Industrial Bank of Taiwan and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2014 and 2013 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2014 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Accounting Standard 27 “Consolidated and Separate Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

INDUSTRIAL BANK OF TAIWAN

March 25, 2015

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Industrial Bank of Taiwan

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

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 Industrial Bank of Taiwan and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years ended December 31, 2014 and 2013, in conformity with the Criteria Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Public Bills Finance Firms, Criteria Governing the Preparation of Financial Reports by Securities Firms, Criteria Governing the Preparation of Financial Reports by Futures Commission Merchants, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

March 25, 2015

<u>Notice to Readers</u>

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

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

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014		2013	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 8,481,873	2	$ 5,219,249	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	18,711,447	4	9,202,531	2
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 45)	138,404,925	32	146,282,464	37
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Note 9)	1,750,739	1	1,358,800	1
RECEIVABLES, NET (Notes 10 and 12)	16,292,701	4	12,502,448	3
CURRENT TAX ASSETS	208,147	-	148,287	-
DISCOUNTS AND LOANS, NET (Notes 11, 12 and 45)	131,025,730	31	117,770,778	30
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 13 and 45)	95,063,691	22	86,838,448	22
HELD-TO-MATURITY FINANCIAL ASSETS (Note 14)	4,884,679	1	2,293,502	1
INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD (Note 15)	268,834	-	394,431	-
RESTRICTED ASSETS (Notes 16 and 45)	465,909	-	462,193	-
OTHER FINANCIAL ASSETS, NET (Note 17)	2,746,204	1	2,664,823	1
PROPERTIES (Note 18)	2,942,980	1	2,776,274	1
INVESTMENT PROPERTIES (Note 19)	8,283	-	-	-
INTANGIBLE ASSETS (Note 20)	1,283,828	-	1,210,533	-
DEFERRED TAX ASSETS (Note 41)	539,315	-	539,048	-
OTHER ASSETS (Notes 21 and 46)	4,984,213	1	3,365,724	1
TOTAL	$ 428,063,498	100	$ 393,029,533	100
LIABILITIES AND EQUITY				
LIABILITIES				
Due to the central bank and other banks (Note 22)	$ 43,586,167	10	$ 44,990,370	11
Financial liabilities at fair value through profit or loss (Note 8)	5,795,508	1	2,399,922	1
Securities sold under agreement to repurchase (Note 23)	136,519,486	32	152,552,307	39
Accounts payable (Note 24)	2,857,519	1	3,405,538	1
Current tax liabilities	85,506	-	142,647	-
Deposits (Notes 25 and 44)	156,516,082	37	120,881,706	31
Bank debentures (Note 26)	14,980,000	3	11,480,000	3
Other financial liabilities (Note 27)	19,457,077	5	11,437,995	3
Provisions (Notes 12, 28 and 29)	1,668,000	-	1,486,399	-
Deferred tax liabilities (Note 41)	156,281	-	81,576	-
Other liabilities (Notes 30 and 46)	1,449,883	-	1,275,367	-
Total liabilities	383,071,509	89	350,133,827	89
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock	23,905,063	6	23,905,063	6
Retained earnings				
Legal reserve	1,351,779	-	1,125,327	1
Special reserve	899,153	-	847,328	-
Unappropriated earnings	1,762,325	1	754,839	-
Total retained earnings	4,013,257	1	2,727,494	1
Other equity	812,883	-	160,136	-
Treasury stock	(50,620)	-	(50,620)	-
Total equity attributable to owners of the bank	28,680,583	7	26,742,073	7
NON-CONTROLLING INTERESTS	16,311,406	4	16,153,633	4
Total equity (Note 31)	44,991,989	11	42,895,706	11
TOTAL	$ 428,063,498	100	$ 393,029,533	100

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

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
NET INTEREST					
Interest revenues (Note 32)	$ 5,564,810	80	$ 4,674,425	79	19
Interest expenses (Notes 32 and 44)	2,859,696	41	2,539,975	43	13
Net interest	2,705,114	39	2,134,450	36	27
NET REVENUES OTHER THAN INTEREST					
Commissions and fee revenues, net (Notes 33 and 44)	1,453,343	21	1,235,604	21	18
Gain on financial assets and liabilities at fair value through profit or loss (Note 34)	1,735,457	25	2,213,133	37	(22)
Realized income from available-for-sale financial assets (Note 35)	338,146	5	725,342	12	(53)
Realized income from held-to-maturity financial assets (Note 36)	402	-	-	-	-
Foreign exchange gain (loss), net (Note 34)	758,429	11	(417,640)	(7)	282
Loss from asset impairment (Note 37)	(219,111)	(3)	(213,993)	(4)	2
Investment income (loss) recognized under equity method (Note 15)	13,303	-	3,393	-	292
Realized income from financial assets carried at cost (Note 17)	37,963	1	3,879	-	879
Consulting revenue	32,712	-	34,267	1	(5)
Other non-interest net gains (Notes 44 and 46)	65,884	1	236,939	4	(72)
Net revenues other than interest	4,216,528	61	3,820,924	64	10
TOTAL NET REVENUES	6,921,642	100	5,955,374	100	16
PROVISIONS (Note 12)	(270,359)	(4)	(202,292)	(3)	34

(Continued)

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Personnel expenses (Notes 29, 38 and 44)	$ 1,913,366	28	$ 1,725,625	29	11
Depreciation and amortization (Note 39)	181,589	2	174,123	3	4
Others (Notes 40 and 44)	1,180,551	17	1,083,308	18	9
Total operating expenses	3,275,506	47	2,983,056	50	10
INCOME BEFORE INCOME TAX	3,375,777	49	2,770,026	47	22
INCOME TAX EXPENSE (Note 41)	624,161	9	593,717	10	5
CONSOLIDATED NET INCOME	2,751,616	40	2,176,309	37	26
OTHER COMPREHENSIVE INCOME (LOSS)					
Exchange differences on translating foreign operations	309,798	4	176,233	3	76
Unrealized gain (loss) on available-for-sale financial assets	459,074	7	(459,019)	(8)	200
Actuarial gain and loss arising from defined benefit plans	(7,487)	-	20,391	-	(137)
Share of the other comprehensive income of associates and joint ventures	23,464	-	30,945	1	(24)
Income tax relating to the components of other comprehensive income (Note 41)	(66,448)	(1)	10,460	-	(735)
Other comprehensive income (loss) for the period, net of income tax	718,401	10	(220,990)	(4)	425
TOTAL COMPREHENSIVE INCOME	$ 3,470,017	50	$ 1,955,319	33	77
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	$ 1,766,526	26	$ 1,128,836	19	56
Non-controlling interests	985,090	14	1,047,473	18	(6)
	$ 2,751,616	40	$ 2,176,309	37	26

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INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2014		2013		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 2,416,113	35	$ 1,069,643	18	126
Non-controlling interests	1,053,904	15	885,676	15	19
	$ 3,470,017	50	$ 1,955,319	33	77

	2014	2013
	Amount	**Amount**
EARNINGS PER SHARE (Note 42)		
Basic	$0.74	$0.47

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

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owner of the Bank											
	Capital Stock (Note 31)		Retained Earnings (Notes 31)				Other Equity (Note 31)					
	Shares (Thousands)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operation	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares (Note 31)	Total	Non-controlling Interests (Note 31)	Total Equity
BALANCE AT JANUARY 1, 2013	2,390,506	$ 23,905,063	$ 1,107,558	$ 1,283,969	$ (329,727)	$ 2,061,800	$ (149,183)	$ 383,471	$ -	$ 26,201,151	$ 16,252,825	$ 42,453,976
Appropriation of 2012 earnings												
Legal reserve	-	-	17,769	-	(17,769)	-	-	-	-	-	-	-
Special reserve	-	-	-	(436,641)	436,641	-	-	-	-	-	-	-
Cash dividends distributed by the Bank	-	-	-	-	(478,101)	(478,101)	-	-	-	(478,101)	-	(478,101)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(770,668)	(770,668)
Net income for the for the year ended December 31, 2013	-	-	-	-	1,128,836	1,128,836	-	-	-	1,128,836	1,047,473	2,176,309
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	14,959	14,959	139,771	(213,923)	-	(59,193)	(161,797)	(220,990)
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	1,143,795	1,143,795	139,771	(213,923)	-	1,069,643	885,676	1,955,319
Buy-back of ordinary shares - 7,774 thousand shares	-	-	-	-	-	-	-	-	(50,620)	(50,620)	-	(50,620)
Capital reduction for cash received by non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	(214,200)	(214,200)
BALANCE AT DECEMBER 31, 2013	2,390,506	23,905,063	1,125,327	847,328	754,839	2,727,494	(9,412)	169,548	(50,620)	26,742,073	16,153,633	42,895,706
Appropriation of 2013 earnings												
Legal reserve	-	-	226,452	-	(226,452)	-	-	-	-	-	-	-
Special reserve	-	-	-	51,840	(51,840)	-	-	-	-	-	-	-
Cash dividends distributed by the Bank	-	-	-	-	(476,546)	(476,546)	-	-	-	(476,546)	-	(476,546)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(673,385)	(673,385)
Actual disposal of interest in subsidiaries	-	-	-	(15)	(831)	(846)	-	(211)	-	(1,057)	(10,175)	(11,232)
Net income for the year ended December 31, 2014	-	-	-	-	1,766,526	1,766,526	-	-	-	1,766,526	985,090	2,751,616
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	(3,371)	(3,371)	257,254	395,704	-	649,587	68,814	718,401
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	1,763,155	1,763,155	257,254	395,704	-	2,416,113	1,053,904	3,470,017
Capital reduction for cash received by non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	(212,571)	(212,571)
BALANCE AT DECEMBER 31, 2014	2,390,506	$ 23,905,063	$ 1,351,779	$ 899,153	$ 1,762,325	$ 4,013,257	$ 247,842	$ 565,041	$ (50,620)	$ 28,680,583	$ 16,311,406	$ 44,991,989

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

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,375,777	$ 2,770,026
Adjustments for:		
Depreciation expenses	145,504	133,374
Amortization expenses	36,085	40,749
Recognition of provisions	270,359	202,292
Net loss (gain) on disposal of financial assets at fair value through profit or loss	(1,735,457)	(2,213,133)
Interest revenues	(5,564,810)	(4,674,425)
Interest expenses	2,859,696	2,539,975
Dividend income	(144,468)	(108,565)
Realized gain on the transactions with associates and joint ventures	(13,303)	(3,393)
Gain on disposal of properties	(964)	(1,240)
Loss on disposal of intangible assets	1,681	-
Gain on disposal of collaterals	-	(47,656)
Impairment loss recognized on financial assets	219,111	213,993
Gain on disposal of investments	(292,785)	(729,251)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	538,936	865,897
Financial assets at fair value through profit or loss	8,344,118	(20,455,401)
Receivables	(3,839,761)	(3,647,905)
Discounts and loans	(13,455,227)	(27,482,518)
Due to the Central Bank and other banks	(1,404,203)	12,509,041
Financial liabilities at fair value through profit or loss	3,395,586	539,463
Accounts payable	(648,393)	(681,417)
Deposits	35,634,376	18,018,873
Provisions	151,925	(16,728)
Cash generated from (used in) operations	27,873,783	(22,227,949)
Interest received	5,442,936	4,396,273
Interest paid	(2,759,322)	(2,435,431)
Dividends received	144,468	108,565
Income tax paid	(709,130)	(502,040)
Net cash generated from (used in) operating activities	29,992,735	(20,660,582)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets designated as at fair value through profit or loss	(3,298,522)	(3,746,660)
Proceeds on sale of financial assets designated as at fair value through profit or loss	4,590,368	5,951,911
Purchase of available-for-sale financial assets	(112,425,303)	(70,331,475)
Proceeds on sale available-for-sale financial assets	106,265,432	73,982,804
Purchase of held-to-maturity financial assets	(4,499,462)	-
Receive principal of held-to-maturity financial assets	1,943,270	8,068,145
Purchase of financial assets measured at cost	(703,437)	(326,773)

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INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

	2014	2013
Proceeds on sale of financial assets carried at cost	221,458	279,744
Other dividend received	2,308	1,691
Received principal of investments under equity method	160,056	42,750
Payments for properties	(315,613)	(164,460)
Proceeds from disposal of properties	7,355	2,572
Increase in refundable deposits	(1,549,457)	(334,341)
Proceeds from disposal of collaterals	-	389,921
Payments for collaterals	-	(27,217)
Payments for intangible assets	(31,873)	(28,195)
Decrease in other financial assets	50,223	96,955
Increase in other assets	(221,508)	(80,371)
Net cash generated from (used in) investing activities	(9,804,705)	13,777,001
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	4,042,225	2,779,460
Increase (decrease) in commercial paper	1,274,873	(779,832)
Proceeds from issue bank debentures	4,400,000	2,300,000
Repayments of bank debenture	(900,000)	(500,000)
Proceeds from (repayments of) long-term borrowings	(3,824,947)	3,206,733
Increase (decrease) in securities sold under agreement to repurchase	(16,032,821)	5,598,642
Payments for buy-back of ordinary shares	-	(50,620)
Capital reduction for cash received by non-controlling interest of subsidiaries	(212,571)	(214,200)
Partial disposal of interests in subsidiaries	19,140	-
Decrease in other financial liabilities	6,526,930	34,614
Dividends paid to ownership of the Bank	(476,546)	(478,101)
Dividends paid to non-controlling interest	(673,385)	(770,668)
Increase in other liabilities	167,031	689,187
Net cash generated from (used in) financing activities	(5,690,071)	11,815,215
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(795,544)	(233,324)
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,702,415	4,698,310
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	12,628,367	7,930,057
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 26,330,782	$ 12,628,367

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INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2014 and 2013:

	December 31	
	2014	2013
Cash and cash equivalents in consolidated balance sheets	$ 8,481,873	$ 5,219,249
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7	16,098,170	6,050,318
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	1,750,739	1,358,800
Cash and cash equivalents in consolidated statements of cash flow	$ 26,330,782	$ 12,628,367

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

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Industrial Bank of Taiwan (the "Bank") was incorporated on March 2, 1998. The Bank's operations include the following: (a) accepting deposits from insurance companies, nonprofit organizations and corporations; (b) issuing bank debentures; (c) providing loans to enterprises; (d) investing in and underwriting the offering of securities; (e) investing in manufacturing companies; (f) domestic remittances and guarantee provision; (g) dealing in government bonds; (h) authenticating stocks and bonds owned by clients; (i) financial consulting to government institutions, enterprises, and nonprofit organizations; (j) factoring; (k) dealing in derivative financial instruments; (l) providing foreign exchange for client's imports or exports; overseas remittances, foreign currency deposits, foreign currency loans and guarantees; (m) trust business under the Trust Business Law and regulation; and (n) other operations authorized by the central authorities.

As of December 31, 2013, the Bank had five main departments - corporate banking, equity investment, treasury, securities trading and merchant banking. It also had four domestic branches and Hong Kong branch. The China Banking Regulatory Commission (CBRC) permitted the Bank to establish the representative office in Tianjin in October 2011, and the Bank completed establishment in March 2012.

The Bank's shares have been listed on the Emerging stock market of the GreTai Securities Market since August 2004. The consolidated financial statements are presented in the Bank's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 25, 2015.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

a. The amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC not yet effective

   Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
Amendment to IAS 19 "Employee Benefits"	January 1, 2013
Amendment to IAS 27 "Separate Financial Statements"	January 1, 2013
Amendment to IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

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

Except for the following, whenever applied, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies:

1) IFRS 13 "Fair Value Measurement"

   IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

2) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will retrospectively apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, and share of the other comprehensive income (except the share of the remeasurements of the defined benefit plans) of associates/joint ventures accounted for using the equity method. However, the application of the above amendments will not result in any impact on the net profit for the year, other comprehensive income for the year (net of income tax), and total comprehensive income for the year.

3) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the "corridor approach" permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a "net interest" amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

On initial application of the revised IAS 19 in 2015, the changes in cumulative employee benefit costs as of December 31, 2013 resulting from the retrospective application are adjusted to net defined benefit liabilities, deferred tax assets and retained earnings. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Group would elect not to present 2014 comparative information about the sensitivity of the defined benefit obligation. The anticipated impact of the initial application of the revised IAS 19 is detailed as follows:

Impact on assets, liabilities and equity	**Carrying Amount**	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount**
December 31, 2014			
Deferred tax assets	$ 539,315	$ (2)	$ 539,317
Net defined benefit liabilities	$ 207,333	$ 9,325	$ 216,658
Retained earnings	$ 4,013,257	$ (9,322)	$ 4,003,935
Non-controlling interests	$ 16,311,406	(1)	$ 16,311,405
		$ (9,323)	

(Continued)

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
January 1, 2014			
Prepaid pension	$ 7,696	$ (308)	$ 7,388
Net defined benefit liabilities	$ 197,941	$ 10,316	$ 208,514
Deferred tax liabilities	$ 81,576	(37)	$ 81,539
		$ 10,279	
Retained earnings	$ 2,727,494	$ (10,573)	$ 2,716,921
Non-controlling interests	$ 16,153,633	(14)	$ 16,153,619
		$ (10,587)	
Impact on total comprehensive income for the year ended December 31, 2014			
Employee benefit expense	$ (1,913,324)	$ (2,102)	$ (1,911,222)
Income tax expense	$ (624,161)	(35)	$ (624,196)
Total effect on net profit for the year	$ 2,751,616	$ (2,067)	$ 2,753,683
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plan	$ 7,487	$ (803)	$ 8,290
Total effect on total comprehensive income for the year	$ 3,470,016	$ 1,264	$ 3,471,280
Net profit attributable to:			
Owners of the Company	$ 1,766,526	$ 2,054	$ 1,768,580
Non-controlling interests	985,090	13	985,103
	$ 2,751,616	$ (2,067)	$ 2,753,683
Total comprehensive income attributable to:			
Owners of the Company	$ 2,416,113	$ 1,251	$ 2,417,364
Non-controlling interests	1,053,903	13	1,053,916
	$ 3,470,016	$ 1,264	$ 3,471,280

(Concluded)

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

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies, except for the following:

<u>IFRS 9 "Financial Instruments"</u>

1) Recognition and measurement of financial assets

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

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

   a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

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

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

2) The impairment of financial assets

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations (please specify) and IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Since the operating cycle in the banking industry cannot be clearly identified, accounts included in the consolidation financial statements of the Group were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Please refer to Note 49 for the maturity analysis of assets and liabilities.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e. its subsidiaries, including special purpose entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Non-controlling interests shall be presented in the consolidated balance sheets within equity, separately from the equity of the owners of the Group.

<u>Attribution of total comprehensive income to non-controlling interests</u>

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

b. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership December 31 2014	2013	Remark
The Bank	IBTS	Securities underwriting, dealing and brokerage of securities	94.80	94.80	Founded in 1961
	Boston Venture	Venture capital	50.00	50.00	Founded in 2003
	IBTM	Securities investment trust	100.00	100.00	Founded in 2000
	TFITT	Information system development, analysis and design	-	16.67	Founded in 1998 (decided to dissolve in July 2014)
	IBTH	Holding company	100.00	100.00	Founded in 2006 in California
	CBF	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	Founded in 1978
	IBT Leasing	Leasing	100.00	100.00	Founded in 2011
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	-	Founded in 2014
IBTS	IBTS Consulting	Investment and management consulting	100.00	100.00	Founded in 1998
	IBTSH	Holding company	100.00	100.00	Founded in 2003 in British Virgin Islands
IBTSH	IBTS HK	Securities and investment	100.00	100.00	Founded in 2003 in Hong Kong
	IBTS Asia	Securities and investment	100.00	100.00	Founded in 2004 in Hong Kong
IBTS HK	Boston Venture	Venture capital	5.00	5.00	Founded in 2003
IBTH	EverTrust Bank	Banking	91.78	91.78	Founded in 1995 in California
IBTM	IBTM U.S.A. (Note)	Securities investment trust	99.00	99.00	Founded in 2001
	IBT Fortune (Note)	Securities and investment	100.00	100.00	Founded in 2001
TFITT	CBF	Bonds underwriting, dealing and brokerage of securities	-	0.13	Founded in 1978
IBT Leasing	IBT International Leasing Corp.	Leasing	100.00	100.00	Founded in 2011 in Mainland China
	IBT Tianjin International Leasing Corp.	Leasing	39.00	100.00	Founded in 2013 in Mainland China
IBT VII Venture Capital Co., Ltd.	IBT Tianjin International Leasing Corp.	Leasing	61.00	-	Founded in 2013 in Mainland China

Note: IBT Management U.S.A. Corp. and IBT Fortune Limited are immaterial subsidiaries; thus, their financial statements have not been audited. Nevertheless, the management of the Group considered that the financial statements to have not significant influence on the consolidated results even if audited.

Foreign Currencies

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Bank and non-controlling interests as appropriate).

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the operating and financial policy decision of an entity; it is not control over policy decisions.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when a group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

<u>Financial assets</u>

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a. Measurement category

   Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables.

   1) Financial assets at fair value through profit or loss

      Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

A financial asset is classified as held for trading if:

a) It has been acquired principally for the purpose of selling it in the near term; or

b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) It is a derivative that is not designated and effective as a hedging instrument.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

c) The contract contains one or more embedded derivatives so that, the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets cannot be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.

2) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity other than those that the entity upon initial recognition designates as at fair value through profit or loss, or designates as available for sale, or meet the definition of loans and receivables. Foreign corporate bonds and debenture bonds, above specific credit ratings and the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

Foreign corporate and bank debentures that the Group has positive intent and ability to hold to maturity are classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value, changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss that previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets cannot be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets.

4) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including loans, trade receivables, cash and cash equivalent and overdue receivables) are measured at amortized cost using the effective interest method, less any impairment. However, in accordance with "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies", "Regulations Governing the Preparation of Financial Reports by Securities Firms" and "Regulations Governing the Preparation of Financial Reports by Securities Issuers", if the effect of discounting is not who can be the amount of the original measure.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as loans and receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Assessment for impairment of discounts and loans and receivables, other receivables and overdue loans to the Group is described in the paragraph about allowance for credit losses.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

When there is objective evidence that financial assets carried at cost when an impairment loss has occurred, the amount of the loss is recognized in "Impairment losses on assets". Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loan and receivables, where the carrying amount is reduced through the use of an allowance account. When loan and receivable are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

<u>Equity instruments</u>

Debt and equity instruments issued by the Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

a. Subsequent measurement

   Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method, less any impairment (see above for the definition of effective interest method):

   - Financial liabilities at fair value through profit or loss

     Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

     A financial liability is classified as held for trading if:

     a) It has been acquired principally for the purpose of repurchasing it in the near term; or

     b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

     c) It is a derivative that is not designated and effective as a hedging instrument.

     A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

     a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

     b) The financial liability forms part of the Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

     c) In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

     Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included/not included in the other gains and losses line item. Fair value is determined in the manner described in Note 46.

b. Derecognition of financial liabilities

   The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Nonperforming Loans

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-Performing Credit, Non-Accrual Loans, and Bad Debt" issued by the authority, loans and other credits (including the accrued interests) that remained unpaid as they fall due are transferred to nonperforming loans, if the transfer is approved by the board of directors.

Nonperforming loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

Allowance for Credit Losses and Reserve for Losses on Guarantees

Loans and receivables are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the asset have been affected. Objective evidence of impairment could include:

- Significant financial difficulty of the debtor;
- Accounts receivable becoming overdue; or
- It is becoming probable that the debtor will enter bankruptcy or financial re-organization.

Loans and receivables that are assessed as not impaired individually are further assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of loans and receivables could include the Group's past experience in the collection of payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on loans and receivables.

The amount of the impairment loss recognized is the difference between the asset carrying amount and the present value of estimated future cash flows, after taking into account the related collateral and guarantees, discounted at the loans and receivables' original effective interest rate.

The carrying amount of the loans and receivables is reduced through the use of an allowance account. When loans and receivables are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the bad debts account. Changes in the carrying amount of the allowance account are recognized as bad debt in profit or loss.

Pursuant to the Rules issued by the MOF, the Group evaluates the collectability of its loan portfolio on the basis of its borrowers' payment history and classification of a loan as nonperforming.

According to the Rules mentioned above, the classification of loan assets, which divided the loan assets into: Normal credits, credits under observation, credits that are likely to be received in full, credits that will be difficult to receive in full, and credits that will not be received in full. The minimum allowance for credit losses and reserve for losses on guarantees for the aforementioned classes should be 1% (2013: 0.5%), 2%, 10%, 50% and 100% of outstanding credits, respectively. Rule No. 10300329440 issued by FSC, stipulated the minimum the allowance for mortgage and improvement loans should be 1.5% by the end of 2016.

Credits deemed uncollectible are eligible to be written off upon approval by the Board of Directors.

Repurchase and Resell Transactions

Securities purchased under agreement to resell and securities sold under agreements to repurchase are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognized as interest income or interest expense over the life of each agreement.

Property and Equipment

Property and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Derecognition of intangible assets

   An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, which are measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained

Foreclosed Collaterals

Foreclosed collaterals are recognized at the related cost as foreclosed. The foreclosed collaterals are evaluated by the fair value as in the end of the period to identify whether impairment occurred. If there is objective evidence of impairment, loss is recognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to the individual cash-generating units on a reasonable and consistent basis of the Group assets are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provisions Liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The best estimate will consider that the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

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

Income Tax

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

a. Current tax

   Interim period income taxes are assessed on an annual basis. Interim period income tax expense is calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

   Income tax payable (or tax refund receivable) is calculated based on the relevant tax laws applicable jurisdiction.

   According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Interest and Service Revenue Recognition

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Bank that are classified as nonperforming loans. The interest revenue on those loans/credits is recognized upon collection. Due to the storm and billing agreements that extend interest income, in accordance with the provisions of the Ministry of Finance, upon collection recognized as interest income.

Revenue from brokerage is recognized when the earnings process has been completed.

Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

b. The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

Margin Loans and Stock Loans

The "receivable amount for margin loans" is the margin loan extended to the customers to buy securities. The securities bought by the customers are calculated and changed interest at intervals by the TWSE, Taiwan Securities Association and Governing Securities Finance Enterprises jointly agreed, and held as pledges on the loan provided.

The Group refinances customer loans from securities finance companies, and the related amount is recorded as "loan from refinanced margins" and is covered by the underlying securities bought by customers.

Customer Margin Account and Future Trader's in Equity

Trading margins and premiums, and the related settlement differences, collected from future traders in accordance with applicable requirements by an FCM conducting futures brokerage business, are debited as "customer margin accounts" and credited as "future trader's equity". Any amount to be recovered by an FCM for a debit balance in futures trader's equity as recognized as futures trading margins receivable customer margin accounts and future trader's equity are not offset except belonging to the same future traders.

Contingencies

A loss is recognized when it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. If loss is possible but cannot be reasonably estimated, the circumstances that might give rise to the loss should be disclosed in the notes to the financial statements.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Income tax

As of December 31, 2014 and 2013, the deferred income tax assets in relation to unused tax losses was $0 thousand and $30,287 thousand, respectively, due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

b. Estimated impairment of loans and receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Fair value of derivatives and other financial instruments

As described in Note 48. The Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Other financial instruments were valued using a discounted cash flow analysis that includes assumptions based on quoted market prices or rates (if available). The Group's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

The management of the Group considered the evaluation techniques used measured the fair value of financial instrument properly.

d. The recognition of employee benefits

For defined benefit retirement benefit plans, the cost of providing benefits and the defined benefit obligation are determined using the Project Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Due to using of estimations of discount rate, staff turnover and long-term average rate of salary in actuarial valuations, the amount of costs and obligation might have changes for differences in market and economic conditions.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	**2013**
Cash on hand and petty cash	$ 50,371	$ 43,201
Checking for clearing	44,734	27,851
Due from banks	8,386,768	5,148,197
	$ 8,481,873	$ 5,219,249

Cash and cash equivalents as of December 31, 2014 and 2013 as shown in the consolidated statement of cash flows can be reconciled to the related items in the balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information as of December 31, 2014 and 2013.

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

	December 31	
	2014	2013
Call loans	$ 16,098,170	$ 6,050,318
Reserves for deposits - Type A	65,862	1,035,537
Reserves for deposits - Type B	2,539,069	2,106,334
Others	8,346	10,342
	$ 18,711,447	$ 9,202,531

Under a directive issued by the Central Bank, deposit reserves are determined monthly at prescribed rates on average balances of customers' deposits. Type B deposit reserves are subject to withdrawal restrictions.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
Financial assets designated as at fair value through profit or loss		
Convertible bond - domestic	$ 11,860,802	$ 10,304,104
Convertible bond - overseas	1,030,264	2,143,501
Euro structured notes	95,834	-
	12,986,900	12,447,605
Financial assets held for trading		
Derivative financial instruments		
Foreign exchange swap contracts	2,514,487	825,349
Cross-currency swap contracts	-	70,048
Forward contracts	186,656	173,564
Premium paid on foreign currency option contracts	2,886,104	332,413
Interest rate swap contracts	39,156	628
Underwriting fixed rate commercial paper contracts	28,869	13,310
Futures trading margin	15,022	118,821
Others	10,445	1,411
	5,680,739	1,535,544
Non-derivative financial assets		
Short-term instruments	82,956,851	74,411,744
Negotiable certificate of deposit	32,012,439	52,198,693
Securities - dealing	3,243,455	3,290,125
Securities - hedge position	305,862	317,050
Securities - underwriting	246,677	749,668
Stocks and beneficiary certificates	678,729	1,107,670
Government bonds	249,781	49,280
Corporate bonds	43,492	175,085
	119,737,286	132,299,315
	$ 138,404,925	$ 146,282,464

(Continued)

	December 31	
	2014	2013
Financial liabilities designated as at fair value through profit or loss		
Convertible bond-domestic	$ -	$ 31,455
Financial liabilities held for trading		
Derivative financial instruments		
Foreign exchange swap contracts	1,976,038	945,046
Cross-currency swap contracts	-	142,969
Forward contracts	394,228	113,091
Interest rate swap contracts	77,916	11,913
Premium received on option contracts	2,913,279	332,413
Assets swap contracts	1,572	-
Commercial paper contracts	15,207	4,315
Put futures options contracts	341	2,192
Stock warrants issued	944,202	1,301,876
Stock warrants - repurchase	(894,704)	(1,219,809)
	5,428,079	1,634,006
Non-derivative financial liabilities		
Securities borrowed payable	217,783	734,461
When - issued bond	149,646	-
	$ 5,795,508	$ 2,399,922

(Concluded)

The Group engages in derivative transactions, including forward contracts, currency swap contracts and foreign currency option contracts, mainly for accommodating customers' needs and managing the exposure positions. As the engagement in interest rate swap contracts and cross-currency swap contracts, its purpose is to hedge risk of cash flow and risk of market value caused by the change of interest rates or exchange rates. The Group's strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a highly negative correlation with the changes in the market of the exposures being hedged.

The contract amounts (or notional amounts) of outstanding derivative transactions as of December 31, 2014 and 2013 were follows:

	December 31	
	2014	2013
Cross-currency swap contracts	$ -	$ 5,426,080
Interest rate swap contracts	17,901,237	11,642,645
Foreign exchange swap contracts	133,534,784	142,976,586
Forward contracts	25,514,173	10,479,101
Assets swap contracts	10,709,000	-
Foreign currency options		
Call	203,809,119	76,131,116
Put	204,015,286	76,131,116
Fixed-rate commercial paper commitments	10,650,000	4,950,000
Benchmark interest rate commercial paper commitments	24,680,000	27,390,000

As of December 31, 2014 and 2013, financial instruments at fair value through profit and loss in the amount of $65,641,392 thousand and $81,196,869 thousand were under agreement to repurchase.

Refer to Note 45 for information relating to financial instruments at fair value through profit or loss pledged as security.

9. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

The Group purchased under resale agreements and bond investments are all government bonds.

As of December 31, 2014 and 2013, bonds purchased were under agreements to resell in the amount of $1,751,873 thousand and $1,359,976 thousand, respectively. As of December 31, 2014 and 2013, bonds purchased under agreements to resell were sold under agreement to repurchase in the amount of $1,177,739 thousand and $1,358,800 thousand, respectively.

10. RECEIVABLES, NET

	December 31	
	2014	2013
Lease payment receivable	$ 9,822,322	$ 6,923,914
Margin loans receivable	1,966,973	1,604,740
Investment receivable	610,053	805,291
Interest receivable	1,332,530	1,266,050
Factoring	1,860,521	877,373
Acceptances	243,635	155,929
Investment receivable - execution of customer orders	455,670	673,540
Spot exchange transactions receivable	19,136	8,039
Others	1,097,086	1,003,920
	17,407,926	13,318,796
Less: Allowance for possible losses	324,994	165,980
Unrealized interest revenue	790,231	650,368
	$ 16,292,701	$ 12,502,448

Rental equipment is held as collateral for the lease payment receivables. The Group is not allowed to sell or re-pledge the collateral if the lessee has no arrears.

Please refer to Note 49 for impairment loss analysis of receivables.

11. DISCOUNTS AND LOANS, NET

	December 31	
	2014	2013
Short-term	$ 33,633,898	$ 33,871,905
Medium-term	89,582,922	73,000,669
Long-term	6,936,954	8,690,076
Export bill negotiated	2,699,482	3,869,237
Accounts receivables financing	289,911	151,789
Overdue loans	397,384	494,712
	133,540,551	120,078,388
Less: Allowance for credit losses	2,514,821	2,307,610
	$ 131,025,730	$ 117,770,778

As of December 31, 2014 and 2013, the unrecognized interest revenue on the above loans amounted to \$3,172 thousand and \$5,742 thousand for the years ended December 31, 2014 and 2013. For the years ended December 31, 2014 and 2013, the Bank wrote off credits only upon completing the required legal procedures.

Please refer to Note 45 for the information relating to discounts and loans assets pledged and refer to Note 49 for impairment loss analysis of discounts and loans.

12. ALLOWANCE FOR CREDIT LOSSES

The movements of allowance for credit losses and reserve for losses on guarantees liabilities for the years ended December 31, 2014 and 2013 are summarized as follows:

	For the Year Ended December 31, 2014				
	Receivables	**Discounts and Loans**	**Overdue Receivables**	**Reserve for Losses on Guarantees**	**Total**
Balance at January 1, 2014	$ 165,980	$ 2,307,610	$ -	$ 1,288,458	$ 3,762,048
Allowance (reversal of allowance) for bad debts	(100,490)	200,275	-	170,574	270,359
Write-offs	(141,450)	(54,601)	-	-	(196,051)
Recovery from written-off credits	375,807	18,895	-	-	394,702
Effects of exchange rate changes	25,147	42,642	-	1,635	69,424
Balance at December 31, 2014	$ 324,994	$ 2,514,821	$ -	$ 1,460,667	$ 4,300,482

	For the Year Ended December 31, 2013				
	Receivables	**Discounts and Loans**	**Overdue Receivables**	**Reserve for Losses on Guarantees**	**Total**
Balance at January 1, 2013	$ 87,755	$ 2,029,793	$ 22,437	$ 1,248,971	$ 3,388,956
Allowance (reversal of allowance) for bad debts	(248,405)	434,016	(22,437)	39,118	202,292
Write-offs	(409,232)	(212,814)	-	-	(622,046)
Recovery from written-off credits	741,722	34,781	-	-	776,503
Effects of exchange rate changes	(5,860)	21,834	-	369	16,343
Balance at December 31, 2013	$ 165,980	$ 2,307,610	$ -	$ 1,288,458	$ 3,762,048

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2014	2013
Domestic government bonds	$ 31,383,124	$ 29,206,064
Bank debentures	11,623,269	10,620,319
Corporate bonds	44,802,087	42,349,469
Stock and beneficiary securities	2,311,212	1,989,039
Beneficiary certificates of securitization	24,269	20,628
American government bonds	1,120,372	521,430
American mortgage backed securities	2,827,410	2,131,499
Negotiable certificate of deposit	971,948	-
	$ 95,063,691	$ 86,838,448

As of December 31, 2014 and 2013, available-for-sale financial assets are sold under agreement to repurchase in the amount of $69,635,367 thousand and $68,388,024 thousand, respectively.

Refer to Note 45 for information relating to available-for-sale financial assets pledged as security.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31	
	2014	2013
Domestic investments		
Convertible bonds	$ 385,208	$ 1,844,679
Government bonds	499,471	-
Negotiable certificate of deposit	4,000,000	-
Investments - oversea		
Bank debentures	-	448,823
	$ 4,884,679	$ 2,293,502

As of December 31, 2014 and 2013, convertible corporate bonds in the amounts of $382,800 thousand and $1,850,300 thousand, part of the convertible corporate bonds are as the object of transaction signed asset swap contract with counterparty at the time of transaction.

The information on overseas bank debentures, government bond and negotiable certificate of deposit was as follows:

December 31, 2014

Investment Principal (In Thousands of New Taiwan Dollars)		Interest Rate	Effective Interest Rate	Average Maturity Date
Negotiable certificate of deposit	$ 4,000,000	0.800%-0.811%	0.800%-0.810%	2 years
Government bond	$ 500,000	1.125%	1.130%	5 years

December 31, 2013

Investment Principal (In Thousands of U.S. Dollars)		Interest Rate	Effective Interest Rate	Average Maturity Date
Bank debentures	$15,000	0.54%-1.69%	1.53%-1.89%	4 years

As of December 31, 2014 and 2013, held-to-maturity financial assets in the par value amounts of $120,000 thousand and $1,618,000 thousand were sold.

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

a. Investments in associates

	December 31			
	2014		2013	
	Amount	%	Amount	%
IBT II Venture Capital Co., Ltd.	$ 240,716	39.58	$ 366,342	39.58
Tai Jia International, Inc.	28,118	49.00	28,089	49.00
	$ 268,834		$ 394,431	

The summarized financial information in respect of the Group's associates was set out below:

	December 31	
	2014	2013
Total assets	$ 668,082	$ 985,233
Total liabilities	$ 2,573	$ 2,412

	For the Year Ended December 31	
	2014	2013
Revenue	$ 92,888	$ 115,855
Profit (loss) for the year	$ 32,174	$ 7,331
Other comprehensive income	$ 89,915	$ 78,249

b. Investment income are summarized as follows:

	For the Year Ended December 31	
Name of Associate	2014	2013
TFITT	$ 10,352	$ 833
IBT II Venture Capital Co., Ltd.	2,951	2,560
	$ 13,303	$ 3,393

The Group's share of profit and other comprehensive income of associates for the years ended December 31, 2014 and 2013 were based on the associates' financial statements audited by the accountants for the same period.

16. RESTRICTED ASSETS

	December 31 2014	December 31 2013
Pledged time deposits	$ 351,940	$ 359,500
Compensation accounts	113,969	102,693
	$ 465,909	$ 462,193

The assets are collaterals of loans and commercial paper issued and collateral of claims for provisional seizure.

17. OTHER FINANCIAL ASSETS, NET

	December 31 2014	December 31 2013
Financial assets measured at cost		
Domestic stocks	$ 1,718,059	$ 1,799,018
Foreign stocks	809,596	597,460
	2,527,655	2,396,478
Time deposits with original maturity more than 3 months	145,613	232,188
Others	72,936	36,157
	$ 2,746,204	$ 2,664,823

Because the fair value of financial assets measured at cost could not be reliably measured, the Group did not evaluate the fair value on the balance sheet date. The Group disposed of certain financial assets measured at cost with carrying amounts of $183,495 thousand and $275,865 thousand during the years ended December 31, 2014 and 2013, respectively, recognizing disposal gain of $37,963 thousand and $3,879 thousand, respectively.

Please refer to Note 12 for the movements of allowance for impairment loss analysis of overdue receivables.

18. PROPERTY AND EQUIPMENT, NET

	December 31 2014	December 31 2013
Carrying amounts of each class of		
Land	$ 819,239	$ 822,716
Buildings	1,547,094	1,594,199
Machinery and computer equipment	116,219	116,500
Transportation equipment	44,818	46,900
Office and other equipment	54,826	35,714
Lease improvement	132,676	85,531
Construction in progress and prepayments for equipment	228,108	74,714
	$ 2,942,980	$ 2,776,274

The movements of property and equipment for the years ended December 31, 2014 and 2013 are summarized as follows:

	Freehold Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2014	$ 848,222	$ 1,916,968	$ 463,402	$ 94,049	$ 189,674	$ 215,512	$ 74,714	$ 3,802,541
Additions	-	4,066	39,181	15,966	10,303	29,372	216,725	315,613
Disposals and scrapped	-	-	(18,156)	(23,152)	(3,899)	(18,457)	-	(63,664)
Reclassification	(15,115)	(10,408)	(2,426)	-	22,288	57,048	(63,331)	(11,944)
Effect of foreign currency exchange differences	-	-	2,898	777	2,064	6,998	-	12,737
Remove from consolidated entity	-	-	-	-	(1,426)	(1,855)	-	(3,281)
Balance at December 31, 2014	$ 833,107	$ 1,910,626	$ 484,899	$ 87,640	$ 219,004	$ 288,618	$ 228,108	$ 4,052,002
Accumulated depreciation								
Balance at January 1, 2014	$ 25,506	$ 322,769	$ 344,601	$ 47,149	$ 156,261	$ 129,981	$ -	$ 1,026,267
Disposals	-	-	(16,948)	(18,597)	(3,620)	(18,108)	-	(57,273)
Depreciation expense	-	46,333	38,931	13,972	11,419	34,817	-	145,472
Reclassification	(11,638)	(5,570)	(125)	-	125	7,435	-	(9,773)
Effect of foreign currency exchange differences	-	-	2,221	298	1,414	3,672	-	7,605
Remove from consolidated entity	-	-	-	-	(1,421)	(1,855)	-	(3,276)
Balance at December 31, 2014	$ 13,868	$ 363,532	$ 368,680	$ 42,822	$ 164,178	$ 155,942	$ -	$ 1,109,022
	$ 819,239	$ 1,547,094	$ 116,219	$ 44,818	$ 54,826	$ 132,676	$ 228,108	$ 2,942,980
Cost								
Balance at January 1, 2013	$ 848,222	$ 1,914,877	$ 442,201	$ 84,187	$ 178,626	$ 183,984	$ 12,368	$ 3,664,465
Additions	-	2,091	33,978	20,479	12,265	26,637	69,010	164,460
Disposals and scrapped	-	-	(15,902)	(10,998)	(1,934)	-	-	(28,834)
Reclassification	-	-	1,057	-	(75)	3,119	(6,742)	(2,641)
Effect of foreign currency exchange differences	-	-	2,068	381	792	1,772	78	5,091
Balance at December 31, 2013	$ 848,222	$ 1,916,968	$ 463,402	$ 94,049	$ 189,674	$ 215,512	$ 74,714	$ 3,802,541
Accumulated depreciation								
Balance at January 1, 2013	$ 25,506	$ 276,741	$ 323,783	$ 45,350	$ 139,834	$ 106,370	$ -	$ 917,584
Disposals	-	-	(15,490)	(10,197)	(1,815)	-	-	(27,502)
Reclassification	-	-	(245)	-	245	-	-	-
Depreciation expense	-	46,028	35,679	11,845	17,206	22,616	-	133,374
Effect of foreign currency exchange differences	-	-	874	151	791	995	-	2,811
Balance at December 31, 2013	$ 25,506	$ 322,769	$ 344,601	$ 47,149	$ 156,261	$ 129,981	$ -	$ 1,026,267
	$ 822,716	$ 1,594,199	$ 118,801	$ 46,900	$ 33,413	$ 85,531	$ 74,714	$ 2,776,274

The above items of property and equipment were depreciated on a straight-line basis at the following rates per annum:

Buildings	25-60 years
Machinery and computer equipment	3-25 years
Transportation equipment	3-5 years
Office and other equipment	3-8 years
Lease improvement	3-8 years

19. INVESTMENT REAL - ESTATE

	December 31, 2014
Lease asses	$ 8,283

	For the Year Ended December 31, 2014
Cost	$ 25,523
Accumulated depreciation	
Balance at January 1, 2014	$ -
Reclassification	17,208
Depreciation expense	32
Balance at December 31, 2014	$ 17,240

The Group transferred the leasing land and building from freehold land and buildings to investment properties that were depreciated on a straight-line basis over 60 years.

As of December 31, 2014, the fair value of the investment properties was $8,640 thousand, which was referred to the Ministry of Interior's Information Platform of Real Estate.

20. INTANGIBLE ASSETS

	December 31	
	2014	2013
Computer software	$ 66,112	$ 52,820
Goodwill	1,203,350	1,136,816
Others	14,366	20,897
	$ 1,283,828	$ 1,210,533

The movements of intangible assets for the years ended December 31, 2014 and 2013 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2014	$ 430,382	$ 1,136,816	$ 88,205	$ 1,655,403
Additions	31,873	-	-	31,873
Disposals	(820)	-	(1,681)	(2,501)
Reclassification	9,772	-	-	9,772
Effect of foreign currency exchange differences	2,379	66,534	5,137	74,050
Balance at December 31, 2014	$ 473,586	$ 1,203,350	$ 91,661	$ 1,768,597
Accumulated amortization and impairment loss				
Balance at January 1, 2014	$ 377,562	$ -	$ 67,308	$ 444,870
Amortization	29,478	-	5,760	35,238

(Continued)

	Computer Software	Goodwill	Others	Total
Disposals	$ (820)	$ -	$ -	$ (820)
Effect of foreign currency exchange differences	1,254	-	4,227	5,481
Balance at December 31, 2014	$ 407,474	$ -	$ 77,295	$ 484,769
	$ 66,112	$ 1,203,350	$ 14,366	$ 1,283,828
Cost				
Balance at January 1, 2013	$ 397,817	$ 1,106,184	$ 85,809	$ 1,589,810
Additions	28,195	-	-	28,195
Disposals	(50)	-	-	(50)
Reclassification	3,291	-	-	3,291
Effect of foreign currency exchange differences	1,129	30,632	2,396	34,157
Balance at December 31, 2013	$ 430,382	$ 1,136,816	$ 88,205	$ 1,655,403
Accumulated amortization and impairment loss				
Balance at January 1, 2013	$ 351,166	$ -	$ 58,832	$ 409,998
Amortization	25,804	-	6,792	32,596
Disposals	(50)	-	-	(50)
Effect of foreign currency exchange differences	642	-	1,684	2,326
Balance at December 31, 2013	$ 377,562	$ -	$ 67,308	$ 444,870
	$ 52,820	$ 1,136,816	$ 20,897	$ 1,210,533

(Concluded)

The goodwill was recognized from IBT Holding Corp.'s purchase of 91.78% share of Ever Trust Bank on March 30, 2007.

The others of intangible assets were amortized on a straight-line basis at 6-13 years per annum.

21. OTHER ASSETS

	December 31	
	2014	2013
Refundable deposits	$ 4,327,844	$ 2,658,439
Life insurance cash surrender value	367,569	343,461
Settlement payments	104,036	176,233
Prepayment	34,176	31,917
Prepayment of retirement	-	7,696
Others	150,588	147,978
	$ 4,984,213	$ 3,365,724

22. DUE TO THE CENTRAL BANK OF CHINA AND OTHER BANKS

	December 31	
	2014	2013
Due to other banks	$ 42,951,807	$ 43,247,870
Call loans from Central Bank	634,360	1,497,500
Deposit from Chunghwa Post Co., Ltd.	-	245,000
	$ 43,586,167	$ 44,990,370

23. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	December 31	
	2014	2013
Transactions instruments	$ 62,630,385	$ 79,435,126
Government bonds	24,739,292	40,698,269
Corporate bonds	41,275,301	26,358,903
Bank debentures	7,874,508	6,060,009
	$ 136,519,486	$ 152,552,307
Date of agreement to repurchase	February - July 2015	January - July 2014
Amount of agreement to repurchase	$ 137,110,757	$ 152,645,082

24. PAYABLES

	December 31	
	2014	2013
Payable on securities sales	$ 55,618	$ 742,167
Settlement accounts payable - execution of customer orders	548,312	802,723
Deposits payable for securities financing	232,565	237,909
Acceptances	243,635	155,929
Accrued interest	417,428	364,698
Accrued expenses	746,698	631,912
Replacement of receipts payable	119,559	112,056
Factoring	270,828	164,812
Others	222,876	193,332
	$ 2,857,519	$ 3,405,538

25. DEPOSITS AND REMITTANCES

	December 31 2014	December 31 2013
Deposits		
Checking	$ 1,978,974	$ 1,489,962
Demand	22,087,187	15,309,401
Time	132,449,126	104,081,306
Remittances	795	1,037
	$ 156,516,082	$ 120,881,706

26. BANK DEBENTURES

	December 31 2014	December 31 2013
Subordinate debenture bonds issued in 2008; fixed 3.22% interest rate; maturity: February 12, 2014; interest paid annually and repay at maturity	$ -	$ 700,000
Triple debenture bonds issued in 2008; typed A had fixed 2.9% interest rate; maturity: June 30, 2010; typed B had fixed 3.1% interest rate; maturity: June 30, 2011; typed C had fixed 3.5% interest rate; maturity: June 30, 2014; interest paid annually and repay the principal at maturity	-	200,000
Subordinate debenture bonds issued in 2009, fixed 3.20% interest rate; maturity: December 28, 2016; interest paid annually and repay maturity	500,000	500,000
Subordinate debenture bonds issued in 2010; fixed 3.00% interest rate; maturity: April 12, 2017; interest paid annually and repay the principal at maturity	800,000	800,000
Subordinate debenture bonds issued in 2010; fixed 2.75% in first 5 years and 3.45% in 6th to 10th years; maturity: July 7, 2020, interest paid annually and repay the principal at maturity	1,030,000	1,030,000
Subordinate debenture bonds issued in 2011; fixed 2.30% interest rate; maturity: August 26, 2018; interest paid annually and repay the principal at maturity	950,000	950,000
Subordinate debenture bonds issued in 2011; fixed 2.30% interest rate; maturity: October 28, 2018; interest paid annually and repay the principal at maturity	3,350,000	3,350,000
Subordinate debenture bonds issued in 2012; fixed 1.85% interest rate; maturity: August 17, 2019; interest paid annually and repay the principal at maturity	1,650,000	1,650,000
Subordinate debenture bonds issued in 2013; fixed 1.95% interest rate; maturity: May 30, 2020; interest paid annually and repay the principal at maturity	2,300,000	2,300,000
Subordinate debenture bonds issued in 2014; fixed 1.95% interest rate; maturity: March 27, 2021; interest paid annually and repay the principal at maturity	1,300,000	-
Subordinate debenture bonds issued in 2014; fixed 1.85% interest rate; maturity: June 26, 2021; interest paid annually and repay the principal at maturity	1,000,000	-

(Continued)

	December 31	
	2014	2013
Subordinate debenture bonds issued in 2014; fixed 1.95% interest rate; maturity: September 26, 2021; interest paid annually and repay the principal at maturity	$ 600,000	$ -
Subordinate debenture bonds issued in 2014; fixed 2.2% interest rate; maturity: May 5, 2022; interest paid annually and repay the principal at maturity	1,500,000	-
	$ 14,980,000	$ 11,480,000

(Concluded)

27. OTHER FINANCIAL LIABILITIES

	December 31	
	2014	2013
Bank loans	$ 10,505,619	$ 7,451,287
Commercial paper	2,129,646	854,773
Funds obtained from the government - intended for specific types of loans	6,480,076	2,837,054
Principals of structured products	-	14,975
Others	341,736	279,906
	$ 19,457,077	$ 11,437,995

a. Bank loans

	December 31	
	2014	2013
Short-term secured loans	$ 2,210,335	$ 897,400
Short-term credit loans	6,691,728	3,867,340
Long-term secured loans	677,275	745,350
Long-term credit loans	926,281	1,941,197
	$ 10,505,619	$ 7,451,287
Interest rate interval		
New Taiwan dollars	1.38%-1.80%	1.20%-2.00%
U.S. dollars	0.50%-2.80%	0.53%-3.3425%
Renminbi	6.60%-6.765%	6.60%-6.765%

b. Commercial paper

	December 31	
	2014	2013
Commercial paper	$ 2,130,000	$ 855,000
Less: Unamortized discount	(354)	(227)
	$ 2,129,646	$ 854,773
Interest rate interval	0.958%-1.60%	0.928%-1.638%

28. PROVISIONS

	December 31	
	2014	2013
Provisions for employee benefits	$ 207,333	$ 197,941
Reserve for losses on guarantees	1,460,667	1,288,458
	$ 1,668,000	$ 1,486,399

29. RETIREMENT BENEFITS PLANS

a. Defined contribution plans

The Bank and domestic subsidiaries of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in ROC overseas are members of a state-managed retirement benefit plan operated by the government of overseas. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognized in profit or loss for the years ended December 31, 2014 and 2013 was $57,024 thousand and $47,529 thousand, respectively, represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

b. Defined benefit plans

The Group adopted the defined benefit plan under the Labor Standard Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the twelve months before retirement. The Group contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualified actuaries. For the years ended December 31, 2014 and 2013, the Group recognized employee benefit expenses of $13,218 thousand and $15,183 thousand, respectively, calculated using the actuarially determined pension cost rate as of December 31, 2014 and 2013, respectively.

Due to stuff scheduling, the Group charged to affiliates of $188 thousand and $189 thousand for the years ended December 31, 2014 and 2013, respectively, calculated as deduction of employee benefit expenses

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at December 31	
	2014	2013
Discount rate	1.63%-1.88%	1.65%-2.25%
Expected rate return on plan assets	2.00%	1.25%-2.00%
Future salary increase rate	2.50%	2.50%

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans was as follows:

	December 31	
	2014	2013
Present value of funded defined benefit obligation	$ 448,870	$ 502,695
Fair value of plan assets	(294,789)	(348,591)
Deficit	154,081	154,104
Past service cost not yet recognized	(9,308)	(10,624)
Net liability arising from defined benefit obligation	$ 144,773	$ 143,480

The major categories of plan assets at the end of the reporting period for each category were as follows:

	December 31	
	2014	2013
Cash	19.12%	22.86%
Sort-term bills	1.98%	4.10%
Bonds	11.92%	9.37%
Fixed-income instruments	14.46%	18.11%
Equity securities	49.69%	44.77%
Others	2.83%	0.79%
	100.00%	100.00%

On labor pension fund asset allocation information to the Labor Pension Fund Supervision Committee website information shall prevail.

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year time deposits.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs:

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 448,870	$ 502,695	$ 518,605	$ 493,999
Fair value of plan assets	$ (294,789)	$ (348,591)	$ 339,384	$ 336,817
Deficit	$ (154,081)	$ 154,104	$ 179,221	$ 157,182
Experience adjustments on plan liabilities	$ 8,743	$ 17,534	$ 8,713	$ -
Experience adjustments on plan assets	$ 623	$ 2,857	$ 8,600	$ -

30. OTHER LIABILITIES

	December 31 2014	December 31 2013
Guarantee deposits received	$ 1,147,911	$ 1,014,022
Advance revenue	148,397	145,410
Others	153,575	115,935
	$ 1,449,883	$ 1,275,367

31. EQUITY

a. Capital stock

Common stock

	December 31 2014	December 31 2013
Numbers of shares authorized (in thousands)	2,601,706	2,601,706
Capital stock authorized	$ 26,017,060	$ 26,017,060
Number of shares issued and fully paid (in thousands)	2,390,506	2,390,506
Shares issued	$ 23,905,063	$ 23,905,063

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Retained earnings and dividend policy

The Bank's Articles of Incorporation provide that the annual net income, less losses of prior years, if any, shall be appropriated as follows:

1) Legal reserve, 30%;

2) Special reserve, if needed; and

3) The remaining is appropriated as follows:

   a) Bonuses to directors and supervisors - 4%;

   b) Employees - 2% to 4%;

   c) The manner of distributing the dividend to stockholders should be determined by the stockholders in their meeting on the basis of operating results.

The dividend distribution should be in accordance with future capital budget plan, the operating policy on capital demand and the financial structure under conservative consideration. Basically, cash dividend is not lower than 20% of the total dividend and the final distribution is determined in the meeting of stockholders.

For the years ended December 31, 2014 and 2013, the bonus to employees was $20,279 thousand and $10,139 thousand, and the remuneration to directors and supervisors was $40,557 thousand and $20,279 thousand, respectively. The bonus to employees and remuneration to directors and supervisors were estimated based on past experiences and represented 2% and 4%, respectively, of distributable retained earnings. Material differences between such estimated amounts and the amounts proposed by the Board of Directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC, an amount equal to the net debit balance of certain shareholders' equity accounts (including unrealized revaluation increment, unrealized gain or loss on financial instruments, net loss not recognized as pension cost, cumulative translation adjustments) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank's capital surplus. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's capital surplus, the excess may be transferred to capital or distributed in cash.

Under the Company Law, legal reserve shall be appropriated until it has reached the Bank's capital surplus. This reserve may be used to offset deficit. When the Company has no loss and the legal reserve has exceeded 15% of the Bank's capital surplus, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Bank.

The appropriations of earnings for 2013 and 2012 had been approved in shareholders' meetings on June 6, 2014 and June 14, 2013, respectively. The appropriations and dividends per share were as follows:

	2013		**2012**	
	Appropriation of Earnings	**Dividend Per Share (NT$)**	**Appropriation of Earnings**	**Dividend Per Share (NT$)**
Legal reserve	$ 226,452		$ 17,769	
Special reserve	51,840		(436,641)	
Cash dividend - common stock	476,546	$0.20	478,101	$0.20

	2013		**2012**	
	Cash Dividends	**Stock Dividends**	**Cash Dividends**	**Stock Dividends**
Bonus to employees	$ 10,139	$ -	$ 10,172	$ -
Bonus to directors and supervisors	20,279	-	20,345	-

The appropriations of earnings for 2013 were approved in the board of directors' meeting on June 6, 2014. Because of transition to IFRSs, the Group reduced retained earnings by $388,956 thousand, and increased investments accounted for using equity method by $7,478 thousand and increased actuarial gain (loss) on defined benefit plans by $7,480 thousand, then increased net income by $1,128,836 thousand. After the reduction of retained earnings, appropriation for legal reserve was $226,452 thousand and appropriation for special reserve was $51,840 thousand. The amount of earnings available for distribution as dividends was $476,546 thousand and the appropriation was distributed in cash dividends.

The appropriations of earnings for 2012 were proposed according to the Bank's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

Bonuses to employees and remuneration to directors and supervisors for 2014 be proposed by the shareholders' meetings on March 25, were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 528,947	
Special reserve	279,154	
Cash dividend - common stock	955,055	$0.40

Bonus to employees and remuneration to directors and supervisors will be approved in shareholders' meeting on June 6, 2014.

Information on the bonus to employees, directors and supervisors proposed by the Bank's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

c. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ (9,412)	$ (149,183)
Exchange differences arising on translating the financial statements of foreign operations	295,585	154,914
Income tax related to gains arising on translating the financial statements of foreign operations	(38,331)	(15,143)
Balance at December 31	$ 247,842	$ (9,412)

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2014	**2013**
Balance at January 1	$ 169,548	$ 383,471
Unrealized gain arising on revaluation of available-for-sale financial assets	487,475	331,776
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	(224,971)	(449,311)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	101,286	25,781
Actual disposal of interest in subsidiaries	(211)	-
Share of unrealized gain on revaluation of available-for-sale financial assets of associates accounted for using the equity method	31,914	(122,169)
Balance at December 31	$ 565,041	$ 169,548

d. Non-controlling interests

	2014	2013
Balance at January 1	$ 16,153,633	$ 16,252,825
Attribute to non-controlling interests		
Share of profit for the year	985,090	1,047,473
Exchange differences arising on translation of foreign entities	20,766	8,972
Unrealized gains and losses on available-for-sale financial assets	50,636	(174,376)
Actuarial gains (loss) on defined benefit plans	(2,588)	3,607
Disposal of partial interest in CBF (Note 43)	20,197	-
Dissolved of TFITT	(30,372)	-
Subsidiaries dividends paid	(673,385)	(770,668)
Subsidiaries refund capital	(212,571)	(214,200)
Ending balance	$ 16,311,406	$ 16,153,633

e. Treasury stock

On June 26, 2013, the board of directors resolved, to buy-back outstanding shares at $5.5-$8 per share from emerging market in order to transfer the shares to employees. The Bank bought back 7,774 thousand shares in the amount of $50,620 thousand.

Under the Securities and Exchange Act, the Bank shall neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

32. NET INTEREST

	For the Year Ended December 31	
	2014	2013
Interest revenue		
Discounts and loans	$ 3,186,582	$ 2,483,127
Due from the central bank and call loans to banks	222,543	61,798
Investment in marketable securities	1,184,762	1,237,649
Securities purchased under agreement to resell	17,146	17,928
Installment sales and lease	716,068	587,325
Asset securitization interest	-	8,207
Others	237,709	278,391
	5,564,810	4,674,425
Interest expense		
Deposits	1,118,143	829,194
Due to central bank and other banks	316,244	381,269
Bank debentures	285,934	258,425
Securities sold under agreement to repurchase	897,760	1,020,374
Commercial paper payable	9,650	7,551
Debit loans	206,865	23,716
Others	25,100	19,446
	2,859,696	2,539,975
	$ 2,705,114	$ 2,134,450

33. COMMISSION AND FEE REVENUES, NET

	For the Year Ended December 31	
	2014	2013
Commission and fee revenue		
Guarantee business	$ 491,646	$ 410,856
Loan business	199,883	301,601
Agency income	201,387	166,610
Underwriting business	185,270	150,136
Trust business	30,897	22,561
Lease business	155,174	94,783
Credit examine business	132,340	76,847
Import and export business	34,634	22,641
Factoring business	34,319	22,844
Others	67,888	36,428
	1,533,438	1,305,307
Commission and fee expense		
Others	80,095	69,703
	$ 1,453,343	$ 1,235,604

34. GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT LOSS

	For the Year Ended December 31	
	2014	2013
Realized gain profit or loss		
Stocks	$ 586,519	$ 147,023
Bonds	(485)	91,119
Derivatives	290,776	1,120,817
Others	(1,083)	47,547
	875,727	1,406,506
Gains (losses) on valuation		
Derivatives	(276,976)	(216,486)
Others	(86,304)	(21,492)
	(363,280)	(237,978)
Interest revenue	1,223,010	1,044,605
	$ 1,735,457	$ 2,213,133

Above the profit and loss were due to price fluctuations arising except for currency exchange and cross-currency swap.

The profit and loss of current site for currency exchange and cross-currency swap were due to exchange rate fluctuations recorded as net exchange gains and losses.

35. REALIZED INCOME FROM AVAILABLE-FOR-SALE FINANCIAL ASSETS

	For the Year Ended December 31	
	2014	2013
Net profit on disposal - stocks	$ 322,104	$ 477,088
Net profit on disposal - bonds	16,042	25,422
Net profit on disposal - securitized beneficiary certificates	-	222,832
	$ 338,146	$ 725,342

36. REALIZED INCOME FROM HELD-TO-MATURITY

	For the Year Ended December 31	
	2014	2013
Net profit on disposal - bank debentures	$ 402	$ -

37. LOSS FROM ASSET IMPAIRMENT

	For the Year Ended December 31	
	2014	2013
Financial assets carried at cost	$ 74,446	$ 188,212
Available-for-sale financial assets	144,665	25,781
	$ 219,111	$ 213,993

The Group evaluated the value of assets already impaired, then recognized loss from assets impairment.

38. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2014	2013
Short-term employee benefits		
Salaries and wages	$ 1,091,707	$ 1,085,921
Award expense	465,685	232,736
Labor insurance and national health insurance	100,124	91,321
Others	185,796	247,968
Post-employment benefits		
Pension	70,054	62,523
Post-employment	-	5,156
	$ 1,913,366	$ 1,725,625

39. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2014	2013
Property and equipment	$ 145,472	$ 133,374
Investment real-estate	32	-
Intangible assets	35,238	32,596
Other assets	847	8,153
	$ 181,589	$ 174,123

40. OTHER OPERATING EXPENSES

	For the Year Ended December 31	
	2014	2013
Taxation	$ 270,761	$ 268,250
Rental	155,149	202,980
Management fee	26,945	24,451
Compensation payable to directors and supervisors	82,320	69,009
Computer operating and consulting fees	87,551	72,745
Entertainment	43,791	45,269
Professional services	45,625	51,982
Others	468,409	348,622
	$ 1,180,551	$ 1,083,308

41. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
In respect of the current period	$ 628,938	$ 582,906
In respect of prior periods	(25,909)	2,852
Deferred tax		
In respect of the current period	39,760	41,827
Others	(18,628)	(33,868)
Income tax expense recognized in profit or loss	$ 624,161	$ 593,717

The reconciliation of the income based on income before income tax at the statutory rate and income tax expense was as follows:

	For the Year Ended December 31	
	2014	2013
Income before income tax	$ 3,375,777	$ 2,770,026
Income tax expense at the statutory rate		
Income tax expense	687,209	564,952
Reconciling items		
Deductible expenses and losses	(2,183)	(50,275)
Temporary differences	53,788	74,815
Tax-exempt income	(98,907)	(150,059)
Additional income tax under Alternative Minimum Tax Act	44,814	91,338
Additional 10% income tax on unappropriated earnings	5,184	683
Arrived with investment tax credits of the current period	-	(5)
Arrived with a loss carryforwards of the current period	(61,618)	(8,607)
Current tax	628,287	522,842
Deferred tax		
Temporary differences	(7,721)	(12,043)
Loss carryforwards	28,853	19,852
Investment tax credits	-	150
Others	(25,528)	62,916
Income tax expense recognized in the profits or losses	$ 624,161	$ 593,717

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Deferred tax		
Recognized in other comprehensive income		
Translation of foreign operations	$ (51,240)	$ (27,490)
Fair value remeasurement of available-for-sale financial assets	(16,737)	39,775
Actuarial gains (loss) on defined benefit plans	1,529	(1,825)
	$ (66,448)	$ 10,460

c. Deferred tax assets and liabilities

For the year ended December 31, 2014

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Closing Balance
Temporary difference					
FVTPL financial assets	$ 1,413	$ (1,391)	$ -	$ -	$ 22
Property and equipment	20,745	(10,892)	-	554	10,407
Exchange difference on foreign operations	6,939	-	(6,939)	-	-

(Continued)

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Closing Balance
AFS financial assets	$ 24,672	$ -	$ (16,544)	$ 728	$ 8,856
Defined benefit plans	10,866	-	(1,137)	-	12,003
Provisions	305,115	31,347	-	8,031	344,493
Doubtful debts	79,995	9,079	-	97	89,171
Asset impairment	9,707	-	-	-	9,707
Other	49,309	11,920	-	3,427	64,656
	508,761	40,063	(22,346)	12,837	539,315
Investment credits					
Tax losses	30,287	(30,287)	-	-	-
	$ 539,048	$ 9,776	$ (22,346)	$ 12,837	$ 539,315

(Concluded)

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Closing Balance
Temporary difference					
FVTPL financial assets	$ 5,732	$ 1,781	$ -	$ -	$ 7,513
AFS financial assets	1,031	-	193	-	1,224
Associates	67,669	29,320	-	-	96,989
Exchange difference on foreign operations	5,569	-	44,301	-	49,870
Defined benefit plans	900	(203)	(392)	(305)	-
Other	675	10	-	-	685
	$ 81,576	$ 30,908	$ 44,102	$ (305)	$ 156,281

For the year ended December 31, 2013

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Closing Balance
Temporary difference					
FVTPL financial assets	$ -	$ 1,413	$ -	$ -	$ 1,413
Property and equipment	16,289	4,242	-	214	20,745
Exchange difference on foreign operations	28,860	-	(21,921)	-	6,939
AFS financial assets	(15,103)	-	39,955	(180)	24,672
Defined benefit plans	19,522	(7,425)	(1,231)	-	10,866
Provision	276,397	24,939	-	3,779	305,115
Doubtful debts	85,378	(5,373)	-	(10)	79,995
Asset impairment	14,418	(4,814)	-	103	9,707
Other	40,129	7,988	-	1,192	49,309
	465,890	20,970	16,803	5,098	508,761
Investment credits	150	(150)	-	-	-
Tax losses	75,606	(45,319)	-	-	30,287
	$ 541,646	$ (24,499)	$ 16,803	$ 5,098	$ 539,048

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other	Closing Balance
Temporary difference					
FVTPL financial assets	$ 46,281	$ (40,549)	$ -	$ -	$ 5,732
AFS financial assets	851	-	180	-	1,031
Associates	41,755	25,914	-	-	67,669
Exchange difference on foreign operations	-	-	5,569	-	5,569
Defined benefit plans	306	-	594	-	900
Other	2,580	(1,905)	-	-	675
	$ 91,773	$ (16,540)	$ 6,343	$ -	$ 81,576

d. Integrated income tax

	December 31	
	2014	2013
Imputation credit accounts	$ 96,926	$ 90,255

The creditable ratio for distribution of earnings of 2014 and 2013 was 7.01% (estimated), 20.48%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Bank was based on the balance of the ICA as of the date of dividend distribution.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

Under Rule No. 10204562810 issued by Taipei National Taxation Administration when calculating tax creditable ratio for the first-time adoption of IFRSs, the balance of retain earnings should contain the net increase or decrease due to the first-time adoption of IFRSs.

e. Income tax assessments income tax returns of the Group through 2012 had been assessed by the Taipei National Tax Administrative, except the CBF for 2010 had not been assessed by the Taipei National Tax Administration.

42. EARNINGS PER SHARE

Earnings used in calculating earnings per share and weighted average number of ordinary shares as follows:

	Amount (Numerator)	Shares (Denominator) (Thousands)	Earnings Per Share (Dollars)
Year ended December 31, 2014			
Basic earnings per share			
Net profit attributable to owner of the Bank	$ 1,766,526	2,382,732	$ 0.74
Year ended December 31, 2013			
Basic earnings per share			
Net profit attributable to owner of the Bank	$ 1,128,836	2,387,143	0.47

43. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 2014, the Group disposed of 0.13% of its interest in TFITT Limited, reducing its interest from 28.5% to 28.37%. IBT's ownership of the interest in TFITT is 16.67%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	CBF
Cash consideration received	$ 19,140
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(25,479)
Adjustment for other equity:	
Special reserve (attributable to owners of IBT was 15 thousand)	91
Fair value remeasurement of available-for-sale financial asset (attributable to non-controlling interests was 211 thousand)	1,268
Differences arising from equity transaction	$ (4,980)

	CBF
Differences arising from equity transaction attributable to	
Owners of the Bank	$ (831)
Non-controlling interests	(4,149)
	$ (4,980)

44. RELATED PARTY TRANSACTIONS

a. The related parties and their relationship with the Group are summarized as follows:

Related Party	Relationship with The Bank
IBT II Venture Capital Co., Ltd. (IBT II Venture)	Associates
Tai Chia International Co., Ltd.	Associates
IBT Education Foundation (IBTEF)	The Bank is the major donor of the foundation
Taiwan Cement Corporation	The Bank's legal director
Yi Chang Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Bank's legal director
Others	The Bank's management and their other relatives

b. The significant transactions and balances with the related parties are summarized as follows:

1) Deposits

	Ending Balance	Interest Expense	Rate (%)
For the year ended December 31, 2014			
Associates	$ 45,453	$ 1,089	0.00-1.42
Others	926,596	5,664	0.00-6.92
	$ 972,049	$ 6,753	
For the year ended December 31, 2013			
Associates	$ 252,512	$ 911	0.05-1.42
Others	318,003	3,874	0.00-6.92
	$ 570,515	$ 4,785	

2) Directors acting as the guarantor of the loan balance

	Ending Balance	Rate (%)
December 31, 2014	$ 950,000	1.69
December 31, 2013	$ 950,000	1.65

3) Service fee income

	For the Year Ended December 31	
	2014	2013
Associates	$ 219	$ 224

Service fee income is earned by providing authentication and custody services.

4) Other expense

	For the Year Ended December 31	
	2014	2013
Others	$ 3,329	$ 4,130

Other expenses are donations.

5) Rental income and others

	For the Year Ended December 31	
	2014	2013
Others	$ 52	$ 966

Rental income received by the department is revenue from leasing and management service.

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2014 and 2013 were as follows:

	For the Year Ended December 31	
	2014	2013
Short-term employee benefits		
Salaries and wages	$ 113,505	$ 125,152
Awards	104,794	98,720
Others	56,311	69,712
	274,610	293,584
Post-employment benefits	5,146	15,185
	$ 279,756	$ 308,769

The terms of the transactions with related parties are similar to those for third parties, except for the preferential interest rates given to employees for savings and loans. These rates should be within certain limits.

Under the Banking Law, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

45. PLEDGED ASSETS

	December 31 2014	December 31 2013
Financial assets at fair value through profit or loss	$ 8,100,000	$ 12,299,776
Discounts and loans	7,751,385	6,510,417
Available-for-sale financial assets	2,141,226	1,801,734
Pledged time deposits	351,940	359,500
Compensation account for payment	113,969	102,693
	$ 18,458,520	$ 21,074,120

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided certificates of deposits (part of due from the Central Bank and call loans to banks and financial assets at fair value through profit or loss) as collateral for the day-term overdraft. The pledged amount is adjustable based on overdraft amount, and at the end of the day, the unused part can be used for liquidity reserve. The above available-for-sale financial assets were bond investments and mainly provided as collateral for exchange clearing, interest rate swap contracts, trust compensation, and for EverTrust Bank to issue certificates of deposit in the U.S.A. Besides, the above loans were provided as collateral for EverTrust Bank to apply for credit limits to Federal Home Loan Bank of San Francisco. Restricted assets were provided not merely as collaterals for short-term borrowings, commercial paper issued, contract security deposit and administrative reliefs, but as pledged for the Central Bank bond bidding.

46. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2014 and 2013, the Group had commitments as follows:

	December 31 2014	December 31 2013
Office decorating and contracts of computer software		
Amount of contracts	$ 601,870	$ 134,554
Payments for construction in progress and prepayments for equipment	229,074	73,787

The Group contracted with VteamSystem, Star Technology, Top Information, Econcord, and Jia-Teng for the Group to develop information system. The total amount of the contracts was about $590,000 thousand.

b. The Group as lessee

Due to rental of buildings, the bank and its subsidiaries have been entered into various leasehold contracts with others, respectively. These contracts are gradually expire before the end of November 2018.

As of December 31, 2014 and 2013, refundable deposits paid under operating lease amounted to $22,668 thousand and $21,088 thousand.

The future minimum payment under non-cancellable operating lease summarized as follows:

	December 31	
	2014	2013
Up to 1 years	$ 127,166	$ 109,177
Over 1 year to 5 years	268,666	189,216
Over 5 years	64,933	78,003
	$ 460,765	$ 376,396

c. The Securities and Futures Investors Protection Center filed a lawsuit against the general manager and other staff of the Bank for violating the Securities and Exchange Act. After losing the lawsuit on April 30, 2014, the Group reached an agreement with the Securities and Futures Investors Protection Center, and paid penalty of $968 thousand.

d. Regarding the merger in which subsidiary company, IBT Asset Management Co., Ltd. (IBTAM), was merged by Taishin Securities Investment Trust Co., Ltd. (TSIT) on December 18, 2010, the rights, obligations and liabilities of the Bank and the main stockholder of IBTAM, Chiung-Tzan Chen were as follows:

1) According to the contract, the Bank transferred part of the consideration in the amount of $89,675 thousand (part of refundable deposits) to an account of IBTS for settlement of ABCP. The Bank and the main stockholder of IBTAM, Chiung-Tzan Chen, have to assume the rights, obligations and liabilities of ABCP. The Bank evaluated the settlement as resulting in a deficiency; thus, it recognized $112,879 thousand liability (part of other liabilities - others). In October 2012, ABCP ended the liquidation and allocated the liquidating value excluding the retention for the foreign lawsuit to the relevant beneficiary. According to the contract, the Bank obtained premium of $58,569 thousand and $2,352 thousand at December 31, 2013 and 2012, respectively on the settlement of ABCP from IBTS and reversed the liability mentioned above as benefits (part of net revenue other than interest) in the amount of $171,448 thousand and $2,352 thousand, respectively. Furthermore, the consideration transferred as retention had been returned.

2) As for litigations and contingencies between IBTAM and investors of the funds managed by IBTAM (the "Investors"), the consideration of $22,419 thousand is reserved in TSIT for contract security.

a) For investment loss, the chairman and general manager of the Investor filed a civil lawsuit against IBTAM and the manager of IBT 101 Global MBS Fund to claim compensation of $66,914 thousand on October 13, 2008. The lawsuit has been judged many times; finally, the accuser withdrew the civil lawsuit on March 23, 2010. However, the Investor filed another lawsuit accusing of fraud IBTAM's employee in the Taipei District Prosecutor's Office in June 2010; The Investor repeatedly filed the lawsuit, but the prosecutor dismissed all the cases separately in January, June and October 2011. In December 2012, the Taipei District Prosecutor's Office ended its investigation and still concluded the accused should not be prosecuted.

b) Another investor filed a civil lawsuit against IBTAM, the manager of IBT Global MBS Fund, and Polaris Securities on July 17, 2009. The investor asked for a compensation of $18,481 thousand from IBTAM and Polaris Securities on March 19, 2010, plus 5% interest from June 11, 2009 to the date of payment of the compensation. The Taipei District Court adjudged that IBTAM is without liability on September 12, 2013. The defendants have authorized a lawyer to deal with the lawsuit and this legal case is in the process of litigation at the Taipei High Court.

According to the Contract, after 2 years of merger date, the retention for the guarantee would be fully returned to the Bank, unless the deductions due to loss regarding litigation, non-litigation, settlement or administrative sanctions were determined. As of December 31, 2014, the amount of $17,397 thousand was not yet refunded. As for the litigations and contingencies, IBT considered there is still possibility of loss. Thus, it conservatively evaluated to recognize $18,182 thousand of liabilities.

e. IBTS Asia (HK) Limited (IBTS Asia), subsidiary company of IBTS (second defendant in this case), was sued by a client, Rao, who alleged his partner, Liang (first defendant in this case), violated the cooperative agreement among themselves and sold all of the 650 million shares of Uni-Bio Science Group Limited (the original 650 million shares have been merged into 65 million shares by now) in their joint account opened at IBTS Asia, and IBTS Asia together with its manager, Sih Tu (third defendant in this case), failed to follow the cooperative agreement to monitor the performance of the agreement; therefore, all the three defendants should return the 650 million shares or pay compensation. Neither IBTS Asia nor its employees have signed the cooperative agreement. The plaintiff has submitted pleadings to The High Court of Hong Kong in January 2010, and arranged the trial notice on February 28, 2013. The court held the case investigation management meeting on September 12, 2013, November 14, 2013 and February 27, 2014, respectively. The Group estimates the final possibility of loss is low, but still depends on the jurist's sentence.

47. TRUST BUSINESS UNDER THE TRUST LAW

Trust-related items are shown in the following balance sheet and trust property list:

Balance Sheet of Trust Accounts

	December 31 2014	December 31 2013
Trust assets		
Bank deposits	$ 2,626,019	$ 219,905
Financial asset	228,378	902,578
Real estate	5,350,004	4,408,295
	$ 8,204,401	$ 5,530,778
Trust liabilities	$ -	$ -
Trust capital	8,204,401	5,530,778
	$ 8,204,401	$ 5,530,778

Income Statements of Trust Accounts

	For the Year Ended December 31 2014	For the Year Ended December 31 2013
Trust revenue		
Interest revenue	$ 102,931	$ 97,251
Rental	-	120
Trust expenses		
Tax expense	-	6
Service expense	-	24
Income tax expense	10,293	9,725
	$ 92,638	$ 87,616

The above income accounts are not included in the Bank's income statements.

Trust Property List

	December 31	
	2014	**2013**
Bank deposit	$ 2,626,019	$ 219,905
Stock	228,378	228,378
Structure commodity	-	674,200
Land	3,559,191	2,708,295
Real estate, net	1,790,813	1,700,000
	$ 8,204,401	$ 5,530,778

48. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

Except as detailed in the following table, the management consider that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

	December 31			
	2014		2013	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets				
Held-to-maturity financial assets	$ 4,884,679	$ 4,885,359	$ 2,293,502	$ 2,068,568
Financial liabilities				
Bank debentures	14,980,000	15,075,276	11,480,000	11,523,135

b. Valuation techniques and assumptions applied for the purpose of measuring the fair values

In a fair deal, the transaction is fully understood and there is willingness to achieve by the two sides, in exchange of assets or settle of liabilities, fair value is the amount settled. Financial instruments at fair value through profit or loss, available-for-sale financial assets and hedging derivative financial assets refer to quoted market prices for fair value. If quoted market prices are not available, then fair value is determined by using a valuation technique.

1) Marking-to-market

This measurement should be used first. Following are the factors that should be considered when using marking-to-market:

a) Ensure the consistency and completeness of market data.

b) The source of market data should be transparent, easy to access, and should come from independent resources.

c) Listed securities with high liquidity and representative closing prices should be valued at closing prices.

d) Unlisted securities which lack tradable closing prices should use quoted middle prices from independent brokers and follow the guidelines required by regulatory authorities.

2) Marking-to-model

The marking-to-model is used if marking-to-market is infeasible. This valuation methodology is based upon the market parameters to derive the value of the positions and incorporate estimates, as well as assumptions consistent with those generally used by other market participants to price financial instruments.

Fair values of forward contracts are estimated based on the forward rates provided by Reuters. Fair values of interest rate swap and cross-currency swap contracts are based on counterparties' quotation. Other derivatives are evaluated by the Kondor$^+$ system.

The fair value of interest exchange and swap contracts are using the Kondor$^+$ information system to capture market data from Reuters for calculating the fair value assessment of individual contracts. The structured and credit-linked instruments use discounted cash flows at the applicable yield curve for the duration to calculate and analyze the fair value. Option trading instruments use option pricing model commonly used in the market (ex: Black-Scholes model) to calculate the fair value.

Fair value of bank debentures is estimated based on the discounted cash flows. At December 31, 2014 and 2013, both discount rates used by the Bank and its subsidiaries were 1.59%-3.50% which were close to the rates for borrowings with similar terms.

c. The fair value hierarchy of the financial instruments as of December 31, 2014 and 2013 were as follows:

(In Thousands of New Taiwan Dollars)

Item	December 31, 2014 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 1,844,442	$ 1,730,151	$ 114,291	$ -
Bonds	2,923,554	923,648	1,886,102	113,804
Bills	82,956,851	182,981	82,773,870	-
Others	32,012,439	-	32,012,439	-
Financial assets designated as fair value through profit or loss	-	-	-	-
Available-for-sale financial assets				
Stocks	2,355,481	2,335,481	-	-
Bonds	88,928,852	1,518,552	87,410,300	-
Others	3,799,758	-	3,799,758	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	267,281	267,281	-	-
Financial liabilities designated as fair value through profit or loss	149,646	149,646	-	-

(Continued)

Item	December 31, 2014 Total	Level 1	Level 2	Level 3
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 18,667,639	$ 15,639	$ 8,321,223	$ 10,330,777
Liabilities				
Financial liabilities at fair value through profit or loss	5,378,581	341	5,376,668	1,572

(Concluded)

Item	December 31, 2013 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 3,466,696	$ 2,097,952	$ 1,368,744	$ -
Bonds	2,222,182	776,927	1,330,721	114,534
Bills	74,411,744	-	74,411,744	-
Others	52,198,693	-	52,198,693	-
Financial assets designated as fair value through profit or loss	8,610,256	-	148,911	8,461,345
Available-for-sale financial assets				
Stocks	2,009,667	2,009,667	-	-
Bonds	82,697,282	-	82,697,282	-
Others	2,131,499	117,194	2,014,305	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	734,461	734,461	-	-
Financial liabilities designated as fair value through profit or loss	31,455	-	31,455	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	5,372,893	120,232	5,243,180	9,481
Liabilities				
Financial liabilities at fair value through profit or loss	1,551,939	2,192	1,549,747	-

1) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. In accordance with Statement of Financial Accounting Standards (SFAS) No. 34 - “Financial Instruments: Recognition and Measurement,” active markets are markets with all of the following conditions: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.

2) Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

3) Level 3 - inputs not based on observable market data (unobservable inputs).

d. Reconciliation of Level 3 items of financial instruments

For the year ended December 31, 2014

(In Thousands of New Taiwan Dollars)

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/ Sold	Transfer Out of Level 3	
Financial assets at fair value through profit or loss							
Held-for-trading financial assets	$ 114,534	$ (730)	$ -	$ -	$ -	$ -	$ 113,804
Financial assets designated as fair value through profit or loss	8,461,345	22,365	11,817,400	-	(9,970,600)	-	10,330,510
Derivative	9,481	(1,186)	10,876	-	(18,904)	-	267
Financial liabilities at fair value through profit or loss							
Held-for-trading financial liabilities	-	1,572	-	-	-	-	1,572

For the year ended December 31, 2013

(In Thousands of New Taiwan Dollars)

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/ Issued	Transfer to Level 3	Disposed/ Sold	Transfer Out of Level 3	
Financial assets at fair value through profit or loss							
Held-for-trading financial assets	$ 120,496	$ (5,962)	$ -	$ -	$ -	$ -	$ 114,534
Financial assets designated as fair value through profit or loss	-	(18,055)	12,868,100	-	(4,388,700)	-	8,461,345
Derivative	267,719	(13,393)	48,551	-	(293,396)	-	9,481

e. Transfer between Level 1 and Level 2

The Group has no significant transfers between Level 1 and Level 2 for years ended December 31, 2014 and 2013.

f. Sensitivity to using reasonable alternative in assumption against Level 3 fair value

Although the Group believes that their estimates of fair value are appropriate, their using of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 of the fair value hierarchy, structural bonds are evaluated by counterparty quotes; no quoted market price of the Bonds and convertible corporate bonds for asset swap are evaluated by the future cash flows discounted model. Its discount rate as the zero coupon yield curve is deduced by using the LIBOR rate yield curve and the dollar yield curve consisting swap rate and considering credit risk premium. A 10% change in either direction of the quotes from respective counterparties would have the following effects:

For the year ended December 31, 2014

(In Thousands of New Taiwan Dollars)

	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through profit or loss				
Derivative financial instruments	$ 23	$ (23)	$ -	$ -

For the year ended December 31, 2013

(In Thousands of New Taiwan Dollars)

	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	**Unfavorable**	**Favorable**	**Unfavorable**
Financial assets at fair value through profit or loss Derivative financial instruments	$ 27	$ (27)	$ -	$ -

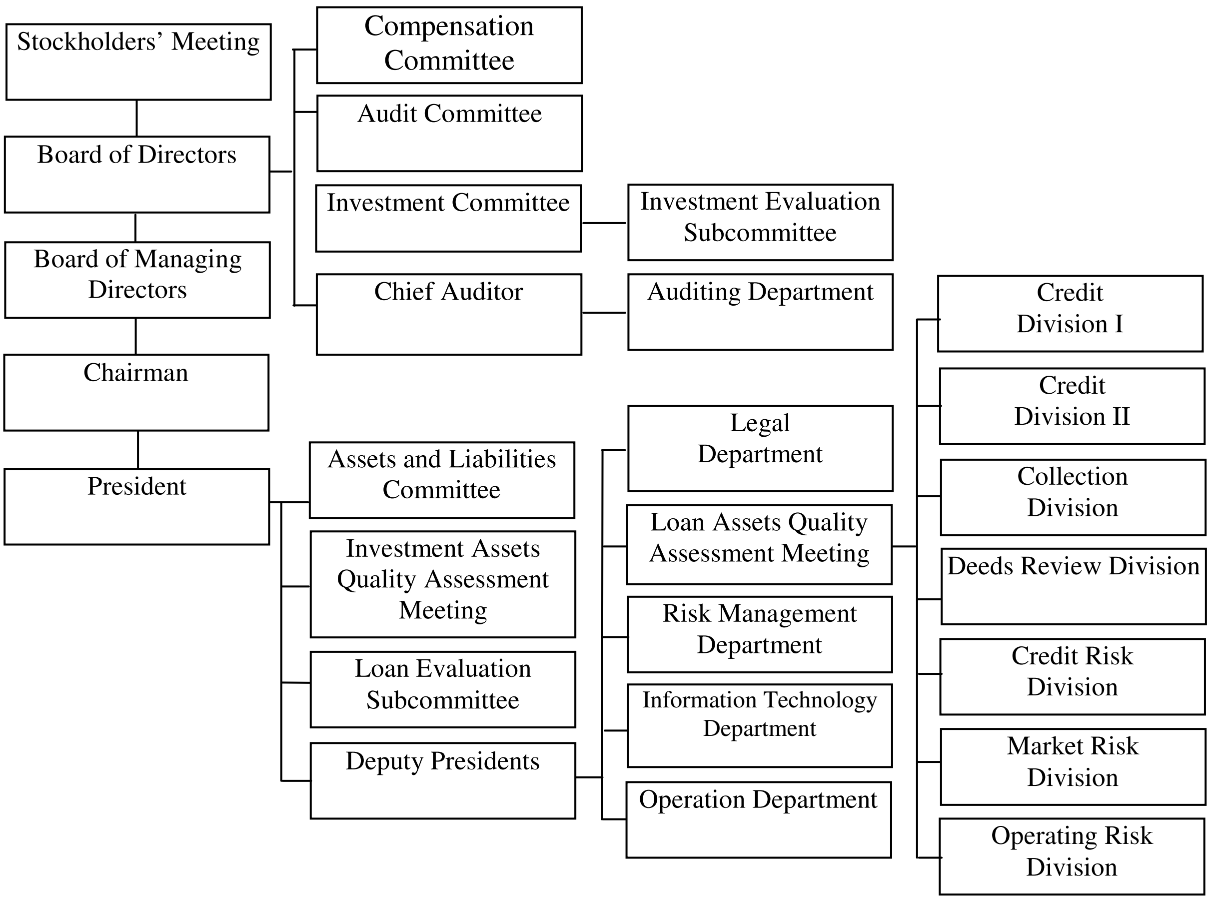
49. FINANCIAL RISK MANAGEMENT

a. Overview

The Group's risk appetite which is an expression of the amount of risk the Group is prepaid to take. The Group continues to engage actively with the regulators and monitors the capital adequacy ratio to meet the Base1 III requirements.

b. Risk management framework

Ultimate responsibility for setting the Bank's risk appetite rests with the Board of Directors, Compensation Committee, Audit Committee, Chief Auditor and Investment Committee are reporting to the Board of Directors. Assets and Liabilities Committee, Investment Evaluation Subcommittee, and Loan Evaluation Subcommittee, which are under the President, hold Capital Meeting and Quality Evaluation of Assets Meeting for discussing and considering risk management proposals regularly. Risk Management Department is responsible for establishing a total scheme of risk management and monitoring of execution.



1) Assets and Liabilities Committee: It has responsibility for oversight and review of significant issues, policies relating to management of assets and liabilities, liquidity risk, interest rate sensitivity, market risk and capital adequacy.

2) Loan Evaluation Subcommittee: It reviews the loan cases that should be reviewed by the president or higher authorities.

3) Investment Evaluation Subcommittee: It reviews equity investments which are submitted by the investment department.

4) Loan and investment assets assessment meetings held for various businesses:

   a) Investment assets quality assessment meeting

      i. Examine the quality of investment assets at the Levels 5 to 8, and determine the related strategies and policies.

      ii. Discuss and approve the evaluation methods and results and accounting principles by evaluators of equity investment department.

      iii. Assess the probable loss of investment assets, pass cases of investment loss recognition, and make the proposal to the board for resolution.

      iv. Track the operation of investees in which investment was fully recognized as loss.

   b) Loan assets quality assessment meeting

      i. Examine the quality of loan assets and determine the related strategies and policies.

      ii. Assess the probable loss of loan assets and discuss the adequacy of allowance for credit losses and its recognition.

IBTS's risk management comprises the Board of Directors, risk management committee and risk management department.

1) Board of Directors: It has responsibility for setting risk appetite, including limits of department losses, VaR, and the amount of specific investments.

2) Risk management committee: It has responsibility for approving qualitative and quantitative risk management processes and methods, assets and VaR of configuration and dynamic adjustment, as well as managing authority for extraordinary cases, depending on business needs for first approval.

3) Risk management department: It has responsibility for the effective planning, monitoring and implementing risk management services. It acts within the authority delegated by the Risk Management Committee. Its responsibilities also include the daily risk monitoring, measurement, and evaluation. Various parts of the periodic evaluation of the profit or loss, the amount of license management, the implementation of the internal risk management practices and conditions, periodic/occasional risk management reports, assess risk exposure and risk concentration, stress testing and back testing methods development and implementation checklist for use of financial instruments business pricing model and evaluation system, evaluation and confirmation of price information, as well as quantitative management planning operational risk management systems.

China Bills Finance Corporation's (CBF) board of directors has the ultimate responsibility for risk framework decisions unit and oversees the implementation of the risk management. Business risk management which is headed by the general manager is comprised of Financial Assets and Liabilities Management Committee, Business Committee and the Investment Commission for the joint implementation of market risk, credit risk and operational risk control, and the other set of business and oversight of the audit office, and the business risk control management unit case. To effectively manage the overall risk and risks associated with integration of information, CBF has defined risk assessment methods and has summarized risk positions for the risk management group responsible for implementing the risk management operations.

c. Credit risk

1) Sources and definition of credit risk

Credit risk is the potential loss due to the failure of counterparty to meet its obligation to pay the Bank and its subsidiary in accordance with agreed terms.

2) Strategy/objectives/policies and procedures

a) Credit risk management strategy: The Bank and its subsidiaries are set as the implement the relevant provisions of the principles of credit risk management requirements and establish the Bank its subsidiaries' of credit risk management mechanism to ensure that the credit risk control is within effective but affordable range, and maintain adequate capital, and execute sound management of the Bank and its subsidiaries credit risk, and achieve operational and management objectives.

b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, application of the principle of risk diversification, implementation of the Bank and subsidiaries' credit risk management, to minimized potential financial losses and pursue optimal reward.

Sound risk management systems and control processes, and strengthened information integration, analysis and early warning validation, make credit management and monitoring to ensure compliance with laws and regulations, the Group's standards, and serve to maintain high credit standards and asset quality.

c) Credit risk management policy: The Bank and its subsidiaries establish risk management system to ensure the integrity of the Bank and its subsidiaries' business risk management and compliance particularly with the Financial Supervisory Commission issued the "financial holding companies and banking internal control and Auditing System Implementation Measures "and "norms for formulating proposals and execution of risk management policies by subsidiaries of banks"; to limit the credit risk of the Bank and its subsidiaries within the acceptable range, to maintain adequate capital and credit risk strategy to achieve the objectives, and to create maximum risk-adjusted returns.

d) Credit risk management process:

i. Risk identification

Credit risk management process begins with the identification of existing and potential risks, including the banking book and the trading book, including balance sheet and off-balance sheet transactions, along with financial innovation; as new businesses become increasingly complex, business executives in order do existing and new businesses, should be fully aware of the complexity involved in the business of credit risk, re-order business and other cases or transactions to be able to identify any possibility of having an event of default.

ii. Risk measurement

i) The Bank manages assets portfolio by the risk rating scale.

The risk rating scale qualifies the default possibilities of debtors and operation difficulty possibilities of investees in the next year. Risk rating must actually be scaled within credit and investors. The continual change of market gives rise to the change of credit or investor. Therefore, risk rating must be reevaluated and updated often.

ii) Portfolio management:

- It is used to ensure the risk of loan is within the tolerable scope,
- It is also used to set up concentration limit to sufficiently diversify the risk, and
- It achieves the optimal profits.

iii. Risk communication

i) Internal reporting: Risk management position shall establish appropriate credit risk reporting mechanism for regular statistical reporting and the preparation of a variety of business risk management reports which contain correct, consistent, and real-time credit risk reporting information to ensure any exceptions can be acted on immediately, and as a reference for decision-making. The above communication may include: Asset quality, portfolio rating classification status, and all kinds of exception reports.

ii) External disclosure: To comply with the requirements for capital adequacy supervisory review and market discipline principles, the business director of credit risk level should prepare reports in the format specified by the competent authority showing contents, methods and frequency to provide information on the credit risk of the Bank and its subsidiaries quantitative, qualitative indicators to illustrate the self-assessment and credit risk management system and disclose information about capital and other capital adequacy matters.

iv. Risk monitoring

i) The Bank and its subsidiaries shall establish monitoring system to assess changes in credit risk of borrower or counterparty or issuer (eg, bonds issuer and guarantor of issuers of equity related products, derivatives counterparties' credit rating information and credit information), to serve timely detection of problems on assets or transactions, and take immediate action to cope with the possible breach.

ii) Besides monitoring the individual credit risk, the Group also deal with credit portfolio monitoring and management.

iii) Establish stringent credit processes, credit standards and loan management; the project includes the credit factors that should be considered for new credit and credit transfer period, commitment to the periodic review of credit, maintenance of credit records and the proportion of various types of loans in the credit portfolio.

iv) Establish quota management system to avoid excessive concentration of credit risk to nationality, industry types, same group, same relations, etc.

v) Establish collateral management system to ensure that collaterals can be effectively managed.

3) Credit risk management framework

a) The Board of Directors: The Board of Directors, the top risk supervisor of the Company, is responsible for authorizing and reviewing the credit risk management strategies, and approving the credit risk management framework.

b) The Audit Department: The department is directly under the board of directors, and has one chief auditor. The department is responsible for auditing the credit risk management framework, and for ensuring the effective implementation of the credit risk management framework.

c) The Audit Committee: Responsible for stipulation and amendment of stipulations on issues about internal control framework, effectiveness of internal control framework, acquisition or disposal of assets or derivatives, monitoring of directors' self-interest issues, appointment or dismissal of the CPA and internal auditors, and other important issues ruled by the FSC.

d) The Salary and Remuneration Committee: The committee considers the reasonable relationship of personnel performance, business operation, and future risk, and stipulates and reviews the policies on incentive program for the board of directors and managers periodically.

e) The Investment Examination Committee: The committee is responsible for setting investment policies, and deliberates on the overseas investment and reinvestment that is above the chairman of the board's authority.

f) The Asset/Liability Management Committee: The committee is responsible for convening meetings for management of assets and liabilities, and reviews the policies and strategies about management of assets and liabilities, liquidity risk, currency rate risk, market risk, and capital adequacy ratio.

g) The Investment Assessment Group: Evaluates the Investment Department's projects, and submits approved projects to Investment Examination Committee and the Board of Directors.

h) The Credit Assessment Group: Evaluates the Risk Management Department's credit projects, and submits approved projects to authorized levels.

i) The Investment Assets Quality Evaluation Group: The group is in charge for making policies and strategies for identifying the possibilities of loss on financial assets. The group discusses and approves the evaluation method and analyzes the results of the evaluation of the financial assets.

j) The Credit Assets Quality Evaluation Group: The group is in charge for making policies and strategies for identifying the possibilities of loss on credit assets. The group evaluates the adequacy of the allowance for credit assets.

k) The Risk Management Division: The division makes sure the Group follows the BASEL's regulation, and is responsible for the preparation of risk management reports, and responsible for planning and application of monitoring tools for credit risk measurement.

l) The Business Management units: The units stipulate regulations, progress and internal control for business management, and monitors the activities of operation units.

m) The Operation units: Adhering to the risk management regulations and procedures stipulated by the Business Management units, the Operation units implement daily risk management works and internal controls.

4) Credit risk measurement, control and reporting

The Bank regularly monitors the credit risk limit control situations and reports for the risk behind the financial products and business operations, and is approved properly by the Board of Directs or authorized committee.

a) Credit evaluation system: Ranking customers' credit rating by scorecards produced from the data of customers' credit status used in statistics methods.

b) Risk evaluation system: The Credit evaluation score card is divided into 10 grades including customers' guarantee status, credit period, credit risk of borrower's country and credit risk of products.

c) Centralized management of credit limit: The Group measures each risk in the comparability basis by the same borrower, trading partner or interested parties, and sets the overall credit limit and control policies by country, industries, business and financial institution.

5) Mitigation of risks or hedging of credit risk

The Bank primarily applies the following risk mitigation tools to reduce extent of credit risk exposures: (1) by requiring the counterparty or third parties to provide collateral, (2) the balance sheet netting: Credit is backed by the counterparty's bank deposits (on-balance sheet netting), (3) third party guarantees.

Credit risk mitigation tools can reduce or transfer credit risk, but may give rise to other residual risks, including: Legal risk, operational risk, liquidity risk and market risk. The Bank adopted stringent procedures necessary to control these risks, such as policy formulation, development of operating procedures to conduct credit checks and evaluation, system implementation, contract control and so on.

The Group has developed collateral management policies and operating procedures, including recognition of collateral data, and building of collateral management system. The Group uses a computing platform for mitigation of complex risk and completes the required collateral to offset data field collection and analysis, and links levy credit systems and collateral management system information to build up capital provision.

6) Maximum exposure to credit risk

The maximum potential amount of future payments represents the notional amounts that could be lost under the guarantees if there were a total default by the guaranteed parties, without consideration of possible recoveries under recourse provisions or from collateral held or pledged.

The maximum credit exposure of the financial instruments held by the Group is equal to the book value except as follows:

Off-balance Sheet Item	**Maximum Exposure Amount December 31**	
	2014	**2013**
Financial guarantees and standby letter of credit		
Contract (notional) amounts	$ 148,085,295	$ 135,305,612
Maximum exposure amounts	148,085,295	135,305,612

7) Concentrations of credit risk exposure

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to the Bank's total credit exposure. The Bank maintains a diversified portfolio, limits its exposure to any one geographic region, country or individual creditor and monitors the exposure on a continuous basis. On December 31, 2014 and 2013, the Bank's most significant concentrations of credit risk were summarized as follows:

a) By industry

Credit Risk Profile by Industry Sector	December 31			
	2014		2013	
	Amount	%	Amount	%
The printed circuit board component manufacturing	$ 15,666,759	7	$ 14,428,815	7
Financial intermediary	42,342,588	19	39,213,531	20
Real estate	26,789,708	12	27,410,312	14

b) By counterparty

Credit Risk Profile by Industry Sector	December 31			
	2014		2013	
	Amount	%	Amount	%
Private sector	$ 130,883,340	98	$ 113,169,511	96
Public enterprise	-	-	2,284,895	2
Natural person	2,375,653	2	2,190,088	2

c) By geographical area

Credit Risk Profile by Industry Sector	December 31			
	2014		2013	
	Amount	%	Amount	%
Domestic	$ 86,538,835	65	$ 73,899,783	63
Other Asia area	18,059,979	14	20,081,140	17
Central America	21,510,583	16	20,656,139	18

8) Credit quality and impairment assessment

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to banks, financial asset at fair value through profit or loss, repos and debt securities, refundable deposits, guaranty bond and clearing and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

a) Credit analysis for receivables and discounts and loans

December 31, 2014	Neither Past Due Nor Impaired Amount (A)	Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables (Note)	$ 15,146,081	$ -	$ 91,000	$ 15,237,081	$ 57,235	$ 267,759	$ 14,912,087
Discounts and loans	129,684,688	-	3,855,863	133,540,551	672,798	1,842,023	131,025,730

December 31, 2013	Neither Past Due Nor Impaired Amount (A)	Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables (Note)	$ 10,801,814	$ -	$ 26,192	$ 10,828,006	$ 8,321	$ 157,659	$ 10,662,026
Discounts and loans	114,814,084	-	5,264,304	120,078,388	979,729	1,327,881	117,770,778

Note: The above receivables include installment, interest receivables, acceptances, securities margin loans receivable, lease payment receivable and factoring.

b) Credit analysis for marketable securities

December 31, 2014	Neither Past Due Nor Impaired Amount (A)	Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Available-for-sale financial assets							
Bonds	$ 90,638,327	$ -	$ -	$ 90,638,327	$ -	$ -	$ 90,638,327
Equity investments	2,128,373	-	462,999	2,591,372	255,891	-	2,335,481
Others	2,089,883	-	-	2,089,883	-	-	2,089,883
Held-to-maturity financial assets							
Bonds	4,884,679	-	-	4,884,679	-	-	4,884,679
Other financial assets							
Equity investments	2,082,662	-	1,658,986	3,741,648	1,213,993	-	2,527,655

December 31, 2013	Neither Past Due Nor Impaired Amount (A)	Overdue But Not Yet Impaired (B)	Impaired Amount (C)	Total (A)+(B)+(C)	Loss Recognized (D)		Net Total (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Available-for-sale financial assets							
Bonds	$ 82,697,282	$ -	$ -	$ 82,697,282	$ -	$ -	$ 82,697,282
Equity investments	1,918,025	-	267,012	2,185,037	175,370	-	2,009,667
Others	2,131,499	-	-	2,131,499	-	-	2,131,499
Held-to-maturity financial assets							
Bonds	2,293,502	-	-	2,293,502	-	-	2,293,502
Other financial assets							
Equity investments	1,959,880	-	1,546,406	3,506,286	1,109,808	-	2,396,478

9) Aging analysis for overdue but not yet impaired financial assets

Delays in processing payments by borrowers and other administrative reasons could result in financial assets overdue but not yet impaired.

The Group as of year ended December 31, 2014 were no overdue but not impaired financial assets.

10) Analysis of impairment for financial assets

The Group has assessed whether loans and receivables have objective evident of impairment. Assessed with banks, the Central Bank and other banks had no impairment loss. The assessment on loans and receivables are as follows:

<u>Discounts and loans</u>

Type of Impairment Assessment		December 31			
		2014		2013	
		Discounts and Loans	Allowance for Credit Losses	Discounts and Loans	Allowance for Credit Losses
With objective evidence of impairment	Individually assessed for impairment	$ 3,855,863	$ 672,798	$ 5,264,304	$ 979,729
	Collectively assessed for impairment	-	-	-	-
With no objective evidence of impairment	Collectively assessed	129,684,688	1,842,023	114,814,084	1,327,881

Note: The loans are those originated by the Group, and not net of the allowance for credit losses and adjustments for discount (premium).

Receivables

Type of Impairment Assessment		December 31			
		2014		2013	
		Discounts and Loans	Allowance for Credit Losses	Discounts and Loans	Allowance for Credit Losses
With objective evidence of impairment	Individually assessed for impairment	$ 91,000	$ 57,235	$ 26,192	$ 8,321
	Collectively assessed for impairment	-	-	-	-
With no objective evidence of impairment	Collectively assessed for impairment	15,146,081	267,759	10,801,814	157,659

Note 1: The receivables are those originated by the Group, and not net of the allowance for credit losses and adjustments for discount (premium).

Note 2: The above receivables and allowances include installment accounts receivable, interest receivables, acceptances, securities margin loans receivable, lease payment receivable and factoring.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity is the Group's capacity to fill the need for funds to meet obligations, including deposits and guarantees.

Liquidity risk is the risk that the Group is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles

a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Group's liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

b) Ensure that the Group's available financial resources are sufficient.

c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure that the Group's liquidity.

d) To establish an appropriate information system to measure, monitor and report liquidity risk.

e) To set an early warning indicators and a set of liquidity limits that cover important factors (including the introduction of new products or services).

f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

g) In addition to the monitoring of the capital requirements, under normal business conditions, the Group should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are in line with the banking operating environment and conditions, and can continue to play its role effectively.

As of December 31, 2014 and 2013, the liquidity reserve ratio was 39.13% and 32.55%.

3) The analysis of cash inflow and outflow of non-derivative financial liabilities held was prepared according to the remaining periods from reporting date to contractual maturity date. The maturity analysis of non-derivative financial liabilities was as follows:

December 31, 2014	**Less Than 1 Month**	**1-3 Months**	**3 Months to 6 Months**	**6 Months to 1 Year**	**1^+ Year**	**Total**
Due to the Central Bank and other bank	$ 37,044,914	$ 6,224,073	$ 317,180	$ -	$ -	$ 43,586,167
Financial liabilities at fair value through profit or loss	61,384	47,296	158,601	-	-	267,281
Securities sold under agreements to repurchase	115,839,353	19,800,290	257,695	622,148	-	136,520,112
Accounts payable	1,890,819	357,334	174,726	358,189	23,423	2,804,491
Deposits	45,528,359	41,206,162	33,288,099	18,903,953	18,075,461	157,029,034
Bank debentures	-	-	-	-	14,980,000	14,980,000
Other financial liabilities	10,619,237	1,187,180	155,000	1,453,307	6,042,353	19,457,077
Total	$ 210,984,066	$ 68,822,335	$ 34,034,121	$ 21,681,777	$ 39,121,237	$ 374,643,536

December 31, 2013	**Less Than 1 Month**	**1-3 Months**	**3 Months to 6 Months**	**6 Months to 1 Year**	**1^+ Year**	**Total**
Due to the Central Bank and other bank	$ 40,971,597	$ 4,018,773	$ -	$ -	$ -	$ 44,990,370
Financial liabilities at fair value through profit or loss	46,045	167,281	521,135	82,067	-	816,528
Securities sold under agreements to repurchase	124,544,108	26,833,938	353,394	821,736	-	152,553,176
Accounts payable	2,692,659	104,799	339,047	268,256	813	3,405,574
Deposits	38,895,273	28,303,747	22,479,729	19,102,722	12,100,235	120,881,706
Bank debentures	-	700,000	200,000	-	10,580,000	11,480,000
Other financial liabilities	5,490,810	450,000	177,329	379,244	4,940,826	11,438,209
Total	$ 212,640,492	$ 60,578,538	$ 24,070,634	$ 20,654,025	$ 27,621,874	$ 345,565,563

4) The Group assessed based contractual maturities at the balance sheet to understand all the basic elements of derivative financial instruments. The maturity analysis of derivative financial liabilities was as follows:

December 31, 2014	**Less Than 1 Month**	**1-3 Months**	**3 Months to 6 Months**	**6 Months to 1 Year**	**1^+ Year**	**Total**
Deliverable						
Forward contracts	$ 12,256	$ 31,318	$ 32,499	$ 224,298	$ 93,857	$ 394,228
Currency swap contracts	1,884,553	21,821	35,572	30,207	3,885	1,976,038
Cross-currency swap contracts	-	-	-	-	-	-
Selling foreign currency option contracts	3,746	100,428	44,811	514,500	2,249,794	2,913,279
Commercial paper contracts	1,978	198	1,374	533	12,676	16,779
Other	341	-	-	-	-	341
	1,902,874	153,765	114,256	769,558	2,360,212	5,300,665
Non-deliverable						
Interest rate swap contracts	41,280	-	-	-	36,636	77,916
	$ 1,944,154	$ 153,765	$ 114,256	$ 769,558	$ 2,396,848	$ 5,378,581

December 31, 2013	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1^+ Year	Total
Deliverable						
Financial liabilities at fair value through profit or loss	$ -	$ -	$ -	$ -	$ 31,455	$ 31,455
Forward contracts	17,911	26,259	48,671	20,250	-	113,091
Currency swap contracts	898,180	33,950	7,970	4,946	-	945,046
Cross-currency swap contracts	98,265	16,082	-	28,622	-	142,969
Selling foreign currency option contracts	13,161	11,520	11,938	99,421	196,373	332,413
Commercial paper contracts	4,315	-	-	-	-	4,315
Other	2,192	-	-	-	-	2,192
	1,034,024	87,811	68,579	153,239	227,828	1,571,481
Non-deliverable						
Interest rate swap contracts	5,049	-	60	-	6,804	11,913
	$ 1,039,073	$ 87,811	$ 68,639	$ 153,239	$ 234,632	$ 1,583,394

5) The maturity analysis of off-balance sheet items

The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

December 31, 2014	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1^+ Year	Total
Unused letters of credit	$ 1,399,142	$ 1,324,083	$ 221,038	$ -	$ -	$ 2,944,263
Other guarantee amounts	33,023,876	50,316,609	5,348,884	1,319,232	1,316,145	91,324,746
	$ 34,423,018	$ 51,640,692	$ 5,569,922	$ 1,319,232	$ 1,316,145	$ 94,269,009

December 31, 2013	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1^+ Year	Total
Unused letters of credit	$ 104,235	$ 223,337	$ 755,230	$ 621,466	$ 22,722	$ 1,726,990
Other guarantee amounts	30,625,966	43,090,450	5,429,891	616,109	1,785,517	81,547,933
	$ 30,730,201	$ 43,313,787	$ 6,185,121	$ 1,237,575	$ 1,808,239	$ 83,274,923

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices and commodity prices) which may cause financial instruments classified in trading book a potential loss on or off the balance sheet.

2) Market risk management strategy and procedures

The Group adopts Value at Risk (VaR) to evaluate the market risk of financial instruments related to currency exchange rate, NTD interest rate, and price of listed stock which is calculated since 2011. VaR is the potential loss in market values of financial instruments held by the Bank, which is measured within a set confidence interval for a specified period. Since 2011, the Bank estimated VaR on the basis of Monte Carlo method, instead of original historical price volatility, with confidence interval changing from 95% to 99% related to currency exchange rate and NTD interest rate instruments in the past one year and listed stocks in the past 3 months. The table below presents VaR of financial instruments, which is according to confidence interval, using estimation of potential loss amount in a day to assume possible fluctuation in market during a day under unfavorable changes in interest rates and exchange rates. Based on the assumption, the VaRs of the financial instruments may exceed the following values due to the fluctuations of interest rate or currency exchange rate in 1 day out of 100 days. The average VaR, the high and low VaRs were calculated based on daily VaRs in the year. The whole market risk of the Bank was less than the aggregated value of VaRs of fair value, currency exchange rate and price.

Industrial Bank of Taiwan

	December 31					
	2014			2013		
	Average	High	Low	Average	High	Low
Currency exchange rate risk	$ 1,800	$ 7,160	$ 26	$ 3,195	$ 20,384	$ 74
Fair value risk resulting from interest rate	2,431	9,502	278	2,553	10,934	400
Fair value resulting from stock price	11,520	26,550	1,958	12,071	22,261	2,208

IBT Securities Co., Ltd.

	December 31					
	2014			2013		
	Average	High	Low	Average	High	Low
Currency exchange rate risk	$ 13,463	$ 18,388	$ 9,918	$ 38,367	$ 60,133	$ 3,048
Fair value risk resulting from interest rate	2,999	4,496	2,474	3,668	19,729	111
Fair value resulting from stock price	14,397	28,634	7,378	14,382	91,490	4,234

3) The procedures for market risk control, reporting and verification

The Group established risk assessment model for financial products, including bonds and notes, foreign exchange, securities and derivative transactions that take into consideration stop-loss business, location, and risk control index values, etc., to minimize possible losses from stock market price, exchange rate and interest rate fluctuations.

4) Market risk measurement of trading book

The Group measures trading book market risk measure imposed in conformity with the assessment model using publicly quoted market prices or other measurement, including interest rate sensitivity analysis (DV01 value) and stress tests; interest rate sensitivity analysis (DV01 value) refers to changes in market interest by 1 basis point (0.01%); abnormal stress test system deal with market volatility-it involves estimation of probable losses (Stress Loss) and impact of events on major asset portfolio on a regular basis according to setting of stress test scenarios, and assessment of possible effect on the Group’s profit and loss.

5) Market risk measurement of banking book

The primary purpose of banking book interest rate risk management is to use funds effectively and avoid the net interest income to be affected by adverse changes in interest rates. Banking book interest rate risk sources include liquidity risk of bonds held, bills cash position and hedge position, and the order of business units for trading, such as deposits, loans, etc. arising from interest rate risk.

a) Strategy

Interest rate risk management objective is to avoid loss due to interest rate changes and maintain high liquidity conditions, and the pursuit of stability and growth in earnings.

b) Measurement

Banking book interest rate risk primarily measure banking book assets, liabilities and off-balance sheet items amount and maturity or repricing date difference caused by the difference and the phase differences between risks. Risk management department monitor the banking book by using the interest rate risk sensitivity.

c) Management program

Before making a transaction, the risk management department should identify repricing risk, and measure changes in interest rates that may affect the value of the economy. The risk management department monitors the interest rate risk position and prepares monthly analysis and report asset and liability to the management committee, and regularly reports to the Board.

f. Foreign currency rate risk information

The information of significant foreign financial assets and liabilities is as follows:

Unit: Each Foreign Currencies (Thousand)/NT$ (Thousand)

	December 31, 2014		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 21,298,519	29.9150	$ 675,535,920
JPY	479,138	0.2951	126,994
HKD	1,153,724	3.8596	4,713,165
EUR	4,094	40.8430	157,808
AUD	1,968	28.1321	51,091
RMB	2,999,440	4.8196	15,306,623
Financial liabilities			
Monetary item			
USD	18,908,469	29.9150	599,735,620
JPY	1,292,607	0.2951	342,600
HKD	943,368	3.8596	3,856,274
EUR	19,433	40.8430	749,115
AUD	28,433	28.1321	738,501
RMB	2,389,543	4.8196	12,194,933

	December 31, 2013		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 2,015,647	29.9500	$ 60,368,156
JPY	343,101	0.2852	97,847
HKD	1,299,286	3.8626	5,018,203

(Continued)

	December 31, 2013		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
EUR	$ 1,918	41.2786	$ 79,180
AUD	8,399	26.7124	224,358
RMB	2,081,176	4.9434	10,288,013
Financial liabilities			
Monetary item			
USD	2,070,556	29.9500	62,013,010
JPY	1,197,873	0.2852	341,614
HKD	1,020,742	3.8626	3,942,345
EUR	10,621	41.2786	438,418
AUD	4,080	26.7124	108,996
RMB	1,804,857	4.9434	8,922,106

(Concluded)

g. Average amount and average interest rate of interest-earning assets and interest-bearing liabilities

Interest rate fluctuations affect the earning assets and interest-bearing liabilities, and current average interest rates are as follows:

Industrial Bank of Taiwan

	For the Year Ended December 31			
	2014		2013	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents - due from banks	$ 3,239,486	3.32	$ 660,607	2.11
Call loans to banks	5,025,217	1.90	3,454,027	1.21
Due from the Central Bank	2,328,459	1.01	2,027,686	1.01
Financial assets at fair value through profit or loss	34,424,991	0.95	30,176,760	1.11
Securities purchased under resell agreements	245,547	0.15	211,172	0.12
Discounts and loans	114,471,965	2.17	86,829,033	2.24
Available-for-sale financial assets	15,306,458	1.43	11,480,645	1.28
Held-to-maturity financial assets	239,989	1.84	804,770	3.70
Interest-bearing liabilities				
Due to the Central Bank and other banks	34,533,692	0.75	26,609,948	0.63
Demand deposits	13,282,427	0.32	12,962,618	0.35
Time deposits	107,023,755	0.91	81,664,852	0.86
Securities sold under repurchase agreements	891,203	0.51	380,500	0.63
Bank debentures	12,667,945	2.26	10,812,329	2.39
Other financial liabilities	4,414,276	-	1,182,640	-

China Bills Finance Corporation (CBF)

	For the Year Ended December 31			
	2014		2013	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents - due from banks	$ 476,533	0.51	$ 417,173	0.49
Call loans to banks	21,275	0.65	48,672	0.37
Financial assets at fair value through profit or loss - bonds and bills	96,783,312	0.81	97,496,879	0.84
Available-for-sale financial assets	70,093,740	1.38	71,062,090	1.42
Held-to-maturity financial assets	9,453,304	1.47	9,556,887	1.86
Securities purchased under resell agreements	3,061,415	0.56	2,607,451	0.68
Interest-bearing liabilities				
Due to other banks	13,305,739	0.44	13,564,317	0.42
Bank overdrafts	887	2.25	896	2.25
Securities sold under repurchase agreements	151,685,189	0.59	153,141,595	0.65

50. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Groups' common equity ratio of Tier I capital ratio and capital adequacy ratio required by the competent authority shall comply with the minimum capital ratio for each year; leverage ratio measurement basis subject to the competent authorities. The calculation of the ratio mentioned above by the competent authority regulations.

b. Capital assessment program

Regularly on various capital ratio and leverage ratio calculation, analysis, monitoring and reporting, the annual allocation of each business's capital adequacy ratio targets and regularly track the target achievement rate in the capital ratio, or leverage ratio has deteriorated because of the circumstances should be taken when measure.

c. Capital adequacy ratio

Industrial Bank of Taiwan

(Unit: In Thousands of New Taiwan Dollars, %)

Items \ Year			December 31, 2014 Own Capital Adequacy Ratio	December 31, 2014 Consolidated Capital Adequacy Ratio
Eligible capital	Common equity Tier 1 ratio		$ 18,521,236	$ 20,163,160
	Other Tier 1 capital		-	-
	Tier 2 capital		3,493,045	4,969,418
	Eligible capital		22,014,281	25,132,578
Risk-weighted assets	Credit risk	Standard	138,084,332	141,354,706
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	5,311,663	6,566,038
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	4,062,875	10,448,613
		Internal model approach	-	-
	Total risk-weighted assets		147,458,870	158,369,357
Capital adequacy rate (Note 1)			14.93	15.87
Ratio of common stockholders' equity to total assets (Note 1)			12.56	12.73
Ratio of Tier 1 capital to risk-weighted assets			12.56	12.73
Leverage ratio			6.60	6.96

Unit: In Thousands of New Taiwan Dollars, %

Items \ Year			December 31, 2013 Own Capital Adequacy Ratio	December 31, 2013 Consolidated Capital Adequacy Ratio
Eligible capital	Common Equity Tier 1 Ratio		$ 16,833,847	$ 19,218,013
	Other Tier 1 capital		-	-
	Tier 2 capital		88,344	2,230,204
	Eligible capital		16,922,191	21,448,217
Risk-weighted assets	Credit risk	Standard	114,925,128	119,155,020
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	5,010,250	6,245,450
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	6,991,550	18,458,588
		Internal model approach	-	-
	Total risk-weighted assets		126,926,928	143,859,058
Capital adequacy rate (Note 1)			13.33	14.91
Ratio of common stockholders' equity to total assets (Note 1)			13.26	13.36
Ratio of Tier 1 capital to risk-weighted assets			13.26	13.36
Leverage ratio			7.50	8.08

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks."

Note 2: Formulas used were as follows:

1) Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.

2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital ÷ Risk-weighted assets.

5) Ratio of Tier 2 capital to risk-weighted assets = Tier 2 capital ÷ Risk-weighted assets.

6) Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital ÷ Risk-weighted assets.

7) Ratio of common stock to total assets = Common stock ÷ Total assets.

8) Leverage ratio = Tier 1 capital ÷ Adjusted average assets (average assets minus goodwill, unamortized loss from sale of non-performance loans, and items to be subtracted from Tier 1 capital which are ruled by "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks."

China Bills Finance Corporation

(Unit: In Thousands of New Taiwan Dollars, %)

Items	Year	December 31, 2014	December 31, 2013
Eligible capital	Tier 1 capital	$ 20,423,446	$ 20,161,110
	Tier 2 capital	-	-
	Tier 3 capital	192,682	143,413
	Eligible capital	20,616,128	20,304,523
Risk-weighted assets	Credit risk	97,435,088	88,349,808
	Operational risk	4,847,236	5,050,570
	Market risk	57,360,315	57,768,104
	Total risk-weighted assets	159,642,639	151,168,482
Capital adequacy rate (Note 1)		12.91	13.43
Ratio of Tier 1 capital to risk-weighted assets (Note 1)		12.79	13.34
Ratio of Tier 2 capital to risk-weighted assets (Note 1)		-	-
Ratio of Tier 3 capital to risk-weighted assets (Note 1)		0.12	0.09
Ratio of common stockholders' equity to total assets (Note 1)		7.90	7.13

Note: 1) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

2) The amount of total assets mentioned above is calculated by summarizing all assets on the balance sheet.

3) The capital adequacy ratio (CAR) should be computed at the end of June and December. In quarterly report, the capital adequacy ratio disclosed is the data of related period (the end of June or December).

4) Leverage ratio = Tier 1 capital ÷ Adjusted average assets (average assets minus goodwill, unamortized loss from sale of non-performance loans, and items to be subtracted from Tier 1 capital which are ruled by "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Bills."

51. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Industrial Bank of Taiwan

a. Credit risk

1) Asset quality: See Table 3.

2) Concentration of credit extensions

December 31, 2014

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% of Net Asset Value (Note 4)
1	A Group (fuel and coal production on manufacturing)	$ 4,550,058	15.86
2	B Group (real estate development)	4,217,269	14.70
3	C Group (finance intermediate)	3,504,464	12.22
4	D Group (real estate development)	3,207,015	11.18
5	E Group (finance intermediate)	2,716,397	9.47
6	F Group (ocean water transportation)	2,527,147	8.81
7	G Group (real estate lease)	2,448,000	8.54
8	H Group (LCD and components manufacturing)	2,211,394	7.71
9	I Group (clothing industry)	2,118,211	7.39
10	J Group (cement industry)	2,074,698	7.23

December 31, 2013

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% of Net Asset Value (Note 4)
1	B Group (real estate development)	$ 3,878,321	14.50
2	A Group (fuel and coal production on manufacturing)	3,448,290	12.89
3	E Group (finance intermediate)	3,269,337	12.23
4	N Group (finance intermediate)	2,907,100	10.87
5	D Group (real estate development)	2,570,860	9.61
6	H Group (LCD and components manufacturing)	2,562,328	9.58
7	G Group (real estate lease)	2,448,000	9.15
8	F Group (ocean water transportation)	2,322,755	8.69
9	C Group (finance intermediate)	2,269,378	8.49
10	M Group (finance intermediate)	2,166,672	8.10

b. Market risk

Interest Rate Sensitivity (New Taiwan Dollars)
December 31, 2014

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 147,725,796	$ 12,149,869	$ 9,870,342	$ 28,340,674	$ 198,086,681
Interest rate-sensitive liabilities	96,055,830	42,082,528	23,342,262	29,020,296	190,500,916
Interest rate-sensitive gap	51,669,966	(29,932,659)	(13,471,920)	(679,622)	7,585,765
Net worth					28,240,221
Ratio of interest rate-sensitive assets to liabilities					103.98%
Ratio of interest rate sensitivity gap to net worth					26.83%

December 31, 2013

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 160,047,748	$ 7,429,310	$ 4,051,263	$ 9,877,001	$ 181,405,322
Interest rate-sensitive liabilities	111,873,039	26,311,248	18,908,347	18,291,084	175,383,718
Interest rate-sensitive gap	48,174,709	(18,881,938)	(14,857,084)	(8,414,083)	6,021,604
Net worth					26,599,617
Ratio of interest rate-sensitive assets to liabilities					103.43%
Ratio of interest rate sensitivity gap to net worth					22.64%

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

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

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

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

Interest Rate Sensitivity (U.S. Dollars)
December 31, 2014

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 3,373,639	$ 1,030,745	$ 1,685,912	$ 1,031,110	$ 7,121,406
Interest rate-sensitive liabilities	3,315,098	1,299,052	1,636,321	1,009,304	7,259,775
Interest rate-sensitive gap	58,541	(268,307)	49,591	21,806	(138,369)
Net worth					502
Ratio of interest rate-sensitive assets to liabilities					98.09%
Ratio of interest rate sensitivity gap to net worth					(27,563.55%)

December 31, 2013

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 3,684,395	$ 503,861	$ 520,521	$ 353,995	$ 5,062,772
Interest rate-sensitive liabilities	3,691,407	581,255	547,180	343,480	5,163,322
Interest rate-sensitive gap	(7,012)	(77,394)	(26,659)	10,515	(100,550)
Net worth					(4,181)
Ratio of interest rate-sensitive assets to liabilities					98.05%
Ratio of interest rate sensitivity gap to net worth					2,404.93%

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

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

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

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

c. Liquidity risk

1) Profitability

(%)

Items		Year Ended December 31, 2014	Year Ended December 31, 2013
Return on total assets	Before income tax	0.92	0.77
	After income tax	0.85	0.67
Return on equity	Before income tax	6.90	4.93
	After income tax	6.37	4.26
Net income ratio		49.69	39.70

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

Note 2: Return on equity = Income before (after) income tax ÷ Average equity

Note 3: Net income ratio = Income after income tax ÷ Total net revenues

Note 4: Income before (after) income tax represents income for the years ended December 31, 2014 and 2013.

2) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
December 31, 2014

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 214,532,614	$ 66,162,340	$ 18,847,611	$ 17,221,093	$ 20,864,412	$ 91,437,158
Main capital outflow on maturity	245,223,960	56,434,120	44,451,513	37,792,599	27,945,958	78,599,770
Gap	(30,691,346)	9,728,220	(25,603,902)	(20,571,506)	(7,081,546)	12,837,388

December 31, 2013

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 197,295,283	$ 72,197,172	$ 27,953,351	$ 8,950,464	$ 14,380,145	$ 73,814,151
Main capital outflow on maturity	233,396,214	67,968,905	47,235,368	23,732,532	22,611,130	71,848,279
Gap	(36,100,931)	4,228,267	(19,282,017)	(14,782,068)	(8,230,985)	1,965,872

Note: The above amounts are book value held by the head office and branches of the Bank in New Taiwan dollars.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
December 31, 2014

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 6,349,585	$ 1,693,652	$ 1,038,092	$ 1,006,809	$ 1,450,830	$ 1,160,202
Main capital outflow on maturity	6,661,021	2,269,469	1,217,427	830,158	1,266,694	1,077,273
Gap	(311,436)	(575,817)	(179,335)	176,651	184,136	82,929

December 31, 2013

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 4,269,191	$ 1,712,459	$ 1,151,014	$ 498,574	$ 476,766	$ 430,378
Main capital outflow on maturity	4,429,342	2,430,471	976,135	299,800	306,463	416,473
Gap	(160,151)	(718,012)	174,879	198,774	170,303	13,905

Note 1: The above amounts are book value held by the head office and branches of the Bank in U.S. dollars.

Note 2: If the overseas assets are at least 10% of the total assets, there should be additional disclosures.

Maturity Analysis of Overseas Assets and Liabilities (U.S. Dollars)
December 31, 2014

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,540,312	$ 323,757	$ 206,528	$ 236,368	$ 433,057	$ 340,602
Main capital outflow on maturity	1,588,811	355,625	337,898	205,193	434,118	255,977
Gap	(48,499)	(31,868)	(131,370)	31,175	(1,061)	84,625

December 31, 2013

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 871,745	$ 213,216	$ 117,550	$ 90,903	$ 217,304	$ 232,772
Main capital outflow on maturity	887,708	291,343	207,734	55,913	174,881	157,837
Gap	(15,963)	(78,127)	(90,184)	34,990	42,423	74,935

China Bills Finance Corporation

a. Asset quality

(Unit: In Thousands of New Taiwan Dollars, %)

Item \ Period	December 31 2014	December 31 2013
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-
Credits under observation	-	-
Overdue receivables	-	-
Ratio of nonperforming debts	0.00%	0.00%
Ratio of nonperforming debts and credits under observation	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	870,188	783,216
Actual provision for credit losses and reserve for losses on guarantees	1,380,477	1,239,577

b. The principal operation

(Unit: In Thousands of New Taiwan Dollars, %)

Item \ Period	December 31 2014	December 31 2013
Balance of guarantees and endorsement securities	$ 86,493,300	$ 77,744,100
Ratio of guarantees and endorsement securities to net worth (Note)	4.36	3.97
Short-term bills and bonds sold under agreement to repurchase	134,212,401	150,796,032
Ratio of short-term bills and bonds sold under agreement to repurchase to net worth (Note)	6.77	7.71

Note: The net worth mentioned above is the net worth after appropriation in prior year minus the original cost of financial assets carried at cost.

c. The provision policy losses and allowance for doubtful accounts please refer to Note 12.

d. Concentrations of credit extensions

(In Thousands of New Taiwan Dollars, %)

Period / Item	December 31			
	2014		2013	
Credit to common interest party	$ -		$ -	
Credit to common interest party ÷ Total credit	-		-	
Credit with stocks pledged ÷ Total credit	19.43		20.06	
Loan concentration by industry	**Type of Industry**	**%**	**Type of Industry**	**%**
	a. Finance and insurance industry	31.72	a. Finance and insurance industry	31.37
	b. Manufacturing industry	31.66	b. Manufacturing industry	31.85
	c. Real estate industry	15.92	c. Real estate industry	16.00

Note 1: Ratio of credit extensions to common interest parties: Credit to common interest party ÷ Total credit.

Note 2: Ratio of credit extensions secured by pledged stocks: Credit with stocks pledged ÷ Total credit.

Note 3: Total credit included guarantees, endorsement notes and overdue credit (including overdue receivables, accounts receivable, and notes receivable.)

e. Interest rate sensitivity information

December 31, 2014

(In Millions of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 79,592	$ 8,903	$ 5,296	$ 73,469	$ 167,260
Interest rate-sensitive liabilities	145,493	258	622	21,467	167,840
Interest rate-sensitive gap	(65,901)	8,645	4,674	52,002	(580)
Net worth					21,467
Ratio of interest rate-sensitive assets to liabilities (%)					99.65
Ratio of interest rate sensitivity gap to net worth (%)					(2.70)

December 31, 2013

(In Millions of New Taiwan Dollars, %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 96,233	$ 14,832	$ 6,355	$ 67,778	$ 185,198
Interest rate-sensitive liabilities	163,749	353	822	20,948	185,872
Interest rate-sensitive gap	(67,516)	14,479	5,533	46,830	(674)
Net worth					20,948
Ratio of interest rate-sensitive assets to liabilities (%)					99.64
Ratio of interest rate sensitivity gap to net worth (%)					(3.22)

Note 1: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 2: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

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

f. The use of funding sources table

December 31, 2014

(In Millions of New Taiwan Dollars)

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 41,609	$ 34,610	$ 7,121	$ 134	$ -
	Bonds	128	1,203	1,782	5,162	73,469
	Due from banks	292	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under agreement to resell	1,500	250	-	-	-
	Total	43,529	36,063	8,903	5,296	73,469
Cash provided by	Borrowing	12,240	-	-	-	-
	Securities sold under agreement to repurchase	114,000	19,253	258	622	-
	Eligible capital	-	-	-	-	21,467
	Total	126,240	19,253	258	622	21,467
Net cash flows		(82,711)	16,810	8,645	4,674	52,002
Accumulated cash flows		(82,711)	(65,901)	(57,256)	(52,582)	(580)

December 31, 2013

(In Millions of New Taiwan Dollars)

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 55,601	$ 36,464	$ 11,114	$ 200	$ -
	Bonds	897	1,544	3,718	6,155	67,778
	Due from banks	286	-	-	-	-
	Call loans	82	-	-	-	-
	Securities purchased under agreement to resell	883	476	14,832	-	-
	Total	57,749	38,484	-	6,355	67,778
Cash provided by	Borrowing	14,220	-	-	-	-
	Securities sold under agreement to repurchase	122,695	26,834	353	822	-
	Eligible capital	-	-	-	-	20,948
	Total	136,915	26,834	353	822	20,948
Net cash flows		(79,166)	11,650	14,479	5,533	46,830
Accumulated cash flows		(79,166)	(67,516)	(53,037)	(47,504)	(674)

g. Matters requiring special notation

(In Thousands of New Taiwan Dollars)

Causes	December 31 2014	December 31 2013
Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor	None	None
Within the past year, a fine was levied on CBF for violations of the Act Governing Bills Finance Business and the other laws	None	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance's imposing strict corrective measures on CBF	None	None
Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the "Guidelines for Maintenance of Soundness of Financial Institutions" which exceeded NT$50 million dollars	None	None
Other	None	None

Note: The term "within the past year" means one year before the balance sheet date.

52. SPECIFIC RISK FROM FUTURES DEALING

The client pays margin deposits when entering into futures contracts through IBTS. The client might make a huge profit or loss due to the financial leverage effect on futures contracts. To prevent the client's losses causing damage to IBTS's financial position, IBTS evaluates contracts daily to determine the current market value of the margin account. If the balance of the margin account is less than the maintenance requirement, IBTS will ask the client to deposit additional margin. IBTS will close out the open position held by the client if the client does not meet the minimum maintenance level within the required time.

IBTS pays margin deposits when entering into futures contracts. IBTS evaluates the margin account daily on the basis of the market price of the outstanding futures contracts. If the balance of the margin account is less than the maintenance level, IBTS should deposit an additional margin or make a pre-settlement to recognize the loss.

As of December 31, 2014, there were 1,183 futures contracts and 2,393 option contracts outstanding of IBTS and its subsidiaries. The initial margin was $39,538 thousand and excess margin was $104,728 thousand.

As of December 31, 2013, there were 118 futures contracts and 1,158 option contracts outstanding of IBTS and its subsidiaries. The initial margin was $4,471 thousand and excess margin was $114,350 thousand.

53. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau for the Bank and its investees:

a. Related information of significant transactions and investees and b. proportionate share in investees:

1) Financing provided: The Group - not applicable; investee - Table 1 (attached)

2) Endorsement/guarantee provided: The Group - not applicable; investee - Table 2 (attached)

3) Marketable securities held: The Group - not applicable; investee - Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least $300 million or 10% of the paid-in capital (the Bank disclosed its investments accumulated or disposed of): None

5) Acquisition of individual real estate at costs of at least $300 million or 10% of the paid-in capital: None

6) Disposal of individual real estate at costs of at least $300 million or 10% of the paid-in capital: None

7) Allowance of service fees to related parties amounting to at least $5 million: None

8) Receivables from related parties amounting to at least $300 million or 10% of the paid-in capital: None

9) Sale of nonperforming loans: Table 4 (attached)

10) Information of asset securitization under the “Regulations for Financial Asset Securitization”: None

11) Other significant transactions which may affect the decisions of users of financial reports: None

12) Name, locations and other information of investees on which the Bank exercises significant influence: Table 6 (attached)

13) Derivative transactions: Note 8

c. Investment in Mainland China: Table 7 (attached)

54. OPERATING SEGMENT INFORMATION

The Group provides CODM to assess segment performance, focusing on the nature of business operations, assets and profit and loss.

The accounting policies of each operating segment are described in note four the same significant accounting policies.

The Group shall be reported to the operating divisions are as follows:

a. Bank: Business ruled in Regulations Governing the Establishment Criteria and Administrating of the Industrial Bank Article 5.

b. Overseas: Overseas banking business.

c. Securities: Securities-related business approved by the competent authority.

d. Bills: Bills related Business approved by the competent authority.

e. Others: Other non-core businesses.

The following was an analysis of the Group's revenue and results by reportable segment.

	Bank	Overseas	Securities	Bills	Others	Eliminations	Consolidated
For the year ended December 31, 2014							
Net interest							
From unaffiliated customers	$ 1,380,245	$ 668,032	$ 77,398	$ 42,555	$ 536,884	$ -	$ 2,705,114
From other segment	(3,295)	-	1,385	-	1,910	-	-
	$ 1,376,950	$ 668,032	$ 78,783	$ 42,555	$ 538,794	$ -	$ 2,705,114
Net revenue other than interest							
From unaffiliated customers	$ 1,674,898	$ 38,465	$ 540,741	$ 1,860,288	$ 191,806	$ -	$ 4,306,198
From other segment	32,006	-	(15,790)	(29,949)	13,732	(102,973)	(102,973)
	$ 1,706,904	$ 38,465	$ 524,951	$ 1,830,339	$ 205,538	$ (102,973)	$ 4,203,225
Segment profits	$ 1,766,526	$ 187,925	$ (34,736)	$ 1,385,343	$ (105,153)	$ (448,289)	$ 2,751,616
Identifiable assets	$ 214,182,938	$ 21,545,818	$ 9,159,085	$ 169,917,018	$ 13,562,607	$ (572,802)	$ 427,794,664
Equity investments - equity method							268,834
							$ 428,063,498
Depreciation and amortization	$ 95,375	$ 17,775	$ 24,838	$ 12,488	$ 31,113	$ -	$ 181,589
Capital expenditure	$ 261,081	$ 2,335	$ 5,672	$ 6,190	$ 38,559	$ -	$ 315,613
For the year ended December 31, 2013							
Net interest							
From unaffiliated customers	$ 1,047,972	$ 550,005	$ 33,850	$ 97,481	$ 405,142	$ -	$ 2,134,450
From other segment	(5,399)	-	2,599	-	2,800	-	-
	$ 1,042,573	$ 550,005	$ 36,449	$ 97,481	$ 407,942	$ -	$ 2,134,450

(Continued)

	Bank	Overseas	Securities	Bills	Others	Eliminations	Consolidated
Net revenue other than interest							
From unaffiliated customers	$ 1,597,614	$ 119,842	$ 330,980	$ 1,548,334	$ 330,480	$ -	$ 3,927,250
From other segment	47,790	-	(23,805)	(29,695)	5,710	(109,720)	(109,720)
	$ 1,645,404	$ 119,842	$ 307,175	$ 1,518,639	$ 336,190	$ (109,720)	$ 3,817,530
Segment profits	$ 1,128,836	$ 166,146	$ (354,091)	$ 1,400,861	$ (3,462)	$ (161,981)	$ 2,176,309
Identifiable assets	$ 165,914,588	$ 18,865,698	$ 9,979,445	$ 188,338,813	$ 10,142,147	$ (605,589)	$ 392,635,102
Equity investments - equity method							394,431
							$ 393,029,533
Depreciation and amortization	$ 88,854	$ 18,414	$ 32,404	$ 10,392	$ 24,059	$ -	$ 174,123
Capital expenditure	$ 109,197	$ 16,872	$ 6,196	$ 7,356	$ 24,839	$ -	$ 164,460

(Concluded)

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
1	IBT Leasing	Tongshian Food Corp.	Account receivable - short-term accommodations	No	$ 20,000	$ 20,000	$ -	8.5	2	$ -	Working capital turnover	$ -	Vehicle	$ 3,400	$ 182,800	$ 731,200	
		Hui Tang Construction Corp.	Account receivable - short-term accommodations	No	60,000	60,000	-	7	2	-	Working capital turnover	-	Real estate	54,728	182,800	731,200	
		San Rong Fisheries Corp.	Account receivable - short-term accommodations	No	10,000	4,185	4,185	3.686	2	-	Working capital turnover	55	Margin	2,000	182,800	731,200	
		Jin Xie Xing Construction Corp.	Account receivable - short-term accommodations	No	80,000	40,492	40,492	7.3	2	-	Working capital turnover	202	Stock	45,270	182,800	731,200	
		Xin Quan Construction Corp.	Account receivable - short-term accommodations	No	100,000	83,333	83,333	4.9	2	-	Working capital turnover	1,250	Stock	40,550	182,800	731,200	
		Shang Sheng Construction Corp.	Account receivable - short-term accommodations	No	150,000	147,274	147,274	5.5	2	-	Working capital turnover	1,473	Real estate	104,177	182,800	731,200	
2	IBT International Leasing Corp.	Qing Dao Industry and Commerce Corp.	Entrusted loans	No	204,140	204,140	204,140	8.5	2	-	Working capital turnover	5,104	Real estate	204,140	236,786	473,572	

Note 1: Explanation:

a. Issuing entity: 0.
b. Invested companies were sequentially numbered from No. 1.

Note 2: Loan type: Business “1”; short-term financial intermediation “2”.

Note 3: IBT Leasing loaned to individual company was limited by 10% net assets. IBT International Leasing Corp. loaned to individual company was limited by 20% net assets.

Note 4: Each issuing entity’s total amount of loans was limited to 40% of its net assets.

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on behalf of Companies in Mainland China
		Name	Relationship										
1	IBT Leasing	IBT International Leasing Corp.	Subsidiaries	$ 9,135,970	$ 7,605,354	$ 7,605,354	$ 4,284,161	$ -	234.47	$ 14,617,552	Y	-	Y
		IBT Tianjin International Leasing Corp.	Subsidiaries	9,135,970	2,853,428	2,853,428	1,202,269	-	65.80	14,617,552	Y	-	Y

Note: The maximum amount of guarantees shall not exceed five times of the net assets of the subsidiaries which held by the Group with 100%; the maximum amount of guarantees to outsides shall not exceed eight times of the net assets of the Industrial Bank of Taiwan and subsidiaries.

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
IBT Holdings Corp.	Stocks							
	EverTrust Bank	Equity-method investee	Equity investment equity method	10,714	US$ 127,767	91.78	US$ 127,767	Note 2
IBT Management Corp.	Funds							
	Taishin Ta-Chong Money Market Fund	-	Financial asset at fair value through profit or loss	750	$ 10,139	-	$ 10,468	
	Uni Money Market Fund	-	Financial asset at fair value through profit or loss	803	10,126	-	10,419	
	Stocks							
	Securitag Assembly Group Co., Ltd.	-	Available-for-sale financial asset	55	660	0.18	1,928	
	UltraChip Inc.	-	Available-for-sale financial asset	465	7,457	0.47	9,478	
	Powertip Technology Inc.	-	Financial asset carried at cost	150	1,687	0.64	1,687	
	ID Reengineering Inc.	-	Financial asset carried at cost	19	190	19.00	190	
	Gatetech Technology Co., Ltd.	-	Financial asset carried at cost	78	779	0.18	779	
	ARC Solid-state lighting Corp.	-	Financial asset carried at cost	100	1,000	0.40	1,000	
	Exojet Technology Corp.	-	Financial asset carried at cost	1,227	12,270	4.26	12,270	
	IBT Securities Co., Ltd.	The same parent company	Equity investment equity method	559	4	-	4	
	Tai Chia International Co., Ltd.	Equity-method investee	Equity investment equity method	2,450	28,118	49.00	28,118	Note 2
	IBT Management USA Corp.	Equity-method investee	Equity investment equity method	99	93	99.00	93	Note 2
	IBT Fortune Limited	Equity-method investee	Equity investment equity method	150	-	100.00	-	Note 2
Boston Life Science Venture Corporation	Stocks							
	Taiwan Liposome Co., Ltd.	-	Available-for-sale financial asset	442	19,925	0.81	119,543	
	Biodenta Co., Ltd.	-	Available-for-sale financial asset	1,850	49,950	1.68	22,219	
	Savior Lifetec Co., Ltd.	-	Available-for-sale financial asset	1,299	48,063	0.76	44,322	
	TCM Biotech Co., Ltd.	-	Available-for-sale financial asset	1,040	17,181	2.25	43,236	
	SynCore Co., Ltd.	-	Available-for-sale financial asset	906	22,650	1.81	57,803	
	Reber Genetics Co., Ltd.	-	Available-for-sale financial asset	1,315	46,025	1.94	83,055	
	Amphastar Pharmaceuticals, Inc.	-	Available-for-sale financial asset	120	49,625	0.31	44,190	
	GlobeImmune, Inc.	-	Available-for-sale financial asset	34	5,386	0.76	8,424	
	Polaris Group (Phoenix Pharmacologics)	-	Financial asset carried at cost	8,749	50,389	1.89	50,389	
	TolerRx Inc.	-	Financial asset carried at cost	288	33,577	1.02	-	Note 3
	Biokey Inc.	-	Financial asset carried at cost	1,500	24,656	5.80	-	Note 3
	BioResource Internailtional, Inc.	-	Financial asset carried at cost	1,818	32,820	10.91	-	Note 3
	Paratek Pharmaceuticals, Inc.	-	Financial asset carried at cost	366	49,444	0.78	49,444	
	ConforMIS, Inc.	-	Financial asset carried at cost	250	45,592	0.45	45,592	
	AndroScience, Corp.	-	Financial asset carried at cost	1,439	43,789	5.10	43,789	
	To-BBB Technologies B.V.	-	Financial asset carried at cost	1,261	-	4.94	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2014				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
	Crown Bioscience Inc.	-	Financial asset carried at cost	2,387	$ 43,605	1.00	$ 43,605	
	Biotechnology Development Fund IV	-	Financial asset carried at cost	-	19,538	1.59	19,538	Note 4
	Vivo Venture Fund V	-	Financial asset carried at cost	-	36,759	1.13	36,759	Note 4
IBT Leasing Co., Ltd.	Stocks							
	IBT International leasing Corp.	Equity-method investee	Equity investment equity method	-	1,183,931	100.00	1,183,931	Note 2
	IBT Tianjin International Leasing Corp.	Equity-method investee	Equity investment equity method	-	232,939	39.00	232,939	Note 2
IBT VII Venture Capital Co., Ltd.	Stock							
	IBT Tianjin International Leasing Corp.	Equity-method investee	Equity investment equity method	-	373,387	61.00	373,387	Note 2
	TRPMA Co., Ltd.	-	Financial asset carried at cost	2,083	49,992	3.44	49,992	
	EirGenix Co., Ltd.	-	Financial asset carried at cost	2,350	47,000	2.97	47,000	
	MERIBANK Co., Ltd.	-	Financial asset carried at cost	1,000	20,000	1.86	20,000	
	Femcosteel Tech Co., Ltd.	-	Financial asset carried at cost	1,498	29,984	4.49	29,984	

Note 1: The net asset values of cost-method investees are based on the latest unaudited financial statements; for those that financial statements can not be obtained are listed by cost.

Note 2: The net asset values of equity-method investees are based on the audited financial statements except for IBT Fortune Limited and IBT Management USA.

Note 3: Net asset value is incalculable because of preferred stock.

Note 4: Net asset value is incalculable because of partnership.

(Concluded)

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

SALE OF NPLS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

1. Sale of NPLs list

Transaction Date	Transaction Partners	Composition of Creditor's Right	Carrying Value (Note)	Sale Price	Disposal Gain (Loss)	Collateral	Relationship
2014.01.29	JP Morgan Chase Bank N.A.	Boat mortgage	$ 90,460	$ 60,588	$ (29,872)	None	None

Note: Carrying value was original amount of credit reduced by allowance for credit loss.

2. Selling single NPL reached $1,000 million: None.

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

NON-PERFORMING LOANS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, %)

Period			December 31, 2014					December 31, 2013				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 383,473	$ 38,675,367	0.99	$ 934,551	243.71	$ 480,800	$ 37,800,451	1.27	$ 1,135,115	236.09
	Unsecured		13,912	79,599,894	0.02	1,298,712	9,335.20	44,712	66,809,184	0.07	904,838	2,023.70
Consumer banking	Housing mortgage (Note 4)		-	-	-	-	-	-	-	-	-	-
	Cash card		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Small-scale credit loans (Note 5)		NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
	Other	Secured	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
		Unsecured	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total			397,385	118,275,261	0.34	2,233,263	561.99	525,512	104,609,635	0.50	2,039,953	388.18
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards (Note 5)			NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Factoring accounts receivable without recourse (Note 6)			-	1,860,521	-	21,946	-	-	877,373	-	9,540	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.
Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Other consumers banking loans refer to secured or unsecured loans that exclude housing mortgage, cash and credit card, and small scale credit loans.

Note 6: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), factoring accounts receivable without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 7: The Bank has no executed contracts on negotiated debts not reported as nonperforming loans or receivables and discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans or receivables.

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of U.S. Dollars and New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Consolidated Investment				Note
						Shares (Thousands)	Pro-forma Share of Ownership	Total		
								Shares (Thousands)	Percentage of Ownership	
Financial institution										
Equity investment - equity method										
IBT Securities Co., Ltd.	Taipei, Taiwan	Securities underwriting, dealing and brokerage of securities	94.80	$ 3,196,537	$ (32,928)	318,282	-	318,282	94.80	
China Bills Finance Corp.	Taipei, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	6,022,931	393,005	382,491	-	382,491	28.48	
IBT Management Corp.	Taipei, Taiwan	Securities investment trust	100.00	228,931	3,438	13,400	-	13,400	100.00	
IBT Holdings Corp.	California, America	Holding company	100.00	4,092,780	172,469	10,869	-	10,869	100.00	
IBT Leasing Co., Ltd.	Taipei, Taiwan	Leasing company	100.00	1,818,954	(39,759)	200,000	-	200,000	100.00	
Non-financial institution										
Equity investment - equity method										
Boston Life Science Venture Corporation	Taipei, Taiwan	Venture capital	50.00	443,185	(23,616)	55,080	-	55,080	60.00	
The Financial Information Technology of Taiwan Ltd.	Taipei, Taiwan	Information system development, analysis and design	-	-	250	1,324	-	1,324	-	
IBT II Venture Capital Co., Ltd.	Taipei, Taiwan	Venture capital	31.25	190,039	8,173	28,537	-	28,537	49.96	
IBT VII Venture Capital Co., Ltd.	Taipei, Taiwan	Venture capital	100.00	649,602	(9,672)	65,000	-	65,000	100.00	
Available-for-sale financial assets										
Brighton - Best International, Inc.	Tainan County, Taiwan	Electronic component manufacturing	0.60	86,987	-	3,596	-	3,596	0.60	
Taiwan High Speed Rail Corporation	Taipei, Taiwan	Transportation	0.23	59,986	-	15,148	-	15,148	0.23	
Ele-con Technology Co., Ltd.	New Taipei City, Taiwan	Electronic component manufacturing	2.35	14,554	-	759	-	759	2.35	
CDIB Bioscience	Taipei City, Taiwan	Biotech research and development	1.83	131,268	-	1,200	-	1,200	1.83	
Giga Solution Tech Co., Ltd.	Hsinchu City, Taiwan	Semiconductor manufacturing	7.53	188,275	-	8,923	-	8,923	7.53	
Jochiu Technology Co., Ltd.	Hsinchu County, Taiwan	Electronic component manufacturing	0.55	4,563	-	455	-	455	0.55	
Biodenta Co., Ltd.	New Taipei City, Taiwan	Medical equipment manufacturing	1.13	14,988	-	3,100	-	3,100	2.81	
Shine More Technology Materials Co., Ltd.	Taoyuan County, Taiwan	Printed circuit board manufacturing	1.04	5,103	-	791	-	791	1.04	
HEP Tech Co., Ltd.	Taichung City, Taiwan	Electronic component manufacturing	1.83	9,689	-	575	-	575	1.83	
Megaforce Company Limited	New Taipei City, Taiwan	Produce industrial plastic	0.67	17,197	-	877	-	877	0.67	
Securitag Assembly Group Co., Ltd.	Taichung County, Taiwan	Communication network	6.79	74,654	-	2,188	-	2,188	6.96	
Magnate Co., Ltd.	Kaohsiung County, Taiwan	Electronic component manufacturing	0.56	13,297	-	278	-	278	0.56	
Okbiotech Co., Ltd.	Hsinchu County, Taiwan	Biotech research and development	0.86	16,113	-	453	-	453	0.86	
Apogee Optocom Co., Ltd.	Tainan City, Taiwan	Optical coating industry	2.70	46,263	-	871	-	871	2.70	
Ultrachip Inc.	Taipei, Taiwan	Electronic component manufacturing	1.32	26,999	-	1,788	-	1,788	1.79	
Neo Solar Power Corporation	Cayman Island	Solar industry	0.25	59,712	-	1,997	-	1,997	0.25	
Reber Genetics Co., Ltd.	Taipei City, Taiwan	Biotech research and development	3.33	157,051	-	4,933	-	4,933	6.68	
Cando Corporation	Hsinchu County, Taiwan	Optical coating industry	0.36	6,283	-	1,421	-	1,421	0.36	
Fulgent Sun International (Holding) Co., Ltd.	Cayman Islands	Footwear industry	0.59	36,504	-	769	-	769	0.59	
Chia Chang Co., Ltd.	Taoyuan County, Taiwan	Precision machine manufacturing and sale	0.25	12,058	-	384	-	384	0.25	
Macroblock, Inc.	Hsinchu City, Taiwan	Electronic component manufacturing	1.22	26,120	-	400	-	400	1.22	
GCS Holdings, Inc.	Cayman Island	Semiconductor manufacturing	0.62	14,934	-	279	-	279	0.62	
Aero Win Technology Corporation	Yunlin County, Taiwan	Electronic component manufacturing	1.72	21,574	-	1,063	-	1,063	1.72	
Rotam Global AgroSciences Limited	Cayman Island	Biotech research and development	0.25	19,939	-	350	-	350	0.25	
Synacor, Inc.	America	Internet and multimedia	0.43	7,487	-	157	-	157	0.57	
Time Watch Investment Limited	Cayman Island	Watch industry	0.14	13,864	-	3,000	-	3,000	0.14	

(Continued)

Investee Company	Location	Main Business	Percentage of Ownership	Carrying Value	Investment Gain (Loss)	Consolidated Investment				Note
						Shares (Thousands)	Pro-forma Share of Ownership	Total		
								Shares (Thousands)	Percentage of Ownership	
Financial asset carried at cost										
Progate Group Corporation	Taipei, Taiwan	Wholesale of electronic materials	4.35	$ 19,476	$ -	1,444	-	1,444	4.35	
Galaxy Software Services	Taipei, Taiwan	Information system service	1.45	6,519	-	289	-	289	1.45	
Nctu Spring Technology VC	Taipei, Taiwan	Venture capital	4.69	821	-	126	-	126	4.69	
Intumit Inc.	New Taipei City, Taiwan	Information system wholesaler and retailer	5.95	7,122	-	1,385	-	1,385	9.36	
Sinomovie.Com Co., Ltd.	Taipei, Taiwan	Information system service	16.67	2,498	-	833	-	833	16.67	
Synergy Scientech Corp.	Hsinchu City, Taiwan	Electronic component manufacturing	6.16	57,000	-	4,557	-	4,557	6.16	
Chipwell Tech Corporation	Hsinchu City, Taiwan	Electronic component manufacturing	3.08	3,398	-	391	-	391	3.08	
Knowledge Freeway Co., Ltd.	Taipei, Taiwan	Information system wholesaler and retailer	20.15	6,919	-	791	-	791	26.37	
Ace Technology Co., Ltd.	Hsinchu County, Taiwan	Electronic component manufacturing	0.17	3,421	-	192	-	192	0.17	
Ori Vita Bio Application, Inc.	New Taipei City, Taiwan	Biological-technology service industry	2.03	41,518	-	4,152	-	4,152	2.03	
Infomax Optical Technology Co.	Hsinchu County, Taiwan	Electronic component manufacturing	2.02	-	-	302	-	302	2.02	
Parawin Venture Capital Corp.	Taipei, Taiwan	Venture capital	5.00	35,996	-	3,600	-	3,600	5.00	
Initio Corporation	Taipei, Taiwan	Electronic component manufacturing	1.95	6,366	-	351	-	351	1.95	
Krom Electronics Co., Ltd.	Taipei City, Taiwan	Computer and electronic component manufacturing	1.40	5,928	-	311	-	311	1.40	
Luminous Town Electric Co., Ltd.	Kaohsiung County, Taiwan	Electronic component manufacturing	0.90	6,972	-	601	-	601	0.90	
Powertip Image Corp.	Taichung City, Taiwan	Electronic component manufacturing	6.73	23,271	-	2,038	-	2,038	7.27	
Id Tech Ventures Inc.	Taipei, Taiwan	Venture capital	19.00	53,200	-	5,320	-	5,320	19.00	
Taiwan Hi-Tech Corp.	Hsinchu City, Taiwan	Electronic component manufacturing	9.33	30,000	-	3,150	-	3,150	9.33	
Nstreams Technologies, Inc.	Taipei, Taiwan	Information system service	2.71	4,590	-	503	-	503	2.71	
Gatetech Technology Inc.	Taoyuan County, Taiwan	Precision casting and seller	1.60	7,011	-	779	-	779	1.78	
Mosa Industrial Corporation	Taoyuan County, Taiwan	Equipment manufacturing	1.93	50,000	-	2,547	-	2,547	1.93	
Echem Solutions Corp.	Taoyuan County, Taiwan	Wholesale of electronic materials	2.45	18,326	-	1,187	-	1,187	2.45	
Arc Solid-State Lighting Corporation	New Taipei City, Taiwan	Electronic component and optical instruments manufacturing	7.57	19,000	-	2,000	-	2,000	7.97	
Exojet Technology Corporation	Hsinchu County, Taiwan	Electronic component and chemical manufacturing	8.34	27,546	-	3,629	-	3,629	12.60	
Joyin Co., Ltd.	Taipei City, Taiwan	Electronic component manufacturing	3.68	32,000	-	2,492	-	2,492	3.68	
Oculon Optoelectronics Inc.	Taipei City, Taiwan	Optics component industry	3.01	6,000	-	500	-	500	3.01	
Taiwan Microlocps Corp.	Taoyuan County, Taiwan	Repair of equipment	2.37	7,180	-	598	-	598	2.37	
Ultra Fine Optical Technology Co., Ltd.	Taichung City, Taiwan	Other plastics manufacturing	4.35	1,960	-	245	-	245	4.35	
Sr Suntour Inc.	Changhua County	Bicycle component manufacturing	0.17	3,000	-	100	-	100	0.17	
Nisho Image Tech, Inc.	New Taipei City, Taiwan	L.E.D. printer output	1.29	4,961	-	410	-	410	1.29	
TTBIO Corp.	Taichung City, Taiwan	Medical equipment manufacturing	7.48	52,069	-	1,799	-	1,799	7.48	
TaiRx, Inc.	Taipei City, Taiwan	Biotech research and development	11.00	99,990	-	8,749	-	8,749	14.44	
Gesyw Co., Ltd.	Hsinchu County, Taiwan	Solar industry	1.15	27,000	-	1,800	-	1,800	1.15	
Thevax Genetics Vaccine Co., Ltd.	Taipei City, Taiwan	Cancer vaccine development	1.68	90,000	-	1,500	-	1,500	1.68	
Brave C&H Supply Co., Ltd.	Taoyuan City, Taiwan	Screen printing	1.75	47,500	-	500	-	500	1.75	
Nanpao Resins Co., Ltd.	Tainan City, Taiwan	Manufacture and sale of synthetic resin	0.90	63,000	-	690	-	690	0.90	
Globaltek Co., Ltd.	New Taipei City, Taiwan	Precision machine manufacturing and sale	1.72	33,000	-	1,000	-	1,000	1.72	
Kaohsiung Rapid Transit Corporation	Kaohsiung City, Taiwan	Transportation	1.38	39,703	-	3,845	-	3,845	1.38	
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information system service	0.01	3,000	-	300	-	300	0.01	
Biotechnology Development Fund II	America	Venture capital	4.58	11,671	-	-	-	-	-	
Acorn Campus Fund II	America	Venture capital	17.26	58,815	-	1,875	-	1,875	18.73	
GS Mezzanine Partners 2006 Offshore, L.P.	Cayman Island	Venture capital	0.14	15,139	-	-	-	-	-	
Anchor Semiconductor, Inc.	America	Software development industry	3.66	16,399	-	1,000	-	1,000	3.66	
Shihlien China Holding Co., Ltd.	Hong Kong	Chemical industries	1.76	227,528	-	52,182	-	52,182	1.76	
Dio Investment Ltd.	Cayman Island	Coffee retail	8.13	74,687	-	6,997	-	6,997	8.13	
to-BBB Holding B.V.	Netherlands	Biotechnology R&D	0.47	-	-	1,380	-	1,380	5.41	
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.44	60,030	-	244	-	244	2.44	
BioResource International Inc.	America	Agricultural biotechnology industry	5.69	59,996	-	2,923	-	2,923	15.05	
Topping Cuisine International Holdings Limited	Cayman Island	Retail restaurant management	2.17	35,018	-	500	-	500	2.17	
Beauty Essentials International Ltd. (Samoa)	Samoa	Cosmetic products wholesale	2.43	63,500	-	25,974	-	25,974	2.43	

Note: The gain or loss is included evaluation.

(Concluded)

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Industrial Bank of Taiwan

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investee (Note 4)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow						
Shinlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 22,773,524 (US$ 718,000)	Note 1 c.	$ 218,791 (US$ 6,898)	$ -	$ -	$ 218,791 (US$ 6,898)	$ -	1.76	$ -	$ 218,791 (US$ 6,898)	$ -
Shinlien Brine Huaian Co.	Production of glass materials	1,014,976 (US$ 32,000)	Note 1 c.	10,562 (US$ 333)	-	-	10,562 (US$ 333)	-	1.76	-	10,562 (US$ 333)	-
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	608,986 (US$ 19,200)	Note 1 c.	72,729 (US$ 2,293)	-	-	72,729 (US$ 2,293)	-	2.09	-	72,729 (US$ 2,293)	-
Fulgent Sun International (Holding) Co., Ltd.	Footwear OEM	1,982,375 (US$ 62,500)	Note 1 c.	32,257 (US$ 1,017)	-	-	32,257 (US$ 1,017)	-	0.44 (Note 3)	-	32,257 (US$ 1,017)	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	277,118 (US$ 54,330)	Note 1 c.	US$ -	63,436 (US$ 2,000)	-	63,436 (US$ 2,000)	-	2.175	-	63,436 (US$ 2,000)	-
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	137,339 (US$ 4,330)	Note 1 c.	US$ -	18,555 (US$ 585)	-	18,555 (US$ 585)	-	2.17	-	18,555 (US$ 585)	-
Shanghai Doupinshan Food Management Co., Ltd.	Food retailing	164,934 (US$ 5,200)	Note 1 c.	US$ -	18,555 (US$ 585)	-	18,555 (US$ 585)	-	2.17	-	18,555 (US$ 585)	-
Shanghai Niuer Cosmetic Co., Ltd.	Cosmetic retailing	63,436 (US$ 2,000)	Note 1 c.	US$ -	63,436 (US$ 2,000)	-	63,436 (US$ 2,000)	-	2.702	-	63,436 (US$ 2,000)	-

Accumulated Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$498,321 (US$15,711)	$498,321 (US$15,711)	$26,995,193

(Continued)

IBT Leasing Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investee (Note 4)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow						
IBT International Leasing Corp.	Leasing	$ 951,540 (US$ 30,000)	Note 1 d.	$ 898,500 (US$ 30,000)	$ -	$ -	$ 951,540 (US$ 30,000)	$ 101,997 (CNY 20,684)	100.00	$ 101,997 (Note 2)	$ 1,183,931	$ -
IBT Tianjin International Leasing Corp.	Leasing	247,400 (US$ 7,800)	Note 1 d.	233,610 (US$ 7,800)	-	-	247,400 (US$ 7,800)	(13,257) (CNY (2,689))	39.00	(4,811) (Note 2)	232,940	-

Accumulated Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$1,198,940 (US$37,800)	$1,198,940 (US$37,800)	$1,827,999

IBT Leasing

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2014	Net Income (Loss) of the Investee (Note 4)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow						
IBT Tianjin International Leasing Corp.	Leasing	$ 386,960 (US$ 12,200)	Note 1 d.	$ -	$ 386,960 (US$ 12,200)	$ -	$ 386,960 (US$ 12,200)	$ (13,257) (CNY(2,689))	61.00	$ (8,466)	$ 373,387	$ -

Accumulated Investment in Mainland China as of December 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$386,960 (US$12,200)	$386,960 (US$12,200)	$649,602

Note 1: There were five investment approaches stated as follows.

a. Investment in Mainland China by remittance via a third country.

b. Indirect investment in Mainland China via setting a company in a third country.

c. Indirect investment in Mainland China via investing in a current company in a third country.
(Via investing Shilien China Holding Co., Limited, Dio Investment, Ltd. and Fulgent Sun International (Holding) Co., Ltd.)

d. Direct investment in Mainland China.

e. Others.

(Continued)

Note 2: Investment gain or loss.

a. No investment gain or loss for the reason of being under preparation.

b. Recognition of investment gain or loss is classified as follows.

1) From financial statements reviewed by international accounting firms in cooperation with accounting firms in the Republic of China.
2) From financial statements reviewed by certified public accountants of parent company in Taiwan.
3) Others.

Note 3: The Bank contains subscribes 197,000 stocks of Fulgent Sun International (Holding) Co., Ltd. The ownership percentage becomes 0.65%

Note 4: Net income (loss) of the investee was not disclosed, because the audited financial statements were not obtained.

(Concluded)

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

FINANCIAL RATIO LIMIT AND EXECUTION PERFORMANCE
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No	Formula	December 31, 2014		December 31, 2013		Standard	Execution Performance
		Calculation	Ratio	Calculation	Ratio		
17	Equity / Total liability-Trader equity	$691,342 / $3,509	=197.009	$709,020 / $6,181	=114.710	≧1	Confirmed
17	Current assets / Current liability	$708,652 / $146,504	=4.837	$685,390 / $104,326	=6.570	≧1	Confirmed
22	Equity / Paid-in capital	$691,342 / $555,000	=124.566%	$709,020 / $555,000	=127.751%	≧60% ≧40%	Confirmed
22	Net capital - adjusted / Total margin of unsterilized future position	$676,714 / $46,164	=1,465.885%	$697,399 / $20,042	=3,479.688%	≧20% ≧15%	Confirmed

INDUSTRIAL BANK OF TAIWAN AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

No.	Transaction Corporation	Counterparty	Nature of Relationship (Note 1)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
1	The Bank	Boston Venture, IBTM, IBTS, TFITT and IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing and IBT VC VII	1	Deposits	$ 512,952	Note 2	0.12
2	The Bank	Boston Venture, IBTM, IBTS, TFITT, IBTS Asia (HK) Limited, IBT Leasing, CBF and IBT VC VII	1	Interest expense	3,294	Note 2	0.06
3	The Bank	IBTS	1	Other operating and administrative expense	1,050	Note 2	0.02
4	The Bank	Boston Venture	1	Commissions and fee revenues, net	223	-	-
5	The Bank	Boston Venture, IBTM, TFITT, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing and IBT VC VII	1	Accounts payable	204	Note 2	-
6	The Bank	IBTS, IBTM, IBTS Consulting, CBF and IBT Leasing	1	Other non-interest net revenues	79,726	-	1.43
7	The Bank	IBTS	1	Gain from financial assets and liabilities at fair value through profit or loss	10,189	Note 2	0.18
8	The Bank	IBTS	1	Deferred revenue	637	Note 2	-
9	IBTS	The Bank	2	Cash and cash equivalents	39,352	Note 2	0.01
10	IBTS	The Bank	2	Interest revenue	366	Note 2	0.01
11	IBTS	IBTM	3	Loss on FVTPL	637	Note 2	-
12	IBTS	The Bank	2	Account receivable	16	Note 2	-
13	IBTS	The Bank	2	Other operating and administrative expense	26,329	-	0.47
14	IBTS	CBF and IBTB	3	Commissions and fee revenues, net	682	Note 2	0.01
15	IBTS	The Bank	3	Commissions and fee revenues, net	11,239	Note 2	0.20

(Continued)

No.	Transaction Corporation	Counterparty	Nature of Relationship (Note 1)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
16	IBTM	The Bank	2	Account receivable	$ 55	Note 2	-
17	IBTM	The Bank	2	Cash and cash equivalents	158,562	Note 2	0.04
18	IBTM	The Bank	2	Interest revenue	1,106	Note 2	0.02
19	IBTM	The Bank	2	Other operating and administrative expense	4,186	Note 2	0.08
20	IBTM	The Bank	2	Other operating and administrative expense	14,367	Note 2	0.26
21	IBTM	IBTB	3	Consultancy fee revenue	25,171	-	0.45
22	IBTM	IBT International Leasing Corp.	3	Other non-interest net renvenue	3,800	Note 2	0.07
23	IBTM	IBTVC7	3	Consultancy fee revenue	1,257	-	0.02
24	IBTM	IBTVC7	3	Accounts payable	1,738	Note 2	-
25	IBTB	The Bank	2	Cash and cash equivalents	36,687	Note 2	0.01
26	IBTB	The Bank	2	Interest revenue	344	Note 2	0.01
27	IBTB	IBTM	3	Other operating and administrative expense	25,171	Note 2	0.45
28	IBTB	The Bank	2	Account receivable	3	Note 2	-
29	IBTB	IBTS	3	Realized gain (loss) from available-for-sale financial asset	111	Note 2	-
30	IBTB	The Bank	2	Other operating and administrative expense	223	Note 2	-
31	TFITT	The Bank	2	Interest revenue	22	Note 2	-
32	TFITT	The Bank	2	Other operating and administrative expense	3,984	Note 2	0.07
33	CBF	The Bank and TFITT	2, 3	Other operating and administrative expense	29,378	-	0.53
34	CBF	IBTS	3	Realized gain (loss) from available-for-sale financial asset	571	Note 2	0.01
35	IBTS Financial (HK) Limited	The Bank	2	Cash and cash equivalents	4,494	Note 2	-
36	IBTS Financial (HK) Limited	The Bank	2	Other operating and administrative expense	1,409	Note 2	0.03

(Continued)

No.	Transaction Corporation	Counterparty	Nature of Relationship (Note 1)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
37	IBTS Financial (HK) Limited	The Bank	2	Interest revenue	$ 37	Note 2	-
38	IBTS Asia (HK) Limited	The Bank	2	Cash and cash equivalents	142,282	Note 2	0.03
39	IBTS Asia (HK) Limited	The Bank	2	Interest revenue	982	Note 2	0.02
40	IBTS Asia (HK) Limited	The Bank	2	Account receivable	77	Note 2	-
41	IBTL	The Bank	2	Cash and cash equivalents	2,208	Note 2	-
42	IBTL	The Bank	2	Interest revenue	3	Note 2	-
43	IBTL	IBTM	3	Other operating and administrative expense	73	-	-
44	IBTL	The Bank	2	Account receivable	1	Note 2	-
45	IBT International Leasing Corp.	IBTM	3	Other operating and administrative expense	3,800	-	0.07
46	IBTVC7	The Bank	2	Cash and cash equivalents	129,367	Note 2	0.03
47	IBTVC7	The Bank	2	Interest revenue	434	Note 2	0.01
48	IBTVC7	The Bank	2	Account receivable	52	Note 2	-
49	IBTVC7	IBTM	3	Other operating and administrative expense	1,257	-	0.02
50	IBTVC7	IBTM	3	Account receivable	1,738	Note 2	-

Note 1: Three types of transactions with related parties were classified as follows:

1. Parent company to subsidiaries.
2. Subsidiaries to parent company.
3. Subsidiaries to subsidiaries.

Note 2: The terms for the transactions between the Bank and related parties are similar to those with unrelated parties.

(Concluded)