Mega International Commercial Bank

Annual Report 2014

Annual Report 2014

Notice

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and the Chinese version, the Chinese version shall prevail.

MEGA FINANCIAL GROUP

MEGA INTERNATIONAL COMMERCIAL BANK

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Contents

The world economy proceeded on modest growth trajectory in 2014, as emerging economies' deceleration hindered global recovery momentum. With regard to Taiwan, while export performance was hence constrained, expanding private consumption and capital expenditure, coupled with buoyant tourist arrival, elevated Taiwan's economic growth rate to the highest in three years. Under more favorable domestic circumstances, Mega ICBC presented stellar financial performance in 2014. With corporate banking growing steadily, consumer finance burgeoning, and offshore banking expanding solidly, pretax income of the bank reached a new altitude, exceeding NT30 billion.

By virtue of clientele's support and staffs' unrelenting efforts, Mega ICBC has retained the pre-eminent position in domestic banking industry for years. Apart from being affirmed by Executive Yuan at home for outperformance regarding offshore banking, the bank has been awarded "the Best Bank in Taiwan" by *FinanceAsia*, and won the honor of "Best Banking Award Taiwan 2014" from *Global Financial Market Review*.

To capitalize on our expertise in international banking to the full extent, and enhance geographic diversity, we have spared no effort to expand global presence, with a focus on China and Asia Pacific region. In line with gradual opening of cross-strait financial services, Ningbo Branch, following Suzhou Branch and Wujiang Sub-Branch, is projected to commence operation in May 2015. In addition, by means of forming strategic alliance with leading Chinese banks, RMB related business volume, as well as the asset pool, have shown substantial growth.

Looking ahead, as global financial landscape is undergoing a far-reaching transformation, Asia Pacific market has been ever more important. With well-entrenched regional franchise, we shall make every endeavor to fulfill the vision of being a top notch Asian regional bank, while keeping meticulous attention to capricious world economic and financial development.

<u>Operation Results of 2014</u>

I. Global & Domestic Economic Dynamics

1. Economic Growth

In 2014, most developed countries presented accelerated economic recovery, while emerging countries, afflicted by country specific fragilities, political turmoil, or financial market volatility, grew by the lowest rate in five years. The world economy consequently failed to grow beyond post-crisis mediocrity. To look forward in 2015, advanced countries, especially the U.S., are expected to drive recovery momentum. On the contrary, China's growth is projected to slow down, oil or commodity exporting countries' outlook undermined by weak commodity prices. According to International Monetary Fund, the world economy is forecasted to pick up at meager pace of 3.5%, slightly higher than the previous year's 3.4%. Nevertheless, under the expectation of Fed liftoff and US dollar's appreciation, highly-indebted countries, or those over relying on external financing, face the threats of capital withdrawal and creditability erosion, which casts a shadow on brightening global prospect.

As for Taiwan, with improving domestic demand, and widening goods and service trade surplus, the real GDP growth rate accelerated to 3.74%, though still below pre-financial crisis average. In 2015, private consumption, as well as capital expenditure is expected to expand continuously. On the other hand, sluggish global economy, combined with china's supply chain localization, hinder export growth, whereas lower oil price will drag down import value, hence support trade surplus. In general, The Directorate-General of Budget, Accounting and Statistics (DGBAS) forecasts that GDP growth rate will pick up 3.28%. Nonetheless, cautions are warranted for changes in major economies' monetary policy, ongoing decelerating growth and supply chain localization in China.

2. Financial Market

In 2014, the average overnight call-loan rate was 0.387%, barely changed from the previous year's 0.386%. With regard to NT dollar exchange rate, the divergent monetary policy between the U.S. and other major countries including Japan and European Union, along with the drop in commodity price, resulted in Asian currencies' depreciation against US dollar. Affected by this confluence, the average exchange rate of NT dollar for 2014 was NT$30.38 to one US dollar, depreciated by 2.5% compared to NT$29.65 for 2013.

II. Change in Organization

The bank reconstituted the compliance unit of the head office as “Legal affairs and Compliance Department” under supervision of the bank’s president, effective on January 1, 2015, to fully comply with “ Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries”.

III. Operating Results in 2014

Units: millions in NTD, except as indicated

Item \ Year	2014	2013	Change (%)
Deposits (Note 1)	1,929,424	1,773,013	8.82
Loans	1,691,323 (Note 3)	1,555,742	8.71
Corporate Financing	1,325,417	1,245,054	6.45
Consumers Financing (Note 2)	365,906	310,688	17.77
Foreign Exchange Business (millions in USD)	825,871	811,456	1.78
Securities Purchased	360,828	310,127	16.35
Long-term Equity Investments	25,005	26,343	-5.08
Credit Card Loans	1,323	1,421	-6.90

Note 1: including transfer deposits from China Post Co.
Note 2: excluding credit card loans
Note 3: with amount of non-performing loans NT$1,085 million, NPL ratio 0.06%, and coverage ratio 1,986.37%

IV. Budget Implementation

2014 Pretax Income (millions in NT dollars)	2014 Pretax Income Budget (millions in NT dollars)	Budget achievement rate (%)
30,173	23,262	129.71

Business Plan of 2015

I. Business Plan

- Grasp global economic and financial trends to seize new business opportunities, capitalize on offshore banking expertise.
- Reinforce market segmentation policy, advance wealth management and credit card business.
- Implement dynamic asset and liability management, pursue profitability while ensuring liquidity and safety.
- Strengthen electronic banking platform, solidify foundations for forthcoming Bank 3.0 era.
- Enhance legal compliance and risk management framework.

II. Business Objectives

Addressing current economic and financial developments, the Bank has set up the following business targets based on competitive advantages for the year of 2015: total deposits of NT$1,989,000 million, total loans of NT$1,750,000 million, and foreign exchange business of US$870,000 million.

Long-Term Development Strategies

- Strengthen competitive edge in overseas operational capacities and offshore banking business.
- Sustain the leading position in the field of corporate banking.
- Take full advantage of emerging economies' financial liberalizing to extend the bank's global service network.
- Conduct fund allocation with flexibility and agility.
- Expand market share of wealth management business.
- Utilize information technology advances, promote cutting edge digital financial services.

Major Regulatory Changes and Influences

- In March 2014, the Financial Supervisory Commission (FSC) allowed local banks' offshore business unit (OBU) to carry out financial business under negative list approach, loosened regulations on OBU's trust business and widened the scope and category of trust investment products, which is favorable for banks to offer innovative products and service, meet more client's need and expand income resources.
- In September 2014, FSC deregulated to allow companies and their owners to open overseas accounts, with domestic branches conducting the due process of identity verification in Taiwan. It will help facilitate companies' cross- border capital allocations, and improve bank's operational efficiency.
- In December 2014, In light of potential risk of property market's downturn, FSC raised the minimum loss provision ratio up to 1.5% against loans for residential purchasing, refurbishment, and construction, from previous minimum at 1.0%, which may enhance soundness of banks' loan business.

Credit Rating

As of April, 2015

Credit Rating Institute	Credit Rating		Outlook	Publication Date (Year/Month)	Note
	Long-term	Short-term			
Moody's	A1	P-1	Stable	2015/01	Bank Financial Strength Rating: C-
S&P	A	A-1	Stable	2014/10	-
Fitch Ratings	A-	F2	Stable	2015/01	Viability Rating: a-

Yeou-Tsair Tsai

Chairman

Meei-Yeh Wei

President

Historical Overview

Mega International Commercial Bank Co., Ltd. (Mega ICBC) has come into being as a result of the merger of The International Commercial Bank of China and Chiao Tung Bank, effective on August 21, 2006. Both banks have been proud of their longtime histories of outstanding track records in our country.

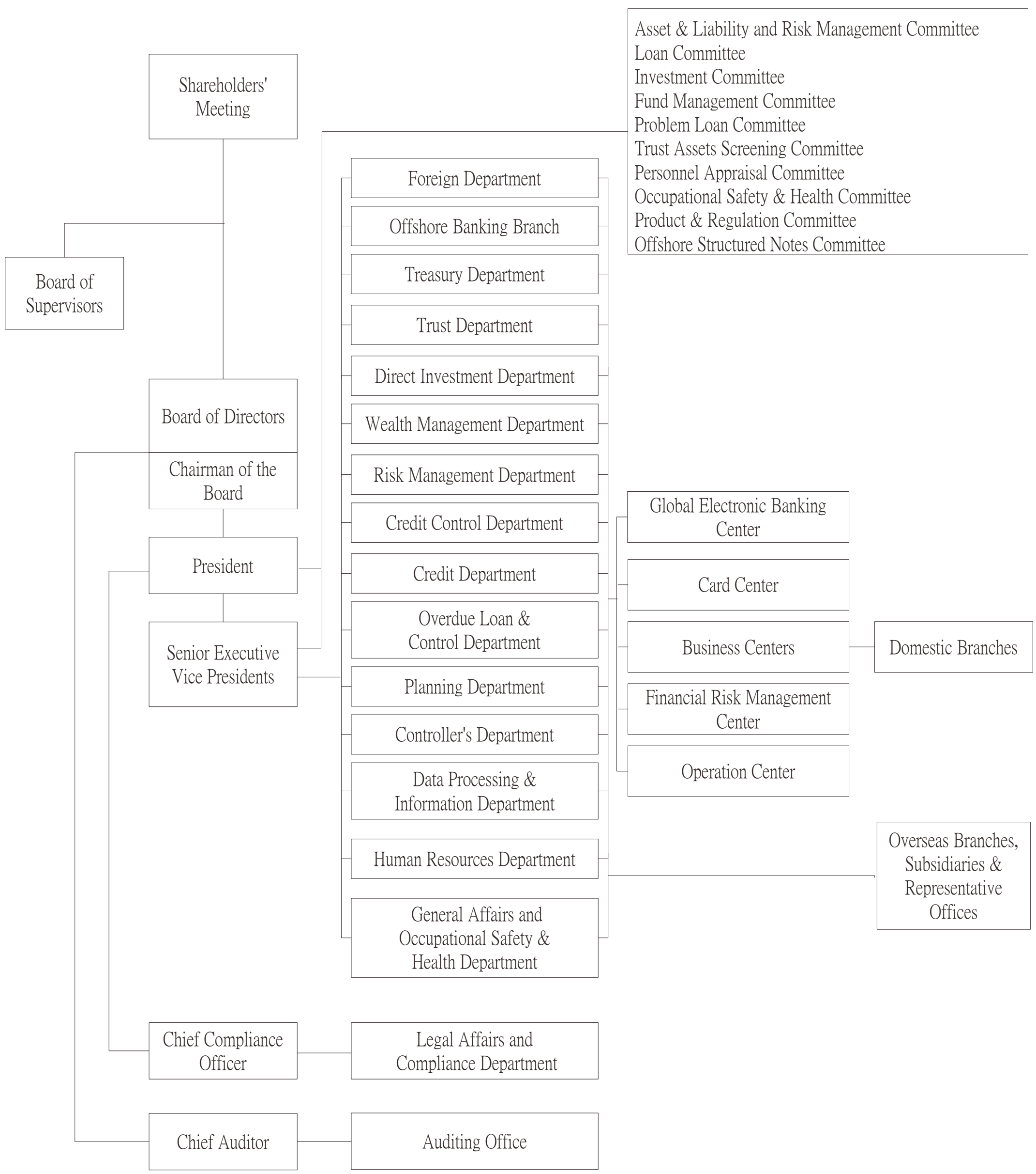
In 1971, The Bank of China was privatized to become The International Commercial Bank of China Co., Ltd. (ICBC), whose origin dates back to the Ta Ching Bank and its predecessor, the Hupu Bank (the bank under the finance arm of the imperial court in the Ching Dynasty). The Bank of China had been entrusted with the mission to serve as an agent of the Treasury and a note-issuing bank before the establishment of the Central Bank of China in 1928. The Bank of China was designated as a licensed specialized bank for international trade and foreign exchange thereafter. Taking advantage of its specialization in foreign exchange, worldwide network of outlets and correspondence banks, superb bank assets, and excellent business performance, ICBC has become a top-notch bank in the Republic of China.

Set up five years before the founding of the Republic of China, Chiao Tung Bank Co., Ltd. (CTB) had also been delegated to act as an agent of the government coffer and a note-issuing bank in concert with the Bank of China at the outset of the Republic. Transforming from a licensed bank for industries in 1928, an industrial bank in 1975, and a development bank in 1979, CTB turned from a state-controlled bank into a privately–owned one in 1999. It has engaged in loan extensions for medium- and long-term development, innovation and guidance investment (equity investment), and venture capital ever since. For years, CTB has made significant contributions to the improvement of industrial structure and the promotion of the upgrading of industry by assisting in the development of strategic and vital industries in line with the economic policy and the economic development plan of the government.

CTB and International Securities Company formed the CTB Financial Holding Company in 2002. Late on, Chung Hsing Bills Finance Corporation and Barits International Securities Company came under the financial umbrella. On December 31, 2002, Chung Kuo Insurance Company and ICBC joined forces with the Company to form a conglomerate named Mega Financial Holding Company.

With a view to enlarging the business scale and increasing the market share, ICBC and CTB formally merged into one bank under the name of Mega International Commercial Bank Co., Ltd. on August 21, 2006. By the end of 2014, the Bank has 107 branches at home, and 21 branches, 2 sub-branch, and 3 representative offices abroad. Together with the network are wholly-owned bank subsidiaries in Thailand and Canada, along with their branches, bringing the number of overseas outposts to 36 in total. It has manpower 5,430 and an aggregate paid-in capital of NT$77 billion.

Organization Chart



Directors, Supervisors & Top Management

I. Board of Directors and Supervisors

As of December 31, 2014

Title	Name	Position / Occupation
Chairman of the Board	Yeou-Tsair Tsai	Chairman of the Board Mega Financial Holding Company and Mega ICBC
Managing Director & President	Meei-Yeh Wei	President Mega Financial Holding Company and Mega ICBC
Managing Director	Jen-Hui Hsu	Professor Department of Public Policy and Management, Shih Hsin University
Managing Director	Dan-Hun Lu	Executive Vice President of Mega Financial Holding Company and Senior Executive Vice President of Mega ICBC
Independent Managing Director	Chan-Sheng Chen	Director Sunny Real Estate Management Co., Ltd.
Independent Director	Kai Ma	Independent Director Taiwan Power Company
Independent Director	Chyan-Long Jan	Dean School of Business, Soochow University
Director	Yuan-Chung Lee	Executive Consultant Grand Pacific Investment & Development Holding Company
Director	Ching-Long Lin	President Ching-Long CPAs
Director	Chen-Chia Lee	Chairman Maywufa Biopharmaceutical Ent. Group
Director	Chin-Lan Chiang Hsiao	Resident Supervisor World-League for Freedom and Democracy
Director	Chao-Hsien Lai	Chairman Mega Asset Management Company
Director	Ying-Ying Chang	Executive Vice President of Mega Financial Holding Company and Senior Executive Vice President of Mega ICBC
Director	Chiu-Fa Tsai	Assistant Vice President Mega ICBC
Resident Supervisor	Jing-Twen Chen	Professor and Dean College of Finance, Takming University of Science and Technology
Supervisor	Yung-Ming Chen	Chief Auditor Mega Financial Holding Company
Supervisor	Tsung-Chih Hsu	Deputy Chief Auditor Mega Financial Holding Company
Supervisor	Chii-Bang Wang	Chairman Mega Bills Finance Co., Ltd.
Supervisor	Jui-Ying Tsai	Vice President Treasury Department, Mega Financial Holding Company

II. Professional Qualifications and Independence Analysis of Directors and Supervisors

As of December 31, 2014

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of other public companies in which the individual is concurrently serving as an Independent Director
	Instructor or higher position in a Department of Commerce, Law, Finance, Accounting, or other academic department related to the business needs of the bank in a public or private Junior College, College, or University	Judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist, who has passed a national examination and been awarded a certificate in a profession necessary for the business of the bank	Have work experience in the areas of commerce, law, finance, accounting, or otherwise necessary for the business needs of the bank	1	2	3	4	5	6	7	8	9	10	
Yeou-Tsair Tsai			✓	✓		✓	✓			✓	✓	✓		0
Meei-Yeh Wei			✓			✓	✓			✓	✓	✓		0
Jen-Hui Hsu	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Dan-Hun Lu			✓			✓	✓	✓		✓	✓	✓		0
Chan-Sheng Chen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Kai Ma			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Chyan-Long Jan	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		3
Yuan-Chung Lee			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Ching-Long Lin		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Chen-Chia Lee			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Chin-Lan Chiang Hsiao			✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Chao-Hsien Lai			✓			✓	✓	✓		✓	✓	✓		0
Ying-Ying Chang			✓			✓	✓	✓		✓	✓	✓		0
Chiu-Fa Tsai			✓			✓	✓	✓	✓	✓	✓	✓		0
Jing-Twen Chen	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓		0
Yung-Ming Chen			✓			✓	✓			✓	✓	✓		0
Tsung-Chih Hsu			✓			✓	✓			✓	✓	✓		0
Chii-Bang Wang			✓			✓	✓	✓		✓	✓	✓		0
Jui-Ying Tsai			✓			✓	✓			✓	✓	✓		0

Note: Check ("✓") the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the fifth degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
8. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
9. Not been a person of any conditions defined in Article 30 of the Company Law.
10. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

III. Major Shareholders of the Institutional Shareholders

As of December 31, 2014

Name of the Institutional Shareholders	Top Shareholders (Percentage of Shares Ownership)
Mega Financial Holding Co., Ltd.	Ministry of Finance, R.O.C. (9.18%)
	National Development Fund, Executive Yuan, R.O.C. (6.10%)
	Fubon Life Insurance Co., Ltd. (3.25%)
	Chunghwa Post Co., Ltd. (2.78%)
	Bank of Taiwan Co., Ltd. (2.49%)
	Cathay Life Insurance Co., Ltd. (2.39%)
	China Life Insurance Co., Ltd. (1.92%)
	Vanguard Emerging Markets Stock Index Fund (1.50%)
	New Labor Pension Fund (1.48%)
	Pou Chen Corporation (1.42%)

IV. Policies for Employees' bonuses 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 Board of Directors that act on behalf of stockholders at the Board of Directors' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

Execution of Corporate Governance

I. Attendance Record

A total of thirty five meetings of the Board of Directors were held in 2014. Attendance of directors and supervisors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)
Chairman	Yeou-Tsair Tsai	34	1	97.10
Managing Director & President	Kuang-Si Shiu	18	1	94.70
Managing Director & President	Meei-Yeh Wei	34	1	97.10
Managing Director	Jen-Hui Hsu	33	2	94.30
Managing Director	Dan-Hun Lu	13	1	92.90
Independent Managing Director	Chan-Sheng Chen	34	1	97.10
Independent Director	Kai Ma	8	0	100.00
Independent Director	Chyan-Long Jan	8	0	100.00
Director	Yuan-Chung Lee	8	0	100.00
Director	Ching-Long Lin	8	0	100.00
Director	Chen-Chia Lee	2	6	25.00
Director	Chin-Lan Chiang Hsiao	8	0	100.00
Director	Chao-Hsien Lai	8	0	100.00
Director	Hung-Wen Chien	1	0	100.00
Director	Ying-Wei Peng	5	2	71.40
Director	Ying-Ying Chang	3	0	100.00
Director	Chiu-Fa Tsai	8	0	100.00
Resident Supervisor	Jing-Twen Chen	34	0	97.10
Supervisor	Yung-Ming Chen	8	0	100.00
Supervisor	Tsung-Chih Hsu	7	0	87.50
Supervisor	Chii-Bang Wang	7	0	87.50
Supervisor	Jui-Ying Tsai	8	0	100.00

Note: 1. The Bank’s directors and supervisors are appointed by the Mega Financial Holding Company.
2. None of the independent directors has a dissenting opinion or qualified opinion on the resolutions.
3. The Bank doesn’t set up an auditing committee.
4. The attendance rate is calculated as the ratio of the number of Board of Directors meetings attended to the number held during the term in office.
5. The Board of Directors has performed its duties in compliance with the related laws and regulations.

II. Corporate Governance Execution and Deviations from "Corporate Governance Best-Practice Principles for Banks" and reasons

As of December 31, 2014

Item	Execution	Deviations from the Principles and Reasons
A. Ownership Structure and Shareholders' Equity		None
1. Handling of shareholders' suggestions and disputes	• All suggestions and disputes are handled according to policies and procedures.	
2. Major shareholders of controlling stake in the bank	• Mega Financial Holding Company is the Bank's sole shareholder.	
3. Risk assessment and firewalls established against the operations with the affiliates	• The Bank's staffs, assets and management are independent of its affiliates, and follow the authority's regulations.	
B. Organization and Responsibilities of the Board of Directors		
1. Audit, Remuneration or other Functional Committees	• None. ✓ The Bank's parent company, Mega Financial Holding Company, has set up a Remuneration Committee, by which all the bank's remuneration policies or related adjustments should be approved. ✓ Mega Financial Holding Company has established an Audit Committee, and designated supervisors in the Bank's Board. Supervisors meetings shall be convened at any time, with the attendance of the CPAs, if necessary.	
2. Evaluating the independence of the CPAs periodically	• The independence of the CPAs is evaluated while being employed.	
C. Communications with Interested Parties	• The Bank updates the list of interested parties semiannually (quarterly since 2015), and when positions alter. • The Bank processes customer claim and support through direct customer service line. • An internal discussion forum is provided for all staffs, accessible at any time.	
D. Disclosure of Information		
1. Setting up a corporate website to disclose information regarding the bank's financials, business and governance status	• The Bank maintains an official website (https://www.megabank.com.tw) in both Chinese and English version; on which latest information, including credit ratings, annual report, and corporate governance are available.	
2. Other information disclosure channels	• The spokesperson system has been established and fully implemented. • Investor conference is held by Mega Financial Holding Company, the sole shareholder of the Bank.	

<table>
<tr><th>Item</th><th>Execution</th><th>Deviations from the Principles and Reasons</th></tr>
<tr><td>E. Other relevant information to facilitate better understanding of the Bank's Corporate Governance practices:</td><td>• Employee rights:
✓ The Bank has signed collective contracts regarding working conditions with its labor union.
✓ The Bank has established a Personnel Appraisal Committee, and an Occupational Safety& Health Committee, to supervise appraisal of employees and safety of working environment.
• As per Rules and Procedures of shareholders meeting of the bank, interested parties with respect to proposals shall recuse themselves from discussions or voting to avoid the conflict of interest.
• Professional training of Directors and Supervisors :
✓ The Bank provides directors and supervisors with opportunities enhancing their professional competency. The courses already taken include "Risk Management", "Corporate Governance", and so forth.
• Risk management policies:
✓ Complying with the Banking Act and other competent authorities' regulations, evaluating operational risk, the Bank has established risk management policies, guidelines and risk tolerance of every category of businesses, to secure soundness of the bank's operation.
✓ To ensure effective practices of risk management policies, several committees established under the management convene meetings regularly, reviewing relevant agendas, adjusting risk control measures in a timely manner. The abovementioned committees are Asset & Liability and Risk Management, Loan, Investment, Fund Management, Problem Loan, Trust Assets Screening, Personnel Appraisal, Occupational Safety & Health, Product & Regulation, and Offshore Structured Notes Committee.
✓ The status of risk control operations are submitted to the bank's board, the Risk Management Committee and the board of Mega Financial Holdings Company.
• The bank has purchased professional liability insurance for all directors and supervisors.</td><td>None</td></tr>
<tr><td colspan="3">F. If the Company has implemented a self corporate governance evaluation or has authorized any other professional organization to conduct such an evaluation, the evaluation results, major deficiencies or suggestions, and improvements are stated as follows: None.</td></tr>
</table>

Capital & Shares

I. Source of Capital Stock

Unit: NT dollar; share

Year/Month	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark
		Shares	Amount (NTD)	Shares	Amount (NTD)	Source of Capital
2002/12	10	3,726,100,000	37,261,000,000	3,726,100,000	37,261,000,000	Public offering
2006/08	10	2,684,887,838	26,848,878,380	2,684,887,838	26,848,878,380	Issuance of new shares for merger
2011/10	10	389,012,162	3,890,121,620	389,012,162	3,890,121,620	Transference of un-appropriated earnings
2012/09	10	300,000,000	3,000,000,000	300,000,000	3,000,000,000	Issuance of common stock (Private placement)
2013/12	10	600,000,000	6,000,000,000	600,000,000	6,000,000,000	Issuance of common stock (Private placement)

II. Type of Stock

Unit: share

Type	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total Shares	
Ordinary Share	7,700,000,000	0	7,700,000,000	Public offering

Note: Shares have been stopped listed since the Bank joined Mega Financial Holding Company on December 31, 2002.

III. Structure of Shareholders

As of December 31, 2014

	Government Agencies	Financial Institutions	Other Juridical Person	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders			1			1
Shareholding (shares)			7,700,000,000			7,700,000,000
Percentage (%)			100.00			100.00

Note: 100% shares are held by Mega Financial Holding Company.

IV. List of Major Shareholders

As of December 31, 2014

Shareholder’s Name	Shareholdings	
	Shares	Percentage
Mega Financial Holding Co., Ltd.	7,700,000,000	100.00%

Other Fund-Raising Activities

I. Issuance of preferred shares, global depository receipts, and employee share subscription warrants:

None.

II. Mergers, acquisitions, and issuance of new shares due to acquisition of shares of other companies:

None.

Capital Allocation Plan

Year	2014
Description of Capital Allocation Plan	The Bank applied for issuance of US$500 million dollar-denominated unsecured senior bond, to be issued within one year, and the plan was approved by Financial Supervisory Commission on October 20, 2014.
Purpose of Capital Allocation Plan	To diversity funding sources, amplify capital structure, and control liquidity risk.
Publication of the Plan	The information of the capital allocation plan was published to Market Observation Post System on September 26, 2014.
Implementation of Plan	The bank issued 20-year and 30-year unsecured senior bond, each at US$250 million on November 19 ,2014, the fund raised was used as planned in investment and loan business.
Comparison of actual benefits with expected benefits	The goal of solidifying capital structure was achieved as planned.

Business Activities

I. Business Scope: Commercial banking, including a wide range of services indicated as following:

1. Domestic Branches
    - ♦ Deposits
    - ♦ Loans & Guarantees
    - ♦ Documentary Credits
    - ♦ Remittance & Bill Purchase
    - ♦ Offshore Banking
    - ♦ Trust Business
    - ♦ Foreign Exchange Trading
    - ♦ Safety Boxes Services
    - ♦ Consumer Banking
    - ♦ U Card, VISA Card, MasterCard, JCB Card
    - ♦ Consignment Securities
    - ♦ Agency Services
    - ♦ Money Market Securities
    - ♦ Agency for selling gold, silver, gold/silver coins, Gold Deposit Account
    - ♦ Electronic Banking
    - ♦ Investment Banking

2. Overseas Branches
    - ♦ Deposits
    - ♦ Loans & Guarantees
    - ♦ Documentary Credits
    - ♦ Remittance & Bill Purchase
    - ♦ Foreign Exchange Trading
    - ♦ Loans Backed by the Overseas Chinese Credit Guarantee Fund
    - ♦ Trading Consulting Services
    - ♦ Warehousing Services

II. Distribution of Mega ICBC's Net Operating Income

As of December 31, 2014

Item	Amount (thousands in NT dollars)	As percentage of Net Operating Income (%)
NET INTEREST INCOME	34,734,324	68.54
NON-INTEREST INCOME	15,946,208	31.46
Fee Income – net	8,176,153	16.13
Gains on Financial Assets and Liabilities at Fair Value through Profit or Loss	1,334,300	2.63
Realized Gain on Available-for-Sale Financial Assets	1,276,657	2.52
Investment Income Recognized by the Equity Method	3,198,313	6.31
Foreign Exchange Gain – net	-217,087	-0.43
Loss on Asset Impairment	410,758	0.81
Other Non-interest Income	464,731	0.92
Gain on Financial Assets Carried at Cost	594,855	1.17
Gain on Sales of Non-Performing Loans	707,528	1.40
NET OPERATING INCOME	50,680,532	100.00

Taiwanese Banking Industry & Market Overview

In 2014, domestic banks reported a record high of pretax profits exceeding NT$300 billion. Non-performing loan ratio of domestic banks stood at 0.25% at the yearend, drop from the previous year's 0.38%, while coverage ratio rose from 319.18% to 516.38% at the same period. This suggests that domestic banks may be able to cope with the losses resulting from bad loans better, if any.

Domestic banks' total loans increased at the annual rate of 4.56%, in 2014, up from previous year's 2.98%, according to Financial Statistics issued by Central Bank of China (Taiwan). By sectors, lending to private enterprises increased 5.49% to NT$9.39 trillion, attributed to medium & small corporates' solid loan demand and the surging need in foreign currency loan. Among consumer loans, house-purchasing loans stood at NT$5.87 trillion, 3.90% more than that of the previous year, and loans for construction increased 8.66% to NT$1.62 trillion, accelerated from previous year's 1.83%.

To reinforce growth momentum, raise competitiveness, and follow FSC's strategy in the establishment of a regional financial group, Taiwanese banks continued to expand overseas service networks, especially in China and Southeast Asian countries by setting up new branches, equity participation, or merger& acquisition, which suggest diversifying business models Taiwanese banks may offer in the future. On the other hand, when envisioning new business opportunities derived from Bank 3.0 era and Big Data, banks proactively promoted digital financial service, including Third Party Payment and cross border trade platform.

I. Positive Factors

- As Taiwan economic prospects brighten, semiconductor manufacturers and technology firms outlooks improve, which are positive for the expansion of banking business.
- Authorities have deregulated banking business on a considerable scale, which could broaden scopes of financial service and products, and increase income resources.
- Taiwanese banks which have built up strong franchise and dense service networks in Southeast Asia, will benefit from the burgeoning financing need in the region, thus overseas income growth is forecasted to accelerate.

II. Negative Factors

- Domestic financial market's competition remains fierce, which constraints loan spread broadening, and limited profit growth; more non-financial institutions have stepped into payment service, posing threats to banks' conventional business models.
- While real estate market is gradually cooling down, there is little room for related loan business to expand, along with rising credit risk.
- Given domestics banks' high exposure toward China, diminished Chinese growth momentum and tougher operating environment could curb overseas earning growth, and erode asset quality.

III. Winning Strategies

- Examining current loan pricing strategy to broaden net interest margin.
- Participating in international syndicate loan, expanding offshore banking business, deepening global presence to raise profitability.
- In view of information technology advances ushering in transformation of financial service, the bank shall encourage innovation, and promote new digital financial service.

IV. Mega ICBC's Niche

- Mega ICBC is irreplaceable in terms of foreign remittances, and it enjoys competitive edge in foreign exchange business. For example, the Bank's New York Branch is the only Taiwanese bank that simultaneously participates in CHIPS, Fedwire, and ACH as a member bank.
- Mega ICBC can raise funds at relatively cheap cost on the international market because of its superb asset quality and the best credit ratings of domestic banks.
- Mega ICBC owns expansive global presence, and international banking expertise, enhancing the bank's diversification and profitability.
- Mega ICBC maintains the highest foreign deposit balance among domestic banks ever since.

Human Resources Profile

		As of December 31,	
		2014	2013
Number of Employees	Domestic	4,923	4,886
	Overseas	507	495
	Total	5,430	5,381
Average Age		42.81	42.76
Average Years of Services		16.97	16.90
Education	Ph.D.	2	2
	Master's Degree	1,101	1,042
	Bachelor's Degree	4,038	4,031
	Senior High School	260	275
	Below Senior High School	29	31

Social Responsibility

The International Commercial Bank of China Cultural and Educational Foundation was founded in 1992 by the International Commercial Bank of China Co., Ltd. (Note: The corporate name was changed into Mega International Commercial Bank Co., Ltd. after merger with Chiao Tung Bank on August 21, 2006.) The Foundation is dedicated to the service of the social vulnerable and disadvantaged groups, as well as promotion of cultural and educational events.

Condensed Consolidated Balance Sheets

Unit: Thousands in NT dollars

Item	As of December 31,	
	2014	2013
Cash and Cash Equivalents, and Due from the Central Bank and Call Loans to Banks	630,393,612	546,392,628
Financial Assets at Fair Value through Profit or Loss	43,697,047	44,481,040
Available-for-Sale Financial Assets – net	187,345,276	184,449,844
Securities Purchased under Resale Agreements	5,850,332	5,451,889
Accounts Receivable – net	171,053,943	159,597,172
Current Tax Assets	522,877	
Bills Discounted and Loans – net	1,733,994,271	1,654,577,193
Held-to-Maturity Financial Assets – net	161,795,040	182,739,356
Investments Accounted for by the Equity Method – net	2,835,086	2,781,252
Other Financial Assets – net	13,650,563	13,289,210
Property and Equipment	14,502,322	14,519,251
Investment Property	671,195	673,875
Deferred Tax Assets – net	3,641,687	3,452,230
Other Assets – net	5,054,695	7,179,530
Total Assets	2,975,007,946	2,819,584,470
Due to the Central Bank and Commercial Banks	461,696,712	471,876,730
Borrowed Funds	53,906,541	32,330,245
Financial Liabilities at Fair Value through Profit or Loss	27,345,358	13,867,052
Securities Sold under Repurchase Agreements	50,189,662	46,532,108
Payables	36,102,125	39,266,610
Current Tax Liabilities	7,281,687	5,120,725
Deposits and Remittances	2,038,661,855	1,937,157,459
Financial Bonds Payable	50,200,000	43,900,000
Other Financial Liabilities	9,021,046	8,448,409
Provisions	10,120,221	10,509,137
Deferred Tax Liabilities	2,143,376	2,037,961
Other Liabilities	9,552,549	7,668,909
Total Liabilities	2,756,221,132	2,618,715,345
Equity Attributable to Owners of The Parent Company	218,786,814	200,869,125
Capital Stock	77,000,000	77,000,000
Capital Reserve	46,498,007	46,499,431
Retained Earnings	92,498,943	77,709,261
Other Equity	2,789,864	(339,567)
Total Equity	218,786,814	200,869,125

Condensed Consolidated Statements of Comprehensive Income

Unit: Thousands in NT dollars

Item	2014	2013
Interest Revenue	53,449,800	43,976,900
Less: Interest Expense	18,153,235	13,759,519
Net Interest Income	35,296,565	30,217,381
Net Non-Interest Income	15,869,712	15,545,785
Net Operating Income	51,166,277	45,763,166
Provision for Loan Losses and Guarantee Reserve	2,249,430	5,454,163
Operating Expenses	18,672,065	18,308,664
Consolidated Income from Continuing Operations Before Income Tax	30,244,782	22,000,339
Income Tax Expense	4,271,482	3,194,301
Consolidated Net Income	25,973,300	18,806,038
Total Other Comprehensive Income (After Income Tax)	3,110,813	191,577
Total Comprehensive Income	29,084,113	18,997,615

Major Financial Analysis

Item		Consolidated		Standalone	
		2014	2013	2014	2013
Financial Structure	Total Liabilities to Total Assets (%)	92.54	92.75	92.50	92.71
	Property and Equipment to Total Shareholders' Equity (%)	6.63	7.23	6.61	7.21
Solvency	Liquidity Reserve Ratio (%)	21.53	21.94	21.53	21.94
Operating Performance Analysis	Loans to Deposits Ratio (%)	86.34	86.87	85.91	86.50
	NPL Ratio (%)	0.07	0.18	0.06	0.16
	Total Assets Turnover (Number of Times)	0.02	0.02	0.02	0.02
	Average Profit per Employee (Thousands in NT dollars)	4,638	3,393	4,783	3,495
Profitability Analysis	Return on Tier 1 Capital (%)	15.18	12.19	15.38	12.34
	ROA (%)	0.90	0.71	0.90	0.72
	ROE (%)	12.38	9.96	12.38	9.96
	Net Income to Net Operating Income (%)	50.76	41.09	51.25	41.48
	Earnings per Share (NT dollars)	3.37	2.64	3.37	2.64
	Cash Dividends per Share (NT dollars)	1.44	1.45	1.44	1.45
	Shareholders' Equity per Share Before Appropriation (NT dollars)	28.41	26.09	28.41	26.09
Capital Adequacy Ratio (%)		11.95	11.26	11.76	11.07

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Mega International Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries as of December 31, 2014 and December 31, 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 "Rules 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated 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 consolidated financial position of Mega International Commercial Bank Co., Ltd. and its subsidiaries as of December 31, 2014 and December 31, 2013, and their financial performance and cash flows for the years ended December 31, 2014 and 2013 in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations as endorsed by the Financial Supervisory Commission (FSC).

The Bank's consolidated financial statements as of and for the year ended December 31, 2014 expressed in US dollars were translated from the New Taiwan dollar consolidated financial statements using the exchange rate of US$1:NT$31.663 at December 31, 2014 solely for the convenience of the readers. This basis of translation is not in accordance with generally accepted accounting principles in the Republic of China.

PricewaterhouseCoopers Taiwan

March 20, 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.

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MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF DOLLARS)

		December 31, 2014		December 31, 2013	January 1, 2013
ASSETS	NOTES	NT$	US$	NT$	NT$
ASSETS			(Unaudited-Note 4)		
CASH AND CASH EQUIVALENTS	6(1) and 11(3)	$ 164,407,531	$ 5,192,418	$ 153,233,392	$ 85,360,867
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	6(2) and 11(3)	465,986,081	14,717,054	393,159,236	371,330,137
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	6(3) and 12	43,697,047	1,380,066	44,481,040	40,617,109
SECURITIES PURCHASED UNDER RESALE AGREEMENTS		5,850,332	184,769	5,451,889	4,428,875
RECEIVABLES - NET	6(4)(5)	171,053,943	5,402,329	159,597,172	102,668,818
CURRENT TAX ASSETS	6(34)	522,877	16,514	-	-
BILLS DISCOUNTED AND LOANS - NET	6(5) and 11(3)	1,733,994,271	54,764,055	1,654,577,193	1,502,700,861
AVAILABLE-FOR-SALE FINANCIAL ASSETS - NET	6(6) and 12	187,345,276	5,916,852	184,449,844	133,617,834
HELD-TO-MATURITY FINANCIAL ASSETS - NET	6(7) and 12	161,795,040	5,109,909	182,739,356	159,207,720
INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD - NET	6(8)	2,835,086	89,539	2,781,252	3,129,828
OTHER FINANCIAL ASSETS - NET	6(5)(9)	13,650,563	431,120	13,289,210	14,709,456
PROPERTY AND EQUIPMENT	6(10) and 11(3)	14,502,322	458,021	14,519,251	14,713,895
INVESTMENT PROPERTY	6(11) and 11(3)	671,195	21,198	673,875	781,955
DEFERRED TAX ASSETS-NET	6(34)	3,641,687	115,014	3,452,230	2,788,680
OTHER ASSETS - NET	6(12)	5,054,695	159,640	7,179,530	7,202,125
TOTAL ASSETS		$ 2,975,007,946	$ 93,958,498	$ 2,819,584,470	$ 2,443,258,160
LIABILITIES AND EQUITY					
LIABILITIES					
DUE TO THE CENTRAL BANK AND COMMERCIAL BANKS	6(13) and 11(3)	$ 461,696,712	$ 14,581,584	$ 471,876,730	$ 313,849,493
BORROWED FUNDS	6(14) and 11(3)	53,906,541	1,702,509	32,330,245	84,826,943
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	6(15)	27,345,358	863,638	13,867,052	14,135,970
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	6(3)(6)(7) and 13	50,189,662	1,585,120	46,532,108	17,364,464
PAYABLES	6(16) and 11(3)	36,102,125	1,140,199	39,266,610	36,595,747
CURRENT TAX LIABILITIES	6(34) and 11(3)	7,281,687	229,975	5,120,725	4,712,271
DEPOSITS AND REMITTANCES	6(17) and 11(3)	2,038,661,855	64,386,251	1,937,157,459	1,719,343,488
FINANCIAL BONDS PAYABLE	6(18)	50,200,000	1,585,447	43,900,000	43,900,000
OTHER FINANCIAL LIABILITIES	6(20)	9,021,046	284,908	8,448,409	9,788,365
PROVISIONS	6(19) and 11(3)	10,120,221	319,623	10,509,137	9,970,905
DEFERRED TAX LIABILITIES	6(34)	2,143,376	67,693	2,037,961	1,687,169
OTHER LIABILITIES	6(21)	9,552,549	301,694	7,668,909	10,155,238
TOTAL LIABILITIES		2,756,221,132	87,048,641	2,618,715,345	2,266,330,053
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY					
SHARE CAPITAL					
CAPITAL STOCK	6(22)	77,000,000	2,431,861	77,000,000	71,000,000
CAPITAL RESERVE	6(22)	46,498,007	1,468,528	46,499,431	37,261,028
RETAINED EARNINGS			-		
LEGAL RESERVE	6(22)	58,483,334	1,847,056	52,841,523	47,041,482
SPECIAL RESERVE	6(22)	3,822,741	120,732	3,997,433	4,881,421
UNDISTRIBUTED EARNINGS	6(23)	30,192,868	953,569	20,870,305	17,750,013
OTHER EQUITY	6(24)	2,789,864	88,111	(339,567)	(1,005,837)
TOTAL EQUITY		218,786,814	6,909,857	200,869,125	176,928,107
TOTAL LIABILITIES AND EQUITY		$ 2,975,007,946	$ 93,958,498	$ 2,819,584,470	$ 2,443,258,160

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

		For the years ended December 31,		
		2014		2013
	NOTES	NT$	US$ (Unaudited-Note 4)	NT$
INTEREST REVENUE	6(25) and 11(3)	$ 53,449,800	$ 1,688,084	$ 43,976,900
LESS:INTEREST EXPENSE	6(25) and 11(3)	(18,153,235)	(573,327)	(13,759,519)
NET INTEREST INCOME		35,296,565	1,114,757	30,217,381
NON-INTEREST INCOME				
FEE INCOME - NET	6(26) and 11(3)	8,253,647	260,672	8,103,296
GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	6(27)	1,369,008	43,237	1,293,976
REALIZED GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	6(28)	1,276,657	40,320	1,290,950
FOREIGN EXCHANGE GAIN - NET		3,238,975	102,295	2,917,104
LOSS ON ASSET IMPAIRMENT	6(29)	(217,087)	(6,856)	(319,209)
INVESTMENT INCOME RECOGNIZED BY THE EQUITY METHOD	6(8)	144,359	4,559	210,429
OTHER REVENUE OTHER THAN INTEREST INCOME	6(30)	501,770	15,847	952,264
GAIN ON FINANCIAL ASSETS CARRIED AT COST		594,855	18,787	633,054
GAIN ON SALE OF NON-PERFORMING LOANS	11(3) and 17	707,528	22,346	463,921
NET OPERATING INCOME		51,166,277	1,615,964	45,763,166
PROVISION FOR LOAN LOSSES AND GUARANTEE RESERVE	6(5)(19)	(2,249,430)	(71,043)	(5,454,163)
OPERATING EXPENSES				
EMPLOYEE BENEFITS EXPENSES	6(31) and 11(3)	(12,459,204)	(393,494)	(12,501,867)
DEPRECIATION AND AMORTIZATION	6(32)	(510,921)	(16,136)	(575,016)
OTHER GENERAL AND ADMINISTRATIVE EXPENSES	6(33) and 11(3)	(5,701,940)	(180,082)	(5,231,781)
CONSOLIDATED INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX		30,244,782	955,209	22,000,339
INCOME TAX EXPENSE	6(34)	(4,271,482)	(134,905)	(3,194,301)
CONSOLIDATED NET INCOME		25,973,300	820,304	18,806,038
OTHER COMPREHENSIVE INCOME				
CUMULATIVE TRANSLATION DIFFERENCES OF FOREIGN OPERATIONS	6(24)	1,439,923	45,477	14,825
UNREALIZED GAIN ON VALUATION OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	6(24)	1,657,030	52,333	721,106
ACTUARIAL GAIN (LOSS) ON DEFINED BENEFIT PLAN	6(19)	(22,431)	(708)	(571,919)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD	6(24)	32,478	1,026	(69,661)
INCOME TAX RELATING TO THE COMPONENTS OF OTHER COMPREHENSIVE INCOME	6(34)	3,813	120	97,226
TOTAL OTHER COMPREHENSIVE INCOME (AFTER INCOME TAX)		3,110,813	98,248	191,577
TOTAL COMPREHENSIVE INCOME		$ 29,084,113	$ 918,552	$ 18,997,615
CONSOLIDATED NET INCOME ATTRIBUTABLE TO：				
OWNERS OF PARENT		$ 25,973,300	$ 820,304	$ 18,806,038
CONSOLIDATED COMPREHENSIVE INCOME ATTRIBUTABLE TO：				
OWNERS OF PARENT		$ 29,084,113	$ 918,552	$ 18,997,615
CONSOLIDATED EARINGS PER SHARE				
BASIC AND DILUTED EARNINGS PER SHARE (IN DOLLARS)	6(35)	$ 3.37	$ 0.11	$ 2.64

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF DOLLARS)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
			RETAINED EARNINGS			OTHER EQUITY		
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Differences of Foreign Operations	Unrealized Gain on Valuation of Available-For -Sale Financial Assets	Total
For the year ended December 31, 2013 (NT Dollars)								
Balance, January 1, 2013	$ 71,000,000	$ 37,261,028	$ 47,041,482	$ 4,881,421	$ 17,750,013	($ 918,398)	($ 87,439)	$ 176,928,107
Appropriations of 2012 earnings								
Cash dividends	-	-	-	-	(10,295,000)	-	-	(10,295,000)
Legal reserve	-	-	5,800,041	-	(5,800,041)	-	-	-
Reversal of special reserve	-	-	-	(850,858)	850,858	-	-	-
Issuance of common stock, 2013	6,000,000	9,000,000	-	-	-	-	-	15,000,000
Special reserve reversed under the regulations of the country where the oversea branch is located	-	-	-	(7,701)	7,701	-	-	-
Special reserve reversed for the sale of property, equipment, and investment property	-	-	-	(25,429)	25,429	-	-	-
Share-based payment transactions	-	238,403	-	-	-	-	-	238,403
Profit for the year of 2013	-	-	-	-	18,806,038	-	-	18,806,038
Other comprehensive income for the year of 2013	-	-	-	-	(474,693)	17,691	648,579	191,577
Balance, December 31, 2013	$ 77,000,000	$ 46,499,431	$ 52,841,523	$ 3,997,433	$ 20,870,305	($ 900,707)	$ 561,140	$ 200,869,125

(Continued)

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(EXPRESSED IN THOUSANDS OF DOLLARS)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
			RETAINED EARNINGS			OTHER EQUITY		
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Differences of Foreign Operations	Unrealized Gain on Valuation of Available-For-Sale Financial Assets	Total
For the year ended December 31, 2014 (NT Dollars)								
Balance, January 1, 2014	$ 77,000,000	$ 46,499,431	$ 52,841,523	$ 3,997,433	$ 20,870,305	($ 900,707)	$ 561,140	$ 200,869,125
Appropriations of 2013 earnings								
Cash dividends	-	-	-	-	(11,165,000)	-	-	(11,165,000)
Legal reserve	-	-	5,641,811	-	(5,641,811)	-	-	-
Reversal of special reserve	-	-	-	(174,692)	174,692	-	-	-
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(1,424)	-	-	-	-	-	(1,424)
Profit for the year of 2014	-	-	-	-	25,973,300	-	-	25,973,300
Other comprehensive income for the year of 2014	-	-	-	-	(18,618)	1,450,730	1,678,701	3,110,813
Balance, December 31, 2014	$ 77,000,000	$ 46,498,007	$ 58,483,334	$ 3,822,741	$ 30,192,868	$ 550,023	$ 2,239,841	$ 218,786,814
For the year ended December 31, 2014 (US Dollars-Unaudited Note 4)								
Balance, January 1, 2014	$ 2,431,861	$ 1,468,573	$ 1,668,873	$ 126,249	$ 659,139	($ 28,447)	$ 17,722	$ 6,343,970
Appropriations of 2013 earnings								-
Cash dividends	-	-	-	-	(352,620)	-	-	(352,620)
Legal reserve	-	-	178,183	-	(178,183)	-	-	-
Reversal of special reserve	-	-	-	(5,517)	5,517	-	-	-
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(45)	-	-	-	-	-	(45)
Profit for the year of 2014	-	-	-	-	820,304	-	-	820,304
Other comprehensive income for the year of 2014	-	-	-	-	(588)	45,818	53,018	98,248
Balance, December 31, 2014	$ 2,431,861	$ 1,468,528	$ 1,847,056	$ 120,732	$ 953,569	$ 17,371	$ 70,740	$ 6,909,857

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
CASH FLOWS FROM OPERATING ACTIVITIES		(unaudited -Note 4)	
Consolidated income before income tax	$ 30,244,782	$ 955,209	$ 22,000,339
Adjustments to reconcile consolidated income before tax to net cash provided by operating activities			
Income and expenses having no effect on cash			
Provision for loan losses and guarantee reserve	2,249,430	71,043	5,454,163
Depreciation	508,590	16,062	565,794
Amortization	2,331	74	9,222
Interest income	(53,449,800)	(1,688,084)	(43,976,900)
Dividend income	(1,016,306)	(32,098)	(907,413)
Interest expense	18,153,235	573,327	13,759,519
Investment income recognized by the equity method	(144,359)	(4,559)	(210,429)
Gain on disposal of property and equipment	(1,264)	(40)	(440,452)
Gain on disposal of foreclosed properties	(42,283)	(1,335)	-
Loss on asset impairment	217,087	6,856	319,209
Loss on retirement of property and equipment	79	2	1,266
Share-based payment	-	-	231,739
Changes in assets/liabilities relating to operating activities		-	
Decrease in due from the Central Bank and call loans to banks	10,792,527	340,856	558,711
Decrease (increase) in financial assets at fair value through profit or loss	783,993	24,761	(3,863,931)
Increase in receivables	(11,497,005)	(363,105)	(55,004,522)
Increase in bills discounted and loans	(80,774,453)	(2,551,068)	(158,405,219)
Increase in available-for-sale financial assets	(1,439,555)	(45,465)	(50,504,742)
Decrease (increase) in held-to-maturity financial assets	20,944,316	661,476	(23,531,636)
Decrease (increase) in other financial assets	(608,763)	(19,226)	1,415,229
Decrease in other assets	2,098,902	66,289	13,373
Decrease (increase) in due to the Central Bank and commercial banks	(10,180,018)	(321,511)	158,027,237
Increase (decrease) in financial liabilities at fair value through profit or loss	13,478,306	425,680	(268,918)
Increase in securities sold under repurchase agreements	3,657,554	115,515	29,167,644
Decrease (increase) in payables	(1,700,111)	(53,694)	3,161,706
Increase in deposits and remittances	101,504,396	3,205,773	217,813,971
Increase (decrease) in other financial liabilities	572,637	18,085	(1,339,956)
Decrease (increase) in reserve for employee benefit liabilities	(30,662)	(968)	550,290
Increase (decrease) in other liabilities	2,099,784	66,317	(1,997,223)
Decrease in deposits received	(223,468)	(7,058)	(488,027)
Interest received	53,000,327	1,673,888	43,037,803
Dividend received	1,152,252	36,391	1,151,713
Interest paid	(17,912,701)	(565,730)	(13,639,741)
Income tax paid	(4,440,992)	(140,258)	(4,184,142)
Net cash provided by operating activities	77,998,788	2,463,405	138,475,677
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of investments accounted for by the equity method	56,467	1,783	251,931
Proceeds from disposal of property and equipment	1,315	42	2,473
Acquisitions of property and equipment	(315,243)	(9,956)	(306,869)
Proceeds from sale of investment property	-	-	619,590
Proceeds from disposal of foreclosed properties	65,885	2,081	-
Net cash (used in) provided by investing activities	(191,576)	(6,050)	567,125
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in borrowed funds	21,576,296	681,436	(52,496,698)
Increase in financial bonds payable	6,300,000	198,970	-
Payments of cash dividends and bonus	(11,165,000)	(352,620)	(10,295,000)
Proceeds from issuance of common stock	-	-	15,000,000
Net cash provided by (used in) financing activities	16,711,296	527,786	(47,791,698)
EFFECT OF EXCHANGE RATE CHANGES	1,423,817	44,968	32,245
NET INCREASE IN CASH AND CASH EQUIVALENTS	95,942,325	3,030,109	91,283,349
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	309,025,061	9,759,816	217,741,712
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 404,967,386	$ 12,789,925	$ 309,025,061
CASH AND CASH EQUIVALENTS COMPOSITION:			
Cash and cash equivalents shown in consolidated balance sheet	$ 164,407,531	$ 5,192,418	$ 153,233,392
Due from the central bank and call loans to bank meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	234,709,523	7,412,738	150,339,780
Securities purchased under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	5,850,332	184,769	5,451,889
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 404,967,386	$ 12,789,925	$ 309,025,061

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

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(EXPRESSED IN THOUSANDS OF DOLLARS)

1. ORGANIZATION AND OPERATIONS

(1) Mega International Commercial Bank Co., Ltd. (the "Bank"; formerly The International Commercial Bank of China Co., Ltd.) was reorganized on December 17, 1971 in accordance with the "Law for International Commercial Bank of China" as announced by the President of the Republic of China (R.O.C.) (which was then abolished in December, 2005) and other related regulations. As of December 31, 2002, the Bank became an unlisted wholly owned subsidiary of Mega Financial Holding Co. Ltd., through a share swap transaction. With the view to enlarging business scale and increasing market share, the Bank entered into a merger agreement with Chiao Tung Bank Co., Ltd. on August 21, 2006, the effective date of the merger. The Bank was later renamed Mega International Commercial Bank Co., Ltd. Mega Financial Holding Co., Ltd. holds 100% equity interest in the Bank and is the Bank's ultimate parent company.

(2) The Bank engages in the following operations: (a) commercial banking operations authorized by the R.O.C. Banking Law; (b) foreign exchange and related operations; (c) import and export financing and guarantees; (d) financial operations related to international trade; (e) trust operations; (f) investment services on consignments by clients; (g) loan operations, including mid-term to long-term development loan and guarantee operations; (h) venture capital activities; and (i) other related operations approved by the R.O.C. government.

(3) The Bank's business and operations are widely managed by the head office. The Bank expands its network by opening branches at key locations in both domestic and foreign markets. The Bank was incorporated as company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). As of December 31, 2014, the Bank had 107 domestic branches, 21 overseas branches, 2 overseas sub-branches, and 3 overseas representative offices.

(4) The Trust Department of the Bank is primarily responsible for planning, management and operation of trust investment businesses regulated by the R.O.C. Banking Law.

(5) As of December 31, 2014 and 2013, the Bank and its subsidiaries had 5,600 and 5,542 employees, respectively.

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 20, 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 Bank and its subsidiaries

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued on April 3, 2014,commencing 2015, companies shall adopt the 2013 version of IFRSs (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Public Banks" 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
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	July 1, 2010
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	July 1, 2011
Government loans (amendment to IFRS 1)	January 1, 2013
Disclosures－Transfers of financial assets (amendment to IFRS 7)	July 1, 2011
Disclosures－Offsetting financial assets and financial liabilities (amendment to IFRS 7)	January 1, 2013
IFRS 10, 'Consolidated financial statements'	January 1, 2013 (Investment entities: January 1, 2014)
IFRS 11,'Joint arrangements'	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	January 1, 2013
IFRS 13, 'Fair value measurement'	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	July 1, 2012
Deferred tax: recovery of underlying assets (amendment to IAS 12)	January 1, 2012
IAS 19 (revised), 'Employee benefits'	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	January 1, 2013
IAS 28,'Investments in associates and joint ventures'(as amended in 2011)	January 1, 2013

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Offsetting financial assets and financial liabilities (amendment to IAS 32)	January 1, 2014
IFRIC 20,'Stripping costs in the production phase of a surface mine'	January 1, 2013
Improvements to IFRSs 2010	January 1, 2011
Improvements to IFRSs 2009－2011	January 1, 2013

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

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

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognized immediately in other comprehensive income. Past service cost will be recognized immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, 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 Bank expected to recognize previously unrecognized past service cost. As of January 1, 2014, the Bank increased employee benefit liabilities by NT$353,921 thousand, deferred tax assets by NT$60,167 thousand and decreased retained earnings by NT$293,754 thousand. As of December 31, 2014, the Bank decreased employee benefit liablilities by NT$20,942 thousand and deferred tax assets by NT$3,560 thousand. The Bank decreased operating expenses by NT$20,942 thousand and increased income tax expense by NT$3,560 thousand for 2014.

B. IAS 1, 'Presentation of financial statements'

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

C. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. Also, the standard requires disclosures about fair value measurements. Based on the Bank and its subsidiaries' assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Bank and its subsidiaries will disclose additional information about fair value measurements accordingly.

D. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Bank and its subsidiaries will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

E. 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 Bank and its subsidiaries' assessment, the adoption of the amendment will require the Banks and its subsidiaries to include qualitative and quantitative disclosures for all transferred financial assets.

F. Disclosure - Offsetting Financial Assets and Financial Liabilities (amendment to IFRS 7)

The amendment requires entities to disclose information that will allow financial statement users to evaluate the effect or potential effect of netting arrangement at the reporting date. These disclosures are applicable to recognized financial instruments subject to enforceable master netting arrangements and similar agreements (even if they are not set off under IAS 32).

Based on the Bank and its subsidiaries' assessment, the adoption of the amendment will strengthen qualitative and quantitative disclosure for enforceable master netting arrangements and similar agreements.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2017
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions(amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting(amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

For the above items, the Bank and its subsidiaries are assessing their impact on the consolidated financial statements and will disclose the affected amounts accordingly.

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 financial statements of the Bank have been prepared in accordance with the "Regulations Governing the Preparation 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 "IFRSs").

(2) Basis for preparation

Except for financial assets and financial liabilities (including derivative instruments) at fair value, defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized past service cost and unrecognized actuarial losses, and less unrecognized actuarial gains and present value of defined benefit obligation, and available-for-sale financial assets measured at fair value, these consolidated financial statements have been prepared under the historical cost convention.

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

The management has to make certain significant accounting estimates based on their professional judgment and decide the accounting policy according to the IFRSs as endorsed by the FSC. Any change in the assumption could result in a significant change in the financial statements. The management of the Bank and its subsidiaries believes that the assumptions used in the consolidated statements are appropriate. For highly complicated matters, matters requiring high level of judgment, significant judgment that could have an impact on the consolidated financial statements and estimate of uncertain resource, please refer to Note 5 for further details.

(3) Basis for preparation of consolidated financial statements

A. The accompanying consolidated financial statements of the Bank and its subsidiaries are prepared in conformity with the "Regulations Governing the Preparation of Financial Reports by Public Banks". The Bank and its subsidiaries prepares the consolidated financial statements by aggregating the Bank and its subsidiaries' assets, liabilities, revenues and gains, and expenses and losses accounts, which have been eliminated versus owners' equity during the consolidation. In addition, the Bank and its subsidiaries' financial statements are prepared in the same reporting period. The accounts on the accompanying consolidated financial statements are not categorized into current and non-current items. The related accounts are properly categorized according to the nature of each accounts, and sequenced by their liquidity.

The consolidated financial statements of the Bank and its subsiaries include financial information of all consolidated branches and the parent company for the years ended December 31, 2014 and 2013.

Branches are all entities of which the Bank holds directly or indirectly more than 50% of the total voting shares and over which the Bank has controlling power and the Bank has the power to govern the financial and operating policies where the Bank may gain profit from the activities of the branches. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Bank controls another entity.

Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Bank and its subsidiaries are eliminated from the consolidated financial statements.

Transactions and events under similar situation should adopt consistent accounting policies and valuation method in preparing consolidated financial statements. If the accounting policies of the branches are different from the accounting policies used in the consolidated financial statements, adjustments will be made in relation to the financial statements of the branches to ensure the consistency between accounting policies of the affiliated entities and those used in the consolidated financial statements.

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

Name of subsidiaries	Relationship	Major business activities	Percentage of holding shares (%) December 31, 2014	Percentage of holding shares (%) December 31, 2013
Mega International Commercial Bank (Canada)	Subsidiary of the Bank	Commercial Banking	100.00	100.00
Mega International Commercial Public Co., Ltd. (Thailand)	Subsidiary of the Bank	Commercial Banking	100.00	100.00

C. Unconsolidated entities:

Name of subsidiaries	Relationship	Major business activities	Percentage of holding shares (%) December 31, 2014	Percentage of holding shares (%) December 31, 2013
Cathay Investment & Development Corporation (Bahamas)	Investee	International Investment & Exploration	100.00	100.00
Mega Management & Consulting Co., Ltd.	Investee	Management consulting industry	100.00	100.00
Cathay Investment & Warehousing Ltd.	Investee	Warehousing	100.00	100.00
Ramlett Finance Holdings Inc.	Investee	Real estate investment industry	100.00	100.00
Yung-Shing Industries Co.	Investee	Agency Business Industry	99.56	99.56
China Products Trading Company	Investee	Processing agricultural product and investment industry	68.27	68.27

As the individual total assets or operating revenue amounts of the above subsidiaries are immaterial, the accounts of these subsidiaries are not included in the Bank's consolidated financial statements although the Bank holds more than 50% equity interest in these subsidiaries. The investments of certain subsidiaries are accounted for under equity method.

D. Adjustments for subsidiaries with different balance sheet dates：None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company：None.

(4) Foreign currency translations

A. Functional and presentation currency

Items included in the financial statements of each of the Bank and its subsidiaries' entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Bank's functional and the Bank and its subsidiaries' presentation currency.

B. Transactions and balances

The transactions denominated in foreign currency or to be settled in foreign currency are translated into a functional currency at the spot exchange rate between the functional currency and the underlying foreign currency on the date of the transaction.

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

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

C. Translation of foreign operations

The operating results and financial position of the entire Bank and its subsidiaries' entities in the consolidated financial statements that have a functional currency (which is not the currency of a hyperinflationary economy) different from the presentation currency are translated into the presentation currency as follows:

(A) Assets and liabilities presented are translated at the Bank and its subsidiaries' closing exchange rate at the date of that balance sheet;

(B) The profit and loss presented is translated by the average exchange rate in the period (except for the situation that the exchange rate on the trade date shall be adopted when the exchange rate fluctuate rapidly); and

(C) All resulting exchange differences are recognized in other comprehensive income.

The translation differences arising from above processes are recognized as 'Cumulative translation differences of foreign operations' under equity items.

(5) Cash and cash equivalents

"Cash and cash equivalents" in the consolidated balance sheet includes cash on hand, due from other banks, short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. In respect of the consolidated statements of cash flows, cash and cash equivalents include cash and cash equivalents in the consolidated balance sheet, due from the central bank and call loans to bank meeting the definition of cash and cash equivalents as stated in IAS No.7 "Cash Flow Statements", and securities purchased under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements" as endorsed by the FSC.

(6) Bills and bonds under repurchase or resale agreements

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

(7) Financial assets or liabilities

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

A. Financial assets

The IFRSs as endorsed by the Financial Supervisory Commission apply to the entire Bank and its subsidiaries' financial assets, which are classified into four categories: loans and receivables, financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial assets.

(A) A regular way purchase or sale

Financial assets that are purchased or sold on a regular way purchase or sale basis should be recognized and derecognized using trade date accounting or settlement date accounting. The uniform accounting principles should be applied in the accounting for purchase and sale of financial assets of the same type. All the Bank and its subsidiaries' financial assets are accounted for using trade date accounting.

(B) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

There are two types of loans and receivables: one is originated by the Bank and its subsidiaries; the other is not originated by the Bank and its subsidiaries. Loans and receivables originated by the entity refer to the direct provision by the Group of money, merchandise or services to debtors, and loans and receivables not originated by the Group are loans and receivables other than those originated by the Group.

Loans and receivables are initially recognized at fair value, which includes the price of transaction, significant costs of transaction, significant handling fees paid or received, discount and premium, etc., and subsequently measured using the effective interest method. However, if the effect of discount is insignificant, following the "Regulations Governing the Preparation of Financial Reports by Public Banks", loans and receivables can be measured at initial amount.

Interest accruing on loans and receivables is recognized as 'interest revenue'. An impairment loss is recognized when there is an objective evidence of impairment on loans and receivables. Allowance for impairment is a deduction to carrying amount of loans and receivables, which is under the 'allowance for bad debts and reserve for guarantee liabilities' account.

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

Financial assets are classified as financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling or repurchasing or gaining profit in the short-term, or if they are derivative instruments. These financial assets are initially recognized at fair value.

Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a. Hybrid (combined) contracts; or

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

Any changes in fair value of financial assets at fair value through profit or loss and financial assets designated as at fair value through profit or loss on initial recognition are recognized under the 'gain/loss on financial assets and liabilities at fair value through profit or loss' account in the consolidated statement of comprehensive income.

(D) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Bank and its subsidiaries have the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables, designated as available-for-sale financial assets and those that are designated as at fair value through profit or loss on initial recognition by subsidiaries.

Interest accruing on held-to-maturity financial assets is recognized as 'interest revenue'. An impairment loss is recognized when there is an objective evidence of impairment on financial assets. Impairment loss is a deduction to carrying amount of financial assets, which is recognized under the 'impairment loss on financial assets' account.

(E) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified in held-to-maturity financial assets, financial assets at fair value through profit or loss and loans and receivables. Financial assets and liabilities that are attributed to equity and debt investments on initial recognition are assessed at fair value. Transaction costs which are attributable to the acquisition should be capitalized.

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

An impairment loss is recognized when there is an objective evidence of impairment. If financial assets have not been derecognized, accumulated impairment loss related to the financial assets that was previously recognized in other comprehensive income shall be reclassified to profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Any subsequent increases in fair value of an investment in an equity instrument are recognized in other comprehensive income. If the impairment loss of bond investments decreases with objective evidence indicating that an impairment loss has been incurred after the impairment is recognized, the impairment amount is reversed and recognized in current profit and loss.

Equity instruments with no quoted price in an active market are initially recognized at fair value plus acquisition or issuance cost. The fair value can be reasonably estimated when the following criteria are met at the balance sheet date: (a) the variability in the range of reasonable fair value estimate is not significant for that equity instrument; or (b) probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair value.

(F) Other financial assets

Other financial assets include investments in debt instruments without active market, overdue receivables not from lending, bill of exchange negotiated and financial assets measured at cost.

a. Debt investments with no active market

Investments in debt instruments without active market are initially recognized at fair value on the trade date plus transaction costs of acquisition or issuance. Disposal gain or loss is recognized when such investments are derecognized. Bond investments without active market are measured at amortized cost using the effective interest method.

b. Financial assets carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

B. Financial liabilities

Financial liabilities held by the Bank and its subsidiaries comprise financial liabilities at fair value through profit or loss (including financial liabilities designated as at fair value through profit or loss on initial recognition) and financial liabilities measured at amortized cost.

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

This category includes financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition.

A financial liability shall be classified as held for trading, if it is incurred principally for the purpose of repurchasing it in the near term; or on initial recognition, is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. A derivative is also classified as held for trading, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument. Financial liability held for trading also includes the obligations of delivery of financial assets borrowed by the seller. Above financial liability is shown as "financial liability at fair value through profit or loss" in the consolidated balance sheet.

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

Any changes in fair value of financial liabilities at fair value through profit or loss and financial liabilities designated as at fair value through profit or loss on initial recognition are recognized under the ‘gain/loss on financial assets and liabilities at fair value through profit or loss’ account in the consolidated statement of comprehensive income.

(B) Financial liabilities measured at amortized cost

All other financial liabilities that are not classified as financial liabilities at fair value through profit or loss are classified as financial liabilities measured at amortized cost.

C. Determination of fair value

Fair value and level information of financial instruments are provided in Note 7.

D. Derecognition of financial instruments

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

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

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

(C) The contractual rights to receive cash flows from the financial asset have been transferred; however, it has not retained control of the financial asset.

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

In case of securities lending or borrowing by the Bank and its subsidiaries or provision of bonds or stocks as security for repo trading, the Bank and its subsidiaries does not derecognize the financial asset, because substantially all risks and rewards of ownership of the financial asset are still retained in the Bank and its subsidiaries.

(8) Offsetting financial instruments

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

(9) Financial asset-evaluation, provision and reversal of impairment losses

A. The Bank and its subsidiaries would presume that a financial asset or a group of financial assets is impaired and recognize the impairment losses only if there is objective evidence that a financial asset or a group of financial assets is impaired as a result of a loss event that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

B. The criteria that the Bank and its subsidiaries use to determine whether there is objective evidence of an impairment loss is 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 Bank and its subsidiaries, 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; or

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

(I) Others are implemented in accordance with the bank and its subsidiaries’ internal policies.

C. The assessment methods of impairment on loans and receivables are based on two categories: individual and collective assessments. Individual assessments are classified as different groups based on whether there is objective evidence of significant impairment of the asset or whether the individual asset has to be specially supervised. If no objective evidence of impairment exists for an individually assessed financial asset, the asset will be classified into a group of financial assets with similar credit risk characteristics for collective assessments.

D. After assessed impairment of loans and receivables, the Bank and its subsidiaries recognizes’ impairment loss measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows of credit enhancement factors discounted at the asset’s original effective interest rate. The credit enhancement factors include financial guarantee and net of collateral. If, in a subsequent period, the amount of the impairment loss decreased and such decrease is objectively related to an event occurred after the impairment was recognized, the amount of impairment loss recognized previously shall be reversed by adjusting the allowance for doubtful debts. The reversal shall not cause a carrying amount of the financial asset that exceeds the amortized cost of the period before recognition of the impairment loss. The amount of reversal shall be recognized in profit or loss.

E. Above-mentioned assessments on loans and receivables are performed in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" as issued by the FSC.

(10) Derivatives

Derivatives 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 (e.g., Exchange-traded options), and evaluation techniques such as cash flow discounting model or option pricing model (e.g., Swap contract and foreign exchange contracts). All derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

Hybrid contract refers to financial instruments of the embedded derivatives. 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) Investments accounted for under the equity method

The Bank and its subsidiaries' investments accounted for under the equity method refer to the investments in associates.

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

The Bank and its subsidiaries' share of its associates' post-acquisition profits or losses is recognized or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Bank and its subsidiaries' share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank and its subsidiaries do not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

When changes in an associate's enity that are not recognized in profit or loss or other comprehensive income of the associates and such changes not affecting the Bank and its subsidiaries' ownership percentage of the associate, the Bank and its Subsidiaries recognized the Bank and its subsidiaries' share of change in equity of the associate in 'capital' in proportion to its ownership.

(12) Property and equipment

The property and equipment of the Bank and its subsidiaries are recognized on the basis of the historical cost less accumulated depreciation. Historical cost includes all costs directly attributable to the acquisition of the assets.

Such assets are subsequently measured using the cost model. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and its subsidiaries and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

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 residual value, If each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Item	Year
Buildings and accessory equipment	1~60
Machinery and computer equipment	1~20
Transportation equipment	1~10
Other equipment	3~10

(13) Investment property

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

Part of the property may be held by the Bank and its subsidiaries and the remaining will be used to generate rental income or capital appreciation. If the property held by the Bank and its subsidiaries can be sold individually, then the accounting treatment should be made respectively.

When the future economic benefit related to the investment property is highly likely to flow into the Bank and its subsidiaries and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is 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.

An investment property is stated initially at its cost and measured subsequently using the cost model. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

(14) Foreclosed properties

Foreclosed properties are stated at the lower of carrying amount or fair value less selling cost on the financial reporting date.

(15) Impairment of non-financial assets

The Bank and its subsidiaries assess 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. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss shall be 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) Provisions for liabilities, contingent liabilities and contingent assets

When all the following criteria are met, the Bank and its subsidiaries shall recognize a provision:

A. A present obligation (legal or constructive) as a result of a past event;

B. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

C. The amount of the obligation can be reliably estimated.

If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Provisions for liabilities 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.

Provisions are 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 obligation.

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 Bank and its subsidiaries. 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 Bank and its subsidiaries did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

Contingent asset is a possible asset 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 Bank and its subsidiaries. The Bank and its subsidiaries did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(17) Financial guarantee contracts

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

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

Subsequently, the Bank and its subsidiaries should measure the financial guarantee contract issued at the higher of:

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

B. The amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18, "Revenue".

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

The increase in liabilities due to financial guarantee contract is recognized in "bad debt expense and reserve for guarantee liabilities".

Assessment of above guarantee reserve is in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans" announced by the FSC.

(18) Employee benefits

A. Short-term employee benefits

The Bank and its subsidiaries should recognize the undiscounted amount of the short-term benefits expected to be paid in the future as expenses in the period when the employees render service.

B. Employee preferential savings

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

According to Regulation Governing the Preparation of Financial Statements by Public Banks, the preferential monthly interest paid to current employees is calculated based on accrual basis, and the difference between the preferential interest rate and the market interest rate is recognized under “employee benefit expense”. According to Article 28 of “Regulation Governing the Preparation of Financial Statements by Public Banks”, the excessive interest arising from the interest rate upon retirement agreed with the employees in excess of general market interest rate should be recognized in accordance with IAS 19, “Employee Benefits”, as endorsed by the FSC. However, various parameters should be in compliance with competent authorities if indicated otherwise.

C. Termination benefits

Termination benefit is paid to the employees who are eligible for retirement and terminated or voluntarily dismissed in exchange for termination benefit. The Bank and its subsidiaries have 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 benefits paid 12 months after the financial reporting date should be discounted.

D. Post employment benefit

The pension plan of the Bank and its subsidiaries includes both Defined Benefit Plan and Defined Contribution Plan. In addition, defined contribution plan is adopted for employees working overseas according to the local regulations.

(A) Defined Contribution Plan

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 Plan

a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Bank and its subsidiaries in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Bank and its subsidiaries uses interest rates of government bonds (at the balance sheet date) instead.

b. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise.

c. Past service costs are recognized immediately in profit or loss if vested immediately; if not, the past service costs are amortized on a straight-line basis over the vesting period.

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 Board of Directors that act on behalf of stockholders at the Board of Directors’ meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(19) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(20) Revenue and expense

Income and expense of the Bank and its subsidiaries are recognized as incurred. Expenses consist of employee benefit expense, depreciation and amortization expense and other business and administration expenses. Dividend revenues are recognized within ‘Revenues other than interest, net’ in the consolidated statement of comprehensive income when the right to receive dividends is assured.

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

B. Service fee income and expense are recognized upon the completion of services of loans or other services; 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, service fee income and expense of subsequent services of loans are amortized or included in the calculation of effective interest rate of loans and receivables during the service period. When determining whether the agreed rate of interest should be adjusted to effective interest rate for interest-earning loans and receivables, the loans and receivables may be measured by the initial amounts if the effects on discount are insignificant according to the "Regulation Governing the Preparation of Financial Reports by Public Banks".

(21) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Bank and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. 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.

Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Bank and its subsidiaries and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

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 reealize the asset and settle the liability simultaneously.

(22) Share capital and dividends

Net of incremental costs directly attributable to the issuance of new shares will be removed from equity after related income tax expenses is eliminated. Dividends on ordinary shares are recognized in the financial statements in the period in which they are approved by the shareholders. Cash dividends are recorded as liabilities. Stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance; they are not recognized and only disclosed as subsequent event in the notes if the dividend declaration date is later than the consolidated balance sheet date.

(23) Operating segments

Information of operating segments of the Bank and its subsidiaries is reported in the same method as the internal management report provided to the chief operating decision-maker (CODM). The CODM is the person or the Bank and its subsidiaries in charge of allocating resources to operating segments and evaluating their performance. The (CODM) of the Bank and its subsidiaries is the Board of Directors.

(24) Convenience translation into US dollars (Unaudited)

The Bank maintains its accounting records and prepares its financial statements in New Taiwan dollars. The United States dollar amounts disclosed in the 2014 financial statements are presented solely for the convenience of the readers and were translated into US dollars using the exchange rate prevailing at December 31, 2014 of US$1:NT$31.663. Such translation amounts are not in compliance with generally accepted accounting principles in the Republic of China and should not be construed as representation that the New Taiwan dollar amounts represent, or have been or could be converted into United States dollars at that or any other rate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Bank and its subsidiaries' accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

Management's critical judgements in applying the Bank and its subsidiaries' accounting policies that have significant impact on the consolidated financial statements are outlined below:

(1) Financial instruments (including derivative instruments) valuation

If there is no quoted market price available in an active market for financial instruments, a valuation technique will be adopted to measure the fair value. If there are observable data of similar financial instruments in the market, then the fair value of the underlying financial instruments is estimated by reference to the observable data; otherwise, the fair value is estimated using the appropriate pricing models which are commonly used in the market. The assumptions used in the pricing models should refer to the observable data in the market. However, when those data are not observable from the market and/or the assumptions used in the pricing models are more subjective, the fair value of the financial instruments may be estimated based on historical data or other information. The pricing models used by the Bank and its subsidiaries are all evaluated and tested periodically to ensure the outputs may reflect the actual data and market prices. The primary assumptions used in determining the fair values of financial instruments are provided in Note 7. The management believes the pricing models and assumptions used have appropriately determined the fair values of financial instruments.

(2) Loan impairment

The Bank and its subsidiaries' impairment evaluations are in compliance with the regulations of regulatory authorities. The Bank and its subsidiaries evaluates cash flows and impairment amounts, through model analysis and individual case assessment, on a monthly basis based on several factors, such as nature of client risk and security coverage. The Bank and its subsidiaries recognize impairment loss whenever there is observable evidence showing that impairment has occurred. This evidence includes repayment status of debtor, event that would cause delinquency in payments, and any significantly unfavorable changes in national or local economic circumstance. Future cash flows are estimated primarily based on the length of overdue time, the status of debtors, security coverage, guarantee of external institution and historical experiences. The incidence of impairment and subsequent collectability rate used in impairment evaluations are estimated based on the types of products and historical data. The Bank and its subsidiaries review the assumptions and inputs used in impairment evaluations periodically to ensure they are all reasonable.

(3) Post-employment benefit

The present value of post-employment benefit obligations are estimated based on several assumptions. Any changes in those assumptions will affect the carrying amounts of post-employment benefit obligations.

The assumptions used to determine net pension cost (revenue) comprise discount rate. The Bank and its subsidiaries determine the appropriate discount rate at the end of each year, and uses the discount rate in calculating the present value of future cash out of post-employment benefit obligations. The discount rate is chosen by reference to the rate of government bonds where the currency and maturity date of government bonds are in agreement with those of post-employment benefit obligations.

(4) Income tax

The Bank and its subsidiaries have to pay income tax in different countries and need to depend on significant assessment of estimating global income tax. The estimates of income tax payable in all these countries include the considerations of many transactions and calculations. The Bank and its subsidiaries may recognize additional income tax liabilities for some tax issues when necessary. Any difference between final income tax payable and initially recognized income tax payable will affect the amounts of current income taxes and deferred income taxes.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2014	
	NT$	US$
Cash on hand	$ 14,842,201	$ 468,755
Checks for clearance	1,112,024	35,121
Due from banks(Note)	148,453,306	4,688,542
Total	$ 164,407,531	$ 5,192,418

	December 31, 2013	January 1, 2013
	NT$	NT$
Cash on hand	$ 14,304,691	$ 13,433,442
Checks for clearance	2,064,396	838,854
Due from banks(Note)	136,864,305	71,088,571
Total	$ 153,233,392	$ 85,360,867

Note: Pursuant to the requirements of the competent authority, deposits of overseas branches with foreign Central Banks were reclassified from “due from banks” to “due from the Central Bank” account. Thus, as of December 31 and January 1, 2013, due from banks of $344,566,397 thousand and $291,456,671 thousand were adjusted to $136,864,305 thousand and $71,088,571 thousand, respectively.

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

	December 31, 2014	
	NT$	US$
Reserve for deposits-category A	$ 21,885,736	$ 691,209
Reserve for deposits-category B	36,566,092	1,154,853
Reserve for deposits-general	5,700,300	180,030
Reserve for deposits-foreign currency	431,340	13,623
Deposits of overseas branches with foreign Central Banks (Note)	239,979,957	7,579,192
Call loans to banks and bank overdrafts	87,926,666	2,776,953
Import and export loans from banks	71,463,911	2,257,016
Participate in interbank financing with risk	2,782,450	87,877
Subtotal	466,736,452	14,740,753
Less：allowance for doubtful accounts – import and export loans from banks	(750,371)	(23,699)
Total	$ 465,986,081	$ 14,717,054

	December 31, 2013 NT$	January 1, 2013 NT$
Reserve for deposits-category A	$ 19,192,096	$ 20,360,016
Reserve for deposits-category B	35,270,994	31,919,840
Reserve for deposits-general	5,700,282	5,700,275
Reserve for deposits-foreign currency	490,698	470,583
Deposits of overseas branches with foreign Central Banks (Note)	207,702,092	220,368,100
Call loans to banks and bank overdrafts	39,656,280	54,719,987
Import and export loans from banks	81,916,206	13,042,150
Participate in interbank financing with risk	3,230,588	24,749,186
Subtotal	393,159,236	371,330,137
Less：allowance for doubtful accounts – import and export loans from banks	-	-
Total	$ 393,159,236	$ 371,330,137

Note: please see Note 6(1).

As required by relevant laws, the reserves for deposits are calculated at required reserve ratios based on the monthly average balances of various deposit accounts. Reserve for deposits - category B cannot be used except upon the monthly adjustment of the reserve.

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

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Financial assets held for trading			
Stocks	$ 4,626,120	$ 146,105	$ 3,763,363
Derivative instruments	5,066,261	160,006	4,255,213
Corporate bonds	20,340,642	642,410	24,290,091
Government bonds	-	-	599,252
Financial bonds	13,664,024	431,545	11,573,121
Total	$ 43,697,047	$ 1,380,066	$ 44,481,040

A. Gain (loss) on financial assets and liabilities held for trading and gain (loss) on financial liabilities designated as at fair value through profit or loss recognized for the years ended December 31, 2014 and 2013 are provided in Note 6(27).

B. As of December 31, 2014 and 2013, the above financial assets used as underlying assets for the business were NT$10,862,311 thousand and NT$6,587,686 thousand, respectively, and were pledged to other parties as collateral for business reserves and guarantees.

C. As of December 31, 2014 and 2013, the aforementioned financial assets at fair value through profit or loss used as underlying assets for repurchase agreements were NT$12,394,288 thousand and NT$7,644,422 thousand, respectively. (Such repurchase agreements were booked under the “securities sold under repurchase agreements” account)

(4) Receivables, net

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Factoring receivable	$ 46,390,766	$ 1,465,141	$ 69,336,768
Accrued interest	4,898,391	154,704	4,448,918
Acceptances receivable	8,587,329	271,210	11,341,730
Accounts receivable factoring-D/A	26,100,991	824,337	-
Accounts receivable -Credit card	4,319,291	136,414	3,995,541
Accounts receivable -Usance L/C at sight	2,903,307	91,694	538,291
Accounts receivable -Usance L/C buyout	66,887,471	2,112,481	63,149,254
Call loan to central bank receivable	3,482,933	110,000	-
Other receivables	9,104,016	287,529	7,793,475
Total	172,674,495	5,453,510	160,603,977
Less: Allowance for bad debts	(1,620,552)	(51,181)	(1,006,805)
Receivables, net	$ 171,053,943	$ 5,402,329	$ 159,597,172

(5) Bills discounted and loans, net

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Bills and notes discounted	$ 6,505	$ 205	$ 18,288
Overdrafts	2,135,984	67,460	1,797,601
Short-term loans	439,845,990	13,891,482	462,928,362
Medium-term loans	756,782,261	23,901,155	698,836,700
Long-term loans	536,461,755	16,942,859	489,432,634
Import/export bills negotiated	19,533,489	616,919	20,543,348
Loans transferred to non-accrual loans	1,148,319	36,267	2,791,291
Total	1,755,914,303	55,456,347	1,676,348,224
Less: Allowance for bad debts	(21,920,032)	(692,292)	(21,771,031)
Bills discounted and loans, net	$ 1,733,994,271	$ 54,764,055	$ 1,654,577,193

A. As of December 31, 2014 and 2013, the amounts of reclassified non-performing loans (overdue for more than six months) were NT$1,148,319 thousand and NT$2,791,291 thousand, respectively, to ‘overdue receivables’ account. These amounts included interest receivable of NT$6,888 thousand and NT$12,914 thousand, respectively.

B. Movements in allowance for credit losses

Information as to the evaluations of impairment of the Group's loans and receivables as of December 31, 2014 and 2013 was as follows:

(A) Loans

Item		December 31, 2014 Loans (NT$)	Loans (US$)	Allowance for credit losses (NT$)	Allowance for credit losses (US$)
With existing objective evidence of individual impairment	Individual assessment	$ 18,418,084	$ 581,691	$ 3,491,012	$ 110,255
	Collective assessment	822,052	25,963	142,244	4,493
Without existing objective evidence of individual impairment	Collective assessment	1,736,674,167	54,848,693	18,286,776	577,544

Item		December 31, 2013 Loans (NT$)	Allowance for credit losses (NT$)
With existing objective evidence of individual impairment	Individual assessment	$ 32,872,359	$ 4,844,321
	Collective assessment	753	19
Without existing objective evidence of individual impairment	Collective assessment	1,643,475,112	16,926,691

(B) Receivables:

Item		December 31, 2014 Receivables (NT$)	Receivables (US$)	Allowance for credit losses (NT$)	Allowance for credit losses (US$)
With existing objective evidence of individual impairment	Individual assessment	$ 140,158	$ 4,427	$ 60,610	$ 1,914
	Collective assessment	309,384	9,771	36,949	1,167
Without existing objective evidence of individual impairment	Collective assessment	172,224,953	5,439,312	1,522,993	48,100

Item		December 31, 2013 Receivables (NT$)	Allowance for credit losses (NT$)
With existing objective evidence of individual impairment	Individual assessment	$ 364,584	$ 41,195
	Collective assessment	356,994	42,052
Without existing objective evidence of individual impairment	Collective assessment	159,882,399	923,558

The Bank and its subsidiaries has provided appropriate allowance for credit losses for bills discounted, loans, receivables, non-accrual loans transferred from overdue receivables, remittance purchased and import and export loans from banks. Movements in allowance for credit losses for the years ended December 31, 2014 and 2013 were shown below:

	For the year ended December 31, 2014 Receivables	Bills discounted and loans	Non-accrual loans transferred from overdue receivables	Remittance Acquired	Import and export loans from bank	Total
	NT$					
Balance, January 1	$ 1,006,805	$ 21,771,031	$ 4,948	$ 449	$ -	$ 22,783,233
Provision (Reversal)	490,971	1,356,111	3,282	(375)	750,371	2,600,360
Write-off, net	(42,065)	(2,370,138)	-	-	-	(2,412,203)
Recovery of written-off credits	122,051	1,594,847	-	-	-	1,716,898
Effects of exchange rate changes and others	42,790	(431,819)	-	-	-	(389,029)
Balance, December 31	$ 1,620,552	$ 21,920,032	$ 8,230	$ 74	$ 750,371	$ 24,299,259

	For the year ended December 31, 2014					
	Receivables	Bills discounted and loans	Non-accrual loans transferred from overdue receivables	Remittance Acquired	Import and export loans from bank	Total
	US$					
Balance, January 1	$ 31,798	$ 687,586	$ 156	$ 14	$ -	$ 719,554
Provision (Reversal)	15,506	42,829	104	(12)	23,699	82,126
Write-off, net	(1,329)	(74,855)	-	-	-	(76,184)
Recovery of written-off credits	3,855	50,370	-	-	-	54,225
Effects of exchange rate changes and others	1,351	(13,638)	-	-	-	(12,287)
Balance, December 31	$ 51,181	$ 692,292	$ 260	$ 2	$ 23,699	$ 767,434

	For the year ended December 31, 2013					
	Receivables	Bills discounted and loans	Non-accrual loans transferred from overdue Receivables	Remittance Acquired	Import and export loans from bank	Total
	NT$					
Balance, January 1	$ 2,441,542	$ 16,430,909	$ 176,158	$ 206	$ -	$ 19,048,815
Provision (Reversal)	(921,633)	6,528,887	(140,197)	243	-	5,467,300
Write-off, net	(115,797)	(3,609,539)	(31,013)	-	-	(3,756,349)
Recovery of written-off credits	116,105	2,476,998	-	-	-	2,593,103
Effects of exchange rate changes and others	(513,412)	(56,224)	-	-	-	(569,636)
Balance, December 31	$ 1,006,805	$ 21,771,031	$ 4,948	$ 449	$ -	$ 22,783,233

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

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Stocks	$ 9,414,244	$ 297,326	$ 10,494,574
Commercial papers	73,045,059	2,306,953	64,928,345
Bonds	100,251,172	3,166,193	98,532,291
Beneficiary securities	857,103	27,070	1,344,993
Beneficiary certificates	-	-	7,550,000
Certificates of deposit	2,585,063	81,643	2,006,475
Subtotal	186,152,641	5,879,185	184,856,678
Adjustments for change in value of investment	2,220,691	70,135	645,837
Accumulated impairment loss	(1,028,056)	(32,468)	(1,052,671)
Total	$ 187,345,276	$ 5,916,852	$ 184,449,844

A. As of December 31, 2014 and 2013, the aforementioned available-for-sale financial assets amounted to NT$51,655,014 thousand and NT$50,172,062 thousand, respectively, and were pledged to other parties as collateral for business reserves and guarantees.

B. As of December 31, 2014 and 2013, available-for-sale financial assets were sold under repurchase agreements with selling price of NT$37,795,374 thousand and NT$38,454,200 thousand, respectively. Such repurchase agreements were booked under the "securities sold under repurchase agreements" account.

C. The Bank and its subsidiaries recognized gain of NT$2,612,608 thousand and NT$1,712,380 thousand in other comprehensive income for fair value change for the years ended December 31, 2014 and 2013, respectively.

D. The Bank and its subsidiaries recognized impairment loss for the long-term operating losses of the investee for the years ended December 31, 2014 and 2013. Details are provided in Note 6(29).

E. The Bank and its subsidiaries recognized interest income of NT$3,177,925 thousand and NT$2,702,123 thousand on holding debt instruments for the years ended December 31, 2014 and 2013, respectively.

F. For the years ended December 31, 2014 and 2013, amount realized and transferred from other equity in the statements of change in equity to current profit was $955,578 thousand and $991,274 thousand, respectively.

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

	December 31, 2014				December 31, 2013	
	NT$		US$		NT$	
Central Bank's certificates of deposits	$	143,200,000	$	4,522,629	$	161,850,000
Financial bonds		13,867,100		437,959		15,891,795
Government bonds		3,623,054		114,426		3,492,031
Corporate bonds		1,104,886		34,895		1,505,530
Total	$	161,795,040	$	5,109,909	$	182,739,356

A. As of December 31, 2014 and 2013, the aforementioned held-to-maturity financial assets amounting to NT$5,530,800 thousand and NT$15,567,800 thousand, respectively, were pledged to other parties as collateral of business reserves and guarantees.

B. As of December 31, 2014 and 2013, held-to-maturity financial assets were sold under repurchase agreements with selling price of NT$0 thousand and NT$433,486 thousand, respectively. Such repurchase agreements were booked under the "securities sold under repurchase agreements" account.

C. The Bank and its subsidiaries recognized interest income of $1,845,033 thousand and $1,830,417 thousand on holding held-to-maturity financial assets for the years ended December 31, 2014 and 2013, respectively.

(8) Investments accounted for under the equity method – net

	December 31, 2014				
Investee Company	NT$		US$		Percentage of Shareholding
Cathay Investment & Development Corporation (Bahamas)	$	54,769	$	1,730	100.00
Mega Management & Consulting Co., Ltd.		48,375		1,528	100.00
Cathay Investment & Warehousing Ltd.		60,438		1,909	100.00
Ramlett Finance Holding Inc.		3,428		108	100.00
Yung Shing Industries Co.		658,571		20,799	99.56
China Products Trading Company		27,476		868	68.27
United Venture Corporation (Note)		-		-	25.31
China Products Trading Company (Thailand)		18,584		587	25.25
Mega 1 Venture Capital Co., Ltd.		73,449		2,320	25.00
IP Fundseven Limited		131,814		4,163	25.00
An Feng Enterprise Co., Ltd.		11,911		376	25.00
Taiwan Bills Finance Corporation		1,515,092		47,850	24.55
Everstrong Iron & Foundry & Mfg. Corporation		42,155		1,331	22.22
China Real Estate Management Co., Ltd.		189,024		5,970	20.00
Total	$	2,835,086	$	89,539	

Note: Since the investee had incurred long-term operating losses, shareholders resolved to dissolve the investee in 2013, However, the dissolution was postponed to 2015 as the liquidation procedure has not been completed yet.

	December 31, 2013		
Investee Company	NT$		Percentage of Shareholding
Cathay Investment & Development Corporation (Bahamas)	$	51,202	100.00
Mega Management & Consulting Co., Ltd.		65,326	100.00
Cathay Investment & Warehousing Ltd.		58,691	100.00
Ramlett Finance Holding Inc.		805	100.00
Yung Shing Industries Co.		639,718	99.56
China Products Trading Company		27,500	68.27
United Venture Corporation		1,444	25.31
China Products Trading Company (Thailand)		16,395	25.25
Mega 1 Venture Capital Co., Ltd.		83,701	25.00
IP Fundseven Limited		102,339	25.00
An Feng Enterprise Co., Ltd.		11,931	25.00
Taiwan Bills Finance Corporation		1,489,482	24.55
Everstrong Iron & Foundry & Mfg. Corporation		41,713	22.22
China Real Estate Management Co., Ltd.		191,005	20.00
Total	$	2,781,252	

A. The Bank and its subsidiaries' share of profit/(loss) of its associates accounted for under the equity method for the years ended December 31, 2014 and 2013 was NT$144,359 thousand, and NT$210,429 thousand, respectively.

B. The shares of associates and joint ventures the Bank and its subsidiaries own have no quoted market price available in an active market. There is no significant restriction on fund transfer from the associates to their shareholders, i.e. distribution of cash dividends, repayment of loans or money advanced.

C. As of December 31, 2014 and 2013, investments accounted for under the equity method were not pledged as collateral.

(9) Other financial assets – net

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Remittance purchased	$ 34,079	$ 1,076	$ 26,477
Debt investments with no active market	4,000,000	126,331	4,000,000
Financial assets carried at cost	10,545,845	333,065	10,149,070
Nonaccrual loans transferred from overdue receivables	9,702	306	5,713
Subtotal	14,589,626	460,778	14,181,260
Less: Allowance for bad debts – Remittance purchased	(74)	(2)	(449)
Less: Allowance for bad debts – Nonaccrual loans transferred from overdue receivables	(8,230)	(260)	(4,948)
Less: Accumulated impairment – Financial assets carried at cost	(930,759)	(29,396)	(886,653)
Total	$ 13,650,563	$ 431,120	$ 13,289,210

A. As unlisted shares the Bank owns have no quoted market price available in an active market and cannot be measured reliably, they are measured at cost.

B. The Bank holds the Class A registered convertible prefered stocks issued by Taiwan High Speed Rail Corporation (THSRC). The total investment amount was $4 billion and booked under "debt investments with no active market" account. Due to financial difficulties, THSRC proposed a financial reformation plan on January 7, 2015 but was not approved by The Legislative Yuan of Republic of China and referred it to The Arbitration Association of Republic of China on February 17, 2015. In relation to the redemption of the preferred stocks litigation, Taiwan High Court adjudicated that THSRC that shall purchase the preferred stocks back held by China Development Industrial Bank etc. on March 3, 2015. However, this case may be affected by uncertain factors such as future arbitration, whether THSRC can propose new financial reforms or not, and the negotiation results among banks. Therefore, the Bank can not assess the probable impairment loss reasonably as of the reporting date.

C. For the years ended December 31, 2014 and 2013, the Bank and its subsidiaries recognized the impairment loss due to investees operating at a loss over an extended period of time, please refer to Note 6(29).

D. For the years ended December 31, 2014 and 2013, gain or loss arising from disposal and dividend income received from shares of the investee was $594,855 thousand and $633,054 thousand, respectively.

(10) Property and equipment – net

	December 31, 2014			
	Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
		(In NT Thouand Dollars)		
Land and land improvements	$ 9,476,626	$ -	($ 195,567)	$ 9,281,059
Buildings and auxiliary equipment	10,094,097	(5,524,400)	(31,706)	4,537,991
Computers and peripheral equipment	3,283,565	(2,835,465)	-	448,100
Transportation and communication equipment	158,822	(136,587)	-	22,235
Miscellaneous equipment	1,477,467	(1,264,530)	-	212,937
	$ 24,490,577	($ 9,760,982)	($ 227,273)	$ 14,502,322

	December 31, 2014			
	Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
		(In US Thouand Dollars)		
Land and land improvements	$ 299,296	$ -	($ 6,177)	$ 293,119
Buildings and auxiliary equipment	318,798	(174,475)	(1,001)	143,322
Computers and peripheral equipment	103,704	(89,551)	-	14,153
Transportation and communication equipment	5,016	(4,314)	-	702
Miscellaneous equipment	46,662	(39,937)	-	6,725
	$ 773,476	($ 308,277)	($ 7,178)	$ 458,021

	December 31, 2013			
	Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
		(In NT Thouand Dollars)		
Land and land improvements	$ 9,472,222	$ -	($ 353,336)	$ 9,118,886
Buildings and auxiliary equipment	9,979,697	(5,301,752)	($ 29,978)	4,647,967
Computers and peripheral equipment	3,275,394	(2,790,310)	-	485,084
Transportation and communication equipment	161,035	(133,352)	-	27,683
Miscellaneous equipment	1,466,115	(1,226,484)	-	239,631
	$ 24,354,463	($ 9,451,898)	($ 383,314)	$ 14,519,251

2014	Land and land improvements	Buildings and auxiliary equipment	Transportation and communication equipment	Computers and peripheral equipment	Miscellaneous equipment	Total
	(In NT Thouand Dollars)					
Cost						
Balance at January 1, 2014	$ 9,472,222	$ 9,979,697	$ 161,035	$ 3,275,394	$ 1,466,115	$ 24,354,463
Additions for the year	3,852	78,524	4,517	188,569	39,781	315,243
Disposals for the year	-	(11,947)	(8,412)	(186,905)	(34,980)	(242,244)
Exchange adjustments	552	47,823	1,682	6,507	6,551	63,115
Balance at December 31, 2014	9,476,626	10,094,097	158,822	3,283,565	1,477,467	24,490,577
Accumulated depreciation						
Balance at January 1, 2014	$ -	($ 5,301,752)	($ 133,352)	($ 2,790,310)	($ 1,226,484)	($ 9,451,898)
Depreciation for the year	-	(201,045)	(10,444)	(226,579)	(67,828)	(505,896)
Disposals for the year	-	11,947	8,412	186,865	34,890	242,114
Exchange adjustments	-	(33,550)	(1,203)	(5,441)	(5,108)	(45,302)
Balance at December 31, 2014	-	(5,524,400)	(136,587)	(2,835,465)	(1,264,530)	(9,760,982)
Accumulated impairment						
Balance at January 1, 2014	($ 353,336)	($ 29,978)	$ -	$ -	$ -	($ 383,314)
Gain on reversal of impairment loss	157,769	(1,728)	-	-	-	156,041
Balance at December 31, 2014	(195,567)	(31,706)	-	-	-	(227,273)
Net book value of December 31, 2014	$ 9,281,059	$ 4,537,991	$ 22,235	$ 448,100	$ 212,937	$ 14,502,322

2014	Land and land improvements	Buildings and auxiliary equipment	Transportation and communication equipment	Computers and peripheral equipment	Miscellaneous equipment	Total
	(In US Thouand Dollars)					
Cost						
Balance at January 1, 2014	$ 299,158	$ 315,185	$ 5,085	$ 103,445	$ 46,304	$ 769,177
Additions for the year	121	2,480	144	5,955	1,256	9,956
Disposals for the year	-	(377)	(266)	(5,903)	(1,105)	(7,651)
Exchange adjustments	17	1,510	53	207	207	1,994
Balance at December 31, 2014	299,296	318,798	5,016	103,704	46,662	773,476
Accumulated depreciation						
Balance at January 1, 2014	$ -	($ 167,443)	($ 4,212)	($ 88,125)	($ 38,736)	($ 298,516)
Depreciation for the year	-	(6,349)	(330)	(7,156)	(2,142)	(15,978)
Disposals for the year	-	377	266	5,902	1,102	7,647
Exchange adjustments	-	(1,060)	(38)	(172)	(161)	(1,430)
Balance at December 31, 2014	-	(174,475)	(4,314)	(89,551)	(39,937)	(308,277)
Accumulated impairment						
Balance at January 1, 2014	($ 11,159)	($ 947)	$ -	$ -	$ -	($ 12,106)
Gain on reversal of impairment loss	4,982	(54)	-	-	-	4,928
Balance at December 31, 2014	(6,177)	(1,001)	-	-	-	(7,178)
Net book value of December 31, 2014	$ 293,119	$ 143,322	$ 702	$ 14,153	$ 6,725	$ 458,021

2013	Land and land improvements	Buildings and auxiliary equipment	Transportation and communication equipment	Computers and peripheral equipment	Miscellaneous equipment	Total
	(In NT Thouand Dollars)					
Cost						
Balance at January 1, 2013	$ 9,450,202	$ 10,297,653	$ 173,855	$ 3,297,159	$ 1,450,284	$ 24,669,153
Additions for the year	21,550	48,290	10,447	163,482	63,100	306,869
Disposals for the year	-	(350,201)	(21,598)	(184,742)	(38,730)	(595,271)
Transfers	-	-	-	3,184	(3,184)	-
Exchange adjustments	470	(16,045)	(1,669)	(3,689)	(5,355)	(26,288)
Balance at December 31, 2013	9,472,222	9,979,697	161,035	3,275,394	1,466,115	24,354,463
Accumulated depreciation						
Balance at January 1, 2013	$ -	($ 5,439,357)	($ 143,841)	($ 2,709,678)	($ 1,199,437)	($ 9,492,313)
Depreciation for the year	-	(212,120)	(11,928)	(267,954)	(70,391)	(562,393)
Disposals for the year	-	349,179	21,147	184,696	38,904	593,926
Transfers	-	-	-	(494)	494	-
Exchange adjustments	-	546	1,270	3,120	3,946	8,882
Balance at December 31, 2013	-	(5,301,752)	(133,352)	(2,790,310)	(1,226,484)	(9,451,898)
Accumulated impairment						
Balance at January 1, 2013	($ 432,967)	($ 29,978)	$ -	$ -	$ -	($ 462,945)
Gain on reversal of impairment loss	79,631	-	-	-	-	79,631
Balance at December 31, 2013	(353,336)	(29,978)	-	-	-	(383,314)
Net book value of December 31, 2013	($ 9,118,886)	$ 4,647,967	$ 27,683	$ 485,084	$ 239,631	$ 14,519,251

(11) Investment property – net

	December 31, 2014			
	Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
		(In NT Thousand Dollars)		
Land and land improvements	$ 571,328	$ -	$ -	$ 571,328
Buildings and auxiliary equipment	162,670	(62,803)	-	99,867
	$ 733,998	($ 62,803)	$ -	$ 671,195

	December 31, 2014			
	Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
		(In US Thouand Dollars)		
Land and land improvements	$ 18,044	$ -	$ -	$ 18,044
Buildings and auxiliary equipment	5,138	(1,984)	-	3,154
	$ 23,182	($ 1,984)	$ -	$ 21,198

	December 31, 2013			
	Cost	Accumulated Depreciation	Accumulated Impairment	Net Book Value
		(In NT Thousand Dollars)		
Land and land improvements	$ 571,328	$ -	$ -	$ 571,328
Buildings and auxiliary equipment	162,640	(60,093)	-	102,547
	$ 733,968	($ 60,093)	$ -	$ 673,875

A. The fair value of the investment property held by the Bank and its subsidiaries as of Decembr 31, 2014 and 2013 was NT$2,761,303 thousand and NT$2,390,049 thousand, respectively according to the result of valuation by an independent valuation expert using the comparison method, current land value, land development analysis approach and cost method.

B. Rental income from the lease of the investment property for the years ended December 31, 2014 and 2013 was NT$15,236 thousand and NT$15,081 thousand, respectively.

C. For the rental revenue from the lease of the investment property among related parties, please refer to Note 11(3).

	2014		
	Land and land improvements	Buildings and auxiliary equipment	Total
	NT$	NT$	NT$
Original cost			
Balance at January 1, 2014	$ 571,328	$ 162,640	$ 733,968
Exchange adjustments	-	30	30
Balance at December 31, 2014	571,328	162,670	733,998
Accumulated depreciation			
Balance at January 1, 2014	-	(60,093)	(60,093)
Depreciation for the year	-	(2,694)	(2,694)
Exchange adjustments	-	(16)	(16)
Balance at December 31, 2014	-	(62,803)	(62,803)
	$ 571,328	$ 99,867	$ 671,195

	2014		
	Land and land improvements	Buildings and auxiliary equipment	Total
	US$	US$	US$
Original cost			
Balance at January 1, 2014	$ 18,044	$ 5,137	$ 23,181
Exchange adjustments	-	1	1
Balance at December 31, 2014	18,044	5,138	23,182
Accumulated depreciation			
Balance at January 1, 2014	-	(1,898)	(1,898)
Depreciation for the year	-	(85)	(85)
Exchange adjustments	-	(1)	(1)
Balance at December 31, 2014	-	(1,984)	(1,984)
	$ 18,044	$ 3,154	$ 21,198

	2013		
	Land and land improvements	Buildings and auxiliary equipment	Total
	NT$	NT$	NT$
Original cost			
Balance at January 1, 2013	$ 717,819	$ 218,411	$ 936,230
Disposals for the year	(146,491)	(55,740)	(202,231)
Exchange adjustments	-	(31)	(31)
Balance at December 31, 2013	571,328	162,640	733,968
Accumulated depreciation			
Balance at January 1, 2013	-	(77,406)	(77,406)
Depreciation for the year	-	(3,401)	(3,401)
Disposals for the year	-	20,699	20,699
Exchange adjustments	-	15	15
Balance at December 31, 2013	-	(60,093)	(60,093)
Accumulated impairment			
Balance at January 1, 2013	(38,542)	(38,327)	(76,869)
Impairment for the year			
Gain on reversal of impairment loss	14,903	21,352	36,255
Disposals for the year	23,639	16,975	40,614
Balance at December 31, 2013	-	-	-
	$ 571,328	$ 102,547	$ 673,875

(12) Other assets – net

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Other prepaid expenses	$ 3,515,265	$ 111,021	$ 5,893,710
Refundable deposits	624,431	19,721	436,253
Temporary payments	487,161	15,386	461,286
Foreclosed property	-	-	23,602
Others	427,838	13,512	364,679
Total	$ 5,054,695	$ 159,640	$ 7,179,530

(13) Due to the Central Bank and commercial banks

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Call loans from the Central Bank and banks	$ 180,981,043	$ 5,715,852	$ 385,834,538
Transfer deposits from China Post Co.	2,924,041	92,349	2,912,531
Overdrafts from other banks	7,638,015	241,228	3,628,454
Due to the financial institutions	56,637,561	1,788,762	59,559,703
Due to the Central Bank	213,516,052	6,743,393	19,941,504
Total	$ 461,696,712	$ 14,581,584	$ 471,876,730

(14) Borrowed funds

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Refinancing to borrow funds from the Central Bank	$ 7,090,097	$ 223,924	$ 7,376,822
Other funds borrowed from the Central Bank	2,153,084	68,000	2,024,700
Funds borrowed from other banks	44,663,360	1,410,585	22,928,723
Total	$ 53,906,541	$ 1,702,509	$ 32,330,245

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

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Financial liabilities held for trading:			
Derivative instruments	$ 7,425,472	$ 234,516	$ 7,720,209
Financial liabilities designated as at fair value through profit or loss:			
Financial bonds	19,919,886	629,122	6,146,843
Total	$ 27,345,358	$ 863,638	$ 13,867,052

A. Gain (loss) on financial assets and liabilities held for trading and gain (loss) on financial liabilities designated as at fair value through profit or loss recognized for the years ended December 31, 2014 and 2013 are provided in Note 6(27).

B. Financial liabilities designated at fair value through profit or loss by the Bank is for the purpose of eliminating recognition inconsistency.

(16) Payables

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Accounts payable	$ 11,197,685	$ 353,652	$ 11,417,941
Bankers' acceptances	8,853,391	279,613	11,551,879
Dividends and bonus payable	5,679,263	179,366	5,679,263
Accrued interest	2,772,231	87,554	2,531,697
Accrued expense	4,378,891	138,297	4,167,729
Collections payable for customers	1,317,775	41,619	1,164,071
Other payables	1,902,889	60,098	2,754,030
Total	$ 36,102,125	$ 1,140,199	$ 39,266,610

(17) Deposits and remittances

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Checking deposits	$ 32,557,844	$ 1,028,262	$ 30,755,268
Demand deposits	587,718,255	18,561,673	549,633,380
Time deposits	784,875,897	24,788,425	764,994,312
Demand savings deposits	382,772,237	12,088,944	356,183,658
Time savings deposits	243,865,329	7,701,902	226,414,135
Negotiable certificates of deposit	1,906,400	60,209	1,830,000
Remittances	4,965,893	156,836	7,346,706
Total	$ 2,038,661,855	$ 64,386,251	$ 1,937,157,459

(18) Financial bonds payable

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Subordinated Bonds	$ 50,200,000	$ 1,585,447	$ 43,900,000

Financial bonds were as follows:

Name of bond	Issuing period	Interest rate %	Total issued amount	December 31, 2014 NT$	December 31, 2014 US$	Remark
97-1 Development Financial bond	2008.03.20-2015.03.20	2.90%	$ 900,000	$ 900,000	$ 28,424	Interest is paid annually. The principal is repaid at maturity.
97-3 Development Financial bond	2008.06.26-2015.06.26	3.10%	2,900,000	2,900,000	91,590	Interest is paid annually. The principal is repaid at maturity.
97-4 Development Financial bond	2008.06.26-2015.06.26	Floating rate	6,000,000	6,000,000	189,496	Interest is paid annually. The principal is repaid at maturity.
97-8 Development Financial bond	2008.09.29-2015.09.29	3.00%	1,600,000	1,600,000	50,532	Interest is paid annually. The principal is repaid at maturity.
97-9 Development Financial bond	2008.12.23-2015.12.23	3.00%	6,400,000	6,400,000	202,129	Interest is paid annually. The principal is repaid at maturity.
99-1 Development Financial bond	2010.12.24-2017.12.24	1.53%	10,300,000	10,300,000	325,301	Interest is paid annually. The principal is repaid at maturity.
100-1 Development Financial bond	2011.04.15-2018.04.15	1.65%	4,700,000	4,700,000	148,438	Interest is paid annually. The principal is repaid at maturity.
100-2 Development Financial bond	2011.11.24-2018.11.24	1.62%	7,900,000	7,900,000	249,503	Interest is paid annually. The principal is repaid at maturity.
101-1 Development Financial bond	2012.05.18-2019.05.18	1.48%	1,300,000	1,300,000	41,057	Interest is paid annually. The principal is repaid at maturity.
103-1 Development Financial bond	2014.03.28-2021.03.28	1.70%	4,900,000	4,900,000	154,755	Interest is paid annually. The principal is repaid at maturity.
103-2 Development Financial bond	2014.06.24-2021.06.24	1.65%	7,100,000	7,100,000	224,236	Interest is paid annually.The principal is repaid at maturity.
Total				$ 54,000,000	$ 1,705,461	

Name of bond	Issuing period	Interest rate %	Total issued amount		December 31, 2014 US$	Remark
103-3 Financial bond	2014.11.19-2034.11.19	0.00%	USD	90,000	$ 90,000	The principal is repaid at maturity.
103-4 Financial bond	2014.11.19-2034.11.19	0.00%	USD	30,000	30,000	The principal is repaid at maturity.
103-5 Financial bond	2014.11.19-2034.11.19	0.00%	USD	130,000	130,000	The principal is repaid at maturity.
103-6 Financial bond	2014.11.19-2034.11.19	0.00%	USD	175,000	175,000	The principal is repaid at maturity.
103-7 Financial bond	2014.11.19-2034.11.19	0.00%	USD	75,000	75,000	The principal is repaid at maturity.
Total					$ 500,000	

Name of bond	Issuing period	Interest rate %	Total issued amount	December 31, 2013 NT$	Remark
96-1 Development Financial bond	2007.09.27-2014.09.27	Floating rate	$ 5,000,000	$ 5,000,000	Interest is paid annually. The principal is repaid at maturity.
96-2 Development Financial bond	2007.12.30-2014.12.20	2.99%	2,200,000	2,200,000	Interest is paid annually. The principal is repaid at maturity.
96-3 Development Financial bond	2007.12.28-2014.12.28	2.99%	300,000	300,000	Interest is paid annually. The principal is repaid at maturity.
96-4 Development Financial bond	2007.12.28-2014.12.28	Floating rate	400,000	400,000	Interest is paid annually. The principal is repaid at maturity.
97-1 Development Financial bond	2008.03.20-2015.03.20	2.90%	900,000	900,000	Interest is paid annually. The principal is repaid at maturity.
97-3 Development Financial bond	2008.06.26-2015.06.26	3.10%	2,900,000	2,900,000	Interest is paid annually The principal is repaid at maturity.
97-4 Development Financial bond	2008.06.26-2015.06.26	Floating rate	6,000,000	6,000,000	Interest is paid annually. The principal is repaid at maturity.
97-8 Development Financial bond	2008.09.29-2015.09.29	3.00%	1,600,000	1,600,000	Interest is paid annually. The principal is repaid at maturity.
97-9 Development Financial bond	2008.12.23-2015.12.23	3.00%	6,400,000	6,400,000	Interest is paid annually. The principal is repaid at maturity.
99-1 Development Financial bond	2010.12.24-2017.12.24	1.53%	10,300,000	10,300,000	Interest is paid annually. The principal is repaid at maturity.
100-1 Development Financial bond	2011.04.15-2018.04.15	1.65%	4,700,000	4,700,000	Interest is paid annually. The principal is repaid at maturity.
100-2 Development Financial bond	2011.11.24-2018.11.24	1.62%	7,900,000	7,900,000	Interest is paid annually. The principal is repaid at maturity.
101-1 Development Financial bond	2012.05.18-2019.05.18	1.48%	1,300,000	1,300,000	Interest is paid annually. The principal is repaid at maturity.
Total				$ 49,900,000	

As of December 31, 2014 and 2013, the outstanding balances of the above mentioned financial bonds amounted to US$500 million and US$0, and NT$54 billion and NT$49.9 billion, respectively. In addition, among the above financial bonds, the senior financial bonds with face value of US$500 million and US$0 and the subordinate financial bonds with face value of NT$3.8 billion and NT$6 billion were designated as financial liabilities at fair value through profit or loss and hedged by interest rate swap contracts. As such interest rate swap contracts were valued at fair value with changes in fair value recognized as profit or loss, the financial bonds stated above were designated as financial liabilities at fair value through profit or loss in order to eliminate or significantly reduce recognition inconsistency.

(19) Provisions

	December 31, 2014 NT$	December 31, 2014 US$	December 31, 2013 NT$
Liabilities reserve for employee benefits	$ 6,915,679	$ 218,415	$ 6,946,341
Reserve for guarantee liabilities	3,204,542	101,208	3,562,796
Total	$ 10,120,221	$ 319,623	$ 10,509,137

Liabilities reserve for employee benefits are as follows:

	December 31, 2014 NT$	December 31, 2014 US$	December 31, 2013 NT$
Recognized in consolidated balance sheet:			
- Defined benefit plans	$ 4,082,719	$ 128,943	$ 4,344,092
- Employee preferential savings plans	2,832,960	89,472	2,602,249
Total	$ 6,915,679	$ 218,415	$ 6,946,341

A. Defined contribution plans

Effective July 1, 2005, the Bank and its subsidiaries have established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Employees have the option to be covered under the New Plan. Under the New Plan, the Bank and its subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The payment of pension benefits is based on the employees' individual pension fund accounts and the cumulative profit in such accounts, and the employees can choose to receive such pension benefits monthly or in lump sum. The pension costs under the defined contribution pension plan for the years ended December 31, 2014 and 2013 were NT$77,473 thousand, and NT$84,531 thousand, respectively.

For employees working overseas, pension expenses under defined contribution plans are recognized according to the local regulations. For the years ended December 31, 2014 and 2013, pension expenses of current period were NT$23,100 thousand and NT$20,727 thousand, respectively.

B. Defined benefit plans

(A) The Bank and its subsidiaries 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 Bank and its subsidiaries contribute monthly an amount equal to 9.214% 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
	NT$	US$	NT$
Present value of funded obligations	$ 14,491,116	$ 457,667	$ 14,559,066
Fair value of plan assets	(10,075,418)	(318,208)	(9,861,053)
	4,415,698	139,459	4,698,013
Unrecognized past service cost	(332,979)	(10,516)	(353,921)
Net liability in the balance sheet	$ 4,082,719	$ 128,943	$ 4,344,092

(C) Changes in present value of the defined benefit obligation are as follows:

	2014		2013
	NT$	US$	NT$
Present value of defined benefit obligations as at January 1	$ 14,559,066	$ 459,813	$ 13,890,024
Current service cost	454,683	14,360	509,642
Interest cost	244,074	7,709	184,692
Actuarial loss	85,665	2,705	565,078
Benefits paid	(852,372)	(26,920)	(590,370)
Present value of defined benefit obligations as at December 31	$ 14,491,116	$ 457,667	$ 14,559,066

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

	2014		2013
	NT$	US$	NT$
Fair value of plan assets at January 1	$ 9,861,053	$ 311,438	$ 9,600,744
Expected return on plan assets	168,658	5,327	130,420
Actuarial profit (loss)	63,234	1,997	(6,841)
Employer contributions	834,845	26,366	727,100
Benefits paid	(852,372)	(26,920)	(590,370)
Fair value of plan assets at December 31	$ 10,075,418	$ 318,208	$ 9,861,053

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

	2014		2013
	NT$	US$	NT$
Current service cost	$ 454,683	$ 14,360	$ 509,642
Interest cost	244,074	7,709	184,692
Expected return on plan assets	(168,658)	(5,327)	(130,420)
Past service cost	20,942	661	20,942
Current pension costs	$ 551,041	$ 17,403	$ 584,856

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

	2014		2013
	NT$	US$	NT$
Recognition for current period	$ 22,431	$ 708	$ 571,919
Accumulated amount	$ 2,135,706	$ 67,451	$ 2,113,275

(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 held by the Bank was $231,892 thousand and $123,579 thousand, respectively.

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

	2014	2013
Discount rate	1.75%	1.70%
Rate of future salary increases	1.75%	1.75%
Expected rate of return on plan assets	1.75%	1.70%

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:

	2014 NT$	2014 US$
Present value of defined benefit obligation	$ 14,491,116	$ 457,667
Fair value of plan assets	(10,075,418)	(318,208)
Deficit in the plan	$ 4,415,698	$ 139,459
Experience adjustments on plan liabilities	$ 152,770	$ 4,825
Experience adjustments on plan assets	$ 63,234	$ 1,997

	2013 NT$	2012 NT$
Present value of defined benefit obligation	$ 14,559,066	$ 13,890,024
Fair value of plan assets	(9,861,053)	(9,600,744)
Deficit in the plan	$ 4,698,013	$ 4,289,280
Experience adjustments on plan liabilities	$ 357,252	$ 258,782
Experience adjustments on plan assets	($ 6,841)	($ 120,991)

(J) The Bank expects to contribute NT$487,841 thousand for defined benefit plan within a year after the financial period-end.

C. The Bank's payment obligations of fixed-amount preferential savings of retired employees and current employees after retirement are in compliance with the internal "Rules Governing Pension Preferential Savings of Staff of Mega International Commercial Banks". The excessive interest arising from the interest rate upon retirement agreed with the employees in excess of general market interest rate should be accounted for in accordance with IAS 19, "Employee Benefits".

(A) Adjustment of assets and liabilities recognized in the consolidated balance sheets, present value of defined benefit obligation, and fair value of plan assets:

	December 31, 2014 NT$	December 31, 2014 US$	December 31, 2013 NT$
Present value of defined benefit obligation	$ 2,832,960	$ 89,472	$ 2,602,249
Less: Fair value of plan assets	-	-	-
	$ 2,832,960	$ 89,472	$ 2,602,249

(B) Changes in present value of the defined benefit obligation are as follows:

	December 31, 2014 NT$	December 31, 2014 US$	December 31, 2013 NT$
Present value of defined benefit obligations as at January 1	$ 2,602,249	$ 82,186	$ 2,481,634
Interest cost	99,455	3,141	94,921
Actuarial profit and loss	628,649	19,854	478,463
Benefits paid	(497,393)	(15,709)	(452,769)
Present value of defined benefit obligations as at December 31	$ 2,832,960	$ 89,472	$ 2,602,249

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

	2014 NT$	2014 US$	2013 NT$
Employer contributions	$ 497,393	$ 15,709	$ 452,769
Benefits paid	(497,393)	(15,709)	(452,769)
Fair value of plan assets at December 31	$ -	$ -	$ -

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

	2014		2013
	NT$	US$	NT$
Interest cost	$ 99,455	$ 3,141	$ 94,921
Actuarial loss recognized for current period	628,649	19,854	478,463
Current pension costs	$ 728,104	$ 22,995	$ 573,384

(E) Actuarial assumptions

	2014	2013
Discount rate for employee preferential interest savings	4.00%	4.00%
Return rate on capital deposited	2.00%	2.00%
Annual decreasing ratio for account balance	1.00%	1.00%
Probability of change in preferential savings system in the future	50.00%	50.00%

D. Reserve for guarantee liabilities

The Bank had provided appropriate reserve for guarantee liabilities based on the guarantee reserve assessed. The details and movements of reserve for guarantee liabilities for the years ended December 31, 2014 and 2013 are as follows:

	2014		2013
	NT$	US$	NT$
Balance at January 1	$ 3,562,796	$ 112,522	$ 3,574,854
Provision (reversal)	(350,930)	(11,083)	(13,137)
Effects of exchange rate changes and others	(7,324)	(231)	1,079
Balance at December 31	$ 3,204,542	$ 101,208	$ 3,562,796

(20) Other financial liabilities

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Appropriation for loans	$ 1,447,234	$ 45,707	$ 1,599,433
Structured deposits	7,573,812	239,201	6,848,976
Total	$ 9,021,046	$ 284,908	$ 8,448,409

(21) Other liabilities

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Deposits received	$ 2,548,328	$ 80,483	$ 2,771,796
Advance receipt	3,597,087	113,605	2,553,578
Temporary credits	2,671,926	84,386	1,570,634
Others	735,208	23,220	772,901
Total	$ 9,552,549	$ 301,694	$ 7,668,909

(22) Equity

A. Common stock

As of December 31, 2014 and 2013, the Bank's authorized capital was both NT$77,000,000 thousand and the Bank's issued capital was both NT$77,000,000 thousand and both consisting of 7,700,000 thousand shares, with a par value of $10 per share.

B. Share-based payment-employee compensation plan

(A) Pursuant to Article 267-1 of the R.O.C. Company Act, the parent, Mega Financial Holding Co., Ltd., reserved 10% of shares in cash capital increase for the Bank and its subsidiaries' employee preemption, which resulted in share-based payment for employee compensation below.

Type of arrangement	Grant date	Quantity granted (share)	Vesting conditions
Cash capital increase reserved for employee preemption	2013/11/01	68,504,000	Vested immediately

(B) Capital surplus arising from share-based payment transactions was $238,403 thousand.

C. Capital surplus

(A) Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Bank has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(B) On December 31, 2014 and 2013, the details of the Bank's capital surplus is as follows:

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Capital increase by cash – additional paid-in capital	$ 15,767,123	$ 497,967	$ 15,767,123
Consolidation surplus arising from share conversion	30,109,277	950,929	30,109,277
Changes in additional paid-in capital of investees accounted for by the equity method	383,204	12,103	384,628
Share-based payment (Note)	238,403	7,529	238,403
	$ 46,498,007	$ 1,468,528	$ 46,499,431

Note: above-mentioned share-based payment includes the subsidiaries.

D. Legal reserve and Special reserve

(A) Legal reserve

Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Bank's paid-in capital. As of December 31, 2014 and 2013, the Bank's legal reserves are NT$58,483,334 thousand and NT$52,841,523 thousand, respectively.

(B) Special reserve

In accordance with Financial-Supervisory-Securities-Corporate No. 1010012865 of the FSC dated on April 6, 2012, upon the first-time adoption for IFRSs, equivalent amounts of special reserve with regard to the unrealized revaluation increment under the stockholders' equity and cumulative translation adjustment (gains) transferred to retained earnings should be set aside. For the said special reserve, reversal of distributed earnings shall be based on the proportion of the original ratio of special reserve provision in the subsequent use, disposal or reclassification for the related assets. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land. If the assets are investment property other than land, the amounts are reversed over the use period and should be reversed by amortized balance upon disposal. As of December 31, 2014 and 2013, the special reserve of the Bank were NT$3,822,741 thousand and NT$3,997,433 thousand, respectively.

In accordance with the regulations, the Bank shall set aside an equivalent amount of special reserve from earnings after tax of the current year and the undistributed earnings of the prior period based on the net decreased amount of other stockholders' equity in the current period before distributing earnings. If there is any reversal of decrease in other stockholders' equity, the earnings may be distributed based on the reversal proportion.

(23) Retained earnings and dividend policies

A. The current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating loss, and the remaining amount should then be set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. 2.4% of the remaining earnings (including reversible special reserve) are then distributed as bonuses to employees, and the remaining earnings plus prior year's accumulated unappropriated earnings are subject to the Board of Directors' proposal for a distribution plan and approval by the stockholders at the Ordinary Stockholders' Meeting; in the plan, cash dividends shall account for no less than 50% of total dividends, while the remainder are stock dividends. Bonus to employees and dividends to stockholders are distributed in the form of cash. Distribution of bonus to employees should be resolved by the Board of Directors.

B. The legal reserve is to be used exclusively to offset any deficit or to increase capital by issuing new shares or distribute cash dividends according to original shareholders in proportion to the number of shares being held by each of them and is not to be used for any other purposes. For the legal reserve to be used for issuing new shares or distributing cash dividends, only the portion of the legal reserve exceeding 25% of paid-in capital may be capitalized or released.

C. Shareholders other than those not living in ROC have imputation tax credit for the distribution of earnings after (in) 1998 based on the creditable tax rate on the dividend declaration day.

As of December 31, 2014 and 2013, cumulative unappropriated retained earnings recorded in the books were all earnings generated in and after 1998.

D. The appropriations and distributions for 2013 and 2012 approved by the Bank's Board of Directors on the stockholders' behalf on May 9, 2014 and May 10, 2013, respectively, were as follows：

	2013	2012
	NT$	NT$
Legal reserve	$ 5,641,811	$ 5,800,041
Special reserve (Note)	40,081	44,435
Cash dividends (Both NT$1.45 per share)	11,165,000	10,295,000
	$ 16,846,892	$ 16,139,476

Note: The Bank in accordance with the description in Note 6(22)D(B) of the relevant provisions for special reserves, reversed special reserve of NT$214,773 thousand and NT$895,293 thousand, as of December 31, 2014 and 2013, respectively.

Information on the appropriation of the Bank's earnings as approved by the Board of Directors and during the shareholders' meeting is posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange. The Bank's 2013 actual earnings distributions were as mentioned above, bonuses to employees in 2013 were approved by the Board of Directors. The $9,016 thousand difference between the employees bonus resolved by the stockholders' meeting during 2013 and the recognized amount in the financial statements of 2013 has been adjusted in the profits and losses of 2014.

E. The Bank recognized the estimated costs of NT$436,084 thousand and NT$329,946 thousand for employees' bonuses for the years ended December 31, 2014 and 2013 which, after taking net income and legal reserve into account, is based on the ratio stipulated in the Company's Articles of Incorporation.

F. The appropriation of 2014 earnings resolved by the Board of Directors on March 20, 2015 is set forth below:

	2014
	NT$
Legal reserve	$ 7,791,990
Special reserve	25,253
Cash dividends (NT$1.44 per share)	11,088,000
	$ 18,905,243

(24) Other equity

	Cumulative translation differences of foreign operations	Available-for-sale financial assets	Total
		NT$	
January 1, 2014	($ 900,707)	$ 561,140	($ 339,567)
Available-for-sale financial assets			
Evaluation adjustment for the year	-	2,612,608	2,612,608
Realized gain and loss for the year	-	(955,578)	(955,578)
Cumulative translation differences of foreign operations	1,439,923	-	1,439,923
Share of other comprehensive income of associates and joint ventures accounted for under equity method	10,807	21,671	32,478
December 31, 2014	($ 550,023)	$ 2,239,841	($ 2,789,864)

	Cumulative translation differences of foreign operations	Available-for-sale financial assets	Total
		US$	
January 1, 2014	($ 28,447)	$ 17,722	($ 10,725)
Available-for-sale financial assets			
Evaluation adjustment for the year	-	82,513	82,513
Realized gain and loss for the year	-	(30,180)	(30,180)
Cumulative translation differences of foreign operations	45,477	-	45,477
Share of other comprehensive income of associates and joint ventures accounted for under equity method	341	685	1,026
December 31, 2014	($ 17,371)	$ 70,740	($ 88,111)

	Cumulative translation differences of foreign operations	Available-for-sale financial assets	Total
		NT$	
January 1, 2013	($ 918,398)	($ 87,439)	($ 1,005,837)
Available-for-sale financial assets			
Evaluation adjustment for the year	-	1,712,380	1,712,380
Realized gain and loss for the year	-	(991,274)	(991,274)
Cumulative translation differences of foreign operations	14,825	-	14,825
Share of other comprehensive income of associates and joint ventures accounted for under equity method	2,866	(72,527)	(69,661)
December 31, 2013	($ 900,707)	$ 561,140	($ 339,567)

(25) Net interest income

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Interest income			
Discount and loan interest income	$ 36,544,774	$ 1,154,179	$ 32,951,212
Deposit and loan interest income of banks	8,460,956	267,219	4,516,764
Securities investment interest income	5,022,958	158,638	4,532,540
Interest income of forfeiting purchased	2,159,144	68,192	889,985
Interest income of factoring	402,976	12,727	359,981
Credit card interest income	235,261	7,430	245,593
Interest income of securities purchased under resale agreements income	27,637	873	42,610
Other interest income	596,094	18,826	438,215
Subtotal	53,449,800	1,688,084	43,976,900
Interest expenses			
Deposit interest expense	($ 13,673,190)	($ 431,835)	($ 10,767,980)
The Central Bank and the bank deposit interest expense	(2,764,984)	(87,326)	(1,880,331)
Interest expense of securities sold under repurchase agreements	(826,535)	(26,104)	(322,338)
Bond interest expense	(883,201)	(27,894)	(777,902)
Other interest expense	(5,325)	(168)	(10,968)
Subtotal	(18,153,235)	(573,327)	(13,759,519)
Total	$ 35,296,565	$ 1,114,757	$ 30,217,381

(26) Fee income-net

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Service fee income			
Trust service fee income	$ 2,027,762	$ 64,042	$ 2,073,082
Import and export service fee income	784,979	24,792	724,574
Remittance service fee income	1,037,148	32,756	1,015,402
Agent service fee income	1,496,788	47,272	1,301,551
Guarantee service fee income	889,224	28,084	850,891
Loan service fee income	1,823,779	57,600	1,844,714
Other fee income	1,015,112	32,060	1,041,369
Subtotal	9,074,792	286,606	8,851,583
Service fee charges			
Agent service fee	(569,453)	(17,985)	(510,952)
Other charges	(251,692)	(7,949)	(237,335)
Subtotal	(821,145)	(25,934)	(748,287)
Net fee income	$ 8,253,647	$ 260,672	$ 8,103,296

The Bank and its subsidiaries provide custody, trust, and investment management and consultation service to the third party, and therefore the Bank and its subsidiaries are involved with the exercise of planning, managing and trading decision of financial instruments. In relation to the management and exercise of trust fund and portfolio for brokerage, the Bank and its subsidiaries record and prepare the financial statements independently for internal management purposes, which are not included in the financial statements of the Bank and its subsidiaries.

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

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Realized gain or loss on financial assets and financial liabilities at fair value through profit or loss			
Bond	$ 1,947,359	$ 61,503	$ 45,001
Stock	104,014	3,285	328,610
Interest rate	261,708	8,266	(781,995)
Exchange rate	(145,541)	(4,597)	(705,170)
Options	(1,777,866)	(56,150)	1,067,341
Futures	(8,977)	(284)	(2,882)
Asset swap contracts	(121,463)	(3,836)	(176,636)
Credit default swap	304,929	9,630	198,879
Cross currency swap	(87,865)	(2,775)	(104,721)
Others	(11,316)	(357)	(14,358)
Subtotal	464,982	14,685	(145,931)
Unrealized gain or loss on financial assets and financial liabilities at fair value through profit or loss			
Bond	(1,017,250)	(32,128)	1,478,345
Stock	262,946	8,305	26,456
Interest rate	(228,147)	(7,205)	1,089,380
Exchange rate	51,910	1,639	42,366
Options	1,282,051	40,491	(2,053,445)
Futures	(346)	(11)	339
Asset swap contracts	(154,479)	(4,879)	(162,213)
Credit default swap	25,276	798	229,594
Cross currency swap	150,708	4,760	147,373
Subtotal	372,669	11,770	798,195
Dividend income on financial assets at fair value through profit or loss	119,625	3,778	108,337
Interest income on financial assets at fair value through profit or loss	667,064	21,068	744,389
Interest expense on financial liabilities at fair value through profit or loss	(255,332)	(8,064)	(211,014)
Total	$ 1,369,008	$ 43,237	$ 1,293,976

Net income on the exchange rate instrument includes realized and unrealized gains and losses on forward exchange agreement, FX options, and exchange rate futures. Not designated as foreign exchange financial assets and liabilities, measured at fair value through profit and loss, its conversion gains or losses are included in net income under exchange rate commodities.

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

(28) Realized gains on available-for-sale financial assets

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Dividend income	$ 321,079	$ 10,141	$ 299,676
Realized net gains or losses			
Fund	36,040	1,138	40,701
Short coupon	35	1	2,551
Bond	40,682	1,285	15,236
Stock	878,821	27,755	906,192
Others	-	-	26,594
Total	$ 1,276,657	$ 40,320	$ 1,290,950

(29) Loss on asset impairment

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Financial assets carried at cost - stocks	$ 244,503	$ 7,722	$ 353,225
Available-for-sale-financial assets	128,625	4,062	81,869
Gain on reversal of impairment loss on property and equipment	(156,041)	(4,928)	(79,631)
Gain on reversal of investment property	-	-	(36,254)
Total	$ 217,087	$ 6,856	$ 319,209

(30) Other revenue other than interest income

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Gain on sales of property	$ 1,185	$ 38	$ 439,187
Net income from rent	194,690	6,149	196,510
Other revenue	305,895	9,660	316,567
Total	$ 501,770	$ 15,847	$ 952,264

(31) Employee benefits expenses

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Payroll expense	$ 9,356,196	$ 295,493	$ 9,394,086
Staff insurance	612,190	19,334	618,214
Pension	651,614	20,580	690,114
Other staff expenses	1,839,204	58,087	1,799,453
Total	$ 12,459,204	$ 393,494	$ 12,501,867

(32) Depreciation and amortization

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Depreciation	$ 508,590	$ 16,062	$ 565,794
Amortization	2,331	74	9,222
Total	$ 510,921	$ 16,136	$ 575,016

(33) Other general and administrative expenses

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
Taxes	$ 1,667,938	$ 52,678	$ 1,185,782
Rental	776,067	24,510	829,711
Computer software maintenance fees	388,107	12,258	425,342
Water and electricity	161,128	5,089	156,917
Postage	204,647	6,463	204,377
Advertising and printing cost	173,010	5,464	159,333
Business development	255,295	8,063	207,877
Professional expense	406,592	12,841	421,884
Insurance charges	433,317	13,685	383,731
Others	1,235,839	39,031	1,256,827
Total	$ 5,701,940	$ 180,082	$ 5,231,781

(34) Income tax

A. Income tax expense

(A) Income tax:

	For the years ended December 31, 2014 NT$	2014 US$	2013 NT$
Current income tax:			
Income tax from current income	$ 4,459,151	$ 140,832	$ 3,296,538
Income tax attributed to adjustments of prior years income tax	(107,440)	(3,393)	139,784
Total current tax	4,351,711	137,439	3,436,322
Deferred income tax:			
Origination and reversal of temporary differences	(80,229)	(2,534)	(242,021)
Income tax expense	$ 4,271,482	$ 134,905	$ 3,194,301

(B) The income tax relating to components of other comprehensive income is as follows:

	2014 NT$	2014 US$	2013 NT$
Actuarial gains/losses on defined benefit obligations	$ 3,813	$ 120	$ 97,226

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

	2014 NT$	2014 US$	2013 NT$
Income tax calculated based on pre-tax income using statutory tax rate enacted in the country where the branch operates	$ 5,578,705	$ 176,190	$ 4,347,286
Effects of items not recognized under relevant regulations	5,752	182	6,266
Additional 10% tax payment levied on undistributed earnings	173,931	5,493	408,929
Effect of income basic tax	1,101,585	34,791	139,784
Income tax adjustments in respect of prior years	(107,440)	(3,393)	447,164
Adjusted effects on income tax exemption and other adjustments	(2,481,051)	(78,358)	(2,155,128)
Income tax expense	$ 4,271,482	$ 134,905	$ 3,194,301

B. As of December 31, 2014, the income tax returns of the Bank through 2008 have been examined by the Tax Authorities. In connection with such examinations, the Bank disagreed with the assessment and has filed an appeal to the Tax Authorities in connection with the 2005 income tax return. For conservatism purposes, the Bank had recognized the tax listed above.

C. Deferred income tax assets or liabilities arising from the temporary differences are as follows:

2014 NT$				
Temporary differences:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Allowance for doubtful accounts in excess of limit	$ 1,214,103	$ 306,756	$ -	$ 1,520,859
Reserve of guarantees in excess of limit	232,559	(65,551)	-	167,008
Employee benefit liabilities reserve	1,097,931	(29,370)	3,813	1,072,374
Unrealized impairment loss	648,757	(65,114)	-	583,643
Others	258,880	38,923	-	297,803
	$ 3,452,230	$ 185,644	$ 3,813	$ 3,641,687
Deferred income tax liabilities				
Land value increment tax	($ 1,053,300)	$ -	$ -	($ 1,053,300)
Unrealized exchange gains	(451,897)	(3,770)	-	(455,667)
Investment income accounted for under the equity method	(470,162)	(45,752)	-	(515,914)
Others	(62,602)	(55,893)	-	(118,495)
	($ 2,037,961)	($ 105,415)	$ -	$ 2,143,376

Temporary differences:	2014 US$ January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Allowance for doubtful accounts in excess of limit	$ 38,345	$ 9,688	$ -	$ 48,033
Reserve of guarantees in excess of limit	7,345	(2,070)	-	5,275
Employee benefit liabilities reserve	34,676	(928)	120	33,868
Unrealized impairment loss	20,489	(2,056)	-	18,433
Others	8,176	1,229	-	9,405
	$ 109,031	$ 5,863	$ 120	$ 115,014
Deferred income tax liabilities				
Land value increment tax	($ 33,266)	$ -	$ -	($ 33,266)
Unrealized exchange gains	(14,272)	(119)	-	(14,391)
Investment income accounted for under the equity method	(14,849)	(1,445)	-	(16,294)
Others	(1,977)	(1,765)	-	(3,742)
	($ 64,364)	($ 3,329)	$ -	($ 67,693)

Temporary differences:	2013 NT$ January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets				
Allowance for doubtful accounts in excess of limit	$ 620,531	$ 593,572	$ -	$ 1,214,103
Reserve of guarantees in excess of limit	180,658	51,901	-	232,559
Employee benefit liabilities reserve	1,043,876	(43,171)	97,226	1,097,931
Unrealized impairment loss	660,576	(11,819)	-	648,757
Others	283,039	(24,159)	-	258,880
	$ 2,788,680	$ 566,324	$ 97,226	$ 3,452,230
Deferred income tax liabilities				
Land value increment tax	($ 1,053,300)	$ -	$ -	($ 1,053,300)
Unrealized exchange gains	(164,131)	(287,766)	-	(451,897)
Investment income accounted for under the equity method	(414,878)	(55,284)	-	(470,162)
Others	(54,860)	(7,742)	-	(62,602)
	($ 1,687,169)	($ 350,792)	$ -	($ 2,037,961)

D. As of December 31, 2014 and 2013, the balance of the imputation tax credit account was $165,016 thousand and $24,382 thousand, respectively. The creditable tax rate was 0.87% for 2013 and is estimated to be 0.12% for 2014.

(35) Earnings per share

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 years ended December 31, 2014 NT$	2014 US$	2013 NT$
Weighted-average number of shares outstanding common stock (Unit: Thousands)	7,700,000		7,123,014
Profit attributable to ordinary shareholders of the Bank and its subsidiaries	$ 25,973,300	$ 820,304	$ 18,806,038
Basic earnings per share (in dollars)	$ 3.37	$ 0.11	$ 2.64

7. FAIR VALUE INFORMATION OF FINANCIAL INSTRUMENTS

(1) Overview

Fair value is the amount for which an asset could be exchanged or a liability can be settled between parties in an arm's length transaction. Financial instruments are initially recognized by fair value, which is transaction price in most cases. Subsequent recognitions are measured by fair value except that certain financial instruments are recognized by amortized cost. 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 Bank and its subsidiaries then adopts valuation technique or takes reference to Bloomberg or the fair value of financial instrument from counterparties.

(2) Fair value information of financial instruments

Except for those listed in the table below, the carrying amounts of certain financial instruments held by the Bank and its subsidiaries (such as cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreement, accounts receivable, bills discounted and loans, due to Central Bank and other banks, funds borrowed from the Central Bank and other banks, bills and bonds payable under repurchase agreements, accounts payable, deposits and remittances, financial bonds payable, and other financial liabilities) are approximate to their fair values (please refer to Note7(4)). The fair value information of financial instruments measured at fair value is provided in Note7(5).

	NT$	
Items	Book value	Fair value
December 31, 2014		
Held-to-maturity financial assets - net	$ 161,795,040	$ 161,818,174

	US$	
Items	Book value	Fair value
December 31, 2014		
Held-to-maturity financial assets - net	$ 5,109,909	$ 5,110,639

	NT$	
Items	Book value	Fair value
December 31, 2013		
Held-to-maturity financial assets - net	$ 182,739,356	$ 182,799,621

(3) Financial instruments measured at fair value

If the market quotation from the Taiwan Stock Exchange Corporation, brokers, underwriters, Industrial Trade Unions, pricing service agencies 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.

If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value, usually the fair value is measured using the market price, interest rate, foreign exchange central parity rate shown in Reuters quotation system, partially using the quoted prices from Bloomberg, OTC, or counterparties, and the basis for valuation is maintained consistently. 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. Fair value measured by a valuation technique is usually estimated by reference to the fair values of other financial instruments with similar terms and characteristics, or by using cash flows discounting method, or using model calculation based on the market information (such as yield rate curves from OTC, average interest rate of commercial papers from Reuters) available on the balance sheet date.

When assessing non-standardized financial instruments with lower complexity, derivative financial instruments such as interest rate swap contracts, foreign exchange swap contracts, options, the Bank and its subsidiaries use valuation techniques and models which are extensively used by the market to estimate their fair value. The parameters used in the valuation model for these kinds of financial instruments usually use the observable information as the input.

For more complicated financial instruments, such as debt instruments with embedded derivative instruments or securitization products, the Bank and its subsidiaries develop its own valuation models to estimate fair value by reference to the valuation techniques and methods which are extensively used by the same trade. Parts of parameters used in these valuation models are not observable from the market; they must be estimated by using some assumptions.

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

B. NTD corporate bonds, financial debentures, government bonds, bond-type beneficiary securities and designated financial debentures issued by the Group: the present value of future estimated cash flows is calculated by using the yield rate curve from OTC.

C. NTD short-term bills and NTD bill-type beneficiary securities: the present value of future estimated cash flows of NTD and USD short-term bills is calculated by using average interest rate of commercial papers and TAIFX3 central parity rate from Reuters, respectively.

D. Foreign securities: quoted prices from Bloomberg or counterparties are adopted.

E. Listed stock：the closing price being listed in TSE is adopted.

F. Unlisted stock and domestic/foreign partnership-type fund: If the objective recently has representative trading, its trading price might be the best estimate of its fair value. If the objective has comparable listed trades, its fair value can be estimated by using appropriate market method, such as P/E method, P/B method, EV/EBIT method or EBITDA×EV method, taking into account the operation condition of the comparable listed companies, most recent one month trading information and its liquidity. And if the objective has no comparable instruments or its fair value cannot be estimated using market method, other valuation technique, such as net assets method or income approach, is used to estimate its fair value.

G. Funds：net assets value is adopted.

H. Derivative financial instruments:

(A) Foreign exchange forward contract, currency swaps, forward rate agreement, interest rate swaps and cross currency swaps: the discounting future cash flow is adopted.

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

(C) Some structured derivative financial instruments are valued by using BGM model.

(D) Some foreign-currency derivatives are valued by using the quoted prices from Bloomberg or counterparties.

(4) Fair value financial instruments not measured at fair value through profit or loss

A. In relation to cash and cash equivalents, investments in bills and bonds under resale agreements, due from the Central Bank and call loans to banks, receivables, refundable deposits, due to the Central Bank and financial institutions, funds borrowed from the Central Bank and other banks, bills and bonds payable under repurchase agreements, payables and deposits received, 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 closed or the future payment or receipt is closed to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.

B. Interest rates of the Bank and its subsidiaries' bills discounted and loans (including non-performing loans) are generally based on the benchmark interest rate plus or minus certain adjustment to reflect the market interest rate. Thus, their fair values are based on the book value after adjustments of estimated recoverability. 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. When held-to-maturity financial assets have 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. The fair value of deposits and remittances are represented by the book value.

E. The coupon rate of convertible bonds and bank debentures issued by the Bank and its subsidiaries is equivalent to market interest rate; therefore, fair value estimated based on the present value of future cash flows is equivalent to book value.

F. For other financial assets, such as investments in debt instruments without active market, financial assets measured at cost and investments accounted for under the equity method, as they have no quoted price in active market and their valuation results by using different valuation methods are significantly different, their fair value cannot be measured reliably and is not disclosed here.

(5) Level information of financial instrument at fair value

A. Three definition of the Bank and its subsidiaries' financial instruments at fair value

(A) Level 1

If the market for the financial instrument is active, the fair value of the financial instrument is represented by the quoted prices of the same instruments. An active market refers to a market that meets all of the following conditions:(A) the goods traded in the market are homogeneous；(B) willing sellers and buyers can be found at the same time；(C) the price information is available to the public. The Bank and its subsidiaries' investment in listed stock, 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

The observable prices other than the quoted prices in an active market comprise direct (e.g. prices) or indirect (e.g. introduced by prices) observable inputs obtained from an active market. The Bank and its subsidiaries' investments in non-popular government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments and corporate bonds issued by the Bank and its subsidiaries belong to this category.

(C) Level 3

The inputs adopted to measure fair value at this level are not based on available data from the markets (non-observable inputs, e.g. option pricing model using history volatility rate, because history volatility rate cannot represent the expectation value of market participants for future volatility rate). The Bank and its subsidiaries' investments in some derivative instruments without active market belong to this category.

B. Information of fair value hierarchy of financial instruments

(In NT Thousand Dollars)

	December 31, 2014			
Financial instruments at fair value through profit or loss	Total	Level 1	Level 2	Level 3
Non derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Investment in stock	$ 4,626,120	$ 4,626,120	$ -	$ -
Investment in bonds	34,004,666	2,822,848	31,181,818	-
Available-for-sale financial assets				
Investment in stock	10,767,650	9,385,074	1,382,576	-
Investment in bonds	100,628,077	19,332,991	81,295,086	-
Commercial paper and certificate of deposit	75,615,846	-	75,615,846	-
Other	333,703	-	333,703	-
Liabilities				
Financial liabilities at fair value through profit or loss	(19,919,886)	-	(19,919,886)	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	5,066,261	-	4,851,980	214,281
Liabilities				
Financial liabilities at fair value through profit or loss	(7,425,472)	-	(7,211,191)	(214,281)
Total	$ 203,696,965	$ 36,167,033	$ 167,529,932	$ -

(In US Thousand Dollars)

Financial instruments at fair value through profit or loss	December 31, 2014 Total	Level 1	Level 2	Level 3
Non derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Investment in stock	$ 146,105	$ 146,105	$ -	$ -
Investment in bonds	1,073,956	89,153	984,803	-
Available-for-sale financial assets				
Investment in stock	340,070	296,405	43,665	-
Investment in bonds	3,178,097	610,586	2,567,511	-
Commercial paper and certificate of deposit	2,388,146	-	2,388,146	-
Other	10,539	-	10,539	-
Liabilities				
Financial liabilities at fair value through profit or loss	(629,122)	-	(629,122)	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	160,006	-	153,238	6,768
Liabilities				
Financial liabilities at fair value through profit or loss	(234,516)	-	(227,748)	(6,768)
Total	$ 6,433,281	$ 1,142,249	$ 5,291,032	$ -

(In NT Thousand Dollars)

Financial instruments at fair value through profit or loss	December 31, 2013 Total	Level 1	Level 2	Level 3
Non derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Investment in stock	$ 3,763,363	$ 3,763,363	$ -	$ -
Investment in bonds	36,462,464	4,940,733	31,521,731	-
Available-for-sale financial assets				
Investment in stock	10,516,299	9,281,396	1,234,903	-
Investment in bonds	98,754,645	17,920,242	80,834,403	-
Commercial paper and certificate of deposit	66,926,233	4,037,410	62,888,823	-
Other	8,252,667	7,552,372	700,295	-
Liabilities				
Financial liabilities at fair value through profit or loss	(6,146,843)	-	(6,146,843)	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,255,213	-	3,555,144	700,069
Liabilities				
Financial liabilities at fair value through profit or loss	(7,720,209)	-	(6,553,987)	(1,166,222)
Total	$ 215,063,832	$ 47,495,516	$ 168,034,469	($ 466,153)

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 (In NT Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation: Gain and loss	Other comprehensive income	Addition: Purchased or issued	Transferred to Level 3	Reduction: Sold, disposed or settled	Transferred from Level 3	Ending balance
Financial assets at fair value through profit or loss	$ 700,069	($ 206,346)	-	$ 376,055	-	($ 242,019)	($ 413,478)	$ 214,281

For the year ended December 31, 2014 (In US Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation: Gain and loss	Other comprehensive income	Addition: Purchased or issued	Transferred to Level 3	Reduction: Sold, disposed or settled	Transferred from Level 3	Ending balance
Financial assets at fair value through profit or loss	$ 22,110	($ 6,517)	-	$ 11,877	-	($ 7,643)	($ 13,059)	$ 6,768

For the year ended December 31, 2013 (In NT Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation: Gain and loss	Other comprehensive income	Addition: Purchased or issued	Transferred to Level 3	Reduction: Sold, disposed or settled	Transferred from Level 3	Ending balance
Financial assets at fair value through profit or loss	$ 628,384	($ 95,572)	-	$ 491,447	-	($ 324,190)	-	$ 700,069

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

For the year ended December 31, 2014 (In NT Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial liabilities at fair value through profit or loss	($ 1,166,222)	$ 210,911	-	($ 617,779)	-	$ 449,646	$ 909,163	($ 214,281)

For the year ended December 31, 2014 (In US Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial liabilities at fair value through profit or loss	($ 36,832)	$ 6,661	-	($ 19,511)	-	$ 14,201	$ 28,713	($ 6,768)

For the year ended December 31, 2013 (In NT Thousand Dollars)

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Financial liabilities at fair value through profit or loss	($ 924,363)	$ 91,811	-	($ 867,756)	-	$ 534,086	-	($ 1,166,222)

Because adopting observable inputs rather than quoted price from counterparties, derivative financial instruments transfers from level 3 to level 2.

D. Transfer between Level 1 and Level 2

Because 103-10 Class A central government construction bonds amounting to NT$251,160 thousand held by the Bank as of December 31, 2014 changed to an indicator of popular bond, it was transferred from level 2 to level 1.

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

The fair value measurement that the Bank and its subsidiaries made to the financial instruments is deemed reasonable; however, different valuation models or inputs could results in different valuation results. 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:

December 31, 2014	Effect of changes in fair value in the current profit and loss	
	NT$	
	Favorable change	Adverse change
Derivative financial assets and liabilities	$ -	$ -

December 31, 2014	Effect of changes in fair value in the current profit and loss	
	US$	
	Favorable change	Adverse change
Derivative financial assets and liabilities	$ -	$ -

December 31, 2013	Effect of changes in fair value in the current profit and loss	
	NT$	
	Favorable change	Adverse change
Derivative financial assets and liabilities	$ 9,334	($ 9,334)

Favorable and unfavorable movements of the Bank and its subsidiaries refer to the fluctuation of fair value, and the fair value is calculated according to unobservable parameters to different extent. If the fair value of a financial instrument is affected by one or more inputs, the correlation and variance of input are not put into consideration in the above table.

8. MANAGEMENT OBJECTIVE AND POLICY FOR FINANCIAL RISK

(1) Overview

The Bank and its subsidiaries earn profits mainly from lending, financial instruments trading, investments, brokerage, financial planning, assets management and insurance businesses. The Bank and its subsidiaries are supposed to bear and manage any risks from these business activities. These risks include credit risk, market risk, operating risk and liquidity risk. Among those risks, credit risk, market risk and liquidity risk have greatest impact.

The Bank and its subsidiaries regard any potential factors that might negatively affect earnings and reputation as risks. To maintain steady profits and good reputation and avoid losses from incidental events, the Bank and it subsidiaries' risk management policies focus on prevention and reduction of anticipated business risks and increase of capital in response to future anticipated risks. In order to meet the solid operating requirements by the competent authorities, depositors and other stakeholders for management objectives for risks, business risks are controlled within the tolerable scope.

(2) The organization framework of risk management

The Bank and its subsidiaries established risk management policies and guidelines and whole risk tolerance of the Group. Subsidiaries therefore follow the Bank's instructions in setting risk management organization, policies, objectives, prdocedures, internal control operation, risk monitor mechanism and risk limits, and report to the parent company on risk management issues.

The Board of Directors is the highest instruction unit of the Bank and its subsidiaries' risk management organization structure and is responsible for establishing risk management system, including risk management policies, organization structure, risk preference, internal control system and management of significant business cases, and the effective operation of the system. Under the Board of Directors, the risk management committee is established. The risk management committee is responsible for review and monitor of risk management. The Bank and significant subsidiaries all have risk management unit, being a part of the risk management committee and responsible for supervising the establishment of risk management mechanism, risk limits setting, risk monitor and reporting.

Under the management, several committees and other administrative units are established. They are responsible for risk review and control of loaning, investments, trading and assets/liabilities management businesses.

Administrative unit of each subsidiary is responsible for identifying the possible risks of businesses, establishing internal control procedures and regulations, measuring risk degrees regularly and adopting responding measures for any negative effects.

Business units follow operating procedures and report to the management units directly. Risk management unit is responsible for monitor of overall risk positions and concentration and reporting to the management or Board of Directors.

Auditing office examines the operations of business and administration units regularly or irregularly to ensure the three risk management defense lines operate normally.

The Bank has assigned personnel to sit on the Board of Directors of each subsidiary to monitor the governance of each subsidiary.

(3) Credit risk

A. The source and definition of credit risk

Credit risk pertains to the risk of loss that the borrowers, issuers or counterparties might default on contracts due to deterioration in their finance or other factors.

The Bank and its subsidiaries are exposed to credit risk mainly on businesses of corporate and individual loans, guarantees, trade financing, interbank deposits and call loans and securities investments.

Credit risk is the primary risk of the Bank and its subsidaries' capital charge.

B. Credit risk management policies

The objectives of the Bank and its subsidiaries' credit risk management are to maintain stable asset allocation strategy, careful loaning policy and excellent asset quality to secure assets and earnings.

The management mechanism of the Bank and its subsidiaries for credit risk includes:

The establishment of assets/liabilities, risk management, lending and investment committees which adopt responding measures to market environment, changes in industry, and capital limits, and review relevant regulations and cases of significant lending and investments.

Setting careful prior review procedures for lending and criteria of handling subsequent matters, regular post-lending follow-up, understanding of clients' operation and capital outflows, and increase in the frequency of review on clients with higher risk.

Classifying credit ratings based on clients' probability of default or behavior scoring with management put in practice.

Controlling concentration of credit risk by setting credit limits for individuals, corporate groups, industries, areas, and different types of collaterals.

Setting credit risk limits by reference to external ratings and prospects with attention to changes in market credit spread and risk concentration of counterparties.

The establishment of credit pre-warning list and reporting system.

Assessing assets quality regularly and setting aside sufficient reserve for losses.

Setting creditor's rights management unit and advisory committee in charge of accelerating collection of non-performing loans.

The procedures for credit risk management of the Bank and its subsidiaries and related measurement approaches are outlined below:

(A) Credit extensions

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

a. Classification of credit assets

Corporate credit risk is measured by using the borrower's default probability model with logistic regression analysis in which financial and non-financial factors are incorporated, which predicts the default probability of borrower within the next year. Besides, the extent of risk is measured by using credit rating table and taking into account the characteristics and scale of business. Lending examination and post management are dealt with based on clients' credit rating. Individual borrowers are grouped into different risk levels and managed by using application scoring and behavior scoring cards. Back-testing is conducted on internal models regularly; those models are subject to adjustments when necessary. Clients' credit ratings are reviewed annually and subject to adjustments when there is significant change in their credit ratings.

b. Internal risk rating

The internal rating for lending is classified as excellent, satisfactory, fair and weak, and corresponds to the Standard & Poor rating as follows:

Internal risk rating	Excellent	Satisfactory	Fair	Weak
Corresponding to S&P	AAA~BBB-	BB+~ BB-	B+	B and below

(B) Interbank deposits and call loans

Before trading with other banks, the Bank and its subsidiaries assess their credit by reference to their ratings offered by external rating agencies, their assets and scales of owners' equity and their country risks, and therefore set credit risk limits for each of them. The Bank and its subsidiaries monitor changes in market prices of the financial instruments issued by those banks and CDS quoted prices daily to keep attention to their risk.

(C) Bonds and derivative instruments

The limits of bonds purchased by the Bank and its subsidiaries are set by considering the credit rating of bond issuers or guarantors (ex. S&P, Moody's, Fitch, Taiwan ratings or Fitch Taiwan), which needs to meet the minimum rating set by the Board of Directors, and country risk at the application, share price of issuers, changes in CDS quoted prices, earnings, market condition, and capital utilization status of the applying unit.

The bank and its subsidiaries have set trading units and overall total risk limit for non-hedging derivative instruments, and use positive trading contract evaluation as the basis for calculating credit risk and add the limit to the total credit risk limit for monitoring.

(D) Asset quality

The Bank and its subsidiaries have set the minimum requirements and examination procedures for the quality of financial assets of each type, and controls risk concentration of assets portfolios of each type based on the risk limit of each type. The Bank and its subsidiaries also monitor the changes in assets quality regularly during the duration of the assets and takes measures to maintain their quality. According to the policies and regulations, reserve for losses is provided adequately for those assets to actually reflect and safeguard the value of owners' equity.

(E) Impairment of financial assets and provision for reserves

Each subsidiary assesses at each balance sheet date whether a financial asset is impaired. If there is objective evidence that an event that occurred after the initial recognition of the asset has an impact on the future cash flows of the financial asset, the impairment loss on the financial asset should be recognized.

The objective evidence of an impairment loss is as follows:

Significant financial difficulty of the issuer or debtor;

The issuer or debtor has breached the contract;

The Creditor, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession;

It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

The disappearance of an active market for that financial asset because of financial difficulties; or 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 are in the payment status of borrowers in the group; or adverse changes in national or local economic conditions that correlate with defaults on the assets in the group.

Financial assets that are not impaired are included in the group of financial assets sharing similar credit risk characteristics for collective assessment. Financial assets that are assessed individually with impairment recognized need not be included in the collective assessment.

The amount of the impairment loss is the difference between the financial assets' book value and the estimated future cash flow discounted using the original effective interest rate. The present value of estimated future cash flows must reflect the cash flows that might generate from collaterals less acquisition or selling cost regarding the collateral.

Financial assets through collective assessment are grouped based on similar credit risk characteristics, such as types of assets, industry and collaterals. Such credit risk characteristics represent the ability of the debtors to pay all the amounts at maturities according to the contract term, which is related to future cash flows of group of financial assets. The future cash flows of group of financial assets for collective assessment are estimated based on historical impairment experience, reflecting the change in observable data for each period, and the estimation of the future cash flows should move in the same direction. The Bank and its subsidiairies review the assumptions and methods for estimation of the future cash flows regularly.

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For loan loss provision and guarantee reserve, the Bank and its subsidiaries have established the regulations for assets assessment and loss reserve. According to the regulations of the Financial Supervisory Commission for banks, bills companies and insurance companies, all assets in balance sheets and off balance sheets are classified as five categories. For credit assets on balance sheets and off balance sheets, in addition to normal credit assets which shall be classified as "Category One", the remaining unsound credit assets that required special attention shall be evaluated based on the status of the creditor's the length of time overdue financial situation, and loan collaterals, and classified as "Category Two". Assets that are substandard shall be classified as "Category Three". Assets that are doubtful shall be classified as "Category Four", and assets for which there is loss shall be classified as "Category Five". "Category Two" to "Category Five" shall be assessed one by one for possible loss and set aside sufficient loss provision. And loss provision shall be also set aside for "Category One" proportionately in accordance with regulations of competent authorities.

C. Policies of hedging and mitigation of credit risk

To reduce credit risk, the Bank and it subsidiaries adopt the following policies:

(A) Obtaining collaterals and guarantors

The Bank and its subsidiaries have established policies on collateral management, mortgage loan line setting, scope of collaterals, collateral valuation, collateral management and disposal. 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 the debtor's deposits can be used to offset its liabilities to mitigate credit risks.

(B) Loan limit control

To avoid extreme credit risk concentration, subsidiaries established policies for control of credit risk concentration and set up credit extension limit for a single individual, a single group, a single industry, a single area/country, and single collateral.

D. Maximum credit risk exposure

The maximum credit risk exposure of financial assets within the balance sheets is presented in book values. The maximum credit risk exposure of guarantees and irrevocable commitments off balance sheets is calculated based on their limits. Letters of credit and the guarantee refer to those issued but not used.

(A) The maximum credit risk exposure of financial assets of the Bank and its subsidiaries (excluding collaterals or other credit enhancement instruments) is listed below:

	December 31, 2014		December 31, 2013
	NT$	US$	NT$
Credit risk exposure of assets within balance sheets:			
Cash and cash equivalents	$ 164,407,531	$ 5,192,418	$ 153,233,392
Due from the Central Bank and call loans to banks	465,986,081	14,717,054	393,159,236
Financial assets at fair value through profit or loss			
- Debt instruments	34,004,666	1,073,956	36,462,464
- Derivative financial instruments	5,066,261	160,006	4,255,213
Bills and bonds purchased under resale agreement	5,850,332	184,769	5,451,889
Receivables	171,053,943	5,402,329	159,597,172
Bills discounted and loans	1,733,994,271	54,764,055	1,654,577,193
Available-for-sale financial assets-debt instruments	176,577,626	5,576,781	166,381,173
Held-to-maturity financial assets-debt instruments	161,795,040	5,109,909	182,739,356
Other assets	8,766,461	276,866	10,915,116
Subtotal	2,927,502,212	92,458,143	2,766,772,204
Credit risk exposure of items off balance sheet:			
Irrevocable commitments	171,133,933	5,404,855	142,278,553
Guarantee and letters of credit	294,133,035	9,289,487	306,005,487
Subtotal	465,266,968	14,694,342	448,284,040
Total	$ 3,392,769,180	$ 107,152,485	$ 3,215,056,244

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(B) Assets of the Bank and its subsidiaries with credit risk are analyzed as follows:

Unit: In NT Thousand Dollars

December 31, 2014	Cash and cash equivalents, due from the Central Bank and call loans to banks	Bills discounted and loans	Receivables	Bills and bonds purchased under resale agreement and debt instruments	Derivative financial instruments	Other items included in balance sheet	Credit commitments	Total
Government organization	$ 320,517,648	$ 8,409,372	$ 152,923	$ 15,788,174	$ -	$ 35,779	$ 84,054,289	$ 428,958,185
Financial institution, investment and insurance	310,628,079	140,664,250	101,227,482	310,168,710	3,659,666	218	23,336,935	889,685,340
Enterprise and commerce	-	1,208,257,021	65,492,416	52,270,780	1,046,658	8,423,325	299,173,741	1,634,663,941
Individuals	-	386,807,286	4,661,779	-	41,508	311,838	56,925,808	448,748,219
Others	-	11,776,374	1,139,895	-	318,429	3,605	1,776,195	15,014,498
Total	631,145,727	1,755,914,303	172,674,495	378,227,664	5,066,261	8,774,765	465,266,968	3,417,070,183
Less: Allowance for probable losses	(752,115)	(21,920,032)	(1,620,552)	-	-	(8,304)	-	(24,301,003)
Net	$ 630,393,612	$ 1,733,994,271	$ 171,053,943	$ 378,227,664	$ 5,066,261	$ 8,766,461	$ 465,266,968	$ 3,392,769,180

Trade finance to enterprises accounted for 12.96%, totaling to $156,605,723 thousand. Housing mortgage loans to individuals accounted for 74.96%, totaling $289,948,643 thousand.

Unit: In US Thousand Dollars

December 31, 2014	Cash and cash equivalents, due from the Central Bank and call loans to banks	Bills discounted and loans	Receivables	Bills and bonds purchased under resale agreement and debt instruments	Derivative financial instruments	Other items included in balance sheet	Credit commitments	Total
Government organization	$ 10,122,782	$ 265,590	$ 4,830	$ 498,631	$ -	$ 1,130	$ 2,654,653	$ 13,547,616
Financial institution, investment and insurance	9,810,444	4,442,543	3,197,027	9,795,936	115,582	7	737,041	28,098,580
Enterprise and commerce	-	38,159,903	2,068,421	1,650,848	33,056	266,030	9,448,686	51,626,944
Individuals	-	12,216,381	147,231	-	1,311	9,849	1,797,865	14,172,637
Others	-	371,929	36,001	-	10,057	112	56,097	474,196
Total	19,933,226	55,456,347	5,453,510	11,945,415	160,006	277,128	14,694,342	107,919,974
Less: Allowance for probable losses	(23,754)	(692,292)	(51,181)	-	-	(262)	-	(767,489)
Net	$ 19,909,472	$ 54,764,055	$ 5,402,329	$ 11,945,415	$ 160,006	$ 276,866	$ 14,694,342	$ 107,152,485

Trade finance to enterprises accounted for 12.96% totaling to $4,946,017 thousand. Housing mortgage loans to individuals accounted for 74.96%, totaling $9,157,333 thousand.

Unit: In NT Thousand Dollars

December 31, 2013	Cash and cash equivalents, due from the Central Bank and call loans to banks	Bills discounted and loans	Receivables	Bills and bonds purchased under resale agreement and debt instruments	Derivative financial instruments	Other items included in balance sheet	Credit commitments	Total
Government organization	$ 281,482,852	$ 8,781,713	$ 139,727	$ 13,021,217	$ -	$ 8,144	$ 85,210,737	$ 388,644,390
Financial institution, investment and insurance	264,911,096	143,869,124	63,993,069	320,497,084	3,498,173	175	7,072,449	803,841,170
Enterprise and commerce	-	1,160,765,981	91,624,410	57,393,321	669,803	10,592,816	301,047,008	1,622,093,339
Individuals	-	351,081,095	4,311,735	-	26,515	315,702	53,187,580	408,922,627
Others	-	11,850,311	535,036	123,260	60,722	3,676	1,766,266	14,339,271
Total	546,393,948	1,676,348,224	160,603,977	391,034,882	4,255,213	10,920,513	448,284,040	3,237,840,797
Less: Allowance for probable losses	(1,320)	(21,771,031)	(1,006,805)	-	-	(5,397)	-	(22,784,553)
Net	$ 546,392,628	$ 1,654,577,193	$ 159,597,172	$ 391,034,882	$ 4,255,213	$ 10,915,116	$ 448,284,040	$ 3,215,056,244

Trade finance to enterprises accounted for 11.06%, totaling to $128,344,132 thousand. Housing mortgage loans to individuals accounted for 72.66%, totaling $255,079,249 thousand.

E. Credit risk concentration

Extreme credit risk concentration will enhance risk degree, such as large amount of risk exposure concentrated on one credit product, one client, or minor clients, or a group of clients in the same industry or with similar business or in the same area or with the same risk characteristics. When adverse economic changes occur, a financial institution may incur a significant loss.

To avoid extreme credit risk concentration, the Bank and its subsidiaries have regulated credit limit and management rules for single client, single business group and large amount of risk exposure. The Bank and its subsidiaries have to monitor and control the credit risk concentration within the limit. Status of credit risk concentration must be shown in the regular risk report by industry, area/country, collateral and other forms.

(A) Loans and credit commitments of the Bank and its subsidiaries are shown below by industry:

		Loans and credit commitments				
		December 31, 2014			December 31, 2013	
		Amount		Percentage(%)	Amount	Percentage(%)
		NT$	US$		NT$	
Individuals	Individuals	$ 443,733,094	$ 14,014,247	19.98%	$ 404,268,675	19.05%
Corporation	Government organization	92,463,661	2,920,243	4.16%	93,992,450	4.42%
	Financial institution, investment and insurance	164,001,185	5,179,585	7.38%	150,941,573	7.10%
	Enterprise and commerce					
	- Manufacturing	612,144,001	19,333,102	27.56%	620,070,999	29.18%
	- Electricity and gas supply	123,114,730	3,888,284	5.54%	130,269,121	6.13%
	- Wholesale and retail	201,973,815	6,378,859	9.09%	185,574,822	8.73%
	- Transportation and storage	165,402,990	5,223,857	7.45%	161,284,464	7.59%
	- Real estate	244,681,778	7,727,688	11.02%	234,269,931	11.03%
	- Others	160,113,447	5,056,799	7.21%	130,343,652	6.13%
	Others	13,552,570	428,025	0.61%	13,616,577	0.64%
Total		$ 2,221,181,271	$ 70,150,689	100.00%	$ 2,124,632,264	100.00%

(B) Loans and credit commitments of the Bank and its subsidiaries are shown below by location:

	Loans and credit commitments				
	December 31, 2014			December 31, 2013	
	Amount		Percentage (%)	Amount	Percentage(%)
	NT$	US$		NT$	
ROC	$ 1,692,236,215	$ 53,445,227	76.19%	$ 1,658,497,546	78.06%
Asia	326,654,290	10,316,593	14.71%	289,949,694	13.65%
North America	82,339,170	2,600,485	3.71%	59,188,578	2.79%
Others	119,951,596	3,788,384	5.39%	116,996,446	5.50%
Total	$ 2,221,181,271	$ 70,150,689	100.00%	$ 2,124,632,264	100.00%

(C) Loans and credit commitments of the Bank and its subsidiaries are shown below by collaterals:

	Loans and credit commitments			Loans and credit commitments	
	December 31, 2014			December 31, 2013	
	Amount		Percentage (%)	Amount	Percentage (%)
	NT$	US$		NT$	
Unsecured	$ 949,352,916	$ 29,983,037	42.74%	$ 897,493,802	42.24%
Secured					
- Secured by stocks	129,901,387	4,102,624	5.85%	126,390,467	5.95%
- Secured by bonds	121,567,167	3,839,408	5.47%	113,937,654	5.36%
- Secured by real estate	758,697,160	23,961,632	34.16%	677,586,640	31.89%
- Secured by chattel	107,034,588	3,380,431	4.82%	108,281,947	5.10%
- Secured by letter of guarantee	45,901,662	1,449,694	2.07%	59,434,381	2.80%
- Others	108,726,391	3,433,863	4.89%	141,507,373	6.66%
Total	$ 2,221,181,271	$ 70,150,689	100.00%	$ 2,124,632,264	100.00%

F. Financial assets credit quality and analysis of past due and impairment

(A) The Bank and its subsidiaries' financial assets credit quality and analysis of past due and impairment

Unit: In NT Thousand Dollars

December 31, 2014	Neither past due nor impaired						Past due but not impaired						Impaired	Reserve for losses	Net amount
	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal			
Maximum credit risk exposure of financial assets in balance sheet:															
Cash and cash equivalents	$ 161,729,984	$ 2,032,062	$ -	$ 44,921	$ 602,308	$ 164,409,275	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,744	$ 164,407,531
Due from Central Bank and call loans to banks	459,495,235	1,291,018	56,772	696,586	5,196,841	466,736,452	-	-	-	-	-	-	-	750,371	465,986,081
Financial assets at fair value through profit or loss															
- Debt instruments	27,167,728	3,923,052	728,291	-	2,185,595	34,004,666	-	-	-	-	-	-	-	-	34,004,666
- Derivative financial instruments	2,638,630	2,936	-	-	2,424,695	5,066,261	-	-	-	-	-	-	-	-	5,066,261
Bills and bonds purchased under resale agreements	5,850,332	-	-	-	-	5,850,332	-	-	-	-	-	-	-	-	5,850,332
Receivables	84,467,291	32,375,233	2,433,660	462,595	52,468,607	172,207,386	273	532	283	1,945	14,534	17,567	449,542	1,620,552	171,053,943
Bills discounted and loans	462,990,489	515,140,781	176,487,837	67,872,966	510,072,658	1,732,564,731	166,271	383,375	128,035	2,762,393	669,362	4,109,436	19,240,136	21,920,032	1,733,994,271
Available-for-sale financial assets-Debt instruments	175,375,440	868,483	-	333,703	-	176,577,626	-	-	-	-	-	-	-	-	176,577,626
Held-to-maturity financial assets-Debt instruments	161,088,768	46,760	-	288,794	370,718	161,795,040	-	-	-	-	-	-	-	-	161,795,040
Other assets	40,027	4,582,039	-	-	4,142,997	8,765,063	-	-	-	-	-	-	9,702	8,304	8,766,461
Total	$ 1,540,843,924	$ 560,262,364	$ 179,706,560	$ 69,699,565	$ 577,464,419	$ 2,927,976,832	$ 166,544	$ 383,907	$ 128,318	$ 2,764,338	$ 683,896	$ 4,127,003	$ 19,699,380	$ 24,301,003	$ 2,927,502,212

Unit: In US Thousand Dollars

December 31, 2014	Neither past due nor impaired						Past due but not impaired						Impaired	Reserve for losses	Net amount
	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal			
Maximum credit risk exposure of financial assets in balance sheet:															
Cash and cash equivalents	$ 5,107,854	$ 64,178	$ -	$ 1,419	$ 19,022	$ 5,192,473	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 55	$ 5,192,418
Due from Central Bank and call loans to banks	14,512,056	40,774	1,793	22,000	164,130	14,740,753	-	-	-	-	-	-	-	23,699	14,717,054
Financial assets at fair value through profit or loss															
- Debt instruments	858,028	123,900	23,001	-	69,027	1,073,956	-	-	-	-	-	-	-	-	1,073,956
- Derivative financial instruments	83,335	93	-	-	76,578	160,006	-	-	-	-	-	-	-	-	160,006
Bills and bonds purchased under resale agreements	184,769		-	-	-	184,769	-	-	-	-	-	-	-	-	184,769
Receivables	2,667,697	1,022,494	76,861	14,610	1,657,096	5,438,758	9	17	9	61	458	554	14,198	51,181	5,402,329
Bills discounted and loans	14,622,445	16,269,487	5,573,946	2,143,605	16,109,423	54,718,906	5,251	12,108	4,044	87,244	21,140	129,787	607,654	692,292	54,764,055
Available-for-sale financial assets-Debt instruments	5,538,813	27,429	-	10,539	-	5,576,781	-	-	-	-	-	-	-	-	5,576,781
Held-to-maturity financial assets-Debt instruments	5,087,603	1,477	-	9,121	11,708	5,109,909	-	-	-	-	-	-	-	-	5,109,909
Other assets	1,264	144,713	-	-	130,846	276,823	-	-	-	-	-	-	306	262	276,867
Total	$ 48,663,864	$ 17,694,544	$ 5,675,601	$ 2,201,295	$ 18,237,830	$ 92,473,134	$ 5,260	$ 12,125	$ 4,053	$ 87,305	$ 21,598	$ 130,341	$ 622,158	$ 767,489	$ 92,458,144

Unit: In NT Thousand Dollars

December 31, 2013	Neither past due nor impaired						Past due but not impaired						Impaired	Reserve for losses	Net amount
	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal	Excellent	Satisfactory	Fair	Weak	No rating	Subtotal			
Maximum credit risk exposure of financial assets in balance sheet:															
Cash and cash equivalents	$ 151,328,527	$ 775,539	$ 553,216	$ 31,444	$ 545,986	$ 153,234,712	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,320	$ 153,233,392
Due from Central Bank and call loans to banks	389,845,486	930,540	-	-	2,383,210	393,159,236	-	-	-	-	-	-	-	-	393,159,236
Financial assets at fair value through profit or loss															
- Debt instruments	30,353,630	4,030,659	613,152	-	1,465,023	36,462,464	-	-	-	-	-	-	-	-	36,462,464
- Derivative financial instruments	2,512,137	63	-	-	1,743,013	4,255,213	-	-	-	-	-	-	-	-	4,255,213
Bills and bonds purchased under resale agreements	5,451,889	-	-	-	-	5,451,889	-	-	-	-	-	-	-	-	5,451,889
Receivables	58,949,836	16,421,927	7,191,585	1,105,745	79,191,189	159,860,282	546	845	214	1,724	18,788	22,117	721,578	1,006,805	159,597,172
Bills discounted and loans	417,144,164	437,938,137	184,501,573	71,441,302	530,325,110	1,641,350,286	135,561	464,282	94,320	572,502	858,161	2,124,826	32,873,112	21,771,031	1,654,577,193
Available-for-sale financial assets-Debt instruments	163,945,019	351,426	-	322,719	1,762,009	166,381,173	-	-	-	-	-	-	-	-	166,381,173
Held-to-maturity financial assets-Debt instruments	181,932,601	57,951	-	-	748,804	182,739,356	-	-	-	-	-	-	-	-	182,739,356
Other assets	11,938	4,563,016	-	-	6,339,846	10,914,800	-	-	-	-	-	-	5,713	5,397	10,915,116
Total	$ 1,401,475,227	$ 465,069,258	$ 192,859,526	$ 72,901,210	$ 621,504,190	$ 2,753,809,411	$ 136,107	$ 465,127	$ 94,534	$ 574,226	$ 876,949	$ 2,146,943	$ 33,600,403	$ 22,784,553	$ 2,766,772,204

a. As of December 31, 2014 and 2013, according to the internal requirements of assets internal rating, the rate of liabilities instruments belonging to excellent level were 97.69% and 97.61%, respectively.

b. As of December 31, 2014 and 2013, the rate of due from commercial banks and call loans to bank belonging to excellent level were 98.45% and 99.16%, respectively.

c. As of December 31, 2014 and 2013, the rate of loans belonging to excellent level were 26.72% and 25.41%, respectively.

d. Bills discounted and loans of the Bank and its subsidiaries were all in accordance with requirements of credit extensions and the relevant regulations, and classified by internal rating table.

e. Bills discounted and loans of the Bank and its subsidiaries were all in accordance with requirements of credit extensions and the relevant regulations, and classified by internal rating model or table, the internal rating is classified as excellent, satisfactory, fair and weak, the probability of default can corresponds to the Standard & Poor rating; Besides, those without credit ratings are risk exposures classified by credit rating (score) table, corresponding credit default rates are yet to be confirmed, mainly as a sovereign state, banks and overseas branches customers. The Bank adopted qualified external rating as the quality control tools for sovereign states and banks, and classified by rating table for overseas branches.

(B) The Bank and its subsidiaries' aging analysis of financial assets that were past due but not impaired

Financial assets might be past due but not impaired due to borrower's processing delay or other administrative reasons. According to subsidiaries' internal management rules for assets assessment, financial assets which are past due within 90 days are not regarded as impaired unless there is objective evidence that the financial assets are impaired. There are very few conditions where financial assets are past due over 90 days but not impaired.

Unit: In NT Thousand Dollars

	December 31, 2014				
	Overdue for less than 1 month	Overdue for 1~3 months	Overdue for 3~6 months	Overdue for more than 6 months	Total
Account receivable	$ 11,770	$ 5,797	$ -	$ -	$ 17,567
Bills discounted and loans					
- Government	-	-	-	-	-
- Financial,investment, and insurance industries	220,000	-	-	-	220,000
- Enterprise and commerce	2,612,564	-	-	-	2,612,564
- Individuals	1,272,887	3,985	-	-	1,276,872
Total	$ 4,117,221	$ 9,782	$ -	$ -	$ 4,127,003

Unit: In US Thousand Dollars

	December 31, 2014				
	Overdue for less than 1 month	Overdue for 1~3 months	Overdue for 3~6 months	Overdue for more than 6 months	Total
Account receivable	$ 372	$ 183	$ -	$ -	$ 555
Bills discounted and loans					
- Government	-	-	-	-	-
- Financial,investment, and insurance industries	6,948	-	-	-	6,948
- Enterprise and commerce	82,512	-	-	-	82,152
- Individuals	40,201	126	-	-	40,327
Total	$ 130,033	$ 309	$ -	$ -	$ 130,342

Unit: In NT Thousand Dollars

	December 31, 2013				
	Overdue for less than 1 month	Overdue for 1~3 months	Overdue for 3~6 months	Overdue for more than 6 months	Total
Account receivable	$ 13,289	$ 8,763	$ 65	$ -	$ 22,117
Bills discounted and loans					
- Government	57,850	-	-	-	57,850
- Enterprise and commerce	297,585	-	-	-	297,585
- Individuals	1,765,183	4,208	-	-	1,769,391
Total	$ 2,133,907	$ 12,971	$ 65	$ -	$ 2,146,943

(C) The Bank and its subsidiaries' provisions for doubtful accounts analysis of impaired loans

Unit: In NT Thousand Dollars

December 31, 2014

	Loans: Not impaired: Individual assessment	Loans: Not impaired: Collective assessment	Loans: Impaired: Individual assessment	Loans: Impaired: Collective assessment	Loans: Total	Allowance for probable losses: Individual assessment	Allowance for probable losses: Collective assessment	Allowance for probable losses: Total	Loans net amount	Provisions for doutbful accounts/ impaired loans %
ROC	$ -	$ 1,265,573,449	$ 16,435,386	$ 822,052	$ 1,282,830,887	$ 3,050,591	$ 13,426,330	$ 16,476,921	$ 1,266,353,966	85.64
Asia	-	294,618,817	679,520	-	295,298,337	198,311	3,139,199	3,337,510	291,960,827	17.35
North America	-	64,019,464	729,003	-	64,748,467	135,881	683,486	819,367	63,929,100	4.26
Others	-	112,462,437	574,175	-	113,036,612	106,229	1,180,005	1,286,234	111,750,378	6.69
Total	$ -	$ 1,736,674,167	$ 18,418,084	$ 822,052	$ 1,755,914,303	$ 3,491,012	$ 18,429,020	$ 21,920,032	$ 1,733,994,271	113.94

Unit: In US Thousand Dollars

December 31, 2014

	Loans: Not impaired: Individual assessment	Loans: Not impaired: Collective assessment	Loans: Impaired: Individual assessment	Loans: Impaired: Collective assessment	Loans: Total	Allowance for probable losses: Individual assessment	Allowance for probable losses: Collective assessment	Allowance for probable losses: Total	Loans net amount	Provisions for doutbful accounts/ impaired loans %
ROC	$ -	$ 39,970,105	$ 519,072	$ 25,963	$ 40,515,140	$ 96,346	$ 424,039	$ 520,385	$ 39,994,755	85.64
Asia	-	9,304,830	21,461	-	9,326,291	6,263	99,144	105,407	9,220,884	17.35
North America	-	2,021,901	23,024	-	2,044,925	4,291	21,586	25,877	2,019,048	4.26
Others	-	3,551,857	18,134	-	3,569,991	3,355	37,268	40,623	3,529,368	6.69
Total	$ -	$ 54,848,693	$ 581,691	$ 25,963	$ 55,456,347	$ 110,255	$ 582,037	$ 692,292	$ 54,764,055	113.94

Unit: In NT Thousand Dollars

December 31, 2013

	Loans: Not impaired: Individual assessment	Loans: Not impaired: Collective assessment	Loans: Impaired: Individual assessment	Loans: Impaired: Collective assessment	Loans: Total	Allowance for probable losses: Individual assessment	Allowance for probable losses: Collective assessment	Allowance for probable losses: Total	Loans net amount	Provisions for doutbful accounts/ impaired loans %
ROC	$ -	$ 1,207,326,759	$ 27,958,566	$ 753	$ 1,235,286,078	$ 4,075,358	$ 12,365,334	$ 16,440,692	$ 1,218,845,386	50.01
Asia	-	274,459,639	1,343,254	-	275,802,893	243,436	2,880,004	3,123,440	272,679,453	9.50
North America	-	54,195,793	1,236,913	-	55,432,706	185,377	579,742	765,119	54,667,587	2.33
Others	-	107,492,921	2,333,626	-	109,826,547	340,150	1,101,630	1,441,780	108,384,767	4.39
Total	$ -	$ 1,643,475,112	$ 32,872,359	$ 753	$ 1,676,348,224	$ 4,844,321	$ 16,926,710	$ 21,771,031	$ 1,654,577,193	66.23

G. Foreclosed properties management policy

As of December 31, 2014 and 2013, other assets in the consolidated balance sheet include foreclosed properties' book value of MICB totalling $0 and $23,602 thousand, respectively. Foreclosed properties are both land and buildings. To lower the amount of creditors' rights, foreclosed properties will be sold. According to the regulations of regulatory authorities, foreclosed properties of the bank shall be sold within four years.

H. Supplementary information in accordance with "Regulations Governing the Preparation of Financial Reports by Public Banks"

(A) Asset quality of non-performing loans and overdue accounts

Unit: In NT Thousand Dollars, %

Month/Year			December 31, 2014				
Business/Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		448,348	617,988,986	0.07%	8,068,491	1799.60%
	Unsecured loans		386,045	751,118,032	0.05%	9,650,444	2499.82%
Consumer banking	Residential mortgage loans (Note 4)		359,072	289,753,117	0.12%	3,147,343	876.52%
	Cash card services		-	-	-	-	-
	Small amount of credit loans (Note 5)		749	11,115,192	0.01%	118,846	15867.29%
	Others (Note 6)	Secured loans	52,840	85,635,206	0.06%	931,650	1763.15%
		Unsecured loans	-	303,770	-	3,258	-
Gross loan business			1,247,054	1,755,914,303	0.07%	21,920,032	1757.75%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services			7,592	4,300,701	0.18%	65,063	856.99%
Without recourse factoring (Note 7)			4,351	46,390,766	0.01%	695,914	15994.35%

Unit: In US Thousand Dollars, %

Month/Year			December 31, 2014				
Business/Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		14,160	19,517,702	0.07%	254,824	1799.60%
	Unsecured loans		12,192	23,722,263	0.05%	304,786	2499.82%
Consumer banking	Residential mortgage loans (Note 4)		11,340	9,151,158	0.12%	99,401	876.52%
	Cash card services		-	-	-	-	-
	Small amount of credit loans (Note 5)		24	351,047	0.01%	3,754	15867.29%
	Others (Note 6)	Secured loans	1,669	2,704,583	0.06%	29,424	1763.15%
		Unsecured loans	-	9,594	-	103	-
Gross loan business			39,385	55,456,347	0.07%	692,292	1757.75%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services			240	135,827	0.18%	2,055	856.99%
Without recourse factoring (Note 7)			137	1,465,141	0.01%	21,979	15994.35%

Unit: In NT Thousand Dollars, %

Month/Year			December 31, 2013				
Business/Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		1,832,464	623,497,812	0.29%	8,566,539	467.49%
	Unsecured loans		785,819	701,769,317	0.11%	9,474,157	1205.64%
Consumer banking	Residential mortgage loans (Note 4)		261,803	254,470,087	0.10%	2,715,806	1037.35%
	Cash card services		-	-	-	-	-
	Small amount of credit loans (Note 5)		2,288	10,968,657	0.02%	115,912	5066.08%
	Others (Note 6)	Secured loans	36,000	85,233,828	0.04%	888,215	2467.26%
		Unsecured loans	20,108	408,523	4.92%	10,402	51.73%
Gross loan business			2,938,482	1,676,348,224	0.18%	21,771,031	740.89%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio	Allowance for doubtful accounts	Coverage ratio
Credit card services			9,205	3,962,419	0.23%	69,569	755.77%
Without recourse factoring (Note 7)			-	69,336,768	-	688,177	100.00%

Notes:

1. The amount recognized as non-performing loans is in accordance 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 accordance with the Banking Bureau (4) Letter No.0944000378 dated July 6, 2005.
2. Non-performing loan ratio = non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.
3. Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards=allowance for doubtful accounts for accounts receivable of credit cards/overdue accounts.
4. For residential mortgage loans, the borrower provides his/her (or spouses or minor) 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.
5. Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.
6. Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.
7. Pursuant to the Banking Bureau (5) Letter No. 094000494 dated July 19, 2005, 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.

(B) Non-performing loans and overdue receivables exempted from reporting to the competent authority

Unit: In NT Thousand dollars

	December 31, 2014	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Performing amounts exempted from reporting to the competent authority as debt negotiation (Note 1)	$ 44	$ -
Performing amounts in accordance with debt liquidation program and restructuring program (Note 2)	427	4,166
	$ 471	$ 4,166

Unit: In US Thousand dollars

	December 31, 2014	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Performing amounts exempted from reporting to the competent authority as debt negotiation (Note 1)	$ 1	$ -
Performing amounts in accordance with debt liquidation program and restructuring program (Note 2)	14	132
	$ 15	$ 132

Unit: In NT Thousand dollars

	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
Performing amounts exempted from reporting to the competent authority as debt negotiation (Note 1)	$ 72	$ -
Performing amounts in accordance with debt liquidation program and restructuring program (Note 2)	520	4,522
	$ 592	$ 4,522

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

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

(C) The Bank and its subsidiaries contract amounts of significant credit risk concentration are as follows：

Unit: In NT Thousand dollars, %

Year	December 31, 2014			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3)		Total outstanding loan amount / net worth of the current year (%)
		NT$	US$	
1	A Company - Transportation	65,643,609	2,073,196	30.00%
2	B Group - Petroleum and Coal Products Manufacturing	46,261,543	1,461,060	21.14%
3	C Group - Optoelectronic Materials and Semi-conductors Manufacturing	22,341,456	705,601	10.21%
4	D Group - Other Financial Intermediation Not Elsewhere Classified	22,086,806	697,559	10.10%
5	E Group - Basic Metal Manufacturing	19,011,109	600,420	8.69%
6	F Group - Other Retailers	18,239,161	576,040	8.34%
7	G Group - Marine transportation	17,749,870	560,587	8.11%
8	H Group - Iron Rolling and Extruding	15,264,007	482,077	6.98%
9	I Group - Real Estate	13,065,900	412,655	5.97%
10	J Group - Real Estate	12,806,994	404,478	5.85%

Unit: In NT Thousand dollars, %

Year	December 31, 2013		
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total outstanding loan amount (Note 3) NT$	Total outstanding loan amount / net worth of the current year (%)
1	A Company - Transportation	66,114,824	32.91%
2	B Group - Petroleum and Coal Products Manufacturing	49,052,575	24.42%
3	C Group - Optoelectronic Materials and Semi-conductors Manufacturing	30,106,092	14.99%
4	D Group - Other Retailers	26,821,440	13.35%
5	E Group - Basic Metal Manufacturing	22,043,071	10.97%
6	F Group - Other Financial Intermediation Not Elsewhere Classified	22,013,826	10.96%
7	G Group - Iron Rolling and Extruding	14,247,185	7.09%
8	H Group - Marine transportation	13,610,786	6.78%
9	I Group - Other Financial Intermediation Not Elsewhere Classified	13,463,781	6.70%
10	J Group - Optoelectronic Materials and Semi-conductors Manufacturing	13,376,209	6.66%

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 the 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 would 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 Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

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

(4) Liquidity risk

A. Definition and sources of liquidity risk

The Bank and its subsidiaries define liquidity risk as the risk of financial loss to the Bank and its subsidiaries arising from default by any companies of financial instruments on the payment obligations. For example, the companies are default on payment obligations, such as withdrawals paid to depositors and loans repayment. Or, the company is unable to obtain funds within a certain period at reasonable cost in response to increased demand for assets.

B. Procedures for liquidity risk management and measurement of liquidity risk

The Bank and its subsidiaries are mainly engaged in industry related to finance. Therefore, the management for capital liquidity is very important to the Bank and its subsidiaries. The objectives for liquidity risk management are to maintain reasonable liquidity based on business development plans, ensure capability of daily payment obligations and meet business growth requirements with adequate high-liquid assets and capability of raising funds from others in case of emergency.

The financial department of the Bank and its subsidiaries is responsible for daily capital liquidity management. According to the limits authorized by the Board of Directors, the Bank and its subsidiaries monitor the indexes of liquidity risk, execute capital procurement trading and reports the conditions of capital liquidity to the management. The Bank and its subsidiaries also reports the liquidity risk control to the capital review committee, assets/liabilities and risk management committee and Board of Directors regularly, and performs regular liquidity stress-testing to ensure sufficient capital to meet the funding requirements for increase in assets and payment obligations.

The Bank and its subsidiaries daily perform intensive control over capital sources and the period for fund gaps and liquidity risk management. Future cash flows are estimated based on the financial liability contracts due date and expected cash collection date of financial assets. The Bank and its subsidiaries also take into account the extent of practical utilization of capital in contingent liabilities such as use of loan limits, guarantees and commitments.

Assets used to pay obligations and loan commitments including cash and cash equivalents, due from central bank and call loans to other banks, financial assets at fair value through profit or loss, investments in bills and bonds under resale agreement, accounts receivable, bills discounted and loans, available-for-sale financial assets, held-to-maturity financial assets, and other financial assets are held in response to unexpected cash outflows.

The liquidity management policies of the Bank and its subsidiaries include:

(A) Maintain the ability to perform all payment obligations immediately.

(B) Maintain solid assets/liabilities structure to ensure medium and long-term liquidity safety.

(C) Diversify capital sources and absorb stable core depositors to avoid depending on certain large-sum depositors or minor borrowers.

(D) Avoid potential unknown loss risk which will increase capital cost and capital procurement pressure.

(E) Conduct due date management to ensure that cash inflow is greater than cash outflow in short term.

(F) Keep liquidity ratio regulated by the supervision authority.

(G) Keep legal ratio for high-quality, high-liquidity assets.

(H) Be aware of the liquidity, safety and diversity of financial instruments.

(I) The Group has capital emergency plans, which are reviewed regularly.

(J) The overseas branches of the Bank must obey the regulations of ROC and the local supervisory authorities. Otherwise, they will be penalized for violation of these regulations.

C. Maturity date analysis for financial assets and liabilities held for liquidity risk management

The table below lists analysis for cash inflow and outflow of the financial assets and liabilities held by the Bank and its subsidiaries for liquidity risk management based on the remaining period at the financial reporting date to the contractual maturity date.

The Bank and its subsidiaries' analysis for capital maturity gaps

UNIT：In NT Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Primary funds inflow upon maturity							
Cash and cash equivalents	$ 91,903,509	$ 44,493,692	$ 18,652,812	$ 10,930,730	$ -	$ -	$ 165,980,743
Due from the Central Bank and call loans to banks	376,581,568	69,383,263	11,254,625	4,377,782	5,808,943	-	467,406,181
Financial assets at fair value through profit or loss	4,106,930	78,884	1,435,567	1,824,933	23,764,569	5,053,078	36,263,961
Bills and bonds purchased under resale agreements	5,851,418	-	-	-	-	-	5,851,418
Receivables	61,219,055	37,890,500	17,283,982	50,652,139	730,113	315	167,776,104
Bills discounted and loans	135,029,679	150,567,480	216,454,302	197,525,283	708,719,672	461,730,304	1,870,026,720
Available-for-sale financial assets	71,588,289	18,859,563	17,560,498	12,098,960	65,795,408	30,728,395	216,631,113
Held-to-maturity financial assets	136,606,637	8,010,879	2,172,541	5,985,251	9,110,576	25,685	161,911,569
Other financial assets	2,840	5,680	5,680	19,879	-	9,702	43,781
Total	882,889,925	329,289,941	284,820,007	283,414,957	813,929,281	497,547,479	3,091,891,590
Primary funds outflow upon maturity							
Due to the Central Bank and commercial bank	395,642,178	7,254,517	3,562,358	8,912,692	45,456,323	967,156	461,795,224
Borrowed funds	46,287,915	7,148,368	-	81,107	391,152	-	53,908,542
Financial liabilities at fair value through profit or loss	15,910,250	927,288	2,989,900	4,313	24,875	19,874	19,876,500
Bills and bonds sold under repurchased agreements	48,504,350	1,812,133	10,016	-	-	-	50,326,499
Payables	15,783,315	6,262,638	1,335,124	3,735,322	534,147	5,679,348	33,329,894
Deposits and remittances	440,072,951	322,089,908	185,626,950	339,524,181	754,754,369	15,622,466	2,057,690,825
Financial bonds payable	-	83,300	6,296,052	8,525,570	26,010,530	12,400,900	53,316,352
Other financial liabilities	6,118,339	2,491,878	139,051	33,688	161,511	92,770	9,037,237
Other liabilities	212,361	424,721	424,721	1,486,525	-	-	2,548,328
Total	968,531,659	348,494,751	200,384,172	362,303,398	827,332,907	34,782,514	2,741,829,401
Gap	($ 85,641,734)	($ 19,204,810)	$ 84,435,835	($ 78,888,441)	($ 13,403,626)	$ 462,764,965	$ 350,062,189

UNIT：In US Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Primary funds inflow upon maturity							
Cash and cash equivalents	$ 2,902,552	$ 1,405,227	$ 589,104	$ 345,221	$ -	$ -	$ 5,242,104
Due from the Central Bank and call loans to banks	11,893,427	2,191,304	355,450	138,262	183,461	-	14,761,904
Financial assets at fair value through profit or loss	129,708	2,491	45,339	57,636	750,547	159,589	1,145,310
Bills and bonds purchased under resale agreements	184,803	-	-	-	-	-	184,803
Receivables	1,933,457	1,196,681	545,873	1,599,726	23,059	10	5,298,806
Bills discounted and loans	4,264,589	4,755,313	6,836,191	6,238,363	22,383,213	14,582,646	59,060,315
Available-for-sale financial assets	2,260,944	595,634	554,606	382,116	2,077,990	970,483	6,841,773
Held-to-maturity financial assets	4,314,393	253,005	68,615	189,030	287,736	811	5,113,590
Other financial assets	90	179	180	628	-	306	1,383
Total	27,883,963	10,399,834	8,995,358	8,950,982	25,706,006	15,713,845	97,649,988
Primary funds outflow upon maturity							
Due to the Central Bank and commercial bank	12,495,410	229,117	112,508	281,486	1,435,629	30,545	14,584,695
Borrowed funds	1,461,893	225,764	-	2,562	12,354	-	1,702,573
Financial liabilities at fair value through profit or loss	502,487	29,286	94,429	136	786	628	627,752
Bills and bonds sold under repurchased agreements	1,531,894	57,232	316	-	-	-	1,589,442
Payables	498,478	197,790	42,167	117,971	16,870	179,368	1,052,644
Deposits and remittances	13,898,650	10,172,438	5,862,582	10,723,058	23,837,108	493,398	64,987,234
Financial bonds payable	-	2,631	198,846	269,260	821,480	391,653	1,683,870
Other financial liabilities	193,233	78,700	4,392	1,064	5,101	2,930	285,420
Other liabilities	6,707	13,414	13,414	46,948	-	-	80,483
Total	30,588,752	11,006,372	6,328,654	11,442,485	26,129,328	1,098,522	86,594,113
Gap	($ 2,704,789)	($ 606,538)	$ 2,666,704	($ 2,491,503)	($ 423,322)	$ 14,615,323	$ 11,055,875

UNIT：In NT Thousand Dollars

	December 31, 2013						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Primary funds inflow upon maturity							
Cash and cash equivalents	$ 81,796,809	$ 53,185,022	$ 15,479,021	$ 4,239,403	$ -	$ -	$ 154,700,255
Due from the Central Bank and call loans to banks	315,038,282	66,805,007	6,615,101	4,101,490	1,637,625	-	394,197,505
Financial assets at fair value through profit or loss	6,832,512	962,641	1,334,035	2,288,277	21,174,505	4,221,270	36,813,240
Bills and bonds purchased under resale agreements	5,453,309	-	-	-	-	-	5,453,309
Receivables	38,976,022	46,188,579	17,140,548	47,890,671	443,752	206,918	150,846,490
Bills discounted and loans	129,482,014	161,631,000	239,115,000	201,847,000	648,569,000	398,049,000	1,778,693,014
Available-for-sale financial assets	67,436,103	22,680,233	9,267,020	7,667,769	63,886,386	22,751,950	193,689,461
Held-to-maturity financial assets	138,203,000	10,764,844	4,238,902	21,865,726	7,871,486	34,184	182,978,142
Other financial assets	2,206	4,413	4,413	15,445	-	5,713	32,190
Total	783,220,257	362,221,739	293,194,040	289,915,781	743,582,754	425,269,035	2,897,403,606
Primary funds outflow upon maturity							
Due to the Central Bank and commercial bank	415,200,091	17,074,529	2,733,913	6,197,951	30,217,901	642,934	472,067,319
Borrowed funds	29,720,911	2,406,860	-	-	203,555	-	32,331,326
Financial liabilities at fair value through profit or loss	2,688	27,288	89,900	2,269,468	3,942,250	23,562	6,355,156
Bills and bonds sold under repurchased agreements	42,763,398	3,833,439	-	-	-	-	46,596,837
Payables	19,168,704	6,695,074	1,168,297	3,025,970	421,293	5,885,975	36,365,313
Deposits and remittances	431,084,967	296,796,000	179,937,000	318,015,000	701,907,000	14,587,103	1,942,327,070
Financial bonds payable	-	-	178,756	6,300,392	38,590,954	1,319,240	46,389,342
Other financial liabilities	4,843,234	2,344,036	401,071	54,265	397,490	422,112	8,462,208
Other liabilities	230,983	461,966	461,966	1,616,881	-	-	2,771,796
Total	943,014,976	329,639,192	184,970,903	337,479,927	775,680,443	22,880,926	2,593,666,367
Gap	($ 159,794,719)	$ 32,582,547	$ 108,223,137	($ 47,564,146)	($ 32,097,689)	$ 402,388,109	$ 303,737,239

D. Structure analysis for maturity of derivative financial assets and liabilities

(A) Derivatives settled on a net basis

Derivatives of the Bank and its subsidiaries settled on a net basis include：

a. Foreign exchange derivatives: currency option, non-delivery forward

b. Interest derivatives: forward rate agreement, interest rate swap, assets swap, interest rate option, bond option, interest rate futures.

c. Equity derivative: stock option

d. Others : combined commodity

UNIT：In NT Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	$ 180,964	$ 76,759	$ 133,199	$ 390,579	$ 571,548	$ -	$ 1,353,049
Outflow	187,906	75,186	130,844	379,303	546,061	-	1,319,300
Interest rate derivative instruments							
Inflow	83,184	154,548	179,470	1,056,864	4,570,734	19,685,043	25,729,843
Outflow	2,726,618	304,525	145,885	511,307	3,262,605	9,177,382	16,128,322
Total inflows	$ 264,148	$ 231,307	$ 312,669	$ 1,447,443	$ 5,142,282	$ 19,685,043	$ 27,082,892
Total outflows	$ 2,914,524	$ 379,711	$ 276,729	$ 890,610	$ 3,808,666	$ 9,177,382	$ 17,447,622

UNIT：In US Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	$ 5,715	$ 2,424	$ 4,207	$ 12,335	$ 18,051	$ -	$ 42,732
Outflow	5,934	2,374	4,133	11,980	17,246	-	41,667
Interest rate derivative instruments							
Inflow	2,627	4,881	5,668	33,379	144,356	621,705	812,616
Outflow	86,114	9,618	4,607	16,148	103,042	289,846	509,375
Total inflows	$ 8,342	$ 7,305	$ 9,875	$ 45,714	$ 162,407	$ 621,705	$ 855,348
Total outflows	$ 92,048	$ 11,992	$ 8,740	$ 28,128	$ 120,288	$ 289,846	$ 551,042

UNIT：In NT Thousand Dollars

	December 31, 2013						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	$ 169,707	$ 28,429	$ 32,606	$ 54,948	$ -	$ -	$ 285,690
Outflow	151,583	28,921	35,968	49,532	1,245	-	267,249
Interest rate derivative instruments							
Inflow	80,784	296,239	162,596	807,190	2,000,353	1,302,401	4,649,563
Outflow	3,945,291	249,563	97,922	536,350	1,564,257	745,911	7,139,294
Total inflows	$ 250,491	$ 324,668	$ 195,202	$ 862,138	$ 2,000,353	$ 1,302,401	$ 4,935,253
Total outflows	$ 4,096,874	$ 278,484	$ 133,890	$ 585,882	$ 1,565,502	$ 745,911	$ 7,406,543

(B) Derivatives settled on a gross basis

Derivatives of the Bank and its subsidiaries settled on a gross basis include：

a. Foreign exchange derivatives: forward exchange

b. Interest derivatives: cross currency swaps and currency swaps

c. Credit derivatives：credit default swaps

UNIT：In NT Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	$ 28,533,006	$ 15,288,408	$ 9,888,434	$ 2,479,995	$ 1,356,880	$ -	$ 57,546,723
Outflow	28,671,385	15,531,326	10,035,196	2,498,221	1,356,645	-	58,092,773
Interest rate derivative instruments							
Inflow	342,568,912	71,431,841	49,354,178	46,622,413	13,841	1,372,474	511,363,659
Outflow	342,698,612	68,863,762	46,863,052	44,480,057	11,198	1,220,012	504,136,693
Credit derivative instruments							
Inflow	-	53,450	57,123	110,599	534,060	1,618	756,850
Outflow	-	-	-	-	-	-	-
Total inflows	$ 371,101,918	$ 86,773,699	$ 59,299,735	$ 49,213,007	$ 1,904,781	$ 1,374,092	$ 569,667,232
Total outflows	$ 371,369,997	$ 84,395,088	$ 56,898,248	$ 46,978,278	$ 1,367,843	$ 1,220,012	$ 562,229,466

UNIT：In US Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	$ 901,147	$ 482,848	$ 312,303	$ 78,325	$ 42,854	$ -	$ 1,817,477
Outflow	905,517	490,520	316,938	78,900	42,846	-	1,834,721
Interest rate derivative instruments							
Inflow	10,819,218	2,256,003	1,558,733	1,472,457	437	43,346	16,150,194
Outflow	10,823,315	2,174,897	1,480,057	1,404,796	354	38,531	15,921,950
Credit derivative instruments							
Inflow	-	1,688	1,804	3,493	16,867	51	23,903
Outflow	-	-	-	-	-	-	-
Total inflows	$ 11,720,365	$ 2,740,539	$ 1,872,840	$ 1,554,275	$ 60,158	$ 43,397	$ 17,991,574
Total outflows	$ 11,728,832	$ 2,665,417	$ 1,796,995	$ 1,483,696	$ 43,200	$ 38,531	$ 17,756,671

UNIT：In NT Thousand Dollars

	December 31, 2013						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Foreign exchange derivative instruments							
Inflow	$ 26,656,898	$ 18,082,138	$ 12,547,486	$ 25,544,515	$ 1,697,559	$ -	$ 84,528,596
Outflow	26,618,415	18,216,839	12,521,759	25,479,841	1,704,842	-	84,541,696
Interest rate derivative instruments							
Inflow	478,050,000	60,603,183	35,242,525	26,881,284	515,692	27,454,452	628,747,136
Outflow	477,545,000	60,041,703	35,081,391	26,746,401	389,386	27,769,346	627,573,227
Credit derivative instruments							
Inflow	-	51,640	52,787	106,148	637,464	-	848,039
Outflow	-	-	-	-	-	-	-
Total inflows	$ 504,706,898	$ 78,736,961	$ 47,842,798	$ 52,531,947	$ 2,850,715	$ 27,454,452	$ 714,123,771
Total outflows	$ 504,163,415	$ 78,258,542	$ 47,603,150	$ 52,226,242	$ 2,094,228	$ 27,769,346	$ 712,114,923

E. Ananlysis for off-balance sheet contractual commitments

UNIT：In NT Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Irrevocable commitments	$ 1,711,941	$ 7,172,058	$ 58,004,277	$ 1,896,535	$ 24,013,417	$ 78,335,705	$ 171,133,933
Financial guarantee contracts	53,397,736	58,572,438	48,851,049	111,409,461	21,061,206	841,145	294,133,035
Total	$ 55,109,677	$ 65,744,496	$ 106,855,326	$ 113,305,996	$ 45,074,623	$ 79,176,850	$ 465,266,968

UNIT：In US Thousand Dollars

	December 31, 2014						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Irrevocable commitments	$ 54,068	$ 226,512	$ 1,831,926	$ 59,898	$ 758,406	$ 2,474,045	$ 5,404,855
Financial guarantee contracts	1,686,439	1,849,870	1,542,843	3,518,601	665,168	26,566	9,289,487
Total	$ 1,740,507	$ 2,076,382	$ 3,374,769	$ 3,578,499	$ 1,423,574	$ 2,500,611	$ 14,694,342

UNIT：In NT Thousand Dollars

	December 31, 2013						
	1-30 days	31-90 days	91-180 days	181 days-1 year	1 year-5 years	Over 5 years	Total
Irrevocable commitments	$ 88,110	$ 2,579,558	$ 52,020,577	$ 1,014,232	$ 8,936,986	$ 77,639,090	$ 142,278,553
Financial guarantee contracts	61,905,403	55,514,279	58,565,591	109,097,086	20,661,361	261,767	306,005,487
Total	$ 61,993,513	$ 58,093,837	$ 110,586,168	$ 110,111,318	$ 29,598,347	$ 77,900,857	$ 448,284,040

a. Off-balance sheet items include irrevocable commitments, financial guarantee contracts and leasing contractual commitments

b. Irrevocable commitments include irrevocable arranged financing limit and credit card line commitments

c. Financial gurantee contracts refer to gurantees and letters of credit issued

(Blank below)

F. Analysis for maturity leasing contractual commitments

UNIT: In NT Thousand dollars

	December 31, 2014			
	Not later than one year	1 year-5 years	Over 5 years	Total
Leasing contractual commitments				
Non-cancellable aggregate minimum lease payments	$ 481,500	$ 748,920	$ 690,181	$ 1,920,601
Non-cancellable aggregate minimum lease income	(169,007)	(159,175)	(21,780)	(349,962)
Total	$ 312,493	$ 589,745	$ 668,401	$ 1,570,639

UNIT: In US Thousand dollars

	December 31, 2014			
	Not later than one year	1 year-5 years	Over 5 years	Total
Leasing contractual commitments				
Non-cancellable aggregate minimum lease payments	$ 15,207	$ 23,653	$ 21,798	$ 60,658
Non-cancellable aggregate minimum lease income	(5,338)	(5,027)	(688)	(11,053)
Total	$ 9,869	$ 18,626	$ 21,110	$ 49,605

UNIT: In NT Thousand dollars

	December 31, 2013			
	Not later than one year	1 year-5 years	Over 5 years	Total
Leasing contractual commitments				
Non-cancellable aggregate minimum lease payments	$ 445,916	$ 740,240	$ 72,844	$ 1,259,000
Non-cancellable aggregate minimum lease income	(189,688)	(224,737)	(33,056)	(447,481)
Total	$ 256,228	$ 515,503	$ 39,788	$ 811,519

Leasing contractual commitment: Leasing contractual commitment is the total minimum lease payment that the Bank and its subsidiaries should make as a lessee under an operating lease term which is not cancelable.

G. Disclosure requirements in the "Regulations Governing the Preparation of Financial Reports by Public Banks"

(A) Maturity analysis of NTD financial instruments of the Bank

UNIT: In NT Thousand Dollars

December 31, 2014						
	Total	1-30 days	31-90 days	91-180 days	181 days–1 year	Over 1 year
Primary funds inflow upon maturity	1,635,625,799	467,765,161	81,636,679	92,597,606	182,305,978	811,320,375
Primary funds outflow upon maturity	2,389,229,597	289,636,294	290,805,239	285,962,270	486,686,837	1,036,138,957
Gap	(753,603,798)	178,128,867	(209,168,560)	(193,364,664)	(304,380,859)	(224,818,582)

UNIT: In US Thousand Dollars

December 31, 2014						
	Total	1-30 days	31-90 days	91-180 days	181 days–1 year	Over 1 year
Primary funds inflow upon maturity	51,657,322	14,773,242	2,578,299	2,924,474	5,757,698	25,623,610
Primary funds outflow upon maturity	75,458,093	9,147,468	9,184,387	9,031,433	15,370,838	32,723,967
Gap	(23,800,771)	5,625,774	(6,606,088)	(6,106,960)	(9,613,140)	(7,100,356)

UNIT: In NT Thousand Dollars

December 31, 2013						
	Total	1-30 days	31-90 days	91-180 days	181 days–1 year	Over 1 year
Primary funds inflow upon maturity	1,714,524,937	540,546,855	81,620,694	103,849,370	194,087,938	794,420,080
Primary funds outflow upon maturity	1,858,678,673	398,288,356	229,170,386	152,672,521	216,947,671	861,599,739
Gap	(144,153,736)	142,258,499	(147,549,692)	(48,823,151)	(22,859,733)	(67,179,659)

(B) Maturity analysis of USD financial instruments of the Bank

UNIT: In US Thousand Dollars

December 31, 2014						
	Total	1-30 days	31-90 days	91-180 days	181 days–1 year	Over 1 year
Primary funds inflow upon maturity	46,951,288	17,589,733	6,585,580	4,185,118	5,281,519	13,309,338
Primary funds outflow upon maturity	67,917,707	28,432,372	7,282,055	7,072,663	8,945,456	16,185,161
Gap	(20,966,419)	(10,842,639)	(696,475)	(2,887,545)	(3,663,937)	(2,875,823)

December 31, 2013						
	Total	1-30 days	31-90 days	91-180 days	181 days–1 year	Over 1 year
Primary funds inflow upon maturity	48,839,971	19,612,591	7,215,154	4,309,804	5,044,035	12,658,387
Primary funds outflow upon maturity	50,682,164	30,583,543	4,469,187	2,974,402	2,513,581	10,141,451
Gap	(1,842,193)	(10,970,952)	2,745,967	1,335,402	2,530,454	2,516,936

Note 1: The funds denominated in US dollars means the amount of all US dollars of the Bank.

Note 2: If overseas assets exceed 10% of total assets, supplementary information shall be disclosed.

(C) Maturity analysis of USD financial instruments of the foreign branches

UNIT：In US Thousand Dollars

December 31, 2014						
	Total	1-30 days	31-90 days	91-180 days	181 days–1 year	Over 1 year
Primary funds inflow upon maturity	17,994,406	10,605,599	1,793,273	750,828	870,644	3,974,062
Primary funds outflow upon maturity	20,208,347	12,397,830	1,644,153	1,630,766	375,053	4,160,545
Gap	(2,213,941)	(1,792,231)	149,120	(879,938)	495,591	(186,483)

December 31, 2013						
	Total	1-30 days	31-90 days	91-180 days	181 days–1 year	Over 1 year
Primary funds inflow upon maturity	16,713,261	9,776,000	1,457,508	775,097	1,030,372	3,674,284
Primary funds outflow upon maturity	17,733,465	12,222,723	944,690	1,038,946	427,275	3,099,831
Gap	(1,020,204)	(2,446,723)	512,818	(263,849)	603,097	574,453

(5) Market risk

A. Definition of market risk

The Bank and its subsidiaries have market risk on changes in fair value and estimated cash flows of financial instruments arising from fluctuations in interest rate, foreign exchange rate, credit spread, stock price, bond price and financial product price. Trading book and banking book both generate market risk.

The Bank and its subsidiaries' trading book operation is mainly for the requirement of its own trading or for supporting clients' investment and hedge, which are accounted for interest rate, foreign exchange rate, equity and credit instruments, including positions of derivative and non-derivative instruments. Banking book operation is mainly for assets/liabilities management requirement, such as stock, bond and bill investments.

B. Objective of market risk management

The objective of the Bank and its subsidiaries' market risk management is to confine the risks to the tolerable scopes to avoid the impact of fluctuations of interest rate, foreign exchange rate and financial instrument price on values of future profit and assets/liabilities.

C. Market risk management policies and procedures

The Board of Directors decided the risk tolerant limits, position limits, and loss limits. Market risk management comprises trading book control and banking book control. Trading book operation mainly pertains to the positions held by bills and securities firms due to market making. Policies for financial instrument trading of bank are based on back-to-back operation principle. Banking book is based on held-to-maturity principle and adopts hedging measures.

D. Procedures for market risk management

(A) The Bank's objectives of market risk management are respectively proposed by The Treasury Department and The Financial Risk Management Center, and then Risk Control Department summarizes and reports these objectives to Risk Management Committee of Mega Financial Holdings and the Bank's Board of Directors for assessment.

(B) Financial Risk Management Center not only prepares statement of market risk position and profit and loss of various financial instruments but regularly compiles securities investment performance evaluation and reports to the Board of Directors for the Board's knowledge of the Bank's risk control over securities investment. Risk Management Department summarizes and analyzes information from finance department on a daily basis. If there is any early warning indicator approaching stop-loss, Risk Management Department will request Financial Risk Management Center to inform Treasury Department of increasing attention in response to changes in market. Besides, Risk Management Department monthly summarizes and analyzes data collected from positions of various financial instruments, profit and loss assessment, analysis on risk-sensitive factors, and stress testing for senior management's knowledge of the Bank's market risk exposure profile.

E. Market risk measurement and control principle

(A) The Bank's market risk report contains interest rate, exchange rate, positions of equity securities, credit default swap (CDS) and profit and loss assessment. Every transaction has limit and stop-loss provisions, which shall be submitted to approval management in accordance with the Bank's regulations. Stop-loss limit shall be implemented as soon as a transaction reaches the threhold. If no stop-loss limit will be implemented, trading units shall immediately make statement about reasons to not implement stop-loss limit and coping plan, which shall be submitted to senior management for approval and reported to the Board of Directors regularly.

(B) Non-hedging trading positions of derivative financial instruments are daily assessed based on the market value, whereas hedging trading positions of futures are daily assessed and others are assessed twice a month.

(C) SUMMIT information system for market risk provides functions in relation to risk management such as real-time limits, profit and loss assessment, analysis on risk-sensitive factors, stress testing, and VaR calculation.

F. Policies and procedures of trading-book risk management

The Bank and its subsidiaries daily monitor trading-book positions, changes in risk exposures, and various risk limits, including trading rooms, traders and product line risk limits.

If trading-book financial instruments have market price, the valuation of those instruments is conducted at least one time daily using the independent source and available information. If using mathematical model valuation, the assumptions and parameters used in the model are reviewed regularly.

Risk measurement methods include VaR and sensitivity analysis.

The Bank and its subsidiaries conduct stress test on the positions of its interest rate, foreign exchange rate products, equity securities and credit default swap (CDS)on the assumptions of the monthly change in interest rate, securities market index, foreign exchange rate and CDS by 1%, 15% , 3% and 100 base points, respectively, and reports to the risk control meeting.

G. Trading-book interest rate risk management

Trading-book interest rate risk refers to the financial loss of the decline in values of interest rate products held due to unfavorable changes in interest rates, including securities and derivatives with interest.

The Bank and its subsidiaries interest rate products are traded mainly for hedging.

The trading group screens the credits and financial positions of issuers and selects investment objectives by judging interest rate trend and a variety of country risks and based on the authorized minimum investment criteria. The Bank and its subsidiaries set trading-book trading limits and stop-loss limits (including trading rooms, traders, trading products, counterparties, and daily and overnight limits) based on business strategies and market conditions, and measure monthly the extent of impact of interest rate risk on investment portfolios using DV01 value.

H. Banking book interest rate risk management

Banking book interest rate risk mainly comes from the unmatched maturity dates of assets and liabilities or price resetting dates, and inconsistent changes in base interest rates for assets and liabilities. The Bank and its subsidiaries' interest rate risk mainly comes from the unmatched periods of interest-rate sensitive assets and liabilities of the Bank and its subsidaries.

As the Bank and its subsidiaries have interest-rate sensitive gaps, market interest rate fluctuations have good or bad impacts on the Bank and its subsidiaries' earnings and cash flows.

The Bank and its subsidiaries manage Banking book interest rate risk by using repricing gap analysis. The interest-rate repricing gap analysis is to estimate the difference between the assets and liabilities with interest bearing that are to be due near or repriced within a certain period and measure the impact of interest rate change on net interest revenue. The analysis assumes assets and liabilities structure remain unchanged and there are parallel movements of interest rate curves, and excludes the customer behavior, basis risk, option characteristics of early repayment of bonds. The Bank and its subsidiaries calculate the change in net interest revenue for this year and also monitor the percentage of change in net interest revenue to the projection of net interest revenue for this year.

The Bank and its subsidiaries monthly analyze and monitor interest rate risk positions limits and various interest rate risk management indexes. If any risk management index exceeds limit, the Bank and its subsidiaries will adopt responding measures and report the analysis and monitoring results to capital review committee, assets/liabilities and risk management committee and Board of Directors.

I. Foreign exchange risk management

Foreign exchange risk refers to the losses caused by the exchange of two different currencies at different times. The Bank and its subsidiaries' foreign exchange risk mainly comes from its derivative instruments business such as spot foreign exchange, forward foreign exchange and foreign exchange options. The foreign exchange trading of the Bank and its subsidiaries are mainly for offsetting customers' positions on the same day; therefore, foreign exchange risk is relatively low.

To control trading-book foreign exchange risk, subsidiaries have set trading limits and stop-loss limits for trading rooms and traders and also set the annual maximum loss limits to control the losses within the tolerable scopes.

J. The Bank and its subsidiaries' foreign exchange risk gaps

UNIT：In NT Thousand Dollars

	December 31, 2014				
	USD	AUD	RMB	EUR	JPY
Assets					
Cash and cash equivalents	$ 58,441,549	$ 375,309	$ 89,408,766	$ 1,449,118	$ 1,870,644
Due from the Central Bank and call loans to banks	346,223,194	1,027,678	34,262,391	1,982,565	3,631,369
Financial assets at fair value through profit or loss	32,373,119	1,323,484	4,661	1,715,207	3,610
Receivables	84,777,301	2,231,788	59,687,634	595,411	3,081,715
Bills discounted and loans	546,696,873	46,927,560	5,694,348	19,242,791	40,227,337
Available-for-sale financial assets	26,716,647	36,275,680	18,384,974	4,855,744	-
Held-to-maturity financial assets	9,312,755	1,465,776	3,156,426	425,632	531,705
Other assets	1,274,174	102,162	437,861	82,840	108,094
Total assets	1,105,815,612	89,729,437	210,677,061	30,349,308	49,454,474
Liabilities					
Due to the Central Bank and commercial bank	392,872,367	4,534,188	11,862,026	1,684,064	24,520,992
Borrowed funds	48,563,838	-	-	2,877,423	-
Financial liabilities at fair value through profit or loss	21,606,886	59,393	3,986	3,527	4,351
Bills and bonds sold under repurchased agreements	21,105,519	28,339,158	-	-	-
Payables	14,741,621	240,373	1,279,509	399,966	2,477,353
Current tax liabilities	158,589	56,062	51,745	18,164	122,796
Deposits and remittances	648,450,196	30,674,475	132,848,533	24,806,957	22,560,338
Other liabilities	5,179,089	1,930,765	3,575,710	503,585	887,260
Total liabilities	1,152,678,105	65,834,414	149,621,509	30,293,686	50,573,090
On-balance sheet foreign exchange gap	($ 46,862,493)	$ 23,895,023	$ 61,055,552	$ 55,622	($ 1,118,616)
Off-balance sheet commitments	$ 79,432,760	$ 1,107,562	$ 1,937,304	$ 12,917,889	$ 6,034,443
NTD exchange rate	31.663	26.0017	5.0971	38.5244	0.2654

UNIT：In NT Thousand Dollars

	December 31, 2013				
	USD	AUD	RMB	EUR	JPY
Assets					
Cash and cash equivalents	$ 71,868,269	$ 449,441	$ 63,937,290	$ 1,091,815	$ 1,381,458
Due from the Central Bank and call loans to banks	294,888,052	1,090,940	18,589,400	1,697,976	4,628,464
Financial assets at fair value through profit or loss	34,687,781	203,401	12,030	1,860,088	1,706
Receivables	131,086,013	1,153,669	13,128,480	765,258	1,808,420
Bills discounted and loans	506,763,584	38,970,850	6,330,993	16,098,893	43,986,334
Available-for-sale financial assets	30,465,920	32,522,068	18,889,627	5,998,412	141,950
Held-to-maturity financial assets	14,656,422	570,715	2,991,539	286,525	569,437
Other assets	5,000,090	45,533	19,093	64,010	67,348
Total assets	1,089,416,131	75,006,617	123,898,452	27,862,977	52,585,117
Liabilities					
Due to the Central Bank and commercial bank	373,206,503	5,829,257	21,524,316	5,378,597	43,114,932
Borrowed funds	30,491,932	-	-	1,347,204	-
Financial liabilities at fair value through profit or loss	5,848,815	34,592	12,030	13,480	1,782
Bills and bonds sold under repurchased agreements	23,735,441	21,927,708	-	-	-
Payables	12,222,430	200,404	730,844	416,798	1,590,755
Current tax liabilities	152,695	85,743	29,876	10,296	107,206
Deposits and remittances	589,644,035	28,037,823	99,937,827	19,528,271	20,954,076
Other liabilities	(1,354,387)	1,456,713	1,401,347	1,003,832	596,644
Total liabilities	1,033,947,464	57,572,240	123,636,240	27,698,478	66,365,395
On-balance sheet foreign exchange gap	$ 55,468,667	$ 17,434,377	$ 262,212	$ 164,499	($ 13,780,278)
Off-balance sheet commitments	$ 63,308,625	$ 1,259,923	$ 57,566	$ 15,590,770	$ 4,088,368
NTD exchange rate	29.7750	26.5801	4.9122	41.1074	0.2839

K. Risk management for equity securities

Due to needs of proprietary, make market and tactic, etc., the Bank held equity securities within the regulations of the law. That market risk comprises the risk of individual equity security arising from the security's market price changes and the general market risk arising from overall equity securities market price changes.

The investment operating group mainly selects blue chip stocks which have high liquidity and sets the investment price according to fundamentals and market transactions. After the investment has been approved by the investment deliberation committee, the operational personnel purchase the stock within the maximum percentage of the approved price, as the case may be.

Daily trading records, details of investment portfolios and overview of profit or loss shall report to the management and measurement of the extent of the impact of systematic risk on investment portfolios using β value monthly. The Bank and its subsidiaries generally set a stop loss, stop interest, pre-warning and exception handling requirements, and limit control to held individual stock and industry concentration.

L. Sensitivity analysis

Sensitivity analysis of the Bank and its subsidiaries' financial instruments (including trading book and non-trading book):

UNIT：In NT Thousand Dollars

December 31, 2014

Risks	Extent of Variation	Effect on Profit or Loss	Effect on Equity
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies appreciated by 3%	($ 141,049)	$ -
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies depreciated by 3%	141,049	-
Interest rate risk	Major increases in interest rates 25BPS	(5,657)	(385,265)
Interest rate risk	Major decline in interest rates 25BPS	5,657	385,265
Equity securities risk	TAIEX declined by 2%.	(102,079)	(151,575)
Equity securities risk	TAIEX increased by 2%	102,079	151,575

UNIT：In US Thousand Dollars

December 31, 2014

Risks	Extent of Variation	Effect on Profit or Loss	Effect on Equity
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies appreciated by 3%	($ 4,455)	$ -
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies depreciated by 3%	4,455	-
Interest rate risk	Major increases in interest rates 25BPS	(179)	(12,168)
Interest rate risk	Major decline in interest rates 25BPS	179	12,168
Equity securities risk	TAIEX declined by 2%.	(3,224)	(4,787)
Equity securities risk	TAIEX increased by 2%	3,224	4,787

UNIT：In NT Thousand Dollars

December 31, 2013

Risks	Extent of Variation	Effect on Profit or Loss	Effect on Equity
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies appreciated by 3%	($ 163,339)	$ -
Foreign exchange risk	Exchange rate of USD to NTD, to JPY, to EUR and to each of other currencies depreciated by 3%	163,339	-
Interest rate risk	Major increases in interest rates 25BPS	(59,628)	(413,796)
Interest rate risk	Major decline in interest rates 25BPS	59,628	413,796
Equity securities risk	TAIEX declined by 2%.	(101,031)	(119,666)
Equity securities risk	TAIEX increased by 2%	101,031	119,666

M. Disclosure requirements in the "Regulations Governing the Preparation of Financial Reports by Public Banks"

Interest rate sensitivity analysis on assets and liabilities (NT Dollars)
December 31, 2014

UNIT：In NT Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	517,544,862	793,633,242	5,458,866	21,875,492	1,338,512,462
Interest rate sensitive liabilities	531,933,123	577,848,161	40,867,077	41,273,642	1,191,922,003
Interest rate sensitive gap	(14,388,261)	215,785,081	(35,408,211)	(19,398,150)	146,590,459
Net worth					218,786,814
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					112.30%
Ratio of interest rate sensitivity gap to net worth					67.00%

Interest rate sensitivity analysis on assets and liabilities (US Dollars)
December 31, 2014

UNIT：In US Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	16,345,415	25,065,005	172,405	690,885	42,273,709
Interest rate sensitive liabilities	16,799,833	18,249,950	1,290,689	1,303,529	37,644,001
Interest rate sensitive gap	(454,419)	6,815,055	(1,118,284)	(612,644)	4,629,708
Net worth					6,909,857
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					112.30%
Ratio of interest rate sensitivity gap to net worth					67.00%

Interest rate sensitivity analysis on assets and liabilities (NT Dollars)
December 31, 2013

UNIT：In NT Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	523,002,524	752,373,403	18,207,982	21,276,038	1,314,859,947
Interest rate sensitive liabilities	539,494,842	568,874,894	40,857,951	40,588,406	1,189,816,093
Interest rate sensitive gap	(16,492,318)	183,498,509	(22,649,969)	(19,312,368)	125,043,854
Net worth					200,869,125
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					110.51%
Ratio of interest rate sensitivity gap to net worth					62.25%

Interest rate sensitivity analysis on assets and liabilities (US Dollars)
December 31, 2013

UNIT：In US Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	16,517,782	23,761,911	575,055	671,953	41,526,701
Interest rate sensitive liabilities	17,038,652	17,966,551	1,290,400	1,281,888	37,577,491
Interest rate sensitive gap	(520,870)	5,795,361	(715,345)	(609,935)	3,960,580
Net worth					6,343,970
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					110.51%
Ratio of interest rate sensitivity gap to net worth					62.25%

Notes：

1. The above amounts included only New Taiwan dollar amounts by the onshore branches of the Bank (i.e. excluding foreign currency).
2. Interest rate sensitive assets and liabilities refer to the interest-earning assets and interest-bearing liabilities of which the income or costs are affected by the fluctuations in interest rates.
3. Interest rate sensitivity gap = Interest rate sensitive assets － Interest rate sensitive liabilities
4. Ratio of interest rate sensitive assets to interest rate sensitive liabilities = Interest rate sensitive assets ÷ Interest rate sensitive liabilities (referring to the current interest rate sensitive assets and liabilities denominated in New Taiwan dollars)

Interest rate sensitivity analysis on assets and liabilities (US Dollars)
December 31, 2014

UNIT：In US Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	31,787,537	989,720	535,738	632,660	33,945,655
Interest rate sensitive liabilities	32,523,628	1,140,004	1,000,605	502,402	35,166,639
Interest rate sensitive gap	(736,091)	(150,284)	(464,867)	130,258	(1,220,984)
Net worth					626,391
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					96.53%
Ratio of interest rate sensitivity gap to net worth					-194.92%

Interest rate sensitivity analysis on assets and liabilities (US Dollars)
December 31, 2013

UNIT：In US Thousand Dollars, %

	1-90 days	91-180 days	181 days to 1 year	Over 1 year	Total
Interest rate sensitive assets	32,405,519	974,278	945,611	763,712	35,089,120
Interest rate sensitive liabilities	31,479,662	1,226,189	934,005	10,300	33,650,156
Interest rate sensitive gap	925,857	(251,911)	11,606	753,412	1,438,964
Net worth					471,893
Ratio of interest rate sensitive assets to interest rate sensitive liabilities					104.28%
Ratio of interest rate sensitivity gap to net worth					304.93%

Note：

1. The above amounts included only US dollars denominated assets and liabilities of head office, domestic and foreign branches, and the OBU branch. Contingent assets and liabilities are excluded.
2. Interest rate sensitivity gap = Interest rate sensitive assets － Interest rate sensitive liabilities.
3. Ratio of interest rate sensitive assets to interest rate sensitive liabilities = Interest rate sensitive assets ÷ Interest rate sensitive liabilities (referring to the current interest rate sensitive assets and liabilities denominated in US dollars).

9. CAPITAL MANAGEMENT

(1) Objective of capital management

A. The Bank and its subsidiaries' qualifying self-owned capital should meet the regulatory requirements and meet the minimum regulated capital adequacy ratio. This is the basic objective of capital management of the Bank and its subsidiaries. The calculation and provision of qualifying self-owned capital and regulated capital shall follow the regulations of the competent authority.

B. In order to have adequate capital to take various risks, the Bank and its subsidiaries shall assess the required capital with consideration of the risk portfolio it faces and the risk characteristics, and manages risk through capital allocation to realize optimum utilization of capital allocation.

(2) Capital management procedures

A. Following the "Regulations Governing the Capital Adequacy Ratio of Banks" of the Financial Supervisory Commission, the Bank calculates capital adequacy ratio on a consolidated basis and reports this information regularly.

B. The calculation of capital adequacy ratio of subsidiaries shall follow the regulations of regulatory authorities; if without regulations, capital adequacy ratio is computed as net of qualifying self-own capital divided by regulated capital.

(3) Capital adequacy ratio

Capital adequacy shown in the following table was calculated in accordance with "Regulations Governing the Capital Adequacy Ratio of Banks" effective in 2014 on December 31, 2014.

UNIT：In NT Thousand Dollars, %

Items \ Annual			December 31, 2014	December 31, 2013
Self-owned capital	Capital of Common equity		207,734,290	190,719,563
	Other Tier 1 Capital		-	-
	Tier 2 Capital, net		45,401,452	38,018,860
	Self-owned capital, net		253,135,742	228,738,423
Total risk -weighted assets (Note 1)	Credit risk	Standardized Approach	1,983,041,002	1,890,618,713
		Internal Ratings-Based Approach	-	
		Asset securitization	4,171,285	4,222,559
	Operation risk	Basic Indicator Approach	85,933,263	77,016,638
		Standardized Approach / Alternative Standardized Approach	-	-
		Advanced Measurement Approaches	-	-
	Market risk	Standardized Approach	45,428,813	60,128,900
		Internal Models Approach	-	-
	Total risk-weighted assets		2,118,574,363	2,031,986,810
Capital adequacy ratio (Note 2)			11.95%	11.26%
Total risk assets based Capital of Common equity, net Ratio			9.81%	9.39%
Total risk assets based Tier 1 Capital, net Ratio			9.81%	9.39%
Leverage ratio			4.17%	3.81%

Note 1: The self-owned capital, risk-weighted assets and exposures amount in the table above should be filled in accordance with "Regulations Governing the Capital Adequacy Ratio of Banks" and "calculation method and table of self-owned capital and risk-weighted assets".

Note 2: Current and prior year's capital adequacy ratio should be disclosed in the annual reports. In addition to current and prior year's capital adequacy, capital adequacy ratio at the end of prior year should be disclosed in the semi-annual reports.

Note 3: The relevant formulas are as follows:

1. Self-owned capital = Tier 1 Capital of Common equity, net＋ Other Tier 1 Capital, net＋ Tier 2 Capital, net
2. Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5
3. Capital adequacy ratio = Self-owned capital / Total risk-weighted assets
4. Total risk assets based Tier 1 Capital of Common equity, net Ratio＝ Tier 1 Capital of Common equity, net / Total risk-weighted assets
5. Total risk assets based Tier 1 Capital, net Ratio＝(Tier 1 Capital of Common equity, net + Other Tier 1 Capital, net) / Total risk-weighted assets
6. Gearing ratio = Tier 1 capital/ exposures amount

Note 4: For 1st quarter and 3rd quarter financial reports, the table of capital adequacy ratio is not required to be disclosed.

10. OPERATING SEGMENTS INFORMATION

(1) General information

The Bank and its subsidiaries use reported information to the Chief Operating Decision-Maker (CODM) to identify segments and geographic information. The Bank mainly focuses on the businesses in Asia and America. The disclosed operating segment by the Bank is stipulated in Article 3 of the Banking Law, and the generated income is the main source of income.

(2) Information of segment profit or loss, assets and liabilities

The Bank and its subsidiaries' management mainly focuses on the operating results of the whole bank, which is consistent with that of the consolidated Statements of Comprehensive Income.

(3) Information of major customers

The Bank and its subsidiaries' source of income is not concentrated on transactions with a single customer or single trading.

(4) Information by product and services

All operating segments' operating results of the Bank and its subsidiaries mainly come from interest income from external clients and is measured on a consistent basis compared with the statement of comprehensive income. The segmental income also consist of internal profit and loss appropriated by the terms agreed amongst segments other than external revenue. Please refer to the information by geography for relevant components of income balances.

(5) Financial Information By Geographic Area

	For the year ended December 31, 2014 (UNIT: In NT Thousand Dollars)				
Item	Domestic Department	North America	Other Overseas Operating Department	Adjustment and Write-off	Total
Revenue from customers outside the Bank	$ 42,227,141	$ 2,001,613	$ 7,169,861	($ 232,338)	$ 51,166,277
Revenue from departments within the Bank	1,110,427	89,238	(1,195,806)	(3,859)	-
Total revenue	$ 43,337,568	$ 2,090,851	$ 5,974,055	($ 236,197)	$ 51,166,277
Profit or loss	$ 25,034,458	$ 1,265,210	$ 4,194,076	($ 248,962)	$ 30,244,782
Assets attributable to specific departments	$ 2,344,213,429	$ 351,761,865	$ 290,394,772	($ 11,362,120)	$ 2,975,007,946

	For the year ended December 31, 2014 (UNIT: In US Thousand Dollars)				
Item	Domestic Department	North America	Other Overseas Operating Department	Adjustment and Write-off	Total
Revenue from customers outside the Bank	$ 1,333,643	$ 63,216	$ 226,443	($ 7,337)	$ 1,615,965
Revenue from departments within the Bank	35,070	2,819	(37,767)	(122)	-
Total revenue	$ 1,368,713	$ 66,035	$ 188,676	($ 7,459)	$ 1,615,965
Profit or loss	$ 790,653	$ 39,959	$ 132,460	($ 7,862)	$ 955,210
Assets attributable to specific departments	$ 74,036,365	$ 11,109,556	$ 9,171,423	($ 358,845)	$ 93,958,499

	For the year ended December 31, 2013 (UNIT: In NT Thousand Dollars)				
Item	Domestic Department	North America	Other Overseas Operating Department	Adjustment and Write-off	Total
Revenue from customers outside the Bank	$ 37,735,656	$ 1,888,692	$ 6,398,154	($ 259,336)	$ 45,763,166
Revenue from departments within the Bank	886,374	48,815	(946,586)	11,397	-
Total revenue	$ 38,622,030	$ 1,937,507	$ 5,451,568	($ 247,939)	$ 45,763,166
Profit or loss	$ 17,397,197	$ 1,151,523	$ 3,752,674	($ 301,055)	$ 22,000,339
Assets attributable to specific departments	$ 2,247,330,617	$ 336,370,840	$ 244,055,404	($ 8,172,391)	$ 2,819,584,470

11. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Bank and its subsidiaries are controlled by Mega Financial Holding Co., Ltd, which owns 100% of the Bank's shares. The ultimate controlling party of the Bank and its subsidiaries is Mega Financial Holding Co., Ltd.

(2) Names of the related parties and their relationship with the Bank

Names of related parties	Short name of related parties	Relationship with the Bank
Mega Bills Finance Co., Ltd.	Mega Bills	Jointly controlled by Mega Financial Holdings
Mega Securities Co., Ltd.	Mega Securities	Jointly controlled by Mega Financial Holdings
Mega Investment Trust Co., Ltd.	Mega Investment Trust	Jointly controlled by Mega Financial Holdings
Chung Kuo Insurance Co., Ltd.	Chung Kuo Insurance	Jointly controlled by Mega Financial Holdings
Mega Asset Management Co., Ltd.	Mega Asset	Jointly controlled by Mega Financial Holdings
Mega CTB Venture Capital Co., Ltd.	Mega Venture	Jointly controlled by Mega Financial Holdings
Mega Life Insurance Agency Co., Ltd.	Mega Life Insurance Agency	Jointly controlled by Mega Financial Holdings
Mega International Investment Service Corp.	Mega International Investment Service	Jointly controlled by Mega Financial Holdings
Mega Futures Co., Ltd.	Mega Futures	Jointly controlled by Mega Financial Holdings
Chunghwa Post Corporation Limited	Chungwha Post	Director of Mega Financial Holdings
Bank of Taiwan Corp.	Bank of Taiwan	Director of Mega Financial Holdings
Waterland Financial Holdings	Waterland Financial Holdings	Supervisor of Waterland Financial Holdings (note)
International Bills Finance Corporation (IBF)	International Bills Finance	Supervisor of Waterland Financial Holdings
Yung-Shing Industries Co.	Yung-Shing Industries	Subsidiary of the Bank
China Products Trading Company	China Products	Subsidiary of the Bank
Mega Management & Consulting Co., Ltd.	Mega Financial Management & Consulting	Subsidiary of the Bank
Cathay Investment & Development Corporation (Bahamas)	Cathay Investment (Bahamas)	Subsidiary of the Bank
Cathay Investment & Warehousing Ltd. (Panama)	Cathay Investment & Warehousing (Panama)	Subsidiary of the Bank
Win Card Co., Ltd.	Win Card	Indirect subsidiary of the Bank
ICBC Assets Management & Consulting Co., Ltd.	ICBC Consulting	Indirect subsidiary of the Bank
Mega 1 Venture Capital Co., Ltd.	Mega 1 Venture	Equity investees
United Venture Capital Corp.	United Venture	Equity investees
Everstrong Iron Steel & Foundry & Mfg Corp.	Everstrong Iron Steel	Equity investees
IP Fundseven Ltd.	IP Fundseven	Equity investees
China Real Estate Management Co., Ltd.	China Real Estate	Equity investees
Taiwan Bills Finance Co., Ltd.	Taiwan Finance	Equity investees
An Fang Co., Ltd.	An Fang	Equity investees
Ramlett Finance Holding Inc.	Ramlett	Equity investees
China Insurance (Siam) Co., Ltd.	China Insurance (Siam)	Equity investees
Others		Certain directors, supervisors, managers and relatives of the Bank's chairman and general manager

Note: The Bank resigned from supervisorship on June 20, 2014, and is no longer International Bills Finance Corporation's related party. (Related transactions listed in Note 11(3) are until June 20, 2014.)

(3) Major transactions and balances with related parties

A. Due from and due to banks

	For the year ended December 31, 2014			
	Balance as of December 31	Highest Outstanding Balance	Interest Rate (%)	Total Interest Income (Expense)
	(Expressed in NT Thousand Dollars)			
Due from banks				
Fellow subsidiary:				
Mega Bills	$ 3,000,000	$ 4,500,000	0.40%~4.30%	$ 7,857
Other related parties:				
Bank of Taiwan	3,641,074	18,333,624	0.11%~1.48%	800
International Bill Finance(note)	95,978	2,000,000	0.40%~1.80%	1,708
Due to banks				
Other related parties:				
China Post	$ 2,924,041	$ 3,939,785	0.01%~1.52%	($ 39,538)
Bank of Taiwan	3,990,399	17,886,118	0.03%~5.40%	(408)

	For the year ended December 31, 2014			
	Balance as of December 31	Highest Outstanding Balance	Interest Rate (%)	Total Interest Income (Expense)
	(Expressed in US Thousand Dollars)			
Due from banks				
Fellow subsidiary:				
Mega Bills	$ 94,748	$ 142,122	0.40%~4.30%	$ 248
Other related parties:				
Bank of Taiwan	114,995	579,024	0.11%~1.48%	25
International Bill Finance(note)	3,031	63,165	0.40%~1.80%	54
Due to banks				
Other related parties:				
China Post	$ 92,349	$ 124,429	0.01%~1.52%	($ 1,249)
Bank of Taiwan	126,027	564,890	0.03%~5.40%	(13)

	For the year ended December 31, 2013			
	Balance as of December 31	Highest Outstanding Balance	Interest Rate (%)	Total Interest Income (Expense)
	(Expressed in NT Thousand Dollars)			
Due from banks				
Fellow subsidiary:				
Mega Bills	$ 2,200,000	$ 7,800,000	0.41%~0.51%	$ 8,766
Other related parties:				
Bank of Taiwan	151,174	1,997,327	0.65%~0.88%	445
International Bill Finance(note)	-	1,700,000	0.41%~0.48%	853
Due to banks				
Other related parties:				
China Post	$ 2,912,531	$ 5,120,773	0.01%~1.52%	($ 56,733)
Bank of Taiwan	1,473,660	4,482,170	0.21%~1.20%	(1,974)

Note: As decribed in note11 (2) described, the Bank is no longer International Bills Finance Corporation's related party starting from June 20, 2014.

B. Loans and deposits

	Item	Counterparty	December 31, 2014 NT$	December 31, 2014 US$	% of Total	Total Interest Income(Expense)	% of Total	Interest Rate (%)
For the year ended December 31, 2014	Deposits	All related parties	$ 6,894,895	$ 217,759	0.34%	($ 75,685)	0.42%	0.00%~13.00%
	Loans	All related parties	150,161	4,742	0.01%	3,596	0.01%	0.00%~3.63%

	Item	Counterparty	December 31, 2013 NT$	% of Total	Total Interest Income(Expense)	% of Total	Interest Rate (%)
For the year ended December 31, 2013	Deposits	All related parties	$ 7,713,290	0.40%	($ 86,768)	0.63%	0.00%~13.00%
	Loans	All related parties	160,428	0.01%	2,354	0.01%	0.00%~2.88%

The interest rates shown above are similar, or approximate, to those offered to third parties. But the interest rates for savings deposits of Bank managers within the prescribed amounts are the same as for savings deposits of employees.

In compliance with the Article 32 and 33 of Banking Law, except for consumer loans and government loans, credits extended by the Bank to any related party are fully secured, and the terms of credits extended to related parties are similar to those for third parties.

The Bank presents its transactions or account balances with related parties, in the aggregate, except for those which the amount represents over 10% of the account balance.

(Blank below)

C. Lease agreements

Lessor — For the year ended December 31, 2014

Related Party	Lease Period	Lease Receipt Method	Rental Revenue (NT$)	Rental Revenue (US$)
The parent:				
Mega Financial Holdings	2009.08-2018.07	Monthly	$ 206	$ 7
Fellow subsidiary:				
Mega Securities	2011.02-2018.03	Monthly	21,708	686
Mega Bills	2013.01-2016.12	Monthly	35,877	1,133
Chung Kuo Insurance	2011.08-2016.07	Quarterly/ Semi-Annually	2,119	67
Mega Asset	2014.01-2015.12	Monthly	5,903	186
Mega Investment Trust	2014.01-2015.12	Monthly	10,518	332
Mega Life Insurance Agency	2012.08-2017.06	Monthly	1,321	42
The subsidiary:				
Yung-Shing Industries	2012.10-2017.06	Quarterly/Annually	2,814	89
Mega Financial Management & Consulting	2011.01-2015.12	Monthly/Annually	1,339	42
The indirect subsidiary:				
Win Card	2008.01-2019.05	Quarterly	4,787	151

Lessor — For the year ended December 31, 2013

Related Party	Lease Period	Lease Receipt Method	Rental Revenue (NT$)
The parent:			
Mega Financial Holdings	2009.08-2014.07	Monthly	$ 216
Fellow subsidiary:			
Mega Securities	2009.11-2013.10	Monthly	22,641
Mega Bills	2010.01-2015.12	Monthly	35,877
Chung Kuo Insurance	2011.08-2016.07	Quarterly/Semi-annually	2,119
Mega Asset	2011.01-2013.12	Monthly	6,399
Mega Investment Trust	2007.08-2013.12	Monthly	11,067
Mega Life Insurance Agency	2012.08-2014.06	Monthly	1,321
The subsidiary:			
Yung-Shing Industries	2012.10-2015.09	Quarterly	2,767
Mega Financial Management & Consulting	2011.01-2014.07	Monthly/Annually	1,388
The indirect subsidiary:			
Win Card	2008.01-2018.12	Quarterly	4,977

Lessee — For the year ended December 31, 2014

Related Party	Lease Period	Lease Receipt Method	Rental Revenue (NT$)	Rental Revenue (US$)
Fellow subsidiary:				
Mega Securities	Note	Note	$ 32,812	$ 1,036
Mega Bills	2013.01-2015.12	Monthly	84,246	2,661
Chung Kuo Insurance	2006.12-2017.07	Monthly	22,013	695
Subsidiary:				
Yung-Shing Industries	1994.12-2044.11	Monthly	7,923	250
China Products	2012.06-2015.05	Monthly	1,003	32

Lessee — For the year ended December 31, 2013

Related Party	Lease Period	Lease Receipt Method	Rental Revenue (NT$)
Fellow subsidiary:			
Mega Securities	Note	Note	$ 25,319
Mega Bills	2013.01-2015.12	Monthly	84,246
Chung Kuo Insurance	2007.12-2017.07	Monthly	21,937
The subsidiary:			
Yung-Shing Industries	1994.12-2014.11	Monthly	6,773
China Products	2012.06-2015.05	Monthly	1,006

Note: The Bank sets up offices for collection / payment of securities trading for customers in all operating bases of Mega Securities. There are neither formal contracts nor actual lease terms. The rental fees are paid according to a certain percentage of deposit balance of each operating base.

D. Bills and bonds under resale agreements

	For the year ended December 31, 2014		
	NT$		
	Amount	Ending balance	Interest revenue
Fellow subsidiary:			
Mega Securities	$ 136,509,011	$ -	$ 16,588

	For the year ended December 31, 2014		
	US$		
	Amount	Ending balance	Interest revenue
Fellow subsidiary:			
Mega Securities	$ 4,311,310	$ -	$ 524

	For the year ended December 31, 2013		
	NT$		
	Amount	Ending balance	Interest revenue
Fellow subsidiary:			
Mega Securities	$ 362,394,086	$ 4,832,702	$ 23,165

E. Payables

	December 31, 2014			
	NT$		US$	
	Amount	% of Total	Amount	% of Total
Parent company:				
Mega Financial Holdings	$ -	-	$ -	-

	December 31, 2013	
	NT$	
	Amount	% of Total
Parent company:		
Mega Financial Holdings	$ 1,119,010	2.85

The parent company advanced the Bank's provisional income tax for 2014 and 2013, which resulted in the accounts payable above.

F. Current tax liabilities

	December 31, 2014			
	NT$		US$	
	Amount	% of Total	Amount	% of Total
Parent company:				
Mega Financial Holdings	$ 1,694,061	23.26	$ 53,503	23.26

	December 31, 2013	
	NT$	
	Amount	% of Total
Parent company:		
Mega Financial Holdings	$ 1,103,844	21.56

The parent company's accounts payable to Mega Financial Holding Co., Ltd. is the estimated income tax payable as a result of adopting the linked tax system for income tax filings starting from the year 2003.

G. Service fees revenues

	For the year ended December 31, 2014			
	NT$		US$	
	Amount	% of Total	Amount	% of Total
Fellow subsidiary:				
Mega Life Insurance Agency (Note 1)	$ 740,921	8.16	$ 23,400	8.16
Mega Investment Trust (Note 2)	25,649	0.28	810	0.28
Chung Kuo Insurance (Note 1)	11,092	0.12	350	0.12
	$ 777,662	8.57	$ 24,560	8.57

	For the year ended December 31, 2013	
	NT$	
	Amount	% of Total
Fellow subsidiary:		
Mega Life Insurance Agency (Note 1)	$ 588,667	6.65
Mega Investment Trust (Note 2)	19,868	0.22
Chung Kuo Insurance (Note 1)	10,266	0.12
	$ 618,801	6.99

Note 1: The above amount represents service fee revenues earned from acting as an agent for Mega Life Insurance Agency and Chung Kuo Insurance.

Note 2: The above amount represents service fee of sale funds revenues earned from Mega Investment Trust.

H. Insurance expense

	For the year ended December 31, 2014			
	NT$		US$	
	Amount	% of Total	Amount	% of Total
Fellow subsidiary:				
Chung Kuo Insurance	$ 39,852	0.70	$ 1,259	0.70

	For the year ended December 31, 2013	
	NT$	
	Amount	% of Total
Fellow subsidiary:		
Chung Kuo Insurance	$ 43,608	0.83

I. The Bank's processes of printing, packaging documents and labor outsourcing have been outsourced to Yung-Shing Industries Co. Under this arrangement, the Bank paid operating expenses and labor outsourcing of NT$120,120 thousand and NT$110,847 thousand for the years ended December 31, 2014 and 2013, respectively.

J. Starting from January, 2001, certain processes of the Bank's credit card operations have been outsourced to Win Card Co., Ltd. Under this arrangement, the Bank paid operating expenses of NT$165,299 thousand and NT$157,788 thousand for the years ended December 31, 2014 and 2013, respectively.

K. Loans

December 31, 2014

(Unit: In NT Thousand dollars)

Types	Number of accounts or names of related party	Highest balance	Ending balance	Default possibility		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 for employees	17	$ 11,832	$ 9,288	V		None	None
Home mortgage loans	64	554,406	469,949	V		Real estate	None
Other loans	2	194,777	106,777	V		Real estate	None

December 31, 2014

(Unit: In US Thousand dollars)

Types	Number of accounts or names of related party	Highest balance	Ending balance	Default possibility		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 for employees	17	$ 374	$ 293	V		None	None
Home mortgage loans	64	17,510	14,842	V		Real estate	None
Other loans	2	6,152	3,372	V		Real estate	None

December 31, 2013

(Unit: In NT Thousand dollars)

Types	Number of accounts or names of related party	Highest balance	Ending balance	Default possibility		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 for employees	16	$ 10,576	$ 9,947	V		None	None
Home mortgage loans	68	535,447	511,057	V		Real estate	None
Other loans	2	271,511	121,511	V		Real estate	None

L. Financial guarantees for related parties:

(Unit: In NT Thousand dollars)

Date	Names of related party	Highest balance	Ending balance	Provision for guarantee reserve	Rate	Collateral
December 31, 2014	Chung Kuo Insurance	$ 21,813	$ 9,441	$ 106	1%	The bank's depsoits

(Unit: In US Thousand dollars)

Date	Names of related party	Highest balance	Ending balance	Provision for guarantee reserve	Rate	Collateral
December 31, 2014	Chung Kuo Insurance	$ 689	$ 298	$ 3	1%	The bank's depsoits

(Unit: In NT Thousand dollars)

Date	Names of related party	Highest balance	Ending balance	Provision for guarantee reserve	Rate	Collateral
December 31, 2013	Chung Kuo Insurance	$ 16,151	$ 16,151	$ 242	1%	The bank's depsoits

M. Derivative transactions with related parties as of December 31, 2014 and 2013: None.

N. Disposal of non-performing loans for related party as of December 31, 2014 and 2013:

The Bank held an auction on June 19, 2013 for the non-performing loans, and signed a contract amounting to $58,592 thousand with Mega Asset on July 15, 2013. The following table shows the details of non-performing loans:

Unit: In NT Thousand dollars

December 31, 2013					
Loan component			Loan amount	Carrying amount	Sale price amortization (Note)
Corporate	Secured		$ 326,967	-	$ 58,159
	Unsecured		40,000	-	433
Individual	Secured	Mortgage loan	-	-	-
		Auto loan	-	-	-
		Others	-	-	-
	Unsecured	Credit card	-	-	-
		Cash card	-	-	-
		Micro credit loan	-	-	-
		Others	-	-	-
Total			$ 366,967	-	$ 58,592

Note: The sale price of $58,592 thousand has not been deducted the $154 thousand service fee paid to Taiwan Financial Asset Service Corporation.

As of December 31, 2014, all receivables have been collected.

O. Information on remunerations to the Bank's directors, supervisors, general managers and vice general manager:

	For the years ended December 31,		
	2014		2013
	(NT$)	(US$)	(NT$)
Salaries and other short-term employee benefits	$ 68,156	$ 2,153	$ 68,739
Post-employment benefits	2,381	75	2,627
Total	$ 70,537	$ 2,228	$ 71,366

12. PLEDGED ASSETS

Please refer to Note 6 (3), (6) and (7) for details of the assets pledged as collateral as of December 31, 2014 and 2013.

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13. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2014 and 2013, the Bank and its subsidiaries had the following commitments and contingent liabilities not reflected in the above mentioned financial statements:

	December 31, 2014	
	NT$	US$
Irrevocable loan commitments	$ 115,658,649	$ 3,652,801
Securities sold under repurchase agreement	56,947,979	1,798,565
Securities purchased under resale agreement	4,346,010	137,258
Credit card line commitments	55,475,284	1,752,054
Guarantees issued	229,194,323	7,238,554
Letters of credit	64,938,712	2,050,934
Customers' securities under custody	198,411,865	6,266,363
Properties under custody	3,448,120	108,901
Guarantee effects	69,516,039	2,195,498
Collections for customers	108,844,402	3,437,590
Agency loans payable	1,669,033	52,712
Travelers' checks consigned-in	1,896,997	59,912
Gold coins consigned-in	453	14
Goods and tickets consignments-in	2,598	82
Agent for government bonds	121,688,800	3,843,249
Short-dated securities under custody	47,405,741	1,497,197
Investments for customers	179,661	5,674
Trust liability	511,407,300	16,151,574
Certified notes paid	7,855,405	248,094
Risk tolerance amount	2,747,150	86,762

	December 31, 2013
	NT$
Irrevocable loan commitments	$ 90,635,382
Securities sold under repurchase agreement	46,596,837
Securities purchased under resale agreement	5,453,309
Credit card line commitments	51,643,171
Guarantees issued	240,137,712
Letters of credit	65,867,775
Customers' securities under custody	161,168,597
Properties under custody	3,652,655
Guarantee effects	98,579,573
Collections for customers	114,979,754
Agency loans payable	2,137,668
Travelers' checks consigned-in	1,925,922
Gold coins consigned-in	455
Goods and tickets consignments-in	2,697
Agent for government bonds	113,285,000
Short-dated securities under custody	74,463,314
Investments for customers	179,661
Trust liability	482,057,232
Certified notes paid	7,497,880
Risk tolerance amount	3,525,614

(2) For claiming Hualon's debts and improving social stability, the Bank will donate $220,844 thousand to Ministry of Labor as a fund for retirement and severance pay for Hualon's employees in order to fulfill our corporation social responsibility, and assist the court in executing the allocation as soon as possible. The case was approved by the Board of Directors on behalf of the stockholders on November 7, 2014, and it will be executed after the approval of parent company's stockholders as well as receiving an allocation from the court.

14. SIGNIFICANT DISASTER LOSS

None.

15. SIGNIFICANT SUBSEQUENT EVENT

None.

16. OTHERS

(1) Information for financial assets transfers and liabilities extinguishing

None.

(2) Significant adjustment of organization and significant changes of management system

None.

(3) Significant impact arising from changes in government laws and regulations

None.

(4) Information for Company's share held by subsidiaries

None.

(5) Information for private placement securities

None.

(6) Information for discontinued operations

None.

(7) Major operating assets or liabilities transferred from (or to) other financial institutions

None.

(8) Profitability of the bank and its subsidiaries

Units:%

Items		December 31, 2014	December 31, 2013
Return on total assets (%)	Before tax	1.04	0.84
	After tax	0.90	0.71
Return on stockholders' equity (%)	Before tax	14.41	11.65
	After tax	12.38	9.96
Net profit margin ratio (%)		50.76	41.09

Note 1: Return on total assets = Income before (after) income tax/average total assets.
Note 2: Return on stockholders' equity = Income before (after) income tax / average stockholders' equity.
Note 3: Net profit margin ratio = Income after income tax / total operating revenues.
Note 4: The term "Income before (after) income tax" represents net income from January 1 to the balance sheet date of the reporting period.

(9) In accordance with Article 17 of the Trust Enterprise Law, the disclosures of the trust balance sheet, trust income statement and trust property list are as follows:

A. Trust Balance Sheet

(Expressed in NT Thousand Dollars)

Trust Balance Sheet
December 31, 2014

Trust assets			Trust liabilities		
Bank deposits	$	33,204,056	Capital borrowed	$	4,500,525
Short-term investments：			Payables		21,226
Mutual funds		129,318,768	Account collected in advance		42,071
Bonds		39,465,753	Tax payable		35,020
Stocks		48,179,052	Accounts withholding		942
Real estate		119,678,275	Other liabilities		2,295,740
Properties		14,328	Trust capital		358,174,155
Customers' securities under custody		137,987,252	Accumulated profit or loss for reserves		8,350,369
Receivables		4,300	Customers' securities under custody		137,987,252
Other assets		3,555,516			
Total trust assets	$	511,407,300	Total trust liabilities	$	511,407,300

(Expressed in US Thousand Dollars)

Trust Balance Sheet
December 31, 2014

Trust assets			Trust liabilities		
Bank deposits	$	1,048,671	Capital borrowed	$	142,138
Short-term investments：			Payables		670
Mutual funds		4,084,223	Account collected in advance		1,329
Bonds		1,246,431	Tax payable		1,106
Stocks		1,521,620	Accounts withholding		30
Real estate		3,779,752	Other liabilities		72,505
Properties		452	Trust capital		11,312,073
Customers' securities under custody		4,357,997	Accumulated profit or loss for reserves		263,726
Receivables		136	Customers' securities under custody		4,357,997
Other assets		112,292			
Total trust assets	$	16,151,574	Total trust liabilities	$	16,151,574

(Blank below)

(Expressed in NT Thousand Dollars)

Trust Balance Sheet

December 31, 2013

Trust assets			Trust liabilities		
Bank deposits	$	27,975,633	Capital borrowed	$	4,500,525
Short-term investments：			Payables		17,403
Mutual funds		122,552,884	Account collected in advance		44,605
Bonds		35,166,751	Tax payable		32,606
Stocks		48,006,351	Accounts withholding		908
Real estate		105,382,192	Other liabilities		911,125
Properties		14,135	Trust capital		327,721,840
Customers' securities under custody		142,913,164	Accumulated profit or loss for reserves		5,915,056
Receivables		6,820	Customers' securities under custody		142,913,164
Other assets		39,302			
Total trust assets	$	482,057,232	Total trust liabilities	$	482,057,232

B. Trust Income Statement

Trust Income Statement

	For the years ended December 31		
	2014		2013
Trust income:	(NTD)	(USD)	(NTD)
Interest income	$ 101,684	$ 3,212	$ 86,965
Rental income	1,336,013	42,195	1,326,586
Dividend income	1,514,060	47,818	1,294,621
Other income	39,449	1,246	41,195
Realized capital gain	2,295,425	72,495	533,647
Total trust income	5,286,631	166,966	3,283,014
Trust expenses:			
Management expenses	(65,124)	(2,057)	(61,708)
Duty expenses	(25,766)	(814)	(24,661)
Other operating expenses	(516,683)	(16,318)	(447,185)
Realized capital loss	(119,150)	(3,763)	(229,022)
Total trust expense	(726,723)	(22,952)	(762,576)
Net income before income tax			
(Net investment income)	4,559,908	144,014	2,520,438
Income tax expense	-	-	-
Net income after income tax(note)	$ 4,559,908	$ 144,014	$ 2,520,438

C. Trust Property List

(Expressed in NT Thousand Dollars)

Trust Property List

	December 31, 2014	December 31, 2013
Bank deposits	$ 33,204,056	$ 27,975,633
Short-term investments:		
Mutual funds	129,318,768	122,552,884
Bonds	39,465,753	35,166,751
Stock	48,179,052	48,006,351
Real estate	119,678,275	105,382,192
Properties	14,328	14,135
Customers' securities under custody	137,987,252	142,913,164
Receivables	4,300	6,820
Other assets	3,555,516	39,302
Total	$ 511,407,300	$ 482,057,232

Note: The amount of designated investment trust on foreign equity of OBU branch is $31,998,107 thousand and $27,783,193 thousand as of December 31, 2014 and 2013, respectively.

(10) Information for cross-sales between the Group and subsidiaries

A. Transactions between the Bank and its subsidiaries: Please refer to Note 11.

B. Joint promotion of businesses:

In order to create synergies within the group and provide customers financial services in all aspects, the Bank has continuously established other financial consulting service centers (including banking services, securities trading services, and insurance services) in its subsidiaries and simultaneously promoted service business in banking, securities and insurances areas.

C. Sharing of information or operating facilities or premises

Under the Financial Holding Company Act, Computer Process of Personal Data Protection Law, and the related regulations stipulated by MOF, when customers' information of a financial holding company's subsidiary is disclosed to the other subsidiaries under the group or exchanged between the subsidiaries for the purpose of cross selling of products, the subsidiaries receiving, utilizing, managing or maintaining the information are restricted to use the information for the joint promotion purposes only. In addition, the Bank is required to disclose its "Measures for Protection of Customers' Information" in its website. Customers also reserve the right to have their information withdrawn from the information sharing mechanism.

17. SUPPLEMENTARY DISCLOSURES

(1) Related information on material transaction items of the Bank and its subsidiaries:

A. Information regarding stock of short-term equity investment for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Bank's paid-in capital:

(Expressed In NT Thousand Dollars)

					Balance as at January 1, 2014		Addition		Disposal			Balance as at December 31, 2014	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the Bank	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Number of shares (in thousands)	Amount	Gain (Loss) on disposal	Number of shares (in thousands)	Amount
The Bank	Taiwan Top 50 Tracker Fund	Financial assets at fair value through profit or loss-net	-	-	5,440	$ 293,004	12,840	$ 809,342	5,030	$ 315,198	$ 30,624	13,250	$ 817,772
The Bank	Delta Electronics, Inc.	Financial assets at fair value through profit or loss-net	-	-	260	39,984	2,405	442,324	2,135	401,907	19,336	530	99,737
The Bank	ASE. Inc.	Financial assets at fair value through profit or loss-net	-	-	-	-	11,789	410,339	9,909	354,248	14,187	1,880	70,278
The Bank	Hon Hai	Financial assets at fair value through profit or loss-net	-	-	1,440	112,258	8,941	777,269	4,711	447,595	47,853	5,670	489,785
The Bank	SPIL	Financial assets at fair value through profit or loss-net	-	-	-	-	11,690	525,362	11,590	521,577	1,012	100	4,797
The Bank	TSMC	Financial assets at fair value through profit or loss-net	-	-	8,318	843,875	11,430	1,395,711	12,410	1,544,572	183,835	7,338	878,949
The Bank	MediaTek Inc.	Financial assets at fair value through profit or loss-net	-	-	236	92,429	661	306,595	678	299,374	(1,892)	219	97,758
The Bank	Catcher	Financial assets at fair value through profit or loss-net	-	-	280	50,426	1,570	409,044	1,528	386,438	10,082	322	83,114
The Bank	Chang Hwa Bank	Financial assets at fair value through profit or loss-net	-	-	-	-	25,878	474,579	5,678	104,548	(161)	20,200	369,870
The Bank	Waterland Financial Holding Co., Ltd.	Financial assets at fair value through profit or loss-net	-	-	52,593	666,811	490 (Note)	-	53,083	486,752	(180,059)	-	-
The Bank	Zhen Ding Tech	Financial assets at fair value through profit or loss-net	-	-	420	30,885	3,026	285,488	3,626	302,140	(14,233)	-	-

Note：Allocation of the 2014 stock dividend

B. Information on the acquisition of real estate for which the purchase amount exceeded NT$300 million or 10% of the Bank's paid-in capital: None.

C. Information on the disposal of real estate for which the sale amount exceeded NT$300 million or 10% of the Bank's paid-in capital:None

D. Information regarding discounted processing fees on transactions with related parties for which the amount exceeded NT$5 million: None.

E. Information regarding receivables from related parties for which the amount exceeded NT$300 million or 10% of the Bank's paid-in capital: None.

F. Information regarding selling non-performing loans

(A) Summary of selling non-performing loans

The information regarding selling non-performing loans for the year ended December 31, 2014 are as follows.

(Expressed in NT Thousand Dollars)

Transaction date	Counterparty	Contents of right of claim	Carrying value	Sale price	Gain or loss from disposal	Attached conditions	Relationship with the Company	Note
2013.12.23	MACQUARIE BANK LIMITED	Corporate banking loans	$ 1,105,261	$ 1,105,261	$ -	None	None	Note 1
2014.01.29	JPMORGAN CHASE BANK NATIONAL ASSOCIATION	Corporate banking loans	151,570	851,693	700,123	None	None	Note 2
2014.04.03	SC LOWY PRIMARY INVESTMENTS LTD	Corporate banking loans	74,151	81,556	7,405	None	None	Note 3

Note 1: The book value and sales price of the loan transaction were both US$36,400 thousand. The currency exchange rate of the Bank was 1:30.3643. On transaction date, the whole transaction were settled up in the three-month period ended March 31, 2014.

Note 2: The book value and sales price of the loan transaction were US$4,991.71 thousand and US$28,049.15 thousand, respectively. The currency exchange rate of the Bank was 1:30.3643.

Note 3: The book value and sales price of the loan transaction were AUD$2,716.29 thousand and AUD$2,987.54 thousand, respectively. The currency exchange rate of the Bank was 1:27.2985.

(B) Sale of non-performing loans exceeding NT$1 billion (excluding sale to related parties):

Counterparty：MACQUARIE BANK LIMITED		Transaction date: 2013.12.23		UNIT: In NT Thousand Dollars
Loan component		Loan amount(Note 1)	Carrying amount	Allocation of sale price(Note 2)
Corporate	Secured	$ 1,227,629	$ 1,105,261	$ 1,105,261
	Unsecured	-	-	-
Total		$ 1,227,629	$ 1,105,261	$ 1,105,261

Note 1: The loan amount is the amount that a buyer may claim from the creditor, including the sum of balance of disposal on non-performing loan (book value before deduction of allowance for doubtful debt) and written-off bad debt.

Note 2: Allocation of selling price refers to gross selling price that is allocated by the bank according to the evaluation of recoverable amount of various loans upon disposal.

G. 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.

H. Other material transaction items which were significant to the users of the financial statements: None.

(2) Supplementary disclosure regarding investee companies:

A. Supplementary disclosure regarding investee companies:

(Expressed In NT Thousand Dollars)

			As of December 31, 2014			Share-holdings of the Bank and related enterprises				
								Total		
Investee companies	Address	Main service	Percentage of ownership %	Book value	Investment income (loss)	Share (in thousands)	Proforma information on number of stock held	Share (in thousands)	Percentage of ownership %	Note
Cathay Investment & Development Corporation (Bahamas)	Post Office Box 3937 Nassau, Bahamas	International investment and exploration	100.00%	$ 54,769	$ 379	5	None	5	100.00%	
Mega Management & Consulting Co., Ltd.	7F., No.91, Hengyang Rd., Taipei City	Management consulting industry	100.00%	48,375	23,049	1,000	None	1,000	100.00%	
Cathay Investment & Warehousing Ltd.	Dominador Bazany Calle 20,Manzana 31,P.O.Box 0302-00445 Colon Free Zone, Republic of Panama	1. Warehousing 2. Manage and make the investment for the business in foreign trade business. 3. Office rental	100.00%	60,438	(1,895)	1	None	1	100.00%	
Ramlett Finance Holdings Inc.	Calle 50 y Esquina Margarita A. de Vallarino Nuevo Campo Alegre, Edificio MEGAICBC No.74, Panama	Real estate investment industry	100.00%	3,428	2,493	2	None	2	100.00%	
Yung-Shing Industries Co.	7F., No.100, Jilin Rd., Taipei City	Agency business industry, manage and make the investment for the business in foreign trade business and customer request service	99.56%	658,571	30,750	298	None	298	99.56%	
China Products Trading Company	7F., No.100, Jilin Rd., Taipei City	Processing agricultural product and investment industry	68.27%	27,476	297	68	None	68	68.27%	
United Venture Capital Corp.	4F., No.9, Dehui St Zhongshan Dist., Taipei City	Investment industry	25.31%	-	(4)	408	None	408	25.31%	
China Insurance Co., (Siam) Ltd.	36/69, 20th Floor, P.S. Tower, Asoke Sukhumvit 21 Road, Bankok 10110, Thailand	Insurance industry	25.25%	18,584	1,755	1,515	None	1,515	25.25%	
Mega 1 Venture Capital Co., Ltd	7F., No.91, Hengyang Rd., Taipei City	Investment industry	25.00%	73,449	(7,894)	11,250	None	11,250	40.00%	
IP Fundseven Ltd.	7F., No.122, Dunhua N. Rd., Songshan District, Taipei City	Investment industry	25.00%	131,814	12,411	7,000	None	7,000	25.00%	

(Expressed In NT Thousand Dollars)

			As of December 31, 2014			Share-holdings of the Bank and related enterprises				
							Proforma information on number of stock held	Total		
Investee companies	Address	Main service	Percentage of ownership %	Book value	Investment income (loss)	Share (in thousands)		Share (in thousands)	Percentage of ownership %	Note
An Fang Co., Ltd.	3F., No.139, Jhengjhou Rd., Taipei City	Automatic Teller Machine rental, configure and maintain	25.00%	$ 11,911	$ 730	750	None	750	25.00%	
Taiwan Finance Co., Ltd.	3F., No.123, Sec. 2, Nanjing E. Rd., Taipei City	Brokerage underwriting attestation guarantee and endorsement of commercial papers, proprietary trading of government bonds and corporate bonds	24.55%	1,515,092	66,670	126,714	None	126,714	24.55%	
Everstrong Iron Steel & Foundry & Mfg Corp	NO.1 Shiquan Rd., Xiaogang Dist., Kaohsiung City	Iron and steel making	22.22%	42,155	3,610	1,760	None	1,760	22.22%	
China Real Estate Management Co., Ltd.	11F., No.35, Guangfu S. Rd., Taipei City	Real estate and property selling	20.00%	189,024	12,008	9,000	None	9,000	20.00%	
Win Card Co., Ltd.	4F., No.99, Sec. 3, Chongyang Rd., Sanchong Dist., New Taipei City	Corporate management consulting, data processing business and general advertising services	100.00%	46,047	7,629	200	None	200	100.00%	Indirect subsidiary of the Bank
ICBC Asset Management & Consulting Co., Ltd	No.100, Jilin Rd., Taipei City	Investment consulting,corporate management consulting and venture investment management consulting	100.00%	51,017	825	5,000	None	5,000	100.00%	Indirect subsidiary of theBank

B. For those investee companies that the Bank has direct or indirect control interest over, further disclosures are as follows:

(A) Information on the acquisition of real estate for which the purchase amount exceeded NT$300 million or 10% of the Bank's paid-in capital: None.

(B) Information on the disposal of the real estate for which the sale amount exceeded NT$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 NT$5 million: None.

(D) Information regarding receivables from related parties for which the amount exceeded NT$300 million or 10% of the Bank's paid-in capital: None.

(E) Information regarding selling non-performing loans: None.

(F) Information on and categories of securitized assets which are approved by the authority pursuant to the Financial Asset Securitization Act or the Real Estate Securitization Act: None.

(G) Lending to other parties: None.

(H) Guarantees and endorsements for other parties: None.

(I) Information regarding securities held as of December 31, 2014:

(Expressed in NT Thousand dollars)

Investor	Name of investee and type of securities	Relationship	Account	At year-end: Share / Units (in thousands)	Book value	Ownership Percentage (%)	Market value	Note
Mega Management & Consulting Co., Ltd.	Stocks							
〃	ID Reengineering Inc.	Equity investees	Investments accounted for by the equity method	25	$ 2,159	25.00%	$ 2,159	
Mega 1 Venture Capital Co., Ltd.	Stocks							
〃	Formosa Advanced Technologies Co., Ltd.	None	Available-for-sale financial assets	1,035	$ 72,845	0.23%	$ 23,598	
〃	Darfon Electronics Corp.	〃	Available-for-sale financial assets	121	10,000	0.04%	2,165	
〃	Paragon Technologies Co., Ltd.	〃	Available-for-sale financial assets	639	62,435	0.75%	30,232	
〃	Ju Teng Technology Co., Ltd	〃	Available-for-sale financial assets	600	22,407	0.05%	9,210	
〃	AVerMedia Information Inc.	〃	Available-for-sale financial assets	289	24,108	0.29%	6,180	
〃	G – TECH Optolectronics Co.,	〃	Available-for-sale financial assets	294	35,650	0.11%	8,616	
〃	AEON MOTOR CO.,LTD.	〃	Available-for-sale financial assets	81	4,270	0.18%	3,164	
〃	Feature Integration Technology Inc.	〃	Available-for-sale financial assets	515	18,678	1.29%	8,343	
〃	ACTi Corporation	〃	Available-for-sale financial assets	220	13,100	0.59%	6,590	
〃	Kuang Ming Shipping Corp	〃	Available-for-sale financial assets	600	17,767	0.29%	7,674	
〃	Lung Pien Vacuum Industry Co., Ltd.	〃	Available-for-sale financial assets	200	12,309	0.78%	6,900	
〃	Gigastone Corporation.	〃	Available-for-sale financial assets	50	1,846	0.11%	673	
〃	General Biologicals Corporation	〃	Available-for-sale financial assets	65	2,250	0.08%	1,741	
〃	Avalue Tech. Ltd	〃	Available-for-sale financial assets	220	9,955	0.41%	9,789	
〃	Thecus Technology Corp.	〃	Financial assets carried at cost	719	16,620	4.01%	16,620	
〃	ACTI connecting vision	〃	Financial assets carried at cost	316	5,879	1.31%	5,879	
〃	ECSC Ltd.	〃	Financial assets carried at cost	251	2,964	0.58%	2,964	
〃	Yung Fa Corp.	〃	Financial assets carried at cost	3,466	27,738	9.80%	27,738	
〃	Mobile Action Technology Inc.,	〃	Financial assets carried at cost	77	1,226	0.43%	1,226	
〃	T ProbeLeader Co., Ltd.	〃	Financial assets carried at cost	698	15,975	2.50%	15,975	
〃	Qisda Corporation	〃	Financial assets carried at cost	154	4,043	1.03%	4,043	
〃	Mesotek Corp.	〃	Financial assets carried at cost	250	7,500	2.29%	7,500	
〃	Taiwan United Medical Inc.	〃	Financial assets carried at cost	327	3,924	1.47%	3,924	
〃	High Power Optoelectronics,Inc.	〃	Financial assets carried at cost	1,515	27,005	0.90%	27,005	
〃	Chi Lin Technology co., Ltd.	〃	Financial assets carried at cost	74	2,192	0.04%	2,192	
〃	CHI LIN OPTOELECTRONICS CO., LTD	〃	Financial assets carried at cost	185	5,483	0.07%	5,483	
〃	AIDE Energy Holding Co., Ltd.	〃	Financial assets carried at cost	600	22,605	0.45%	22,605	
〃	Applied Wireless Identifications	〃	Financial assets carried at cost	-	303	0.93%	303	
					$ 451,077			
Yung-Shing Industries Co.	Stocks							
〃	H&H Venture Capital Investment Corp.	None	Financial assets carried at cost	2,468	$ 15,696	8.57%	$ 15,696	
〃	Hua-sheng Venture Capital Investment Corp.	〃	Financial assets carried at cost	1,349	13,495	1.67%	13,495	
〃	Hi-Scene World Enterprise Co., Ltd.	〃	Financial assets carried at cost	3,202	7,124	1.54%	7,124	
〃	SysJust Corporation	〃	Financial assets carried at cost	671	6,878	2.64%	6,878	
〃	An Fang Co., Ltd.	〃	Financial assets carried at cost	150	1,833	5.00%	1,833	
〃	Win Card Co., Ltd.	Equity investees	Investments accounted for by the equity method	200	46,047	100.00%	46,047	

(Expressed in NT Thousand dollars)

Investor	Name of investee and type of securities	Relationship	Account	At year-end: Share / Units (in thousands)	Book value	Ownership Percentage (%)	Market value	Note
Yung-Shing Industries Co	ICBC Assets Management & Consulting Co., Ltd.	Equity investees	Investments accounted for by the equity method	5,000	$ 51,017	100.00%	$ 51,017	
	Total				$ 142,090			
ICBC Assets Management & Consulting Co., Ltd.	Stocks							
〃	H&H Venture Capital Investment Corp.	None	Financial assets carried at cost	1,645	$ 10,464	5.71%	$ 10,464	
Cathay Investment & Development Corporation (Bahamas)	Funds							
〃	AsiaTech Taiwan Venture Fund LP	None	Financial assets carried at cost	-	$ 7,579	-	$ 7,579	
	Tai An Technologies Corp.	〃	Financial assets carried at cost	-	2,253	-	2,253	
	Accumulated impairment				(7,280)			
	Total				$ 2,552			

(J) Information regarding securities for which the purchase or sale amount for the period exceeded NT$300 million or 10% of the Bank's paid-in capital: None.

(K) Information regarding trading in derivative financial instruments: None.

(L) Other material transaction items which were significant to the users of the financial statements: None.

(3) Investments in People's Republic of China:

Unit：In NT Thousand Dollars

Name of Investee Company in Mainland China	Main Business	Paid-in Capital	Investment method	Accumulated amount of investment as of January 1, 2014	For the year ended December 31, 2014: Reinvestment	For the year ended December 31, 2014: Withdrawal	Accumulated amount of investments as of December 31, 2014	The Company's Direct/ Indirect Percentage of Ownership (%)	Investment Income (Loss) for the period (Note 2)
Mega International Commercial Bank Suzhou Branch (Including Wujiang Sub-Branch)	Banking businesses approved by the local government	RMB 1,000,000	Branch	RMB 1,000,000	$ -	$ -	RMB 1,000,000	None	$ 297,886

Carrying amount of investment as of December 31, 2014	Investment income remitted as of December 31, 2014	Accumulated investment amounts in Mainland China as of December 31, 2014	Investment amount approved by the investment audit committee of the Ministry of Economic Affairs	Limits on investment amounts established by the investment audit committee of the Ministry of Economic Affairs (Note 1)
$ -	$ -	RMB 1,000,000	RMB 1,000,000	$ 131,272,088

Note 1: Limit calculation is as follows (The Bank's net worth is $218,786,814 thousand)

$218,786,814 thousand x 60% = $131,272,088 thousand.

Note 2: Relevant operating income and expense of the subsidiary, Mega International Commercial Bank Suzhou Branch have been included the gains and losses of the Bank.

(4) Significant transactions between parent company and subsidiaries

Expressed in NT Thousand Dollars

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	Mega International Commercial Bank Co., Ltd.	Mega ICBC(Canada)	1	Due from Commercial Banks	$ 53,190	No significant difference from general customers	0.18%
0	〃	〃	1	Call Loans to Banks	45,053	〃	0.15%
0	〃	〃	1	Due to Other Banks	40,028	〃	0.13%
0	〃	〃	1	Receivables	5	〃	0.00%
0	〃	〃	1	Interest Revenue	984	〃	0.19%
0	〃	〃	1	Interest Expenses	20	〃	0.00%
0	〃	Mega ICBC(Thailand)	1	Due from Commercial Banks	109,728	〃	0.37%
0	〃	〃	1	Call Loans to Banks	317,236		1.07%
0	〃	〃	1	Due to Other Banks	544,850		1.83%
0	〃	〃	1	Call Loans from other banks	212,795		0.72%
0	〃	〃	1	Interest Revenue	605	〃	0.12%
0	〃	〃	1	Interest Expenses	3,198	〃	0.63%
1	Mega ICBC(Canada)	Mega International Commercial Bank Co., Ltd.	2	Due from Commercial Banks	40,028	〃	0.13%
1	〃	〃	2	Due to Other Banks	53,190	〃	0.18%
1	〃	〃	2	Call Loans from other banks	45,053	〃	0.15%
1	〃	〃	2	Payables	5	〃	0.00%
1	〃	〃	2	Interest Revenue	20	〃	0.00%
1	〃	〃	2	Interest Expenses	984	〃	0.19%
1	〃	Mega ICBC(Thailand)	3	Due to Other Banks	1,299	〃	0.00%
2	Mega ICBC(Thailand)	Mega International Commercial Bank Co., Ltd.	2	Due from Commercial Banks	544,850	〃	1.83%
2	〃	〃	2	Call Loans to Banks	212,795	〃	0.72%
2	〃	〃	2	Due to Other Banks	109,728		0.37%
2	〃	〃	2	Call loans from other banks	317,236	〃	1.07%
2	〃	〃	2	Interest Revenue	3,198	〃	0.63%
2	〃	〃	2	Interest Expenses	605	〃	0.12%
2	〃	Mega ICBC(Canada)	3	Due from Commercial Banks	1,299	〃	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) Relationship between transaction company and counterparty is classified into the following three categories;

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 3) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.

BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF DOLLARS)

ASSETS	December 31, 2014 NT$	December 31, 2014 US$ (Unaudited)	December 31, 2013 NT$	January 1, 2013 NT$
ASSETS				
CASH AND CASH EQUIVALENTS	$ 161,954,100	$ 5,114,932	$ 151,583,517	$ 84,066,474
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS	466,115,473	14,721,141	392,015,822	369,372,151
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	43,670,656	1,379,233	44,465,678	40,614,399
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	5,850,332	184,769	5,451,889	4,428,875
RECEIVABLES - NET	170,898,252	5,397,412	159,402,685	102,268,334
CURRENT TAX ASSETS	522,877	16,514	-	-
BILLS DISCOUNTED AND LOANS - NET	1,713,988,141	54,132,209	1,637,338,871	1,484,215,395
AVAILABLE-FOR-SALE FINANCIAL ASSETS - NET	187,345,276	5,916,852	184,449,844	133,617,834
HELD-TO-MATURITY FINANCIAL ASSETS - NET	161,087,026	5,087,548	181,831,669	158,447,725
INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD - NET	9,076,206	286,650	8,699,321	9,232,274
OTHER FINANCIAL ASSETS - NET	13,649,219	431,078	13,287,945	14,709,456
PROPERTY AND EQUIPMENT	14,466,078	456,876	14,484,955	14,676,321
INVESTMENT PROPERTY	671,195	21,198	673,875	781,955
DEFERRED TAX ASSETS-NET	3,595,475	113,554	3,402,761	2,773,847
OTHER ASSETS - NET	5,048,855	159,456	7,174,039	7,196,415
TOTAL ASSETS	$ 2,957,939,161	$ 93,419,422	$ 2,804,262,871	$ 2,426,401,455
LIABILITIES AND EQUITY				
LIABILITIES				
DUE TO THE CENTRAL BANK AND COMMERCIAL BANKS	$ 459,095,355	$ 14,499,427	$ 469,353,313	$ 310,462,911
BORROWED FUNDS	53,434,282	1,687,594	32,126,690	84,826,943
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	27,344,357	863,606	13,861,683	14,132,990
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	50,189,662	1,585,120	46,532,108	17,364,464
PAYABLES	35,856,882	1,132,454	39,006,223	36,131,057
CURRENT TAX LIABILITIES	7,249,595	228,961	5,089,815	4,673,482
DEPOSITS AND REMITTANCES	2,024,967,933	63,953,761	1,924,879,674	1,706,419,598
FINANCIAL BONDS PAYABLE	50,200,000	1,585,447	43,900,000	43,900,000
OTHER FINANCIAL LIABILITIES	9,021,046	284,908	8,448,409	9,788,365
PROVISIONS	10,118,806	319,578	10,507,616	9,969,707
DEFERRED TAX LIABILITIES	2,143,376	67,693	2,037,961	1,687,169
OTHER LIABILITIES	9,531,053	301,016	7,650,254	10,116,662
TOTAL LIABILITIES	2,739,152,347	86,509,565	2,603,393,746	2,249,473,348
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY				
SHARE CAPITAL				
CAPITAL STOCK	77,000,000	2,431,861	77,000,000	71,000,000
CAPITAL RESERVE	46,498,007	1,468,528	46,499,431	37,261,028
RETAINED EARNINGS				
LEGAL RESERVE	58,483,334	1,847,056	52,841,523	47,041,482
SPECIAL RESERVE	3,822,741	120,732	3,997,433	4,881,421
UNDISTRIBUTED EARNINGS	30,192,868	953,569	20,870,305	17,750,013
OTHER EQUITY	2,789,864	88,111	(339,567)	(1,005,837)
TOTAL EQUITY	218,786,814	6,909,857	200,869,125	176,928,107
TOTAL LIABILITIES AND EQUITY	$ 2,957,939,161	$ 93,419,422	$ 2,804,262,871	$ 2,426,401,455

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT FOR EARNINGS PER SHARE AMOUNTS)

	For the years ended December 31,		
	2014		2013
	NT$	US$ (Unaudited)	NT$
INTEREST REVENUE	$ 52,729,535	$ 1,665,336	$ 43,217,575
LESS:INTEREST EXPENSE	(17,995,211)	(568,336)	(13,581,097)
NET INTEREST INCOME	34,734,324	1,097,000	29,636,478
NON-INTEREST INCOME			
FEE INCOME - NET	8,176,153	$ 258,224	8,029,742
GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	1,334,300	42,141	1,283,136
REALIZED GAINS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	1,276,657	40,320	1,290,950
FOREIGN EXCHANGE GAIN - NET	3,198,313	101,011	2,873,751
LOSS ON ASSET IMPAIRMENT	(217,087)	(6,856)	(319,209)
INVESTMENT INCOME RECOGNIZED BY THE EQUITY METHOD	410,758	12,973	537,862
OTHER REVENUE OTHER THAN INTEREST INCOME	464,731	14,677	903,104
GAIN ON FINANCIAL ASSETS CARRIED AT COST	594,855	18,787	633,054
GAIN ON SALE OF NON-PERFORMING LOANS	707,528	22,346	463,921
NET OPERATING INCOME	50,680,532	1,600,623	45,332,789
PROVISION FOR LOAN LOSSES AND GUARANTEE RESERVE	(2,186,780)	(69,064)	(5,439,591)
OPERATING EXPENSES			
EMPLOYEE BENEFITS EXPENSES	(12,264,128)	(387,333)	(12,312,571)
DEPRECIATION AND AMORTIZATION	(498,928)	(15,758)	(565,208)
OTHER GENERAL AND ADMINISTRATIVE EXPENSES	(5,557,332)	(175,515)	(5,092,674)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	30,173,364	952,953	21,922,745
INCOME TAX EXPENSE	(4,200,064)	(132,649)	(3,116,707)
NET INCOME	$ 25,973,300	$ 820,304	$ 18,806,038
OTHER COMPREHENSIVE INCOME			
CUMULATIVE TRANSLATION DIFFERENCES OF FOREIGN OPERATIONS	1,163,096	36,734	274,573
UNREALIZED GAIN ON VALUATION OF AVAILABLE-FOR-SALE FINANCIAL ASSETS	1,657,030	52,333	721,106
ACTUARIAL GAIN (LOSS) ON DEFINED BENEFIT PLAN	(22,431)	(708)	(571,919)
SHARE OF OTHER COMPREHENSIVE INCOME OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR UNDER THE EQUITY METHOD	309,305	9,769	(329,409)
INCOME TAX RELATING TO THE COMPONENTS OF OTHER COMPREHENSIVE INCOME	3,813	120	97,226
TOTAL OTHER COMPREHENSIVE INCOME (AFTER INCOME TAX)	3,110,813	98,248	191,577
TOTAL COMPREHENSIVE INCOME	$ 29,084,113	$ 918,552	$ 18,997,615
EARINGS PER SHARE			
BASIC AND DILUTED EARNINGS PER SHARE (IN DOLLARS)	$ 3.37	$ 0.11	$ 2.64

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF DOLLARS)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
			RETAINED EARNINGS			OTHER EQUITY		
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Differences of Foreign Operations	Unrealized Gain on Valuation of Available-For -Sale Financial Assets	Total
For the year ended December 31, 2013 (NT Dollars)								
Balance, January 1, 2013	$ 71,000,000	$ 37,261,028	$ 47,041,482	$ 4,881,421	$ 17,750,013	($ 918,398)	($ 87,439)	$ 176,928,107
Appropriations of 2012 earnings								
Cash dividends	-	-	-	-	(10,295,000)	-	-	(10,295,000)
Legal reserve	-	-	5,800,041	-	(5,800,041)	-	-	-
Reversal of special reserve	-	-	-	(850,858)	850,858	-	-	-
Issuance of common stock, 2013	6,000,000	9,000,000	-	-	-	-	-	15,000,000
Special reserve reversed under the regulations of the country where the oversea branch is located	-	-	-	(7,701)	7,701	-	-	-
Special reserve reversed for the sale of property, equipment, and investment property	-	-	-	(25,429)	25,429	-	-	-
Share-based payment transactions	-	238,403	-	-	-	-	-	238,403
Profit for the year of 2013	-	-	-	-	18,806,038	-	-	18,806,038
Other comprehensive income for the year of 2013	-	-	-	-	(474,693)	17,691	648,579	191,577
Balance, December 31, 2013	$ 77,000,000	$ 46,499,431	$ 52,841,523	$ 3,997,433	$ 20,870,305	($ 900,707)	$ 561,140	$ 200,869,125

(Continued)

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.

STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF DOLLARS)

	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT							
			RETAINED EARNINGS			OTHER EQUITY		
	Capital Stock	Capital Reserve	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Differences of Foreign Operations	Unrealized Gain on Valuation of Available-For-Sale Financial Assets	Total
For the year ended December 31, 2014 (NT Dollars)								
Balance, January 1, 2014	$ 77,000,000	$ 46,499,431	$ 52,841,523	$ 3,997,433	$ 20,870,305	($ 900,707)	$ 561,140	$ 200,869,125
Appropriations of 2013 earnings								
Cash dividends	-	-	-	-	(11,165,000)	-	-	(11,165,000)
Legal reserve	-	-	5,641,811	-	(5,641,811)	-	-	-
Reversal of special reserve	-	-	-	(174,692)	174,692	-	-	-
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(1,424)	-	-	-	-	-	(1,424)
Profit for the year of 2014	-	-	-	-	25,973,300	-	-	25,973,300
Other comprehensive income for the year of 2014	-	-	-	-	(18,618)	1,450,730	1,678,701	3,110,813
Balance, December 31, 2014	$ 77,000,000	$ 46,498,007	$ 58,483,334	$ 3,822,741	$ 30,192,868	$ 550,023	$ 2,239,841	$ 218,786,814
For the year ended December 31, 2014 (US Dollars-Unaudited)								
Balance, January 1, 2014	$ 2,431,861	$ 1,468,573	$ 1,668,873	$ 126,249	$ 659,139	($ 28,447)	$ 17,722	$ $6,343,970
Appropriations of 2013 earnings								-
Cash dividends	-	-	-	-	(352,620)	-	-	(352,620)
Legal reserve	-	-	178,183	-	(178,183)	-	-	-
Reversal of special reserve	-	-	-	(5,517)	5,517	-	-	-
Changes in capital surplus of associates and joint ventures accounted for under equity method	-	(45)	-	-	-	-	-	(45)
Profit for the year of 2014	-	-	-	-	820,304	-	-	820,304
Other comprehensive income for the year of 2014	-	-	-	-	(588)	45,818	53,018	98,248
Balance, December 31, 2014	$ 2,431,861	$ 1,468,528	$ 1,847,056	$ 120,732	$ 953,569	$ 17,371	$ 70,740	$ 6,909,857

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD.
STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF DOLLARS)

	For the years ended December 31,		
	2014		2013
	NT$	US$	NT$
CASH FLOWS FROM OPERATING ACTIVITIES		(Unaudited)	
Income before income tax	$ 30,173,364	952,953	$ 21,922,745
Adjustments to reconcile income before tax to net cash provided by operating activities			
Income and expenses having no effect on cash			
Provision for loan losses and guarantee reserve	2,186,780	69,064	5,439,591
Depreciation	496,597	15,684	555,986
Amortization	2,331	74	9,222
Interest income	(52,729,535)	(1,665,336)	(43,217,575)
Dividend income	(1,016,306)	(32,098)	(907,413)
Interest expense	17,995,211	568,336	13,581,097
Investment income recognized by the equity method	(410,758)	(12,973)	(537,862)
Gain on disposal of property and equipment	(1,264)	(40)	(439,888)
Gain on disposal of foreclosed properties	(42,283)	(1,335)	-
Loss on asset impairment	217,087	6,856	319,209
Loss on retirement of property and equipment	79	2	1,266
Share-based payment	-	-	231,739
Changes in assets/liabilities relating to operating activities			
Decrease in due from the Central Bank and call loans to banks	10,791,889	340,836	672,756
Decrease (increase) in financial assets at fair value through profit or loss	795,022	25,109	(3,851,279)
Increase in receivables	(11,536,542)	(364,354)	(55,247,705)
Increase in bills discounted and loans	(77,944,818)	(2,461,700)	(159,638,744)
Increase in available-for-sale financial assets	(1,439,555)	(45,465)	(50,504,743)
Decrese (increase) in held-to-maturity financial assets	20,744,643	655,170	(23,383,944)
(Increase) decrease in other financial assets	(608,684)	(19,224)	1,416,494
Decrease in other assets	2,099,251	66,300	13,154
(Decrease) increase in due to the Central Bank and commercial banks	(10,257,958)	(323,973)	158,890,402
Increase (decrease) in financial liabilities at fair value through profit or loss	13,482,674	425,818	(271,307)
Increase in securities sold under repurchase agreements	3,657,554	115,515	29,167,644
(Decrease) increase in payables	(1,691,453)	(53,420)	3,480,095
Increase in deposits and remittances	100,088,259	3,161,048	218,460,076
Increase (decrease) in other financial liabilities	572,637	18,085	(1,339,956)
(Decrease) increase in reserve for employee benefit liabilities	(30,662)	(968)	550,290
Increase (Decrease) in other liabilities	2,100,675	66,345	(1,989,647)
Decrease in deposits received	(227,094)	(7,172)	(476,005)
Interest received	52,281,626	1,651,190	42,316,617
Dividend received	1,372,427	43,345	1,403,776
Interest paid	(17,748,192)	(560,534)	(13,501,704)
Income tax paid	(4,374,012)	(138,143)	(4,137,734)
Net cash provided by operating activities	78,998,990	2,494,995	138,986,653
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of investments accounted for by the equity method	56,467	1,783	251,931
Proceeds from disposal of property and equipment	1,315	41	1,908
Acquisitions of property and equipment	(302,203)	(9,544)	(299,274)
Proceeds from sale of investment property	-	-	619,590
Proceeds from disposal of foreclosed properties	65,885	2,081	-
Net cash (used in) provided by investing activities	(178,536)	(5,639)	574,155
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in borrowed funds	21,307,592	672,949	(52,700,253)
Increase in financial bonds payable	6,300,000	198,971	-
Payments of cash dividends and bonus	(11,165,000)	(352,620)	(10,295,000)
Proceeds from issuance of common stock	-	-	15,000,000
Net cash provided by (used in) financing activities	16,442,592	519,300	(47,995,253)
EFFECT OF EXCHANGE RATE CHANGES	1,147,891	36,253	290,928
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	96,410,937	3,044,909	91,856,483
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	306,232,410	9,671,617	214,375,927
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 402,643,347	$ 12,716,526	$ 306,232,410
CASH AND CASH EQUIVALENTS COMPOSITION:			
Cash and cash equivalents shown in consolidated balance sheet	$ 161,954,100	$ 5,114,932	$ 151,583,517
Due from the central bank and call loans to bank meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	234,838,915	7,416,825	149,197,004
Securities purchased under resale agreements meeting the definition of cash and cash equivalents as stated in IAS No. 7 "Cash Flow Statements"	5,850,332	184,769	5,451,889
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 402,643,347	$ 12,716,526	$ 306,232,410

Head Office

No.100, Chi-lin Rd., Chung-shan Dist., Taipei 10424, Taiwan
Tel: +886-2-25633156
Fax: +886-2-23568936
Email: megaservice@megabank.com.tw

Management Team As of May 12, 2015

Yeou-Tsair Tsai, Chairman of the Board
Meei-Yeh Wei, President
Ying-Ying Chang, Senior Executive Vice President
Hann-Ching Wu, Senior Executive Vice President
Shu-Jen Wang, Senior Executive Vice President
Robert Yong-Yi Tsai, Senior Executive Vice President
Bie-Ling Lee, Senior Executive Vice President
Mei-Chi Liang, Senior Executive Vice President
Chuang-Hsin Chiu, Senior Executive Vice President
Ching-Lung Hong, Chief Auditor
Tien-Lu Chen, Chief Compliance Officer

Office / Department	Manager & Title	Fax Number
Auditing Office	Ching-Lung Hong Chief Auditor	+866-2-23569801
Foreign Department	Ruey-Yuan Fu Senior Vice President & General Manager	+866-2-25632614
Offshore Banking Branch	Yen Chen Senior Vice President & General Manager	+866-2-25637138
Treasury Department	Chen-Shan Lee Senior Vice President & General Manager	+866-2-25613395
Direct Investment Department	Tsung-Jen Cheng Senior Vice President & General Manager	+866-2-25630950
Trust Department	Bie-Ling Lee Senior Executive Vice President & General Manager	+866-2-25235002
Wealth Management Department	Shou-Ling Liu Senior Vice President & General Manager	+866-2-25631601
Risk Management Department	Shiow Lin Senior Vice President & General Manager	+866-2-23568506
Credit Control Department	Allen C.M. Chen Senior Vice President & General Manager	+866-2-25310691
Credit Department	Ven-Chien Chen Senior Vice President & General Manager	+866-2-25711352
Overdue Loan & Control Department	Yao-Ming Chang Senior Vice President & General Manager	+866-2-23560580
Planning Department	Jui-Chung Chuang Senior Vice President & General Manager	+866-2-23569169
Controller’s Department	Yeow-Shinn Chen Senior Vice President & Controller	+866-2-23568601
Data Processing & Information Department	Kuo-Pao Chen Senior Vice President & General Manager	+866-2-23416430
Legal Affairs and Compliance Department	Charng-Jia Tsai Senior Vice President & General Manager	+866-2-25632004
Human Resources Department	Chorng-Hwa Lan Senior Vice President & General Manager	+866-2-23569531
General Affairs and Occupational Safety & Health Department	Chia-Ying Chi Senior Vice President & Chief Secretary	+866-2-23568936

Domestic Branches

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Heng Yang Branch	Sui-Huang Lee Vice President & General Manager	No.91, Heng-yang Rd., Chung-cheng Dist., Taipei 10009, Taiwan	+886-2-23888668	+886-2-23885000
Cheng Chung Branch	Yi-Bin Liang Senior Vice President & General Manager	No.42, Hsu-chang St., Chung-cheng Dist., Taipei 10047, Taiwan	+886-2-23122222	+886-2-23111645
Ministry of Foreign Affairs Branch	Show-Mei Tang Vice President & General Manager	Room 129, No.2, Kaitakelan Blvd., Chung-cheng Dist., Taipei 10048, Taiwan	+886-2-23482065	+886-2-23811858
Central Branch	Shih-Ming Chen Senior Vice President & General Manager	No.123, Sec.2, Jhong-siao E. Rd., Chung-cheng Dist., Taipei 10058, Taiwan	+886-2-25633156	+866-2-23569750
South Taipei Branch	Teh-Ming Wang Senior Vice President & General Manager	No.9-1, Sec.2, Roosevelt Rd., Chung-cheng Dist., Taipei 10093, Taiwan	+886-2-23568700	+886-2-23922533
Ta Tao Cheng Branch	Ming-Huei Lee Vice President & General Manager	No.62-5, Hsi-ning N. Rd., Dah-tong Dist., Taipei 10343, Taiwan	+886-2-25523216	+886-2-25525627
Dah Tong Branch	Kuo-Liang Sun Vice President & General Manager	No.113, Nan-king W. Rd., Dah-tong Dist., Taipei 10355, Taiwan	+886-2-25567515	+886-2-25580154
Yuan Shan Branch	Lian-Yuh Tsai Vice President & General Manager	No.133, Sec.2, Zhong-shan N. Rd., Zhong-shan Dist., Taipei 10448, Taiwan	+886-2-25671488	+886-2-25817690
Chung Shan Branch	Hong-Jeng Chen Senior Vice President & General Manager	No.15, Sec.2, Chung-shan N. Rd., Chung-shan Dist., Taipei 10450, Taiwan	+886-2-25119231	+886-2-25635554
Nanking East Road Branch	Alice Yia-Shu Lin Senior Vice President & General Manager	No.53, Sec.2, Nan-king E. Rd., Chung-shan Dist., Taipei 10457, Taiwan	+886-2-25712568	+886-2-25427152
North Taipei Branch	Tung-Lung Wu Vice President & General Manager	No.156-1, Sung-chiang Rd., Chung-shan Dist., Taipei 10459, Taiwan	+886-2-25683658	+886-2-25682494
Taipei Fusing Branch	Ray-Lin Liao Senior Vice President & General Manager	No.198, Sec.3, Nan-king E. Rd., Chung-shan Dist., Taipei 10488, Taiwan	+886-2-27516041	+886-2-27511704
Taipei Airport Branch	Shu-Ching Tung Vice President & General Manager	Taipei Sungshan Airport Building, No.340-9, Tun-hua N. Rd., Sung-shan Dist., Taipei 10548, Taiwan	+886-2-27152385	+886-2-27135420
Dun Hua Branch	Pei-Gen Chou Senior Vice President & General Manager	No.88-1, Dun-hua N. Rd., Sung-shan Dist., Taipei 10551, Taiwan	+886-2-87716355	+886-2-87738655
Sung Nan Branch	Josephine Chao-Jung Chen Vice President & General Manager	No.234, Sec.5, Nan-king E. Rd., Sung-shan Dist., Taipei 10570, Taiwan	+886-2-27535856	+886-2-27467271
East Taipei Branch	Shu-Te Hsu Vice President & General Manager	No.52, Sec.4, Min-sheng E. Rd., Sung-shan Dist., Taipei 10574, Taiwan	+886-2-27196128	+886-2-27196261
Ming Sheng Branch	Wen-Lung Wang Vice President & General Manager	No.128, Sec.3, Ming-sheng E. Rd., Sung-shan Dist., Taipei 10596, Taiwan	+886-2-27190690	+886-2-27190688

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Ta An Branch	Yung-Chen Huang Vice President & General Manager	No.182, Sec.3, Hsin-yi Rd., Ta-an Dist., Taipei 10658, Taiwan	+886-2-27037576	+886-2-27006352
An Ho Branch	Ting-Hua Chang Senior Vice President & General Manager	No.62, Sec.2, An-ho Rd., Ta-an Dist., Taipei 10680, Taiwan	+886-2-27042141	+886-2-27042075
Tun Nan Branch	Yih-Chjun Ho Senior Vice President & General Manager	No.62, Sec.2, Tun-hua S. Rd., Ta-an Dist., Taipei 10683, Taiwan	+886-2-27050136	+886-2-27050682
Chung Hsiao Branch	Fu Chiang Senior Vice President & General Manager	No.233, Sec.4, Chung-hsiao E. Rd., Ta-an Dist., Taipei 10692, Taiwan	+886-2-27711877	+886-2-27711486
World Trade Center Branch	Hseigh-Fang Chuang Vice President & General Manager	1F, No.333, Sec.1, Keelung Rd., Hsin-yi Dist., Taipei 11012, Taiwan	+886-2-27203566	+886-2-27576144
Hsin Yi Branch	Shu-Hua Chung Vice President & General Manager	No.65, Sec.2, Keelung Rd., Hsin-yi Dist., Taipei 11052, Taiwan	+886-2-23788188	+886-2-23772515
Taipei Branch	Mei-Lien Yih Senior Vice President & General Manager	No.550, Sec.4, Chung-hsiao E. Rd., Hsin-yi Dist., Taipei 11071, Taiwan	+886-2-27587590	+886-2-27581265
Lan Ya Branch	Fu-Yung Chen Senior Vice President & General Manager	No.126, Sec.6, Chung-shan N. Rd., Shih-lin Dist., Taipei 11155, Taiwan	+886-2-28385225	+886-2-28341483
Tien Mou Branch	Chin-Tzu Liao Senior Vice President & General Manager	No.193, Sec.7, Chung-shan N. Rd., Shih-lin Dist., Taipei 11156, Taiwan	+886-2-28714125	+886-2-28714374
Nei Hu Branch	Cheng-Chian Tsao Senior Vice President & General Manager	No.68, Sec.4, Cheng-kung Rd., Nei-hu Dist., Taipei 11489, Taiwan	+886-2-27932050	+886-2-27932048
Nei Hu Science Park Branch	Shao-Ping Tang Vice President & General Manager	No.472, Jui-kuang Rd., Nei-hu Dist., Taipei 11492, Taiwan	+886-2-87983588	+886-2-87983536
East Nei Hu Branch	Jian-Pyng Lee Vice President & General Manager	No.202, Kang-chien Rd., Nei-hu Dist., Taipei 11494, Taiwan	+886-2-26275699	+886-2-26272988
Nan Gang Branch	Chin-Kun Kuo Vice President & General Manager	No.21-1, Sec.6, Jhong-siao E. Rd., Nan-gang Dist., Taipei 11575, Taiwan	+886-2-27827588	+886-2-27826685
Keelung Branch	Yung-Cheng Yeh Vice President & General Manager	No.24, Nan-jung Rd., Ren-ai Dist., Keelung 20045, Taiwan	+886-2-24228558	+886-2-24294089
Ban Qiao Branch	Ming-Jong Lin Vice President & General Manager	No.51, Sec. 1, Wen-hua Rd., Banqiao Dist., New Taipei City 22050, Taiwan	+886-2-29608989	+886-2-29608687
South Banqiao Branch	Hong-Yeh Lee Vice President & General Manager	No.148, Sec. 2, Nan-ya S. Rd., Banqiao Dist., New Taipei City 22060, Taiwan	+886-2-89663303	+886-2-89661421
Xin Dian Branch	Ying-Chiou Liaw Senior Vice President & General Manager	No.173, Sec. 2, Bei-xin Rd., Xindian Dist., New Taipei City 23143, Taiwan	+886-2-29182988	+886-2-29126480
Shuang He Branch	Yu-Chuan Lu Senior Vice President & General Manager	No.67, Sec. 1, Yong-he Rd., Yonghe Dist., New Taipei City 23445, Taiwan	+886-2-22314567	+886-2-22315288

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Yong He Branch	Shiou-Mei Lin Vice President & General Manager	No.201, Fuhe Rd., Yong-he Dist., New Taipei City 23450, Taiwan	+886-2-29240086	+886-2-29240074
Zhong He Branch	Te-Chen Chiang Senior Vice President & General Manager	No.124, Sec. 2, Zhong-shan Rd., Zhonghe Dist., New Taipei City 23555, Taiwan	+886-2-22433567	+886-2-22433568
Tu Cheng Branch	Tsung-Che Liang Vice President & General Manager	No.276, Sec. 2, Zhong-yang Rd., Tucheng Dist., New Taipei City 23669, Taiwan	+886-2-22666866	+886-2-22668368
South San Chong Branch	Shoei-Bin Lin Vice President & General Manager	No.12, Sec. 4, Chong-xin Rd., Sanchong Dist., New Taipei City 24144, Taiwan	+886-2-29748811	+886-2-29724901
San Chong Branch	Shiaw-Daw Chang Senior Vice President & General Manager	No.99, Sec. 3, Chong-yang Rd., Sanchong Dist., New Taipei City 24145, Taiwan	+886-2-29884455	+886-2-29837225
Xin Zhuang Branch	Ko-Cheng Chang Vice President & General Manager	No.421, Si-yuan Rd., Xinzhuang Dist., New Taipei City 24250, Taiwan	+886-2-22772888	+886-2-22772881
Si Yuan Branch	Heh-Yeau Wu Vice President & General Manager	No.169, Si-yuan Rd., Xinzhuang Dist., New Taipei City 24250, Taiwan	+886-2-29986661	+886-2-29985973
Yi Lan Branch	Jing-Fu Yang Vice President & General Manager	No.338, Min-zu Rd., Yilan City, Yilan County 26048, Taiwan	+886-3-9310666	+886-3-9311167
Lo Tung Branch	Chyi-Yee Chen Vice President & General Manager	No.195, Sec.2, Chun-ching Rd., Lo-tung Town, Ilan County 26549, Taiwan	+886-3-9611262	+886-3-9611260
Hsinchu Branch	Jung-Chang Lin Vice President & General Manager	1F、2F., No.417、419, Sec. 2, Gongdao 5th Rd., Hsinchu City 30069, Taiwan	+886-3-5733399	+886-3-5733311
North Hsinchu Branch	Lin-Hsin Yen Senior Vice President & General Manager	No.129, Chung-cheng Rd., Hsinchu City 30051, Taiwan	+886-3-5217171	+886-3-5262642
Hsinchu Science Park Chu-tsuen Branch	Chun-Ming Chou Senior Vice President & General Manager	No.21, Chu-tsuen 7th Rd., Hsinchu Science Park, Hsinchu City 30075, Taiwan	+886-3-5773155	+886-3-5778794
Hsinchu Science Park Hsin-an Branch	Yen-Rong Fu Senior Vice President & General Manager	No.1, Hsin-an Rd., Hsinchu Science Park, Hsinchu City 30076, Taiwan	+886-3-5775151	+886-3-5774044
Jhu Bei Branch	Samuel Y.C. Yang Vice President & General Manager	No.155, Guang-ming 1st Rd., Jhu-bei City, Hsinchu County 30259, Taiwan	+886-3-5589968	+886-3-5589998
Chung Li Branch	Chander Wu Vice President & General Manager	No.46, Fu-hsing Rd., Chung-li City, Tao-yuan County 32041, Taiwan	+886-3-4228469	+886-3-4228455
North Chung Li Branch	Shing-Chuan Lee Vice President & General Manager	No.406, Huan-pei Rd., Chung-li City, Tao-yuan County 32070, Taiwan	+886-3-4262366	+886-3-4262135
Tao Yuan Branch	Yung-Chuan Wu Vice President & General Manager	No.2, Sec.2, Cheng-kung Rd., Tao-yuan City, Tao-yuan County 33047, Taiwan	+886-3-3376611	+886-3-3351257
Tao Hsin Branch	Ching-N Pong Vice President & General Manager	No.180, Fu-hsin Rd., Tao-yuan City, Tao-yuan County 33066, Taiwan	+886-3-3327126	+886-3-3339434

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Pa Teh Branch	Yuang-Nan Wu Vice President & General Manager	No.19, Da-jhih Rd., Pa-teh City, Tao-yuan County 33450, Taiwan	+886-3-3665211	+886-3-3764012
Tao Yuan International Airport Branch	Li-Chu You Senior Vice President & General Manager	No.15, Hang-jan S. Rd., Da-yuan Township, Tao-yuan County 33758, Taiwan	+886-3-3982200	+886-3-3834315
Nan Kan Branch	Yu-Sheng Cheng Vice President & General Manager	No.33, Zhong-zheng Rd., Luzhu Township, Tao-yuan County 33861, Taiwan	+886-3-3525288	+886-3-3525290
Zhunan Science Park Branch	Deng-Quey Liu Vice President & General Manager	Rm.105, 1F No.36, Ke-yan Rd., Zhunan Township, Miaoli County 35053, Taiwan	+886-3-7682288	+886-3-7682416
Tou Fen Branch	Chu-Po Chou Vice President & General Manager	No.916, Chung-hwa Rd., Tou-fen Town, Miao-li County 35159, Taiwan	+886-3-7688168	+886-3-7688118
Taichung Branch	Donq-Liang Huang Senior Vice President & General Manager	No.216, Ming-chuan Rd., Central Dist., Taichung 40041, Taiwan	+886-4-22281171	+886-4-22241855
Central Taichung Branch	Tzu-Chen Kung Vice President & General Manager	No.194, Sec.1, San-min Rd., West Dist., Taichung 40343, Taiwan	+886-4-22234021	+886-4-22246812
South Taichung Branch	Ming-Kuang Lee Vice President & General Manager	No.257, Sec.1, Wu-chuan W. Rd., West Dist., Taichung 40347, Taiwan	+886-4-23752529	+886-4-23761670
East Taichung Branch	Fu-Kuei Wu Vice President & General Manager	No.330, Chin-hwa N. Rd., North Dist., Taichung 40457, Taiwan	+886-4-22321111	+886-4-22368621
North Taichung Branch	Chien-Chung Chen Vice President & General Manager	No.96, Sec. 3, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan	+886-4-23115119	+886-4-23118743
Pouchen Branch	Hwa-San Lo Vice President & General Manager	No.600, Sec.4, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan	+886-4-24619000	+886-4-24613300
Rung Tzung Branch	Yow-Der Wang Vice President & General Manager	No.1650, Sec.4, Taiwan Blvd., Xitun Dist., Taichung City 40705, Taiwan (R.O.C.)	+886-4-23500190	+886-4-23591281
Tai Ping Branch	Wen-Yeong Hsieh Vice President & General Manager	No.152, Zhong-xing E. Rd., Taiping Dist., Taichung 41167, Taiwan	+886-4-22789111	+886-4-22777546
Da Li Branch	Jiunn-Horgn Shyu Vice President & General Manager	No.600, Shuang-wen Rd., Dali Dist., Taichung 41283, Taiwan	+886-4-24180929	+886-4-24180629
Feng Yuan Branch	Rei-Chan Tsai Senior Vice President & General Manager	No.519, Zhong-zheng Rd., Fengyuan Dist, Taichung 42056, Taiwan	+886-4-25285566	+886-4-25274580
Hou Li Branch	De-Chung Liao Vice President & General Manager	No.619-1, Jia-hou Rd., Houli Dist., Taichung 42151, Taiwan	+886-4-25588855	+886-4-25580166
Tan Zi Branch	Hsueh-Chu Hsieh Vice President & General Manager	No.3, Nan 2nd Rd., T.E.P.Z., Tanzi Dist., Taichung 42760, Taiwan	+886-4-25335111	+886-4-25335110

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Central Taiwan Science Park Branch	Ching-Ho Tu Vice President & General Manager	2F., No.28, Ke-ya Rd., Daya Dist., Taichung 42881, Taiwan	+886-4-25658108	+886-4-25609230
Sha Lu Branch	Hsin-Tsai Tai Vice President & General Manager	No.533, Zhong-shan Rd., Shalu Dist., Taichung 43344, Taiwan	+886-4-26656778	+886-4-26656399
Da Jia Branch	Chung-Yang Liao Vice President & General Manager	No.1033, Sec. 1, Zhong-shan Rd., Dajia Dist., Taichung 43744, Taiwan	+886-4-26867777	+886-4-26868333
North Changhua Branch	Jack Ching-Her Tsai Senior Vice President & General Manager	No.39, Kuang-fuh Rd., Changhua City, Changhua County 50045, Taiwan	+886-4-7232111	+886-4-7243958
South Changhwa Branch	Chien-Ping Wu Vice President & General Manager	No.401, Sec.1, Chung-shan Rd., Changhwa City, Changhwa County 50058, Taiwan	+886-4-7613111	+886-4-7622656
Lu Gang Branch	Kaung-Shu Shu Vice President & General Manager	No.254, Zhong-shan Rd., Lu-gang Town, Changhua County 50564, Taiwan	+886-4-7788111	+886-4-7788600
Yuan Lin Branch	Shu-Er Huang Vice President & General Manager	No.338, Sec.1, Dah-tong Rd., Yuan-lin Town, Changhua County 51056, Taiwan	+886-4-8332561	+886-4-8359359
Nan Tou Branch	Hung-Fuh Wu Vice President & General Manager	No.45, Wen-chang St., Nan-tou City, Nan-tou County 54048, Taiwan	+886-49-2232223	+886-49-2232758
Chia Yi Branch	Jaw-Jia Chou Vice President & General Manager	No.259, Wen-hua Rd., Chia-yi City 60044, Taiwan	+886-5-2241166	+886-5-2255025
Chia Hsin Branch	Shu-Kwei Chang Vice President & General Manager	No.379, Wu-fong N. Rd., Chia-yi City 60045, Taiwan	+886-5-2780148	+886-5-2769252
Dou Liu Branch	Shoh-Chi Doong Vice President & General Manager	No. 1, Shang-hai Rd., Dou-liu City, Yun-lin County 64048, Taiwan	+886-5-5361779	+886-5-5337830
Tainan Branch	Chun-Fu Chen Senior Vice President & General Manager	No.14, Sec.2, Chung-yi Rd., Tainan 70041, Taiwan	+886-6-2292131	+886-6-2224826
Tainan Fucheng Branch	Joseph C. H. Chou Vice President & General Manager	No.90, Chung-shan Rd., Tainan 70043, Taiwan	+886-6-2231231	+886-6-2203771
East Tainan Branch	Suen-Pann Chen Vice President & General Manager	No.225, Sec.1, Chang-jung Rd., Tainan 70143, Taiwan	+886-6-2381611	+886-6-2378008
Yong Kang Branch	Hsuan-Shu Chen Senior Vice President & General Manager	No.180, Zhong-shan Rd., Yongkang Dist., Tainan City 71090, Taiwan	+886-6-2019389	+886-6-2016251
Tainan Science Park Branch	Jeng-Dar Jou Vice President & General Manager	No.13, Nan-ke 3rd Rd., Xinshi Dist., Tainan City 74147, Taiwan	+886-6-5052828	+886-6-5051791
Chenggong Branch	Yu-Ling Lee Vice President & General Manager	No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 80661, Taiwan.	+886-7-5352000	+886-7-3312866
Wu Fu Branch	Guang-Huei Lu Vice President & General Manager	No.82, Wu-fu 2nd Rd., Hsin-hsing Dist., Kaohsiung 80043, Taiwan	+886-7-2265181	+886-7-2260919
Hsin Hsing Branch	Kung-Yeong Wang Vice President & General Manager	No.308, Chung-shan 1st Rd., Hsin-hsing Dist., Kaohsiung 80049, Taiwan	+886-7-2353001	+886-7-2350962

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Kaohsiung Branch	Dah-Jyh Wang Senior Vice President & General Manager	No.235, Chung-cheng 4th Rd., Qian-jin Dist., Kaohsiung 80147, Taiwan	+886-7-2515111	+886-7-2212554
Kaohsiung Metropolitan Branch	Kun-Fu Su Senior Vice President & General Manager	No.253, Chung-cheng 4th Rd., Qian-jin Dist., Kaohsiung 80147, Taiwan	+886-7-2510141	+886-7-2811426
Ling Ya Branch	Chong-Yin Lee Vice President & General Manager	No.8, Sze-wei 4th Rd., Ling-ya Dist., Kaohsiung 80247, Taiwan	+886-7-3355595	+886-7-3355695
San Tuo Branch	Chong-Zu Lin Vice President & General Manager	No.93, San-tuo 2nd Rd., Ling-ya Dist., Kaohsiung 80266, Taiwan	+886-7-7250688	+886-7-7211012
San Min Branch	Jung-Tai Ho Vice President & General Manager	No.225, Chung-hua 1st Rd., Gu-shsan Dist., Kaohsiung 80455, Taiwan	+886-7-5536511	+886-7-5224202
Kaohsiung Fishing Port Branch	Chun-Hsia Chien Vice President & General Manager	Room 107, No.3, Yu-kang E. 2nd Rd., Kaohsiung 80672, Taiwan	+886-7-8219630	+886-7-8117912
Kaohsiung Export Processing Zone Branch	Chen-Hui Chen Vice President & General Manager	No.2, Chung 4th Rd., Kaohsiung Export Processing Zone, Kaohsiung 80681, Taiwan	+886-7-8316131	+886-7-8314393
North Kaohsiung Branch	Kuo-Hua Yeh Vice President & General Manager	No.532, Chiu-ju 2nd Rd., Kaohsiung 80745, Taiwan	+886-7-3157777	+886-7-3155506
East Kaohsiung Branch	Yaw-Ching Tseng Vice President & General Manager	No.419, Ta-shun 2nd Rd., Kaohsiung 80787, Taiwan	+886-7-3806456	+886-7-3806608
Nan Tze Branch	Yeou-An Lu Senior Vice President & General Manager	No.600-1, Chia-chang Rd., Nantze Export Processing Zone, Kaohsiung 81170, Taiwan	+886-7-3615131	+886-7-3633043
Chung Kang Branch	Ying-Liang Jhu Vice President & General Manager	No.1, Chung-kang Rd., Kaohsiung 81233, Taiwan	+886-7-8021111	+886-7-8034911
Kaohsiung International Airport Branch	Lee-Wen Chiu Vice President & General Manager	Kaohsiung International Airport, No.2, Chung-shan 4th Rd., Kaohsiung 81252, Taiwan	+886-7-8067866	+886-7-8068841
Ren Wu Branch	Ching-Shiang Tsai Vice President & General Manager	No.2, Zhong-zheng Rd., Renwu Dist., Kaohsiung 81451, Taiwan	+886-7-3711144	+886-7-3740764
Gang Shan Branch	Tsair-Quey Chang Vice President & General Manager	No.138, Zhong-shan N. Rd., Gangshan Dist., Kaohsiung 82065, Taiwan	+886-7-6230300	+886-7-6230608
Feng Shan Branch	Chyi-Fure Jiang Vice President & General Manager	No.248, Zhong-shan W. Rd., Fengshan Dist., Kaohsiung 83068, Taiwan	+886-7-7473566	+886-7-7477566
Kin Men Branch	Chi-Huang Wu Vice President & General Manager	No.37-5, Min-sheng Rd., Jin-cheng Town, Kin-men County 89345, Taiwan	+886-82-375800	+886-82-375900
Ping Tung Branch	Ching-Feng Chung Vice President & General Manager	No.213, Ming-tsu Rd., Ping-tung City, Ping-tung County 90078, Taiwan	+886-8-7323586	+886-8-7321651
Hua Lien Branch	Jen-Jhi Chen Vice President & General Manager	No.26, Kung-yuan Rd., Hua-lien City, Hua-lien County 97048, Taiwan	+886-3-8350191	+886-3-8360443

Overseas Branches & Representative Offices

Branch Name	Manager & Title	Address	Phone Number	Fax Number
New York Branch	Shihming Huang Senior Vice President & General Manager	65 Liberty Street, New York, NY 10005, U.S.A.	+1-212-6084222	+1-212-6084943
Los Angeles Branch	Yi-Ming Ko Senior Vice President & General Manager	445 South Figueroa Street, Suite 1900, Los Angeles, CA 90071, U.S.A.	+1-213-4893000	+1-213-4891183
Chicago Branch	Lan Hwang Vice President & General Manager	2 North La Salle Street, Suite 1803, Chicago, IL 60602, U.S.A.	+1-312-7829900	+1-312-7822402
Silicon Valley Branch	Nian-Tzy Yeh Vice President & General Manager	333 West San Carlos Street, Suite 100, Box 8, San Jose, CA 95110, U.S.A.	+1-408-2831888	+1-408-2831678
Panama Branch	Chang-Chin Chen Senior Vice President & General Manager	Calle 50 Y Esquina Margarita A, de Vallarino, Entrada Nuevo Campo Alegre, Edificio MEGAICBC No.74, P.O. Box 0832-01598, Panama City, Republic of Panama	+507-2638108	+507-2638392
Colon Free Zone Branch	Ching-Chyi Juang Senior Vice President & General Manager	Dominador Bazan y Calle 20, Manzana 31, P.O. Box 0302-00445, Colon Free Zone, Republic of Panama	+507-4471888	+507-4414889
Paris Branch	Wen-Sheng Chiang Vice President & General Manager	131-133 Rue de Tolbiac, 75013 Paris, France	+33-1-44230868	+33-1-45821844
Amsterdam Branch	Shiow-Ling Wu Vice President & General Manager	World Trade Center, Strawinskylaan 1203, 1077XX, Amsterdam, The Netherlands	+31-20-6621566	+31-20-6649599
London Branch	Huei-Min Wang Senior Vice President & General Manager	4th Floor, Michael House, 35 Chiswell Street, London, EC1Y 4SE, United Kingdom	+44-20-75627350	+44-20-75627369
Sydney Branch	Albert C. Tsui Senior Vice President & General Manager	Level 8, 10 Spring Street, Sydney NSW 2000 Australia	+61-2-92301300	+61-2-92335859
Brisbane Branch	Lung-Chin Li Vice President & General Manager	Suite 1-3, 3 Zamia Street, Sunnybank, QLD 4109, Australia	+61-7-32195300	+61-7-32195200
Melbourne Branch	Yu-Song Chen Vice President & General Manager	Level 20, 459 Collins Street, Melbourne VIC 3000, Australia	+61-3-86108500	+61-3-96200600
Tokyo Branch	Chih-Liang Chen Vice President & General Manager	7F, Kishimoto Bldg. No.2-1, Marunouchi 2-Chome, Chiyoda-Ku, Tokyo 100-0005, Japan	+81-3-32116688	+81-3-32165686
Osaka Branch	Hwa-Yueh Lin Vice President & General Manager	4-11, 3-chome, Doshomachi, Chuo-ku, Osaka 541-0045, Japan	+81-6-62028575	+81-6-62023127
Manila Branch	Rong-Hwa Lin Senior Vice President & General Manager	3rd Floor, Pacific Star Bldg., Makati Avenue, Makati City, Philippines	+63-2-8115807	+63-2-8115774

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Ho Chi Minh City Branch	Chien-Hung Chen Vice President & General Manager	Ground Floor, Landmark Building, 5B Ton Duc Thang, Dist 1, Ho Chi Minh City, Vietnam	+84-8-38225697	+84-8-38229191
Singapore Branch	Wei-Dei Sheu Senior Vice President & General Manager	80 Raffles Place#23-20 UOB Plaza 2 Singapore 048624	+65-62277667	+65-62271858
Labuan Branch	Ching-Tsung Wang Vice President & General Manager	Level 7 (E2), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, 87000 F. T. Labuan, Malaysia	+60-87-581688	+60-87-581668
Kuala Lumpur Marketing Office	Ching-Tsung Wang Vice President & General Manager	Suite 12-04, Level 12, Wisma Goldhill 67, Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia	+60-3-20266966	+60-3-20266799
Hong Kong Branch	Chao-Ho Lee Senior Vice President & General Manager	Suite 2201, 22/F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong	+852-25259687	+852-25259014
Phnom Penh Branch	Mao-Jung Chu Vice President & General Manager	No.139, St.274 Independent Monument, BKK I, Chamkarmorn, Phnom Penh, Cambodia	+855-23-988101	+855-23-217982
Phnom Penh Airport Sub-Branch	Yao-Tsung Huang Vice President & General Manager	No. 601, Confederation De La Russie Blvd., Phum Porbrork Khangchoeung, Sangkat Karkab, Khan Dangkor, Phnom Penh, Cambodia	+855-23-969656	+855-23-969661
Olympic Sub-Branch	Pei-Wuu Hsieh Vice President & General Manager	No. 38B, Preah Monireth Blvd. (Street 217), Phum 10, Sangkat Toul Svay Prey 2, Khan Chamkarmorn, Phnom Penh, Cambodia	+855-23-988130	+855-23-988134
Suzhou Branch	Robert Yong-Yi Tsai Senior Executive Vice President & General Manager	RM 104,1F, Jianwu Building, No.188, Wangdun Rd., Suzhou Industrial Park, Jiangsu, China P.C.: 215028	+86-512-62966568	+86-512-62966698
Wujiang Sub-Branch	Ping-Sen Liang Vice President & General Manager	NO.768, Yundong Road, Wujiang Economic and Technological Development Zone, Suzhou, Jiangsu, China	+86-512-66086088	+86-512-66086006
Ningbo Branch	Wu-Hsin Tsai Vice President & General Manager	No.1880 Zhongshan East Road, Jiangdong District, Ningbo, Zhejiang Province, China	+86-574-87283939	+86-574-87283737
Representative Office in Bahrain	Chou-Wen Pan Vice President & Representative	Flat 1, Abulfatih Building, Block 319, Rd 1906 Al Hoora Area, P.O. Box 5806, Manama, State of Bahrain	+971-2-6815555 Ext. 248	+971-2-6817744

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Representative Office in Mumbai	Jui-Chung Chuang Senior Vice President & Representative	Trade Centre, Level Ground & 1, Bandra-Kurla Complex, Bandra East, Mumbai, 400051, India	+91-22- 61623297	+91- 22-61623800
Representative Office in Abu Dhabi	Chou-Wen Pan Vice President & Representative	B1, 18th Floor, Three Sails Tower, Corniche Rd., P.O. Box 42284, Abu Dhabi, U.A.E.	+971-2-6815555 Ext. 248	+971-2-6817744

Subsidiaries

Mega International Commercial Bank (Canada)

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Head Office	Chung-Shin Loo Senior Vice President & Chief Executive Officer	North York Madison Centre, 4950 Yonge Street, Suite 1002, Toronto, Ontario, M2N 6K1, Canada	+1-416-9472800	+1-416-9479964
Chinatown Branch	Yu Shiu-Huei General Manager	241 Spadina Avenue, Toronto, Ontario, M5T 1G6, Canada	+1-416-5978545	+1-416-5976526
Vancouver Branch	Bao-Huei Yeh Vice President & General Manager	1095 West Pender Street, Suite 1250, Vancouver, British Columbia, V6E 2M6, Canada	+1-604-6895650	+1-604-6895625
Richmond Branch	Hon-Sum Lee (Lee Raymond) General Manager	6111 No. 3 Road, Richmond, British Columbia, V6Y 2B1, Canada	+1-604-2733107	+1-604-2733187

Mega International Commercial Bank Public Co., Ltd.

Branch Name	Manager & Title	Address	Phone Number	Fax Number
Head Office	Jia-Hong Wu President & Chief Executive Officer	36/12 P.S. Tower, Asoke, Sukhumvit 21 Road, Klongtoey-nua, Wattana, Bangkok 10110, Thailand	+66-2-2592000	+66-2-2591330
Chonburi Branch	Chien-Min Wang Vice President & General Manager	39/4 Moo.3, Sukhumvit Road, Huaykapi Sub-District, Muang District, Chonburi Province 20130, Thailand	+66-38-387333	+66-38-387525
Bangna Branch	Juei-Heng Chia Vice President & General Manager	MD Tower, 2nd Floor, Unit B, No.1, Soi Bangna-Trad 25, Bangna Sub-District, Bangna District Bangkok Province 10260, Thailand	+66-2-3986161	+66-2-3986157
Ban Pong Branch	Ming-Cheng Huang Vice President & General Manager	99/47-48 Sonpong Road, Ban Pong, Ratchaburi 70110, Thailand	+66-32-222882	+66-32-221666
Rayong Branch	Tong-Hai Her Vice President & General Manage	500/125 Moo 3 Tambol Tasith, Amphur Pluak Daneng, Rayong Province 21140, Thailand	+66-38-950276	+66-38-950284

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