



板信商業銀行
BANK OF PANHSIN

2014 Annual Report

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Credit Rating Agent

Taiwan Ratings Corporation

Address : 49F, No.7, Sec.5, Xingyi Rd., Taipei City, Taiwan (R.O.C.)

Tel : (02)8722-5800

Web Site : www.taiwanratings.com

Certified Public Accountants for Financial Statements

KPMG Certified Public Accountants

Name of Accountants : Andrew Yu, Li Li Lu

Address : 68F, No.7, Sec.5, Xingyi Rd., Taipei City, Taiwan (R.O.C.)

Tel : (02)8101-6666

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Table of Contents

Bank Overview

I 、 Re-registered Date

II 、 Credit Rating

Corporate Governance Report

I 、 Organization Chart

II 、 Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Major Managers

III 、 The Changes in Shareholding

IV 、 Information Disclosing the Relationship between any of the Bank's Top 10 Shareholders

V 、 Omnibus Shareholding Ratio

Fund-Raising Activities

I 、 Shares & Dividends

II 、 Issuance of Financial Bonds

Operations Overview

I 、 Business Categories

II 、 Employee

Financial Status

I 、 Brief Balance Sheet & Comprehensive Income Statements of Recent Five Years

II 、 Financial Analysis of Recent Five Years

III 、 Capital Adequacy Analysis of Recent Five Years

Information Regarding the Bank's Subsidiaries

I 、 The Bank's Subsidiaries Relationship Chart

II 、 Basic Date of the Bank's Subsidiaries

III 、 Information of Chairman, Directors, Supervisors and President of the Bank's Subsidiaries

IV 、 Operation Overview of the Bank's Subsidiaries

Directory of Head Office & Branches

Individual Financial Statements of Recent Years Which Have Been Certified by CPAs

Bank Overview

Bank of Panhsin (BOP) was founded on April 25, 1957, formerly known as the Panchiao Credit Cooperative (PCC), and has ever since kept its operating principle of “Customer First” in mind to pursuit in expanding its business scale at a steady pace. In order to cope with such a rapidly liberalized financial environment and in compliance with the article of “Standards and Methods for Reorganization of Credit Cooperative into Commercial Bank” announced in December 6, 1995, PCC had acquired the Kaohsiung Fifth Credit Cooperative on September 29, 1997, officially transformed into a commercial bank, and renamed BOP the following day. The business premise has thus broken out of Greater Taipei Area. BOP had also acquired the Chiayi First Credit Cooperative on March 7, 2005, the total branches have increased up to 47 (including OBU). Formally categorically assumes Taipei Ninth Credit Cooperative on July 21, 2014, the combined of several branches to reach 65 (including OBU), Taipei & New Taipei City the total branches have increased up to 49(including OBU).

In order to offer competitive service to our customers, we have reallocated headquarters to Panhsin Twin Towers in New Banqiao Station Special Zone on March 17, 2011. Hence, BOP will persist in retaining its management concepts of “Integrity, Practicality, and Innovation” to expand its operating scale, improve its asset quality, and ultimately maximize its profits. BOP is determined in pursuit of becoming a highly competitive comprehensive mid-sized commercial bank.

I 、Re-registered Date

Panchiao Credit Cooperative (PCC) was founded on April 25, 1957, then transformed into a commercial bank and renamed Bank of Panhsin (BOP) on September 30, 1997.

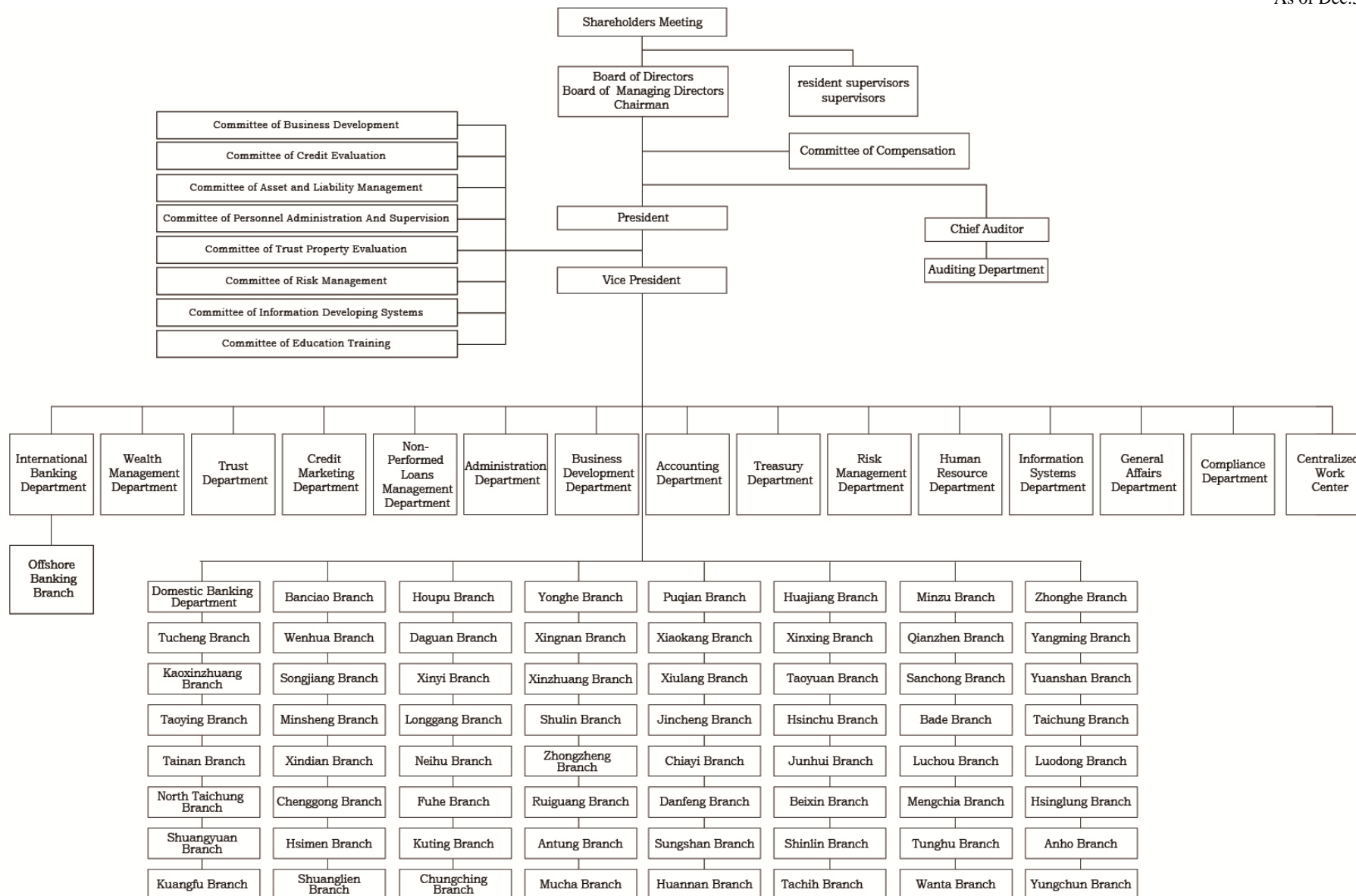
II 、Credit Rating

Rating Agency	Date	Long-Term	Short-Term	Outlook
Taiwan Ratings Co.	Oct. 31, 2014	tw BBB-	twA-3	Stable

Corporate Governance Report

I、Organization Chart

As of Dec.31,2014



II 、Information on the Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Major Managers

(I)Board of Directors and Supervisors

As of Dec.31,2014

Position	Name	Date Appointed	Term Year	Date First Appointed	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Major Experience & Education	Current Positions
					Shares	%	Shares	%	Shares	%		
Chairman	Ping-Hui Liu	Jul.01,2012	3	Dec.27,1996	65,772,606	6.88	36,142,606	3.27	29,229,397	2.64	Chihlee College of Business/ Chairman of PCC	Supervisor of San Light Construction Co.,Ltd./ Director of Shan Hui Construction Co.,Ltd./ Director of Yuan Chi Investment Co.,Ltd./ Chairman of BOP Charity Foundation/
Managing Director	San-Jyun Construction Co.,Ltd. (Chung-Liang Chen)	Jul.01,2012	3	Jun.20,2006	12,421	-	12,421	-	-	-	KaiNan High School of Commerce and Industry/ Manager of BOP	Director of BOP Charity Foundation
Managing Director	Ming-Hsin Chiu	Jul.01,2012	3	Dec.27,1996	4,504,116	0.47	4,504,116	0.41	2,123,854	0.19	Ta-Tung Vocational High School/ Director of PCC	Director of Panhsin Asset Management Co.,Ltd./ Director of BOP Charity Foundation
Managing Director	Dao-Ming Kuo	Jul.01,2012	3	Dec.27,1996	7,213,572	0.75	7,513,572	0.68	2,200,677	0.20	MBA, Meijo University, Japan/ Director of PCC	Chairman of Chao Neng Sheng Biotechnology Co.,Ltd./ Managing Director of Ta-Ou Xingye Co.,Ltd./ Director of Ma Shang Fa International Industry Co.,Ltd./ Director of Jie Xiong Enterprise Co.,Ltd./ Chairman of Aizia Enterprise Co.,Ltd./ Chairman of Qing Yan Internation Co.,Ltd./ Chairman of Panhsin Asset Management Co.,Ltd./ Director of BOP Charity Foundation
Independent Managing Director	Fu-Yuan Chang	Jul.01,2012	3	Jun.23,2009	-	-	-	-	-	-	National Taipei College of Business/ Accountant of Yong Cheng United Accounting Firm	Manager of Yong Cheng Management Consultants Firm

Position	Name	Date Appointed	Term Year	Date First Appointed	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Major Experience & Education	Current Positions
					Shares	%	Shares	%	Shares	%		
Director	Tong-Ren Lin	Jul.01,2012	3	Jun.20,2006	8,383,837	0.88	8,383,837	0.76	615,321	0.06	Tamkang University/ EVP of BOP	Director of Panhsin Insurance Broker Co.,Ltd./ Chairman of Ya Guan Co.,Ltd./ Director of Hong Chun Construction Co.,Ltd./ Director of Quo Ding Construction Co.,Ltd./ Chairman of Jing Bao Di Co.,Ltd./
Director	San Light Construction Co.,Ltd (Mei-Yun Liao)	Jul.01,2012	3	Jun.20,2006	3,012,421	0.32	32,912,421	2.98	-	-	Blessed Imelda's School/ Chairman of San Light onstruction Co.,Ltd.	Chairman of Da Shun Construction Co.,Ltd./ Chairman of Yuan Ci Investment Co.,Ltd./ Chairman of San Light Construction Co.,Ltd./ Director of Tien Lu Construction Co.,Ltd./ Director of San Hsin Machinery Engineering Co.,Ltd./ Director of Shan Hui Construction Co.,Ltd./ Chairman of San Jyun Construction Co.,Ltd./
Director	Lin-Long Chien	Jul.01,2012	3	Dec.27,1996	7,141,567	0.75	8,294,038	0.75	1,489,383	0.13	Chihlee Institute of Technology/ Supervisor of PCC	Director of Panhsin Asset Management Co.,Ltd./ Chairman of Yong Zhen Construction Co.,Ltd./ Chin Tung Li person in charge / Director of BOP Charity Foundation / Vice Chairman of He Chung Entertainment Co.,Ltd./ Hao Tsai Tou site person in charge/ Chin Pin person in charge
Director	Bai-Yuan Investment Co.,Ltd. (Sheng- Hong Shao)	Jul.01,2012	3	Jun.23,2009	24,000,000	2.51	33,178,251	3.00	-	-	National Tam-Shui Vocational High School/ Director of PCC	Shao Sheng Hong person in charge
Director	Han-Chia Construction Co.,Ltd. (Ping-Huang Liu)	Jul.01,2012	3	Jun.20,2006	61,797	0.01	61,797	0.01	-	-	Chung-Yuan Christian University/ Director of PCC	Director of Panhsin Asset Management Co.,Ltd./ Chairman of Yi Chang Development Co.,Ltd./ Chairman of Hai Shan Da Di Construction Co.,Ltd./ Director of BOP Charity Foundation/ Supervisor of Yong Tai Construction Enterprise Co.,Ltd. Chairman of Han Chia Construction Co.,Ltd./ Director of Geng Shen Construction Co.,Ltd./
Director	Lai-Wei Liu	Jul.01,2012	3	Dec.27,1996	5,491,124	0.57	5,491,124	0.50	8,648,733	0.78	Ger-Jyh Senior High School/ Director of PCC	Chairman of Jin Annian Construction Co.,Ltd./ Director of Kao Do Construction Co.,Ltd./ Chairman of Jin Fu Construction Co.,Ltd./ Director of BOP Charity Foundation
Director	Bai-Yuan Investment Co.,Ltd. (Jui-Tsan Chou)	Jul.01,2012	3	Jun.23,2009	24,000,000	2.51	33,178,251	3.00	-	-	Kanto Gakuin University/ Chairman of Taipei Ninth Credit Cooperative	-

Position	Name	Date Appointed	Term Year	Date First Appointed	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Major Experience & Education	Current Positions
					Shares	%	Shares	%	Shares	%		
Director	Yao-Chih Chu	Jul.01,2012	3	Jun.19,2012	1,404,354	0.15	1,404,354	0.13	126,375	0.01	Fu-Jen Catholic University/ Business Executive of China Rebar Co., Ltd.	-
Director	San-Jyun Construction Co.,Ltd. (Wan-Tu Yeh)	Jul.01,2012	3	Jun.20,2006	12,421	-	12,421	-	-	-	National Chengchi University/ EVP of Chang Hwa Bank	Chairman of Panhsin International Leasing Co., Ltd.
Director	Ruei-Long Chen	Jul.01,2012	3	Jun.23,2009	-	-	-	-	-	-	National Chung Hsing University/ Minister of Economic Affairs	Chairman of Powerchip Technology Co.,Ltd./ Directors of Chih-Jen Science and Technology Development Co.,Ltd./ Directors of PowerGate Optical Co.,Ltd./ Independent director of China Petroleum and Chemical Co.,Ltd./ Director of Natural Beauty Biological Technology Co.,Ltd./ Independent Director of the Inventec Co.,Ltd./ Director of HannStar Board Co.,Ltd./ Director of Asia Cement Co.,Ltd./ Managing Director of Formosa Chemicals & Fibre Co.,Ltd./
Independent Director	Sin-Yi Luo	Jul.01,2012	3	Jun.23,2009	-	-	-	-	-	-	National Chengchi University/ Lawyer of Sin-Yi Luo Law Firm	Director of Yang Shu Construction Co.,Ltd.
Independent Director	Yue-Siou Liao	Jul.01,2012	3	Jun.23,2009	-	-	-	-	-	-	Phd. of St. John's University/ Associate Professor of Chihlee Institute of Technology	-
Independent Director	Sung-Hui Su	Jul.01,2012	3	Jun.19,2012	-	-	-	-	-	-	Feng Chia University/ President of Taiwan Agricultural Bank	Director of IBF Financial Holding Co.,Ltd./ Chairman of Kuo Wang International Financial Leasing Co.,Ltd./ Director of Waterland Venture Capital Co., Ltd.
Resident Supervisor	Chin-E Yeh	Jul.01,2012	3	Dec.27,1996	4,027,706	0.42	2,027,706	0.18	2,501,977	0.23	National Taipei High School of Commerce/ Chairman President of PCC	Director of BOP Charity Foundation
Supervisor	Fu-Jing Investment Co.,Ltd. (Teng-Chun Chen)	Jul.01,2012	3	Jun.20,2006	20,393,872	2.13	83,393,872	7.54	-	-	KaiNan High School of Commerce and Industry/ EVP of BOP	Supervisor of Panhsin Asset Management Co.,Ltd.
Supervisor	Yuan-Chi Investment Co.,Ltd. (Yi-Hsiung Chang)	Jul.01,2012	3	Jun.23,2009	20,210,750	2.11	83,210,750	7.53	-	-	Tamkang University/ President of Taiwan Land Bank	-

Position	Name	Date Appointed	Term Year	Date First Appointed	Shareholding When Elected		Current Shareholding		Shares Held by Spouse & Minor Children		Major Experience & Education	Current Positions
					Shares	%	Shares	%	Shares	%		
Supervisor	Shang-Che Chen	Jul.01,2012	3	Dec.27,1996	6,845,363	0.72	6,933,450	0.63	588,479	0.05	Chungyu Institute of Technology/ Supervisor of PCC	Director of Fu Da Stationery Printing Co.,Ltd./ Supervisor of Panhsin Insurance Brokers Co.,Ltd./ Shu Hsiang Yuan stationery shop person in charge/ Director of BOP Charity Foundation
Supervisor	Fu-Jing Investment Co.,Ltd. (Hsien-Tse Chiu)	Jul.01,2012	3	Jun.20,2006	20,393,872	2.13	83,393,872	7.54	-	-	National Taipei High School of Commerce/ Supervisor of PCC	-

Note :

1. Name in brackets means Representative.
2. Nationality or registered : Such persons are Republic of China.

(II) President, Vice Presidents and Major Managers

As of Mar. 02, 2015

Position	Name	Date Appointed	Shares Held		Shares Held by Spouse & Minor Children		Major Education
			Shares	%	Shares	%	
President	Ming-Kun Cheng	Sept.01,2013	27,808	0.00	0	0.00	Master of Management Dept., Feng Chia University
President	Wen-Lung Lin	Feb.17,2015	0	0.00	0	0.00	Business Management Dept., Taichung Commercial College
SEVP	Jia-Nan Fang	Sept.21,2006	17,386,354	1.57	9,110,400	0.82	Economic Dept., Soochow University
SEVP	Shih-Chi Wu	Sept.22,2014	42,224	0.00	57,486	0.01	Master of Management Dept., National Chengchi University
Chief Auditor	Fu-Chai Teng	Mar.01,2014	172,788	0.02	0	0.00	Business Administration Dept., National Chung Hsing University
EVP	Li-Chin Wei	Apr.21,2014	61,843	0.01	3,713	0.00	Business Administration Dept., Chihlee College of Business
VP & GM of Business Development Dept.	Hung-Ming Lin	Apr.21,2014	27,928	0.00	324	0.00	Master of Business Administration Dept., Andrews University
VP & GM of Human Resource Dept.	Ta-Huang Chen	Oct.27,2014	15,000	0.00	0	0.00	Master of Business Administration Dept., Fugen Catholic University
SVP & GM of Credit Marketing Dept.	Chien-Wen Li	Jul.21,2014	54,856	0.00	4,083	0.00	Master of Business Administration Dept., Stratford University
EVP & GM of Compliance Dept.	Wan-Fa Chen	Oct.01,2013	19,079	0.00	0	0.00	Master of Shipping Management Dept, Taiwan Ocean University
VP & GM of Administration Dept.	Chao-Chun Lin	Apr.21,2014	33,850	0.00	0	0.00	Accounting Dept., Feng Chia University
SVP & GM of Non-Performing Loans Management Dept.	Ko-Han Liu	Jan.21,2013	64,921	0.01	744	0.00	Banking & Insurance Dept., Open Business College Affiliated With NTCB
SVP & GM of International Banking Dept & Offshore Banking Branch	Shing-Fen Lin	Mar.26,2008	27,352	0.00	0	0.00	Master of International Finance Dept., Birmingham University
SVP & GM of Wealth Management Dept.	Hui-Mei Liu	Jan.26,2015	96,195	0.01	0	0.00	Information Dept., Open Business College Affiliated With NTCB
SVP & GM of Trust Dept	Jung-Tien Hsiao	May.02,2007	30,000	0.00	0	0.00	Master of Economics Dept., National Taiwan University
SVP & GM of Treasury Dept	Feng-Jung Lee	Apr.02,2007	56,492	0.01	77,563	0.01	Statistics Dept., National Cheng Kung University
SVP & GM of Risk Management Dept	Shu-Nu Yang	Nov.26,2008	29,452	0.00	0	0.00	Master of International Monetary Finance Dept., Birmingham University
VP & GM of Accounting Dept	Chiung-Chi Huang	Aug.01,2011	32,000	0.00	0	0.00	Accounting & Statistics Dept., Chihlee College of Business
SVP & GM of Information Systems Dept	Mao-Sen Kao	Jan.01,2009	119,719	0.01	10,062	0.00	Business Administration Dept., National Taipei College of Business

Position	Name	Date Appointed	Shares Held		Shares Held by Spouse & Minor Children		Major Education
			Shares	%	Shares	%	
SVP & GM of General Affairs Dept	A-Ren Lai	Feb.01,2010	85,278	0.01	89,635	0.01	Business Dept., Open Business College Affiliated With NTCB
VP & GM of Centralized Work Center	Chun-Lian Lin	Jul.26,2010	105,000	0.01	20,000	0.00	Business Dept., Song Shan High School of Commerce and Home Economics
EVP & GM of Domestic Banking Dept	Hsin-Mao Huang	Jan.21,2013	79,453	0.01	354	0.00	Accounting Dept., Fu-Jen Catholic University
SVP & GM of Banqiao Branch	Hua-Yi Guo	Jan.26,2015	87,967	0.01	0	0.00	Business Dept., Yu-Dah High School of Commerce
VP & GM of Houpu Branch	Wen-Chin Wang	Jan.19,2012	58,105	0.01	0	0.00	Taipei Senior High School of Commerce
SVP & GM of Yonghe Branch	Yu-Tze Yo	Jan.21,2013	10,000	0.00	0	0.00	International Trade Dept., Soochow University
EVP & GM of Puqian Branch	Jhih-Wen Lin	Apr.21,2014	116,583	0.01	0	0.00	Business Administration Dept., Hsing-Wu College of Business
VP & GM of Huajiang Branch	Yi-Min Wang	Jan.26,2015	553,498	0.05	13,691	0.00	International Trade Dept., Chihlee College of Business
VP & GM of Minzu Branch	Te-Wei Li	Jan.26,2015	45,972	0.00	0	0.00	Theatre Arts Dept., Chinese Culture University
SVP & GM of Zhonghe Branch	De-Guo Lin	Jan.21,2013	424,520	0.04	487	0.00	Banking & Insurance Dept., Hsing-Wu College of Business
VP & GM of Tucheng Branch	Ping-Hung Tsao	Jan.27,2014	39,460	0.00	5,993	0.00	Master of Economics Dept., Chinese Culture University
AVP & GM of Wenhua Branch	Mei-Ling Ho	Nov.24,2014	38,254	0.00	47,582	0.00	Business Administration Dept., Chihlee College of Business
AVP & GM of Daguan Branch	Su-Ching Chien	Jul.21,2014	13,000	0.00	0	0.00	Statistics Dept., Feng Chia University
VP & GM of Xingnan Branch	Hsien-Chang Chiang	Jul.21,2014	0	0.00	0	0.00	Cooperative Economics Dept., National Chung Hsing University
VP & GM of Fuhe Branch	Shu-Min Liu	Jan.27,2014	27,000	0.00	0	0.00	Application Commercial Science Dept., Open Business Bollege Affiliated With NTCB
VP & GM of Xiulang Branch	Pei-Yu Weng	Jan.27,2014	15,000	0.00	0	0.00	Financial Management Dept., Chengchi University
VP & GM of Xinzhuang Branch	Jhao-Mao Kao	Jan.27,2014	42,352	0.00	0	0.00	Cooperative Economics Dept., National Chung Hsing University
SVP & GM of Yuanshan Branch	Shu-Quan Wei	Jan.21,2013	101,955	0.01	3,578	0.00	Banking & Insurance Dept., National Taipei College of Business
SVP & GM of Shulin Branch	Lai-Wang Lin	Jan.26,2015	310,000	0.03	160,000	0.01	Accounting & Statistics Dept., National Taipei College of Business
SVP & GM of Jincheng Branch	Da-Hu Yu	Jan.26,2015	17,000	0.00	0	0.00	Business Administration Dept., Tamkang University
SVP & GM of Xindian Branch	Wun-Huei Chou	Jan.21,2013	25,000	0.00	0	0.00	Economics Dept., National Chung Hsing University
VP & GM of Zhongzheng Branch	Yao-Tsung Liu	Jan.21,2013	51,443	0.00	0	0.00	National Hsinchu Commercial & Vocational High School

Position	Name	Date Appointed	Shares Held		Shares Held by Spouse & Minor Children		Major Education
			Shares	%	Shares	%	
SVP & GM of Luchou Branch	Wan-Ji Chen	Jan.26,2015	129,414	0.01	29,491	0.00	Business Administration Dept., Chihlee College of Business
SVP & GM of Sanchong Branch	Chih-Cheng Nieh	Jul.21,2014	0	0.00	0	0.00	Business Administration Dept., Feng Chia University
VP & GM of Songjiang Branch	Ming-Chou Tsai	Jan.27,2014	22,000	0.00	0	0.00	Statistics Dept., Tamkang University
SVP & GM of Xinyi Branch	Mou Cheng	Jan.26,2015	53,634	0.00	0	0.00	Economic Dept., Fu-Jen Catholic University
VP & GM of Minsheng Branch	Chin-Po Liu	Jan.26,2015	37,749	0.00	0	0.00	Finance Dept., Takming University of Science and Technology
VP & GM of Bade Branch	Jui-Tien Chen	Jan.26,2015	61,655	0.01	0	0.00	Industrial Management Dept., National Taipei University Technology
SVP & GM of Neihu Branch	Shui-I Chang	Apr.21,2014	41,000	0.00	0	0.00	Master of Agricultural Economics Dept., National Taiwan University
SVP & GM of Ruiguang Branch	Chun-An Chen	Jan.30,2015	0	0.00	0	0.00	Banking Dept., Tamkang University
SVP & GM of Taoyuan Branch	Jun-Wei Wang	Jan.21,2013	34,051	0.00	0	0.00	Business Administration Dept., Tam Shul College
VP & GM of Taoying Branch	Yi-Chang Kao	Jul.25,2011	18,000	0.00	0	0.00	Information Management Dept., Chung Yuan Christian University
SVP & GM of Longgang Branch	Bo-Cheng Hsu	Jan.21,2013	69,900	0.01	0	0.00	Economics Dept., Chinese Culture University
SVP & GM of Hsinchu Branch	Shih-Ming Lin	Jan.21,2013	57,401	0.01	0	0.00	Business Dept., YPU
SVP & GM of Taichung Branch	Yong-Lun Li	Jan.26,2015	87,157	0.01	0	0.00	Business Administration Dept., Taichung College of Business
VP & GM of North Taichung Branch	Tsung-Hsin Li	Jan.26,2015	46,879	0.00	0	0.00	Accounting Dept., National Cheng Kung University
AVP & GM.of Chiayi Branch	Chih-Te Chen	Jan.19,2012	15,460	0.00	0	0.00	Cooperative Economics Dept., Tamkang University
AVP & GM of Junhui Branch	Hung-Chang Chiang	Jan.19,2012	10,000	0.00	0	0.00	Finance Dept., Tatung Institute of Technology
AVP & GM of Tainan Branch	Chin-Chu Wu	Jan.26,2015	5,000	0.00	0	0.00	International Trade Dept., Feng Chia University
SVP & GM of Chenggong Branch	Tun-Jen Lin	Jan.26,2015	15,000	0.00	0	0.00	Master of Graduate Institute of Business, Nation Chiayi University
VP & GM of Dan Feng Branch	Jung-Fang Hsien	Mar.02,2015	0	0.00	0	0.00	Accounting Dept., Feng Chia University
VP & GM of Xiaogang Branch	Shou-Yao Chen	Apr.22,2013	70,000	0.01	0	0.00	Banking & Insurance Dept., China Institute of Technology
EVP & GM of Xinxing Branch	Chi-Hsun Chang	Oct.27,2014	101,854	0.01	0	0.00	Master of Economics Dept., National Taiwan University
VP & GM of Qianzhen Branch	Hsien-Chin Kuo	Jan.19,2012	20,000	0.00	0	0.00	Finance Dept., Shih Chien University
VP & GM of Yangming Branch	Jiunn-Fu Chen	Oct.08,2010	55,000	0.00	0	0.00	Business Dept., Kuo Chi Senior Vocational High School of Commerce and Technology
VP & GM of Kaoxinzhuang Branch	Ta-Hui Tsai	Jan.19,2012	17,000	0.00	0	0.00	Business Dept., National Taiwan University
AVP & GM of Luodong Branch	Po-Kun Wang	Jan.26,2015	0	0.00	0	0.00	Master of Finance Dept., Ming Chuan University

Position	Name	Date Appointed	Shares Held		Shares Held by Spouse & Minor Children		Major Education
			Shares	%	Shares	%	
VP & GM of Beixin Branch	Heng-Yu Chang	Jan.26,2015	10,000	0.00	0	0.00	Master of Management Dept., National Chengchi University
VP & GM of Mengchia Branch	Hsien-Ming Chiu	Jul.21,2014	0	0.00	0	0.00	Yu Da High School of Commerce and Home Economics
VP & GM of Hsinglung Branch	Shang-Te Chiang	Jan.12,2015	0	0.00	0	0.00	Master of Economics Dept., Chengchi University
VP & GM of Shuangyuan Branch	Kun-Ming Wang	Jul.21,2014	0	0.00	0	0.00	KaiNan High School of Commerce and Industry
AVP & GM of Hsimen Branch	Wei-Feng Liao	Jul.21,2014	0	0.00	3,795	0.00	Yu Da High School of Commerce and Home Economics
AVP & GM of Kuting Branch	Chiang-Ho Chen	Jul.21,2014	0	0.00	0	0.00	Business Administration Dept., Takming University of Science and Technology
VP & GM of Antung Branch	Cheng-Lung Lin	Jan.26,2015	5,877	0.00	0	0.00	Statistics Dept., Tamkang University
VP & GM of Sungshan Branch	Ping-Chou Hung	Jul.21,2014	11,037	0.00	0	0.00	Yu Da High School of Commerce and Home Economics
AVP & GM of Shinlin Branch	Ching-Yun Tsai	Jul.21,2014	0	0.00	0	0.00	Yu Da High School of Commerce and Home Economics
SVP & GM of Tunghu Branch	Yi-Cheng Su	Jul.21,2014	0	0.00	0	0.00	English Dept., Fujen Catholic University
VP & GM of Anho Branch	Kai-Ming Wu	Mar.02,2015	52,815	0.00	0	0.00	Accounting & Statistics Dept., National Taipei College of Business
VP & GM of Kuangfu Branch	Wei-Feng Chao	Jul.21,2014	0	0.00	0	0.00	Song Shan High School of Commerce and Home Economics
AVP & GM of Shuanglien Branch	Pi-Chuan Hsu	Nov.24,2014	40,000	0.00	0	0.00	Accounting Dept., Soochow University
VP & GM of Chungching Branch	Ko-Lung Wu	Nov.24,2014	155,466	0.01	52,028	0.00	Business Administration Dept., Chihlee College of Business
AVP & GM of Mucha Branch	Sung-Lin Chiang	Jul.21,2014	0	0.00	0	0.00	Kai Ping High School of Commerce and Industry
AVP & GM of Huannan Branch	Fang-Ming Huang	Jul.21,2014	26,000	0.00	401	0.00	Business Administration Dept., Chihlee College of Business
VP & GM of Tachih Branch	Fu-Shan Lu	Nov.24,2014	382,262	0.03	28,667	0.00	Business Administration Dept., Tamkang University
AVP & GM of Wanta Branch	Hsien-Tsung Cheng	Nov.24,2014	10,000	0.00	0	0.00	Mathematics Dept., Chung Yuan Christian University
SVP & GM of Yungchun Branch	Shih-Yang Chien	Mar.02,2015	0	0.00	0	0.00	Finance Dept., Tamkang University

Note : Nationality or registered : The above are registered in Republic of China.

III 、The Changes in Shareholding

(I) Changes in Shareholdings of Directors, Supervisors, Executive Officers, and Shareholders conform to the Regulations Governing a Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank, Article 11

As of Mar.31, 2015

Title	Name	2014		As of Mar.31,2015	
		Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)	Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)
Chairman (Substantial shareholders)	Ping-Hui Liu	(9,050,000)	30,000,000 (55,380,000)	-	-
Representative of Corporate Director (Substantial shareholders)	Mei-Yun Liao	(41,453,000)	27,200,000 (88,713,000)	3,578	-
Corporate Director (Substantial shareholders)	San Light Construction Co.,Ltd	29,900,000	13,000,000	-	-
Corporate Supervisor (Substantial shareholders)	Yuan-Chi Investment Co.,Ltd.	63,000,000	80,610,000 (25,390,000)	-	-
Corporate Supervisor (Substantial shareholders)	Fu-Jing Investment Co.,Ltd.	63,000,000	63,000,000 (10,260,000)	5,639,509	-
Corporate Director (Substantial shareholders)	Bai-Yuan Investment Co.,Ltd.	9,178,251	(9,178,251)	-	-
The same person or related parties held by the same bank issued the total number of voting shares of a certain percentage of Article 11 of the Measures for the Administration should declare options (Substantial shareholders)	Shan Hui Construction Co.,Ltd	-	34,487,000 (69,924,000)	-	12,000,000
The same person or related parties held by the same bank issued the total number of voting shares of a certain percentage of Article 11 of the Measures for the Administration should declare options	Tien Lu Construction Co.,Ltd	-	-	241,465	-
Representative of Corporate Director	Chung-Liang Chen	100,000	(3,500,000)	-	-
Representative of Corporate Director	Sheng- Hong Shao	877,948	-	-	-
Resident Supervisor	Chin-E Yeh	(2,000,000)	-	-	-
Supervisor	Shang-Che Chen	(100,000) 100,000	-	-	-
Director	Lin-Long Chien	1,026,471	-	-	(6,500,000)
Director	Yao-Chih Chu	-	-	612,127	-
Director	Lai-Wei Liu	-	-	(2,000,000)	-

Title	Name	2014		As of Mar.31,2015	
		Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)	Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)
Managing Director	Dao-Ming Kuo	300,000	-	-	-
The same person or related parties held by the same bank issued the total number of voting shares of a certain percentage of Article 11 of the Measures for the Administration should declare options (Substantial shareholders)	Ching-Ching Investment Co.,Ltd.	20,603,000	22,103,000 (18,160,000)	-	-
	Ko-Huang Liao	1,340	-	-	-
The same person or related parties held by the same bank issued the total number of voting shares of a certain percentage of Article 11 of the Measures for the Administration should declare options	Chao-Tung Liu	23,300	-	-	-
	Ssu-Hui Liu	-	-	30,100	-
The same person or related parties held by the same bank issued the total number of voting shares of a certain percentage of Article 11 of the Measures for the Administration should declare options	Hsin-Hui Construction Co.,Ltd	-	1,000,000 (1,000,000)	-	-
	Ming-Kun Cheng	27,808	-	-	-
SEVP	Jia-Nan Fang	42,930	17,300,000 (17,300,000)	-	5,000,000 (5,800,000)
Chief Auditor	Fu-Chai Teng	42,930	-	-	-
EVP	Li-Chin Wei	41,091	-	-	-
EVP & GM	Jhih-Wen Lin	47,865	-	-	-

Title	Name	2014		As of Mar.31,2015	
		Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)	Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)
EVP & GM	Hsin-Mao Huang	40,000	-	-	-
EVP & GM	Chi-Hsun Chang	46,042	-	-	-
EVP & GM	Wan-Fa Chen	19,079	-	-	-
SVP & GM	Shing-Fen Lin	10,000	-	-	-
VP & GM	Yi-Min Wang	528,620	-	-	-
SVP & GM	A-Ren Lai	39,811	-	-	-
SVP & GM	Feng-Jung Lee	36,248	-	-	-
VP & GM	Chiung-Chi Huang	10,000	-	-	-
SVP & GM	Jung-Tien Hsiao	30,000	-	-	-
SVP & GM	Mao-Sen Kao	30,000	-	-	-
VP & GM	Yao-Tsung Liu	31,443	-	-	-
VP & GM	Chao-Chun Lin	23,850	-	-	-
SVP & GM	Tun-Jen Lin	30,879	-	-	-
SVP & GM	Hua-Yi Guo	40,144	-	-	-
VP & GM	Yi-Chang Kao	13,000	-	-	-
SVP & GM	Wan-Ji Chen	17,000	-	-	-
SVP & GM o	Shu-Nu Yang	10,000	-	-	-
SVP & GM	Hui-Mei Liu	36,983	-	-	-
SVP & GM	Bo-Cheng Hsu	37,900	-	-	-
SVP & GM	Jun-Wei Wang	15,000	-	-	-
AVP & GM	Chih-Te Chen	1,000	-	-	-
SVP & GM	Ko-Han Liu	33,390	-	-	-
SVP & GM	Hsi-Huang Chang	33,389	-	-	-
VP & GM	Ta-Hui Tsai	10,000	-	-	-
VP & GM	Ko-Lung Wu	7,000	-	-	-
SVP & GM	Chien-Wen Li	36,046	-	-	-
VP & GM	Kai-Ming Wu	3,000	-	-	-

Title	Name	2014		As of Mar.31,2015	
		Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)	Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)
VP & GM	Wen-Chin Wang	32,268	-	-	-
VP & GM	Hsien-Chin Kuo	10,000	-	-	-
VP & GM	Shu-Min Liu	10,000	-	-	-
SVP & GM	Lai-Wang Lin	38,112	-	-	-
VP & GM	Chun-Lian Lin	12,000	-	-	-
VP & GM	Jiunn-Fu Chen	10,374	-	-	-
SVP & GM	Yong-Lun Li	40,044	-	-	-
SVP & GM	Shih-Ming Lin	36,361	-	-	-
VP & GM	Jui-Tien Chen	28,620	-	-	-
SVP & GM	Da-Hu Yu	12,000	-	-	-
VP & GM	Pei-Yu Weng	10,000	-	-	-
VP & GM	Tsung-Hsin Lin	30,339	-	-	-
SVP & GM	Mou Cheng	33,390	-	-	-
AVP & GM	Hung-Chang Chiang	5,000	-	-	-
SVP & GM	Yu-Yi Hung	12,000	-	-	-
SVP & GM	Tun-Jen Lin	5,000	-	-	-
VP & GM	Ming-Kung Tsai	10,000	-	-	-
SVP & GM	Wun-Huei Chou	10,000	-	-	-
SVP & GM	Yu-Tze Yo	6,000	-	-	-
VP & GM	Ming-Chou Tsai	12,000	-	-	-
VP & GM	Te-Wei Li	28,620	-	-	-
VP & GM	Hung-Ming Lin	10,000	-	-	-
VP & GM	Jhao-Mao Kao	25,000	-	-	-
SVP & GM	Shui-I Chang	10,000	-	-	-
SVP & GM	De-Guo Lin	15,000	-	-	-
VP & GM	Shou-Yao Chen	6,718	-	-	-
VP & GM	Chin-Po Liu	29,749	-	-	-

Title	Name	2014		As of Mar.31,2015	
		Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)	Increments of Common Stock Held(Less)	Increments of Common Stock Pledged(Less)
SVP & GM	Shu-Quan Wei	41,875	-	-	-
VP & GM	Ping-Hung Tsao	20,000	-	-	-
VP & GM	Cheng-Lung Lin	3,899	-	-	-

(II) Transfer in Shareholdings

As of Mar.31, 2015

Name	Reason for Transferring	Transaction Date	Transaction Party	Shares	Trading Price (Dollar)
Ping-Hui Liu	Prosecuted	Sep.02,2014	San Light Construction Co.,Ltd	3,000,000	10.00
Ping-Hui Liu	Prosecuted	Oct.22,2014	San Light Construction Co.,Ltd	6,050,000	10.00
Mei-Yun Liao	Prosecuted	Aug.01,2014	Ching-Ching Investment Co.,Ltd.	20,603,000	9.80
Mei-Yun Liao	Prosecuted	Sep.02,2014	San Light Construction Co.,Ltd	10,000,000	9.80
Mei-Yun Liao	Prosecuted	Oct.22,2014	San Light Construction Co.,Ltd	10,850,000	9.80
Mei-Yun Liao	Acquire	Jan.23,2015	Chia-Peng Liao	3,578	8.45
Shang-Che Chen	Prosecuted	Jul.29,2014	Tzu-Ying Chen	50,000	10.75
Shang-Che Chen	Prosecuted	Jul.29,2014	Ying-Chih Chen	50,000	10.75
Chin-E Yeh	Prosecuted	Nov.14,2014	Li-Yu Yeh Kuo	1,000,000	7.00
Chin-E Yeh	Prosecuted	Nov.26,2014	Li-Yu Yeh Kuo	1,000,000	6.00
Lai-Wei Liu	Prosecuted	Jan.30,2015	Jin Annian Construction Co.,Ltd.	2,000,000	12.13
Yao-Chih Chu	Acquire	Jan.15,2015	Cheng-Hung Wu	27,000	8.60
Yao-Chih Chu	Acquire	Jan.15,2015	Shin-Min Yang	30,000	8.30
Yao-Chih Chu	Acquire	Jan.15,2015	Hsueh-Ju Liao	45,000	8.60
Yao-Chih Chu	Acquire	Jan.15,2015	Chia-Ying Su	82,000	8.60
Yao-Chih Chu	Acquire	Jan.15,2015	Chien-Hui Liao	67,000	8.60
Yao-Chih Chu	Acquire	Jan.15,2015	Cheng-Tung Liao	170,000	8.60
Yao-Chih Chu	Acquire	Jan.22,2015	Cheng-Hung Wu	144,000	8.60

Name	Reason for Transferring	Transaction Date	Transaction Party	Shares	Trading Price (Dollar)
Yao-Chih Chu	Acquire	Feb.04,2015	Ming-Fa Liu	41,704	8.40
Yao-Chih Chu	Acquire	Feb.09,2015	Ming-Fa Liu	5,423	8.40
Yi-Min Wang	Acquire	Jun.19,2014	Yi-Sheng Yeh	500,000	7.50
Bai-Yuan Investment Co.,Ltd.	Acquire	Jul.25,2014	Taiwan Industrial Bank fiduciary trust property account	9,178,251	0.00
Fu-Jing Investment Co.,Ltd.	Acquire	Jul.25,2014	Taiwan Industrial Bank fiduciary trust property account	63,000,000	0.00
Fu-Jing Investment Co.,Ltd.	Acquire	Mar.11,2015	Hung Wei Construction Co.,Ltd.	20,000	8.50
Fu-Jing Investment Co.,Ltd.	Acquire	Mar.11,2015	Jui-Chin Chang	2,905,025	8.50
Fu-Jing Investment Co.,Ltd.	Acquire	Mar.11,2015	Chang-E Yang	1,881,624	8.50
Fu-Jing Investment Co.,Ltd.	Acquire	Mar.11,2015	Ting-Yu Chang	349,930	8.50
Fu-Jing Investment Co.,Ltd.	Acquire	Mar.11,2015	Wen-Kuei Chang	482,930	8.50
Tien Lu Construction Co.,Ltd.	Acquire	Mar.11,2015	Yu-Hsien Chang	241,465	8.50
Yuan-Chi Investment Co.,Ltd.	Acquire	Jul.25,2014	Taiwan Industrial Bank fiduciary trust property account	63,000,000	0.00
Chao-Tung Liu	Acquire	Sep.11,2014	Management authority National Property Department, North Branch ROC.	23,300	10.00
Ssu-Hui Liu	Acquire	Jan.20,2015	Management authority National Property Department, North Branch ROC.	30,100	9.63

(III) Pledge in Shareholdings

As of Mar.31, 2015

Name	Reason for Pledging	Changing Date	Transaction Party	Shares
Chung-Liang Chen	Redeem	Jul.31,2014	Yuanta Bank	3,500,000
Ping-Hui Liu	Redeem	Jan.07,2014	King's Town Bank	16,000,000
Ping-Hui Liu	Pledge	Jan.07,2014	Cosmos Bank	13,000,000
Ping-Hui Liu	Redeem	Mar.28,2014	Far Eastern International Bank	6,050,000
Ping-Hui Liu	Redeem	Apr.11,2014	Union Bank of Taiwan	1,140,000
Ping-Hui Liu	Redeem	Sep.02,2014	Cosmos Bank	3,000,000
Ping-Hui Liu	Redeem	Oct.21,2014	Union Bank of Taiwan	22,000,000
Ping-Hui Liu	Redeem	Oct.21,2014	Taichung Commercial Bank	6,050,000
Ping-Hui Liu	Pledge	Oct.21,2014	Taichung Commercial Bank	17,000,000
Ping-Hui Liu	Redeem	Dec.22,2014	Taishin Bank	1,140,000
Mei-Yun Liao	Redeem	Jan.07,2014	King's Town Bank	8,000,000
Mei-Yun Liao	Pledge	Jan.07,2014	Cosmos Bank	8,000,000
Mei-Yun Liao	Redeem	Mar.28,2014	Yuanta Bank	10,860,000
Mei-Yun Liao	Redeem	Apr.11,2014	Union Bank of Taiwan	21,200,000
Mei-Yun Liao	Pledge	Apr.16,2014	Taishin Bank	14,000,000
Mei-Yun Liao	Redeem	Jul.31,2014	Yuanta Bank	13,403,000
Mei-Yun Liao	Redeem	Jul.31,2014	Cathay United Commercial Bank	7,200,000
Mei-Yun Liao	Redeem	Sep.02,2014	Taichung Leasing business Co.,Ltd.	10,000,000
Mei-Yun Liao	Redeem	Oct.21,2014	Taichung Commercial Bank	10,850,000
Mei-Yun Liao	Redeem	Dec.22,2014	Taishin Bank	7,200,000
Mei-Yun Liao	Pledge	Dec.22,2014	Mega International Commercial Bank	5,200,000
Jia-Nan Fang	Redeem	Jan.07,2014	King's Town Bank	5,800,000
Jia-Nan Fang	Pledge	Jan.07,2014	Cosmos Bank	5,800,000
Jia-Nan Fang	Redeem	Dec.22,2014	Bank SinoPac	11,500,000
Jia-Nan Fang	Pledge	Dec.22,2014	Mega International Commercial Bank	11,500,000
Jia-Nan Fang	Redeem	Mar.27,2015	Cosmos Bank	5,800,000
Jia-Nan Fang	Pledge	Mar.27,2015	Ta Chong Commercial Bank	5,000,000
Lin-Long Chien	Redeem	Mar.13,2015	Cathay United Commercial Bank	6,500,000
Fu-Jing Investment Co.,Ltd.	Pledge	Jul.25,2014	Industrial Bank	63,000,000
Fu-Jing Investment Co.,Ltd.	Redeem	Sep.30,2014	Far Eastern International Bank	10,260,000
Hsin-Hui Construction Co.,Ltd	Redeem	May.15,2014	Yuanta Bank	1,000,000
Hsin-Hui Construction Co.,Ltd	Pledge	May.15,2014	Fina Finance & Trading Co.,Ltd.	1,000,000
Yuan-Chi Investment Co.,Ltd.	Pledge	Jul.25,2014	Industrial Bank	63,000,000
Yuan-Chi Investment Co.,Ltd.	Redeem	Aug.01,2014	King's Town Bank	20,000,000
Yuan-Chi Investment Co.,Ltd.	Pledge	Aug.11,2014	Ta Chong Commercial Bank	14,610,000

Name	Reason for Pledging	Changing Date	Transaction Party	Shares
Yuan-Chi Investment Co.,Ltd.	Redeem	Sep.11,2014	Far Eastern International Leasing Corp.	5,390,000
Yuan-Chi Investment Co.,Ltd.	Pledge	Sep.11,2014	Shin Kong Commercial Bank	3,000,000
San Light Construction Co.,Ltd	Pledge	Sep.02,2014	Taichung Leasing business Co.,Ltd.	10,000,000
San Light Construction Co.,Ltd	Pledge	Sep.02,2014	Cosmos Bank	3,000,000
Shan-Hui Construction Co.,Ltd	Redeem	May.15,2014	Yuanta Bank	12,600,000
Shan-Hui Construction Co.,Ltd	Redeem	May.15,2014	Mega Bills Finance	400,000
Shan-Hui Construction Co.,Ltd	Pledge	May.15,2014	Fina Finance & Trading Co.,Ltd.	12,600,000
Shan-Hui Construction Co.,Ltd	Redeem	Jul.31,2014	China Bill Finance	10,098,000
Shan-Hui Construction Co.,Ltd	Redeem	Jul.31,2014	Hwa Tai Bank	9,590,000
Shan-Hui Construction Co.,Ltd	Redeem	Aug.01,2014	King's Town Bank	14,215,000
Shan-Hui Construction Co.,Ltd	Pledge	Aug.01,2014	En Tie Bank	7,272,000
Shan-Hui Construction Co.,Ltd	Redeem	Aug.11,2014	Fina Finance & Trading Co.,Ltd.	400,000
Shan-Hui Construction Co.,Ltd	Pledge	Aug.11,2014	Ta Chong Commercial Bank	4,410,000
Shan-Hui Construction Co.,Ltd	Redeem	Sep.11,2014	Far Eastern International Leasing Corp.	10,205,000
Shan-Hui Construction Co.,Ltd	Pledge	Sep.11,2014	Shin Kong Commercial Bank	10,205,000
Shan-Hui Construction Co.,Ltd	Redeem	Dec.22,2014	En Tie Bank	12,416,000
Shan-Hui Construction Co.,Ltd	Pledge	Mar.27,2015	Fina Finance & Trading Co.,Ltd.	12,000,000
Bai-Yuan Investment Co.,Ltd.	Redeem	Sep.30,2014	Industrial Bank	9,178,251
Ching-Ching Investment Co.,Ltd.	Redeem	Jul.31,2014	Yuanta Bank	1,500,000
Ching-Ching Investment Co.,Ltd.	Pledge	Aug.01,2014	En Tie Bank	5,443,000
Ching-Ching Investment Co.,Ltd.	Redeem	Dec.09,2014	En Tie Bank	16,660,000
Ching-Ching Investment Co.,Ltd.	Pledge	Dec.09,2014	Yuanta Bank	14,260,000
Ching-Ching Investment Co.,Ltd.	Pledge	Dec.22,2014	Mega International Commercial Bank	2,400,000

IV 、Information Disclosing the Relationship between any of the Bank's Top 10 Shareholders

As of Dec. 31, 2014

Name	Shares Held		Shares Held by Spouse & Minor Children		Inter-Relations	
	Shares	%	Shares	%	Name	Relation
Fu-Jing Investment Co.,Ltd. (Wei-Ren Liao)	83,393,872 -	7.54 -	- -	- -	-	-
Yuan-Chi Investment Co.,Ltd. (Mei-Yun Liao)	83,210,750 29,229,397	7.53 2.64	- 36,142,606	- 3.27	Mei-Yun Liao Ping-Hui Liu San Light Construction Co.,Ltd	Chairman Director Chairman of the board for the same person
Shan-Hui Construction Co.,Ltd (Chao-Tung Liu)	59,354,361 156,676	5.37 0.01	- -	- -	Me-Yun Liao Ping-Hui Liu	Second-degree relatives
Ping-Hui Liu	36,142,606	3.27	29,229,397	2.64	Yuan- Chi Investment Co.,Ltd. Shan Hui Construction Co.,Ltd (Chao-Tung Liu) Mei-Yun Liao	Director Second-degree relatives Spouse
Bai-Yuan Investment Co.,Ltd. (Wei-Ren Liao)	33,178,251 -	3.00 -	- -	- -	Fu-Jing Investment Co.,Ltd.	Chairman of the board for the same person
San Light Construction Co.,Ltd (Mei-Yun Liao)	32,912,421 29,229,397	2.98 2.64	- 36,142,606	- 3.27	Me-Yun Liao Ping-Hui Liu Yuan- Chi Investment Co.,Ltd.	Chairman Director Chairman of the board for the same person
Mei-Yun Liao	29,229,397	2.64	36,142,606	3.27	Yuan-Chi Investment Co.,Ltd. San Light Construction Co.,Ltd Shan-Hui Construction Co.,Ltd (Chao-Tung Liu) Ping-Hui Liu	Chairman Chairman Second-degree relatives spouse
Ching-Ching Investment Co.,Ltd. (Chun-E Lin)	26,536,617 -	2.40 -	- 49,311	- -	Yuan-Mao Construction Co.,Ltd.	Chairman of the board for the same person
Yuan-Mao Construction Co.,Ltd. (Chun-E Lin)	20,010,500 -	1.81 -	- 49,311	- -	Ching-Ching Investment Co.,Ltd.	Chairman of the board for the same person
Jia-Nan Fang	17,386,354	1.57	9,110,400	0.82	-	-

V、Omnibus Shareholding Ratio

As of Dec. 31, 2014

Reinvested Business	BOP Investment		Directors, Supervisors, President, SEVP, EVP, SVP & GM, in charge of various departments and branches and the Bank, directly or indirectly control the cause of the investment		General Investment	
	Shares	%	Shares	%	Shares	%
Syun-Rueidu Development Co.,Ltd.	4,940,000	1.86	-	-	4,940,000	1.86
Financial Information Service Co.,Ltd.	5,118,750	1.14	-	-	5,118,750	1.14
Taiwan Depository & Clearing Co.,Ltd.	278,405	0.08	-	-	278,405	0.08
Sunny Asset Management Co.,Ltd.	69,180	1.15	-	-	69,180	1.15
TWMP Co.,Ltd.	300,000	0.55	-	-	300,000	0.55
Panhsin Insurance Broker Co.,Ltd.	3,095,400	100.00	-	-	3,095,400	100.00
Panhsin Asset Management Co.,Ltd.	54,000,000	81.82	12,000,000	18.18	66,000,000	100.00
Panhsin International Leasing Co., Ltd.	30,000,000	100.00	-	-	30,000,000	100.00

Fund-Raising Activities

I、Shares & Dividends

(I)Source of Capital

Unit : Thousand Shares/NT\$ Thousand

Date	Issuing Price(NT\$)	Authorized Capital		Paid-in Capital		Note	
		Shares	Amount	Shares	Amount	Capital Source	Others
Sep.1997	10	600,000	6,000,000	600,000	6,000,000	Note 1	-
Jun.2005	10	819,800	8,198,000	819,800	8,198,000	Note 2	-
Jul.2006	10	1,500,000	15,000,000	819,800	8,198,000	Note 3	-
Sep.2006	10	1,500,000	15,000,000	855,790	8,557,900	Note 3	-
Dec.2006	10	1,500,000	15,000,000	955,790	9,557,900	Note 4	-
May.2011	10	1,500,000	15,000,000	1,055,790	10,557,900	Note 5	-
Jun.2011	10	1,500,000	15,000,000	955,790	9,557,900	Note 5	-
May.2014	10	1,500,000	15,000,000	1,105,790	11,057,900	Note 6	-

Note 1 : The Panchiao Credit Cooperative(PCC) has transformed officially into a Commercial Bank.

Note 2 : Retained earning transferred to capital of NT\$198,000 thousand on Jun.20, 2005 as reference date. Approval note of Jin-Guan-Yin(3) No.0940015799 had been granted from Financial Supervisory Commission(FSC)on Jun.24, 2005.

Issuance of preferred stock for cash totaled NT\$1,000,000 thousand on Jun.22, 2005 as reference date.

Issuance of common stock for cash totaled NT\$1,000,000 thousand on Jun.24, 2005 as reference date.

Approval note of Jin-Guan-Yin(3) No.0938011560 had been granted from FSC on Sep.10, 2004.

Note 3 : A resolution has passed to amend bank's articles of incorporation and increased the authorized capital of up to NT\$15 billion in shareholders' meeting held on Jun.20, 2006.

Capital surplus transferred to capital of NT\$359,900 thousand on Sep.01, 2006 as reference date. Approval note of Jin-Guan-Yin(3) No.09500320330 had been granted from FSC on Jul.18, 2006.

Note 4 : Issuance of common stock for cash totaled NT\$1,000,000 thousand on Dec.28,2006 as reference date. Approval note of Jin-Guan-Zhen(1) No.09500439170 had been granted from FSC on Oct.03,2006,as well as Jin-Guan-Yin(3)No.0950150935 in Nov.14, 2006.

Note 5 : Issuance of common stock for cash totaled NT\$1,000,000 thousand on May.06, 2011 as reference date. Approval note of Jin-Guan-Zhen(fa) No.1000016060 had been granted from FSC on May.04, 2011. Preferred stock shares of NT\$1,000,000,000 were due on Jun.23,2011 and redeemed by money obtained from the new shares issued on May .06,2011.

Note 6 : Issuance of common stock for cash totaled NT\$1,500,000 thousand on May.27,2014 as reference date. Approval note of Jin-Guan-Zhen(1) No.1030009692 had been granted from FSC on Apr.11,2014.

Type \ Item	Authorized Capital (Thousand Shares)			Note
	Shares Outstanding	Unissued Shares	Total	
Common Stock	1,105,790	394,210	1,500,000	Became a Public Offered Company on Nov.14,2006

(II) Shareholder Structure

As of Dec. 31, 2014

Structure Quantity	Government Institutions	Financial Institutions	Domestic Institutions	Individuals	Foreign Institution & Foreigners	Total
Number of Shareholders	2	-	92	98,782	13	98,889
Number of Shares Held	654,377	-	359,594,236	744,227,879	1,313,508	1,105,790,000
Ratio of Share Holding(%)	0.06	-	32.52	67.31	0.11	100.00

(III) Distribution Breakdown of Shares Holding (Par Value of NT\$ 10)

As of Dec. 31, 2014

Shareholding Classifications	Number of Shareholders	Shares	Ratio(%)
1~999	73,390	25,404,816	2.30
1,000~5,000	13,570	39,817,049	3.60
5,001~10,000	2,810	18,719,638	1.69
10,001~15,000	2,023	24,128,020	2.18
15,001~20,000	492	8,481,070	0.77
20,001~ 30,000	3,859	90,609,796	8.19
30,001~ 50,000	825	31,068,250	2.81
50,001~100,000	1,349	83,975,145	7.59
100,001~200,000	276	36,807,324	3.33
200,001~400,000	122	34,227,292	3.10
400,001~600,000	42	21,078,031	1.91
600,001~800,000	38	25,802,769	2.33
800,001~1,000,000	21	19,162,059	1.73
1,000,001~	72	646,508,741	58.47
Total	98,889	1,105,790,000	100.00

(IV)Major Shareholders

As of Dec. 31, 2014

Major Shareholders	Item	Shares	Ratio (%)
	Fu-Jing Investment Co.,Ltd.	83,393,872	7.54
	Yuan-Chi Investment Co.,Ltd.	83,210,750	7.53
	Shan Hui Construction Co.,Ltd.	59,354,361	5.37
	Ping-Hui Liu	36,142,606	3.27
	Bai-Yuan Investment Co.,Ltd.	33,178,251	3.00
	San Light Construction Co.,Ltd	32,912,421	2.98
	Mei-Yun Liao	29,229,397	2.64
	Ching-Ching Investment Co.,Ltd.	26,536,617	2.40
	Yuan-Mao Construction Co.,Ltd	20,010,500	1.81
	Jia-Nan Fang	17,386,354	1.57

II 、 Issuance of Financial Bonds

As of Dec. 31, 2014

Types	8 th (Term) Financial Debenture	9 th (Term) Financial Debenture	10 th (Term) Financial Debenture
Date & No. Approved By Authority	Nov.14, 2008 Jin-Guan-Yin(3) No.09700438300	Nov.14, 2008 Jin-Guan-Yin(3) No.09700438300	Oct.07, 2010 Jin-Guan-Yin-He No.09900391970
Date of Issuance	Jun. 26, 2009	Oct. 22, 2009	Nov. 05, 2010
Par Value	NT\$10,000 thousand		
Currency	NT\$		
Offering Price	Par Value		
Total Amount	NT\$370,000 thousand	NT\$350,000 thousand	NT\$500,000 thousand
Interest Rate	Fixed : 3.00% Floating : 1 Yr Term Deposit Rate from the Chunghwa Post plus 1.70%		Fixed : 3.25%
Maturity	Term : 6 Years Date of Maturity : Jun. 26, 2015	Term : 6 Years Date of Maturity : Oct. 22, 2015	Term : 6 Years Date of Maturity : Nov. 05, 2016
Repayment Priority	Subordinate		
Certifying Financial Institute	-		
Repayment Method	Pay Off upon Maturity		
Unpaid Balance	-		
Paid-In Capital of Previous Year	NT\$9.558 billion (Including Preferred Stock)		
Net Worth of Previous Year	NT\$8,771,929 thousand		NT\$8,586,003 thousand
Constraints	The buyers and transferees are limited to banks, bill finance companies, trust enterprises, insurance companies, securities firms, specific persons who participate in capital consolidation plans, companies or funds whose total assets as recorded in the latest financial reports reviewed or perused by accountants exceed NT\$50 million, or trust property mentioned in a trust agreement concluded with a trust enterprise exceeds NT\$50 million.		
Ratio of applied shares and prior shares outstanding to prior year's final net worth(%)	44.81%	44.33%	45.88%
Consider as Qualified Capital and its Tiers	Yes, Tier II		
Credit Rating Agency, Date of Rating, and Rating	Taiwan Ratings Co. Jun. 15, 2009 tw BB+		Taiwan Ratings Co. Oct. 29, 2010 tw BB+

As of Dec. 31, 2014

Types	11 th (Term) Financial Debenture	12 th (Term) Financial Debenture
Date & No. Approved By Authority	Oct.06, 2011 Jin-Guan-Yin-He No.10000337280	Oct. 06, 2011 Jin-Guan-Yin-He No.10000337280
Date of Issuance	Dec. 02, 2011	Mar. 21, 2012
Par Value	NT\$10,000 thousand	
Currency	NT\$	
Offering Price	Par Value	
Total Amount	NT\$400,000 thousand	NT\$100,000 thousand
Interest Rate	Fixed : 3.00%	
Maturity	Term : 6 Years Date of Maturity : Dec. 02, 2017	Term : 6 Years Date of Maturity : Mar.21,2018
Repayment Priority	Subordinate	
Certifying Financial Institute	-	
Repayment Method	Pay Off upon Maturity	
Unpaid Balance	-	
Paid-In Capital of Previous Year	NT\$9.558 billion (Including Preferred Stock)	NT\$9.558 billion
Net Worth of Previous Year	NT\$8,601,944 thousand	NT\$7,868,190 thousand
Constraints	The buyers and transferees are limited to banks, bill finance companies, trust enterprises, insurance companies, securities firms, specific persons who participate in capital consolidation plans.	
Ratio of applied shares and prior shares outstanding to prior year's final net worth(%)	50.44%	35.07%
Consider as Qualified Capital and its Tiers	Yes, Tier II	
Credit Rating Agency, Date of Rating,and Rating	Taiwan Ratings Co. Dec. 02, 2011 tw BB+	Taiwan Ratings Co. Mar. 21, 2012 tw BB+

As of Dec. 31, 2014

Types	13 th (Term) Financial Debenture	14 th (Term) Financial Debenture
Date & No.Approved By Authority	Oct. 08, 2012 Jin-Guan-Yin-He No.10100319820	Mar. 28, 2014 Jin-Guan-Yin-He No.10300083390
Date of Issuance	Nov.12,2012	Jun.06,2014
Par Value	NT\$10,000 thousand	
Currency	NT\$	
Offering Price	Par Value	
Total Amount	NT\$700,000 thousand	NT\$3,000,000 thousand
Interest Rate	Fixed : 3.00%	Fixed : 3.00% Floating : 1 Yr Term Deposit Rate from the Chunghwa Post plus 1.50%
Maturity	Term : 6 Years Date of Maturity : Nov.12,2018	Term : 6 Years Date of Maturity : Jun.06,2020
Repayment Priority	Subordinate	
Certifying Financial Institute	-	
Repayment Method	Pay Off upon Maturity	
Unpaid Balance	-	
Paid-In Capital of Previous Year	NT\$9.558 billion	
Net Worth of Previous Year	NT\$7,868,190 thousand	NT\$9,816,689 thousand
Constraints	The buyers and transferees are limited to banks, bill finance companies, trust enterprises, insurance companies, securities firms, specific persons who participate in capital consolidation plans.	
Ratio of applied shares and prior shares outstanding to prior year's final net worth(%)	43.96%	58.06%
Consider as Qualified Capital and its Tiers	Yes, Tier II	
Credit Rating Agency, Date of Rating, and Rating	Taiwan Ratings Co. Nov. 05, 2012 tw BB+	Taiwan Ratings Co. Jun. 04, 2014 tw BB

Operations Overview

I. Business Categories

(I) Major Business & Its Relative Weight

1. Deposits Business

Unit : NT\$ Thousand

Item	2014		2013		Difference	
	Amount	Weight (%)	Amount	Weight (%)	Amount	Growth Rate (%)
Current Deposit	75,463,204	41.07	65,126,407	44.07	10,336,797	15.87
Checking Account	1,956,452	1.06	1,392,652	0.94	563,800	40.48
Demand Deposit	27,877,246	15.17	26,146,552	17.69	1,730,695	6.62
Demand Saving	45,629,506	24.83	37,587,204	25.43	8,042,302	21.40
Time Deposit	106,939,122	58.20	81,546,316	55.18	25,392,807	31.14
Time Deposit	30,886,395	16.81	21,323,811	14.43	9,562,584	44.84
Negotiable Certificates of Deposit	779,300	0.42	812,900	0.55	(33,600)	(4.13)
Regular savings deposits	75,273,427	40.97	59,409,605	40.20	15,863,822	26.70
Interest-Drawing Saving Deposit	65,441,816	35.62	51,809,731	35.06	13,632,085	26.31
Non-Interest-Drawing Time Saving Deposit	9,712,495	5.29	7,490,688	5.07	2,221,807	29.66
Installment Saving Deposit	119,116	0.06	109,186	0.07	9,930	9.09
Re-Deposit from Banks & Post Office	1,333,583	0.73	1,118,851	0.76	214,732	19.19
Total Deposit	183,735,909	100.00	147,791,574	100.00	35,944,335	24.32

Note : Total Deposit includes NT Dollars and Foreign Currency Deposit.

2. Loans Business

(1) Consumer finance (NT Dollars)

Unit : NT\$ Thousand

Item	2014		2013		Difference	
	Amount	Weight (%)	Amount	Weight (%)	Amount	Growth Rate (%)
Secured Overdraft	8,201	0.01	4,324	0.01	3,877	89.65
Short-Term Loan	519,112	0.85	523,650	1.09	(4,538)	(0.87)
Short-Term Secured Loan	4,862,160	7.97	6,789,492	14.18	(1,927,332)	(28.39)
Medium-Term Loan	1,349,419	2.21	508,157	1.06	841,263	165.55
Medium-Term Secured Loan	16,287,024	26.71	2,296,583	4.80	13,990,441	609.18
Long-Term Loan	418,173	0.69	540,702	1.13	(122,529)	(22.66)
Long-Term Secured Loan	37,540,558	61.56	37,214,199	77.73	326,358	0.88
Total Loan	60,984,647	100.00	47,877,108	100.00	13,107,539	27.38

(2) Corporate finance (NT Dollars)

Unit : NT\$ Thousand

Item	2014		2013		Difference	
	Amount	Weight (%)	Amount	Weight (%)	Amount	Growth Rate (%)
Overdraft	-	-	-	-	-	-
Short-Term Loan	10,936,346	18.74	9,269,818	19.18	1,666,529	17.98
Short-Term Secured Loan	9,480,360	16.25	10,467,436	21.66	(987,076)	(9.43)
Medium-Term Loan	8,280,193	14.19	6,802,596	14.08	1,477,597	21.72
Medium-Term Secured Loan	25,322,068	43.39	19,007,098	39.33	6,314,970	33.22
Long-Term Loan	305,361	0.52	218,159	0.45	87,203	39.97
Long-Term Secured Loan	4,029,817	6.91	2,556,117	5.29	1,473,699	57.65
Total Loan	58,354,145	100.00	48,321,223	100.00	10,032,922	20.76

3. Wealth Management & Trust Business

Unit : NT\$ Thousand

Item	2014		2013		Difference	
	Amount	Weight (%)	Amount	Weight (%)	Amount	Growth Rate (%)
Designated Purpose Trust Fund	149,004	26.00	125,972	29.23	23,032	18.28
Real Estate Trust	77,192	13.47	62,204	14.43	14,988	24.09
Other Trust	27,484	4.80	16,789	3.90	10,695	63.70
Subtotal	253,680	44.27	204,965	47.56	48,715	23.77
Insurance	319,370	55.73	226,027	52.44	93,343	41.30
Total	573,050	100.00	430,992	100.00	142,058	32.96

4.NPL Collection & Management

Unit : NT\$ Thousand

Item	2014	2013	Difference	
	Amount	Amount	Amount	Growth Rate (%)
Overdue Loans	1,148,863	1,252,172	(103,309)	(8.25%)

5.Foreign Exchange & International Banking

Unit : US\$ Thousand

Item	2014	2013	Difference	
	Amount	Amount	Amount	Growth Rate (%)
Import	418,529	388,921	29,608	7.61%
Export	175,017	141,199	33,818	23.95%
Outward Remittance	1,418,608	1,323,951	94,657	7.15%
Inward Remittance	1,649,997	1,692,243	(42,246)	(2.50%)
Total	3,662,151	3,546,314	115,837	3.27%
Foreign Deposit Outstanding	362,781	266,893	95,888	35.93%
Foreign Loan Outstanding (Including Investment)	297,589	233,965	63,624	27.19%

6. The variations of gravity by Main Business to Total Assets

Unit : NT\$ Thousand

Major Business	2014		2013	
	Amount	Ratio to Total Asset (%)	Amount	Ratio to Total Asset (%)
Total Asset	204,455,411	100.00	162,829,257	100.00
Loan & Advance	128,273,163	62.74	103,162,173	63.36
Due from Central Bank & Placement to Other Banks	32,260,996	15.78	33,542,534	20.59
Bills & Bonds & Security Investments	24,071,238	11.77	10,366,173	6.37
Other	19,850,014	9.71	15,758,377	9.68
Total Liability	192,790,591	94.29	153,012,568	93.97
Deposit & Remittance	181,967,628	89.00	146,574,270	90.02
Deposit by Central Bank & Other Banks	1,650,763	0.81	1,118,851	0.69
Financial Debenture Payable	5,420,000	2.65	2,939,000	1.80
Other	3,752,200	1.83	2,380,447	1.46

Note : The report adoption of IFRSs Consolidated financial statements.

7. The variations of gravity by Main Business to Total Net Income

Unit : NT\$ Thousand

Major Business	2014		2013	
	Amount	Ratio to Total Income (%)	Amount	Ratio to Total Income (%)
Net Interest Income	2,194,678	61.24	1,870,453	46.39
Net Fee Income	513,183	14.32	423,050	10.50
Financial Liability at Fair Value through Profit or Loss	55,116	1.54	(14,846)	(0.37)
Realized Gain (Loss) on Available for Sale Financial Asset	80,740	2.25	52,169	1.29
Investment Gain with Equity Method-Net	0	0.00	0	0.00
Translation Gain-Net	114,626	3.20	172,269	4.27
Asset Impairment Loss	(574)	(0.02)	383	0.01
Other Non-interest Income	626,042	17.47	1,528,215	37.91
Net Income	3,583,811	100.00	4,031,693	100.00

Note : The report adoption of IFRSs Consolidated financial statements.

II. Employee Information of Recent Two Years

Item		Mar. 31, 2015	2014	2013
Number of Employee	Employee	1,404	1,394	1,111
	Intern	25	25	20
	Total	1,429	1,419	1,131
Average Age		40.32	40.15	39.07
Average Seniority		9.76	9.70	11.30
Academic Distribution (%)	Master & Above	7.70	7.75	8.15
	University/College	81.38	81.25	84.13
	Senior High School	10.64	10.71	7.47
	Junior High School & Below	0.28	0.28	0.25

Financial Status

I · Brief Balance Sheets & Comprehensive Income Statements of Recent Five Years

(I) Brief Balance Sheets

1. IFRSs

(1) Consolidation

Unit : NT\$ Thousand

Item	Year	2014	2013	2012
Cash & Cash Equivalents				
Due from Central Bank & Placement to Other Banks		37,210,318	36,880,549	40,772,472
Financial Assets at Fair Value through Profit or Loss		4,679,723	557,936	714,318
Available for Sale - Financial Assets		14,711,668	8,900,515	6,671,543
Derivative financial Assets for hedging		-	-	-
Bills & Bonds Purchased under Agreements to Resell		3,926,169	199,781	1,299,002
Account Receivables - Net		1,556,966	1,527,932	904,964
Current income tax Assets		76,510	101,259	68,604
Assets to be disposed - Net		-	-	-
Loans & Advances - Net		128,273,163	103,162,173	97,333,371
Held-to-Maturity Financial Assets		753,678	707,940	713,084
Long-term Investment under Equity Method - Net		-	-	-
Restricted Assets		-	-	-
Other Financial Assets - Net		65,537	62,537	62,547
Real estate and equipment - Net		6,914,737	5,700,952	5,882,897
Investment Real Estate - Net		2,231,343	1,837,972	2,130,803
Intangible Assets - Net		2,464,359	1,463,675	1,511,896
Deferred income taxes Assets - Net		756,388	879,997	1,048,936
Other Assets		834,852	846,039	1,075,737
Total Assets		204,455,411	162,829,257	160,190,174
Deposits by Central Bank and Other Banks		1,650,763	1,118,851	1,112,671
Central Bank and Other Banks Financing		-	-	-
Financial Liabilities at Fair Value through Profit or Loss		962	11,997	6,863
Hedging derivative financial liabilities		-	-	-
Bills & Bonds Sold under Agreements to Repurchase		-	-	-
Payables		3,145,610	2,000,824	2,380,862
Current income tax liabilities		13,614	-	20,955
Liabilities directly associated with assets held for sale		-	-	-
Deposits & Remittances		181,967,628	146,574,270	145,304,922
Financial Debentures Payable		5,420,000	2,939,000	2,939,000

Preferred stock liability		-	-	-
Other financial liabilities		-	13,928	18,810
Liabilities ready		91,365	178,245	169,295
Deferred income tax liabilities		111,197	35,037	119,948
Other Liabilities		389,452	140,416	123,979
Total Liability	Before Distribution	192,790,591	153,012,568	152,197,305
	After Distribution	-	153,169,021	152,197,305
Attributable to the equity owners of the parent		11,664,820	9,816,689	7,992,869
Capital Stock	Before Distribution	11,057,900	9,557,900	9,557,900
	After Distribution	-	9,557,900	9,557,900
Legal Reserve		-	-	-
Retained Earning	Before Distribution	576,851	264,267	(1,621,620)
	After Distribution	-	107,814	(1,621,620)
Other Equity		30,069	(5,478)	56,589
Treasury stock		-	-	-
Non-controlling interest		-	-	-
Total Shareholders' Equity	Before Distribution	11,664,820	9,816,689	7,992,869
	After Distribution	-	9,660,236	7,992,869

(2)Individual

Unit : NT\$ Thousand

Item \ Year	2014	2013	2012
Cash & Cash Equivalents			
Due from Central Bank & Placement to Other Banks	37,187,724	36,877,989	40,769,917
Financial Assets at Fair Value through Profit or Loss	4,679,723	557,936	714,318
Available for Sale - Financial Assets	14,711,668	8,900,515	6,671,543
Derivative financial Assets for hedging	-	-	-
Bills & Bonds Purchased under Agreements to Resell	3,926,169	199,781	1,299,002
Account Receivables - Net	1,501,115	1,419,362	1,017,320
Current income tax Assets	69,614	94,365	68,579
Assets to be disposed - Net	-	-	-
Loans & Advances - Net	128,273,163	103,162,173	97,333,371
Held-to-Maturity Financial Assets	753,678	707,940	713,084
Long-term Investment under Equity Method - Net	555,412	259,808	178,446
Restricted Assets	-	-	-
Other Financial Assets - Net	65,537	62,537	62,547
Real estate and equipment - Net	6,911,428	5,700,779	5,882,670

Investment Real Estate - Net		2,215,464	1,821,843	2,048,406
Intangible Assets - Net		2,464,359	1,463,675	1,511,801
Deferred income taxes Assets - Net		756,388	879,997	1,048,936
Other Assets		799,736	813,192	988,899
Total Assets		204,871,178	162,921,892	160,308,839
Deposits by Central Bank and Other Banks		1,650,763	1,118,851	1,112,671
Central Bank and Other Banks Financing		-	-	-
Financial Liabilities at Fair Value through Profit or Loss		962	11,997	6,863
Hedging derivative financial liabilities		-	-	-
Bills & Bonds Sold under Agreements to Repurchase		-	-	-
Payables		3,137,455	1,988,282	2,372,007
Current income tax liabilities		-	-	-
Liabilities directly associated with assets held for sale		-	-	-
Deposits & Remittances		182,411,479	146,684,018	145,493,410
Financial Debentures Payable		5,420,000	2,939,000	2,939,000
Preferred stock liability		-	-	-
Other financial liabilities		-	13,928	18,810
Liabilities ready		91,365	178,245	169,295
Deferred income tax liabilities		111,197	35,037	119,948
Other Liabilities		383,137	135,845	83,966
Total Liability	Before Distribution	193,206,358	153,105,203	152,315,970
	After Distribution	-	153,261,656	152,315,970
Attributable to the equity owners of the parent		11,664,820	9,816,689	7,992,869
Capital Stock	Before Distribution	11,057,900	9,557,900	9,557,900
	After Distribution	-	9,557,900	9,557,900
Legal Reserve		-	-	-
Retained Earning	Before Distribution	576,851	264,267	(1,621,620)
	After Distribution	-	107,814	(1,621,620)
Other Equity		30,069	(5,478)	56,589
Treasury stock		-	-	-
Non-controlling interest		-	-	-
Total Shareholders' Equity	Before Distribution	11,664,820	9,816,689	7,992,869
	After Distribution	-	9,660,236	7,992,869

2.ROC GAAP

Unit : NT\$ Thousand

Item	Year	Financial Status of Recent Two Years	
		2011	2010
Cash & Cash Equivalents		37,201,661	33,224,545
Due from Central Bank & Placement to Other Banks			
Financial Assets at Fair Value through Profit or Loss		1,009,623	690,083
Bills & Bonds Purchased under Agreements to Resell		-	-
Available for Sale - Financial Assets		4,225,302	1,331,167
Loans & Advances		102,164,399	106,313,757
Account Receivables		1,405,561	2,576,311
Held-to-Maturity Financial Assets		718,181	106,921
Long-term Investment under Equity Method		128,582	115,677
Fixed Assets(Property & Equipment)		7,971,193	7,507,237
Intangible Assets		1,543,924	1,582,283
Other Financial Assets		348,893	360,737
Other Assets		2,274,242	2,274,392
Total Assets		158,991,561	156,083,110
Deposits by Central Bank and Other Banks		1,315,248	1,450,176
Deposits & Remittances		142,643,324	139,340,821
Financial Liabilities at Fair Value through Profit or Loss		22,647	42,114
Bills & Bonds Sold under Agreements to Repurchase		-	-
Central Bank and Other Banks Financing,Financial Debentures Payable		4,339,000	3,939,000
Accrued Pension Liabilities		96,899	101,672
Other Liabilities		2,706,253	2,607,383
Total Liability	Before Distribution	151,123,371	147,481,166
	After Distribution	151,123,371	147,481,166
Capital Stock	Before Distribution	9,557,900	9,557,900
	After Distribution	9,557,900	9,557,900
Legal Reserve		-	-
Retained Earning	Before Distribution	(1,760,820)	(926,875)
	After Distribution	(1,760,820)	(926,875)
Unrealized Gain(Loss)on Financial Instruments		8,801	36,717
Accumulated Translation Adjustments		-	-
Other Adjustments to Shareholders' Equity		62,309	(65,798)
Total Shareholders' Equity	Before Distribution	7,868,190	8,601,944
	After Distribution	7,868,190	8,601,944

(II) Brief Income Statements

1. IFRSs

(1) Consolidation

Unit : NT\$ Thousand

Item \ Year	2014	2013	2012
Interest income	3,669,634	3,139,337	3,132,713
Deduction : Interest expense	1,474,956	1,268,884	1,259,783
Net Interest Income	2,194,678	1,870,453	1,872,930
Net Non-interest Income	1,389,133	2,161,240	767,803
Net income	3,583,811	4,031,693	2,640,733
Bad Debt Expense & Reserve for guarantees	565,891	84,606	307,766
Operating Expense	2,364,736	1,967,157	2,048,578
Income from Continuing Operation before Tax	653,184	1,979,930	284,389
Income tax (Expense) Revenues	(184,147)	(94,043)	(137,798)
Net income from Continuing Operations	469,037	1,885,887	146,591
Income from discontinued operations	-	-	-
Net income (loss)	469,037	1,885,887	146,591
Other comprehensive Net income or loss (net of tax)	35,547	(62,067)	47,788
The total comprehensive income or loss for the period	504,584	1,823,820	194,379
Net income attributable to owners of the parent	469,037	1,885,887	146,591
Net income attributable to non-controlling interest	-	-	-
Consolidated total net income or loss attributable to owners of the parent	504,584	1,823,820	194,379
Total comprehensive net income or loss attributable to non-controlling interest	-	-	-
EPS(Loss)	0.45	1.97	0.15

(2)Individual

Unit : NT\$ Thousand

Item	Year		
	2014	2013	2012
Interest income	3,673,403	3,156,900	3,155,884
Deduction : Interest expense	1,475,190	1,269,061	1,260,015
Net Interest Income	2,198,213	1,887,839	1,895,869
Net Non-interest Income	835,078	2,055,011	662,981
Net income	3,033,291	3,942,850	2,558,850
Bad Debt Expense & Reserve for guarantees	69,460	47,606	307,766
Operating Expense	2,328,107	1,922,990	1,995,774
Income from Continuing Operation before Tax	635,724	1,972,254	255,310
Income tax (Expense) Revenues	(166,687)	(86,367)	(108,719)
Net income from Continuing Operations	469,037	1,885,887	146,591
Income from discontinued operations	-	-	-
Net income (loss)	469,037	1,885,887	146,591
Other comprehensive Net income or loss (net of tax)	35,547	(62,067)	47,788
The total comprehensive income or loss for the period	504,584	1,823,820	194,379
Net income attributable to owners of the parent	469,037	1,885,887	146,591
Net income attributable to non-controlling interest	-	-	-
Consolidated total net income or loss attributable to owners of the parent	504,584	1,823,820	194,379
Total comprehensive net income or loss attributable to non-controlling interest	-	-	-
EPS(Loss)	0.45	1.97	0.15

2.ROC GAAP

Unit : NT\$ Thousand

Item	Year	Financial Status of Recent Two Years	
		2011	2010
Net Interest Income		1,903,951	1,856,235
Net Non-interest Income		456,504	310,820
Bad Debt Expense for Margin Loans		1,404,338	15,674
Operating Expense		1,955,795	1,836,361
Income from Continuing Operation before Tax		(999,678)	315,020
Income from Continuing Operation after Tax		(833,950)	2,740
Income from discontinued operations (net of tax)		-	-
Extraordinary items (net of tax)		-	-
Cumulative effect of change in accounting principle (net of tax)		-	-
Net Income		(833,950)	2,740
EPS(Loss)		(0.94)	(0.05)

II 、Financial Analysis of Recent Five Years

(I) IFRSs

1.Consolidation

Unit : NT\$ Thousand

Item \ Year		2014	2013	2012
Operation Capability	Loan to Deposit Ratio(%)	71.00	71.00	68.00
	NPL Ratio(%)	0.88	1.20	1.21
	Interest Expense to Average Deposit Outstanding(%)	0.80	0.80	0.81
	Interest Income to Average Loan Outstanding(%)	2.66	2.69	2.65
	Total Asset Turnover Ratio(Time)	0.02	0.02	0.02
	Average Revenue per Employee	2,526	3,565	2,242
	Average Income per Employee	331	1,667	124
Profitability	Return on Tier 1 Capital(%)	8.00	26.00	4.00
	ROA(%)	0.26	1.17	0.09
	ROE(%)	4.37	21.18	1.86
	Net Income Ratio(%)	13.09	46.78	5.55
	EPS(Dollar)	0.45	1.97	0.15
Financial Structure	Ratio of Liability to Total Asset	94.00	94.00	95.00
	Ratio of Fixed Asset to Shareholders' Equity	59.00	58.00	74.00
Growth Rate	Asset Growth Rate(%)	26.00	2.00	1.00
	Profit Growth Rate(%)	(67.00)	596.00	129.00
Cash Flows	Cash Flow Ratio(%)	Note 8	Note 8	232.00
	Cash Flow Adequacy Ratio(%)	Note 8	60.00	244.00
	Cash Flow Sufficiency Ratio(%)	Note 8	Note 8	Note 9
Liquidity Reserve Ratio(%)		27.00	25.00	25.00
Related Parties' Secured Lending Outstanding		2,436,941	1,701,311	1,519,923
Related Parties' Secured Lending Outstanding to Total Lending Outstanding(%)		1.82	1.59	1.50
Operating Scale	Market Share of Asset(%)	0.37	0.32	0.34
	Market Share of Net Worth(%)	0.35	0.32	0.28
	Market Share of Deposits(%)	0.50	0.43	0.44
	Market Share of Loans(%)	0.55	0.47	0.46

Note 1 : The financial figures above have all been audited and certified by CPA.

Note 2 : Calculation methods :

1 : Operating Capability

(1)Loan to Deposit Ratio=Total Deposits/Total Loans

(2)NPL=Total non-Performing Loans/Total Loans

(3)Interest Expense to Average Deposit Outstanding=Total Interest Expense/Average Deposits

- (4)Interest Income to Average Loan Outstanding=Total Interest Income/Average Loans Outstanding
 (5)Total Asset Turnover=Net Operating Income/Total Assets
 (6)Average Revenue per Employee(Note 6)=Net Operating income/Number of Employees
 (7)Average Income per Employee=After-tax Profit/Number of Employees
- 2 : Profitability
 (1)Return on Tier I Capital=Before-tax Income/Average Total Amount of Tier I Capital
 (2)Return on Asset=After-tax Income/Average Total Assets
 (3)Return on Equity=After-tax Income/Average Net Shareholder Equity
 (4)Net Income Total Revenue=After-tax Income/Net Income on Operations
 (5)Earning Per Share=(After-tax Profit Preferred Stocks Dividends)/Weighted Average of Shares Outstanding(Note 4)
- 3 : Financial Structure
 (1)Ratio of Liability to Total Asset=Total Liabilities(Note 3)/Total Assets
 (2)Ratio of Fixed Asset to Shareholders' Equity=Fixed Asset/Shareholders' Equity
- 4 : Growth Rate
 (1)Asset Growth Rate=(Total Assets of Current Year - Total Assets of Previous Year)/Total Assets of Previous Year
 (2)Profit Growth Rate=(Pre-tax Profit of Current Year - Pre-tax Profit of Previous Year)/Pre-tax Profit of Previous Year
- 5 : Cash Flow(Note 7)
 (1)Cash Flow Rate=Net Operating Cash Flow/(Placement \$ Advance to Other Banks+Commercial Paper Payable+Financial Assets at Fair Value through Profit or Loss+Bills & Bonds Purchased under Agreements to Resell+Payables of Maturity with One Year)
 (2)Cash Flow Adequacy Ratio=Net Operating Cash Flow in the Past Five Years/(Capital Expenditures+Cash Dividends)in the past five years
 (3)Cash Flow Sufficiency Ratio=Net operating cash flow/Net investment cash flow
- 6 : Liquidity Reserve Ratio=Liquid Assets required by Central Bank/Liabilities for which the Liquid Reserves are allocated
- 7 : Operating Scale
 (1)Market Share of Asset=Total assets/Total assets of financial institution allowed to engage in the deposits and loan business(Note 5)
 (2)Market Share of Net Worth=Net worth/Total net worth of financial institutions allowed to engage in the deposits and loan business(Note 5)
 (3)Market Share of Deposits=Total deposits/Total deposits of financial institutions allowed to engage in the deposit and loan business(Note 5)
 (4)Market Share of Loans=Total loans/Total loans of financial institution allowed to engage in the deposit and loan business(Note 5)
- Note 3 : Total liabilities exclude guaranteed liability reserves, reserve for losses on bonds and bills dealing, reserve for contract violation losses, and reserve for accidental losses.
- Note 4 : The following items should be considered when calculating the earnings per share in the aforementioned items.
- 1.Calculation shall be based on weighted average number of shares but not on the number of shares issued as of year-end.
 - 2.For any cash increment or treasury share transaction, period of circulation shall be considered in calculating the weighted average number of shares.
 - 3.Whenver capital increment is carried out via transfer of profit or legal reserve, retroactive adjustment shall be carried out in accordance with the ratio of increment when calculating earnings per share for past years and for six-month periods with no need to consider the time of issuance for the capital increment.
 - 4.If the preferred stock is a non-convertible, cumulative preferred stock, the stock dividend for the current year (whether released or not) should be deducted from after-tax net profit or added to after-tax net loss.
 - 5.When there is an after-tax net profit, the dividend on preferred stocks that are not cumulative stock should be deducted from after-tax net profit; in cases of loss, no adjustment is necessary.
- Note 5 : Financial institutions that can engage in the deposit and loan business include domestic banks, Taiwan branches of foreign banks, credit cooperatives, the credit departments of farmers' and fishermen's associations, and trust investment companies.
- Note 6 : Net Income total revenue refers to the sum of interest income and non-interest income.
- Note 7 : The following items should be considered when analyzing the cash flows
- 1.Net operating cash flow represents the net cash inflows from operating activities
 - 2.Capital expenditures represents the yearly cash outflows from capital investment
 - 3.Cash dividends include dividends from common & preferred stocks
- Note 8 : Not expressed due to negative cash flow from operating activity.
- Note 9 : Not expressed due to negative cash flow from investment activity.

2.Individual

Unit : NT\$ Thousand

Year		2014	2013	2012
Item				
Operation Capability	Loan to Deposit Ratio(%)	71.00	71.00	68.00
	NPL Ratio(%)	0.88	1.20	1.21
	Interest Expense to Average Deposit Outstanding(%)	0.80	0.80	0.81
	Interest Income to Average Loan Outstanding(%)	2.66	2.69	2.65
	Total Asset Turnover Ratio(Time)	0.02	0.02	0.02
	Average Revenue per Employee	2,138	3,486	2,172
	Average Income per Employee	331	1,667	124
Profitability	Return on Tier 1 Capital(%)	8.00	26.00	4.00
	ROA(%)	0.26	1.17	0.09
	ROE(%)	4.37	21.18	1.86
	Net Income Ratio(%)	15.46	47.83	5.73
	EPS(Dollar)	0.42	1.97	0.15
Financial Structure	Ratio of Liability to Total Asset	94.00	94.00	95.00
	Ratio of Fixed Asset to Shareholders' Equity	59.00	58.00	74.00
Growth Rate	Asset Growth Rate (%)	26.00	2.00	1.00
	Profit Growth Rate (%)	(68.00)	672.00	126.00
Cash Flows	Cash Flow Ratio (%)	Note 8	Note 8	236.00
	Cash Flow Adequacy Ratio (%)	Note 8	116.00	259.00
	Cash Flow Sufficiency Ratio(%)	Note 8	Note 8	Note 9
Liquidity Reserve Ratio(%)		27.00	25.00	25.00
Related Parties' Secured Lending Outstanding		2,436,941	1,701,311	1,519,923
Related Parties' Secured Lending Outstanding to Total Lending Outstanding(%)		1.82	1.59	1.50
Operating Scale	Market Share of Asset(%)	0.37	0.32	0.34
	Market Share of Net Worth(%)	0.35	0.32	0.28
	Market Share of Deposits(%)	0.50	0.43	0.45
	Market Share of Loans(%)	0.55	0.47	0.46

Note 1 : The financial figures above have all been audited and certified by CPA.

Note 2 : Calculation methods :

1 : Operating Capability

(1)Loan to Deposit Ratio=Total Deposits/Total Loans

(2)NPL=Total non-Performing Loans/Total Loans

(3)Interest Expense to Average Deposit Outstanding=Total Interest Expense/Average Deposits

(4)Interest Income to Average Loan Outstanding=Total Interest Income/Average Loans Outstanding

(5)Total Asset Turnover=Net Operating Income/Total Assets

(6)Average Revenue per Employee(Note 6)=Net Operating income/Number of Employees

(7)Average Income per Employee=After-tax Profit/Number of Employees

2 : Profitability

(1)Return on Tier I Capital=Before-tax Income/Average Total Amount of Tier I Capital

(2)Return on Asset=After-tax Income/Average Total Assets

(3)Return on Equity=After-tax Income/Average Net Shareholder Equity

(4)Net Income Total Revenue=After-tax Income/Net Income on Operations

(5)Earning Per Share=(After-tax Profit Preferred Stocks Dividends)/Weighted Average of Shares Outstanding(Note 4)

3 : Financial Structure

(1)Ratio of Liability to Total Asset=Total Liabilities(Note 3)/Total Assets

(2)Ratio of Fixed Asset to Shareholders' Equity=Fixed Asset/Shareholders' Equity

4 : Growth Rate

(1)Asset Growth Rate=(Total Assets of Current Year - Total Assets of Previous Year)/Total Assets of Previous Year

(2)Profit Growth Rate=(Pre-tax Profit of Current Year - Pre-tax Profit of Previous Year)/Pre-tax Profit of Previous Year

5 : Cash Flow(Note 7)

(1)Cash Flow Rate=Net Operating Cash Flow/(Placement \$ Advance to Other Banks+Commercial Paper Payable+Financial Assets at Fair Value through Profit or Loss+Bills & Bonds Purchased under Agreements to Resell+Payables of Maturity with One Year)

(2)Cash Flow Adequacy Ratio=Net Operating Cash Flow in the Past Five Years/(Capital Expenditures+Cash Dividends)in the past five years

(3)Cash Flow Sufficiency Ratio=Net operating cash flow/Net investment cash flow

6 : Liquidity Reserve Ratio=Liquid Assets required by Central Bank/Liabilities for which the Liquid Reserves are allocated

7 : Operating Scale

(1)Market Share of Asset=Total assets/Total assets of financial institution allowed to engage in the deposits and loan business(Note 5)

(2)Market Share of Net Worth=Net worth/Total net worth of financial institutions allowed to engage in the deposits and loan business(Note 5)

(3)Market Share of Deposits=Total deposits/Total deposits of financial institutions allowed to engage in the deposit and loan business(Note 5)

(4)Market Share of Loans=Total loans/Total loans of financial institution allowed to engage in the deposit and loan business(Note 5)

Note 3 : Total liabilities exclude guaranteed liability reserves, reserve for losses on bonds and bills dealing, reserve for contract violation losses, and reserve for accidental losses.

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6.Calculation shall be based on weighted average number of shares but not on the number of shares issued as of year-end.

7.For any cash increment or treasury share transaction, period of circulation shall be considered in calculating the weighted average number of shares.

8.Whenever capital increment is carried out via transfer of profit or legal reserve, retroactive adjustment shall be carried out in accordance with the ratio of increment when calculating earnings per share for past years and for six-month periods with no need to consider the time of issuance for the capital increment.

9.If the preferred stock is a non-convertible, cumulative preferred stock, the stock dividend for the current year (whether released or not) should be deducted from after-tax net profit or added to after-tax net loss.

10.When there is an after-tax net profit, the dividend on preferred stocks that are not cumulative stock should be deducted from after-tax net profit; in cases of loss, no adjustment is necessary.

Note 5 : Financial institutions that can engage in the deposit and loan business include domestic banks, Taiwan branches of foreign banks, credit cooperatives, the credit departments of farmers' and fishermen's associations, and trust investment companies.

Note 6 : Net Income total revenue refers to the sum of interest income and non-interest income.

Note 7 : The following items should be considered when analyzing the cash flows

1.Net operating cash flow represents the net cash inflows from operating activities

2.Capital expenditures represents the yearly cash outflows from capital investment

3.Cash dividends include dividends from common & preferred stocks

Note 8 : Not expressed due to negative cash flow from operating activity.

Note 9 : Not expressed due to negative cash flow from investment activity.

(II) ROC GAAP

Unit : NT\$ Thousand

Item	Year	Financial Status of Recent Two Years	
		2011	2010
Operation capability	Loan to Deposit Ratio(%)	73.00	77.00
	NPL Ratio(%)	1.16	1.68
	Interest Expense to Average Deposit Outstanding(%)	0.79	0.72
	Interest Income to Average Loan Outstanding(%)	2.66	2.49
	Total Asset Turnover Ratio(Time)	0.01	0.01
	Average Revenue per Employee	1,924	1,704
	Average Income per Employee	(680)	2
Profitability	Return on Tier 1 Capital(%)	(14.00)	5.00
	ROA(%)	(0.53)	-
	ROE(%)	(10.13)	0.03
	Net Income Ratio(%)	(35.33)	0.13
	EPS(Dollar)	(0.94)	(0.05)
Financial Structure	Ratio of Liability to Total Asset	95.00	94.00
	Ratio of Fixed Asset to Shareholders' Equity	101.00	87.00
Growth Rate	Asset Growth Rate (%)	2.00	(3.00)
	Profit Growth Rate (%)	(417.00)	150.00
Cash Flows	Cash Flow Ratio (%)	46.00	135.00
	Cash Flow Adequacy Ratio (%)	104.00	92.00
	Cash Flow Sufficiency Ratio(%)	Note 9	Note 8
Liquidity Reserve Ratio(%)		22.00	17.00
Related Parties' Secured Lending Outstanding		1,754,535	1,498,259
Related Parties' Secured Lending Outstanding to Total Lending Outstanding(%)		1.65	1.36
Operating Scale	Market Share of Asset(%)	0.35	0.36
	Market Share of Net Worth(%)	0.30	0.35
	Market Share of Deposits(%)	0.45	0.46
	Market Share of Loans(%)	0.50	0.54

Note 1 : The financial figures above have all been audited and certified by CPA.

Note 2 : Calculation methods :

1 : Operating Capability

- (1) Loan to Deposit Ratio=Total Deposits/Total Loans
- (2) NPL=Total non-Performing Loans/Total Loans
- (3) Interest Expense to Average Deposit Outstanding=Total Interest Expense/Average Deposits
- (4) Interest Income to Average Loan Outstanding=Total Interest Income/Average Loans Outstanding
- (5) Total Asset Turnover=Net Operating Income/Total Assets
- (6) Average Revenue per Employee(Note 6)=Net Operating income/Number of Employees
- (7) Average Income per Employee=After-tax Profit/Number of Employees

2 : Profitability

- (1) Return on Tier I Capital=Before-tax Income/Average Total Amount of Tier I Capital
- (2) Return on Asset=After-tax Income/Average Total Assets
- (3) Return on Equity=After-tax Income/Average Net Shareholder Equity
- (4) Net Income Total Revenue=After-tax Income/Net Income on Operations

(5)Earning Per Share=(After-tax Profit Preferred Stocks Dividends)/Weighted Average of Shares Outstanding(Note 4)

3 : Financial Structure

(1)Ratio of Liability to Total Asset=Total Liabilities(Note 3)/Total Assets

(2)Ratio of Fixed Asset to Shareholders' Equity=Fixed Asset/Shareholders' Equity

4 : Growth Rate

(1)Asset Growth Rate=(Total Assets of Current Year - Total Assets of Previous Year)/Total Assets of Previous Year

(2)Profit Growth Rate=(Pre-tax Profit of Current Year - Pre-tax Profit of Previous Year)/Pre-tax Profit of Previous Year

5 : Cash Flow(Note 7)

(1)Cash Flow Rate=Net Operating Cash Flow/(Placement \$ Advance to Other Banks+Commercial Paper Payable+Financial Assets at Fair Value through Profit or Loss+Bills & Bonds Purchased under Agreements to Resell+Payables of Maturity with One Year)

(2)Cash Flow Adequacy Ratio=Net Operating Cash Flow in the Past Five Years/(Capital Expenditures+Cash Dividends)in the past five years

(3)Cash Flow Sufficiency Ratio=Net operating cash flow/Net investment cash flow

6 : Liquidity Reserve Ratio=Liquid Assets required by Central Bank/Liabilities for which the Liquid Reserves are allocated

7 : Operating Scale

(1)Market Share of Asset=Total assets/Total assets of financial institution allowed to engage in the deposits and loan business(Note 5)

(2)Market Share of Net Worth=Net worth/Total net worth of financial institutions allowed to engage in the deposits and loan business(Note 5)

(3)Market Share of Deposits=Total deposits/Total deposits of financial institutions allowed to engage in the deposit and loan business(Note 5)

(4)Market Share of Loans=Total loans/Total loans of financial institution allowed to engage in the deposit and loan business(Note 5)

Note 3 : Total liabilities exclude guaranteed liability reserves, reserve for losses on bonds and bills dealing, reserve for contract violation losses, and reserve for accidental losses.

Note 4 : The following items should be considered when calculating the earnings per share in the aforementioned items.

11.Calculation shall be based on weighted average number of shares but not on the number of shares issued as of year-end.

12.For any cash increment or treasury share transaction, period of circulation shall be considered in calculating the weighted average number of shares.

13.Whenever capital increment is carried out via transfer of profit or legal reserve, retroactive adjustment shall be carried out in accordance with the ratio of increment when calculating earnings per share for past years and for six-month periods with no need to consider the time of issuance for the capital increment.

14.If the preferred stock is a non-convertible, cumulative preferred stock, the stock dividend for the current year (whether released or not) should be deducted from after-tax net profit or added to after-tax net loss.

15.When there is an after-tax net profit, the dividend on preferred stocks that are not cumulative stock should be deducted from after-tax net profit; in cases of loss, no adjustment is necessary.

Note 5 : Financial institutions that can engage in the deposit and loan business include domestic banks, Taiwan branches of foreign banks, credit cooperatives, the credit departments of farmers' and fishermen's associations, and trust investment companies.

Note 6 : Net Income total revenue refers to the sum of interest income and non-interest income.

Note 7 : The following items should be considered when analyzing the cash flows

1.Net operating cash flow represents the net cash inflows from operating activities

2.Capital expenditures represents the yearly cash outflows from capital investment

3.Cash dividends include dividends from common & preferred stocks

Note 8 : Not expressed due to negative cash flow from operating activity.

Note 9 : Not expressed due to negative cash flow from investment activity.

III 、Capital Adequacy Analysis of Recent Five Years

(I)Parent Company

Unit : NT\$ Thousand

Item			2014	2013
Equity Capital	Common stock equity		8,314,491	7,905,757
	Non-Common stock equity Other Tier 1 Capital		-	-
	Tier 2 Capital		3,978,510	1,191,685
	Equity Capital		12,293,001	9,097,442
Risk-Weighted Asset	Credit Risk	Standardized Approach	122,323,791	95,173,479
		Internal Rating-Based Approach	-	-
		Asset Securitization	-	-
	Operation Risk	Basic Indicator Approach	5,386,188	4,381,675
		Standardized/Alternative Approach	-	-
		Advanced Measurement Approach	-	-
	Market Risk	Standardized Approach	3,218,538	2,082,288
		Internal Models Approach	-	-
	Risk-Weighted Asset		130,928,517	101,637,442
	Capital Adequacy Ratio (%)			9.39%
Tier 1 Capital to Risk-Weighted Asset(%)			6.35%	7.78%
Common equity to Risk-Weighted Asset (%)			6.35%	7.78%
Leverage ratio (%)			3.16%	4.33%

Unit : NT\$ Thousand

Item			Year	2012	2011	2010
Equity Capital	Tier 1 Capital	Common Stocks		9,557,900	9,557,900	8,557,900
		Perpetual, Non-Cumulative Preferred Stocks		-	-	-
		Non-Matured,Non-Cumulative Subordinated Debenture		-	-	-
		Capital in Advance		-	-	-
		Legal Reserve (Excluding Legal Reserve for Fixed Asset Appreciation)		-	-	-
		Legal Earning Reserve		5	5	-
		Special Earning Reserve		-	-	-
		Cumulative Earning		-	-	-
		Minor Interests		-	-	-
		Other Shareholders Equity		(54,797)	(54,763)	(74,502)
		Deduction : Goodwill		1,316,159	1,316,159	1,316,159
		Deduction : Loss from Unamortized NPL Sold		-	-	-
		Deduction : Capital Deduction Item		961,910	988,055	575,548
		Total Tier 1 Capital		7,225,039	7,198,928	6,591,691
	Tier 2 Capital	Perpetual, Cumulative Preferred Stocks		-	-	-
		Non-matured,Cumulative Subordinated Debentures		-	-	-
		Legal Reserve for Fixed Asset Appreciation		113,417	114,308	-
		45% of Unrealized Gain of Available for Sale Financial Asset		26,444	5,204	20,439
		Convertible Bonds		-	-	-
		Operation Reserve & Bad Debt Account		-	-	-
		Long-term Subordinated Debentures		1,811,800	1,439,600	1,827,400
		Non-perpetual Preferred Stocks		-	-	-
		Sum of(Perpetual,Non-Cumulative Preferred Stock+Non-Mature,Non-Cumulative Subordinated Financial Debenture)Surpassed 15% of Tier 1 Capital		-	-	-
		Deduction : Capital Deduction Item		961,910	988,055	575,545
		Total Tier 2 Capital		989,751	571,057	1,272,294
	Tier 3 Capital	Short-term Subordinated Debentures		-	-	-
		Non-Perpetual Preferred Stocks		-	-	-
		Total Tier 3 Capital		-	-	-
	Equity Capital				8,214,790	7,769,985
Risk-Weighted Asset	Credit Risk	Standardized Approach		83,879,425	86,188,342	85,283,584
		Internal Rating-Based Approach		-	-	-
		Asset Securitization		34,484	331,678	344,985
	Operation Risk	Basic Indicator Approach		3,925,400	3,799,288	4,180,063
		Standardized/Alternative Approach		-	-	-
		Advanced Measurement Approach		-	-	-
	Market Risk	Standardized Approach		4,174,838	2,493,700	1,901,863
		Internal Models Approach		-	-	-
Capital Adequacy Ratio(%)				8.93	8.37	8.57
Tier 1 Capital to Risk-Weighted Asset(%)				7.85	7.76	7.19
Tier 2 Capital to Risk-Weighted Asset(%)				1.08	0.62	1.39
Tier 3 Capital to Risk-Weighted Asset(%)				-	-	-
Common Stock to Total Asset(%)				5.97	6.01	5.48

(II) Consolidated Company

Unit : NT\$ Thousand

Item			2014	2013
Equity Capital	Common stock equity		8,592,198	8,035,661
	Non-Common stock equity Other Tier 1 Capital		-	-
	Tier 2 Capital		4,256,216	1,321,589
	Equity Capital		12,848,414	9,357,250
Risk-Weighted Asset	Credit Risk	Standardized Approach	122,438,320	95,331,678
		Internal Rating-Based Approach	-	-
		Asset Securitization	-	-
	Operation Risk	Basic Indicator Approach	5,428,538	4,381,675
		Standardized/Alternative Approach	-	-
		Advanced Measurement Approach	-	-
	Market Risk	Standardized Approach	3,218,538	2,082,288
		Internal Models Approach	-	-
	Risk-Weighted Asset		131,085,396	101,795,641
	Capital Adequacy Ratio (%)			9.80
Tier 1 Capital to Risk-Weighted Asset(%)			6.55	7.89
Common equity to Risk-Weighted Asset (%)			6.55	7.89
Leverage ratio (%)			3.25	4.40

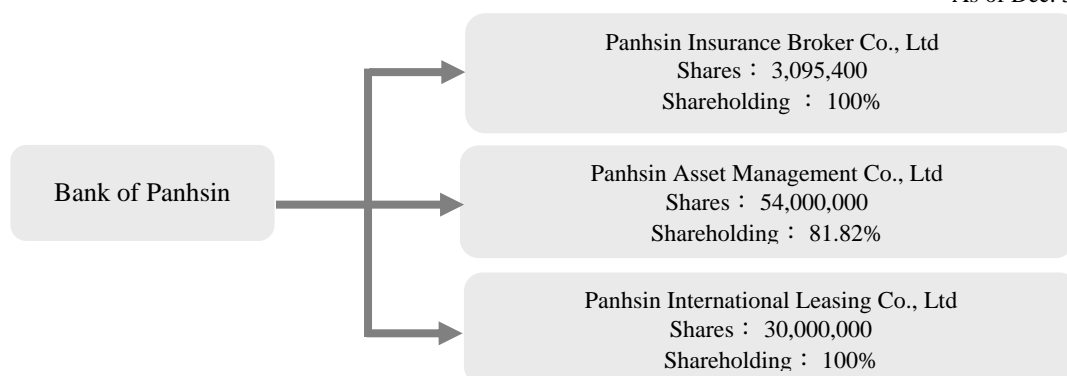
Unit : NT\$ Thousand

Item			Year	2012	2011	2010
Equity Capital	Tier 1 Capital	Common Stocks	9,557,900	9,557,900	8,557,900	
		Perpetual, Non-Cumulative Preferred Stocks	-	-	-	
		Non-matured, Non-Cumulative Subordinated Debenture	-	-	-	
		Capital in Advance	-	-	-	
		Legal Reserve (Excluding Legal Reserve for Fixed Asset Appreciation)	-	-	-	
		Legal Earning Reserve	-	-	-	
		Special Earning Reserve	5	5	-	
		Cumulative Earning	-	-	-	
		Minor Interests	-	-	-	
		Other Shareholders Equity	(54,797)	(54,763)	(74,502)	
		Deduction : Goodwill	1,316,159	1,316,159	1,316,159	
		Deduction : Loss from Unamortized NPL	-	-	-	
		Deduction : Capital Deduction Item	872,687	923,765	517,709	
		Total Tier 1 Capital	7,314,262	7,263,218	6,649,530	
	Tier 2 Capital	Perpetual, Cumulative Preferred Stocks	-	-	-	
		Non-Matured, Cumulative Subordinated Debentures	-	-	-	
		Legal Reserve for Fixed Asset Appreciation	113,417	114,308	-	
		45% of Unrealized Gain of Available for Sale Financial Asset	26,444	5,204	20,439	
		Convertible Bonds	-	-	-	
		Operation Reserve & Bad Debt Account	-	-	-	
		Long-Term Subordinated Debentures	1,811,800	1,439,600	1,827,400	
		Non-Perpetual Preferred Stocks	-	-	-	
		Sum of (Perpetual, Non-Cumulative Preferred Stocks, & Non-mature, Non-Cumulative Subordinated Financial Debenture) Surpassed 15% of Tier 1 Capital	-	-	-	
		Deduction : Capital Deduction Item	872,688	923,765	517,708	
		Total Tier 2 Capital	1,078,973	635,347	1,330,131	
	Tier 3 Capital	Short-Term Subordinated Debentures	-	-	-	
		Non-Perpetual Preferred Stocks	-	-	-	
		Total Tier 3 Capital	-	-	-	
	Equity Capital			8,393,235	7,898,565	7,979,661
Risk-weighted Asset	Credit Risk	Standardized Approach	83,937,136	86,219,196	85,474,503	
		Internal Rating-Based Approach	-	-	-	
		Securitization Framework	34,484	331,678	344,985	
	Operation Risk	Basic Indicator Approach	3,925,400	3,799,288	4,180,063	
		Standardized/Alternative Approach	-	-	-	
		Advanced Measurement Approach	-	-	-	
	Market Risk	Standardized Approach	4,174,838	2,493,700	1,901,863	
		Internal Model-Based Approach	-	-	-	
Capital Adequacy Ratio (%)			9.12	8.51	8.68	
Tier 1 Capital to Risk-Weighted Asset(%)			7.94	7.82	7.24	
Tier 2 Capital to Risk-Weighted Asset(%)			1.17	0.68	1.45	
Tier 3 Capital to Risk-Weighted Asset(%)			-	-	-	
Common Stock to Total Asset(%)			5.97	6.01	5.48	

Information Regarding the Bank's Subsidiaries

I 、The Bank's Subsidiaries Relationship Chart

As of Dec. 31, 2014



II 、Basic Date of the Bank's Subsidiaries

Unit : NT\$ Thousand

Name of Subsidiary	Date of Establishment	Address	Paid-In Capital	Major Business Scope
Panhsin Insurance Broker Co.,Ltd	Oct. 19, 2004	11F, No.330 Zhongzheng Rd., Banqiao Dist., New Taipei City	30,954	Insurance Broker
Panhsin Asset Management Co.,Ltd	Jun. 02, 2005	9F, No.330 Zhongzheng Rd., Banqiao Dist., New Taipei City	660,000	Acquisition of Non-Performing Asset
Panhsin International Leasing Co., Ltd	Nov. 03, 2014	6F, No.66 Chongqing Rd., Banqiao Dist., New Taipei City	300,000	Movable / Immovable Lease

III 、Information of Chairman, Directors, Supervisors and President of the Bank's Subsidiaries

As of Dec. 31, 2014

Name of Subsidiary	Title	Name or Representative	Shares Held	
			Shares	Ratio(%)
Panhsin Insurance Broker Co.,Ltd	Chairman	Wan-De Xiao (Representative of BOP)	3,095,400	100.00
	Director	Tong-Ren Lin (Representative of BOP)		
	Director	Jia-Nan Fang (Representative of BOP)		
	Supervisor	Shang-Che Chen (Representative of BOP)		
	President	Chan-Wu Chao	-	-
Panhsin Asset Management Co.,Ltd	Chairman	Dao-Ming Kuo (Representative of BOP)	54,000,000	81.82
	Director	Ming-Hsin Chiu (Representative of BOP)		
	Director	Lin-Long Chien (Representative of BOP)		
	Director	Jia-Nan Fang (Representative of BOP)		
	Director	Ping-Huang Liu (Representative of BOP)		
	Supervisor	Teng-Chum Chen (Representative of BOP)		
	President	Chien-Chung Chao	-	-
Panhsin International Leasing Co., Ltd	Chairman	Wan-Tu Yeh (Representative of BOP)	30,000,000	100.00
	Director	Chien-Wen Li (Representative of BOP)		
	Director	Chao-Chun Lin (Representative of BOP)		
	Supervisor	Chiung-Chi Huang (Representative of BOP)		

IV 、 Operation Overview of the Bank's Subsidiaries

Unit : NT\$ Thousand

Name of Subsidiary	Capital	Total Asset	Total Liability	Equity	Operating Income	Operating Revenue	Current Profit	EPS (Dollar)
Panhsin Asset Management Co.,Ltd	660,000	187,805	8,078	179,727	24,820	(481,191)	(481,477)	-
Panhsin Insurance Broker Co.,Ltd	30,954	136,106	25,613	110,493	323,475	76,620	(28,964)	-
Panhsin International Leasing Co., Ltd	300,000	298,115	249	297,866	7,001	(2,185)	(2,134)	-

Directory of Head Office & Branches

Units	Address	Telephone	Fax
Head Office	No.68, Sec.2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)29629170	(02)29572011
International Banking Department	27F., No.68, Sec.2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)29629170	(02)89646006
Offshore Banking Branch	27F., No.68, Sec.2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)29629170	(02)89646006
Trust Department	24F., No.68, Sec.2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)29629170	(02)29623668
Domestic Banking Department	No.68, Sec.2, Xianmin Blvd., Banqiao Dist., New Taipei City	(02)89514488	(02)29574588
Banqiao Branch	No.11, Sec.1, Wenhua Rd., Banqiao Dist., New Taipei City	(02)29689101	(02)29665807
Houpu Branch	No.18, Chengdu St., Banqiao Dist., New Taipei City	(02)29629121	(02)89538113
Yonghe Branch	No.12, Renai Rd., Yonghe Dist., New Taipei City	(02)29299481	(02)29210495
Puqian Branch	No.100, Sec. 2, Jhongshan Rd., Banqiao Dist., New Taipei City	(02)29629106	(02)29541499
Huajiang Branch	No.382, Sec.2, Wenhua Rd., Banqiao Dist., New Taipei City	(02)22529101	(02)82537007
Minzu Branch	No.339, Hansheng E.Rd., Banqiao Dist., New Taipei City	(02)29629111	(02)29581242
Zhonghe Branch	No.232, Zhonghe Rd., Zhonghe Dist., New Taipei City	(02)22498756	(02)22497418
Tucheng Branch	No.289, Sec.1, Zhongyang Rd., Tucheng Dist., New Taipei City	(02)22629119	(02)22654536
Wenhua Branch	No.261, Sec.1, Wenhua Rd., Banqiao Dist., New Taipei City	(02)22587777	(02)22593584
Daguan Branch	No.155, Sec.2, Daguan Rd., Banqiao Dist., New Taipei City	(02)22756566	(02)22752574
Xingnan Branch	No.338, Jingxin St., Zhonghe Dist., New Taipei City	(02)29459366	(02)29458495
Xinzhuang Branch	No.719, Xingfu Rd., Xinzhuang Dist., New Taipei City	(02)29906699	(02)29900433
Xiulang Branch	No.118, Dehe Rd., Yonghe Dist., New Taipei City	(02)29417966	(02)29498035
Sanchong Branch	No.35, Sec.4, Chongyang Rd., Sanchong Dist., New Taipei City	(02)89839966	(02)29871976
Yuanshan Branch	No.753, Zhongzheng Rd., Zhonghe Dist., New Taipei City	(02)22259199	(02)22260657
Shulin Branch	No.58, Zhenqian St., Shulin Dist., New Taipei City	(02)86755666	(02)86755656
Jincheng Branch	No.91, Sec.3, Jincheng Rd., Tucheng Dist., New Taipei City	(02)82615666	(02)22709241
Xindian Branch	No.60, Minquan Rd., Xindian Dist., New Taipei City	(02)89113377	(02)89113661
Beixin Branch	No.17~21, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City, Taiwan	(02)29115428	(02)29124753
Zhongzheng Branch	No.330, Zhongzheng Rd., Banqiao Dist., New Taipei City	(02)89658998	(02)89682156
Luchou Branch	No.258, Minzu Rd., Luchou Dist., New Taipei City	(02)82850666	(02)82835789

Units	Address	Telephone	Fax
Fuhe Branch	No.45, Yongzhen Rd., Yonghe Dist., New Taipei City	(02)89211919	(02)89213377
Danfeng Branch	No.706, Zhongzheng Rd., Xinzhuang Dist., New Taipei City	(02)29033199	(02)29033488
Songjiang Branch	No.122, Songjiang Rd., Zhongshan Dist., Taipei City	(02)25429999	(02)25311707
Xinyi Branch	No.127, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City	(02)27329999	(02)27334900
Minsheng Branch	No.133-1, Sec. 3, Minsheng E.Rd., Songshan Dist., Taipei City	(02)87129966	(02)27120222
Bade Branch	No.360, Sec. 2, Bade Rd., Songshan Dist., Taipei City	(02)27528833	(02)27405959
Neihu Branch	No.163, Sec. 4, Chenggong Rd., Neihu Dist., Taipei City	(02)87919999	(02)87919899
Ruiguang Branch	No.633, Ruiguang Rd., Neihu Dist., Taipei City	(02)26560188	(02)26560166
Mengchia Branch	No.322, Kunming St., Wanhua Dist., Taipei City , Taiwan (R.O.C.)	(02)2308-6165	(02)2308-6452
Hsinglung Branch	No.185, Sec. 2, Xinglong Rd., Wenshan Dist., Taipei City , Taiwan (R.O.C.)	(02)2932-0555	(02)2931-3382
Shuangyuan Branch	No.145, Dongyuan St., Wanhua Dist., Taipei City , Taiwan (R.O.C.)	(02)2301-1180	(02)2301-6894
Hsimen Branch	No.193, Hanzhong St., Wanhua Dist., Taipei City , Taiwan (R.O.C.)	(02)2312-2154	(02)2311-6316
Kuting Branch	No.271, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City , Taiwan (R.O.C.)	(02)2362-9211	(02)2362-0161
Antung Branch	No.188, Sec. 2, Bade Rd., Songshan Dist., Taipei City , Taiwan (R.O.C.)	(02)2711-0633	(02)2741-7381
Sungshan Branch	No.196, Zhuangjing Rd., Xinyi Dist., Taipei City , Taiwan (R.O.C.)	(02)2720-8541	(02)2720-3851
Shinlin Branch	No.264-1, Dexing E. Rd., Shilin Dist., Taipei City , Taiwan (R.O.C.)	(02)2834-9361	(02)2833-3280
Tunghu Branch	No.55, Donghu Rd., Neihu Dist., Taipei City , Taiwan (R.O.C.)	(02)2631-2411	(02)2633-3251
Anho Branch	No.149-49, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City , Taiwan (R.O.C.)	(02)2738-8788	(02)2736-0460
Kuangfu Branch	No.238, Guangfu N. Rd., Songshan Dist., Taipei City , Taiwan (R.O.C.)	(02)2712-0588	(02)2713-5088
Shuanglien Branch	No.24, Jinxi St., Zhongshan Dist., Taipei City , Taiwan (R.O.C.)	(02)2571-7869	(02)2581-9832
Chungching Branch	No.27, Zhengzhou Rd., Datong Dist., Taipei City , Taiwan (R.O.C.)	(02)2555-8151	(02)2559-1831
Mucha Branch	No.59, Baoyi Rd., Wenshan Dist., Taipei City , Taiwan (R.O.C.)	(02)2936-2121	(02)2936-2883
Huannan Branch	No.223、225, Sec. 2, Huanhe S. Rd., Wanhua Dist., Taipei City , Taiwan (R.O.C.)	(02)8978-3819	(02)2302-1336
Tachih Branch	No.632, Bei'an Rd., Zhongshan Dist., Taipei City , Taiwan (R.O.C.)	(02)2532-9933	(02)2532-1086
Wanta Branch	No.244, Wanda Rd., Wanhua Dist., Taipei City , Taiwan (R.O.C.)	(02)2337-7719	(02)2337-0694

Units	Address	Telephone	Fax
Yungchun Branch	No.30, Sec. 6, Xinyi Rd., Xinyi Dist., Taipei City , Taiwan (R.O.C.)	(02)8978-5667	(02)2728-2808
Taoyuan Branch	No.360, Yongan Rd., Taoyuan City, Taoyuan County	(03)3398777	(03)3396362
Taoying Branch	No.102, Taoying Rd., Taoyuan City, Taoyuan County	(03)3758999	(03)3660551
Longgang Branch	No.78, Longdong Rd., Zhongli City, Taoyuan County	(03)4657799	(03)4655511
Hsinchu Branch	No.56, Zihciang S.Rd., Jhubei City, Hsinchu County	(03)6581588	(03)6580189
Taichung Branch	No.556, Sec. 1, Wunsin Rd., Nantun Dist., Taichung City	(04)23267799	(04)23266029
North Taichung Branch	No.186, Sec. 4, Wunsin Rd., North Dist., Taichung City	(04)22961798	(04)22961885
Chiayi Branch	No.298, Zhongshan Rd., West Dist., Chiayi City	(05)2279045	(05)2291649
Junhui Branch	No.360, Wufong S.Rd., East Dist., Chiayi City	(05)2300778	(05)2300780
Tainan Branch	No.189, Chongming Rd., East Dist., Tainan City	(06)3368799	(06)3361287
Chenggong Branch	No.457, Chenggong Rd., West Central Dist., Tainan City	(06)2113999	(06)2112388
Xiaogang Branch	No.213, Erling Rd., Siaogang Dist., Kaohsiung City	(07)8011161	(07)8023727
Xinxing Branch	No.65, Zhongzheng 4th Rd., Xinxing Dist., Kaohsiung City	(07)2413168	(07)2514088
Qianzhen Branch	No.421, Rueilong Rd., Qianzhen Dist., Kaohsiung City	(07)7513176	(07)7513380
Yangming Branch	No.178, Jyuemin Rd., Sanmin Dist., Kaohsiung City	(07)3865111	(07)3828199
Kaoxinzhuang Branch	No.485, Xinzhuangzai Rd., Zuoying Dist., Kaohsiung City	(07)3412621	(07)3416142
Luodong Branch	No.119, Gongzheng Rd., Luodong Township, Yilan County	(03)9568866	(03)9557199

BANK OF PANHSIN

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

**Address: No. 68, Sec. 2, Xianmin Blvd., Banqiao Distr., New Taipei
City, Taiwan, R.O.C.**

Tel: (02)2962-9170

Independent Auditors' Report

The Board of Directors
Bank of Panhsin

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

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

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Bank of Panhsin as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks.

March 18, 2015

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

BANK OF PANHSIN
Statements of Financial Position
December 31, 2014and 2013
(expressed in thousands of New Taiwan dollars)

Assets	December 31, 2014		December 31, 2013			December 31, 2014		December 31, 2013	
	Amount	%	Amount	%		Amount	%	Amount	%
					Liabilities and Equity				
Cash and cash equivalents (note 6)	\$ 4,926,728	2	3,335,455	2					
Due from Central Bank and call loans to banks (notes 7 and 44)	32,260,996	16	33,542,534	21	Deposits from Central Bank and other banks (note 20)	\$ 1,650,763	1	1,118,851	1
Financial assets at fair value through profit or loss (note 8)	4,679,723	2	557,936	-	Financial liabilities at fair value through profit or loss (note 8)	962	-	11,997	-
Securities purchased under resell agreements (note 11)	3,926,169	2	199,781	-	Payables (note 21)	3,137,455	1	1,988,282	1
Receivable—net (notes 12 and 43)	1,501,115	1	1,419,362	1	Deposits and remittances (notes 22 and 43)	182,411,479	89	146,684,018	90
Current income tax assets	69,614	-	94,365	-	Financial bonds payable (notes 23 and 43)	5,420,000	3	2,939,000	2
Loans and discounts, net (notes 13 and 43)	128,273,163	63	103,162,173	63	Other financial liabilities (note 24)	-	-	13,928	-
Available-for-sale financial assets—net (notes 9 and 44)	14,711,668	7	8,900,515	6	Provision (notes 25 and 27)	91,365	-	178,245	-
Held-to-maturity financial assets—net (notes 10 and 44)	753,678	-	707,940	-	Provision for deferred tax liabilities (note 28)	111,197	-	35,037	-
Long-term investments under equity method—net (note 15)	555,412	-	259,808	-	Other liabilities (notes 16 and 26)	383,137	-	135,845	-
Other financial assets—net (note 14)	65,537	-	62,537	-	Total liabilities	<u>193,206,358</u>	<u>94</u>	<u>153,105,203</u>	<u>94</u>
Property and equipment, net (note 16)	6,911,428	4	5,700,779	4	Equity:				
Investment property—net (note 17)	2,215,464	1	1,821,843	1	Capital stock (note 30)	<u>11,057,900</u>	<u>6</u>	<u>9,557,900</u>	<u>6</u>
Intangible assets—net (note 18)	2,464,359	1	1,463,675	1	Retained earnings:(notes 29 and 31)				
Deferred income tax assets—net (note 28)	756,388	-	879,997	1	Legal reserve	79,279	-	-	-
Other assets (notes 19 and 44)	799,736	1	813,192	-	Special reserve	5,483	-	5	-
					Unappropriated earnings	<u>492,089</u>	<u>-</u>	<u>264,262</u>	<u>-</u>
						<u>576,851</u>	<u>-</u>	<u>264,267</u>	<u>-</u>
					Other equity	<u>30,069</u>	<u>-</u>	<u>(5,478)</u>	<u>-</u>
Total assets	<u>\$ 204,871,178</u>	<u>100</u>	<u>162,921,892</u>	<u>100</u>	Total equity	<u>11,664,820</u>	<u>6</u>	<u>9,816,689</u>	<u>6</u>
					Total liabilities and equity	<u>\$ 204,871,178</u>	<u>100</u>	<u>162,921,892</u>	<u>100</u>

See accompanying notes to financial statements.

BANK OF PANHSIN
Statements of Comprehensive Income
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

	2014		2013		
	Amount	%	Amount	%	%
Interest income (notes 33 and 43)	\$ 3,673,403	121	3,156,900	80	16
Less: Interest expense (notes 33 and 43)	<u>1,475,190</u>	<u>49</u>	<u>1,269,061</u>	<u>32</u>	<u>16</u>
Net interest income	2,198,213	72	1,887,839	48	16
Non-interest income:					
Service fees — net (notes 34 and 43)	712,467	23	574,208	15	24
Gain (loss) on financial asset or liabilities measured at fair value through profit or loss (note 35)	55,116	2	(14,846)	-	471
Realized gain on available-for-sale financial assets (note 36)	80,740	3	52,169	-	55
Foreign exchange gain (loss) — net	114,626	4	172,269	4	(33)
Investment income under the equity method	(424,396)	(14)	187,262	5	(327)
Other non-interest income — net (notes 14, 17, 37 and 43)	28,701	1	179,694	5	(84)
Gain (loss) on property exchange — net (notes 16 and 43)	<u>267,824</u>	<u>9</u>	<u>904,255</u>	<u>23</u>	<u>(70)</u>
	<u>3,033,291</u>	<u>100</u>	<u>3,942,850</u>	<u>100</u>	<u>(23)</u>
Bad debt expense and reserve for guarantees (notes 12,13 and 38)	<u>69,460</u>	<u>2</u>	<u>47,606</u>	<u>1</u>	<u>46</u>
Operation and expenses:					
Employee benefit expenses (notes 27 and 39)	1,312,220	43	1,073,453	27	22
Depreciation and amortization expenses (notes 16,18 and 40)	166,117	6	162,782	4	2
Other general and administrative expenses (note 41)	<u>849,770</u>	<u>28</u>	<u>686,755</u>	<u>17</u>	<u>24</u>
	<u>2,328,107</u>	<u>77</u>	<u>1,922,990</u>	<u>48</u>	<u>21</u>
Income from continuing operations before tax	635,724	21	1,972,254	51	(68)
Less: Income tax expense (note 28)	<u>166,687</u>	<u>5</u>	<u>86,367</u>	<u>2</u>	<u>(93)</u>
Net income	<u>469,037</u>	<u>16</u>	<u>1,885,887</u>	<u>49</u>	<u>(75)</u>
Other comprehensive income (loss):					
Unrealized gain (loss) on available-for-sale financial assets	35,547	1	(62,067)	(2)	157
Less: income tax relating to components of other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income, after tax	<u>35,547</u>	<u>1</u>	<u>(62,067)</u>	<u>(2)</u>	<u>-</u>
Total comprehensive income	<u><u>\$ 504,584</u></u>	<u><u>17</u></u>	<u><u>1,823,820</u></u>	<u><u>47</u></u>	<u><u>(72)</u></u>
Earnings per share(expressed in New Taiwan dollars) (note 32):					
Basic earnings per share	<u>\$ 0.45</u>		<u>1.97</u>		
Diluted earnings per share	<u>\$ 0.45</u>		<u>1.97</u>		

See accompanying notes to financial statements.

BANK OF PANHSIN
Statements of Changes in Equity
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

	Common stock	Legal reserve	Special reserve	Retained earnings Unappropriated earnings (Accumulated deficits)	Total	Unrealized gain (loss) on available-for-sale financial assets	Total
Balance at January 1, 2013	\$ 9,557,900	-	5	(1,621,625)	(1,621,620)	56,589	7,992,869
Net income for the year ended December 31, 2013	-	-	-	1,885,887	1,885,887	-	1,885,887
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	-	(62,067)	(62,067)
Comprehensive income for the year ended December 31, 2013	-	-	-	1,885,887	1,885,887	(62,067)	1,823,820
Balance at December 31, 2013	9,557,900	-	5	264,262	264,267	(5,478)	9,816,689
Net income for the year ended December 31, 2014	-	-	-	469,037	469,037	-	469,037
Other comprehensive income for the year ended December 31, 2014	-	-	-	-	-	35,547	35,547
Comprehensive income for the year ended December 31, 2014	-	-	-	469,037	469,037	35,547	504,584
Appropriation of retained earnings of 2013:							
Legal reserve	-	79,279	-	(79,279)	-	-	-
Special reserve	-	-	5,478	(5,478)	-	-	-
Special cash dividends	-	-	-	(156,453)	(156,453)	-	(156,453)
Capital increase by cash	1,500,000	-	-	-	-	-	1,500,000
Balance at December 31, 2014	\$ 11,057,900	79,279	5,483	492,089	576,851	30,069	11,664,820

See accompanying notes to financial statements.

BANK OF PANHSIN
Statements of Cash Flows
For the years ended December 31, 2014 and 2013
(expressed in thousands of New Taiwan dollars)

	2014	2013
Cash flows from (used in) operating activities:		
Profit before tax	\$ 635,724	1,972,254
Adjustments:		
Adjustments for the effects of non-cash transactions:		
Depreciation expense	130,446	130,821
Amortization expense	58,958	52,031
Bad debt expenses	69,460	47,606
Interest income	(3,673,403)	(3,156,900)
Interest expense	1,475,190	1,269,061
Dividend income	(54,874)	(37,398)
Gain on disposal of foreclosed collateral	(1,209)	(94,824)
Investment income under the equity method	424,396	(187,262)
Gain on disposal of property and equipment	(244,254)	(89,134)
Gain on disposal of investment property	(9,843)	(812,080)
Loss on disposal of intangible assets	-	8
Total adjustments for the effects of non-cash transactions	(1,825,133)	(2,878,071)
Changes in operating assets and liabilities:		
Net changes in operating assets		
Due from Central Bank and call loans to banks	(3,648,103)	(139,583)
Financial assets at fair value through profit or loss	(4,121,787)	156,382
Receivables	439,614	(308,690)
Loans and discounts—net	(10,168,904)	(5,894,724)
Available-for-sale financial assets	(5,663,429)	(2,291,039)
Held-to-maturity financial assets	104,262	5,144
Other financial assets	4,127	10
Net changes in operating liabilities:		
Deposits from Central Bank and other banks	531,912	6,180
Financial liabilities at fair value through profit or loss	(11,035)	5,134
Payables	530,465	(377,592)
Deposits and remittances	12,250,745	1,190,608
Employee benefit liabilities	(111,008)	(7,922)
Other liabilities	1,104	39,291
Total net changes in operating assets and liabilities	(9,862,037)	(7,616,801)
Total adjustments	(11,687,170)	(10,494,872)
Cash outflow generated from operations	(11,051,446)	(8,522,618)
Interests received	3,595,913	3,162,764
Dividends received	124,874	143,298
Interest paid	(1,395,714)	(1,296,769)
Income taxes paid	(18,327)	(22,644)
Net cash flows used in operating activities	(8,744,700)	(6,535,969)
Cash flows from (used in) investing activities:		
Investment under the equity method	(790,000)	-
Acquisition of property and equipment	(51,177)	(86,105)
Proceeds from disposal of property and equipment	950,221	348,941
Proceeds from disposal of investment property	23,651	898,416
Proceeds from disposal of foreclosed assets	35,997	269,645
Acquisition of cash from general assumption—net	5,249,445	-
Other financial assets	(96,036)	(20,778)
Net cash flows from investing activities	5,322,101	1,410,119
Cash flows from (used in) financing activities:		
Issuance of financial bonds	3,000,000	-
Repayment of financial bonds	(519,000)	-
Other financial liabilities	(13,928)	(4,882)
Capital increase by cash	1,500,000	-
Dividends payment	(156,453)	-
Net cash flows from (used in) financing activities	3,810,619	(4,882)
Net increase (decrease) in cash and cash equivalents	388,020	(5,130,732)
Cash and cash equivalents at beginning of period	32,686,040	37,816,772
Cash and cash equivalents at end of period	\$ 33,074,060	32,686,040
Components of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	\$ 4,926,728	3,335,455
Due from Central Bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7	24,221,163	29,150,804
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	3,926,169	199,781
Cash and cash equivalents at end of period	\$ 33,074,060	32,686,040

See accompanying notes to financial statements.

BANK OF PANHSIN

Notes to the Financial Statements

December 31, 2014 and 2013

(expressed in thousands of New Taiwan dollars, unless otherwise stated)

(1) Organization and Business Scope

Bank of Panhsin (the Bank), formerly named "Pan Chiao Credit Cooperative", was founded on April 25, 1957. Pursuant to an approval granted by the Ministry of Finance, the Bank was re incorporated as a commercial bank on July 8, 1997, and completed the acquisition of "The 5th Credit Cooperative of Kaohsiung" on September 29, 1997. The Bank obtained a banking license authorized by the Ministry of Finance to operate as a commercial bank on September 30, 1997. In October 1999, the Bank received its trust license from the Ministry of Finance and started operations on November 26 of the same year with capital of \$100 million. On November 27, 2002, the Bank was authorized by the Ministry of Finance to establish an International Banking Department, which started operations on July 7, 2003. Furthermore, the Bank completed the acquisition of The 1st Credit Cooperative of Chiayi on March 6, 2005, and completed the acquisition of the Ninth Credit Cooperative of Taipei (NCCT) on July 21, 2014.

The Bank was established pursuant to the Banking Law to engage in:

- 1) all commercial banking operations allowed by the Banking Law;
- 2) savings operations;
- 3) trust operations;
- 4) credit card operations;
- 5) trading in government bonds and other debt securities; and
- 6) other operations as authorized by the relevant central authority.

On November 14, 2006, the Bank was approved by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan, to offer its shares publicly.

(2) Financial statements authorization date and authorization process

These financial statements were authorized for issuance by the Bank's board of directors on March 18, 2015.

(3) New standards and interpretations not yet adopted

- 1) Effects of not yet adopting International Financial Reporting Standards 2013 (IFRSs 2013) endorsed by the Financial Supervisory Commission ("FSC")

According to decree No. 1030010325 issued by the FSC on April 3, 2014, all Taiwan Stock Exchange Corporation and GreTai Securities Market listed companies shall prepare financial reports according to IFRSs 2013 endorsed by the FSC from 2015 onward (not including IFRS 9 *Financial Instruments*). A summary of the new announcements, revisions, and amendments of standards and interpretations is as follows:

New announcements/revisions/amendments of standards and interpretations	Effective date per IASB
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

(Continued)

BANK OF PANHSIN**Notes to the Financial Statements**

New announcements/revisions/amendments of standards and interpretations	Effective date per IASB
Amendment to IFRS 1: Government Loans	January 1, 2013
Amendment to IFRS 7: Disclosures – Transfers of Financial Assets	July 1, 2011
Amendment to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IFRS 10: Consolidated Financial Statements	January 1, 2013 (subsidiaries effective on January 1, 2014)
IFRS 11: Joint Arrangements	January 1, 2013
IFRS 12: Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13: Fair Value Measurement	January 1, 2013
Amendment to IAS 1: Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendment to IAS 12: Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Revision to IAS 19: Employee Benefits	January 1, 2013
Revision to IAS 27: Separate Financial Statements	January 1, 2013
Amendment to IAS 32: Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFRIC 20: Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

After evaluation, the Bank concludes that adopting IFRSs 2013 would not have significant impact on the financial statements except following issues:

1. IAS 19 : Employee Benefits

Under the amendment of IAS 19, the Bank replaced the finance charge and expected return on plan assets in the previous version by determining the net interest expense on the net defined benefit liability (asset) for the period . In addition, the amendment eliminated the option to defer the recognition of gains and losses, known as the 'corridor approach', changes in the net defined benefit liability (asset) shall be fully recognized when occurred. As a result, the Bank recognized all actuarial gains and losses in other comprehensive income in the reporting period in which they occur and also recognized all past service cost in profit or loss as they occur which had been recognized in profit or loss on a straight line basis over the average period until the benefit became vest in the previous version. Meanwhile, the Bank recognized the termination benefits linked to a restructuring at the earlier of when the related restructuring costs are recognized and when the entity can no longer withdraw an offer of the termination benefit, which had not been recognized when the Bank was demonstrably committed to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy under the previous version.

(Continued)

BANK OF PANHSIN**Notes to the Financial Statements**

The Bank will recognize all unamortized past service cost and actuarial losses when applying to the elimination of corridor approach. As a result, the pension liability will increase by \$92,663 thousands, and the retained earnings will decrease by \$92,663 thousands as of January, 1, 2014. Meanwhile, the pension liability will increase by \$95,624 thousands, while the prepaid pension expense will decrease by \$7,625 thousands, and the retained earnings will decrease by \$103,249 thousands as of December 31, 2014. The operating expense will decrease by \$1,910 thousands, and the other comprehensive income-net defined benefit liability remeasurement will decrease by \$12,496 thousands for 2014.

2. IAS 1 "Presentation of Financial Statement"

The amendments to IAS 1 change the presentation of other comprehensive income. They require the grouping of items of other comprehensive income into (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. In addition, all items under other comprehensive income shall be present in pre-tax amount. The related tax effects shall be disclosed separate statements of comprehensive income in conformity with the amendments.

The Company will change presentation of comprehensive income on the adoption of the standards.

3. IFRS 13 "Fair Value Measurement"

IFRS 13 defines the fair value, establishes a framework for measuring fair value, and requires the disclosure of the fair value measurements. Furthermore, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. After evaluation, adopting IFRS 13 will not have significant impact on financial positions and performance. The Bank will disclose relevant information of fair value measurement on the adoption of the standards.

2) New standards and interpretations issued by the IASB but not yet endorsed by the FSC

A summary of the new announcements, revisions, and amendments of standards and interpretations issued by the IASB but not yet endorsed by the FSC is as follows:

New announcements/revisions/amendments of standards and interpretations	Effective date per IASB
IFRS 9: Financial Instruments	January 1, 2018
Amendment to IFRS 10 & IAS 28 : Dealing with the sale or contribution of assets between an investor and its joint venture or associate	January 1, 2016
Amendment to IFRS 10, IFRS 12 and IAS 28 : Investment Entities: Applying the consolidation Exception	January 1, 2016
Amendment to IFRS 11: Acquisition of an interest in a joint operation	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
Amendment to IAS 16 & 38: Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendment to IAS 16 & 41: Bearer Plants	January 1, 2016
Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	July 1, 2014

(Continued)

BANK OF PANHSIN
Notes to the Financial Statements

New announcements/revisions/amendments of standards and interpretations	Effective date per IASB
Amendment to IAS 27: To allow the use of the equity method in separate financial statements	January 1, 2016
Amendment to IAS 36: 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

The Bank is still in the process of evaluating the impact on financial position and performance on the adoption of the standards and interpretations mentioned above, and the Bank will disclose relevant impacts when the evaluation is completed.

(4) Summary of significant accounting policies

Significant accounting policies adopted in the financial reports are summarized as below. Unless stated otherwise, they have been applied consistently to all periods in the financial reports.

1) Statement of compliance

The financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks.

2) Basis of preparation

1. Basis of measurement

Except for the significant statement of financial position items listed below, the financial statements are prepared on the basis of historical cost.

- (A) Financial assets measured at fair value through profit or loss (including derivative instruments);
- (B) Available-for-sale financial assets measured at fair value;
- (C) Defined benefit assets, which are recognized as the net amount of pension plan assets plus unrecognized prior service cost and unrecognized actuarial losses, minus unrecognized actuarial gains and present value of defined benefit obligation.

2. Functional currency and presentation currency

The Bank's financial statements are presented in New Taiwan dollars, which is the Bank's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

BANK OF PANHSIN**Notes to the Financial Statements**

3) Foreign currency transactions and translation of foreign currency financial statements

Transactions in foreign currencies are translated to the respective functional currency of the Bank at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

4) Cash and cash equivalents

Cash and cash equivalents include cash on hand, due from banks, demand deposits, and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

5) Transactions under repurchase/resell agreements

Securities sold/purchased with a commitment to repurchase/resell at a predetermined price are treated as financing transactions. The difference between the cost and the repurchase/resell price is treated as interest expense/revenue and recognized over the term of the agreement. On the selling/purchasing date, these agreements are recognized as securities sold under repurchase agreements or securities purchased under resell agreements.

6) Financial instruments

The Bank classifies financial assets into the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, financial assets carried at cost, and loans and receivables. The purchase and disposal of financial assets are recognized using trade-date accounting.

Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the short term. Derivatives held by the Bank are classified in this category. Such assets are initially recognized at fair value, with transaction costs expensed as incurred, and are re-measured at fair value subsequently, with changes in fair value recognized in earnings.

The Bank designates financial assets, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

1. Financial assets and liabilities at fair value through profit or loss (FVTPL)

- (A) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- (B) Performance of the financial asset is evaluated on a fair value basis;
- (C) A hybrid instrument contains one or more embedded derivatives.

The hybrid instruments with embedded derivatives held by the Bank are designated as at FVTPL.

BANK OF PANHSIN**Notes to the Financial Statements**

Financial assets measured at fair value through profit or loss and designated as such at the time of initial recognition are classified as "financial assets measured at fair value through profit or loss" in the statement of financial position. Changes in fair value are recognized in profit or loss as "gain or loss on financial assets and liabilities measured at fair value through profit or loss".

2. Available-for-sale financial assets

Available-for-sale financial assets are recognized initially at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value, and changes therein, other than impairment losses, dividend income, and foreign currency gains or losses which are recognized as current earnings, are recognized in other comprehensive income and presented in the unrealized gain/loss from available-for-sale financial assets in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, and is included in other gains and losses under non-operating income and expenses.

For available-for-sale debt securities, the difference between the initially recognized amount and the maturity amount is amortized using the effective interest method, while the straight-line method is used if the difference is insignificant. Interest receivables are recognized on an accrual basis. If there is objective evidence of impairment, impairment loss is recognized. When the impairment amount decreases in a subsequent period, the reduced impairment amount of available-for-sale equity securities is recognized as adjustments to stockholders' equity, while the reduced impairment amount of available-for-sale debt securities is reversed and recognized as profit in the period, if the reduced impairment is deemed to be in connection with events occurring after recognition of impairment. The book value after the reversal should not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized.

3. Held-to-maturity financial assets

Held-to-maturity financial assets are recorded at amortized cost. Impairment loss is recognized when there is objective evidence of impairment. If the impairment loss subsequently decreases and the decrease is objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit and loss. The carrying value after the reversal should not exceed the amortized balance of the assets assuming no impairment loss was recognized.

4. Financial assets carried at cost

Equity instruments with no quoted market price and whose fair value cannot be reliably measured are stated at cost. If there is objective evidence that financial assets carried at cost are impaired, the carrying amount of the assets is reduced, and impairment loss is recognized.

5. Loans and receivables

Loans and receivables include those originated by the Bank and those not originated by the Bank. Those originated by the Bank are created by the Bank by providing money, goods, or services directly to a debtor, and those not originated by the Bank are loans and receivables other than those originated by the Bank.

BANK OF PANHSIN**Notes to the Financial Statements**

Loans and receivables are initially recognized at fair value plus incremental direct transaction costs, services fees, and discount or premium, and subsequently measured at their amortized cost using the effective interest method. When the discounted effect is insignificant, loans and receivables can be measured at original cost.

The Bank considers evidence of impairment for loans and receivables at both a specific asset and collective level. The Bank first assesses whether objective evidence of impairment for loans and receivables that are individually significant. Individually significant loans and receivables without objective evidence of impairment are grouped together with similar risk characteristics and are collectively assessed for impairment. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

If objective evidence of impairment exists, an impairment loss should be recognized. An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Collateral and proceeds from insurance should also be considered when determining the estimated future cash flows.

The aforesaid objective evidence includes:

- (A) Significant financial difficulty of the issuer or obligor;
- (B) A breach of contract, such as a default or delinquency in interest or principal payments;
- (C) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (D) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (E) The disappearance of an active market for that financial asset because of the issuer's financial difficulties;
- (F) Adverse changes in the payment status of the borrowers; and
- (G) Changes in national or local economic conditions that correlate with defaults on the assets.

6. **Derecognition**

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or when all the risks and rewards of ownership of the financial asset are substantially transferred.

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or have expired.

If the Bank provides bonds or stocks as security for repo transactions, the financial assets are not derecognized since all risks and rewards of ownership are still retained by the Bank.

BANK OF PANHSIN**Notes to the Financial Statements****7. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if, and only if, the Bank has the legally enforceable right to set off the recognized amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7) Long-term investments under equity method — net

In the preparation of the individual financial statements, if the Bank has control of an investee company, it is accounted for under the equity method. Under the equity method, the net income and total comprehensive income in the individual financial statements are consistent with the net income and total comprehensive income attributed to the parent company in the consolidated financial report.

Changes in the Bank's ownership interest in a subsidiary that do not result in the Bank losing control of the subsidiary are treated as transactions between owners.

8) Property and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Major improvements and renewals are capitalized, while repairs and maintenance are charged to current expenses.

When an item of property, plant and equipment consists of different components and the cost of a component is significant relative to the total cost of the item of property, plant and equipment, the component will be depreciated separately.

Depreciation is computed using the straight-line method over service lives estimated as follows: buildings, 3 to 60 years; machinery and equipment, 3 to 6 years; transportation equipment, 3 to 11 years; other equipment, 3 to 16 years; and leasehold improvements, 1 to 10 years.

The depreciation method, useful life, and residual value of an asset shall be reviewed at each financial year-end and adequately adjusted when necessary.

Upon retirement or disposal of property and equipment, the related cost and accumulated depreciation are deducted from the respective accounts, and the related gain or loss is recognized as other noninterest income or loss.

9) Leases

A lease contract is classified as an operating lease or a finance lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the Bank. At initial recognition, the leased asset is recognized at an amount equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments. The subsequent treatment follows the accounting policies for property, plant and equipment.

Lease payments, including payments in advance, under an operating lease shall be recognized in profit or loss on a straight-line basis over the lease term.

BANK OF PANHSIN**Notes to the Financial Statements****10) Investment property**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, or to use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently measured under the cost model, and the depreciation expense is calculated using the depreciable amount. The depreciation method, useful life, and residual amount are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other cost and capitalized borrowing costs that can be directly attributed.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

11) Intangible assets

1. Goodwill is measured as an excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired on the acquisition date. It is subsequently measured at cost, less, any accumulated impairment losses. To test for impairment, goodwill is allocated to each of the acquirer's cash-generating units, or groups of cash-generating units. If the carrying amount of the unit exceeds the recoverable amount of the unit, the Bank shall recognize the impairment loss. Impairment losses in respect of goodwill are irreversible.
2. Core deposits obtained from acquisition is measured on the fair value of the acquisition date and recorded separately from goodwill. Core deposits are stated at cost, less, accumulated amortization consequently. Amortization is computed using the straight-line method over 19 to 20 years
3. Computer software

Computer software is recorded on the basis of the actual cost of acquisition and amortized using the straight-line method over 3 to 5 years.

12) Other assets — foreclosed assets

Foreclosed assets are stated at their net realizable value. Any difference from the original value of the loans is recognized as bad debts. Losses or gains on the disposal of foreclosed assets are recorded as other non-interest expense or income, net.

13) Non-financial asset impairment

The Bank estimates the recoverable amount (the lower of net fair value and value in use) for assets that have an indication of impairment (individual assets except for goodwill or a cash-generating unit) on the statement of financial position date. An impairment loss is recognized if the carrying amount is higher than the recoverable amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods. Regardless whether there exists an indication of impairment, goodwill is tested for impairment every year.

(Continued)

10
BANK OF PANHSIN
Notes to the Financial Statements

14) Provisions

A provision shall be recognized when a present obligation results from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is determined by discounting the expected future cash flow, using a pre-tax discount rate that reflects current market assessments of the time value of money and those risks specific to the liability.

15) Revenue and expense

Except for financial assets and liabilities reported at fair value through profit or loss, all interest-bearing financial assets and interest-bearing financial liabilities are accrued using the effective interest rate method and are accounted for as interest revenue and interest expense in profit or loss.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest revenue is recognized using the interest rate to discount the future cash flows for the purpose of assessing impairment.

Commission fee revenue and expense are recognized when loans or other services are provided. Commission fee revenue and expense on significant projects are recognized when the projects are completed.

Commission revenue and fees relating to loan services are amortized over the service periods or included in the effective interest rate for loans and receivables.

16) Employee benefits

1. Short-term employee benefits

For short-term employee benefits that are expected to be paid in the near future, the Bank recognized the non-discounted amount as current expenses.

2. Termination benefits

Termination benefits are incurred when the Bank terminates employment prior to employees qualifying for retirement, or the employees accepted voluntary redundancy to get termination benefits in return. If termination benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

3. Post-employment benefit plans

Post-employment benefit plans of the Bank are a defined contribution plan and a defined benefit plan.

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

A defined benefit plan is a post-employment benefit plan under which a benefit is paid to an employee on the basis of their age, service period, and salary at the date of retirement.

(Continued)

11
BANK OF PANHSIN
Notes to the Financial Statements

All actuarial gains and losses arising subsequently from the defined benefit plan are amortized over the average remaining service period. The amortization is recorded under profit and loss.

The benefit obligation is calculated annually by an actuary using the projected unit credit method. The present value of the benefit obligation is the discounted present value of future cash flow of high-quality corporate bonds or government bonds whose maturity dates are the same as those of the obligation and that are denominated in the same currency in which the benefits are expected to be paid.

4. Preferential interest deposits

The Bank provides its employees preferential interest on deposits, including current and retired employees. The difference between the preferential interest rate and the market rate is recorded as an employee benefit.

In accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, if the preferential interest rate for retired employees exceeds the market rate, when the employees retire, the Bank shall calculate the excess interest using an actuarial method by adopting IAS 19. However the actuarial assumptions shall follow the government's related regulations.

17) Financial guarantee contracts

Guarantee services are recognized at the fair value when the guarantee services are rendered. The aforementioned fair value is the service charges received when the contracts are signed, since the charges are set at arm's length. Unearned bank charges are recorded as deferred income and recognized as income on a straight-line basis in the contract period.

18) Income taxes

Income tax expenses include both taxes and deferred taxes. Except for expenses recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

When measuring the deferred tax asset and deferred tax liability, the Bank shall use the enacted tax rate for the periods in which deferred tax asset or deferred tax liability is expected to be settled or realized.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

1. The entity has the legal right to settle tax assets and liabilities on a net basis; and
2. The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:
 - (A) levied by the same taxing authority; or

(Continued)

12
BANK OF PANHSIN
Notes to the Financial Statements

- (B) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

19) Business Combinations

The Business Combinations use the acquisition method. The relevant cost of acquisition is recognized as expense during the period year when expense occurred or services provided.

The Bank measures goodwill by the fair value of the transfer consideration, including any amount belonging to non-controlling interests of the acquiree, less, net amount of the identifiable assets and undertaking liabilities (used to be identified as fair value). If there is any negative after deduction, the Bank will reassess whether the acquired assets and undertaking liabilities are correctly identified, then will recognize the amount as bargain purchase benefit.

The Bank will recognize the tentative amounts on the reporting date if the evaluation of the identifiable assets and undertaking liabilities has not yet been completed. To reflect the new information or the existing facts on the acquisition date, the Bank will make retroactive adjustment or recognize the additional assets and liability in the measurement period. The measurement period shall not exceed one year after the acquisition date.

20) Earnings (loss) per share of common stock

Earnings (loss) per share are computed by dividing net income (loss) divided by the weighted-average number of issued shares of common stock outstanding during the year. The increase in issuance of stock dividends from retained earnings or capital surplus or the decrease in stock by offsetting accumulated deficits is adjusted retroactively. Furthermore, if the designated date of record for a stock dividend is proposed before publishing the financial statements, the earnings per common share are adjusted retroactively. If there is cumulative preferred stock outstanding, preferred stock dividends shall be deducted from net income whether or not dividends are declared.

Stock-based employee bonuses not yet approved by the shareholders' meeting are regarded as potential common stock. The Bank has to disclose basic earnings per share and diluted earnings per share if the increase in potential common stock would dilute earnings per share; otherwise, the Bank only needs to disclose basic earnings per share. The calculation of diluted earnings per share should consider the effect on net income and outstanding potential common stock.

21) Operating segments

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank). The segment's operating results are reviewed regularly by the Bank's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

(Continued)

13
BANK OF PANHSIN
Notes to the Financial Statements

The Bank discloses the operating segment information in the consolidated financial statements and does not disclose the information in the individual financial statements.

(5) Primary sources of significant accounting assumptions, judgments, and estimation uncertainty

The Bank has used necessary assumptions and estimates to measure, evaluate, and disclose the assets, liabilities, income, expenses and contingencies of the financial statements when preparing the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks. Actual results could differ from these estimates.

Management will continually review the estimates and basic assumptions. Changes in accounting estimates will be recognized in the period of change and the future period of their impact.

Accounting policies for impairment loss on loans and management judgments have significant impacts on the amounts recognized in this financial report. When the Bank decides whether to recognize impairment loss, it determines whether there is any observable evidence indicating possible impairment. The evidence may include observable information indicating unfavorable changes in debtor payment status. When analyzing expected cash flow, the estimates by the management are based on past loss experience with assets having similar credit risk characteristics. The Bank periodically reviews the methods and assumptions behind the amounts and the timing of expected cash flow, to reduce the difference between expected and actual loss.

(6) Cash and cash equivalents

	December 31, 2014	December 31, 2013
Cash	\$ 1,771,767	1,290,088
Negotiable instruments for clearing	825,964	461,890
Deposits with other banks	2,328,997	1,583,477
Total	<u><u>\$ 4,926,728</u></u>	<u><u>3,335,455</u></u>

Components of cash and cash equivalents are as follows:

	December 31, 2014	December 31, 2013
Cash and cash equivalents reported in the statements of financial position	\$ 4,926,728	3,335,455
Due from Central Bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 (note 7)	24,221,163	29,150,804
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7 (note 10)	3,926,169	199,781
Cash and cash equivalents at end of period	<u><u>\$ 33,074,060</u></u>	<u><u>32,686,040</u></u>

Analysis of interest rate risk and sensitivity for financial assets and liabilities is disclosed in note 42.

(Continued)

14
BANK OF PANHSIN
Notes to the Financial Statements

(7) Due from Central Bank and call loans to banks

	December 31, 2014	December 31, 2013
Deposit reserves — checking accounts (including foreign currency)	\$ 1,754,647	3,212,704
Deposit reserves — demand account	5,036,558	4,241,255
Deposits in Central Bank	23,200,000	24,800,000
Call loans to banks	1,966,516	1,138,100
Checking and settlement account	303,275	150,475
Total	<u>\$ 32,260,996</u>	<u>33,542,534</u>

Deposit reserves — checking accounts are calculated at prescribed rates, using the average monthly balances of various deposit accounts, and are appropriated and deposited in the reserve account of the Central Bank of the Republic of China (Taiwan). Deposit reserves — demand accounts are interest-free and can be withdrawn at any time; Deposit reserves — checking accounts are interest-bearing and cannot be withdrawn except for the monthly adjustment to the required reserves permitted by relevant regulations.

Part of the use of deposits in Central Bank were restricted, please refer to note 44.

Deposit reserves — checking accounts, deposits in Central Bank, call loans to banks, and highly liquid investments that are readily convertible into known amount of cash and that are subject to insignificant risk of change in value are defined as cash and cash equivalents under IAS 7. The details were as follows:

	December 31, 2014	December 31, 2013
Deposit reserves — checking accounts	\$ 1,754,647	3,212,704
Deposits in Central Bank	20,500,000	24,800,000
Call loans to banks	1,966,516	1,138,100
	<u>\$ 24,221,163</u>	<u>29,150,804</u>

(Continued)

15
BANK OF PANHSIN
Notes to the Financial Statements

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

As of December 31, 2014 and 2013, the financial assets held for trading were as follows:

	December 31, 2014	December 31, 2013
Financial assets held for trading:		
Equity securities	\$ 4,225,029	15,166
Interest rate-related instruments	62,829	379,263
Beneficiary certificates	246,228	15,683
Derivatives	6,679	15,969
Total	4,540,765	426,081
Financial assets designated as at fair value through profit or loss:		
Credit-linked notes	138,958	131,855
	<u><u>\$ 4,679,723</u></u>	<u><u>557,936</u></u>

As of December 31, 2014 and 2013, the financial liabilities measured at fair value through profit or loss were as follows:

	December 31, 2014	December 31, 2013
Financial liabilities held for trading		
Derivatives	<u><u>\$ 962</u></u>	<u><u>11,997</u></u>

There were no financial liabilities designated as at fair value through profit or loss.

(9) Available-for-sale financial assets

	December 31, 2014	December 31, 2013
Government bonds	\$ 12,092,094	6,645,420
Corporate bonds	1,706,954	1,702,524
Equity securities	726,828	362,166
Beneficiary securities	185,792	190,405
Total	<u><u>\$ 14,711,668</u></u>	<u><u>8,900,515</u></u>

Please refer to note 44 for the available-for-sale financial assets under pledge.

(Continued)

16
BANK OF PANHSIN
Notes to the Financial Statements

(10) Held-to-maturity financial assets

December 31, 2014			
	Percentage of ownership	Investment cost	Amount
Government bonds	-	\$ 100,000	104,090
Corporate bonds	-	500,000	499,588
Financial bonds	-	150,000	150,000
		<u>\$ 750,000</u>	<u>753,678</u>

December 31, 2013			
	Percentage of ownership	Investment cost	Amount
Government bonds	-	\$ 200,000	208,593
Corporate bonds	-	500,000	499,347
		<u>\$ 700,000</u>	<u>707,940</u>

Please refer to note 44 for the held-to-maturity financial assets under pledge.

(11) Securities purchased under resell agreements

December 31, 2014			
	Amount	Agreed to repurchase or resell before	Agreed interest rate range (%)
Securities purchased under resell agreements	<u>\$ 3,926,169</u>	2015.01.05 ~2015.01.16	0.57~0.70

December 31, 2013			
	Amount	Agreed to repurchase or resell before	Agreed interest rate range (%)
Securities purchased under resell agreements	<u>\$ 199,781</u>	2014.01.03	0.62

(Continued)

17
BANK OF PANHSIN
Notes to the Financial Statements

(12) Receivables—net

As of December 31, 2014 and 2013, accounts receivable—net were as follows:

	December 31, 2014	December 31, 2013
Interest receivable	\$ 295,896	218,406
Accounts receivable	35,478	28,574
Notes receivable—Panhsin AMC	-	490,301
Spot exchange receivable	769,031	723,624
Acceptance receivable	301,351	261,734
Accrued revenue	1,176	7
Other receivable	118,828	207,984
Other receivable—Panhsin Insurance Broker	5,858	3,708
Total	1,527,618	1,934,338
Less: allowance for bad and doubtful accounts		
— note receivable	-	(490,301)
— acceptance receivable	(3,483)	(1,812)
— other receivable	(23,020)	(22,863)
	<u>\$ 1,501,115</u>	<u>1,419,362</u>

Changes in allowance for doubtful accounts were as follows:

	2014	2013
Beginning balance	\$ 514,976	550,734
Provision for doubtful accounts	1,671	22,341
Reversal for doubtful	(490,301)	-
Write-off	-	(58,099)
Transfer from the Ninth Credit Cooperative of Taipei	157	-
Ending balance	<u>\$ 26,503</u>	<u>514,976</u>

(Continued)

18
BANK OF PANHSIN
Notes to the Financial Statements

Receivables assessed for impairment to determine the allowance for bad debts were as follows:

Items		Receivables		Allowance for bad debts	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
With objective evidence of impairment	Individual assessment	23,020	513,164	23,020	513,164
	Collective assessment	-	-	-	-
Without objective evidence of impairment	Collective assessment	1,504,598	1,421,174	3,483	1,812
Total		1,527,618	1,934,338	26,503	514,976

The bank reversed allowance for bad and doubtful accounts—note receivable for \$490,301 because note receivable—Panhsin AMC has reversed on 2014.

(13) Loans and discounts, net

As of December 31, 2014 and 2013, details of loans and discounts were as follows:

	December 31, 2014	December 31, 2013
Remittance and discounts for exports	\$ 22,139	68,783
Short-term loans and overdrafts	16,235,916	13,379,311
Short-term secured loans and overdrafts	15,147,803	17,647,836
Medium-term loans	12,673,193	9,752,245
Medium-term secured loans	42,404,769	21,828,243
Long-term loans	723,535	758,861
Long-term secured loans	41,570,374	39,770,317
Non-performing loans	1,122,928	1,239,518
Subtotal	129,900,657	104,445,114
Less: allowance for bad and doubtful accounts	(1,627,494)	(1,282,941)
	<u><u>\$ 128,273,163</u></u>	<u><u>103,162,173</u></u>

Please refer to note 42 for the industry information.

For the years ended December 31, 2014 and 2013, suspended accrual of interest for all of non-performing loans amounted to \$87,451 and \$120,591, respectively.

(Continued)

19
BANK OF PANHSIN
Notes to the Financial Statements

The changes in allowance for bad debts for loans and discounts and for reserves for guarantees were as follows:

	2014	2013
Beginning balance	\$ 1,299,813	1,336,409
Provision for doubtful accounts	558,090	25,265
Write-off	(523,859)	(217,505)
Recovery of write-off	187,773	155,644
Transfer from the Ninth Credit Cooperative of Taipei	146,677	-
Ending balance	<u>\$ 1,668,494</u>	<u>1,299,813</u>

Loans and discounts to be assessed for impairment to determine their allowance for bad debts were as follows:

Item		Loans and discounts		Allowance for bad debts	
		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
With objective evidence of impairment	Individual assessment	1,993,796	1,259,008	373,407	407,626
	Collective assessment	225,411	494,912	68,834	260,162
Without objective evidence of impairment	Collective assessment	127,681,450	102,691,194	1,185,253	615,153
Total		129,900,657	104,445,114	1,627,494	1,282,941

(14) Other financial assets — net

	December 31, 2014	December 31, 2013
Financial assets carried at cost — net	<u>\$ 65,537</u>	<u>62,537</u>

Details of financial asset carried at cost were as follows:

	December 31, 2014	December 31, 2013
Xin-Rui-Du Development Co., Ltd.	\$ 4,940	4,940
Tsai-Jin Information Co., Ltd.	45,500	45,500
Taiwan Depository & Clearing Corporation	6,345	6,345
Taiwan High Speed Rail Corporation — preferred shares	10,000	10,000
Yang Guang Asset Management Company	692	692
Taiwan Mobile Payment Corporation	3,000	-
	70,477	67,477
Less: accumulated impairment loss	(4,940)	(4,940)
	<u>\$ 65,537</u>	<u>62,537</u>

(Continued)

20
BANK OF PANHSIN
Notes to the Financial Statements

The liquidation of the Credit Cooperative of Taipei County was completed in December 2013. The Bank received a refund of \$11,879 after deducting the cost of \$10 thousand, and the refund was recorded under other non-interest income, net.

Financial assets carried at cost include equity investments held by the Bank. Since such assets have no quoted market price and their fair value cannot be reliably measured, the assets are carried at cost.

(15) Long-term investments under equity method — net

As of December 31, 2014 and 2013, details of long-term investments under the equity method were as follows:

	December 31, 2014		
	Percentage of ownership	Investment Cost	Amount
Subsidiaries			
Panhsin Insurance Broker Co., Ltd.	100.00	\$ 3,000	110,493
Panhsin Asset Management Co., Ltd.	81.82	540,000	147,053
Panhsin International Leasing Co., Ltd.	100.00	<u>300,000</u>	<u>297,866</u>
		<u>\$ 843,000</u>	<u>555,412</u>
	December 31, 2013		
	Percentage of ownership	Investment Cost	Amount
Panhsin Insurance Broker Co., Ltd.	100.00	\$ 3,000	209,457
Panhsin Asset Management Co., Ltd.	29.41	<u>50,000</u>	<u>50,351</u>
		<u>\$ 53,000</u>	<u>259,808</u>

The bank increased the capital of Panhsin Asset Management Co., Ltd. for \$490,000 by cash on Sep. 2014, and increasing the shareholding ratio from 29.41% to 81.82%. Furthermore, the bank invested Panhsin International Leasing Co., Ltd. on Nov. 2014 and got 100% of its ownership.

(Continued)

21
BANK OF PANHSIN
Notes to the Financial Statements

(16) Property and equipment—net

December 31, 2014	Cost	Accumulated depreciation	Net
Land	\$ 4,029,740	-	4,029,740
Buildings	2,587,649	(204,503)	2,383,146
Machinery and equipment	350,980	(257,283)	93,697
Transportation equipment	118,235	(88,725)	29,510
Other equipment	657,362	(314,267)	343,095
Leasehold improvement	171,741	(145,408)	26,333
Construction in progress	5,907	-	5,907
Total	<u>\$ 7,921,614</u>	<u>(1,010,186)</u>	<u>6,911,428</u>

December 31, 2013	Cost	Accumulated depreciation	Net
Land	\$ 2,387,168	-	2,387,168
Buildings	3,046,760	(231,800)	2,814,960
Machinery and equipment	389,234	(289,340)	99,894
Transportation equipment	114,462	(83,336)	31,126
Other equipment	363,335	(266,528)	96,807
Leasehold improvement	159,369	(130,643)	28,726
Construction in progress	242,098	-	242,098
Total	<u>\$ 6,702,426</u>	<u>(1,001,647)</u>	<u>5,700,779</u>

Movements of cost were as below:

	January 1, 2014	Current increase (note 1)	Current decrease	Other (note 2)	December 31, 2014
Land	\$ 2,387,168	1,999,733	(211,582)	(145,579)	4,029,740
Buildings	3,046,760	49,161	(255,033)	(253,239)	2,587,649
Machinery and equipment	389,234	4,954	(67,709)	24,501	350,980
Transportation equipment	114,462	1,772	(2,878)	4,879	118,235
Other equipment	363,335	67,008	(3,546)	230,565	657,362
Leasehold improvement	159,369	11,927	-	445	171,741
Construction in progress	242,098	17,948	-	(254,139)	5,907
Total	<u>\$ 6,702,426</u>	<u>2,152,503</u>	<u>(540,748)</u>	<u>(392,567)</u>	<u>7,921,614</u>

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

	January 1, 2013	Current increase	Current decrease	Other (note 3)	December 31, 2013
Land	\$ 2,526,719	34,503	(202,670)	28,616	2,387,168
Buildings	3,063,669	-	(66,410)	49,501	3,046,760
Machinery and equipment	386,909	-	(11,035)	13,360	389,234
Transportation equipment	111,730	63	(1,333)	4,002	114,462
Other equipment	319,449	11,853	(3,420)	35,453	363,335
Leasehold improvement	150,039	9,097	-	233	159,369
Construction in progress	246,806	30,589	-	(35,297)	242,098
Total	<u>\$ 6,805,321</u>	<u>86,105</u>	<u>(284,868)</u>	<u>95,868</u>	<u>6,702,426</u>

- Note: 1) Current increase of \$2,152,503 in 2014 includes the cost of property and equipment from general assumption of the Ninth Credit Cooperative of Taipei amounting to \$2,101,326.
- 2) Reclassification from other assets – prepayments, \$42,278 and to investment property – land and investment property – building amounting to \$144,465 and \$290,380, respectively.
- 3) Reclassification from investment property and other assets – prepayments amounting to \$78,117 and \$17,751, respectively.

Movements of accumulated depreciation were as below:

	January 1, 2014	Current increase	Current decrease	Other (note 3)	December 31, 2014
Buildings	\$ 231,800	40,584	(61,313)	(6,568)	204,503
Machinery and equipment	289,340	22,967	(55,024)	-	257,283
Transportation equipment	83,336	7,621	(2,232)	-	88,725
Other equipment	266,528	50,704	(2,965)	-	314,267
Leasehold improvement	130,643	14,765	-	-	145,408
Total	<u>\$ 1,001,647</u>	<u>136,641</u>	<u>(121,534)</u>	<u>(6,568)</u>	<u>1,010,186</u>

	January 1, 2013	Current increase (note 1)	Current decrease	Other (note 2)	December 31, 2013
Buildings	\$ 203,051	47,756	(19,420)	413	231,800
Machinery and equipment	277,272	20,997	(8,929)	-	289,340
Transportation equipment	76,848	7,531	(1,043)	-	83,336
Other equipment	245,982	23,322	(2,776)	-	266,528
Leasehold improvement	119,498	11,145	-	-	130,643
Total	<u>\$ 922,651</u>	<u>110,751</u>	<u>(32,168)</u>	<u>413</u>	<u>1,001,647</u>

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

Note: 1) The increase in \$136,641 in 2014 includes the accumulated depreciation and depreciation expense of property and equipment from general assumption of the Ninth Credit Cooperative of Taipei amounting to \$29,482 (please refer to note 46(1)) and \$107,159, respectively.

2) Reclassification to investment property of \$6,568.

3) Reclassification from investment property of \$413.

As of March 28, 2014, the bank sold the self-owned building, located on No. 330 Zhongzheng Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.) with the price of \$950,000. Gain on disposals of the building amounting to \$495,714 was recognized after deducting the related expenses of \$37,615 thousands and carrying value. According to the Banking Bureau's letter dated May 15, 2013 (Ref. No. 10200070270), while banks sale and lease back real estates, the gain on property exchange shall be deferred. Therefore, the bank deferred the gain on leasing-back property exchange of \$236,597, and recorded it under other liabilities-deferred revenue, while the realized gain on property exchange of \$259,117 was recorded under gain (loss) on property exchange — net.

(17) Investment property — net

December 31, 2014	Cost	Accumulated depreciation	Net
Land	\$ 649,033	-	649,033
Building	1,627,741	(61,310)	1,566,431
Total	<u>\$ 2,276,774</u>	<u>(61,310)</u>	<u>2,215,464</u>

December 31, 2013	Cost	Accumulated depreciation	Net
Land	\$ 510,662	-	510,662
Building	1,344,396	(33,215)	1,311,181
Total	<u>\$ 1,855,058</u>	<u>(33,215)</u>	<u>1,821,843</u>

Movements of cost were as below:

	January 1, 2014	Current increase	Current decrease	Reclassification (note 1)	December 31, 2014
Land	\$ 510,662	-	(6,094)	144,465	649,033
Building	1,344,396	-	(7,035)	290,380	1,627,741
Total	<u>\$ 1,855,058</u>	<u>-</u>	<u>(13,129)</u>	<u>434,845</u>	<u>2,276,774</u>

(Continued)

24
BANK OF PANHSIN
Notes to the Financial Statements

	January 1, 2013	Current increase	Current decrease	Reclassificat ion (note 2)	December 31, 2013
Land	\$ 634,078	-	(94,800)	(28,616)	510,662
Building	<u>1,438,086</u>	<u>-</u>	<u>(44,189)</u>	<u>(49,501)</u>	<u>1,344,396</u>
Total	<u>\$ 2,072,164</u>	<u>-</u>	<u>(138,989)</u>	<u>(78,117)</u>	<u>1,855,058</u>

Note: 1) Reclassification from land and buildings under property and equipment amounting to \$144,465 and \$290,380, respectively.

2) Reclassification to land and buildings under property and equipment amounting to \$28,616 and \$49,501, respectively.

Movements of accumulated depreciation were as follows:

	January 1, 2014	Current increase	Current decrease	Reclassificat ion (note 1)	December 31, 2014
Building	<u>\$ 33,215</u>	<u>23,287</u>	<u>(1,760)</u>	<u>6,568</u>	<u>61,310</u>
	January 1, 2013	Current increase	Current decrease	Reclassificat ion (note 2)	December 31, 2013
Building	<u>\$ 23,758</u>	<u>20,070</u>	<u>(10,200)</u>	<u>(413)</u>	<u>33,215</u>

Note: 1) Reclassification from buildings under property and equipment of \$6,568.

2) Reclassification to buildings under property and equipment of \$413.

For the disclosure of significant disposals of investment property, please refer to notes 16 and 43(4).

According to the evaluation of investment property by external and internal appraisers, the fair value of the investment property held by the Bank as of December 31, 2014 and 2013, was \$3,779,283 and \$3,053,772, respectively.

The investment properties of the bank included commercial real estate leasing to others. Every leasing contract contained originally nonrenewable leasing period. The later periods were negotiated with lessees and there were no comestible rents. Please refer to note 42.

As of December 31, 2014, the investment properties of the bank were not under pledge.

(18) Intangible assets — net

	December 31, 2014	December 31, 2013
Goodwill	\$ 2,197,921	1,316,159
Computer software	131,647	147,516
Core deposits	<u>134,791</u>	<u>-</u>
Total	<u>\$ 2,464,359</u>	<u>1,463,675</u>

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

Goodwill of the Bank arose from acquisition of the outstanding assets and liabilities of The Ninth Credit Cooperative of Taipei, The Kaohsiung Fifth Credit Cooperative and The First Credit Cooperative of Chiayi with guarantee reserve.

When performing the test of impairment, the Bank estimated its future operating cash flow on the basis of its operating results or objective information from its business cycle.

After performing the assessment above, the Bank did not recognize goodwill impairment loss for the years ended December 31, 2014 and 2013.

Movements of intangible assets were as follows:

	January 1, 2014	Current increase (note 1)	Current decrease	Other (note 2)	December 31, 2014
Goodwill	\$ 1,316,159	881,762	-	-	2,197,921
Computer software	147,516	558	(55,949)	39,522	131,647
Core deposits	-	137,800	(3,009)	-	134,791
Total	<u>\$ 1,463,675</u>	<u>1,020,120</u>	<u>(58,958)</u>	<u>39,522</u>	<u>2,464,359</u>
	January 1, 2013	Current increase	Current decrease	Other (note 3)	December 31, 2013
Goodwill	\$ 1,316,159	-	-	-	1,316,159
Computer software	195,642	-	(52,031)	3,905	147,516
Total	<u>\$ 1,511,801</u>	<u>-</u>	<u>(52,031)</u>	<u>3,905</u>	<u>1,463,675</u>

Note: 1) The increase in \$1,020,120 in 2014 transferred from intangible assets of the Ninth Credit Cooperative of Taipei. Please refer to note 46(1).

2) Reclassification from other assets—prepayment amounting to \$39,522.

3) Reclassification from other assets—prepayment and disposal of the assets amounting to \$3,913 and \$8, respectively.

(19) Other assets

	December 31, 2014	December 31, 2013
Prepayments	\$ 68,154	52,037
Refundable deposits	69,538	64,322
Foreclosed collateral	658,049	692,837
Other	3,995	3,996
Total	<u>\$ 799,736</u>	<u>813,192</u>

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

Movements of the foreclosed collateral were as follows:

	January 1, 2014	Current increase	Current decrease	Reclassification	December 31, 2014
Cost	\$ 709,894	-	(42,184)	-	667,710
Less: Accumulated impairment	17,057	-	(7,396)	-	9,661
Total	<u>\$ 692,837</u>	<u>-</u>	<u>(34,788)</u>	<u>-</u>	<u>658,049</u>

	January 1, 2013	Current increase	Current decrease	Reclassification	December 31, 2013
Cost	\$ 884,798	-	(174,904)	-	709,894
Less: Accumulated impairment	17,140	-	(83)	-	17,057
Total	<u>\$ 867,658</u>	<u>-</u>	<u>(174,821)</u>	<u>-</u>	<u>692,837</u>

As of December 31, 2014 and 2013, the foreclosed assets related to Xin Rui Du amounted to \$632,994. Actions taken by the Bank were as follows:

- 1) The Bank took over the loans which were guaranteed by Xin Rui Du Development Co., Ltd. (Xin Rui Du) from Kaohsiung 5th Credit Cooperative. Xin Rui Du provided 75 pieces of land, located at Plot No. 73, Tie Fu Section, Hu Nei District, Kaohsiung City, as collateral. These pieces of land had been rezoned as industrial and commercial land. Because the majority owner of Xin Rui Du, Su Huei Jen, was involved in a political scandal, Xin Rui Du was not able to repay the loan. However, due to illegal sand mining done by other debtors of Xin Rui Du, the court auctions failed several times. To prevent huge losses, the Bank took these pieces of land as repayment of the loan. The Bank now owns these pieces of land and employs 24-hour security and has set up fences to protect the land.
- 2) The foreclosed land was classified as industrial and commercial land. The Bank owns the property, but the rights of the property were separated from the ownership and were granted to Xin Rui Du. Through legal action, the Bank was appointed as the liquidator of Xin Rui Du, and the Bank publicly auctioned the development rights. Panhsin Asset Management Co., Ltd. acquired the development rights from the auction, expecting to combine the Bank's ownership and Panhsin Asset Management Co., Ltd.'s development rights to continue land development, so as to simplify the legal relationship in order to search for potential investors. The Bank has appointed a consultant to apply to the Ministry of Economic Affairs for continuing the development plan with Panhsin Asset Management Co., Ltd. as the developer for the plan. The Ministry has announced Panhsin Asset Management Co., Ltd. to take over the plan on April 8, 2014.
- 3) The land would have changed to "agricultural area" from "industrial and commercial land" due to the urban development of Kaohsiung City Government. To protect the rights, the Bank visited Urban Development Bureau, Kaohsiung City Government on May 26, 2014 and submitted the petition. The Bank also attended to the first meeting held by the ad hoc group of the Urban Development Bureau, Kaohsiung City Government. In the meeting, the Bank emphasized the efforts made to the land after taking over the development, and reinforced the statement of keeping the land as industrial and commercial land.

(Continued)

BANK OF PANHSIN**Notes to the Financial Statements**

- 4) The Bank received a formal letter from the Urban Development Bureau, Kaohsiung City Government on September 5, 2014 after the first meeting. The Bureau asked the Bank to provide the performance of the original development, tax filing of previous years, and the plan and schedule of its future development plan within one month. During the month, the Bank assigned a consulting team to reconsider the product positioning in the market in compliance with the regulation to optimize the use of the land. The Bank submitted the revised petition with supplements to the Bureau on October 17, 2014.
- 5) Panhsin Asset Management Co., Ltd., has been assigned as the developer of the land. The company will take over the communication with the Urban Development Bureau, Kaohsiung City Government, to keep the land as industrial and commercial area, and further application for change of the urban development plan and environmental impact assessment of the Kaohsiung City Government. When the land continues to develop, the value for the area will increase together with the profit of the Bank.
- 6) The land has been appraised regularly by an external appraisal organization to determine whether impairment existed. As of December 31, 2014, no impairment loss was recognized.

(20) Deposits from Central Bank and other banks

	December 31, 2014	December 31, 2013
Deposits by other banks	\$ 633,943	419,211
Call loans from bank—credit	317,180	-
Deposits transferred from the Post Office	699,640	699,640
Total	<u><u>\$ 1,650,763</u></u>	<u><u>1,118,851</u></u>

(21) Payable

	December 31, 2014	December 31, 2013
Accounts payable	\$ 38,384	25,160
Accrued expense	317,411	177,436
Interest payable	234,392	154,916
Acceptance payable	301,351	261,734
Collection payable	90,053	57,631
Spot exchange payable	769,263	724,163
Other payable	1,386,601	587,242
Total	<u><u>\$ 3,137,455</u></u>	<u><u>1,988,282</u></u>

(Continued)

28
BANK OF PANHSIN
Notes to the Financial Statements

(22) Deposits and remittances

	December 31, 2014	December 31, 2013
Checking account	\$ 1,956,452	1,392,652
Demand deposits		
Demand deposits	27,877,246	26,146,552
Demand savings deposits	44,504,135	36,640,265
Subtotal of demand deposits	72,381,381	62,786,817
Time deposits		
Time deposits	23,282,096	16,669,050
Negotiable certificates of deposit	779,300	812,900
Subtotal of demand deposits	24,061,396	17,481,950
Time savings deposits		
Staff deposits	1,125,371	946,938
Installment savings deposits	119,116	109,186
Non-interest-drawing time savings deposits	9,712,495	7,490,688
Interest-drawing savings deposits	65,441,816	51,809,731
Subtotal of time savings deposits	76,398,798	60,356,543
Foreign currency time deposits	7,604,299	4,654,761
Remittances	9,153	11,295
Deposits and remittances total	<u><u>\$ 182,411,479</u></u>	<u><u>146,684,018</u></u>

(Continued)

29
BANK OF PANHSIN
Notes to the Financial Statements

(23) Financial bonds payable

Name of bond	During	Interest rate	December 31, 2014	December 31, 2013
The first series of the subordinate financial debenture in 2008	2008.05.21~ 2014.05.21	Fixed 3.60% or floating rate (note 1)	\$ -	239,000
The second series of the subordinate financial debenture in 2008	2008.12.25~ 2014.12.25	Fixed 3.40%	-	280,000
The first series of the subordinate financial debenture in 2009	2009.06.26~ 2015.06.26	Fixed 3.00% or floating rate (note 2)	370,000	370,000
The second series of the subordinate financial debenture in 2009	2009.10.22~ 2015.10.22	Fixed 3.00% or floating rate (note 2)	350,000	350,000
The first series of the subordinate financial debenture in 2010	2010.11.05~ 2016.11.05	Fixed 3.25%	500,000	500,000
The first series of the subordinate financial debenture in 2011	2011.12.02~ 2017.12.02	Fixed 3.00%	400,000	400,000
The first series of the subordinate financial debenture in 2012	2012.03.21~ 2018.03.21	Fixed 3.00%	100,000	100,000
The second series of the subordinate financial debenture in 2012	2012.11.12~ 2018.11.12	Fixed 3.00%	700,000	700,000
The second series of the subordinate financial debenture in 2014	2014.06.06~ 2020.06.06	Fixed 3.00% or floating rate (note 3)	3,000,000	-
			<u>\$ 5,420,000</u>	<u>2,939,000</u>

Note 1: Floating interest rate is 1.25% plus Chunghwa Post Co., Ltd's stated one-year time deposit rate. The interest rate is reset two working days before the effective date every six months.

Note 2: Floating interest rate is 1.70% plus Chunghwa Post Co., Ltd's stated one-year time deposit rate. The interest rate is reset two working days before the effective date every six months.

Note 3: Floating interest rate is 1.50% plus Chunghwa Post Co., Ltd's stated one-year time deposit rate. The interest rate is reset two working days before the effective date every year.

(24) Other financial liabilities

	December 31, 2014	December 31, 2013
Appropriated loan funds	<u>\$ -</u>	<u>13,928</u>

(Continued)

30
BANK OF PANHSIN
Notes to the Financial Statements

(25) Provision

	December 31, 2014	December 31, 2013
Employee benefit obligation — pension	\$ 18,160	132,386
Employee benefit obligation — retired employee preferential interest rate deposits	28,267	25,049
Guarantee reserve	41,000	16,872
Unexpected losses reserve	3,938	3,938
Total	<u><u>\$ 91,365</u></u>	<u><u>178,245</u></u>

(26) Other liabilities

	December 31, 2014	December 31, 2013
Unearned revenue	\$ 19,970	13,398
Advance interest receipts	80	308
Temporary receipts and suspense accounts	12,396	48,293
Guarantee deposits received	50,432	29,643
Deferred revenue	240,553	12,588
Other advance receipts	59,706	31,615
Total	<u><u>\$ 383,137</u></u>	<u><u>135,845</u></u>

(27) Employee benefits

1) Defined benefit plans — pension

The present value of the defined benefit obligation and the fair value of the plan assets for the Bank were as follows:

	December 31, 2014	December 31, 2013
Total present value of obligation	\$ 684,943	655,087
Fair value of plan assets	<u>(571,159)</u>	<u>(430,038)</u>
Deficit (surplus) in the plan	113,784	225,049
Unamortized amount of actuarial profit or loss	<u>(103,249)</u>	<u>(92,663)</u>
Recognized liabilities for defined benefit obligation	<u><u>\$ 10,535</u></u>	<u><u>132,386</u></u>

As of December 31, 2014, the bank's recognized liabilities for defined benefit obligation was \$10,535, recorded under the other assets — prepaid pension \$7,625 and provision for employee benefit \$18,160, respectively.

(Continued)

31
BANK OF PANHSIN
Notes to the Financial Statements

1. Components of plan assets

The Bank maintains and funds a retirement plan covering all regular employees and recognizes pension expense based on the actuarial report.

In accordance with the retirement plan, payments of pension benefits are calculated based on an employee's average monthly salary for the last six months prior to approved retirement and base point (b.p.) entitlement. The b.p. earned by each employee is 2 b.p. for each year of service for the first 15 years and 1 b.p. for the 16th year and thereafter, where the maximum b.p. is 45 b.p. The b.p. for less than and over a half year will be 0.5 b.p. and 1 b.p., respectively.

Under the Labor Standards Act, the Bank contributes monthly no less than 2% of gross salary to each employee's pension fund, which is deposited into a designated depository account with Bank of Taiwan. As well, the Bank contributes pension funds at the rate of 3.5% (4.7% until February 2001) of monthly payroll to the employees' pension fund administration committee and deposits it in the committee's name in the Bank's Operating Department, where it earns interest. This pension fund is not reflected in the financial statements.

2. Movements of present value of the defined benefit obligation

The movements in present value of the defined benefit obligation for the Bank in 2013 and 2012 were as follows:

	2014	2013
Defined benefit obligation on January 1	\$ 655,087	682,224
Benefits paid by the plan	(7,225)	(33,131)
Current service costs and interest	23,071	22,806
Actuarial loss (profit)	14,010	(16,812)
Defined benefit obligation on December 31	<u><u>\$ 684,943</u></u>	<u><u>655,087</u></u>

3. Movement in fair value of defined benefit plan assets

The movement in fair value of the defined benefit plan assets for the Bank in 2014 and 2013 was as follows:

	2014	2013
Fair value of plan assets on January 1	\$ 430,038	431,991
Contributions made	138,452	26,044
Benefits paid by the plan	(7,225)	(33,131)
Expected return on plan assets	8,379	7,364
Actuarial loss (profit)	1,515	(2,230)
Fair value of plan assets on December 31	<u><u>\$ 571,159</u></u>	<u><u>430,038</u></u>

(Continued)

32
BANK OF PANHSIN
Notes to the Financial Statements

4. Expense recognized in profit or loss

Expense recognized in profit or loss by the Bank in 2014 and 2013 was as follows:

	2014	2013
Current service costs	\$ 10,491	11,355
Interest costs	12,580	11,451
Actuarial loss (profit)	1,910	2,598
Expected return on plan assets	(8,379)	(7,364)
	<u><u>\$ 16,602</u></u>	<u><u>18,040</u></u>
Actual return on plan assets	<u><u>\$ 9,894</u></u>	<u><u>5,134</u></u>

5. Actuarial assumptions

The following are the Bank's principal actuarial assumptions:

	2014		2013	
	Managers	Regular employees	Managers	Regular employees
Discount rate	1.75%	2.00%	1.75%	2.00%
Future salary increase	2.00%	2.00%	2.00%	2.00%

6. Expected long-term rate of return on plan assets

	December 31, 2014		December 31, 2013	
	Managers	Regular employees	Managers	Regular employees
Expected long-term rate of return on plan assets	1.75%	2.00%	1.75%	2.00%

Expected long-term rates of return on plan assets are based on the portfolio as a whole and not on the sum of the returns on individual asset categories. These rates of return are based exclusively on historical returns, without adjustment.

2) Defined benefit plans—retired employee preferential interest rate deposits

The present value of the defined benefit obligation and the fair value of the plan assets for the Bank were as follows:

	December 31, 2014	December 31, 2013
Present value of the defined benefit obligation	\$ 28,767	25,049
Plan assets	-	-
Provision for employee benefit—retired employee preferential interest rate deposits	<u><u>\$ 28,767</u></u>	<u><u>25,049</u></u>

(Continued)

33
BANK OF PANHSIN
Notes to the Financial Statements

1. Expense recognized in profit or loss

Details of expenses recognized in 2013 and 2012 under the retired employee preferential interest rate deposit plan were as follows:

	2014	2013
Current service costs	\$ -	-
Interest costs	1,252	1,248
Expected return on reimbursement rights	-	-
Actuarial profit or loss	12,536	7,927
Past service costs	552	2,613
Cost recognized for the preferential interest rate deposit plan	<u><u>\$ 14,340</u></u>	<u><u>11,788</u></u>

2. Actuarial assumptions

Actuarial assumptions used for the preferential interest rate deposit plan of the Bank were as follows:

	2014	2013
Discount rate	4.00%	4.00%
Return on capital employed	2.00%	2.00%
Withdrawal rate	1.00%	1.00%
Possibility of changes in the preferential deposit plan	50.00%	50.00%
Preferential interest	3.00%	3.00%

3) Defined contribution plans

The Bank allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Bank allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Bank's pension costs under the defined contribution method were \$38,673 and \$34,800 for 2014 and 2013, respectively. Payment was made to the Bureau of Labor Insurance.

(Continued)

34
BANK OF PANHSIN
Notes to the Financial Statements

(28) Income tax

- 1) The income tax expenses for 2014 and 2013 were as follows:

	2014	2013
Income tax expense	\$ 43,078	(3,142)
Deferred income tax expense	123,609	89,509
Income tax expense	<u>\$ 166,687</u>	<u>86,367</u>

Reconciliation of income tax and profit before tax for 2014 and 2013 was follows:

	2014	2013
Profit before tax	<u>\$ 635,724</u>	<u>1,972,254</u>
Income tax at statutory rate	\$ 108,073	335,283
Income of OBU exempt from tax	(30,677)	(28,567)
Investment income under the equity method	72,147	(31,835)
Dealing gain from securities trading, net	(8,137)	(7,596)
Dividend income	(8,703)	(6,358)
Gain on sale of land, net	(49,918)	(175,241)
Valuation loss (gain) on financial assets at fair value through profit or loss	-	(10)
Changes in other temporary difference	14	2,115
Adjustment and expiration of prior year's loss carryforwards	39,856	40,572
Adjustment of prior year's tax	13,883	(3,142)
Unappropriated earnings of tax	2,305	-
Basic income tax	26,891	-
Recognition (reversal) of previously unrecognized tax loss	932	(42,743)
Other	21	78
Adjustment and expiration of prior years' investment tax credit	-	3,811
Income tax expense	<u>\$ 166,687</u>	<u>86,367</u>

- 2) Deferred tax assets and liabilities

1. Unrecognized deferred tax assets

Unrecognized deferred tax assets were as follows:

	December 31, 2014	December 31, 2013
Tax loss	<u>\$ 42,000</u>	<u>41,068</u>

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

The ROC Income Tax Act states that net losses can be carried forward for ten consecutive years to reduce taxable income. However, the losses were not recognized as deferred tax assets since the Bank has little possibility of utilizing the loss carryforward in the future.

As of December 31, 2014, the amounts, of unutilized losses and the years of expiry were as follows:

Year of loss	2014	Year of expiry
2005	\$ 203,389	2015
2007	297,375	2017
2009	1,131,669	2019
2010	1,620,378	2020
2011	252,418	2021
2012	223,120	2022
	<u>\$ 3,728,349</u>	

In 2014, the Bank recognized the previously unrecognized tax loss of \$42,000 as a deferred tax asset based on the change in future operating performance estimates. Since the profit growth trend is not yet stable, based on current estimates, the remaining tax loss of \$42,000 was not recognized as a deferred tax asset. However, once the operating income can continue to grow next year, it is expected that the unrecognized tax loss mentioned above will be recognized, and additional taxable profit of \$42,000 will occur.

2. Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2014 and 2013, were as follows:

Deferred Tax Liabilities:

	Goodwill amortization	Capital leases	Land incremental tax	Total
January 1, 2014	\$ -	3,007	32,030	35,037
Transfer from the Ninth Credit Cooperative of Taipei	-	-	76,160	76,160
December 31 2014	<u>\$ -</u>	<u>3,007</u>	<u>108,190</u>	<u>111,197</u>
January 1, 2013	\$ 79,690	2,747	37,511	119,948
Recognized in profit or loss	(79,690)	260	-	(79,430)
Land incremental tax paid	-	-	(5,481)	(5,481)
December 31 2013	<u>\$ -</u>	<u>3,007</u>	<u>32,030</u>	<u>35,037</u>

(Continued)

36
BANK OF PANHSIN
Notes to the Financial Statements

Deferred Tax Assets:

	Defined benefit plan	Allowance for bad debts in excess of limit	Income loss	Others	Total
January 1, 2014	\$ 38,319	141,118	697,067	3,493	879,997
Recognized in profit or loss	(20,715)	-	(105,248)	2,354	(123,609)
December 31 2014	\$ 17,604	141,118	591,819	5,847	756,388
January 1, 2013	\$ 39,666	211,196	778,892	19,182	1,048,936
Recognized in profit or loss	(1,347)	(70,078)	(81,825)	(15,689)	(168,939)
December 31 2013	\$ 38,319	141,118	697,067	3,493	879,997

(29) Imputation tax information

Imputation tax information was as follows:

	December 31, 2014	December 31, 2013
Unappropriated earnings of 1998 and after	<u>\$ 492,089</u>	<u>264,262</u>
Balance of imputation credit account	<u>\$ 130,791</u>	<u>129,778</u>
	2014 (estimated)	2013 (actual)
Imputation tax credit ratio of earnings to be distributed to R.O.C. residents	<u>20.48%</u>	<u>20.48%</u>

(30) Capital stock and capital surplus

As of December 31, 2014 and 2013, the Bank's authorized capital and issued capital were \$15,000,000, and paid-in capital for common stock was \$11,057,900 and \$9,557,900, respectively.

A resolution was passed during the board meeting held on March 19, 2014, for the issuance of 150,000 thousand new common stocks, amounting to \$1,500,000 thousands with par value of 10 dollars. The issuance date was May 27, 2014 and the Bank has completed the registration on June 6, 2014.

Pursuant to Company Act, realized capital surplus shall be used initially to cover a deficit (or a loss), and the balance, if any, can be transferred to capital or distributed as cash dividends. Also, realized capital surplus includes the premium income derived from the issuance of new shares and endowments received by the Bank. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus used to increase capital shall not exceed 10% of total paid-in capital.

(31) Restrictions on legal reserve and appropriation of retained earnings

The ROC Company Act stipulates that when a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or distributing cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed. However, according to the Bank Act of the Republic of China, unless and until the accumulated legal reserve equals the bank's paid-in capital, the maximum cash profit which may be distributed shall not exceed 15% of the bank's paid-in capital.

(Continued)

37
BANK OF PANHSIN
Notes to the Financial Statements

According to the Bank's articles of incorporation, any annual earnings of the Bank shall first be used to pay income tax and offset any deficits, after which 30% of the remaining earnings, as well as the special reserve, shall be provided as legal reserve. Afterwards, dividends on preferred stock shall be distributed. Distribution of the remaining earnings shall then be as follows:

- 1) Stockholders' dividends proposed by the board of directors shall be decided in the stockholders' meeting;
- 2) 5% as directors' and supervisors' remuneration; and
- 3) 5% as employees' bonuses.

As of December 31, 2013, the Bank's accumulated unpaid preferred dividends for the years 2008 to 2011 were \$156,453.

For the year ended December 31, 2014, the Bank estimated the employee bonuses and the remuneration to directors and supervisors to be \$17,843 thousands. The estimations of employee bonuses and remuneration to directors and supervisors were estimated on the basis of the annual net income after paying income tax according to the Company's articles of incorporation and were recognized as operating expense in 2014. However, the Bank did not estimate the employee bonuses and the remuneration to directors and supervisors in 2013.

The differences between the amounts approved in the shareholders' meeting and those recognized in the financial statements, if any, are accounted for as changes in accounting estimate, and are recognized as profit or loss in the year of earnings distribution. If the employee bonuses are paid using the Bank's stock, the closing price of the day before the shareholders' meeting would be used to calculate the number of shares to be distributed.

The Bank decided to distribute a cash dividend for preferred stocks amounting to 156,453 thousands after covering its accumulated deficits amounting to 1,621,625 thousands, based on the resolution of the shareholder's meeting held on June 17, 2014. There were no distribution for employee bonuses and remuneration to directors and supervisors in 2013.

On June 19, 2013, the stockholders' meeting decided not to distribute the surplus because of the accumulated deficits as of December 31, 2012. The related information can be accessed through the Market Observation Post System.

(Continued)

38
BANK OF PANHSIN
Notes to the Financial Statements

(32) Earnings per share

The basic earnings per share of the Bank for the years ended December 31, 2014 and 2013, were as follows:

	2014	2013
Basic earnings per share		
Net income attributable to common stockholders of the Bank	\$ <u>469,037</u>	<u>1,885,887</u>
Weighted-average number of common shares	<u>1,044,957</u>	<u>955,790</u>
Basic earnings per share (in New Taiwan dollars)	\$ <u>0.45</u>	<u>1.97</u>
	2014	
Diluted EPS:		
Net income for calculating diluted EPS	\$ <u>469,037</u>	
Weighted-average number of common shares outstanding (thousand shares)	1,044,957	
Influence of potentially dilutives shares — employees' bonus		
Conversion of convertible bonds	<u>1,691</u>	
Weighted-average number of common shares outstanding — diluted (thousand shares)	<u>1,046,648</u>	
Diluted EPS (in New Taiwan dollars)	\$ <u>0.45</u>	

The Bank had no potentially dilutive effect of common shares in 2013.

(33) Net interest income

	2014	2013
Interest income		
Loans and advances to customers	\$ 3,194,573	2,715,635
Due from Central Bank	29,550	26,018
Loans and advances to Central Bank	199,857	240,375
Due from banks and call loans to banks	40,812	12,410
Investment in securities	166,179	111,177
Other	<u>42,432</u>	<u>51,285</u>
Subtotal	<u>3,673,403</u>	<u>3,156,900</u>
Interest expense		
Deposits from customers	1,229,863	1,100,719
Deposits and placements of banks	107,812	77,435
Debt securities issued	243	274
Financial bonds	136,737	90,303
Other	<u>535</u>	<u>330</u>
Subtotal	<u>1,475,190</u>	<u>1,269,061</u>
	<u>\$ 2,198,213</u>	<u>1,887,839</u>

(Continued)

39
BANK OF PANHSIN
Notes to the Financial Statements

The interest above did not include interest from financial assets or liabilities at fair value through profit or loss.

(34) Service fees — net

	2014	2013
Service fee income		
Agency service charge revenue	\$ 199,696	151,682
Agency insurance charge revenue	156,246	133,280
Loan service fee income	190,560	160,578
Trust service fee income	103,605	78,242
Foreign exchange service income	24,241	21,451
Interbank service	23,340	22,576
Guarantee service income	40,873	41,794
Other service income	6,549	4,325
Service fee income total	<u>745,110</u>	<u>613,928</u>
Service fee expense		
Remittance fee	1,711	1,209
Custodian fee	2,059	1,489
Agency fee	2,168	2,575
Other service fee	7,358	14,811
Trust service fee	4,243	4,365
Interbank service fee	15,104	15,271
Service fee expense total	<u>32,643</u>	<u>39,720</u>
	<u>\$ 712,467</u>	<u>574,208</u>

(Continued)

40
BANK OF PANHSIN
Notes to the Financial Statements

(35) Gain (loss) on financial assets or liabilities measured at fair value through profit or loss

	2014	2013
Gain (loss) on disposal of financial assets or liabilities measured at fair value through profit or loss		
Government bonds	\$ 723	(345)
Negotiable certificates of deposit	11,368	10,472
Commercial paper	6,253	5,065
Beneficiary securities	6,636	2,493
Equity securities	(2,094)	(1,665)
Derivatives	9,836	(102,064)
Credit-linked notes	1,347	1,881
	<u>34,069</u>	<u>(84,163)</u>
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss — evaluation		
Government bonds	(290)	-
Negotiable certificates of deposit	2,690	(397)
Securities	(105)	-
Beneficiary securities	(1,394)	(584)
Equity securities	(820)	1,011
Derivatives	1,761	4,358
Credit-linked notes	19,205	64,929
	<u>21,047</u>	<u>69,317</u>
	<u>\$ 55,116</u>	<u>(14,846)</u>

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

	2014	2013
Government bonds	\$ 11,751	6,296
Corporate bonds	-	1,120
Equity securities	55,082	44,210
Beneficiary securities	13,907	543
Total	<u>\$ 80,740</u>	<u>52,169</u>

(Continued)

41
BANK OF PANHSIN
Notes to the Financial Statements

(37) Other non-interest income (expense)

	2014	2013
Rental income	\$ 68,969	69,447
Gain on equity investment carried at cost	14,779	25,585
Loss on disposal of assets	(13,727)	(3,049)
Gain on disposal of foreclosed assets	1,209	94,824
Other revenue (loss)	(19,242)	12,957
Investment property depreciation	(23,287)	(20,070)
Total	<u><u>\$ 28,701</u></u>	<u><u>179,694</u></u>

(38) Bad debt expense and reserve for guarantees

	2014	2013
Loans and discounts	\$ 533,962	65,922
Accounts receivable	(488,630)	(35,188)
Reserve for guarantee liabilities	24,128	16,872
Total	<u><u>\$ 69,460</u></u>	<u><u>47,606</u></u>

(39) Employee benefits expense

	2014	2013
Salary	\$ 1,146,194	918,996
Labor and health insurance	85,520	75,556
Pension	55,275	52,840
Others	25,231	26,061
Total	<u><u>\$ 1,312,220</u></u>	<u><u>1,073,453</u></u>

(40) Depreciation and amortization expenses

	2014	2013
Building	\$ 40,584	47,756
Machinery and equipment	22,026	20,997
Transportation equipment	7,300	7,531
Other equipment	26,481	23,322
Leasehold improvement	10,768	11,145
Depreciation subtotal	<u>107,159</u>	<u>110,751</u>
Computer software amortization	55,949	52,031
Core deposit	3,009	-
Amortization subtotal	<u>58,958</u>	<u>52,031</u>
Total	<u><u>\$ 166,117</u></u>	<u><u>162,782</u></u>

(Continued)

42
BANK OF PANHSIN
Notes to the Financial Statements

(41) Other general and administrative expenses

	2014	2013
Rental and facility expense	\$ 140,796	117,583
Administrative expense	329,888	295,543
Marketing expense	22,515	15,404
Value-added tax expense	215,796	146,471
Other expense	140,775	111,754
Total	<u><u>\$ 849,770</u></u>	<u><u>686,755</u></u>

(42) Financial instruments

1) Information on fair value of financial instruments

Financial Assets	December 31, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
Non-derivative				
Cash and cash equivalents	\$ 4,926,728	4,926,728	3,335,455	3,335,455
Due from Central Bank and call loans to banks	32,260,996	32,260,996	33,542,534	33,542,534
Financial assets at fair value through profit or loss	4,673,044	4,673,044	541,967	541,967
Available for sale financial assets	14,711,668	14,711,668	8,900,515	8,900,515
Securities purchased under resell agreements	3,926,169	3,926,169	199,781	199,781
Receivables—net	1,501,115	1,501,115	1,419,362	1,419,362
Long-term investment under equity method	555,412	555,412	259,808	259,808
Discounts and loans	128,273,163	128,273,163	103,162,173	103,162,173
Held-to-maturity financial assets—net	753,678	753,678	707,940	707,940
Other financial assets—net	65,537	65,537	62,537	62,537
Derivative financial instruments				
Trading purpose				
Forwards	\$ 6,675	6,675	-	-
Futures	4	4	15,969	15,969

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

Financial Liabilities	December 31, 2014		December 31, 2013	
	Book value	Fair value	Book value	Fair value
Non-derivative financial instruments				
Deposits from Central Bank and other banks	\$ 1,650,763	1,650,763	1,118,851	1,118,851
Payables	3,137,455	3,137,455	1,988,282	1,988,282
Deposits and remittances	182,411,479	182,411,479	146,684,018	146,684,018
Financial debentures	5,420,000	5,420,000	2,939,000	2,939,000
Other financial liabilities			13,928	13,928
Derivative financial instruments				
Trading purpose				
Forwards	\$ 21	21	2,787	2,787
Futures	941	941	9,210	9,210

The Bank enters into forwards to satisfy its clients' transaction needs, to offset the Bank's funding gap between local currency and foreign currency, and to avoid the market price risk arising from rising interest rates.

- 2) Methods and assumptions applied to estimate the fair value of financial instruments are summarized as follows:
1. Fair value of short-term financial instruments is estimated by their book value on the statement of financial position date. Since these instruments have short maturities, the book value is adopted as a reasonable basis for estimating the fair value. This method is applied to cash, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, guarantee deposits paid, deposits from Central Bank and other banks, payables, current tax liabilities, securities sold under repurchase agreements, and other financial liabilities.
 2. For financial instruments designated as at FVTPL, available-for-sale financial assets, and financial assets carried at cost, the quoted price is regarded as its fair value. If there is no quoted price for the financial asset, its fair value is estimated on the basis of a valuation technique that refers to quoted prices provided by financial institutions. Estimates and assumptions for a valuation technique used by the Bank are consistent with the information adopted by market participants when pricing the financial instruments when such information is available to the Bank.
 3. Loans and discounts, and deposits are interest-bearing assets or liabilities; therefore, the book value of both financial assets and liabilities is equivalent to their fair value. The net book value of non-performing accounts, after deducting provision for bad debts, is adopted as the fair value.
 4. For valuation of financial debentures, the fair value is the discounted present value of future cash flow. The discount rate is based on the interest rate for loans with similar terms (e.g. the same maturity date).
 5. For valuation of derivative instruments with no quoted market prices, the fair value is determined on the basis of the discounted cash flow method.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

6. The Bank estimated the fair value of each forward contract on the basis of exchange rates quoted by Reuters. Fair value of interest rate swap contracts and cross-currency swap contracts is estimated on the basis of market quotations by Reuters.
- 3) Information on fair value hierarchy of financial instruments and movement of financial assets measured at fair value classified in Level 3
1. Fair value hierarchy of financial instruments

Fair value measurement for a financial instrument	Total	December 31, 2014		
		Level 1 (note 1)	Level 2 (note 2)	Level 3 (note 3)
Non-Derivative Financial Instruments				
Assets				
Financial assets measured at fair value through profit or loss				
Financial assets held for trading				
Investment in stocks	\$ 62,829	62,829	-	-
Investment in debentures	1,261,366	200,414	1,060,952	-
Investment in bonds	2,963,663	2,963,663	-	-
Investment in beneficiary certificates	246,228	246,228	-	-
Financial assets designated as at fair value through profit or loss	138,958	-	-	138,958
Available-for-sale financial assets				
Investment in stocks	726,828	726,828	-	-
Investment in debentures	13,799,048	10,641,699	3,157,349	-
Beneficiary certificates	185,792	185,792	-	-
Liabilities				
Financial liabilities measured at fair value through profit or loss				
Financial liabilities held for trading	-	-	-	-
Derivative Financial Instruments				
Assets				
Financial assets measured at fair value through profit or loss	\$ 6,679	-	6,679	-
Liabilities				
Financial liabilities measured at fair value through profit or loss	962	-	962	-

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

Fair value measurement for a financial instrument	Total	December 31, 2013			
		Level 1 (note 1)	Level 2 (note 2)	Level 3 (note 3)	
Non-Derivative Financial Instruments					
Assets					
Financial assets measured at fair value through profit or loss					
Financial assets held for trading					
Investment in stocks	\$ 15,166	15,166	-	-	
Investment in debentures	379,263	-	379,263	-	
Others	15,683	15,683	-	-	
Financial assets designated as at fair value through profit or loss	131,855	-	-		131,855
Available-for-sale financial assets					
Investment in stocks	362,166	362,166	-	-	
Investment in debentures	8,347,944	5,550,792	2,797,152	-	
Beneficiary certificates	190,405	190,405	-	-	
Derivative Financial Instruments					
Assets					
Financial assets measured at fair value through profit or loss	\$ 15,969	-	15,969	-	
Liabilities					
Financial liabilities measured at fair value through profit or loss	11,997	-	11,997	-	

2. Movement of financial assets measured at fair value classified in Level 3

Items	Beginning balance	The amount recognized in current net income	The amount recognized in other comprehensive income	Purchase or issue	2014		Sale, disposal, or settlement	2013		Ending balance
					Current increase	Transfer of financial liabilities in Level 3 to financial assets in Level 3		Current decrease	Transfer of financial assets in Level 3 to financial liabilities in Level 3	
Financial assets at FVTPL										
Financial assets held for trading	\$ 131,855	7,103	-	-	-	-	-	-	-	138,958
Financial assets at FVTPL										
Financial assets held for trading	\$ 145,985	65,070	-	-	-	-	(79,200)	-	-	131,855

(Continued)

Notes to the Financial Statements

3. Fair value measurement for financial instruments classified in Level 3 and sensitivity analysis based on reasonably possible alternative assumptions for fair value

The Bank has not developed an evaluation model of its own, and the fair value is based on the quoted price from the counterparty. Therefore, sensitivity analysis is not applicable.

Note 1: Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. The definition of active market has all of the following conditions: (1) the products traded in the market are homogeneous, (2) willing parties are available anytime in the market, and (3) price information is available for the public.

Note 2: Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than a quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Examples of observable price are as follows:

- A. The quoted price for an identical financial instrument in an active market is the fair value from the market transaction prices for an identical financial instrument. An identical financial instrument should be determined by its characteristics and terms of transaction. The fair value of a financial instrument has to be adjusted according to the observable market price of the identical financial instrument. The reasons for adjustments include time lag of the occurring market transaction prices for an identical financial instrument (the quoted prices do not represent fair value at the measurement date), the difference in transaction terms for financial instruments, transaction prices involving related parties, and the correlation between the observable transaction prices of identical financial instruments and the market prices of held financial instruments.
- B. The quoted market price for the same or identical financial instrument in an inactive market.
- C. The fair value is estimated on the basis of a valuation technique, and the market inputs used (i.e., interest rate, yield curve, and fluctuation rate) are based on obtainable data from the market (an observable input means an input can be derived from market data and can reflect the expectation of market participants when the inputs were used in evaluating the prices of financial instruments).
- D. A majority of inputs are derived from observable market data, or the input correlation can be tested based on observable market data.

Note 3: Input for a fair value measurement for a financial instrument classified in Level 3 is not based on data obtainable from the market but based on assumptions to make appropriate estimates and adjustments. If it is not possible to develop a valuation model, a quoted price from the counterparty is used as fair value. Some of the derivatives and debt investments without active market of the Bank belong to such category.

47
BANK OF PANHSIN
Notes to the Financial Statements

- 4) For the years 2014 and 2013, gains (losses) recognized by the Bank from the fair value evaluation of financial instruments by using valuation techniques amounted to \$32,149 and \$(30,896), respectively.
- 5) Financial risk management

The Bank uses risk management with effective risk diversification to meet business operating targets, to increase the value of the Bank, and to ensure the benefit to shareholders. The risk management is based on the needs of customers, business development, overall risk tolerance, and regulatory requirements.

The major risks that the Bank might possibly face are credit risk, market risk, and liquidity risk of items on and off the statement of financial position.

The Bank has established and documented various risk management policies and procedures which have been approved by the board of directors. The board of directors of the Bank has ultimate responsibility for risk management and is responsible for the establishment and effectiveness of operation of risk management. There are a business development committee, credit committee, asset and liability management committee, risk management committee, trust property management committee, human recruitment committee, employee training committee, and information development committee to take charge of business development, business operation, risk controls, etc. The risk management committee is responsible for the principles, policies and targets of the Bank's overall risk control and is also responsible for coordination among committees. Internal control is in charge of the independent check of the risk controls.

1. Credit risk

(A) Description of credit risk

Credit risk refers to the risk of financial loss of the Bank and its subsidiaries resulting from a borrower failing to meet its contractual obligations due to credit deterioration or other factors (such as an argument between the borrower and a counter-party).

(B) Credit risk management policy

The Bank's target is to develop a sound system of credit risk management mechanisms by using effective identification, measurement, communication and reporting, monitoring and management of the various credit risks to control possible credit risk at a tolerable level, to maintain adequate capital, to increase the return on assets after adjustments, to connect the risk level and business strategies, and to achieve the business and operation goals by gradually making transparent, systematizing, and professionalizing the credit risk management.

(C) Credit risk management scope

The Bank is engaged in activities on and off the statement of financial position, which would cause (occurred or not yet occurred) credit risk. The activities are the overall credit business, overdue loan business, and use of credit risk mitigation tools (such as the provision of collateral guarantees and hedging) as well as other operations related to the product or parts of the credit risk associated with the activities aforementioned included in the scope of credit risk management mechanisms.

(Continued)

Notes to the Financial Statements

(D) Credit risk management procedures

The credit risk management procedures include risk identification, measurement, communication, monitoring, and reporting. To maintain the standard of credit business at a safe and moderate level, to monitor the credit risk, to evaluate new business opportunities, and to identify and manage problems in credit cases, the business department must follow all the procedures of the Bank when conducting business. To ensure credit risk at a tolerable level, each credit case must be authorized by decentralized procedures which include a serious review process to improve the quality of assets, reassessment and an early alarm system after authorizing loans to fully grasp the operating and financial information of the client and the status of the economy, and continuous evaluation and monitoring of changes in credibility to early discover any information which has not been announced publicly and to detect any indication of default risk. Thus, the Bank could control the quality of assets at a tolerable level, balance the risks and profitability, and also improve the business performance and benefit the investors.

(E) Credit risk hedging policy

A) Strengthening security

Besides strengthening the reviews process, setting risk limits, adjusting credit amounts and conditions, and monitoring loans, the Bank is also increasing the pledged amount and the quality of guarantee to reduce credit risk. Also, the Bank has established standards and measurement, management, and disposal procedures for pledged assets.

B) Managing credit concentration risk limits and risk management

To avoid the risk of business concentration, the Bank sets limits to its main business by country, by industry, by group, and by individual client each year. The limits are reviewed and updated yearly according to the overall economic environment and industrial development prospects. Transactions are kept within prescribed limits to control the risk of business concentration. In addition, for credit for individual companies and groups, the Bank also sets limits for industries, individuals, related parties, and related companies of the same group. Monthly reporting of changes in circumstances and the credit limits is required to implement the principle of spreading risk to ensure stable operation.

BANK OF PANHSIN

Notes to the Financial Statements

(F) The Bank's credit risk concentration

The Bank attaches importance to the principles of credit risk diversification. For extension of credit and investment as a whole, the Bank has no concentration of credit risk on a single customer or counterparty. The Bank's credit exposure is mainly traditional lending business based in Taiwan. Thus, there is no breakdown of credit risk by area. Concentration of credit risk by industry and collateral was as follows:

Industry

Industry type	December 31, 2014		December 31, 2013	
	Amount	%	Amount	%
Manufacturing	\$ 14,403,842	11.09	11,870,462	11.37
General business	39,753,433	30.60	32,010,280	30.65
Construction	3,539,264	2.72	2,629,171	2.52
Individual	64,853,264	49.93	52,457,170	50.22
Other	7,350,854	5.66	5,478,031	5.24
	\$ 129,900,657	100.00	104,445,114	100.00

Collateral

Type of collateral	December 31, 2014		December 31, 2013	
	Amount	%	Amount	%
Non-secured	\$ 28,659,270	22.06	24,189,103	23.16
Secured	101,241,387	77.94	80,256,011	76.84
Financial collateral	1,940,360	1.49	1,129,552	1.08
Real estate	91,324,591	70.30	72,485,133	69.40
Guarantee	6,935,780	5.34	4,998,995	4.79
Others	1,040,656	0.80	1,642,331	1.57
	\$ 129,900,657	100.00	104,445,114	100.00

(G) Credit quality and impairment analysis of overdue credit

Due to the high credibility of counterparties, the Bank has assessed the credit risk of the financial assets owned, for example, cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements, loans, refundable deposits, operating deposits and settlement funds, to be low.

Though the financial assets may be overdue when the borrower has temporarily delayed payment, no impairment has occurred. According to the Bank's policy, no impairment has occurred if financial assets were less than 90 days overdue, unless other objective evidence is shown.

(Continued)

50
BANK OF PANHSIN
Notes to the Financial Statements

Additional credit quality analysis of financial assets was as follows:

A) Credit quality analysis for loans and discounts, and receivables

December 31, 2014										
Name	Non-overdue and non-impaired amount				Overdue but not impaired amount (B)	Impairment (C)	Total (A)+(B)+(C)	Allowance for impairment loss (D)		Net (A)+(B)+(C)-(D)
	Low risk	Medium risk	High risk	Subtotal (A)				With objective evidence of impairment	No objective evidence of impairment	
Items on statement of financial position										
Receivables										
Acceptance receivables	\$ 301,351	-	-	301,351	-	-	301,351	-	3,483	297,868
Other receivables	120,257	45	58	120,360	2,463	1,863	124,686	23,020	-	101,666
Others	1,101,581	-	-	1,101,581	-	-	1,101,581	-	-	1,101,581
Loans and discounts	126,799,527	866,293	125,416	127,791,236	986,493	1,122,928	129,900,657	442,241	1,185,253	128,273,163
	\$ 128,322,716	866,338	125,474	129,314,528	988,956	1,124,791	131,428,275	465,261	1,188,736	129,774,278
Items off statement of financial position										
Commitments and guarantees	\$ 4,059,433	-	-	4,059,433	-	-	4,059,433	-	-	4,059,433
Credit	1,039,378	1,274	11,557	1,052,209	-	-	1,052,209	-	-	1,052,209

51
BANK OF PANHSIN
Notes to the Financial Statements

December 31, 2013										
Name	Non-overdue and non-impaired amount				Overdue but not impaired amount (B)	Impairment (C)	Total (A)+(B)+(C)	Allowance for impairment loss (D)		Net (A)+(B)+(C)-(D)
	Low risk	Medium risk	High risk	Subtotal (A)				With objective evidence of impairment	No objective evidence of impairment	
Items on statement of financial position										
Receivables										
Notes receivable	\$ -	-	-	-	-	490,301	490,301	490,301	-	-
Acceptance receivables	261,734	-	-	261,734	-	-	261,734	-	1,812	259,922
Other receivables	208,169	90	5	208,264	1,397	2,031	211,692	22,863	-	188,829
Others	970,611	-	-	970,611	-	-	970,611	-	-	970,611
Loans and discounts	102,272,128	584,869	65,625	102,922,622	282,974	1,239,518	104,445,114	667,788	615,153	103,162,173
	\$ 103,712,642	584,959	65,630	104,363,231	284,371	1,731,850	106,379,452	1,180,952	616,965	104,581,535
Items off statement of financial position										
Commitments and guarantees	\$ 2,421,243	-	-	2,421,243	-	-	2,421,243	-	-	2,421,243
Credit	974,324	2,500	13,471	990,295	-	-	990,295	-	-	990,295

52
BANK OF PANHSIN
Notes to the Financial Statements

- B) Credit analysis for neither overdue nor impaired loans and discounts according to the Bank's internal rating standard was as follows:

December 31, 2014	Non-overdue and non-impaired amount			Total
	Low risk	Medium risk	High risk	
Corporate	\$ 66,702,780	154,064	6,529	66,863,373
Consumer	60,096,747	712,229	118,887	60,927,863
Total	\$ 126,799,527	866,293	125,416	127,791,236

December 31, 2013	Non-overdue and non-impaired amount			Total
	Low risk	Medium risk	High risk	
Corporate	\$ 54,775,719	287,942	403	55,064,064
Consumer	47,496,409	296,927	65,222	47,858,558
Total	\$ 102,272,128	584,869	65,625	102,922,622

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

C) Credit analysis for marketable securities

				December 31, 2014					
Non-overdue and non-impaired amount									
Name	Investment grade	Non-investment grade	No credit ratings	Subtotal (A)	Overdue but non-impaired amount (B)	Impaired amount (C)	Total (A)+(B)+(C)	Impairment loss recognized (D)	Net total (A)+(B)+(C)-(D)
Available-for-sale financial assets									
Bond investment	\$ 13,799,048	-	-	13,799,048	-	-	13,799,048	-	13,799,048
Stock investment	726,828	-	-	726,828	-	-	726,828	-	726,828
Others	185,792	-	-	185,792	-	-	185,792	-	185,792
Held-to-maturity financial assets									
Bond investment	753,678	-	-	753,678	-	-	753,678	-	753,678
Other financial assets									
Stock investment	65,537	-	-	65,537	-	4,940	70,477	4,940	65,537

54
BANK OF PANHSIN

Notes to the Financial Statements

				December 31, 2013					
Non-overdue and non-impaired amount									
Name	Investment grade	Non-investment grade	No credit ratings	Subtotal (A)	Overdue but non-impaired amount (B)	Impaired amount (C)	Total (A)+(B)+(C)	Impairment loss recognized (D)	Net total (A)+(B)+(C)-(D)
Available-for-sale financial assets									
Bond investment	\$ 8,347,944	-	-	8,347,944	-	-	8,347,944	-	8,347,944
Stock investment	362,166	-	-	362,166	-	-	362,166	-	362,166
Others	190,405	-	-	190,405	-	-	190,405	-	190,405
Held-to-maturity financial assets									
Bond investment	707,940	-	-	707,940	-	-	707,940	-	707,940
Other financial assets									
Stock investment	62,537	-	-	62,537	-	4,940	67,477	4,940	62,537

55
BANK OF PANHSIN
Notes to the Financial Statements

2. Market risk, liquidity risk, and interest rate risk

(A) Risk management framework

Market risk, liquidity risk, interest rate risk, and other risks related to daily operations are managed by the Bank.

A) Market risk

This is the risk that market prices of assets will go against the position of the Bank. Market prices refer to interest rates, stock prices, foreign exchange rates, and commodity prices.

B) Liquidity risk

This is the risk that a given security or asset has difficulty in being sold in the market to fulfill financial obligations. This may cause a loss or a capital decrease for the Bank.

C) Interest risk

This is the risk that an investment's value will change due to a change in interest rates. A change in interest rates can affect net interest income and income from other interest-sensitive assets, and inversely affect the Bank's earnings. Simultaneously, it can also affect the valuation gain or loss on and off the statement of financial position the statement of financial position.

(B) Risk management process

The Bank's risk management process includes risk identification, measurement, assessment, and reporting. The risks relate to the Bank's trading activities and process, commodity trading, and system. All such risks are managed on a daily basis.

A) Risk identification

A. Market risk

The Bank's sales department and risk management department must understand the sources of market risk, market risk factors, and the aftermath of a market downturn. In addition to understanding the risks mentioned above, the Bank also must know the impacts on the business.

B. Liquidity risk

The Bank's sales department and risk management department must understand that liquidity risk comes from mismatch between assets and liabilities either on or off the statement of financial position.

C. Interest rate risk

The Bank's sales department and risk management department must understand that interest rate risk comes from changes in interest rates due to pricing risk, yield curve risk, and basis risk that will have an impact on the Bank's earnings.

(Continued)

56
BANK OF PANHSIN
Notes to the Financial Statements

B) Risk assessment and measurement

A. Market risk

The Bank measures market risk, including the level of risk acceptance and the level of concentration. In addition, it follows the capital adequacy rules under the Basel Accords and risk indicators issued by the authority. The Bank does not evaluate the risk with a model due to the simplicity of its business. The Bank evaluates its investment position by the following methods: (1) market prices, (2) other assets with similar prices, or (3) other adequate evaluation methods, which have to be used consistently.

B. Liquidity risk

The Bank assesses for measures liquidity risk by using all liquidity risk indicators, balance sheet mismatch, source of funds, use of funds, line of credit level, and plans for funding in the market.

C. Interest rate risk

The Bank's interest rate risk includes reprising risk, yield curve risk, and basis risk. Methods to assess and measure risk are analyzing (1) the interest sensitivity gap; (2) the capital adequacy ratio; (3) interest rate caps and floors; and (4) the structure of the position concentration ratio.

C) Risk monitoring and control

The Bank has used several techniques such as credit limitation management, a stop-loss system, transaction quotas, the capital liquidity gap, and the interest sensitivity gap in order to monitor market risk, liquidity risk, and interest rate risk, and has a clear reporting process. Things monitored are the trading unit, financial instruments traded in whole or in part, the liquid reserve ratio, the core deposit ratio, and the ratio of the Bank's interest-rate-sensitive assets to its interest-rate-sensitive liabilities (gap ratio).

D) Risk reporting

The Bank has required departments involved in defined market risk, liquidity risk, and interest rate risk in the banking book to submit immediate, daily, or periodic transaction information to the business units. In cases where an overrun or an exception occurs, immediate notification is necessary. The risk management unit is responsible for providing information regarding risk position, the profit and loss situation, usage limits, etc., to the board, Risk Management Committee, and Asset and Liability Management Committee and for providing other appropriate reports and recommendations of the Committees.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

(C) Maturity analysis of financial assets and financial liabilities

The management policy of the Bank is to match to the contractual maturity profile with the interest rate risk exposures of assets and liabilities and to manage unexpected cash outflow. Because of uncertainty, the maturities did not fully match the interest rates, resulting in gaps that may potentially give rise to gain or loss. The maturity analysis of assets and liabilities was as follows:

December 31, 2014							
Items	0~10 Days	11~30 Days	31~90 Days	91~180 Days	181 Days~ 1 Year	Over 1 Year	Total
Assets							
Cash	\$ 14,773,910	13,722,843	1,526,069	918,441	1,740,131	1,228,920	33,910,314
Financial assets at FVTPL	2,649,038	2,028,982	-	-	-	15,530,883	20,208,903
Securities sold under resell agreements	2,525,622	1,400,548	-	-	-	-	3,926,170
Loans and discounts	4,295,011	3,775,901	8,788,893	11,328,923	16,930,054	75,286,454	120,405,236
Interest receivables	52,893	126,796	42,065	3,741	42,577	96	268,168
Property and equipment	-	-	-	-	-	6,650,525	6,650,525
Others	370,474	37,143	37,320	116,612	639,001	2,865,121	4,065,671
Liabilities							
Deposits from Central Bank and other banks	62,863	280	708,840	368,660	192,940	-	1,333,583
Checking account	991,340	1,982,679	5,948,038	8,922,056	17,844,113	35,872,583	71,560,809
Demand deposits	2,064,788	8,978,261	22,424,587	18,851,226	41,191,939	5,824,022	99,334,823
Borrowing	-	-	-	370,000	350,000	4,700,000	5,420,000
Interest payables	71,722	27,752	43,832	50,957	18,717	5,518	218,498
Negotiable certificates of deposit	644,152	1,288,304	3,864,913	5,797,369	11,594,738	12,138,793	35,328,269
Net value	-	-	-	-	-	11,483,202	11,483,202
Others	1,043,875	706,408	66,388	51,289	200,231	213,821	2,282,012
December 31, 2013							
Items	0~10 Days	11~30 Days	31~90 Days	91~180 Days	181 Days~ 1 Year	Over 1 Year	Total
Assets							
Cash	\$ 13,891,071	16,760,413	1,054,087	657,819	1,375,015	1,267,287	35,005,692
Financial assets at FVTPL	404,439	-	-	-	-	9,670,991	10,075,430
Securities sold under resell agreements	199,781	-	-	-	-	-	199,781
Loans and discounts	3,325,312	2,117,343	8,768,985	9,690,955	15,894,393	57,635,598	97,432,586
Interest receivables	118,916	15,265	22,887	2,390	40,354	-	199,812
Property and equipment	-	-	-	-	-	5,449,507	5,449,507
Others	116,354	351,736	83,565	308,404	632,994	3,615,286	5,108,339
Liabilities							
Deposits from Central Bank and other banks	48,131	280	708,440	168,660	192,940	-	1,118,451
Checking account	698,243	1,396,487	4,189,460	6,284,290	12,568,279	36,650,954	61,787,713
Demand deposits	3,115,931	7,112,062	14,252,801	15,219,356	32,403,942	4,787,463	76,891,555
Borrowing	-	-	-	239,000	280,000	2,433,928	2,952,928
Interest payables	57,270	17,817	24,265	20,346	16,318	3,968	139,984
Negotiable certificates of deposit	19,126	43,505	336,509	1,482,783	5,288,514	3,088,832	10,259,269
Net value	-	-	-	-	-	9,646,006	9,646,006
Others	501,120	432,769	59,359	158,853	116,680	94,788	1,363,569

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

(D) Maturity analysis of items off the statement of financial position

The table below shows the maturity analysis of the items off the statement of financial position based on the remaining time until the contractual maturity date. For issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be paid at the very beginning of the contract period. The amount disclosed is based on contractual cash flows and may be different from that included in the consolidated statement of financial position.

Unit: NTD thousand			
December 31, 2014			
	Less than 1 year	Over 1 year	Total
Irrevocable loan commitment	\$ 518,819	1,990,813	2,509,632
Letter of credit receivables	1,052,209	-	1,052,209
Various guarantee proceeds	487,044	3,572,389	4,059,433
December 31, 2013			
	Less than 1 year	Over 1 year	Total
Irrevocable loan commitment	\$ 729,511	3,087,623	3,817,134
Letter of credit receivables	990,295	-	990,295
Various guarantee proceeds	770,248	1,651,025	2,421,273

(E) Maturity analysis of lease agreements and capital expenditure

The lease contracts of the Bank are operating leases. The operating lease commitment is the future minimum rental payment under operating leases when the Bank is a lessee or lessor.

The capital expenditure commitment of the Bank is the contractual commitment for obtaining buildings and equipment.

Maturity analysis of lease agreements and capital expenditure is as follows:

December 31, 2014	Less than 1 year	1-5 years	Over 5 years	Total
Lease commitments				
Operating lease payment (lessee)	\$ 139,302	285,686	11,379	436,367
Operating lease income (lessor)	73,291	196,838	179,962	450,091

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

December 31, 2013	Less than 1 year	1-5 years	Over 5 years	Total
Lease commitments				
Operating lease payment (lessee)	\$ 102,011	249,054	28,341	379,406
Operating lease income (lessor)	77,852	124,704	190,663	393,219

(F) Market risk sensitivity analysis

The Bank uses market risk sensitivity as a tool to manage risks. Market risk sensitivity is the change in the value of positions due to the change in specific market risk factors by one unit.

Interest rate sensitivity is the change in the price value of a basis point (PVBp) of future cash flow of the Bank's interest rate product position as the yield curve shifts up by one basis point (0.01%) on the statement of financial position date.

In addition, the Bank does not have a significant net foreign currency position. Therefore, exchange rate fluctuation will not cause any significant exchange rate risk to the Bank.

Sensitivity analysis is as follows:

Main risk	Name	December 31, 2014		
		Cost/ par value	Amount	
			Equity	Gain or loss
Interest rate risk	Government and corporate bonds	14,720,623	(508,891)	-

Main risk	Name	December 31, 2013		
		Cost/ par value	Amount	
			Equity	Gain or loss
Interest rate risk	Government and corporate bonds	9,065,074	(305,078)	-

(Continued)

60
BANK OF PANHSIN
Notes to the Financial Statements

(G) Exchange rate risk

Unit: Thousand			
December 31, 2014			
	Foreign currency	Exchange rate	New Taiwan dollars
Financial assets			
Monetary item			
USD	277,356	31.7180	8,797,166
EUR	6,409	38.5437	247,017
JPY	156,545	0.2651	41,495
HKD	26,689	4.0900	109,160
CHF	212	32.0546	6,796
SGD	199	23.9961	4,768
Financial liabilities			
Monetary item			
USD	290,352	31.7180	9,209,381
EUR	2,856	38.5437	110,066
JPY	627,805	0.2651	166,411
HKD	43,577	4.0900	178,230
AUD	19,470	25.9612	505,464
GBP	2,617	49.3564	129,159
CAD	866	27.3219	23,655
CHF	2	32.0546	70
NZD	1,384	24.8447	34,376
SGD	11	23.9961	275
ZAR	137,369	2.7400	376,388
CNY	153,067	5.1043	781,295

(Continued)

61
BANK OF PANHSIN
Notes to the Financial Statements

	December 31, 2013		
	Foreign currency	Exchange rate	New Taiwan dollars
Financial assets			
Monetary item			
USD	221,706	29.9500	6,640,089
EUR	5,638	41.2771	232,730
JPY	87,399	0.2852	24,925
HKD	28,440	3.8628	109,855
CHF	196	33.6782	6,592
GBP	71	49.5193	3,506
SGD	33	23.6965	773
CNY	6,250	4.9443	30,902
Financial liabilities			
Monetary item			
USD	214,601	29.9500	6,427,311
EUR	3,860	41.2771	159,329
JPY	344,996	0.2852	98,387
HKD	14,550	3.8628	56,203
AUD	14,944	26.7124	399,197
GBP	2,224	49.5193	110,121
CAD	1,566	28.1459	44,073
CHF	3	33.6782	112
NZD	1,609	24.5949	39,566
SGD	3	23.6965	78
ZAR	166,606	2.8754	479,056
CNY	38,692	4.9443	191,304

(Continued)

62
BANK OF PANHSIN
Notes to the Financial Statements

6) Capital management

1. Capital management objectives

The capital management objective of the Bank is to have sufficient eligible capital to meet the capital requirements and the minimum legal capital adequacy ratio. The eligible capital and the authorized capital are calculated pursuant to the regulations set by the regulators.

To enable the Bank to have adequate capital to cover various risks, the required capital should be calculated based on the portfolio risk and the risk characteristics that the Bank faces. Optimal allocation of resources can be achieved by regularly reviewing the objectives of capital management.

2. Capital management procedures

The Bank maintains adequate capital to meet the requirements of the authority and reports to the authority on a quarterly basis.

The Bank's regulatory capital is divided into Tier I Capital and Tier II Capital following the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

Tier I capital includes common equity and additional Tier I capital. Common equity includes common shares, capital surplus (except for additional paid-in capital in excess of par value of preferred shares), accumulated profit or loss, and adjustment items of equity. Items that should be deducted are intangible assets (including goodwill), unamortized loss on sales of non-performing loans, investments on financial institutions, deferred income tax assets, deferred pension costs, and the deduction items. Additional Tier I capital includes non-cumulative perpetual preferred shares and non-cumulative perpetual subordinated debt.

Tier II capital consists of cumulative perpetual preferred shares, cumulative perpetual subordinated debt, value increased through revaluation, convertible bonds, operating reserve, and loan-loss provisions.

To properly monitor and maintain the capital adequacy ratio, the Bank calculates the capital adequacy ratio on a quarterly basis, examines the risk exposure and the changes in eligible capital, and analyzes the achievement of the objectives and the changes in factors that may influence the capital adequacy ratio such as expected profit, provision of allowance for bad debt, changes in non-performing loans, investments in securities (financial and non-financial), and risky assets. If the estimated and actual results differ materially, reviews for improvements are conducted. When it is possible that the capital adequacy ratio is significantly lower than the management objective, top management or the risk management committee should be informed, and strategies should be developed, such as adjusting the asset structure or issuing qualified asset instruments in order to reduce risk exposures or to increase eligible capital.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

The capital adequacy ratios of the Bank and its subsidiaries are disclosed below:

Analysis item			Period-end December 31, 2014	December 31, 2013
Eligible capital	Common capital		8,314,491	7,905,757
	Other Tier I capital		-	-
	Tier II capital		3,978,510	1,191,685
	Eligible capital		12,293,001	9,097,442
Risk-weighted assets	Credit risk	Standardized approach	122,323,791	95,173,479
		Internal rating-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator standardized approach	5,386,188	4,381,675
		Standardized approach / alternative approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	3,218,538	2,082,288
		Internal model approach	-	-
	Total risk-weighted assets		130,928,517	101,637,442
Capital adequacy ratio			9.39%	8.95%
Tier 1 capital / risk-weighted assets ratio			6.35%	7.78%
Common stock / risk-weighted assets ratio			6.35%	7.78%
Leverage ratio			3.16%	4.33%

Note:1. The calculation of eligible capital, risk-weighted assets, and the total amount of risk exposure shall follow the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-Weighted Assets of Banks".

2. The table uses the calculation formulas as follows:

- (1) Eligible capital = common equity + other Tier I capital + tier II capital
- (2) Risk-weighted assets = credit risk-weighted assets + (capital requirement for operational risk + capital requirement for market risk) × 12.5
- (3) Capital adequacy ratio = eligible capital / risk-weighted assets
- (4) Common stock-based capital ratio = common equity / total risk-weighted assets
- (5) Tier I risk-based capital ratio = (common equity + other Tier I capital) / risk-weighted assets
- (6) Leverage ratio = Tier I capital / total exposure

(Continued)

64
BANK OF PANHSIN
Notes to the Financial Statements

(43) Related-party transactions

1) Name of subsidiaries of the Bank

	Location	Equity (% of ownership)	
		December 31, 2014	December 31, 2013
Panhsn Assets Management Co., Ltd.	Taiwan	100.00	100.00
Panhsin Insurance Broker Co., Ltd.	Taiwan	100.00	100.00
Panhsin International Leasing Co., Ltd.	Taiwan	100.00	-

The Bank is the ultimate controlling party of the Bank and its subsidiaries.

2) Name and relationship of related parties

Name	Relationship
Directors and supervisors (noncorporate), etc.	The individual directors and supervisors of the Bank, and their spouses, close relatives, etc.
President, general manager, managers, etc.	The president, general manager, and their spouses, close relatives, etc.
The major individual stockholders of the Bank	The top ten major stockholders with stockholdings more than 1%
Ta Shun Construction Co., Ltd., etc.	The Bank's chairman's spouse is the chairman of the company
San Jun Construction Co., Ltd.	The Bank's chairman spouse is the chairman of the company
Shan Hwei Construction Co., Ltd.	The Bank's chairman's spouse is the chairman of the company; a corporate director of the Bank is the chairman of the company
San Light Consgruction Co., Ltd.	The Bank's legal supervisor is the chairman of the company; a corporate director of the Bank is the chairman of the company
Yuan Chi Investment Co., Ltd.	The Bank's legal supervisor
Fu Jin Investment Co., Ltd.	The Bank's legal supervisor
Sun Shan Construction Co., Ltd.	Disclosed as a related party as required by the authorities
Yong Deng Construction Co., Ltd.	Disclosed as a related party as required by the authorities

(Continued)

65
BANK OF PANHSIN
Notes to the Financial Statements

3) Significant transactions with related parties

1. Deposits

Name	2014	Percentage of deposits	Interest rate
	Ending balance		
Deposits by each related party not over 1% of total deposits	<u>\$ 958,164</u>	<u>0.53</u>	0.01~8.37

Name	2013	Percentage of deposits	Interest rate
	Ending balance		
Deposits by each related party not over 1% of total deposits	<u>\$ 493,465</u>	<u>0.34</u>	0.08~8.37

For the years ended December 31, 2014 and 2013, apart from an interest rate limit on staff demand savings deposits of 6.670% to 6.910% and 6.630% to 6.990%, respectively, the interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2014 and 2013 interest expense paid on the above deposits was \$6,416 and \$2,947, respectively.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

2. Loans

Type of loan	Number of accounts or name of related party	Maximum during the period	2014		Repayment		Difference between terms and conditions offered to the accounts and to the general public	
			Ending balance		On time	Overdue		Collateral
Employee credit loan	26	24,108	15,463		15,463	-	Real estate and deposits	None
Mortgage	4	11,196	10,516		10,516	-	Real estate	None
Others	Wong Kum Ming	5,957	-		-	-	Real estate	None
	Zhu Yao Zhi	35,300	17,300		17,300	-	Real estate	None
	Jiang Hong Zhang	1,856	1,700		1,700	-	Real estate	None
	Wu Kai Ming	1,037	898		898	-	Real estate	None
	Lu Fu Shan	1,312	1,282		1,282	-	Real estate	None
	Li Zong Xin	1,924	1,820		1,820	-	Real estate	None
	Wang Yi Min	1,329	1,012		1,012	-	Real estate	None
	Zhou Rui Can	2,300	-		-	-	None	None
	Lin Lai Wang	14,320	7,391		7,391	-	Real estate	None
	Lin Ming Ciang	2,900	2,300		2,300	-	Real estate	None
	Chu Yue Shuan	83,600	78,000		78,000	-	Real estate	None
	Hong Rui Ying	7,950	-		-	-	None	None
	Kao Yi Jhang	14,677	9,500		9,500	-	Real estate	None
	Kao Chao Mao	5,600	5,600		5,600	-	Real estate	None
	Kuo Lin Mei Hui	24,000	12,000		12,000	-	Real estate	None
	Kuo Hua Yi	311	274		274	-	Real estate	None
	Huo Tao Ming	114,000	57,000		57,000	-	Real estate	None
	You Da Hu	5,000	1,650		1,650	-	Real estate	None
	Huang Hsin Mao	6,294	5,951		5,951	-	Real estate	None
	Yang Mei Ru	29,697	14,585		14,585	-	Real estate	None
	Ye Kuo Li Yu	54,750	26,500		26,500	-	Real estate	None
	Liao Ke Huang	7,118	6,772		6,772	-	Real estate	None
	Liao Mei Yun	94,963	82,754		82,754	-	Real estate	None
	Zhao Wei Fong	2,350	-		-	-	Deposits	None
	Liu bin Hui	84,987	80,873		80,873	-	Real estate	None
	Liu Jin Po	6,300	6,286		6,286	-	Real estate	None
	Lia Ming Fong	9,900	9,500		9,500	-	Real estate	None
	Chien Lin Lung	8,000	5,575		5,575	-	Real estate	None
	Sun Shan construction Co., Ltd.	101,246	-		-	-	None	None

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

Type of loan	Number of accounts or name of related party	Maximum during the period	2013		Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
			Ending balance		On time	Overdue		
Employee credit loan	5	122,044	-	-	-	-	Real estate and deposits	None
Others	Chu Yue Shuan	1,200	600	600	-	-	Real estate	None
	Liu Bin Hui	86,000	84,987	84,987	-	-	Real estate	None
	Kuo Tao Ming	114,000	57,000	57,000	-	-	Real estate	None
	Chu Yiao Chi	54,000	18,000	18,000	-	-	Real estate	None
	Liao Ke Huang	7,455	7,118	7,118	-	-	Real estate	None
	Chien Lin Lung	16,000	-	-	-	-	Real estate	None
	Liao Rong Chuan	7,005	-	-	-	-	Real estate	None
	Kuo Lin Mei Hui	24,000	12,000	12,000	-	-	Real estate	None
	Ye Kuo Li Yu	28,750	20,250	20,250	-	-	Real estate	None
	Yang Mei Ru	28,777	13,042	13,042	-	-	Real estate	None
	Liao Mei Yun	104,000	94,963	94,963	-	-	Real estate	None
Sun Shan Construction Co., Ltd.	1,186,960	101,246	101,246	-	-	Real estate	None	

For the years ended December 31, 2014 and 2013, interest income recognized for the above loans was \$9,077 and \$19,462, respectively.

3. Rental revenue

The details of office rentals by the Bank to a related party for operating purposes are as follows:

Name	Building	Period	2014	2013
Panhsin Insurance Broker	Zhongzheng Rd., Panchiao City, No. 330, 11th floor	March 12, 2009 upon the expiration of the lease could be renewed	\$ 1,607	762
Panhsin Asset Management	Zhongzheng Rd., Panchiao City, No. 330, 9th floor	January 6, 2009 upon the expiration of the lease could be renewed	202	144
			<u>\$ 1,809</u>	<u>906</u>

4. Property transactions

On December 27, 2006, the Bank entered into contracts with Panhsin Asset Management Co., Ltd. to sell foreclosed assets for \$550,000, and they were partially transferred from December 27, 2006, to December 31, 2007. As of December 31, 2013, the amount of the ownership been transferred was \$550,000. After deducting \$110,000, proceeds not yet received were \$440,000, recorded under accounts receivable—notes receivable. As of December 31, 2014, the amount that has been received.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

5. Sale of non-performing loans

Counterparty: Panhsin Asset Management Co., Ltd. Disposal date: July 26, 2006

Loan components			Loan amount	Book value	Share price
Corporate	Secured		-	-	-
	Unsecured		-	-	-
Consumer	Secured	Mortgage	2,050,625	1,835,421	1,501,310
		Car loan	-	-	-
		Others	-	-	-
	Unsecured	Credit card	-	-	-
		Cash card	2,908	2,738	139
		Credit loan	1,196	1,127	57
		Other	-	-	-
Total			2,054,729	1,839,286	1,501,506

Note: The aforementioned non-performing loans have a loan amount of \$201,910, a book value of \$198,429, and a selling price of \$181,608.

On July 26, 2006, the Bank entered into contracts with Panhsin AMC to sell non-performing loans at a price of \$1,501,506. The price was determined according to the assessment report made by certified public accountants. The assessed value ranged from \$1,086,224 to \$1,481,799. The method of payment was that Panhsin AMC had to pay 10% of the contract price upon the signing of the contract. Three months after the transfer of loans, 70% of the contract price should be paid (the second proceeds). The remaining proceeds should be paid in full by Panhsin AMC on July 20, 2007, one year after the signing of the contract. However, if there have been any buybacks due to defaults, they would be deducted from the remaining proceeds. On July 26, August 29, and September 21 of 2006, March 14 of 2007, and June 2 of 2008, the debtors made agreements with the Bank before the Bank could settle with Panhsin AMC. As a result, a discrepancy with the contract existed. As of December 31, 2013 and 2012, \$212,257 had been bought back by the Bank, reducing the contract price to \$1,289,249. The transfer of loans was completed in November 2006; moreover, the remaining proceeds amounting to \$300,301 were paid by Panhsin AMC's post-dated check dated July 20, 2007. In addition, Panhsin AMC signed an agreement with the Bank on November 15, 2006, to postpone the payment of the remaining contract price to November 10, 2008. As of the due date, Panhsin AMC did not have sufficient funds in its checking account to cover the checks for the second and remaining proceeds, and the Bank agreed that Panhsin AMC could postpone the payment for one year. As of December 31, 2014 and 2013, the amounts that had been received were \$1,289,249 and \$1,238,948, respectively. As of December 31, 2014 and 2013, the proceeds that had not yet been received were \$0 and \$50,301, respectively, recorded under accounts receivable—net

As of December 31, 2014 and 2013, the interest not received was \$0 and \$2,368, respectively, recorded under accounts receivable—net.

For the years ended December 31, 2014 and 2013, the interest revenue due to the postponed repayments was \$3,770 and \$17,637, respectively.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

6. Other

- (A) For the years ended December 31, 2014 and 2013, the details of the Bank's selling a series of subordinated financial debentures to related parties were as follows:

Related party		2014		Interest rate	Interest expense
		Highest balance	Ending balance		
Directors, supervisors, and main stockholders	\$	12,800	<u>11,800</u>	2.84~3.00	<u>-</u>

Related party		2013		Interest rate	Interest expense
		Highest balance	Ending balance		
Directors, supervisors, and main stockholders	\$	400	<u>200</u>	2.59	<u>5</u>

- (B) In 2013, the Bank has entered into an insurance commission fee-splitting agreement with Panhsin Insurance Broker Co., Ltd. According to the agreement, the Bank provides the operating venue, facilities or manpower. As of December 31, 2014 and 2013, the Bank has gained commission revenue of \$199,284 and \$151,682 from Panhsin Insurance Broker Co., Ltd., respectively, recorded under "fees and commission income—net". As of December 31, 2014 and 2013, the proceeds that has not yet been received were \$5,858 and \$3,708, respectively, recorded under accounts—receivable, net.

(C) Joint venture building

For the construction of the Bank's ChengDu building located at No. 696, No. 697-1, No. 713-1, and No. 717, Zhongxian Section, Banquiao District, New Taipei City, and No. 694, No. 696-1, No. 696-2 of public use land (hereinafter the project land), the Bank has entered into a trust contract with Panhsin Asset Management Co., Ltd. (Panhsin AMC), Sun Shen Construction Company, and Industrial Bank of Taiwan, the trustees on April 13, 2012. The Bank has assigned the trustees to perform property transfer, registry, management, and disposal, and has transferred the project land to the trustees. As of December 31, 2014, the progress was as follows:

- A) Panhsin ChengPing (No. 696, Zhongxian Section, Banquiao District, New Taipei City)
- A. This project was a joint venture among the Bank, Panhsin Asset Management Co., Ltd., and Sun Shen Construction Company for a building, with sales revenue of \$822,190 going to the Bank and \$245,580 going to Panhsin Asset Management Co., Ltd.
 - B. Progress of construction: Obtained user license in May 2013.
 - C. Progress of sales: the project has been sold out before the end of 2013.
 - D. Sales profit: \$751,423 to the Bank and \$180,839 to Panhsin Asset Management Co., Ltd.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

- E. The aforementioned revenue from sales to individual board members' relatives and other related parties was \$64,460, of which \$49,640 went to the Bank and \$14,820 went to Panhsin Asset Management Co., Ltd., and profits were \$56,177, of which \$45,217 went to the Bank and \$10,960 went to Panhsin Asset Management Co., Ltd.

B) Panhsin Bank Houpu Branch

- A. The land of this project was the same as that of the "Panhsin ChengPing" project. The first and second floors of the building are reserved for the Bank.
- B. Progress of construction: A user license was obtained in May 2013. The site is currently undergoing interior decoration, and relocation will be completed by January 2014.

4) Key management personnel compensation

	2014	2013
Short-term employee benefits	<u>\$ 64,596</u>	<u>45,498</u>
Post-employment benefits	<u>\$ 360</u>	<u>423</u>

(44) Pledged assets

Pledged assets of the Bank and its subsidiaries were as follows:

Pledged Assets	Pledged for	December 31, 2014	December 31, 2013
Time deposit (recorded as due from central bank and placement to other banks)	Foreign currency — denominated overdraft guarantee	\$ 2,700,000	-
Government bonds (recorded as available-for-sale financial assets)	Reserve for trust business	48,640	50,530
	Provisional seizure	32,629	53,659
	Operating deposits for trading bills	51,237	51,540
	Operating deposits for trading bonds	10,247	10,308
	Deposits for Taxation Administration, Ministry of Finance	93,502	94,941
Bank deposit (recorded as other financial assets)	Settlement deposits for bonds	7,400	7,400
	Deposits for lawsuits	9,570	12,604
		<u>\$ 2,953,225</u>	<u>280,982</u>

(Continued)

71
BANK OF PANHSIN
Notes to the Financial Statements

(45) Significant contingent liabilities and unrecognized contract commitments

1) Significant contingent liabilities and unrecognized contract commitments

1. Significant purchase agreements

December 31, 2014

Contract name	Contract price	Unpaid portion of contract price
Significant purchase agreements:		
Software system	\$ <u>62,269</u>	<u>30,723</u>

December 31, 2013

Contract name	Contract price	Unpaid portion of contract price
Significant purchase agreements:		
Software system	\$ <u>43,790</u>	<u>14,058</u>

2. For significant leases and capital expenditure, please refer to note 44.

3. Significant mergers and acquisitions, please refer to note 12.

2) Other

	December 31, 2014	December 31, 2013
Consignment collection for others	\$ 12,995,059	10,719,400
Consignment released and loans for others	673,462	964,459
Collateral held as performance bond	829,348	69,471
Traveler's checks held for consignment sale	13,275	8,872
Custodial securities	155,000	50,000
Trust assets	<u>47,611,413</u>	<u>43,688,114</u>
Total	<u>\$ 62,277,557</u>	<u>55,500,316</u>
Lines of credit provided but not used	<u>\$ 2,509,632</u>	<u>1,734,715</u>
Guarantees	<u>\$ 4,059,433</u>	<u>2,421,243</u>
Letters of credit issued but not yet presented	<u>\$ 1,052,209</u>	<u>990,295</u>
Credit default swap sold	<u>\$ -</u>	<u>85,807</u>

(Continued)

72
BANK OF PANHSIN
Notes to the Financial Statements

- 3) In accordance with local regulations, disclosure of accounts in the statement of financial position and a summary of trust asset items for trust business are as follows:

Trust balance sheet			
December 31, 2014			
Trust assets		Trust liabilities	
Bank deposits	\$ 6,049,497	Trust capital — monetary trust	21,993,280
Investment in funds	17,854,906	Trust capital — real estate	21,719,595
Investment in bonds	10,000	Trust capital — monetary loans and guaranteed assets	2,143,832
Investment in stocks	1,611,454	Trust capital — securities trust	1,620,103
Investment in loans	2,143,729	Trust capital — land rights trust	204,152
Land	15,416,435	Net income	643,536
Building	815,945	Unappropriated earnings	(713,085)
Construction in progress	3,505,295		
Land rights	204,152		
Total trust assets	<u>\$ 47,611,413</u>	Total trust liabilities	<u>47,611,413</u>

Trust balance sheet			
December 31, 2013			
Trust assets		Trust liabilities	
Bank deposits	\$ 7,200,584	Trust capital — monetary trust	20,421,079
Investment in funds	15,893,805	Trust capital — real estate	21,780,412
Investment in bonds	198,000	Trust capital — monetary loans and guaranteed assets	1,159,982
Investment in loans	1,047,479	Trust capital — securities trust	176,843
Land	14,678,461	Trust capital — land rights trust	204,152
Building	958,059	Net income	554,273
Construction in progress	3,507,574	Unappropriated earnings	(608,627)
Land rights	204,152		
Total trust assets	<u>\$ 43,688,114</u>	Total trust liabilities	<u>43,688,114</u>

(Continued)

73
BANK OF PANHSIN
Notes to the Financial Statements

Trust income statement

	2014	2013
Trust revenue:		
Interest revenue	\$ 8,124	12,130
Realized investment gain — funds	195,473	197,117
Realized investment gain — bonds	-	409
Cash dividends revenue	644,330	591,175
	<u>847,927</u>	<u>800,831</u>
Trust expenses:		
Management expenses	17,605	11,969
Realized investment loss — funds	185,965	233,381
Other expenses	29	14
	<u>203,599</u>	<u>245,364</u>
Net income before income tax	644,328	555,467
Income tax expense	792	1,194
Net income after income tax	<u><u>\$ 643,536</u></u>	<u><u>554,273</u></u>

Summary of trust asset items
December 31, 2014

Item	Amount
Bank deposits	\$ 6,049,497
Investment in funds	17,854,906
Bonds	10,000
Investment in stocks	1,611,454
Investment in common stocks	2,143,729
Land	15,416,435
Building	815,945
Construction in progress	3,505,295
Land rights	<u>204,152</u>
	<u><u>\$ 47,611,413</u></u>

(Continued)

74
BANK OF PANHSIN
Notes to the Financial Statements

Summary of trust asset items
December 31, 2013

Item	Amount
Bank deposits	\$ 7,200,584
Investment in funds	15,893,805
Bonds	198,000
Investment in common stocks	1,047,479
Land	14,678,461
Building	958,059
Construction in progress	3,507,574
Land rights	204,152
	<u><u>\$ 43,688,114</u></u>

(46) Other

1) Business Combination

To expand its business, enhance efficiency and competitiveness, the Board of directors of the Bank passed a resolution for an acquisition of the operation, assets and liabilities of The Ninth Credit Cooperative of Taipei (NCCT) on October 10, 2013. The acquisition was approved by the Bank's stockholders on December 1, 2013, and approved by Financial Supervisory Commission on June 24, 2014. The effective date of the acquisition was July 21, 2014.

NCCT was established in April, 1981. Its Headquarters was located in Wanhua, Taipei City, and had 18 domestic branches. The main operations of NCCT included saving, credit, remittance, proxy and other business approved by the Authorities.

1. Transfer Consideration

According to the "General Assignment and Assumption Agreement" signed on October 30, 2013, the payment of acquisition was \$3,980,000. After deducting the amount of \$1,265,598, which had been paid to NCCT for personnel pension (severance) and compensation according to the agreement, the Bank paid the amount of \$2,279,987 as down payment. The Bank expects that the second payment amounting to \$434,415 (recognized as Account Payable) will be paid 12 months after settlement date.

Relevant acquisition cost was excluded from the transfer consideration. The relevant acquisition costs incurred in 2014 amounted to 25,224, including legal fees, on-site examination expenses and consultant expense, and were recognized as other business and administrative expenses in the statement of comprehensive income.

(Continued)

75
BANK OF PANHSIN
Notes to the Financial Statements

2. Assets And Liabilities Obtained On Acquisition Date

Independent third party was been appointed to evaluate the allocation of the transfer consideration (efficient date: July 18 2014). According to the evaluation report, fair value of the identifiable tangible assets and liabilities are listed below:

	NCCT
Cash and cash equivalents	\$ 145,925
Due from the Central Bank and call loans to other banks	8,649,105
Receivable, net	19,275
Discounts and loans, net	15,476,048
Available-for-sale financial assets, net	112,177
Held-to-maturity financial assets, net	150,000
Other financial assets, net	7,127
Properties, net	2,071,844
Intangible assets, net	558
Prepayment	4,377
Refundable Deposit	2,719
Payable	(107,619)
Deposit and remittances	(23,476,716)
Deferred tax liabilities- Land value increment tax	(76,160)
Other liabilities	(18,222)
	<u><u>\$ 2,960,438</u></u>

The Bank obtained discounts and loans in the acquisition amounting to \$15,476,048 at fair value. The total contract amount was \$15,622,725. The best estimate of unrecoverable contract cash flow was \$146,677 thousand on the acquisition date.

3. Intangible Assets Due to Acquisition (Goodwill and Core Deposit)

Transfer Consideration	\$ 3,980,000
Less: Fair value of identifiable asset acquired	(2,960,438)
Identifiable intangible asset-Core Deposit	(137,800)
Goodwill	<u><u>\$ 881,762</u></u>

The amount of transfer consideration after the deduction of the fair value of identifiable assets acquired included the expected benefit from the synergies of combination, revenue and cost, and future market development. Since the core deposit was the only identifiable intangible assets, the residual amount after the deduction of the identifiable assets and intangible assets was accounted for as goodwill. No tax impact is expected from the core deposit, but the goodwill amounting to 881,762 is expected to have a tax deduction in the future years.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

4. The Impact of Acquisition To Operating Performance

Since acquired on July 21, 2014, NCCT had contributed the net revenue and net loss of \$78,212 and \$(22,989), respectively.

If the acquisition had happened in beginning of the accounting period, the Bank's pro forma net revenue and net profit would have been \$3,172,093 and \$435,868. The amount did not reflect the real performance of the assumption that the acquisition happened in the beginning of the year and shall not be used to predict the operating performance in future.

5. According to the plan, which the acquisition had been proposed to the Financial Supervision Committee for approval in July 2014, the ratio of bad debt allowance shall increase to 1%. Therefore, the Bank recognized the amount of \$290,119 as bad debt expense.

- 2) The employee benefits, depreciation, depletion, and amortization, categorized by function, were as follows:

By function By account	2014			2013		
	Cost of goods sold	Operating expenses	Total	Cost of goods sold	Operating expenses	Total
Employee benefits						
Salary	-	1,146,194	1,146,194	-	918,996	918,996
Labor and health insurance	-	85,520	85,520	-	75,556	75,556
Pension	-	55,275	55,275	-	52,840	52,840
Other personnel expense	-	25,231	25,231	-	26,061	26,061
Depreciation	-	107,159	107,159	-	110,751	110,751
Depletion	-	-	-	-	-	-
Amortization	-	58,958	58,958	-	52,031	52,031

The depreciation expense for leased-out assets was \$23,287 and \$20,070 in 2014 and 2013, respectively, and was recorded under other non-interest income—net.

As of December 31, 2014 and 2013, the Company had 1,419 and 1,131 employees, respectively.

(Continued)

77
BANK OF PANHSIN
Notes to the Financial Statements

- 3) Average amount of, and current average interest rates on, interest-bearing assets and liabilities:

	2014	
	Average Amount	Average Interest Rate
Interest-earning assets:		
Cash due from banks	\$ 1,815,723	1.86
Due from Central Bank and call loans to banks	29,382,577	0.80
Financial assets at fair value through profit or loss	1,208,862	0.59
Loans and advances to customers	116,482,166	2.74
Available-for-sale financial assets	11,435,759	1.15
Held-to-maturity financial assets	659,146	1.58
Securities purchased under resell agreements	4,050,167	0.59
Interest-bearing liabilities:		
Due to banks	1,875,061	1.05
Securities purchased under resell agreements	42,760	0.57
Demand deposits	26,058,119	0.11
Time deposits	28,060,463	1.13
Negotiable time deposits	723,095	0.70
Demand savings deposits	42,063,457	0.36
Time savings deposits	66,777,967	1.31
Financial debentures	4,504,110	3.04

(Continued)

78
BANK OF PANHSIN
Notes to the Financial Statements

	2013 Average Amount	Average Interest Rate
Interest-earning assets:		
Cash due from banks	\$ 953,102	0.71
Due from Central Bank and call loans to banks	33,167,955	0.82
Financial assets at fair value through profit or loss	950,758	0.54
Loans and advances to customers	97,900,972	2.77
Available-for-sale financial assets	7,960,585	1.14
Held-to-maturity financial assets	710,707	1.39
Securities purchased under resell agreements	1,534,415	0.67
Interest-bearing liabilities:		
Due to banks	1,815,438	0.92
Securities purchased under resell agreements	449,894	0.06
Demand deposits	24,383,065	0.11
Time deposits	37,068,705	0.37
Negotiable time deposits	21,126,028	1.06
Demand savings deposits	61,055,610	1.28
Time savings deposits	958,246	0.68
Financial debentures	2,939,000	3.07

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

- 4) Supplementary disclosures of asset quality, overdue loans and receivables, concentration of credit extensions, interest rate sensitivity information, profitability, and the structure analysis of assets' and liabilities' time to maturity were as follows:

1. Asset quality

Unit: NT thousands

Unit: R1 thousands

Period			December 31, 2014				
			Overdue loan amount	Loan balance	Overdue ratio	Allowance for bad debts	Cover rate
Corporate banking	Secured		675,544	41,100,077	1.64 %	495,016	73.28 %
	Unsecured		306,453	27,675,000	1.11 %	477,630	155.86 %
Consumer banking	Mortgage		141,024	26,014,523	0.54 %	279,785	198.40 %
	Cash card		-	-	- %	-	- %
	Credit loan		4,034	582,329	0.69 %	22,206	550.47 %
	Others	Secured	21,808	32,803,736	0.07 %	335,494	1,538.40 %
		Unsecured	-	1,724,992	- %	17,363	- %
Total			1,148,863	129,900,657	0.88 %	1,627,494	141.66 %
			Overdue	Account receivables	Overdue ratio	Allowance for bad debts	Cover rate
Credit cards			-	-	- %	-	- %
Without-recourse factoring			-	-	- %	-	- %

Period			December 31, 2013				
			Overdue loan amount	Loan balance	Overdue ratio	Allowance for bad debts	Cover rate
Corporate banking	Secured		701,854	33,642,176	2.09 %	449,757	64.08 %
	Unsecured		311,834	22,699,999	1.37 %	369,016	118.34 %
Consumer banking	Mortgage		185,624	25,958,598	0.72 %	294,154	158.47 %
	Cash card		-	-	- %	-	- %
	Credit loan		25,203	572,546	4.40 %	17,880	70.94 %
	Others	Secured	21,000	20,525,335	0.10 %	138,538	659.70 %
		Unsecured	6,657	1,046,460	0.64 %	13,596	204.24 %
Total			1,252,172	104,445,114	1.20 %	1,282,941	102.46 %
			Overdue	Account receivables	Overdue ratio	Allowance for bad debts	Cover rate
Credit cards			-	-	- %	-	- %
Without-recourse factoring			-	-	- %	-	- %

(Continued)

80
BANK OF PANHSIN
Notes to the Financial Statements

Exemption from reporting non-performing loans (NPL) and overdue receivables

	December 31, 2014		December 31, 2013	
	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables
As a result of debt consultation and loan agreement	113,489	-	157,974	-
As a result of debt solvency and restart plan	37,394	-	45,097	-
Total	150,883	-	203,071	-

2. Information on concentration of credit risk

Unit: NT thousand

December 31, 2014			
Rank	Group company	Outstanding loan	Percentage of net worth (%)
1	Hung Kuo	2,146,040	18.40 %
2	Duen Yang	1,395,900	11.97 %
3	Bau Shing	1,015,298	8.70 %
4	Duen Yang	965,929	8.28 %
5	Chiau Wei	735,000	6.30 %
6	E United Group	732,500	6.28 %
7	He Wang	684,000	5.86 %
8	Chiau Wei	680,500	5.83 %
9	Jiou Yang	618,977	5.31 %
10	Radium Life Tech	601,088	5.15 %
	Total	9,575,232	

(Continued)

81
BANK OF PANHSIN
Notes to the Financial Statements

December 31, 2013			
Rank	Group company	Outstanding loan	Percentage of net worth (%)
1	Hung Kuo	2,283,985	23.27 %
2	Duen Yang	1,021,670	10.41 %
3	Chiau Wei	890,900	9.08 %
4	E United Group	822,846	8.38 %
5	Zhong Xian	767,500	7.82 %
6	Ya Xin	643,352	6.55 %
7	Bau Shing	624,000	6.36 %
8	Kuo Shing	533,577	5.44 %
9	Zhong Tai	452,400	4.61 %
10	Tian Chang	435,461	4.44 %
	Total	8,475,691	

3. Interest rate sensitivity information

(A) Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2014

Unit: NT thousand

Item	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 151,326,344	539,452	946,741	18,287,647	171,100,184
Interest-rate-sensitive liabilities	70,625,777	78,604,397	18,430,573	7,972,432	175,633,179
Interest-rate sensitivity gap	80,700,567	(78,064,945)	(17,483,832)	10,315,215	(4,532,995)
Net worth					11,664,820
Ratio of interest-rate-sensitive assets to liabilities					97.42
Ratio of interest-rate sensitivity gap to net worth					(38.86)

December 31, 2013

Unit: NT thousand

Item	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 124,730,425	94,018	191,872	10,364,320	135,380,635
Interest-rate-sensitive liabilities	42,890,187	70,552,120	22,295,489	5,576,311	141,314,107
Interest-rate sensitivity gap	81,840,238	(70,458,102)	(22,103,617)	4,788,009	(5,933,472)
Net worth					9,818,689
Ratio of interest-rate-sensitive assets to liabilities					95.80
Ratio of interest-rate sensitivity gap to net worth					(60.43)

(Continued)

82
BANK OF PANHSIN
Notes to the Financial Statements

(B) Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2014

Unit: USD thousand

Item	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 312,524	32,573	16	-	345,113
Interest-rate-sensitive liabilities	212,586	68,286	19,284	13	300,169
Interest-rate sensitivity gap	99,938	(35,713)	(19,268)	(13)	44,944
Net worth					5,689
Ratio of interest-rate-sensitive assets to liabilities					114.97
Ratio of interest-rate sensitivity gap to net worth					790.02

December 31, 2013

Unit: USD thousand

Item	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 234,954	29,324	599	-	264,877
Interest-rate-sensitive liabilities	158,770	40,207	15,477	10	214,464
Interest-rate sensitivity gap	76,184	(10,883)	(14,878)	(10)	50,413
Net worth					5,611
Ratio of interest-rate-sensitive assets to liabilities					123.51
Ratio of interest-rate sensitivity gap to net worth					898.47

4. Profitability

%

Item		December 31, 2014	December 31, 2013
Return on total assets	Before income tax	0.35	1.22
	After income tax	0.26	1.17
Return on net worth	Before income tax	5.92	22.15
	After income tax	4.37	21.18
Profit margin		15.46	47.83

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

Note 2: Return on net worth = Income before (after) income tax / Average equity

Note 3: Profit margin = Income after income tax / Total operating revenues

Note 4: Income before (after) income tax is the income for the whole year.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

5. Structure analysis of assets' and liabilities' time to maturity

(A) Duration analysis in New Taiwan dollars

December 31, 2014

Unit: NTD thousand

	Total	Aging for remaining period until expiration				
		0~30 days	31~90 days	91~180 days	181 days~ 1year	Over 1 year
Capital provided	\$ 189,255,017	45,579,191	10,394,347	12,367,717	19,351,763	101,561,999
Capital used	226,961,196	17,862,424	33,056,598	34,411,557	71,392,678	70,237,939
Spread	(37,706,179)	27,716,767	(22,662,251)	(22,043,840)	(52,040,915)	31,324,060

December 31, 2013

Unit: NTD thousand

	Total	Aging for remaining period until expiration				
		0~30 days	31~90 days	91~180 days	181 days~ 1year	Over 1 year
Capital provided	\$ 153,471,147	37,300,630	9,929,524	10,659,568	17,942,756	77,638,669
Capital used	164,159,875	13,442,741	19,571,234	23,573,288	50,866,673	56,705,939
Spread	(10,688,728)	23,857,889	(9,641,710)	(12,913,720)	(32,923,917)	20,932,730

(B) Duration analysis in US dollars

December 31, 2014

Unit: USD thousand

	Total	Aging for remaining period until expiration				
		0~30 days	31~90 days	91~180 days	181 days~ 1year	Over 1 year
Capital provided	\$ 366,945	120,377	90,035	54,966	27,813	73,754
Capital used	472,784	128,576	48,527	86,073	43,993	165,615
Spread	(105,839)	(8,199)	41,508	(31,107)	(16,180)	(91,861)

December 31, 2013

Unit: USD thousand

	Total	Aging for remaining period until expiration				
		0~30 days	31~90 days	91~180 days	181 days~ 1year	Over 1 year
Capital provided	\$ 284,867	88,508	42,364	64,553	19,549	69,893
Capital used	245,156	69,162	40,408	51,511	31,916	52,159
Spread	39,711	19,346	1,956	13,042	(12,367)	17,734

(Continued)

84
BANK OF PANHSIN

Notes to the Financial Statements

(47) Notes to disclosure items

1) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Publicly Held Banks":

1. Financing provided to others: None.
2. Endorsements/guarantees provided to others: None.
3. Marketable securities held as of December 31, 2014 (not including investments in subsidiaries, associates and jointly controlled entities): None.
4. Accumulated acquisition or disposal of individual marketable securities at costs or prices of at least NT\$300 million or 10% of the paid-in capital:

Name of Company	Category and name of security	Amount name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balances	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Cost	Disposal gain or loss	Shares/Units	Amount
Bank of Panhsin	Panhsin Asset Management Co., Ltd.	Long-term investments under equity method	Panhsin Asset Management Co., Ltd.	Subsidiary	5,000	50,351	49,000	96,702 (Note 1)	-	-	-	-	54,000	147,053
Bank of Panhsin	Panhsin International Leasing Co., Ltd.	Long-term investments under equity method	Panhsin International Leasing Co., Ltd.	Subsidiary	-	-	30,000	297,866 (Note 2)	-	-	-	-	30,000	297,866

Note 1: The income in \$96,702 for 2014 includes investment in this year \$490,000 and investment income under the equity method \$(393,298).

Note 2: The income in \$297,866 for 2014 includes investment in this year \$300,000 and investment income under the equity method \$(2,134).

5. Information regarding securities for which the accumulated purchase or sale amounts for the period exceeded NT\$300 million or 10% of the Bank's paid-in capital: None.
6. Information on the acquisition of real estate for which the purchase amount exceeded NT\$300 millions or 10% of the Bank's paid-in capital :

(In Thousands of New Taiwan Dollars)

Company name	Type of real estate	Date	Amount	Status of Payment	Counter party	Relationship with the Company	Status of prior acquisition, if the counterparty is a related party				Basis for determining	Purpose of acquisition and the current status	Other terms
							Possessor	Relationship	Date	Amount			
Bank of Panhsin	Creditor Cooperate	2014.7.21	3,980,000	Paid 2,279,987 (Note)	The Ninth Credit Cooperative of Taipei	None	None	None	None	-	The report of Price waterhouse Coopers Financial Advisory	Improve the bank channel and scale	None

Note: The Bank also paid \$1,265,598 for personal pension (severance) and compensation to employee of NCCT. As of December 31, 2014, there was \$434,415 unpaid.

(Continued)

85
BANK OF PANHSIN

Notes to the Financial Statements

7. Information on the disposal of real estate for which the sale amount exceeded NT\$300 million or 10% of the Bank's paid-in capital:

Name of company	Name of assets	Date	Original purchase date	Book value	Amount	Details of receiving payment	Gain (loss) on disposal of assets	Transaction counterparty	Relationship with transaction counterparty	Purpose of disposal	Price reference	Other
Bank of Panhsin	Real estate	2014.3.28	11991.12.28 (Land)	212,607	430,417	Except for \$7,210 not received, the remaining amount was received.	257,944	OO Li and 63 others	Non-related parties	Activation in working capital	Market price	None
Bank of Panhsin	Real estate	2014.3.28	1998.12.31 (Building)	204,064	519,583	Received	237,846	OO Chen and 5 others	Non-related parties	"	"	"

Note: As the requirement by the Banking Bureau's letter dated May 15, 2013, (Ref. No. 10200070270), while banks sales and lease back real estates, the gain on property exchange shall be deferred and recorded under other liabilities — deferred revenues.

8. Information regarding discounted processing fees on transactions for which the amount exceeded \$5 million: None.
9. Information regarding receivable from related parties for which the amount exceeded \$300 million or 10% of the Bank's paid-in capital: None.
10. Financial derivative transactions: None.
11. Information regarding selling non-performing loans :

(A) Summary table of selling non-performing loans:

(In Thousands of New Taiwan Dollars)

Transaction date	Transaction object	Debt composition content	Book value	Amount	Gain (loss) on disposal of assets	Agreed conditions	Relationship with transaction counterparty
2014.4.17	Deutsche Bank AG, London Branch	Corporation debt	45,009	38,801	(6,208)	None.	Non-related parties
2014.4.17	Bank of America, National Association	Corporation debt	47,935	40,982	(6,953)	None	

(B) Selling non-performing loans by single over NT\$1,000 million: None.

12. Approved securitization instrument types and related information according to "asset-backed securitization" or "mortgage-backed securitization": None.
13. Other material transaction items which were significant to people who use the information in the financial statements: None.

(Continued)

BANK OF PANHSIN

Notes to the Financial Statements

2) Information on investees

The following is the information on investees:

Unit: NTD Thousand

Name of investee	Investee location	Investee's operation	Percentage of ownership	Highest percentage of ownership during period	Book value of investments	Gain (loss) recognized during the period (note)	Holdings				Remark
							Number of shares	Pro forma number of shares	Total		
									Shares	Percentage	
Panhsin Insurance Broker Co., Ltd.	Panchiao City, Taipei County	Insurance agency	100.00%	100.00%	110,493	(28,964)	3,095	-	3,095	100.00%	subsidiary
Panhsin Asset Management Co., Ltd.	Panchiao City, Taipei County	Purchasing non-performing loans	81.82%	100.00%	147,053	(393,298)	54,000	-	66,000	100.00%	subsidiary
Panhsin International Leasing Co., Ltd.	Panchiao City, Taipei County	Real estate	100.00%	-%	297,866	(2,134)	30,000	-	30,000	100.00%	Subsidiary

3) Information regarding investment in China: None.

(48) Operating segment information

Please refer to consolidated financial statements for 2014.