玉山二十三年
23th

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ANNUAL REPORT 2014

103年年報

玉山銀行 E.SUN BANK

Pure as Jade, Sturdy as Mountain.

E.SUN Spokesman

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Deputy Spokesman

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Branches	Please refer to the back cover		

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The highest peak, the best bank.

E.SUN BANK 23th

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I. Letter to Shareholders

In 2014, the world economy managed far from significant growth. Among developed economies, the U.S. stood out with a comparatively more pronounced pickup while Japan and Europe still had to cope with their respective plights. China and other emerging economies also had to accommodate much weaker growth momentum. Nowadays co-opetition increasingly characterizes the world economy. Swings on financial markets also intensify by the day as geopolitical risk heightens. External changes accelerate, and the future is constantly fraught with uncertainties. For businesses, all this means any number of challenges. But it can also open up a wealth of opportunities for rapid growth and new territory.

E.SUN Bank had another spectacular year in 2014. Besides setting an all-time high in earnings, it was accorded by Hong Kong's Asiamoney magazine its Best Domestic Bank Award for Taiwan and secured a credit ratings upgrade to A3 by Moody's. E.SUN FHC, of which E.SUN Bank is the core subsidiary, was included as a component of the Dow Jones Sustainability Indexes (DJSI), the first such honor for any Taiwanese financial institution. All these accolades attest to the extensive recognition, domestic and overseas, of E.SUN's conducting sound business and honoring social responsibility.

Looking ahead to the coming year, we are ready to abide by our hallmark: "Pure as Jade, Sturdy as Mountain" while adopting precise and flexible strategies as well as executing them without fail. In today's ever-changing financial market, we will always adhere to our core values, pursue innovation, and strive for rigorous growth. Our ultimate objective is to make not only the best-performing enterprise but also the most-respected one in Taiwan.

2014 Operating Results Set Records

Founded in 1992, E.SUN Bank was named after Yushan, or Mt. Jade, Taiwan's highest peak, reflecting our resolve to make the best bank in the country. Over the years E.SUN has stood by the principles of integrity and honesty while striving for a fresh, professional brand image. Its commitment has won the trust and support of customers and the general public in all aspects of business: corporate governance, customer service, risk management, social responsibility, and financial innovation. As Asia increasingly asserts itself, E.SUN is set to focus on deepening its root in Taiwan and making inroads into Asia in its third decade. E.SUN will build on its accomplishments and strengths in Taiwan to expand its overseas reach over the long haul, thereby creating a bank that has its feature in Asia.

The year 2014 saw E.SUN score a host of multiyear highs. Net income amounted to NT$10.204 billion, NT$1.74 per share. The ROE came in at 10.89% while the ROA, 0.70%. Meanwhile, the Bank was able to keep up its asset quality as well. The NPL ratio of 0.18% was supplemented by a 604% loan loss coverage ratio. In particular, the Bank scored another handsome year in terms of SME loans, wealth management, and credit card services. In terms of credit ratings, the Bank secured a Moody's upgrade in its long/short-term foreign-currency deposit ratings to A3/P-2 with a stable outlook.

At the end of 2014, E.SUN Bank's total assets amounted to NT$1.5408 trillion; outstanding balance of personal deposits, NT$1.2754 trillion, and those of demand deposits and foreign currency deposits, NT$ 576.8 billion and NT$272.8 billion respectively; outstanding balance of loans, NT$935.5 billion; and capital adequacy ratio, 12.72%. Total fee income amounted to NT$11.1 billion. A further breakdown shows that SME loans surpassed all other privated banks in Taiwan. Furthermore, the Bank emerged as a recipient of the SME Credit Guarantee Partner Awards for the ninth consecutive year, a record unparalleled by any other local peer. In a similar vein, wealth management fee income kept up hefty growth for three years in a row. While the Bank's number of active credit cards increased further to 2.54 million, it also continued to command the largest market share in the premium World MasterCard sector. In terms of consumer banking, the outstanding balance of credit loans rose 24% to NT$60.2 billion.

In terms of financial innovation, the Bank took the lead to launch E.SUN Global Pass that allows customers to get swift access to their PayPal accounts. Similarly, E.SUN WebATM was introduced as a cross-strait platform for online shopping, the first of its kind in Taiwan. E.SUN ATM cardholders can thus easily pay for their Taobao and Tmall purchases. On the other hand, E.SUN Mobile CEO enables corporate executives to manage and allocate funds anytime, anywhere. E.SUN has no time for complacency. It will continue to pursue innovation and create value by developing more cash flow, digital banking, and other products in the days ahead.

When it comes to expanding abroad, the Bank has to date operated a subsidiary—Union Commercial Bank (UCB)—in Cambodia; four overseas branches in Hong Kong, Los Angeles, Singapore, and Dongguan, China; and two representative offices in Myanmar and Vietnam. In 2014, UCB increased its number of branches to eight by setting up three new outlets. In addition, the Cambodian subsidiary has completed installing a new credit card system, and now preparing to revamp its ATM and core banking systems.

Strategies for Future Development

As globalization gains momentum, Asia increasingly asserts itself, and regional economies integrate, E.SUN is set to focus on deepening its root in Taiwan and making inroads into Asia in its third decade. Three strategies have thus been set: achieving a quantum leap in overall performance, taking the helm of financial innovation, and making a bank with unique features in Asia. The Bank is ready to take steady, firm steps toward attaining its vision: E.SUN as a brand name in Taiwan today will be recognized as a global one tomorrow. A summary of the aforesaid three strategies is as follows:

1. Achieving a quantum leap in overall performance: Promote balanced development in all spheres and strive for more conspicuous growth in key businesses, thereby enhancing performance across the board.
2. Making a bank with unique features in Asia: Make inroads into other parts of Asia and consolidate resources across borders and platforms while further upgrading the Bank as a financial services provider. Aim for even more extraordinary performance across corporate governance, customer service, risk management, social responsibility, and financial innovation.
3. Taking the helm of financial innovation: Identify emerging trends and pursue cross-sector integration. Provide innovative services that go beyond boundaries dividing countries, industries, and the virtual and real communities so as to refine customer experiences, meet customer needs, and create customer value.

In 2015, E.SUN is set to uphold its core value of further refining customer experiences. The Bank will continue to bolster its core competitiveness, brand name, service, and team spirits, and persist with innovation and training of employees. It will also integrate resources available across the E.SUN group and team up with premium partners for long-term strategic cooperation to provide comprehensive, specialized services, thereby creating value for employees, customers, shareholders, and society

E.SUN Bank's Credit Ratings

Category	Credit Rating Agency	Long-Term Ratings	Short-Term	Outlook	Effective Date
International Ratings	Moody’s	A3	P-2	Stable	2014.07
	S&P	BBB	A-2	Stable	2014.07
Domestic Ratings	Taiwan Ratings	twA+	twA-1	Stable	2014.07

at large. A summary of planned endeavors for different lines of business is as follows:

1. SME: Focus on SMEs and respond to the government call for fostering cultural and creative ventures and promoting the development of local businesses, thus winning recognition as the best partner for SMEs.
2. Retail Outlets: Consolidate brick-and-mortar and virtual channels as well as customer service operations to deliver more convenient financial services and experiences, thereby maximizing the value of branches.
3. Wealth Management: Focus on segmented management, bolster the team of specialized consultants, and develop cross-border products, thereby making the most trusted brand name.
4. Consumer Banking: Craft a brand name with the most advanced technology and provide customers with fully integrated one-stop services.
5. Credit Card and Payment: Develop an innovative payment platform that goes beyond all boundaries separating countries and industries as well as the division between "real" and "virtual." Continue to expand the customer base and upgrade cardholder experiences in making payments, thereby justifying E.SUN as the favorite bank among customers.
6. Digital Banking: Given growing demand for mobile payment and Internet of Things applications, a new digital banking division has been established to help create a most rewarding customer experience. Integrate salespeople and IT professionals as well as retail outlets to come up with innovative digital banking services.
7. Overseas Expansion: The Changan Sub-branch of the Dongguan Branch in China was inaugurated in January 2015. The Bank is now to vigorously prepare to open a subsidiary in Qianhai, Shenzen and an additional branch in Shenzhen, China as well as a branch in Dongnai, Vietnam. The Cambodian subsidiary UCB will continue its expansion of branch network. Applications have also been submitted to relevant authorities for opening a branch in Sydney, Australia. Other studies are now under way to determine the viability of doing the same elsewhere. E.SUN is set to take steady, firm steps toward building a greater international presence, thereby providing customers with better-rounded localized and cross-border services.

Strive for Sustainable Development

Named after Taiwan's highest peak, E.SUN is committed to making Taiwan's best bank loved by employees, customers, shareholders, and society at large. The Bank has also made it a point to cultivate a distinct corporate culture under which everyone is humble and willing enough to feel grateful for whatever accomplishments the Bank may enjoy at the end of the day. It is our belief that society can get better only if everyone harbors a genuine sense of gratitude for whatever blessing going his or her way. E.SUN is willing to take the lead. Through interacting with family, colleagues, customers, and the community out of gratitude, E.SUN hopes to inspire more enterprises and individuals to follow suit, that is, extending a helping hand to those in need to the best of their abilities.

E.SUN is committed to sustainable development. In order to fulfill this commitment, it has made efforts across the board. On top of well-rounded corporate governance, it takes concrete action in every aspect of business to show its care for employees, customers, the environment, and society at large.

1. In terms of corporate governance, the Bank has made it a point to establish operational systems and a corporate culture dictated by professionalism since its inception. The most stringent criteria are put in place for its selection of experts with both expertise and eminence as independent directors. E.SUN

Bank was accorded the Platinum Corporate Award for Management Excellence among Asian Enterprises by Hong Kong's The Asset magazine for five years in a row, a record for any Taiwanese enterprise.

2. In terms of employee care, E.SUN treasures all those who work for the Bank as its most valuable asset. Over the years the Bank has made huge investment in growing talent and building a pleasant working environment so that all employees can join forces to make real their aspirations and ideals. E.SUN Bank was a recipient of the Taipei City Government's 2014 Happy Enterprise Awards.
3. In terms of customer care, E.SUN has long regarded service as its core competitiveness and sought to establish a corporate culture of total quality management. E.SUN Bank was rated by CommonWealth magazine as the local banking industry's No. 1 recipient of its Gold Medal Service Awards for four years in a row.
4. In terms of environmental care, the Bank is proactive to adapt to climate change and do its part in cutting greenhouse gas emissions. E.SUN's World MasterCard and ETC EasyCard both won international and national carbon footprint certification. Meanwhile, E.SUN Bank ushered in ISO 14064-1 verification of its greenhouse gas stocktaking, making it Taiwan's first bank to secure certification for having completed GHG verification of all of its business outlets throughout the country.
5. In terms of social care, E.SUN has long been dedicated to sponsoring academic and educational activities, sports development, charitable events, and the humanities and arts. In particular, the Golden Seed Project is designed to appeal to the benevolence of those who own E.SUN's World MasterCard for building libraries at remote elementary schools of the country. As of the end of 2014, a total of 85 E.SUN libraries had been established as many seeds of knowledge all over Taiwan. Separately, E.SUN volunteers have solicited donations from colleagues and launched the Care for Schoolchildren Project. Joining forces with schoolteachers, the project is designed specifically for financially disadvantaged schoolchildren or those suffering from sudden misfortune. To date more than 10,000 schoolchildren have benefited from this project.

E.SUN understands challenges as well as opportunities must lie ahead as it continues to strive for excellence. We will build on our core competence as a brand and team of service professionals to get even stronger in the days ahead. Confronted with a constantly changing marketplace, we will place special emphasis on refining customer experiences and creating differentiated value over the long run, thereby laying more milestones for Taiwan's financial services industry. Our gratitude goes to all those who have supported, encouraged, and advised us. It is both an honor and responsibility for every member of the E.SUN family to continue working hard and serving customers and society at large. Best wishes for everyone in 2015!

Gary K.L. Tseng
Chairman of the Board

Joseph N.C. Huang
President

II.Company Profile

1.Introduction

1.1 Date of Registration : January 16, 1992
Date of Opening : February 21, 1992

1.2 Company Development

E.SUN Bank was founded by Mr. Huang Yung-Jen, now chairman of E.SUN FHC, along with a number of financial elites sharing the same ideals. By naming the Bank after Taiwan's highest peak, the founder and his partners have made clear their resolve and mission to create not only the best bank but also the best-performing, most-trusted enterprise in the country.

E.SUN Bank gives priority to establishing systems, cultivating talent, and developing information as three pillars of its bid for sustainable development. Standing by "Pure as Jade, Sturdy as Mountain" as our hallmark, we have striven to build a fresh, professional corporate image while always doing honest and sound business. Friendly, meticulous service and unconditional commitment to corporate social responsibility lay a solid foundation for our sustainable development. E.SUN is rightfully a favorite shared by employees, customers, shareholders, and society at large.

E.SUN Bank aims for a brand name known for all-encompassing financial services of the highest quality. Retail channels enable customer service and thus act as the venue for businesses to compete with one another. Faced with a rapidly changing marketplace, E.SUN is ready to have its domestic and overseas branches supplemented by a network of electronic service. Innovative thinking is needed to break the boundary between virtual and real channels. E.SUN is set to draw on the most advanced technology to formulate a better-rounded service network and provide financial products and services that can meet customer needs more effectively.

1.3 Having increased domestic branches to 136, E.SUN Bank is proactive to have them complemented by virtual channels so as to bring about a higher level of efficiency. Drawing on technological advancement, it also adopts an innovative, flexible approach to solving problems and meeting needs while providing customers with a full spectrum of financial services. When it comes to expanding abroad, the Bank has to date invested a subsidiary—Union Commercial Bank (UCB)—in Cambodia; established branches in Hong Kong, Los Angeles, Singapore, and Dongguan, China; and representative offices in Vietnam and Myanmar. Preparations are now under way to expand our network in China and other parts of Southeast Asia. A brief review of the Bank's history is as follows:

a.On January 28, 2002, the Bank became a subsidiary of E.SUN Financial Holding Co., Ltd.

b.In 2004, E.SUN Bank absorbed Kaohsiung Business Bank, setting a world record for the fastest consolidation of information and operational systems between two financial services institutions.

c.On March 18, 2011, the Bank and Chunan Credit Cooperative signed contracts on general transfer and assumption. Both parties agreed that July 9 of the same year would be the record date for the Bank's general assumption of the latter's assets, liabilities, and operations.

d.On March 16, 2012, the Bank and Chiayi Fourth Credit Cooperative signed contracts on general transfer and assumption. Both parties agreed that November 3 of the same year would be the record date for the Bank's general assumption of the latter's assets, liabilities, and operations.

e.In 2014, the Bank's Cambodian subsidiary Union Commercial Bank opened three new branches, raising the total number of branches to eight. They now offer a wide range of financial services, from deposits and loans to credit cards.

f.Others: none.

1.4 Glories and Joys

E.SUN's fresh, professional image and meticulous attention to differentiated service have won the recognition and acclaim of the competent authority, specialized institutions both in Taiwan and abroad, and the general public. We will continue to rely on teamwork while seeking to secure the support of customers, shareholders, and society at large. Here are the accolades and glories we have won over the past three years:

*2014

-E.SUN FHC won a good number of the 7th Taiwan Banking and Finance Best Practice Awards accorded by the Taiwan Academy of Banking and Finance. In the individual category, there was the Special Contribution Award for Chairman of the E.SUN FHC, Mr. Huang Yung-Jen. Winnings in the institutional category were the Best Social Responsibility Award, Best Electronic Banking Award, Best Business Innovation Award—Honorable Mention, and Best Trust Banking Award—Honorable Mention.

-E.SUN FHC was accorded by Hong Kong's Asiamoney magazine its Best Domestic Bank Award for Taiwan.

-E.SUN FHC was ranked first in Taiwan's financial services industry (3rd among major local companies) for CommonWealth magazine's CommonWealth Corporate Citizen Awards for the sixth year.

-E.SUN FHC found its way into the Dow Jones Sustainability Indexes (DJSI), the first and only local financial services institution to have been admitted.

-E.SUN FHC won the Platinum Award for Excellence in Management and Corporate Governance in Asia for the fifth straight year (The Asset magazine).

-E.SUN Bank won CommonWealth magazine's Gold Medal Service Awards as the local financial industry's No. 1 recipient for the fourth consecutive year.

-E.SUN Bank, in its capacity as head office, was a recipient of the 2013 SME Credit Guarantee Partner Awards from the Ministry of Economic Affairs; it also won two other MOEA awards for helping young people realize their dreams and start their own businesses respectively.

-E.SUN FHC won the top rating of A++ in a survey of information disclosure by listed companies (Securities and Futures Institute).

-The 2013 E.SUN CSR Report was certified as complying with both the AA1000 standards and the GRI G4 Guidelines.

-E.SUN Bank was accorded the Joint Credit Information Center's Golden Award for the lending data segment.

-E.SUN FHC won the Golden Award for the Best Financial Holding Company in Corporate Social Responsibility in the biweekly Wealth

Magazine's 2014 Consumer Survey of CSR Among Financial Brands and Financial Holding Companies.
- E.SUN Bank won two Golden Awards for best banking service and best banking product, respectively, in the biweekly Wealth Magazine's 2014 Consumer Survey of CSR Among Financial Brands and Financial Holding Companies.
- E.SUN Bank was accorded the Award for Best Team of Wealth Management Consultants and Best Product Award by the weekly Business Today in its survey of local wealth management banks.
- E.SUN Bank was a recipient of the Corporate Innovation in Greater China Awards—e-Banking (The Asset magazine).
- E.SUN Bank was a recipient of the Corporate Innovation in Greater China Awards—Best SME Bank in Taiwan (The Asset magazine).
- E.SUN Bank won the Award for Highly Commended Best Domestic Bank in Taiwan (The Asset magazine).
- E.SUN Bank won the Best Payment Product in Taiwan Award (MILSTE).
- E.SUN Bank was rated by the Industrial Development Bureau, Ministry of Economic Affairs as an innovative Taiwanese enterprise, the one and only in the local financial services industry.
- E.SUN Bank was a recipient of the Taipei City Government's 2014 Happy Enterprise Awards.
- E.SUN Bank won the Best Payment Initiative in Taiwan award for a second year (The Asian Banker).
- E.SUN Bank won the Best CRM Bank in Taiwan award (The Asian Banker).
- E.SUN Bank won the Best SME Bank for Treasury/Working Capital Management in Taiwan award for a second year (The Asset magazine).
- E.SUN Bank won the Best Data Analysis Project in Taiwan award (The Asian Banker).
- E.SUN Bank won the 2014 Financial Innovation Award with its E.SUN Mobile CEO offering (The Asset magazine).
- E.SUN FHC won an exemplary award in the overall performance subcategory of the Corporate Social Responsibility Awards (Global Views Monthly).
- E.SUN Bank was accorded the Greatest Contribution Award of the Year (MasterCard)
- E.SUN Bank was accorded the Best Digital Solution Award of the Year (MasterCard)
- E.SUN Bank secured ISO 50001 energy management system certification.
- E.SUN Securities secured ISO 50001 energy management system certification.
- E.SUN Bank obtained the EPA's "Product Carbon Footprint Label (E.SUN's World MasterCard and ETC EasyCard).
- E.SUN Bank performed "Credit card carbon footprint PAS 2050 : 2011" and "product water footprint" verification (E.SUN's World MasterCard and ETC EasyCard).
- E.SUN Bank completed ISO 14064-1 : 2006 greenhouse gas stocktaking.
- E.SUN Bank was cited by the Taipei City government as a bellwether entity of green procurement in the private sector for the sixth consecutive year.
- E.SUN Bank was cited by the Environmental Protection Administration (EPA) as a bellwether entity of green procurement for the fifth consecutive year.
- E.SUN FHC was a recipient of the Sustainable Governance Awards (British Standards Institution).

*2013

- E.SUN FHC was rated as 4th place winner among Taiwan's major companies and as the local financial industry's No. 1 recipient of the CommonWealth Corporate Citizen Awards (CommonWealth magazine).

-E.SUN Bank was accorded the Best Wealth Management Bank Award and top prize/Best Reassurance Awards (Business Today).

-E.SUN Bank was awarded the Platinum Corporate Award for Management Excellence among Asian Enterprises for the fourth consecutive year (the Asset magazine).

-E.SUN Bank won the Best SME Bank for Treasury/Working Capital Management in Taiwan award (The Asset magazine).

-E.SUN Bank, in its capacity as head office, was a recipient of the SME Credit Guarantee Partner Awards and Awards for Helping Youth Start Businesses for eight consecutive years (SME Credit Guarantee Fund, Ministry of Economic Affairs).

-E.SUN Bank was awarded the Golden Service Award for top service in the banking industry for the third consecutive year (CommonWealth magazine).

-E.SUN FHC's CSR report was rated as excellent for two consecutive years (Industrial Development Bureau, Ministry of Economic Affairs).

-E.SUN FHC was accorded an Award of Excellence for the Most Yearned-After Financial Holding Company Among Life Insurance Salespeople (Risk Management, Insurance & Finance Foundation).

-E.SUN Bank was cited as a bellwether entity of "green procurement in the private sector" for the fifth consecutive year (Taipei City government).

-E.SUN Bank was cited as a bellwether entity of "green procurement" for the fourth consecutive year (Environmental Protection Administration).

-E.SUN FHC won an exemplary award in the environmental protection subcategory of the Corporate Social Responsibility Awards (Global Views Monthly).

-E.SUN Bank won the Best Payment Initiative in Taiwan award (The Asian Banker).

-E.SUN Bank won an excellence award in a survey on information technology innovation among service industry brand names (Institute for Information Industry).

-E.SUN FHC won certification for ISO 27001, the world's most popular standard for information security management.

-E.SUN FHC won certification for ISO 14001, the world's most popular standard for environmental management.

-E.SUN FHC was rated as an excellent private entity worthy of a National Environmental Education Award (Environmental Protection Administration).

-E.SUN FHC was accorded top prize in the financial services industry in a survey of "green" brand names (Business Next magazine).

-E.SUN FHC was rated as A+ in a survey of information disclosure by listed companies for five consecutive years (Securities and Futures Institute).

-The 2012 E.SUN CSR Report was certified as complying with both the AA1000 standards and the G3.1 Guidelines.

-E.SUN Securities won a Golden Torch Award for innovative design (Outstanding Enterprise Manager Association).

-E.SUN FHC won the CSR Award in Green Policy (British Standards Institution).

-E.SUN Bank won a Long-Term Sponsorship Award, an honor under the Sports Activists Awards (Sports Affairs Council).

-E.SUN Bank won the Excellence in Innovation Award in the category of "foreign currency settlement platform—onshore dollar services" (Financial Information Service Co., Ltd.).

*2012

-E.SUN FHC received the Corporate Social Responsibility Award and ranked No.5 among large enterprise sector; No.1 among financial sector (CommonWealth magazine).

-E.SUN Bank was once again rated as No. 1 winner of Best Service Awards for the wealth management sector of Taiwan's banking industry (Business Today).

-E.SUN FHC secured CG 6007 accreditation for corporate governance (Taiwan Corporate Governance Association).

-E.SUN Bank was once again awarded the Platinum Corporate Award for Management Excellence among Asian Enterprises (the Asset magazine).

-E.SUN Bank was once again rated as the local financial industry's No. 1 recipient of Gold Medal Service Awards (CommonWealth magazine).

-E.SUN Bank was cited as a bellwether entity of "green procurement in the private sector" (Taipei City government).

-E.SUN Bank was cited as a bellwether entity of "green procurement"(Environmental Protection Administration).

-E.SUN Bank won the Golden Award for the lending data segment (Joint Credit Information Center).

-E.SUN FHC won citation as a premium winner of the certification mark for carbon emissions reduction (Environmental Protection Administration).

-E.SUN FHC was rated as A+ in a survey of information disclosure by listed companies (Securities and Futures Institute).

-E.SUN Bank, in its capacity as head office, was a recipient of the SME Credit Guarantee Partner Awards; three managers of the Bank were also award recipients in recognition of their outstanding personal performance (Ministry of Economic Affairs)

-The 2011 E.SUN CSR Report was certified as complying with both the AA1000 standards and the G3.1 Guidelines.

-E.SUN Bank was once again rated as a bank of excellence in providing loans for young people to start their own business; the Shuanghe and Dali branches were also awarded for their outstanding performance on this front (National Youth Commission, Executive Yuan).

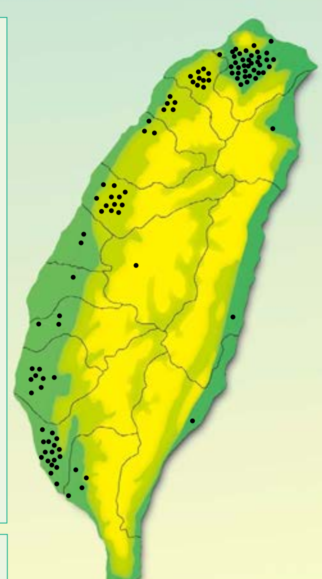
For E.SUN Bank, establishing systems, cultivating talent, and developing information are considered three pillars of its infrastructure. Sharing the same aspirations and ideals, the people of E.SUN work as a team to turn E.SUN into a model for the financial services industry as well as a bellwether for the service industry at large, thereby creating value shared by employees, customers, shareholders, society, and the state.

E.SUN knows it must stand up to daunting challenges on financial markets as its most promising third decade unfolds. E.SUN is ready to stand by its core value and bring out the full potential of its team of professionals for getting things done. We will focus on deepening our root in Taiwan and making further inroads into Asia. At home, we will expand our quality services far and wide and meet every need of our customers. Above all, we will help push Taiwan onto the world stage and in turn promote our own visibility globally. Standing proudly as an Asian financial institution, we expect to score a rewarding future down the road.

Expanding E.SUN Network of Excellent Service

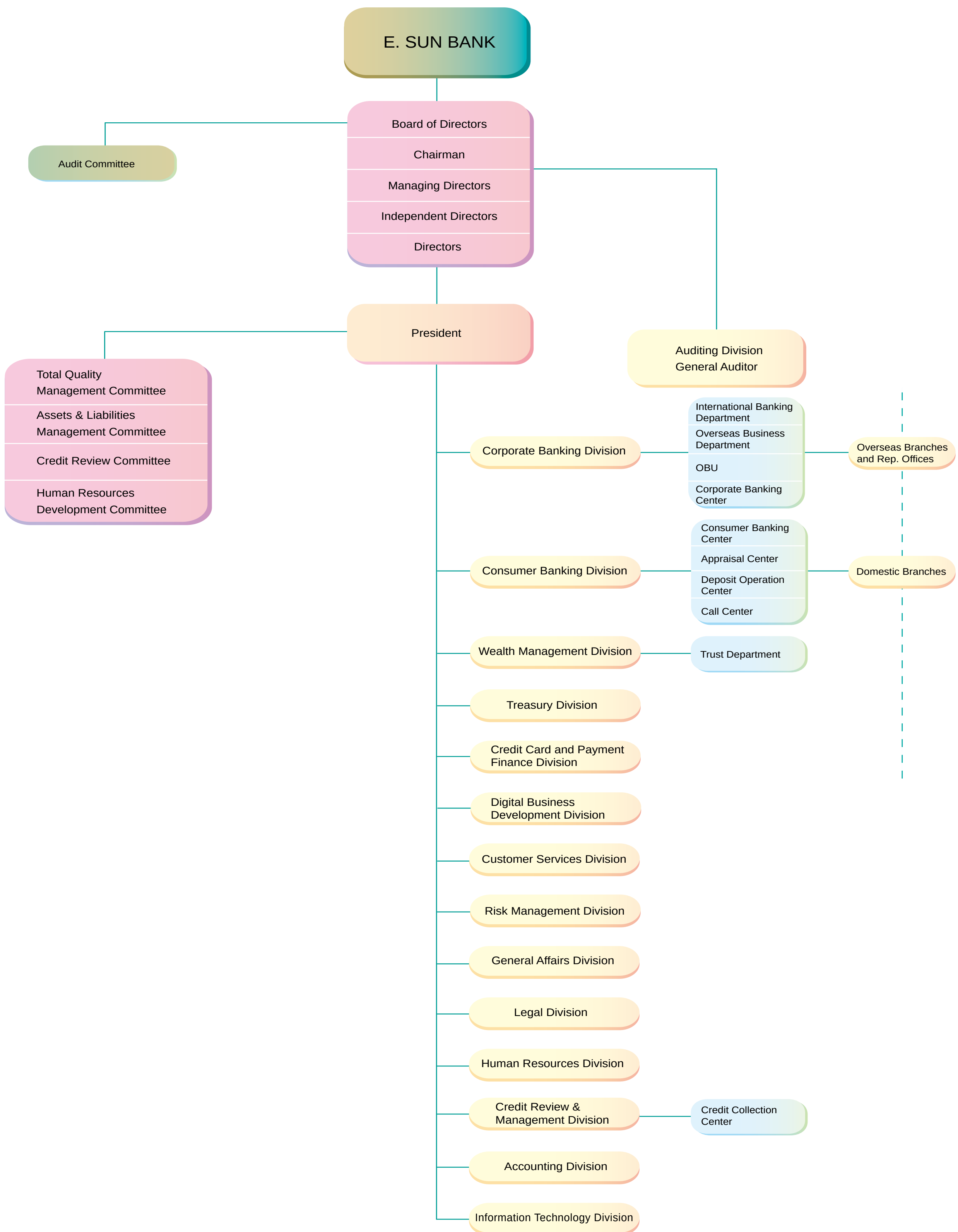
E.SUN COMMERCIAL BANK, LTD.	
Taipei City	30
Taipei Country	31
Keelung	1
Taoyuan	11
Hsinchu	6
Miaoli	3
Taichung	14
Nantou	1
Changhua	2
Yunlin	1
Chiayi	3
Tainan	10
Kaohsiung	16
Pingtung	3
Luodong	1
Hualien	1
TaiTung	1
Penghu	1
Appointed foreign exchange business units	131
Offshore branches	8
E.SUN SECURITIES CO., LTD.	
Taipei City	8
Taipei Country	4
Taoyuan	1
Hsinchu	1
Taichung	2
Chiayi	1
Tainan	2
Kaohsiung	2
Cross-selling Conner	86
E.SUN INSURANCE BROKERS CO., LTD.	
Taipei City	1
E.SUN VENTURE CAPITAL CO., LTD.	
Taipei City	1
E.SUN SECURITIES INVESTMENT TRUST CO., LTD.	
Taipei City	1

OVERSEAS NETWORK	
Los Angeles branch	1
Hong Kong branch	1
Dongguan branch	1
Dongguan Changan Sub-branch	1
Singapore branch	1
Ho Chi Minh City Representative Office	1
Yangon Representative Office	1
Union Commercial Bank Plc.	1



III.Corporate Governance Report

1.Organization



2. Directors, Independent Directors and Management Team

2.1 Directors and Independent Directors

2014.12.31 unit: 1,000 shares; %

Position	Nationality or place of incorporation	Representative (Name)	Date of Election	Term	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC: Current Shareholdings		Shareholding in E.SUN FHC: Shareholdings of the spouse and minors		Shareholding in E.SUN FHC: Shareholdings under other's name		Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of the Management Team, Directors or Supervisors		
						Shares	Ratio%	Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Chairman	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Gary K.L. Tseng	2014.06.26	3 years	2010.5.14	6,136,000	100	6,136,000	100	0	0	0	0	Master of Public Administration at Harvard University, Director General of Banking Bureau, Financial Supervisory Commission	Director of E.SUN FHC	None	None	None
Director & President	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Joseph N.C. Huang	2014.06.26	3 years	2008.6.13	6,136,000	100	6,136,000	100	0	0	0	0	MBA of the City University of New York, 22 years in Financial Industry	President of E.SUN Bank; Director and president of E.SUN FHC; Director of Kellong (International) Cosmetic Limited; Director of Cho Pharma Inc.	None	None	None
Managing Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Jackson Mai	2014.06.26	3 years	1991.12.16	6,136,000	100	6,136,000	100	0	0	0	0	Kai-Nan Commercial & Technical High School	Chairman of Hsin Tung Yang Co., Ltd, Shang Yang Investment Co., Ltd., Ding Yang Investment Co., Ltd., Cheng Yang Investment Co., Ltd., Hsin Tung Yang Real Estate Broker Co., Ltd, Sheng Yang Construction Co., Ltd., Sun Mall Department Co., Ltd., and Sing Yang Investment Co., Ltd.; Director of Hsin Tung Yang. Construction Co., Ltd., Sheng Yang Marketing Co.,Ltd. , Hwa Yang International. Distribution Co., Ltd., Tao Garden Hotel, LION TECH. Co., Ltd., TDW Pharmaceuticals, Inc., Sheng Yang Land Holding Co., Ltd., Sheng Yang International Land Holding Co., Ltd., and E.SUN FHC.	None	None	None
Managing Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Chiu-Hsiong Huang	2014.06.26	3 years	1991.12.16	6,136,000	100	6,136,000	100	0	0	0	0	Phd of Business Administration at De La Salle University	CPA; Representative of Comewell Investment (BVI) Co., Ltd.; Supervisor of Ya Pu Construction; Chairman of Allcan Investment Co., Ltd., Perfect Source Technology Co., Ltd., and Sin Kang Investment Co., Ltd.; Director of E.SUN FHC	None	None	None
Independent Director (Managing Director)	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Chen-Chen Chang Lin	2014.06.26	3 years	2007.8.16	6,136,000	100	6,136,000	100	0	0	0	0	Master of Mathematical Statistics at University of Michigan	Independent Director and Chairman of Remuneration Committee of E.SUN FHC	None	None	None
Independent Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Chen-En Ko	2014.06.26	3 years	2007.8.16	6,136,000	100	6,136,000	100	0	0	0	0	PhD of Department of Accounting at University of Minnesota Dean, College of Management, National Taiwan University	Professor Emeritus of Department of Accounting and Engineering at National Taiwan University; Independent Director of Chang Type Industrial Co., Ltd., Novatek Microelectronics Corp., Ltd., Cho Pharma Inc., and E.SUN FHC; Supervisor of Fareastone Telecommunication Co., Ltd.; Member of Compensation Committee of ATEN International Co., Ltd., Zhen Ding Technology Co., Ltd., and E.SUN FHC	None	None	None

Position	Nationality or place of incorporation	Representative (Name)	Date of Election	Term	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC						Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of the Management Team, Directors or Supervisors		
								Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
						Shares	Ratio%	Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Independent Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Ji-Ren Lee	2014.06.26	3 years	2007.8.16	6,136,000	100	6,136,000	100	0	0	0	0	PhD of Business Administration, University of Illinois, USA	Professor of Graduate Institute of International Business at National Taiwan University; Independent Director of E.Sun FHC, and Acer Incorporated Wowprime Corp.; Director of Aver Media Technologies Co., Ltd.; Member of Compensation Committee of Nien Hsing Textile Co., Ltd., Wowprime Corp., Aver Media Technologies Co., Ltd., and E.SUN FHC.	None	None	None
Independent Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Hsin-I Lin	2014.06.26	3 years	2008.6.13	6,136,000	100	6,136,000	100	0	0	0	0	Bachelor of Department of Mechanical Engineering, National Cheng-Kung University	Chairman of Guang Yuan Invesment Co., Ltd.; Director of Yulon Motor Co., Ltd., China Motor Co., Ltd., Tai Yuen Textile Co., Ltd., Yen Tjing Ling Industrial Foundation, Acer Incorporated, Acer Foundation and Shye Shyang Mechanical Industrial Co., Ltd.; Independent Director and member of Compensation Committee of Sinyi Realty and E.SUN FHC.	None	None	None
Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Ron-Chu Chen	2014.06.26	3 years	2005.06.10 2008.11.04 Resigned	6,136,000	100	6,136,000	100	0	0	0	0	Junan Junior High School	Chairman of Nien Hsing Textile Co.,Ltd., Nien Hsing Intl. Investment Co., Ltd., CCP Foundation; Director of Nien Hsing Textile Co.,Ltd., Ron Yuan Investment Co., Ltd., Jia Tien Sia Investment Co., Ltd. Fu Yuan Construction Co., Ltd.; and E.SUN FHC.	None	None	None
Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Chien-Li Wu	2014.06.26	3 years	1995.4.17	6,136,000	100	6,136,000	100	0	0	0	0	Chung Jung High School	Chairman of Sunlit Motors Co., Ltd., Ruen Li Transportation Co., Ltd., San Li Investment Co., Ltd., Shang Li Transportation Co., Ltd., Sunlit Transportation Co., Ltd., Shen Li Investment Co., Ltd. and Shan Ben Intl. Investment Co., Ltd.; Director of Guang Yuan Investment Co., Ltd., Genius Technology Co., Ltd., Keeper Technology Co., Ltd., TongLit Logistics Co., Ltd., TON JUN Co., Ltd., and E.Sun FHC; Supervisor of Jung Shing Wire Co., Ltd.	None	None	None
Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Magi Chen	2014.06.26	3 years	2011.07.07	6,136,000	100	6,136,000	100	0	0	0	0	MBA of the University of Tennessee, 37 years in Financial Industry	CFO and Deputy President of E.SUN FHC and E.SUN Bank; Director of E.SUN FHC	None	None	None
Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Ben Chen	2014.06.26	3 years	2014.06.26	6,136,000	100	6,136,000	100	0	0	0	0	Bachelor of Department. of Business Administration at Soochow University, 25 years in Financial Industry	Deputy President of E.SUN FHC and E.SUN Bank; Director of EASY CARD Investment Holdings Co. EASY CARD Co., and E.SUN FHC	None	None	None
Director	Taiwan R.O.C.	Representative of E.SUN Financial Holding Company Mao-Chin Chen	2014.06.26	3 years	2011.07.07	6,136,000	100	6,136,000	100	0	0	0	0	Master of Economics at National Taiwan University, 23 years in Financial Industry	CEO of Corporate Banking Division of E.SUN Bank; SEVP of E.SUN FHC	None	None	None

Major Shareholders of the Institutional Shareholders

2014.12.31

Name of institutional shareholders	Major shareholders of the institutional shareholders
E.SUN Financial Holding Co., Ltd.	Saudi Arabian Monetary Agency (3.77%) First State Investments (3.66%) Ron-Yuan Investment Co., Ltd. (2.96%) E.SUN Commercial Bank Trust Fiduciary trust account (2.47%) ABU DHABI Investment Authority (2.11%) Vanguard Emerging Markets Stock Index Fund (1.77%) Dimensional Emerging Markets Value Fund (1.22%) Allcan Investment (1.17%) Universities Superannuation Scheme Limited (1.14%) Hsin Kang Investment Co., Ltd. (1.12%)

Professional Qualifications and Independent Analysis of Directors

Criteria / Name (note)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney. Certified Public Accountant, or Other Professional or Technical Specialist who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Chairman Gary K.L. Tseng	√	√	√	√		√	√		√	√	√	√		0
Managing Director Chiu-Hsiong Huang		√	√	√		√	√		√	√	√	√		0
Managing Director Jackson Mai			√	√		√	√		√	√	√	√		0
Independent Director/Managing Director Chen-Chen Chang Lin			√	√	√	√	√		√	√	√	√		0
Independent Director Chen-En Ko	√		√	√	√	√	√		√	√	√	√		2
Independent Director Ji-Ren Lee	√		√	√	√	√	√		√	√	√	√		2
Independent Director Hsin-I Lin			√	√	√	√	√		√	√	√	√		1
Director Ron-Chu Chen			√	√		√	√		√	√	√	√		0
Director Chien-Li Wu			√	√		√	√		√	√	√	√		0
Director Joseph N.C. Huang			√			√	√		√	√	√	√		0
Director Magi Chen			√			√	√		√	√	√	√		0
Director Ben Chen			√			√	√		√	√	√	√		0
Director Mao-Chin Chen			√			√	√		√	√	√	√		0

Note: Please tick the corresponding boxes if directors or supervisors have been any of the following during the two years prior to being elected or during the term of office.

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

2.2 Executive Officers

2015.03.30 Unit: 1,000 shares; %

Department	Position	Nationality	Name	Date of Appointment	Shareholding in E.SUN FHC(2014.12.31)						Experience (Education)	Current Position with E.SUN and Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Manager of the Company		
					Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
					Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Headquarter	President	Taiwan R.O.C.	Joseph N.C. Huang	2011.08.01	7,369	0.1045	234	0.0033	0	0	President of E.SUN FHC	Director, President and CSO of E.SUN FHC; Director of ESB; Director of Kellong (International) Cosmetic Ltd. and Cho Pharma Inc.	None	None	None
Corporate Banking Division	Deputy President	Taiwan R.O.C.	Suka Chen	2015.03.04	1,736	0.0246	71	0.0010	0	0	CEO of Consumer Banking Division, ESB	Deputy President of E.SUN FHC; Supervisor of BANKPRO E-SERVICE TECHNOLOGY Co., Ltd.	None	None	None
Corporate Banking Division	CEO of Corporate Banking Division	Taiwan R.O.C.	Mao-Chin Chen	2011.08.01	1,757	0.0249	7	0.0001	0	0	SEVP of Corporate Banking Division, ESB	SEVP of E.SUN FHC; Director of ESB and UCB	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C.	L.C. Lin	2012.01.07	361	0.0051	545	0.0077	0	0	EVP of Corporate Banking Division, ESB	SEVP of E.SUN FHC; Chairman of E.SUN Venture Capital	None	None	None
Corporate Banking Division	SEVP	Taiwan R.O.C.	Chi-Kan Chung	2015.02.06	850	0.0120	0	0	0	0	EVP of Corporate Banking Division, ESB	Director and President of UCB	None	None	None
Corporate B anking Division	EVP	Taiwan R.O.C.	Hao-Chang Lien	2013.09.13	297	0.0042	0	0	0	0	Chief Compliance Officer of E.SUN FHC	None	None	None	None
Corporate B anking Division	EVP	Taiwan R.O.C.	Da-Tan Lin	2014.01.24	714	0.0101	10	0.0001	0	0	EVP of Corporate Banking Division, ESB	None	None	None	None
Corporate B anking Division	EVP	Taiwan R.O.C.	Cathy Kuo	2014.01.24	988	0.0140	0	0	0	0	EVP of Corporate Banking Division, ESB	Director, UCB	None	None	None
Corporate B anking Division	EVP	Taiwan R.O.C.	Yao-Bing Lin	2013.02.01	965	0.0137	112	0.0016	0	0	SVP of Corporate Banking Division, ESB	None	None	None	None
Corporate B anking Division	EVP	Taiwan R.O.C.	Shou-Ling Hsu	2015.02.06	234	0.0033	0	0	0	0	SVP of Corporate Banking Division, ESB	None	None	None	None
OBU Branch	SVP	Taiwan R.O.C.	Tung-Yu Hung	2013.02.01	398	0.0056	1	0.00001	0	0	SVP of Corporate Banking Division, ESB	Director of E.SUN Venture Capital	None	None	None
International Banking Department	SVP	Taiwan R.O.C.	Maggy Chou	2010.01.29	1,138	0.0161	346	0.0049	0	0	VP of International Banking Department, ESB	Director of TAILUNG Spectacles Industrial Co., Ltd.	EVP	Chun-Nan Tsai	Spouse

Department	Position	Nationality	Name	Date of Appointment	Shareholding in E.SUN FHC(2014.12.31)						Experience (Education)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Manager of the Company		
					Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
					Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Consumer Banking Division	CEO of Consumer Banking Division	Taiwan R.O.C.	Ben Chen	2015.02.06	2,764	0.0392	878	0.0124	0	0	Deputy President of Credit Card and Payment Finance Division, ESB	Deputy President and Director of E.SUN FHC; Director of ESB; Director of EASY CARD Investment Holdings Co. and EASY CARD Co.	None	None	None
Consumer Banking Division	SEVP	Taiwan R.O.C.	Wu-Ming Hsieh	2014.01.24	494	0.0070	516	0.0073	0	0	EVP of Consumer Banking Division, ESB	SEVP of E.SUN FHC; Director of E.SUN Securities	None	None	None
Consumer Banking Division	EVP	Taiwan R.O.C.	Te-Ming Chung	2015.02.06	961	0.0136	0	0	0	0	EVP of Consumer Banking Division, ESB	Director of E.SUN Venture Capital	None	None	None
Consumer Banking Division	EVP	Taiwan R.O.C.	Ming-Ching Dai	2015.02.06	819	0.0116	25	0.0004	0	0	SVP of Call Center, ESB	None	None	None	None
Wealth Management Division	SEVP	Taiwan R.O.C.	Louis Chang	2015.02.06	1,305	0.0185	249	0.0035	0	0	EVP of Wealth Management Division, ESB	SEVP of E.SUN FHC; Chairman of E.SUN Insurance Brokers	None	None	None
Wealth Management Division	SVP	Taiwan R.O.C.	Ya-Ping Hsieh	2013.02.01	482	0.0068	0	0	0	0	VP of Wealth Management Division, ESB	Director of E.SUN Insurance Brokers	None	None	None
Wealth Management Division	SVP	Taiwan R.O.C.	Yu-Ju Chen	2015.02.06	402	0.0057	5	0.0001	0	0	VP of Wealth Management Division, ESB	Director of E.SUN Securities	None	None	None
Trust Department	VP	Taiwan R.O.C.	Chien-Chih Lin	2014.01.24	225	0.0032	0	0	0	0	AVP of Trust Department, ESB	None	None	None	None
Treasury Division	CFO/Deputy President	Taiwan R.O.C.	Magi Chen	2014.01.24	1,171	0.0166	0	0	0	0	SEVP of Treasury Division, ESB	CFO of E.SUN FHC; Director of E.SUN FHC and ESB	None	None	None
Treasury Division	SEVP	Taiwan R.O.C.	Joseph Shu	2014.01.24	749	0.0106	0	0	0	0	EVP of Treasury Division, ESB	SEVP of E.SUN FHC	None	None	None
Treasury Division	EVP	Taiwan R.O.C.	Hsien-Hsuan Tsai	2014.01.24	433	0.0061	0	0	0	0	EVP of Treasury Division, ESB	None	None	None	None
Treasury Division	EVP	Taiwan R.O.C.	Peter Shih	2014.01.24	900	0.0128	0	0	0	0	EVP of Treasury Division, ESB	None	None	None	None
Treasury Division	EVP	Taiwan R.O.C.	Vincent Huang	2015.02.06	673	0.0095	259	0.0037	0	0	SVP of Treasury Division, ESB	None	None	None	None
Treasury Division	SVP	Taiwan R.O.C.	Sarah Chen	2011.01.24	444	0.0063	0	0	0	0	VP of Treasury Division, ESB	None	None	None	None
Credit Card and Payment Finance Division	SEVP	Taiwan R.O.C.	Jung-Hua Lin	2014.01.24	1,117	0.0158	0	0	0	0	EVP of Credit Card and Payment Finance Division, ESB	SEVP of E.SUN FHC; Director of E.SUN Insurance Brokers	None	None	None
Credit Card and Payment Finance Division	EVP	Taiwan R.O.C.	Fu-Chung Huang	2014.01.24	476	0.0068	36	0.0005	0	0	EVP of Credit Card and Payment Finance Division, ESB	None	None	None	None
Credit Card and Payment Finance Division	EVP	Taiwan R.O.C.	Samuel Lin	2015.02.06	531	0.0075	0	0	0	0	EVP of Credit Card and Payment Finance Division, ESB	None	None	None	None
Audit Division	General Auditor	Taiwan R.O.C.	Chung-Chen Sun	2012.04.26	258	0.0037	1,160	0.0165	0	0	EVP of Credit Review and Management Division, ESB	None	None	None	None
Headquarter	Chief Compliance Officer	Taiwan R.O.C.	Fion Ouyang	2015.02.06	159	0.0023	0	0	0	0	SVP of President Office, ESB	Chief Compliance Officer of E.SUN FHC	None	None	None

Department	Position	Nationality	Name	Date of Appointment	Shareholding in E.SUN FHC(2014.12.31)						Experience (Education)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Manager of the Company		
					Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name						
					Shares	Ratio%	Shares	Ratio%	Shares	Ratio%			Position	Name	Relation
Headquarter	Chief Marketing Officer/SVP	Taiwan R.O.C.	Bright Wen	2012.01.07	560	0.0079	0	0	0	0	Vice Chief Marketing Officer of ESB	Chief Marketing Officer of E.SUN FHC; Supervisor of E.SUN Securities	None	None	None
Legal Division	SVP	Taiwan R.O.C.	Mei-Cheng Chu	2014.01.24	178	0.0025	0	0	0	0	VP of Legal Division, ESB	None	None	None	None
General Affairs Division	EVP	Taiwan R.O.C.	Chien-Yu Chou	2007.02.15	2,119	0.0300	517	0.0073	0	0	EVP of General Affairs Division, ESB	EVP of E.SUN FHC	None	None	None
Accounting Division	CAO/EVP	Taiwan R.O.C.	Kuan-Her Wu	2005.02.24	414	0.0059	0	0	0	0	EVP of Accounting Division, ESB	CAO of E.SUN FHC; Supervisor of E.SUN Venture Capital	None	None	None
IT Division	CIO/EVP	Taiwan R.O.C.	Wan-Li Hsieh	2013.02.01	651	0.0092	64	0.0009	0	0	EVP of IT Division, ESB	CIO of E.SUN FHC	None	None	None
IT Division	Vice CIO/EVP	Taiwan R.O.C.	Po-Hsuan Hsu	2015.02.06	869	0.0123	263	0.0037	0	0	SVP of IT Division, ESB	None	VP	Shih-Hung Feng	Spouse
Digital Business Development Division	Chief Digital Officer/EVP	Taiwan R.O.C.	Cheng-Kuo Li	2015.02.06	814	0.0115	72	0.0010	0	0	EVP of President Office, ESB	None	None	None	None
Digital Business Development Division	EVP	Taiwan R.O.C.	Mei-Ling Liu	2015.02.06	453	0.0064	107	0.0015	0	0	SVP of E-Banking Department, ESB	None	None	None	None
HR Division	Head of HR/ SEVP	Taiwan R.O.C.	J.C. Wang	2012.01.07	2,532	0.0359	765	0.0108	0	0	SEVP of HR Division, ESB	Head of HR of E.SUN FHC; Supervisor of Shan Meng Investment Co., Ltd.	None	None	None
Risk Management Division	CRO/EVP	Taiwan R.O.C.	Oliver Hsieh	2013.02.01	926	0.0131	0	0	0	0	EVP of Risk Management Division, ESB	CRO of E.SUN FHC	None	None	None
Credit Review and Management Division	VP	Taiwan R.O.C.	Hsiao-Lan Lin	2012.01.07	356	0.0051	307	0.0044	0	0	AVP of Credit Review and Management Division, ESB	None	None	None	None
Los Angeles Branch	GM/SVP	Taiwan R.O.C.	Hung-Pin Chen	2013.02.01	338	0.0048	0	0	0	0	GM/VP of Los Angeles Branch, ESB	None	None	None	None
Hong Kong Branch	GM/EVP	Taiwan R.O.C.	Tsun-Jen Ke	2015.02.06	561	0.0080	0	0	0	0	GM/SVP of Hong Kong Branch, ESB	None	None	None	None
Dongguan Branch	GM/EVP	Taiwan R.O.C.	Cheng-Hsien Tseng	2012.01.07	593	0.0084	0	0	0	0	Chief Representative of Dongguan Representative Office, ESB	None	None	None	None
Dongguan Changan Sub-branch	GM/VP	Taiwan R.O.C.	Jiin–Horng Lay	2013.02.01	265	0.0038	0	0	0	0	AVP of Dongguan Branch, ESB	Director of APLUS LABS Inc.	None	None	None
Singapore Branch	GM/SVP	Taiwan R.O.C.	Yu-Yang Su	2015.02.06	496	0.0070	0	0	0	0	GM/VP of Singapore Branch, ESB	None	None	None	None

2.3 Renumeration of Directors (including Independent Directors), President and Senior Executive Vice President

(1) Remuneration of Directors (including Independent Directors)

2014.12.31 Unit: NT$ thousands

Title	Name	Director Remuneration								Ratio of total remuneration (A+B+C+D) to net income (%)		Relevant remuneration received by directors who are also employees														Ratio of total compensation (A+B+C+D+E+F+G) to net income (%)		Compensation paid to directors from an invested company other than the Company's subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowance (D)				Salary, Bonuses, and Allowance (E)		Severance Pay (F)		Profit Sharing-Employee Bonus (G)				Exercisable Employee Stock Options (H)		Holding Restricted Stock Options				
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	The company	Companies in the financial statements	The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock							
List as following		7,512	7,512	0	0	67,000	67,000	2,690	2,690	0.76%	0.76%	17,661	17,661	0	0	4,700	0	4,700	0	0	0	0	0	0.98%	0.98%	None

＊ E.SUN FHC Representative: Chairman Gary K.L. Tseng; Managing Directors: Jackson Mai, Chiu-Hsiong Huang, Chen-Chen Chang Lin; Directors: Joseph N.C. Huang, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Ron-Chu Chen, Chien-Li Wu, Magi Chen, Ben Chen, Mao-Chin Chen.

＊ All Bonuses to Directors in Director Remuneration has been paid to E.SUN Financial Holding Company.

Remuneration Bracket

Unit: NT$ thousands

Bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements (I)	The Company	Companies in the financial statements
Under NT$ 2,000,000	Joseph N.C. Huang, Jackson Mai, Chiu-Hsiong Huang, Chen-Chen Chang Lin, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Chao-Kuo Chen, Ron-Chu Chen, Chien-Li Wu, Cheng-Pin Lee, Tai-Chi Lee, Magi Chen, Ben Chen, J.C. Wang	Joseph N.C. Huang, Jackson Mai, Chiu-Hsiong Huang, Chen-Chen Chang Lin, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Chao-Kuo Chen, Ron-Chu Chen, Chien-Li Wu, Cheng-Pin Lee, Tai-Chi Lee, Magi Chen, Ben Chen, J.C. Wang	Joseph N.C. Huang, Jackson Mai, Chiu-Hsiong Huang, Chen-Chen Chang Lin, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Chao-Kuo Chen, Ron-Chu Chen, Chien-Li Wu, Cheng-Pin Lee, Tai-Chi Lee	Joseph N.C. Huang, Jackson Mai, Chiu-Hsiong Huang , Chen-Chen Chang Lin, Chen-En Ko, Ji-Ren Lee, Hsin-I Lin, Chao-Kuo Chen, Ron-Chu Chen, Chien-Li Wu, Cheng-Pin Lee, Tai-Chi Lee
NT$ 2,000,000 ~ 5,000,000	Mao-Chin Chen	Mao-Chin Chen	Ben Chen	Ben Chen
NT$ 5,000,000 ~ 10,000,000			Magi Chen, J.C. Wang	Magi Chen, J.C. Wang
NT$ 10,000,000 ~ 15,000,000			Mao-Chin Chen	Mao-Chin Chen
NT$ 15,000,000 ~ 30,000,000	Gary K.L. Tseng	Gary K.L. Tseng	Gary K.L. Tseng	Gary K.L. Tseng
NT$ 30,000,000 ~ 50,000,000	E.SUN FHC	E.SUN FHC	E.SUN FHC	E.SUN FHC
NT$ 50,000,000 ~ 100,000,000				
Over NT$ 100,000,000				
Total	77,202	77,202	99,563	99,563

＊ The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 40 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are b ased on regulations set forth in Article 22. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

(2) Comparison of Remuneration and the ratio of total Remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two years to Directors, Independent Directors, President and Senior Executive Vice Presidents of the Company, to the net profit after tax

Unit: NT$ thousands

Title \ Year	2014						2013					
	The Company			Companies in the Consolidated Financial Statements			The Company			Companies in the Consolidated Financial Statements		
	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax
Directors	17	77,202	0.76%	17	77,202	0.76%	15	74,252	0.84%	15	74,252	0.84%
President and SEVP	16	78,625	0.77%	16	78,625	0.77%	13	60,322	0.68%	13	60,322	0.68%

Note: 2014 Bank Net Profit after tax was 10,204,320 thousand dollars ; 2013 Bank Net Profit after tax was 8,847,604 thousand dollars.

(3) The Policies, Standards, and Portfolios for the Payment of Remuneration, the Procedures for Determining Remuneration, and the Correlation with Business Performance:

a. The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 40 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 22. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

b. The performance review system and remuneration framework for high-level managers is first screened by Renumeration Committee of E.SUN FHC, following which the board makes a final decision. Salaries of managers should reflect their professional experience, and the Company's, counterparts' and market standards and be given in accordance with E.SUN FHC Management Salary Payment Policy. The company will periodically evaluate the linkage of individual performance, profitability, operation, potential risk and salary to incentivate managers to achieve the set goal of the company which enables a manager's compensation to be closely related to operational performance. A manager's bonus will be impacted if a major risk event occurs that impacts the Company's reputation, inappropriate internal management is seen, or other abuses are documented. At the same time, the Company will carry out stress tests and scenario analysis to evaluate possible risk in the future, and the Risk Management Committee each quarter will report to the board and Auditing Committee on the level of such risk.

(4) Name of Managers who received dividend/bonus and the distribution thereof

unit : NT$thousands

Title	Name	Stock Bonus	Cash Bonus	Amount	Ratio of Amount to Net profit after tax (%)
President	Joseph N.C. Huang	0	12,950	12,950	0.13%
Deputy President	Suka Chen				
Deputy President	Magi Chen				
CEO of Consumer Banking Division	Ben Chen				
SEVP	J.C. Wang				
CEO of Corporate Banking Division	Mao-Chin Chen				
SEVP	Biing-Huei Chen				
SEVP	Tung-Pao Cheng				
SEVP	L.C. Lin				
SEVP	Tony Wan				
SEVP	Wen-Cheng Cheng				
SEVP	Joseph Shu				
SEVP	Wu-Ming Hsieh				
SEVP	Jung-Hua Lin				
General Auditor	Chung-Chen Sun				

3. Implementation of Corporate Governance

3.1 Board of Directors

A total of 14 (A) meeting of the board of directors were held in the previous period. Director and supervisor attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B / A】	Remarks
Chairman	E.SUN FHC representative Gary K.L. Tseng	14	0	100	Re-elected
Managing Director	E.SUN FHC representative Chiu-Hsiong Huang	13	1	92.86	Re-elected
Managing Director	E.SUN FHC representative Jackson Mai	12	2	85.71	Re-elected
Independent Director (Managing Director)	E.SUN FHC representative Chen-Chen Chang Lin	14	0	100	Re-elected
Independent Director	E.SUN FHC representative Chen-En Ko	14	0	100	Re-elected
Independent Director	E.SUN FHC representative Ji-Ren Lee	14	0	100	Re-elected
Independent Director	E.SUN FHC representative Hsin-I Lin	12	2	85.71	Re-elected
Director	E.SUN FHC representative Ron-Chu Chen	7	0	100	Newly appointed
Director	E.SUN FHC representative Chien-Li Wu	13	1	92.86	Re-elected
Director	E.SUN FHC representative Joseph N.C. Huang	14	0	100	Re-elected
Director	E.SUN FHC representative Magi Chen	14	0	100	Re-elected
Director	E.SUN FHC representative Ben Chen	7	0	100	Newly appointed
Director	E.SUN FHC representative Mao-Chin Chen	13	1	92.86	Re-elected

Other mentionable items:

1. If there are the circumstances referred to in Article 14-3 of Securities and Exchange Act and resolutions of the directors' meetings objected to by Independent Directors or subject to qualified opinion and recorded or declared in writing, the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion should be specified: None
2. Practice of Directors' avoidance of motions in conflict of interest:

Director Name	Content of Motion	Cause of Avoidance	Voting
Chao-Kuo Chen	Lending to Nien Hsing Textile Co., Ltd.	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Cheng-Pin Lee, Tai-Chi Lee	Lending to Yung Shin Securities	The motion involves a company whose owner is related to one of the Bank's board directors, either his/her spouse or relative within the second degree of kinship.	No
Hsin-I Lin	Lending to Sinyi Realty Inc.	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Magi Chen, Mao-Chin Chen	Promotion of SEVP	The director has a personal interest in the matter under discussion.	No
Mao-Chin Chen	Credit Card Service Agreement with Union Commercial Bank of Cambodia.	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Mao-Chin Chen	Consulting Service Agreement with Union Commercial Bank of Cambodia.	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Gary K.L. Tseng, Joseph N.C. Huang, Jackson Mai, Tai-Chi Lee, J.C.Wang	The motion with regard to making donations to the E.SUN Foundation and E.SUN Volunteer Foundation.	The matter under discussion involves a Charity Foundation of which the director acts as the responsible person.	No
Joseph N.C. Huang	The motion is related to allocating certain percentage from the amount due to co-branded World MasterCard with Nan-Shan Life Insurance to E.SUN Volunteer Foundation and Nan Shan Life Charity Foundation.	The matter under discussion involves a Charity Foundation of which the director acts as the responsible person.	No
Joseph N.C. Huang, Magi Chen, Ben Chen, Mao-Chin Chen	Distribution of Bonus in 2014 for the senior managers.	The director has a personal interest in the matter under discussion.	No
Joseph N.C. Huang, Magi Chen, Ben Chen, Mao-Chin Chen	Adjustment of salary for the senior managers	The director has a personal interest in the matter under discussion.	No
Ron-Chu Chen	Lending to Nien Hsing Textile Co., Ltd	The matter under discussion involves an enterprise of which the director acts as the responsible person.	No
Joseph N.C. Huang	The motion is related to making donations to the E.SUN Volunteer Foundation.	The matter under discussion involves a Charity Foundation of which the director acts as the responsible person.	No
Mao-Chin Chen	Lending to UNION COMMERCIAL BANK PLC.	The matter under discussion involves an bank of which the director acts as the responsible person.	Delegated

3. Measures taken to strengthen the functionality of the Board:

   The Board of Directors has established Audit Committee, Corporate Governance and Nomination Committee, Compensation Committee and Board Strategy Development Committee in June, 2008 to assist the Board in carrying out its various duties.

3.2 Audit Committee

A total of 9(A) Audit Committee meetings were held in the previous period. The attendances of Independent Directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%) 【B / A】	Remarks
Independent Director	Chen-En Ko	9	0	100	Re-elected
Independent Director	Ji-Ren Lee	8	1	88.89	Re-elected
Independent Director	Chen-Chen Chang Lin	9	0	100	Re-elected
Independent Director	Hsin-I Lin	8	1	88.89	Re-elected

Other mentionable items:

1. If there are the circumstances referred to in Article 14-5 of Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motions, resolutions of Audit Committee and the Company's response to Audit Committee's opinion should be specified: None.

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified:
-Practice of Directors' avoidance of motions in conflict of interest:

independent director	Content of Motion	Cause of Avoidance	Voting
Hsin-I Lin	Lending to Sinyi Realty Inc.	The matter under discussion involves an enterprise of which the independent director acts as the responsible person	No

3.Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)

Date	Method	Object of Communication	Subject of Communication	Result
2014.01.23	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the plan for auditing of 2013 Financial Statements.	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2013 auditing work of E.SUN.	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2014 auditing plan of E.SUN.	Propose to the Boad of Director for approval and authorization
2014.03.05	Audit Committee	Appointed accountant of E.SUN	Report of the result for auditing of 2013 Financial Statements.	Acknowledged
2014.04.25	Audit Committee	General Auditor of E.SUN Bank	Report of the 2014 Q1 auditing work of E.SUN.	Acknowledged
2014.08.21	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the result for auditing of 2014H1 Financial Statements.	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2014 H1 auditing work of E.SUN.	Acknowledged
	Audit Conference	General Auditor and auditors of E.SUN Bank	Discussion related to auditing work of E.SUN Bank	Executed with the suggested matter
2014.11.13	Audit Committee	General Auditor of E.SUN Bank	Report of the 2014 Q3 auditing work of E.SUN.	Acknowledged
			Report of the 2015 auditing plan of E.SUN.	Propose to the Boad of Director for approval and authorization
2015.01.28	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the plan for auditing of 2014 Financial statements.	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2014 auditing work of E.SUN.	Acknowledged
2015.03.18	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the result for auditing of 2014 Financial statements.	Acknowledged

3.3 Corporate Governance Execution Status and Deviations from “Bank Governance Best-Practice Principles”:

Item	State of Operation			Deviations from “Bank Corporate Governance Best Practice Principles” and reasons
	Y	N	Summary	
1.Ownership structure and shareholders’ equity of the Bank (1)The manner in which the Bank handles shareholders’ proposals or disputes. (2)The ability of the Bank to identify its controlling shareholders and the ultimate person or persons behind such shareholders. (3)The ways the Bank establishes firewalls and risk management mechanisms with respect to its affiliates.	V		(1)E.SUN FHC is the sole shareholder of the Bank. The FHC's shareholder can file opinions via the FHC's Stock service department or customer service division. Qualified persons will then handle these Issues. Avenue for communication are quite smooth. (2)The Bank is a wholly owned subsidiary of E.SUN FHC. (3)Risk management committee has been set up to oversee the execution of risk management policy and culture. In addition, E.SUN risk management rules has been established. In terms of trading with interested parties, the Bank has adopted a number of internal regulations: Policy on Trading with Interested Parties, Operational Guidelines for Prevention of Insider Trading at Investees, Operational Guidelines for Addressing Common Interests of E.SUN Bank and Investees, Guidelines for Arm’s-Length Transactions Between E.SUN Bank and Investees, and Internal Operational Regulations for E.SUN FHC and Subsidiaries to Comply With Article 45 of the Financial Holding Company Act.	No Difference
2.Duties of Board of Directors (1)Besides setting up the Compensation Committee and Audit Committee according to law, does the Bank voluntarily set up other functional committees? (2)Does the Bank evaluate the independence of its CPAs on a regular basis?		V	(1)E.SUN FHC has also established Compenastion Committee, Corporate Governance and Nomination Committee, Board Strategy Development Committee and Corporate Social Responsibility Committee. (2)Pursuant to Article 29 of the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Bank engages professional, responsible, and independent CPAs to audit its finances and internal control on a regular basis. Meanwhile, the Bank’s Audit Committee and Board of Directors are called upon to evaluate the suitability, independence, and fair pricing of the engaged CPA firm every six months (in the first and third quarters). For its part, the CPA firm is supposed to present a statement of independence (specifying that the CPAs responsible for audit and their spouses as well as dependent relatives have no major financial interests at stake involving the Company, either directly or indirectly, or have undermined independence in any other way). E.SUN Bank reviews every year in Q1 that its Auditing Certified Public Accountant is not a related party under Article 45 of Financial Holding Company Act of Taiwan, the interest rate offers in lending and depository business has not been superssaing those of E.SUN Bank's general customers, the Auditing Certified Public Accountant has not held the stocks of E.SUN Bank's parent company, E.SUN FHC to ensure E.SUN bank has complied with the principle of avoidance of conflict interest.	Article 36-1 of the Corporate Governance Best-Practice Principles for Banks makes it clear that banks are supposed to establish their compensation committees. Nevertheless, as a wholly owned subsidiary of E.SUN FHC, the Bank leaves the overall performance evaluation to the Compensation Committee of the parent company.
3. Has the Bank established avenues of communication with interested parties?	V		The Bank has a special division in charge of building up and maintaining list of related party and related communication. The Bank’s customers can express their opinions through customer service units. Employee disputes will be handled by human resource division. The Bank and the related parties has a smooth communication channel. On the website of the Bank’s parent company E.SUN FHC, there is a special section devoted to corporate social responsibility that is designed not only for CSR reporting but also for communication with stakeholders.	No Difference
4. Disclosure of information (1)Has the Bank set up website for the disclosure of financial information and its corporate governance practices? (2)Any other methods adopted by the Bank for the disclosure of information (e.g., establishing English version website, appointing persons responsible for gathering and disclosing Bank information, implementing a spokesperson system, and placing the record of analyst meeting on its website)?	V		(1) a.Disclose status of Financial information, Business operation and Corporate governance in the website (http://www.esunbank.com.tw/about/legal_info.info). b.Information disclosed include financial information, business operation, material for analyst meeting, internal control and contact information. (2)To fully follow the system of spokesman, the Bank appoints a spokesman who understand thoroughly the Bank's financial and business conditions and who are capable of coordinating among departments. In addition, the Bank also appoints a deputy spokesman when the spokesman cannot perform his/her duties. **E.SUN Bank Spokesman** Name: Magi Chen Position: Deputy President Telephone +8862-2175-1313 Email: magi@email.esunbank.com.tw **Deputy Spokesman** Name: Mao-Chin Chen Position: CEO of Corporate Banking Division Telephone: +8862-2175-1313 Email: james-0081@email.esunbank.com.tw	No Difference

Item	State of Operation			Deviations from “Bank Corporate Governance Best Practice Principles” and reasons
	Y	N	Summary	
5.Has the Bank provided other important information to facilitate better understanding of the Company’s corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing insurance for directors and supervisors, political donation and donation to interested party and public interested group)?	V		(1)Enacted Guidelines for Minutes of Board Meetings to improve supervision and management of such meetings and to provide a regulatory basis to abide by in holding meetings. (2)The Company periodically asks directors and supervisors to take various courses. (3)The Company has established a Risk Management Division to draft and carry out risk control policies. The scope of risk reports and measurement systems cover the following: a.Credit Risk The information imparted at these events helps to establish systematic methods to manage risk derived from borrowers, counterparties, and portfolios, including creating an appropriate credit risk control environment, the adoption of credit risk controls for counterparties, and the establishment of counterparty credit ratings, along with limits on exposure to a single product, single industry, or single conglomerate. b.Market Risk The Company and all subsidiaries must establish price, currency, and interest rate fluctuation risk assessment and control mechanisms on all on-sheet and offsheet items. c.Operational Risk E.SUN is making every effort to establish operational procedures in all areas of business, and controls and auditing procedures on authorized limits, documents and custodianship of beneficiary certificates. d.Banking Book Risk E.SUN has established banking book interest risk management structure, related policy, method and procedure to measure, monitor and control Banking Book interest, and set up management index, warning threshold and limits. e.Legal and Compliance Risk E.SUN has established compliance officer system to effectively manage and improve the legal and compliance risk. f.Liquidity Risk E.SUN has established the mechanism of evaluating and monitoring liquidated positions to manage liquidity risk. g.Other Risk E.SUN has mechanisms to carry out and manage risk of reputation and other major risk via scenario stress tests, risk appetite analysis and capital adequacy. (4)E.SUN has always emphasized customer service quality. It provides customer complain channel and has implemented a number of customer protection policies. (5)In order to round out the company’s corporate governance mechanism and reduce risk exposed to directors and key staff members of the company, E.SUN FHC has taken out liability insurance for directors, supervisors and key staff members. Those insured include past, present and future directors and key employees of E.SUN FHC and the FHC’s subsidiaries, as well as managerial and supervisory personnel. The policies include liability insurance for these individuals, corporate compensation insurance, corporate securities claims liability coverage, and corporate employment practice liability coverage. (6)Employee disputes will be handled by Human Resource Division. This ensures smooth communication channels for interested parties. E.SUN holds knowledge sharing meetings in different region every year to disclose company’s goal, policy and other employee-related information. (7)To encourage shareholders participating corporate governance, regulation of AGM is conducted, in addition, spokesman system and stock affair unit provide a communication channel for shareholders to express their opinions. Disclose status of Financial information and Business operation within the website. (8)To effectively enforce corporate governance and fulfill corporate social responsibility, the Bank has in place a set of Regulations Governing Donations. Political donation and donation to interested party and public interested group: 1.Political Donations:None 2.Interested Parties: a.E.SUN Volunteers Social Welfare and Charitable Foundation: NT$63,850,425. (The donation includes the E.SUN World Card activity - the E.SUN Golden Seed Project - that is jointly carried out with E.SUN Bank and E.SUN Volunteers Foundation. A portion of the World Card annual fee and 0.3% of the spending made using the card is donated to the cause, which will create 100 libraries at elementary schools in remote areas.) b. The E.SUN Foundation: NT$15,000,000 3.Public Interested Group: a.Taiwan small and medium enterprise Credit Gurantee Fund of Taiwan NT$ 73,111,610. b.The Care for Schoolchildren Project (211 elementary schools)— NT$9,214,000 c.Miaoli County Fire Bureau—NT$7,459,939 d.Social Affairs Bureau, Kaohsiung City Government (Aug 1, 2014 Gas Explosions)—NT$5,397,736 e.Chinese Taipei Baseball Association (E.SUN Cup Junior Championship) NT$ 4,000,000. f.The Taiwan Association of Young Dreamer Alliances (HOT Original Music Contest)—NT$1,500,000 g.The Chiayi Cultural Foundation—NT$1,000,000 h.Others NT$1,220,160.	No Difference

Item	State of Operation			Deviations from "Bank Corporate Governance Best Practice Principles" and reasons
	Y	N	Summary	
6.Has the bank described the results of any corporate governance self-appraisals by the Company or appraisal reports commissioned by the Company, any shortcomings or suggestions presented in the reports and measures to rectify such:	V		E.SUN Bank received Corporate Governance Advanced Certificate from Taiwan Corporate Governance Association. In its evaluation, the Taiwan Corporate Governance Association affirmed that over the years E.SUN Bank has been proactive to have its corporate governance regime undergo assessment. An outside institution is engaged to undertake objective inspection with a view to helping enhance the Bank's corporate governance performance. In addition to its core line of business, the Bank has fulfilled corporate social responsibility to the best of its abilities, participated in a great variety of public interest endeavors, and won awards from a good number of domestic and foreign specialized institutions accordingly. For its part, the Taiwan Corporate Governance Association recommended mainly the following: the Bank's parent company E.SUN FHC should form a board of director comprising members of diverse specializations and meeting industry characteristics as well as development goals and strategies; E.SUN FHC's website should list email addresses for direct access to independent directors so as to facilitate whistleblowing. E.SUN FHC is also advised to provide all newly elected directors with comprehensive training and a diverse range of channels for advanced studies so that they can keep up with industry developments, help the board function properly, and learn more about corporate governance, thereby further enhancing the board's function and efficacy.	No Difference

3.4 State of E.SUN Achieving Trustworthy Operations and Related Measures

Implementation of Ethical Corporate Management

Item	Y	N	State of Operation	Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies" and reasons
1. Establishment of ethical corporate management policies and programs. (1) Does the Bank adopt an explicit indication of its ethical corporate management policy in internal regulations and external documents; implementation of the pledge by its board of directors and management to enforce the policy rigorously and thoroughly. (2) Does the Bank adopt an unethical conduct prevention program in which operational procedures, behavioral guidelines, and a mechanism for punishment of and appeal for alleged violations are clearly defined, and enforce it without fail? (3) Does the Bank adopt preventive measures against practices listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies or other business activities with higher risk of being linked to unethical conduct?	V		(1) Based on a board of directors resolution, the Bank's parent company E.SUN FHC has established a set of "Ethical Corporate Management Principles, Operational Procedures and Guidelines (hereafter "Ethical Corporate Management Principles," applicable to the Bank as well). It illustrates E.SUN's ethical corporate management policy, which is specified through such channels as the corporate website, external documents and investor briefings. Meanwhile, it also specifies that the board of directors, managers, and employees shall exercise the due care of a good administrator to urge the Bank to prevent unethical conduct, always review the results of preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policy. (2) To effectively forestall unethical conduct, the Bank makes ethical corporate management an integral part of its evaluation of employee performance and human resources policy. It has also established a clearly defined, effective system for setting rewards/penalties and handling complaints. (3) Standing by ethical principles and committed to honest business, the Bank refrains from engaging in business activities within its business scope that may incur a higher risk of committing acts of unethical conduct, and makes it a point to strengthen preventive measures. Meanwhile, the Bank refrains from offering political donations as it is set to uphold political neutrality.	No Difference
2. Implementation of ethical corporate management (1) Does the Bank evaluate the records of ethical/unethical conduct of its business counterparties and include in such contract provision demanding ethical corporate management policy compliance? (2) Does the Bank establish a unit under the Board of Directors that is exclusively or concurrently responsible for promoting ethical management, and reports its status of implementation to the board on a regular basis? (3) Status of the Bank's promulgating policies for prevention of conflicts of interests and offering appropriate means for related personnel to voluntarily explain whether their interests would potentially conflict with those of the Bank. (4) To enforce ethical management, does the Bank establish effective accounting and internal control systems that are subject to regular inspection of an internal auditing department or audit by externally engaged CPAs? (5) Does the Bank offer internal and external training with regard to ethical management on a regular basis?	V		(1) In the Ethical Corporate Management Principles, it is specified that the Bank shall refrain from having any dealings with parties that have any records of unethical conduct. When entering into contracts with other parties, the Bank shall include in such contract provision demanding ethical corporate management policy compliance. (2) At the Bank's parent company E.SUN FHC, the Corporate Governance and Nomination Committee is charged with the duty of setting and enforcing its ethical management policy and program for prevention of unethical conduct. The committee is also responsible for mapping out, implementing, and interpreting behavioral guidelines; handling queries and consultations; and registering and archiving related reports. Meanwhile, the committee is supposed to report its status of implementation to E.SUN FHC's Board of Directors on a regular basis. (3) The Ethical Corporate Management Principles shall specify policies for preventing conflicts of interests and provide a smooth communication and complaint filling system. Employees can file reports through a number of channels to senior management and the Human Resources Division. (4) The Bank has established an effective accounting system that prohibits any outside or secret accounts. On top of an effective internal control system, the Bank has also established an internal audit unit under the board of directors; it is required to report to the Audit Committee and the Board of Directors at least once per quarter. (5) The Bank undertakes training with regard to ethnical service principles and behavioral guidelines on a regular basis. All employees are required to attend and pass tests.	No Difference
3. Status of the Bank's implementation of its offence reporting system: (1)Does the Bank establish a mechanism that incentivizes prosecutors to step forward, put in place channels convenient for taking such action, and assign appropriate personnel to handle such cases? (2)Does the Bank set a standard operating procedure (SOP) for handling reports from prosecutors and adopt a mechanism for keeping confidentiality? (3)Does the Bank adopt measures to make sure that prosecutors do not undergo improper treatment because of their stepping forward?	V		(1) The Bank incorporates ethical management into its employee performance evaluation and human resources policy. A clearly defined, effective system of rewards and penalties is established, and multiple smooth, convenient channels are offered for employees to present information to both different levels of the management and the human resources department. Based on the Bank's pertinent operating procedure, such cases are then transferred to the relevant dedicated unit, that is, the Administrative Management Section (Legal Affairs) of the Bank's parent company E.SUN FHC. (2) When handling allegations against unethical conduct performed by its employees, the Bank shall abide by pertinent laws and regulations as well as internal rules and operating procedure while conducting investigations. Throughout the process, the identity of informants and content of their information shall be kept confidential. (3) The Bank would ensure it keeps the identity of the prosecutor confidential and provide measures of protection in an effort to protect the prosecutor from receiving unfavourable treatment or retaliation.	No Difference

Item	Y	N	State of Operation	Deviations from "Bank Corporate Governance Best Practice Principles" and reasons
4. Enforcement of information disclosure Does the Bank disclose the content and implementation status of its Principles for Ethical Management on its own website and the TSE's Market Observation Post System website?	V		The Bank's parent company E.SUN FHC has a corporate website, that discloses the Ethical Corporate Management Principles of its own as well as the Bank's ethical corporate management practices.	None
5. If the Bank has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSMListed Companies, please describe any discrepancy in the Bank's implementation of the principles and explain why : No Difference.				
6. Other important information to facilitate better understanding of the Bank's implementation of ethical corporate management (e.g., status of the Bank's reviewing and amending its own ethical corporate management principles):the ethical corporate management principles established by the Bank's parent company E.SUN FHC and practices are subject to reexamination and readjustment whenever warranted. With "Pure as Jade, Sturdy as Mountain" as its hallmark in business operation, E.SUN Bank is committed to making "a paradigm of the financial services industry and a bellwether of the service industry." Over the years E.SUN has taken action to show care for society and honor its commitment to Taiwan. E.SUN aims to be recognized as not only the best-performing enterprise but also the most-respected one in Taiwan.				

3.5 Corporate Governance Guidelines and Regulations

Please refer to the Bank's website at http://www.esunbank.com.tw/about/legal_info.info

3.6 Other Important Information Enhancing Understanding of the State of the Company's Corporate Governance

The parent company, E.SUN FHC, has produced the Self-assessment Report on Corporate Governance. This document was posted on the Market Observation Post System.

3.7 Internal Control

3.7.1 Statement on Internal Control System

E.SUN COMMERCIAL BANK, LTD.

Statement on Internal Control System

20 March, 2015

On behalf of E.SUN Commercial Bank, Ltd., we hereby declare that the Company, pursuant to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, did establish an internal control system and conduct risk management from January 1 through December 31, 2014. In the meantime, an impartial and independent entity was called in to conduct audit and report its findings to the Company's Audit Committee and Board of Directors on a regular basis. Regarding securities business, according to criteria for evaluation of internal control systems required by the " Criteria for Establishment of Internal Control Systems by Securities and Futures Service Enterprises " promulgated by the Securities and Futures Bureau of the Financial Supervisory Commission, our bank has carried out an evaluation of whether the design and implementation of our internal control system is effective.

Based on a meticulous review, we affirm that all departments of the Company had been able to effectively enforce internal control and compliance-related measures during the said period, except for matters listed in the table attached below. This Statement will be an integral part of E.SUN Bank's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the aforementioned items to be disclosed will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

To Financial Supervisory Commission

Chairman

President

General Auditor

Chief Compliance Officer

E.SUN Bank's Internal Control System—Items in Need of Improvement & Status of Improvement (Record Date: December 31, 2014)

Item in Need of Improvement	Corrective Measure	Scheduled Time of Completion
In terms of assigning derivatives trading limit to customers, the Bank shall fully take into account their foreign currency revenues, forex hedging needs, trading experience of the past and affirming the purpose of their trading.	E.SUN Bank has revised its set of Guidelines Governing Risk Exposure Limit for Derivatives Trading and enforced it without fail. A summary is as follows: 1.On top of stringent KYC customer evaluation for derivatives trading, a new distinction is now drawn between hedging and non-hedging purposes for the setting of different limit. 2.Evaluation criteria are now differentiated for setting hedging limit and non-hedging limit, taking into account the industry where customers operate and the risks they are likely to encounter over the course of business operations as well as customers' financial health and risk appetite. 3.Pursuant to the Self-Regulatory Rules for Banks Dealing in Financial Derivatives, E.SUN Bank has introduced a new requirement for customers to come up with collateral for their non-hedging transactions. Moreover, customers are required to provide data with regard to their trading limit at other financial institutions.	Improvement already completed.
In conducting the derivatives business, the Bank shall conduct thorough KYC and KYP evaluation and assessing customers' risk appetite, fully disclosing the risks involved, and reviewing operational procedures in accordance with the newly revised self-regulatory rules.	1.Pursuant to the Self-Regulatory Rules for Banks Dealing in Financial Derivatives and Self-Regulatory Rules for Risk Management by Banks Dealing in Financial Derivatives, E.SUN Bank has revised internal control and operational procedures and established a better-rounded risk control and management mechanism. 2.E.SUN Bank has revised its Guidelines for Engaging Customers in Derivatives Trading, pursuant to which qualified TMO salespeople shall be responsible for pitching sales, explaining the risks involved, and conducting KYC verification, that is, learning about the currencies used by a given company in making and collecting payments, as well as its financial capacity, hedging and non-hedging needs, and prior experience, if any, in trading derivatives. Relationship managers (RMs), on the other hand, shall be prohibited from introducing or helping promote products cited above.	Improvement already completed.
Keeping, on behalf of customers, blank documents bearing their signatures and/or name seals meant for transactions.	The cases in question have been duly dealt with. Education and training has been strengthened to prevent future incidence.	Improvement already completed.
Compliance with the central bank's guidelines governing extension of mortgages for purchasing high-priced homes in specific areas.	While the original loans in cases in question have been repaid, the subsequent new lending was handled in accordance with central bank regulations. Education and training has been strengthened to prevent future incidence.	Improvement already completed.
Compliance with the central bank's guidelines governing extension of mortgages for home purchases in specific areas.	While the original loans in cases in question have been repaid, education and training has been strengthened to prevent future incidence.	Improvement already completed.
Compiling and reporting statistics pursuant to Article 72-2 of the Banking Act.	While the original loans in cases in question have been repaid, the subsequent new lending was handled in accordance with regulations. Systematic control has been strengthened to prevent future incidence.	Improvement already completed.
Reporting and registration of irregular cash transactions.	The cases in question have been rectified. Education and training has been strengthened to prevent future incidence.	Improvement already completed.

3.7.2 Disclosure of Any Commissioned Internal Control Review Carried out by CPA: None

3.8 Legal Infraction and Punishment and Major Shortfalls and the State of Improvement over the Past Two Years

(1)Litigation filed by prosecutors to E.SUN's managers or employees in the line of work: None.

(2)Fines levied by the FSC for Regulatory Violations: E.SUN Bank, while undertaking marketing of financial products, was determined to have failed to establish a well-rounded internal control system or to implement it faithfully pursuant to Paragraph 1, Article 45-1 of the Banking Act. The competent authority imposed a fine of NT$4 million. In turn, the Bank has reexamined and modified its operational procedures and guidelines as well as established a adequate risk control and management mechanism.

(3)The Bank reprimanded by the FSC for deficiencies in business operations of the following:

(a)In response to the Bank’s failure to make public consolidated revenue for May 2013 by the tenth day of the following month pursuant to pertinent regulations, the competent authority ruled that it was a deficiency worthy of rectification. The Bank responded by reviewing its various reporting procedures and establishing a management system governing all reporting operations. The system offers both prior reminders and notices of overdue cases to minimize the risk of repeating similar operational deficiencies going forward.

(b)E.SUN Bank, while undertaking marketing of financial products, was determined to have failed to establish a well-rounded internal control system or to implement it faithfully. Besides a fine imposed, the competent authority also issued an order for corrective action.

(4)The Bank disciplined by the FSC pursuant to Article 61-1 of the Banking Act: None.

(5)Losses, if any, caused by corruption of personnel, serious accidents, or security incidents due to failure to comply with the Security Maintenance Requirements of Financial Institutions, of which the amount incurred separately or cumulatively during a given year exceeds NT$50 million (where serious accidents refer to events of fraud, theft, misappropriation, and embezzlement of company assets, false transactions, forgery of certificates and securities, acceptance of rebate, natural disasters, external force, computer hacking, theft of data, and divulgence of trade secrets and customer information): None.

(6)Other matters that require disclosure as designated by the FSC: None.

IV. Capital Overview

1. Shares and Dividends

1.1 Source of Capital

2015.03.30 Unit: thousand shares, NT$ thousands

Month/Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source	Others
2007.1.1		2,890,991	28,909,905	2,890,991	28,909,905		
2007.6.5 (note1)	10	29,009	290,095	2,920,000	29,200,000	Retained Earnings	
2007.6.21 (note2)	20	200,000	2,000,000	3,120,000	31,200,000	Cash Capital	
2009.6.26 (note3)	10	62,400	624,000	3,182,400	31,824,000	Retained Earnings	
2009.12.4 (note4)	14	180,000	1,800,000	3,362,400	33,624,000	Cash Capital	
2010.6.3 (note5)	10	147,600	1,476,000	3,510,000	35,100,000	Retained Earnings	
2011.6.13(note6)	10	210,600	2,106,000	3,720,600	37,206,000	Retained Earnings	
2011.11.22(note7)	15	500,000	5,000,000	4,220,600	42,206,000	Cash Capital	
2012.6.8(note 8)	10	151,900	1,519,000	4,372,500	43,725,000	Retained Earnings	
2012.11.30(note9)	15.5	200,000	2,000,000	4,572,500	45,725,000	Cash Capital	
2013.6.6 (note 10)	10	412,500	4,125,000	4,985,000	49,850,000	Retained Earnings	
2014.3.21(note 11)	15	140,000	1,400,000	5,125,000	51,250,000	Cash Capital	
2014.5.19(note 12)	10	435,000	4,350,000	5,560,000	55,600,000	Retained Earnings	
2014.5.23(note 13)	16.6	576,000	5,760,000	6,136,000	61,360,000	Cash Capital	

Note1 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 5, 2007 granted approval for issuance in its letter Zidi 0960027542.
Note2 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on June 21, 2007 granted approval for issuance in its letter Zidi 09600256501.
Note3 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 26, 2009 granted approval for issuance in its letter Zidi 0980030711.
Note4 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on December 4, 2009 granted approval for issuance in its letter Zidi 09800558761.
Note5 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 3, 2010 granted approval for issuance in its letter Zidi 0990027492.
Note6 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 13, 2011 granted approval for issuance in its letter Zidi 1000025959.
Note7 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on November 22, 2011 granted approval for issuance in its letter Zidi 10000401021.
Note8 : The Securities and Futures Bureau of the Executive Yuan's Financial Supervisory Committee on June 8, 2012 granted approval for issuance in its letter Zidi 1010024779.
Note9 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on November 30, 2012 granted approval for issuance in its letter Zidi 10100388601.
Note10 : The Banking Bureau of the Executive Yuan's Financial Supervisory Committee on June 6, 2013 granted approval for issuance in its letter Zidi 1020021282.
Note11 : Ministry of Economic Affair on March 21, 2014 granted approval for issuance in its letter Zidi 10301045950.
Note12: The Financial Supervisory Committee on May 19, 2014 granted approval for issuance in its letter Zidi 1030016610.
Note13: The Financial Supervisory Committee on May 23, 2014 granted approval for issuance in its letter Zidi 10300140571.

1.2 Type of Shares

2015.03.30 Unit: Share

Type of Shares	Authorized Capital			Remark
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	6,136,000,000	0	6,136,000,000	

Note：The bank is a public company and the stock is not belong to listed or OTC stock.

1.3 Structure of Shareholders

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.4 Shareholding Distribution Status

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.5 List of Major Shareholders

The Bank is a wholly owned subsidiary of E.SUN FHC.

1.6 Dividend Policy and Implementation Status

In order to achieve the goal of sound financial structure and to enhance the self-owned capital ratio, the policy of dividend distribution of the bank shall be primarily on the basis of stock dividend. In the event that at the year dividends proposed to be distributed the bank's BIS ratio after compilation of final financial statements is greater than the requirement by the regulatory agencies, the cash dividend may therefore be distributed but shall not be less than 10% of the total dividends. However, in case of the proposed distribution of cash dividend lower than NT$0.1 per share, the bank may, at its sole discretion, opt to make such distribution out of stock dividends. Before the legal reserve equals the total capital amount, the maximum cash distribution of profit shall not exceed fifteen percent of the total paidup capital amount. The proposed dividends payout for the 2014 financial year is NT$1.176 per share, in which cash dividend is NT$0.511 and stock dividend is NT$0.665.

1.7 Impact on business performance and earnings per share of stock dividend payment proposed at the most recent shareholders' meeting: Not applicable.

1.8 Employee Bonus and Compensation for Directors

According to Article 40 of the Bank' s Articles of Incorporation: Should the Bank in a fiscal year post profits, after the payment of taxes and appropriations for any accumulated deficit, a 30% legal reserve shall be set aside. A special reserve may also be set aside if needed, in which the directors' compensation should not be gerater than 1%, the employee Bonus should not be greater than 5%. Distribution of the remaining funds, including retained earnings from the previous fiscal year should be proposed in the board meeting and resolved in the shareholders meeting.

1.9 Information on board-approved Employee Bonus and Compensation for Directors

(1) Employee bonus is NT$357,151,194 and Directors' compensation is NT$67,000,000.

(2) Ratio between proposed stock dividends given out to employees and capital increments from retained earnings: Not applicable.

(3) Consider calculating EPS after the distribution of employees' bonuses and directors' remuneration: Since January 1, 2008, the Bank adopted EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., the costs of employees' bonuses and directors' and supervisors remuneration are accounted for as expenses rather than distribution of profits. Thus, not applicable.

1.10 Share Repurchase: None.

2. Preferred Shares Issuance: None.

3. GDR Issuance: None.

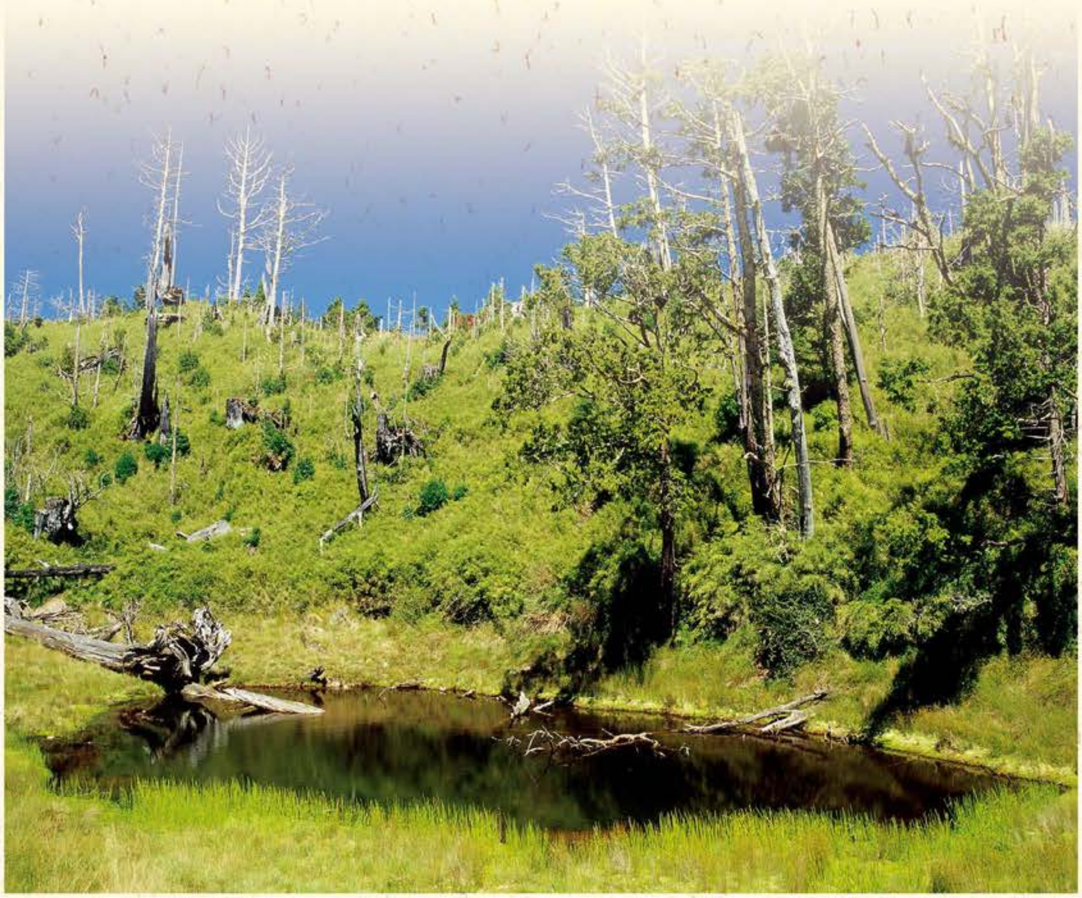
4. Employee Stock Option and Status of New Shares: None.

5. Mergers and Acquisitions with Other Financial Institutions: None.

6. Financing Plan and Implementation:

Analysis on previous Issuances or private placement of securities and debentures have not been completed or the implementation impact of the recent 3-year financial plan has not been realized: None.

V. Operational Highlights



1. Business Activities

In 2014, E.SUN persisted with its long-term effort to strengthen risk control and management and keep up asset quality. Meanwhile, resources were integrated to provide customers with a wider array of financial products and services, thereby upgrading performance across the board. Looking ahead to 2015, the Bank believes it is time to prepare for the advent of a new banking era. Both the external competitive environment and patterns of customer behavior are set to undergo drastic changes. To adapt, the Bank will introduce innovative thinking as it strives to provide customers with more satisfying services, thereby enhancing customer value.

1.1 Corporate Banking

(1) Corporate Lending

E.SUN's lending policies continue to operate under the same principle, which is to focus on extending credit to corporate clients with strong credit records and reputable operations. At the same time, however, it protects itself by continually enhancing its risk control mechanisms. This has helped to boost capital utilization and enhance asset quality. At the end of 2014, the outstanding of corporate lending stood at NT$463,868 million, representing 49.93% of the Bank's total loan portfolio. Corporate lending increased NT$50,610 million in 2014. Of these loans, 46% were extended to the manufacturing industry, 13% to the financial, insurance and real estate industries, and 20% to the wholesale and retail sector.

E.SUN gives priority to customer needs and value in its pursuit of business expansion. High on the list is the capability to provide businesses with the products and services they need: corporate financing, syndicated loans, trade finance, project finance, and wealth and cash management. The ultimate objective is to establish a well-rounded service platform spanning Greater China and Southeast Asia, consolidate resources across E.SUN FHC, and form a team of enthusiastic professionals, thereby ensuring a win-win partnership with customers.

(2) Foreign Exchange

In 2014, the Bank’s foreign exchange business fared steadily. Core systems were further refined to help sustain future development. When it comes to financial innovation, the Bank teamed up with the world-famous third-party payment platform PayPal to launch the E.SUN Global Pass initiative and offer digital cash flow services. Separately, E.SUN was proactive to promote interbank trade and agent services. As such, the Bank’s foreign exchange business enjoyed an extra boost from cross-sector partnerships and peer cooperation. In total, the Bank’s import, export, and remittance business recorded a 49% revenue increase in 2014.

1.2 Consumer Banking

(1) Deposit and Remittance

At the end of 2014, the Bank's total deposits amounted to NT$1,275,368 million, a rise of NT$125,148 million (10.88%) from the end of 2013. Demand deposits amounted to NT$697,085 million, comprising 55% of all deposits. Time deposits amounted to NT$578,283 million, 45% of all deposits. The structure of deposits is advantageous to the Bank and the amount of deposits continues to grow.

(2) Mortgage Loan

In the mortgage sector, the Bank acted in accordance with the government directive with regard to selective credit control over mortgage loans meant for specific areas and high-priced houses. In particular, the Bank persisted with pricing that takes account of risk differentials as part of an overall emphasis on increasing risk tolerance while promoting healthy growth of the mortgage business. Priority was given to identifying customer features and adopting a segmented approach toward meeting customer needs. One-stop shopping solutions were offered to boost customer loyalty and value for both parties. As of the end of 2014, the Bank's outstanding balance of mortgage loans came in at NT$405,400 million. In 2015, local banks are required to increase their provisions for mortgage loans, and the prospect of interest rates moving up can only mean a heavier repayment burden on debtors. As such, E.SUN is ready to continue pricing mortgages strictly in accordance with risk differentials and seek out quality clients so as to keep up healthy growth of the mortgage business.

(3) Unsecured Personal Loan

As far as credit lending was concerned, the Bank placed emphasis on upholding asset quality while striving for healthy expansion in 2014. Various risk identification models and instruments were developed and adopted to help grade customer risk and enforce a differentiated pricing strategy. Meanwhile, E.SUN adopted a cautious approach toward developing new kinds of loans that call for supplementary collateral to uphold earnings capacity as well as enhance risk tolerance. To prepare for the advent of a new banking era in 2015, the Bank is set to further develop virtual outlets and diversify channels for marketing credit loans. Priority will be given to integrating brick-and-mortar and virtual channels in order to offer simple, convenient, and custom-made services in a swift manner, thereby creating a unique customer experience. The Bank will also draw from its database of existing customers to undertake behavioral analysis and risk modeling with a view to facilitating precision marketing, developing new customers, and expanding business reach. Backend operations will also be strengthened to help establish a fully digitized management mechanism across the board, thereby reducing costs and enhancing earnings.

(4) Micro SME

In growing the micro SME business, the Bank continued to focus on those doing business in the vicinity of its branches. Localized financing platforms were established to strengthen cash flow dealings with micro SMEs and thus help foster regional economic development. Moreover, the Bank was an avid subscriber to the government's initiative to improve the country's overall industrial structure by upgrading the cultural and creative industry. The Bank was proactive to fulfill its corporate social responsibility by assisting in the development of cultural and creative ventures by offering the funds they need in all stages of development. In 2015, the Bank will give priority to formulating comprehensive supply chain services, thereby winning over new customers and offering better-rounded lending services across the board.

(5) E-commerce and Internet Banking

In the sphere of electronic banking, the Bank is committed to innovation and refinement of online, mobile, and cash flow services. In March 2014, E.SUN Global Pass was introduced to give customers access to PayPal payment services by means of the Bank's online banking platform. Cash withdrawals could be completed easily and rapidly. This was followed by the launch in June of E.SUN WebATM as a cross-strait platform for online shopping, the first of its kind in Taiwan. Local consumers could thus easily pay for their Taobao and Tmall purchases.The Bank determines to continue to enhance in innovation of the cash

management and functions of internet banking, in an effort to maximize the benefits its e-channels have to offer and take the lead of next-generation electronic banking.

1.3 Wealth Management

In 2014, E.SUN was accorded the weekly Business Today's Wealth Management Bank Assessment-The Best Product Award and top prize of the Best Financial Advisers Team.

(1) Mutual Funds

Mutual funds constitute the main focus of E.SUN's wealth management, helping customers to build up more assets. It also assists customers in allocating assets and understanding the importance of stop-loss orders and when to take profits. The Bank is actively developing new financial products, including those for AUM, and using IT, data analysis and professional financial advisory team help customer to allocate their assets in the most appropriated methods. Furtheremore, E.SUN establishes a respond mechanism for major event, to provide customers immediate market information and suggestions for their investment portfolio. As of the end of 2014, the total amount of overseas trust assets stood at NT$122,773 million, while the total amount of domestic trust assets stood at NT$40,548 million, and custodianship stood at NT$146,099 million.

(2) Bancassurance

In bancassurance, E.SUN is keen to provide customers with better-rounded, premium-quality coverage planning and after-sales service. In addition to ensuring product completeness and variety, and improving service quality and procedures, emphasis is also placed on working with partner insurers to develop offerings available only at E.SUN. In return, customers can enjoy tailor-made services and a truly unique bancassurance experience at E.SUN. Furthermore, data mining analysis always plays an important part in the Bank's wide variety of marketing endeavors so as to meet the needs of different segments of customers and deepen customer relationship, thereby maximizing the efficiency and returns therein.

(3) Trust

Adapting to external changes and social trends while standing by the principles of professionalism, integrity, and reliability, E.SUN is committed to providing a full spectrum of innovative, quality trust services. Based on case-by-case considerations and customer needs, it is ready to offer professional recommendations and assist in custom-made planning. The Bank offers trust for the following: advance receipts, third-party payments, restricted stock, cash for property transactions, insurance money, securities, realty development, employee shares/savings, and all kinds of tailor-made trusts. E.SUN is always keen to provide differentiated services that cater to market needs. For instance, the Bank joined forces with a leading convenience store franchise to launch Ticket Presale Pro, an innovative service that went on to win the 7th Taiwan Banking and Finance Best Practice Awards accorded by the Taiwan Academy of Banking and Finance: Best Trust Banking Award. Similarly, the Bank was joined by a leading life insurer to launch a retirement home trust offering. In terms of related services, the Bank offers securities certification and acts as depositary of corporate bonds. As of the end of 2014, total assets under trust stood at NT$320,251 million, which was a rise of NT$50,055 million from the previous year. Assets under custodianship in the form of securities stood at NT$14,612 million, while asset funds under custodianship in special accounts amounted to NT$146,099 million.

1.4 Credit Card

As of the end of 2014, E.SUN had 3.69 million cards in issuance, ranked 3 among peers, with 2.54 million cards in force. The amount charged on the cards during the year was around NT$211.2 billion, experiencing a highest growth rate among peers in the market, card in issuance and amount charged occupy above 10% of the market. Meanwhile, E.SUN's NPL ratio of credit card revolving stood at 0.23%, which was better than the market average 0.27%, pointing to a continued strong asset quality.

Soliciting new customers and building a greater presence in the credit card market remain a priority. E.SUN is now ranked No. 1 in both the number of World MasterCards in circulation and cardholder spending. Having issued more than 2.8 million co-brand EasyCards, it is also the largest card provider serving the small payments market. Meanwhile, the Bank has to date issued more than 400,000 co-brand ETC (electronic toll collection) cards, attesting to its status as the No. 1 choice for local motorists. By engaging authorized shops to organize sales campaigns and the like that cater to diverse customer needs, the Bank is keen to meet customer needs and create customer value so that customers “can’t resist using E.SUN Card.”

1.5 Investment

The book value of the investments by E.SUN Bank at the end of 2014 stood at NT$3,007 million:

(a)The Bank maintains stakes in the following companies: Taipei Forex Inc. (0.81%), Taiwan Futures Exchange (0.45%), Financial Information Service (2.28%), Bank Pro E-Service Technology (3.33%), Taiwan Asset Management (0.57%), Taiwan Financial Asset Service (2.94%), Sunny Asset Management Corp. (4.35%), Apex Venture Capital (4.67%), Taiwan Incubator SME Development Corp. (3.44%), Taiwan Finance Corporation (0.41%), Alliance Digital Tech Co. (4%), Taiwan Mobile Payment Co. (3.30%) and EASYCARD Investment Holdings Corporation (4.82%). A Total book value of NT$542 million. (b)70% shareholding in Cambodia’s Union Commercial Bank Plc: Calculated under the equity method, this investment has a book value of NT$ 2,465 million.

2. Business Plan

In 2015, E.SUN is ready to pursue expansion on all fronts while taking action to accommodate the growing trend for financial services to become digitized, go online, and turn mobile. The Bank will integrate brick-and-mortar and virtual services to create an innovative customer experience and upgrade performance across the board. Meanwhile, emphasis will be placed on further expanding overseas and promoting the premium E.SUN brand of quality services through localized management. Above all, E.SUN will use customer needs as its point of departure for delivering financial services that truly appeal to customers.

2.1 Corporate Banking

(1) E.SUN will continue to be customer-oriented, strive for cross border customers and will work to add depth to its relationship with customers. In addition, it will work in conjunction with government policy to foster the development of SMEs, becoming the best partner for SMEs as they grow.

(2) E.SUN will utilize the SME Credit Guarantee Fund and other global insurance company as external resource, continue to enhance the risk management mechanism and asset allocation, in an effort to maintain the superiority and asset quality.

(3) In conjunction with its expanding overseas operations and cross border service, E.SUN will use information technology and expertise as a foundation, integrate the resource from our FHC, and its brand name and professional workforce as the core of its efforts to meet the service needs of customers.

(4) Continue to provide a comprehensive range of diverse financial products and services, and helping E.SUN become best partner for companies to succeed.

2.2 Consumer Banking

(1) E.SUN's full-function branch network continues to grow, now reaching 136. The comprehensive services provided by these branches enhance customer satisfaction and loyalty. In tandem with its virtual network and mobilization, E.SUN has established an even more well-rounded and tight-knit financial services network.

(2) E.SUN Bank is keen to give a new look to its retail channels as it seeks to broaden service reach and provide customers with a brand new e-experience. In 2014, the Bank took the lead to usher in the concept of “artistic branch”: an utterly comfortable environment is created so that customers can readily experience a distinctly aesthetic ambience during their visits to E.SUN. In the days ahead, the Bank will continue with this innovative initiative to revamp its lineup of branches, thereby maximizing customer value and bringing benefits shared by the Bank as well as its customers.

(3) E.SUN channels are going international. The Bank will not only further deepen its overseas operations but also promote businesses throughout its overseas channels, thus ushering in new earnings sources.

(4) A rigorous risk control and management regime is enforced to accommodate changes on international financial markets. “No business is above risk” serves as the guiding principle as E.SUN seeks to maximize overall performance across the board.

2.3 Wealth Management

(1) The bank will uphold “Pure As Jude, Sturdy As Mountain” as the core ideal, to draw on the Bank’s knowledge-sharing platform in spreading and passing on the expertise regarding how to render quality services, thus Building a comprehensive set of on-the-job training courses for all positions. E.SUN will continue to train more wealth management specialists

with the capacity for serving customers with professionalism and devotion. Devise investment strategies that best suit economic cycles; optimize asset allocation for customers in a timely and effective fashion.

(2) The Bank will continue to expand mutual fund diversity, giving priority to niche products of which it is either the exclusive or first vendor, so as to stay ahead of the competition in meeting diverse customer needs. Meanwhile, it will strive for stronger competitiveness in the custody business in order to generate sustainable inflow of fee income.

(3) For E.SUN, innovation is always ongoing when it comes to developing new modes of trust offerings, such as trust for advance receipts, third-party payments, and restricted stock. In response to social trends, the Bank is also set to come up with well-rounded, humane trust services that take account of social security and public interest.

(4) Innovative thinking is of necessity for seeking out market pulse and opportunity. Emphasis will be placed on further utilizing the trust platform for trading overseas ETFs and equities (including U.S., Hong Kong, and Shanghai stocks). In the meantime, special attention will be paid to providing specialized investors and OBU customers with exclusive offerings, enabling them to optimize funds use and asset allocation.

(5) Persist with diversification of retail outlets and refine the capability to render wealth management services online. Make available one-on-one trading procedures that are both convenient and swift while making sure that risk is properly controlled and managed. Equip wealth management consultants with a mobile device coming with a fully integrated app and develop an online platform capable of handling multiple transactions with a view to providing customers with timely, convenient services.

2.4 Credit Card

(1) Build a complete product mix to ensure it satisfies with customers' need.

(2) Draw from data analysis to determine customer features and preferences that in turn serve as the basis for organizing credit card campaigns, thereby boosting cardholder loyalty.

(3) Persist with introduction of innovative products, functions, and services; provide convenient, swift, and timely payment services.

(4) Refine systems and models as well as operational processes, thereby optimizing risk management.

(5) Introduce a greater number of partner stores willing to offer discounts as well as authorized shops for acquiring services. Promote cardholder spending and enhance the visibility of E.SUN credit cards in the market.

3. Market Analysis

While the international community has sustained drastic changes both politically and economically in recent years, more structural adjustment is needed over time. Against this backdrop, the global economy has entered a phase of "new mediocre" while undergoing an imbalanced recovery. The U.S. has stood out as the backbone of the world economy, and the slumping price of oil is expected to give an extra boost. Still, many challenges remaining: an anticipated rate hike by the Fed, China's weakening property market, the euro zone's structural problems, the Russian-Ukrainian conflict, the Islamic State's mounting threat, etc. Given all these uncertainties and restraints, the world economy is expected to keep up only moderate growth in 2015.

The World's Moderate, Imbalanced Recovery

The world economy fell short of expectations in 2014. The U.S. gained momentum, but the euro zone remained caught up in doldrums and the hike in Japan's sales tax cast Abenomics in doubt. Neither could the world count on emerging economies that were called upon to adjust themselves structurally amid slower growth due to weaker demand. According to Global Insight (GI) estimates released in January 2015, the world economy was expected to grow at a bit faster pace of 2.7% last year. In 2015, the U.S. will remain the leading driving force behind the world economy and the Fed is expected to ignite a fresh rate hike cycle. The euro zone, Japan, and mainland China are set to continue their economic restructuring while their monetary policy is expected to remain accommodative so as not to derail a still fragile economic recovery. GI expected the world's 2015 economic growth to pick up moderately and match the long-term average of 3%.

The U.S. economy has enjoyed reasonably healthy growth lately. With QE keeping down long-term interest rates, the property market recovered and in turn gave a boost to private investment. Moreover, breakthroughs in shale oil and gas extraction not only energized related industries but also made possible much cheaper natural gas that induced a 50% drop in electricity prices from 2008. The manufacturing industry benefited: the ISM Manufacturing Index averaged 55.8 in 2014 and the capacity utilization ratio recovered to 79.7, just shy of the 2007 high of 81.5. Equally impressive improvement could be seen on the jobs market as well. In 2014, American employers added 2.95 million workers to payrolls. Against the 2009 high of 10%, the jobless rate fell to 5.6% in December 2014, a level close to the 4-5% recorded in pre-crisis years and likely to help fuel consumer demand. All in all, economic numbers for 2014 gave good reason for optimism. As such, bullish estimates prevail for the outlook of U.S. economic growth in 2015. GI expected U.S. growth to accelerate to 3.1% this year from 2.4% in 2014. Still, caution remains warranted over the near certainty of the Fed's rate hike and political and economic instability in other parts of the world.

Many challenges await the European and Japanese economies. The sovereign debt issue is no longer a threat to the euro zone but the aftermath has yet to fully blow over. Moreover, growth momentum is lacking as fiscal austerity means weaker demand and structural reform has been rewarded only with patchy progress. With the Russian-Ukrainian conflict dealing another blow, the sluggish European economy has to cope with unemployment in excess of 11%. The ECB can thus be expected to further expand monetary easing in order to revive the economy. But the euro zone saw its CPI sustain a 0.2% year-on-year decline in December 2014. Mounting deflationary pressure is certainly a worry for Europe's economic outlook. According to GI, the euro zone is expected to grow 1.4% in 2015, accelerating from 0.9% in 2014. Japanese Prime Minister Abe's "three arrows" did give the economy a shot in the arm, but this temporary boost could not fully compensate for the slow progress in more fundamental structural reform. Following the sales tax increase from 5% to 8% in April, the economy contracted in the second and third quarters. In response, the BOJ introduced a fresh QQE initiative in October to stimulate the economy. The Abe administration also announced deferring a further increase in the sales tax to 10%. What's more, Abe resorted to dissolving the Lower House for a snap election in a bid to secure a new mandate for his subsequent reform policy. Based on GI estimates, the Japanese economy should be able to grow faster by 0.8% in 2015, compared with 2014's 0.2%.

In general, emerging economies lost steam. As structural adjustment continued, consumer demand slowed, commodity prices fell, and capital withdrew in tandem with QE tapering, such economies expanded at a lackluster pace of 4-5%, decelerating from 6-7% of past years. As a whole, according to GI estimates, emerging economies are expected to grow 4.1% this year, a bit slower than the 4.3% of a year earlier. To be sure, China stands out under the spotlight. As the Chinese economy matures by the year, its structural adjustment has also begun to pay off. In the first three quarters of 2014, the service industry already accounted for 46.7% of GDP, a weighting higher than that of the manufacturing industry. This shift is expected to create more jobs. To further boost domestic demand, the Mainland China's government is pushing urbanization and household registration reform. The objective is to draw on the industrial and service sectors as a foundation for inducing a shift of the agrarian population to cities. But such an initiative is unlikely to pay off anytime soon. Moreover, the government has made it clear that it is not planning any near-term stimulus measures. Coupled with the ongoing clampdown on corruption, it is only realistic to expect consumption, investment, and exports to lose steam. But to prevent the economy from sustaining a steeper-than-expected decline, China can be expected to introduce so-called micro-stimulus measures, such as targeted reductions in deposit reserve ratios, tax cuts, and railroad construction in central and western parts of the country in the second half of the year. Moreover, authorities will also seek to divert funds toward the real economy in general and the agricultural sector in particular and give impetus to the economy through various reform programs.

That a bubble may be forming in China's property market is the biggest secret worry for the economy. In 2014, housing price drops already spread from peripheral cities to first- and second-tier cities. In November, 70 mid-to-large cities saw their prices of newly built homes decline for seventh consecutive months. What's worse, the price declines in Beijing, Shanghai, Guangzhou, and Shenzhen widened. The cooling of the property market prompted authorities to ease restrictions with regard to home purchases and mortgage loans. Still, perceptions of the future of the Chinese property market remain divergent. A near consensus is that the economy will stay under pressure even if government intervention may help avert a total collapse of the property market. GI's projection was for China's GDP growth to decelerate to 6.5% in 2015 from 7.3% in 2014.

Taiwan Enjoys Moderate Growth; Exports Face Challenges

Taiwan's economic performance proved better than expected in 2014. For most months of the year, the key economic indicator signaled healthy growth. Fueled by Apple Inc. suppliers, equipment makers, and automakers and their component/parts suppliers, the manufacturing sector shifted to expansion mode. In 2014, the manufacturing index posted a 6.6% year-on-year increase, a conspicuous pickup from 0.6% for the whole of 2013. In turn, exports rose 2.7% in 2014. As the U.S. economy persists with solid growth, Taiwan should be able to record stronger growth in outbound shipments as well. In terms of private investment, capital expenditures by chipmakers, telecom operators, and airlines have fostered steady growth over the past couple of years. But it should be noted that most other businesses have tended to stay on the sidelines. Despite the impact of a string of food security scares, private consumption should be able to keep up steady growth thanks to modest increases in jobs and wages. For its part, Taiwan's Directorate General of Budget, Accounting and Statistics (DGBAS) predicted that GDP growth would accelerate slightly to 3.78% this year from 3.74% the year before. Although Taiwan's economic outlook seems promising enough, it must be pointed out that China's economic development will have a major effect on the ultimate outcome. In surveys of local companies done by the Taiwan Institute of Economic Research (TIER), perceptions of Taiwan's economic future fluctuated wildly in recent months, reflecting a universal sense of uncertainty. The Taiwanese economy could suffer if no substitute emerges for the iPhone 6 whose brisk sales made an immense contribution to Taiwan's exports last year.

Taiwan relies heavily on exports. Competitiveness in overseas markets determines its economic success. By shipment destination, exports to the U.S. rose 7.1% in 2014 while those to China and ASEAN were up only 2.9% and 1.3% respectively. In a breakdown by product, electronics exports climbed 13.5% on the back of solid demand for semiconductors and components/parts. Conversely, ICT, mineral, and precision instrument shipments fell 11.2%, 13.5%, and 8.9% respectively. Besides monitoring the economic strength of export markets, one clearly must also take account of the fact that industry competitiveness waxes and wanes. In particular, China has been proactive to subsidize domestic industries with a view to nurturing its own supply chains in such sectors as solar energy, LED, TFT-LCD, and steel. At present, emphasis is increasingly placed on the semiconductor industry. South Korea, as Taiwan's most formidable export rival, concluded FTA talks with China in November 2014. As the former already signed FTAs with the European Union and North America earlier, Taiwan needs to closely track how this development may play out and affect the country.

Shale Oil Ends High Oil Price Era for Now

Thanks to technological breakthroughs in horizontal drilling and hydraulic fracturing (fracking), shale oil output took off in the U.S. in 2011. Daily output rose to 3.5 million barrels, or 39% of the country's crude output in 2014. What resulted was a higher self-sufficiency thanks to significantly reduced dependence on oil imports. In 2014, the U.S. imported 7-7.5 million barrels of crude oil a day, down from 12 million barrels in 2004-2007. In December 2014, the U.S. government eased a 40-year ban on crude oil exports and gave the green light to the export of ultralight oil. As the aforesaid ban is likely to be lifted outright, the conventional supply and demand regime in international oil markets may be transformed drastically. According to International Energy Agency (IEA) estimates, the U.S. may overtake Saudi Arabia and Russia as the world's largest oil producer by 2017.

In 2014, the price of crude oil underwent wild swings as shale oil output continued to climb in the U.S. With Saudi Arabia staying at the helm, OPEC refused to budge and cut back on production. Oil producers even took the offensive by approaching their Asian buyers and negotiating long-term contracts, thereby warding off the onslaught of shale oil rivals and keeping up their own market share. In the meantime, Russia was keen to secure oil revenue by further increasing output, both Iran and Libya joined the ranks of oil suppliers, and the Chinese and European economies lost steam. Combined, these factors led to oversupply and resulted in an accelerated downturn of oil prices. Between mid-June 2014 and the end of the year, Brent Crude plunged more than 50% to US$56 from US$115 a barrel. Major international institutions forecast that the price of crude oil is likely to trade at US$48-89 a barrel in 2015. To be sure, cheap oil is generally a catalyst to economic growth worldwide but it can also threaten the economies and finances of oil-producing countries. In order to maintain financial and social stability, oil-producing countries are unlikely to curtail output voluntarily. Thus, there is no ruling out an overshooting of oil prices on the downside.

Monetary Policy Variance Among Major Economies May Jolt Markets

Dictated by their respective economic conditions, major central banks have taken different paths while charting monetary policy. The Fed began the tapering of QE3 in early 2014 and ended its asset purchase program in October of the year. The next challenge confronting Fed Chair Janet Yellen is when and how the central bank is going to start a fresh rate hike cycle. It is now widely expected that this will materialize sometime in the second half of 2015. There is possibility that Fed would opt for a single increase and switching to wait-and-see mode before advancing to the next stage of more such moves. In the FOMC statement released in December 2014, the Fed already dropped the wording that "it likely would be appropriate to maintain the current target range for the federal funds rate for a considerable time." Moreover, there would be lesser leverage for monetary policy in 2016 when a new U.S. president is to be elected. To ensure the effectiveness of monetary policy, thus, the Fed may opt for an interest rate increase earlier than expected.

The ECB has come under mounting pressure to adopt a more aggressive stance toward monetary easing as euro zone economies have been plagued by sluggish growth and the threat of deflation at the same time. In June 2014, it introduced a negative deposit facility interest rate, a bold move followed by its cutting the benchmark rate to an all-time low of 0.05% in September. In addition to offering low-interest loans to banks via LTRO and TLTRO operations, the ECB sought to inject further liquidity into the banking system by initiating asset-backed securities and covered bond purchase programs. In order to effectively revive the euro zone economy, the ECB is likely to take another stride in 2015: buying bonds issued by euro zone governments. For its part, Japan was also forced to expand its monetary easing program to withstand any further downturn of the economy. In October 2014, the BOJ introduced its QQE initiative under which it will boost the monetary base at an annual pace of 80 trillion yen, up from 60-70 trillion yen previously. Making clear their resolve to revive the economy and attain the 2% inflation target, Japanese authorities also decided to increase purchases of government bonds by 3 billion yen and raise the ceiling on ETF and REIT purchases as well as have the Government Pension Investment Fund expand its equity holdings.

The dollar continued to strengthen in 2014 as the U.S. economy recovered vigorously and QE3 tapering got under way. The U.S. Dollar Index posted a 12.8% year-on-year increase. Expectations that the Fed will switch to rate hike mode sometime this year are set to keep the dollar strong. Given economic sluggishness and monetary easing, the euro depreciated 12.1% and the yen, 13.8% in 2014; their weaker undertone is expected to persist this year. The renminbi underwent relatively drastic swings in 2014. In the first half, the Chinese currency lost over 3% in value due to a slowing economy and government crackdown on speculation. At one time, it went down to 6.27 versus the dollar, a low not seen since 2012, reversing a long-term trend for the currency to move only upward. Signs that the Chinese economy seemed to be stabilizing helped fuel a rebound in the second half. But beginning in November, the dollar once again strengthened substantially, thus pushing down the renminbi by another 1.5%. In 2015, the renminbi is likely to fluctuate in both directions even more drastically. Key factors include China's economic performance and the Fed's resumption of rate hikes.

As Taiwan's economy grew moderately against a largely benign inflationary environment, the central bank replaced its appropriately loose monetary policy with a neutral bias. In December 2014, the bank left the benchmark discount rate unchanged at 1.875% for a 14th consecutive quarter. Governor Perng Fai-nan cautioned that it is impossible for interest rates to stay low permanently. As the central bank has come under tremendous pressure to keep a lid on the local property market, it would almost certainly follow suit once the Fed begins hiking interest rates. Separately, the Taiwan dollar reversed its earlier appreciation mode toward the end of 2014 and depreciated 5.8% in the last four months of the year. Given the central bank's avowed goal of upholding the local currency's "dynamic stability," the Taiwan dollar is expected to depreciate even further as the U.S. dollar is poised to stay strong in 2015.

4. Financial Products R&D and Business Status

E.SUN pays close attention to the banking environment and changes in customer needs. It has made efforts to develop the following product lines to meet client demands.

In terms of corporate banking, E.SUN is committed to creating customer value, refining service procedure and efficiency, and developing custom-made products and services. As the Bank expands abroad with a view to building a stronger presence in Asia, its global banking and international finance teams are charged with the task of growing business across Greater China and expanding syndicated loan and project finance services. In terms of forex operations, innovative thinking is given priority. Among others, cross-sector partnerships are formed to render e-services and provide customers with a digital cash flow experience. Meanwhile, collaboration with fellow financial institutions is strengthened to present differentiated forex services. When it comes to electronic banking, emphasis is placed on developing and upgrading systems so as to offer secure and convenient services.

In terms of personal e-banking services, E.SUN introduced further mobile services that truly cater to customer needs in 2014. The objective is to create value for innovative e-channels. Meanwhile, push notifications were designed to inspire and induce customers to undertake transactions outright: "Checking status of credit card applications," "Notification—going ex-stock/cash dividend," "Notification—taking profits or stopping losses in mutual funds," "Notification—time deposits reaching maturity," etc. In addition to financial services, there are other value-added offerings such as "One Item Per Day" and "Special Section for Goodies." As such, a smart experience in the financial world is created to win customer satisfaction. In April 2014, the Bank introduced "Good Budget," an app designed to help customers conduct household budgeting and keep better track of expenses and income, in turn enabling them to begin putting away savings.

In terms of wealth management, E.SUN makes it a point to consider all that matters to customers. The Bank takes the initiative to understand what they need and does its utmost to meet all such needs. A high-caliber research team and top-notch wealth management consultants work together to provide customers with tailor-made portfolios and strategies so that customer assets and E.SUN can grow side by side. In the days ahead, the Bank will focus on the following areas: recruit more competent people to better serve wealth management customers and offer comprehensive on-the-job training for delivery of quality, specialized services; cater to both existing and potential customers by forming a team of professionals and offering exclusive products and services, thereby assisting customers in meeting different needs of different stages and further cementing customer satisfaction and loyalty; strengthen the research capability needed to provide real-time market information and analytical comments as well as a well-rounded mechanism for responding to emergencies, providing customers with timely information and investment recommendations, and assisting them in adjusting investment portfolios whenever warranted, thereby enhancing their investment efficiency and satisfaction with the Bank; persist with introduction of innovative products and adopt stringent review and selection processes to expand product mix, thereby meeting diverse customer needs; continue to upgrade retail outlets, develop an automated wealth management platform, consolidate mobile app and online banking services, thereby providing customers with timely, convenient, and friendly services, bringing to focus E.SUN's unique strengths, and creating customer value.

In the credit card sector, E.SUN's World MasterCard is rightly a symbol of the Bank's VIP customers. In particular, the E.SUN Golden Seed Project has won the endorsement of many cardholders. Parts of their annual fees and general payments are used as donations toward remote areas for the establishment of libraries for elementary school pupils. As of the end of 2014, 85 such libraries had been set up. E.SUN also took the lead to launch NFC (Near Field Communication) Cellular Credit Card services. Aided by OTA (Over the Air) technology, credit card information is downloaded to and stored on handsets. As the first local bank to offer QR (Quick Response) Code Mobile Payment services, E.SUN consolidates bulletin board and catalog features and makes possible an online shopping experience accessible anytime, anywhere. To expand credit card applications on the mobile platform, the Bank promoted mPOS (Mobile Point of Sale) acquiring services that allow businesses—pay-on-delivery couriers, insurance salespeople, and street vendors—to collect payments anytime, anywhere. Coming with the capacity for automatic depositing, E.SUN's ETC EasyCard features a "Doraemon" card face and offers privileges at the pump and eTag discounts. It is little surprise that it has been recognized as the foremost choice among local motorists. E.SUN's co-brand EasyCard took the lead to offer a built-in capacity for automatic cash storage, making it a handy tool for both making small payments and commuting. As the name denotes, E.SUN's Formosan Black Bear Affinity Credit Card is designed to appeal to whoever may want to help with protection of this beloved animal. A portion of every cardholder transaction is set aside for donation to a designated public interest entity charged specifically with the mission. Helping promote public awareness of the importance of environmental integrity is one way how E.SUN honors its corporate social responsibility. Besides offering a great variety of cardholder campaigns and understanding customer preferences through database analysis, the Bank is proactive to further expand its business reach and enhance card use and cardholder spending.

To build a stronger capacity for managing the risks of financial products, the Bank is proactive to upgrade its market risk management system. Employees charged with financial engineering responsibilities are also called upon to further enhance their professional competence so that the Bank can place the risks of financial products under effective control. In a similar vein, research is undertaken to learn more about the risk factors of especially complex derivatives. Thanks to the measures cited above, the Bank is able to build a stronger analytical ability for protecting its transactions and investment holdings against market swings. Based on the same analytical ability, it is able to lay down related countermeasures and a quota management mechanism, thereby keeping track of the risk brought by market volatility for the Bank's investment and trading positions.

The Bank adheres to regulations set by the competent authority in establishing its internal control regime that comprises self-assessment as the first line of defense, legal compliance and risk management as the second, and internal audit as the third. Combined, these are faithfully enforced to ensure the effectiveness of the internal control regime both in design and in implementation. As is dictated by ongoing developments in different business lines, the Bank updates its internal control self-checklist whenever warranted and conducts self-assessment on a regular basis so as to ensure a better-rounded internal control system.

When it comes to operational risk management, the Bank has enforced comprehensive rules and regulations. These are complemented by such management tools as risk control self-assessment, key risk indicators and collection of operational risk loss data, as the Bank persistently identifies, evaluates and monitors operational risk.

E.SUN Bank's R&D Expenditures in recent two years: Unit: NT$ thousand

Item	2014	2013
R&D Expenditures	83,875	106,627

* The 2013 amount has been adjusted through re-categorization for the comparison with that of 2014 on the common ground.

Innovation is one of the most effective strategy for creating long-term value. It also holds the key to E.SUN's across-the-board development going forward. The Bank is set to continue working on the following:

(1)Stay abreast of the latest trends of IT development and customer needs; conduct marketing that integrates different product lines; further refine financial products and innovate customer experiences.

(2)Give priority to upholding asset quality in the lending business. Strengthen risk management while operating systems in a safe and reliable manner; develop and utilize various models and tools for risk identification; cultivate a risk control and management mindset to facilitate both pre-event prevention and post-event evaluation.

(3)Integrate the virtual and the brick-and-mortar and create a tailor-made customer experience that is simple, fast, and convenient; provide corporate and individual clients with the newest cash flow services, thereby maximizing customer value.

5. Human Resource

E.SUN—A Caring Workplace that Employees Call Home

It is our vision that E.SUN employees will make first-class citizens of the global community and E.SUN itself, a first-class citizen of the corporate world. To make real such a vision, E.SUN makes it a point to establish a family-like mechanism for employee welfare and care so that every member of the E.SUN family can focus on his or her work without worry. In turn, both self-fulfillment and corporate success can be accomplished. E.SUN employees render service to every customer in the same way that they interact with their own family. A win-win situation is thus created, and E.SUN is rightly recognized as the favorite bank among its customers. Moreover, E.SUN employees are proactive to repay the community that has nurtured their personal development. Indeed, the people of E.SUN share a passion to work as volunteers and care for this beautiful land they call home.

Get Ready for 'Bank 3.0'

E.SUN aims for a pioneer in financial innovation and a unique bellwether bank in Asia. People hold the key to making real the ambition. As such, E.SUN gives priority to growing the best financial professionals who can offer premium services and hence enable the Bank to keep growing over time. Promising people of diverse backgrounds are recruited and offered comprehensive training. Moreover, a well-rounded digital learning platform and a clearly defined rotation mechanism are put in place to train talent with cross-sector competences. At the end of the day, E.SUN expects every employee to keep up with the rapidly changing marketplace with precision, thereby helping the Bank make the best-performing, most-trusted enterprise.

Development of Human Capital

It is E.SUN's commitment to continuously enhance the HR system and to cumulate knowledge as asset for every employee. As of December 2014, E.SUN was home to 6,762 employees who were 31.8 years of age on average. In a breakdown by academic achievements, 21.9% had graduate degrees, 70.9% undergraduate degrees, and 7.2% diplomas from junior colleges or other institutions.

In 2014, the Bank offered 294 classes under its internal training program and sent employees to attend another 526 classes organized by other specialized institutions. Combined, attendees totaled 59,477, rotated 297 employees. Each employee underwent an average of 8.8 training classes. All employees, from novices to executives, are given the opportunity to further upgrade their specialized skills and management competence. Knowledge drives performance, this is how E.SUN keeps its human capital competitive.

5.1 E.SUN Bank Human Resource information

Item \ Year		2015.3.30	2014	2013
No. of Employees		6,803	6,762	6,364
Average Age		31.9	31.8	31.6
Average Years of Service		6.8	6.7	6.4
Educational Background (%)	Master's	22.2	21.9	21.2
	Bachelor's	70.7	70.9	70.9
	College	6.4	6.5	7.1
	High School (Vocational)	0.7	0.7	0.8
Number of Professional License	Bank	20,176	19,643	18,232
	Insurance	7,217	7,054	6,611
	Security	6,468	6,311	5,656
	Others	543	525	478

5.2 Advanced Training for Employees

(1) In accordance with its employee training guidelines, E.SUN arranges training and

education opportunities for its employees each year.

(2) Based on the Bank's employee training and study guidelines, the supervisors in each department select employees to attend training courses or workshops either in Taiwan or overseas.

(3) People hold the key to E.SUN’s sustainable development. To bolster human capital, the Bank has established its own human resources development center that offers comprehensive training for cultivation of top-notch financial professionals. To cultivate leaders for today and tomorrow, the Bank also launched the E.SUN Excellence Academy in 2013 to provide would-be managers and executives with systematic, well-organized training.

(4) In 2014, the Bank offered 294 classes under its internal training program and sent employees to attend another 526 classes organized by other specialized institutions. Combined, attendees totaled 59,477.

(5) Education and training expenses amounted to 1.09% of total revenue in 2014.

5.3 Advocacy and Implementation of Employee Behavior and Ethics Code Concepts

(1) E.SUN's employees must sign a pledge to fulfill the E.SUN employee service and behavior guidelines and regulations.

(2) E.SUN will disclose these guidelines and regulations both on internal and external websites to enable employees to browse through and familiarize with the information at will.

(3) E.SUN will periodically publicize and provide online quizzes for its employees on the information included in the guidelines and regulations.

(4) Strengthen management to ensure the security of personal information is in line with the Personal Information Protection Act.

6. Corporate Responsibility and Ethical Behavior

The Bank has long built a distinct corporate culture under which everyone is humble and willing enough to feel grateful for whatever accomplishments E.SUN may enjoy at the end of the day. It is thus committed to honoring its corporate social responsibility and devoting itself to public interest, environmental sustainability, academic and educational, and artistic and cultural undertakings as well as sports activities and volunteer services. E.SUN hopes it can help to inspire more people to follow suit and join a common cause to bring about a brighter future for Taiwan.

In the area of social welfare, apart from continuing to implement the E.SUN Golden Seed Project and E.SUN Concern for Schoolchildren Program, the Bank also issues the "E.SUN Volunteer Passport" to encourage E.SUN employees to participate in various public interest activities. In the "E.SUN Bicycle Ride Around Taiwan: Sending Love Everywhere" campaign, E.SUN donated NT$10,000 to the E.SUN Concern for Schoolchildren Program for each kilometer that the volunteer participants rode. In total, it donated NT$10 million. "Rainbow Hope" was organized as a drive to help rebuild Hakai Village, Fuxing Township, Taoyuan County. E.SUN's sponsorship of a shift to growing organic rice at Nanan Village in Hualien County helped farmers and provided tangible support to Taiwan’s agriculture as a whole. Separately, as of the end of 2014, the Bank had donated 85 E.SUN libraries, thereby benefitting 28,000 schoolchildren.

In terms of environmental protection, apart from adopting the ISO 14001 environmental management system and ISO 50001 energy management system, the Bank also completed ISO 14064-1 greenhouse gas stocktaking at its headquarters and all local branches during 2014. With regard to E.SUN’s World MasterCard and ETC EasyCard, the Bank performed "credit card carbon footprint PAS2050: 2011 & EPA" and "product water footprint" verification, and obtained the EPA's "Product Carbon Footprint Label." Through the adoption of international management systems and subsequent certification, the Bank has demonstrated its commitment to mitigating environmental impact by bringing down pollution and energy consumption. E.SUN has also taken the initiative to subscribe to the Carbon Disclosure Project (CDP) by becoming a CDP signatory. In the meantime, E.SUN endorses domestic and foreign environmental protection activities, and supports international efforts to conserve energy and reduce carbon emissions.

E.SUN provides academic opportunities to outstanding students exhibiting potential, offering these individuals with scholarships so they can complete their education free from financial worries. To date, the Bank has provided scholarships to 75 students over the past nine years under its Outstanding Manager Training Program. E.SUN has, in conjunction with National Taiwan University, established the E.SUN Academic Prize, which is awarded to 8 individuals. This is aimed at helping to raise the research standards in Taiwan's field of management. E.SUN is also actively providing assistance to the Financial Supervisory Commission in an activity carried out in neighborhoods and on campuses to promote proper concepts among the public and students with regards to spending and other banking-related knowledge. E.SUN was joined by Brain magazine as co-host of the "Cross-Strait Student Digital Marketing Camp," which sought to broaden the international horizons and marketing competence of students in Taiwan. E.SUN hopes to promote application of advanced technologies to financial services while honoring its corporate social responsibility on local campuses.

On another front, E.SUN has been providing resources to improve the environment in Taiwan to foster the development of baseball. The Bank established the E.SUN Youth Baseball Fund Special Account, As of the end of 2014, E.SUN had offered subsidies for the purchase of baseball gear at 20 local schools, including Lu Shin Senior High School, National Yuli Senior High School, and National Tainan Senior Marine Fishery Vocational School. In addition, E.SUN teamed up with ARS Film to produce the film "Kano" and invited the young winners of the E.SUN Cup National High School Baseball Championship to view the final of Japan's National High School Baseball Championship in Osaka, Japan. Taking action to support both high school baseball and Taiwan's cultural and creative industry, the Bank aims to promote the E.SUN Cup National High School Baseball Championship as the local equivalent to its Japanese counterpart.

E.SUN continues to hold blood drives, helping hospitals to increase their reserves of blood. Meanwhile, E.SUN employees and volunteers continue to accompany children living in orphanages to baseball games and storytelling activities. Assistance is also provided to tutor children, clean up neighborhoods, and hold charity and fund-raising activities. It hopes these efforts will enable children to have happy memories as they grow up and bring love and compassion to every corner that needs it.

E.SUN takes up corporate social responsibility as a long-term commitment. Taking the inspiration from Taiwan's tallest peak Yushan, E.SUN does its best in every aspect of business to attain the ultimate goal of making the best bank in this country. In 2014, the Bank's parent company E.SUN Financial Holding Co., Ltd. was rated by CommonWealth magazine

as the local Large - enterprise No.3 (financial industry's No.1) recipient of its CommonWealth Corporate Citizen Award for sixth times. The year also saw the Bank win a string of recognitions and awards: the CG6007 certification of Taiwan's Corporate Governance Association; citation by the Environmental Protection Administration (EPA) as a bellwether entity of "green procurement" for the sixth consecutive year and by Taipei City government as an outstanding company of "green procurement in the private sector"; citation by the EPA as a premium winner of its Certification Mark for Carbon Emissions Reduction; rating by the weekly Business Today as No. 1 winner of its Best Service Awards for the wealth management sector of Taiwan's banking industry and top prize of its Best Reassurance Awards for the wealth management industry; rating by CommonWealth magazine as the top local financial industry to receive Gold Medal Service Awards for four consecutive years; the SME Credit Guarantee Partner Awards for both institutions and individuals from the Ministry of Economic Affairs for the ninth straight year—a record unmatched in the local financial services industry; the Joint Credit Information Center's Golden Quality Award for the lending data segment. As can be verified by the accolades cited above, the Bank not only provides customers with trustworthy financial services but also acts as a positive force of love and care capable of inspiring the entire community to follow its lead.

VI. Financial Information

Contents

1. Condensed Financial Statements from 2010~2014

(1) Condensed Balance Sheet (Consolidated)

Unit NT$1,000

Item / Year		Financial data 2012-2014 (Note1) 2014	2013	2012	As of February 28, 2015 (Note 2)
Cash and cash equivalents、due from the central bank and call loans to banks		89,599,108	79,225,351	78,924,090	129,944,088
Financial assets at fair value through profit or loss		291,623,957	283,198,494	61,246,430	314,845,699
Available-for-sale financial assets		84,815,997	71,157,160	76,155,007	91,396,283
Derivative financial assets for hedging		0	0	0	0
Securities purchased under resell agreements		152,758	0	210,863	122,012
Receivables, net		65,391,506	56,093,380	44,058,948	69,639,111
Current tax assets		138,082	159,549	159,455	122,290
Assets held for sale, net		0	0	0	0
Discounts and loans, net		934,613,524	828,238,170	735,406,720	932,983,211
Held-to-maturity financial assets, net		5,915,792	8,593,699	211,168,563	5,739,994
Investments accounted for using equity method, net		0	0	0	0
Restricted assets		0	0	0	0
Other financial assets, net		49,961,102	15,499,801	4,392,491	1,485,141
Properties and equipment, net		20,247,436	18,486,668	16,373,001	20,294,167
Investment properties, net		923,833	1,057,348	2,193,124	1,129,681
Intangible assets		8,622,067	5,496,292	4,137,558	5,571,784
Deferred tax assets, net		113,386	181,998	448,281	194,850
Other assets		2,825,666	1,563,680	1,457,072	3,751,710
Total assets		1,551,944,214	1,368,951,590	1,236,331,603	1,577,220,021
Due to the Central Bank and other banks		58,199,621	47,645,621	46,652,824	64,836,292
Funds borrowed from the Central Bank and other banks		0	0	0	0
Financial liabilities at fair value through profit or loss		22,494,142	5,838,296	6,978,757	29,201,095
Derivative financial liabilities for hedging		0	0	0	0
Securities sold under repurchase agreements		13,117,523	6,254,291	4,957,725	10,557,507
Payables		18,261,090	15,634,527	21,307,584	26,046,482
Current tax liabilities		863,108	409,930	826,344	1,116,793
Liabilities directly associated with assets held for sale		0	0	0	0
Deposits and remittances		1,284,727,612	1,157,482,350	1,029,974,595	1,291,854,963
Bonds payable		43,800,000	47,500,000	47,000,000	41,500,000
Preferred stock liabilities		0	0	0	0
Other financial liabilities		2,349,300	2,195,311	1,412,646	1,449,426
Provisions		313,599	380,251	428,108	378,139
Deferred tax liabilities		781,528	745,553	764,038	682,157
Other liabilities		1,528,846	1,452,548	1,189,424	2,190,717
Total liabilities	Before distribution	1,446,436,369	1,285,538,678	1,161,492,045	1,469,813,571
	After distribution	(Note3)	1,287,126,678	1,162,808,320	(Note3)
Equity attributable to owners of the Company		104,722,892	82,750,226	74,839,558	106,722,597
Retained earnings	Before distribution	61,360,000	49,850,000	45,725,000	61,360,000
	After distribution	(Note3)	54,200,000	49,850,000	(Note3)
Other equity		17,825,058	12,573,696	12,345,531	17,876,479
Total equity	Before distribution	24,505,503	20,170,387	16,685,595	26,463,587
	After distribution	(Note3)	14,232,387	11,244,320	(Note3)
Other equity		1,032,331	156,143	83,432	1,022,531
Treasury stock		0	0	0	0
Non-controlling interests		784,953	662,686	0	683,853
Total equity	Before distribution	105,507,845	83,412,912	74,839,558	107,406,450
	After distribution	(Note3)	81,824,912	73,523,283	(Note3)

Note1: Based on audited financial statements.
Note2: Based on unaudited financial statements.
Note3: Earnings distribution of the year (ended December 31) 2014 shall be resolved in the shareholder's meeting.

(2) Condensed Statement of Comprehensive Income (Consolidated)

Unit:NT$1,000, Except Earnings Per Share

Item \ Year	Financial data 2012-2014 (Note 1)			As of February 28, 2015 (Note 2)
	2014	2013	2012	
Interest revenue	26,830,870	22,330,735	22,577,990	4,602,043
Interest expense	(11,544,801)	(9,443,827)	(9,251,236)	(1,989,452)
Net interest	15,286,069	12,886,908	13,326,754	2,612,591
Net revenues and gains other than interest	15,402,392	13,072,553	9,139,569	3,219,424
Total net revenues	30,688,461	25,959,461	22,466,323	5,832,015
Bad-debt expenses and provision for losses on guarantees (Note 3)	(2,033,689)	(1,706,514)	(2,019,923)	(842,026)
Operating Expenses	(16,560,024)	(13,725,279)	(11,964,659)	(2,652,263)
Income before income tax from continuing operations	12,094,748	10,527,668	8,481,741	2,337,726
Income tax (expense) benefit	(1,813,652)	(1,680,158)	(1,316,482)	(307,354)
Net income from continuing operation	10,281,096	8,847,510	7,165,259	2,030,372
Net income (loss) from discontinued operations	0	0	0	0
Net income (loss)	10,281,096	8,847,510	7,165,259	2,030,372
Other comprehensive income for the year, net of tax	990,475	147,390	260,534	(133,919)
Total comprehensive income	11,271,571	8,994,900	7,425,793	1,896,453
Net income attributable to owners of the Company	10,204,320	8,847,604	7,165,259	2,019,894
Net income attributable to non-controlling interests	76,776	(94)	0	10,478
Total comprehensive income attributable to owners of the Company	11,149,304	8,998,778	7,425,793	1,836,403
Total comprehensive income attributable to non-controlling interests	122,267	(3,878)	0	60,050
Earnings per share (New Taiwan Dollars)	1.74	1.64	1.50	0.33

Note 1: Above the respective annual financial statements were confirmed by CPA.
Note 2: Based on unaudited financial statements.
Note 3: Due to 107.6 billion increase in lending in 2014 compared with 2013, the bad debt expense and provision for losses on guarantees increase.

(3) Condensed Balance Sheet (Unconsolidated)

Unit: NT$1,000

Item		Financial data 2012-2014 (Note1) 2014	2013	2012	As of February 28, 2015 (Note 3)
Cash and cash equivalents、due from the central bank and call loans to banks		86,748,320	76,148,621	78,924,090	126,716,888
Financial assets at fair value through profit or loss		291,623,957	283,198,494	61,246,430	314,845,699
Available-for-sale financial assets		84,810,507	71,152,842	76,155,007	91,391,030
Derivative financial assets for hedging		0	0	0	0
Securities purchased under resell agreements		152,758	0	210,863	122,012
Receivables, net		65,358,517	56,058,752	44,058,948	69,604,858
Current tax assets		138,082	159,549	159,455	110,484
Assets held for sale, net		0	0	0	0
Discounts and loans, net		925,015,590	822,018,909	735,406,720	923,189,604
Held-to-maturity financial assets, net		5,915,792	8,593,699	211,168,563	5,739,994
Investments accounted for using equity method, net		2,465,142	2,065,612	0	2,579,022
Restricted assets		0	0	0	0
Other financial assets, net		50,748,101	15,495,332	4,392,491	1,485,141
Properties and equipment, net		19,737,442	18,140,151	16,373,001	19,809,099
Investment properties, net		923,833	1,057,348	2,193,124	1,129,681
Intangible assets		4,266,282	4,181,034	4,137,558	4,235,700
Deferred tax assets, net		113,045	181,626	448,281	195,931
Other assets		2,771,256	1,533,172	1,457,072	3,652,394
Total assets		1,540,788,624	1,359,985,141	1,236,331,603	1,564,807,537
Due to the Central Bank and other banks		57,462,374	47,037,326	46,652,824	63,604,750
Funds borrowed from the Central Bank and other banks		0	0	0	0
Financial liabilities at fair value through profit or loss		22,494,142	5,838,296	6,978,757	29,201,096
Derivative financial liabilities for hedging		0	0	0	0
Securities sold under repurchase agreements		13,117,523	6,254,291	4,957,725	10,557,507
Payables		17,972,885	15,409,929	21,307,584	25,631,879
Current tax liabilities		795,726	374,974	826,344	1,019,252
Liabilities directly associated with assets held for sale		0	0	0	0
Deposits and remittances		1,275,843,789	1,150,641,738	1,029,974,595	1,282,250,508
Bonds payable		43,800,000	47,500,000	47,000,000	4,150,000
Preferred stock liabilities		0	0	0	0
Other financial liabilities		1,966,844	1,927,219	1,412,646	1,449,426
Provisions		313,599	380,251	428,108	378,139
Deferred tax liabilities		780,031	743,421	764,038	682,157
Other liabilities		1,518,819	1,127,470	1,189,424	1,802,145
Total liabilities	Before distribution	1,436,065,732	1,277,234,915	1,161,492,045	1,458,076,859
	After distribution	(Note 2)	1,278,822,915	1,162,808,320	(Note 2)
Equity attributable to owners of the Company		104,722,892	82,750,226	74,839,558	106,730,678
Capital stock	Before distribution	61,360,000	49,850,000	45,725,000	61,360,000
	After distribution	(Note 2)	54,200,000	49,850,000	(Note 2)
Capital surplus		17,825,058	12,573,696	12,345,531	17,876,479
Retained earnings	Before distribution	24,505,503	20,170,387	16,685,595	26,467,442
	After distribution	(Note 2)	14,232,387	11,244,320	(Note 2)
Other equity		1,032,331	156,143	83,432	1,026,757
Treasury stock		0	0	0	0
Non-controlling interests		0	0	0	0
Total equity	Before distribution	104,722,892	82,750,226	74,839,558	106,730,678
	After distribution	(Note 2)	81,162,226	73,523,283	(Note 2)

Note 1: Based on audited financial statements.
Note 2: Earnings distribution of the year(ended December 31)2014 shall be resolved in the shareholders' meeting.
Note 3: Based on unaudited financial statements.

(4) Condensed Statement of Comprehensive Income (Unconsolidated)

Unit:NT$1,000, Except Earnings Per Share

Item / Year	Financial data 2012-2013 (Note 1)			As of February 28, 2015 (Note 2)
	2014	2013	2012	
Interest revenue	26,084,131	22,121,594	22,577,990	4,459,576
Interest expense	(11,201,430)	(9,343,458)	(9,251,236)	(1,926,239)
Net interest	14,882,701	12,778,136	13,326,754	2,533,337
Net revenues and gains other than interest	15,428,592	13,020,825	9,139,569	3,221,825
Total net revenues	30,311,293	25,798,961	22,466,323	5,755,162
Bad-debt expenses and provision for losses on guarantees(Note 3)	(2,033,204)	(1,653,829)	(2,019,923)	(841,232)
Operating Expenses	(16,323,527)	(13,631,177)	(11,964,659)	(2,593,766)
Income before income tax from continuing operations	11,954,562	10,513,955	8,481,741	2,320,164
Income tax (expense) benefit	(1,750,242)	(1,666,351)	(1,316,482)	(296,415)
Net income from continuing operation	10,204,320	8,847,604	7,165,259	2,023,749
Net income (loss) from discontinued operations	0	0	0	0
Net income (loss)	10,204,320	8,847,604	7,165,259	2,023,749
Other comprehensive income for the year, net of tax	944,984	151,174	260,534	(229,708)
Total comprehensive income	11,149,304	8,998,778	7,425,793	1,794,041
Net income attributable to owners of the Company	10,204,320	8,847,604	7,165,259	2,023,749
Net income attributable to non-controlling interests	0	0	0	0
Total comprehensive income attributable to owners of the Company	11,149,304	8,998,778	7,425,793	1,794,041
Total comprehensive income attributable to non-controlling interests	0	0	0	0
Earnings per share (New Taiwan Dollars)	1.74	1.64	1.50	0.41

Note 1: Above the respective annual financial statements were confirmed by CPA.
Note 2: Based on unaudited financial statements.
Note 3: Due to 104.2 billion increase in lending compared with 2013, the bad debt expense and provision for losses on guarantees increase.

(5) Condensed Balance Sheet – ROC GAAP

Unit:NT$1,000

Item / Year		Financial data for the most recent five years (Note) (2012、2011、2010)		
		2012	2011	2010
Cash and cash equivalents、due from the central bank and call loans to banks		78,924,090	64,947,853	57,888,365
Financial assets at fair value through profit or loss		61,142,893	52,152,745	54,900,270
Securities purchased under resell agreements		210,893	29,789	1,439,552
Available-for-sale financial assets		76,155,007	52,860,765	47,546,797
Discounts and loans, net		735,406,720	656,008,834	599,161,337
Receivables, net		44,304,823	42,260,221	35,891,606
Held-to-maturity financial assets		211,168,563	253,283,859	254,655,585
Investments accounted for using equity method, net		0	0	0
Properties		16,373,001	15,599,517	14,194,456
Intangible assets		4,137,558	4,036,275	3,991,910
Other financial assets		4,392,491	3,497,546	2,801,199
Other assets, net		3,672,695	2,667,589	2,169,454
Total assets		1,235,888,704	1,147,344,993	1,074,640,531
Due to the Central Bank and other banks		46,652,824	38,052,926	38,869,814
Deposits and remittances		1,029,974,595	962,841,827	904,760,847
Financial liabilities at fair value through profit or loss		6,971,106	7,850,768	12,945,397
Securities sold under repurchase agreements		4,957,725	13,247,387	17,394,242
Bank debentures		47,000,000	39,000,000	34,000,000
Preferred stock liabilities		0	0	0
Accrued pension liabilities		0	0	0
Other financial liabilities		1,412,646	1,943,643	304,715
Other liabilities		23,641,084	19,498,901	11,423,874
Other liabilities	Before distribution	1,160,609,980	1,082,435,452	1,019,698,889
	After distribution	1,161,926,255	1,082,857,928	1,020,400,809
Capital stock	Before distribution	45,725,000	42,206,000	35,100,000
	After distribution	49,850,000	45,725,000	37,206,000
Capital surplus		12,345,531	11,037,856	8,290,091
Retained earnings	Before distribution	17,130,721	11,893,202	11,459,706
	After distribution	11,689,446	9,951,726	8,651,706
Cumulative translation adjustments		305,901	(221,557)	220,017
Unrealized valuation gains (losses) on financial instruments		(228,429)	(5,960)	(128,172)
Total stockholders' equity	Before distribution	75,278,724	64,909,541	54,941,642
Total	After distribution	73,962,449	64,487,065	54,239,642

Note : Based on audited financial statements.

(6) Condensed Statement of Income – ROC GAAP

Unit:NT$1,000, Except Earnings Per Share

Item \ Year	Financial data for the most recent five years (Note) (2012、2011、2010)		
	2012	2011	2010
Net interest	14,095,682	12,600,196	11,376,853
Total net revenues and gains other than interest	9,113,184	6,253,999	5,429,956
Bad-debt expenses	(2,019,923)	(4,540,028)	(2,727,059)
Operating expenses	(12,689,540)	(10,711,433)	(9,489,674)
Income before income tax from continuing operations	8,499,403	3,602,734	4,590,076
Net income from continuing operations	7,718,995	3,157,630	3,981,361
Net income from discontinuing operations	0	0	0
Net extraordinary gain(loss) (After income tax)	0	0	0
Cumulative effect of changes in accounting principles (After income tax)	0	0	0
Net income	7,718,995	3,157,630	3,981,361
Basic earnings per share (NT$)	1.64	0.84	1.13

Note : Based on audited financial statements.

2.CPAs' Auditing Opinion from 2010 to 2014

Chen Li Chi, CPA, and Chang Ryh Yan, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the years of 2010 to 2011, ended on December 31, and issued modified unqualified opinion reports ; Chen Li Chi, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2012, ended on December 31, and issued an unqualified opinion report ; Huang Jui Chan, CPA, and Lai Kwan Chung, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2013 to 2014, ended on December 31, and issued an unqualified opinion report.

3.Financial Analysis from 2010 to 2014

(1) Financial Analysis

(Consolidated)

Unit:NT$1,000

Item	Year	Financial data 2012-2014			As of February 28, 2015 (Note 4)
		2014	2013	2012	
Operating ratio	Ratio of loans to deposits (%)	73.61	72.40	72.25	73.13
	NPL ratio (%)	0.19	0.22	0.17	0.20
	Ratio of interest expenses to average deposit(%)	0.78	0.73	0.75	0.87
	Ratio of interest revenues to average loans(%)	2.24	2.22	2.26	2.28
	Total assets turnover (Times)	0.02	0.02	0.02	0.02
	Average revenue per employee	4,341	3,951	3,833	4,162
	Average net income per employee	1,454	1,347	1,222	1,694
Profitability ratio	Ratio of return on tier 1 capital (%)	13.67	14.20	12.92	12.12
	Ratio of return on total assets (%)	0.70	0.68	0.60	0.78
	Ratio of return on equity (%)	10.88	11.23	10.28	11.44
	Profit margin ratio (%)	33.50	34.29	31.89	40.69
	Basic earnings per share (NT$)	1.74	1.64	1.50	0.33
Financial structure	Ratio of debt to assets (%)	93.20	93.91	93.95	93.19
	Ratio of properties and equipment to shareholders' equity (%)	19.19	22.16	21.88	18.89
Ratio of growing	Ratio of assets growing (%) (Note5)	13.37	10.73	7.73	13.37
	Ratio of income growing (%) (Note6)	14.89	24.12	135.43	15.97
Cash Flow (Note 2)	Cash flow ratio (%) (Note7)	5.89	(Note 1)	(Note 1)	5.89
	Cash flow Adequacy ratio (%)	102.36	329.77	629.42	115.37
	Cash flow content ratio (%)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Ratio of liquidity preparation (%)		23.81	26.27	29.13	24.99
Secured loan balance of related-party		10,224,768	8,946,196	7,731,951	10,329,366
Ratio of secured loans balance of related-party		1.08	1.07	1.04	1.09
Operating Scale (Note 3)	Market share of assets (%)	3.16	3.03	3.00	3.16
	Market share of equity (%)	3.35	2.94	2.85	3.35
	Market share of deposit (%)	4.13	3.94	3.71	4.16
	Market share of assets loans (%)	4.03	3.74	3.44	4.03

Please state the causes of changes in each financial ratio for the preceding two fiscal years (except when the change is less than 20%).

Note 1: No further analysis to negative result of cash flows from operating activities.

Note 2: The Company used 2014 cash flow data to calculate cash flow ratios as of February 28, 2015.

Note 3: The Company used 2014 data as denominator to calculate operating scale as of February 28, 2015.

Note 4: Based on unaudited financial statements.

Note 5: Asset growth faster than previous year due to increase in overall loan balance in 2014.

Note 6: Net profit growth slower than previous year due to increase in net fee income and trading gains from financial products in 2014

Note 7: Cash flow adequacy ratio decrease compare to previous year due to cash flow from operating activities decrease in 2014.

1. Operating Ratio
   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) NPL ratio = Nonperforming loans / Total loans
   (3) Interest expense to average total deposits = Total interest expense / Average total deposit.
   (4) Interest revenue to average total loans = Total interest revenue / Average total loans
   (5) Total assets turnover rate = Net income / Total asset
   (6) Average revenue per employee = Net revenues / Employee
   (7) Average net income per employee = Net income / Employee
2. Profitability ratio
   (1) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
   (2) Ratio of return on total assets = Income after income tax / Average total assets
   (3) Ratio of return on stockholders' equity = Income after income tax / Average stockholders' equity
   (4) Profit margin ratio = Income after income tax / Net revenues
   (5) Earnings per share =(Income after income tax - Dividends for preferred stocks) / Average issued shares
3. Debt-paying ability
   (1) Interest protection multiples = (income before income tax - interest expense) / interest expense
4. Financial structure
   (1) Ratio of debt to assets = Total liabilities / Total assets
   (2) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.
5. Analyses for liquidity
   (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities sold under repurchased agreements + Current portion of Payables)
   (2) Cash flow adequacy ratio = Net cash provided by operating activities(from 2010 to 2014) / from 2010 to 2014(capital expenditure + Cash dividends)
   (3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities
6. Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided
7. Operating Scale
   (1) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.
   (2) Market share of equity = Total stockholders' equity / Total stockholders' equity of all financial institutions which are qualified in deposit and loan business.
   (3) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
   (4) Market share of loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(Unconsolidated)

Unit:NT$1,000

Item		Year: Financial data 2012-2014 2014	2013	2012	As of February 28, 2015 (Note 4)
Operating ratio	Ratio of loans to deposits (%)	73.35	72.27	72.25	72.90
	NPL ratio (%)	0.18	0.20	0.17	0.20
	Ratio of interest expenses to average deposit (%)	0.79	0.72	0.75	0.79
	Ratio of interest revenues to average loans (%)	2.95	2.23	2.26	2.21
	Total assets turnover (Times)	0.02	0.02	0.02	0.02
	Average revenue per employee	4,483	4,054	3,833	5,029
	Average net income per employee	1,509	1,390	1,222	1,768
Profitability ratio	Ratio of return on tier 1 capital (%)	13.53	14.16	12.92	12.14
	Ratio of return on total assets (%)	0.70	0.68	0.60	0.78
	Ratio of return on equity(%)	10.89	11.23	10.28	11.45
	Profit margin ratio (%)	33.67	34.29	31.89	35.16
	Basic earnings per share (NT$)	1.74	1.64	1.50	0.33
Financial structure	Ratio of debt to assets (%)	93.20	93.92	93.95	93.18
	Ratio of properties and equipment to shareholders' equity(%)	18.85	21.92	21.88	18.56
Ratio of growing	Ratio of assets growing (%) (Note5)	13.29	10.00	7.73	1.56
	Ratio of income growing (%) (Note6)	13.70	23.96	135.43	16.45
Cash Flow (Note 2)	Cash flow ratio (%) (Note7)	6.40	(Note 1)	(Note 1)	6.40
	Cash flow Adequacy ratio (%)	123.09	341.35	629.42	123.09
	Cash flow content ratio (%)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Ratio of liquidity preparation (%)		23.81	26.27	29.13	24.99
Secured loan balance of related-party		10,224,768	8,946,196	7,731,951	10,329,366
Ratio of secured loans balance of related-party		1.08	1.08	1.04	1.11
Operating Scale (Note 6)	Market share of assets (%)	3.14	3.01	3.00	3.19
	Market share of equity (%)	3.33	2.92	2.85	3.39
	Market share of deposit (%)	4.11	3.92	3.71	4.13
	Market share of assets loans (%)	3.99	3.71	3.44	3.98

Please state the causes of changes in each financial ratio for the preceding two fiscal years (except when the change is less than 20%).

Note 1: No further analysis to negative result of cash flows from operating activities.
Note 2: The Company used 2014 cash flow data to calculate cash flow ratios as of February 28, 2015.
Note 3: The Company used 2014 data as denominator to calculate operating scale as of February 28, 2015.
Note 4: Based on unaudited financial statements.
Note 5: Asset growth faster than previous year due to increase in overall loan balance in 2014.
Note 6: Net profit growth slower than previous year due to increase in net fee income and trading gains from financial products in 2014
Note 7: Cash flow adequacy ratio decrease compare to previous year due to cash flow from operating activities decrease in 2014.

1. Operating Ratio
   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) NPL ratio = Nonperforming loans / Total loans
   (3) Interest expense to average total deposits = Total interest expense to deposits / Average total deposit.
   (4) Interest revenue to average total loans = Total interest revenue from loans / Average total loans
   (5) Total assets turnover rate = Net income / Total asset
   (6) Average revenue per employee = Net revenues / Employee
   (7) Average net income per employee = Net income / Employee
2. Profitability ratio
   (1) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
   (2) Ratio of return on total assets = Income after income tax / Average total assets
   (3) Ratio of return on equity = Income after income tax / Average total equity
   (4) Profit margin ratio = Income after income tax / Net revenues
   (5) Earnings per share =(income and loss attributable to owners of the Company - Dividends for preferred stocks) / Average issued shares
3. Debt-paying ability
   (1) Interest protection multiples = (income before income tax - interest expense) / interest expense
4. Financial structure
   (1) Ratio of debt to assets = Total liabilities / Total assets
   (2) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.
5. Analyses for liquidity
   (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit or loss + Securities sold under repurchased agreements + Current portion of Payables)
   (2) Cash flow adequacy ratio = Net cash provided by operating activities(from 2010 to 2014) / from 2010 to 2014 (capital expenditure + Cash dividends)
   (3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities
6. Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided
7. Operating Scale
   (1) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.
   (2) Market share of equity = Total shareholders' equity / Total shareholders' equity of all financial institutions which are qualified in deposit and loan business.
   (3) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
   (4) Market share of loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(2)Financial Analysis – ROC GAAP

Unit:NT$1,000

Item	Year	Financial data 2010-2013		
		2012	2011	2010
Operating ratio	Ratio of loans to deposits(%)	72.25	68.87	66.65
	NPL ratio(%)	0.17	0.20	0.39
	Ratio of interest expenses to average deposit(%)	0.79	0.71	0.58
	Ratio of interest revenues to average loans(%)	2.29	2.18	1.97
	Total assets turnover (Times)	0.02	0.02	0.02
	Average revenue per employee	3,959	3,557	3,667
	Average net income per employee	1,225	596	869
Profitability ratio	Ratio of return on tier 1 capital (%)	12.95	6.54	9.82
	Ratio of return on total assets(%)	0.60	0.28	0.40
	Ratio of return on stockholders' equity(%)	10.24	5.27	7.48
	Profit margin ratio(%)	30.93	16.75	23.69
	Basic earnings per share (NT$)	1.64	0.84	1.13
Debt Paying Ability	Interest protection multiples (%)	192.43	142.68	176.79
Financial structure	Ratio of debt to assets(%)	93.95	94.34	94.89
	Ratio of properties to stockholders' equity(%)	21.88	24.03	25.84
Ratio of growing	Ratio of assets growing(%)	7.73	6.77	14.96
	Ratio of income growing(%)	135.43	(21.51)	145.71
Cash Flow	Cash flow ratio(%)	Note	23.00	Note
	Cash flow Adequacy ratio(%)	5.60	1.30	6.24
	Cash flow content ratio(%)	Note	(31.75)	Note
Ratio of liquidity preparation(%)		29.13	29.13	32.03
Secured loan balance of related-party		7,731,951	6,330,065	5,093,609
Ratio of secured loans balance of related-party		1.04	0.95	0.85
Operating Scale	Market share of assets (%)	3.00	2.88	2.87
	Market share of equity (%)	2.87	2.69	2.40
	Market share of deposit (%)	3.71	3.58	3.53
	Market share of assets loans (%)	3.44	3.16	3.04

Note : No further analysis to negative result of cash flows from operating activities.

1. Operating Ratio
   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) NPL ratio = Nonperforming loans / Total loans
   (3) Interest expense to average total deposits = Total interest expense / Average total deposit.
   (4) Interest revenue to average total loans = Total interest revenue / Average total loans
   (5) Total assets turnover rate = Net income / Total asset
   (6) Average revenue per employee = Net revenues / Employee
   (7) Average net income per employee = Net income / Employee
2. Profitability ratio
   (1) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
   (2) Ratio of return on total assets = Income after income tax / Average assets
   (3) Ratio of return on stockholders'equity = Income after income tax / Average stockholders'equity
   (4) Profit margin ratio = Income after income tax / Net revenues
   (5) Earnings per share =(Income after income tax - Dividends for preferred stocks) / Average issued shares
3. Debt-paying ability
   (1) Interest protection multiples = (income before income tax - interest expense) / interest expense
4. Financial structure
   (1) Ratio of debt to assets = Total liabilities / Total assets
   (2) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.
5. Analyses for liquidity
   (1) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities sold under repurchased agreements + Current portion of Payables)
   (2) Cash flow adequacy ratio = Net cash provided by operating activities(from 2010 to 2014) / from 2010 to 2014(capital expenditure + Cash dividends)
   (3) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities
6. Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided
7. Operating Scale
   (1) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.
   (2) Market share of equity = Total stockholders'equity / Total stockholders'equity of all financial institutions which are qualified in deposit and loan business.
   (3) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
   (4) Market share of loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

(3) Capital adequacy Ratio

Unit:NT$1,000

Item \ Year			Financial data 2013-2014 (Consolidated) 2014	2013	As of February 28, 2015 (Consolidated)
Eligible capital	Common equity		99,485,005	77,370,270	101,446,763
	Other Tier 1 capital		69,309	0	69,309
	Tier 2 capital		37,332,551	35,976,930	37,927,060
	Eligible capital		136,886,865	113,347,200	139,443,131
Risk-weighted assets	Credit risk	Standardized approach	988,942,372	860,041,617	1,006,893,457
		Internal ratings - based approach	0	0	0
		Securitization	282,960	383,089	280,882
	Operational risk	Basic indicator approach	58,324,925	49,532,300	0
		Standardized approach/alternative standardized approach	0	0	42,889,500
		Advanced measurement approach	0	0	0
	Market risk	Standardized approach	26,168,363	16,408,800	20,943,525
		Internal model approach	0	0	0
	Risk-weighted assets		1,073,718,620	926,365,806	1,071,007,364
Capital adequacy ratio			12.75%	12.24%	13.02
Ratio of Tier 1 capital to risk-weighted assets			9.27%	8.35%	9.48
Ratio of the common equity to risk-weighted assets			9.27%	8.35%	9.47
Ratio of leverage (Note8)			0	0	5.71

Note 1: Eligible capital = Common equity + other Tier 1 capital + Tier 2 capital.
Note 2: Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
Note 3: Capital adequacy ratio = Eligible capital   Risk-weighted assets.
Note 4: Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital / Risk-weighted assets.
Note 5: Ratio of the common equity to risk-weighted assets = common equity / Risk-weighted assets.
Note 6: Leverage Ratio = Tier 1 capital / Total Exposures.
Note 7: The information of 2014 and 2013 are based on audited financial statements; February 28, 2015 is Based on unaudited financial statements.
Note 8: Leverage Ratio is disclosured from 2015.

Unit:NT$1,000

Item \ Year			Financial data 2013-2014 (Unconsolidated) 2014	2013	As of February 28, 2015 (Unconsolidated)
Eligible capital	Common equity		99,069,970	77,614,374	100,960,568
	Other Tier 1 capital		0	0	0
	Tier 2 capital		35,932,509	34,739,284	36,571,591
	Eligible capital		135,002,479	112,353,658	137,532,158
Risk-weighted assets	Credit risk	Standardized approach	976,538,114	849,331,474	992,109,732
		Internal ratings - based approach	0	0	0
		Securitization	282,960	383,089	280,882
	Operational risk	Basic indicator approach	57,955,163	49,288,988	0
		Standardized approach/alternative standardized approach	0	0	42,627,013
		Advanced measurement approach	0	0	0
	Market risk	Standardized approach	26,168,363	16,408,800	20,943,525
		Internal model approach	0	0	0
	Risk-weighted assets		1,060,944,600	915,412,351	1,055,961,152
Capital adequacy ratio			12.72%	12.27%	13.02%
Ratio of Tier 1 capital to risk-weighted assets			9.34%	8.48%	9.56%
Ratio of the common equity to risk-weighted assets			9.34%	8.48%	9.56%
Ratio of leverage (Note8)			5.86%	4.94%	5.92%

Note 1: Eligible capital = Common equity + other Tier 1 capital + Tier 2 capital.
Note 2: Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
Note 3: Capital adequacy ratio = Eligible capital / Risk-weighted assets.
Note 4: Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital / Risk-weighted assets.
Note 5: Ratio of the common equity to risk-weighted assets = common equity / Risk-weighted assets.
Note 6: Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital / Risk-weighted assets.
Note 7: The information of 2014 and 2013 are based on audited financial statements; February 28, 2015 is Based on unaudited financial statements.
Note 8: Leverage Ratio is disclosured from 2015.

(4) Capital adequacy Ratio – ROC GAAP

Unit:NT$1,000

Item			Financial data 2010-2013 2012	2011	2010
Equity Capital	Tier 1 capital	Common stock	45,725,000	42,206,000	35,100,000
		Non-cumulative Preferred Shares	0	0	0
		Perpetual non-cumulative subordinated debentures	0	0	0
		Capital collected in advance	0	0	0
		Additional paid-in capital(excluding reserve derived from rise in value of fixed assets)	12,345,531	11,037,856	8,290,091
		Legal reserve	9,442,173	8,494,884	7,300,476
		Special reserve	305,423	83,866	0
		Retained earnings	7,383,125	3,314,452	4,159,230
		Minority interest	0	0	0
		Other stockholders' equity	(349,597)	(398,778)	(394,412)
		Less : Goodwill	3,808,089	3,798,806	3,662,701
		Less : non-amortized loss on the sales of NPL	0	0	0
		Less : Capital allowances	170,386	555,935	920,246
		Total tier 1 capital	70,873,180	60,383,539	49,872,438
	Tier 2 capital	Perpetual accumulated preferred shares	0	0	0
		Perpetual cumulative subordinated debentures	0	0	0
		Reserve derived from rise in value of fixed assets	0	0	0
		45%of capital surplus via unrealized long-term equity investment	192,181	77,067	218,816
		Convertible bonds	0	0	0
		Operating reserve and bad loan provisioning	6,029,700	4,100,476	177,479
		Long-term subordinated debentures	26,500,000	18,300,000	18,000,000
		Non-perpetual preferred shares	0	0	0
		The total of perpetual non-cumulative preferred shares	0	0	0
		& subordinated debentures excess of 15 of Tier 1	170,386	555,935	920,246
		capital	32,551,495	21,921,608	17,476,049
	Tier 3 capital	Less : Capital allowances	0	0	0
		Total tier 2 capital	0	0	0
		Short-term subordinated debentures	0	0	0
	Equity Capital		103,424,675	82,305,147	67,348,487
Weighted Risk Assets	Credit Risk	The standardized approach	725,386,677	609,421,646	529,891,296
		Internal rating-based approach	0	0	0
		Securitization	265,725	1,195,353	1,193,323
	Operational Risk	Basic indicator approach	42,592,125	36,140,025	26,757,188
		Standardized approach/Alternative standardized approach	0	0	0
		Advanced measurement approach	0	0	0
	Market Risk	The standardized approach	14,833,625	22,810,125	25,347,388
		The standardized approach	0	0	0
	Total risk-weighted assets		783,078,152	669,567,149	583,189,195
Capital Adequacy Ratio (%)			13.21%	12.29%	11.55%
Ratios of tier 1 capital to risk-weighted assets(%)			9.05%	9.02%	8.55%
Ratios of tier 2 capital to risk-weighted assets(%)			4.16%	3.27%	3.00%
Ratios of tier 3 capital to risk-weighted assets(%)			0	0	0
Ratios of common stockholders' equity to total assets(%)			3.70%	3.68%	3.27%

Note 1: Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital.
Note 2: Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
Note 3: Capital adequacy ratio = Eligible capital / Risk-weighted assets.
Note 4: Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital / Risk-weighted assets.
Note 5: Ratio of Tier 2 capital to risk-weighted assets = Tier 2 capital / Risk-weighted assets.
Note 6: Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital / Risk-weighted assets.
Note 7: Ratio of common stock to total assets = Common stock / Total assets.

4. Audit Committee Report

Audit Committee Report.

Audit Committee Report

To: E.SUN Bank

The 2014 consolidated financial statements of E.SUN Bank ("the Bank") have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Public Banks","Guidelines Governing the Preparation of Financial Reports by Securities Firms","International Financial Reporting Standards","International Accounting Standards","IFRIC Inter pretations" and "SIC Interpretations" endorsed by the Financial Supervisory Commission of the Republic of China. The 2014 standalone financial statements of the Bank have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Public Banks" and "Guidelines Governing the Preparation of Financial Reports by Securities Firms". CPA Huang Jui Chan and CPA Lai Kwan Chung of Deloitte & Touche have been appointed by the Bank to audit the financial statements. After reviewing the financial statements, the Audit Committee has found them to meet the requirements of the applicable laws and guidelines. The report is hereby prepared in accordance with Article 14-4 and Article 36 of Security and Exchange Law and submitted along with the financial statements of the Bank for the Board's approval.

Chen-En Ko
Convener
Audit Committee
E.SUN Bank

Date: March 18, 2015

VII. Risk Management

1.Risk Management

E.SUN's business development policies place security and liquidity first, followed by returns and then growth. E.SUN's main business divisions have all established risk management units that are responsible for direct management of risk operations. Regarding product designation, operational procedures and business marketing, E.SUN is continuously engaging in risk measurement, supervision and control tasks that are independent of the respective business operations.

Apart from each risk management unit under different business divisions, E.SUN has established the Risk Management Division in order to centralize screening, supervision and coordination of the Bank's risk management mechanisms. The division is in charge of drafting risk management policies and principles that serve as a guide for all business units. It also supervises and coordinates the operation of risk management mechanisms in these offices. In addition, E.SUN's risk management policies are linked with capital adequacy. Guidelines under the latest rule of Basel Accord have been used as a basis in formulating rules and procedures that are intended to ensure an appropriate risk appetite, risk reporting lines, and capital adequacy. The aforementioned reports are reviewed regularly and reported to the board and Risk Management Committee of the E.SUN FHC as foundations for adjustment for risk management related policies and operational strategies.

1. Qualitative and Quantitative Information Concerning Risk Types

1.1 Credit Risk Management System and Capital Charges

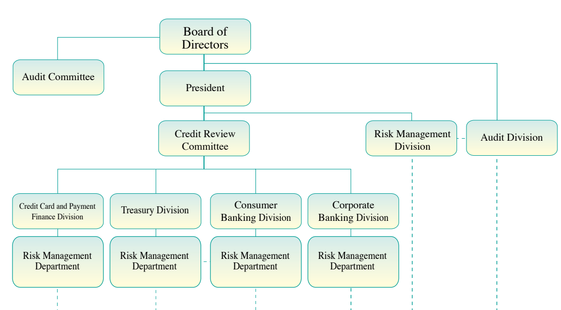
(1) Credit Risk Management System

a. Credit Risk Strategies, Goals, Policies and Processes

The objective of the Bank's risk management and development strategy is to comply with the regulatory system and to establish "General Principles of Credit Risk Management", internal lending and transaction with counterparties' risk control mechanisms, thus continuing to assess and to follow with domestic and foreign economic and financial trends, make adjustments to internal criteria as appropriate. E.SUN complies with the latest rules of Basel, set up comprehensive credit management system and adopt credit evaluation models. The control of credit risk concentration is covered in the Bank's internal regulation, via composing different limits for credit risk and counterparties, for instances, credit limit, sector, country and group type to comply with regulations set forth by authorities.

b. Credit Risk Management Organization and Framework

Each main business division has established a risk management unit to facilitate the identification and handling of risk on the front line, to establish acceptance risk limits, and create indicators for use in monitoring risk. In addition, the Credit Committe is responsible for assessing material credit risk related proposal. For its part, the Risk Management Division formulates risk management policies and principles, bears responsibility for assessing and monitoring Bank-wide risk management quality, and regularly reports to the board and the Risk Management Committee of the E.SUN FHC. E.SUN's credit risk management organization is shown in the schematic diagram below.



c. Scope and Features of Credit Risk Reporting and Measurement System

The objective of Bank units responsible for establishing risk controls and managing risk, as well as credit risk assessment and management procedures, is to screen credit risk, engage in credit rating, manage the level of credit extended, mid-term management, and monitor loans after they have been disbursed. Every unit which is responsible for risk management in E.SUN adopts various measures to effectively monitor such risk and regularly produces reports that detail its efforts to manage credit risk. The Bank also releases data that provide a true picture on all types of credit risk, including sovereign risk, trading counterparty credit risk, large amounts of exposure, concentration of credit in specific industries, and amount of credit extended to a single institution or conglomerate. This data is forwarded to managers instantaneously at all levels so they are aware of the level of risk exposure.

To comply with New Basel Accord, E.SUN has used existing historical customer data to develop the Internal Rating System, which is regarded as the framework of measuring credit risk and also has completed the roll-out of credit risk data mart, a consumer banking and corporate banking IRB model. The IRB rating model has been integrated with the Bank's credit processing system (CPS). In addition, reviews and improvements to the mechanisms are constantly being carried out, including credit risk control policies, measurement procedures, and credit development strategies.

d. Credit Risk Hedging and Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Mitigation Tools

Credit risk mitigation refers to techniques used to reduce credit risk, thereby reducing total risk-based assets and required capital charges. For instance, collateral, third-party guarantees, trading credit derivatives as a hedge, using the counterparty's deposits to offset its liabilities or asset securitization can be used to shift credit risk from the Bank. E.SUN's credit handbook explicitly states that in order to avoid losses associated with defaults by a counterparty, collateral must be provided by the counterparty or a third party. Should the customer default, be unable to repay the loan or become insolvent, the collateral will be disposed based on clear procedural guidelines. At the same time, E.SUN effectively reduces its credit risk by requiring guarantees from the Taiwan Small and Medium Enterprise Credit Guarantee Fund on lending to SMEs and credit insurance for personal credit loans.

e. Approach to Determining Regulatory Capital Charges: Standardized Approach.

(2) Credit Risk Capital Charged

The Standardized Approach to Credit Risk: Exposure after Risk Mitigation and Capital Charges

As of December 31, 2014 unit: NT$ thousand

Category of Exposure	Exposure after Risk Mitigation	Capital Charges
Sovereign	85,348	6,828
Public Sector (Non-central government)	0	0
Banks (including multilateral development banks)	62,014,030	4,961,122
Corporate (including securities and insurance companies)	412,944,569	33,035,566
Retail Bonds	396,045,398	31,683,631
Residential Real Estate	61,506,594	4,920,528
Equity Investments	1,090,824	87,266
Other Assets	28,197,463	2,255,797
Total	961,884,226	76,950,738

1.2 Asset Securitization Risk Management System, Exposure and Capital Charge

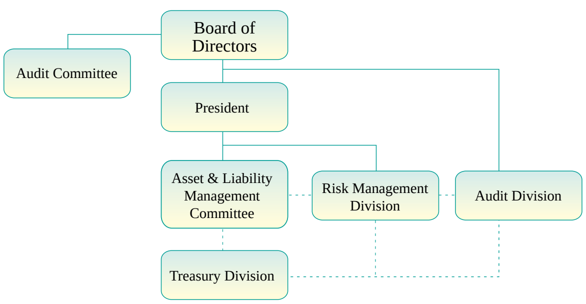
(1)Asset Securitization Risk Management System

a. Asset Securitization Strategy and Processes

Asset securitization aims to reduce the risk of structured bonds in bond funds, enhance secondary market liquidity, expand participation in the securitized product market, and build global markets for Taiwan's securitized products.

b. Asset Securitization Management Organization and Framework

Regulators have prescribed that the board of directors of the originating organization must approve asset securitization cases, and securitized products may be issued by a trust organization only upon approval by regulators. Consequently, E.SUN obtains board approval for each instance of asset securitization, and it manages each case separately, in an effort to comply with the requirement set forth by the competent authority. The Treasury Division is responsible for instigating asset securitization cases, financial assessment and implementation of relevant issuance procedures. The Risk Management Division bears responsibility for asset securitization risk management and fair value assessment. E.SUN's asset securitization risk management organization is shown in the diagram below.



c. Scope and Features of Asset Securitization Reporting and Measurement System

The Bank, as the initiator of the securitization, is responsible for creating a fair value assessment of the securities. The Bank and the financial advisor for each case establish a cash flow model prior to issuance. The model is used in conjunction with market data to generate an estimated cash flow. This data is then entered into the Reuters Kondor+ system to appraise market value and thereby accurately reflect the current situation of market risk.

d. Asset Securitization Hedging and Risk Mitigation Policies; Strategies and Processes for Monitoring the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

Risk avoidance and risk mitigation tools comply with related rules set forth by regulators and internal risk control mechanisms. They are adjusted at appropriate times based on domestic and foreign economic and financial trends in order to ensure that they remain effective.

e. Approach to Determining Regulatory Capital Charges: Standardized Approach.

1.3 Operational Risk Management System, Exposure and Capital Charges

(1) Operational Risk Management System

a. Operational Risk Strategy and Processes

E.SUN believes the international measures to minimize operational risk are founded on an excellent operating system, a high degree of risk awareness among all employees, a rule-abiding and disciplined corporate culture. E.SUN is using the three lines of defense model, which includes self assessment, compliance and risk management and internal audit, to ensure the effectiveness of the design and execution of internal control system. In addition to providing extensive education and training to personnel, E.SUN has also drafted rules and regulations to guard against operational risk. In addition, in order to ensure protection against risk caused by external events, E.SUN continuously monitors the market environment, customer behavior, changes in technology, and laws and regulations. This enables it to be sensitive to any steps that need to be taken and react appropriately and immediately.

Since its adoption of the Standardized Approach to calculate the capital charge of operational risk, the Bank has to date completed installation of management mechanisms and systems. Besides further improving ongoing and post-incident control, the Bank has also sought to strengthen preventive endeavors so as to identify potential risks before they materialize. E.SUN received the approval from Financial Supervisory Commission in June 2014 for applying the Standardized Approach to calculate the capital charge of operational risk, and started executing this approach from the first quarter of 2015.

The Bank's operational risk management process consists of process analysis, risk identification, risk evaluation, risk treatment and monitoring. Among the tools adopted are Risk Control Self-Evaluation, Key Risk Indicators (KRIs) and Operational Risk Loss Data Collection. Drawing on the management instruments cited above, the Bank is able to keep an across-the-board update of operational risk and take corrective measures wherever greater risks are posed, thereby keeping operational risk under control.

b. Operational Risk Management Organization and Framework

As the Bank's highest-ranking decision maker with regard to operational risk management, the board of directors is charged with setting operational risk management guidelines and risk appetite among other key decisions on this front in accordance with the Bank's operating strategy and business environment. That is, it is responsible for making sure that the Bank's operational risk management mechanism works effectively. In turn, the Risk Management Division is given the duty of designing and introducing the Bank's operational risk management mechanism, setting and revising operational risk management regulations, and tracking and monitoring operational risk management practices at all the business divisions. Besides presenting suggestions on corrective measures, it is also supposed to consolidate operational risk management information across the Bank and report it to the board. For their part, business divisions shall map out operational manuals and regulations as the basis of their supervising operating units' implementation of operational risk management. In accordance with the operational regulations laid down by business divisions, operating units are supposed to work with the former in identifying operational risk and undertake all the necessary risk management tasks prescribed by the Bank. It is the duty of the Auditing Division to evaluate and verify if every division and unit has adopted an effective operational risk management framework, process and system on a regular basis.

c. Scope and Features of Operational Risk Reporting and Measurement System

Through Risk Control Self-Assessment conducted on a regular basis, the Bank grades potential operational risk exposure into a number of levels, from slight to severe, and devises action plans accordingly. Meanwhile, KRIs are adopted to monitor operational risk changes and offer early warning; threshold values are set for these KRIs to serve as the basis for determining if countermeasures are warranted. When it comes to Operational Loss Data Collection, the Bank uses 8 categories of risk event and 7 types of loss event to keep track of operational risk as it occurs and come up with an appropriate action plan to keep it under control.

The operational risk management unit at the headquarter will regularly disclose information detailing its monitoring of operational risk throughout the Bank. Operational risk data and other related information is compiled and presented in reports to senior management, the Risk Management Committee, and the board of directors.

d. Operational Risk Hedging or Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

E.SUN has taken out general insurance to cover the daily operations of its branches. This insurance covers cash on hand, cash in transport, cash in automated machinery, machinery and assets in offices and employee fidelity. By outsourcing some operation and taking insurance, the Bank transferred some operation risks.

As of December 31, 2014 unit: NT$ thousand

Year	Gross Income	Capital Charged
2012	21,501,834	—
2013	25,576,103	
2014	30,195,621	
Total	77,273,558	4,636,413

e. Approach to Determining Regulatory Capital Charges: Basic Indicator Approach.

(2) Operational Risk Capital Charged

1.4 Market Risk Management System, Exposure and Capital Charges

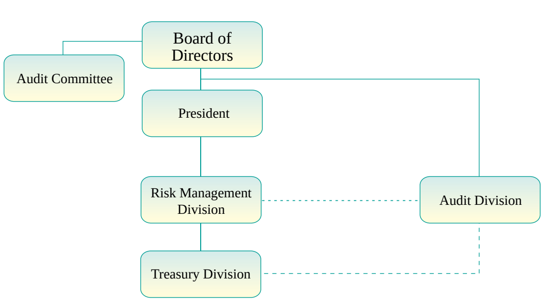
(1) Market Risk Management System

a. Market Risk Strategy and Processes

In order to avoid excessive risk from fluctuations in the prices of equities, products, interest rates and foreign exchange rates, and from any linkage between these prices of these items, all financial product transactions must be carried out in accordance with the Principle of Market Risk Management, Guidelines on Authorities of Handling Financial Transactions and Procedures for Handling Derivatives Transactions. In addition, VaR must be calculated in accordance with definitions set for by the Bank for International Settlements, in an effort to control E.SUN's market risk.

b. Market Risk Management Organization and Framework

E.SUN has set forth market risk management policies. In addition, the Risk Management Division is responsible for risk management and fair value assessment of financial products and report to the board and the Risk Management Committee of the E.SUN FHC periodically on market risk portfolio and stress testing. The above-mentioned controlling procedures are applied in order to fully realize market risk management objectives. The Bank's market risk management organizational framework is shown in the diagram below.



c. Scope and Features of Market Risk Reporting and Measurement System

Regarding market risk management, E.SUN presently employs the Reuters Kondor+ system, Numerix software for evaluation and Bloomberg data mart to monitor trading positions and real-time pricing. The system also generates VaR for all transactions carried out in the Bank and all investment positions, helping to monitor the risks. Besides, E.SUN Bank uses KGR system to manage real-time position limits, taking market volatility into consideration to manage counter-party risk limits.

d. Market Risk Hedging and Risk Mitigation Policies; Strategies and Processes for Monitoring the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

The Bank uses derivatives such as credit default swaps or total return swaps to ensure credit safeguards and thereby reduces counterparty risk.

e. Approach to Determining Regulatory Capital Charges

Foreign exchange options positions of the Bank are calculated using sensitivity analysis (Delta-plus), for which E.SUN has been approved to do by the regulatory authority. All other financial products are calculated using the standardized approach.

(2) Market Risk Capital Charged

As of December 31, 2014 unit: NT$ thousand

Risk Type	Capital Charged
Interest rate risk	1,447,490
Equity Securities risk	426,845
FX risk	190,828
Commodity Risk	28,306
Option based on simple method	0
Total	2,093,469

1.5 Liquidity Risk Management and Asset and Liability Maturity Analysis

E.SUN has drafted Liquidity Risk

Management Policy, Asset and Liabilities Management Policy, Interest Rate Risk Management Procedure and Principles for Liquidity Risk Management. Various control factors are monitored on a daily basis, and Bank wide liquidity risk is regularly subjected to stress tests to ensure the expected impact on the liquidity is within the acceptable level, and reported to Asset-Liability Management Committee every month.

2.Impact of Important Domestic or Foreign Policy and Legal Changes on the Bank's Financial Operations, and Countermeasures

(1) Pursuant to the latest revision to Article 43 of the Financial Holding Company Act, the Bank has adjusted the way in which customers' personal data is to be used. That is, customers are now given the "option of participation" rather than the "option of withdrawal" when it comes to the joint collection, processing, and use of their personal data by the subsidiaries of a given financial holding company. Meanwhile, stringent management processes and internal control are implemented to ensure the regulatory compliance of pertinent operations. E.SUN is set to keep up its provision of the most specialized services while doing its best to guard the security of customers' personal data. E.SUN considers it a responsibility to protect customer rights and interests.

(2) To bolster the country's mechanism for combatting money laundering and the funding of terrorists in tandem with international trends in this direction, the Financial Supervisory Commission promulgated the Directions Governing Anti-Money Laundering and Countering Terrorism Financing of Banking Sector on December 31, 2013. Taiwan's Bankers Association, in turn, devised a model checklist for banks' anti-money laundering practices. For its part, the Bank adjusted its policy on and guidelines for preventing money laundering and combatting the funding of terrorists. A separate plan for the prevention and control of risk associated with money laundering and the funding of terrorists was also put in place. Emphasis is placed on strengthening verification of customer identity, the stringency of which is dictated by the potential severity of risk. Separately, risk management mechanisms and internal control procedures are adopted to help prevent money laundering and combat the funding of terrorists, including systems designed to monitor accounts and transactions, internal reporting procedures, and non-disclosure provisions on prevention of leakage of reported information. By adopting the aforesaid management mechanism for the identification, evaluation, and monitoring of risk associated with money laundering and the funding of terrorists as well as following the standard operational procedure laid out in pertinent laws and regulations, the Bank installs a solid defense mechanism for both internal control and risk management that goes a long way toward minimizing its exposure to money laundering and the funding of terrorists.

(3) The Foreign Account Tax Compliance Act (FATCA) that US government previously announced, requires financial institutions in each county obtain ample data to determine whether an account belongs to an American citizen and then periodically declare related information about that account to the US government. The government of Taiwan is now undertaking cross-government negotiations on the aforementioned points with a view to building a set of standard procedures for domestic financial institutions. The Bank has

completed mandatory online registration and introduced the identification of U.S. nationals into its process for account opening by customers. This is due to be followed by the establishment of reporting procedure for U.S. taxpayers. The Bank is set to give priority to protecting customer rights and interests as it takes action to honor U.S. and local laws and regulations, notably Taiwan's Banking Act and Personal Information Protection Act.

(4) The Volcker Rule of the U.S. is designed to curtail the business scope of the financial services industry, in particular by imposing a ban on engaging in proprietary trading and owning hedge funds or private equity funds. The avowed purpose is to reduce the odds of systemic risk by restricting banks' risk appetite. This rule will go into effect on July 21st , 2015. But it also has been made clear that foreign banks would be exempted from the rule if the proprietary trading is executed outside of US. As such, the Bank expects to sustain a far from significant impact. On the other hand, E.SUN Bank's Los Angeles Branch will not be required to report specified information regarding its trading activity to the U.S. competent authority as its trading assets and liabilities do not exceed US$10 billion. The Bank has entrusted external consultants to assist in the setting of control and management as well as regulatory compliance plans for proprietary trading processes as it continues to keep track of subsequent developments with regard to the legislation in question.

3.Impact of Technological and Industrial Changes on the Bank's Financial Operations, and Countermeasures

Consumer reliance on mobile devices is growing by the day as technological advancement speeds up the proliferation of these so-called smart gadgets. For its part, the Bank has been proactive to develop mobile payment services in order to meet customer needs. To date, it has teamed up with telecom operators to introduce QR (Quick Response) Code Mobile Payment and NFC (Near Field Communication) Cellular Credit Card services. Customers are given an early start to make use of their smartphone apps in paying for products or services at QR code-enabled authorized shops. This new convenience is made possible by the NFC capability of cellular credit cards. Aided by TSM (Trusted Service Manager) and OTA (Over the Air) technologies, credit card information is downloaded to and stored on handsets. Thus, customers no longer need to carry their credit cards and can engage in "contactless" transactions at properly equipped authorized shops. In the days ahead, the Bank is set to keep tracking technological advancement on this front and develop even more convenient mobile payment services while placing equal emphasis on sound business, information security, and consumer rights and interests.

4.Impact of Changes in the Bank's Image on the Company, and Countermeasures

E.SUN has made every effort to be a model in terms of corporate governance and to provide comprehensive financial services in accordance with laws and regulations of authorities. Transparency is provided for transactions carried out by affiliated parities in order to avoid conflicts of interest. At the same time, the Bank emphasizes protecting the interests of shareholders, providing better framework in risk management, employees training and benefits to employees. E.SUN is committed to social welfare and environmental protection causes and it has made every effort to transfer its commitment in practice. In order to maintain its image, internal departments will make correction thereof if any of its actions lead to damage or decline in its image. E.SUN desires to be an example of an outstanding company and seeks to fulfill its corporate social responsibility, thereby continually maintaining its image.

The Bank places great importance on having a strong image and caring for its customers. In 2014, the bank has won the recognition by the public and international institutions. The bank was awarded the Golden Service Award for top service in the banking industry in four consecutive year (Common Wealth magazine), the Platinum Award for Excellence Management in Corporate Governance in Asia in 5 consecutive years (The Asset) and E.SUN FHC ranked No.1 in financial institutions in the Award of Excellence in Corporate Social Responsibilities 6 times (CommonWealth Magazine) and received the Best Domestic Bank Award for Taiwan (Asiamoney). E.SUN FHC is also the first ever financial institutions in Taiwan to be included in Dow Jones Sustainability Emerging Market Index. Looking forward to the digital era, the Bank will introduce more eServices by accepting some of the customers' suggestion to satisfy customers' needs and exceed customers' expectations.

5. Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures:

None.

6. Anticipated Benefits and Possible Risks of Expansion, and Countermeasures

In 2014, the total number of domestic and overseas branches reaches 140 (including 136 domestic and 4 overseas, namely Los Angeles, Hong Kong, Dongguan China and Singapore branches). By branches relocation and strengthening the functions of IT systems innovatively, the Bank is able to provide comprehensive financial services more efficiently to customers through integrating both brick-and-mortar and virtual channels. With regards to any unexpected impact of or possible operational risks associated with new branches, the bank continues to observe the status of business development after any expansion in its branch network and thereby reduces any impact to a minimum due to its strict internal controls.

7. Anticipated Benefits and Possible Risks from Concentration of Operations, and Countermeasures

With regards to concentration of operations, E.SUN continues to pay close attention to any changes in the financial industry. It stays abreast of macroeconomic and industrial trends. It adjusts its business development strategies as appropriate. With regards to risk associated with concentration of counterparties, the Bank sets upper limits of risk exposure for recipients of loans and investment, as well as individual conglomerates, and it strictly adheres to these limits. It acts in accordance with post-disbursement management regulations to regularly review the suitability of credit terms and assess the possibility of systemic risk. It also carries out Bank-wide risk appetite stress tests to ensure that possible risk associated with the development of new areas of business is kept within acceptable limits.

8.Influence of Changes in Ownership of the Bank, Possible Risks and Countermeasures

E.SUN Commercial Bank, a 100% owned subsidiary of E.SUN Financial Holding Company at the end of 2014, had no major change in managerial authority.

9.Effect upon and risk to the Bank in the event a major quantity of shares belonging to director(s) or shareholder(s) holding greater than 1% stake in the Bank has been transferred or has otherwise changed hands, and mitigation measures:

Up till the end of 2014, none of the Bank's directors or shareholders holding greater than 1% stake in the Bank had transferred a major quantity of shares or had it change hands otherwise.

10.Litigious or Non-litigious Incidents:

None.

11.Other Major Risk Countermeasures:

None.

12.Crisis Management and Response Mechanism:

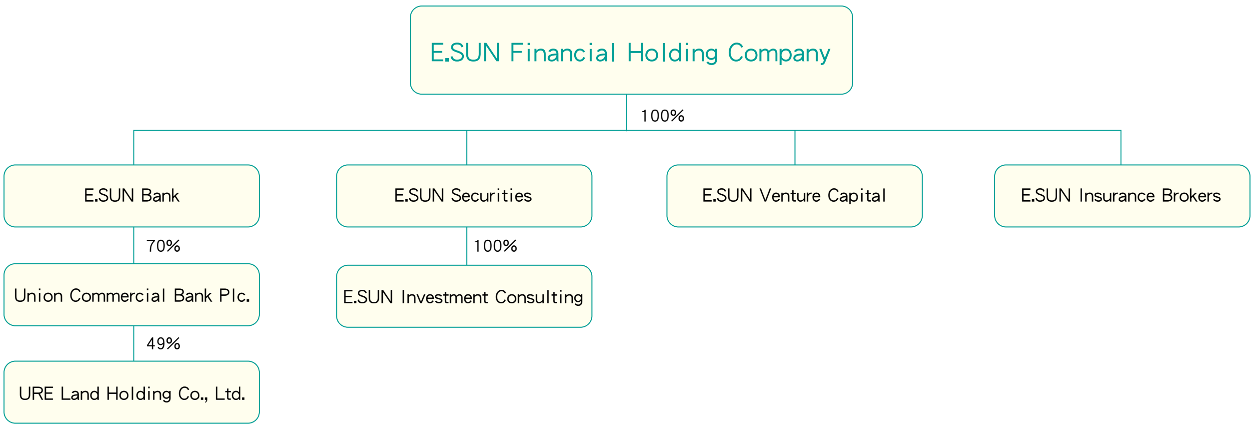
E.SUN has established Emergency Response and Crisis Management Regulations, and Rules to Maintain Safety. These measures written to supervise the Bank to deal with emergent and extraordinary events, ensuring the safety of the Bank. Besides, the Bank will follow and take safe measures described in the Emergency Response of Personal Information Invasion, to prevent, report and respond to the event of personal information invasion. In addition, in the event of emergencies or irregular events, E.SUN has created a Crisis Management Task Force and Safety Management Team that take actions and provides real-time reports and notification upon any irregular internal or external events. Furthermore, E.SUN has formulated countermeasures and contingency plans. The company follows plans and steps to effectively prevent crises from expanding and has instituted a real-time notification system. Each business unit also carries out drills on a regular basis to determine the effectiveness of contingency measures, and has heightened alertness to uphold security. This strengthens the Bank's ability to address emergences and handle and manage crises in a well thought-out manner to prevent a repeat of crises.

VIII. Special Disclosure

1. Summary of Affiliated Companies

1.1 Consolidated Operating Report on Affiliated Companies

(1) Organization Chart of Affiliated Companies



(2) Operation Status of Affiliated Companies

As of December 31, 2014 Unit: NT$ thousand

Name	Capital	Total Asset	Total Liability	Net Worth	2014 P/L (after tax)	EPS (after tax in NT$)
E.SUN FHC	70,530,000	117,547,536	10,671,143	106,876,393	10,528,552	1.56
E.SUN Securities	4,000,000	11,415,596	6,645,068	4,770,528	232,505	0.64
E.SUN Venture Capital	2,000,000	3,225,009	35,810	3,189,199	303,402	1.81
E.SUN Insurance Brokers	113,000	851,556	133,779	717,777	378,556	33.5
E.SUN Investment Consulting	50,000	67,322	9,505	57,817	2,912	0.58
Union Commercial Bank Plc.	1,187,625 (Note 1)	15,973,323	12,724,012	3,249,311	253,413	6,757.68
URE Land Holding Co., Ltd.	32 (Note 2)	494,862	486,989	7,873	6,351	6.35

*Note1: The accounts in the Balance Sheet of Union Commercial Bank Plc. and URE Land Holding Co., Ltd. are converted to NTD using the exchange rate for settlement of December 31, 2014 which is 31.67. The accounts in the Profit and Loss Statement of Union Commercial Bank Plc. and URE Land Holding Co., Ltd. are converted to NTD using the average exchange rate for settlement of the year 2014, which is 30.3736335.

*Note2: The share par values of Union Commercial Bank Plc. and URE Land Holding Co., Ltd. are US$1,000 and US$1 respectively.

(3) Range of Operations of E.SUN Bank and Affiliates

Business includes banking operations and investment in domestic and overseas banking-related businesses as approved by regulatory agencies and investment mangement, broking, underwriting and dealing of securities, venture capital, life insurance broking, non-life insurance broking, securities investment consulting, and lease, sales and purchase of real estate. Each affiliate is an independent institution and each carries out its respective line of business.

1.2 Report on Affiliation

As of December 31, 2014

Name of Controlling Company	Reason of Control	Shareholding and Pledge status of Controlling Company			Representation of Directors, Independent Directors or Managers of Controlling Company
		No. of Shareholding	Shareholding Ratio	Pledged Share Number	
E.SUN Financial Holding Company	100% shareholding	6,136,000,000 shares	100%	0 share	Title and name as following note

*Note:
Chairman: Gary K.L. Tseng
Managing Directors: Jackson Mai, Chiu-Hsiong Huang, Chen-Chen Chang Lin (also Independent Director)
Independent Directors: Chen-En Ko, Ji-Ren Lee, Hsin-I Lin
Directors: Joseph N.C. Huang, Ron-Chu Chen, Chien-Li Wu, Ben Chen, Magi Chen, Mao-Chin Chen

1.3 Other Important Transaction:

E.SUN Bank received a fee of NTD 121 thousand from E.SUN FHC for sharing the resource of IT system in 2014.

1.4 Guarantee for Affiliated Companies: None

2. Representation of Consolidated Financial Statements of Affiliated Enterprises

Representation

March 20, 2015

On behalf of E.SUN Commercial Bank, Ltd., we hereby declare that the company's 2014 Affiliation Report (Period from Jan.1, 2014 to Dec. 31, 2014) followed the "Criteria Goverining Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". There is no material discrepancy with the information disclosed in the notes of financial report for the said period.

E.SUN Commercial Bank, Ltd.

Chairman

3.Private Placement Securities in the Most Recent Years: None

4.The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

5.Other Required Supplementary Disclosure: None

Appendix

E.SUN Commercial Bank, Ltd. and Subsidiaries

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

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
E.SUN Commercial Bank, Ltd.

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

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation 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 the Company as of December 31, 2014 and 2013 and their consolidated financial performance and consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of E.SUN Commercial Bank, Ltd. as of and for the years ended December 31, 2014 and 2013 and have issued an unqualified opinion thereon in our report dated March 20, 2015.

Deloitte & Touche

March 20, 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 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.

E.SUN COMMERCIAL BANK, LTD. 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 (Notes 4 and 6)	$ 29,508,760	2	$ 21,317,544	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4 and 7)	60,090,348	4	57,907,807	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 37)	291,623,957	19	283,198,494	21
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 9)	152,758	-	-	-
RECEIVABLES, NET (Notes 4, 10 and 37)	65,391,506	4	56,093,380	4
CURRENT TAX ASSETS (Notes 4, 33 and 36)	138,082	-	159,549	-
DISCOUNTS AND LOANS, NET (Notes 4, 11, 36 and 37)	934,613,524	60	828,238,170	61
AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET (Notes 4, 12 and 37)	84,815,997	6	71,157,160	5
HELD-TO-MATURITY FINANCIAL ASSETS, NET (Notes 4, 14 and 37)	5,915,792	1	8,593,699	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 15 and 37)	49,961,102	3	15,499,801	1
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 16)	20,247,436	1	18,486,668	1
INVESTMENT PROPERTIES, NET (Notes 4 and 17)	923,833	-	1,057,348	-
INTANGIBLE ASSETS, NET (Notes 4 and 18)	5,622,067	-	5,496,292	-
DEFERRED TAX ASSETS (Notes 4 and 33)	113,386	-	181,998	-
OTHER ASSETS, NET (Notes 4, 19, 36 and 38)	2,825,666	-	1,563,680	-
TOTAL	$ 1,551,944,214	100	$ 1,368,951,590	100
LIABILITIES AND EQUITY				
DUE TO THE CENTRAL BANK AND OTHER BANKS (Notes 4 and 20)	$ 58,199,621	4	$ 47,645,621	4
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	22,494,142	1	5,838,296	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 8, 12, 14 and 21)	13,117,523	1	6,254,291	-
PAYABLES (Notes 22 and 36)	18,261,090	1	15,634,527	1
CURRENT TAX LIABILITIES (Notes 4, 33 and 36)	863,108	-	409,930	-
DEPOSITS AND REMITTANCES (Notes 23 and 36)	1,284,727,612	83	1,157,482,350	85
BANK DEBENTURES (Note 24)	43,800,000	3	47,500,000	4
OTHER FINANCIAL LIABILITIES (Notes 25, 36 and 38)	2,349,300	-	2,195,311	-
PROVISIONS (Notes 4, 26 and 27)	313,599	-	380,251	-
DEFERRED TAX LIABILITIES (Notes 4 and 33)	781,528	-	745,553	-
OTHER LIABILITIES (Notes 28 and 36)	1,528,846	-	1,452,548	-
Total liabilities	1,446,436,369	93	1,285,538,678	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Capital stock				
Common stock	61,360,000	4	49,850,000	4
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	17,547,343	1	12,344,136	1
From treasury stock transactions	483	-	483	-
Others	277,232	-	229,077	-
Total capital surplus	17,825,058	1	12,573,696	1
Retained earnings				
Legal reserve	14,143,067	1	11,595,872	1
Special reserve	83,866	-	83,866	-
Unappropriated earnings	10,278,570	1	8,490,649	-
Total retained earnings	24,505,503	2	20,170,387	1
Other equity	1,032,331	-	156,143	-
Total equity attributable to owners of the Company	104,722,892	7	82,750,226	6
NON-CONTROLLING INTERESTS	784,953	-	662,686	-
Total equity	105,507,845	7	83,412,912	6
TOTAL	$ 1,551,944,214	100	$ 1,368,951,590	100

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

E.SUN COMMERCIAL BANK, LTD. 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**	**%**	**%**
INTEREST REVENUE (Notes 4, 29 and 36)	$ 26,830,870	88	$ 22,330,735	86	20
INTEREST EXPENSE (Notes 4, 29 and 36)	(11,544,801)	(38)	(9,443,827)	(36)	22
NET INTEREST	15,286,069	50	12,886,908	50	19
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 30 and 36)	9,910,424	32	7,928,614	30	25
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4 and 31)	3,273,385	11	5,057,016	19	(35)
Realized gains on available-for-sale financial assets (Notes 4 and 13)	177,759	1	164,457	1	8
Foreign exchange gains (losses), net (Note 4)	1,866,333	6	(244,992)	(1)	862
Reversal of impairment losses (impairment losses) on assets (Notes 4, 15 and 17)	314	-	(7,489)	-	104
Other noninterest gains, net (Note 36)	174,177	-	174,947	1	-
Subtotal	15,402,392	50	13,072,553	50	18
TOTAL NET REVENUES	30,688,461	100	25,959,461	100	18
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON GUARANTEES (Notes 4 and 11)	(2,033,689)	(6)	(1,706,514)	(6)	19
OPERATING EXPENSES (Notes 4, 16, 17, 18, 27, 32 and 36)					
Employee benefits	(7,809,722)	(26)	(6,454,877)	(25)	21
Depreciation and amortization	(1,004,819)	(3)	(888,210)	(3)	13
General and administrative	(7,745,483)	(25)	(6,382,192)	(25)	21
Total operating expenses	(16,560,024)	(54)	(13,725,279)	(53)	21

(Continued)

E.SUN COMMERCIAL BANK, LTD. 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	%	%
INCOME BEFORE INCOME TAX	$ 12,094,748	40	$ 10,527,668	41	15
INCOME TAX EXPENSE (Notes 4 and 33)	(1,813,652)	(6)	(1,680,158)	(7)	8
NET INCOME	10,281,096	34	8,847,510	34	16
OTHER COMPREHENSIVE INCOME (Notes 4, 27 and 33)					
Exchange differences on the translation of financial statements of foreign operations	871,496	3	150,707	1	478
Unrealized gains (losses) on available-for-sale financial assets	199,655	1	(83,765)	-	338
Actuarial gains arising from defined benefit plans	68,796	-	78,463	-	(12)
Income tax relating to components of other comprehensive income	(149,472)	(1)	1,985	-	(7,630)
Other comprehensive income for the year, net of income tax	990,475	3	147,390	1	572
TOTAL COMPREHENSIVE INCOME	$ 11,271,571	37	$ 8,994,900	35	25
NET INCOME ATTRIBUTABLE TO:					
Owners of the Company	$ 10,204,320	34	$ 8,847,604	34	15
Non-controlling interests	76,776	-	(94)	-	81,777
	$ 10,281,096	34	$ 8,847,510	34	16
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company	$ 11,149,304	36	$ 8,998,778	35	24
Non-controlling interests	122,267	1	(3,878)	-	3,253
	$ 11,271,571	37	$ 8,994,900	35	25
EARNINGS PER SHARE (Note 34)					
Basic	$ 1.74		$ 1.64		

(Concluded)

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

E.SUN COMMERCIAL BANK, LTD. 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 Owners of the Company									
	Capital Stock (Note 35)			Retained Earnings (Notes 4 and 35)			Other Equity			
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 35)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains (Losses) on Available-for-sale Financial Assets (Note 4)	Non-controlling Interests (Notes 4 and 35)	Total Equity
BALANCE AT JANUARY 1, 2013	4,572,500	$45,725,000	$12,345,531	$9,442,173	$305,423	$6,937,999	$(222,469)	$305,901	$ -	$74,839,558
Reversal of special reserve	-	-	-	-	(221,557)	221,557	-	-	-	-
Appropriation of the 2012 earnings										
Legal reserve	-	-	-	2,153,699	-	(2,153,699)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,316,275)	-	-	-	(1,316,275)
Stock dividends	412,500	4,125,000	-	-	-	(4,125,000)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	666,564	666,564
Share-based payment arrangements involving ESFHC's common stock	-	-	228,165	-	-	-	-	-	-	228,165
Net income for the year ended December 31, 2013	-	-	-	-	-	8,847,604	-	-	(94)	8,847,510
Other comprehensive income for the year ended December 31, 2013, net of income tax	-	-	-	-	-	78,463	128,420	(55,709)	(3,784)	147,390
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-	8,926,067	128,420	(55,709)	(3,878)	8,994,900
BALANCE AT DECEMBER 31, 2013	4,985,000	49,850,000	12,573,696	11,595,872	83,866	8,490,649	(94,049)	250,192	662,686	83,412,912
Appropriation of the 2013 earnings										
Legal reserve	-	-	-	2,547,195	-	(2,547,195)	-	-	-	-
Cash dividends	-	-	-	-	-	(1,588,000)	-	-	-	(1,588,000)
Stock dividends	435,000	4,350,000	-	-	-	(4,350,000)	-	-	-	-
Share-based payment arrangements involving ESFHC's common stock	-	-	527,362	-	-	-	-	-	-	527,362
Capital increase	716,000	7,160,000	4,724,000	-	-	-	-	-	-	11,884,000
Net income for the year ended December 31, 2014	-	-	-	-	-	10,204,320	-	-	76,776	10,281,096
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	68,796	685,756	190,432	45,491	990,475
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	10,273,116	685,756	190,432	122,267	11,271,571
BALANCE AT DECEMBER 31, 2014	6,136,000	$61,360,000	$17,825,058	$14,143,067	$83,866	$10,278,570	$ 591,707	$ 440,624	$784,953	$105,507,845

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

E.SUN COMMERCIAL BANK, LTD. 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	$ 12,094,748	$ 10,527,668
Adjustments for noncash items		
Depreciation expenses	776,910	687,097
Amortization expenses	227,909	201,113
Bad-debt expenses	2,031,915	1,672,446
Gains on financial assets and liabilities at fair value through profit or loss	(3,273,385)	(5,057,016)
Interest expense	11,544,801	9,443,827
Interest revenue	(26,830,870)	(22,330,735)
Dividend income	(100,379)	(78,585)
Provision for losses on guarantees	1,774	34,068
Salary expenses on share-based payments	527,362	228,165
Gains on disposal of properties and equipment	(8,886)	(353)
Losses (gains) on disposal of investment properties	1,384	(11,643)
Gains on disposal of investments	(125,531)	(134,842)
Impairment losses on financial assets	-	5,900
Impairment losses on non-financial assets	-	1,589
Reversal of impairment losses on non-financial assets	(314)	-
Losses on disposal of foreclosed collaterals	2,926	8,327
Net changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to other banks	(1,096,468)	(4,995,222)
Increase in financial assets at fair value through profit or loss	(4,959,604)	(221,185,260)
Increase in securities purchased under resell agreements	(17,861)	-
Increase in receivables	(7,835,261)	(12,196,311)
Increase in discounts and loans	(108,656,664)	(88,595,557)
Decrease (increase) in available-for-sale financial assets	(13,774,175)	3,577,451
Decrease in held-to-maturity financial assets	2,639,585	202,433,018
Increase in other financial assets	(34,423,283)	(11,080,364)
Increase in other assets	(77,976)	(732)
Increase in due to the Central Bank and other banks	10,554,000	395,795
Increase in financial liabilities at fair value through profit or loss	13,375,262	628,167
Increase in securities sold under repurchase agreements	6,863,232	1,296,566
Increase (decrease) in payables	2,438,893	(5,749,833)
Increase in deposits and remittances	127,245,262	119,825,970
Increase (decrease) in other financial liabilities	(186,817)	503,718
Decrease in provision of employee benefits	-	(3,649)
Increase (decrease) in other liabilities	(24,263)	230,796
Cash used in operations	(11,065,774)	(19,718,421)
Interest received	29,832,960	25,684,601
Dividend received	105,296	86,178
Interest paid	(11,331,310)	(9,651,597)
Income tax paid	(1,389,493)	(1,872,271)
Net cash provided by (used in) operating activities	6,151,679	(5,471,510)

(Continued)

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 INVESTING ACTIVITIES		
Net cash inflow (outflow) on acquisition of a subsidiary (Note 45)	$ (80,026)	$ 733,910
Payments for properties and equipment	(2,453,876)	(1,470,399)
Proceeds of the disposal of properties and equipment	60,980	2,594
Increase in refundable deposits	(1,191,640)	(129,077)
Payments for intangible assets	(213,958)	(133,201)
Proceeds of the disposal of foreclosed collaterals	5,210	19,416
Proceeds of the disposal of investment properties	8,479	102,665
Increase in other assets	(4,001)	(1,840)
Net cash used in investing activities	(3,868,832)	(875,932)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of the issuance of bank debentures	3,500,000	6,500,000
Repayment of bank debentures	(7,200,000)	(6,000,000)
Increase in long-term borrowings	97,632	268,092
Increase in guarantee deposits received	228,858	10,855
Cash dividends paid	(1,588,000)	(1,316,275)
Capital increase	11,884,000	-
Net cash provided by (used in) financing activities	6,922,490	(537,328)
EFFECT OF EXCHANGE RATES CHANGE ON CASH AND CASH EQUIVALENTS	219,347	1,035,070
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,424,684	(5,849,700)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	22,598,396	28,448,096
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 32,023,080	$ 22,598,396
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2014 AND 2013		
Cash and cash equivalents in the consolidated balance sheets	$ 29,508,760	$ 21,317,544
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	2,379,423	1,280,852
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	134,897	-
Cash and cash equivalents, end of the year	$ 32,023,080	$ 22,598,396

(Concluded)

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

E.SUN COMMERCIAL BANK, LTD. 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.ORGANIZATION AND OPERATIONS

E.SUN Commercial Bank, Ltd. (the "Bank") engages in banking activities permitted by the Banking Law.

As of December 31, 2014, the Bank had a business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), 4 overseas branches (Los Angeles, Hong Kong, Singapore and Dongguan), 135 domestic branches and 2 representative offices (in Ho Chi Minh City, Vietnam and in Yangon, Myanmar).

The operations of the Bank's Trust Department consist of planning, managing and operating a trust business. These operations are regulated under the Banking Law and Trust Law of the Republic of China (ROC).

On December 10, 2001, the Bank's stockholders approved the establishment of E.SUN Financial Holding Company, Ltd. (ESFHC) through a share swap. Thus, ESFHC acquired the shares of the Bank, E.SUN Bills Finance Corp. (E.SUN Bills) and E.SUN Securities Corp. The board of directors designated January 28, 2002 as the effective date of the related share swap. After the share swap, the Bank became a 100% subsidiary of ESFHC. Also, on January 28, 2002, the trading of the Bank's stock on the Taiwan Stock Exchange (TSE) was stopped, and ESFHC's stock started to be traded on the TSE.

To integrate resources, enhance operating effectiveness, strengthen the Bank's equity structure, and ensure its long-term development, the stockholders resolved on August 25, 2006 for the Bank to merge with E.SUN Bills, with the Bank as the surviving entity. The effective date of the share swap and the merger recording date were both December 25, 2006.

The Bank acquired the assets, liabilities and business of Chiayi The Fourth Credit Cooperative and Chu Nan Credit-Cooperative Association on November 3, 2012 and July 9, 2011, respectively.

Union Commercial Bank PLC. (UCB) was founded in March 1994, under the Laws of the Kingdom of Cambodia. The head office of UCB was established in Phnom Penh; UCB also established 7 branches. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. The Bank acquired 70% equity interest of UCB on August 28, 2013, and included UCB in the consolidated financial statements from the acquisition date (Note 45).

The operating units of the Bank and its subsidiaries (collectively, the "Company") maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

As of December 31, 2014 and 2013, the Company had 7,069 and 6,570 employees, respectively.

2.APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved and authorized for issue of the consolidated financial statements in their meeting on March 20, 2015.

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

a.The amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms 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 Financial Supervisory Commission (FSC) not yet effective

Rule No. 1030010325 and Rule No. 10310006010 issued by the FSC, stipulated that the Company 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 Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms 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

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
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
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "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, the initial application of the above 2013 IFRSs version and the related amendments to the Regulations the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms has not had any material impact on the Company's accounting policies:

1)IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2)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.

3)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 Company 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 the translation of financial statements of foreign operations and unrealized gains (losses) on available-for-sale financial assets. 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.

4)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 provision for employee benefits and retained earnings. In addition, in preparing the consolidated financial statements for the year ended December 31, 2015, the Company 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:

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
Impact on assets, liabilities and equity			
December 31, 2014			
The effect on provision for employee benefits	$ 138,712	$ 35,587	$ 174,299
The effect on retained earnings	$ 24,505,503	$ (35,587)	$ 24,469,916
The effect on equity	$105,507,845	$ (35,587)	$ 105,472,258
January 1, 2014			
The effect on provision for employee benefits	$ 207,508	$ 45,391	$ 252,899
The effect on retained earnings	$ 20,170,387	$ (45,391)	$ 20,124,996
The effect on equity	$ 83,412,912	$ (45,391)	$ 83,367,521
Impact on total comprehensive income			
Year ended December 31, 2014			
The effect on operating expense	$ 16,560,024	$ (9,804)	$ 16,550,220
The effect on net income	$ 10,281,096	$ 9,804	$ 10,290,900
The effect on total comprehensive income	$ 11,271,571	$ 9,804	$ 11,281,375

5)Recognition and measurement of financial liabilities designated as at fair value through profit or loss

In accordance with the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, for financial liabilities designated as at fair value through profit or loss, the amount of change in the fair value attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch, all gains or losses on that liability are presented in profit or loss.

Under the Q&A for the Regulations Governing the Preparation of Financial Reports by Securities Issuers issued by the FSC on September 19, 2014, the Company has chosen to apply the amendment above retrospectively to retained earnings on January 1, 2015. Thus, upon initial application of the amendment above, as of January 1, 2015, the retained earnings increased by $59,830 thousand and other equity decreased by $59,830 thousand.

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

The Company 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 Company's accounting policies, except for the following:

1)IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value.

For the Company'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 Company 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.

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 Company 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.

2)Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Company is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3)IFRS 15 "Revenue from Contracts with Customers"

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

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

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

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

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

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the 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 fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Bank and UCB (including UCB's subsidiary), an entity controlled by the Bank.

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

The accounting policies of the Bank and subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes.

The Bank's financial statements include the accounts of the Head Office, OBU, and all branches. All intra-bank transactions and balances have been eliminated.

Attribution of total comprehensive income to non-controlling interests

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. For more information on the consolidated entities, please refer to Table 1 (attached).

Foreign-currency Transactions

The Bank records foreign-currency transactions in the respective currencies in which these are denominated. Every month-end, foreign currency income and expenses are translated into New Taiwan dollars at the prevailing exchange rates. At month-end, monetary assets and liabilities denominated in foreign currencies are reported using the prevailing exchange rates, and exchange differences are recognized in profit or loss. Nonmonetary assets and liabilities measured at fair value are translated using the prevailing exchange rates at month-end. Translation differences on nonmonetary assets and liabilities measured at fair value are recognized in profit or loss, except for translation difference arising from nonmonetary items of which the change in fair values is recognized in other comprehensive income, in which case, the translation differences are also recognized directly in other comprehensive income. Nonmonetary assets and liabilities that are classified as carried at cost are recognized at the exchange rate on the transaction date.

In preparing the consolidated financial statements, foreign operations' financial statements are translated at the following rates: Assets and liabilities - the prevailing exchange rates on the balance sheet date; and income and expenses - at the average exchange rate for the period. Translation difference net of income tax is recorded as "other comprehensive income" and accumulated in equity, and is attributed to the owner of the Company and non-controlling interests.

Current and Noncurrent Assets and Liabilities

The consolidated financial statements, however, do not show the classification of current or noncurrent assets/liabilities because the banking industry accounts for the major parts of the consolidated accounts. Thus, accounts in the consolidated financial statements are instead categorized by nature and sequenced by their liquidity.

Cash and Cash Equivalents

In the consolidated balance sheet, cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents defined in the consolidated balance sheet, due from the central bank, call loans to other banks and securities purchased under resell agreements that correspond to the definition of cash and cash equivalents in IAS 7 - "Statement of Cash Flows," as endorsed by the FSC.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company 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.

Financial assets

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 (FVTPL), available-for-sale (AFS) financial assets, held-to-maturity financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1)Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- 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 Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Additionally, the contract contains one or more embedded derivatives so that the entire hybrid contract can be designated as financial assets at FVTPL.

Financial assets at FVTPL 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. Fair value is determined in the manner described in Note 40.

2)Available-for-sale (AFS) financial assets

AFS financial assets are nonderivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at fair value through profit or loss.

AFS financial assets are stated at fair value at each balance sheet date. Fair value is determined in the manner described in Note 40.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed or is determined to be impaired.

Cash dividends on AFS equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established. Stock dividends are recorded as an increase in the number of shares held and do not affect investment income. The cost per share is recalculated on the basis of the new number of investee's shares held.

AFS 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 presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

3)Held-to-maturity financial assets

Held-to-maturity financial assets are nonderivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity. After initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method less any impairment.

4)Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including cash and cash equivalents, due from the central bank and call loans to other banks, receivables, debt instruments with no active market) are measured at amortized cost using the effective interest method less any impairment.

b.Impairment of financial assets

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

Objective evidence of impairment could include:

- Significant financial difficulty of the asset issuer and debtor;
- The financial assets becoming overdue;
- Probability that the debtor will enter into bankruptcy or undergo financial reorganization.

Financial assets carried at amortized cost (loans and receivables) that are individually assessed had no objective evidence of impairment are further assessed collectively for impairment. Objective evidence of impairment for a portfolio of receivables could include the Company's past difficulty in collecting payments and an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on financial assets.

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 with consideration to the collaterals and guarantees, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if 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 AFS 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 AFS financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

For AFS equity investments, impairment losses 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. For AFS debt instruments, impairment losses 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.

For financial assets that are carried at cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss will not be reversed in subsequent periods.

Impairment loss on financial asset is recognized by reducing its carrying amount through the use of an allowance account. When financial assets are considered uncollectible, they are written off against the allowance account. Recoveries of amounts previously written off are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized in profit and loss.

Under FSC guidelines, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectible, on the basis of the customers' financial position, valuation of collaterals and the length of time the principal repayments or interest payments have become overdue.

The Bank made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectible, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions (0.5% provision was made for sound credit assets before January 1, 2014). The 1% minimum provision for sound credit assets should be made before December 31, 2014 as required by the FSC.

Credits deemed uncollectible may be written off if the write-off is approved by the board of directors.

c. Derecognition of financial assets

The Company 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. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received, 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.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

<u>Equity instruments</u>

The Company classifies the debt and equity instruments issued either as financial liabilities or as equity in accordance with the substance of the contractual agreements and the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company'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 Company's own equity instruments.

<u>Financial liabilities</u>

a. Subsequent measurement

Except for the cases stated below, all financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or designated as at FVTPL.

A financial liability is classified as designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability 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 Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Additionally, the contract contains one or more embedded derivatives so that the entire hybrid contract can be designated as financial liabilities at FVTPL.

Financial liabilities at FVTPL 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. Fair value is determined in the manner described in Note 40.

2)Financial guarantee contracts

Financial guarantee contracts issued by the Company are not designated as at FVTPL and are subsequently measured at the higher of (a) the amount of the obligation under the contract, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; or (b) the amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with revenue recognition policies.

b.Derecognition of financial liabilities

The Company derecognizes financial liabilities only when the Company's obligations are discharged or cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivatives

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 balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a liability.

Derivatives embedded in nonderivative 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 FVTPL.

Overdue Loans

Under FSC guidelines, the Bank classifies loans and other credits (including accrued interest) that past due for at least six months as overdue loans.

Overdue loans (except other credits) are classified as discounts and loans, and the remaining are classified as other financial assets.

Securities Purchased/Sold Under Resell/Repurchase Agreements

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

Investment Properties

Investment properties are properties owned specifically to generate profit through rental income and/or capital gains. Land for which the future purpose of use has not been decided is classified under investment properties.

Investment properties are initially recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation by the straight-line method.

Any gain or loss recognized on derecognition of the investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the investment property is derecognized.

Properties and Equipment

Properties and equipment are initially recognized at cost and subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

Land for self-use is not depreciated. Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. 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 recognized on the disposal or retirement of an item of property and equipment is the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

Leasing

The Company as a lessor

Rental income from operating leases is recognized in revenues over the lease periods on a straight-line basis. Contingent rents arising under operating leases are recognized as income in the period in which they are incurred.

Lease incentives offered in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term.

The Company as a lessee

Lease payments under an operating lease are expensed on a straight-line basis over the lease period. Under operating lease, contingent rentals are recognized as expenses at current period.

Lease incentives received in the operating leases are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Goodwill

Goodwill (part of intangible assets) from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For impairment test purposes, goodwill is allocated to each cash-generating unit (CGU) that benefits from the synergy of a business combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with allocated goodwill arised from the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current period, and subsequent reversal of impairment loss is not allowed.

On disposal of the relevant cash-generating unit, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

Intangible Assets Other Than Goodwill

Separate acquisition

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 losses. Amortization is recognized on a straight-line basis. At year-end, the Company examines its estimates of the asset useful lives, residual values and amortization method with the effect of any changes in estimate accounted for on a prospective basis. Unless the Company expects to dispose of an intangible asset before the end of its useful life, the residual value of an intangible asset with limited useful life is estimated to be zero.

Acquisition as part of a business combination

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. This asset is subsequently measured at cost less accumulated amortization and accumulated impairment loss.

Derecognition

Gains or losses recognized on derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets (except goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. The recoverable amount is the higher of fair value less selling costs or 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 is reduced to its recoverable amount. If asset impairment loss reverses, the increase in the carrying amount resulting from reversal is credited to earnings. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized.

Foreclosed Collaterals

Foreclosed collaterals (part of other assets) are recorded at the fair value on recognition and recorded at the lower of cost or net fair value as of the balance sheet date. Net fair value falling below book value indicates impairment, and impairment loss should be recognized. If the net fair value recovers, the recovery of impairment loss is recognized as gain. For foreclosed collaterals that should have been disposed of in the statutory term, unless the disposal period is prolonged, an additional provision for losses should be made and impairment loss should be recognized, as required under a FSC directive.

Provisions

Provision is the best estimate of the consideration required to settle a present obligation at the balance sheet date, taking into account the risks and uncertainties on 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 (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the settlement amount will be received and the amount of the receivable can be measured reliably.

Recognition of Revenue

Interest revenue on loans is recorded on an accrual basis. Under the guidance of the FSC, no interest revenue is recognized on loans that are classified as overdue loans. The interest revenue on these loans is recognized upon collection of the loans and credits.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Company's obligation is fulfilled.

Employee Benefits

Short-term employee benefits

Short-term and non-discounted employee benefits are recognized as expenses in the current period as services are rendered.

Post-employment benefits

For the defined contribution plan, the Company recognizes pension costs based on the Company's contributions to the employees' individual pension accounts during the employees' service periods.

For the defined benefit plan, the Company recognizes pension costs based on actuarial calculations. Actuarial gains and losses under the defined benefit plan should be immediately recognized under other comprehensive income. When the benefits are vested upon the amendments to the defined benefit plan, the Company should recognize the prior service cost as expense immediately. The benefits that are not yet vested are amortized on a straight-line basis equally over the non-vested periods.

Accrued pension liability is the present value of defined benefit obligation plus unrecognized prior service cost adjustment and less the fair value of plan assets. The amount of assets resulting from this calculation should not exceed the present value of accumulated unrecognized prior service cost plus available refunds and less reductions in future contributions to the plan.

Gains or losses resulting from curtailments or settlements of the defined benefit plan are recognized when the curtailment or settlement occurs.

Preferential interest deposits for employees

The preferential interest deposit for entitled employees is for deposits within a certain amount. The preferential rates for employees' deposits in excess of market rate should be treated as employee benefit.

Share-based Payment

The Company's employees subscribed for the reserved shares of E.SUN Financial Holding Company, Ltd., (ESFHC) in accordance with the Financial Holding Company Act, and the Company recognized the fair value of the stock options under salary expenses and under capital surplus for share-based payment on the grant date, i.e., the date when the Company and its employees made an agreement for the employees to subscribe for ESFHC's shares.

Taxation

Income tax expense is the sum of tax currently and deferred income tax.

Current income tax

Income tax at a rate of 10% of unappropriated earnings is expensed in the year when the stockholders resolve to retain the earnings.

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

Deferred income 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 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 Company 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 each balance sheet date 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 each balance sheet date 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 based on the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred taxes 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 taxes arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

ESFHC and subsidiaries elected to file consolidated tax returns for periods starting in 2003. However, since the Bank applied the accounting treatment mentioned in the preceding paragraph to income tax, any distribution of cash payments and receipts among the consolidated group members is recorded as current tax assets or current tax liabilities.

Business Combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expenses as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests are initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

5.CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the Company's 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 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.

Unless stated in other notes, the following are the critical judgments, assumptions and estimation uncertainty that the Company's management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

a.Impairment losses on loans

The Company monthly assesses loans collectively. When determining whether an impairment loss should be recognized, the Company mainly seeks for observable evidence that indicates impairment. Objective evidence of impairment of a portfolio of loans and receivables could include the Company's past difficulty in collecting payments and 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 management uses past loss experience on assets that have similar credit risk characteristics to estimate the expected future cash flows. The Company reviews the methods and assumptions of cash flow estimation regularly to eliminate the difference between expected and actual loss.

b.Fair values of financial instruments

Fair values of financial instruments in an inactive market or with no quoted market prices are determined by valuation techniques. Under these circumstances, fair values are derived from observable market data of other similar financial assets. When there are no observable inputs in the market, the fair values of financial instruments are estimated by making appropriate assumptions. The Company applies appropriate valuation models to determine the fair values of financial instruments subjective to valuation techniques. All models are fine-tuned to ensure the valuation results fairly reflect actual market information and prices. The Company's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

For the fair value determination of financial instruments, refer to Note 40 to the consolidated financial statements.

c.Income tax

The Company is required to make substantive estimates when calculating income tax. The final tax assessment is based on considerable transactions and calculations. When the final tax amount differs from the amount on original recognition, the difference affects the recognition of both current and deferred income tax. The realizability of deferred tax assets mainly depends on the future profitability and any other taxable temporary differences. If actual profit is less than expected, a significant reversal of deferred tax assets may be incurred, and an income tax expense should be recognized to the extent of the reversal.

d.Employee benefits

The calculation of the present value of post-employment benefits is based on the actuarial result based on several assumptions. Any change in these assumptions may affect the carrying amount of post-employment benefits.

One of the assumptions used for determining the net pension costs (revenues) is discount rate. The Company determines appropriate discount rates at the end of each year and estimates the present values of future cash outflows resulting from fulfilling the post-employment obligation by the discount rates. To better determine the discount rates, the Company takes into account the interest rates of high-quality corporate bonds or government bonds, with currencies the same as those of post-employment benefit payments, and with durations that match those of the corresponding pension liabilities. Other significant assumptions for post-employment benefits are subject to current market condition.

e.Impairment of goodwill

The assessment of impairment of goodwill requires the Company to estimate the value in use of the cash-generating units (CGUs) to which goodwill has been allocated. For calculating the value in use, management is required to estimate the future cash flows expected to arise from each CGU and the discount rate to be used in calculating present value. If the actual cash flow falls below expectation, an impairment loss might be incurred.

f.Impairment assessment on available-for-sale equity investments

Objective evidences of the impairment of available-for-sale equity investments include the fair value of that investment falling significantly or constantly below the cost. Subjective judgments are required when assessing the impairment. The Company's management considers past market fluctuation, historical prices of the investment and other factors that affect the performance of the industries to which the investees belong to make subjective judgments.

6.CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	$ 10,900,798	$ 9,873,477
Checks for clearing	5,665,826	2,829,534
Due from banks	12,924,488	8,614,387
Cash in transit	17,648	146
	$ 29,508,760	$ 21,317,544

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2014 and 2013 are shown in the consolidated statements of cash flows.

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

	December 31	
	2014	2013
Deposit reserves - account A	$ 19,422,069	$ 19,367,649
Deposit reserves - account B	32,110,614	29,814,621
Reserves for deposits - foreign currency deposits	237,525	163,834
Deposit in the Central Bank - deposits of government agencies	15,447	17,164
Call loans to banks	3,280,341	5,010,200
Due from the Central Bank - other	5,036,850	3,534,339
	60,102,846	57,907,807
Less: Allowance for possible losses on call loans to banks	(12,498)	-
	$ 60,090,348	$ 57,907,807

As required by law, the deposit reserves are calculated by applying the prescribed rates to the average monthly balances of various types of deposit accounts. The deposit reserves - account B is subject to withdrawal restrictions, but deposit reserves - account A and foreign-currency deposit reserves may be withdrawn anytime.

Under the "Directions for a National Treasury Agent Bank Acting on Behalf of the Central Bank of the Republic of China Handling National Treasury Matters," the Bank redeposits 60% of the receipts of deposit of government agencies in the Central Bank of the Republic of China, and the amount is subject to withdrawal restrictions.

8.FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
Held-for-trading financial assets		
Negotiable certificates of deposits	$ 189,550,083	$ 206,670,546
Commercial paper	18,643,134	19,489,481
Currency option contracts	9,867,080	4,277,122
Total return swap contract	2,017,287	-
Treasury bills	1,871,270	6,587,772
Bank debentures	1,605,854	1,555,685
Currency swap contracts	1,362,102	766,495
Overseas bonds	1,138,842	612,671
Interest rate swap contracts	613,083	783,248
Forward contracts	488,048	281,219
Listed stocks - domestic	251,331	135,912
Non-deliverable forward contracts	210,911	37,626
Convertible corporate bonds	111,610	-
Futures exchange margins	55,482	73,532

(Continued)

	December 31	
	2014	2013
Metal commodity swap contracts	$ 20,806	$ 7,073
Government bonds	-	202,121
Beneficial certificates	-	150,269
Foreign-currency margin contracts	-	30,248
Commodity option contracts	-	16,028
Forward commodity contracts	-	5,585
	227,806,923	241,682,633
Financial assets designated as at fair value through profit or loss		
Bank debentures	33,432,363	20,347,718
Corporate bonds	29,924,136	20,839,879
Overseas government bonds	460,535	328,264
	63,817,034	41,515,861
	$ 291,623,957	$ 283,198,494
Held-for-trading financial liabilities		
Currency option contracts	$ 9,802,082	$ 4,363,097
Currency swap contracts	1,537,709	349,321
Interest rate swap contracts	514,918	702,284
Forward contracts	421,505	382,822
Non-deliverable forward contracts	75,096	11,899
Cross-currency swap contracts	13,882	-
Convertible corporate bonds option contracts	3,668	-
Metal commodity swap contracts	1,498	5,152
Commodity option contracts	-	16,028
Forward commodity contracts	-	5,585
Credit default swap contracts	-	2,108
	12,370,358	5,838,296
Financial liabilities designated as at fair value through profit or loss		
Bank debentures (Note 24)	9,794,493	-
Structured products	329,291	-
	10,123,784	-
	$ 22,494,142	$ 5,838,296

(Concluded)

As of December 31, 2013, some of the securities, which amounted to $39,954 thousand, had been sold under repurchase agreements.

The Company engages in derivative transactions mainly to accommodate customers' needs, manage its exposure positions and hedge against its exchange rate and interest rate exposures as well as its credit risks as a bondholder.

The contract (nominal) amounts of derivative transactions by the Company as of December 31, 2014 and 2013 were as follows:

	December 31	
	2014	2013
Currency option contracts	$1,140,661,020	$635,706,159
Currency swap contracts	165,543,230	85,061,289
Interest rate swap contracts	95,039,898	130,238,793
Forward contracts	38,940,518	26,940,232
Non-deliverable forward contracts	5,942,478	8,053,047
Total return swap contract	2,013,970	-
Cross-currency swap contracts	272,700	-
Metal commodity swap contracts	221,933	267,380
Commodity futures contracts	217,811	63,825
Convertible corporate bonds option contracts	80,000	-
Foreign-currency margin contracts	-	245,741
Credit default swap contracts	-	238,304
Forward commodity contracts	-	224,512
Commodity option contracts	-	190,703

The amount of underlying assets of the total return swap contract was $8,055,880 thousand as of December 31, 2014.

9. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for $152,758 thousand under resell agreements as of December 31, 2014, will subsequently be sold for $153,164 thousand.

10. RECEIVABLES, NET

	December 31	
	2014	2013
Receivables on credit cards	$ 38,503,154	$ 37,046,146
Accounts receivable factored without recourse	22,406,261	15,451,829
Accrued interest	3,454,488	2,126,018
Acceptances	1,908,653	2,090,015
Accounts receivable	489,676	687,502
Others	491,658	559,406
	67,253,890	57,960,916
Less: Allowance for possible losses	(1,862,384)	(1,867,536)
	$ 65,391,506	$ 56,093,380

The allowances for possible losses on receivables assessed for impairment as of December 31, 2014 and 2013, were as follows:

Items		December 31			
		2014		2013	
		Receivables	Allowance for Possible Losses	Receivables	Allowance for Possible Losses
With objective evidence of impairment	Assessment for individual impairment	$ 8,516	$ 4,975	$ 20,453	$ 10,918
	Assessment for collective impairment	1,888,515	667,786	1,981,397	700,026
With no objective evidence of impairment	Assessment for collective impairment	63,911,232	1,189,623	54,307,160	1,156,592
Total		65,808,263	1,862,384	56,309,010	1,867,536

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31	
	2014	2013
Balance, January 1	$ 1,867,536	$ 1,502,774
Acquired from business combination	-	15,382
Provision (reversal of provision) for possible losses	(146,399)	221,026
Write-offs	(421,937)	(441,531)
Recovery of written-off receivables	553,881	556,740
Effects of exchange rate changes and other changes	9,303	13,145
Balance, December 31	$ 1,862,384	$ 1,867,536

11.DISCOUNTS AND LOANS, NET

	December 31	
	2014	2013
Loans		
Short-term	$ 226,693,643	$ 187,842,592
Medium-term	246,974,493	243,632,502
Long-term	464,934,534	400,256,650
Overdue loans	1,448,387	1,363,483
Bills negotiated and discounts	5,263,801	4,620,986
	945,314,858	837,716,213
Less: Allowance for possible losses	(10,541,495)	(9,207,459)
Less: Adjustment of premium or discount	(159,839)	(270,584)
	$ 934,613,524	$ 828,238,170

As of December 31, 2014 and 2013, the loan and credit balances, for which the accrual of interest revenues was discontinued, amounted to $1,341,008 thousand and $1,246,211 thousand, respectively. The unrecognized interest revenues on these loans and credits were $25,891 thousand and $22,475 thousand for the years ended December 31, 2014 and 2013, respectively.

The allowances for possible losses on discounts and loans assessed for impairment as of December 31, 2014 and 2013 were as follows:

Items		December 31			
		2014		2013	
		Receivables	Allowance for Possible Losses	Receivables	Allowance for Possible Losses
With objective evidence of impairment	Assessment for individual impairment	$ 2,290,967	$ 1,450,810	$ 2,406,720	$ 628,574
	Assessment for collective impairment	2,448,652	734,497	2,215,358	495,121
With no objective evidence of impairment	Assessment for collective impairment	940,575,239	8,356,188	833,094,135	8,083,764
Total		945,314,858	10,541,495	837,716,213	9,207,459

The changes in allowance for possible losses are summarized below:

	For the Year Ended December 31	
	2014	2013
Balance, January 1	$ 9,207,459	$ 8,327,145
Acquired from business combination	-	137,109
Provision for possible losses	2,166,328	1,451,420
Write-offs	(1,587,563)	(1,231,874)
Recovery of written-off credits	682,043	506,858
Effects of exchange rate changes and other changes	73,228	16,801
Balance, December 31	$ 10,541,495	$ 9,207,459

The bad-debt expenses and provision for losses on guarantees in 2014 and 2013 were as follows:

	For the Year Ended December 31	
	2014	2013
Provision for possible losses on call loans to other banks	$ 11,986	$ -
Provision for possible losses on discounts and loans	2,166,328	1,451,420
Provision (reversal of provision) for possible losses on receivables	(146,399)	221,026
Provision for possible losses on guarantees	1,774	34,068
	$ 2,033,689	$ 1,706,514

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS, NET

	December 31	
	2014	2013
Government bonds	$ 29,921,676	$ 24,062,344
Bank debentures	28,730,334	28,133,184
Corporate bonds	23,574,735	16,721,077
Listed stocks	$ 2,409,013	$ 1,300,332
Overseas bonds	149,000	911,305
Beneficial securities under securitization	31,239	28,918
	$ 84,815,997	$ 71,157,160

(Concluded)

As of December 31, 2014 and 2013, the available-for-sale financial assets, which amounted to $12,624,083 thousand and $3,636,353 thousand, respectively, had been sold under repurchase agreements.

13. FINANCIAL ASSET SECURITIZATION

The Bank entered into trust contracts with The Hong Kong and Shanghai Banking Corporation Limited (HSBC, the trustee) and transferred the Bank's rights and risks on bondholding to the trustee in accordance with the Financial Asset Securitization Act. Upon the transfer, the trustee acquired the bondholder's rights from the Bank. The trustee issued beneficial securities named E.SUN CBO 2007-1 and E.SUN CBO 2007-2 to investors and passed to the Bank the funds raised on securities issuance and the sold equity securities with interest receivable. The Bank is the servicer of E.SUN CBO 2007-1. Future service income on these contracts is expected to cover all service costs; thus, no service asset or service liability is recognized. Cash flows resulting from the securitization were as follows:

	E.SUN CBO 2007-1	
	For the Year Ended December 31	
	2014	2013
Service income	$ 300	$ 600

14. HELD-TO-MATURITY FINANCIAL ASSETS, NET

	December 31	
	2014	2013
Overseas bonds	$ 2,799,331	$ 1,268,686
Government bonds	2,047,006	5,912,182
Corporate bonds	854,660	803,871
Bank debentures	130,085	527,937
Overseas certificates of deposits	63,340	59,576
Beneficial securities under securitization	21,370	21,447
	$ 5,915,792	$ 8,593,699

As of December 31, 2014 and 2013, the held-to-maturity financial assets, which amounted to $524,691 thousand and $2,397,827 thousand, respectively, had been sold under repurchase agreements.

Between 2010 and 2011, the Company disposed of some debt instruments because of the severe deterioration of debtors' credits. However, the amount disposed of was only a small portion of the held-to-maturity financial assets, and the Company had no intention to reclassify the rest of these investments. As of December 31, 2013, the accumulated disposal amounts from the past three years were $156,276 thousand, and the accumulated realized losses on disposal were $12,901 thousand, respectively. The accumulated disposal amounts were 1.82% of held-to-maturity financial assets as of December 31, 2013.

15.OTHER FINANCIAL ASSETS, NET

	December 31 2014	December 31 2013
Due from banks - time deposits	$ 46,944,077	$ 10,117,509
Debt instruments with no active market, net	950,100	4,757,310
Financial assets carried at cost, net	546,373	521,101
Others	1,520,552	103,881
	$ 49,961,102	$ 15,499,801

Financial assets carried at cost were unlisted common stocks with no quoted market prices in an active market and with fair values that could not be reliably measured. Thus, these assets were measured at cost less accumulated impairment.

Some investees had operating losses; thus, the Company recognized an impairment loss of $5,900 thousand on financial assets carried at cost for the year ended December 31, 2013.

Debt instruments with no active market were as follows:

	December 31 2014	December 31 2013
Corporate bonds	$ 950,100	$ 4,757,310

Due from banks - time deposits were time deposits with restriction on early termination and time deposits with maturities longer than three months.

16.PROPERTIES AND EQUIPMENT, NET

	December 31 2014	December 31 2013
Carrying amount		
Land	$ 12,158,369	$ 11,526,220
Buildings	5,239,620	4,936,881
Computers	1,072,516	887,062
Transportation equipment	190,208	157,785
Miscellaneous equipment	669,756	559,107
Prepayments for properties and equipment	916,967	419,613
	$ 20,247,436	$ 18,486,668

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
Cost							
Balance, January 1, 2014	$ 11,526,220	$ 7,232,924	$ 3,199,259	$ 595,572	$ 1,888,707	$ 419,613	$ 24,862,295
Addition	442,029	422,457	428,704	80,670	268,190	822,155	2,464,205
Disposal	(28,038)	(27,270)	(259,250)	(42,761)	(57,237)	-	(414,556)
Net exchange difference	16,327	2,817	3,018	3,233	4,748	1,115	31,258
Reclassification and others	201,831	221,597	1,749	-	890	(325,916)	100,151
Balance, December 31, 2014	$ 12,158,369	$ 7,852,525	$ 3,373,480	$ 636,714	$ 2,105,298	$ 916,967	$ 27,043,353
Balance, January 1, 2013	$ 9,804,884	$ 7,021,435	$ 3,065,825	$ 531,687	$ 1,696,680	$ 217,482	$ 22,337,993
Acquired from business combination (Note 45)	253,817	56,767	21,869	37,622	22,934	-	393,009
Addition	428,372	186,078	330,836	64,978	200,349	277,211	1,487,824
Disposal	-	(12,443)	(243,196)	(38,641)	(35,515)	-	(329,795)
Net exchange difference	(2,018)	(12,156)	456	(74)	1,574	-	(12,218)
Reclassification and others	1,041,165	(6,757)	23,469	-	2,685	(75,080)	985,482
Balance, December 31, 2013	$ 11,526,220	$ 7,232,924	$ 3,199,259	$ 595,572	$ 1,888,707	$ 419,613	$ 24,862,295

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
Accumulated depreciation and impairment						
Balance, January 1, 2014	$ -	$ (2,296,043)	$ (2,312,197)	$ (437,787)	$ (1,329,600)	$ (6,375,627)
Disposal	-	6,411	259,170	39,666	57,105	362,352
Depreciation expenses	-	(318,438)	(245,593)	(46,246)	(159,221)	(769,498)
Net exchange difference	-	(487)	(2,344)	(2,139)	(3,826)	(8,796)
Reclassification and others	-	(4,348)	-	-	-	(4,348)
Balance, December 31, 2014	$ -	$ (2,612,905)	$ (2,300,964)	$ (446,506)	$ (1,435,542)	$ (6,795,917)
Balance, January 1, 2013	$ -	$ (2,022,366)	$ (2,319,239)	$ (404,144)	$ (1,219,243)	$ (5,964,992)
Acquired from business combination (Note 45)	-	(12,255)	(17,838)	(21,520)	(20,325)	(71,938)
Disposal	-	12,444	243,194	37,618	34,816	328,072
Depreciation expenses	-	(288,142)	(218,072)	(50,055)	(121,241)	(677,510)
Net exchange difference	-	12,422	(242)	248	(922)	11,506
Reclassification and others	-	1,854	-	66	(2,685)	(765)
Balance, December 31, 2013	$ -	$ (2,296,043)	$ (2,312,197)	$ (437,787)	$ (1,329,600)	$ (6,375,627)

Depreciation is calculated by the straight-line method over service lives estimated as follows:

Buildings	
Main buildings	20 to 50 years
Equipment installed in buildings	10 to 15 years
Computers	3 to 8 years
Transportation equipment	4 to 10 years
Miscellaneous equipment	4 to 20 years

17. INVESTMENT PROPERTIES, NET

	December 31	
	2014	2013
Land	$ 735,097	$ 817,072
Buildings	188,736	240,276
	$ 923,833	$ 1,057,348

	Land	Buildings	Total
Cost			
Balance, January 1, 2014	$ 817,354	$ 306,190	$ 1,123,544
Disposal	(9,863)	(753)	(10,616)
Reclassification	(72,382)	(48,520)	(120,902)
Balance, December 31, 2014	$ 735,109	$ 256,917	$ 992,026
Balance, January 1, 2013	$ 1,939,332	$ 351,585	$ 2,290,917
Disposal	(80,813)	(44,656)	(125,469)
Reclassification	(1,041,165)	(739)	(1,041,904)
Balance, December 31, 2013	$ 817,354	$ 306,190	$ 1,123,544
Accumulated depreciation and impairment			
Balance, January 1, 2014	$ (282)	$ (65,914)	$ (66,196)
Depreciation expenses	-	(7,412)	(7,412)
Disposal	-	753	753
Reversal of impairment losses recognized in profit or loss	270	44	314
Reclassification	-	4,348	4,348
Balance, December 31, 2014	$ (12)	$ (68,181)	$ (68,193)
Balance, January 1, 2013	$(30,295)	$ (67,498)	$ (97,793)
Depreciation expenses	-	(9,588)	(9,588)
Disposal	22,669	11,779	34,448
Reversal of impairment losses recognized in profit or loss	7,344	816	8,160
Reclassification	-	(1,423)	(1,423)
Balance, December 31, 2013	$ (282)	$ (65,914)	$ (66,196)

Investment properties (except for land) are depreciated through 50 years on a straight-line basis.

As of December 31, 2014 and 2013, the fair values of investment properties were $2,251,135 thousand and $2,243,825 thousand, respectively. According to amount, the fair values were based on the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), or the comparison of price of the comparable property from the Bank's appraisal center.

The revenues generated from the investment properties are summarized as follows:

	For the Year Ended December 31	
	2014	2013
Rental income from investment properties	$ 38,842	$ 42,197
Direct operating expenses of investment properties that generate rental income	(6,466)	(8,703)
Direct operating expenses of investment properties that do not generate rental income	(7,777)	(7,852)
	$ 24,599	$ 25,642

18. INTANGIBLE ASSETS, NET

	December 31	
	2014	2013
Goodwill	$ 4,440,753	$ 4,404,709
Banking licenses	505,200	475,178
Computer software	423,938	330,395
Core deposits	244,684	277,983
Customer relationship	7,492	8,027
	$ 5,622,067	$ 5,496,292

	Goodwill	Computer Software	Core Deposits	Customer Relationship	Banking Licenses	Total
Balance, January 1, 2014	$ 4,404,709	$ 330,395	$ 277,983	$ 8,027	$ 475,178	$ 5,496,292
Separate acquisition	-	249,641	-	-	-	249,641
Amortization expenses	-	(176,958)	(46,994)	(535)	-	(224,487)
Reclassification	-	20,751	-	-	-	20,751
Net exchange difference	36,044	109	13,695	-	30,022	79,870
Balance, December 31, 2014	$ 4,440,753	$ 423,938	$ 244,684	$ 7,492	$ 505,200	$ 5,622,067
Balance, January 1, 2013	$ 3,805,337	$ 282,804	$ 40,854	$ 8,563	$ -	$ 4,137,558
Acquired from business combination (Note 45)	602,137	819	269,967	-	477,970	1,350,893
Separate acquisition	-	154,544	-	-	-	154,544
Amortization expenses	-	(166,526)	(30,722)	(536)	-	(197,784)
Reclassification	-	58,674	-	-	-	58,674
Net exchange difference	(2,765)	80	(2,116)	-	(2,792)	(7,593)
Balance, December 31, 2013	$ 4,404,709	$ 330,395	$ 277,983	$ 8,027	$ 475,178	$ 5,496,292

The above intangible assets with limited useful lives are amortized on a straight-line basis by the useful lives as follows:

Computer software	3-4 years
Core deposits	5-16 years
Customer relationship	17 years

In testing assets for impairment, the Company uses as recoverable amounts (a) value in use for an operating segment defined as a cash-generating unit (CGU) and (b) net fair value for an investment property. Goodwill on the acquisition of UCB, the subsidiary, the Kaohsiung Business Bank Co., Ltd., Chu Nan Credit-Cooperative Association and Chiayi The Fourth Credit Cooperative was allocated to operating segments (CGUs with allocated goodwill). The Company estimates the next five years' cash flows of a CGU by taking into consideration the actual performance of each CGU, business cycle, etc. under the going-concern assumption. The discounted present value of cash flows is used to determine the value in use of each CGU. The discount rates for future cash flows of CGUs were determined using the capital asset pricing model (CAPM). The testing for asset impairment showed that no impairment losses had been incurred.

19. OTHER ASSETS, NET

	December 31	
	2014	2013
Refundable deposits, net	$ 2,619,932	$ 1,428,292
Prepaid expenses	178,861	119,832
Foreclosed collaterals, net	-	8,223
Others	26,873	7,333
	$ 2,825,666	$ 1,563,680

20. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2014	2013
Call loans from banks	$ 50,004,942	$ 42,991,536
Deposits from Chunghwa Post Co., Ltd.	3,599,441	2,508,657
Due to banks	2,594,799	936,277
Bank overdraft	1,019,808	273,107
Call loans from the Central Bank	950,100	893,640
Due to the Central Bank	30,531	42,404
	$ 58,199,621	$ 47,645,621

21. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for $13,117,523 thousand and $6,254,291 thousand under repurchase agreements as of December 31, 2014 and 2013, respectively, would subsequently be purchased for $13,165,426 thousand and $6,271,208 thousand, respectively.

22. PAYABLES

	December 31	
	2014	2013
Checks for clearing	$ 5,665,826	$ 2,829,534
Accrued expenses	2,394,397	2,018,170
Accrued interest	2,020,517	1,790,426
Acceptances	1,904,700	2,093,861
Factored accounts payable	1,801,559	1,586,390
Accounts payable	1,293,346	1,236,155
Collections payable	656,145	678,938
Payables on credit cards	629,735	1,171,514
Tax payable	291,319	144,427
Others	1,603,546	2,085,112
	$ 18,261,090	$ 15,634,527

23. DEPOSITS AND REMITTANCES

	December 31	
	2014	2013
Deposits		
Checking	$ 14,196,225	$ 15,289,871
Demand	319,792,368	290,312,930
Savings - demand	363,486,698	329,092,109
Time	324,658,908	275,787,948
Negotiable certificates of deposits	1,671,500	1,678,800
Savings - time	252,104,708	236,615,782
Treasury deposits	8,341,507	8,283,057
Remittances	475,698	421,853
	$ 1,284,727,612	$ 1,157,482,350

24. BANK DEBENTURES

Bonds issued by the Bank were as follows:

	December 31	
	2014	2013
Bonds issued on June 24, 2005; 2.75% interest, payable annually; principal repayable on maturity (10 years after the issue date).	$ 5,000,000	$ 5,000,000
Two types of subordinated bonds issued on June 29, 2007; interest rate at (a) the one-year time savings deposit floating rate of Bank of Taiwan plus 0.5% for type A bond; and (b) 90 days' interest rate for commercial paper plus 0.39% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years after the issue date).	-	3,700,000
Subordinated bonds issued on February 15, 2008; 3.10% interest, payable annually; principal repayable on maturity (7 years after the issue date).	2,300,000	2,300,000
Subordinated bonds issued on October 24, 2008; 3.15% interest, payable annually; principal repayable on maturity (7 years after the issue date).	300,000	300,000
Subordinated bonds issued on February 20, 2009; 2.10% interest, payable annually; principal repayable on maturity (5 years after the issue date).	-	1,000,000
Subordinated bonds issued on March 5, 2009; 2.15% interest, payable annually; principal repayable on maturity (5.5 years after the issue date).	-	500,000
Two types of subordinated bonds issued on April 3, 2009; interest rate at (a) 2.15% for Type A bond and (b) 2.50% for Type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for Type A bond and 7 years for Type B bond after the issue date).	300,000	500,000
Subordinated bonds issued on May 18, 2009; 2.35% interest payable annually; principal repayable on maturity (5.5 years after the issue date).	-	1,800,000
Subordinated bonds issued on July 17, 2009; 2.50% interest payable annually; principal repayable on maturity (7 years after the issue date).	900,000	900,000
Subordinated bonds issued on October 20, 2009; 2.35% interest payable annually; principal repayable on maturity (7 years after the issue date).	1,500,000	1,500,000
Subordinated bonds issued on May 28, 2010; 2.20% interest payable annually; principal repayable on maturity (7 years after the issue date).	3,000,000	3,000,000
Subordinated bonds issued on July 13, 2010; 2.20% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,500,000	2,500,000
Subordinated bonds issued on May 24, 2011; 1.73% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,100,000	2,100,000
Subordinated bonds issued on October 28, 2011; 1.80% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,900,000	2,900,000
Subordinated bonds issued on April 27, 2012; 1.58% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,280,000	2,280,000
Subordinated bonds issued on June 28, 2012; 1.68% interest payable annually; principal repayable on maturity (10 years after the issue date).	2,720,000	2,720,000
Two types of subordinated bonds issued on August 27, 2012; interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	8,000,000	8,000,000
Two types of subordinated bonds issued on May 24, 2013; interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	2,300,000	2,300,000
Subordinated bonds issued on August 28, 2013; 1.75% interest payable annually; principal repayable on maturity (7 years after the issue date).	2,700,000	2,700,000
Two types of subordinated bonds issued on December 19, 2013; interest rate at (a) 1.75% for type A bond and (b) 1.85% for type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for type A bond and 7 years for type B bond after the issue date).	1,500,000	1,500,000
Two types of subordinated bonds issued on March 7, 2014; interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date)	3,500,000	-
	$ 43,800,000	$ 47,500,000

(Concluded)

Commercial paper interest rates for 90 days and floating interest rates were based on the average interest rates quoted by Hong Kong's Moneyline Telerate and Reuters.

To increase the Bank's capital adequacy ratio and to strengthen its capital structure, the Bank applied for the issuance of unsecured subordinated bank debentures amounting to $5,000,000 thousand; and unsecured foreign currency denominated and noncumulative perpetual subordinated bank debentures and long-term subordinated bank debentures amounting to US$1,000,000 thousand. The application was approved by the FSC on May 2, 2014 and March 18, 2015, respectively. As of the date of the consolidated financial statements were authorized for issue, both debentures had not yet been issued.

The details of bank debentures designated as at fair value through profit or loss are summarized below:

	December 31, 2014
Unsecured bonds USD-denominated issued in 2014	$ 9,794,493

On August 27, 2014, the Bank issued bank debentures amounting to US$300,000 thousand with 20 years to maturity and interest rate at 0%. In addition, the Bank can exercise a redemption right at agreed price after 2 years from the issue date or the Bank will pay off the bond on the maturity date.

25.OTHER FINANCIAL LIABILITIES

	December 31	
	2014	2013
Principal of structured products	$ 1,581,896	$ 1,748,599
Long-term borrowing	380,040	268,092
Guarantee deposits received	387,364	158,505
Appropriations for loans	-	20,115
	$ 2,349,300	$ 2,195,311

26.PROVISIONS

	December 31	
	2014	2013
Provision for employee benefits	$ 138,712	$ 207,508
Provision for losses on guarantees	152,262	150,323
Others	22,625	22,420
	$ 313,599	$ 380,251

27.POST-EMPLOYMENT BENEFIT PLAN

a.Defined contribution plan

The pension mechanism under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Under the Act, the Company makes monthly contribution equal to 6% of each employee's monthly salary to employees' pension accounts in the Bureau of Labor Insurance.

The Company recognized expenses of $210,737 thousand and $187,894 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2014 and 2013 in accordance with the defined contribution plan.

b.Defined benefit plan

The Company has a defined benefit pension plan for all regular employees. Under this plan, the pension is calculated on the basis of an employee's seniority accumulated since the hire date in accordance with the Labor Standards Act.

The Company makes monthly contributions, equal to 2% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Workers' Retirement Preparation Fund, which manages the fund. The difference between the contributions and the pension costs based on actuarial calculations is deposited in a financial institution in the name of the employees' pension fund administration committee. Starting from July 1, 2005, the Company has made monthly contributions to the pension fund by the foregoing pension calculation for the employees that choose to continue being subject to the Labor Standards Act.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used in actuarial valuations were as follows:

	Valuation Date	
	December 31	
	2014	2013
Discount rate	2.05%	2.00%
Expected rates of return on plan assets	2.05%	2.00%
Expected rates of future salary increase	2.50%	2.50%

Amounts recognized as profit or loss in the consolidated statement of comprehensive income on the defined benefit plan were as follows:

	For the Year Ended December 31	
	2014	2013
Current service cost	$ 22,174	$ 22,746
Interest cost	30,039	22,899
Expected return on plan assets	(25,396)	(17,702)
Past service cost	9,804	9,804
	$ 36,621	$ 37,747

Amounts recognized as actuarial gains and losses under other comprehensive income on the defined benefit plan were as follows:

	For the Year Ended December 31	
	2014	2013
Actuarial losses (gains), January 1	$ (34,008)	$ 44,455
Gains recognized	(68,796)	(78,463)
Actuarial gains, December 31	$ (102,804)	$ (34,008)

Included in the consolidated balance sheets were the following amounts arising from the Company's obligation on its defined benefit plan:

	December 31	
	2014	2013
Present value of funded defined benefit obligation	$ 1,507,105	$ 1,501,944
Fair value of plan assets	(1,332,806)	(1,249,045)
Deficit	174,299	252,899
Unrecognized past service cost	(35,587)	(45,391)
Accrued pension liability (part of provisions)	$ 138,712	$ 207,508

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2014	2013
Opening defined benefit obligation	$ 1,501,944	$ 1,431,159
Current service cost	22,174	22,746
Interest cost	30,039	22,899
Actuarial losses (gains)	(19,082)	42,003
Benefits paid	(27,970)	(16,863)
Closing defined benefit obligation	$ 1,507,105	$ 1,501,944

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2014	2013
Opening fair value of plan assets	$ 1,249,045	$ 1,086,344
Expected return on plan assets	25,396	17,702
Actuarial gains	49,714	120,466
Contributions from the employer	36,621	41,396
Benefits paid	(27,970)	(16,863)
Closing fair value of plan assets	$ 1,332,806	$ 1,249,045

The actual return on plan assets for the years ended December 31, 2014 and 2013 was $75,110 thousand and $138,168 thousand, respectively.

The percentages of fair value of the main categories in the plan assets were as follows:

	December 31	
	2014	2013
Equity instruments	41	39
Others	59	61
	100	100

The overall projected rate of return is an estimate that based on the trend of historical returns, the market prediction made by the actuary for the period in which the related obligations exist, the use of the labor pension fund by the Bureau of Labor Funds, Ministry of Labor and the minimum return should not be below the interest rate for a 2-year time deposit with local banks.

The Company's experience adjustments made prospectively for each accounting period from the date of transition (January 1, 2012) to IFRSs were as follows:

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 1,507,105	$ 1,501,944	$ 1,431,159	$ 1,312,166
Fair value of plan assets	$ 1,332,806	$ 1,249,045	$ 1,086,344	$ 997,413
Deficit	$ 174,299	$ 252,899	$ 344,815	$ 314,753
Experience adjustments on plan liabilities	$ (7,162)	$ 25,098	$ 45,165	$ -
Experience adjustments on plan assets	$ (49,714)	$ (120,466)	$ (77,936)	$ -

The Company expects to make a contribution of $37,000 thousand and $41,500 thousand to the defined benefit plan during the annual period beginning after December 31, 2014 and 2013, respectively.

28.OTHER LIABILITIES

	December 31	
	2014	2013
Advance receipts	$ 1,128,443	$ 783,038
Deferred revenue	388,031	350,451
Others	12,372	319,059
	$ 1,528,846	$ 1,452,548

29.NET INTEREST

	For the Year Ended December 31	
	2014	2013
Interest revenue		
From discounts and loans	$ 20,668,098	$ 17,781,624
From revolving interests of credit cards	2,024,464	2,198,236
From due from banks and call loans to banks	1,999,796	483,267
From investments	1,654,711	1,742,443
Others	483,801	125,165
	26,830,870	22,330,735
Interest expense		
From deposits	(9,731,277)	(7,991,012)
From issuing bank debentures	(942,931)	(936,893)
From due to the Central Bank and other banks	(556,197)	(363,184)
Others	(314,396)	(152,738)
	(11,544,801)	(9,443,827)
	$ 15,286,069	$ 12,886,908

30.SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2014	2013
Service fee income		
From credit cards	$ 4,036,467	$ 3,620,074
From trust business	2,660,330	1,949,325
From cross-selling	1,733,627	1,207,368
From loans	1,286,787	1,084,527
Others	1,599,591	1,316,724
	11,316,802	9,178,018
Service charge		
From agency	(616,416)	(574,349)
From cross-bank transactions	(257,825)	(224,971)
From computer processing	(237,440)	(176,682)
Others	(294,697)	(273,402)
	(1,406,378)	(1,249,404)
	$ 9,910,424	$ 7,928,614

31.GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31, 2014				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Held-for-trading financial assets	$ 4,917	$ 1,900,626	$ 1,037,024	$ 2,208,599	$ 5,151,166
Financial assets designated as at fair value through profit or loss	-	1,356,570	41,280	13,350	1,411,200
Held-for-trading financial liabilities	-	-	(750,974)	(2,267,960)	(3,018,934)
Financial liabilities designated as at fair value through profit or loss	-	(155,662)	-	(114,385)	(270,047)
	$ 4,917	$ 3,101,534	$ 327,330	$ (160,396)	$ 3,273,385

	For the Year Ended December 31, 2013				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Held-for-trading financial assets	$ 7,593	$ 1,804,486	$ (1,385,217)	$ 1,994,696	$ 2,421,558
Financial assets designated as at fair value through profit or loss	-	840,069	71,585	(31,810)	879,844
Held-for-trading financial liabilities	-	-	3,557,888	(1,811,121)	1,746,767
Financial liabilities designated as at fair value through profit or loss	-	(5,363)	-	14,210	8,847
	$ 7,593	$ 2,639,192	$ 2,244,256	$ 165,975	$ 5,057,016

32. EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION EXPENSE

	For the Year Ended December 31	
	2014	2013
Employee benefit		
Salaries	$ 6,616,684	$ 5,403,783
Insurance	443,972	390,292
Excessive interest from preferential rates	143,698	132,867
Post-employment benefits	247,358	225,641
Others	358,010	302,294
Depreciation expenses	776,910	687,097
Amortization expenses	227,909	201,113

33. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2014	2013
Current tax		
Current year	$ 1,634,939	$ 1,441,062
Additional 10% income tax on unappropriated earnings	8,392	-
Prior year's adjustments	215,198	$ (2,678)
	1,858,529	1,438,384
Deferred tax		
Current year	85,281	241,774
Prior year's adjustments	(130,158)	-
	(44,877)	241,774
Income tax expense recognized in profit or loss	$ 1,813,652	$ 1,680,158

A reconciliation of accounting profit and current income tax expenses for the years ended December 31, 2014 and 2013 is as follows:

	For the Year Ended December 31	
	2014	2013
Income before tax from continuing operations	$ 12,094,748	$ 10,527,668
Income tax expense at the 17% statutory rate	$ 2,056,107	$ 1,789,704
Nondeductible expenses in determining taxable income	103,317	51,307
Tax-exempt income	(702,296)	(477,226)
Additional income tax under the Alternative Minimum Tax Act	48,917	-
Additional 10% income tax on unappropriated earnings	8,392	-
Unrecognized deductible temporary differences	140,154	268,714
Effect of different tax rate of overseas branches operating in other jurisdictions	74,021	50,337
Adjustments for prior year's income tax	85,040	(2,678)
Income tax expense recognized in profit or loss	$ 1,813,652	$ 1,680,158

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2014	2013
Deferred tax		
Recognized in other comprehensive income:		
Exchange differences on the translation of financial statements of foreign operations	$ 140,456	$ 26,303
Unrealized gains (losses) on available-for-sale financial assets	9,016	(28,288)
Total income tax expenses (benefits) recognized in other comprehensive income	$ 149,472	$ (1,985)

c.Current tax assets and liabilities

	December 31	
	2014	2013
Current tax assets		
Consolidated tax return receivables	$ 138,082	$ 152,340
Others	-	7,209
	$ 138,082	$ 159,549
Current tax liabilities		
Consolidated tax return payables	$ 721,810	$ 297,521
Income tax payable	141,298	112,409
	$ 863,108	$ 409,930

d.Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Financial instruments at fair value through profit or loss	$ 10,489	$ 43,253	$ -	$ -	$ 53,742
Allowance for possible losses	104,702	(104,702)	-	-	-
Available-for-sale financial assets	5,815	-	(4,325)	-	1,490
Share of profit of subsidiaries, accounted for using the equity method	37	(37)	-	-	-
Other financial assets	3,383	-	-	-	3,383
Investment properties	74	(8)	-	-	66
Properties and equipment	2,731	679	-	-	3,410
Foreclosed collaterals	2,133	-	-	-	2,133
Other assets	107	-	-	-	107
Payable for annual leave	31,671	3,034	-	-	34,705
Other liabilities	-	14,009	-	-	14,009
Exchange differences on foreign operations	20,484	-	(20,484)	-	-
Others	372	(52)	-	21	341
	$ 181,998	$ (43,824)	$ (24,809)	$ 21	$ 113,386
Deferred tax liabilities					
Temporary differences					
Available-for-sale financial assets	$ 3,181	$ 173	$ 4,691	$ 50	$ 8,095
Properties and equipment	394	(135)	-	20	279
Share of profit of subsidiaries, accounted for using the equity method	-	30,119	-	-	30,119
Intangible assets	632,232	(119,682)	-	-	512,550
Unrealized foreign exchange gains	18,161	824	-	33	19,018
Provision of land revaluation increment tax	91,585	(90)	-	-	91,495
Exchange differences on foreign operations	-	-	119,972	-	119,972

$ 745,553	$ (88,791)	$ 124,663	$ 103	$ 781,528

(Concluded)

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Financial instruments at fair value through profit or loss	$ 18,010	$ (7,521)	$ -	$ -	$ 10,489
Allowance for possible losses	348,152	(243,450)	-	-	104,702
Available-for-sale financial assets	-	-	5,815	-	5,815
Share of profit of subsidiaries, accounted for using the equity method	-	37	-	-	37
Other financial assets	2,380	1,003	-	-	3,383
Investment properties	1,124	(1,050)	-	-	74
Properties and equipment	1,720	1,011	-	-	2,731
Foreclosed collaterals	476	1,657	-	-	2,133
Other assets	2,242	(2,135)	-	-	107
Payable for annual leave	27,390	4,281	-	-	31,671
Exchange differences on foreign operations	46,787	-	(26,303)	-	20,484
Others	-	(3,908)	-	4,280	372
	$ 448,281	$ (250,075)	$ (20,488)	$ 4,280	$ 181,998
Deferred tax liabilities					
Temporary differences					
Available-for-sale financial assets	$ 24,963	$ -	$ (22,473)	$ 691	$ 3,181
Properties and equipment	-	(14,328)	-	14,722	394
Intangible assets	627,385	4,847	-	-	632,232
Unrealized foreign exchange gains	16,478	1,180	-	503	18,161
Provision of land revaluation increment tax	95,212	(3,627)	-	-	91,585
	$ 764,038	$ (11,928)	$ (22,473)	$ 15,916	$ 745,553

(Concluded)

e.Unrecognized deferred tax assets

	December 31 2014	December 31 2013
Deductible temporary differences	$ 2,408,905	$ 1,583,000

f.Imputed tax credit is summarized as follows:

	December 31 2014	December 31 2013
Balance of the imputation credit account (ICA)	$ 19,166	$ 16,617

For the distribution of the 2013 earnings, the actual creditable ratios were 0.20% and 0.19% for cash dividends and stock dividends, respectively. The Bank estimates the creditable ratio of 0.19% for distributing 2014 earnings.

The actual stockholders' imputation credits should be based on the balance of the ICA as of the dividend distribution date. As a result, the estimated 2014 creditable ratio may differ from the actual creditable ratio.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings should include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs.

g.The unappropriated earnings generated before January 1, 1998 as of December 31, 2014 and

2013 was zero at each period-end date.

h. The income tax returns through 2009 had been examined by the tax authorities. For the aggregate amount of goodwill amortization of $5,301,760 thousand, which resulted from the Bank's acquisition of Kaohsiung Business Bank Co., Ltd. (KBB) and was reported in the income tax returns for 2004 to 2008, the tax authorities disapproved the related expense because the authorities considered the goodwill on the purchase of KBB's assets, liabilities and operations as having resulted mainly from a subsidy authorized by the Executive Yuan to be released from the Resolution Trust Corporation fund and not the Bank's use of its own cash. The Bank disagreed with the tax authorities' decision and initiated an administrative litigation against the examined income tax returns from 2004 to 2008. The bank consulted the authorities and requested recognition of part of the amortization expenses on goodwill reported in the income tax returns from 2004 to 2009; nevertheless, the Bank had accrued the estimated income tax expense. The tax authorities have reexamined the income tax returns from 2004 to 2006 in accordance with the results of their consultation.

34. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share were as follows:

	Amount (Numerator)	Shares (Denominator in Thousands)	Earnings Per Share (Dollars)
For the year ended December 31, 2014			
Basic earnings per share			
Net income	$ 10,204,320	5,879,385	$ 1.74
For the year ended December 31, 2013			
Basic earnings per share			
Net income	$ 8,847,604	5,408,117	$ 1.64

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The basic earnings per share after income tax were retrospectively adjusted as followings:

Unit: NT$ Per Share

	For the Year Ended December 31, 2013	
	Before Retrospectively Adjusted	After Retrospectively Adjusted
Basic earnings per share	$ 1.77	$ 1.64

35. EQUITY

a. Capital stock

Common stock

	December 31	
	2014	2013
Authorized number of shares (in thousands)	6,136,000	4,985,000
Authorized capital	$ 61,360,000	$ 49,850,000
Number of shares issued (in thousands)	6,136,000	4,985,000
Common stock issued	$ 61,360,000	$ 49,850,000

Common stock issued has a NT$10 par value. Each share has one voting right and the right to receive dividends.

The stockholders resolved to use the 2012 unappropriated earnings of $4,125,000 thousand as stock dividends consisting of 412,500 thousand shares on May 2, 2013. This issuance was approved by the Ministry of Economic Affairs (MOEA).

On January 24, 2014, the board of directors of the Bank resolved to increase its capital by $2,324,000 thousand through private placement, to issue 140,000 thousand shares at NT$16.60 per share. ESFHC subscribed for all the new shares. This issuance was approved by the MOEA.

On April 25, 2014, the board of directors of the Bank resolved to increase its capital by $9,560,000 thousand through private placement, to issue 576,000 thousand shares at NT$16.597222 per share. ESFHC subscribed for all the new shares. This issuance was approved by the MOEA.

The stockholders resolved to use the 2013 unappropriated earnings of $4,350,000 thousand as stock dividends consisting of 435,000 thousand shares on April 25, 2014. This issuance was approved by the MOEA.

b. Capital surplus

Under the Articles of Incorporation of ESFHC, the employees of ESFHC's subsidiaries could be included in the distribution of bonus to employees. Thus, the Bank recognized the estimated distribution of share bonus to the Bank's employees under both salary expenses and capital surplus at $277,232 thousand and $229,078 thousand for the years ended December 31, 2014 and 2013, respectively.

Material differences between such estimated amounts and the amounts proposed by ESFHC's board of directors on or before the consolidated financial statements are authorized for issue would be adjusted in the year the bonus and remuneration were recognized. If the actual distribution of share bonus to the Bank's employees differ from the estimated distribution, this change should be treated as a change in accounting estimate, and the related accrued expenses and capital surplus should be adjusted in the year of ESFHC's stockholders' approval of the bonus. The actual amount of share bonus to the Bank's employees for 2013 and 2012 was respectively $228,759 thousand and $197,433 thousand after the resolution passed by ESFHC's stockholders. The difference between the actual amount and the estimated amount recognized in 2013 and 2012 was treated as change in accounting estimate and had been adjusted in profit and loss for the years ended December 31, 2014 and 2013.

Under the related regulations, capital surplus may be used to offset a deficit. Capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be transferred to common stock on the basis of the percentage of shares held by the stockholders. Any capital surplus transferred to common stock should be within a certain percentage prescribed by law. The foregoing capital surplus may be distributed as cash dividends as well.

Capital surplus arising from equity investments under the equity method should not be distributed for any purpose.

In their meeting on March 5, 2014, ESFHC's board of directors resolved to increase its capital by issuing new shares and reserved 15% of the new shares for the subscription by the employees of ESFHC and its subsidiaries. The Bank recognized $250,449 thousand, the fair value of the options on the grant date, under salary expenses for share-based payment and under capital surplus for the year ended December 31, 2014.

c.Special reserve

Under FSC guidelines, the Bank reclassified the trading loss reserve of $83,866 thousand accrued until December 31, 2010 to special reserve. This special reserve may be used to offset deficit. If the Bank has no deficit and the special reserve exceeds 50% of the Bank's paid-in capital, half of the excess may be used to issue new shares. Furthermore, when the special reserve exceeds the Bank's paid-in capital, the Bank may, under the FSC's approval, reclassify the excess back to unappropriated earnings.

Also under FSC guidelines, on the first-time adoption of IFRSs, a special reserve should be appropriated at an amount equal to unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Bank's use of exemptions under IFRS 1 starting from 2013. The Bank did not have any unrealized revaluation increments, and the exchange differences on the translation of financial statements of foreign operations, to which an IFRS 1 exemption was applicable, was negative. Thus, no special reserve was required to be appropriated on the Bank's first-time adoption of IFRSs.

d.Appropriation of earnings

The Bank's Articles of Incorporation provide that the following should be appropriated from the annual net income less any accumulated deficit:

1)The Articles of Incorporation (before revision on April 25, 2014)

a)30% as legal reserve;

b)Special reserve, if needed; and

c)From any remainder -

i.94% as dividends;

ii.1% as remuneration to directors; and

iii.5% as bonus to employees.

The stockholders may decide not to declare any dividends or decide to distribute only a portion of the distributable earnings.

2)The Articles of Incorporation (after revision on April 25, 2014)

a)30% as legal reserve and special reserve;

b)Special reserve, if needed; and

c)From any remainder and reversal of special reserve -

i.No more than 1% as remuneration to directors;

ii.5% as bonus to employees; and

iii.For the remainder and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders.

Under the Bank's dividend policy, the issuance of stock dividends takes precedence over the payment of cash dividends to strengthen the Bank's financial structure. This policy is also intended to improve the Bank's capital adequacy ratio and keep it at a level higher than the ratio set under relevant regulations. When dividends are declared, cash dividends must be at least 10% of total dividends declared, unless the resulting cash dividend per share falls below NT$0.10. However, cash dividends should not be more than 15% of paid-in capital if legal reserve is less than the total paid-in capital.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Bank's paid-in capital. This reserve should only be used to offset deficit. When the reserve exceeds 25% of the Bank's paid-in capital, the excess may be used to issue new shares or distribute cash dividends. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital. But when the legal reserve equals the Bank's paid-in capital, this 15% limit may be waived.

Under the related regulations, a special reserve is appropriated from the balance of the retained earnings generated before January 1, 2012 at an amount from the net income and unappropriated earnings that is equal to the debit balance of unrealized loss on financial instruments in the stockholders' equity section. The balance of the special reserve is adjusted to reflect any changes in the debit balance of the related accounts.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings generated after January 1, 2013 at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section (such as exchange differences on the translation of financial statements of foreign operations and unrealized gains or losses on available-for-sale financial assets). The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years and such special reserve should not be appropriated. The balance of the special reserve is adjusted to reflect any changes in the debit balance of the related accounts.

The imputation credits for stockholders are calculated on the creditable ratio on the date of dividend distribution.

For the years ended December 31, 2014 and 2013, the bonus to employees and remuneration to directors, which totaled $429,025 thousand and $369,198 thousand, respectively, and represented 5% (employees' bonus) and 1% (directors' remuneration), respectively, of the appropriation of earnings, were accrued on the basis of past experience. Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue would be adjusted in the year the bonus and remuneration were recognized. If the bonus and remuneration approved by the Bank's stockholders differ from the board of directors' proposal, this change should be treated as a change in accounting estimate, and the related accrued expenses should be adjusted in the year of the stockholders' approval of the bonus and remuneration.

The appropriations from the earnings of 2013 and 2012 were approved in the stockholders' meetings on April 25, 2014 and May 2, 2013, respectively. The appropriations, including dividends per share, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2013	2012	2013	2012
Legal reserve	$2,547,195	$2,153,699		
Cash dividends	1,588,000	1,316,275	$ 0.31	$ 0.29
Stock dividends	4,350,000	4,125,000	0.85	0.90

The bonus to employees and the remuneration to directors for 2013 and 2012, which were approved in the stockholders' meetings on April 25, 2014 and May 2, 2013, respectively, were as follows:

	2013	2012
Bonus to employees - cash	$ 315,851	$ 289,429
Remuneration to directors - cash	63,170	57,886

The differences between the amounts of the bonus to employees and the remuneration to directors for 2013, which were approved in the stockholders' meeting, and the amounts recognized in the consolidated financial statements for the year ended December 31, 2013 were resulted from changes of the estimation. The differences were recognized in profit and loss for the year ended December 31, 2014.

The appropriations from the 2014 earnings were approved in the board of directors meetings on March 20, 2015 were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 3,061,296	
Cash dividends	3,135,936	$ 0.511
Stock dividends	4,080,000	0.665

The proposal on the appropriation of the 2014 earnings, bonus to employees and remuneration to directors is waiting for the approval of the stockholders. Information on earnings appropriation or deficit offsetting can be accessed through the Web site of the Taiwan Stock Exchange (http://emops.tse.com.tw).

e.Non-controlling interests

	For the Year Ended December 31	
	2014	2013
Balance, January 1	$ 662,686	$ -
Increase in non-controlling interests from the acquisition of UCB by E.SUN Bank (Note 45)	-	666,564
Attributable to non-controlling interests		
Net income	76,776	(94)
Unrealized gains on available-for-sale financial assets	207	231
Exchange differences on the translation of financial statement of foreign operations	45,284	(4,015)
Balance, December 31	$ 784,953	$ 662,686

36.RELATED-PARTY TRANSACTIONS

E.SUN Financial Holding Company, Ltd. (ESFHC) is the parent company of the Bank and the ultimate controller of the E.SUN Group. All transactions, balances, income and expenses between the Bank and the subsidiaries (related parties of the Bank) are eliminated on a consolidated basis. In addition to those mentioned in Table 2 and in other notes, the significant related-party transactions are summarized as follows:

a.Related parties

Related Party	Relationship with the Bank
E.SUN Financial Holding Company, Ltd. (ESFHC)	Parent company
E.SUN Securities Co., Ltd., E.SUN Venture Capital Co., Ltd., E.SUN Insurance Broker Co., Ltd. and E.SUN Securities Investment Consulting Corp.	Sister companies
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation	One third of the funds are donated by the Company
Others	Main management of the parent company (ESFHC) and the Company and other related parties

b.Significant transactions between the Company and related parties

1)Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended December 31, 2014				
Sister companies	$ 204,100	$ -	$ 9	
Main management	175,160	172,135	1,984	
Others	1,491,820	1,373,252	17,712	
	$ 1,871,080	$ 1,545,387	$ 19,705	1.330-2.417
For the year ended December 31, 2013				
Sister companies	$ 287,000	$ -	$ 15	
Main management	75,598	69,709	764	
Others	1,153,586	935,192	11,870	
	$ 1,516,184	$ 1,004,901	$ 12,649	0.000-2.250

2)Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Interest Rate (%)
For the year ended December 31, 2014				
Parent company	$14,299,230	$ 2,710,290	$ 16,395	
Sister companies	3,551,183	2,328,250	17,295	
Main management	925,970	169,603	1,700	
Others	1,826,676	689,165	12,181	
	$ 20,603,059	$ 5,897,308	$ 47,571	0.000-6.900
For the year ended December 31, 2013				
Parent company	$ 8,788,051	$ 5,664,594	$ 29,924	
Sister companies	6,767,950	1,922,256	16,963	
Main management	2,591,367	627,877	4,785	
Others	1,918,525	713,558	10,612	
	$ 20,065,893	$ 8,928,285	$ 62,284	0.000-6.900

Note: The sum of the respective highest balances of each account for the years ended December 31, 2014 and 2013.

	December 31 2014	December 31 2013
3)Consolidated tax return receivables (part of current tax assets)		
Parent company	$ 138,082	$ 152,340
4)Refundable deposit (part of other assets)		
Sister companies	$ 1,086	$ 1,086
5)Prepaid expense (part of other assets)		
Sister companies	$ 2,423	$ 2,391
6)Interest payable (part of payables)		
Parent company	$ 6,726	$ 12,090
Sister companies	977	681
Main management	223	560
Others	789	760
	$ 8,715	$ 14,091
7) Remuneration to directors (part of payables)		
Parent company	$ 71,500	$ 61,533

	December 31	
	2014	2013
8) Consolidated tax return payables (part of current tax liabilities)		
Parent company	$ 721,810	$ 297,521
9) Guarantee deposits received (part of other financial liabilities)		
Parent company	$ 1,472	$ 1,472
Sister companies	7,610	7,724
	$ 9,082	$ 9,196
10)Unearned revenue (part of other liabilities)		
Parent company	$ 455	$ 910
Sister companies	794	2,573
	$ 1,249	$ 3,483

The Bank's parent company, ESFHC, has filed consolidated corporate tax returns, i.e., including the Bank's income tax return, from 2003, as allowed by certain tax regulations.

	For the Year Ended December 31	
	2014	2013
11)Income from investment properties (part of other noninterest gains, net)		
Parent company	$ 5,608	$ 5,497
Sister companies	29,197	28,844
	$ 34,805	$ 34,341
12)Rental income from operating assets (part of other noninterest gains, net)		
Parent company	$ 121	$ 120
Sister companies	5,690	5,656
	$ 5,811	$ 5,776
13)Donation (part of general and administrative expenses)		
E.SUN Foundation	$ 15,000	$ -
E.SUN Volunteer & Social Welfare Foundation	63,850	28,693
	$ 78,850	$ 28,693

	For the Year Ended December 31	
	2014	2013
14)Other (part of general and administrative expenses)		
Parent company	$ 73,137	$ 61,533
Sister companies	14,362	14,346
Others	1,489	1,184
	$ 88,988	$ 77,063

The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity and for E.SUN Foundation's cultural and educational promotion.

15)Directors as credit guarantors

	Amount	Interest Rate (%)	Rate of Guarantee Service Fee (%)
December 31, 2014	$ 40,000	1.760	-
December 31, 2013	$ 54,667	1.263-2.170	-

16)In August 2012, E.SUN Volunteer & Social Welfare Foundation entrusted some properties to the Bank. The Bank charged $110 thousand and $71 thousand (part of service fee income, net) accordingly for the years ended December 31, 2014 and 2013, respectively.

The Bank has operating lease contracts with related parties, which cover certain office spaces within the Bank's building. The monthly or quarterly rentals, which had been prepaid by the lessees, were based on rentals for buildings near the Bank.

The interest rates shown above are similar to, or approximate, those offered to third parties. However, the interest rates for saving deposits given to managers of the Bank are the same as the interest rates of employees' savings deposits within a certain amount.

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.

c.Salaries, bonuses and remuneration to main management

The salaries, bonuses and remuneration to the directors and other main management for the years ended December 31, 2014 and 2013 are summarized as follows:

	For the Year Ended December 31	
	2014	2013
Salaries and other short-term employment benefits	$ 174,192	$ 143,477
Post-employment benefits	1,336	886
Interest arising from the employees' preferential rates in excess of normal rates	461	395
	$ 175,989	$ 144,758

37.PLEDGED ASSETS

In addition to those mentioned in other notes, the pledged assets were as follows:

	December 31	
	2014	2013
Financial assets at fair value through profit or loss (face value)	$ 25,632,076	$ 15,098,440
Receivables	-	1,600
Available-for-sale financial assets (face value)	1,556,894	1,078,586
Held-to-maturity financial assets (face value)	1,694,220	1,628,076
Other financial assets	792	745
	$ 28,883,982	$ 17,807,447

As of December 31, 2014 and 2013, the foregoing bonds and securities, with aggregate face value of $19,770,000 thousand and $10,000,000 thousand, respectively, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as the Bank's liquidity reserve.

For covering its call loans from the CB, the Bank had provided collaterals consisting of securities with aggregate face values of $5,000,000 thousand as of December 31, 2014 and 2013, respectively. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.

38.CONTINGENCIES AND COMMITMENTS

In addition to those mentioned in other notes, the contingencies and commitments were as follows:

a.E.SUN Bank

1)Lease agreements on premises occupied by the Bank's branches are operating lease. Rentals are calculated on the basis of the leased areas and are payable monthly, quarterly or semiannually. As of December 31, 2014, refundable deposits on these leases totaled $951,795 thousand (part of refundable deposits). Minimum future annual rentals are as follows:

	December 31	
	2014	2013
Within one year	$ 744,350	$ 627,156
One to five years	1,740,393	1,482,043
Over five years	172,341	18,283
	$ 2,657,084	$ 2,127,482

The lease payments recognized as expenses are as follows:

	For the Year Ended December 31	
	2014	2013
Minimum lease payments	$ 532,304	$ 480,299
Contingent rentals	2,921	2,314
	$ 535,225	$ 482,613

2)Lease agreements on investment properties owned by the Bank and rent to others are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees have no preemptive rights to buy properties at the end of the lease agreements. As of December 31, 2014, refundable deposits on these leases totaled $10,045 thousand (part of guarantee deposits received). Minimum future annual rentals are as follows:

	December 31	
	2014	2013
Within one year	$ 39,267	$ 35,649
One to five years	120,774	22,197
	$ 160,041	$ 57,846

3)Agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by the Bank's branches amounted to approximately $2,291,643 thousand. As of December 31, 2014, the remaining unpaid amount was approximately $1,583,685 thousand.

b.Union Commercial Bank (UCB)

1)Lease agreements on premises occupied by UCB are operating lease. As of December 31, 2014, refundable deposits on these leases totaled $9,161 thousand (part of refundable deposits). Minimum future annual rentals are as follows:

	December 31	
	2014	2013
Within one year	$ 9,240	$ 4,401
One to five years	34,969	13,138
Over five years	19,929	3,396
	$ 64,138	$ 20,935

2)Decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately $72,401 thousand. As of December 31, 2014, the remaining unpaid amount was approximately $5,335 thousand.

39. THE BANK'S AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Year Ended December 31			
	2014		2013	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents and other financial assets - due from banks	$ 52,092,398	3.34	$ 9,966,137	0.44
Call loans to banks	7,759,632	1.18	10,432,010	0.94
Due from the Central Bank	31,499,501	0.53	28,632,124	0.55
Held-for-trading financial assets - bonds	2,752,067	2.80	1,471,177	2.92
Held-for-trading financial assets - bills	221,819,201	0.82	207,441,867	0.85
Financial assets designated as at fair value through profit or loss - bonds	54,370,341	2.50	39,805,681	2.11
Securities purchased under resell agreements	72,179	0.82	56,532	0.74
Accounts receivable factored without recourse	18,382,918	2.45	7,058,074	1.59
Discounts and loans	887,047,686	2.25	790,107,669	2.23
Receivables on credit cards	19,234,820	10.47	18,286,932	12.01
Available-for-sale financial assets - bonds	82,492,622	1.73	76,323,438	1.82
Held-to-maturity financial assets	8,164,698	1.91	18,193,929	1.34
Debt instruments with no active market	2,648,713	2.74	4,815,721	2.23
Interest-bearing liabilities				
Due to the Central Bank and other banks	70,907,400	0.84	56,795,574	0.74
Financial liabilities at fair value through profit or loss	3,457,251	4.22	910,278	1.42
Securities sold under repurchase agreements	13,711,968	1.36	5,166,214	0.85
Demand deposits	289,487,954	0.23	255,913,396	0.24
Savings - demand deposits	352,314,990	0.35	301,659,901	0.31
Time deposits	305,617,304	1.38	252,723,446	1.18
Savings - time deposits	245,675,035	1.35	247,368,585	1.35
Negotiable certificates of deposits	1,356,329	0.53	1,571,560	0.50
Bank debentures	50,516,238	2.15	47,280,274	1.98
Principal of structured products	2,327,081	2.94	1,560,558	2.53

40. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

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

	December 31			
	2014		2013	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets				
Held-to-maturity financial assets	$ 5,915,792	$ 5,982,769	$ 8,593,699	$ 8,699,175
Debt instruments with no active market	950,100	951,109	4,757,310	4,770,533
Financial liabilities				
Bank debentures	43,800,000	43,909,250	47,500,000	47,674,560

b.The valuation techniques and assumptions the Company uses for determining fair values are as follows:

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied. The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments.

The Company estimated the fair value of each forward contract on the basis of the exchange rates quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method, unless the fair values of these two types of contracts are provided by counter-parties. Fair values of currency option contracts are based on estimates made using the Black Scholes model, binomial method or Monte Carlo simulation. Fair values of credit default swap contracts are valuated using the discount spread method or modified Hull-White model. The fair values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollar, U.S. dollar, etc.) to be used for payments. As of December 31, 2014 and 2013, the discount rates used ranged from 0.391% to 2.321% and from 0.388% to 2.336%, respectively, for the New Taiwan dollar and from 0.175% to 2.688% and from 0.100% to 3.851%, respectively, for the U.S. dollar.

If there are trade prices or prices quoted by major market players, the latest trade prices and quoted prices are used as the basis for evaluating the fair value of debt instruments with no active market, which are classified as other financial assets; otherwise, the Company uses the foregoing valuation techniques to determine fair value.

c.The fair value hierarchies of the Company's financial instruments as of December 31, 2014 and 2013 were as follows:

	December 31, 2014			
	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 251,331	$ 251,331	$ -	$ -
Debt instruments	2,856,306	2,856,306	-	-
Others	210,064,487	-	210,064,487	-
Financial assets designated as at fair value through profit or loss	63,817,034	10,113,784	53,703,250	-
Available-for-sale financial assets				
Stocks	2,403,523	2,403,523	-	-
Debt instruments	82,406,984	67,835,173	14,540,572	31,239
Liabilities				
Financial liabilities at fair value through profit or loss	10,123,784	-	10,123,784	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	14,634,799	55,482	14,579,317	-
Liabilities				
Financial liabilities at fair value through profit or loss	12,370,358	-	12,370,358	-

	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Held-for-trading financial assets				
Stocks	$ 135,912	$ 135,912	$ -	$ -
Debt instruments	2,370,477	2,370,477	-	-
Others	232,898,068	150,269	232,747,799	-
Financial assets designated as at fair value through profit or loss	41,515,861	7,319,320	34,196,541	-
Available-for-sale financial assets				
Stocks	1,300,332	1,300,332	-	-
Debt instruments	69,856,828	60,580,270	9,247,640	28,918
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	6,278,176	103,780	6,168,811	5,585
Liabilities				
Financial liabilities at fair value through profit or loss	5,838,296	-	5,832,711	5,585

1)Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. Active markets are defined as markets with all of the following characteristics: (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 within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

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

d.Other information on financial assets and liabilities in Level 3 for the years ended December 31, 2014 and 2013 is as follows:

For the year ended December 31, 2014

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Issuance	Transfer to Level 3	Sale or Disposal	Transfer from Level 3	
Assets								
Financial assets at fair value through profit or loss								
Held-for-trading financial assets	$ 5,585	$ -	$ -	$ -	$ -	$ (5,585)	$ -	$ -
Available-for-sale financial assets	28,918	-	2,321	-	-	-	-	31,239
Liabilities								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	5,585	-	-	-	-	(5,585)	-	-

For the year ended December 31, 2013

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses) In Net Income	Valuation Gains (Losses) In Other Comprehensive Income	Amount of Increase Purchase or Issuance	Amount of Increase Transfer to Level 3	Amount of Decrease Sale or Disposal	Amount of Decrease Transfer from Level 3	Ending Balance
Assets								
Financial assets at fair value through profit or loss								
Held-for-trading financial assets	$ 6,441	$ (856)	$ -	$ -	$ -	$ -	$ -	$ 5,585
Available-for-sale financial assets	253,418	-	7,820	-	-	(232,320)	-	28,918
Liabilities								
Financial liabilities at fair value through profit or loss								
Held-for-trading financial liabilities	6,441	(856)	-	-	-	-	-	5,585

e. Information on financial assets designated as at fair value through profit or loss that should be originally measured at amortized cost is as follows:

	December 31 2014	December 31 2013
Carrying amounts of debt instruments designated as at fair value through profit or loss	$ -	$ 237,947
Maximum amount of exposure to credit risks net of effect of credit derivative instruments	-	237,947

	Change in Fair Values Resulting from Credit Risk Variations	Change in Fair Values of Related Credit Derivatives
Change in amount in the period		
For the year ended December 31, 2014	$ 810	$ 2,107
For the year ended December 31, 2013	$ (206)	$ 3,379
Accumulated amount of change		
As of December 31, 2014	$ -	$ -
As of December 31, 2013	$ (810)	$ (2,107)

The change in fair value of debt instruments designated as at fair value through profit or loss resulting from credit risk variation is the difference between the total change in fair value and the change in fair value due to market risk variations of these debt instruments. The change in fair value resulting from market risk variations is calculated using the benchmark yield rate plus a fixed credit spread. The fair value of debt instruments is the present value of future cash flows discounted by the benchmark yield rate quoted in the market as of the balance sheet date plus the credit spread estimated using the interest rates of the debt issuers' financial assets with similar maturities.

As of the balance sheet dates, the debt instruments designated as at fair value through profit or loss have no concentration of credit risk. The carrying amounts are the maximum exposure to credit risks of these debt instruments.

f. Information on the financial liabilities designated as at fair value through profit or loss is as follows:

	December 31 2014	December 31 2013
Difference between carrying amounts and the amounts due on maturity		
Fair value	$ 10,123,784	$ -
Amounts due on maturity	10,010,254	-
	$ 113,530	$ -

	Change in Fair Values Resulting from Credit Risk Variations
Change in amount in the period	
For the year ended December 31, 2014	$ 59,830
For the year ended December 31, 2013	$ -
Accumulated amount of change	
As of December 31, 2014	$ 59,830
As of December 31, 2013	$ (419)

The change in fair value of bank debentures and structured products resulting from credit risk variation is the difference between the total change in fair value and the change in fair value due to market risk variations of the bank debentures and structured products. The change in fair value resulting from market risk variations is calculated using the benchmark yield rate. The fair values of bank debentures and structured products are the present value of future cash flows discounted by the benchmark yield rate quoted in the market as of the balance sheet date plus the credit spread estimated using the interest rates of the debt issuers' borrowings with similar maturities.

g.Information on financial risk management

1)Risk management

The Bank established the risk management division to draw up the principles and policies of risk management to be followed by each department, to coordinate and monitor the enforcement of risk management policies of each department, and to deliberate whether proposals brought up by each risk-based unit to deal with a variety of issues are suitable for the Bank.

2)Credit risk

Credit risk refers to the Company's exposure to financial losses due to inability of customers or counter-parties to meet the contractual obligations on financial instruments. Credit risk exists in both on- and off- balance sheet items. The on-balance sheet exposure to credit risks is mainly in loans and the credit card business, due from other banks, call loans to other banks, investment in debt instrument and derivatives. The off-balance sheet exposure to credit risks is mainly in financial guarantees, acceptance, letter of credits and loan commitments.

To ensure its credit risks fall within the acceptable range, the Company has stipulated in the Guidelines for Credit Risk Management that for all the products provided and businesses conducted, including all on- and off- balance sheet transactions in the banking and trading books, the Company should make a detailed analysis to identify existing and potential credit risks. Before launching new products or businesses, the Company ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factored without recourse and credit derivative instruments, etc., the Company also requires the use of a certain risk management system described in related rules and guidelines. The assessment of asset qualities and provision for possible losses of the overseas operating units, unless regulated by the local authorities, are in accordance with the Company's risk management policies and guidelines.

The measurement and management of credit risks from the Company's main businesses are as follows:

a)Loans and credit card business (including loan commitment and guarantees):

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectible. The Company also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

For risk management purposes, the Company rates credit qualities (by using an internal rating model for credit risk, a credit score table, etc.) in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, the Company has developed a credit rating model for clients. The Company reviews the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result. Except the petit credits and residential mortgages, which are assessed by using the credit rating model, consumer loans are assessed individually for default risks.

The Company classifies the credit qualities of corporate loans as strong, medium and weak. The Company evaluates the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, the Company annually conducts validity test and back testing on the models using data on customers' actual defaults.

b)Due from and call loans to other banks

The Company evaluates the credit status of counter-parties before deals are closed. The Company grants different limits to the counter-parties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes.

c)Investment in debt instruments and derivatives

The Company identifies and manages credit risks from debt instruments through the use of external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counter-party risks.

The other banks with which the Company conducts derivative transactions are mostly considered investment grade. The Company monitors the credit limits (including lending limits) by counter-parties. The credits extended to counter-parties that are not rated as investment grade are assessed case by case. The credits extended to counter-parties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

The Company classifies the debt instruments and derivatives into different categories, which are mainly based on the credit ratings provided by external credit agencies (Moody's, S&P, Fitch or Taiwan Ratings).

The Company has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the debt, the Company manages and assesses the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, the Company stipulates the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that the Company reserves the right to reduce the granted quota, to reduce the repayment period, to demand immediate settlement or to offset the debts of the borrowers by their deposits in the Company in order to reduce the credit risks. The requirements for collaterals for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collaterals.

To avoid the concentration of credit risks, the Company has included credit limits for a single counter-party and for a single group in its credit-related guidelines. The Company has also included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, the Company set credit limits by industry, conglomerate, country, transactions collateralized by stocks, and other categories and integrated within one system the supervision of concentration of credit risk in these categories.

The Company settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counter-parties or some circumstances where the transactions with counter-parties are terminated due to defaults.

The maximum exposures of assets on the consolidated balance sheets to credit risks without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts. The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument are stated as follows:

	December 31	
	2014	2013
Irrevocable loan commitments issued	$ 95,276,277	$ 100,519,890
Credit card commitments	293,718,648	266,608,615
Letters of credit issued yet unused	12,354,288	11,172,690
Other guarantees	15,005,585	13,753,439

The management of the Company believes its ability to minimize the credit risk exposures of the off-balance sheet items is mainly attributed to its rigorous evaluation of credit extended and the periodic reviews of these credits.

Concentration of credit risk exists when counter-parties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Group or industry, regions and collaterals that were 10% or more of total outstanding loans were as follows:

Credit Risk Profile by Group or Industry	December 31			
	2014		2013	
	Amount	%	Amount	%
Natural person	$ 465,198,756	48	$412,515,544	48
Manufacturing	228,159,252	23	217,199,784	25
Wholesale, retail and restaurants	103,803,637	11	81,510,202	9

Credit Risk Profile by Regions	December 31			
	2014		2013	
	Amount	%	Amount	%
Domestic	$826,126,386	85	$760,132,572	88

Credit Risk Profile by Collaterals	December 31			
	2014		2013	
	Amount	%	Amount	%
Unsecured	$286,172,371	29	$250,440,739	29
Secured				
Real estate	579,281,193	60	508,982,622	59

Some financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counter-parties have rather high credit ratings.

In addition to the above assets, credit quality analyses on other financial assets are as follows:

a)Credit quality analysis on discounts, loans and receivables

December 31, 2014	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+ (C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	$ 35,521,729	$ 1,120,996	$ 1,860,429	$ 38,503,154	$ 657,858	$ 906,065	$ 36,939,231
Others	28,684,595	29,539	36,602	28,750,736	14,903	283,558	28,452,275
Discounts and loans	933,842,900	6,732,339	4,739,619	945,314,858	2,185,307	8,356,188	934,773,363

December 31, 2013	Neither Past Due Nor Impaired (A)	Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
					With Objective Evidence of Impairment	With No Objective Evidence of Impairment	
Receivables							
Credit cards	$ 34,456,700	$ 636,891	$ 1,952,555	$ 37,046,146	$ 686,728	$ 950,950	$ 35,408,468
Others	20,849,005	16,470	49,295	20,914,770	24,216	205,642	20,684,912
Discounts and loans	828,854,953	4,239,182	4,622,078	837,716,213	1,123,695	8,083,764	828,508,754

b)Credit quality analysis on discounts and loans not past due and not impaired (based on credit ratings of clients)

December 31, 2014	Neither Past Due Nor Impaired			
	Strong	Medium	Weak	Total
Consumer loans				
Residential mortgage	$ 119,304,121	$ 138,751,567	$ 6,535,400	$ 264,591,088
Petit credit	11,833,102	37,574,055	9,201,570	58,608,727
Others	62,103,704	72,227,063	3,530,783	137,861,550
Corporate loans				
Secured	105,056,035	89,080,003	11,494,703	205,630,741
Unsecured	176,625,436	88,352,385	3,172,973	267,150,794
Total	$ 473,922,398	$ 425,985,073	$ 33,935,429	$ 933,842,900

December 31, 2013	Neither Past Due Nor Impaired			
	Strong	Medium	Weak	Total
Consumer loans				
Residential mortgage	$ 110,711,496	$ 130,829,611	$ 5,914,181	$ 247,455,288
Petit credit	10,185,228	33,709,941	3,324,247	47,219,416
Others	51,375,799	60,711,634	2,744,483	114,831,916
Corporate loans				
Secured	77,333,537	89,697,903	14,703,110	181,734,550
Unsecured	124,774,554	106,617,876	6,221,353	237,613,783
Total	$ 374,380,614	$ 421,566,965	$ 32,907,374	$ 828,854,953

c)Credit quality analysis on securities

December 31, 2014	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Loss(D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	$ 52,834,265	$ 28,369,371	$ 1,203,348	$ 82,406,984	$ -	$ -	$ 82,406,984	$ -	$ 82,406,984
Equities	541,162	1,188,008	679,843	2,409,013	-	-	2,409,013	-	2,409,013
Held-to-maturity financial assets									
Bonds	5,202,590	158,350	21,370	5,382,310	-	525,564	5,907,874	55,422	5,852,452
Others	63,340	-	-	63,340	-	-	63,340	-	63,340
Other financial assets									
Bonds	316,700	316,700	316,700	950,100	-	-	950,100	-	950,100
Equities	-	-	524,118	524,118	-	42,155	566,273	19,900	546,373

December 31, 2013	Neither Past Due Nor Impaired				Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Loss (D)	Net (A)+(B)+(C)-(D)
	Above A+	A-BBB-	Below BB+	Subtotal (A)					
Available-for-sale financial assets									
Bonds	$ 46,293,302	$ 22,297,117	$ 1,266,409	$ 69,856,828	$ -	$ -	$ 69,856,828	$ -	$ 69,856,828
Equities	747,650	206,059	346,623	1,300,332	-	-	1,300,332	-	1,300,332
Held-to-maturity financial assets									
Bonds	7,525,970	544,502	21,447	8,091,919	-	494,333	8,586,252	52,129	8,534,123
Others	59,576	-	-	59,576	-	-	59,576	-	59,576
Other financial assets									
Bonds	605,211	1,575,437	2,576,662	4,757,310	-	-	4,757,310	-	4,757,310
Equities	-	-	496,836	496,836	-	44,164	541,000	19,900	521,100

The processing delays by the borrowers and other administrative reasons may cause financial assets to become past due but not impaired. As defined in the internal rules governing the Company's risk management, financial asset that are past due within 90 days are not deemed as impaired, unless there are other evidences that indicate impairment.

The vintage analysis of financial assets that are past due but not impaired is as follows:

Item	December 31, 2014		
	Past Due Up to 1 Month	Past Due by 1-3 Months	Total
Receivables			
Credit cards	$881,745	$239,251	$1,120,996
Others	14,450	15,089	29,539
Discounts and loans			
Consumer loans			
Residential mortgage	1,816,764	145,230	1,961,994
Petit credit	1,252,025	233,653	1,485,678
Others	946,940	55,305	1,002,245
Corporate loans			
Secured	559,879	911,745	1,471,624
Unsecured	475,125	335,673	810,798

Item	December 31, 2013		
	Past Due Up to 1 Month	Past Due by 1-3 Months	Total
Receivables			
Credit cards	$485,713	$151,178	$636,891
Others	11,636	4,834	16,470
Discounts and loans			
Consumer loans			
Residential mortgage	1,513,854	145,179	1,659,033
Petit credit	720,276	169,226	889,502
Others	305,394	24,363	329,757
Corporate loans			
Secured	501,392	517,122	1,018,514
Unsecured	318,851	23,525	342,376

3)Market risk

Market risk refers to the risk of fluctuation in the fair values or the future cash flows of the on- and off- balance sheet instruments held by the Company because of market price changes. The risk factors which cause market price changes usually include interest rates, exchange rates, and the prices of equity securities and commodities. Changes in these risk factors will cause risk of fluctuation in the net income or in the value of investment portfolio of the Company.

The main market risks the Company faces are the risks on equity securities, interest rates, and exchange rate risks. The equity securities exposed to market risks mainly include stocks listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market and stock index futures in Taiwan; the instruments exposed to interest rate risk mainly include bond and interest rate derivatives such as the fixed-for-floating interest rate swap; and the instruments exposed to exchange rate risk mainly include the consolidated positions of the investment held by the Company, such as the derivatives denominated in foreign currency and foreign-currency bonds.

The Bank monitors the market risk positions and the tolerable loss of the Bank in accordance with the goals of risk management and the amount limits authorized by the board of directors.

The Bank has set up market risk information systems to effectively monitor the management of amount limits on financial instruments, to evaluate the profit and loss, to conduct sensitivity analysis, stress test and calculation of value at risk (VaR), etc. The result is reported in the meetings of risk management and to the board of directors as their reference for making managerial decisions.

The Company mainly divides the positions exposed to market risks into investment portfolios held for trading and investment portfolios not held for trading. The portfolios are monitored by the Risk Management Division, and the management results are reported regularly to the board of directors and the supervisors of each division.

The business units and the risk management units both identify market risk factors for the Company's exposed positions in order to measure market risks. Market risk factors refer to the factors that affect interest rates, exchange rates and values of held financial instruments such as equity securities, etc. The Company analyzes the impact of risk factors on its holding positions, profit or loss, negative result of stress test, sensitivity, VaR, etc., and measures the levels within which the investment portfolios and equity securities might suffer from interest rate risks, exchange rate risks, etc.

The risk management division reports regularly to the board of directors the achievement of management objectives on market risks, the control of holding positions and profit and loss, the sensitivity analysis, the stress test, the value at risk of equity securities, etc. for their understanding of the Bank's market risk control. The Bank also has sound mechanisms for reporting and set limits and stop-loss regulations for all the transactions. If a trade reaches the stop-loss limit, the stop-loss will be executed immediately. Trades that do not follow the stop-loss rule should be reported to the management for their approval, and the reasons for their noncompliance as well as corresponding strategies should also be presented to the management.

The Bank uses the VaR model and stress tests to evaluate risks on investment portfolios for trading. The Bank also assesses market risks and evaluates the maximum expected loss of positions through making assumptions on changes in various market conditions. The board of directors set amount limits based on the VaR. The whole risk management process is monitored daily by the Risk Management Division.

VaR statistically estimates the potential loss of the positions due to adverse market movements. It is the "maximum potential loss" the Bank may suffer within a certain confidence interval (99%), so it is still probable that the actual loss is larger than the VaR to some extent. VaR model assumes that the Bank holds the positions at least for the minimum holding periods (10 days) before they can be settled, and that the market fluctuation in these 10 days is similar to that in the past.

The Bank evaluates historical market fluctuation based on historical data in the past two years. The Bank evaluates the VaR of its holding positions using the variance/covariance method. The computation will be used for periodic examinations and verification of assumptions and parameters used. However, this evaluation method cannot prevent losses from significant market fluctuations.

Information on the VaR of the Bank is as follows:

For the year ended December 31, 2014

Historical Values at Risk (99%, 10-day)	Average	Minimum	Maximum	December 31, 2014
By risk type				
Currency	$ 1,048,533	$ 765,781	$ 1,357,583	$ 914,462
Interest	490,058	187,219	1,190,236	900,592
Equity	111,062	88,565	137,544	133,785
Risk diversification	(419,971)	-	-	(635,880)
Total risk exposure	$ 1,229,682			$ 1,312,959

For the year ended December 31, 2013

	Average	Minimum	Maximum	December 31, 2013
By risk type				
Currency	$ 1,259,957	$ 855,867	$ 1,671,483	$ 969,906
Interest	212,389	114,910	405,410	276,423
Equity	104,151	54,809	141,900	104,998
Risk diversification	(287,701)	-	-	(367,115)
Total risk exposure	$ 1,288,796			$ 984,212

Stress test is used to measure the greatest potential losses of the portfolio of risk assets under the worst scenarios. It is performed by the Risk Management Division, and it includes (a) a stress test on risk factors, in which the stress test is applied to all kinds of risks; and (b) a temporary stress test, in which the stress test is applied to special investment positions or specific investment areas, for example, areas where exchange rates fluctuate dramatically. The results of stress tests are reported to the senior management.

For the information on the foreign-currency financial assets and liabilities with significant effect, refer to Table 3.

4)Liquidity risk

Liquidity risk refers to the possibility of financial loss resulting from the shortage of funds in meeting the needs of asset acquisition or debt repayment on maturity. Examples are the depositors' withdrawal of deposits before maturity, difficulty in raising funds from other banks or worsening funding conditions due to the fluctuations in specific markets, unstable recovery of money due to credit defaults, deterioration of the convertibility of financial instruments, early termination of interest-sensitive instruments, etc. These situations might result in decrease of cash inflows from loans, trades and investments. In some extreme cases, lack of liquidity may cause decrease of asset values in balance sheets, disposal of assets or other situations in which loan commitments cannot be met. Liquidity risks exist in all banking operations, and are influenced by specific events from industries or markets, including but not limited to credit events, mergers and acquisitions, systematic risks in the industry or natural disasters.

Liquidity risk management is done by the Money Market Division and monitored by the Risk Management Division. The procedures include (a) maintaining daily money market operations and monitoring future cash flows to ensure the meeting of liquidity requirements; (b) holding an appropriate amount of readily convertible and highly liquid assets to prevent from unpredictable events that disrupt cash flows; (c) monitoring the liquidity ratios for the balance sheets in accordance with internal and external policies; and (d) managing security products during their remaining maturity periods. Liquidity risk monitoring and reporting are based on the valuation and prediction of future cash flows from different terms to maturity (maturity gap is used by the Bank as a tool to manage liquidity risk). The prediction of cash flows involves the cash outflows at the maturity dates of the financial liabilities and the cash inflows at the receipt dates of financial assets.

For maintaining solvency and meeting the needs of emergency assistance arrangements, the Company holds cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial assets, held-to-maturity financial assets, and debt instruments with no active market, etc.

The liquidity reserve ratios of the Bank for December 31, 2014 and 2013 were 23.81% and 26.27%, respectively.

The Company disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those that shown in the consolidated balance sheets.

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 34,724,821	$ 21,030,294	$ 1,835,389	$ 579,111	$ 30,006	$ 58,199,621
Nonderivate financial liabilities at fair value through profit or loss	-	-	-	-	10,010,254	10,010,254
Securities sold under repurchase agreements	9,661,528	2,138,901	1,313,389	51,608	-	13,165,426
Payables	16,561,523	239,640	555,967	438,518	143,773	17,939,421
Deposits and remittances	702,095,138	106,408,942	148,113,704	140,046,029	188,063,799	1,284,727,612
Bank debentures	-	2,300,000	5,000,000	300,000	36,200,000	43,800,000
Other items of cash outflow on maturity	1,049,419	316,188	-	491,443	492,250	2,349,300

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 5,441,040	$ 20,333,895	$ 20,361,064	$ 1,507,783	$ 1,839	$ 47,645,621
Securities sold under repurchase agreement	3,693,728	1,323,741	1,253,739	-	-	6,271,208
Payables	13,830,274	446,307	625,584	444,957	52,574	15,399,696
Deposits and remittances	739,124,655	120,547,268	119,146,807	165,749,651	12,913,969	1,157,482,350
Bank debentures	-	1,000,000	-	6,200,000	40,300,000	47,500,000
Other items of cash outflow on maturity	437,379	535,710	775,510	91,558	355,154	2,195,311

The Company assessed the maturity dates of contracts to understand the basic elements of all derivative financial instruments shown in the consolidated balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities is as follows:

a)Derivative financial liabilities to be settled at net amount

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	$ -	$ -	$ 75,096	$ -	$ -	$ 75,096

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency	$ -	$ 14,098	$ 23,545	$ 1,197	$ -	$ 38,840

b)Derivative financial liabilities to be settled at gross amounts

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 88,336,636	$ 38,503,109	$ 30,949,552	$ 44,521,630	$ 2,214,978	$ 204,525,905
Cash inflow	88,013,371	38,594,001	30,895,912	44,823,632	2,208,866	204,535,782
Interest derivatives						
Cash outflow	48,615	31,100	37,439	167,122	9,922,188	10,206,464
Cash inflow	26,703	25,580	41,799	173,607	12,863,504	13,131,193
Total cash outflow	88,385,251	38,534,209	30,986,991	44,688,752	12,137,166	214,732,369
Total cash inflow	88,040,074	38,619,581	30,937,711	44,997,239	15,072,370	217,666,975
Net cash flow	345,177	(85,372)	49,280	(308,487)	(2,935,204)	(2,934,606)

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 45,206,824	$ 30,030,705	$ 16,655,401	$ 8,861,377	$ 848,465	$ 101,602,772
Cash inflow	45,379,436	30,141,354	16,622,951	8,809,013	849,552	101,802,306
Interest derivatives						
Cash outflow	22,434	107,432	92,687	308,113	2,718,743	3,249,409
Cash inflow	34,022	116,123	78,520	398,515	2,707,991	3,335,171
Total cash outflow	45,229,258	30,138,137	16,748,088	9,169,490	3,567,208	104,852,181
Total cash inflow	45,413,458	30,257,477	16,701,471	9,207,528	3,557,543	105,137,477
Net cash flow	(184,200)	(119,340)	46,617	(38,038)	9,665	(285,296)

The Company conducted the maturity analysis of off-balance sheet items based on the residual maturities as of the consolidated balance sheet dates. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

December 31, 2014	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 8,564,819	$ 7,475,104	$ 13,682,456	$ 30,902,272	$ 34,651,626	$ 95,276,277
Credit card commitments	1,893,325	656,410	1,683,008	5,487,596	283,998,309	293,718,648
Letters of credit issued yet unused	3,006,534	6,703,545	1,238,054	419,698	986,457	12,354,288
Other guarantees	2,597,859	3,805,142	1,378,296	4,630,750	2,593,538	15,005,585

December 31, 2013	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 3,286,496	$ 7,471,299	$ 13,310,934	$ 29,734,433	$ 46,716,728	$ 100,519,890
Credit card commitments	390,929	427,905	1,488,476	3,100,184	261,201,121	266,608,615
Letters of credit issued yet unused	576,492	2,042,767	3,424,419	4,980,718	148,294	11,172,690
Other guarantees	1,157,976	1,533,676	4,054,780	6,549,520	457,487	13,753,439

41. CAPITAL MANAGEMENT

The two main objectives of capital management of the Bank are (a) meeting the requirements for legal capital set by the authorities and building an effective system for capital management and (b) balancing risk control and business development under the premise of “undertaking risks and earning returns on capital” and maximizing the stockholders’ profits.

The Banking Law and related regulations require that the Bank maintains both standalone and consolidated ratios of regulatory capital to risk-weighted assets (including ratio of the common equity to risk-weighted assets, ratio of Tier 1 capital to risk-weighted assets and capital adequacy ratio (CAR)) should comply with the minimum ratio requested by authorities.

The capital of the Bank is jointly managed by the Capital Management Team and the Risk Management Division. The management process starts from the evaluation and adjustments to plans or budgets by using different quantitative methods that consider risks, returns and growth rates. Subsequently, the evaluation and adjustments are used to confirm the total amount of capital requirement and is eventually used to allocate the capital to the respective branches and operating units. The whole process takes into consideration the quantitative risk assessment, plans and budgets, capital balance and allocation of economic capitals to corresponding units on the basis of risk appetite. The process is a combination of risk appetite, capital management, risk management, managerial decisions and performance assessment.

Information on the Bank's CAR is as follows:

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

Items			December 31, 2014 Standalone	December 31, 2014 Consolidated
Eligible capital	Common equity		$ 99,069,970	$ 99,485,005
	Other Tier 1 capital		-	69,309
	Tier 2 capital		35,932,509	37,332,551
	Eligible capital		135,002,479	136,886,865
Risk-weighted assets	Credit risk	Standardized approach	976,538,114	988,942,372
		Internal ratings - based approach	-	-
		Securitization	282,960	282,960
	Operational risk	Basic indicator approach	57,955,163	58,324,925
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	26,168,363	26,168,363
		Internal model approach	-	-
	Risk-weighted assets		1,060,944,600	1,073,718,620
Capital adequacy ratio			12.72	12.75
Ratio of the common equity to risk-weighted assets			9.34	9.27
Ratio of Tier 1 capital to risk-weighted assets			9.34	9.27
Ratio of leverage			5.86	5.78

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

Items			December 31, 2013 Standalone	December 31, 2013 Consolidated
Eligible capital	Tier 1 capital		$ 77,614,374	$ 77,370,270
	Other Tier 1 capital		-	-
	Tier 2 capital		34,739,284	35,976,930
	Eligible capital		112,353,658	113,347,200
Risk-weighted assets	Credit risk	Standardized approach	849,331,474	860,041,617
		Internal ratings - based approach	-	-
		Securitization	383,089	383,089
	Operational risk	Basic indicator approach	49,288,988	49,532,300
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	16,408,800	16,408,800
		Internal model approach	-	-
	Risk-weighted assets		915,412,351	926,365,806
Capital adequacy ratio			12.27	12.24
Ratio of the common equity to risk-weighted assets			8.48	8.35
Ratio of Tier 1 capital to risk-weighted assets			8.48	8.35
Ratio of leverage			4.94	4.91

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 = The common equity + Other Tier 1 capital + Tier 2 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 the common equity to risk-weighted assets = The common equity ÷ Risk-weighted assets.
5) Ratio of Tier 1 capital to risk-weighted assets = (The common equity + Other Tier 1 capital) ÷ Risk-weighted assets.
6) Ratio of leverage = Tier 1 capital ÷ Exposure measurement.

42.THE BANK'S ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a.Asset quality: Table 4 (attached)

b.Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

December 31							
	2014			2013			
Rank (Note 1)	**Industry of Group Enterprise (Note 2)**	**Total Amount of Credit Endorsement or Other Transactions (Note 3)**	**Percentage of E.SUN Bank's Equity**	**Industry of Group Enterprise (Note 2)**	**Total Amount of Credit Endorsement or Other Transactions (Note 3)**	**Percentage of E.SUN Bank's Equity**	
1	Group A Smelting and refining of iron and steel	$ 7,433,885	7.10	Group C Manufacture of liquid crystal panel and components	$ 7,873,937	9.52	
2	Group B Manufacture of liquid crystal panel and components	7,370,048	7.04	Group B Manufacture of liquid crystal panel and components	7,711,338	9.32	
3	Group C Manufacture of liquid crystal panel and components	6,555,393	6.26	Group A Smelting and refining of iron and steel	6,751,973	8.16	
4	Group D Ocean transportation	5,985,127	5.72	Group D Air transportation	5,670,646	6.85	
5	Group E Activities of head offices	5,236,049	5.00	Group E Activities of head offices	4,925,120	5.95	
6	Group F Activities of head offices	4,430,288	4.23	Group K Manufacture of cement	3,881,211	4.69	
7	Group G Wholesale of computers, computer peripheral equipment and software	4,064,660	3.88	Group L Manufacture of integrated circuits production	3,812,739	4.61	
8	Group H Activities of head offices	4,028,075	3.85	Group F Activities of head office	3,500,766	4.23	
9	Group I Real estate development	3,709,000	3.54	Group M Other activities auxiliary to financial service activities	3,466,855	4.19	
10	Group J Petroleum and coal products manufacturing	3,553,079	3.39	Group N Manufacture of footwear	3,206,577	3.88	

Note 1:The list shows rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the Group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2:Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note 3:Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

c.Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)

December 31, 2014

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,023,692,360	$ 8,776,468	$ 16,689,204	$ 94,685,786	$ 1,143,843,818
Interest rate-sensitive liabilities	319,975,079	631,929,007	78,819,022	85,672,718	1,116,395,826
Interest rate sensitivity gap	703,717,281	(623,152,539)	(62,129,818)	9,013,068	27,447,992
Net worth					96,859,871
Ratio of interest rate-sensitive assets to liabilities					102.46
Ratio of interest rate sensitivity gap to net worth					28.34

December 31, 2013

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 953,914,099	$ 4,232,468	$ 8,067,536	$ 46,351,545	$ 1,012,565,648
Interest rate-sensitive liabilities	293,920,487	586,209,962	69,778,279	46,391,742	996,300,470
Interest rate sensitivity gap	659,993,612	(581,977,494)	(61,710,743)	(40,197)	16,265,178
Net worth					77,483,017
Ratio of interest rate-sensitive assets to liabilities					101.63
Ratio of interest rate sensitivity gap to net worth					20.99

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 refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were 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	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 6,162,979	$ 480,568	$ 433,994	$ 955,731	$ 8,033,272
Interest rate-sensitive liabilities	6,251,693	750,724	710,895	854,374	8,567,686
Interest rate sensitivity gap	(88,714)	(270,156)	(276,901)	(101,357)	(534,414)
Net worth					176,051
Ratio of interest rate-sensitive assets to liabilities					93.76
Ratio of interest rate sensitivity gap to net worth					(303.56)

December 31, 2013

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 4,327,738	$ 518,461	$ 465,907	$ 689,751	$ 6,001,857
Interest rate-sensitive liabilities	5,106,428	510,714	474,297	130,401	6,221,840
Interest rate sensitivity gap	(778,690)	7,747	(8,390)	559,350	(219,983)
Net worth					119,082
Ratio of interest rate-sensitive assets to liabilities					96.46
Ratio of interest rate sensitivity gap to net worth					(184.73)

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 refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were 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).

d.Profitability

Unit: %

Items		December 31	
		2014	2013
Return on total assets	Before income tax	0.82	0.81
	After income tax	0.70	0.68
Return on equity	Before income tax	12.75	13.34
	After income tax	10.89	11.23
Net income ratio		33.67	34.29

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 each period-end date.

e.Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

December 31, 2014

(In Millions of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,215,640	$ 285,543	$ 57,699	$ 70,288	$ 71,747	$ 104,386	$ 625,977
Main capital outflow on maturity	1,507,157	52,668	67,249	158,952	177,384	291,467	759,437
Gap	(291,517)	232,875	(9,550)	(88,664)	(105,637)	(187,081)	(133,460)

December 31, 2013

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,132,816	$ 292,540	$ 48,919	$ 66,725	$ 60,777	$ 103,925	$ 559,930
Main capital outflow on maturity	1,430,163	49,359	62,943	148,865	163,622	276,554	728,820
Gap	(297,347)	243,181	(14,024)	(82,140)	(102,845)	(172,629)	(168,890)

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

December 31, 2014

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 11,402,096	$ 3,562,969	$ 1,385,424	$ 1,507,114	$ 1,501,293	$ 3,445,296
Main capital outflow on maturity	11,661,534	3,840,409	2,169,229	2,078,410	2,858,330	715,156
Gap	(259,438)	(277,440)	(783,805)	(571,296)	(1,357,037)	2,730,140

December 31, 2013

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 7,897,602	$ 1,870,973	$ 1,230,094	$ 832,354	$ 705,364	$ 3,258,817
Main capital outflow on maturity	8,333,961	2,661,895	1,934,236	1,456,707	1,923,225	357,898
Gap	(436,359)	(790,922)	(704,142)	(624,353)	(1,217,861)	2,900,919

Note: The above amounts included only U.S. dollar amounts held by the Bank.

43.TRUST BUSINESS UNDER THE TRUST LAW

a.Trust-related items, as shown in the following balance sheet, statements of income and trust property list

The trust-related items shown below were managed by the Bank's Trust Department. However, these items were not included in the Company's consolidated financial statements.

Balance Sheets of Trust Accounts

December 31, 2014 and 2013

Trust Assets	2014	2013
Cash in banks	$ 2,886,681	$ 3,991,484
Short-term investments	165,987,613	135,350,813
Land	5,277,307	5,703,164
Securities under custody	146,099,293	120,719,818
Total assets	$ 320,250,894	$ 265,765,279

Trust Liabilities	2014	2013
Account payable on securities under custody	$ 146,099,293	$ 120,719,818
Trust capital		
Cash	179,820,097	146,220,198
Securities	1,608,405	2,212,515
Real estate	5,298,014	5,747,570
Reserves and accumulated deficit	(17,469,250)	(11,838,451)
Net income	4,894,335	2,703,629
Total liabilities	$ 320,250,894	$ 265,765,279

Trust Property List

December 31, 2014 and 2013

	2014	2013
Cash in banks	$ 2,886,681	$ 3,991,484
Stocks	2,601,165	2,807,525
Mutual funds	153,309,394	130,059,879
Bonds	10,077,054	2,483,409
Land	5,277,307	5,703,164
Securities under custody	146,099,293	120,719,818
	$ 320,250,894	$ 265,765,279

Statements of Income on Trust Accounts
For the Years Ended December 31, 2014 and 2013

	2014	2013
Revenues		
Interest	$ 7,821	$ 6,913
Cash dividend	3,109,258	3,653,094
Realized capital gain - common stock	793	7,160
Property gain	3,431,004	2,205,103
Service fee income	60	-
Realized capital gain	118,835	108,695
Revenues from beneficial certificates	367	498
	6,668,138	5,981,463
Expenses		
Management fees	589,797	234,125
Supervisor fees	120	120
Service fees	556	2,276
Property loss	1,161,814	3,017,912
Income tax	648	597
Other expenses	16,007	22,599
Principal redemption fee	4,521	-
Tax expenditures	38	36
Realized capital loss	3,302	4
Realized exchange loss	-	165
	1,773,803	3,277,834
Net income	$ 4,894,335	$ 2,703,629

b. Nature of trust business operations under the Trust Law: Note 1.

44. ALLOCATION OF REVENUE, COST AND EXPENSE THAT RESULTED FROM THE SHARING OF RESOURCES BETWEEN E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Under cooperation arrangements, the Bank and E.SUN Securities shared some equipment and operating sites; thus, related expenses were allocated as follows:

	Bank	E.SUN Securities	Total	Allocation Method
For the year ended December 31, 2014				
Rental expense	$ 540	$ 270	$ 810	The Bank - 2/3 and E.SUN Securities - 1/3
Broadcasting and security systems	36	36	72	50% each
Others	1,283	1,187	2,470	Utilities - 50% each. Building maintenance fee - based on space actually occupied
	$ 1,859	$ 1,493	$ 3,352	
For the year ended December 31, 2013				
Rental expense	$ 2,160	$ 1,080	$ 3,240	The Bank - 2/3 and E.SUN Securities - 1/3
Broadcasting and security systems	36	36	72	50% each
Others	1,572	1,474	3,046	Utilities - 50% each. Building maintenance fee - based on space actually occupied
	$ 3,768	$ 2,590	$ 6,358	

Under cooperation arrangements, the Bank and E.SUN Insurance Broker Co., Ltd. (ESIB) shared some equipment and operating sites, personnel, and an Internet service system and provided cross-selling financial services. The service fees earned by the Bank were based on 70% of the gross revenue derived from the insurance companies' products sold by the Bank. For the years ended December 31, 2014 and 2013, ESIB should have paid the Bank $1,727,616 thousand and $1,201,908 thousand, respectively; the unpaid amounts were $54,223 thousand and $18,091 thousand as of December 31, 2014 and 2013, respectively.

The cross-selling transactions between the Bank and E.SUN Securities were as follows (the amounts below refer to the Bank):

	For the Year Ended December 31	
	2014	2013
Revenue	$ 6,011	$ 5,460
Expense	$ 75,694	$ 62,335

45. BUSINESS COMBINATIONS

a. Subsidiary acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Union Commercial Bank (UCB)	Commercial Banking	August 28, 2013	70	$ 2,157,451

UCB was founded in March 1994, under the Laws of the Kingdom of Cambodia. The head office of UCB was established in Phnom Penh; UCB also established 7 branches. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. The acquisition is to expand the Bank's network in the Association of Southeast Asian Nations (ASEAN), to increase its competitiveness and to strengthen its long-term development.

b. Considerations transferred

Under the share purchase arrangement, the Bank had paid the seller $2,077,425 thousand (US$69,333 thousand) initially and the additional purchase price of $80,026 thousand (US$2,639 thousand) in accordance with the clause of the share purchase agreement.

Acquisition-related costs were excluded from the consideration transferred and recognized as an expense in the year of acquisition.

c. Assets acquired and liabilities assumed at the date of acquisition

	UCB
Cash and cash equivalents	$ 2,108,750
Due from the Central Bank and call loans to other banks	1,663,204
Receivables, net	21,696
Current tax assets	4,655
Discounts and loans, net	5,819,478
Available-for-sales financial assets, net	3,402
Other financial assets, net	4,509
Properties and equipment, net	321,071
Intangible assets, net	748,756
Deferred tax assets	4,216
Other assets, net	33,524
Due to the Central Bank and other banks	(612,747)
Payables	(168,815)
Current tax liabilities	(18,650)
Deposits and remittances	(7,681,784)
Deferred tax liabilities	(15,804)
Other liabilities	(13,583)
	$ 2,221,878

(Concluded)

The discounts and loans acquired in the combination had a fair value of $5,819,478 thousand; the gross contractual amount was $5,956,587 thousand. The best estimate of the contractual cash flows not expected to be collected at the acquisition date was $137,109 thousand.

d. Non-controlling interests

The non-controlling interests recognized at the acquisition date were measured by the non-controlling interests' proportionate share of the fair value of the acquire's identifiable net assets.

e. Goodwill arising on acquisition

	Amount
Consideration transferred	$ 2,157,451
Plus: Non-controlling interests	666,564
Less: Fair value of identifiable net assets acquired	(2,221,878)
Goodwill arising on acquisition	$ 602,137

Goodwill arose in the acquisition of UCB because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

f. Net cash outflow (inflow) on acquisition of subsidiary

	For the Year Ended December 31	
	2014	2013
Consideration paid in cash	$ 80,026	$ 2,077,425
Less: The balance of acquired cash and cash equivalents under IAS7	-	(2,811,335)
	$ 80,026	$ (733,910)

g. Impact of acquisition on the results of the Company

Had the business combination been in effect at the beginning of the annual reporting period, the Company's pro forma net revenue and net income would have been $26,089,138 thousand and $8,864,417 thousand for the year ended December 31, 2013, respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Company that actually would have been achieved had the acquisition been completed on January 1, 2013, nor is it intended to be a projection of future results.

46. OTHERS

The board of directors of the Bank resolved in their meeting on January 24, 2014 to set up a banking subsidiary with an estimated capital of CNY2,000,000 thousand in China. This investment was approved by the authorities in China.

47. ADDITIONAL DISCLOSURES

a. Significant transactions and investees:

1) Financing provided: Not applicable.
2) Endorsement/guarantee provided: Not applicable.
3) Marketable securities held: Not applicable.
4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital (the Bank disclosed its investments acquired or disposed of): None.
5) Acquisition of individual real estates at costs of at least NT$300 million or 10% of the paid-in capital: Table 6 (attached).

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

7) Financial asset securitization: Note 13 to the consolidated financial statements.

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

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

10) Sale of nonperforming loans: None.

11) Other significant transactions which may affect the decisions of users of financial reports: Note 46 to the consolidated financial statements.

12) The related information and proportionate share in investees: Table 5 (attached).

13) Derivative transactions: Notes 8 and 40 to the consolidated financial statements.

b.Investment in Mainland China:

Based on "Regulations Governing Approvals of Banks to Engage in Financial Activities between the Taiwan Area and the Mainland Area," the Bank set up the Dongguan Branch in Mainland China. The branch's information - major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at period-end, the remitted investment profits and the limit on the amount of investment in Mainland China - is shown in Table 7 (attached).

c.Business relationship and significant transactions among the parent company and subsidiaries: Table 8 (attached).

48.OPERATING SEGMENTS

The information reported to the Company's chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company's reportable segments are as follows:

a.Corporate Banking Unit, which handles corporate loans, foreign exchange business, and financial banking operations;

b.Individual Banking Unit, which handles home mortgage, unsecured personal loans (UPLs), wealth management, and credit cards;

c.Others, which cover businesses other than those handled by the Corporate Banking and Individual Banking units.

The accounting policies of the reportable segments are the same as the Company's accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenues, expenses and related information of the Company's reportable segments were as follows:

(In Millions of New Taiwan Dollars)

	For the Year Ended December 31, 2014			
	Corporate Banking Unit	**Individual Banking Unit**	**Others**	**Total**
Net interest revenues (expenses)	$ 4,031	$ 11,916	$ (661)	$ 15,286
Total net revenues	$ 10,144	$ 19,539	$ 1,006	$ 30,689
Bad-debt expenses and provision for losses on guarantees	(1,365)	(803)	134	(2,034)
Operating expenses	(2,969)	(12,309)	(1,282)	(16,560)
Income (Loss) before income tax	$ 5,810	$ 6,427	$ (142)	$ 12,095

	For the Year Ended December 31, 2013			
	Corporate Banking Unit	**Individual Banking Unit**	**Others**	**Total**
Net interest revenues (expenses)	$ 3,745	$ 10,416	$ (1,274)	$ 12,887
Total net revenues	$ 8,474	$ 17,013	$ 472	$ 25,959
Bad-debt expenses and provision for losses on guarantees	(1,474)	(696)	464	(1,706)
Operating expenses	(2,401)	(10,868)	(456)	(13,725)
Income before income tax	$ 4,599	$ 5,449	$ 480	$ 10,528

TABLE 1

CONSOLIDATED ENTITIES
DECEMBER 31, 2014 AND 2013

Entities included in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)		Note
				December 31, 2014	December 31, 2013	
E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	Cambodia	Banking	70.00	70.00	
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	90.00	Note

Note: Union Commercial Bank PLC. holds a 49% interest in URE Land Holding Co., Ltd. In the Articles of Incorporation of URE Land Holding Co., Ltd., Union Commercial Bank PLC. has power to control the composition of the board of director and owns at least 90% of economic benefit of URE Land Holding Co., Ltd.; hence, URE Land Holding Co., Ltd. is deemed as a subsidiary of Union Commercial Bank PLC.

TABLE 2

RELATED-PARTY TRANSACTIONS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars)

Loans

December 31, 2014

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2014 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	145	$ 95,331	$ 51,175	$ 51,175	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	236	940,063	740,071	740,071	-	Land and buildings	None
Other loans	Others	980,007	754,141	754,141	-	Land, buildings, plant and other properties	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	8,300	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	7,400	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,400	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	7,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	9,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	12,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	11,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	9,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	7,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	7,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	14,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	7,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	9,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	8,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	13,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	12,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	11,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	13,000	-	-	-	Certificate of deposits	None

(Continued)

December 31, 2013

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2013 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	113	$ 82,420	$ 53,141	$ 53,141	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	144	734,413	583,735	583,735	-	Land and buildings	None
Other loans	Others	412,351	368,025	368,025	-	Land, buildings and plant	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	8,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	14,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	7,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	11,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	11,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	12,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	15,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	11,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	12,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	12,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	4,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	10,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	5,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	3,500	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	6,500	-	-	-	Certificate of deposits	None

(Concluded)

Note: The sum of the respective highest balances of each account for the years ended December 31, 2014 and 2013.

TABLE 3

INFORMATION ON THE FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT
DECEMBER 31, 2014 AND 2013
(In Thousands)

	December 31					
	2014			2013		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
USD	$ 9,120,877	31.6700	$ 288,858,175	$ 7,051,669	29.7880	$ 210,055,116
CNY	15,956,531	5.0998	81,375,117	5,953,696	4.9220	29,304,092
AUD	588,311	26.0170	15,306,087	531,223	26.5828	14,121,395
HKD	2,942,397	4.0824	12,012,042	2,793,305	3.8416	10,730,760
JPY	44,323,219	0.2656	11,772,247	9,656,970	0.2840	2,742,579
EUR	83,660	38.5390	3,224,173	54,386	41.1104	2,235,830
SGD	25,259	23.9961	606,117	24,501	23.5255	576,398
NZD	12,976	24.8510	322,467	12,342	24.4917	302,277
GBP	3,471	49.3290	171,221	6,782	49.1264	333,175
CHF	788	32.0610	25,264	1,404	33.5791	47,145
ZAR	34,375	2.7399	94,184	34,158	2.8711	98,071
CAD	19,258	27.3280	526,283	24,926	27.9647	697,048
SEK	2,233	4.0922	9,138	10,009	4.6408	46,450
THB	26,054	0.9635	25,103	15,227	0.9079	13,825
MXN	3,075	2.1495	6,610	1,408	2.2790	3,209
MYR	77	9.0740	699	77	9.0679	698
Financial liabilities						
USD	9,248,344	31.6700	292,895,054	6,933,273	29.7880	206,528,336
CNY	11,154,817	5.0998	56,887,336	5,366,978	4.9220	26,416,266
AUD	593,359	26.0170	15,437,421	331,529	26.5828	8,812,969
HKD	1,956,087	4.0824	7,985,530	1,281,187	3.8416	4,921,808
ZAR	1,882,071	2.7399	5,156,686	1,955,879	2.8711	5,615,524
JPY	41,101,856	0.2656	10,916,653	19,457,248	0.2840	5,525,858
EUR	134,837	38.5390	5,196,483	101,758	41.1104	4,183,312
GBP	119,824	49.3290	5,910,798	21,801	49.1264	1,071,005
CAD	43,278	27.3280	1,182,701	35,669	27.9647	997,473
NZD	31,874	24.8510	792,101	31,749	24.4917	777,587
SGD	13,910	23.9961	333,786	23,514	23.5255	553,179
CHF	6,346	32.0610	203,459	2,371	33.5791	79,616
SEK	11,732	4.0922	48,010	15,718	4.6408	72,944
MXN	12,457	2.1495	26,776	4,024	2.2790	9,171
THB	23,156	0.9635	22,311	6,741	0.9079	6,120
MYR	-	9.0740	-	-	9.0679	-

TABLE 4

ASSET QUALITY - NONPERFORMING LOANS
DECEMBER 31, 2014 AND 2013
(In Thousands of New Taiwan Dollars, %)

Period	December 31, 2014					December 31, 2013				
Items	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking - Secured	$ 849,697	$ 198,309,465	0.43	$ 2,241,587	263.81	$ 744,569	$175,081,171	0.43	$2,207,402	296.47
Corporate banking - Unsecured	273,776	271,510,344	0.10	2,862,746	1,045.65	371,083	243,189,964	0.15	2,564,747	691.15
Consumer banking - Housing mortgage (Note 4)	130,930	266,679,386	0.05	3,113,965	2,378.34	190,771	249,308,084	0.08	2,497,572	1,309.20
Consumer banking - Cash card	177	7,293	2.43	124	70.06	253	9,976	2.54	8,404	3,321.74
Consumer banking - Small-scale credit loans (Note 5)	414,370	60,223,711	0.69	735,981	177.61	298,659	48,486,419	0.62	564,053	188.86
Consumer banking - Other (Note 6) - Secured	40,621	132,794,878	0.03	1,328,901	3,271.46	38,113	110,149,358	0.03	1,102,529	2,892.79
Consumer banking - Other (Note 6) - Unsecured	1,717	5,994,442	0.03	60,786	3,540.24	49,159	5,082,933	0.97	73,705	149.93
Loan	1,711,288	935,519,519	0.18	10,344,090	604.46	1,692,607	831,307,905	0.20	9,018,412	532.81
	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit cards	88,047	38,508,335	0.23	1,563,923	1,776.24	86,378	37,029,820	0.23	1,637,678	1,895.94
Accounts receivable factored without recourse (Note 7)	-	22,406,261	-	228,683	-		15,451,829	-	151,378	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)	45,903					63,183				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)	158,486					209,222				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)	624,586					498,469				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)	1,236,058					1,259,638				

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 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 receivables: Nonperforming receivables ÷ Outstanding receivables balance.

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

Coverage ratio of receivables: Allowance for possible losses for receivables ÷ Nonperforming 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:Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts and exclude credit cards and cash cards.

Note 6:Other consumers' banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans.

Note 7:As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored 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 8:Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9:Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

TABLE 5

INFORMATION ON AND PROPORTIONATE SHARE IN INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Gain	Proportionate Share of the Bank and its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
E.SUN	<u>Finance-related business</u>										
Commercial	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81	$ 2,000	$ 640	160	-	160	0.81	
Bank, Ltd.	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	0.45	9,000	2,302	1,305	-	1,305	0.45	
(The "Bank")	Financial Information Service Co., Ltd.	Taipei	Information service	2.28	108,954	28,665	10,238	-	10,238	2.28	
	Taiwan Asset Management Corporation	Taipei	Acquisition of delinquent loans	0.57	75,000	6,473	7,500	-	7,500	0.57	
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94	50,000	-	5,000	-	5,000	2.94	
	Taiwan Finance Corp.	Taipei	Bills financing	0.41	21,335	1,060	2,120	-	2,120	0.41	
	Sunny Asset Management Co.	Taipei	Acquisition of delinquent loans	4.35	2,607	404	261	-	261	4.35	
	Union Commercial Bank Plc.	Phnom Penh Cambodia	Commercial banking	70.00	2,465,142	177,389	26	-	26	70.00	
	<u>Non-finance related business</u>										
	Apex Venture Capital Corp.	Taipei	Investment	4.67	4,084	-	1,808	-	1,808	4.67	
	BankPro E-Service Technology Co., Ltd.	Taipei	E-commerce application service	3.33	4,500	639	775	-	775	5.74	
	Taiwan Incubator Small & Medium Enterprises Development Co., Ltd.	Taipei	Small and medium enterprise incubation	3.44	18,171	-	2,425	-	2,425	3.44	
	EASYCARD Investment Holdings Corporation	Taipei	Investment	4.82	218,951	7,872	4,240	-	4,240	4.82	
	Taiwan mobile payment Co.	Taipei	Information service	3.30	18,000	-	1,800	-	1,800	3.30	
	Alliance Digital Tech Co.	Taipei	Information service	4.00	9,000	-	900	-	900	4.00	

Note 1:Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates have been included in accordance with the Company Law.

Note 2:a.Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of the Banking Law.

b.Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of "Securities and Exchange Law Enforcement Rules."

c.Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Accounting Standards No. 39.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

TABLE 6

ACQUISITION OF INDIVIDUAL REAL ESTATES AT COSTS OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2014
(In Thousands of New Taiwan Dollars)

Name	Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
E.SUN Commercial Bank, Ltd.	Construction of new building for the operation of credit card and payment division	2013. 06.21	$ 1,498,000	$381,798 thousand has been paid as of December 31, 2014	Hsin Tung Yang Construction Co., Ltd.	-	-	-	-	$ -	Bid	For the operation of the credit card and payment division after construction completed	-

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

TABLE 7

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

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	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of December 31, 2014	Accumulated Inward Remittance of Earnings as of December 31, 2014
					Outflow	Inflow					
Dongguan Branch	Deposits, loans, import and export, exchange and foreign exchange business	$ 4,828,742 (Note 1)	Direct	$ 2,851,542 (Note 1)	$ 1,977,200 (Note 1)	$ -	$ 4,828,742 (Note 1)	100	$ 121,638	$ 5,273,899	$ -

Accumulated Investment in Mainland China as of December 31, 2014	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
$4,828,742 (Note 1)	$4,828,742 (Note 1)	$63,304,707

Note 1:Translation into New Taiwan dollars at the spot rates on the dates of investment outflow from Taiwan.

Note 2:Based on the Investment Commission's "Regulation on the Examination of Investment or Technical Cooperation in Mainland China," investments are limited to the larger of 60% of the Bank's net assets value or 60% the Company's consolidated net asset value.

TABLE 8

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

No. (Note 1)	Transaction Company	Counter-party	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	a.	Cash and cash equivalents and other financial assets	$ 1,900,200	Note 4	0.12
1	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	b.	Due to the Central Bank and other banks	1,900,200	Note 4	0.12
0	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	a.	Due to the Central Bank and other banks	704,169	Note 4	0.05
1	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	b.	Cash and cash equivalents	704,169	Note 4	0.05

Note 1:The parent company and subsidiaries are numbered as follows:
a. Parent company: 0.
b. Subsidiaries are numbered sequentially from 1.

Note 2:Transaction flows are as follows:
a. From parent company to subsidiary.
b. From subsidiary to parent company.
c. Between subsidiaries.

Note 3:For calculating the percentages, asset or liability account is divided by the total consolidated assets and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4:The terms for the transactions between the Company and related parties are similar to those for unrelated parties.

Note 5:Referring to transactions exceeding $100,000 thousand.

No Treasure is More Valuable than Trust

Pure as Jade, Sturdy as Mountain

E.SUN was ranked first in Taiwan's financial services industry for CommonWealth Magazine's CommonWealth Corporate Citizen Awards for the sixth year.

E.SUN Bank was the local financial industry's No. 1 recipient of CommonWealth Magazine's Gold Medal Service Awards for four years in a row.

E.SUN Bank was accorded the Platinum Corporate Award for Management Excellence among Asian Enterprises by Hong Kong's The Asset magazine for five years in a row.

E.SUN Bank, in its capacity as head office, was a 9-year recipient of the SME Credit Guarantee Partner Awards from the Ministry of Economic Affairs.

Thank you for your confidence and trust in E.SUN,
we look forward to your continued support and guidance.

E.SUN Commercial Bank, Ltd.

Chairman of the Board

March 30, 2015 Printed

With our Heartfelt Appreciation and Eternal Blessing.

Service Network of E.SUN Bank

Branch	phone
Head Office Business Division	+886 2 2719 1313
Customer Service Division	+886 2 2175 1313
International Banking Division/OBU	+886 2 2175 1313
Trust Department	+886 2 2175 1313
Credit Card and Payment Finance Division	+886 2 2182 1313
Nanching East Road Branch	+886 2 2760 1313
Chengjhong Branch	+886 2 2389 1313
Chengtung Branch	+886 2 2504 1313
Hsinyi Branch	+886 2 8789 1313
Keelungroad Branch	+886 2 2378 1313
Tienmu Branch	+886 2 2835 1313
Minsheng Branch	+886 2 2509 1313
Songjiang Branch	+886 2 2562 1313
Fuhsing Branch	+886 2 2771 1313
Tunnan Branch	+886 2 2754 1313
Changchun Branch	+886 2 2546 1313
Chungshan Branch	+886 2 2537 1313
Neihu Branch	+886 2 2659 1313
North Tienmu Branch	+886 2 2877 1313
Songshan Branch	+886 2 3765 1313
Heping Branch	+886 2 2362 1313
Mincyuan Branch	+886 2 2568 1313
Jhonglun Branch	+886 2 2577 1313
Daan Branch	+886 2 2755 1313
Guting Branch	+886 2 2364 1313
Beitou Branch	+886 2 2895 1313
Donghu Branch	+886 2 2632 1313
Xinhu Branch	+886 2 8791 6613
Shilin Branch	+886 2 2834 1313
Mujha Branch	+886 2 2936 1313
Jhongsiao Branch	+886 2 8772 1313
Dongmen Branch	+886 2 2321 1313
Jiancheng Branch	+886 2 2556 1313
Nangang Branch	+886 2 2789 1313
Hsinchuang Branch	+886 2 2202 1313
North Hsinchuang Branch	+886 2 2997 1313
Sinshu Branch	+886 2 2203 1313
Shwangho Branch	+886 2 2923 1313
Yonghe Branch	+886 2 2949 1313
Jixian Branch	+886 2 8283 1313
Yung An Branch	+886 2 8921 1313
Jhonghe Branch	+886 2 2222 1313
Liancheng Branch	+886 2 8228 1313
Nanshijiao Branch	+886 2 2942 8813
Taihe Branch	+886 2 2242 1313
Banciao Branch	+886 2 8257 1313
Puchain Branch	+886 2 2963 1313
Banhsin Branch	+886 2 8952 1313
SinBan District Branch	+886 2 2954 1313
Guangfu Branch	+886 2 2957 1313
Sanchung Branch	+886 2 2280 1313
Chongsin Branch	+886 2 2984 1313
Er-Chong Branch	+886 2 2278 1313
East Sanchung Branch	+886 2 2971 1313
Tucheng Branch	+886 2 2274 1313
SouthTucheng Branch	+886 2 2267 1313
Shulin Branch	+886 2 8675 1313
Hueilong Branch	+886 2 2689 1313
Wugu Branch	+886 2 2290 1313
Sindian Branch	+886 2 2916 1313
Beisin Branch	+886 2 8911 1313
Sanxia Branch	+886 2 8970 6613
Lujhou Branch	+886 2 2848 1313
Taishan Branch	+886 2 2297 1313
Xizhi Branch	+886 2 2647 6613
Taoyuan Branch	+886 3 332 1313
South Taoyuan Branch	+886 3 337 1313
Taoyin Branch	+886 3 375 1313
Linkou Branch	+886 3 396 1313
Nankan Branch	+886 3 352 1313
Bade Branch	+886 3 367 1313
Yiwen Branch	+886 3 357 1313
Zhongyuan Branch	+886 3 428 1313
Jhongli Branch	+886 3 427 1313
Lisin Branch	+886 3 492 1313
Yangmei Branch	+886 3 488 1313
Hsinchu Branch	+886 3 523 1313
Guanghua Branch	+886 3 533 1313
Juke Branch	+886 3 564 1313
JhuBei Branch	+886 3 554 1313
Sinfong Branch	+886 3 557 1313
Lioujia Branch	+886 3 658 9013
Jhunan Branch	+886 3 746 1313
Toufen Branch	+886 3 766 3571
Houlong Branch	+886 3 773 1313
Taichung Branch	+886 4 2254 1313
Wunsin Branch	+886 4 2291 1313
Dadun Branch	+886 4 2320 1313
Nantun Branch	+886 4 2380 1313
Situn Branch	+886 4 2461 1313
Daya Branch	+886 4 2568 1313
Fongyuan Branch	+886 4 2512 1313
Jhonggong Branch	+886 4 2350 8913
Beitun Branch	+886 4 2241 6813
Longjing Branch	+886 4 2636 6813
Dali Branch	+886 4 2418 1313
Wuquan Branch	+886 4 2377 1313
Taiping Branch	+886 4 2270 8813
Wurih Branch	+886 4 2260 8813
Caotun Branch	+886 4 9238 1313
Changhua Branch	+886 4 728 1313
Yuanlin Branch	+886 4 836 1313
Douliou Branch	+886 5 532 1313
Chiayi Branch	+886 5 223 1313
East Chiayi Branch	+886 5 216 1313
Puzih Branch	+886 5 379 1313
Tainan Branch	+886 6 241 1313
East Tainan Branch	+886 6 289 1313
Jinhua Branch	+886 6 291 1313
Annan Branch	+886 6 357 1313
Chiali Branch	+886 6 721 1313
Yanhang Branch	+886 6 253 1313
Yungkang Branch	+886 6 201 1313
South Yungkang Branch	+886 6 313 1313
Rende Branch	+886 6 270 6613
Sinying Branch	+886 6 656 8813
Kaohsiung Branch	+886 7 336 1313
Dashun Branch	+886 7 727 1313
Lingya Branch	+886 7 716 1313
Cianjhen Branch	+886 7 761 1313
Chihsien Branch	+886 7 235 1313
Zuoying Branch	+886 7 559 1313
Nanzih Branch	+886 7 364 1313
North Kaohsiung Branch	+886 7 350 1313
Sanmin Branch	+886 7 315 1313
Dachang Branch	+886 7 341 1313
Chengcing Branch	+886 7 386 1313
Siaogang Branch	+886 7 807 1313
Fongshan Branch	+886 7 743 1313
Gangshan Branch	+886 7 621 1313
Linyuan Branch	+886 7 643 1313
Houjhuang Branch	+886 7 702 1313
Pingtung Branch	+886 8 733 1313
Chaojhou Branch	+886 8 786 1313
Donggang Branch	+886 8 835 1313
Keelung Branch	+886 2 2427 1313
Luodong Branch	+886 3 957 1313
Hualien Branch	+886 3 831 1313
Taitung Branch	+886 8 936 1313
Penghu Branch	+886 6 927 1313
Los Angeles Branch	+1 626 810 2400
Hong Kong Branch	+852 3405 6168
Singapore Branch	+65 6533 1313
Dongguan Branch	+86 769 2868 1313
Dongguan Changan Sub-branch	+86 769 2330 8813
Ho Chi Minh City Representative Office	+84 8 3835 1313
Yangon Representative Office	+95 9 3333 1313
Union Commercial Bank Plc.	+855 23 427 995

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