protect the credit right. Besides, protection of creditor's right, collateral terms and offsetting terms are all addressed in the credit extension contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, or various types of deposits can be used to offset its liabilities to mitigate credit risks.

Collateral for other non-credit extension business depends on the nature of financial asset.

b. Credit risk limit and credit risk concentration control

In avoidance of high risk concentration, the Consolidated Company has set up credit exposure limit for a single counterparty or a single group, and set up investment standards and risk controlling regulations for stock investment for a single person (entity) or affiliated enterprises' (group) various investment limit. In addition, in order to control concentration risk of various assets, the Consolidated Company has also set up credit limits based on the industry, enterprise of group, country, pledged stocks for credit extension and monitored risk concentration of each asset. Through the system consolidation, single counterparty, group's enterprises, affiliated enterprise, industry, nationality, ultimate risk and various credit risk concentration can be monitored.

c. Net-settled general agreement

The transactions of the Consolidated Company are usually gross-settled. However, net-settled agreements are signed with certain counterparties to further mitigate credit risk in case of any default and all transactions shall be terminated with the counterparties and settled by net amount.

(E) Maximum risk exposure of the Consolidated Company

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. Please see Note 9(2) for the maximum credit risk exposure of the consolidated balance sheet.

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

(F) Credit risk concentration

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 Consolidated Company concentrate on accounts and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The Consolidated Company does not significantly carry out transactions with single client or single counterparty and the gross amount does not exceed 5% of balance of each component item. Information regarding bills discounted, loans and overdue accounts, and the credit risk concentration by industry, location and collateral are shown as follows:

a. Industry

Industry	December 31, 2014 Amount	%	December 31, 2013 Amount	%
Privately owned businesses	$ 238,473,365	52.89	$ 208,289,689	51.76
Government-owned businesses	11,166,400	2.48	16,699,760	4.15
Non-profit organizations	616,130	0.14	739,924	0.19
Private individuals	199,583,541	44.26	173,156,508	43.03
Financial institutions	940,558	0.21	-	-
Others	112,078	0.02	3,499,531	0.87
Total	$ 450,892,072	100.00	$ 402,385,412	100.00

b. Geography location:

The Consolidated Company's main business activities are concentrated in Taiwan, hence there are no significant geographic credit concentration risks measured by over 5% of the balance of each component item.

c. Collateral

Collateral	December 31, 2014 Amount	%	December 31, 2013 Amount	%
Non-guaranteed	$ 156,091,724	34.62	$ 144,083,512	35.81
Guaranteed				
-Stock collateral	19,990,517	4.43	17,539,194	4.36
-Bonds collateral	6,547,187	1.45	6,592,307	1.64
-Real estate collateral	235,707,861	52.29	202,656,077	50.36
-Moveable collateral	31,357,858	6.95	30,263,811	7.52
-Notes receivable	106,204	0.02	240,450	0.06
- Guarantee	1,090,721	0.24	1,010,061	0.25
Total	$ 450,892,072	100.00	$ 402,385,412	100.00

(G) Analysis on credit quality and overdue impairment of financial assets held by the Consolidated Company

Certain financial assets held by the Consolidated Company such as cash and cash equivalents, due from Central Bank and call loans to banks, financial assets at fair value through profit and loss, investments in notes and bonds under resale agreements and refundable deposits-out and so on, while the counterparties have good credit rating, the credit risks are deemed extremely low.

The credit quality analyses for the rest of financial assets are as follows:

a. Credit quality analysis on bills discounted, loans, receivables and other financial assets investments

December 31, 2014

Items	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
	Excellent	Acceptable	Weak	Unrated	Subtotal (A)			(A)+(B)+(C)	With individual objective evidence of impairment	Without individual objective evidence of impairment	(A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 336,344,400	$ 70,763,215	$ 4,170,889	$ 33,022,438	$ 444,300,942	$ 1,813,059	$ 5,238,106	$ 451,352,107	$ 3,387,135	$ 2,334,806	$ 445,630,166
Receivables and other financial asset											
- Credit card service	1,326,782	84,572	331,110	219,869	1,962,333	64,728	13,183	2,040,244	12,833	46,373	1,981,038
- Investment of debt instruments without active market	38,833,620	-	-	-	38,833,620	-	-	38,833,620	-	-	38,833,620
- Other	14,841,889	59,605	-	1,789,094	16,690,588	-	133,164	16,823,752	133,164	23,340	16,667,248
Available-for-sale financial assets – bonds investment	31,795,937	-	-	-	31,795,937	-	-	31,795,937	-	-	31,795,937
Held-to-maturity financial assets – bonds investment	7,277,780	-	-	-	7,277,780	-	-	7,277,780	-	-	7,277,780

December 31, 2013

Items	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
	Excellent	Acceptable	Weak	Unrated	Subtotal (A)			(A)+(B)+(C)	With individual objective evidence of impairment	Without individual objective evidence of impairment	(A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 272,249,402	$ 83,354,021	$ 7,405,209	$ 31,354,868	$ 394,363,500	$ 3,016,246	$ 5,420,516	$ 402,800,262	$ 2,875,109	$ 2,180,174	$ 397,744,979
Receivables and other financial asset											
- Credit card service	757,520	62,061	329,457	234,848	1,383,886	10,405	12,257	1,406,548	11,967	56,061	1,338,520
- Investment of debt instruments without active market	25,776,766	-	-	326,000	26,102,766	-	-	26,102,766	-	-	26,102,766
- Other	9,094,321	585,057	14,900	921,922	10,616,200	-	130,595	10,746,795	74,900	14,307	10,657,588
Available-for-sale financial assets – bonds investment	29,483,330	-	-	-	29,483,330	-	-	29,483,330	-	-	29,483,330
Held-to-maturity financial assets – bonds investment	4,955,516	-	-	-	4,955,516	-	-	4,955,516	-	-	4,955,516

Note: Total bills discounted and loans include interest receivable. As of December 31, 2014 and 2013, the interest receivable on bills discounted and loans were $460,035 and $414,850, respectively. In addition, allowances for doubtful interest receivable were $2,708 and $2,909, respectively.

b. In relation to bills discounted and loans of the Consolidated Company 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				
By client	Excellent	Acceptable	Weak	Unrated (Note)	Total
Corporate finance					
-Guaranteed	$ 58,378,457	$ 32,310,498	$ 249,419	$ 28,409,830	$ 119,348,204
-Non-guaranteed	124,923,111	21,387,964	68,536	4,427,121	150,806,732
-Government-owned enterprise	11,183,763	-	-	-	11,183,763
- Others	479,380	34,555	-	185,487	699,422
Subtotal	194,964,711	53,733,017	317,955	33,022,438	282,038,121
Consumer finance					
- Mortgage loan	126,262,772	13,583,589	778,786	-	140,625,147
- Credit loan	266,336	20,114	478,379	-	764,829
-Automobile loan	11,984,928	3,316,216	2,583,160	-	17,884,304
- Others	2,865,653	110,279	12,609	-	2,988,541
Subtotal	141,379,689	17,030,198	3,852,934	-	162,262,821
Total	$336,344,400	$ 70,763,215	$ 4,170,889	$ 33,022,438	$444,300,942

	December 31, 2013				
	Positions that are neither past due nor impaired				
By client	Excellent	Acceptable	Weak	Unrated (Note)	Total
Corporate finance					
-Guaranteed	$ 30,655,539	$ 39,638,142	$ 2,795,139	$ 26,232,861	$ 99,321,681
-Non-guaranteed	102,879,379	26,576,351	418,709	5,009,277	134,883,716
-Government-owned enterprise	16,719,886	-	-	-	16,719,886
- Others	267,345	85,334	-	112,730	465,409
Subtotal	150,522,149	66,299,827	3,213,848	31,354,868	251,390,692
Consumer finance					
- Mortgage loan	110,112,028	13,984,209	1,299,005	-	125,395,242
- Credit loan	103,338	15,094	798,284	-	916,716
-Automobile loan	9,215,218	2,930,729	2,077,557	-	14,223,504
- Others	2,296,669	124,162	16,515	-	2,437,346
Subtotal	121,727,253	17,054,194	4,191,361	-	142,972,808
Total	$272,249,402	$ 83,354,021	$ 7,405,209	$ 31,354,868	$394,363,500

Note: Credit rating for the corporate finance is categorized as “Credit rating model” and “Risk assessment by case”, however, for those loans not classified as “Credit rating model” in above table are treated as “Risk assessment by case”. Please refer to Note 12(3)B(B) for loan management information.

(H) Aging analysis of overdue financial assets with no impairment of the Consolidated Company:

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 Consolidated Company, 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 Consolidated Company:

Items	December 31, 2014		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables			
- Credit card business	$ 64,320	$ 408	$ 64,728
Bills discounted and loans			
Corporate finance			
- Guaranteed	136,817	7,592	144,409
- Non-guaranteed	66,376	7,798	74,174
- Others	-	904	904
Consumer finance			
- Mortgage loans	797,301	154,485	951,786
- Credit loans	4,875	-	4,875
- Car loans	616,120	20,791	636,911
Subtotal	1,621,489	191,570	1,813,059
Total	$ 1,685,809	$ 191,978	$ 1,877,787

Items	December 31, 2013		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables			
- Credit card business	$ 8,763	$ 1,642	$ 10,405
Bills discounted and loans			
Corporate finance			
- Guaranteed	549,781	21,360	571,141
- Non-guaranteed	214,292	5,555	219,847
Consumer finance			
- Mortgage loans	1,306,596	231,748	1,538,344
- Credit loans	17,755	4,078	21,833
- Car loans	653,577	11,260	664,837
- Others	244	-	244
Subtotal	2,742,245	274,001	3,016,246
Total	$ 2,751,008	$ 275,643	$ 3,026,651

(I) Analysis of impaired financial assets of the Consolidated Company

Impairment on bills discounted, loans and receivables of the Consolidated Company are analyzed by client below:

(Expressed in Thousands of New Taiwan Dollars)

Items			Bills discounted and loans (Note)		Allowance for doubtful accounts (Note)	
			December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
With individual objective evidence of impairment	Individual assessment	Corporate loan	4,169,353	4,665,696	3,053,579	2,539,105
		Mortgage loan	194,782	197,701	-	9,394
	Collective assessment	Corporate loan	148,005	336,725	86,506	237,390
		Mortgage loan	490,454	70,461	151,905	23,454
		Credit loan	221,735	143,185	89,711	63,163
		Automobile loan	13,776	6,748	5,434	2,603
Without individual objective evidence of impairment	Collective assessment	Corporate loan	270,887,455	235,269,045	2,022,625	1,826,464
		Government-owned enterprises	11,183,763	16,719,886	-	-
		Mortgage loan	141,576,933	126,933,586	160,454	169,075
		Credit loan	769,704	938,549	21,442	32,602
		Automobile loan	18,521,215	14,888,341	30,701	28,203
		Others	3,174,932	2,630,339	99,584	123,830
Total			451,352,107	402,800,262	5,721,941	5,055,283

Items			Bills discounted and loans (Note)		Allowance for doubtful accounts (Note)	
			December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
With individual objective evidence of impairment	Individual assessment	Non-accrual loans transferred from other accounts -guarantee	133,164	130,595	133,164	74,900
	Collective assessment	Credit card business	13,183	12,257	12,833	11,967
Without individual objective evidence of impairment	Collective assessment	Credit card business	2,027,061	1,394,291	46,373	56,061
		Others	127,303,424	118,424,607	23,340	14,307
Total			129,476,832	119,961,750	215,710	157,235

Note: As of December 31 2014 and 2013, the total receivables are the original amount (including due from Central Bank and call loans to banks, investments in bills and bonds under resale agreements, receivables (not including spot exchange receivables, revenue receivables and income tax refundable amounting to \$10,337,074 and \$5,220,973, respectively), other financial assets and refundable deposits-out) not excluding allowance for doubtful accounts and not excluding (including) discount (premium) adjustment; the amounts not including interest receivables were \$460,035, and \$414,850, respectively. In addition, allowance for doubtful receivables not including allowance for doubtful interest receivable on loans were \$2,708 and \$2,909, respectively.

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

a. Non-performing loans and non-performing loan asset quality

(Expressed in Thousands of New Taiwan Dollars)

Month / Year			December 31, 2014					December 31, 2013				
Business / Items			Amount of non-performing loans	Gross loans	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio (%)	Amount of non-performing loans	Gross loans	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio (%)
Corporate banking	Secured loans		182,997	120,541,324	0.15%	1,603,908	876.47%	615,651	102,253,434	0.60%	1,611,538	261.76%
	Unsecured loans		457,767	165,531,435	0.28%	3,602,564	786.99%	302,566	154,534,283	0.20%	3,109,964	1027.86%
Consumer banking	Residential mortgage loans		192,692	101,645,354	0.19%	296,225	153.73%	235,026	91,560,585	0.26%	160,186	68.16%
	Cash card services		-	-	-	-	-	-	-	-	-	-
	Small amount of credit loans		18,702	987,763	1.89%	125,151	669.19%	30,407	1,077,173	2.82%	94,454	310.63%
	Others	Guaranteed	13,685	60,412,002	0.02%	87,323	638.09%	62,470	51,694,255	0.12%	73,327	117.38%
		Non-guaranteed	2,105	1,774,194	0.12%	4,062	192.97%	1,502	1,265,682	0.12%	2,905	193.41%
Gross loan business			867,948	450,892,072	0.19%	5,719,233	658.94%	1,247,622	402,385,412	0.31%	5,052,374	404.96%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			5,530	2,036,541	0.27%	59,206	1070.70%	4,587	1,401,727	0.33%	68,028	1483.10%
Without recourse factoring (Note 7)			-	3,375,741	-	-	-	-	3,342,224	-	-	-

Note 1: The amount recognized as non-performing loans is in compliance with the “Regulation 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.

Note 2: Non-performing loan ratio=non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.

Note 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/overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 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.

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

Note 7: Pursuant to the Banking Bureau (5) Letter No. 09850003180 dated August 24, 2009, the 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.

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

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2014		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	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 (Note 1)	330,646	70,708	482,054	94,895
Perform in accordance with debt liquidation program and restructuring program (Note 2)	187,041	81,910	246,444	93,472
	517,687	152,618	728,498	188,367

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09510001270 of FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09700318940 of FSC dated September 15, 2008.

b. Contract amounts of significant credit risk concentration are as follows:

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2014			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total stockholders' Equity
1	Group A–Petrochemical Manufacturing	8,231,750	16.12
2	Group B–Investment Consultancy	4,502,773	8.82
3	Group C–Air Transportation	4,194,377	8.21
4	Group D–Other Metalworking Machinery Manufacturing	3,676,665	7.20
5	Company E–Real Estate Development	2,500,000	4.89
6	Group F– Iron and Steel Smelting	2,447,097	4.79
7	Group G–Ocean Water Transportation	2,304,899	4.51
8	Company H–Real Estate Development	1,999,500	3.91
9	Group I –Books and stationery retail	1,643,000	3.22
10	Company J –Real Estate Development	1,460,300	2.86

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2013			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total stockholders' Equity
1	Group A–Air Transportation	5,180,089	11.20
2	Group B–Other Metalworking Machinery Manufacturing	3,684,757	7.97
3	Group C–Computer Manufacturing	3,419,383	7.39
4	Group D–Liquid Crystal Panel and Components Manufacturing	3,262,438	7.05
5	Group E– Ocean Water Transportation	2,665,332	5.76
6	Group F– Iron and Steel Smelting	2,304,716	4.98
7	Group G– Real Estate Development	2,146,790	4.64
8	Company H–Liquid Crystal Panel and Components Manufacturing	2,005,195	4.34
9	Group I – Iron and Steel Smelting	1,812,181	3.92
10	Group J –Other machinery	1,497,500	3.24

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of enterprise group should be categorized and listed in total, and disclosed by "code" plus "industry type" (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with "Standard Industrial Classification System" of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

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

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, securities financing receivable, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), remittances purchased, advance accounts for factoring receivable, acceptances receivable, and guarantees receivable.

C. Liquidity risk

Liquidity risks include fund liquidity risk and market liquidity risk. Fund liquidity risk happens when the fund supply cannot be sufficiently obtained in an expected period of time leading to a failure of fulfilling the capital need as maturity comes due. Market liquidity risk arises due to the insufficiency in market depth or the disorder which lead to the disposed or written off position held cannot be traded in a reasonable period of time and reasonable price resulting in a significant bid price or significantly discounted put price.

(A) Risk management principle, procedure and assessment

a. Principle

(a) In accordance with cost benefit analysis, the Bank achieves effective liquidity management through appropriate allocation of assets and liabilities on and off the balance sheet.

(b) As to large deposits, large loans, and block trading position of financial instruments, the Bank shall avoid excessive transaction with single client and have appropriate control over such deposits, loans, and block trading position.

(c) The Bank shall maintain smooth financing channels and consider diversity and dispersion of funding resource to ensure the disposal of various assets. For the use of limit, the Bank shall maintain appropriate available balance.

b. Procedure

(a) Liquidity risk management unit includes decision-making unit, supervisory unit (asset and liability committee), and executive unit (departments in charge of deposit and loan products and fund management unit under finance department in the Bank) for liquidity risk management. Supervisory unit appoints institution of general affairs and risk management unit, regularly supervises implementation process of executive unit, and timely monitors supervision of liquidity management indicators. Risk monitoring unit submits quarterly report to the Board of Directors and asset and liability committee to facilitate review and supervision of the state of liquidity management.

(b) Finance department works with risk management segment to establish applicable ratios and limits on liquidity risk indicators, which will be reported to the asset and liability committee and then assessed by the general management with authorization of the Board of Directors.

(c) When liquidity risk exposure exceeds the ratio supervised by liquidity risk indicators, risk management unit draws up a response plan, which will be delivered to the relevant unit for implementation upon reporting to the asset and liability committee for resolution. The asset and liability committee will keep track of enforcement of the plan regularly.

c. Assessment

(a) Set up liquidity risk indicator and warning in order to control adverse element to the liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.

(b) Use information about the Bank’s non-performing credit assets and changes in external ratings addressing asset quality and external indicators as leading indicators for liquidity management to identify the Bank’s liquidity risk management.

(c) Assessments are regularly made to the assets and liabilities denominated in major currencies in the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

(B) Maturity analysis for the financial assets and non-derivative liabilities held for liquidity risk management:

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 with high liquidity were held by the Consolidated Company, including cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills discounted and loans, available-for-sale financial assets, held-to-maturity financial assets and investment of debt instruments without active market, etc..

b. Maturity analysis on non-derivative assets and liabilities

The following table illustrates the analysis made on cash outflow of non-derivative financial assets and liabilities of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. While the amounts disclosed in the table are not made based on the consolidated cash flow, certain accounts may differ from the responding accounts in the balance sheet.

c. Maturity analysis on derivative financial assets and financial liabilities by date

(a) Derivative financial instruments settled on a net basis

Derivative financial instruments of the Consolidated Company settled on a net basis include: non-delivery forward, interest rate swap, commodity options and other futures contract.

(b) Derivative financial instruments settled on a gross basis

Derivative financial instruments of the Consolidated Company settled on a gross basis include: FX options, foreign exchange forward contract, cross currency swaps, foreign exchange swaps, asset swap and equity options.

The following table illustrates the maturity analysis on derivative financial instruments settled on a gross and net amount basis of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. According to the assessment, the maturities on the contract are the most fundamental element to understand all the derivatives on the consolidated balance sheet. The amounts disclosed in the table are made on the basis of contractual cash flow, therefore, certain disclosed amounts may not be consistent with the corresponding accounts in the consolidated balance sheet.

	December 31, 2014					
	0~30 days	31~90 days	91~180 days	181 days ~1year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	$ 13,120,575	$ -	$ -	$ -	$ -	$ 13,120,575
Due from Central Bank and call loans to other banks	65,642,470	2,499,395	1,558,443	2,388,493	7,006,815	79,095,616
Financial assets at fair value through profit or loss	43,677,634	-	-	-	-	43,677,634
Receivables	13,460,547	2,913,588	1,378,004	1,312,995	112,211	19,177,345
Bills discounted and loans	52,341,441	51,629,940	25,106,129	32,521,700	289,292,862	450,892,072
Available-for-sale financial assets	3,621,401	700,549	-	430,996	30,014,073	34,767,019
Held-to-maturity financial assets	-	-	-	-	7,277,780	7,277,780
Other financial assets	1,301,265	918,540	2,857,680	1,377,810	32,525,011	38,980,306
Other capital inflow upon maturity	2,826,051	-	-	-	194,623	3,020,674
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	33,069,977	33,441,185	11,226,945	9,299,888	1,930,972	88,968,967
Cash outflow	(32,407,770)	(32,285,250)	(10,642,997)	(8,259,667)	(12,632)	(83,608,316)
Net settlement	27,361	37,616	41,225	35,096	190,941	332,239
Total	$ 196,680,952	$ 59,855,563	$ 31,525,429	$ 39,107,311	$ 368,532,656	$ 695,701,911
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	$ 1,409,398	$ 1,253,775	$ 2,842,291	$ 175,541	$ -	$ 5,681,005
Bills and bonds sold under repurchase agreements	8,340,995	-	-	-	-	8,340,995
Payables	14,108,707	1,119,153	263,616	199,117	134,306	15,824,,899
Deposits and remittances	101,360,335	92,631,600	66,380,853	95,764,888	223,153,643	579,291,319
Bonds payable	-	-	-	-	23,000,000	23,000,000
Other financial liabilities	1,422,401	573	860	1,721	4,812,351	6,237,906
Other capital outflow upon maturity	2,007	-	-	-	9,549	11,556
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(28,819,496)	(30,473,253)	(6,853,092)	(6,939,883)	(9,435)	(73,095,159)
Cash outflow	29,875,905	31,491,150	7,205,690	7,909,347	1,925,015	78,407,107
Net settlement	23,255	35,599	38,813	49,595	187,216	334,478
Total	$ 127,723,507	$ 96,058,597	$ 69,879,031	$ 97,160,326	$ 253,212,645	$ 644,034,106

	December 31, 2013					
	0~30 days	31~90 days	91~180 days	181 days ~1year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	$ 7,332,688	$ -	$ -	$ -	$ -	$ 7,332,688
Due from Central Bank and call loans to other banks	73,813,016	1,860,658	1,768,899	2,126,953	6,049,739	85,619,265
Financial assets at fair value through profit or loss	21,768,391	-	-	-	-	21,768,391
Receivables	7,761,367	2,579,588	1,118,922	865,259	90,731	12,415,867
Bills discounted and loans	49,637,193	39,960,708	18,229,973	30,851,858	263,705,680	402,385,412
Available-for-sale financial assets	728,272	301,531	801,772	452,432	28,755,681	31,039,688
Held-to-maturity financial assets	-	-	-	-	4,955,516	4,955,516
Other financial assets	148,290	276,000	939,740	1,013,315	23,877,747	26,255,092
Other capital inflow upon maturity	1,037,192	-	-	-	270,157	1,307,349
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	27,211,614	34,382,053	13,504,192	5,442,332	1,038,891	81,579,082
Cash outflow	(26,560,855)	(33,660,622)	(13,170,361)	(5,075,987)	(897,000)	(79,364,825)
Net settlement	22,900	39,369	60,828	141,357	210,481	474,935
Total	$ 162,900,068	$ 45,739,285	$ 23,253,965	$ 35,817,519	$ 328,057,623	$ 595,768,460
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	$ 8,777,981	$ 1,335,780	$ 2,820,638	$ 138,081	$ -	$ 13,072,480
Payables	8,816,627	913,306	360,184	109,367	127,137	10,326,621
Deposits and remittances	77,044,534	73,490,429	68,425,543	79,433,851	198,088,602	496,482,959
Bonds payable	-	-	-	-	15,000,000	15,000,000
Other financial liabilities	193,991	509	736	1,001,416	11,706,344	12,902,996
Other capital outflow upon maturity	1,531	-	-	-	7,385	8,916
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(24,020,755)	(27,853,431)	(7,042,421)	(3,917,324)	(911,928)	(63,745,859)
Cash outflow	24,604,544	28,438,694	7,317,860	4,241,965	1,048,880	65,651,943
Net settlement	25,966	34,572	53,945	142,523	216,928	473,934
Total	$ 95,444,419	$ 76,359,859	$ 71,936,485	$ 81,149,879	$ 225,283,348	$ 550,173,990

Maturity analysis for above deposits and remittances are amortized to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of December 31, 2014 and 2013, expenses on period of 0-30 days will increase by $245,142,486 and $217,521,971, respectively.

(C) Maturity analysis for items off the balance sheet, lease contract and capital expense commitment

Items off the balance sheet, while the client may choose when to make a payment, are classified into the earliest time category.

Lease commitment of the Consolidated Company include operating lease and finance lease.

Operating lease commitment is the total minimum lease payments that the Consolidated Company should make as a lessee or lessor under an operating lease term which is not cancelable.

Financial lease commitment refers to the total future rental payment and the present value that the Consolidated Company as a lessee should make according to the finance lease term, or the total lease investment and the minimum lease payment receivable at present value for a lessor according to the financial lease term.

Capital expenditure commitment of the Consolidated Company 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 on off balance sheet items, lease contract commitment and capital expenditure commitment of the Consolidated Company:

	December 31, 2014			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Irrevocable loan commitments	$ 22,417,888	$ -	$ -	$ 22,417,888
Unused letters of credit	2,855,407	-	-	2,855,407
Guarantees	32,167,463	-	-	32,167,463
Lease contract commitment				
Operating lease expense (lessee)	391,659	556,719	62,164	1,010,542
Operating income (lessor)	13,324	28,123	-	41,447
Total Finance lease expense (lessee)	3,345	5,570	-	8,915
The present value of finance lease expense (lessee)	3,154	5,237	-	8,391
Total Finance lease income (lessor)	16,896	-	-	16,896
The present value of finance lease income (lessor)	16,449	-	-	16,449
Capital expenditure commitment	67,747	15,266	-	83,013

	December 31, 2013			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Irrevocable loan commitments	$ 26,021,083	$ -	$ -	$ 26,021,083
Unused letters of credit	4,083,754	-	-	4,083,754
Guarantees	31,975,444	-	-	31,975,444
Lease contract commitment				
Operating lease expense (lessee)	384,292	656,065	55,637	1,095,994
Operating income (lessor)	12,647	31,801	-	44,448
Total Finance lease expense (lessee)	2,876	7,352	-	10,228
The present value of finance lease expense (lessee)	2,698	6,873	-	9,571
Total Finance lease income (lessor)	16,896	16,896	-	33,792
The present value of finance lease income (lessor)	15,649	16,445	-	32,094
Capital expenditure commitment	97,244	19,668	-	116,912

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

a. Structure analysis of time to maturity (NTD)

December 31, 2014

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	580,256,003	72,545,676	71,125,749	45,530,867	25,280,740	45,512,782	320,260,189
Primary funds outflow upon maturity	796,855,047	17,765,226	45,835,458	84,200,558	56,002,064	82,904,469	510,147,272
Gap	(216,599,044)	54,780,450	25,290,291	(38,669,691)	(30,721,324)	(37,391,687)	(189,887,083)

December 31, 2013

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	527,023,693	73,672,299	64,757,796	37,239,432	21,524,780	40,258,028	289,571,358
Primary funds outflow upon maturity	724,768,097	16,425,554	32,488,742	64,875,231	63,989,465	76,757,525	470,231,580
Gap	(197,744,404)	57,246,745	32,269,054	(27,635,799)	(42,464,685)	(36,499,497)	(180,660,222)

Note: The amounts listed above represent the funds denominated in NT dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

b. Structure analysis of time to maturity (USD)

December 31, 2014

(Expressed in Thousands of US Dollars)

	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Primary funds in flow upon maturity	2,973,228	1,268,035	508,012	248,144	89,921	859,116
Primary funds out flow upon maturity	4,148,142	1,723,304	365,216	441,456	960,669	657,497
Gap	(1,174,914)	(455,269)	142,796	(193,312)	(870,748)	201,619

December 31, 2013

(Expressed in Thousands of US Dollars)

	Total	0~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Primary funds in flow upon maturity	2,023,344	659,567	349,597	164,655	139,708	709,817
Primary funds out flow upon maturity	3,245,715	1,336,843	409,761	310,770	635,014	553,327
Gap	(1,222,371)	(677,276)	(60,164)	(146,115)	(495,306)	156,490

Note: The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units.

D. Market risk

Market risks refer to the losses on and off the balance sheet as a result of the change in market price, such as interest rate, exchange rate, equity securities and commodity price. Market risk management is there to identify, evaluate, monitor and report the risks for a purpose of ensuring that market risk of all kinds should be controlled within certain bearable level.

(A) Risk management principle

a. Principle

(a) In order to establish a well-functioning risk management system and sound business development, promote an appropriate risk management-oriented business model, achieve business objectives and enhance shareholder value, the Bank takes the Board-approved risk management policy to completely carry out risk management system and further create stable and high-quality earnings for shareholders.

(b) The Bank has gradually implemented market risk quantification based on the criteria laid down in the established risk management policy and standards. The Bank has also set up mechanisms to evaluate and manage value at risk to optimize capital allocation.

(c) Market risk management is implemented in accordance with "Market Risk Management Standards" and other relevant regulations of the Bank in order to meet operational targets and maintain sound capital adequacy ratio.

(d) The Bank established market risk information system to effectively monitor different limit control, profit and loss assessment, analysis of sensitivity factors, implementation of stress testing and calculation of value at risk in respect of positions of financial instruments held by the Bank. The relevant information will be presented at risk control meeting and the Board meeting for the senior management's reference in determination of strategic decision.

b. Policies and procedures

(a) The Bank has already established an explicit market risk management system based on the risk management policies of the parent Yuanta Financial Holdings. This system includes risk management guidelines, risk management procedures and reasonable risk measurement methods. By implementing market risk management mechanism, the Bank can accurately identify, measure and monitor market risk changes and trends.

(b) Business domain and scope of financial instruments: the Bank established market risk management standards and defined scope of market risk management covering business domain such as foreign exchange trading, money market trading, capital market trading and derivative financial instrument transactions.

(c) The Bank established risk management procedures and took advantage of measurement methods (such as sensitivity analysis, VaR calculation, scenario simulation and stress testing) to require relevant units to set not only trading limits on various financial instruments including position limit, nominal principal limit, and stop-loss limit but also limits of authorization and limit exceeding handling procedures applicable to various limits. To increase transparency of market risk information, risk management unit reviews and submits statement of risk management on a daily basis and performs continuous monitoring and tracking in case of abnormal transactions.

(B) Procedure of market risk management

a. Recognition and measurement

(a) By establishing value at risk (VaR) measurement systems that are tailored to each financial product, the Bank continually strengthens potential loss estimation models and methods, gradually integrates them into a comprehensive risk management system that thoroughly discloses information, effectively strengthens early warning capabilities, and meets the requirements of the New Basel Capital Accord with regard to risk management quality.

(b) Both business unit and risk management unit have market risk factors for identifying exposed positions so that market risk can be measured accordingly. For interest rate instruments, except for measurement of VaR above, the impact of an interest rate shift on profit and loss is measured using price value of a basis point (DV01). Risk of holding equity securities is monitored by limits on market value and liquidity. The impact of options on the Bank is measured using Delta and Gamma. The Bank also arranges scenario and performs regular stress testing for market risk.

b. Supervision and reporting

According to different business characteristics, the Bank sets up policies governing risks of various financial instruments to cover procedures of identification, measurement, supervision and reporting. Risk management segment is assigned to keep track of the business unit's compliance.

(a) Daily transactions: the Bank's front office business and risk control of middle office belong to different units and are independent from each other. The risk management segment supervises trading positions of business unit on a daily basis to produce supervision report recording utilization of limits, market value assessment and income statement, exposed positions, and utilization of risk limit for approval of the senior management. The Bank's risk management unit also submits monthly/quarterly reports recording information about enforcement of risk management objectives, control over positions and profit or loss, sensitivity analysis, and state of VaR to audit committee and the Board of Directors for their sufficient knowledge of market risk control.

(b) Exceptional management: the Bank established explicit early-warning and limit exceeding handling procedures, which has been set to stop loss if transactions overrun market risk limit or individual limit due to market changes. Applicants filing exceptional management due to business reasons shall state reasons and handling plans clearly and report to the senior management for approval.

(C) Risk management policies for trading book

The so-called trading book refers to financial instruments and physical instruments held for trading or for hedging trading book position. The so-called positions held for trading mainly refer to positions are held with an intention to earn profit from actual or expected price variance between the purchase price and selling price. Positions not classified as trading book above are banking book positions.

a. Strategy

Various assessments and controls are implemented to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by business unit. In addition, risk limits on each portfolio of trading book are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policies and procedures

The Bank established "Market Risk Management Standards" as a significant control regulation to be followed when holding trading book positions.

c. Evaluation policy

If valuations on various financial instruments of trading book have market values, assessment shall be performed based on independent sources and accessible information at least once a day. For those evaluated by models, the Bank shall carefully adopt mathematical models to perform valuation and regularly review assumptions and inputs used in the evaluation models.

d. Measurement methods

(a) Please refer to Note 12(3)D(E) for assumptions and calculation methods for VaR.

(b) The Bank performs stress testing monthly on the assumptions of the change in interest rate, equity securities, and foreign exchange rate by 1%, 15%~20%, and 3%~5%, respectively, and reports to the senior management.

(D) Risk management for foreign exchange, equity securities, and interest rate is set out below:

a. Interest rate risk management of trading book

(a) Definition of interest rate risk

"Interest rate risk" refers to risk of loss on earnings or change in fair value of trading book position as a result of interest rate movement. Major instruments include interest-rate securities and derivatives.

The Bank's interest rate risk mainly arises from interest rate swaps, cross currency swap, foreign exchange swap, fixed income transactions, and interest rate futures.

(b) Interest rate risk management procedures for trading book

The Bank carefully chooses underlying investment target through studies of issuer's credit rating and financial position, state of country risk, and interest rate trends. According to business strategy and market conditions, the Bank sets up trading limit and stop-loss limit on trading book (including limits on trading room, trading representatives, and trading instruments), and reports to the senior management or the Board of Directors for approval.

(c) Measurement methods

a) Please refer to Note12 (3)D(E) for assumptions and calculation methods for VaR.

b) The Bank measures the impact of interest rate risk on investment portfolio by DV01 on a daily basis.

b. Interest rate risk management of banking book

"Interest rate risk of banking book" refers to interest rate risk from banking book position and interest rate risk faced by off-balance sheet transactions which are not classified into trading book.

(a) Strategy

The Bank's interest rate risk management strategy of banking book is used to reduce the negative impact of interest rate movement on future net interest income and net economic value of balance sheet accounts in banking book.

(b) Management process

a) Recognition and measurement

Recognition and measurement of interest rate risk in the banking book shall take account of sources of repricing risk, yield curve risk, basis risk, and characteristics of options, and measure possible impact of interest rate movement on the Bank's earnings and economic value.

b) Supervision and reporting

Risk management segment is responsible for supervision and presenting reports on various interest rate risk management objectives set by the Bank, including relevant risk data in view of earnings, economic value, stability, and concentration at monthly Asset and Liability Management Committee. In case of exceeding risk management objectives or other special circumstances that may significantly affect the Bank's earnings or economic value, the Bank will report to the senior management in advance, adopt appropriate interest rate risk mitigation method, and track effects of improvement.

c) Measurement methods

The Bank estimates the effects on profit or loss/equity on the assumption that the interest rates have parallel shift of +/-200 bps.

c. Interest-rate-sensitive analysis

		December 31, 2014	December 31, 2013
	Variation of Interest-rate	Effects on other comprehensive Income	Effects on other comprehensive Income
Available-for-sale financial assets - Bond	Major interest-rate-curve rises one basis point	$(7,129)	$(7,924)

(c) Foreign exchange risk management

Foreign exchange risk refers to profit or loss resulted from conversion between two different currencies at different periods. The Bank's foreign exchange risk mainly arises from foreign exchange spot, forward, foreign exchange options and other derivatives business.

a) Policies, procedures, and measurement methods of foreign exchange risk management

To control foreign exchange risk, the Bank sets operating limit and stop-loss limit on trading room and trading representatives. The Bank also established annual maximum loss limit to control the loss within bearable level.

b) Measurement methods

a)) Please refer to Note 12(3)D(E) for assumptions and calculation methods for VaR.

b)) Delta and Vega are used to measure the effect of foreign exchange risk on investment portfolio on a daily basis.

For the Bank's foreign exchange risk, the Bank performs a stress testing on the assumptions of change in exchange rate of major currency by 3%~5% on a monthly basis at least, and reports to the senior management. Relevant details about stress testing are provided in Note 12(3)D(E).

(d) Price risk management of equity securities

The Bank's market risk of holding equity securities includes unique risk arising from market price change of unique equity security and general market risk arising from overall market price change.

The Bank's equity security risk mainly arises from stocks, ETF, funds, and convertible corporate bonds transactions.

a) The purpose of price risk management of equity securities

The purpose of price risk management of equity securities are to avoid material fluctuation that may worsen the Bank's financial position or cause loss on earnings and to expect sound business operation and improved effectiveness of capital utilization.

b) Procedures for price risk management of equity securities

Procedures are used to control equity security risk and set annual maximum loss limit in order to control the loss within bearable level. Besides, for the stop-loss point set for individual share, the Bank is required to handle individual share that has met the stop-loss point in accordance with limit exceeding handling procedures for market risk.

c) Measurement methods

a)) Price risk of equity security is mainly controlled based on VaR. Relevant information is provided in Note12(3)D(E).

b)) Delta is used to measure the impact of equity security risk on investment portfolio on a daily basis.

(E) Valuation techniques of market risk

a. Value at Risk (VaR)

VaR model is used to measure the possible maximum potential losses in investment portfolio as a result of movement in market risk factor in a specified period and confidence level. In terms of trading positions, VaR model is used as a major tool to control the market risk. The Bank currently uses 'confidence level of 99%' for estimating maximum possible losses on trading position of one day (that is VaR (99%, one day)) as a standard to measure market risk.

The Bank performs back testing of VaR model on an ongoing basis to ensure the model can continuously, reasonably, effectively measure maximum potential losses that may arise from investment portfolio.

	December 31, 2014			December 31, 2013		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange rate	3,338	9,184	467	3,508	21,584	31
Interest rate	23,105	34,663	11,888	15,484	37,224	906
Equity securities	8,400	16,310	99	14,892	42,824	84
Total VaR	31,183	39,669	19,729	26,474	53,103	6,139

b. Stress testing

Except for VaR model, the Bank regularly measures stress loss the Bank may assume in extremely abnormal stress scenario. For setting of stress scenario, the Bank comprehensively considers rationality and possibility of standard scenario, historical scenario and hypothetical scenario to completely assess possible stress loss on positions.

When stress testing exceeds risk tolerance, the Bank shall peruse market risk analysis and risk warning, then execute counter strategy to contain risk within reasonable scope.

(F) As of December 31, 2014 and 2013, the Bank's foreign currency denominated financial instruments whose balances are greater than 5% of the balance of total assets or liabilities are presented based on foreign exchange risk concentration by the carrying amount.

UNIT: In thousands of US Dollars/NT Dollars

	December 31, 2014		December 31, 2013	
	USD position	Carrying amount (NTD)	USD position	Carrying amount (NTD)
Foreign currency denominated financial assets				
Bills discounted and loans	$ 1,635,092	$ 51,861,858	$ 1,526,444	$ 45,717,008
Foreign currency denominated financial liabilities				
Deposits and remittances	$ 2,422,795	$ 76,846,212	$ 1,738,119	$ 52,056,655

Note: As of December 31, 2014 and 2013, USD to TWD exchange rates was 31.718, and 29.950, respectively.

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

a. 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	420,476,621	15,989,310	3,364,770	103,097,619	542,928,320
Interest-rate-sensitive liabilities	163,236,278	275,862,932	40,202,046	31,219,913	510,521,169
Interest-rate-sensitive gap	257,240,343	(259,873,622)	(36,837,276)	71,877,706	32,407,151
Total equity					48,846,972
Ratio of interest-rate-sensitive assets to liabilities (%)					106.35
Ratio of interest-rate-sensitive gap to equity (%)					66.34

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	396,163,276	15,183,064	1,877,165	84,955,577	498,179,082
Interest-rate-sensitive liabilities	127,782,423	261,270,537	39,412,233	29,148,299	457,613,492
Interest-rate-sensitive gap	268,380,853	(246,087,473)	(37,535,068)	55,807,278	40,565,590
Total equity					45,601,096
Ratio of interest-rate-sensitive assets to liabilities (%)					108.86
Ratio of interest-rate-sensitive gap to equity (%)					88.96

Note 1: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both head office and domestic branches and overseas branches, excluding contingent assets and contingent liabilities.

Note 2: 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

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

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets/interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities)

b. Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2014

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	2,093,658	146,446	78,653	296,955	2,615,712
Interest-rate-sensitive liabilities	1,750,973	355,205	598,936	-	2,705,114
Interest-rate-sensitive gap	342,685	(208,759)	(520,283)	296,955	(89,402)
Total equity					70,196
Ratio of interest-rate-sensitive assets to liabilities (%)					96.70
Ratio of interest-rate-sensitive gap to equity (%)					(127.36)

December 31, 2013

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,487,012	167,446	10,052	137,049	1,801,559
Interest-rate-sensitive liabilities	1,478,596	217,990	303,832	-	2,000,418
Interest-rate-sensitive gap	8,416	(50,544)	(293,780)	137,049	(198,859)
Total equity					21,531
Ratio of interest-rate-sensitive assets to liabilities (%)					90.06
Ratio of interest-rate-sensitive gap to equity (%)					(923.59)

Note 1: The above amounts included only USD denominated assets and liabilities of head office, domestic and foreign branches, and the OBU branch, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those earning assets, interest bearing liabilities, revenues or costs which are sensitive to changes in interest rates.

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

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities).

(3) Capital risk management

A. The objectives of capital management of the Consolidated Company:

(A) Meeting the minimum regulated capital adequacy ratio is the most basic objective for the qualifying self-owned capital of the financial group controlled by the Consolidated Company. The calculation of qualifying self-owned capital and legal capital should be made in compliance with regulations of competent authorities.

(B) In order to process sufficient capital to assume various risks, the Bank assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realize utilization of capital allocation.

(C) Stress testing is performed on a regular basis in compliance with regulations of competent authorities to ensure that the Consolidated Company's capital is sufficient to cover the potential loss from significant adverse events.

B. Capital management procedure:

(A) The Consolidated Company maintains the overall capital adequacy ratio and reports to the competent authorities quarterly in compliance with the regulations from competent authorities' requirements.

(B) Each risk responsible segment, accordingly by using the Consolidated Company's risk management framework in the areas of credit risk, market risk, operational risk, interest rate risk of the banking book, liquidity risk, legal compliance risk and the regulations of competent authorities, to identify, measure, monitor and report the discovery of major risks. In this way, the capital plan of the Consolidated Company indicates the current financial status, and its capital profile shall be applicable to its services and the scope of business.

(C) The objective of capital management of the Bank shall be agreed by the Board of Directors, of which an appropriate capital projection is scheduled by the finance management according to the long-term developing strategies, operating plan and characteristics of assets and liabilities. The consolidated capital adequacy ratio of the Consolidated Company is assessed and calculated by month. The risk management analyses changes in risky assets when necessary to evaluate if the Consolidated Company has sufficient capital for various risk and if it meets the objectives of capital management.

(D) In accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", the Regulatory Capital of the Consolidated Company are classified as Tier 1 Capital and the Tier 2 Capital:

a. The Tier 1 Capital includes common equity Tier 1 and additional Tier 1 capital.

(a) The common equity Tier 1 capital consists of the common equity that reduces intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, unamortized losses on sales of non-performing loans, and the statutory adjustment items calculated in accordance with other rules for calculation methods.

(b) The additional Tier 1 capital consists of the total amount of the non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts and the non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by subsidiaries, and are not directly or indirectly held by the Bank reduces the total amount of the deductible items in accordance with the rules for calculation guideline.

b. The range of Tier 2 capital shall include the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation guideline:

(a) The total amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium.

(b) When the real estate was recognized under International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost. The difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on available-for-sale financial assets, as well as operational reserves and loan-loss provisions.

(c) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums, which are issued by subsidiaries, and are not directly or indirectly held by the Bank.

The loan-loss provisions included in Tier 2 capital means the amount of the provisions that the bank provided in excess of the expected loss assessed according to historical loss experience.

C. Capital adequacy ratio

			December 31	
			2014	2013
Eligible Capital	Common Equity Tier 1		47,972,473	43,367,166
	Additional Tier 1 Capital		-	-
	Tier 2 Capital		19,003,750	11,649,461
	Eligible Capital		66,976,223	55,016,627
Total risk-weighted assets	Credit risk	Standardized Approach	471,176,159	396,135,491
		Internal Ratings- Based Approach	-	-
		Securitization	-	-
	Operational risk	Basic Indicator Approach	-	-
		Standardized Approach / Alternative Standardized Approach	17,517,763	15,150,838
		Advanced Measurement Approach	-	-
	Market risk	Standardized Approach	33,517,888	14,523,300
		Internal Models Approach	-	-
	Total risk-weighted assets		522,211,810	425,809,629
Capital adequacy ratio			12.83%	12.92%
Common Equity Tier 1 Ratio			9.19%	10.18%
Tier 1 Risk-based Capital Ratio			9.19%	10.18%
Leverage Ratio			4.68%	5.13%

Note 1: The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier 1 Capital + Tier 2 Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Common Equity Tier 1 Ratio＝Common Equity Tier 1/Total risk-weighted assets
5. Tier 1 Risk-based Capital Ratio＝(Common Equity Tier 1+ additional Tier 1 Capital)/Total risk-weighted assets
6. Leverage Ratio= Tier 1 Capital / Exposure Measurement。

(4) Content and amount of investment trust business in accordance with Trust Enterprise Act

In accordance with Article 17 of the Trust Enterprise Act, the Bank discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

Trust Balance Sheet
December 31, 2014

Trust assets			Trust liabilities		
Bank deposits	$	3,668,496	Payable - Customers' securities under custody	$	30,293,169
Stocks		8,060,720	Pecuniary trust		66,545,730
Funds (Note 1)		53,725,495	Securities trust		4,764,086
Bonds		7,203,801	Real estate trust		11,343,074
Real estate		10,810,108	Money market mutual fund		289,505
Customers' securities under custody		30,293,169	Net income		108,705
			Accumulated deficit		417,520
			Total trust liabilities	$	113,761,789
Total trust assets	$	113,761,789	Total trust liabilities	$	113,761,789

Trust Balance Sheet

December 31, 2013

Trust assets			Pecuniary trust		59,239,023
Bank deposits	$	2,626,832	Securities trust		5,019,099
Stocks		7,948,452	Real estate trust		8,910,971
Funds (Note 1)		49,643,097	Monetary claim trust and the related security interests (Note 2)		453,140
Bonds		5,632,962			
Real estate		8,417,277	Money market mutual fund		656,417
Customers' securities under custody		27,625,851	Net income		119,856
Others		451,280	Accumulated deficit		321,394
			Total trust liabilities	$	102,345,751
Total trust assets	$	102,345,751			

Note1: Includes mutual funds in money market.
Note2: Including financial assets securitization.

Trust Income Statement

For the year ended December 31, 2014			For the year ended December 31, 2013		
Trust revenue:			Trust revenue:		
Interest income	$	19,220	Interest income	$	19,352
Investment income		11,156	Investment income		27,382
Dividend revenue		111,811	Dividend revenue		92,349
Rental income		528	Rental income		6,097
		142,715	Gain on property trade		9,091
					154,271
Trust expenses:			Trust expenses:		
Management fees		21,665	Management fees		19,407
Tax expenses		7,239	Tax expenses		9,277
Insurance		2,639	Insurance		2,246
Loss on investment		759	Loss on investment		116
		32,302	Loss on property trade		1,775
			Service fee expense		4
					32,825
Income before income tax		110,413	Income before income tax		121,446
Income tax expense	(	1,708)	Income tax expense	(	1,590)
Net income	$	108,705	Net income	$	119,856

Schedule of Trust Property

December 31, 2014			December 31, 2013		
Invested items	Book value		Invested items	Book value	
Bank deposits	$	3,668,496	Bank deposits	$	2,626,832
Stocks		8,060,720	Stocks		7,948,452
Funds		53,725,495	Funds		49,643,097
Bonds		7,203,801	Bonds		5,632,962
Real estate- land		10,810,108	Real estate- land		8,417,277
Customers' securities under custody		30,293,169	Customers' securities under custody		27,625,851
			Others		451,280
	$	113,761,789		$	102,345,751

Foreign currency pecuniary trust operated by the Offshore Banking Unit (OBU) as of December 31, 2014 and 2013 was included in the trust balance sheet and schedule of trust property.

(5) Cross-selling marketing strategies implemented between the Consolidated Company, the Yuanta Financial Holding Co. and its subsidiaries

A. In order to achieve the integrated benefit for financial holding company, the Group adopts the cross-selling marketing approach to take advantage of the operation channels, branches and staff to satisfy various needs of the clients, to increase the Group's sales performance and to enhance cost-saving efficiency. The cross-selling marketing approach was conducted in conformance with "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to regulate the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries, to ensure clients' rights.

B. Information exchange

As the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach; such entities should comply with Article 11 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to disclose, transfer or exchange client's name and address. Details of the rules are as follows:

(A) Use other than clients' name and address shall be approved by clients on written agreement and cannot be gathered or utilized outside the permitted range;

(B) Once the clients cease to permit the exchange of their personal information, transaction information and other related information, the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries shall stop using the information immediately.

C. Common use of operation facilities or place

As the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach, such entities should comply with Article 3 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to apply for approval from the Financial Supervisory Commission of the Executive Yuan and should comply with Articles 6 and 8 of the Rules for the scope and method in adopting cross-selling business.

There was no major common business marketing and information exchanged as of December 31, 2014.

(6) Profitability

(%)

Items		For the year ended December 31, 2014	For the year ended December 31, 2013
Return on total assets	Before tax	0.77	0.59
	After tax	0.70	0.53
Return on equity	Before tax	10.30	7.52
	After tax	9.34	6.73
Net profit margin ratio		40.10	32.58

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

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

Note 3: Net profit margin ratio = Income after income tax / net 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.

13. Other disclosure items

(1.) Related information on material transaction items:

A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded $300 million or 10% of the Bank’s paid-in capital: None.

B. Information on the acquisition and disposal of real estate for which the purchase amount exceeded $300 million or 10% of the Bank's paid-in capital: None.

C. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded $5 million: None.

D. Information regarding receivables from related parties exceeding $300 million or 10% of the Bank’s paid-in capital:

Expressed in Thousands of New Taiwan Dollars

The company listed Current income tax assets	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2013	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Commercial Bank Co., Ltd.	Yuanta Financial Holdings Co., Ltd.	Parent Company	2,869,359(Note)	-	-	-	-	-

Note: Income tax refundable arising from filing consolidated income tax returns.

E. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans as of December 31, 2014:

Expressed in Thousands of New Taiwan Dollars

Transaction date	Counterparty	Constituents of creditor’s right	Book value (Note 1)	Sale price	Gain (loss) on disposal	Additional terms	Relationship between counterparty and the Bank
2014.1.29	JP Morgan Chase Bank National Association	Corporate loans-non-perofrming loans	78,206	264,343	187,003	None	None
2014.3.17	Macquarie Bank Limited	Corporate loans-non-perofrming loans	29,033	235,192	207,068	None	None

Note 1：The book value measured at loans originated by the entity, less allowance for credit losses.

(B) Sale of non-performing loans for which the amount exceeded NT$1 billion (excluding sale to related parties)：None

F. Information on and categories of securitized assets which are approved by the authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act: None.

G. Significant transactions between parent company and subsidiaries

Significant transactions between parent company and subsidiaries Information for the year ended December 31, 2014:

No. (Note1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Accounts Receivable	13,048	Note 3	0.00%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Deposits and remittances	57,459	Note 3	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Service fee and commission income	576,978	Note 3	5.09%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Interest expense	280	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Accounts Receivable	275	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Deposits and remittances	9,358	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Service fee and commission income	4,901	Note 3	0.04%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Interest expense	63	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interests payable	45	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	202,160	Note 3	0.03%
0	Yuanta Bank	Yuanta International Leasing	1	Other liabilities	7	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Service fee and commission income	7	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	1,344	Note 3	0.01%
0	Yuanta Life Insurance Agent	Yuanta Bank	2	Cash	57,459	Note 3	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Accrued expense	13,048	Note 3	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Interest income	280	Note 3	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Service fee and commission expense	576,978	Note 3	5.09%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Cash	9,358	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Accrued expense	275	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Interest income	63	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Service fee and commission expense	4,901	Note 3	0.04%
3	Yuanta International Leasing	Yuanta Bank	2	Cash	202,160	Note 3	0.03%

No. (Note1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
3	Yuanta International Leasing	Yuanta Bank	2	Other receivables	45	Note 3	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Interest income	1,344	Note 3	0.01%
3	Yuanta International Leasing	Yuanta Bank	2	Other assets	7	Note 3	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other general and administrative expenses	7	Note 3	0.00%

Significant transactions between parent company and subsidiaries Information for the year ended December 31, 2013:

No. (Note1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Accounts Receivable	39,069	Note 3	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Deposits and remittances	46,946	Note 3	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Service fee and commission income	415,830	Note 3	4.44%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Interest expense	271	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Accounts Receivable	286	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Deposits and remittances	10,007	Note 3	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Service fee and commission income	5,686	Note 3	0.06%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Interest expense	64	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interests payable	37	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	210,544	Note 3	0.04%
0	Yuanta Bank	Yuanta International Leasing	1	Other liabilities	3	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Other liabilities	4	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Service fee and commission income	4	Note 3	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	3,917	Note 3	0.04%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Cash	46,946	Note 3	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Accrued expense	39,069	Note 3	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Interest income	271	Note 3	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Service fee and commission expense	415,830	Note 3	4.44%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Cash	10,007	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Accrued expense	286	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Interest income	64	Note 3	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Service fee and commission expense	5,686	Note 3	0.06%
3	Yuanta International Leasing	Yuanta Bank	2	Cash	210,544	Note 3	0.04%

No. (Note1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
3	Yuanta International Leasing	Yuanta Bank	2	Other receivables	37	Note 3	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Interest income	3,917	Note 3	0.04%
3	Yuanta International Leasing	Yuanta Bank	2	Other assets	3	Note 3	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other assets	4	Note 3	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other general and administrative expenses	4	Note 3	0.00%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: No significant difference from general customers.

H. Other significant transactions that may affect the decisions made by financial statement users: None.

(2) Information on the subsidiaries regarding fund lent to others, endorsement or guarantee provided, securities held at the end of the period, accumulative transaction amount on the same securities for more than 300 million, a transaction or engagement in derivative instrument which is equivalent to 10% of paid-in capital:

1. Funds lent to other:

(Expressed in Thousands of New Taiwan Dollars)

Number	Lending company	Borrower	Account	Related party	Maximum balance at current period	Ending balance	Actual used amount	Interest rate	Characteristic of fund lent to others	Amount	Reason for short-term loans	Provision for credit loss	Collateral		Limit of individual lending	Total limit of funds lent to others
													Item	Value		
1.	Yuanta International Leasing	Cai Di CO.,Ltd	Notes receivable-Capital lending	N/A	200,000	199,394	199,394	5.51%	Short-term loans	-	Property Purchasing and Operation financing	-	Real estate	799,176	243,736	243,736
2.	Yuanta International Leasing	Carton Construction CO.,Ltd	Notes receivable-Capital lending	N/A	40,000	19,623	19,623	4.62%	Short-term loans	-	Operation financing	-	Real estate	29,040	243,736	243,736

2. Endorsements and guarantees provided for others: None

3. Securities held at the end of period:

Information on the subsidiaries regarding securities held as of December 31, 2014:

(Expressed in Thousands of New Taiwan Dollars)

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	As of December 31, 2014: Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta International Life Insurance Agent Co., Ltd.	Government bonds: 100 A9 Central Government Construction Bond	-	Available-for-sale financial assets	-	$ 979	-	$ 979	Note
	102 A3 Central Government Construction Bond	-	Available-for-sale financial assets	-	930	-	930	Note
					$ 1,909		$ 1,909	
Yuanta Property Insurance Agent	Government bonds: 100 A9 Central Government Construction Bond	-	Available-for-sale financial assets	-	$ 392	-	$ 392	Note

(Note) Pledged for operating guarantee deposits.

4. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded $300 million or 10% of the Bank's paid-in capital: None.

5. Information of derivative instrument transactions: None.

(3) Information regarding reinvested business and consolidated stock holdings

Expressed in Thousands of New Taiwan Dollars

Name of the Investee	Investee Location	Investee's main operations	Percentage of ownership (%) at the end of current period	Carrying value of investments	Investment income recognized by the Bank for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties: Number of ready shares	Number of pro-forma shares	Total: Number of shares	Total: Percentage of ownership (%)	Note
Yuanta International Leasing Co., Ltd.	7F., No.69, Baoqing Rd., Taipei , Taiwan	Leasing business	100	$ 613,238	$ 13,157	60,000	-	60,000	100	
Yuanta International Life Insurance Agent Co., Ltd.	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Life insurance agency	100	48,340	34,363	300	-	300	100	
Yuanta Property Insurance Agent Ltd.	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Property insurance agency	100	8,931	2,328	-	-	Note	100	

Note: It is a limited company.

(4)Investments in People's Republic of China: None.

14. Segment information:

(1) General information

In accordance with the IFRS 8 as endorsed by the FSC, the overall performance of the operating segments is reviewed by the Board of Directors on a regular basis to determine the distribution of resources and to assess the results. All reportable segments determined by the Consolidated Company meet the disclosure requirements of IFRS 8 as endorsed by the FSC.

The Consolidated Company has a global market, comprising four major business segments; there was no change in the reporting segments during the period.

A. Corporate finance: General corporate loans, policy finance, guarantees and acceptances, receivables finance and small and medium enterprise loans, etc.

B. Consumer finance: Mortgage loans, auto loans, consumer loans, credit cards, etc.

C. Wealth management: The segment consolidates deposits, wealth management, trust business and various financial products, and provides clients with tailor-made recommendations and advice according to their asset portfolio and financial position.

D. Financial trading: Investing in and handling of foreign exchange and fixed income product, securities and other derivatives.

(2) The income sources and service types of each reporting segment

A. Measurement of the profit and loss and assets and liabilities of operating segments

The Consolidated Company's measurement principles of profit and loss and assets and liabilities of operating segments are consistent with significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

In order to create a fair and reasonable evaluation system, the funding among segments is regarded as a lending to the third party and interest incomes and expenses should be calculated according to internal funding rates which refer to market conditions. Incomes and expenses among internal segments shall be offset in the financial reports published.

Incomes and expenses attributable to each operating segments shall be classified as profits or losses of the segment; the indirect expenses that are not attributable to any segment and back office expenses should be reasonably allocated to operating segments. Expenses that cannot be reasonably allocated should be listed under "other segments".

B. Recognition element for reporting segment

The performance appraisal for the Consolidated Company's reporting segments based on specific performance indicators which are reviewed and evaluated by the management on a regular basis is a reference for resource allocation.

(3) Information about segment profit or loss, assets and liabilities

Unit: Expressed in Thousands of New Taiwan Dollars

2014

	Segment Information					
	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	$ 2,711,192	$ 1,659,614	$ 1,718,232	($ 37,607)	$ 907,422	$ 6,958,853
Net service fee and commission income (loss)	403,754	82,177	1,497,791	(3,273)	77,038	2,057,487
Other operating income (Note)	693,277	32,949	233,942	1,089,164	270,321	2,319,653
Operating expenses	758,485	803,791	2,629,687	244,894	1,130,881	5,567,738
Other significant non-cash accounts						
Gains on reversal of asset impairment	-	-	-	-	3,447	3,447
Bad debts expense and guarantee liability provision	(1,010,051)	256,280	-	(5,085)	52	(758,804)
Segmental profit before tax	$ 2,039,687	$ 1,227,229	$ 820,278	$ 798,305	$ 127,399	$ 5,012,898
Total segment assets	$ 286,083,448	$166,339,092	$ 13,390,971	$ 50,741,864	$ 181,489,847	$ 698,045,222
Total segment liabilities	$ 2,336,525	$ 612,504	$591,044,220	$ 17,139,019	$ 35,839,505	$ 646,971,773

Unit: Expressed in Thousands of New Taiwan Dollars

2013

Segment Information

	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	$ 2,571,142	$ 1,551,034	$ 1,445,121	($ 6,830)	$ 554,960	$ 6,115,427
Net service fee and commission income (loss)	357,733	88,934	1,192,756	(4,598)	54,560	1,689,385
Other operating income (Note)	328,672	44,369	201,943	581,118	372,860	1,528,962
Operating expenses	990,559	832,585	2,351,725	200,680	863,951	5,239,500
Other significant non-cash accounts						
Gains on reversal of asset impairment	-	-	-	-	34,819	34,819
Bad debts expense and guarantee liability provision	(1,061,135)	341,039	-	(328)	53	(720,371)
Segmental profit before tax	$ 1,205,853	$ 1,192,791	$ 488,095	$ 368,682	$ 153,301	$ 3,408,722
Total segment assets	$ 257,056,813	$146,697,732	$ 10,996,117	$ 17,794,565	$ 165,824,782	$ 598,370,009
Total segment liabilities	$ 2,343,558	$ 477,645	$515,555,196	$ 5,170,074	$ 28,577,587	$ 552,124,060

Note: It includes net gain (loss) on financial assets and liabilities at fair value through profit or loss, net realized gain (loss) on available-for-sale financial assets, net foreign exchange gain (loss) and other non-interest income.

(4) Major customer information

The Consolidated Company shows diverse income sources and has no significant trade occurred to single client or transaction.

(5) Information on products and services

Based on operating segment results, net interest income is the major revenue which has generated from external clients. Also, segmental profits contain revenue and expense allocation based on sharing agreements among divisions. Furthermore, the measure of performance is consistent with the comprehensive income statement.

3. Risk Management and Other Significant Issues

(1) Information of Credit Risk Management:

A. Credit Risk Management System in 2014

Item	Contents
1. Strategies, objectives, policies and procedure of credit risk	1. Strategies and Objectives: (1) Follow Basel III requirements to improve the Bank's ability in risk management in order to meet the international standards. (2) Well found and fully implement the various risk management systems and control procedures. (3) Strengthen the information integration, analysis and precautionary effect to exert the risk management actively. 2. Policies: (1) Cultivate the business strategies and organizations valuing credit risk management, and master the qualitative and quantitative management approaches as the reference in strategy making. (2) Establish the overall credit risk management system to control possible business risks within the risk tolerance during the process of operation, in hopes of ensuring the Bank's achievement of credit risk strategic objectives. (3) Authorize independent credit risk management units and personnel to exercise job duties to ensure that the Bank's credit risk management systems is implemented effectively and to help the Board of Directors and management level perform their duties fully to fulfill the bank's credit risk management systems. (4) Establish effective methods and monitoring procedures to ensure the adequacy of capital, and express business performance in a proper manner through the risk adjustment, and maximize shareholders' value. 3. Management Procedure: Credit risk identification, measurement, monitoring and management, credit risk report and credit risk performance management.
2. Structure and organization of credit risk management	1. Board of Directors: (1) The Board of Directors is the Bank's supreme policy-making entity for risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire credit risk management objectives. (2) Audit Committee to review the risk-related proposal before proposing to the Board of Directors and communicate with the risk implementation entities. 2. Senior Management: Asset & Liability Management Committee, Risk Management Committee, Non-Performing Loan Management Committee and Credit Evaluation Committee are subordinated to the president. 3. Risk Management Dept: (1) Responsible for researching or suggesting the amendments of the Bank's credit risk management policies and guidelines to be proposed to the Board of Directors for approval. (2) Establish the Bank's entire structure of measuring, controlling and evaluating quantitative risk. (3) Responsible for enforcing and controlling the Bank's credit risk management and credit risk management regulations for the various businesses to ensure all businesses apply strictly with the Bank's credit risk management policies and guidelines. 4. Credit Management Department and other business units: Manage credit risks of crediting cases according to stratified empowerment, including crediting review, crediting management and post-loan management. 5. Internal audit: The independent internal audit entities will review the enforcement of the Bank's credit risk management systems periodically and disclose it in the audit report truly, and ensure that the relevant entities have taken the corrective actions in a timely manner.

Item	Contents
3. Scope and characteristics of credit risk report and measurement systems	1. Scope and characteristics of credit risk report: (1) Report to Board of Directors. (Regularly)/(Integrated risk report) (2) Report to Audit Committee. (Regularly)/(Integrated risk report) (3) Monthly report to Asset & Liability Management Committee. (Integrated risk report) (4) Monthly report to Risk Management Committee. (Integrated risk report) (5) Monthly corporate and consumer banking asset quality report. (6) Monthly disclosure of limit information of country, industry and group. 2. Credit risk measurement systems include: (1) Capital charge calculation platform information system. (2) The credit information and investigation system: Credit rating. (3) The collection system: Asset appraisal. (4) The Bank's credit risk alarming system: The credit risk alarming mechanism. (5) Mid-term crediting management platform (Including post loan management and the review platform.) (6) Scorecards of consumer banking and credit rating models of corporate banking. (7) Large exposure system.
4. Credit risk hedging or risk reduction policies, and strategies and procedures for controlling the ongoing effectiveness of hedging and risk reduction tools	1. Credit risk hedging or risk reduction policies: (1) Review the credit risk hedging plan and execution of the centralized risk or higher risk businesses. (2) Plan to amend the Bank's regulations of risk reduction and controlling system to follow the risk reduction regulations in the Basel III. 2. Strategies and procedures for controlling effectiveness of hedging and risk reduction: Establish the collateral management system in accordance with Basel III risk reduction regulations, and ensure the ongoing effective mess of risk reduction of collaterals through periodical revaluation of collaterals, loan-to-value ratio alert, analysis of centralization and stress testing.
5. Approach for regulatory capital charge	Standardized Approach.

B. Exposure and accrued capital charge upon risk reduction under credit risk standardized approach

Unit: NT$1,000；December 31, 2014

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Charge
Sovereigns	87,580,202	11,553
Non-central Government Public Sector Entities	0	0
Banks (Multilateral Development Banks included)	46,353,323	1,652,728
Cooperates(Securities firms and insurance companies included)	297,520,632	22,221,210
Retailed credit	91,797,125	6,485,200
Residential Property	120,202,331	6,743,291
Equity-securities investment	5,981	1,914
Other assets	8,287,809	394,070
Total	651,747,403	37,509,966

Note: Capital charge is equal to the risk exposure after risk mitigation multiplied by legal minimum capital adequacy ratio.

(2) Information of Securitization Management:

A. Securitization Management System in 2014

Item	Contents
1. The strategies and procedure of securitization risk management	The procedure of securitized product investment: Before the business division invests in any securitized product, investment analysis must be conducted on product credit worthiness, liquidity and profitability and such investment must be approved by the authorized levels according to the investment objectives.
2. The organization and structure of securitization management	1. In terms of asset securitization, at present, we engage only in securities investments and booked in banking book. We are not the originating bank. 2. The investment of asset securitization in banking book, the Asset and Liability Management Committee is the top management, the Treasury Department is the business execution unit, the Risk Management Department is the risk monitoring and control unit, and the Financial Trading Supporting Department is the operation settlement unit of this bank.
3. Scope and characteristics of securitization risk report and measurement systems	1. The Asset and Liability Management Committee discloses every month the positions of investment in asset securitization. When the loss on valuation exceeds the specific proportion of cost, the business execution unit should make reviews in a timely manner and propose corresponding solutions, and report the solutions to the Asset and Liability Management Committee for reference. 2. Asset securitization products with a quotation on the public market should be evaluated according to such quotation every day. If there is no quotation on the public market, products should be evaluated according to the quotation of the counterparty.
4. The hedge of securitization or risk reduction policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk reduction tools	When there is a larger risk exposure risk, assessments will be conducted to reduce risk exposure; or the approved risk reduction methods will be implemented to reduce risk to a controllable range.
5. Approach for regulatory capital charge	Standardized Approach.
6.Requirement on comprehensive qualitative disclosure, including: (1) Goals for securitization activities, risk models undertaken and retained of the Bank's re-securitization. (2) Other risks involved in securitized asset (such as liquidity risk). (3) Various roles that the Bank plays during the securitization process and the Bank's involvement in each process. (4) The description on the monitoring procedures taken for changes in credit and market risk involved in securitization risk exposure. (5) The Bank's management strategies in credit risk mitigation during the mitigation of risk retained in securitization and re-securitization.	The Bank has never served as an originator of asset securitization so no information shall be disclosed in this item.

Item	Contents
7.Description on the Bank's accounting policies on securitization	The Bank has never served as an originator of asset securitization so no information shall be disclosed in this item.
8.The names of ECAI used in banking books for securitization and their usage in each type of asset securitization exposure.	
9.Explanation on any significant changes in any quantitative information from last reported period (such as any transfer of asset between banking books and trading books)	

B. Engagement in Securitization:

No information is to be disclosed, for the Bank has never been the originator for securitization.

C. Risk exposure and accrual capital charge for securitization :

As of December 2014, the Bank no longer held any investments in securitized product.

D. Information of investment in securitization products :

As of December 2014, the Bank no longer held any investments in securitized product.

(3) Information of Operational Risk Management:

A. Operational Risk Management System in 2014

Item	Contents
1、The strategies and procedure of operational risk management	1. Formed a risk-oriented operational model and straightened business development to achieve its operation goals and maximize shareholder value. The Bank developed risk management policies, operational risk management principles, defined the scope and duties of operational risk management, and executed risk identification, risk evaluation and reporting processes including operational risk assessment and process analysis. 2. In response to existing or potential operational risks, all divisions in the Bank take effective improvement practices and persistently track the according implementation. Before the undertaking or during the planning of new services, all related operational risks must be identified and the controls of the process marked. The Bank additionally constructed contingency plans and conducted necessary simulation to assure incessant operation amid possible severe accidents.
2、The organization and structure of operational risk management	1. Board of Directors: The supreme authority in the Bank, in charge of approving risk management policies and according principles and monitoring execution of all systems in order to achieve the goals of operational risk management. 2. Senior Management: The New Product Review Committee and Risk Management Committee are established under the President. The Risk Management Committee supervises the implementation and promotion of risk management and reviews risk management reports of individual units, in order to ensure the effectiveness of the bank's risk management. 3. Risk Management Department: (1) Develop the operational risk management guidelines and related policies of the Bank. (2) Supervise the Bank's major operational risks and loss exposure. (3) Coordinate operational risk management with all divisions and branches.

Item	Contents
	4. All departments in Head Office, supervising divisions and branches : According to operational risk management regulations, all departments and supervising divisions developed according business regulations as standards for execution of all business divisions. 5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the performance of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units. 6. Compliance Affairs Department: Plan, manage, appraise and execute the legal compliance system of the Bank; establish the legal conveyance, consultancy, coordination and communication system; confirm instant update of all procedures and managerial rules according to the regulations; present and sign opinions conforming to the laws and bylaws; and analyze reasons and corrective opinions for major drawbacks or abuses of all division in legal compliance.
3、 Scope and characteristics of operational risk report and measurement systems	We identify measure and monitor operational risk with various risk management instruments, such as operational risk loss data collection, operational risk and control self-assessment, and operational risk indicators. All divisions in the Bank conduct online risk event reporting and self assessment through the operational risk report system and the self-assessment system. Risk Management Department conducts operation process examination, compiled analysis and improvement practice tracking with the trend of risk indicator changes, internal and external losses, and the self- assessment of all divisions on control. The result of risk identification, measurement and monitoring are periodically reported to the executives.
4、 Operational risk hedging or risk reduction policies, and strategies procedures for controlling the continuously effectiveness of hedging and risk reduction tools	The Bank has developed regulations on operational risk hedging and risk mitigation. In response to possibilities and severity of risk, the Bank will adopt the following risk measures and procedures for risk bearing, risk averse, risk transfer, risk reduction, according indicators, risk warning, control mechanism, and corrective plans of every major products: 1.Risk bearing and tighter operation control shall be conducted for smaller loss amounts and lower frequencies. 2.Risk reduction or risk control, more intense personnel training, operating procedure improvement or system control advancement shall be conducted for smaller loss amounts and higher frequencies 3.Risk transfer or risk mitigation shall be conducted for larger loss amounts and lower frequencies. Proper insurance and outsourcing should be undertaken after cautious evaluation. 4.Risk averse shall be conducted for large loss amounts and higher frequencies while the according business or service should not be launched or shall be stopped. Outsourcing or insurance shall require periodical evaluation on its risk, effect or the claim payment ability of the insurance company in order to ensure the risk mitigation tools will be effective constantly.
5、 Approach for regulatory capital charge	Standardized Approach.

B. Accrued Capital Charge of Operational Risk :

Unit: NT$1,000；December 31, 2014

Year	Gross Income	Capital Charge
2012	7,804,838	
2013	9,951,276	
2014	11,082,489	
Total	28,838,603	1,380,975

(4) Information of Market Risk Management:

A. Market Risk Management System in 2014 :

Item	Content
1. Market risk management strategies and processes	1. In order to establish the fair risk management system and well found the development of business to boost the proper risk management-oriented business model and achieve the operation objectives and increase shareholders' value, the Bank's Board of Directors approves the risk management policies to fulfill the well-founded risk management system and create stable and high-quality profitability for shareholders. 2. Based on the existing risk management policies and guidelines, fulfill the quantification of market risk step by step and establish the management and appraisal mechanism for value at risk and optimal allocation of capital. 3. Scope of business and underwritten products: enact the market risk management guidelines, define the scope of market risk management; the scope of businesses may include transactions in foreign exchange market, money market and capital market, and transactions of financial derivatives. 4. Define the risk management procedure and application methods (e.g. sensitivity analysis, value at risk calculation, scenario simulation and stress testing, etc.); require the relevant entities to set the limits of the various financial product transactions, e.g. the limit of position, stop-loss limit, and also the approving authority and guidelines to process the excess in the limit. In order to enhance the transparency of the information about market risk, the risk management entities shall inspect and submit the risk management report on a daily basis, and shall continue supervising and following up on extraordinary circumstances in the transactions, if any.
2. Market risk management organization and structure	1. Board of Directors: (1) The Board of Directors is the Bank's supreme policy-making entity of risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire market risk management objectives. (2) Audit Committee to review the risk-related motions before proposing them to the Board of Directors and communicate with the risk implementation entities. 2. Senior management: Asset & Liability Management Committee and Risk Management Committee are subordinated to the president. (1) Develop the Bank's market risk management guidelines and rules according to the market risk management policies approved by Board of Directors, and ensure that the Bank has the express functions and operations for market risk management, effective market risk management procedure and proper market risk management system. (2) Authorize competent employees to execute the market risk management operation and ensure that they have the ability and expertise affordable to execute the market risk management business and comply with the relevant policies and procedures. 3. Risk Management Dept: (1) Responsible for researching and drafting or amending the Bank's risk management policies and market risk guidelines to be proposed to Board of Directors for approval. (2) Work with proprietary trading entities to research and draft or amend the various financial products business control rules, and propose them to the president for approval. (3) Plan and establish the Bank's structure of identifying, measuring and controlling market risk, execute the limit management report and inspection to alert excess in limit, in order to ensure that the various financial products businesses may strictly comply with the Bank's risk management policies and regulations.

Item	Content
	4. Business Unit: In charge of foreign exchange, securities and financial derivatives trading, and cross-Bank capital management, as well as executing transactions within limit according to the Bank's risk-control standard. 5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the Market of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units.
3. Scope and characteristics of market risk report and measurement systems	1. To provide the market risk daily management reports to disclose the positions, sensitivity analysis, value at risk, profit and loss of the various financial products. 2. The Bank measures and supervises market risks according to related risk management guidelines and employs the VaR model for quantitative integrated management of market risks. Through daily presentation of the market risk report and position analysis, the Bank is full aware of any changes in risks.
4. The hedge of market risk or risk reduction policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk reduction tools	When the market risk exposure is getting higher, the Bank will take some approaches such as risk exposure deduction or approved hedge to lower the market risk to the controllable level.
5. Approach for regulatory capital charge.	Standardized Approach.

B. Accrued Capital Charge of Market Risk :

Unit: NT$1,000；December 31, 2014

Type of Risk	Capital Charge
Interest rate risk	1,883,117
Equity risk	690,382
Foreign exchange risk	107,932
Commodity risk	—
Total	2,681,431

C. Value at Risk for Trading Position (99%, one day, unit: NT$1,000) :

Item	2014			
	December 31, 2014	Average VaR	Minimum VaR	Maximum VaR
Interest rate	32,603	23,105	11,888	34,663
Equity	4,804	8,400	99	16,310
Foreign exchange	780	3,338	467	9,184
Commodity	—	—	—	—
Subtotal	38,187	34,843	—	—
Diversified effect	(547)	(3,660)	—	—
Total value at risk	37,640	31,183	19,729	39,669

(5) Information of Liquidity Risk Management:

A. Structure analysis of time to maturity (NT$)

Unit: NT$1,000；December 31, 2014

	Total	0-10 days	11-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	580,256,003	72,545,676	71,125,749	45,530,867	25,280,740	45,512,782	320,260,189
Primary funds outflow upon maturity	796,855,047	17,765,226	45,835,458	84,200,558	56,002,064	82,904,469	510,147,272
Gap	(216,599,044)	54,780,450	25,290,291	(38,669,691)	(30,721,324)	(37,391,687)	(189,887,083)

B. Structure analysis of time to maturity (US$)

Unit: thousand US$；December 31, 2014

	Total	0-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	2,973,228	1,268,035	508,012	248,144	89,921	859,116
Primary funds inflow upon maturity	4,148,142	1,723,304	365,216	441,456	960,669	657,497
Gap	(1,174,914)	(455,269)	142,796	(193,312)	(870,748)	201,619

C. Liquidity Management of The Bank's Asset and Funding Gap:

The Bank's primary principles of liquidity management lie in the diverse, stable and reliable source of fund, diversify use of fund, and conservative and moderate funding flexibility. Market liquidity risks involve the concerns of the centralization of holding position and market volume, especially if the massive positions are impacted by market prices, so that quantitative and qualitative management of market liquidity risk can be conducted.

Funding liquidity risks concern on-balance-sheet items and off-balance-sheet transactions. The Bank measures possible liquidity risks and, according to different periods, periodically evaluates fund inflow, outflow and gap. According to the result of cost-benefit analysis, assets and liabilities are appropriately allocated for effective liquidity management.

The Bank has developed risk indicators and the early warning mechanism, to monitor liquidity risk, and periodically conducted the scenario-based simulation and the stress tests in order to manage and analyze unfavorable liquidity factors, take proper procedures to minimize their impact. The evaluation principles consider the Bank's operation features, incorporate asset quality, external indicators, liquidity ratios, concentration and stability, and stress tests. The Bank periodically reports its risk indicator analysis and control to Asset & Liability Management Committee and Board of Directors in order to review and supervise the Bank's liquidity management.

(6) Effect of changes in foreign/domestic important policies and regulations on the Bank's financial business, and responsive action thereof:

See page 5~7

(7) The effect of changes in the Bank's image on the Bank's financial business , and responsive action thereof:

The Bank always conform to the philosophy "Sincerity, Stability, Service, Innovation and Attentiveness" and to the obedience with regulations and competent authority's requirements to supply clients with more diverse, more complete and more comprehensive professional financial services and strive toward its ultimate goal-"provide ideal services to clients, create the most interest for shareholders and supply the feedback to the society wholeheartedly."

(8) Risks and Reponses for Service Centralization:

A. Group Centralization Risk:

The Bank has developed regulations and set up the limits for different groups and companies. These limits are adjusted timely to decentralize risk exposure the Bank undertakes.

B. Industry Centralization Risk:

The Bank has developed regulations and set up the industry limits for different industries. These limits are adjusted timely to decentralize risk exposure the Bank undertakes.

C. Country Centralization Risk:

The Bank has developed regulations and set up the country limits for different countries. These limits are adjusted timely to decentralize risk exposure the Bank undertakes.

(9) The effect, risks and responsive actions of changes in the management rights:

The Bank is a subsidiary 100% held by Yuanta Financial Holdings. Management rights did not change.

(10) Litigation and Non-Litigation:

There's no significant litigation.

(11) Information of Crisis Management:

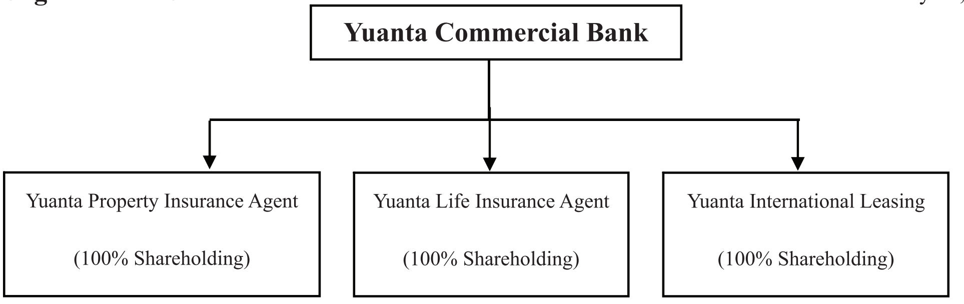
In order to perfect the Bank's crisis prevention and response mechanism, the Bank has defined the "Crisis Management Policies and Procedures" and "Manual for Crisis Management Response", so that supervisors of related units may report the emergency via the various channels and research and draft responsive practices in the case of any risk or likelihood of risk, so as to restore the operation of the Bank's businesses expeditiously and effectively to minimize the damage. Meanwhile, the Bank has defined the SOP for the various emergencies (e.g. fire, robbery, or mass protest); periodically conduct safety drill run for rapid and effective response to emergency.

V. Special Notes

1. Information of Affiliates

(1) Organization Chart

Base Date: January 31, 2015



Corporate	Date of Establishment	Address	Paid-in Capital (NT$1,000)	Scope of Business
Yuanta Property Insurance Agent Ltd.	October 02,1999	10F., No.66, Sec.1, Dunhua S. Rd., Songshan District, Taipei City	3,600	Property Insurance Agent
Yuanta Life Insurance Agent Co., Ltd.	November 20,2001	10F., No.66, Sec.1, Dunhua S. Rd., Songshan District, Taipei City	3,000	Life Insurance Agent
Yuanta International Leasing Co., Ltd.	November 15,2012	7F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City	600,000	Leasing

(2) Directors, Supervisors and Managers

Base Date: January 31, 2015

Corporate	Position	Name of Individual or Representative(s)	Shareholdings
Yuanta Property Insurance Agent Ltd.	Director	**Yuanta Commercial Bank Statutory Representatives:** Chia-Lin Chin	(a limited company) 100.00%
Yuanta Life Insurance Agent Co., Ltd.	Chairman Director Supervisor	**Yuanta Commercial Bank Statutory Representatives:** Chia-Lin Chin **Yuanta Commercial Bank Statutory Representatives:** Chung-Ping Lue, Tsai-Yu Chang **Yuanta Commercial Bank Statutory Representatives:** Mei-Ju Chen	300,000 shares 100.00%
Yuanta International Leasing Co., Ltd.	Chairman Director Supervisor President	**Yuanta Commercial Bank Statutory Representatives:** Chia-Lin Chin **Yuanta Commercial Bank Statutory Representatives:** Yung-Chung Huang, Eric K.Chiu **Yuanta Commercial Bank Statutory Representatives:** Chung-Ping Lue Sheng-Tung Wen	60,000,000 shares 100.00%

(3) Business Overview

Unit:NT$1,000；Base Date: December 31, 2014

Corporate	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT$) (after tax)
Yuanta Property Insurance Agent Ltd.	3,600	10,702	1,771	8,931	13,815	2,735	2,328	6.47
Yuanta Life Insurance Agent Co., Ltd.	3,000	110,897	62,557	48,340	733,125	41,517	34,363	114.54
Yuanta International Leasing Co., Ltd.	600,000	620,974	7,736	613,238	23,042	14,506	13,157	0.22

2. Milestones of Yuanta Commercial Bank in 2014

January	Launched "Running Horses Catches Cash First", the periodic (variable) payment plan for mutual fund.
	Launched "Net for Niche", the internet banking program for mutual fund.
	Launched "USD Flexible High Interest", the demand deposit program.
February	Promoted innovation loans for small-to-mid sized enterprises.
	Shulin Branch was opened.
	Centralized corporate banking business for the branch in Taipei City and New Taipei City.
March	Promoted preferential loans for the cultural innovation industry.
	Guangfu Branch was opened.
	Jhongsiao Branch was relocated.
April	Held "Stop for Health, Keep Your Wealth", the wealth management seminars. (3 seminars across Taiwan)
	Exclusively sponsored "College Section, Future Elite Leadership Award, Taiwan Best Financial Strategies".
	Launched "Share Interest, Get Premium", the foreign currency time deposit program.
May	Launched Changhua Fellow Townsmen Association Affinity Card.
	Promoted preferential loans for industry development and guidance in response to trade liberalization.
July	Issued Yuanta "Diamond Cashrebate Card" .
	Promoted loans to small-to-mid sized enterprise and foreign currency credit service of Offshore Business Unit to adjust the Bank's credit structure and increase the spread.
	Monitoring and reporting mechanism for real estate financing.
	Held "All-Round Preview on the Global Stock Market For 2nd Half of Year 2014", the wealth management seminars. (7 seminars across Taiwan)
August	Launched Cross-Border Collection and Payment of Tuition and Miscellaneous Expenses Service.
	Held "The Best Portfolio in August 2014", the wealth management seminars. (2 seminars in Taipei).
October	Launched "Yuanta e-Pay", the Cross-Border Online Collection and Payment Service.
	Held "2015 Global Economy and Major Industries Analysis Keynote Speech and Cocktail Party" in Kaohsiung.
	Launched "Diverse High Profit", the foreign currency time deposit program.

November	Received awards, “Best Promotion of Electronic Payment Service for 2014” from Financial Information Service Co., Ltd.
	Rated as the Excellent Institution by Joint Credit Information Center for “2014 Gold Quality Award -Credit Granting Data”.
	Launched “New Corporation Internet Banking Services”.
	Launched Sung Shan TsuHuei Temple Affinity Card.
December	Launched Gold Passbook in USD Currency at bank counters and internet banking.
	Co-organized the 20^{th} “Sweet Home- Children Drawing”, a drawing contest held by Wanjashan.
	Passed the Information Security Management System Certification of ISO 27001:2013 version.
	Co-issued Yuanta i-Go Card, mobile credit card service and mobile ATM card service with Taiwan Mobile Payment Co.

3. Branches and Overseas Offices

Base Date: March 31, 2015

Name	Tel	Fax	Address
Business Department	(02) 2173-6680	(02) 2772-1909	No.66 , Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Taipei Branch	(02) 2705-7888	(02) 2755-3751	No.38, Sec. 2, Dunhua S. Rd. , Taipei City 106, Taiwan
Chingmei Branch	(02) 8663-6766	(02) 8663-3139	No.3, Jingwun St. , Taipei City 116, Taiwan
Nanjing East Road Branch	(02) 2545-8777	(02) 2545-8118	No.221, Sec. 3, Nanjing E. Rd., Taipei City 104, Taiwan
Shihlin Branch	(02) 2837-6638	(02) 2835-5886	No.314, Zhongzheng Rd. , Taipei City 111, Taiwan
Guting Branch	(02) 2365-4567	(02) 2368-5959	No.37, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
Neihu Branch	(02) 8751-8759	(02) 8751-9858	No.189, Gangqian Rd., Neihu Dist., Taipei City 114, Taiwan
Sinyi Branch	(02) 2703-2569	(02) 2701-2259	No.236-1, Sec. 4, Sinyi Rd., Taipei City 106, Taiwan
Songjiang Branch	(02) 2516-8608	(02) 2516-1078	No.109, Songjiang Rd., Taipei City 104, Taiwan
Tianmu Branch	(02) 2871-2558	(02) 2871-1117	No.14, Tianmu W. Rd. Taipei City 111, Taiwan
Minsheng Branch	(02) 8712-9666	(02) 8712-7077	No.52-1, Sec. 4, Minsheng E. Rd., Taipei City 105, Taiwan
Zhongshan North Road Branch	(02) 2521-7888	(02) 2521-0678	No.135, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Zhongxiao Branch	(02) 8786-7778	(02) 8786-7758	No.400, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Chengde Branch	(02) 2592-0000	(02) 2592-1209	No.210, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan
Chengjhong Branch	(02) 2382-2888	(02) 2381-8399	No.42, Hengyang Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Guanqian Branch	(02) 2388-3938	(02) 2388-3218	No.15, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Datong Branch	(02) 2558-5869	(02) 2550-0879	No.66, Nanjing W. Rd., Datong Dist., Taipei City 103, Taiwan
Songshan Branch	(02) 8785-7618	(02) 8785-9711	No.675, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Daan Branch	(02) 2395-8199	(02) 2395-6619	No.148-1, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Yanping Branch	(02) 2558-9222	(02) 2558-1700	No.57, Sec. 2, Yanping N. Rd., Datong Dist., Taipei City 103, Taiwan
Wende Branch	(02) 2797-7988	(02) 2797-0858	No.68, Wende Rd., Neihu Dist., Taipei City 114, Taiwan
Beitou Branch	(02) 2898-2121	(02) 2897-9667	No.35, Sec. 2, Beitou Rd., Beitou Dist., Taipei City 112, Taiwan
Dunnan Branch	(02) 2700-5818	(02) 2700-5278	No.271, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan

Name	Tel	Fax	Address
Gongguan Branch	(02) 2369-3955	(02) 2369-3983	No.275, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
Heping Branch	(02) 2368-8066	(02) 2368-6158	No.212, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan
Ximen Branch	(02)2388-2768	(02)2388-1928	No.69, Baoqing Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Guangfu Branch	(02)8773-6667	(02)8773-5068	3F.-1, No.300, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 106, Taiwan
Xindian Branch	(02) 2912-5799	(02) 2914-1255	No.252, Sec. 2, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan
Xindian Zhongzheng Branch	(02) 2911-0058	(02) 2911-7858	No.225, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan
Shuanghe Branch	(02) 2245-7198	(02) 2245-0698	2F.-1, No.232, Zhonghe Rd., Zhonghe Dist., New Taipei City 235, Taiwan
Yonghe Branch	(02) 8231-1288	(02) 8231-1277	No.657, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan
Jhonghe Branch	(02) 2245-6789	(02) 2245-5676	No.1 & No.3, Taihe St., Zhonghe Dist., New Taipei City 235, Taiwan
Sanchong Branch	(02) 2983-2255	(02) 2988-5810	No.111, Sec.3, Chongsin Rd. , Sanchong Dist., New Taipei City 241, Taiwan
Beisanchong Branch	(02) 2982-9192	(02) 2989-3060	No.195, Jhengyi N. Rd., Sanchong Dist., New Taipei City 241, Taiwan
Shangxinzhuang Branch	(02) 2990-0999	(02) 2993-3222	No.173, Siyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Xinzhuang Branch	(02) 2996-7999	(02) 8992-6322	No.246, Xintai Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Banqiao Branch	(02) 2953-6789	(02) 2953-3386	No.69, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Puqian Branch	(02) 8952-0788	(02) 8952-0828	No.125, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Tucheng Branch	(02) 2270-3030	(02) 2260-5151	No.255, Sec. 1, Zhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan
Luzhou Branch	(02) 2281-8958	(02) 2281-0266	No.10, Zhongshan 1st Rd., Luzhou Dist., New Taipei City 247, Taiwan
Shulin Branch	(02)2675-7268	(02)2675-7255	No.99, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 238, Taiwan
Nankan Branch	(03) 312-9550	(03) 312-9551	No.309, Zhongzheng Rd. , Lujhu Dist. , Taoyuan City 338, Taiwan
Zhongli Branch	(03) 426-6007	(03) 426-6017	No.7, Zhongyang E. Rd. , Zhongli Dist., Taoyuan City 320, Taiwan
Taoyuan Branch	(03) 356-5000	(03) 356-5001	No.375, Sec. 1, Zhuangjing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Taosin Branch	(03) 338-5518	(03) 338-5618	No.51-2, Fusing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan
Pingjhen Branch	(03) 494-2690	(03) 494-3061	No.18, Huannan Rd. , Pingjhen Dist. , Taoyuan City 324, Taiwan
Linkou Branch	(03) 328-8999	(03) 328-8668	No.118, Wenhua 3rd Rd., Guishan Dist., Taoyuan City 333, Taiwan

Name	Tel	Fax	Address
Hsinchu Branch	(03) 545-6688	(03) 545-6008	No.276, Minsheng Rd. , Hsinchu City 300, Taiwan
Jhubei Branch	(03) 555-9199	(03) 555-7200	No.85, Guangming 6th Rd., Jhubei City, Hsinchu County 302, Taiwan
Hsinchu Science Park Branch	(03) 666-7888	(03) 666-7688	No.267, Sec. 1, Guangfu Rd., Hsinchu City 300, Taiwan
Datong Branch	(03) 523-6600	(03) 525-7700	No.196, Linsen Rd., Hsinchu City 300, Taiwan
Luodong Branch	(03) 956-8966	(03) 956-2333	No.38, Zhongzheng N. Rd., Luodong Township, Yilan County 265, Taiwan
Kinmen Branch	(082) 322-566	(082) 373-102	No.188-1 Mincyuan Rd., Jincheng Township, Kinmen County 893, Taiwan
Hualien Branch	(03) 831-1708	(03) 832-1169	No.167, Guolian 1st Rd., Hualien City, Hualien County 970, Taiwan
Miaoli Branch	(037) 336-678	(037) 336-718	No.460, Zhongzheng Rd., Miaoli City, Miaoli County 360, Taiwan
Taichung Branch	(04) 2227-1799	(04) 2220-7499	No.8, Sec. 2, Ziyou Rd., Central Dist., Taichung City 400, Taiwan
Wunsin Branch	(04) 2297-0068	(04) 2296-5966	No.337, Sec. 3, Wunsin Rd. , Situn Dist., Taichung City 407, Taiwan
Fusing Branch	(04) 2261-6889	(04) 2262-1060	No.269, Sec. 1, Fusing Rd., South Dist., Taichung City 402, Taiwan
ChongDe Branch	(04) 2232-9961	(04) 2233-1818	No.46, Sec. 2, Chongde Rd. , Beitun Dist., Taichung City 406, Taiwan
ChungGang Branch	(04) 2465-0889	(04) 2465-0989	No.900, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan
Shalu Branch	(04) 2665-6656	(04) 2663-3852	No.535, Zhongshan Rd. , Shalu Dist., Taichung City 433, Taiwan
Fongyuan Branch	(04) 2529-3366	(04) 2524-0028	No.23, Yuanhuan W. Rd. , Fongyuan Dist., Taichung City 420, Taiwan
Dali Branch	(04) 2492-2288	(04) 2493-2355	No.724, Tucheng Rd. , Dali Dist., Taichung City 412, Taiwan
Dajia Branch	(04) 2688-6088	(04) 2688-6366	No.833, Sec. 1, Zhongshan Rd. , Dajia Dist., Taichung City 437, Taiwan
Taiping Branch	(04) 2270-2688	(04) 2273-6000	No.53, Zhongxing Rd., Taiping Dist., Taichung City 411, Taiwan
Caotun Branch	(049) 232-1661	(049) 232-1800	No.88, Zhongxing Rd., Caotun Township, Nantou County 542, Taiwan
Changhua Branch	(04) 726-7001	(04) 726-6992	No.898, Sec. 2, Zhongshan Rd. , Changhua City , Changhua County 500, Taiwan
Yuanlin Branch	(04) 835-6403	(04) 835-2653	No.283, Sec. 2, Datong Rd. , Yuanlin Township , Changhua County 510, Taiwan
Lugang Branch	(04) 778-5799	(04) 777-9779	No.321, Zhongshan Rd. , Lugang Township , Changhua County 505, Taiwan
Beidou Branch	(04) 887-3881	(04) 887-3886	No.166, Guangfu Rd. , Beidou Township , Changhua County 521, Taiwan
Doushin Branch	(05) 535-1799	(05) 535-1313	No.29, Wunhua Rd. , Douliou City , Yunlin County 640, Taiwan

Name	Tel	Fax	Address
Huwei Branch	(05) 633-9169	(05) 633-9423	No.1, Heping Rd. , Huwei Township , Yunlin County 632, Taiwan
Dounan Branch	(05) 597-1138	(05) 597-1139	No.67, Zhongshan Rd. , Dounan Township , Yunlin County 630, Taiwan
Chiayi Branch	(05) 232-7469	(05) 232-6415	No.185, Zhongxing Rd. , Chiayi City 600, Taiwan
Yongkang Branch	(06) 312-6789	(06) 312-1228	No.511, Siaodong Rd. , Yongkang Dist., Tainan City 710, Taiwan
Jiali Branch	(06) 721-4888	(06) 721-0249	No.278, Wunhua Rd. , Jiali Dist., Tainan City722, Taiwan
Tainan Branch	(06) 293-8688	(06) 293-8699	No.348, Sec. 1, Yonghua Rd., West Central Dist., Tainan City 700, Taiwan
Fuchen Branch	(06) 228-1281	(06) 222-2415	No.165, Sec. 1, Minsheng Rd., West Central Dist., Tainan City 700, Taiwan
Fudong Branch	(06) 268-7815	(06) 267-3371	No.348, Sec. 2, Dongmen Rd., East Dist., Tainan City 701, Taiwan
KaiYuan Branch	(06) 238-3125	(06) 236-3661	No.461, Shengli Rd., North Dist., Tainan City 704, Taiwan
Anhe Branch	(06) 255-1236	(06) 256-9941	No.226, Sec. 1, Anhe Rd. , Annan Dist., Tainan City 709, Taiwan
Zuoying Branch	(07) 581-0898	(07) 581-0798	No.158, Zuoying Avenue, Zuoying Dist., Kaohsiung City 813, Taiwan
Kaohsiung Branch	(07)282-2101	(07)282-2168	No.143, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City 801, Taiwan
Boai Branch	(07) 558-6088	(07) 558-3699	No.491, Mingcheng 2nd Rd. , Zuoying Dist., Kaohsiung City 813, Taiwan
Fongshan Branch	(07) 715-2700	(07) 715-8500	No.280, Wujia 2nd Rd. , Fongshan Dist., Kaohsiung City 830, Taiwan
Sanmin Branch	(07) 395-1588	(07) 395-3288	No.715, Jiangong Rd. , Sanmin Dist., Kaohsiung City 807, Taiwan
Pingtung Branch	(08) 735-0426	(08) 737-0121	No.690, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan
Tungshin Branch	(089) 324-351	(089) 324-734	No.427, Sec. 1, Zhonghua Rd. , Taitung City , Taitung County 950, Taiwan
Offshore Banking Unit(OBU)	(02)2173-6699	(02)2772-2513	3F., No.66 , Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan

Overseas Office	Tel	Fax	Address
Hong Kong Representative Office	852-2810-9313	852-2810-9310	RM. 1509, 15 F., Harcourt House, No.39, Gloucester Road, Wanchai, Hong Kong

Affiliate	Tel	Fax	Address
Yuanta Property Insurance Agent Ltd.	(02) 2173-6879	(02) 2772-1995	10F., No.66, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 105, Taiwan
Yuanta Life Insurance Agent Co., Ltd.	(02) 2173-6879	(02) 2772-1466	10F., No.66, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 105, Taiwan
Yuanta International Leasing Co., Ltd.	(02) 2173-6039	(02) 2772-5825	7F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City 100, Taiwan

Yuanta Commercial Bank Co., Ltd.