

Stock Code: 2845 www.feib.com.tw mops.twse.com.tw



2014 Annual Report

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Search Code: ISIN XS0658274252





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Innovation

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2014 獲獎紀錄 Awards



Outstanding Information Management BSI Award 資訊治理續航獎,英國標準協會

Outstanding Growth Award of the Wealth Management Bank 財富管理最佳潛力銀行



TTQS Bronze Medal Award 勞動力發展署 TTQS 人才發展品質管 理評核銅牌







壹、營運績效 Financial Highlights

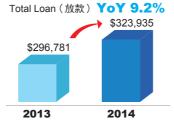
一、重要財務指標 Key Financial Index

(新臺幣佰萬/NT\$Million)

YEAR	2013	2014
Total Assets (總資產)	\$492,106	\$521,345
Total Deposit (存款)	\$398,665	\$423,765
Total Loan (放款)	\$296,781	\$323,935
Net Profit (税後淨利)	\$3,061	\$3,695









(新臺幣/NT\$)

YEAR	2013	2014
EPS(每股盈餘)	\$1.24	\$1.31
ROE (股東權益報酬率)	11.05%	11.33%
ROA (資產收益率)	0.64%	0.73%







二、市佔率第一之利基業務 Top 1 Market Share Businesses













貳、董事長嘉言 Chairperson's Message



董事長 侯金英 Chairperson Ms. Ching-Ing Hou

回顧 2014 年,美國經濟穩健成長,惟歐元區失業率及通縮隱憂,日本調升消費稅衝擊內需,中國大陸結構調整成長減速,使全球經濟復甦步調趨緩;而我國內需消費增溫、民間投資及出口成長同步帶動經濟成長。展望 2015 年,預估全球經濟成長將優於 2014 年,國內受惠油價下跌及國際景氣可望續呈溫和成長,銀行業隨著 Bank 3.0 數位金融潮流、第三方支付專法實施,將積極迎向行動與電子商務新藍海商機。

2014年度本行在全體同仁齊心兢業努力之下,延續優質獲利成長動能。2014年度稅後淨利 36.95億元,較 2013年度積極成長 20.69%,2014年度雖發行 GDR 擴增股本,仍維持每股盈餘(EPS) 1.31元之優質獲利表現,亦較 2013年度成長 5.65%,總資產報酬率(ROA) 0.73%連續五年成長,股東權益報酬率(ROE) 11.33%,連續五年均超過 10%,展現長期穩健成長之經營績效;逾期放款比率 0.39%,備抵呆帳覆蓋率 371.93%,均優於同業符合高優質銀行之標準。

Reflecting upon 2014, though the U.S. economy showed steady growth, euro-zone suffered from unemployment and disinflation, Japan's domestic spending was impacted by the rise of consumption tax, coupled with economic slowdown in China due to structural adjustments, the world recovery became stagnant. On the other hand, with higher domestic consumption, private investments and export growth, Taiwan's economy is expected to grow as well. Looking into 2015, as global economic growth is expecting to improve than that of 2014, falling oil prices will fuel growth both home and abroad to report moderate growth. Thanks to the Bank 3.0 digitized financial trend and the implementation of third party payment services, Taiwan's banking industry is welcoming the new blue ocean opportunities offered by the innovative mobile and e-banking services.

In 2014, thanks to joint efforts of all colleagues, Far Eastern International Bank (FEIB) continued to deliver outstanding performances and maintain its growth momentum. The fiscal year net profit was NT\$3.695 billion with a remarkable year-over-year growth of 20.69%. While FEIB issued its global deposit receipt (GDR) to increase capital in early 2014, earnings per share (EPS) remained at NT\$1.31, also grew 5.65% than a year ago. The total return on assets (ROA) was 0.73%, continued to register growth for the past five years. The return on equity (ROE) was 11.33%, exceeding 10% in five consecutive years, which demonstrated steady performance. In addition, the asset quality of FEIB has surpassed industry standards with the provision for bad debt coverage ratio at 371.93% and NPL ratio at 0.39%.





副董事長 徐旭東 Vice Chairman Mr. Douglas Tong Hsu

本行積極擘劃 Bank 3.0 轉型藍圖,打造金融網路與行動化創新服務,持續發展優質利基商品。在財富管理方面蟬聯今周刊財富管理最佳潛力獎;在中小企業方面放款獲甲等績優銀行之殊榮;在信用卡方面晉升百萬有效卡之列,與 TSM 發行 OTA 手機信用卡跨足行動支付;在消金方面消費分期、汽機車貸款庶民商品穩居市場第一;在法人金融方面佈建兩岸三地跨境企金服務平台,提供資本市場及結構型融資企業理財商品,成功籌組多項跨境及國際聯貸案;在金融市場方面建置可轉債選擇權及外匯保證金網路交易平台,創新交易通路鞏固利基地位。

本行多年來致力各項公益活動,積極落實企業社會責任,營造企業永續未來。長期贊助伊甸社會福利基金會累計刷卡回饋及捐款超過六千五百萬元;捐贈中小學原住民棒球隊一萬五千顆棒球,以實際行動支持基層棒運發展;贊助 Cavalia 夢幻舞馬劇團首度亞洲巡演,推廣國際級表演藝術;發行 2015 年「禮讚山海,歡慶豐年」月曆,展現原住民山海智慧之人文素養;通過英國標準協會個資管理系統國際認證,善盡保護客戶資料責任;厚植人才資本成效卓著,榮獲勞動部人才發展品質管理評核銅牌獎,並連續 12 年獲勞動力發展署補助肯定。

FEIB has been fervently engaged in Bank 3.0 restructuring blueprint to create its innovative internet and mobile banking services and continues to develop niche products. The Bank again received "Best Potential Award" of the Wealth Management Bank Review by the Business Today magazine and its small and medium-sized enterprise loan was rated excellent grade. In terms of credit card business, the number of the issued credit cards has exceeded 1 million and mobile payment was lunched with Trusted Service Manager (TSM) via Over-the-air (OTA) mobile credit card. In the consumer banking business, installment and automobile & motorcycle loans continued their market lead position. The international financial teams across Taiwan, Hong Kong and China under corporate banking not only provided capital market and structural finance products, but also completed many landmark cross-border international syndicated loan projects. Furthermore, the online platform of convertible bond asset swap and FX margin trading were also developed in order to innovate trading channel and strengthen its niche position of financial market.

The Bank has long been committed to promoting various philanthropic activities, fulfilling corporate social responsibilities (CSR), and creating sustainable future growths. FEIB has long partnered with the Eden Social Welfare Foundation, through cash back program of cardholders' expenditures, accumulated funds collected and donations amounted to more than NT\$65 million. In addition, 15,000 baseballs were donated by the Bank to support the development of this sport to the indigenous baseball teams across middle and primary schools. To promote world-class cultural performance, FEIB co-sponsored "Cavalia" show in Taipei, which was touring in Asia for the first time. The Bank published 2015 calendar titled "Tribute to Mountain and Sea, Celebrate a Prosperous Year" illustrating the wisdom and culture of Taiwan's indigenous people. For the consumer data protection, FEIB achieved certification from the British Standards Institutions (BSI) that demonstrated the Bank is in line with the international standard. In addition, the Bank is awarded the Talent Quality-Management System (TTQS) bronze medal by the Ministry of Labor for its outstanding talent development program. The Bank has received subsidy for 12 consecutive years from the Workforce Development Agency, the Ministry of Labor.





總經理 洪信德 President Mr. Eli Hong

展望未來,本行將延續優質創新動能,多元發展 e 化及 M 化商業模式,打造行動支付、第三方支付、O2O、線上申辦平台,開創藍海商機;充分運用 Big Data 發掘行銷商機,透過合售與交叉銷售深化客戶關係;結合遠智證券提供私人銀行高端理財服務,深耕高資產客群;積極擴展大中華金流平台,籌設大陸融資租賃公司,尋求東協市場商機,提升海外獲利比重達40%以上。未來將進一步整合遠鑫電子票證、Happy Go 紅利點數、遠傳電子錢包,積極佈局集團電子支付發展藍圖,締造新獲利契機。面對未來數位金融浪潮之挑戰及機會,全體同仁將秉持誠、勤、樸、慎、創新之經營理念,為客戶、股東、員工創造最大價值!

In the future, FEIB will continue its innovative strength to develop various e-banking and mobile-banking business models in order to cultivate blue ocean strategies via mobile payment, third-party payment, O2O, and online application platform. With comprehensive application of Big Data, the Bank is dedicated to exploring niche market opportunities and aims to strengthen customer relations via joint and cross selling, plus joining forces with Far Eastern International Securities that provides premier private banking services to high net-worth customers. The Bank will expand the Greater China banking platform by establishing financial leasing company in China in order to pursue opportunities in the ASEAN market so as to elevate overseas profit to exceed by 40%. The Bank will further integrate HappyCash, Happy Go Card loyalty points, Far EasTone's e-wallet to develop the Group's digital payment services to create profits in this niche business. Adapting to the challenges and opportunities in the digital banking environment, following the managing principles of "Sincerity, Diligence, Thrift, Prudence and Innovation" all colleagues of FEIB are committed to creating maximum value for our customers, shareholders, and employees.



擘劃 Bank3.0 轉型藍圖 Blueprint for Bank 3.0 Restructuring

遠東商銀近年來陸續啟動多項 Bank3.0 服務,包括 inControl 網路防盜刷機制、HAPPY GO 大紅利平台 App「i 兑换」、基金雙向觸價下單功能「觸觸發」、可轉債資產交換及外匯保證金 e 化交易平台等。在行動支付方面,則與國內首家跨電信之群信 TSM 平台聯手,預計於 2015 年推出 NFC 手機信用卡;同時亦與整合金融業產業之台灣行動支付公司平台合作,提供客戶多元的行動支付方案。

FEIB has initiated various Bank 3.0 services during recent years, including inControl anti-fraud mechanism, HAPPY GO big loyalty "i Redemption" app, two-way fund "Smart Buy & Sell" online order function, e-transaction platform of convertible asset swap and FX margin trading. The Bank also engaged in mobile payment, joined the Trusted Service Manager (TSM) platform of Alliance Digital Tech, and worked with Taiwan Mobile Payment, scheduled to issue NFC Mobile Credit Card in 2015.



本行 2014 年營運結果概要如下:

2014年度營運結果

一、營運成果

(一)個人金融業務

2014 年財富管理業務持續穩健成長,年底信託資產餘額為 610 億元,較 **2013** 年底成長 **9.52%**。**2014** 年度財富管理收入較 **2013** 年度成長 **10.5%**。

(二)消金及信用卡業務

1. 消費金融業務

2014 年消費金融追求優資產成長策略,年底授信餘額達 1,824 億元,較 2013 年底成長 3.33%,整體淨利息收入成長 5.73%。

2. 信用卡業務

2014 年底信用卡流通卡數達 **148.8** 萬卡,較 **2013** 年底成長 **4.99%**;信用卡總 簽帳金額為 **639** 億元。

(三)法人金融業務

2014年厲行優資產之授信成長策略,年底授信餘額合計達 1,437 億元,較 2013年底成長 12.88%;加強吸收存款,存款餘額成長 19.85%;積極佈局大中華區,中港區整體營業利益成長 30.91%,淨利息收入成長 29.13%,淨手續費收入成長 35.37%;法金整體營業利益成長達 14.35%。

(四)金融市場業務

2014年受惠於低利環境、市場波動度提高,整體部門稅前盈餘較 2013年度成長 28.59%。利率相關交易獲利較前一年度成長 254.47%;貨幣市場外幣部分獲利成長 96.20%;行銷部門 TMU 稅前盈餘較前一年度成長近 59.48%;外匯保證金交易 因網路交易發揮成效,獲利成長 16.94%。

Operating Results for 2014 are summarized as follows:

Operating Results for 2014

1. Operating Highlights

(1) Individual Banking Business

The wealth management business continues to grow. Trust assets were NT\$61 billion in 2014, up 9.52% comparing to that of 2013. Wealth management income grew 10.5% (YoY).

- (2) Consumer Banking and Credit Card Business
 - A. Consumer Banking

Pursuing quality asset growth, FEIB's consumer loan outstanding in 2014 increased 3.33% (YoY) to reach NT\$182.4 billion, and total net interest income grew 5.73% (YoY).

B. Credit Card

Credit cards in circulation stood at 1.488 million, up 4.99% (YoY), with total spending of NT\$63.9 billion in 2014.

(3) Corporate Banking Business

After adopting steady growth strategy of quality asset, FEIB's corporate loan outstanding in 2014 grew 12.88% (YoY) to reach NT\$143.7 billion and deposits for 2014 were up 19.85%. As to Greater China region, overall operating income in China and Hong Kong increased 30.91%, net interest income jumped 29.13%, fee income surged 35.37% and overall operating income grew 14.35%.

(4) Financial Markets Business

Benefiting from the low interest rate and higher market fluctuation, overall pre-tax income of this section grew 28.59% than that of 2013. Profit gain from interest-related transactions hiked 254.45%, profit gain from foreign currencies surged 96.20%, pre-tax revenues registered by the Treasury Marketing Unit (TMU) were up 59.48% than a year ago, and profit from FX Margin Trading grew 16.94% from the increase of online transactions.



二、營業損益概況

(一)預算執行情形

本行 2014 年總資產 5,213 億元,預算達成率 101.05%,存款餘額 (含同業存款)4,241 億元,預算達成率 100.11%,放款餘額 3,239 億元,預算達成率 95.56%。

(二) 財務收支及獲利能力分析

2014 年度營業淨收益 105.71 億元,較 2013 年度增加 14.21%。其中淨利息收入 53.76 億元,較 2013 年度增加 10.05%,利息以外淨收益 51.95 億元,較 2013 年度增加 18.87%。

2014 年度税後淨利 36.95 億元,較 2013 年度增加 20.69%,2014 年度現金增資 40.76 億元,計增加 3.65 億股,每股盈餘 1.31 元,仍較 2013 年度增加 5.65%。

三、信用評等結果

在信用評等方面,經惠譽國際信評公司 (Fitch Ratings) 評等,本行評等為國內評等分別為長期評等 A(twn)、短期評等 F1(twn),國際外幣評等之長期評等 BBB-、短期評等 F3,屬投資等級穩健之金融機構。

四、研究發展狀況

因應行動通訊、社群媒體、大數據、雲端科技等資通訊技術之發展趨勢,本行打造金融網路/行動化之全新服務,積極發展 FE Direct、e & M 虛擬通路服務,2014年針對電子金流服務平台進行多項提升計劃,領先同業推出外匯保證金及可轉債選擇權網路下單交易平台,獲准開辦跨境第三方支付,結合 TSM 開發 OTA 手機信用卡,外匯保證金交易新增交易貨幣類別擴大業務規模。未來將持續推出多項創新服務,如行動支付、境內第三方支付、線上申辦服務平台、金融交易行動裝置下單、新一代網路服務系統平台、OTP非約定轉帳及開放中小企業客戶使用全功能網路銀行等多項便利服務,以持續發展 e 化與 M 化服務,俾利提升本行營運效率與市場競爭力,並提供更優質的商品滿足客戶需求。

2. Business Overview

(1) Target Achievement

In 2014, FEIB's total assets stood at NT\$521.3 billion, achieved 101.05% of target; deposits amounted to NT\$424.1 billion, achieved 100.11% of target; and loan outstanding amounted to NT\$323.9 billion, achieved 95.56% of target.

(2) Analysis of Profitability

FEIB's net operating income in 2014 grew 14.21% (YoY) to NT\$10.571 billion; among which net interest income increased 10.05% (YoY) to NT\$5.376 billion; net non-interest income was NT\$5.195 billion, also up 18.87% (YoY).

The Bank's net income after tax was NT\$3.695 billion, up 20.69% than that of 2013. With capital injection of NT\$4.076 billion in 2014 and an increase of 365 million shares, earnings per share was NT\$1.31, still registering a growth of 5.65% (YoY).

3. Ratings

The Bank's investment grade ratings were assessed by Fitch Ratings Limited to read as follows: National Rating Long-term A (twn), National Rating Short-term F1 (twn), Foreign Currency Rating Long-term BBB-, Foreign Currency Rating Short-term F3, FEIB is considered a stable financial institution of investment grade.

4. Research and Development

In adoption with the development of mobile communication, social media, big data and cloud computing technologies, FEIB has engaged in creating the newly developed network/mobile financial services together with e & M virtual channel service. In 2014, the Bank initiated various elevations of its digital service platform, such as led in launching FETP FX Margin Trading Online Platform, acquired approval to operate cross-border third-party payment, integrated Trusted Service Manager (TSM) to issue mobile credit cards via Over-the-Air (OTA) platform. Also, types of currencies for FX Margin Trading were added to enlarge business scale. More innovative and convenient e & M-banking services will be launched including mobile payment, domestic third-party payment, online application of service platform, financial transactions via mobile devices, new generation network service platform, OTP non-contractual transfer service, allowing small and medium enterprises to have access of all-in-one internet banking, to not only enhance the operating efficiency and market competitiveness of FEIB, but also provide excellent products to satisfy customer needs.



五、組織變化情形

- (一)為配合「金融控股公司及銀行業內部控制及稽核制度實施辦法」第32條之修訂, 將原隸屬行政支援群之「法務處」更名為「法令遵循處」,下設「法遵組」及「法 務組」,同時提升組織位階直接隸屬於總經理,以利全行法令遵循制度之推動。
- (二)為打造創新型態之複合式旗艦金融服務中心,本行於 2014 年度新設立新竹巨城分 行及板橋中本分行,成為與百貨購物中心融合的複合式精品分行,落實理財與生活 融合的概念,提供客戶全方位商品與貼心服務。

六、受到外部競爭環境、法規環境及總體經營環境之影響

金管會全面啟動「打造數位化金融環境 3.0」計畫,開放線上申辦業務項目及制定相關規範,將有於本行順利推動線上申辦服務平台。立法院三讀通過重大金融法案,如訂定電子支付機構管理條例,加速第三方支付發展動能;銀行法放寬轉投資總額上限,改以淨值為計算基礎,擴增銀行投資規模;銀行法調降信用卡循環利率上限至 15% 以下,將影響銀行循環利息收入。

2014年不動產成交動能衰退衝擊房貸市場,信貸市場目標客群往受雇族群移動,壓縮消金市場成長與獲利空間。預期 2015年不動產交易動能恐持續低迷;惟國際油價下跌、日幣大幅貶值及滴逢國內換車潮,對車貸業務影響相對樂觀。



獲頒資訊治理續航獎

Received Outstanding Information Management BSI Award

為提供客戶在交易與個資安全上的最佳保障,遠東商銀採取與國際接軌的資訊安全管理標準,繼創本國銀行之先,於 2006 年通過 ISO27001 資訊安全驗證後,進一步於 2014 年取得 BS10012:2009PIMS 個人資料管理制度系統驗證,且因於資安、個資保障管理的持續投入與卓越表現,獲英國標準協會頒發「資訊治理續航獎」。

To provide customers the best transaction security and information safety, FEIB has complied with the international security management standards. It was Taiwan's first bank to pass "ISO 27001 safety control certification" in 2006. In 2014, FEIB passed BS 10012: 2009 Personal Information Management System (PIMS) certification, and received Outstanding Information Management Certification from British Standards Institution (BSI), meeting the international standard to support the implementation of personal information security management.

5. Structural Changes

- (1) To comply with the modified Article 32 of "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries", FEIB renamed its "Legal Department" under the Administration & Support Group as "Legal Compliance Department" which is divided into "Legal Compliance Unit" and "Legal Unit" and appointed this Department to be directly under the Bank President so as to facilitate promotion of the whole Bank's legal compliance system.
- (2) In order to create innovative flagship financial service center with shopping mall complex, FEIB established in 2014 Hsinchu BigCity Branch and Banqiao Chungben Branch, two boutique branches within the shopping mall complex to combine wealth management with lifestyle and provide customers omni products and caring services.

6. Impact of Outside Competitive, Legal and Overall Operating Environment

Financial Supervisory Commission fully activated the "Creating Digitized Financial Environment 3.0" program to open more online application of financial business and amend relevant regulatory measures which will benefit FEIB's promotion of online application service platform. The Legislative Yuan granted several major financial bills including the Electronics Payment Processing Institutions Act amendment, accelerating the development momentum of third-party payment; Banking Law eased the limit of reinvestment total amount and changed it to be calculated on net value basis to expand banks' investment scales; Banking Law also lowered maximum revolving interest rate of credit card to be under 15%, which will affect interest income for the banks.

2014 saw the recession in real estate transactions which influenced the mortgage market, target customers for the loan market moved toward employed group and squeezed growth and profit in the consumer banking market. While it is forecasted that real estate transactions will remain gloomy in 2015, thanks to dropping international oil prices, substantial devaluation of Japanese Yen, and the propensity to change automobiles in Taiwan, outlook for the car loan business is relatively optimistic.



未來經營方針

2015 年業務推展,重點計畫如下:

一、預期營業目標

本行 2015 年度重要營業目標如下:

(一)總資產:5,510億元。

(二) 存款總額:4,429 億元。

(三)放款總額:3,654億元。

二、經營方針與重要經營政策

(一)個人金融業務:

財富管理業務持續深耕併購慶豐銀行擴增分行通路,專注經營高資產客群;持續發展 FE Direct、e 化與 M 化創新通路,並將提供 OTP 非約定轉帳、定期定額換匯、主動帳戶訊息通知及開放中小企業客戶使用全功能網路銀行等多項便利服務;本行已獲准辦理跨境第三方支付,同時將積極發展境內第三方支付,掌握藍海商機;中小企業服務將持續擴編與培育業務團隊,提供中小企業融資與理財之多元需求;台灣存託憑證 (TDR) 存託業務維持市佔率第一,積極推展新種信託商品及提升手續費收入。

(二)消金及信用卡業務:

1. 消費金融方面

加速發展 e 化及 M 化商業模式,透過新通路及產品拓展新商機與獲利來源;以 Big Data 為基礎,延續 Cross Sales 與 Bundle Sales 策略,提供整體資金需求與 理財服務,深化與客戶關係;持續強化高端資產客層之經營,追求資產、品質 與獲利同步成長;因應市場高度競爭及相關法令調整,將持續優化流程,提升 服務效率,以穩固利基產品及市場領先地位。

Operating Goals

Business Outlook for 2015 is as follows:

1. Operating Goals

Operating Targets for 2015 are summarized as follows:

Total asset: NT\$551.0 billion
 Total deposit: NT\$442.9 billion
 Total loan: NT\$365.4 billion

2. Operating Highlights

(1) Individual Banking Business

The Wealth Management business continues to cultivate customers from the acquired Chinfon Bank, focus on serving high net worth customers, continues to develop FE Direct, e & M innovative channels, and will provide OTP non-contractual accounts transfer, dollar-cost averaging FX swap, automatic notifications to accounts and open small and medium enterprise customers to have access to many convenient service on e-banking. FEIB has been authorized to operate cross-border third-party payment, will also proactively development domestic third-party payment, seize blue ocean opportunities. The Bank's small and medium enterprise service will continue to expand and cultivate teams to provide these customers financing and wealth management services for their diversified needs. FEIB not only maintain its number one position in Taiwan's TDR market, but also proactively promotes new trust products to generate service fees.

(2) Consumer Banking and Credit Card Business

A. Consumer Banking Business

FEIB accelerates the developments of its e & M-banking business models, expands new opportunities and profit incomes through new channels. Based on Big Data to continue its cross sales and bundle sales to provide funds and wealth management services, enhance customer relations, continue to strengthen asset management for high net worth clients, seek for simultaneous growth of asset, quality and profit. To cope with the highly competitive market situation and adjustment of relevant laws and regulations, the Bank will continue to improve its operating process and service efficiency to consolidate its niche products and market leading position.



2. 信用卡方面

整合多元化之集團企業服務,發揮跨業商品綜效。深耕遠銀 HAPPY GO 大紅利的價值,多元應用 HAPPY GO 點數,強化客戶忠誠度;持續經營 Cest Moi 我的卡,並與 SOGO 百貨合作,提升百貨簽帳消費佔比;結合台塑聯名卡、eTag 聯名卡,擴大交通消費族群;整合 HAPPY GO 點數及 eTag 儲值功能,並新增悠遊卡及遠鑫 happycash 發行四卡合一信用卡,提升客戶黏著度及切入小額支付市場;規劃以旅遊消費優惠為主的信用卡,拓展旅遊市場;跨足行動支付產業推出手機信用卡及虛擬卡,建置 e 化與 M 化通路積極經營網路客群;透過資料倉儲系統深化客戶經營,優化風管技術及差別訂價,提升產品競爭力與擴增收入。

(三)法人金融業務:

聚焦目標市場,掌握產業價值鏈之成長態勢與金流需求,持續開發新客戶及新市場;深耕優質客戶,掌握客戶營運規劃資訊,尋找新業務商機;建立風險性資產收益門檻,提高資本報酬及資金運用效率;強化客戶往來深度,採多元產品行銷,推廣 E-commerce、發展無風險結構型存款產品,以建立穩定的資金來源;開辦財務顧問業務,深化 Corporate Finance 業務;籌設大陸融資租賃公司,持續開發大中華區商機;開發兩岸三地以外市場,擴展海外市場佈局,提升海外獲利。

(四)金融市場業務:

提供客戶高度專業化之金融商品與服務,並專注經營利基產品。鞏固外匯保證金交易、可轉債資產交換核心商品之品牌與領導地位;深耕現有客戶關係、持續開發新客群;強化 TMU 金融服務,研發衍生性金融商品,提供企業客戶深度服務;建構穩健財務結構,強化資產負債管理;嚴控風險,優化資產品質,獲利與風險管理兼顧,充分發揮高度競爭優勢之金融交易商品;積極研發創新服務,規劃建置外匯保證金交易、可轉債選擇權行動下單系統,以提供客戶更便捷之創新交易方式。

董事長

住 全英縣

謹啟

B. Credit Card

FEIB continues to integrate the Group's diversified enterprise resources for synergy of cross-industry products. Taking advantage of the HAPPY GO bonus point program and with diversified application of HAPPY GO points, FEIB is able to fortify customer loyalty. Aside from C'est Moi My Card, the Bank cooperates with SOGO Department Stores to elevate ratio of revolving spending, joins forces with Formosa co-brand and eTag cards to enlarge traffic users. Integrate HAPPY GO points and top up eTag cards, coupled with the newly added Easy Card and HappyCash cards to issue the four-in-one credit card to elevate customer stickiness and enter the small amount payment market. FEIB plans to launch travel-oriented credit cards to explore this market, introduce mobile and virtual cards to engage in the mobile payment business, establish e & M channels to serve customers online, consolidate customer base through data warehouse system, improve risk management technique and customizing pricing to elevate product competitiveness and expand revenue income.

(3) Corporate Banking Business

Focusing on target market, seizing growth opportunities of industry value chain and the needs for money flow, FEIB continues to develop new customers and new market, cultivate in depth the quality customers, understand their operational plans to seek new business opportunities, establish risk asset ceiling to optimize asset scale and composition. The Bank strengthens customer relations, adopts multi-products marketing, promotes e-commerce, builds up steady funding and deposit structure to gain steady funds, initiates financial consulting business, deepen Corporate Finance business, establishes leasing company in China to develop opportunities in the Greater China region, further explores market outside this region to expand overseas market deployment to increase overseas revenues.

(4) Financial Markets Business

FEIB provides highly professional financial products and services to customers, focuses on its niche products, and thus secures its brand image and leadership position of its core products such as FX margin trading and convertible bond asset swap. The Bank cultivates existing customer relations, continues to develop new customer group, strengthens TMU business, and develops derivatives financial products to provide in depth services to its enterprise customers. FEIB also has a solid financial structure with excellent asset and liability management. The Bank enhances its asset quality by managing both profitability and risk management, thus, developing highly competitive financial transaction products. FEIB commits to developing innovative financial services, establishing online purchase system of FX margin trading and convertible bond option to offer customers with more convenient innovative transactions.

Ching Ing Hon

參、本行簡介 Corporate Profile

一、基本資料

December 31, 2014

基本資料		
銀行設立日期	1992年01月11日	
股票上市日期	1998年11月27日	
實收股本 (仟元) (每股面額 10元)	28,618,263	
員工人數	2,528	
營業據點	57	
簽證會計師	勤業眾信聯合會計師事務所	
惠譽國際信評公司 國際長期評等 國內長期評等	BBB- A (twn)	

二、銀行簡介

本行由實業家徐有庠先生創辦,徐有庠先生一生創立諸多事業,包括遠東新世紀、 遠東百貨、亞洲水泥等知名企業,對國家經濟發展貢獻斐然。

1989 年,政府修正銀行法,開放民間設立銀行。徐有庠先生響應政府金融事業現代化、自由化、國際化之政策,於同年 1 月 19 日成立本行籌備小組,秉持「誠、勤、樸、慎」的實業精神與服務理念,積極運籌規劃。5 月 14 日發起人會議召開,議定資本額為新臺幣 100 億元,並於 10 月向財政部提出申請。

1991年8月1日,本行獲准設立。於募足公開股款後,12月9日召開創立會,會中通過公司章程,並選出9位董事及3位監察人。次年元月11日,經濟部通過本行之設立登記,並發予公司執照;4月9日再獲財政部發給營業執照。隨即於4月11日,總行營業部、儲蓄部及台北逸仙分行正式對外營業。

1. General Corporate Information

December 31, 2014

General Corporate Information		
Date of Establishment	January 11, 1992	
Date of Listing on Taiwan Stock Exchange	November 27, 1998	
Paid-in Capital (Thousands) (Par Value NT\$10)	28,618,263	
Number of Employees	2,528	
Operating Units	57	
Auditor	Deloitte & Touche	
FitchRatings Foreign Currency Long-term Rating IDR National Long-term Rating	BBB- A (twn)	

2. Introduction

The Far Eastern International Bank (FEIB) was established by entrepreneur Mr. Y. Z. Hsu, Founder of many renowned enterprises including Far Eastern New Century Corporation, Far Eastern Department Stores, Asia Cement Corporation, etc. who had contributed much to the nation's economic developments.

In 1989, to comply with the Government's amendment of the Bank Law to establish private banks and policy to liberalize, modernize and globalize Taiwan's financial sector, Far Eastern Group Founder Y. Z. Hsu established a bank organizing committee with a view to establish a private bank. With founding motto and service guidelines of "Sincerity, Diligence, Thrift and Prudence", the Convokers' Meeting was held on May 14, 1990 and then application was made to the Ministry of Finance in October for approval to establish bank with capital of NT\$10 billion.

On August 1, 1991, the Ministry of Finance approved the establishment of FEIB. After conducting public offer shares, the Establishment Meeting was held on December 9 which passed the article of corporation and elected 9 Directors and 3 Supervisors for the Board. On January 11, 1992, the Ministry of Economic Affairs approved FEIB's registration and issued a company license, thereafter on April 9 the Ministry of Finance issued an operating license. Soon on April 11, 1992, the Business Department, Savings Department and Taipei Yisen Branch of FEIB begaqn operations.

開業之初,本行取得一般銀行及儲蓄銀行業務等開辦許可;之後陸續獲准開設信託 部與國外部,辦理信託、投資、資產管理、理財諮詢與國外匯兑等業務。經營項目不斷 擴充,得以為客戶提供嶄新且多元化的金融服務。同期間並擇選北中南具發展潛力地區, 設立分行,建置全台服務通路網。

1995 年 11 月本行股票於櫃檯買賣中心掛牌,1998 年 11 月正式掛牌上市,並接受國際知名信評公司評等,歷年所獲評等等級皆符合主管機關投資等級之評等規定。此外,為支應持續擴大的外幣資產,亦考量資金募集多元化與國際化之必要,本行於 2003 年 7 月獲財政部核准發行海外無擔保轉換金融債券,隨即發行零利率之海外無擔保轉換金融債券 1 億 1 仟萬美元。

本行面對業務成長與快速變化的市場環境,組織歷經多次變革。1999 年本行率先本國同業,確立事業群分立的組織,由行政管理群、企業金融群及消費金融群等三部分立開始,至2006 年整合為法人金融、金融市場、個人金融、消金及信用卡等四大事業群,並加入行政支援群、風險管理處、資訊管理處等三大總行管理單位。接著又於法人金融與個人金融事業群設立電子金融專責部門,提供交易無遠弗屆且資訊即時、密集的網路銀行服務,逐步建立專業分工的金融服務團隊。事業群在各自運作之下,商品與服務得以持續創新,專業水平得以精實發展,業務動能亦不斷提升,多項業務名列國內領導品牌之一。

於追求業務成長與專業服務的同時,為兼顧作業的嚴謹與效率,本行於 2008 年成立作業及資訊服務中心,為前台金融服務提供高效率的作業支援體系,不僅成本因作業集中化而降低,更設立各項產能與效益指標,持續精進相關流程。

近年來本行接軌多項國際級金融集團業務,於 2008 年完成與德意志銀行結盟成立德 銀遠東證券投資信託(股)公司;2009 年受讓友邦國際(AIG)信用卡(股)公司之信 用卡業務及應收帳款資產;2011 年投資購買 ING 集團在台成立之安智證券(股)公司, 同年完成交割後更名為遠智證券。



創新複合式精品分行 Innovative Boutique Branch

遠東商銀創新分行營運模式,其中陸續營運的台 北 101 分行、新竹巨城分行與板橋中本分行, 為結合大型精品購物中心的新一代複合式分行, 一面串連高端理財與精緻生活動線;一面積極朝 Bank3.0 發展,推出結合科技、網路、行動裝置 等多項 e 化理財服務。

FEIB adopts innovative banking model, its Taipei 101, Hsinchu BigCity and Banqiao Chungben Branches are the newly established branches within large shopping malls, while connecting high net-worth wealth management servicer and exquisite lifestyle enjoyment, also developing Bank 3.0 to launch various e-banking services combining technology, Internet, and mobile devices.

In the early start, FEIB was authorized to operate general banking and savings businesses, then the trust and international banking department were inaugurated to offer trust, investment, asset management, finance consulting and foreign exchange services. With continuous expansions of operations, the Bank is able to provide clients with new and diversified financial services. At the same time, new branches from north to south of Taiwan were set up at the selected areas with growth potential to build up an island-wide network of service channel.

In November 1995, FEIB went public by listing on the Over the Counter (OTC) market of the Republic of China. In November 1998, the Bank was listed on the Taiwan Stock Exchange. FEIB's investment grade ratings were assessed by world renowned ratings companies and the Bank has been considered a stable financial institution of investment grade. To cope with its enlarging foreign exchange asset and the need for diversified and international portfolio, FEIB was approved by the Ministry of Finance to issue in July 2003 US\$110 million worth of Unsecured Convertible Bonds overseas.

Responding to the growing businesses and quickly changing market, FEIB underwent several restructurings. In 1999, it was the first bank in Taiwan to set up three major independent Business Groups - Administration, Consumer Banking and Corporate Banking. Till 2006, FEIB integrated its business units into four Banking Groups – Corporate Banking, Financial Markets, Individual Banking, and Consumer Banking & Credit Card, and added three management units – Administration & Support Group, Risk Management and IT Management. Then E-Banking Business Units were formed under Corporate Banking and Individual Banking Groups specifically responsible for offering borderless, real-time and 24 hour online banking services. Operating separately and independently, the Bank's respective business groups continue to bring about innovative products and services, enhance their expertise, and elevate their efficiency, enabling many businesses to rank first in their respective categories.

While seeking business growth and professional services, in order to enhance operating efficiency FEIB established in 2008 "Operations & Technology (O&T) Service Center" as the high-efficiency support to the Bank's front desk financial services, which not only saved costs with centralized operations, but also streamlined processing by setting up various efficiency indexes.

Recently, FEIB has engaged in many financial services cooperating with world-class financial institutions. In 2008 FEIB formed alliance with Deutsche Bank AG to establish Deutsche Far Eastern Asset Management Company Limited, in 2009 acquired AIG's credit card and accounts receivable business, and in 2011 acquired 100% in ING Securities Company Limited from ING Insurance International B.V. which was renamed in the same year as Far Eastern International Securities Company Ltd. after completion of the transaction.

通路擴張由實體分行與數位通路雙向並進,2010年初推出 FE Direct 網銀帳戶,同年4月正式承受慶豐銀行19家國內營業據點;同年5月個人金融事業群成立「中小企業服務部」,落實大分行計畫,以深耕中小企業客群之財富管理與融資業務。2011年推出行動銀行iPhone 版與 Android 版,逐步架構 e 化與 M 化的服務平台,並達兼顧通路效益與精緻服務品質的最適規模。2013年領先同業推出「FETP 外匯保證金網際網路交易平台」,滿足客戶多元化需求;於101大樓新設立台北101分行,並結合子公司遠智證券的全球投資專業,提供富裕客層私人銀行級的高端理財服務。2014年獲准開辦跨境第三方支付,領先同業推出外匯保證金及可轉債選擇權網路下單交易平台,外匯保證金交易新增交易貨幣類別擴大業務規模;獲准投資遠鑫電子票證股份有限公司,掌握電子支付及行動支付發展契機;新設立新竹巨城分行及板橋中本分行,成為與百貨購物中心融合的複合式精品分行,落實理財與生活融合的概念,提供客戶全方位商品與貼心服務。本行與時俱進發展至今,共設有56處國內分行(含營業部)及香港分行,踏實發揮社會資本供需的金融功能,讓資本更有效率流通、交易,為經濟與市場注入活力。





為台灣棒球小選手加油 Gearing Up Taiwan's Young Baseball Players

遠東商銀支持台灣棒球運動不餘遺力,連年贊助國際級賽事在台舉辦,更於歡慶開行 22 週年時,發揚行公益慶生的良善傳統,繼 2009 年捐贈門諾醫院巡迴醫檢車、2012 年捐贈伊甸基金會開發「幼兒發展檢測 App」後,再度號召同仁響應「夢寐以球」計劃,總計捐贈 15,000 顆以上的棒球給 48 所偏鄉中小學的棒球隊。

FEIB has been supporting the nation's baseball sport and sponsored international games held in Taiwan. Following CSR events including donating mobile medical vehicle to Mennonite Christian Hospital in Hualiena in 2009, helping the Eden Welfare Foundation to develop "Early Detection of Children's Delayed Development App" in 2012, when celebrating the Bank's 22nd founding anniversary in 2014, FEIB and its colleagues donated more than 15,000 baseballs to 48 baseball teams of the primary and middle schools in the remote area.

To expand both physical branches and virtual channels, FEIB launched FE Direct net-banking service in early 2010, completed the acquisition of Chin-Fon Bank with 19 domestic operating units in April, established in May 2010 the "Small- and Medium-sized Enterprise Banking Unit" under Individual Banking Group to implement Big Branch Plan and cultivate wealth management and small & medium enterprise financing business of this target segment. The Bank launched fully integrated Android mobile banking App (Android +iPhone fully functional) in 2011 to form e & M banking service platform so as to achieve optimal scale of channel efficiency and bestquality service. In 2013, the Bank led in launching "FETP FX Margin Trading Online Platform" to satisfy the diversified needs of its customers, opened Taipei 101 Branch, the affiliated Far Eastern International Securities Company offers global investments and private banking services to high net worth customers. FEIB was granted approval to operate cross-border third-party payment in 2014, led in launching FX margin trading and convertible bond option online trading platforms, types of currencies for FX Margin Trading were also increased to enlarge business scale. Yuan Hsin Digital Payment Co., Ltd. was established to handle the booming e-payment and mobile-payment business. The newly opened Hsinchu BigCity Branch and Bangiao Chungben Branch are complex boutique branches within shopping malls to provide customers comprehensive merchandise and caring services combining wealth management with lifestyle shopping. Yuan Hsin Digital Payment Co., Ltd. was established to tackle with the booming e-payment and mobile-payment business. The newly opened Hsinchu BigCity Branch and Bangiao Chungben Branch are complex boutique branches within shopping malls to provide customers comprehensive wealth management and caring services. After continuous growth and developments, operating with 56 domestic branches (Business Department included) and the Hong Kong Branch, FEIB is committed to improving the efficiency of its capital flow and financial transactions and thus contributing to the nation's economy and financial market.



三、本行沿革

- 1990 ◆ 召開發起人會議,議定資本額為新台幣 100 億元,並向財政部提出設立許可申請。
- 1991 ◆ 財政部核准本行設立。
- 1992 ◆ 總行營業部、儲蓄部及台北逸仙分行正式對外營業。
- 1995 ◆ 本行股票於櫃檯買賣中心正式掛牌。
- 1996 ◆ 總經理張學林榮退,由洪信德先生接任。
- 1997 ◆ 開啟與伊甸基金會的長期夥伴關係。
- 1998 ◆ 11 月 27 日本行股票正式掛牌上市。
 - ◆ 國內第一家協助企業發行台灣存託憑證的保管銀行。
- 1999 ◆ 率先新銀行開辦海外存託憑證保管銀行業務。
 - ◆ 獲財政部許可設立香港代表人辦事處。
 - ◆ 轉投資設立遠銀人身保險代理人股份有限公司及遠銀租賃股份有限公司。
- 2000 ◆ 創辦人徐有庠先生辭世,由徐旭東先生繼任董事長。
 - ◆ 遠銀 New Century 信用卡上市,整合運用集團資源與優惠。
 - ◆ 獲全國商業總會評鑑為「2000年企業職業訓練績優單位」。
- 2001 ◆ 國內非金控商業銀行中,第一家獲財政部核准發行金融債券。
 - ◆ 與 1999 年全美排名第一之上市資產管理公司美國大聯合作,成立子公司遠東大聯資 產管理公司。
- 2002 ◆ 信用卡發卡量破百萬張,循環餘額破百億元。
- 2003 ◆ 發行美金 1 億元之海外無擔保轉換金融債券 (ECB),為國內非金控之商業銀行中第 1 家。
- **2004** ◆ 開辦 FX Margin Trading 業務,配合匯率市場開放 **24** 小時交易。
 - ◆ 消金貸款餘額突破 1,000 億元規模。
 - ◆ 轉投資之遠銀資產管理公司成立。
- 2005 ◆ 發行 ETC (高速公路電子收費) 聯名卡。
- 2006 ◆ 推出遠銀 HGI 信用卡 (HAPPY GO INSIDE) 與遠東台塑聯名卡。
 - ◆ 資訊處與信用卡部通過 ISO27001 安控認證,為全國第一家獲此項認證的銀行。
- 2007 ◆ 香港分行正式開業,並取得香港金融局核發的「全功能業務」分行執照。
 - ◆ 獲行政院勞委會職訓局評等為「金級」企業單位。
- 2008 ◆ 徐旭東先生請辭董事長並任副董事長,董事長由侯金英女士接任。
 - ◆ 與德意志銀行集團結盟,成立德銀遠東證券投資信託股份有限公司。

3. Milestones

- 1990 ◆ Held Convokers' Meeting, formally setting up a bank organizing committee, and applied to the Ministry of Finance for approval to establish bank with capital of NT\$10 billion.
- 1991 ◆ The Ministry of Finance approved the establishment of FEIB.
- 1992 ◆ Business Department, Savings Department and Taipei Yisen Branch of FEIB began operations.
- 1995 ◆ Stock listed on the Over The Counter (OTC) trading of securities in Taiwan.
- 1996 ◆ President Howard L. Chang retired. Mr. Eli Hong assumed presidency.
- 1997 ◆ Started long-term partnership with Eden Foundation.
- 1998 ◆ Listed on the Taiwan Stock Exchange on November 27.
 - ◆ Became the first bank in Taiwan to assist corporations to issue Global Depositary Receipts (GDRs) and serve as a trust bank.
- 1999 ◆ Became Taiwan's first private bank to launch GDR trust banking business.
 - Set up representative office in Hong Kong.
 - Established Far Eastern Life Insurance Agency Co., Ltd. and Far Eastern International Leasing Corp.
- 2000 ◆ Founder and Former Chairman Y. Z. Hsu passed away on December 23, succeeded by Mr. Douglas Tong Hsu.
 - Launched FEIB New Century Credit Card to integrate Group resources.
 - Awarded the title of "Outstanding Vocational Training Enterprise" by The General Chamber of Commerce of the Republic of China in 2000."
- 2001 ◆ Taiwan's first non-holding commercial bank to issue debentures.
 - Opened Far Eastern Alliance Asset Management Co., Ltd. with Alliance Capital Management, ranked in 1999 the largest listed asset management company in the U.S.
- 2002 ◆ Credit card issuance exceeded 1 million cards; total credit card revolving balance surpassed NT\$10 billion.
- 2003 ◆ Taiwan's first non-holding commercial bank to issue US\$100 million worth of Euro Convertible Bonds (ECBs).
- 2004 ◆ Began Foreign Exchange (FX) Margin Trading business with 24-hour transactions.
 - ◆ Consumer banking loans exceeded NT\$100 billion at year end.
 - Set up Far Eastern Asset Management Co., Ltd.
- 2005 ◆ Launched ETC (Electronic Toll Collection) Card.
- 2006 ◆ Launched HAPPY GO INSIDE (HGI) credit card and the Far Eastern & Formosa co-branded credit card.
 - ◆ Taiwan's first bank to receive ISO 29001 certification.
- 2007 ◆ Officially inaugurated Hong Kong Branch.
 - Rated as a "Golden Grade" enterprise by the Bureau of Employment and Vocational Training.
- 2008 ◆ Mr. Douglas Tong Hsu resigned from Chairmanship, succeeded by Ms. Ching-Ing Hou.
 - Partnership with Deutsche Bank AG to establish Deutsche Far Eastern Asset Management Company Limited in Taiwan focused on retail and institutional asset management.

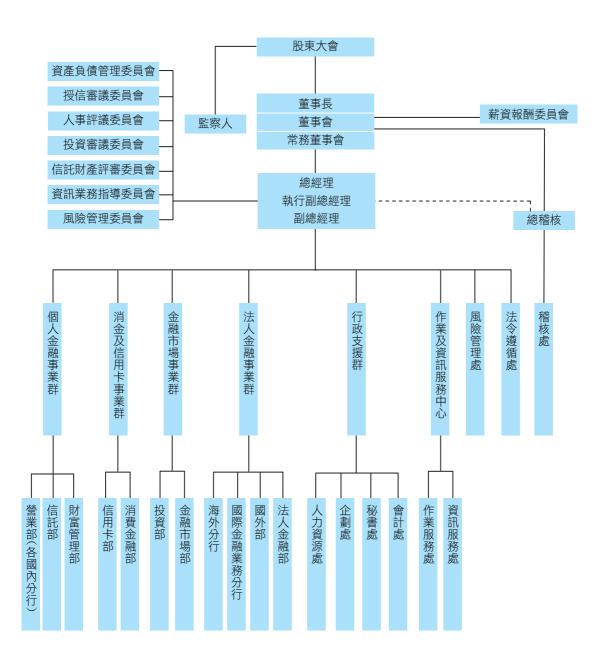


- 2009 ◆ 購買友邦國際 (AIG) 信用卡 (股)公司之信用卡業務及應收帳款資產。
 - ◆ 經由公開標售程序,取得慶豐銀行 19 家國內營業據點。
 - ◆ 與南山人壽合作推出「遠東商銀南山認同卡」。
- **2010** ◆ 推出「FE Direct」純網銀帳戶服務。
 - ◆ 正式概括承受慶豐銀行19家國內營業據點。
 - ◆ 個人金融事業群成立「中小企業服務部」,深耕中小企業客群之財富管理與融資業務。
 - ◆ 獲經濟部與行政院勞工委員會頒發「創造就業貢獻獎」。
- 2011 ◆ 開辦人民幣業務。
 - ◆ 榮獲今週刊第 5 屆財管銀行評鑑「卓越成長獎」。
 - ◆ 投資購買 ING 集團旗下在台所成立的安智證券股份有限公司 100% 股權。
 - ◆ 贊助美國 MBL 球員於台灣進行明星賽。
 - ◆ 行動銀行上線 (Android+iPhone)。
- 2012 ◆ 提升全行客服中心系統。
 - ◆ 信用卡帳單新增 QR Code 功能,方便客戶使用智慧型手機繳款。
 - ◆ 推出 eTag 存款帳戶及信用卡自動儲值服務。
 - ◆ 宣佈將與萬事達卡國際組織於台灣首推「inControl」創新支付,提供更便利及安全的信用卡支付服務。
- 2013 ◆ 發行 1.5 億美元海外可轉債金融債券 (ECB)。
 - ◆ 舉辦「第十屆遠東商銀信用卡 & 財富管理高爾夫邀請賽」,邀請 VIP 客戶參與。
 - ◆ 結合遠傳電信共推「遠東 HAPPY GO NFC 手機信用卡」試辦服務。
 - ◆ 榮獲今週刊第十屆財富管理銀行評鑑「最佳潛力獎」。
- 2014 ◆ 首次以新股參與海外存託憑證 (GDR) 發行。
 - ◆ 獲金融管理監督委員會核准開辦「電子化通路 /OTP 非約定轉帳服務」。
 - ◆ 獲中央銀行核准辦理與銀聯線上 (China Pay) 合作開辦「跨境第三方支付服務」。
 - ◆ 與群信、台灣行動支付公司兩家 TSM 業者合作發行 NFC 手機信用卡,預計 2015 年度正式商轉。

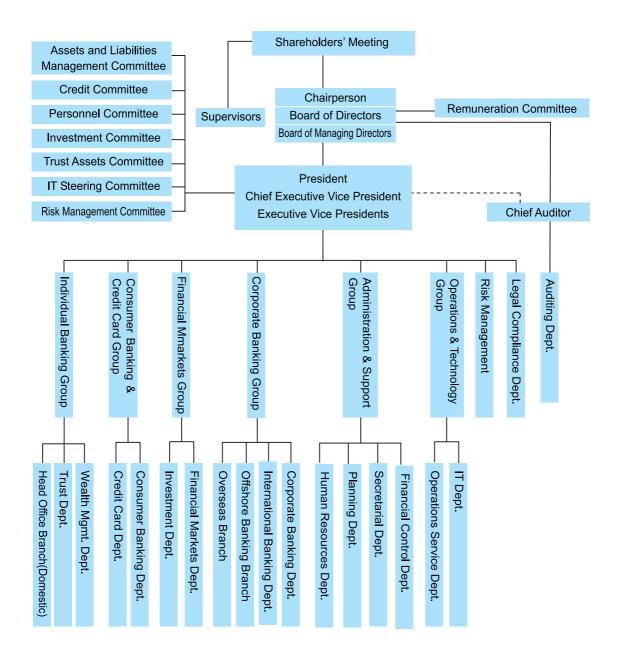
- 2009 ◆ Acquired AIG's credit card and accounts receivable businesses.
 - ◆ Acquired Chin-Fon Commercial Bank's 19 domestic operating units.
 - Launched "Far Eastern Nan Shan Co-branded card" with Nan Shan Life Insurance Company,
 Itd.
- 2010 ◆ Launched "FE Direct" internet banking acount.
 - Completed the conversion of 19 domestic operating units from Chin-Fon Bank.
 - Established "Small and Medium-sized Enterprise Banking Unit" to cultivate this target market segment.
 - Received "Employment Contribution Award" from the Council of Labor Affairs.
- 2011 ◆ Initiated RMB business.
 - Received "Outstanding Growth Award" of the 5th Wealth Management Bank Review by Business Today Magazine.
 - ◆ Acquired 100% stake in ING Securities Company Limited from ING Insurance International B.V.
 - Sponsored U. S. MLB to play the all-star game in Taiwan.
 - ◆ Launched fully integrated Android mobile banking App (Android+iPhone).
- 2012 ◆ Established the Bank's Customer Satisfaction Representative system.
 - Implemented the QR Code billing application for cardholders' payment via smart phones.
 - ◆ Launched eTag deposit accounts and auto payment by credit cards.
 - Announced Taiwan's innovative "inControl" service, a secured payment solution, partnered with MasterCard.
- 2013 ◆ Issued US\$150 million of euro-convertible bonds (ECB).
 - ◆ Sponsored "The 10th FEIB Credit Card and Wealth Management Golf Tournament" and invited VIP account customers to attend.
 - Worked with Far EasTone Telecommunications to launch "FE HAPPY GO NFC Mobile Credit Card" trial services.
 - Received "Best Potential Award" of the 7th Wealth Management Bank Review by Business Today magazine.
- 2014 ◆ First-time new shares issuing of GDR.
 - Authorized by the Financial Supervisory Commission to operate "e-channel/OTP noncontractual transfer service".
 - Authorized by the Central Bank to operate jointly with China Play "Cross-border Third Party Payment Service".
 - ◆ Issued NFC Mobile Credit Card with Trusted Service Manager (TSM) Alliance Digital Tech and Taiwan Mobile Payment, targeted to start commercial operation in 2015.



四、本行組織系統簡圖



4. FEIB Organization Chart



肆、公司治理 Corporate Governance

一、公司治理守則

本行依銀行業公司治理實務守則,落實公司治理制度,透過健全的管理制度與監控機制, 達成營運目標,進而提升競爭力,確保股東、員工及其他利益相關者的權益,為其創造 最大價值並善盡社會責任。茲將本行遵循的公司治理原則條述如下:

- 1. 建置有效的公司治理架構
- 2. 遵循法令並健全內部管理
- 3. 保障股東權益
- 4. 強化董事會職能
- 5. 發揮監察人功能
- 6. 尊重利益相關者權益
- 7. 提升資訊透明度

本行遵循遵守法令主管制度,建立完備的內部控制制度,並按部就班執行;董事會下設稽核處,以獨立超然的精神執行內部稽核任務,定期向董事、監察人報告;本行依法召開股東會,透過公開資訊觀測站公告重要訊息,與利害關係人及關係企業的業務往來均依規定辦理,以確保股東權益。

董事會成員均具備執行職務能力且符合法定資格條件,定期召開董事會,負責銀行經營 策略與重大決策,監督管理階層以對股東負責,此外設置各類功能性政策委員會,協助推行各 項重大政策,並選定專業獨立的勤業眾信會計師事務所,定期查核財務狀況及內部控制實施。 此外,依法定選任程序,選任符合法定資格條件的監察人,獨立行使監察權,有效監督業務執 行,降低經營風險;同時具備完善妥適的處理機制與溝通管道,尊重與維護員工、消費者及其 它利益相關者的合法權益;設有發言人與代理發言人、建置專屬網站、揭露法人説明會及公司 治理相關資訊,以提高對外資訊的誘明度。

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1. Corporate Governance Principles

To pursue corporate governance excellence, FEIB is dedicated to achieving its operating goals through a sound management system and an effective auditing mechanism to strengthen the bank's competitive advantage in the market and ensure all the benefits available to shareholders, employees and other related parties. Our mission is to create maximum shareholder value and be a good corporate citizen. The Bank's corporate governance principles are:

- 1. Establish an effective corporate governance structure
- 2. Comply with relevant laws and regulations and enhance internal management
- 3. Protect shareholders' rights and interests
- 4. Strengthen the power of the Board of Directors
- 5. Ensure the viability of the Supervisors' function
- 6. Respect the rights of related parties
- 7. Enhance information transparency

Far Eastern International Bank, strictly abided by supervising laws, has established and effectively implemented a thorough internal control system, and set up an Audit Department under the Board of Directors to execute independently the internal auditing mission and report regularly to the Bank's Board Members and Supervisors. Furthermore, FEIB holds regular shareholders' meetings, publicly posts important bank messages on Taiwan's public information watch station, and handles businesses among interested parties and group affiliated companies totally conforming to regulations to ensure shareholders' equity.

FEIB board members are all equipped with professional knowhow and conform with legal qualifications. They convoke regular board meetings to decide on the operating strategies and important policies, supervise the Bank's management and protect shareholders' interests. Also various functional committees are set up to assist in the promotion of each major policy. The Bank has selected Deloitte & Touche to conduct regular independent audits and check and report on the Bank's financial situation and internal controls. Supervisors are also appointed in accordance with rules and regulations to effectively and independently supervise the execution of bank operations and to lower its risk. FEIB respects and safeguards the legal rights of employees, consumers, and other interested parties. The Bank has appointed a spokesperson and acting spokesperson, set up an exclusive website, organized investors' forums and disclosed corporate governance related information to enhance the transparency of bank information.





董監事成員 Board of Directors and Supervisors

前排由左至右 (Seated From Left to Right)

董事 洪信德 Director Mr. Eli Hong、副董事長 徐旭東 Vice Chairman Mr. Douglas Tong Hsu

董事長 侯金英 Chairperson Ms. Ching-Ing Hou、執行董事 王孝一 Executive Director Mr. Shaw Y. Wang

監察人 戴立寧 Supervisor Mr. Linin Day

後排由左至右 (Standing From Left to Right)

董事 周添財 Director Mr. Thomas Chou

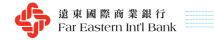
獨立董事兼常務董事 張忠本 Independent Director, Managing Director Mr. Ben C. B. Chang 執行董事 鍾聰明 Executive Director Mr. Tsung-Ming Chung、獨立董事 沈平 Independent Director Mr. Bing Shen 常駐監察人 鄭澄宇 Resident Supervisor Mr. Humphrey Cheng、監察人 許士軍 Supervisor Dr. Shi-Chun Hsu

董事 俞明德 Director Dr. Min-Teh Yu

二、董監事成員 Board of Directors and Supervisors

May 15, 2015

	Mdy 15, 20			
職 稱 Title	姓名 Name	主要經(學)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions	
董事長	侯金英	◆ 美國范德堡大學經濟學碩士◆ 台灣大學經濟系及研究所畢業◆ 政治大學銀行學系主任及教授、財稅系教授◆ 台灣金融研訓院董事長◆ 遠東新世紀(股)公司監察人	◆ 南台科技大學董事	
Chairperson	Ms. Ching-Ing Hou	 Master's degree in Economics, Vanderbilt University, U.S.A. BA & Master's degree in Economics, National Taiwan University Former Professor, Dept. of Money and Banking, National Chengchi University Former Chairperson, Taiwan Academy of Banking and Finance Supervisor, Far Eastern New Century Corporation 	 Director, Southern Taiwan University of Science and Technolgy 	
副董事長	徐旭東	◆ 交通大學管理學榮譽博士◆ 美國聖母大學碩士及學士◆ 哥倫比亞大學經濟碩士◆ 遠東新世紀(股)公司董事長	 ◆ 遠東新世紀(股)公司董事長 ◆ 亞洲水泥(股)公司董事長 ◆ 裕民航運(股)公司董事長 ◆ 東聯化學(股)公司董事長 ◆ 遠傳電信(股)公司董事長 ◆ 宏遠興業(股)公司董事 	
Vice Chairman	Mr. Douglas Tong Hsu	 Honorary Doctorate of Management from National Chiao Tung University in Taiwan MA & BA, University of Notre Dame, U. S. A. Post-graduate studies in Economics at Columbia University, U. S. A. Chairman, Far Eastern New Century Corporation 	 Chairman, Far Eastern New Century Corporation Chairman, Asia Cement Corp. Chairman, U-Ming Marine Transport Corp. Chairman, Far Eastern Department Stores Ltd. Chairman, Orient Union Chemical Corp. Chairman, Far EasTone Telecommunications Co., Ltd. Director, Everest Textile Ltd. 	
執行董事	王孝一	◆中興大學工商管理系畢業◆台灣大學管理研究學分班◆遠東新世紀(股)公司董事、首席資深副總經理	◆ 遠東新世紀(股)公司公益事業執行長 ◆ 遠東新世紀(股)公司董事 ◆ 遠銀資產管理(股)公司董事 ◆ 元智大學董事 ◆ 亞洲水泥(股)公司監察人	
Executive Director	Mr. Shaw Y. Wang	 BA, Dept. of Business Administration, National Chung Hsing University EMBA Courses, National Taiwan University Director & First Senior Executive Vice President, Far Eastern New Century Corporation 	 Foundation Executive Director of Far Eastern Group Director, Far Eastern New Century Corporation Director, Far Eastern Asset Management Corp Director, Yuan Ze University Resident Supervisor, Asia Cement Corp. 	
執行董事	鍾聰明	◆ 政治大學企業管理碩士 ◆ 勤業會計師事務所會計師	◆順達科技(股)公司董事長◆台灣大哥大(股)公司獨立董事◆致茂電子(股)公司獨立董事◆東貝光電科技(股)公司董事◆建國工程(股)公司監察人	
Executive Director	Mr. Tsung- Ming Chung	 MBA, National Chengchi University CPA, Deloitte & Touche 	 Chairman, DynaPack Corp. Independent Director, Taiwan Mobile Co., Ltd. Independent Director, Chroma Ate Inc. Director, Unity Opto Technology Co., Ltd. Supervisor, Chien Kuo Construction Co., Ltd. 	



職 稱 Title	姓名 Name	主要經(學)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
董事 Director	洪信德 Mr. Eli Hong	◆ 中興大學經濟系畢業 ◆ 美國維吉尼亞大學企管學院進修 ◆ 美國哈佛大學管理學院進修 ◆ 美商花旗銀行副總裁 ◆ 台北區中小企銀副總經理 ◆ BA, Dept. of Economics, National Chung Hsing University ◆ Studied at College of Business Administration, the University of Virginia, U. S. A. ◆ Studied at College of Management, Harvard University, U. S. A. Former Vice President, Citibank, N.A., Taipei Branch Former Executive Vice President, International Bank of Taipei	 ◆ 遠東國際商業銀行總經理 ◆ 遠銀資產管理(股)公司董事 ◆ 德銀遠東證券投資信託(股)公司董事 ◆ 遠傳電信(股)公司監察人 ◆ President, Far Eastern International Bank ◆ Director, Far Eastern Asset Management Corp. ◆ Director, Deutsche Far Eastern Asset Management Company Limited ◆ Supervisor, Far EasTone Telecommunications Co., Ltd.
董事	周添財	◆ 政治大學銀行學系畢業◆ 美國大陸銀行副總裁◆ 荷蘭銀行東北亞區信貸經理、台灣區副總裁 兼高雄分行經理	 ◆ 遠東國際商業銀行執行副總經理 ◆ 遠銀人身及財產保險代理人(股)公司董事長 ◆ 遠銀資產管理(股)公司董事 ◆ 遠智證券(股)公司董事 ◆ 大中票券金融(股)公司董事 ◆ 鼎鼎聯合行銷(股)公司董事 ◆ 元太外匯經紀(股)公司董事
Director	Mr. Thomas Chou	 BA, Dept. of Banking, National Chengchi University Former Vice President, American Continental Bank Former Regional Credit Control Officer for North East Asia, ABN AMRO Bank Former Vice President & Kaohsiung Branch Manager, ABN AMRO Bank, Taiwan 	 Chief Executive Vice President, Far Eastern International Bank Chairman, Far Eastern Life and Property Insurance Agency Co. Director, Far Eastern Asset Management Corp. Director, Far Eastern International Securities Company Ltd. Director, Da Chung Bills Finance Corps. Director, Ding Ding Integrated Marketing Service Co. Director, Cosmos Foreign Exchange International Co., Ltd.
董事	俞明德	◆ 美國俄亥俄州立大學經濟博士◆ 中央大學財務金融學系主任◆ 靜宜大學校長◆ 台灣大學財務金融學系教授◆ 亞洲開發銀行顧問	◆ 交通大學財務金融研究所教授 ◆ 智微科技(股)公司獨立董事
Director	Dr. Min- Teh Yu	 Ph.D., Ohio State University, U.S.A. Former Dept. Chairman of Financial Management, National Central University Former President, Providence University Former Professor, Dept. of Finance, National Taiwan University Former Advisor, Asian Development Bank 	 Professor, Graduate School of Finance, National Chiao Tung University Independent Director, JMicron Technology Corporation

職 稱 Title	姓名 Name	主要經(學)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
獨立董事兼常務董事	張忠本	◆ 政治大學統計研究所畢業◆ 政治大學兼任講師◆ 輔仁大學兼任講師◆ 和通投資控股有限公司執行董事◆ 和通國際(股)公司總經理◆ 中華開發工業銀行副總經理	◆和碩聯合科技(股)公司獨立董事 ◆瑞鼎科技(股)公司獨立董事 ◆辛耘企業(股)公司獨立董事 ◆聚鼎科技(股)公司董事 ◆順達科技(股)公司監察人
Independent Director, Managing Director	Mr. Ben C. B. Chang	 Master's degree in Statistics, National Chengchi University Former Lecturer, National Chengchi University Former Lecturer, Fu Jen Catholic University Former Executive Director, Hotung Investment Holdings Limited Former General Manager, Hotung International Co., Ltd. Former Executive Vice President, China Development Industrial Bank 	 Independent Director, Pegatron Corp. Independent Director, Kinsus Interconnect Technology Corp. Independent Director of Scientech Corporation Director, Polytronics Technology Corp. Supervisor, Dynapack Corp.
獨立董事	沈平	◆ 美國哈佛大學商學院企管碩士 ◆ 美商摩根士丹利公司副總經理 ◆ 摩根士丹利公司執行董事 ◆ 中華開發工業銀行副總經理 ◆ 開發國際投資(股)公司總經理	◆ 遠東新世紀(股)公司獨立董事◆ 中鼎工程(股)公司監察人兼董事會稽核委員會召集人
Independent Director	Mr. Bing Shen	 MBA, Harvard Business School, U.S.A. Former Vice President and Executive Director, Morgan Stanley Former Executive Vice President, China Development Industrial Bank Former President of CDIB & Partners Investment Holding 	 Independent Director of Far Eastern New Century Corporation Supervisor and Chairman of the Audit Committee of CTCI Corporation
常駐監察人	鄭澄宇	◆ 台灣大學國際企業研究所碩士 ◆ 中興大學法律系畢業 ◆ 遠東新世紀(股)公司副總經理	◆ 遠東新世紀(股)公司總經理 ◆ 德銀遠東證券投資信託(股)公司董事長 ◆ 東聯化學(股)公司董事 ◆ 鼎鼎聯合行銷(股)公司董事 ◆ 遠銀資產管理(股)公司監察人
Supervisor	Mr. Humphrey Cheng	 EMBA, Graduate Institute of International Business, National Taiwan University BA, Dept. of Law, National Chung Hsing University Former Executive Vice President, Far Eastern New Century Corporation 	 President, Far Eastern New Century Corporation Chairman, Deutsche Far Eastern Asset Management Company Limited Director, Oriental Union Chemical Corporation Director, Ding Ding Integrated Marketing Service Co. Supervisor, Far Eastern Asset Management Corp.





經營團隊 Management Team

前排由左至右 (Seated From Left to Right) 總稽核 黃志偉 Chief Auditor Mr. Chih-Wei Huang 總經理 洪信德 President Mr. Eli Hong 執行副總經理 周添財 Chief Executive Vice President Mr. Thomas Chou 總機構法遵主管 陳慧滿 Chief Compliance Officer Ms. Josephine Chen

後排由左至右 (Standing From Left to Right) 副總經理 黃環章 Executive Vice President Mr. G. C. Huang 資深副總經理 廖呂斌 Senior Executive Vice President Mr. Ben LiaoRu 資深副總經理 林建忠 Senior Executive Vice President Mr. Jiann-Jong Lin 副總經理 劉龍光 Executive Vice President Mr. Lonnie Liu 副總經理 李銘博 Executive Vice President Mr. Alan Lee

職 稱 Title	姓名 Name	主要經(學)歷 Major Educational (Professional) Background	目前兼任本行及其他公司之職務 Other Current Positions
監察人	許士軍	◆ 美國密西根大學企業管理博士◆ 台灣大學首任管理學院院長◆ 高雄銀行董事長◆ 元智大學教授	◆ 昱晶能源科技(股)公司獨立董事 ◆ 智原科技(股)公司董事 ◆ 雅茗天地(股)公司獨立董事 ◆ 遠通電收(股)公司董事 ◆ 逢甲大學人言講座教授
Supervisor	Dr. Shi-		7— 1 7 C3 7 C1 A13.— 37.32C
	Chun Hsu	 Ph.D., University of Michigan, U.S.A. Founding Dean, College of Management, National Taiwan University Former Chairman, Bank of Kaohsiung Former Chair Professor of Management, Yuan Ze University 	 Independent Director, Gintech Energy Corp. Independent Director, Faraday Technology Corp. Independent Director, Happy-Lemon Corp. Director, Far Eastern Toll Collection Co., Ltd. Jen Yen Chair Professor, Feng Chia University
監察人	戴立寧	◆ 美國哈佛大學法學碩士 ◆ 財政部常務次長 ◆ 華僑銀行董事長	◆ 元智大學董事 ◆ 伍豐科技(股)公司董事
Supervisor	Mr. Linin Day	 Master's degree in Law, Harvard University, U.S.A. Former Vice Minister, Ministry of Finance, R.O.C. Former Chairman, Bank of Overseas Chinese 	 Director, Yuan Ze University Director, Firich Enterprises Co., Ltd.

三、經營團隊 Management Team

May 15, 2015

職稱	姓名	主要經(學)歷	目前兼任其他公司之職務
^眼 們 Title	Name	工女程(字)症 Major Educational (Professional) Background	Other Current Positions
總經理 President	洪信德 Mr. Eli	◆ 中興大學經濟系畢業 ◆ 美國維吉尼亞大學企管學院進修 ◆ 美國哈佛大學管理學院進修 ◆ 美商花旗銀行副總裁 ◆ 台北區中小企銀副總經理	◆ 遠銀資產管理(股)公司董事 ◆ 德銀遠東證券投資信託(股)公司董事 ◆ 遠傳電信(股)公司監察人
	Hong	 BA, Dept. of Economics, National Chung Hsing University Studied at College of Business Administration, the University of Virginia, U. S. A. Studied at College of Management, Harvard University, U. S. A. Former Vice President, Citibank, N.A., Taipei Branch Former Executive Vice President, International Bank of Taipei 	 Director, Far Eastern Asset Management Corp. Director, Deutsche Far Eastern Asset Management Company Limited Supervisor, Far EasTone Telecommunications Ltd.
執行副總經理	周添財	◆ 政治大學銀行系畢業◆ 美國大陸銀行副總裁◆ 荷蘭銀行東北亞區信貸經理、台灣區副總裁兼高雄分行經理	◆ 遠銀人身及財產保險代理人(股)公司董事長 長 ◆ 遠銀資產管理(股)公司董事 ◆ 遠智證券(股)公司董事 ◆ 大中票券金融(股)公司董事 ◆ 鼎鼎聯合行銷(股)公司董事 ◆ 元太外匯經紀(股)公司董事
Chief Executive Vice President	Mr. Thomas Chou	 BA, Dept. of Banking, National Chengchi University Former Vice President, American Continental Bank Former Regional Credit Control Officer For North East Asia, ABN AMRO Bank Former Vice President & Kaohsiung Branch Manager, ABN AMRO Bank, Taiwan 	 Chairman, Far Eastern Life and Property Insurance Agency Co. Director, Far Eastern Asset Management Corp. Director, Far Eastern International Securities Company Ltd. Director, Dah Chung Bills Finance Corps. Director, Ding Ding Integrated Marketing Service Co. Director, Yuan Tai Foreign Exchange Agency

職稱	姓名	主要經(學)歷	目前兼任其他公司之職務
Title	Name	Major Educational (Professional) Background	Other Current Positions
資深副總經理 兼法人金融事 業群主管 Senior	林建忠	◆ 美國路易斯安那州立大學財務管理碩士◆ 美商花旗銀行副理◆ 美商第一聯美銀行助理副總裁◆ 台北區中小企業銀行經理、財務處處長	◆ 遠銀財產保險代理人(股)公司董事
Executive Vice President, , Head of Corporate Banking Group	Mr. Jiann- Jong Lin	 M.S., Louisiana State University, U.S.A. Former Assistant Manager of Citibank, N.A., Taipei Branch Former AVP of First Interstate Bank of California, Taipei Branch Former Senior VP & Head of Finance Dept., International Bank of Taipei 	◆ Director, Far Eastern Property Insurance Agency Co.
資深副總經理 兼金融市場事 業群主管	廖呂斌	◆ 美國國際管理學院國際管理碩士◆ 中國輸出入銀行副科長◆ 道明銀行台北分行副總經理◆ 比利時聯合銀行台北分行副總經理	無
Senior Executive Vice President, , Head of Financial Markets Group	Mr. Ben Liao-Ru	 MIM, Thunderbird, American Graduate School of International Management, U.S.A. Former Assistant Division Chief, Export-Import Bank of the Republic of China Former VP, Toronto Dominion Bank, Taipei Branch Former EVP, Kredietbank N.V., Taipei Branch 	None
副總經理兼消 金及信用卡事 業群主管	李銘博	◆ 政治大學企業管理碩士◆ 美商花旗銀行助理副總裁◆ 香港上海匯豐銀行副總裁◆ 南山人壽副總經理	◆ 遠銀人身保險代理人(股)公司董事
Executive Vice President, Head of Consumer Banking and Credit Card Group	Mr. Alan Lee	 MBA, National Chengchi University Former Manager, Citibank, N.A., Taipei Branch Former VP, The Hongkong and Shanghai Banking Corporation Former EVP, Nan Shan Life Insurance Company Limited 	 Director, Far Eastern Life and Property Insurance Agency Co.
副總經理兼作 業及資訊服務 中心主管	劉龍光	◆ 美國紐約大學資訊管理碩士◆ 美國信孚銀行專案經理◆ 美國紐約銀行經理◆ KPMG 顧問公司亞太區經理◆ 南山人壽副總經理	無
Executive Vice President, Head of O&T Group and Head of Operation Service Dept.		 Master of Information Management, New York University, U.S.A. Former Project Manager, Bankers Trust Former Manager, New York Bank Former Manager, KPMG Consulting, Asia Pacific Former Executive Vice President, Nan Shan Life Insurance Company, Ltd. 	None
副總經理	黃璟章	◆ 台灣大學商學系畢業◆ 美商花旗銀行副理◆ 慶豐商業銀行專委兼副理	◆ 遠銀資產管理(股)公司董事長
Executive Vice President	Mr. G. C. Huang	 BA, Dept. of Business, National Taiwan University Former Assistant Manager, Citi Bank Former Assistant Manager, Chin-Fon Bank 	♦ Chairman, Far Eastern Asset Management Corp.

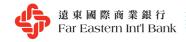
職稱 Title	姓名 Name	主要經(學)歷 Major Educational (Professional) Background	目前兼任其他公司之職務 Other Current Positions
總稽核	黃志偉	◆ 美國北德州大學資訊管理碩士◆ 中央銀行副科長◆ 台新銀行經理◆ 台新金控協理◆ 匯豐銀行資深副總裁	無
Chief Auditor	Mr. Chih- Wei Huang	 Master of Information Management, University of North Texas, U. S. A. Former Deputy Section Chief, Central Bank Former Manager, Taishin Bank Former Assistant Vice President, Taishin Financial Holdings Former Senior Vice President, HSBC 	None
總機構法令遵 循主管	陳慧滿	◆ 台灣大學商學碩士◆ 台灣大學法律系畢業◆ 玉山銀行副理	◆ 遠銀資產管理(股)公司董事 ◆ 上海亞福水泥制品有限公司董事長
Chief Compliance Officer of the Head Office	Ms. Josephine Chen	 Master of Business, National Taiwan University Bachelor of Laws, National Taiwan University Former Assistant Manager, E.Sun Bank 	 Director, Far Eastern Asset Management Corp. Chairperson, Shanghai Yafu Cement Products Company., Ltd.



獲頒人才發展品質管理評核系統 (TTQS) 銅牌 Awarded Talent Quality-Management System (TTQS) Bronze Medal

遠東商銀厚植人才資本,除舉辦各項訓練,更於 2013 陸續開辦強本培元專班,提供員工多元職涯發展的機會;而為協助員工提升英語的口説表達與領導技巧,則於內部成立三個英文演講會,全額補助費用以鼓勵同仁參加,為唯一連續 12 年獲勞動部訓練經費補助肯定的銀行,更於 2014 年獲勞動部人才發展品質管理評核系統 (TTQS) 銅牌。

To enrich human capital, FEIB has not only organized various training courses, but also initiated since 2013 special talent pool classes to offer employees multiple career advancement opportunities. Three Chapters of the Toastmaster Club were formed by the Bank to enhance conversation and leadership skills in English speaking. FEIB is Taiwan's only bank to receive subsidy for 12 consecutive years from the Workforce Development Agency, the Ministry of Labor, and was awarded the Talent Quality-Management System (TTQS) bronze medal by the Ministry of Labor for improvement in the Bank's human resources.



四、政策委員會

(一)資產負債管理委員會

本行為強化資產負債管理,健全資產負債結構,特設置資產負債管理委員會,負責 擬定本行資產負債政策及流動性風險管理方針,並研討利率政策,作成結論呈董事 會核定後辦理。

(二)授信審議委員會

本行為拓展業務,提升授信品質及增進工作效能,特設置授信審議委員會,負責審議全行超過授權經理核定範圍之授信案件,作成結論呈總經理、常務董事會或董事會核定後辦理。

(三)人事評議委員會

本行為建立職員管理之升遷獎懲制度,拔擢優秀人才,增進工作效率,特設置人事 評議委員會,負責審議全行人力資源規劃、人事規章、升遷、獎懲情事,作成結論 呈總經理、常務董事會或董事會核定後辦理。

(四)投資審議委員會

本行為訂定投資決策,掌握投資效益,特設置投資審議委員會,定期開會,審議短期有價證券投資策略交由金融市場部執行;並負責審理各項中長期專案投資計劃,作成結論提董事會核定後辦理。

(五)信託財產評審委員會

本行為拓展信託業務,特設置信託財產評審委員會,於每季營業終了後一個月內召開會議,審查每一信託戶之信託財產並作成記錄,由全體出席委員簽署並送總經理及董事長核可後呈報董事會核備。

(六) 資訊業務指導委員會

本行為建構全方位金融服務需求,特設置資訊業務指導委員會,負責研判資訊系統發展趨勢,審議全行資訊系統架構建置,並配合業務發展,提議、監督資訊業務系統開發,作成結論呈董事會核定後辦理。

(七)風險管理委員會

本行為建立獨立有效之風險管理機制,提升風險管理品質,特設置風險管理委員會,負責風險管理政策之擬定,風險管理執行成效、曝險狀況、風險決策之審議與 監督,做成結論呈報董事會核備。

(八)薪資報酬委員會

本行為強化公司治理與健全公司董事、監察人及經理人薪資報酬制度,特依「股票上市或於證券商營業處所買賣公司薪資報酬委員會設置及行使權辦法」設立薪資報酬委員會,協助訂定並定期檢討董事監察人及經理人有關薪資報酬之政策、制度、標準與結構,並向董事會提出建議。

4. Policy Committees

A. Asset and Liabilities Management Committee

To strengthen its assets and liabilities management and structure, FEIB established the Assets and Liabilities Management Committee to draft the Bank's assets and liabilities policy and floating risk management guidelines, and study interest rate policy to present proposals to the Board of Directors for approval and execution.

B. Credit Committee

To expand business, improve credit quality and working efficiency, FEIB has established the Credit Committee to handle and review credit cases with amounts exceeding a manager's authorization. Conclusions reached by this Committee are presented to the Bank's President, Board of Managing Directors or Board of Directors for approval and execution.

C. Personnel Committee

To set up a proper staff feedback and incentive system, identify and promote outstanding talent, enhance working efficiency and improve communication and leadership skills, FEIB established the Personnel Committee. The Committee is responsible for the review of the Bank's human resource planning, personnel regulations, promotions, rewards and reprimands, and making proposals to the Bank's President, Board of Managing Directors or Board of Directors for approval and execution.

D. Investment Committee

FEIB formed the Investment Committee to formulate investment policy and target superior risk-adjusted returns with regular meetings. The Committee also reviews the investment policy of short-term bills to be executed by the Financial Markets Department and reviews diverse mid-and long-term investment projects for proposal to the Board of Directors for review, potential approval and execution.

E. Trust Assets Committee

To expand the trust assets business, FEIB established the Trust Assets Committee. With one Vice President serving as its Committee Chief, this Committee holds meetings in the last month of each quarter to review trust assets of each client and to prepare status reports signed by all attending committee members to be presented to the Bank President and Chairman for approval and final reporting to the Board of Directors.

F. IT Steering Committee

To meet the Bank's need for diversified and multi-faceted financial services, FEIB formed an IT Steering Committee to study IT system development trends and review and improve the Bank's IT operating system. To meet FEIB's business development needs, the Committee makes IT proposals, supervises IT system development, and presents conclusions and recommendations to the Board of Directors for approval and execution.

G. Risk Management Committee

To establish an independent and efficient risk management mechanism and improve risk management, FEIB formed the Risk Management Committee to take the responsibility of drafting risk management policies, monitoring/reviewing risk management, risk exposures, risk policy, and reporting conclusions to the Board of Directors.

H. Remuneration Committee

According to "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter", we established the Salary Committee to assist the Board of Directors to achieve further transparency for revising the remuneration policies, and advise the Board of Directors.

伍、經營概況 Business Overview

一、核心事業

(一) 個人金融事業群

負責分行營運與財富管理業務,包括存款、投資、信託、保險、中小企業融資等產品之規劃、銷售與績效管理,以及分行通路與電子化通路(網路銀行、ATM)的管理與運作。

(二)消金及信用卡事業群

負責房貸、信貸、車貸、分期等消金商品及信用卡業務,含商品之企劃、行銷、銷售、管理與客戶服務。

(三)金融市場事業群

負責營運資金調度、外匯暨衍生性金融商品交易、有價證券投資與交易、全行資產 負債管理之規劃與執行、財務諮詢、中長期投資政策之制定、執行及績效評估與管 理,中長期專案投資的評估建議與其它相關諮詢、輔導事宜。

(四)法人金融事業群

擬定法金業務方針、政策,選定目標市場並負責執行法人金融產品行銷推廣、績效 評核、優化作業流程與相關系統升級與建置等事項,滿足法人客戶的金融需求。並 負責管理海外分支機構業務等等。

二、本年度經營計劃

(一)個人金融業務

1. 新產品開發

中小企業放款產品多元化,擴大產品服務,以符合客戶需求。以不動產抵押貸款,包含:

- (1) 整合中小企業融資及企業主之房貸與房貸壽險融資。
- (2) 商用不動產。
- (3) 中小型優質建商土建融(配合信託、餘屋貸款等),及信保基金保證貸款為基礎,進而增加股票融資、交易性融資、進出口融資、衍生性金融商品等, 並導入企業理財產品。

1. Core Businesses

(1) Individual Banking

Handle branch operations and wealth management business, including the planning, sales and performance management of deposit, investment, trust, insurance, small and medium enterprise financing products; as well as the management and operation of branch channels and e-channel (Internet-banking, ATM).

(2) Consumer Banking and Credit Card

Handle consumer banking products such as mortgage, credit loan, car loan, installment and credit card business, including their planning, marketing, sales, management and customer service.

(3) Financial Markets

Handle working capital movement, FX and derivative transaction, bond investment and transaction, planning and execution of the whole Bank's asset and liability management, financial advisory service, the making, execution and performance review and management of mid and long-term investment strategy, review of mid and long-term project investment as well as other relevant advisory and consultation.

(4) Corporate Banking

Draw corporate banking operation guideline, strategy, select target market and handle the marketing, promotion, and performance review of corporate banking products, optimize operating process, upgrade and establish relevant systems to satisfy corporate banking accounts' financial needs, and also in charge of overseas branch's businesses.

2. Business Plans for 2015

(1) Individual Banking

A. New Product Development

Diversified loan products for SME accounts, and expand product service to meet customer needs. Based on real estate mortgage loan including (1) integrate SME financing, mortgage and mortgage/life insurance financing mainly from small and medium enterprise account; (2) commercial real estates; (3) land financing from small and medium good construction companies (together with trust and vacant house loan), and credit guarantee loan, to increase stock financing, trade financing, import & export financing, derivatives as well as enterprise financing products.



2. 增加金融服務通路

- (1) 持續增設中小企業授信服務據點。
- (2) 為推廣信託業務服務,整合行內與外部服務通路,且與保經、保代公司合作個人財富管理及保險金信託,輔以會計師事務所合作辦理簽證業務。

3. 提升服務品質

- (1) 舉辦財富管理 VIP 客戶活動,並設計不同客群之專屬服務,提升本行財富管理附加價值。
- (2) 每季針對理財客戶進行服務滿意度調查,藉以提升理財業務人員服務品質 及維護客戶權益。
- (3) 中小企業服務部擴大經營客群,以年營收逾 6,000 萬元企業之信保及交易性融資,及企業擔保融資為主,另配合企業理財需求,提供衍生性金融商品及理財產品等。
- (4) 強化自動化服務通路設備品質,包含:語音服務系統升級、ATM 功能優化、 增設國際金融卡 ATM 快速啟用功能、行動銀行使用介面升級,以提升客戶 體驗滿意度與使用度,並降低客訴。



持續擴展跨境金融服務 Expanding Multi-national Financial Services

遠東商銀自 2007 設立香港分行以來,有計劃佈局跨兩岸三地之法金平台,所組成的跨境服務菁英團隊頻繁出入當今世界第二大經濟體,走訪茁壯中的大陸企業、深耕中的台商企業及眾多逐鹿大中華區市場的國際企業,以充分掌握企金服務商機及企業財務需求,海外獲利逐年成長,2014 年海外資產全行佔比 10.9%,獲利佔比高達 25.5%。2014 年籌設之大陸融資租賃公司,將於 2015 年開啟業務動能,切入高利客層,進一步擴展中港區經濟規模與獲利。

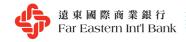
Since establishing the Hong Kong Branch in 2007, FEIB has strategically planned the deployment of its Corporate Banking platform in the Greater China region. Its cross-border elite team has frequently traveled into the world's second largest economy, visited growing businesses and Taiwan enterprises in China to seize opportunities and serve their financial needs. Ratio of overseas profits has grown to 25.5% in 2014 from 10.9% YoY. The Financing and Leasing Company in China, which was initiated in 2014, is expected to begin operation in 2015 to attract high net-worth clients and further expand the scale and profits in China and Hong Kong.

B. Increase Financial Service Channel

- (A) Increased SME loan and credit banking service locations in North 4 and Hsinchu areas to enlarge small and medium enterprise financing businesses.
- (B) In order to promote trust business, integrate inner and outside service channels, work with insurance brokerage and insurance agency companies to manage private banking and insurance trust, aided by the joint certification business from accounting firms.

C. Elevate Service Quality

- (A) Organize wealth management events for VIP customers, design exclusive services for different clients, and increase added value of the Bank's wealth management business.
- (B) Conduct quarterly service satisfaction survey to elevate service quality and protect customer equity.
- (C) SME Banking Unit aims at serving enterprises with annual revenues exceeding NT\$60 million to enlarge customer group, mainly to operate credit guarantee, transaction and enterprise guarantee financing, coupled with derivatives and wealth management products to meet with their needs.
- (D) Strengthen quality of automation service, including upgrade of voice service system, improvement of ATM service, adding speedy activation of international debit cards, upgrade of interface for mobile banking to uplift customer satisfaction, increase usage and lower customer complaint.



4. 客戶分層經營

- (1) 執行「One Bank」策略,運用「巨量資料 Big Data」精選客群進行跨產品行銷,挖掘具潛力行銷開發名單,深耕客戶,提供客戶跨財富管理及授信領域之多元化金融商品服務,提升遠銀客戶忠誠度。
- (2) 企劃「舞推舞賺夢幻舞馬」相關行銷活動,深耕既有客群,開發新客戶, 提升客戶 Product Holdings。
- (3) 持續企劃推出臺、外幣優利定存專案,擴增新戶開戶數與存款量。
- (4) 開發專業投資人客戶,提供專業及具深度與廣度財富管理商品。
- (5) 建置網路銀行訊息通知功能,提供客製化推廣活動通知,推廣 e 化通路交易服務平台。
- (6) 中小企業客層經營鎖定以下目標客群:
 - · 非上市櫃之優質客戶
 - 擁有實體資產、符合中小信保基金保證對象之中小企業
 - 理財需求客戶

(二)消金及信用卡業務

金管會推動「Bank3.0」銀行轉型計畫,提升運用 e&M 新技術之商業模式,加速多元發展消金及信用卡業務。透過新通路及新產品拓展新商機、增加新客戶與獲利來源;同時以 Big Data 為基礎,透過分析及商業轉換的能力,延續交叉銷售與組合銷售 (Bundle Sales) 策略,提供更全面及整合性的支付需求、資金需求及理財服務,進一步經營與深化客戶關係、策略性強化 VIP 及高端資產客層之經營,追求資產、品質與獲利同步成長。因應市場高度競爭、相關法令調整、消費者保護意識提升,將持續優化流程,提升服務效率,以穩固利基產品及市場領先地位。

1. 消金業務

- (1) 房貸:運用區域及客群差異化定價,強化高資產及高利差客群之經營,透 過資料倉儲技術,深耕與客戶關係,提高客戶產品持有率,兼顧資產品質、 資產成長及整體收益。
- (2) 信貸:建置 e&M 進件通路、流程優化,運用風險管理系統區隔客群,提供 差異化之產品及價格,同步擴大資產規模與獲利。

D. Management of Customer Segmentation

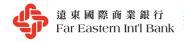
- (A) Implement "One Bank" strategy, analyze "Big Data" to select customer groups and engage cross marketing, discover potential client list, cultivate customers, provide diversified financial products and services in relation to wealth management and credit loan, so as to elevate customer loyalty for FEIB.
- (B) Co-sponsored "Cavalia" show to cultivate existing customers, develop new clients, and elevate product holdings.
- (C) Promote time deposits such as "Welcome US New Interest", "Higher Six-month NTD Fixed Deposit Rate", "Resurgence of Beautiful USD Interest", "Very High Interest", launch first TV commercial to gain visibility and attract new customers and deposits.
- (D) Develop professional investors to become the Bank's customers, provide professional, comprehensive and in-depth wealth management products.
- (E) Cultivate existing individual network-banking customers, establish message alert via network-banking, offer customized promotion activity notice, and promote e-channel transaction platform.
- (F) Strategy to Handle SME Customers:
 - Target Customers:
 - · Unlisted TWSE good customers
 - · Small and medium enterprises with real estates, together with collaterals
 - · Small and medium enterprises eligible for SME credit guarantee fund
 - · Customers in need of wealth management

(2) Consumer Banking and Credit Card Business

Financial Supervisory Commission is pushing Bank 3.0 restructuring plan, accelerating diversified developments of FEIB's consumer banking and credit card business, elevating the implementation of E&M new technology and business model. Through new channels and products to expand new opportunities, increase new customers and incomes. At the same time, through Big Data analysis and business conversion, continue the Bank's Bundle Sales, offer more comprehensive and integrated wealth management service to customers with payment needs and capital needs. Further operate and cultivate customer relationship, strengthen the management of VIP and high net worth clients, seek growth of both quality and profit. To cope with the highly competitive market, regulation adjustment, elevated consumer protection, the Bank will continue to optimize its operating process and improve service efficiency to consolidate its niche product and market leadership.

A. Consumer Banking

- (A) Mortgage Loan: Through price differentiation in terms of district and client group to fortify customers with high asset worth and high interest rate spread, cultivate customer relationship via data computing to elevate product holding, improve asset quality, asset growth and overall revenues
- (B) Personal Loan: Establish e&M channels, improve operating process, employ risk management system for customer segmentation, provide differentiated products and prices, expand asset scale and profit earnings.



- (3) 分期付款:鞏固重點通路並促動次級通路使用,提升本行金流佔比;積極 開發新產業通路;發展 e&M 多元進件平台,加速流程效能;整合分期通路 資源,建立社群行銷;審慎因應法令規範及處理客訴議題,兼顧本行資產 及消費者之權益。
- (4) 汽機車貸:開發潛力商機,導入新產品合作模式,持續開發新合作廠商, 穩健擴大本行汽機車貸業務範圍及規模,作業模組持續精進e化、提升作 業流程之彈性,因應市場需求維持競爭者進入障礙,並同步遵循法令以持 續調整相關作業規範,兼顧本行資產及消費者之權益。

2. 信用卡業務

- (1) 發卡:整合多元化之集團企業服務,運用跨業集點優勢,結合集團企業相關通路,強化 HAPPY GO 信用卡的品牌形象,深耕遠銀 HAPPY GO 大紅利價值。結合台塑聯名卡、HAPPY GO 的eTag 聯名卡,擴大交通類之消費族群;拓展旅遊市場,規劃以旅遊消費優惠為主的信用卡;跨足行動支付產業推出手機信用卡及虛擬卡,以 e&M 通路積極經營新客群;同步推出各項 e&M 創新方案,持續經營既有客戶。
- (2) 簽帳:主要經營策略為穩定成長、鞏固利基,持續提升遠銀 HAPPY GO 大 紅利的價值與兑換便利性,整合集團綜效,深耕信用卡客戶忠誠度;同時 積極推動各項 e&M 方案及代繳税費服務,以擴充資料庫及應用。



獲財富管理最佳潛力銀行 Received Outstanding Growth Award of the Wealth Management Bank

遠東商銀財富管理堅持專業、精緻的理念,向上發展私人銀行服務,業務逐年成長,且連年獲獎肯定,2014年蟬聯《今周刊》第八屆財富管理銀行評鑑最佳潛力銀行,由副總統吳敦義授獎。

With professional and refined operations, FEIB Wealth Management continues to develop and grow its private banking business. In 2014, the Bank again received "Outstanding Growth Award" of the 8th Wealth Management Bank review by Business Today magazine. R.O.C Vice President Wu Den-Yi presented the award.

- (C) Installments: Focus on important channels and enhance secondary channels, elevate the Bank's ratio of money flow, cultivate and expand new industrial channels, develop multiple e&M application platform to expedite process efficiency, integrate installments channel resource, establish social network marketing, comply with laws and regulations, carefully handle customer complaints, caring the Bank's asset and consumer rights
- (D) Car and Motorcycle Loan: Develop potential opportunities, introduce new product cooperation model, continue to develop new cooperation partners, steadily expand the Bank's car and motorcycle loan business. Continue to enhance operating software, elevate flexibility of operating process, maintain entry barrier against competitors, enhance law compliance and adjust relevant operating standard to improve the Bank's assets and consumer rights.

B. Credit Card

- (A) Card Issuance: Integrate diversified the Group affiliated companies and businesses, combine related channels, take advantage of cross-industry point collection to strengthen the brand image of HAPPY GO Credit Card, cultivate the value of FEIB HAPPY GO bonus points. Far Eastern Formosa Co-brand Card and eTag Co-brand Card serve to expand consumers in the transportation category; plan to issue tourism-oriented cards to explore the tourist market; launch mobile credit card and virtual credit card to enter the mobile payment business and manage new customer group through e&M channels; and also implement various e&M innovative plans to serve the existing customers.
- (B) Spending Volume: Main operating strategy is to achieve steady growth and consolidate niche market. Continue to elevate the value and convenience of FEIB HAPPY GO bonus points, integrate Group synergy, cultivate customer loyalty of credit cardholders; also to promote various e&M projects and tax withholding service to expand database and its application.



2014 年達成百萬有效卡 Number of Active Cards Reached One Million in 2014

結合關係企業百貨零售通路,如:遠東百貨、愛買,服務客戶申請 HAPPY GO 信用卡,提供刷卡消費優惠及 HAPPY GO 點數回饋。以及利用 Big Data 技術了解卡友消費偏好,提供客製化優惠,提升卡友刷卡消費意願,達成百萬有效卡目標。

Integrating the Group's retail channels of Far Eastern Department Store and A-Mart to serve applicants for HAPPY GO credit cards, offer shopping discount and HAPPY GO loyalty points feedback, also better understand consumption preference of cardholders via Big Data analysis, provide customized benefits and encourage spending, thus to reach the target of one million active cards.



3. 法人金融業務

- (1) 執行目標市場,持續開發新客戶及新市場;深耕優質客戶,掌握客戶營運 規劃資訊,把握業務機會。
- (2) 建立風險性資產收益門檻,提高資本報酬及資金運用效率。
- (3) 強化客戶往來深度,採多產品行銷,推廣 E-commerce、發展無風險結構型 存款產品,以建立穩定的資金來源。
- (4) 深化 Corporate Finance 業務,開辦財務顧問業務,提高附加價值及差異化服務。
- (5) 持續開發大中華區商機,籌設大陸融資租賃公司,開發高利客層,以達成中港區經濟規模。
- (6) 開發兩岸三地以外市場,擴展海外市場佈局,提升海外獲利。

4. 金融市場業務

(1) 金融交易業務:

適度承擔風險,為銀行創造利潤。外匯交易期能掌握匯率波動以波段行情操作獲利。債券市場面對今年美國 FED 有可能升息之因素,市場恐有大幅之波動,操作宜謹慎,但遇有投資價值之價位則可伺機增加部位。股市強化總體經濟及產業基本面之分析能力,以掌握投資趨勢。靈活資金配置及交易技巧,以提高獲利機會。

(2) 金融行銷:

加強 TMU 服務客戶廣度與深度,一方面擴大客戶基礎,另一方面開發多樣性金融商品以滿足客戶需求,提高獲利。外匯保證金交易與可轉債拆解業務均為本行重要利基產品,市佔率領先同業。可轉債拆解持續針對不同客群(Individual、Corporate 與 Institutional)擴展業務,並加強推廣法人與金融同業之賣出資產交換業務,提供客戶更多樣化之可轉債選擇權標的,進而增進市場競爭力,同時提升選擇權客戶關係,積極推廣至外資法人客戶,持續提升可轉債選擇權之市佔率(截至 2014/12/31,市佔率為 29%)。另為加強服務客戶,增加本行競爭力,除大力推動可轉債選擇權網路下單業務並建置行動裝置下單系統外,亦藉著提供外匯保證金 FETP 網際網路交易平台,提升交易量與獲利,擴大業務規模,並吸引不同客群並以優惠報價及優質服務滿足客戶需求。

C. Corporate Banking Business

- (A) Focus on the target market, continue to develop new customers and new market; maintain good clients, understand operational plans of customers and seize business opportunities.
- (B) Set up earning limits for risk assets to improve return and efficiency on assets.
- (C) Strengthen customer relations, adopt multi-product marketing, promote e-commerce, develop risk-free structured deposit product to establish steady income of capital.
- (D) Deepen Corporate Finance business, launch financial consulting business, increase value-added and differentiated services.
- (E) Continue to develop opportunities in the Greater China region, plan to establish financing and leasing company in China, and develop high-interest clients to reach economy of scale in Hong Kong and China.
- (F) Develop non-Chinese market, expand overseas deployment, and elevate overseas profits.

D. Financial Markets Business

(A) Financial Transactions:

Create profit for the Bank upon appropriate risk. Taking advantage of exchange rate fluctuation to gain profit via make-band operation in foreign exchange trading. Facing possible rising interest rate in the U. S. this year, bond market could become volatile. Investors should act prudently, yet also be a value investor when reaching the right pricing. Trading of stocks should be made with strong analytical ability of the macro economy and fundamentals of the industry so as to grasp investment trend. Maintain flexible portfolio and transaction technique to heighten profit.

(B) Treasury Marketing:

Broaden TMU service, to not only expand customer base, but also develop diversified financial products to satisfy customer needs and improve profits. FX margin trading and convertible bond asset swap are both important niche products for the Bank with leading market share. Expand convertible bond asset swap business to different customer groups (Individual, Corporate and Institutional), and promote asset swap business sold from corporate banking and other banks, provide customers more diversified convertible bond option products to increase market competitiveness. Also improve customer relationship to reach foreign investors and continue to heighten market share of convertible bond swap option (as of December 31, 2014, market share was 29%). In order to enhance customer service, increase the Bank's competiveness, aside from promoting online order of convertible bond option and establish mobile order via mobile device, FEIB aims to elevate volume and profit, enlarge business scale through FETP network transaction platform, and attract different customer groups with discounts and quality service to satisfy customer needs.



(3) 金融同業存款授信業務:

- ① 配合總行資金有效運用,適時調整存款結構暨穩定存款規模。
- ② 針對金控轉投資大陸地區租賃公司暨券商國際證券業務分公司提供授信 暨 TMU 避險額度。
- ③ 積極參與聯貸、次級市場轉讓買賣,增加利息及手續費收益。
- ④ 精耕既有客戶,強化服務品質,增加多元化商機。

(4) 信用市場業務:

- ① 審慎篩選信用連結標的公司及交易對手。
- ② 著重單純、基本的交易類型,避免承作過於複雜、組合式的產品。
- ③ 加強大陸地區案件評選,兼顧授信品質與報酬,以有效運用大陸限額。

三、長、短期業務發展計畫

(一)短期業務發展計畫

- 1. 法人業務面:持續開發新客戶與深耕優質既有客戶。深化 Corporate Finance 業務,開辦財務顧問新種業務,提供差異化服務。
- 個人業務面:建立專職團隊,運用大數據進行精準目標客群行銷,強化客戶關係經營。採多產品行銷,並發展無風險結構型存款產品,以建立穩定的資金來源。
- 有效控管風險,強化預警機制,維持資產品質穩定,並建立風險性資產收益門
 些。
- 4. 積極規畫建立新 e & M 化通路 (如:「遠銀 i 申請」、行動條碼繳款、互動式電子帳單、線上開戶等服務),提升客戶服務。並持續強化既有 e 化通路服務平台。
- 5. 推出「跨境代收付」與「境內第三方支付」服務;發行 NFC 手機信用卡;並將 推出網路交易專用的「遠東 HAPPY GO 虛擬信用卡」。
- 6. 持續開發信用卡分期特店,著重於百貨/旅遊/3C/傢俱等大額消費,提昇簽帳金額,並積極發展網路收單業務。
- 7. 積極推展各項信託服務,以擴大信託及保管規模。並推動客戶權益分級制度, 規劃 VIP 專案,強化本行財富管理業務競爭力。
- 中小企業服務 2015 年度新增桃園區域中心,結合北台灣各區域中心拓展中小企業業務,並發揮交叉銷售業務綜效。
- Asset Swap 與外匯保證金交易業務:積極推動網路與行動下單服務,提供更快 捷與便利之交易方式,達成長期業務發展之目標。

(C) Financial Institute Deposits and Loans:

- a. Adjust funds and deposit structure timely for effective usage of the Bank's Head Office.
- b. Set up leasing company in China and OSU to provide credit and TMU hedge amount.
- c. Engage in syndicated loan and security secondary market business to increase interest and commission income.
- d. Cultivate existing clients, strengthen service quality, and increase diversified business opportunities.

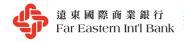
(D) Credit Derivatives:

- a. Carefully select target companies and counterparts.
- b. Focus on simple and basic products, and avoid undertaking too complicated structured products.
- c. Strengthen the review and selection of cases in China to ensure credit quality and profit so as to make effective use of this Chinese quota.

3. Long and Short-term Development Plans:

(1) Short-term Development Plans

- A. Corporate Business: Continue to develop new customers and cultivate good existing customer, deepen Corporate Finance business, and launch financial consulting business to provide differentiated services.
- B. Individual Business: Set up professional team, analyze Big Data to proceed with precise target customer marketing, strengthen customer relations, adopt multi-product marketing, and develop risk-free structured deposit product to establish steady income of capital.
- C. Effective Risk Control: Strengthen pre-warning mechanism, maintain steady asset quality, and set up earning limit for risk assets.
- D. Engage in planning and establishing new e&M channels (such as "FEIB iApplication", QR Code payment, interactive electronic bills, online opening of accounts, etc.) to elevate customer service, and continue to strengthen the existing e-channel service platform.
- E. Launch "cross-border receipt and payment" and "domestic third-party payment" services, issue NFC mobile credit card, and will launch "FEIB HAPPY GO Virtual Credit Card" exclusive for online transactions.
- F. Continue to develop installment merchants, focus on large spending in department stores/ travel/3C/furniture, elevate revolving volume and develop Internet acquiring business.
- G. Engage in promoting various trust services to expand trust and custody scale, promote classified customer equity system, plan VIP projects, and strengthen the Bank's competitiveness in the wealth management business.
- H. In 2015 added Taoyuan District Center into the Bank's SME service area, combine with various district centers located in northern Taiwan to expand FEIB SME businesses, and achieve synergy in our cross-selling business.
- I. Asset Swap and FX Margin Trading Business: Engage in promoting Internet and mobile order service, provider faster and more convenient transaction so as to achieve long-term development goal.



- **10.** 信用衍生品業務:增加新交易對手,並積極研究目標產業/客戶/利差,主動 建立標的客戶名單,鎖定本行承擔之風險與報酬。
- 11. 針對金融同業業務
 - · 開發新客戶,持續擴大存款規模,配合全行政策調整存款結構,並積極參與 國際聯貸並開拓兩岸三地金融商機。
 - ·加強推廣 TMU、ACH 等利基型業務,強化 Cross Selling,增加多元收益。

(二)長期業務發展計畫

- 1. 擴充與培育優質人力,提升競爭優勢。
- 2. 建構新一代企業電子金流平台,提供大中華區帳戶整合、境內及跨境轉帳/匯款之全方位 Cash Management 服務;並發展企業理財金融商品,滿足客戶需求。
- 3. 開發兩岸三地以外市場,擴展海外市場佈局,提升海外獲利。
- **4.** 針對行動裝置興起,針對各項電子化服務平台進行規劃及調整,以期符合未來 客戶之使用需求,打造數位化金融環境。
- 5. 擴大對外開發信託合作通路,除票券、租賃公司外並進一步擴及保經、保代、 壽險公司與其它第三方支付平台業者,以提供各類信託及保管最佳服務。
- 6. 持續增設中小企業授信服務據點,授信產品多元化,授信全面採用線上徵審系統,以提升審核作業效率。並規劃進出口、TMU業務及保證業務等,提升業務量。
- 7. Asset Swap 業務: 鞏固券商合作關係, 掌握發債訊息。並透過策略合作推廣可轉債資產交換業務, 增加金融同業銷售,強化競爭力。掌握人民幣相關業務開放時程,領先市場創新產品,並深入了解大中華區推動可轉債拆解業務之可行性。
- 8. 善用大數據分析增加交叉銷售契機,提供客戶更精緻化的金融服務。
- 發展整合性消金產品或銷售流程,同步滿足客戶多元需求;並開發新產業合作模式、擴展通路商業務合作範圍,提高競爭者推入障礙。
- 10. 以銀行金融服務平台,整合遠鑫電子票證、HAPPY GO 紅利點數、遠傳電子錢包等集團企業支付服務,並連結集團百貨零售通路客群,積極佈局電子支付發展藍圖。

- J. Derivatives: Increase new counterparties, study target industry/customer/interest spread, establish target customer list, and lock the Bank's bearable risk and return.
- K. Financial Institute Banking Businesses
 - Develop new customers, continue to expand deposit scale, adjust deposit structure in compliance with the Bank's policy, engage in international syndicated loan and expand business opportunities in Taiwan, Hong Kong, and China.
 - Further promote niche businesses such as TMU and ACH, strengthen Cross Selling to increase diversified incomes.

(2) Long-term Development Plans

- A. Expand and cultivate quality talent, elevate competitive edge.
- B. Constitute new-generation electronic corporate money flow platform, provide account integration in the Greater China region, provide omni Cash Management of domestic and cross-border transfer/remittance, and develop corporate financing product to meet customer needs.
- C. Develop non-Chinese market, expand overseas market deployment, and elevate overseas profit.
- D. With flourishing mobile devices, plan and adjust FEIB's various e-banking service platform to meet future customers' requirements and needs, and create a digitalized financial environment.
- E. Enlarge cooperation channels for trust business, aside from securities and leasing companies, further expand to include insurance agency, insurance representation and life insurance companies, as well as other operators with third-party payment platforms to provide best trust and custody services
- F. Continue to increase operating locations for SME credit services, offer diversified credit products, fully adopt on-line review system to improve operating efficiency, also plan export and import, TMU and guarantee businesses to elevate business volume.
- G. Asset Swap Business: Consolidate cooperation with securities companies, monitor bond issuance, promote convertible asset swap business through strategic cooperation, increase sales among financial institutes, strengthen competitiveness; understand opening timeslot of RMB related businesses, lead in launching innovative products, and study feasibility of promoting convertible swap business in the Greater China region.
- H. Analyze Big Data to increase cross selling and provide customers more refined financial service.
- I. Develop integrated Consumer Banking products or sales process, satisfy customers' diversified needs, also develop new industry cooperation model, expand scope of channel cooperation, and maintain entry barrier against competitors.
- J. With banking service platform, integrated with the Group's Yuan Hsin Digital Payment Co., HAPPY GO bonus points, and Far EasTone mobile wallet to combine the retail channel customers of the Far Eastern Group to engage in further growth of the digital payment businesses.

陸、財務狀況 Financial Information

一、合併簡明資產負債表 Consolidated Simplified Balance Sheet

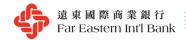
新台幣仟元 (NT\$ thousand)

ALD BILL (NI & Global)			
年 度 Year 項 目 Items	2012	2013	2014
現金及約當現金、存放央行及拆借銀行同業 Cash, Cash Equivalents, Due from Central Bank and Due from Banks	88,415,159	93,224,900	86,210,099
透過損益按公允價值衡量之金融資產 Financial Assets at Fair Value Through Profit or Loss	16,110,835	18,795,444	25,944,211
備供出售金融資產 Available-for-Sale Financial Assets	11,865,864	21,735,693	30,518,170
避險之衍生金融資產 Derivative Financial Assets for Hedging	180,242	111,034	40,439
附賣回票券及債券投資 Securities Purchased under Resale Agreements	23,741,992	23,006,325	14,385,710
應收款項 - 淨額 Net Receivables	20,781,015	20,671,269	19,664,258
當期所得税資產 Current Tax Assets	167	1,003	26,785
貼現及放款 - 淨額 Net Loans and Discounts	280,219,426	292,517,032	319,176,466
持有至到期日金融資產 Hold-to-Maturity Financial Assets	2,224,301	3,105,972	3,991,084
採用權益法之投資 - 淨額 Net Investments in Equity	2,368,548	2,365,826	1,592,014
其他金融資產 - 淨額 Net Other Financial Assets	13,773,339	11,226,390	14,811,608
不動產及設備 - 淨額 Net Properties and Equipment	2,879,693	2,814,164	2,785,884
無形資產 - 淨額 Net Intangible Assets	1,868,048	1,830,904	1,801,534
遞延所得税資產 - 淨額 Net Deferred Tax Assets	928,575	579,514	826,343
其他資產 Other Assets	226,072	206,250	165,375
資產總額 Total Assets	465,583,276	492,191,720	521,939,980
央行及銀行同業存款 Due to Central Bank and Other Banks	11,674,958	13,782,129	11,496,870
透過損益按公允價值衡量之金融負債 Financial Liabilities at Fair Value Through Profit or Loss	3,745,032	7,288,065	11,055,294
避險之衍生金融負債 Derivative Financial Liabilities for Hedging	12,819	12,631	5,204
附買回票券及債券負債 Bonds Sold under Repurchase Agreements	-	1,299,471	4,391,451
應付款項 Payables	5,560,371	13,502,992	5,596,002

項 目 Items	年 度 Yea r	2012	2013	2014
當期所得税負債 Current Tax Liabilities		113,131	10,870	243,366
存款及匯款 Deposits Accepted and Remittances Payable		391,933,266	398,305,940	423,242,417
應付債券 Bank Debentures	,	23,072,123	27,103,885	25,479,749
其他金融負債 Other Financial Liabilities		1,908,070	761,020	2,874,070
負債準備 Provisions		697,845	754,125	762,276
其他負債 Other Liabilities		432,374	417,508	530,549
負債總額	分配前 Before Distribution	439,149,989	463,238,636	485,677,248
Total Liabilities	分配後(註) After Distribution	439,665,709	463,920,415	-
歸屬於母公司業主之權益 Equity Attributable to Owne		26,433,287	28,953,084	36,262,732
股 本	分配前 Before Distribution	22,422,596	23,621,182	28,618,263
Capital	分配後(註) After Distribution	23,528,030	24,845,658	-
資本公積 Capital Surplus		22,348	34,923	462,400
保留盈餘	分配前 Before Distribution	4,153,012	5,595,176	7,384,364
Retained Earnings	分配後 (註) After Distribution	2,531,858	3,688,921	-
其他權益 Other Equity		(164,669)	(298,197)	(202,295)
權益總額	分配前 Before Distribution	26,433,287	28,953,084	36,262,732
Total Equity	分配後 (註) After Distribution	25,917,567	28,271,305	-
會計師查核意見 Independent Auditors' Repo	ort	無保留意見 Unqualified Opinion	無保留意見 Unqualified Opinion	無保留意見 Unqualified Opinion
會計師姓名 Names of Auditors		陳俊宏、楊承修 Chen Chun-hung Yang Cheng-xiu	陳俊宏、楊承修 Chen Chun-hung Yang Cheng-xiu	陳俊宏、楊承修 Chen Chun-hung Yang Cheng-xiu

註:分配後數字,依據次年股東會決議之情形填列。

^{*}Total liabilities, retained earnings & total Equity after distribution will be confirmed at general shareholders' meeting.



二、合併簡明損益表 Consolidated Simplified Statements of Income

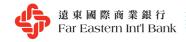
單位:新台幣仟元 (NT\$ thousand)

年 度 Year 項 目 Items	2012	2013	2014
利息收入 Interest Income	9,644,265	11,263,921	12,253,408
利息費用 Interest Cost	5,499,120	6,379,554	6,873,872
利息淨收益 Net Interest Income	4,145,145	4,884,367	5,379,536
利息以外淨收益 Noninterest Income and Gains, Net	4,398,815	4,653,695	5,497,412
淨收益 Net Profit	8,543,960	9,538,062	10,876,948
呆帳費用及保證責任準備提存 (迴轉利益) Provision (Reversal of Provision) for Possible Losses and Guarantee Obligations Reserve	(221,693)	(18,171)	70,318
營業費用 Operating Expense	5,850,696	5,993,126	6,510,496
繼續營業單位税前淨利 Pre-Tax Income from Continued Operations	2,914,957	3,563,107	4,296,134
所得税(費用)利益 Income Tax (Expense) Benefit	(364,192)	(501,837)	(601,611)
繼續營業單位本期淨利 After-Tax Income from Continued Operations	2,550,765	3,061,270	3,694,523
停業單位損益 After-Tax Income from Discontinued Operations	-	-	-
本期淨利 Net Income	2,550,765	3,061,270	3,694,523
本期其他綜合損益 (税後淨額) Other Comprehensive Income (Loss) for The Year, Net of Tax	(188,134)	(132,848)	96,822
本期綜合損益總額 Total Comprehensive Income	2,362,631	2,928,422	3,791,345
淨利歸屬於母公司業主 Net Income Attributable to Owners of The Bank	2,550,765	3,061,270	3,694,523
淨利歸屬於非控制權益 Net Income Attributable to Non-Controlling Interests	-	-	-
綜合損益總額淨利歸屬於母公司業主 Total Comprehensive Income Attributable to Owners of The Bank	2,362,631	2,928,422	3,791,345
綜合損益總額歸屬於非控制權益 Total Comprehensive Income Attributable to Non-controlling Interests	-	-	-
每股盈餘 EPS (NT\$)	1.05	1.24	1.31

三、合併資本適足性 Consolidated Capital Adequacy

單位:新台幣仟元 (NT\$ thousand)

年度 Year 分析項目 Analysis Items			2013	2014
	普通股權益 Common Equity Tier I		26,238,006	33,243,204
自有資本	非普通股權益之。 Additional Tier 1 Ca		-	-
Net Capital	第二類資本 Tier II Capital		13,676,786	14,018,501
	自有資本 Net Capital		39,914,792	47,261,705
		標準法 Standardized Approach	291,547,743	324,818,191
	信用風險 Credit Risk	內部評等法 Internal Rating Based Approach		
		資產證券化 Asset Securitization		317,180
加權風險	作業風險 Operating Risk	基本指標法 Basic Indicator Approach	12,714,700	14,223,250
性資產額 Total Risk- Weighted		標準法 / 選擇性標準法 Standardized Approach/Alternative Standardized Approach		
Assets		進階衡量法 Advanced Measurement Approach		
	市場風險 Market Risk	標準法 Standardized Approach	10,309,788	19,804,188
		內部模型法 Internal Models Approach		
	加權風險性資產網 Total Risk-Weighter		314,572,231	359,162,809
資本適足率 Capital Adequacy Ratio		12.69%	13.16%	
第一類資本佔風險性資產之比率 Ratio of Tier I Capital to Risk Assets			8.34%	9.26%
普通股權益占風險性資產之比率 Ratio of Common Equity to Risk Assets			8.34%	9.26%
槓桿比率 Leverage Rat	io		4.68%	5.58%



四、轉投資公司概況及未來計畫

(一) 遠銀人身、遠銀財產保險代理人股份有限公司

1. 獲利原因:

遠銀保代精選市場優質保險公司為合作對象,加強對銀行各事業群客戶的保險需求,提供最適切風險控管的保險商品,例如,對財富管理客戶提供具市場競爭性的投資型保險商品,或對房屋貸款客戶提供房貸壽險保障其人身風險,再則如以應收帳款保險保障企業金融法人壞帳風險的控管,藉此強化銀行對客戶的全方位服務。進而每年能成為遠東商銀的轉投資獲利。

2. 未來1年投資計畫:

保險銷售市場通路「銀行保險」佔比已過半。遠銀保代除了持續執行以客戶保障需求為引進保險商品的策略外,提升銀行同仁對銀行保險商品的熟悉度,加深客戶對銀行保險商品的持有數,並以專業保險顧問協助銷售,加強售後服務品質與深耕客戶關係;積極擴展與其他可行通路間異業策略聯盟,增加多元行銷契機以達強本培源的目標。藉由集團員工優惠專案、集團關企團體保險,持續開發集團內部客戶,進一步發揮集團綜效,成為遠東集團內的保險專業服務團隊。遠銀保代立基於提供全遠東集團內部及外部的個人、法人客戶專業風險控管之保險方案。

(二) 遠智證券

1. 獲利原因:

2014年度為本公司自 2008年成立以來首度轉虧為盈,獲利 NTD 5,953仟元;收益面因擴大產品線展現成效,營收較 2013年度成長 NTD 6,355仟元,達 NTD 190,276仟元;營運成本面因積極與上手券商爭取調降交易成本,並藉由簡化業務單位組織層級、重新調整業務人員獎勵及考核辦法,使營運成本相較 2013年度減少 NTD 8,949 仟元,公司 2014年度得以首度獲利。

4. Reinvestment Policies and Plans

(1) Far Eastern Life and Property Insurance Agency Co., Ltd.

A. Reasons for Profit:

Far Eastern Life and Property Insurance Agency carefully selects and partners with good insurance companies to better serve of customers of FEIB's different business groups with insurance needs, and provide insurance products with the best risk control. For example to provide price-competitive investment-oriented insurance products to the Bank's wealth management customers, or to offer mortgage life insurance against the risk of its mortgage clients, and apply accounts receivable insurance to protect the risk control of corporate finance bad debt. Thus, the company strengthens FEIB's all-in-one service to customers and continues to register profit every year.

B. Investment Plan for the Following Year:

"Bancassurance" already accounts for more than 50% of FEIB's insurance sales channel. The Company continues to introduce new insurance products to serve customer needs, educate the Bank staffs to be more familiar with the bancassurance products, elevate clients' holdings of the bancassurance products, employ professional insurance consultants to assist in sales, strengthen after-sales service quality and fortify customer relations. It will focus on forming cross-industry strategic alliances with other distributing channels to increase multiple sales opportunities and expand businesses. Through providing special discounts to Group employees and group-insurance packages among affiliated companies, the Company will further develop clients within the Far Eastern Group to achieve synergy and become the Group's insurance expert aiming at offering insurance policies with professional risk control and management to serve individual and corporate customers both within and outside of the Far Eastern Group.

(2) Far Eastern International Securities Company Ltd.

A. Reason for Profit:

In 2014, the Company registered profit of NT\$5.953 million for the first time since its establishment in 2008. With effective expansion of product line, revenues grew NT\$6.355 million from 2013 to reach NT\$190.276 million. Operating cost went down as a result of lowering transaction cost with partnered securities companies. Through streamlined sales units, readjusting reward and review method for sales staffs, operating cost dropped NT\$8.949 million YoY and therefore report profit for the first time in 2014.



2. 未來 1 年投資計畫:

除延續 2014 年經營績效改善計畫外, 2015 年將陸續調整相關執行策略, 其重點説明如下:

- (1) 擴大招募財富管理顧問,提高業務動能。
- (2) 加強品牌策略,增加高資產客戶數及財富管理資產規模。
- (3) 推出新獎酬制度,加強競爭優勢。
- (4) 強化投資風險控管。
- (5) 提升金融法人客戶服務,維持海外複委託券商交易量前五名成績。

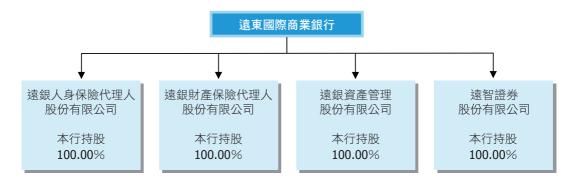
(三) 遠銀資產:

1. 虧損原因:

本公司損失之原因主要為處分長期投資項下之遠龍不銹鋼公司所致。

- 2. 改善計畫及未來1年投資計畫:
 - (1) 陸續購入新的 NPL 以獲取服務費收益。
 - (2) 轉投資大陸融資租賃公司以拓展市場。
 - (3) 藉由各項管道於市場上購入新的法拍不動產,並加以處分,以增加收益。

(四)關係企業相關資料



註:本行各關係企業間並未相互持股

B. Investment Plan for the Following Year:

Aside from further pursuing the improvement plan set up in 2014, the Company will continue to adjust relevant executions under the following major strategies:

- (A) Recruit more wealth management consultants and elevate business momentum.
- (B) Strengthen brand strategy, increase number of high net-worth clients and asset scale of wealth management customers.
- (C) Launch new reward system to enhance competitive edge.
- (D) Strengthen risk control and management on the investments.
- (E) Improve services to corporate banking customers, and maintain top five ranking in reconsigned foreign trading business.
- (3) Far Eastern Asset Management Corp.
 - A. Reason for Loss:

Far Eastern Asset Management registered loss mainly due to disposal of its long-term investment Yuan Lung Stainless Steel Corporation.

- B. Improvement and Investment Plans for the Following Year:
 - (A) Purchase new NPL to gain commission income.
 - (B) Invest in financing and leasing company in China to expand market.
 - (C) Continue to purchase through various market channels new court auction real estates, and dispose of these assets to increase revenues.
- (4) Affiliated Companies



Note: There is no cross share-holding among FEIB affiliated companies.

柒、風險管理 Risk Management

一、風險管理組織架構及政策

(一) 政策

- 1. 塑造本行注重風險管理之專業組織文化,並運用內外部風險管理規範之質化(如 各項作業辦法等)、量化指標(如資產品質比率等),作為本行營運策略參考。
- 2. 設置獨立之風險控管專責單位,有效監控及落實風險管理制度。
- 3. 有效辨識、衡量、監督與控制各項既有及潛在風險於本行可承受範圍內,並兼顧風險與合理利潤,達到盈餘目標。

(二)組織架構

1. 董事會:

本行風險管理之最高決策單位,負責核定全行風險管理政策,建立全行風險管理文化,對整體風險管理負最終責任。

資產負債管理委員會及風險管理委員會:
 由總經理為召集人,指定相關主管為委員,定期開會,負責掌理及審議全行風險管理執行狀況與風險承擔情形。

3. 風險管理處:

下設法金組、消金組,分別對法人金融、金融市場、個金(中小企業)、消金及信用卡等事業群之風險管理採直接管理。各事業群有關授信準則、程序、辦法、新產品開發、人員授權等,均先經由風險管理處審查,再行呈核,使本銀行風險管理具集中控制效果。

- (1) 風險管理處法金組分為審查組、應收帳款徵審組、金融市場中台組、授管組、覆審追蹤組等五個單位,分別負責授信案件事前審核、貸放後管理、交易部位之每日市價評估與限額控管、授信規範之擬訂與控管及督導法金授信覆審追蹤作業。
- (2) 風險管理處消金組分為授信管理、消金授信審核、信用卡授信審核、債權管理、資訊/服務、客訴/自行查核等六個單位,分別負責制定消金與信用卡產品授信政策與資產品質管理、案件徵審與中途授信管理、逾期放款及協議案件之催理、資料倉儲運用與風險分析、自行查核與客訴案件處理。

4. 稽核處:

定期查核全行風險管理有關業務,包括風險管理架構、風險管理運作程序等相關作業之實際執行狀況,並適時提供改進建議。

1. Risk Management Structure and Policy

- (1) Policy
 - A. To foster a risk management-oriented culture, the Bank has employed a qualitative index of internal and external risk management regulations (such as diverse operating procedures) and quantitative index (such as ratio of asset quality) as a reference for operating strategy.
 - B. FEIB has set up an independent risk control unit to effectively supervise and implement the Bank's risk management system.
 - C. To effectively recognize, evaluate, monitor and control all existing and potential risks within acceptable limits to achieve target revenues.
- (2) Organization Structure
 - A. Board of Directors:

The Board of Directors steers FEIB's risk management, and is responsible for reviewing the whole Bank's risk management policies, reinforcing a risk management culture and taking ultimate responsibility for overall risk management.

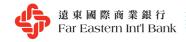
B. Risk Management Committee:

The Bank President presides over the Risk Management Committee, appoints relevant bank heads as Committee Members and calls regular meetings to execute and review the Bank's capital adequacy, risk bearing capacity and entire risk management system.

- C. Risk Management Department:
 - Under the Management Risk Department, the Corporate Banking, Consumer Banking and Small- and Medium-sized Enterprise Teams directly manage risk with regard to Corporate Banking, Financial Markets, Consumer Banking, Credit Card as well as Small- and Medium-sized Enterprise Business Groups. The Risk Management Department reviews and gives quantitative and qualitative feedback on each business group's lending guidelines, processes, product development, and authorization criteria, etc. before consideration for approval in an effort to centralize control and improve quality.
 - (A) The Corporate Banking Team under Risk Management Department is further divided into 5 Sections including: Risk Review, AR Factoring, Financial Market Middle Office, Credit Control, and Second Review & Trace which handle respectively the pre-evaluation of lending cases, after loan management, daily assessment of each position's market value and limit control, the drawing of lending guidelines and risk control, and monitor Corporate Banking's second review and trace operations.
 - (B) The Consumer Banking Team under Risk Management Department is further divided into 4 Sections including: Consumer Banking Credit Control, Credit Card Control, Debt Management, and Information/Service which handle respectively drawing of the lending policies of consumer banking and credit card products, management of asset quality, evaluation and after-loan management, transaction management, mid-way lending management, overdue loan recovery, debt write-off, data storage & processing, and risk analysis.

(4) Auditing Department:

Regularly check the Bank's risk management related businesses including the execution of risk management structure and risk management operating processes, and then provide constructive suggestions for improvement.



二、各項風險管理策略

(一)信用風險

1. 法人金融業務

訂定穩健及明確之法人金融徵授信及貸後管理程序,掌控資產品質。控管授信 行業別之適當比重、集團企業授信風險之集中管理,並定期或視必要性依據經 濟走勢、產業趨勢及本行經營政策調整上述行業或集團比重。

2. 消金及信用卡業務

訂定明確之授信規範及貸放程序,確保授信資產品質穩定及穩健獲利之營運目標。管理資產結構確保各資產組合適當配置,追蹤放款品質,因應經濟景氣、經營環境變化,動熊調整授信政策。

3. 中小企業金融業務

訂定明確中小企業徵授信規範、作業程序及貸後管理機制,達成授信資產品質優化及規模成長目標。規範授信產品類別、進行資產結構管理,確保債權擔保性及資產組合適當性。定期檢視經濟景氣變化,動態調整授信政策及策略目標。

(二)作業風險

以有效且具獨立運作之內部稽核,檢視作業風險管理狀況,除就應改善事項設立追蹤機制外,並適時呈報查核結果予董事會。為加強內部控制藉以防止弊端之發生,建立各單位「自行查核」制度,並由稽核處定期至各單位辦理「一般查核」與「專案查核」;同時本行設有「遵守法令主管」制度,督導全行確實遵循法令。依日常營業活動及管理流程可能發生之各項風險,綜合評估其發生頻率及影響嚴重性,採取將部份或全部之作業風險利用保險、委外等措施,移轉或沖抵事件發生之損失與衝擊。落實 KYC(認識客戶,Know Your Customer)及防制洗錢、內部控制制度、法規遵循、員工道德規範與教育訓練等措施,以降低風險發生之機率。本行建置符合國際標準規範 (ISO27001)的資訊安全控管規範,包含制定本行資訊安全政策、相關資訊安全之實施程序、監督風險與資訊安全稽核能力、宣導資安教育訓練。

(三) 市場風險

依本行「金融市場自營交易業務授權準則」針對不同業務設有交易員、交易室部位 限額及停損限額,每日由專人於日中及日終進行檢視,損失達限額即應調整部位, 避免市場風險。新產品及業務推展前,適當評估市場風險並考量其暴險額對本行之 影響。

依金融產品訂定交易室部位總額及個別交易員部位限額以控制市場風險於合理範圍。交易性部位採即時或依每日市價評估為原則,並應每日評估一次,若為銀行本身業務需要辦理之避險交易,至少每月評估二次,且由風險管理處獨立評估,執行部位控管及停損限制。

2. Risk Management Strategy

(1) Credit Risk

A. Corporate Banking

To engage in stipulating stable and precise corporate banking lending and after-loan management processes, control asset quality; maintain an adequate ratio of lending industries, centralize management of corporate lending risk, and regularly adjust when necessary the above-said industry or corporate ratios in accordance with economic performance, industry trend, and the Bank's operating policy to diversify and reduce risk.

B. Consumer Banking and Credit Card Business

To Define precise lending guidelines and processes so as to achieve the steady and organic growth target; manage asset structure to ensure the proper allocation of portfolios, trace lending quality, review economic recovery, monitor changes of operating environment, and proactively adjust lending policies.

C. Small- and Medium-sized Enterprise Banking Business

To stipulate clearly the lending guidelines, operation process and after-loan management mechanism to small- and medium-sized enterprise clients to improve lending asset quality and achieve growth in scale; regulate lending product categories, implement asset structure management, ensure debt guarantee and proper portfolios; regularly monitor the changes in economic scenario, and proactively adjust lending policies and strategic objectives.

(2) Operating Risk

With effective and independent internal auditing, the Bank examines execution of its operational risk management. Aside from setting up follow-up mechanism for areas that require improvement, it also presents verification checking results in a timely manner to the Board of Directors. To strengthen the Bank's internal controls and prevent defaults, each bank business unit has established its own "self-auditing" system and the Auditing Dept. shall implement "general auditing" and "special auditing." The Bank also employs a "Compliance Officer" system to ensure that the Bank strictly abides by all regulations.

FEIB evaluates the frequency and seriousness of operational risks with regard to its daily operations and management process, and strives to transfer or write-off the loss and impact by way of insurance, outsourcing, and etc. With measures such as the implement of KYC (Know Your Customer), anti-laundry, internal control system, regulations, employee morale buildup and educational trainings, the Bank aims to lower the possibility of risk occurrence. The Bank has also set up information safety control guidelines conforming to the requirements of "ISO27001 Information Security Management System" including IT safety policies, process, supervision, audit and educational training to mitigate information risk.

(3) Market Risk

The Bank controls trading risk held by every trading unit around various financial instruments and even whole trading room risk by setting up certain positions from specific clerk, stop-loss limits for all positions to different financial instruments and products to control market risk within a reasonable range. Special staff and teams check twice daily at noontime and end of day to review results, immediately squaring positions when reaching limits, and evaluating each day's gains or losses of un-squared positions. Before launching, promoting or operating new product, business or system, adequate evaluation of market risk should be performed to check its impact on the Bank.

In accordance with trading positions volumes of financial products and individual clerk's trading limit to control market risk within reasonable range. Trading positions will go through real time evaluations with reference to their daily market values, and should be evaluated once daily. As to hedge businesses deemed necessary by the Bank itself, should be evaluated at least twice per month and monitored independently by the Risk Management Department to execute position control and stop-loss limit.

捌、股東資訊 Shareholder Information

一、股份及股利 Shares and Dividends

(一) 股本來源 Sources of Capital

May 15, 2015

股份種類	核定	股本 Authorized Cap	oital	備 註
Types of	流通在外股份	未發行股份	合 計	Note
Shares	Outstanding Shares	Non-issued Shares	Total	
普通股	2,861,826,329 股	1,638,173,671 股	4,500,000,000 股	上市股票
Common Shares	Shares	Shares	shares	Listed on the Taiwan Stock Exchange (TSE)

(二) 股東結構 Shareholder Structure

單位:股 Unit: per share

May 15, 2015

股東結構 Shareholder Structure 數量 Quantity	政府機構	金融機構 Financial Institutions	其他法人 Other Legal Persons	個人 Individuals	外國機構及外人 Foreign Institutions and Foreigners	合計 Total
人 數 Number of People	3	18	215	68,336	167	68,739
持有股數(股) Number of Shares	16,906,765	65,558,742	1,492,042,567	1,011,864,560	275,453,695	2,861,826,329
持股比例(%) Percentage	0.59	2.29	52.14	35.36	9.62	100.00

(三)股權分散情形 Shares Diversification

每股面額十元 Par Value NT\$10

May 15, 2015

	股 分 級 of Share Range	股 東 人 數(人) Number of Shareholders	持有股數(股) Number of Shares	持股比例(%) Percentage
1至	999股 shares	26,027	7,046,925	0.25%
1,000 至	5,000 股 shares	20,112	44,449,686	1.55%
5,001 至	10,000 股 shares	7,010	48,345,470	1.69%
10,001 至	,	'	, ,	
,	15,000 股 shares	5,305	64,114,909	2.24%
15,001 至	20,000 股 shares	2,454	41,028,131	1.43%
20,001 至	30,000 股 shares	2,426	57,928,382	2.02%
30,001 至	50,000 股 shares	1,847	70,062,916	2.45%
50,001 至	100,000 股 shares	1,644	113,029,877	3.95%
100,001 至	200,000 股 shares	980	131,446,265	4.59%
200,001 至	400,000 股 shares	478	131,506,814	4.60%
400,001 至	600,000 股 shares	179	88,147,508	3.08%
600,001 至	800,000 股 shares	70	48,167,230	1.68%
800,001 至:	1,000,000 股 shares	41	36,825,292	1.29%
1,000,001	股以上 shares plus	166	1,979,726,924	69.18%
合	計 Total	68,739	2,861,826,329	100.00%



(四)主要股東名單 Major Shareholders

單位:股 Unit: shares May 15, 2015

股份 Shares 主要股東名稱 Major Shaeholders	持有股數(股) Number of Shares	持股比例(%) Percentage
裕元投資股份有限公司 Yu Yuan Investment Co., Ltd.	143,367,263	5.01%
裕利投資股份有限公司 Yue-li Investment Company	126,972,371	4.44%
亞洲投資股份有限公司 Asia Investment Corp.	116,586,636	4.07%
德勤投資股份有限公司 Der Ching Investment Corp.	116,572,610	4.07%
裕通投資股份有限公司 Yue-Tung Investment Corp.	112,640,472	3.94%
遠鼎投資股份有限公司 Yuan Ding Investment Corp.	103,003,215	3.60%
開元國際投資股份有限公司 Kai Yuan International Investment Corp.	92,921,982	3.25%
鼎元國際投資股份有限公司 Ding Yuan International Investment Corp.	76,539,331	2.67%
遠東新世紀股份有限公司 Far Eastern New Century Corporation	75,712,265	2.65%
亞洲水泥股份有限公司 Asia Cement Corporation	68,044,753	2.38%

註:係列明股權比例佔前十名之股東。

Note: Listed above are the Bank's top ten major shareholders.

二、信用評等 Ratings

在信用評等方面,經惠譽國際信評公司 (Fitch Ratings) 評等,本行評等為國內評等分別為長期評等 A(twn)、短期評等 F1(twn),國際外幣評等之長期評等 BBB-、短期評等 F3,屬投資等級穩健之金融機構。

The Bank's investment grade ratings were assessed by Fitch Ratings Limited to read as follows: National Rating Long-term A (twn), National Rating Short-term F1 (twn), Foreign Currency Rating Long-term BBB-, and Foreign Currency Rating Short-term F3. FEIB is considered a stable financial institution of investment grade.

評等項目	(Ratings)	2010/9/27	2011/10/14	2012/10/09	2013/10/11	2014/9/30
國際評等	短期 Short-term	F3	F3	F3	F3	F3
Foreign Currency	長期 Long-term	BBB-	BBB-	BBB-	BBB-	BBB-
Rating	展望 Outlook	Stable	Stable	Stable	Negative	Negative
國內評等	短期 Short-term	F1(twn)	F1(twn)	F1(twn)	F1(twn)	F1(twn)
National Rating	長期 Long-term	A(twn)	A (twn)	A (twn)	A(twn)	A(twn)
支援評等 Support Rating		4	4	4	4	4

玖、企業社會責任 Corporate Social Responsibility

本行自成立以來,除致力於提供客戶完善的金融相關服務,更不忘實踐企業公民之社會 責任,長年投身各項公益活動,近幾年更大力推廣人文美學,期盼台灣社會不僅享有財富的豐 饒,亦能領會藝術所帶來的心靈之美。以下為 2014 年本行主辦或參與的公益與人文美學活動。

一、關懷社會公益

- 1. 本行為財團法人伊甸社會福利基金會之長期公益夥伴,雙方自 1997 年發行伊甸愛心卡、愛心存摺並-開辦關懷遲緩兒公益希望存款,多年來持續、穩定捐款伊甸,回饋及專案贊助金額至 2014 年底累計突破 3,987 萬元;加計愛心卡、愛心存摺平台等大眾小額捐款金額累計達 6,545 萬元。此外本行贊助伊甸基金會開發「幼兒發展檢測」APP,提供新生兒父母免費下載,藉由詳實的記錄與手機上的檢測,及早發現孩子的遲緩狀況,以掌握 6 歲前之黃金發展期進行療育。該 APP 於 2013 年 4 月推出,得到衛生福利部國民健康署評選之健康促進雲端加值應用評選優質獎;手機下載數累計至2014 年底為 106,470 次。
- 2. 贊助 2014 年「新北歡樂耶誕城」活動,邀請本行客戶及眷屬參與各主題活動。
- 本行為協助推升台灣之學術競爭力,捐贈三百萬元支持元智大學「邁向頂尖大學計劃」。

二、提升生活品質

- 本行與遠東集團關係企業共同贊助 2014 年新北市政府耶誕歡樂城活動,該活動於 2014 年 12 月假新北市府廣場舉辦,節目內容有耶誕點燈、音樂會、踩街嘉年華與園 遊會等,將溫馨、感恩的喜樂散播給大眾;另協辦由遠企大樓主辦之 2014 年耶誕點 燈及音樂會活動,邀請社區民眾共享佳節歡樂氣氛。
- 2. 本行第十一屆信用卡 & 財富管理高爾夫邀請賽於 2014 年 9 月假美麗華高爾夫鄉村俱 樂部舉辦,特別安排亞東醫院健檢講座,同步提供貴賓健康諮詢服務。
- 3. 本行持續以行動支持台灣棒球運動,除贊助國際級賽事在台舉辦,亦關注基層棒運發展,於2014年3月舉辦「夢寐以球」捐球活動,同仁總計捐出15,323顆棒球,交由台灣原住民棒球發展協會代為統籌,發放給48所偏鄉中小學棒球隊使用。

FEIB has been a good corporate citizen since its establishment. Besides offering comprehensive financial services, the Bank is committed to exceeding its corporate social responsibilities. The Bank has long been dedicated to sponsoring various social events and promoting arts in particular during recent years with the hope to enrich Taiwan's society, and to enhance the appreciation of the artistry beauty. The Bank's sponsorships for social welfare and aesthetic art events in 2014 are summarized as follows:

I. Caring for Social Welfare

- 1. The Bank has long partnered with Eden Social Welfare Foundation to jointly issue Eden Honor Card and Caring Deposit Book and opened Hope Deposit accounts to help children with development challenges since 1997. Accumulated funds collected for donations made steadily to the Eden Social Welfare Foundation amounted to NT\$3.987 million at the end of 2014, combined with small amount donations from Honor Card and Caring Deposit Book, accumulated funds reached NT\$6.545 million. FEIB also sponsored "Early Detection of Children's Delayed Developments" App developed by the Eden Social Welfare Foundation allowing free download for parents of newborn babies to have early detection of any delayed development of toddlers through detailed record and simple test on mobile phones and therefore enabling them to start intervention early before children reaching 6 years of age. This App, launched in April 2013, received award from the Health Promotion Administration, Ministry of Health and Welfare as an excellent cloud value-added application. Downloads of this App from mobile phones until end of 2014 have accumulated to 106,470 times.
- 2. Sponsored "2014 New Taipei Merry Christmas City" celebration and invited the Bank's customers and families of its staffs to attend various theme activities.
- 3. Donated NT\$3 million to support Yuan Ze University's "Aim for the Top University Plan" to assist in promoting Taiwan's academic competitive power.

II. Enriching Livestyle and Quality

- 1. In December 2014, the Bank joined with the Far Eastern Group to co-sponsor "2014 New Taipei Merry Christmas City" at New Taipei City Hall with festive events such as Christmas lighting, concerts, carnivals, and garden parties etc. to mark the holiday seasons.
- 2. The 11th "FEIB Credit Card and Wealth Management Golf Tournament" was held in September 2014 at Miramar Golf & Country Club, and especially arranged on site the health seminar by Far Eastern Memorial Hospital to offer VIP guests health consultation service.
- 3. FEIB continued to support Taiwan's baseball games. Besides sponsoring international matches held in Taiwan, the Bank is also caring for the primary development of this sport. In March 2014, the Bank donated 15,323 baseballs to the indigenous baseball teams and consigned Taiwan Indigenous Baseball Development Association to distribute these balls to the baseball teams of 48 middle and primary schools for practice.



三、致力環境保護

為珍惜地球資源,本行持續推動無紙化專案,除了e化多項作業之內部流程,更於客戶端持續創新e化商品與服務,並推廣電子帳單及ATM無紙化,2014年度計舉辦4波信用卡電子帳單促銷活動;此外,電子綜合對帳單申請的比率也逐年提升,2014年底達25.69%。

四、推廣藝文美學

- 1. 本行於 2007 年發行之「921 重建校園之美」月曆,開啟本行月曆的人文美學風格。 遠東集團成立 60 周年時,評選集團一甲子以來的 60 個影響力,本行月曆亦名列其中 之一項,為企業善盡傳達生活美學之社會責任。2015 年月曆「禮讚山海,歡慶豐年」 採原住民小朋友畫部落生活之作品製作,除推廣豐富的原住民文化,也將原住民學童 的美術表現推介給更多國人認識。
- 2. 本行推廣國際級表演藝術不餘遺力,與遠傳電信、遠東百貨、太平洋 SOGO 百貨等遠東集團關係企業共同贊助加拿大 Cavalia 夢幻舞馬來台演出,除提供客戶購票優惠,更安排伊甸照護學童、原舞者舞團少年團員與原住民中小學棒球隊的小選手,共同觀賞世界級的演出,鼓舞他們努力追求卓越表現。

五、繼續經營與創造股東價值

本行長期致力於提升公司治理不遺餘力,並以全員行銷展現行動力,追求更優質之經營績效,持續提升資產品質與競爭力,以強化經營體質,為全體股東創造最大價值。



社會公益關懷 Caring for Social Welfare

遠東商銀自 1997 年與伊甸社會福利基金會聯名發行伊甸愛心卡,即有計劃透過伊甸愛心卡刷卡金回饋,持續穩定捐款伊甸,至 2014 年底累計回饋金額達 3,591 萬元;加計希望存摺、信用卡紅利點數等大眾小額捐款平台,為伊甸浥注金額達 6,178 萬元。

The Bank has partnered with the Eden Social Welfare Foundation since 1997 to jointly issue the Eden Honor Card. Through cash back program of cardholders' spending, donations have been made steadily to the Eden Social Welfare Foundation, accumulated funds collected amounted to NT\$35.91 million at the end of 2014; combined with small amount donations from Caring Deposit Book, and credit card bonus points redemption, accumulated funds exceeded NT\$61.78 million.

III. Dedicated to Environmental Protection

To be eco-friendly, FEIB continues to promote the paperless policy, adopt various digitalized operating processes within the Bank, offer innovative products and services to customers, and promote e-billings and paperless ATM. In 2014, FEIB organized 4 campaign events to promote e-billings of the Bank's credit cards. Furthermore, application for online bank balance sheet has been increasing over the years, reaching 25.69% in the end of 2014.

IV. Promoting Aesthetic Arts

- 1. "The Beauty of Reconstructed Campus after September 21st Earthquake" calendar published by FEIB in 2007 initiated the aesthetic style of the Bank's calendar design. During the Far Eastern Group's 60th anniversary celebration, a special edition was published to introduce the 60 major influential factors and images, our Bank calendar was chosen to represent the Group's commitment to promoting aesthetic arts. The 2015 FEIB wall calendar titled "Tribute to Mountain and Sea, Celebrate a Prosperous Year" illustrating paintings by indigenous children to describe their daily lives in the tribes serves to promote and introduce the rich culture of Taiwan's indigenous people to more fellow countrymen.
- 2. FEIB has been committed to promoting world-class performance and co-sponsored with the Group's Far EasTone Telecommunications, Far Eastern Department Stores, and Pacific SOGO Department Stores the "Cavalia" show in Taipei. Aside from providing customers with discount on ticket purchase, the Bank also invited grantee students of the Eden Welfare Association, teenage dancers of the Formosa Aboriginal Dance Group, and baseball players from the indigenous primary and middle schools to enjoy this world-class performance to inspire them to seek for excellence.

V. Sustainable Management and Creating Shareholder Value

Adopting corporate governance guidelines and with proactive full marketing, FEIB is confident to seek outstanding operating efficiency, continuous improvement of asset quality and competitiveness to strengthen its operations and create maximum value for the Bank's shareholders.

壹拾、集團綜效 Group Synergy

遠東銀行由實業家徐有庠先生創辦,為遠東集團金融服務事業版圖之知名企業,遠東企業集團由紡織業崛起,經歷 60 餘年持續投資拓展,遂行產業垂直與水平整合,目前集團經營領域涵蓋石化能源、聚酯化纖、水泥建材、百貨零售、海陸運輸、金融服務、通訊網路、營造建築、觀光旅館、社會公益等 10 大領域,事業體系橫跨製造業、服務業與高科技產業,2014年資產總額超過 772 億美元,並與全球知名廠商策略聯盟,營運觸角遍及全世界,近年來持續深耕台灣,佈局大陸,營業額突破 216 億美元,目前共有 9 家上市企業,為台灣國際化及創新企業的標竿。

不斷為顧客、為股東創造新的價值,是遠東集團始終堅持的目標,致力經營旗下每一個事業體,都成為該產業第一流的公司,秉持一貫的經營宗旨,遠東集團分佈在台灣、大陸、加拿大、香港、新加坡、馬來西亞、泰國、越南、日本等十餘個國家及地區,為數 5 萬 8 千餘名訓練嚴謹、熱忱敬業的高素質員工,結合先進的科技知識、技術、設備與管理,產銷高品質的能源、化纖原料、紡織衣飾、水泥建材等商品,並提供百貨零售、金融、運輸、通訊、醫療、教育等全方位、多元化的服務。

在追求卓越的同時,遠東集團致力於提升員工福利與環境保護,以促進人與環境的和諧與平衡。遠東集團所有經營活動皆以保護環境品質及有效運用地球資源為中心,不但提供員工完整的訓練,良好的工作環境,並鼓勵終身學習以吸收新知,提升技能;配合研發創新,以不傷害環境的生產模式,製造最佳的產品,提供貼心的服務。

從企業經營的角度來看,外部環境的變化我們或許無法改變,但我們可以調整自己,對環境作出「應變」。回顧60餘年前,遠東集團橫跨海峽來到台灣建立事業,爾後數十年的發展,歷經二次石油危機、亞洲金融風暴、網路泡沫、911恐怖攻擊、SARS 危機及金融海嘯,遠東關係企業無不回歸基本面,秉持「誠勤樸慎」及「創新」的立業精神,結合員工、顧客及供應商突破難關,轉「危」為「機」。擁有豐富的集團關係企業資源,一直是本行在激烈競爭的金融環境中較同業享有之優勢,本行除持續朝關係企業資源整合的既定目標努力,亦積極開發其他新種產品,如推出遠東 New Century 信用卡、Happy Go Inside 信用卡,整合集團的服務和資源,滿足顧客最大的需求,為國內集團資源整合的績優典範。

遠東集團結合食、衣、住、行、育、樂等生活所需,是國內唯一橫跨各項消費領域的企業集團,其中金融服務事業包含遠東商銀、亞東證券、遠銀租賃、亞東投顧、德銀遠東投信、遠銀資產管理、遠銀保代、遠智證券等公司。本行擁有如此多元及豐富的集團資源,未來更將發揮遠東集團橫跨兩岸之廣大客戶基礎優勢,掌握趨勢、創造契機,開拓兩岸三地金融業務契機,成為大中華區首屈一指的專業銀行。

Established by the Group Founder Mr. Y. Z. Hsu, Far Eastern International Bank (FEIB) is the flagship company of Far Eastern Group's financial services. Starting from textiles and after more than 60 years of vertical and horizontal integration and expansion, FEG has developed into a leading diversified business conglomerate. With total assets exceeding US\$77.2 billion in 2014, the Group's global operations cover ten major industries including polyester fibers, petrochemicals, cement and construction, retail, transportation, financial services, telecommunications & internet, hotel and philanthropies. FEG has also formed strategic alliances and joint ventures with many world-renowned corporations and organizations. Based in Taiwan and extending well into mainland China, the Group with 9 listed companies has generated revenues surpassing US\$21.6 billion in 2014 and served as top performer in terms of globalization and innovation.

Far Eastern Group has always been committed to creating new value for its customers and shareholders. The Group's affiliated companies are in lead of their respective fields. With the majority of operations located in Taiwan, China, Canada, Hong Kong, Singapore, Malaysia, Thailand, Vietnam, Japan the Group's 58,000 plus well-trained and dedicated staffs, coupled with advanced technology, state-of-the-art facilities and management, manufacture and sell high-quality products ranging from power, chemical fibers, textiles/apparel, cement and construction, and offer comprehensive, diversified services in the fields of retail, finance, transportation, telecom, medical care, and higher education, etc.

While seeking excellence, FEG also focuses on improving employee benefits and environmental protection to draw the balance between people and the planet earth. All the Group's operations aim to make effective use of global resources. Staffs benefit from extensive training programs and enjoy a good working environment. Additionally, lifelong learning is encouraged for them to absorb new knowledge and enhance skills. With continuous R&D and innovation, the Group manufactures excellent products and delivers value-added services in an environment-friendly way.

From operation perspective, FEIB may not be able to change external environment but the Bank can certainly respond and adapt to changes. More than 60 years ago, FEG moved from mainland China to Taiwan and established its businesses. During the following decades of economic developments, the Group had encountered two oil crises, the Asian financial crisis, Internet bubble, September 11th terrorist attacks, the outbreak of SARS, and financial tsunami. The Group has always been committed to its founding motto of "Sincerity, Diligence, Thrift, Prudence and Innovation" to join forces with its staff, customers and suppliers to overcome adversity and transform challenges into opportunities. FEIB's competitive edge has long been its abundant resources under the Group as compared to other financial institutions facing intense competition. The Bank has been actively developing services and products such as Far Eastern New Century Card and Happy Go Inside Card to fully integrate the Group's services and resources to satisfy our clients' comprehensive needs that exemplify as a role model of a conglomerate in Taiwan.

FEG is Taiwan's only conglomerate that spans all walks in life, such as food, apparel, housing, transportation, education and recreation. The Group's financial business comprises Far Eastern International Bank, Oriental Securities, Far Eastern International Leasing, Oriental Securities Investment Advisory, Deutsche Far Eastern Asset Management, Far Eastern Insurance Agency and Far Eastern International Securities, etc. Taking advantage of the Group's diverse and abundant resources and ample cross-strait customer base, FEIB aims to seize business opportunities and explore financial businesses in Taiwan, Hong Kong and China to become an outstanding bank in the Greater China region.

遠東集團事業關聯圖

Business Structure of Far Eastern Group

石化能源事業 Petrochem. Bus.

東聯化學(OUCC)
亞東石化(OPTC)
亞東石化上海(OPSC)
亞東工業氣體(ALFE)
Alberta & Orient Glycol Ltd.(A&O)
嘉恵電力(CPC)
亞東石化揚州(OPYC)

/ 水泥建材事業 \ Cement & Bldg. Materials

亞洲水泥(ACC)
亞洲中國ACC (China)
亞泥新加坡(ACC(S))
九龍英泥(KCC)
遠龍不銹鋼(YLSS)
亞東預拌(YRC)
江西亞東水泥(JYDC)
四川亞東(SYDC)
湖北亞東(HYDC)
湖州亞東(YYDC)
黃州亞東(YYDC)



海陸運輸事業

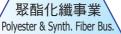
S/L Transportation Bus.

裕民航運(U-Ming) 富民運輸(FMTC) 富達運輸(FDTC) 裕民新加坡U-Ming (Singapore) 裕民香港U-Ming (Hong Kong)



/ 百貨零售事業 \ Retail and Department Store Bus.

遠東百貨(FEDS)
亞東百貨(YTDSL)
太平洋崇光百貨(PSDSC)
遠百企業(A Mart)
太平洋中國控股(BVI)(PCH(BVI))
遠東都會(FECS)
鼎鼎聯合行銷(DDIM)
遠東巨城購物中心(FEBC)



遠東新世紀(FENC) 宏遠興業(EVT) 遠紡工業(上海)(FEIS) 遠東先進纖維(FEFC) 遠東服裝(蘇州)(FEAS) 遠紡工業(無錫)(FEIW) 遠紡織梁(蘇州)(FEDZ) 遠紡工業(蘇州)(FEDZ) 遠紡工業(蘇州)(FBIZ) 中比啤酒(蘇州)(SBBZ) 亞東工業(蘇州)(OTIZ)





觀光旅館事業 Hotel Bus.

香格里拉遠東國際大飯店(台北) (Shangri-La's FEPH, Taipei) 香格里拉遠東國際大飯店(台南) (Shangri-La's FEPH, Tainan)

營造建築事業 Construction Bus.

遠揚建設(FECC) 遠揚營造(FEGCI) 遠鼎公司(YDC) 遠東資源開發(FERD) 遠東建經(FETC)



通訊網路事業 Communication & Internet Bus.

遠傳電信(Far EasTone) 和宇寬頻網路(KGEX) 全虹企業(ARCOA) 遠通電收(FETC) 安源通訊(Qware)

/ 金融服務事業 Financial Services Bus.

遠東國際商業銀行(FEIB)

遠智證券(FEIS) 亞東證券(OSC) 亞東證券投顧(OSIA) 德銀速東投信(DWS) 遠銀租賃(FEIL) 遠銀資產管理(FEIB AMC) 遠銀保險代理人(FEINS)



社會公益事業

Philanthropic Organizations

徐元智先生紀念基金會(FEMF) 徐元智先生醫藥基金會(FEMDF) 徐有庠先生紀念基金會(YZHMF) 亞東紀念醫院(FEMH) 遠東聯合診所(FEUCC) 元智大學(YZU) 亞東技術學院(OIT) 豫章工商(YCVS)

註:遠東集團目前轄下經營領域涵蓋十大產業。

Note: The Far Eastern Group now operates in 10 different industry sectors



壹拾壹、其他資訊

2014年度大事紀要

- ★ 遠東 HAPPY GO 頂級信用卡上市,目標客群鎖定金字塔頂端高消費力客戶。 1月
 - ★ 首次以新股參與海外存託憑證(GDR)發行。
 - ★ 創新複合式分行新竹巨城分行(由原新竹林森分行喬遷)開幕,結合巨城購物中心之機能,發揮遠東
- ★ 金融監督管理委員會評定中小企業放款績優銀行,本行獲評為甲等銀行。 3月
 - ★ 假淡水漁人碼頭舉辦開行 22 週年員工日活動,並舉辦「夢寐以球」員工捐球活動,總計捐贈 15,323 顆棒球,委由台灣原住民棒球發展協會統籌發放予國內 48 所中小學的棒球隊練習之用。
- 5月 ★ 捐贈財團法人蔣經國學術文流基金會新臺幣 150 萬元整,以盡企業之社會責任。
- ★ 假台北市國軍英雄館召開 2014 年股東常會。 6月
- ★ 推廣「遠東商銀外匯保證金交易」臉書粉絲團,運用社群媒體即時提供外匯評論訊息,協助客戶掌握 7月 市場脈動。
- 8月 ★ 獲今周刊第八屆財富管理銀行評鑑為「最佳潛力銀行」。
- ★ 假新北市美麗華高球場舉辦「第十一屆遠東商銀信用卡&財富管理高爾夫邀請賽」,邀請 VIP 客戶參 9月 與。
- ★ 獲勞動部勞動力發展署 TTQS 人才發展品質管理評核 (企業機構版) 銅牌。 10月
 - ★ 獲金融管理監督委員會核准開辦「電子化通路 /OTP 非約定轉帳服務」。
 - ★ 獲中央銀行核准辦理與銀聯線上 (China Pay) 合作開辦「跨境第三方支付服務」。
- ★ 新北市板橋中本分行開幕營運,分行連結板橋大遠百購物中心,為本行第二家與百貨購物中心結合之 11月 複合式精品分行。
 - ★ 支持元智大學「邁向頂尖大學計畫」及校方「大數據與數位匯流創新中心」,捐贈新臺幣 300 萬元整。
 - ★ 與遠東百貨、遠傳電信等遠東集團關係企業第三度共同贊助新北市政府耶誕歡樂城活動。
 - ★ 以原住民委員會主辦「全國原住民兒童繪畫比賽」之得獎作品製作發行 2015 年月曆「禮讚山海,歡 慶豐年」。
- 12月 ★ 信用卡有效卡數突破 100 萬張,成為國內第8家百萬級發卡行。
 - ★ 於資安、個資保障上的持續投入與表現,獲英國標準協會頒發資訊治理續航獎。
 - ★ 獲勞動部勞動力發展署 2014 年度「企業人力資源提升計畫 個別型」補助款。
 - ★ 與群信、台灣行動支付公司兩家 TSM 業者合作發行 NFC 手機信用卡,預計 2015 年度正式商轉。

Other Information

Significant FEIB Events in 2014

Jan

- ★ Launched FEIB HAPPY GO World Card and Infinite Card, target customers are top-tier cardholders with high spending.
- ★ First-time new shares issuing for the Bank's GDR.
- ★ Opened the innovative Hsinchu BigCity Branch (to replace the Hsinchu Linsen Branch), incorporated with BigCity Shopping Mall to enhance Group synergy.

Mar

- ★ Rated by the Financial Supervisory Commission as A-grade outstanding loan bank to small and medium enterprises.
- ★ Held "Family Day" at Tamshui Fishermen's Wharf to mark FEIB's 22nd anniversary. The Bank employees donated 15,323 baseballs and consigned Taiwan Indigenous Baseball Development Association to distribute these balls to the baseball teams of 48 middle and primary schools for practice.

May

★ Donated NT\$1.5 million to Chang Chiang-kuo Foundation.

Jun

★ The Bank's 2014 Shareholders' Meeting was held in Taipei.

July

★ Established fans page on Facebook to promote "FEIB Foreign Exchange Margin Trading", offering real-time review and message via social media to assist customers to seize market trend.

Aug

★ Received "Best Potential Award" of the 8th Wealth Management Bank Review organized by the Business Today magazine.

Sep

★ The 11th "FEIB Credit Card and Wealth Management Tournament" was held at Miramar Golf Country Club, New Taipei City for the Bank's VIP customers to attend.

Oct

- ★ Awarded the Talent Quality-Management System (TTQS) bronze medal (enterprise version) by the Ministry of Labor.
- ★ Authorized by the Financial Supervisory Commission to operate "e-channel/OTP non-contractual transfer service".

★ Authorized by the Central Bank to operate jointly with China Play "Cross-border Third Party Payment Service".

★ Opened Banqiao Chungben Branch in New Taipei City, located within FEDS MegaCity shopping mall, is FEIB's 2nd boutique branch incorporated with shopping mall complex.

Nov

- ★ Donated NT\$3 million to support Yuan Ze University's "Aim for the Top University Plan" and "Innovation Center for Big Data and Digital Convergence".
- ★ Co-sponsored for the third time with Far Eastern Department Stores, Far EasTone Telecommunications the delightful Merry Christmas event organized by New Taipei City Government.
- ★ Published 2015 calendar titled "Tribute to Mountain and Sea, Celebrate a Prosperous Year" with the winning art works from "National Indigenous Children's Painting Contest" held by the Council of Indigenous Peoples.
- ★ Number of credit cards in force exceeded 1 million, became Taiwan's 8th bank with issuance of one million cards.

Dec

- ★ Achieved certification from the British Standards Institutions (BSI), meeting the international standard to support the implementation of information security management.
- ★ Received 2014 "Enterprise Human Resource Improvement Plan-Individual" subsidy from the Workforce Development Agency, the Ministry of Labor.
- ★ Issued NFC Mobile Credit Card with Trusted Service Manager (TSM) Alliance Digital Tech and Taiwan Mobile Payment, targeted to start commercial operation in 2015.



本行各營業單位地址及電話

單位名稱	地 址	電話
總行	106 台北市大安區敦化南路二段 207 號 27 樓	(02) 2378-6868
營業部	106 台北市大安區敦化南路二段 207 號 1 樓	(02) 2378-6868
國外部	103 台北市大同區重慶北路一段 30 號 2 樓	(02) 2550-8811
信託部	106 台北市大安區敦化南路二段 207 號 20 樓	(02) 2312-3636
信用卡部	220 新北市板橋區文化路二段 182 巷 3 弄 33 號	(02) 8073-1166
台北襄陽分行	100 台北市中正區襄陽路 1 號	(02) 2381-4567
台北南門分行	100 台北市中正區羅斯福路一段 40 號	(02) 2392-6955
台北忠孝分行	100 台北市中正區忠孝東路一段 112 號	(02) 2327-8898
台北東門分行	100 台北市中正區信義路二段 135 號	(02) 2356-7711
台北重慶分行	103 台北市大同區重慶北路一段 30 號	(02) 2550-6600
台北松江分行	104 台北市中山區松江路 59 號	(02) 2505-5533
台北松山分行	105 台北市松山區南京東路五段 171 號	(02) 8787-6668
台北逸仙分行	110 台北市信義區基隆路一段 200 之 3 號	(02) 2722-9558
台北永吉分行	110 台北市信義區中坡北路 7 號	(02) 8785-5788
台北中山分行	104 台北市中山區民生東路一段 70 號	(02) 2523-8899
台北古亭分行	100 台北市中正區羅斯福路三段 50 號	(02) 2369-5600
台北信義分行	110 台北市信義區光復南路 505 號	(02) 2720-7755
台北南京東路分行	104 台北市中山區南京東路三段 101 號	(02) 7702-9766
台北大稻埕分行	103 台北市大同區延平北路二段 86 號	(02) 2558-6186
台北 101 分行	110 台北市信義區信義路五段 7 號台北 101 大樓 51-1	(02) 8101-0168
板橋南雅分行	220 新北市板橋區南雅南路二段 172 號	(02) 8966-3339
板橋文化分行	220 新北市板橋區文化路二段 1 號	(02) 2255-6499
板橋中正分行	220 新北市板橋區中正路 226、228 號	(02) 2272-6088
板橋中本分行	220 新北市板橋區新站路 18 號	(02) 7729-0616
蘆洲分行	247 新北市蘆洲區三民路 38 號 1 樓	(02) 7730-6978
新店分行	231 新北市新店區北新路三段 98 號	(02) 2910-6060
永和分行	234 新北市永和區福和路 222 號	(02) 2232-6500
中和分行	235 新北市中和區和平街 1 之 2 號、3 號及 3 之 1 號	(02) 2945-1800
雙和分行	234 新北市永和區中和路 535 號 1、2 樓	(02) 7717-6668
三重分行	241 新北市三重區福德北路 46 號	(02) 8973-1133

Operation Locations

Operating Unit	Address	Telephone Number
Head Office	27F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(02) 2378-6868
Business Department	1F, No. 207, Dunhua S. Rd., Sec. 2, Da-an Dist., Taipei City 106, Taiwan	(02) 2378-6868
International Banking Department	2F, No. 30, Chongqing N. Rd., Sec. 1, Datong Dist., Taipei City 103, Taiwan	(02) 2550-8811
Trust Department	5F, No. 1, Shiangyang Rd., Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2312-3636
Credit Card Department	No. 33, Ally. 3, Lane 182, Wenhua Rd., Sec. 2, Banqiao City, New Taipei City 220, Taiwan	(02) 8073-1166
Taipei Shiangyang Branch	No. 1, Shiangyang Rd., Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2381-4567
Taipei Nanmen Branch	No. 40, Roosevelt Rd., Sec. 1, Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2392-6955
Taipei Junghsiau Branch	No. 112, Junghsiau E. Rd., Sec. 1, Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2327-8898
Taipei Tungmen Branch	No. 135, Sinyi Rd., Sec. 2, Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2356-7711
Taipei Chungching Branch	No. 30, Chungching N. Rd., Sec. 1, Datong Dist., Taipei City 103, Taiwan	(02) 2550-6600
Taipei Sungjiang Branch	No. 59, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	(02) 2505-5533
Taipei Sungshan Branch	No. 171, Nanjing E. Rd., Sec. 5, Sungshan Dist., Taipei City 105, Taiwan	(02) 8787-6668
Taipei Yisen Branch	No. 200-3, Keelung Rd., Sec. 1, Sinyi Dist., Taipei City 110, Taiwan	(02) 2722-9558
Taipei Yungi Branch	No. 7, Jhongpo N. Rd., Sinyi Dist., Taipei City 110, Taiwan	(02) 8785-5788
Taipei Zhongshan Branch	No. 70, Minsheng E. Rd., Sec. 1, Zhongshan Dist., Taipei City 104, Taiwan	(02) 2523-8899
Taipei Guting Branch	No. 50, Roosevelt Rd., Sec. 3, Zhongjheng Dist., Taipei City 100, Taiwan	(02) 2369-5600
Taipei ShingYi Branch	No. 505, Guangfu S. Rd., Shinyi Dist., Taipei City 106, Taiwan	(02) 2720-7755
Taipei Nanjing East Road Branch	No. 101, Nanjing E. Rd., Sec. 3, Zhongshan Dist., Taipei City 104, Taiwan	(02) 7702-9766
Taipei Dadaocheng Branch	No. 86, Yenping North Road, Sec. 2, Tatung Dist. , Taipei City 103, Taiwan	(02) 2558-6186
Taipei 101 Branch	51-1 Floor, Taipei 101 Tower, No. 7, Hsinyi Road, Sec. 5, Taipei City 110, Taiwan	(02) 8101-0168
Banqiao Nanya Branch	No. 172, Nanya S. Rd., Sec. 2, Banqiao Dist., New Taipei City 220, Taiwan	(02) 8966-3339
Banqiao Wenhua Branch	No. 1, Wenhua Rd., Sec. 2, Banqiao Dist., New Taipei City 220, Taiwan	(02) 2255-6499
Banqiao Zhongjeng Branch	No. 226 &228, Zhongjheng Rd., Sec. 2, Banqiao Dist., New Taipei City 220, Taiwan	(02) 2272-6088
Banqiao Chungben Branch	No. 18, Xinzhan Rd., Banqiao Dist., New Taipei City 220, Taiwan	(02) 7729-0616
Luzhou Branch	No. 1, Sanming Rd., Luzhou Dist. New Taipei City 247, Taiwan	(02) 7730-6978
Sindian Branch	No. 98, Beixin Rd., Sec. 3, Sindian Dist., New Taipei City 231, Taiwan	(02) 2910-6060
Yunghe Branch	No. 222, Fuhe Rd., Yonghe Dist., New Taipei City 234, Taiwan	(02) 2232-6500
Zhunghe Branch	No. 748, Zhongjheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan	(02) 8226-9000
Shuanghe Branch	1F & 2F, No. 535, Zhonghe Rd., Yonghe Dist., New Taipei City 234, Taiwan	(02) 7717-6668

單位名稱	地 址	電話
台北新莊分行	242 新北市新莊區復興路一段 209 號	(02) 8991-3366
新莊富國分行	242 新北市新莊區富國路 6 號	(02) 2901-6868
林口分行	333 桃園市龜山區復興一路 227 號	(03) 397-3888
桃園分行	330 桃園市桃園區南華街 78 號	(03) 339-6339
桃園大興分行	330 桃園市桃園區大興西路二段 6 號	(03) 301-8966
桃園大有分行	330 桃園市桃園區大有路 480、482 號	(03) 346-9688
中壢分行	320 桃園市中壢區延平路 372 號	(03) 427-9696
新竹巨城分行	300 新竹市中央路 243 號	(03) 533-8168
新竹科園分行	300 新竹市科學園區園區二路 11號 3樓	(03) 579-8833
新竹經國分行	300 新竹市經國路二段 100 號	(03) 533-3131
竹北分行	302 新竹市竹北區光明六路 39-41 號	(03) 553-6699
台中自由分行	400 台中市中區自由路二段 131 號	(04) 2225-2008
台中公益分行	403 台中市西區公益路 367 號	(04) 2328-8666
台中文心分行	406 台中市北屯區文心路四段 698 號	(04) 2230-6689
台中大雅分行	404 台中市北區文心路四段 180 號	(04) 2297-3266
大里分行	412 台中市大里區益民路二段 121 號	(04) 2482-3899
彰化分行	500 彰化縣彰化市民生路 233 號	(04) 728-9188
南投分行	540 南投縣南投市三和二路 11 號	(049) 222-3311
嘉義分行	600 嘉義市文化路 272 號	(05) 278-5911
台南分行	701 台南市東區東門路二段 2 號	(06) 208-9898
永康分行	710 台南市永康區中正北路 37 號	(06) 253-0400
崇德分行	701 台南市東區崇道路 87 號	(06) 290-7290
高雄中正分行	800 高雄市新興區中正四路 49 號	(07) 251-8199
高雄文化中心分行	802 高雄市苓雅區四維二路 96 號	(07) 715-5678
高雄五福分行	803 高雄市鹽埕區大勇路 106 號	(07) 533-3820
高雄苓雅分行	802 高雄市苓雅區青年一路 191 號	(07) 336-9066
鳳山分行	830 高雄市鳳山區青年路二段 201 號	(07) 777-8600
台北農安簡易型分行	104 台北市中山區農安街 12 之 1 號	(02) 2592-2255
台北金湖簡易型分行	114 台北市內湖區民權東路六段 495 號	(02) 2630-5788
三重重陽簡易型分行	241 新北市三重區重陽路四段 39 號 1、2 樓	(02) 8983-8366
香港分行	香港中環皇后大道中 8 號 20 樓	(852) 2167-8183

Operating Unit	Address	Telephone Number
Sanchung Branch	No. 46, Fude N. Rd., Sanchung Dist., New Taipei City 241, Taiwan	(02) 8973-1133
Taipei Shinjuang Branch	No. 209, Fusing Rd., Sec. 1, Shinjuang Dist., New Taipei City 242, Taiwan	(02) 8991-3366
Shingjuang Fuguo Branch	No. 6, Fuguo Rd., Shingjuang Dist., New Taipei City 242, Taiwan	(02) 2901-6868
Lin Ko Branch	No. 227, Fushing 1st Rd., Gueishan Dist., Taoyuan City 333, Taiwan	(03) 397-3888
Taoyuan Branch	No. 78, Nanhua St., Taoyuan Dist., Taoyuan City 330, Taiwan	(03) 339-6339
Taoyuan Tashin Branch	No. 6, Tashin W. Rd., Sec. 2, Taoyuan Dist., Taoyuan City 330, Taiwan	(03) 301-8966
Taoyuan Dayou Branch	No. 480-482, Dayou Rd., Taoyuan District, Taoyuan City 330, Taiwan	(03) 346-9688
Jhongli Branch	No. 372, Yanping Rd., Jhongli Dist., Taoyuan City 320, Taiwan	(03) 427-9696
Hsinchu BigCity Branch	No. 243, Zhongyang Rd., East Dist., Hsinchu City 300, Taiwan	(03) 533-8168
Hsinchu Science Based Industrial Park Branch	3F, No. 11, Yuanchiu 2nd Rd., Hsinchu City 300, Taiwan	(03) 579-8833
Hsinchu Jinguo Branch	No. 100, Jinguo Rd., Sec. 2, Hsinchu City 300, Taiwan	(03) 533-3131
Jubei Branch	No. 39-41, Guangming 6th Rd., Jubei Dist., Hsinchu City 302, Taiwan	(03) 553-6699
Taichung Tzyou Branch	No. 131, Tzyou Rd., Sec. 2, Central Dist., Taichung City 400, Taiwan	(04) 2225-2008
Taichung Gungyi Branch	No. 367, Gongyi Rd., West Dist., Taichung City 403, Taiwan	(04) 2328-8666
Taichung Wenshin Branch	No. 698, Wenshin Rd., Sec. 4, Beitun Dist., Taichung City 406, Taiwan	(04) 2230-6689
Taichung Taya Branch	No. 180, Wunsin Rd., Sec. 4, North Dist., Taichung City 404, Taiwan	(04) 2297-3266
Tali Branch	No. 121, Yimin Rd., Sec. 2, Dali Dist., Taichung City 412, Taiwan	(04) 2482-3899
Changhua Branch	No. 233, Minsheng Rd., Changhua City, Changhua County 500, Taiwan	(04) 728-9188
Nantou Branch	No. 11, Sanhe 2nd Rd., Nantou City, Nantou County 540, Taiwan	(049) 222-3311
Chiayi Branch	No. 272, Wunhua Rd., Chiayi City 600, Taiwan	(05) 278-5911
Tainan Branch	No. 2, Dongmen Rd., Sec. 2, East Dist., Tainan City 701, Taiwan	(06) 208-9898
Yungkang Branch	No. 37, Jhongshan N. Rd., Yungkang Dist., Tainan City 710, Taiwan	(06) 253-0400
Jhongte Branch	No. 87, Jhongdao Rd., East Dist., Tainan City 701, Taiwan	(06) 290-7290
Kaohsiung Jungjeng Branch	No. 49, Zhongzheng 4th Rd., Xinxing Dist., Kaohsiung City 800, Taiwan	(07) 251-8199
Kaohsiung Cultural Center Branch	No. 96, Sihwei 2nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan	(07) 715-5678
Kaohsiung Wufu Branch	No. 106, Dayong Rd., Yancheng Dist., Kaohsiung City 803, Taiwan	(07) 533-3820
Kaohsiung Lingya Branch	No. 191, Cingnian 1st Rd., Lingya Dist., Kaohsiung City 802, Taiwan	(07) 336-9066
Fengshan Branch	No. 201, Cingnian Rd., Sec. 2, Fengshan Dist., Kaohsiung City 830, Taiwan	(07) 777-8600
Taipei Nun-An Mini Branch	No. 12-1, Nun-An St., Jhongshan Dist., Taipei City 104, Taiwan	(02) 2592-2255
Taipei Jinhu Mini Branch	No. 495, Minchuan E. Rd., Sec. 6, Neihu Dist., Taipei City 114, Taiwan	(02) 2630-5788
Sanchung Chungyang Mini Branch	1F & 2F, No. 39, Chungyang Rd., Sec. 4, Sanchung Dist. New Taipei City 241, Taiwan	(02) 8983-8366
Hong Kong Branch	20/F, No. 8, Queen's Road, Central, Hong Kong	(852) 2167-8183



壹拾貳、合併財務報表 Consolidated Financial Report



Deloitte. 勤業眾信

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders Far Eastern International Bank Ltd.

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as of December 31, 2014 and 2013, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2014 and 2013, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Far Eastern International Bank Ltd. as of and for the years ended December 31, 2014 and 2013 on which we have issued an unqualified report.

March 20, 2015

Deboitte & Toucho

Notice to Readers

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

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

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

	2014		2013	
ASSETS	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	\$ 8,084,621	2	\$ 4,348,619	1
DUE FROM THE CENTRAL BANK AND OTHER BANKS (Notes 7, 39 and 40)	78,125,478	15	88,876,281	18
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 5, 8, 39 and 45)	25,944,211	5	18,795,444	4
DERIVATIVE FINANCIAL ASSETS FOR HEDGING (Notes 4, 9, 25 and 45)	40,439	-	111,034	-
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Notes 4, 10 and 39)	14,385,710	3	23,006,325	5
RECEIVABLES, NET (Notes 4, 5, 11, 12 and 45)	19,664,258	4	20,671,269	4
CURRENT TAX ASSETS (Note 4)	26,785	-	1,003	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 12, 39 and 45)	319,176,466	61	292,517,032	59
AVAILABLE-FOR-SALE FINANCIAL ASSETS (Notes 4, 13, 30, 40 and 45)	30,518,170	6	21,735,693	4
HELD-TO-MATURITY FINANCIAL ASSETS (Notes 4, 5, 14 and 45)	3,991,084	1	3,105,972	1
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD (Notes 4, 15 and 30)	1,592,014	-	2,365,826	-
DEBT INVESTMENTS WITH NO ACTIVE MARKET (Notes 4, 16 and 45)	6,971,873	1	8,477,868	2
OTHER FINANCIAL ASSETS, NET (Notes 4, 12, 17 and 45)	7,839,735	1	2,748,522	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	2,785,884	1	2,814,164	1
INTANGIBLE ASSETS, NET (Notes 4, 5 and 19)	1,801,534	-	1,830,904	-
DEFERRED TAX ASSETS (Notes 4, 5 and 37)	826,343	-	579,514	-
OTHER ASSETS, NET (Notes 4 and 20)	165,375		206,250	
TOTAL	\$ 521,939,980	<u>100</u>	\$ 492,191,720	<u>100</u>
LIABILITIES AND EQUITY				
LIABILITIES Due to the Central Bank and other banks (Note 21) Financial liabilities at fair value through profit or loss (Notes 4, 5, 8, 25, 39 and 45) Derivative financial liabilities for hedging (Notes 4, 9, 25 and 45) Securities sold under repurchase agreements (Notes 8, 13, 22, 39 and 45) Payables (Notes 23 and 28) Current tax liabilities (Note 4) Deposits and remittances (Notes 24, 39 and 45) Bank debentures (Notes 4, 8, 9, 25 and 45) Other financial liabilities (Notes 26 and 45) Provisions (Notes 4, 5, 12, 27 and 28) Other liabilities (Notes 29 and 37)	\$ 11,496,870 11,055,294 5,204 4,391,451 5,596,002 243,366 423,242,417 25,479,749 2,874,070 762,276 530,549	2 2 1 1 1 - 81 5 1	\$ 13,782,129 7,288,065 12,631 1,299,471 13,502,992 10,870 398,305,940 27,103,885 761,020 754,125 417,508	3 1 - 3 - 81 6
Total liabilities	485,677,248	93	463,238,636	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Notes 4, 5, 13, 15 and 30) Share capital Capital surplus Retained earnings Legal reserve Special reserve Unappropriated earnings Total retained earnings	28.618.263 462,400 3,382,816 304,122 3,697,426 7,384,364		23,621,182 34,923 2,511,684 179,722 2,903,770 5,595,176	5 1 1
Other equity Exchange differences on translating foreign operations Unrealized loss on available-for-sale financial assets Total other equity	67,264 (269,559) (202,295)		16,264 (314,461) (298,197)	
Total equity	36,262,732	7	28,953,084	6
TOTAL	\$ 521,939,980	100	<u>\$ 492,191,720</u>	100

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2014 Amount	%	2013 Amount	%	Percentage Increase (Decrease)
	Amount	70	Amount	70	70
INTEREST INCOME (Notes 4, 31 and 39)	\$ 12,253,408	112	\$ 11,263,921	118	9
INTEREST COST (Notes 31 and 39)	6,873,872	<u>63</u>	6,379,554	<u>67</u>	8
NET INTEREST INCOME	5,379,536	49	4,884,367	51	10
NONINTEREST INCOME AND GAINS, NET Net service fee income (Notes 4 and 32) Net gain on financial assets and liabilities at fair value through profit	2,914,137	27	2,971,308	31	(2)
or loss (Notes 4, 8, 9, 33, 39 and 45) Net realized gain on available-for-sale	1,591,928	15	1,097,798	12	45
financial assets (Notes 4 and 30)	99,085	1	47,402	_	109
Net foreign exchange gain (Note 4)	566,581	5	199,908	2	183
Shares of profit from associates	200,201		1,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	_	105
(Notes 4 and 15) Loss on disposal of investment accounted for using equity method	64,618	1	61,148	1	6
(Note 15)	(78,587)	(1)			
Gain on nonperforming receivables	(70,307)	(1)	-	-	-
acquired	195,326	2	217,824	2	(10)
Others	144,324	1	58,307	1	148
Others	144,324	1	30,307	1	140
Total noninterest income and					
gains, net	5,497,412	51	4,653,695	49	18
NET PROFIT	10,876,948	100	9,538,062	100	14
PROVISION (REVERSAL OF PROVISION) FOR POSSIBLE LOSSES (Notes 4 and 12)	70,318		(18,171)		487 (Continued)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2014		2013		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES Employee benefits expense (Notes 4,					
28, 30, 34 and 39) Depreciation and amortization	\$ 3,817,680	35	\$ 3,544,628	37	8
(Notes 4 and 35) Other general and administrative	213,380	2	230,519	3	(7)
expenses (Notes 36 and 39)	2,479,436	23	2,217,979	23	12
Total operating expenses	6,510,496	_60	5,993,126	63	9
INCOME BEFORE INCOME TAX	4,296,134	40	3,563,107	37	21
INCOME TAX EXPENSE (Notes 4 and 37)	601,611	6	501,837	5	20
NET INCOME FOR THE YEAR	3,694,523	<u>34</u>	3,061,270	32	21
OTHER COMPREHENSIVE INCOME (LOSS) Exchange differences on translating foreign operations (Note 4)	51,000	1	7,133		615
Unrealized gain (loss) on available-for-sale financial assets (Notes 4 and 30)	34,939	-	(125,353)	(1)	128
Share of other comprehensive gain (loss) of associates (Notes 4 and 30)	10,883		(14,628)		174
Other comprehensive income (loss) for the year	96,822	1	(132,848)	_(1)	173
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 3,791,345	<u>35</u>	<u>\$ 2,928,422</u>	<u>31</u>	29
NET INCOME ATTRIBUTABLE TO: Owners of the Bank Non-controlling interests	\$ 3,694,523 \$ -	<u>34</u>	\$ 3,061,270 \$ -	<u>32</u>	21
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the Bank Non-controlling interests	\$ 3,791,345 \$ <u>-</u>	<u>35</u>	\$ 2,928,422 \$ -	<u>31</u>	29 - (Concluded)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars, Except Per Share Amounts)

	2014		2013		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
EARNINGS PER SHARE (Note 38) Basic Diluted	\$1.31 \$1.13		\$1.24 \$1.14		

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

(Concluded)

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

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

			A	Equity Attributable to Owners of the Bank	Owners of the Ban	×		
						Other Equity	Equity	
			Rets	Retained Earnings (Note 30)	30)	Exchange Differences on Translating Foreign	Unrealized Loss on Available-for- sale Financial	
	Share Capital (Note 30)	Capital Surplus (Note 30)	Legal Reserve	Special Reserve	Unappropriated Earnings	Operations (Note 4)	Assets (Notes 4, 13, 15 and 30)	Total Equity
BALANCE AT JANUARY 1, 2013	\$ 22,422,596	\$ 22,348	\$ 1,742,672	\$ 4,554	\$ 2,405,786	\$ 9,131	\$ (173,800)	\$ 26,433,287
Appropriation of the 2012 earnings Legal reserve Special reserve Cash dividends - NTS0.230 per share Stock dividends - NTS0.493 per share	1,105,434		769,012	173,800	(769,012) (173,800) (515,720) (1,105,434)			(515,720)
	1,105,434		769,012	173,800	(2,563,966)			(515,720)
Share of special reserve of an associate	ı			1,368				1,368
Net income for the year ended December 31, 2013	i		•		3,061,270			3,061,270
Other comprehensive income (loss) for the year ended December 31, 2013					089	7,133	(140,661)	(132,848)
Total comprehensive income (loss) for the year ended December 31, 2013					3,061,950	7,133	(140,661)	2,928,422
Employees' bonus-stock	93,152	12,575						105,727
BALANCE AT DECEMBER 31, 2013	23,621,182	34,923	2,511,684	179,722	2,903,770	16,264	(314,461)	28,953,084
Issuance of ordinary shares for cash	3,650,000	425,761						4,075,761
Appropriation of the 2013 earnings Legal reserve Special reserve Cash dividends - NTS0.250 per share Stock dividends - NTS0.499 per share	1,224,476		871,132	124,400	(871,132) (124,400) (681,779) (1,224,476)			- (977,189)
	1,224,476		871,132	124,400	(2,901,787)			(681,779)
Net income for the year ended December 31, 2014	•		•		3,694,523	•		3,694,523
Other comprehensive income for the year ended December 31, 2014				'	920	51,000	44,902	96,822
Total comprehensive income for the year ended December 31, 2014				1	3,695,443	51,000	44,902	3,791,345
Employees' bonus - stock	122,605	1,716						124,321
BALANCE AT DECEMBER 31, 2014	\$ 28,618,263	\$ 462,400	\$ 3,382,816	\$ 304,122	\$ 3,697,426	\$ 67,264	\$ (269,559)	\$ 36,262,732

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

		2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	\$	4,296,134	\$ 3,563,107
Adjustments for:		, ,	, ,
Depreciation		180,813	189,220
Amortization		32,567	41,299
Provision (reversal of provision) for possible losses		70,318	(18,171)
Net valuation loss on financial assets and liabilities at fair value			
through profit or loss		28,463	927,647
Interest cost		6,873,872	6,379,554
Interest income		(12,253,408)	(11,263,921)
Dividend income		(69,177)	(75,482)
Shares of profit from associates		(64,618)	(61,148)
Loss on disposal of investment accounted for using equity method		78,587	-
Recovery of written-off credits		917,883	1,330,422
Others		(29,889)	(29,325)
Changes in operating assets and liabilities		(4,000,746)	1 (25 021
Decrease (increase) in due from the Central Bank and other banks		(4,000,746)	1,635,931
Increase in financial assets at fair value through profit or loss Decrease in receivables		(7,177,230)	(3,612,256) 107,630
Increase in discounts and loans		1,112,414 (27,959,190)	(13,392,924)
Increase in discounts and loans Increase in available-for-sale financial assets		(8,792,969)	(10,047,589)
Increase in held-to-maturity financial assets		(660,120)	(894,829)
Decrease in debt investments with no active market		1,506,018	2,236,740
Increase (decrease) in due to the Central Bank and other banks		(2,285,259)	2,107,171
Increase in financial liabilities at fair value through profit or loss		3,741,584	3,108,608
Increase (decrease) in payables		(7,775,660)	8,367,347
Increase in deposits and remittances		24,936,477	6,372,674
Cash used in operations	_	(27,293,136)	 (3,028,295)
Interest received		12,177,178	11,265,053
Dividends received		69,177	75,482
Interest paid		(6,742,592)	(6,482,692)
Income tax paid	_	(623,118)	 (233,167)
Net cash generated from (used in) operating activities	_	(22,412,491)	 1,596,381
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets measured at cost		(74,850)	-
Proceeds from disposal of investment accounted for using equity		() ,	
method		721,070	-
Proceeds from disposal of buildings and land held for sale		23,465	18,140
Acquisition of property and equipment		(151,491)	(123,497)
Proceeds from disposal of property and equipment		105	80
Decrease (increase) in other financial assets		(4,755,792)	92,578
			(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

(In Thousands of New Taiwan Dollars)

	2014		2013
Decrease (increase) in other assets Dividends received from associates	\$ 14,213 49,656	\$	(2,473) 50,611
Net cash generated from (used in) investing activities	 (4,173,624)		35,439
CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from the issuance of Euro Convertible Bonds	_		4,481,250
Proceeds from the issuance of bank debentures	1,100,000		4,000,000
Redemption of bank debentures	(3,000,000)		(4,000,500)
Increase in securities sold under repurchase agreements	3,091,980		1,299,471
Increase (decrease) in other financial liabilities	2,113,050		(1,147,050)
Increase (decrease) in other liabilities	113,180		(14,151)
Cash dividends	(681,779)		(515,720)
Proceeds from issuance of ordinary shares	 4,075,761	_	<u> </u>
Net cash generated from financing activities	 6,812,192		4,103,300
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	 137,761		(25,115)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,636,162)		5,710,005
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	 101,027,363	_	95,317,358
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 81,391,201	\$	101,027,363

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets is as follows:

	Decem	ber :	31
	2014		2013
Cash and cash equivalents in consolidated balance sheets Due from the Central Bank and other banks in compliance with IAS 7	\$ 8,084,621	\$	4,348,619
definition of "cash and cash equivalents" Securities purchased under resale agreements in compliance with IAS 7	58,920,870		73,672,419
definition of "cash and cash equivalents" Cash and cash equivalents in consolidated statements of cash flows	\$ 14,385,710 81,391,201	\$	23,006,325 101,027,363

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

(Concluded)

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

1. GENERAL INFORMATION

Far Eastern International Bank Ltd. (the "Bank") obtained its license on January 11, 1992 and started its business on April 11, 1992. The Bank (a) accepts deposits and extends loans and guarantees; (b) issues letters of credit, handles domestic and foreign remittances, and accepts commercial drafts; (c) invests in securities and acts as an agent for trading government bonds, corporate bonds and bank debentures; and (d) conducts relevant businesses that are authorized by the relevant authorities.

The operations of the Bank's Trust Department include pecuniary trust, securities trust, real estate trust, creditor's right of money or guarantee, movable property trust and ground right trust and related operations. These operations are regulated under the Banking Act and Trust Enterprise Act.

As of December 31, 2014, the Bank's operating units included the Business Department, International Banking Department, Trust Department, Credit Card Department, Offshore Banking Unit (OBU), and 55 domestic branches, as well as an overseas branch in Hong Kong.

The functional currency of the Bank and its subsidiaries is New Taiwan dollars.

The Bank's shares are listed on the Taiwan Stock Exchange. Global depositary receipts, which represent ownership of ordinary shares of the Bank, have been listed on the Luxembourg Stock Exchange since January 2014.

2. APPROVAL OF FINANCIAL REPORTS

The consolidated financial reports were approved by the Board of Directors and authorized for issue on March 20, 2015.

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

a. The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by IASB and endorsed by the FSC

The Bank and its subsidiaries applied the 2010 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (the "IFRSs"), which have been endorsed by the Financial Supervisory Commission (FSC). Rule No. 1030010325 issued by the FSC stipulated that the Bank and its subsidiaries should apply the 2013 version of the IFRSs endorsed by the FSC starting on January 1, 2015.

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

Note: Unless stated otherwise, the above new, amended and revised standards and interpretations are effective for annual periods beginning on or after their respective effective dates.

Except for the following, whenever applied, the initial application of the above new, amended and revised standards and interpretations (the 2013 version of the IFRSs) would not have any material impact on the Bank and its subsidiaries' accounting policies:

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

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

2) IFRS 13 "Fair Value Measurement"

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

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

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

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

The Bank and its subsidiaries will apply the above amendments starting from 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans and the share of the associates' remeasurements of their defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets and share of the other comprehensive income of associates (except the share of the remeasurements of the defined benefit plans).

4) Revision to IAS 19 "Employee Benefits"

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the "corridor approach" permitted under current IAS 19 and accelerates the recognition of past service costs. That is, the revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income so that the net pension asset or liability will reflect the full value of the plan deficit or surplus. Furthermore, the concept of using interest cost and expected return on plan assets, which was allowed under the current IAS 19, has been replaced with a net interest amount, which is calculated by applying the discount rate used to measure an employee benefit obligation to the net defined benefit liability or asset.

The anticipated impact of the initial application of the revised IAS 19 is as follows:

	Carrying Amount	Adjustments Arising from Initial IAS 19 Application	Adjusted Carrying Amount
<u>December 31, 2014</u>			
Deferred tax assets Employee benefits - defined benefit plans Retained earnings Total equity	\$ 826,343 \$ 596,927 \$ 7,384,364 \$ 36,262,732	\$ 37,937 \$ 223,161 \$ (185,224) \$ (185,224)	\$ 864,280 \$ 820,088 \$ 7,199,140 \$ 36,077,508 (Continued)

	Carrying Amount	Adjustments Arising from Initial IAS 19 Application	Adjusted Carrying Amount
<u>January 1, 2014</u>			
Deferred tax assets Employee benefits - defined benefit plans Retained earnings Total equity	\$ 579,514 \$ 609,401 \$ 5,595,176 \$ 28,953,084	\$\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	\$ 598,496 \$ 721,058 \$ 5,502,501 \$ 28,860,409
For the year ended December 31, 2014			
Net income Total comprehensive income	\$ 3,694,523 \$ 3,791,345	\$ 3,557 \$ (92,549)	\$ 3,698,080 \$ 3,698,796 (Concluded)

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

The Bank and its subsidiaries have not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendment to IAS 1 "Disclosure initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

- Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition dates on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; and the remaining amendments are effective for annual periods beginning on or after July 1, 2014.
- Note 3: The amendments prospectively apply to transactions occurring in annual periods beginning on or after January 1, 2016.
- Note 4: The amendment to IFRS 5 is applied prospectively; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

All recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, financial assets may be measured at amortized cost if they are debt instruments held in a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding. These instruments are assessed for impairment continually, with any impairment loss recognized in profit or loss. Interest income is recognized in profit or loss by using the effective interest method;

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

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election, on initial recognition, to designate an equity investment that is within the scope of IFRS and is not held for trading as at fair value through other comprehensive income, with only dividend income recognized in profit or loss. When the equity investments are derecognized or reclassified, no subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income may not be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires the recognition of impairment losses on financial assets using the expected credit losses model. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers," and certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset (except originated credit-impaired financial assets) if its credit risk has increased significantly.

For originated credit-impaired financial assets, the expected credit losses is taken in account on initial recognition, and these losses should be discounted using the credit-adjusted effective interest rate. Subsequently, any changes from the initial expected credit losses are recognized as a loss allowance, with the gain or loss immediately recognized in profit or loss.

Hedge accounting

The main change in hedge accounting is the introduction of a new model through which financial reporting will better reflect an entity's risk management activities that involve the use of financial instruments and the extent to which hedging mitigates risks. Compared with IAS 39, IFRS 9 has these provisions for accounting for financial instruments: (1) an expanded scope of hedged items eligible for hedge accounting, to include certain risk components of non-financial items; (2) an alternative accounting treatment for forward points and certain currency basis for less profit or loss volatility; and (3) replacing retrospective hedge effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item, with no quantitative threshold.

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

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

3) IFRS 15 "Revenue from Contracts with Customers"

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

When applying IFRS 15, an entity shall recognize revenue by applying following steps:

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

When IFRS 15 takes effect, an entity may elect to apply this Standard either (a) retrospectively to each prior reporting period presented in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," or (b) retrospectively, with the cumulative effect of initially applying this Standard recognized at the date of initial application.

4) Amendment to IAS 1 "Disclosure Initiative"

The amendment clarifies that consolidated financial statements should be prepared for the purpose of disclosing material information. To improve the understandability of its financial reports, the Company should disaggregate the disclosure of material items into their different natures or functions, and disaggregate material information from immaterial information.

The amendment further clarifies that the Company should consider the understandability and comparability of its financial statements to determine a systematic order in presenting its footnotes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial reports have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, or other regulations and IFRSs as endorsed by the FSC.

Basis of Preparation

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

Current and Noncurrent Assets and Liabilities

Accounts included in the consolidated balance sheets are not classified as current or noncurrent since the major components of the consolidated financial reports are from the banking sector, whose operating cycle cannot be reasonably identified. Nevertheless, accounts are properly categorized in accordance with their nature and sequenced by their liquidity. Please refer to Note 46 for the maturity analysis of assets and liabilities.

Basis of Consolidation

a. Principles of preparing consolidated financial reports

The consolidated financial reports incorporate the financial reports of the Bank and its subsidiaries.

Intercompany transactions, balances, income and expenses between the Bank and its subsidiaries have been eliminated upon consolidation.

b. Subsidiaries included in consolidated financial reports

Subsidiaries included in consolidated financial reports were as follows:

			% of Ov	vnership
			Decem	iber 31
Investor Company	Investee Company	Nature of Businesses	2014	2013
The Bank	Far Eastern Asset Management Co., Ltd. ("FEAMC")	Purchase, evaluation, auction and management of rights of financial institution creditors	100	100
	Far Eastern Life Insurance Agency Co., Ltd. ("FELIA")	Insurance agent	100	100
	Far Eastern Property Insurance Agency Co., Ltd. ("FEPIA")	Insurance agent	100	100
	Far Eastern International Securities Co., Ltd. ("FEIS")	Foreign securities broker, wealth management and offshore fund consulting	100	100
Far Eastern International Securities Co., Ltd.	Far Eastern Insurance Brokerage Co., Ltd. ("FEI Brokerage")	Insurance brokers	-	100

Far Eastern Insurance Brokerage Co., Ltd. had convened shareholders' meetings and decided to apply for dissolution and liquidation on March 11, 2013, and the FSC had approved the application with confirmation No. 10202038150 dated May 9, 2013. All process of liquidation had been finished on April 30, 2014.

Acquisition of Another Financial Institution's Business

Acquisitions of another financial institution are accounted for using the purchase method if acquisitions comply with business combination. The consideration transferred in acquisitions of another financial institution is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Bank, liabilities incurred by the Bank to the former owners of the acquiree and the equity interests issued by the Bank in exchange for control of the acquiree.

Foreign Currency

Foreign-currency assets and liabilities are recorded in a currency other than the entity's functional currency. Foreign-currency items in comprehensive income of domestic operating units are translated into New Taiwan dollars at prevailing exchange rates at the dates of the transactions. For overseas branches (including the OBU), foreign-currency items in comprehensive income from transactions settled in currencies other than the entity's functional currency are translated into the entity's functional currency at prevailing exchange rates at the dates of the transactions.

At the balance sheet date, foreign-currency monetary assets and liabilities are translated at prevailing exchange rates, and the exchange differences are recognized as gain or loss.

At the balance sheet date, foreign-currency nonmonetary assets and liabilities (such as equity instruments) that are measured at fair value are translated at prevailing exchange rates, with the exchange differences treated as follows:

- a. Recognized in comprehensive income if the changes in fair value are recognized in comprehensive income;
- b. Recognized as gain or loss if the changes in fair value are recognized in gain or loss.

Foreign-currency nonmonetary assets and liabilities that are measured at cost continue to be stated at the exchange rates of the trade dates.

When foreign-currency assets and liabilities are settled, exchange differences arising from the application of different exchange rates are recognized as gain or loss for the current year.

The financial statements of foreign branches (including the OBU) are translated into New Taiwan dollars at the following exchange rates:

- a. Assets and liabilities at exchange rates prevailing on the balance sheet date;
- b. The beginning balance of current year's earnings not yet remitted to the head office the same as the ending balance of the prior years' earnings; and
- c. Income and expenses at average exchange rates for the period.

Exchange differences arising from the translation of the financial statements of foreign branches are recognized as exchange differences on translating foreign operations.

Investment Accounted for Using Equity Method

The results and assets and liabilities of associates are incorporated in these consolidated financial reports using the equity method of accounting.

An associate is an entity over which the Bank and its subsidiaries has significant influence and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

An investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Bank and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Bank and its subsidiaries also recognize the changes in the Bank and its subsidiaries' share of equity of associates.

Property and Equipment

Property and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

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

Intangible Assets

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

Buildings and Land Held for Sale

Buildings and land held for sale are carried at cost, and their recoverable amount is assessed at the end of each reporting period. If the recoverable amount is estimated to be less than its carrying amount, an impairment loss is recognized immediately in profit or loss. A reversal of an impairment loss is recognized in profit or loss when an impairment loss subsequently is reduced.

Impairment of Tangible and Intangible Assets

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

Securities Purchased/Sold Under Resale/Repurchase Agreements

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest cost and interest income are recognized on the accrual basis.

Financial Instruments

Financial assets and financial liabilities are recognized when the Bank and its subsidiaries become a party to the contractual provisions of the instruments.

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

Financial assets

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

a. Measurement category

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss. A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which
 is managed and its performance is evaluated on a fair value basis, in accordance with the Bank
 and subsidiaries' documented risk management or investment strategy, and information about
 the grouping is provided internally on that basis; or
- The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

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

2) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Bank and its subsidiaries have the positive intent and ability to hold to maturity.

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

3) Available-for-sale financial assets

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

Available-for-sale financial assets are measured at fair value. Interest income of available-for-sale bond investments calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

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

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

4) Loans and receivables

Loans and receivables (including receivables, discounts and loans, nonaccrual loans other than discounts and loans, and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment.

b. Impairment of financial assets

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

For all financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It is becoming probable that the borrower will undergo bankruptcy or financial reorganization; or
- Disappearance of an active market for that financial asset because of financial difficulties.

1) Financial assets carried at amortized cost

For discounts and loans and receivables, assets are assessed for impairment on a collective basis even if they were assessed as not impaired individually. Objective evidence of impairment for a portfolio of loans and receivables could include the Bank's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on loans and receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2) Available-for-sale financial assets

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

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

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

3) Financial assets measured at cost

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of discounts and loans, receivables and nonaccrual loans other than discounts and loans, where the carrying amount is reduced through an allowance account.

The Bank evaluates possible losses on specific loans on the basis of the borrowers' financial situation, their ability to repay principals and interests, and the values of collaterals in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" (the "Regulations"). The Regulations require that loans should be categorized by collectability and specify the minimum allowance for possible losses and reserve for guarantee obligations using prescribed percentages.

When a loan or receivable is considered uncollectible, it may be written off on the approval of the Bank's Board of Directors or Managing Directors. The subsequent collections of written-off loans are credited against provision for possible losses.

c. Derecognition of financial assets

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

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

Equity instruments

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

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

Financial liabilities

a. Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

1) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading. Any gains or losses arising on remeasurement, including any dividend or interest paid on the financial liability, are recognized in profit or loss.

2) Financial guarantee contracts

Financial guarantee contracts issued by the Bank are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the best estimate of the obligation under the contract or the amount initially recognized less cumulative amortization recognized.

b. Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Euro Convertible Bonds

Euro Convertible Bonds that contain both liability and conversion option derivative components are classified separately into respective items on initial recognition. The conversion option that will be settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Bank's own equity instruments is classified as a conversion option derivative. At the date of issue, both the liability and conversion option derivative components are recognized at fair value.

In subsequent periods, the liability component of the Euro Convertible Bonds is measured at amortized cost using the effective interest method. The conversion option derivative is measured at fair value and the changes in fair value are recognized in profit or loss.

Transaction costs related to the issuance of Euro Convertible Bonds are included in the carrying amount of the liability component and are amortized over the lives of Euro Convertible Bonds using the effective interest method.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss. Derivative financial instruments don't apply hedge accounting are recognized as financial assets or liabilities held for trading. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

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

Hedge Accounting

The Bank engages non-trading derivatives primarily as a tool for hedging against risks of financial assets and liabilities due to adverse market changes in interest rates, exchange rates and credit. The Bank's hedge accounting qualifies as a fair value hedge. The fair value hedge is mainly used to avoid the risk of adverse changes in fair value of interest-earning assets and interest-bearing liabilities due to fluctuations of interest rates or exchange rates.

Once the hedge is determined as a fair value hedge, the effect of changes in fair value of the hedged items will be offset by the gain or loss recognized from remeasuring the derivative hedging instrument at fair value. Gains and losses measured at fair value of hedging instruments are recognized in profit or loss. The carrying amount of the hedged item is adjusted through the corresponding gain or loss on the hedging instrument.

Provisions

Provisions are recognized when the Bank and its subsidiaries have a present obligation as a result of a past event, it is probable that the Bank and its subsidiaries will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

Income Recognition

Interest income from discounts and loans is recorded on the accrual basis. For nonaccrual loans, interest income is recognized only when collections on these obligations are made. Under the regulations of the Banking Bureau under the Financial Supervisory Commission, the interest income on credits covered by agreements that extend their maturity is recorded as deferred income and recognized upon collection.

Service fee income is recognized as loans are provided or services have been completed.

The gain or loss on the disposal or recovery of acquired receivables is accounted for by the effective interest method. The administration revenue from managing acquired loans is recognized monthly on an accrual basis.

Retirement Benefit Costs

The Bank's contributions to defined contribution plans are recognized as expenses when employees have rendered service entitling them to the contributions.

For defined benefit plans, the cost of providing benefits is measured using the projected unit credit method. Actuarial gains and losses that exceed 10% of the greater of the present value of the Bank's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets.

Income Tax

Income tax expense represents the sum of tax currently payable and deferred tax expense.

a. Current tax expense

An additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

b. Deferred tax expense

Deferred tax expense represents adjustments to deferred tax assets and liabilities.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards, and unused tax credits for research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

c. Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Held-to-maturity financial assets

Management has reviewed the Bank and its subsidiaries' held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the `and its subsidiaries' positive intention and ability to hold those assets to maturity.

b. Estimating impairment of discounts and loans and receivables

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

c. Estimating impairment of operation rights

Determining whether operation rights are impaired requires an estimation of the value in use of the cash-generating units to which operation rights have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

d. Fair value of financial instruments

The Bank's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Other financial instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Note 45 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments. The Bank's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

e. Income tax

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are materially different from expected, an adjustment to deferred tax assets and income tax expense may arise.

f. Recognition and measurement of defined benefit plans

Provision for employee benefits and the resulting post-employment benefits under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances or market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

g. Estimating impairment of available-for-sale equity investments

Objective evidences of the impairment of an available-for-sale equity investment include the fair value of that investment falling significantly or constantly below the cost. In its impairment assessment, the Bank's management considers past market fluctuation, historical prices of the investment and the industry to which the investment belongs.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2014	2013
Cash on hand	\$ 3,008,201	\$ 2,645,252
Deposits due from other banks	4,404,964	1,342,899
Notes and checks for clearing	605,121	312,914
Balance with other banks	66,335	47,554
	<u>\$ 8,084,621</u>	<u>\$ 4,348,619</u>

7. DUE FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2014	2013
Due from the Central Bank - certificates of deposit (Note 40)	\$ 59,175,000	\$ 60,630,000
Due from other banks	2,528,160	10,254,670
New Taiwan dollar reserve deposits - Type A	6,161,365	8,217,629
New Taiwan dollar reserve deposits - Type B	9,829,608	9,673,862
Foreign-currency reserve deposits	53,323	51,094
Due from foreign Central Bank	378,022	49,026
	\$ 78,125,478	\$ 88,876,281

The reserve deposits are required by law and determined at a prescribed percentage of the monthly average balances. The Type B reserve deposits can be withdrawn only when the balances are adjusted monthly. The Type A and foreign-currency reserve deposits can be withdrawn on demand but bear no interest.

As of December 31, 2014 and 2013, the due from the Central Bank and other banks in accordance with the definition of IAS 7 "cash and cash equivalents" which were short-term, highly liquid investments, readily convertible to known amounts of cash and subject to an insignificant risk of changes in value; these investments amounted to NT\$58,920,870 thousand and NT\$73,672,419 thousand, respectively, and were included in cash and cash equivalents in the consolidated statements of cash flows.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2014	2013
Financial assets held for trading		
Foreign-currency swap contracts	\$ 5,290,216	\$ 882,925
Convertible bond asset swap contracts	2,217,126	2,746,609
Currency option contracts	1,871,225	268,332
Domestic government bonds	1,867,476	1,617,257
Interest rate swap contracts	306,413	309,544
Listed and OTC stocks	287,779	332,666
Convertible bond option contracts	266,689	72,196
Forward exchange contracts	209,311	84,486
Cross-currency swap contracts	159,217	198,031
Domestic beneficiary certificates	158,729	149,162
Foreign government bonds	158,689	-
Others	84,603	94,932
	12,877,473	6,756,140
Financial assets designated as at fair value through profit or loss		
Convertible bonds	13,066,738	12,039,304
Total financial assets at fair value through profit or loss	\$ 25,944,211	\$ 18,795,444
Financial liabilities held for trading		
Convertible bond option contracts	\$ 5,259,651	\$ 5,104,453
Foreign-currency swap contracts	2,496,196	732,643
Currency option contracts	1,871,173	267,657
Cross-currency swap contracts	373,468	261,269
Interest rate swap contracts	341,192	244,551
Forward exchange contracts	293,178	121,926
Conversion option derivative of Euro Convertible Bonds (Note 25)	266,431	443,859
Convertible bond asset swap contracts	129,514	80,818
Others	24,491	30,889
Total financial liabilities at fair value through profit or loss	<u>\$ 11,055,294</u>	\$ 7,288,065

The Bank engages in derivative transactions mainly to trade, to accommodate customers' needs and to manage exposures due to exchange rate and interest rate fluctuations. The Bank's financial risk management strategy is to hedge most of its exposure to market risk.

Outstanding derivative contract (nominal) amounts were as follows:

	December 31	
	2014	2013
Currency option contracts	\$ 288,640,504	\$ 94,772,462
Foreign-currency swap contracts	250,272,724	153,416,684
Interest rate swap contracts	146,306,832	136,533,414
Convertible bond option contracts	32,011,721	25,498,215
Forward exchange contracts	22,366,930	10,438,487
Convertible bond asset swap contracts	21,960,764	20,136,950
Credit default swap contracts	18,254,846	20,062,578
Cross-currency swap contracts	11,893,669	31,862,475
Non-deliverable forward contracts	2,889,347	2,247,545
Commodity forward contracts	173,483	554,681

The net gain (loss) on financial instruments at fair value through profit or loss was as follows:

	For the Year Ended December 31	
	2014	2013
Net loss on financial instruments held for trading Net gain on financial assets designated as at fair value through profit or loss	\$ (1,458,845)	\$ (485,820)
	3,050,773	1,583,618
	\$ 1,591,928	\$ 1,097,798

Some of the foreign government bonds held for trading were traded with repurchased agreements, and the carrying amounts were NT\$158,305 thousand as of December 31, 2014. Please refer to Note 22. (December 31, 2013: Nil)

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2014	2013
<u>Derivative financial assets</u>		
Fair value hedging - interest rate swap contracts	<u>\$ 40,439</u>	<u>\$ 111,034</u>
<u>Derivative financial liabilities</u>		
Fair value hedging - interest rate swap contracts	<u>\$ 5,204</u>	<u>\$ 12,631</u>

The Bank uses interest rate swap contracts to hedge against the risk of changes in fair value of domestic bank debentures arising from interest rate fluctuations. The nominal amount of interest rate swap contracts for hedging was NT\$3,900,000 thousand and NT\$4,600,000 thousand as of December 31, 2014 and 2013, respectively.

The net valuation gain (loss) on hedging financial instruments was as follows:

	For the Year Ended December 31	
	2014	2013
Net valuation loss on hedging financial instruments Net valuation gain on hedged items	\$ 63,168 \$ 63,168	\$ 69,020 \$ 69,020

10. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	December 31	
	2014	2013
Government bonds Commercial paper Negotiable certificates of deposit	\$ 13,274,146 1,111,564	\$ 19,375,114 1,507,075 2,124,136
	<u>\$ 14,385,710</u>	\$ 23,006,325
Resale date	2015.01.05- 2015.02.10	2014.01.02- 2014.03.26
Resale price	\$ 14,390,592	\$ 23,012,026

The carrying amounts above have been fully included as cash and cash equivalents in consolidated statements of cash flows.

11. RECEIVABLES, NET

	December 31	
	2014	2013
Credit card	\$ 15,391,769	\$ 15,687,152
Factoring	1,746,456	2,161,061
Interest	772,956	696,221
Land development	599,111	-
Spot exchange transactions	405,367	457,605
Proceeds from disposal of securities	368,208	1,434,927
Acceptances	355,724	384,110
Acquired receivables	299,637	190,984
Others	351,692	344,283
	20,290,920	21,356,343
Less: Allowance for possible losses (Note 12)	626,662	685,074
	<u>\$ 19,664,258</u>	\$ 20,671,269

Land development receivables are the contracts between FEAMC and others. FEAMC has funded and obtained related mortgages according to the contracts.

12. DISCOUNTS AND LOANS, NET

	December 31	
	2014	2013
Negotiations, discounts and overdraft Short-term loans Medium-term loans	\$ 167,992 56,046,303 129,396,798	48,538,897
		(Continued)

	December 31	
	2014	2013
Long-term loans	\$ 137,346,050	\$ 132,602,309
Nonaccrual loans	977,460	759,427
	323,934,603	296,780,512
Less: Allowance for possible losses	4,758,137	4,263,480
	<u>\$ 319,176,466</u>	\$ 292,517,032
		(Concluded)

Movements of allowance for possible losses on discounts and loans and others (including receivables and other financial assets) were as follows:

	Discounts and Loans	Others	Total
For the year ended December 31, 2014			
Balance, January 1, 2014 Provision (reversal of provision) for possible	\$ 4,263,480	\$ 1,114,730	\$ 5,378,210
losses	420,060	(369,904)	50,156
Amounts written-off	(570,261)	(413,822)	(984,083)
Amounts recovered	623,534	294,349	917,883
Effects of exchange rate changes	21,324	1,474	22,798
Balance, December 31, 2014	<u>\$ 4,758,137</u>	<u>\$ 626,827</u>	<u>\$ 5,384,964</u>
For the year ended December 31, 2013			
Balance, January 1, 2013 Provision (reversal of provision) for possible	\$ 3,582,006	\$ 1,180,101	\$ 4,762,107
losses	99,273	(181,406)	(82,133)
Amounts written-off	(413,844)	(219,480)	(633,324)
Amounts recovered	991,829	338,593	1,330,422
Effects of exchange rate changes	4,216	(3,078)	1,138
Balance, December 31, 2013	\$ 4,263,480	<u>\$ 1,114,730</u>	\$ 5,378,210

The provision (reversal of provision) for possible losses were as follows:

	For the Year Ended December 31		
	2014	2013	
Provision for possible losses - discounts and loans Reversal of provision for possible losses - others	\$ 420,060 (369,904)	\$ 99,273 (181,406)	
Provision for possible losses - reserve for guarantee obligations	<u>20,162</u>	63,962	
	<u>\$ 70,318</u>	<u>\$ (18,171)</u>	

For the years ended December 31, 2014 and 2013, the Bank had no written-off credits for which legal proceedings had not been initiated.

The Bank's financial assets were assessed for impairment loss on the basis of credit risk characteristics of financial assets. The results were as follows:

Discounts and loans

		December 31							
Item		2014		2013					
Item	L	Dis	scounts and		owance for	Dis	scounts and		owance for
			Loans	Pos	sible Losses		Loans	Pos	sible Losses
With objective evidence of	Assessed individually	\$	2,912,152	\$	674,639	\$	3,431,546	\$	638,734
individual impairment	Assessed by portfolio		1,671,366		348,699		1,678,136		522,824
Without objective evidence	Assessed individually		5,074,384		50,744		2,841,768		14,209
of individual impairment	Assessed by portfolio		314,276,701		3,684,055		288,829,062		3,087,713
Total		\$:	323,934,603	\$	4,758,137	\$ 2	296,780,512	\$	4,263,480

Others (including receivables, other financial assets and debt investments with no active market)

			December 31				
Item		20	14	2013			
Item	L	Others Allowance for Possible Losses		Others	Allowance for Possible Losses		
With objective evidence of	Assessed individually	\$ 6,053	\$ 2,602	\$ 651,446	\$ 591,524		
individual impairment	Assessed by portfolio	2,014,332	553,088	2,357,854	577,306		
Without objective evidence	Assessed individually	9,578,134	-	10,058,136	-		
of individual impairment	Assessed by portfolio	15,796,461	66,021	16,217,289	90,491		
Total		\$ 27,394,980	\$ 621,711	\$ 29,284,725	\$ 1,259,321		

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31			
	2014	2013		
Domestic government bonds	\$ 13,963,872	\$ 13,619,393		
Commercial paper	10,891,647	5,045,261		
Foreign floating rate notes	4,327,881	1,243,923		
Listed and OTC stocks	827,187	1,109,537		
Negotiable certificates of deposit	507,583	717,579		
	\$ 30,518,170	\$ 21,735,693		

Some of the available-for-sale domestic government bonds were traded with repurchase agreements, and the carrying amounts were NT\$99,913 thousand and NT\$183,200 thousand as of December 31, 2014 and 2013, respectively. Please refer to Note 22.

Some of the available-for-sale foreign floating rate notes were traded with repurchase agreements, and the carrying amounts were NT\$4,103,414 thousand and NT\$1,119,919 thousand as of December 31, 2014 and 2013, respectively. Please refer to Note 22.

The assets pledged as collateral are shown in Note 40.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31			
	2014	2013		
Foreign bank debentures	\$ 2,642,131	\$ 1,057,373		
Foreign corporate bonds	621,092	1,150,099		
Foreign certificates of deposit	475,770	898,500		
Foreign government bonds	252,091	_		
	<u>\$ 3,991,084</u>	\$ 3,105,972		

15. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

a. Investments in associates:

	December 31				
	2014		201	13	
	Amount	% of Ownership	Amount	% of Ownership	
Dah Chung Bills Finance Corp. Deutsche Far Eastern Asset	\$ 1,463,169	22.06	\$ 1,421,984	22.06	
Management Co., Ltd. Yuan Long Stainless Steel Corp.	128,845	40.00	143,871 799,971	40.00 49.00	
	<u>\$ 1,592,014</u>		\$ 2,365,826		

In March 2014, Far Eastern Asset Management Co., Ltd. (FEAMC) sold Yuan Long Stainless Steel Corp. to Asia Cement Corp. (ACC). Based on the third party appraisal outcome, FEAMC recognized loss on disposal of investment accounted for using equity method NT\$78,587 thousand in terms of selling price NT\$723,240 thousand and related tax NT\$2,170 thousand.

The summarized financial information of the Bank and its subsidiaries' associates is as follows:

	December 31		
	2014	2013	
Total assets Total liabilities	\$ 45,023,519 \$ 38,068,120	\$ 55,931,939 \$ 47,493,097	
	For the Year End	ded December 31	
	2014	2013	
Net profit Net income Other comprehensive income (loss)	\$ 901,857 \$ 315,695 \$ 58,570	\$ 1,228,989 \$ 303,060 \$ (65,806)	

b. Share of profit (loss) of associates was as follows:

	For the Year Ended December 31		
	2014	2013	
Dah Chung Bills Finance Corp.	\$ 77,898	\$ 74,756	
Yuan Long Stainless Steel Corp.	1,703	3,975	
Deutsche Far Eastern Asset Management Co., Ltd.	(14,983)	(17,583)	
	<u>\$ 64,618</u>	<u>\$ 61,148</u>	

16. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31		
	2014	2013	
Convertible bond asset swap contracts - master agreement	\$ 4,244,125	\$ 4,794,018	
Foreign beneficiary certificates	1,268,720	-	
Credit-linked notes - master agreement	824,668	2,935,100	
Mortgage backed securities	634,360	-	
Floating rate notes, net		748,750	
	<u>\$ 6,971,873</u>	\$ 8,477,868	

As of December 31, 2013, the accumulated impairment loss, reducing the carrying amount, on floating rate notes was NT\$149,750 thousand. (December 31, 2014: Nil).

17. OTHER FINANCIAL ASSETS, NET

	December 31			1
	20	14		2013
Nonaccrual loans other than discounts and loans	\$	286	\$	490,393
Less: Allowance for possible losses (Note 12)	165			429,656
		121		60,737
Deposits with original maturity more than 3 months	3,89	96,489		250,300
Guarantee deposits for financial instrument agreements	2,60	07,429		1,585,442
Interbank clearing account	60	00,554		200,233
Refundable deposits	55	58,913		550,431
Financial assets measured at cost	17	76,229		101,379
	<u>\$ 7,83</u>	<u> 39,735</u>	\$	<u>2,748,522</u>

Financial assets measured at cost were as follows:

	December 31			
		2014	20	013
Domestic unquoted ordinary stocks				
Yuan Hsin Digital Payment Co., Ltd.	\$	74,850	\$	-
ERA Communications Co., Ltd.		50,006	5	50,006
Financial Information Service Co., Ltd.		45,500	4	15,500
			(Co	ontinued)

	December 31			
	2014	2013		
An Feng Enterprise Co., Ltd. Sunshine Asset Management Co., Ltd. Taipei Forex Inc.	\$ 3,000 2,073 <u>800</u>	\$ 3,000 2,073 800		
	<u>\$ 176,229</u>	\$ 101,379 (Concluded)		

The Bank invested NT\$74,850 thousand (4.99%) in the establishment of Yuan Hsin Digital Payment Co., Ltd. in June 2014.

The above equity investments, which had no quoted prices in active market or fair values that could be reliably measured, were measured at cost.

18. PROPERTY AND EQUIPMENT, NET

			For the Y	ear Ended Decembe	er 31, 2014		
	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment	Total
Cost							
Beginning balance Additions Disposals Others Ending balance	\$ 1,581,625 - - - - - - - - - - - - - - - - - - -	\$ 1,239,899 5,849 (331) 	\$ 1,301,226 70,692 (29,591) 21,135 1,363,462	\$ 5,995 213 (76) 	\$ 1,427,532 41,406 (38,627) 6,738 1,437,049	\$ 14,845 33,331 (25,097) 23,079	\$ 5,571,122 151,491 (68,625) 2,776 5,656,764
Accumulated depreciation							
Beginning balance Depreciation Disposals Others Ending balance		529,302 25,367 (274) 	958,844 98,208 (29,553) 1,026 1,028,525	5,736 184 (76) 	1,263,076 57,054 (38,619) 605 1,282,116		2,756,958 180,813 (68,522) 1,631 2,870,880
Net ending balance	<u>\$ 1,581,625</u>	<u>\$ 691,022</u>	<u>\$ 334,937</u>	<u>\$ 288</u>	<u>\$ 154,933</u>	<u>\$ 23,079</u>	<u>\$ 2,785,884</u>
	For the Year Ended December 31, 2013						
	Land	Buildings and Improvements	Computer Equipment	Transportation Equipment	Miscellaneous Equipment	Equipment Prepayment	Total
Cost							
Beginning balance Additions Disposals Others Ending balance	\$ 1,581,625 - - - - - - - - - - - - - - - - - - -	\$ 1,236,633 3,517 (550) 299 1,239,899	\$ 1,354,797 52,166 (142,190) 36,453 1,301,226	\$ 6,234 57 (296) 	\$ 1,406,170 31,075 (17,554) 7,841 1,427,532	\$ 22,076 36,682 (43,913) 14,845	\$ 5,607,535 123,497 (160,590) 680 5,571,122
Accumulated depreciation							
Beginning balance Depreciation Disposals Others Ending balance		504,648 25,181 (550) 23 529,302	998,036 102,482 (142,140) 466 958,844	5,841 191 (296) 5,736	1,219,317 61,366 (17,751) 144 1,263,076		2,727,842 189,220 (160,737) 633 2,756,958
Net ending balance	\$ 1,581,625	\$ 710,597	\$ 342,382	\$ 259	\$ 164,456	\$ 14,845	\$ 2,814,164

The above items of property and equipment were depreciated on a straight-line basis over the following estimated useful lives:

Buildings and improvements	5 to 55 years
Computer equipment	3 to 7 years
Transportation equipment	3 to 7 years
Miscellaneous equipment	2 to 20 years

19. INTANGIBLE ASSETS, NET

	December 31		
	2014	2013	
Operating rights	\$ 1,538,210	\$ 1,538,210	
Fair value of core deposits	428,887	428,887	
	1,967,097	1,967,097	
Less: Accumulated amortization	165,563	136,193	
	<u>\$ 1,801,534</u>	<u>\$ 1,830,904</u>	

In April 2010, the Bank acquired the assets and liabilities, classified as Package B of the Chinfon Bank, through a bidding process. The acquired management and operation rights of Chinfon Bank's branches have indefinite useful life, while the fair value of core deposits is amortized over 4 to 15 years.

20. OTHER ASSETS, NET

	December 31		
	2014	2013	
Buildings and land held for sale	\$ -	\$ 27,567	
Less: Accumulated impairment		4,246	
	-	23,321	
Prepaid expenses	153,935	174,935	
Others	11,440	<u>7,994</u>	
	<u>\$ 165,375</u>	<u>\$ 206,250</u>	

21. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31		
	2014	2013	
Call loans from banks Due to banks Overdraft	\$ 11,048,017 333,802 115,051	\$ 13,441,942 309,011 31,176	
	<u>\$ 11,496,870</u>	<u>\$ 13,782,129</u>	

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	December 31		
	2014	2013	
Foreign floating rate notes (Note 13)	\$ 4,082,741	\$ 1,118,018	
Foreign government bonds (Note 8)	158,206	-	
Domestic government bonds (Note 13)	<u>150,504</u>	181,453	
	<u>\$ 4,391,451</u>	<u>\$ 1,299,471</u>	
		(Continued)	

	December 31		
	2014	2013	
Repurchase date	2015.01.06- 2015.03.30	2014.01.07- 2014.01.24	
Repurchase price	\$ 4,421,095	\$ 1,302,319 (Concluded)	

23. PAYABLES

	December 31		
	2014	2013	
Accrued expenses	\$ 1,485,772	\$ 1,408,468	
Securities settlement payables	1,201,038	8,836,221	
Accrued interest	853,804	813,674	
Checks for clearing	605,120	312,914	
Acceptances	355,724	384,110	
Payables on factoring business	275,779	691,079	
Payables on consigned funds	187,034	431,101	
Others	631,731	625,425	
	\$ 5,596,002	<u>\$13,502,992</u>	

24. DEPOSITS AND REMITTANCES

	December 31		
	2014	2013	
Checking deposits	\$ 2,548,513	\$ 2,584,658	
Demand deposits	43,553,959	46,239,336	
Demand savings	58,545,999	54,822,689	
Time savings	82,186,606	85,924,264	
Negotiable certificates of deposit	21,989,500	24,392,500	
Time deposits	214,373,269	184,325,934	
Remittances	44,571	16,559	
	<u>\$ 423,242,417</u>	\$ 398,305,940	

25. BANK DEBENTURES

	December 31		
	2014	2013	
Domestic bank debentures Euro Convertible Bonds	\$ 21,039,435 4,440,314	\$ 23,002,603 4,101,282	
	<u>\$ 25,479,749</u>	\$ 27,103,885	

Domestic bank debentures

	Issuance		Decem	iber 31
Item	Period	Note	2014	2013
Senior bank debentures - ten-year maturity; fourth issue in 2005	2005.08.26- 2015.08.26	Interest payable on August 26 each year; fixed interest rate at 2.30%	\$ 3,000,000	\$ 3,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2007	2007.02.13- 2014.02.13	A coupons: Interest payable on February 13 each year; floating interest rate B coupons: Interest payable on February 13 each year; fixed interest rate at 2.55%	-	2,000,000
Subordinated bank debentures - seven-year maturity; second issue in 2007	2007.03.12- 2014.03.12	Interest payable on March 12 each year; floating interest rate	-	1,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2008	2008.06.17- 2015.06.17	A coupons: Interest payable on June 17 each year; 3.90% fixed interest rate; B coupons: Interest payable on June 17 each year; floating interest rate	2,400,000	2,400,000
Subordinated bank debentures - seven-year maturity; first issue in 2010	2010.05.18- 2017.05.18	Interest payable on May 18 each year; fixed interest rate at 2.98%	2,000,000	2,000,000
Subordinated bank debentures - seven-year maturity; second issue in 2010	2010.09.29- 2017.09.29	Interest payable on September 29 each year; fixed interest rate at 2.10%	2,000,000	2,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2011	2011.11.10 - 2018.11.10	Interest payable on November 10 each year; fixed interest rate at 1.95%	3,500,000	3,500,000
Subordinated bank debentures - seven-year maturity; first issue in 2012	2012.06.27- 2019.06.27	Interest payable on June 27 each year; fixed interest rate at 1.75%	3,000,000	3,000,000
Subordinated bank debentures - seven-year maturity; first issue in 2013	2013.11.06- 2020.11.06	Interest payable on November 6 each year fixed interest rate at 2.10%	4,000,000	4,000,000
Subordinated bank debentures - seven-year maturity; 1 issue in 2014	2014.12.23-2021.12.23	Interest payable on December 23 each year fixed interest rate at 2.05%	1,100,000	-
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2005; acquired from Chinfon Bank	Matured on 2012.06.28	-	3,960	3,960
Subordinated bank debentures - seven-year maturity; 1-1 issue in 2002; acquired from Chinfon Bank	Matured on 2009.06.28	-	240	240
Total bank debentures			21,004,200	22,904,200
Add: Unrealized valuation loss			35,235	98,403
			\$ 21,039,435	\$ 23,002,603

The hedging transactions with regard to the above bank debentures are shown in Note 9.

Euro Convertible Bonds

On February 7, 2013 (the "Issue Date"), the Bank issued five-year unsecured zero coupon convertible bonds (the "Bonds") with an aggregate principal of US\$150,000 thousand; these bonds were listed on the Singapore Exchange Securities Trading Limited. The minimum lot size for the Bonds trading is US\$200 thousand. On the Issue Date, the liability component of the Bonds amounted to NT\$4,009,661 thousand net of a discount of NT\$471,589 thousand but including transaction costs of NT\$38,252 thousand. The initial effective interest rate of the liability component was 2.63%. The conversion option derivative component of the Bonds amounted to NT\$433,337 thousand. Other terms and conditions of the Bonds are described below:

a. Redemption at maturity

Unless the Bonds have been previously redeemed, converted or repurchased and canceled, the Bank shall redeem the Bonds at 101.89% of their principal amount in U.S. dollars on February 7, 2018 (the "Maturity Date").

b. Redemption at the option of the Bank

- 1) After 30 months of issuance of this bond, the Bank may redeem the Bonds in whole or piecemeal (being US\$200 thousand in principal amount and integral multiples thereof) at the early redemption amount which represents the principal amount of the Bonds plus a gross yield of the principal amount of the Bonds if the closing price on the Taiwan Stock Exchange (the "TWSE") of the ordinary shares, translated into U.S. dollars at the prevailing rate, within 20 out of 30 consecutive trading days, is at least 130% of the quotient of the early redemption amount divided by the number of ordinary shares to be issued upon conversion of the Bonds on the applicable trading day based on the conversion price then in effect, translated into U.S. dollars at the fixed exchange rate. The early redemption amount for the Bonds is so calculated to provide the bondholder a gross yield of 0.375% semi-annually.
- 2) The Bank may redeem all, but not a portion of, the Bonds at the early redemption amount if more than 90% of the principal amount of the Bonds has already been redeemed, converted or repurchased and canceled.
- 3) The Bank is obliged to pay additional amounts as a result of any change relating to taxation in the relevant jurisdiction or any change in the general application or official interpretation of tax laws or regulations, and this obligation cannot be avoided by the Bank even by taking reasonable measures.

c. Details of conversion

- 1) Converted shares: Newly issued ordinary shares of the Bank (the "Shares")
- 2) Conversion period: Unless the Bonds have been previously redeemed, converted or repurchased and canceled, the Bonds are convertible, at the option of the bondholder at any time on or after the 41st calendar day after the Issue Date, and prior to the close of business on the 10th calendar day prior to the Maturity Date for bond conversion into Shares. In addition, conversion rights shall not be exercised during the following closed periods:
 - a) 60 days prior to the date of the annual general shareholders' meeting, 30 days prior to the date
 of the special general shareholders' meeting, or on the date at least 5 days prior to the record
 date for determination of shareholders entitled to receive annual dividend, bonus, or other
 benefits and rights;
 - b) From the date at least 15 business days prior to the record date for any free distribution of shares, cash dividend, or rights to subscribe for new shares in a rights offering until the distribution of these rights, or from the record date for capital reduction until one day prior to the resumption of trading of the reissued shares following the capital reduction; and
 - c) Any other period as determined by ROC laws.
- 3) Adjustments to conversion price: On any stock dilution or events stated in the Offering Memorandum that occur after the Issue Date, the conversion price shall be adjusted in accordance with the formula stated in the Offering Memorandum.
- 4) Conversion price: The original conversion price was NT\$15.24 per share (at the fixed exchange rate of NT\$29.569 to US\$1.00). The conversion price was further adjusted to NT\$13.18 per share as of December 31, 2014 because of the issuance of dividends and new shares for an overseas offering of Global Depository Receipts.

- 5) Redemption at the option of the bondholders:
 - a) Unless the Bonds have been early redeemed, converted or repurchased, each bondholder has a put right to require the Bank to redeem in whole or in part only (being US\$200 thousand in principal amount and integral multiples thereof) the Bonds at the early redemption amount on August 7, 2015.
 - b) In the event that Bank's shares cease to be listed or admitted to trading on the TWSE (a "Delisting"), the Bank shall notify the bondholders accordingly, and each bondholder shall have the right to require the Bank to redeem the Bondholder's Bonds, in whole or in part only (being US\$200 thousand in principal amount and integral multiples thereof) at the Early Redemption Amount on the 20th business day after the date of this notice.
 - c) If the Bank has a change of control, the Bank shall notify the bondholders, and each bondholder shall have the right to require the Bank to redeem all or a part of the Bonds (being US\$200 thousand in principal amount and integral multiples thereof) at the Early Redemption Amount on the 20th business day after the date of this notice.

26. OTHER FINANCIAL LIABILITIES

OTHER FINANCIAL LIABILITIES		
	Decem	ber 31
	2014	2013
Principal of structured notes	\$ 1,664,080	\$ 214,247
Short-term loans	1,029,918	364,966
Deposits received	180,072	181,807
	<u>\$ 2,874,070</u>	<u>\$ 761,020</u>
The short-term loans are as follows:		
	Decem	ber 31
	2014	2013
Bank loans	\$ 980,000	\$ 340,000
Commercial paper	49,918	24,966
	\$ 1,029,918	<u>\$ 364,966</u>
Interest rates on bank loans	1.32%-1.80%	1.32%-1.38%
The status of commercial paper is as follows:		
	Decem	ber 31
	2014	2013
International Bills Finance Corp. Less: Unamortized discount on commercial paper	\$ 50,000 <u>82</u>	\$ 25,000 <u>34</u>
	<u>\$ 49,918</u>	<u>\$ 24,966</u>
Interest rates	1.42%	1.40%

27. PROVISIONS

	December 31		
	2014	2013	
Employee benefits - defined benefit plans Reserve for guarantee obligations	\$ 596,927 165,349	\$ 609,401 	
	<u>\$ 762,276</u>	<u>\$ 754,125</u>	

28. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension plan under the Labor Pension Act (LPA) is a defined contribution plan. For employees subjected to LPA, the Bank and its subsidiaries make contributions to their individual pension accounts in the Department of Labor at 6% of their monthly salaries and wages.

b. Defined benefit plans

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

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

Far Eastern Life Insurance Agency Co., Ltd. contributes amounts equal to 2% of total monthly salaries and wages to a pension fund which is deposited in the Bank of Taiwan. Because the balance of the pension fund as of September 30, 2010 is sufficient for paying pension obligations, further contributions to the pension fund have been suspended since October 2010 with the approval of the Department of Labor.

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

	Measurement Date December 31	
	2014	2013
Discount rate	2.00%	2.25%
Expected rate of return on plan assets	1.25%	1.50%
Expected rate of salary increase	2.50%	2.50%

The assessment of the overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, by reference to the aforementioned use of the plan assets and the impact of the related minimum return.

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31		
	2014	2013	
Current service cost	\$ 11,595	\$ 12,106	
Interest cost	22,099	16,881	
Expected return on plan assets	(3,666)	(4,325)	
Actuarial losses	2,554	1,059	
Past service cost amortization	(1,200)	(1,200)	
	<u>\$ 31,382</u>	<u>\$ 24,521</u>	

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

	For the Year Ended December 31		
	2014	2013	
Opening defined benefit obligation	\$ 1,004,927	\$ 978,015	
Current service cost	11,595	12,106	
Interest cost	22,099	16,881	
Actuarial losses	115,890	21,361	
Contributions from plan assets	(13,899)	(18,868)	
Benefits paid	(26,213)	(4,568)	
Closing defined benefit obligation	<u>\$ 1,114,399</u>	\$ 1,004,927	

The amount included in the consolidated balance sheet arising from the Bank's obligation in respect of its defined benefit plans was as follows:

	December 31		
	2014	2013	
Present value of defined benefit obligation	\$ 1,114,399	\$ 1,004,927	
Fair value of plan assets	294,311	283,869	
Deficit	820,088	721,058	
Unrecognized actuarial loss, net	(244,005)	(133,701)	
Unrecognized past service cost	20,844	22,044	
Employee benefits	<u>\$ 596,927</u>	<u>\$ 609,401</u>	

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

	For the Year Ended December 31	
	2014	2013
Opening fair value of plan assets	\$ 283,869	\$ 279,571
Expected return on plan assets	3,666	4,325
Actuarial gains (losses)	3,032	(768)
Contributions from the employer	17,643	19,609
Contributions from plan assets	(13,899)	(18,868)
Closing fair value of plan assets	<u>\$ 294,311</u>	\$ 283,869

For the years ended December 31, 2014 and 2013, the actual returns on plan assets were NT\$6,698 thousand and NT\$3,557 thousand, respectively.

The major categories of plan assets at the end of the reporting period for each category were disclosed based on the information announced by Bureau of Labor Funds, Ministry of Labor:

	December 31	
	2014	2013
Equity instruments	49.69%	44.77%
Debt instruments	28.36%	31.58%
Deposits in banks	19.12%	22.86%
Others	2.83%	0.79%
	100.00%	100.00%

Experience adjustments were as follows:

	December 31, 2014	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation Fair value of plan assets Deficit Experience adjustments on plan	\$ 1,114,399 \$ 294,311 \$ 820,088	\$ 1,004,927 \$ 283,869 \$ 721,058	\$ 978,015 \$ 279,571 \$ 698,444	\$ 857,300 \$ 260,879 \$ 596,421
liabilities Experience adjustments on plan assets	\$ (80,779) \$ 3,032	\$ (91,302) \$ (768)	\$ (52,368) \$ (2,788)	<u>\$</u> -

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

The Bank expects to make contributions of NT\$18,084 thousand and NT\$20,099 thousand, to the defined benefit plans for the years ended December 31, 2015 and 2014, respectively.

29. OTHER LIABILITIES

	December 31	
	2014	2013
Advance receipts	\$ 359,858	\$ 266,152
Deferred revenue - customer loyalty programs	92,074	78,725
Temporary receipts	47,079	40,995
Others	31,538	31,636
	<u>\$ 530,549</u>	<u>\$ 417,508</u>

30. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2014	2013
Number of shares authorized (in thousands) Amount of shares authorized	4,500,000 45,000,000	4,500,000 \$ 45,000,000
Number of shares issued and fully paid (in thousands)	2,861,826	2,362,118
Shares issued	<u>\$ 28,618,263</u>	<u>\$ 23,621,182</u>

Ordinary shares issued, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

In January 2014, the Bank issued new shares of 365,000 thousand at NT\$11.25 per share for an overseas offering Global Depositary Receipts, the total of issuance are 18,250,000 units. Each unit represents 20 ordinary shares at US\$7.4 with a total amount of US\$135,050 thousand. The Bank increased share capital NT\$3,650,000 thousand and capital surplus NT\$425,761 thousand.

b. Capital surplus

The capital surplus arising from shares issued in excess of par and treasury stock transactions may be used to offset a deficit, or, if the Bank has no deficit, distributed as cash dividends or transferred to capital (limited to a certain percentage of the Bank's paid-in capital and once a year). However, capital surplus arising from investment accounted for using equity method may not be used for any purpose.

c. Retained earnings and dividend policy

The Bank's Articles of Incorporation provide that the appropriations from the Bank's annual earnings less its losses and all taxes and dues must be in the following order:

- 1) 30% as legal reserve;
- 2) Special reserve based on the relevant law or regulations; and
- 3) A portion to be retained on the basis of operational needs.
- 4) Any remainder:

	%
Shareholders' bonus	92
Remuneration to directors and supervisors	2
Employees' bonus	6
	100

The dividend policy of the Bank will be evaluated and adjusted after taking into account such factors as the present environment and future operation plans, and its cash dividends should not be less than 10% of total dividends distributed.

The Banking Law provides that, unless legal reserve reached the Bank's paid-in capital, cash dividends are limited to 15% of paid-in capital.

Under the Company Law, legal reserve should be appropriated until it has reached the Bank's paid-in capital. This reserve may be used to offset a deficit. According to an amendment to the Company Law, when the Bank has no deficit and its legal reserve has exceeded 25% of its paid-in capital, the excess may be distributed in the form of stocks or cash.

The appropriations of earnings for the 2013 and 2012, which were approved in the shareholders' meetings on June 24, 2014 and June 19, 2013, respectively, were as follows:

	Appropriatio	Appropriation of Earnings		s Per Share llars)
	2013	2012	2013	2012
Legal reserve	\$ 871,132	\$ 769,012		
Special reserve	124,400	173,800		
Cash dividends	681,779	515,720	\$ 0.250	\$ 0.230
Stock dividends	1,224,476	1,105,434	0.449	0.493
	<u>\$ 2,901,787</u>	<u>\$ 2,563,966</u>		

An amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

The Bank had no unrealized revaluation increment, and didn't elect to use the exemptions under IFRS 1 for cumulative translation adjustments; therefore, no special reserve was appropriated on the first-time adoption of Taiwan - IFRSs.

The employees' bonus (in stocks) and the remuneration to directors and supervisors approved in the foregoing shareholders' meetings were NT\$165,761 thousand and NT\$140,970 thousand on the earnings of 2013 and 2012, respectively, and were not different from the accrual amount recognized in the 2013 and 2012 financial reports.

The employees' stock bonus for 2013 of 12,260 thousand shares was determined at NT\$10.14 per share, the closing price of the Bank's ordinary share (after considering the effect of cash and stock dividends) of the day preceding the shareholders' meeting. As a result, the capital surplus of 2014 increased by NT\$1,716 thousand. The employees' stock bonus for 2012 of 9,315 thousand shares was determined at NT\$11.35 per share, the closing price of the Bank's ordinary share (after considering the effect of cash and stock dividends) of the day preceding the shareholders' meeting. As a result, the capital surplus of 2013 increased by NT\$12,575 thousand.

Under the Integrated Income Tax System, ROC-resident shareholders will be allocated imputation credit for the distribution of earnings that the Bank generated after January 1, 1998, the balance of which is maintained in the imputation credits account (ICA). The allocation of imputation credits is based on a creditable tax ratio, which is determined on the dividend ex-right date.

The Bank's foreign shareholders are not entitled to the imputation credits, except those related to the 10% income tax on unappropriated earnings actually paid by the Bank. If dividends distributed to foreign shareholders are from the earnings subject to an additional 10% income tax, the tax can be used by the foreign shareholders to reduce the final withholding tax on their dividends income.

The appropriations of earnings for 2014 had been proposed by the Bank's Board of Directors on March 20, 2015. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve Reversal of special reserve Cash dividends Stock dividends	\$ 1,108,357 (95,903) 1,144,730 	\$ 0.400 0.537
	<u>\$ 3,693,985</u>	

The employees' bonus and the remuneration to directors and supervisors proposed in the foregoing Board of Directors meetings were NT\$174,882 thousand and NT\$58,294 thousand, respectively, on earnings of 2014. The proposed amounts were the same as the estimates made in 2014 according to the Bank's Article of Incorporation. If the actual amounts approved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

The appropriations of earnings, employees' bonus, and the remuneration to directors and supervisors for 2014 are subject to the resolution of the shareholders' meeting to be held on June 16, 2015.

Information on the employees' bonus and the remuneration to directors and supervisors is available on the Market Observations Post System Website of the Taiwan Stock Exchange.

d. Other equity items

Movements of unrealized loss on available-for-sale financial assets under equity attributable to owners of the Bank were as follows:

	For the Year Ended December 31		
	2014	2013	
Balance, beginning of the year	\$ (314,461)	\$ (173,800)	
Unrealized gain (loss) on available-for-sale financial assets Cumulative gain (loss) reclassified to profit or loss on sale of	94,516	(130,621)	
available-for-sale financial assets Share of unrealized gain (loss) on available-for-sale financial	(59,577)	5,268	
assets of associates	9,963	<u>(15,308</u>)	
Balance, ending of the year	<u>\$ (269,599</u>)	<u>\$ (314,461</u>)	

31. NET INTEREST INCOME

	For the Year Ended December 31		
		2014	2013
Interest income			
Discounts and loans	\$	9,943,980	\$ 9,142,527
Credit cards		1,009,197	1,028,807
Due from the Central Bank		589,663	607,783
Bonds		390,261	296,999
			(Continued)

	For the Year Ended December 31		
	2014	2013	
Due from other banks	\$ 126,457	\$ 9,310	
Others	193,850	178,495	
	12,253,408	11,263,921	
Interest cost			
Deposits and remittances	3,347,425	3,311,560	
Automobile financing obligations	2,677,018	2,414,119	
Bank debentures	490,677	475,285	
Due to other banks	204,108	127,584	
Others	<u>154,644</u>	51,006	
	6,873,872	6,379,554	
Net interest income	\$ 5,379,536	\$ 4,884,367 (Concluded)	

32. NET SERVICE FEE INCOME

	For the Year Ended December 31		
	2014	2013	
Service fee income			
Consigned funds and insurance	\$ 1,246,367	\$ 1,244,492	
Credit cards	930,649	952,297	
Credit business	829,629	874,306	
Others	385,678	354,111	
	3,392,323	3,425,206	
Service fee expense			
Visa and Master	122,272	101,664	
Agency service fee	94,233	102,093	
National Credit Card Center fee	82,960	85,029	
Interbank service fee	39,816	35,527	
Credit investigation	39,267	41,682	
Others	99,638	87,903	
	<u>478,186</u>	453,898	
Net service fee income	<u>\$ 2,914,137</u>	<u>\$ 2,971,308</u>	

33. NET GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31		
	2014	2013	
Net interest income	\$ 35,630	\$ 63,406	
Dividends	14,378	8,676	
Realized gains (losses)			
Derivative instruments	(1,394,210)	1,691,011	
Convertible bonds	2,991,013	243,718	
Others	(26,420)	18,634	
	1,570,383	1,953,363	
		(Continued)	

	For the Year Ended December 31		
	2014	2013	
Valuation gains (losses)			
Derivative instruments	\$ (120,382)	\$ (2,236,821)	
Convertible bonds	43,278	1,311,632	
Others	48,641	(2,458)	
	(28,463)	(927,647)	
Net gains	<u>\$ 1,591,928</u>	\$ 1,097,798 (Concluded)	

34. EMPLOYEE BENEFITS EXPENSE

	For the Year Ended December 31		
	2014	2013	
Salaries and bonus	\$ 2,857,058	\$ 2,675,133	
Employees' bonus, remuneration to directors and supervisors	241,178	172,540	
Employee insurance	223,932	206,153	
Human resource service fee	155,681	174,318	
Post-employment benefits	143,537	131,964	
Others	196,294	184,520	
	\$ 3,817,680	\$ 3,544,628	

As of December 31, 2014 and 2013, the Bank and its subsidiaries had 2,635 and 2,600 employees, respectively.

35. DEPRECIATION AND AMORTIZATION

	For the Year End	For the Year Ended December 31		
	2014	2013		
Depreciation Amortization	\$ 180,813 \$ 32,567	\$ 189,220 \$ 41,299		

36. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	For the Year Ended December 31			
		2014		2013
Tax and government fees	\$	581,963	\$	372,018
Advertising		474,629		474,946
Rental		417,716		415,317
Software		177,683		156,865
Telecommunications		169,496		173,559
Others		657,949		625,274
	<u>\$</u>	<u>2,479,436</u>	\$	<u>2,217,979</u>

37. INCOME TAX EXPENSE

a. Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	For the Year Ended December 31		
	2014	2013	
Current tax expense			
Current period	\$ 536,303	\$ 160,097	
Prior years	(25,651)	(2,444)	
·	510,652	157,653	
Deferred tax expense	90,959	344,184	
Income tax expense recognized in profit or loss	<u>\$ 601,611</u>	\$ 501,837	

A reconciliation of accounting income and income tax recognized in profit or loss is as follows:

	For the Year Ended December 31		
	2014	2013	
Income before income tax	<u>\$ 4,296,134</u>	\$ 3,563,107	
Income tax expense calculated at the statutory rate	\$ 747,997	\$ 635,227	
Tax effect of adjusting items:			
Permanent differences	(778,253)	(181,985)	
Temporary differences	65,237	197,824	
Loss carryforwards recognized (used)	1,714	(614,135)	
Additional income tax under the Alternative Minimum Tax Act	483,339	96,386	
Income tax on unappropriated earnings	198	- -	
Overseas branch income tax	16,071	26,780	
Current income tax expense	536,303	160,097	
Adjustments for prior years' tax	(25,651)	(2,444)	
Deferred income tax expense	90,959	344,184	
Income tax expense recognized in profit or loss	<u>\$ 601,611</u>	<u>\$ 501,837</u>	

The potential tax consequences of the additional 10% tax on the 2014 unappropriated earnings will be recognized as income tax expense after the shareholders' meeting in 2015.

b. Deferred tax assets and liabilities

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

For the year ended December 31, 2014

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss			Ending Balance	
Temporary differences Allowance for possible losses in excess of the limit Pension cost in excess of the limit	\$ 380,713 81,345	\$ (8) 657) \$	-	\$ 380,705 82,002 (Continued)	

Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Other	Ending Balance
Unrealized loss on financial instruments Others	\$ 40,054 <u>9,678</u> 511,790	\$ 60,764 25,338 86,751	\$ -	\$ 100,818 35,016 598,541
Unused loss carryforwards	<u>67,724</u> <u>\$ 579,514</u>	<u>(176,491)</u> <u>\$ (89,740)</u>	<u>336,569</u> <u>\$ 336,569</u>	227,802 \$ 826,343 (Concluded)
Deferred Tax Liabilities (Recognized as Other Liabilities)	Beginning Balance	Recognized in Profit or Loss	Other	Ending Balance
Temporary differences Difference in revenue recognition	<u>\$ (10,562)</u>	<u>\$ (1,219)</u>	<u>\$</u>	<u>\$ (11,781)</u>
For the year ended December 31, 2013				
Deferred Tax Assets	Beginning Balance	Recognized in Profit or Loss	Other	Ending Balance
Temporary differences Allowance for possible losses in excess of the limit Pension cost in excess of the limit Unrealized loss (gain) on financial instruments Others	\$ 287,381 81,289 (67,012) 12,380 314,038	\$ 93,332 56 107,066 (2,702) 197,752	\$ - - - -	\$ 380,713 81,345 40,054 9,678 511,790
Unused loss carryforwards Unused investment tax credit	613,741 1,686 \$ 929,465	(538,983) (1,686) \$ (342,917)	(7,034) <u> </u>	67,724
Deferred Tax Liabilities (Recognized as Other Liabilities)	Beginning Balance	Recognized in Profit or Loss	Other	Ending Balance
Temporary differences Difference in revenue recognition	<u>\$ (9,295)</u>	<u>\$ (1,267)</u>	<u>\$ -</u>	<u>\$ (10,562</u>)

c. Items not recognized as deferred tax assets

	December 31		
	2014	2013	
Loss carryforwards			
The Bank			
Expire in 2017	\$ 1,842,760	\$ 1,128,545	
Expire in 2018	1,055,725	Ψ 1,120,545	
Expire in 2010			
	\$ 2,898,485	\$ 1,128,545	
	<u> </u>	<u> </u>	
Far Eastern International Securities Co., Ltd.			
Expire in 2018	\$ 66,641	\$ 66,641	
Expire in 2019	108,343	108,343	
Expire in 2020	53,563	53,563	
Expire in 2021	38,085	38,085	
Expire in 2022	22,380	22,380	
Expire in 2023	10,626	10,935	
Expire in 2024	1,920	<u> </u>	
	<u>\$ 301,558</u>	<u>\$ 299,947</u>	

d. Information about unused loss carryforwards

As of December 31, 2014, loss carryforwards comprised:

Expiry Year	Unused Amount
The Bank	
2017 2018 2021	\$ 1,842,760 (assessed) 2,243,822 (assessed) 133,968 (assessed)
	<u>\$ 4,220,550</u>
Far Eastern International Securities Co., Ltd.	
2018 2019 2020 2021 2022 2023 2024	\$ 66,641 (assessed) 108,343 (assessed) 53,563 (assessed) 38,085 (assessed) 22,380 (assessed) 10,626 (applied) 1,920 (estimated) \$ 301,558
Far Eastern Asset Management Co., Ltd.	
2023 2024	\$ 9,796 (applied) 8,154 (estimated)
	<u>\$ 17,950</u>

e. Integrated income tax

Unappropriated earnings of the Bank were all generated from January 1, 1998.

	December 31		
	2014	2013	
Imputation credits accounts	<u>\$ 273,569</u>	<u>\$ 104,422</u>	

The creditable ratios for the distribution of earnings of 2014 and 2013 were 13.49% (expected) and 16.58%, respectively.

Under the Income Tax Law, for distribution of earnings generated from January 1, 1998, the imputation credits allocated to ROC resident shareholders of the Bank were calculated on the basis of the creditable ratio as of the date of dividend distribution. The actual imputation credits allocated to shareholders of the Bank were based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2014 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance on October 17, 2013, when calculating imputation credits in the year of first-time adoption of Taiwan-IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from the first-time adoption of Taiwan-IFRSs.

f. Income tax assessments

The income tax returns of the Bank, Far Eastern Assets Management Co., Ltd. and Far Eastern International Securities Co., Ltd. through 2012 had been assessed by the tax authorities. The income tax returns of Far Eastern Life Insurance Agency Co., Ltd. and Far Eastern Property Insurance Agency Co., Ltd. through 2013 had been assessed by the tax authorities.

38. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share (EPS) was based on the net income attributable to the Bank's shareholders:

Unit: NTS Per Share

	For the Year En	ded December 31
	2014	2013
Basic EPS	<u>\$ 1.31</u>	<u>\$ 1.24</u>
Diluted EPS	<u>\$ 1.13</u>	<u>\$ 1.14</u>

The weighted average number of ordinary shares outstanding for 2013 EPS calculation was retroactively adjusted for the issuance of stock dividends. The basic and diluted after-tax EPS were adjusted retrospectively as follows:

	Before Adjustment	After Adjustment
Basic EPS	\$ 1.30	\$ 1.24
Diluted EPS	\$ 1.20	\$ 1.14

The net income and weighted average number of ordinary shares outstanding for EPS calculation were as follows:

Net Income for the Year

	For the Year Ended December 31		
	2014	2013	
Net income attributable to owners of the Bank Effect of dilutive potential ordinary shares	\$ 3,694,523	\$ 3,061,270	
Interest and valuation on Euro Convertible Bonds	(82,388)	106,215	
Net income used in the computation of diluted EPS	<u>\$ 3,612,135</u>	<u>\$ 3,167,485</u>	

Weighted Average Number of Ordinary Shares Outstanding (in Thousand Shares)

	For the Year Ended December 3	
	2014	2013
Weighted average number of ordinary shares in the computation of		
basic EPS	2,826,157	2,461,484
Effect of dilutive potential ordinary shares		
Euro Convertible Bonds	336,260	299,230
Employees' bonus	22,500	14,299
Weighted average number of ordinary shares used in the		
computation of diluted EPS	3,184,917	2,775,013

Employees' bonus for the current year should be considered in calculating the weighted-average number of shares outstanding used for calculating diluted EPS. The dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed as employees' bonus at their meeting in the following year.

39. RELATED-PARTY TRANSACTIONS

The Bank and its subsidiaries had business transactions with the following related parties:

Related Party	Relationship with the Bank and Its Subsidiaries
Dah Chung Bills Finance Corp.	Affiliate
Yuan Long Stainless Steel Co., Ltd.	Affiliate of Far Eastern Asset Management Co., Ltd. FEAMC sold all shares in March 2014 (Note 15)
Ding Ding Integrated Marketing Service Co.	Chairman is the vice-chairman of the Bank
Asia Cement Corp.	Chairman is the vice-chairman of the Bank
Far Eastern Department Store Corp.	Chairman is the vice-chairman of the Bank
Yuan Ding Co., Ltd.	Chairman is the vice-chairman of the Bank
Far Eastern Geant Co., Ltd.	Chairman is the vice-chairman of the Bank
Bai Ding Investment Co.	Chairman is the vice-chairman of the Bank
Ding Ding Hotel Co., Ltd.	Chairman is the vice-chairman of the Bank
New Century InfoComm Tech Co., Ltd.	Chairman is the vice-chairman of the Bank
U-Ming Marine Transport Corp.	Chairman is the vice-chairman of the Bank
Far Eastern Electronic Toll Collection Co.	Chairman is the vice-chairman of the Bank
	(Continued)

Related Party

Relationship with the Bank and Its Subsidiaries

Oriental Union Chemical Corporation Yuan Ding Investment Co. Far Eastern New Century Corp. Bai Yang Investment Co. Oriental Securities Corporation (OSC)

Far Eastern International Leasing Corp. (FEIL)

U-Ming Marine Transport (Singapore) Private, Ltd.

U-Ming Marine Transport (Hong Kong) Private, Ltd.

Everest Textile Co., Ltd.

Far Eastern City Super Co., Ltd.

Others

Chairman is the vice-chairman of the Bank
Chairman is the vice-chairman of the Bank
Chairman is the vice-chairman of the Bank
Director of the Board is the vice-chairman of the Bank
Chairman of OSC's major shareholder is the
vice-chairman of the Bank
Chairman of FEIL's major shareholder is the

Chairman of FEIL's major shareholder is the vice-chairman of the Bank

Chairman of parent company is the vice-chairman of the Bank

Chairman of parent company is the vice-chairman of the Bank

Chairman is a second-degree relative of the vice chairman of the Bank

Chairman is a second-degree relative of the vice chairman of the Bank

The Bank's supervisors, managers, chairman, vice-chairman, or their second-degree relatives (Concluded)

The significant transactions and account balances with the above parties (in addition to those disclosed in other notes) are summarized as follows:

a. Loans to other banks

Related Party	Highest Balance in Current Year	Ending Balance	Interest Income	Interest Rates	
Dah Chung Bills Finance Corp.					
For the year ended December 31 2014 2013	\$ 1,800,000 \$ 1,200,000	\$ 900,000 \$ 700,000	\$ 1,124 \$ 871	0.39%-0.65% 0.39%-0.44%	

b. Loans

Category	Related Party	Highest Balance in Current Year	Ending Balance	Normal Loans	Nonperforming Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
For the year ended December 31, 2014							
Certificates of deposit pledge	One individual	\$ 1,310	\$ 1,000	\$ 1,000	s -	Certificates of deposit	Note
Consumer loans	Five individuals	3,006	2,679	2,679	-	Unsecured loan	Note
Loans for residential mortgage	Nineteen individuals	159,082	117,190	117,190	-	Real estate	Note
Others	Yuan Long Stainless Steel Co., Ltd.	1,890,000	1,865,000	1,865,000	-	Real estate and machinery	Note
	Far Eastern International Leasing Corp.	847,000	800,000	800,000	-	Real estate	Note
	U-Ming Marine Transport Corp.	700,000	700,000	700,000	-	Listed stock	Note
	Yuan Ding Co., Ltd.	500,000	200,000	200,000	-	Unquoted stock	Note
	Far Eastern New Century Corp.	607,595	10,212	10,212	-	Machinery	Note
	Asia Cement Corp.	750,000	-	-	-	Listed stock	Note
	Bai Ding Investment Co.	286,000	-	-	-	Listed, OTC and unquoted stock	Note

(Continued)

Category	Related Party	in	est Balance Current Year		Ending salance	Nor	mal Loans		performing Loans	Collateral	Transactions Terms Different from Those for Unrelated Parties
	Bai Yang Investment Co. Far Eastern Department Store Corp.	\$	204,000 200,000	\$	-	\$	-	\$	-	Unquoted stock Listed, OTC and unquoted stock	Note Note
	Yuan Ding Investment Co.		200,000		_		_			Unquoted stock	Note
	Far Eastern Geant Co., Ltd.		200,000		_		_		-	Real estate	Note
	Everest Textile Co., Ltd.		95,034		_		_		-	Real estate	Note
	Oriental Securities Corporation		90,000					_		Certificates of deposit	Note
				\$ 3	3,696,081	\$	3,696,081	S			
For the year ended December 31, 2013											
Consumer loans	Three individuals		1.332	s	1.012	\$	1.012	S	_	Unsecured loan	Note
Loans for residential mortgage	Thirteen individuals		90,502		79,936		79,936		-	Real estate	Note
Others	Yuan Long Stainless Steel Co., Ltd.	1	1,845,000	1	,845,000		1,845,000		-	Real estate and machinery	Note
	Far Eastern International Leasing Corp.		847,000		650,000		650,000		-	Real estate	Note
	Yuan Ding Co., Ltd.		450,000		120.000		120.000		_	Unquoted stock	Note
	Far Eastern New Century Corp.		616,777		12,220		12,220		-	Machinery	Note
	Asia Cement Corp.		800,000		-				-	Listed and OTC stock	Note
	Bai Ding Investment Co.		500,000		-		-		-	Listed, OTC and unquoted stock	Note
	Bai Yang Investment Co.		383,000		-		-		-	Unquoted stock	Note
	Far Eastern Geant Co., Ltd.		200,000		-		-		-	Real estate	Note
	Yuan Ding Investment Co.		200,000		-		-		-	Unquoted stock	Note
	U-Ming Marine Transport Corp.		200,000		-		-		-	Listed stock	Note
	Everest Textile Co., Ltd.		194,305	_		_		_		Real estate	Note
				<u>s</u> 2	2,708,168	<u>s</u> :	2,708,168	<u>S</u>	<u>-</u>	40	

(Concluded)

Note: The terms of the loans were no superior to those for unrelated parties.

	Interest Rate	Interest Income
For the year ended December 31		
2014	1.10%-3.28%	<u>\$ 39,464</u>
2013	1.08%-2.38%	<u>\$ 41,468</u>

c. Guarantees

Related Party	Highest Balance in Current Year	Ending Balance	Reserve for Guarantee Obligations	Interest Rate	Collateral	
For the year ended December 31, 2014						
Oriental Union Chemical Corporation Ding Ding Hotel Co., Ltd. Yuan Long Stainless Steel Co., Ltd. Yuan Ding Co., Ltd. Everest Textile Co., Ltd. Far Eastern City Super Co., Ltd.	\$ 130,000 48,000 60,000 12,200 18,324 3,000	\$ 130,000 48,000 30,000 9,200 5,810 3,000 \$ 226,010	\$ 1,300 480 300 92 58 30 \$ 2,260	0.40% 0.50% 0.60% 0.50% 0.75% 0.60%	Listed stock Certificates of deposit Real estate and machinery Unquoted stock Real estate Certificates of deposit	
For the year ended December 31, 2013						
Ding Ding Hotel Co., Ltd. Yuan Long Stainless Steel Co., Ltd. Everest Textile Co., Ltd. Yuan Ding Co., Ltd. Far Eastern City Super Co., Ltd.	43,000 60,000 311,676 11,000 3,000	\$ 38,000 30,000 12,514 11,000 3,000 \$ 94,514	\$ 190 150 63 55 15 \$ 473	0.50% 0.60% 0.75% 0.50% 0.60%	Certificates of deposit Real estate and machinery Real estate Unquoted stock Certificates of deposit	

d. Letters of credit issued

December 31 2014 2013

Everest Textile Co., Ltd.

\$ 28,163

\$ 70,934

e. Security transactions - buy and sell

	Held for	Trading	Available	-for-sale	Short	Sales	Resale Agreement -	Repurchase Agreement -	
	Buy	Sell	Buy	Sell	Buy	Sell	Bonds	Bonds	
Dah Chung Bills Finance Corp.									
For the year ended December 31 2014 2013	\$ 1,100,000 \$ 2,050,000	\$ 2,000,000 \$ 1,350,000	\$ 100,000 \$ 50,000	<u>s -</u>	<u>s</u> 100,000	\$ 50,000 \$ 200,000	\$ 370,156,386 \$ 123,751,482	\$ 1,471,135 \$ 349,828	

f. Derivative financial instruments

	Derivative financial Contract Nominal Valuation		Valuation	Balance Sheet		
Related Party	Instrument	Period	Amount	Gain (Loss)	Account	Balance
For the year ended December 31, 2014						
Asia Cement Corp.	Cross-currency swap	2013.05.17 - 2016.05.10	\$ 951,540	\$ (7,179)	Financial liabilities at fair value through profit or loss	\$ 49,661
U-Ming Marine Transport Corp.	Cross-currency swap	2014.04.07 - 2015.12.15	6,660,780	(10,728)	Financial liabilities at fair value through profit or loss	320,861
U-Ming Marine Transport (Hong Kong) Private, Ltd.	Cross-currency swap contracts	2014.03.27 - 2015.04.10	222,026	66	Financial liabilities at fair value through profit or loss	592
U-Ming Marine Transport (Singapore) Private, Ltd.	Interest rate swap contracts	2012.10.25 - 2022.10.25	1,026,870	(14,813)	Financial liabilities at fair value through profit or loss	15,800
	Cross-currency swap contracts	2014.03.31 - 2015.04.15	1,237,002	(317)	Financial assets at fair value through profit or loss Financial liabilities at fair	675 2,354
Far Eastern New Century	Forward exchange	2014.11.05 -	378,081	487	value through profit or loss Financial assets at fair value	1,725
Corp.	contracts	2015.03.27			through profit or loss Financial liabilities at fair value through profit or loss	5,875
	Currency option contracts	2014.11.17 - 2015.03.20	295,515	(769)	Financial liabilities at fair value through profit or loss	762
New Century InfoComm Tech Co., Ltd.	Foreign-currency swap contracts	2014.12.10 - 2015.03.12	158,590	2,707	Financial assets at fair value through profit or loss	2,207
Dah Chung Bills Finance Corp.	Convertible bond asset swap contracts	2013.06.07 - 2017.09.02	390,000	14,656	Financial assets at fair value through profit or loss	59,271
					Financial liabilities at fair value through profit or loss	2,450
For the year ended December 31, 2013						
Asia Cement Corp.	Cross-currency swap contracts	2011.03.28 - 2016.05.10	9,134,750	119,911	Financial assets at fair value through profit or loss	14,056
					Financial liabilities at fair value through profit or loss	99,748
U-Ming Marine Transport Corp.	Cross-currency swap contracts	2013.04.26 - 2014.11.07	6,648,900	15,922	Financial assets at fair value through profit or loss	4,870
****		2012 10 25	0.00.621	(0.55)	Financial liabilities at fair value through profit or loss	41,453
U-Ming Marine Transport (Singapore) Private, Ltd. Far Eastern New Century	Interest rate swap contracts	2012.10.25 - 2022.10.25	969,631	(957)	Financial liabilities at fair value through profit or loss Financial assets at fair value	987
Corp.	Forward exchange contracts	2013.11.04 - 2014.04.07	787,683	(4,509)	through profit or loss Financial liabilities at fair	7,446 12,083
New Century InfoComm	Foreign-currency	2013.12.25 -	149,750	(1,485)	value through profit or loss Financial liabilities at fair	500
Tech Co., Ltd. Dah Chung Bills Finance	swap contracts Convertible bond	2014.01.10 2011.01.04 -	348,000	44,308	value through profit or loss Financial assets at fair value	43,037
Corp.	asset swap contracts	2016.12.20			through profit or loss	972
					Financial liabilities at fair value through profit or loss	872

g. Deposits

	December 31, 2014		December	r 31, 2013
	Amount	Interest Rate	Amount	Interest Rate
Deposits of related parties (each account balance did not exceed 5% of total deposits)	<u>\$ 34,947,014</u>	0%-6.36%	<u>\$ 33,539,756</u>	0%-6.36%
]	For the Year Endo	ed December 31
		_	2014	2013
Interest cost			<u>\$ 354,296</u>	<u>\$ 381,459</u>

h. Operating expenses

	For the Year Ended December 31			
	2014		2013	
	Amount	% to Total	Amount	% to Total
Advertising expense - Ding Ding Integrated		•	* 406.20 =	
Marketing Service Co. Advertising expense - Far Eastern Department	\$ 211,011	3	\$ 196,307	3
Store Corp. Advertising expense - Far Eastern Electronic	71,023	1	37,955	1
Toll Collection Co.	39,535	1	246	_
Rental - Yuan Ding Co., Ltd. Telecommunications - New Century	70,992	1	62,054	1
InfoComm Tech Co., Ltd.	43,884	1	45,805	1
	<u>\$ 436,445</u>	7	<u>\$ 342,367</u>	6

The Bank rented part of its office premises from Yuan Ding Co., Ltd. Based on the lease agreements, the rents were payable monthly.

i. Compensation of key management personnel

	For the Year Ended December 31		
	2014	2013	
Short-term employee benefits Post-employment benefits	\$ 175,453 2,803	\$ 140,313 2,085	
	<u>\$ 178,256</u>	<u>\$ 142,398</u>	

The compensation of key management personnel was determined by reference to a comprehensive consideration of the market level of payments in banking industry, individual performance, the Bank's long-term operating performance and future operational risk, etc. The remuneration committee evaluated the reasonableness of the compensation of management, and submitted recommendations to the Board of Directors.

40. PLEDGED ASSETS

	December 31		
	2014	2013	
Due from the Central Bank and other banks - certificates of deposit Available-for-sale financial assets - domestic government bonds	\$ 7,600,000 4,145,300	\$ 4,000,000 <u>2,625,000</u>	
	<u>\$ 11,745,300</u>	\$ 6,625,000	

The certificates of deposit issued by the Central Bank have been pledged as collaterals to back the extension of intraday credit in the Central Bank's real-time gross settlement system. The balance of intraday credit and the amount of collateral may vary at any time. The domestic government bonds had been provided as the reserve for compensation of trust department as well as security bond for provisional seizures of the debtors' properties.

41. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in Note 45, the Bank and its subsidiaries' contingency liabilities and commitments resulting from operating activities as of December 31, 2014 and 2013 are summarized as follows:

a. Operating leases

The maturity analysis of rental payments under non-cancellable operating leases was as follows:

	December 31			
	2014	2013		
Within one year After one year but within five years After five years	\$ 369,682 773,617 91,556	\$ 341,143 611,766 106,588		
	<u>\$ 1,234,855</u>	<u>\$ 1,059,497</u>		

b. Balance sheets and income statements of trust accounts and trust assets lists were as follows:

Balance Sheets of Trust Accounts

	December 31		
	2014	2013	
<u>Assets</u>			
Deposits in banks	\$ 6,924,007	\$ 6,906,582	
Accounts receivable	13,479	11,372	
Prepayment	4,549	3,714	
Funds	43,481,540	40,020,561	
Equity stocks	5,314,094	5,465,302	
Real estate, net	1,249,088	395,188	
Marketable securities in custody	3,436,630	2,543,801	
Others	553,127	307,364	
	<u>\$ 60,976,514</u>	\$ 55,653,884 (Continued)	

	December 31		
	2014	2013	
<u>Liabilities</u>			
Payables	\$ 1,287	\$ 2,696	
Income tax payable	226	134	
Marketable securities in custody payable	3,436,630	2,543,801	
Trust capital	56,410,576	51,669,151	
Reserve and earnings	1,127,795	1,438,102	
	\$ 60,976,514	\$ 55,653,884 (Concluded)	

Income Statements of Trust Accounts

	For the Year Ended December 31		
	2014	2013	
Trust revenue			
Interest	\$ 42,318	\$ 36,572	
Cash dividends	1,631,075	1,404,805	
Realized investment gain	125,886	112,495	
Unrealized investment gain	123,660	598,885	
S .	1,301		
Revenue from stock lending Others	,	2,875	
Others	35,937	2,789	
T4	1,836,517	2,158,421	
Trust expenses	20.266	25.005	
Management	30,366	35,095	
Supervision	356	309	
Service charges	14,894	4,607	
Taxes	8,529	507	
Service fee for stock affairs	21	48	
Service fee for stock lending	8	15	
Unrealized investment loss	361,687	_	
	415,861	40,581	
Income before tax	1,420,656	2,117,840	
Income tax	11,632	11,283	
Net income	<u>\$ 1,409,024</u>	<u>\$ 2,106,557</u>	

Trust Asset Lists

	December 31		
	2014	2013	
Deposits in banks	\$ 6,924,007	\$ 6,906,582	
Accounts receivable	13,479	11,372	
Prepayment	4,549	3,714	
Funds	43,481,540	40,020,561	
Equity stocks	5,314,094	5,465,302	
• •		(Continued)	

	December 31			
	2014	2013		
Real estate, net				
Land	\$ 489,848	\$ 219,799		
Building	45,190	43,728		
Construction in progress	714,050	131,661		
Marketable securities in custody	3,436,630	2,543,801		
Others	553,127	307,364		
	\$ 60,976,514	\$ 55,653,884 (Concluded)		

As of December 31, 2014 and 2013, funds amounting to NT\$899,990 thousand and NT\$889,572 thousand, respectively, had been recognized in the OBU's books as investments in overseas securities through Non-discretionary Pecuniary Trust of the OBU.

42. SIGNIFICANT LOSSES FROM DISASTER

None.

43. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31						
		2014			2013		
	Foreign		New Taiwan	Foreign		New Taiwan	
	Currencies	Exchange Rate	Dollars	Currencies	Exchange Rate	Dollars	
Financial assets							
Monetary items							
USD	\$ 2,530,818	31.718	\$ 80,272,425	\$ 2,053,888	29.95	\$ 61,513,812	
HKD	1,056,777	4.090	4,322,214	1,363,522	3.862	5,265,919	
CNY	1,448,012	5.103	7,389,205	333,937	4.948	1,652,319	
AUD	71,102	25.98	1,847,227	72,729	26.71	1,942,597	
ZAR	395,536	2.74	1,083,765	2,763	2.85	7,875	
JPY	3,443,101	0.2650	912,422	4,818,742	0.2852	1,374,305	
EUR	22,247	38.55	857,640	21,199	41.28	875,094	
GBP	5,670	49.36	279,895	4,302	49.54	213,136	
NZD	9,151	24.87	227,575	8,119	24.60	199,737	
CAD	4,286	27.32	117,087	5,529	28.14	155,582	
SGD	794	23.98	19,030	10,973	23.68	259,842	
Financial liabilities							
Monetary items							
USD	2,315,855	31.718	73,454,287	1,988,085	29.95	59,543,107	
CNY	1,480,170	5.103	7,553,306	335,990	4.948	1,662,476	
HKD	1,053,730	4.090	4,309,755	1,340,519	3.862	5,177,083	
AUD	80,277	25.98	2,085,597	77,398	26.71	2,067,309	
ZAR	396,079	2.74	1,085,256	78	2.85	221	
JPY	3,423,630	0.2650	907,262	4,809,643	0.2852	1,371,710	
EUR	22,156	38.55	854,113	21,196	41.28	874,976	
GBP	5,675	49.36	280,114	4,307	49.54	213,353	
NZD	9,067	24.87	225,488	8,134	24.60	200,102	
CAD	4,244	27.32	115,950	5,520	28.14	155,319	
SGD	808	23.98	19,377	10,800	23.68	255,747	

44. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

None.

45. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

	December 31					
	20	20	013			
	Carrying		Carrying			
	Amount	Fair Value	Amount	Fair Value		
<u>Financial assets</u>						
Cash and cash equivalents	\$ 8,084,621	\$ 8,084,621	\$ 4,348,619	\$ 4,348,619		
Due from the Central Bank and						
other banks	78,125,478	78,125,478	88,876,281	88,876,281		
Financial assets at fair value						
through profit or loss	25,944,211	25,944,211	18,795,444	18,795,444		
Derivative financial assets for						
hedging	40,439	40,439	111,034	111,034		
Securities purchased under resale						
agreements	14,385,710	14,385,710	23,006,325	23,006,325		
Receivables, net	19,664,258	19,664,258	20,671,269	20,671,269		
Discounts and loans, net	319,176,466	319,176,466	292,517,032	292,517,032		
Available-for-sale financial assets	30,518,170	30,518,170	21,735,693	21,735,693		
Held-to-maturity financial assets	3,991,084	4,008,076	3,105,972	3,122,487		
Debt investments with no active						
market	6,971,873	6,971,873	8,477,868	8,477,868		
Financial assets measured at cost	176,229	176,229	101,379	101,379		
Other financial assets, net	7,663,506	7,663,498	2,647,143	2,647,126		
Financial liabilities						
Due to the Central Bank and other						
banks	11,496,870	11,496,870	13,782,129	13,782,129		
Financial liabilities at fair value						
through profit or loss	11,055,294	11,055,294	7,288,065	7,288,065		
Derivative financial liabilities for						
hedging	5,204	5,204	12,631	12,631		
Securities sold under repurchase						
agreements	4,391,451	4,391,451	1,299,471	1,299,471		
Payables	5,596,002	5,596,002	13,502,992	13,502,992		
Deposits and remittances	423,242,417	423,242,417	398,305,940	398,305,940		
Bank debentures (applying hedge						
accounting)	3,935,235	3,935,235	4,698,403	4,698,403		
Bank debentures (not applying						
hedge accounting)	21,544,514	21,544,514	22,405,482	22,405,482		
Other financial liabilities	2,874,070	2,874,070	761,020	761,020		

b. Financial instruments not measured at fair value

The methods and assumptions used to estimate the fair values of financial instruments not measured at fair value for the Bank and its subsidiaries are as follows:

 The carrying amounts of the following short-term financial instruments approximate their fair value because of their short maturities: Cash and cash equivalents; due from the Central Bank and other banks; securities purchased under resale agreements; receivables, net; due to the Central Bank and other banks; securities sold under repurchase agreements and payables.

- 2) For held-to-maturity financial assets with quoted market prices, their fair values are determined in an active market. For held-to-maturity financial assets with no quoted market prices, their fair values are determined using counterparty quotes or evaluation methods.
- 3) Discounts and loans, deposits, bank debentures and principal of structured notes are interest-earning assets or interest-bearing liabilities. Their carrying amounts approximate their fair values. The fair values of nonaccrual loans and acquired receivables are based on their carrying amounts, net of allowance for possible losses.
- 4) Financial assets measured at cost are investments in stocks with no quoted prices in any active market. Thus, the fair values of these assets are not measured reliably.

c. Financial instruments measured at fair value

- 1) The definition of three levels of financial instruments at fair value
 - a) Level 1 inputs are observable inputs that reflect quoted prices for identical financial instruments in an active market. A market is active if it has these characteristics: Products traded in the market are homogeneous; willing buyers and sellers can be found immediately and the price information is publicly available. Domestic government bonds, Listed and OTC stocks, beneficiary certificates, domestic convertible bonds, foreign floating rate notes and derivative instruments with quoted prices in active markets are categorized into Level 1.
 - b) Level 2 inputs are observable inputs other than quoted prices for identical assets or liabilities in active markets, including direct inputs (such as market prices) or indirect inputs (such as prices derived from market prices). The fair values of commercial paper, negotiable certificates of deposit, foreign convertible bonds and most derivative instruments are categorized into Level 2.
 - c) Level 3 inputs are unobservable items such as inputs derived through extrapolation or interpolation and thus cannot be corroborated by observable market data. Some derivative instruments are categorized into Level 3.
- 2) The fair value hierarchy of financial instruments was as follows

		Decembe	r 31, 2014	
Financial Instruments	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss Held for trading Bonds investments Equity investments Others	\$ 2,026,165 287,779 158,729	\$ 2,026,165 287,779 158,729	\$ - -	\$ - - -
Financial assets designated as at fair value through profit or loss Convertible bonds	12 066 720	12 066 720		
Available-for-sale	13,066,738	13,066,738	-	-
Bonds investments	18,291,753	18,291,753	-	-
Bills investments	11,399,230	-	11,399,230	-
Equity investments	827,187	827,187	-	(Continued)

		Decembe	r 31, 2014	
Financial Instruments	Total	Level 1	Level 2	Level 3
Derivative financial instruments				
<u>Assets</u>				
Financial assets at fair value through profit or loss Held for trading Derivative instruments held for hedging	\$ 10,404,800 40,439	\$ - -	\$ 10,321,048 40,439	\$ 83,752
Liabilities				
Financial liabilities at fair value through profit or loss Derivative instruments held for hedging	(11,055,294) (5,204)	<u>-</u>	(10,774,810) (5,204)	(280,484)
	<u>\$ 45,442,322</u>	<u>\$ 34,658,351</u>	<u>\$ 10,980,703</u>	<u>\$ (196,732)</u> (Concluded
		Decembe	r 31, 2013	
Financial Instruments	Total	Level 1	Level 2	Level 3
Nonderivative financial instruments				
<u>Assets</u>				
Financial assets at fair value through profit or loss Held for trading				
Bonds investments Equity investments Others Financial assets designated as at fair	\$ 1,617,257 332,666 149,162	\$ 1,617,257 332,666 149,162	\$ - - -	\$ - - -
value through profit or loss Convertible bonds	12,039,304	12,030,369	8,935	-
Available-for-sale Bonds investments Bills investments Equity investments	14,863,316 5,762,840 1,109,537	14,863,316 - 1,109,537	5,762,840	-
Derivative financial instruments	1,107,557	1,107,557	_	_
Assets				
Financial assets at fair value through				
profit or loss Held for trading	4,657,055	-	4,571,329	85,726
Derivative instruments held for hedging	111,034	-	111,034	-
<u>Liabilities</u>				
Financial liabilities at fair value through profit or loss	(7,288,065)	-	(6,831,718)	(456,347)
Derivative instruments held for hedging	(12,631)	_	(12,631)	
	<u>\$ 33,341,475</u>	<u>\$ 30,102,307</u>	\$ 3,609,789	<u>\$ (370,621)</u>

3) Movement of Level 3 financial assets

December 31, 2014

			Increase in the	Current Year	Decrease in the	Current Year	
Item	Beginning Balance	Valuation	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	Ending Balance
Financial assets at fair value through profit or loss Held for trading - derivative							
financial instruments	\$ 85,726	\$(11,736)	\$ 26,411	\$ -	\$ 16,649	\$ -	\$ 83,752

December 31, 2013

			Increase in the	Current Year	Decrease in the	Current Year	
Item	Beginning Balance	Valuation	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	Ending Balance
Financial assets at fair value through							
profit or loss							
Held for trading - derivative							
financial instruments	\$ 178,293	\$ (71,362)	\$ 39,121	\$ -	\$ 57,121	\$ 3,205	\$ 85,726

4) Movement of Level 3 financial liabilities

December 31, 2014

			Increase in the	Current Year	Decrease in the	Current Year	
Item	Beginning Balance	Valuation	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	Ending Balance
Financial liabilities at fair value							
through profit or loss							
Derivative financial instruments	\$ 456,347	\$ (179,498)	\$ 10,912	\$ -	\$ 7,277	\$ -	\$ 280,484

December 31, 2013

			Increase in the	Current Year	Decrease in the	Current Year	
Item	Beginning Balance	Valuation	Purchase or Issue	Transfer-in	Sale, Disposition or Settlement	Transfer-out from Level 3	Ending Balance
Financial liabilities at fair value through profit or loss Derivative financial instruments	\$ 67,309	\$ (37,772)	\$ 439,516	\$ -	\$ 5,387	\$ 7,319	\$ 456,347

5) Transfers between Level 1 and Level 2

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2014 and 2013.

6) The sensitivity analysis of reasonably possible alternative assumptions for fair value measurements categorized within Level 3

The Bank's fair value measurement of the financial instruments is reasonable; nevertheless, changes in the fair value measurement parameters may result in different measurement results. Had the valuation parameters for financial instruments categorized within Level 3 been 0.01% higher/lower, the impact on the profit or loss for the year would have been as follows:

		Impact on Gai	ins and Losses	
Item	Decembe	r 31, 2014	Decembe	r 31, 2013
	Favorable	Unfavorable	Favorable	Unfavorable
<u>Assets</u>				
Financial assets at fair value through profit or loss Held for trading - derivative financial instruments	\$ 1,872	\$ (2,031)	\$ 1,557	\$ (1,557)
<u>Liabilities</u>				
Financial liabilities at fair value				
through profit or loss				
Derivative financial				
instruments	1,917	(1,917)	1,953	(2,402)

The favorable and unfavorable movement refers to the fluctuation of fair values, which is calculated on the basis of valuation techniques involving the use of input parameters. However, the table above does not reflect the correlation between input parameters and their volatility.

d. Evaluation methods for financial instruments measured at fair value

When the Bank and its subsidiaries determine the fair value of financial instruments, they consider the market. If the market is active, then the fair value of the instruments will be consistent with quoted market prices. If the market is not active, then the fair value will be estimated by using a valuation model that is widely adopted by market participants or by referring to counterparties' quotes or to parameters based on conditions and characteristics of financial instruments that are similar to those of the Bank and its subsidiaries' instruments. Quotes may be obtained from the OTC Exchange, Reuters, Bloomberg and others.

For financial instruments with fair values calculated using a valuation model, the evaluation department determines the scope of the financial instruments to which the valuation model will be applied and assesses the impact of any model uncertainty. In its assessment, the evaluation department considers the following:

- 1) The consistency and adequacy of the market parameters used in the valuation;
- 2) The appropriateness of the valuation model in light of the assumptions to be used, the internal control and risk management framework, and the degree of mathematical expertise required for an independent unit to make the valuation;
- 3) Reliability of price information and other parameters used in the valuation and any model adjustments to be made on the basis of current market conditions.

46. FINANCIAL RISK MANAGEMENT

a. Overview

The Bank's risk management policy is to form a risk management-oriented culture, and to use both qualitative and quantitative indexes from internal and external risk management regulations as operating strategies.

The Bank has set up an independent risk control department to implement and monitor risk management policies.

The Bank's risk management policies are established to identify and measure the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and adherence to limits, and to achieve the target profit.

b. Risk management framework

The Board of Directors, the highest decision department of the Bank, has overall responsibility for the establishment and oversight of the Bank's risk management framework.

Asset and Liability Management Committee and Risk Management Committee have been formed to examine and manage the Bank's risks, to assess the execution of risk management and to evaluate risk tolerance. The general manager is the convener, and is responsible for appointing members of committees.

Furthermore, the Bank has an independent Risk Management Department comprising of corporate banking and consumer banking groups which directly manage credit extension risks with regard to their respective areas: Corporate banking, financial markets, individual banking, consumer banking and credit card business groups. For integrated risk management, each business unit of the Bank is required to present, first, to the Risk Management Department for review and then to the Bank's top management for approval, all the related documents, including the credit extension principles and procedures, new product development, levels and degree of authorization, etc.

The Internal Audit Department undertakes regular reviews of risk management controls and procedures, including risk management framework, operating procedures of risk management, and provides timely suggestion and improvement.

c. Credit risk

1) Definition and scope of credit risk

Credit risk is the risk of financial loss to the Bank if a borrower, issuer or counterparty to a financial instrument fails to meet its contractual obligations due to its credit deterioration or other factors, such as a dispute between the borrower and its counterparty.

Credit risk includes all risks derived from on- and off-balance sheet business, and all credit risk related to products, businesses and positions.

2) Management policies on credit risk

The Bank shall identify risk factors and consider appropriate risk evaluation and control process prior to taking the existing or new business. For all credit risks identified on- and off-balance sheet, adequate credit limits are set based on the same borrower, counterparty, related party, group, or industry. The Bank shall establish review mechanism to track and assess changes in each borrower's or issuer's financial position; regularly assess and manage asset quality, also strengthen the management of unusual borrowers and make appropriate allowance for possible losses if applicable.

The credit risk management processes and valuation methods for credit extension (including loan commitments and guarantees) are as follows:

a) Classification of credit assets

Credit assets are grouped into 5 different categories according to the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans." Normal credit assets shall be classified as "Category One", the remaining credit assets shall be further classified based on the collateral for loans and past due status as follows: Category Two- Special Mention loans; Category Three-Substandard; Category Four- Doubtful, and Category Five -Unrecoverable. Moreover, the Bank establishes internal requirements, such as the "Principles Governing the Procedures to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans," to manage problematic credit extension and credit collection and management.

b) Credit quality

Discounts and loans and receivables

The Bank sets credit quality grades according to product features, business types, operating conditions, collaterals and credit rating. Credit risk from corporate banking is categorized according to the business types, collaterals, credit rating and financial position of borrowers; credit risk from consumer banking is assessed on a case-by-case basis, except for unsecured loans and credit card products, which are assessed by internal credit rating models.

Interbank facilities, derivative financial instruments and investments in debt instruments

Total trading limits are determined each year by reference to financial institutions' operating results, credit rating, rating on THE BANKER, net worth and background of shareholders, with summaries submitted to the Credit Committee, and to the Managing Directors for approval. In the month following the end of each quarter, reports on transaction limits for each financial institution and the quarterly balance are submitted to Credit Committee, and then to the general manager for approval.

Derivative financial instruments transactions entered into counterparties from banking sectors are those categorized as investment grade, and they are controlled using relevant transaction limits for each counterparty. For individual counterparty, its credit exposure is controlled using the limits placed on derivative instruments by both amounts and terms in the general credit approval process.

Credit risk for debt instruments is carried out by identifying the risk using the credit rating received external institutions, credit quality, geographic situations and counterparty credit risk.

3) Credit risk hedging and mitigation policies

- a) The terms of credit facilities are determined in the light of assessments of probability and amounts of default and collateral and guarantees are obtained, including bank deposit receipts, securities (such as treasury securities, government bonds, bank debentures, stocks and bonds guaranteed by financial institutions) and real estate such as land and buildings. Listed and OTC stocks are marked to market day to day, and changes in the value of their collaterals are monitored all the time; values of land and buildings are examined every time the contract is renewed.
- b) Reduce loans to non-target customers to mitigate credit risk.
- c) Understand, control and monitor risks on a timely basis via credit limits prior to the credit being committed to customers, restrictive clauses in contracts, loans management, review mechanism to view changes of each case. Understand credit portfolios and overall credit risks the use of periodic reports and feedbacks.
- d) According to the Bank's "Principles for Acceptance and Disposal of Collaterals," collateral of nonperforming loans secured through compulsory enforcement or participating distribution, if the minimum auction price or liquidation price of the collateral is too low and damage the Bank's credit right, the Bank will participate in the auction or declare to undertake, for example, the minimum auction price is too low to compensate the principal and interest of loans but the collateral is not difficult to dispose in the future. For collaterals tender or undertaken, the Bank should actively seek buyers, and if the collateral is real estate, the Bank should dispose of it within the period prescribed under the Banking Law.

e) Netting arrangement

Most of the Bank's transactions are settled on a gross basis; however, it sometimes enters into transactions to settle on a net basis, or enters into netting arrangements to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis to further reduce its credit risk.

4) The maximum credit exposure

The carrying amount represents the Bank's maximum exposure to credit risk of the on-balance sheet assets, without taking into account of the collaterals held or other credit enhancements. The amounts of the maximum credit exposure of the irrevocable off-balance commitments and guarantees, without taking into account the collaterals held, other credit enhancements were as follows:

	Decem	ber 31
	2014	2013
Unused portion of credit card lines	\$ 155,093,979	\$ 149,696,272
Financial guarantees and standby L/Cs	14,961,059	13,386,770
Irrevocable loan commitments	13,762,549	10,906,749

5) Concentrations of credit risk

The concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaging in similar business activities and having similar economic features. The similarity would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Bank's concentrations of credit risk by industry, geography and type of collaterals were as follows:

a) By industry

The Bank's loans had no significant concentration risk of the Bank's loans in a single customer or counterparty, but there were some risks in relation to specific industries, as follows:

			Decem	ber	31	
Credit Risk Profile by Industry		2014			2013	
Sector		Amount	%		Amount	%
Manufacturing	\$	44,775,530	14	\$	37,669,346	13
Finance and insurance		30,536,243	9		24,137,512	8
Transportation and warehousing	_	14,239,713	4	_	13,097,447	4
	\$	89,551,486	27	\$	74,904,305	<u>25</u>

b) By geography

The main businesses and customers of the Bank are in Taiwan; therefore, there is no significant geographic concentration risk.

c) By type of collaterals

		Decem	iber 31	
	2014		2013	
Type of Collaterals	Amount	%	Amount	%
Unsecured Secured	\$ 98,869,296	31	\$ 87,963,079	30
Real estate	167,773,667	51	152,903,889	51
Movable property	36,270,930	11	35,848,045	12
Financial collateral	15,382,835	5	14,076,860	5
Others	5,637,875	2	5,988,639	2
	<u>\$ 323,934,603</u>	100	\$ 296,780,512	100

6) Continually assess the credit quality and any impairment of financial assets

Some of the financial assets held by the Bank and its subsidiaries, such as cash and cash equivalents, due from the central bank and other banks, financial assets at fair value through profit or loss, securities purchased under resale agreements, refundable deposits and operating deposits, are assessed with low credit risk due to the good credit rating of their counterparties.

An analysis of credit quality of financial assets other than those listed above is shown below:

a) Credit quality analysis of discounts and loans and receivables

		Neither Past	r Past due Nor Impaired Amount	d Amount					Allowance for Po	llowance for Possible Losses (D)	
December 31, 2014	Excellent	Good	Moderate	Special Mention Subtotal (A)	Subtotal (A)	Past due but not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	With Objective Evidence of Individual Impairment	Without Objective Evidence of Individual	Net Amount (A)+(B)+(C)-(D)
Discounts and loans Receivables	\$ 182,339,823 \$ 83,907,9	53	\$ 48,756,863	8 355,869	٠,	§ 315,360,508 \$ 3,990,577 \$ 4,583,518 \$ 323,934,603 \$ 1,023,338 \$ 3,734,799	\$ 4,583,518	\$ 323,934,603	\$ 1,023,338	8 3,734,799	\$ 319,176,466
Credit card	5,591,571	2,383,864	4,992,408	43,440	13,011,283	267,762	2,005,522	_	538,873	36,436	14,709,258
Others	244,463		1,433,923	-	2,091,642	10,539	-	2,102,181	-	21,528	

		Neither Pas	er Past due Nor Impaired Amount	ed Amount					Allowance for Possible Losses (D	ssible Losses (D)	
December 31, 2013	Excellent	Good	Moderate	Special Mention	Subtotal (A)	Past due but not Impaired Amount (B)	Impaired Amount (C)	Total (A)+(B)+(C)	With Objective Evidence of Individual Impairment	Without Objective Evidence of Individual Impairment	ate Special Mention Subtotal (A) Amount (B) Amount (C) (A)+(B)+(C) Inpairment Impairment With Objective With Objective Objectiv
Discounts and loans Receivables	\$ 164,846,308	164,846,308 \$ 75,058,919	\$ 46,68	\$ 307,963	\$ 286,899,538	\$ 4,771,292	\$ 5,109,682	\$ 296,780,512	\$ 1,161,558	\$ 3,101,922	\$ 292,517,032
Credit card	5,644,156	2,265,984	4,972,301	44,201	12,926,642	324,389	2,348,091	15,599,122	561,742	68,789	14,968,591
Others	62,826		2,076,533	•	2,539,219	5,952	490,36			16,879	2,589,013

b) An analysis of credit quality of discounts and loans neither past due nor impaired by business types

Docombon 21, 2014		Neith	er Past due Nor Imp	paired	
December 31, 2014	Excellent	Good	Moderate	Special Mention	Total
Corporate banking					
Secured	\$ 22,523,707	\$ 15,039,944	\$ 3,723,746	\$ 21,672	\$ 41,309,069
Unsecured	31,606,264	26,450,013	36,846,868	155,395	95,058,540
Consumer banking					
Housing mortgage	122,447,461	13,199,317	4,307,151	-	139,953,929
Credit loans	3,983,823	6,472,909	2,027,786	178,802	12,663,320
Others	1,778,568	22,745,770	1,851,312	-	26,375,650
Total	\$ 182,339,823	\$ 83,907,953	\$ 48,756,863	\$ 355,869	\$ 315,360,508

December 31, 2013		Neith	er Past due Nor Imp	paired	
December 31, 2013	Excellent	Good	Moderate	Special Mention	Total
Corporate banking					
Secured	\$ 16,542,953	\$ 12,613,104	\$ 2,044,019	\$ 4,858	\$ 31,204,934
Unsecured	27,873,775	19,838,900	36,050,272	144,100	83,907,047
Consumer banking					
Housing mortgage	115,620,847	11,907,560	4,276,978	-	131,805,385
Credit loans	3,711,359	6,005,598	4,315,079	159,005	14,191,041
Others	1,097,374	24,693,757	-	-	25,791,131
Total	\$ 164,846,308	\$ 75,058,919	\$ 46,686,348	\$ 307,963	\$ 286,899,538

c) Loans and receivables past due but not impaired

Financial assets past due 90 days or less are not considered impaired unless there is objective evidence that an impairment loss has been incurred. Financial assets might become past due but not impaired by reasons of borrowers' late processing or other administrative delays.

The aging analysis of loans and receivables past due but not impaired was as follows:

	Ι)ecem	ber 31, 201	4	
Items	t Due Up to I Month	1 N	Due Over Month to Months		Total
Discounts and loans					
Corporate banking	\$ 51,158	\$	-	\$	51,158
Consumer banking					
Housing mortgage	2,168,121		230,249		2,398,370
Credit loans	454,251		83,092		537,343
Others	958,522		45,184		1,003,706
Receivables					
Credit card	210,554		57,208		267,762

	l	December 31, 201	3
Items	Past Due Up to 1 Month	Past Due Over 1 Month to 3 Months	Total
Discounts and loans			
Corporate banking	\$ 11,340	\$ 744	\$ 12,084
Consumer banking			
Housing mortgage	2,286,657	201,609	2,488,266
Credit loans	830,594	113,942	944,536
Others	1,321,333	5,073	1,326,406
Receivables			
Credit card	269,231	55,158	324,389

d) An analysis of credit quality of security investments

		Neithe	Neither Past due Nor Impaired	npaired		Doct due but Not		Total	Allowance for	Not Amount
December 31, 2014	Excellent	D00D	Moderate	Special Mention	Moderate Special Mention Subtotal (A)	Impaired (B)	Impaired (C)	(A)+(B)+(C)	Possible Losses (D)	.▼.
Available-for-sale financial assets										
Bonds investments	\$ 18,291,753	·	· •	· •	\$ 18,291,753	· •	· •	\$ 18,291,753	s	\$ 18,291,253
Bills investments	•	11,399,230	•	•	11,399,230		•	11,399,230	•	11,399,230
Equity investments	525,325	301,862	•	•	827,187	•	•	827,187		827,187
Held-to-maturity financial assets		_								
Bonds investments	2,480,284	1,035,030	•	•	3,515,314	•	•	3,515,314	•	3,515,314
Bills investments	475,770	•	•	•	475,770	•	•	475,770	•	475,770
Financial assets measured at cost	•	•	176,229	•	176,229	•	•	176,229	•	176,229
Debt investments with no active market	792,950	2,645,281	3,533,642	'	6,971,873	•	•	6,971,873	•	6,971,873
Total	\$ 22,566,082	\$ 15,381,403	\$ 3,709,871	- \$	\$ 41,657,356	- \$	- S	\$ 41,657,356	- \$	\$ 41,657,356

		Neithe	Neither Past due Nor Impaired	npaired		Best due but Net		Total	Allowance for	Not Amount
December 31, 2013	Excellent	PooD	Moderate	Moderate Special Mention Subtotal (A)	Subtotal (A)	Impaired (B)	Impaired (C)	(A)+(B)+(C)	Possible Losses (D)	3
Available-for-sale financial assets										
Bonds investments	\$ 14,863,316	s	·	·	\$ 14,863,316	S	· •	\$ 14,863,316	· •	\$ 14,863,316
Bills investments	•	5,762,840		•	5,762,840	•	•	5,762,840	•	5,762,840
Equity investments	619,269	490,268		•	1,109,537	•	•	1,109,537		1,109,537
Jeld-to-maturity financial assets										
Bonds investments	631,098	1,576,374		•	2,207,472	•	•	2,207,472	•	2,207,472
Bills investments	449,250	449,250		•	898,500	•	•	898,500	•	898,500
inancial assets measured at cost	•		101,379	•	101,379	•	•	101,379	•	101,379
Debt investments with no active market	1,347,750	4,976,518	2,153,600	•	8,477,868	•	149,750	8,627,618	149,750	8,477,868
Cotal	\$ 17,910,683	\$ 13,255,250	\$ 2,254,979	- \$	\$ 33,420,912	- \$	\$ 149,750	\$ 33,570,662	\$ 149,750	\$ 33,420,912

d. Liquidity risk

1) Sources and definition of liquidity risk

Liquidity risk is the risk that the Bank is unable to liquidate assets or obtain loans to meet its obligations when they fall due as a result of customer deposits being early withdrawn, deteriorating access to and terms of interbank facilities, deteriorating delinquency by borrowers, or financial instruments not easily liquidated. Such outflows would deplete available cash resources for client lending, trading activities and investments. In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets, or potentially an inability to fulfill lending commitments. The risk that the Bank will be unable to do so is inherent in all banking operations and can be affected by a range of institution-specific and market-wide events including, but not limited to, credit events, merger and acquisition activities, systemic shocks and natural disasters, etc.

2) Risk management policies on liquidity risk

The Bank's liquidity management processes, which are managed by an independent department, include:

- a) Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met;
- b) Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring the liquidity ratios of the balance sheet against internal and regulatory requirements;
 and
- d) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next ten days, one month, two months..., one year and over one year respectively. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Related information is submitted regularly to the Bank's Asset and Liability Management Committee and the Board of Directors.

3) Financial assets held for liquidity risk management purposes

To support payment obligation and contingent funding in a stresses market environment, the Bank holds high-quality highly-liquid interest-earning assets comprising cash and cash equivalent, due from the central bank and other banks, financial assets at fair value through profit or loss, available-for-sale financial assets for which there is an active and liquid market.

4) Maturity analysis of non-derivative financial liabilities

The table below presents the cash flows payable by the Bank under non-derivative financial liabilities by remaining contractual maturities at the date of the consolidated balance sheet.

December 31, 2014	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 6,248,499	\$ 4,949,371	\$ 200,000	\$ 99,000	\$ -	\$ 11,496,870
Securities sold under repurchase agreement	1,175,740	3,245,355	-	-	-	4,421,095
Payables	2,817,033	343,730	289,547	250,390	1,895,302	5,596,002
Deposits and remittances	84,883,945	86,038,648	72,793,141	97,770,316	81,756,367	423,242,417
Bank debentures	4,200	-	2,400,000	3,000,000	20,357,700	25,761,900
Other financial liabilities	1,224,797	401,887	1,035,284	-	212,184	2,874,152

December 31, 2013	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Due to the Central Bank and other banks	\$ 5,276,796	\$ 7,606,591	\$ 799,742	\$ 99,000	\$ -	\$ 13,782,129
Securities sold under repurchase agreement	1,302,319	-	-	-	-	1,302,319
Payables	10,262,206	721,337	293,433	238,774	1,987,242	13,502,992
Deposits and remittances	69,838,851	89,149,107	64,052,879	93,327,672	81,937,431	398,305,940
Bank debentures	4,200	3,000,000	-	-	24,392,500	27,396,700
Other financial liabilities	485,781	33,235	27,217	33,014	181,807	761,054

Note: The amounts disclosed in the table are the contractual undiscounted cash flows, some of which may not reconcile to the corresponding items in the consolidated balance sheet.

In the maturity analysis of "Deposits and remittance" disclosed in the previous table, the cash flows are split into the maturity buckets in which the cash flows occur based on historical experience. If demand deposits are expected to be drawn down in the earliest period, cash outflows due in 30 days bucket might increase NT\$92,609,108 thousand and NT\$91,059,744 thousand as of December 31, 2014 and 2013, respectively.

- 5) Maturity analysis of derivative financial liabilities
 - a) Derivative instruments settled on a net basis
 - i. Foreign exchange derivatives: Foreign exchange options, non-deliverable forwards; and
 - ii. Interest rate derivatives: Interest rate swap options, interest rate swaps and other interest rate contracts settled on net cash flow.

Maturity analysis of derivative financial liabilities that will be settled on a net basis is as follows:

December 31, 2014	Due in	30 Days	31 E	Between Days and Days	91 1	Between Days and 30 Days	181	e Between Days and one Year	ue After Ine Year	Total
Derivative financial liabilities at fair value through profit or loss Foreign exchange derivatives Interest rate derivatives	\$	641	\$	2,326 1,354	\$	27,312 7,776	\$	88,694 21,862	\$ 106,182 812,920	\$ 224,514 844,553
Derivative financial liabilities held for hedging Interest rate derivatives		_		_		739		4,465	-	5,204
Total	\$	641	\$	3,680	\$	35,827	\$	115,021	\$ 919,102	\$ 1,074,271

December 31, 2013	Due i	n 30 Days	31 I	Between Days and 0 Days	91 I	Between Days and O Days	181	Between Days and ne Year		ue After One Year		Total
Derivative financial liabilities at fair value through profit or loss Foreign exchange derivatives Interest rate derivatives Derivative financial liabilities held for	\$	1,116 4,632	\$	92 24,012	\$	7,401 7,243	\$	6,234 18,059	\$	532,820	\$	14,843 586,766
hedging Interest rate derivatives Total	e	5.748	•	7,330 31.434	e	14.644	·	24.293	•	5,301 538.121	•	12,631 614.240

Note: The amounts disclosed in the table are the contractual undiscounted cash flows, some of which may not reconcile to the corresponding items in the consolidated balance sheet.

- b) Derivative instruments settled on a gross basis
 - i. Foreign exchange derivatives: Foreign exchange swaps, foreign exchange options; and
 - ii. Interest rate derivatives: Cross currency swaps.

Maturity analysis of derivative financial liabilities that will be settled on a gross basis is as follows:

December 31, 2014	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at fair value						
through profit or loss						
Foreign exchange derivatives						
Cash outflow	\$ 48,939,424	\$ 28,621,831	\$ 18,205,016	\$ 16,323,402	\$ 308,064	\$ 112,397,737
Cash inflow	49,296,412	28,907,456	19,443,122	30,597,827	51,374,013	179,618,830
Interest rate derivatives						
Cash outflow	-	222,026	3,615,852	3,806,160	951,540	8,595,578
Cash inflow	-	221,164	3,468,582	3,655,400	900,000	8,245,146
Subtotal of cash outflow	48,939,424	28,843,857	21,820,868	20,129,562	1,259,604	120,993,315
Subtotal of cash inflow	49,296,412	29,128,620	22,911,704	34,253,227	52,274,013	187,863,976
Net cash flow	\$ 356,988	\$ 284,763	\$ 1,090,836	\$ 14,123,665	\$ 51,014,409	\$ 66,870,661

December 31, 2013	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Derivative financial liabilities at fair value through profit or loss Foreign exchange derivatives Cash outflow Cash inflow	\$ 49,278,220 49,371,482	\$ 9,000,034 9,890,520	\$ 7,493,524 8,309,435	\$ 5,236,919 18.802,319	\$ 119,020 15,178,023	\$ 71,127,717 101,551,779
Interest rate derivatives Cash outflow Cash inflow	8,236,250 8,140,000	3,536,850 3,410,995	1,796,800 1,792,750	2,096,500 2,067,800		15,666,400 15,411,545
Subtotal of cash outflow Subtotal of cash inflow	57,514,470 57,511,482	12,536,884 13,301,515	9,290,324 10,102,185	7,333,419 20,870,119	119,020 15,178,023	86,794,117 116,963,324
Net cash flow	\$ (2,988)	\$ 764,631	\$ 811,861	\$ 13,536,700	\$ 15,059,003	\$ 30,169,207

Note: The amounts disclosed in the table are the contractual undiscounted cash flows, some of which may not reconcile to the corresponding items in the consolidated balance sheet.

6) Maturity analysis of off-balance sheet items

Maturity analysis of issued financial guarantee contracts on the basis of their earliest possible contractual maturity is as follow:

December 31, 2014	Due in 30 Days	Due Between 31 Days and 90 Days	Due Between 91 Days and 180 Days	Due Between 181 Days and One Year	Due After One Year	Total
Developed and irrevocable loan commitments	\$ 13,762,549	\$ -	S -	\$ -	\$ -	\$ 13,762,549
Irrevocable credit card commitments	155,093,979	-	-	-	-	155,093,979
Issued but unused letters of credit	492,188	-	-	-	-	492,188
Other guarantees	7,829,421	3,015,600	597,500	300,000	2,726,350	14,468,871
Total	\$ 177,178,137	\$ 3,015,600	\$ 597,500	\$ 300,000	\$ 2,726,350	\$ 183,817,587

December 31, 2013	Due in 30 Days	Due Between 31 Days and 90 Days		Due Between 91 Days and 180 Days		Due Between 181 Days and One Year		Due After One Year		Total
Developed and irrevocable loan commitments	\$ 10,906,749	\$	-	\$	-	\$		\$		\$ 10,906,749
Irrevocable credit card commitments	149,696,272		-		-		-		-	149,696,272
Issued but unused letters of credit	1,029,701		-		-		-		-	1,029,701
Other guarantees	6,072,979	2,498,90	00		635,607		531,983		2,617,600	12,357,069
Total	\$ 167,705,701	\$ 2,498,90	00	\$	635,607	\$	531,983	\$	2,617,600	\$ 173,989,791

e. Market risk

1) Definition and scope of market risk

Market risk is the risk that unfavorable changes in market prices, such as interest rates, foreign exchange rates, equity prices and commodity prices will affect the Bank's income or its holdings of on- and off-balance sheet positions. The Bank's market risk mainly comes from equity investment securities, interest rates and foreign exchange rates. Equity investment securities risk positions include domestic Listed and OTC stocks and domestic convertible bonds; interest rate risk positions include bonds and interest rate derivative instruments, such as fixed and floating interest rate swap; foreign exchange rate risk positions include foreign currencies and related derivative instruments, such as spot exchange, forward exchange, foreign currency swap and option.

2) Management policies of market risk

The Bank develops appropriate management process to identify, measure and monitor market risk, and to effectively manage and control credit limits, valuation of profits and losses, sensitivities analysis and stress tests of each financial instrument positions. Besides, the Bank takes appropriate management strategy while facing market risk in its daily operating activities and management processes.

The Bank separates its exposure to market risk between trading and non-trading portfolios, which are managed, monitored and disclosed by the Risk Management Department. A summary report, including suggestion, is submitted regularly to the Risk Management Committee and the Board of Directors.

3) Management process of market risk

a) Identification and measurement of market risk

The Bank's risk measurement system, firstly, identifies market risk factors of exposure positions, and then, measures risks on- and off-balance sheet trading positions by examining the movement of the identified risk factors, such as interest rates, stock prices, foreign exchange rates and commodity prices.

The Bank's risk measurement system also applies sensitivity analysis (DV01, Delta and Vega) or different scenarios analysis to assess value changes of asset portfolios, and performs stress tests, as required by the authority, to measure exceptional losses incurred during extreme, but plausible, conditions.

b) Monitoring and reporting

To fully understand the management of market risk, information for execution of market risk management objectives, management of positions and profits and losses, sensitivity analysis and stress tests is submitted regularly to Risk Management Committee and the Board of Directors by the Risk Management Department. The Bank has explicit management process. It imposes trading limits and stop loss order on each transaction.

A stop loss order would be executed once a given stop price has been reached; otherwise, the trading unit should report, including reasons for not executing stop loss order and corresponding remedial action taken, to top management for approval.

4) Management process of interest risk

Interest rate risk is the risk loss or changes in the fair values resulting from interest rate fluctuations. It includes interest rate related securities and derivative instruments.

The Bank separates the interest rate risk positions between trading book and banking book. Financial instruments and commodity positions held for trading purpose or to hedge against trading book positions are carried in trading book. Positions held for trading purpose are those held with the intention of profiting from actual or forecast spread. Positions not belonging to trading book are carried in banking book.

Management of interest rate risk in trading book

a) Management process

To limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions.

b) Valuation methods

Securities are marked-to-market, and the risk of interest rate related derivative instruments are measured using DV01 and Vega. Both stop loss limits are controlled on a daily basis.

Management of interest rate risk in banking book

Interest rate risk management of banking book is to improve interest risk management, capital efficiency and business operations.

a) Strategies

To improve its capacity to adapt to changes, the Bank measures, manages and hedges changes in its profits and losses and economic values of balance sheet items arising from interest rate fluctuations.

b) Management process

Prior to undertaking interest rates related business, the Bank identifies re-pricing and yield curve risks, and measures the possible impact of changes in interest rate on profits and losses. The Bank analyzes and monitors position limits and various risk management objectives in respect of interest rates on a quarterly basis, and the results are submitted regularly to the Asset and Liability Management Committee and the Board of Directors.

If the risk management objectives are found to be in excess of designated limits during the monitoring process, the Bank will report to the Asset and Liability Management Committee and propose remedial action to be taken.

c) Valuation methods

Interest rate risk measures the re-pricing risk arising from different maturity or re-pricing dates of assets and liabilities carried in the banking book. To stabilize long-term profitability taken into account of business growth, the Bank sets up various monitoring indexes, such as the ratio of interest rate sensitivity gap over total assets, for key holding periods. Those indexes are reported to and reviewed by management periodically.

5) Management of foreign exchange risk

a) Definition of foreign exchange risk

Foreign exchange risk is the risk of loss or changes in fair value arising from open positions in currency due to exchange rate fluctuations. Foreign exchange transactions include spot exchange, forward exchange, non-deliverable forward and foreign currency option between New Taiwan dollars and a foreign currency or between two foreign currencies.

b) Foreign exchange risk management policies, process and valuation methods

To manage foreign exchange risk and limit the loss within acceptable range, the Bank imposes trading limits and stop loss limits on trading room, traders and commodity; it also imposes monthly maximum loss limit on trading positions. Spot exchange, forward exchange, non-deliverable forward and foreign currency option are controlled collectively using Delta; foreign currency option is controlled using Vega. The stop loss limits are controlled on a daily basis.

6) Management of equity securities market risk

a) Definition of equity market risk

Equity market risk is the risk arising from open positions in equity securities as a result of fluctuations in the market prices of individual securities.

b) Management processes of equity market risk

The Bank sets gross limits on overall positions, by industries, and by groups. For listed and OTC stocks and beneficiary certificates, the Bank sets the limit of investment in each stock and stop loss/gain limits on overall and particular positions, which are monitored daily.

A stop loss/gain order would be executed once a given stop price has been reached; otherwise, traders should report to the manager of its department, including reasons for not executing stop loss/gain order.

c) Measurement

The Bank manages market risk on the basis of closing prices of equity securities.

7) Valuation techniques of market risk

a) Stress tests

Stress tests are performed by the Risk Management Department at least once a year to assess the impact of risk factors that have become extremely volatile on asset portfolios and risk tolerance, and to ensure that the Bank will be able to handle potential losses incurred during extreme, but plausible, events.

The Bank applies market risk factors sensitivities analysis to analyze the impact on asset that could arise under extreme scenarios:

- i. Interest rate: Evaluate impacts on the values of interest-rate-based securities if yield curves move in parallel manner.
- ii. Foreign exchange: Evaluate impacts on changes in foreign exchange rates.
- iii. Equity securities: Evaluate impacts on volatility of changes in stock prices and its related derivatives.
- iv. Commodity: Evaluate impacts on volatility of changes in commodity prices and its related derivatives.

The Bank will submit the results of stress tests to the Board of Directors and Risk Management Committee as a reference of the Bank's ability to encounter adverse economic conditions.

b) Sensitivity analysis

i. Interest rate risk

Interest rate factor sensitivities (DV01 or PVBP) are, at the balance sheet date, the impact on the discounted future cash flows of bonds and interest-rate-based derivative instruments for 1 basis points (bps) parallel shift in all yield curves.

Assuming all other variables remain constant, there would be a decrease/increase in income before income tax of NT\$900 thousand for the year ended December 31, 2014, where the interest rate increases/decreases by 1 bps. There would be a decrease in income before income tax of NT\$1,914 thousand or an increase of NT\$1,465 thousand for the year ended December 31, 2013, respectively. There would be a decrease/increase of NT\$6,554 thousand and NT\$6,386 thousand in other comprehensive income for the years ended December 31, 2014 and 2013, respectively.

ii. Foreign exchange risk

Foreign exchange rate factor sensitivities (FX Delta) are, at the balance sheet date, the impact on the values of foreign exchange positions for a 1% change in foreign exchange rates.

Where the foreign exchange increases/decreases by 1%, assuming all other variables remain constant, there would be an increase/decrease in income before income tax of NT\$477,055 thousand and NT\$327,210 thousand for the years ended December 31, 2014 and 2013, respectively.

iii. Equity securities market risk

Equity securities market factor sensitivities are, at the balance sheet date, the impact on the values of open positions in equity securities for a 1% change in stock market prices.

Where the equity prices increases/decreases by 1%, assuming all other variables remain constant, there would be an increase/decrease in income before income tax of NT\$206,432 thousand and NT\$142,475 thousand for the years ended December 31, 2014 and 2013, respectively. There would be an increase/decrease of NT\$8,272 thousand and NT\$11,095 thousand in other comprehensive income for the years ended December 31, 2014 and 2013, respectively.

8) Concentration of foreign exchange risk

For information of concentration of foreign currency exposures at the balance sheet date are shown in Note 43.

f. Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

1) Asset quality of loans

Nonperforming loans and nonperforming receivables

		Item]	December 31, 201	1	
Business	Business		Nonperforming Loans (Note a)	Loans	Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate	Secured		\$ 887,282	\$ 43,420,459	2.04%	\$ 1,010,195	113.85%
Banking	Unsecured		4,443	95,966,458	-	1,130,106	25,435.65%
	Residential mort	tgage (Note d)	127,680	110,166,219	0.12%	1,652,493	1,294.25%
C	Cash card		-	-	-	-	-
Consumer Banking	Small-scale credit loan (Note e)		197,255	16,696,335	1.18%	379,923	192.61%
Danking	Others (Note f)	Secured	59,887	43,226,771	0.14%	439,875	734.51%
		Unsecured	2,760	14,458,361	0.02%	145,545	5,273.37%
Total			1,279,307	323,934,603	0.39%	4,758,137	371.93%
			Nonperforming Receivables	Accounts Receivable	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card			40,942	15,284,567	0.27%	575,309	1,405.18%
Accounts re recourse	ceivable factored (Note g)	l without	-	1,746,456	-	17,971	-

		Item				I	December 31, 2013	3	
Business			Nonperf Loans (Loans		Ratio of Nonperforming Loans (Note b)	Allowance for Possible Losses	Coverage Ratio (Note c)
Corporate	Secured		\$ 6	83,919	\$ 33,492,43	51	2.04%	\$ 858,111	125.47%
Banking	Unsecured			12,826	85,087,50	69	0.02%	1,177,351	9,179.41%
	Residential mort	tgage (Note d)	1	29,852	108,959,12	20	0.12%	1,243,113	957.33%
C	Cash card			-			-	-	-
Consumer Banking	Small-scale credit loan (Note e)		206,995		16,336,49	93	1.27%	365,978	176.81%
Balikilig	Others (Note f)	Secured		49,679	37,956,8	17	0.13%	434,241	874.09%
	Others (Note 1)	Unsecured		5,404	14,948,00	62	0.04%	184,686	3,417.58%
Total			1,0	88,675	296,780,5	12	0.37%	4,263,480	391.62%
			Nonperf Receiv		Accounts Receivable	•	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit card	•	•		39,256	15,599,12	22	0.25%	630,531	1,606.20%
Accounts re recourse	eceivable factored (Note g)	l without		-	2,161,00	61	-	13,791	-

Note a: Nonperforming loans represent the amounts of nonperforming loans reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrual Loans."

Nonperforming credit cards receivables represent the amounts of nonperforming receivables reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note b: Ratio of nonperforming loans: Nonperforming loans/Outstanding loan balance.

Ratio of nonperforming credit cards receivables: Nonperforming credit cards receivables/Outstanding credit cards receivables balance.

Note c: Coverage ratio of allowance for possible losses for loans: Allowance for possible losses for loans/Nonperforming loans.

Coverage ratio of allowance for possible losses for credit cards receivables: Allowance for possible losses for credit cards receivables/Nonperforming credit cards receivables.

- Note d: Residential mortgage is a loan given to the borrower who provides a house, to be purchased (or already owned) by the borrower or the spouse or the minor children of the borrower, as a mortgage to the Bank and will use the loan for house purchase or refurbishment.
- Note e: Small-scale credit loans refer to the loans under the Banking Bureau's regulation, dated December 19, 2005 (Ref. No. 09440010950), excluding small-scale unsecured loans obtained through credit cards and cash cards.
- Note f: Other loans of consumer banking refer to secured or unsecured loans, excluding residential mortgage, cash card, small-scale credit loans and credit card.
- Note g: As required by the Banking Bureau's letter dated July 19, 2005 (Ref. No. 0945000494), factoring without recourse is disclosed as nonperforming receivables in three months upon the factors' or insurance companies' rejection of claims.

Nonperforming loans and nonperforming receivables excluded from the information stated above

It	em		December	r 31, 2014			
Business		Nonperforming Loans Excluded Receivab Exclude			ceivables		
Loans not classified as NPL upon debt restructuring and							
performed as agreed (Note a)		\$	243,416	\$	645,026		
Loans upon performance of a debt discharge program and							
rehabilitation program (Note b)			626,478		1,251,228		
Total			869,894		1,896,254		

Ite	em	December	er 31, 2013			
Business		erforming s Excluded	Re	performing eceivables Excluded		
Loans not classified as NPL upon debt restructuring and						
performed as agreed (Note a)		\$ 336,679	\$	869,163		
Loans upon performance of a debt discharge program and						
rehabilitation program (Note b)		617,379		1,335,762		
Total		954,058		2,204,925		

- Note a: Supplementary disclosure related to the loans which need not be classified as NPL upon debt restructuring and performed as agreed, as stipulated in the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).
- Note b: Supplementary disclosure related to the loans which need not be classified as NPL upon performance of a debt discharge program and rehabilitation program, as stipulated in the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940).

2) Concentration of credit extensions

	December 31, 2014		
Ranking (Note a)	Group Entity (Note b) Industry and Code (Note a)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)
1	A Group - 2413 - steel rolling and extruding	\$ 3,901,222	11
2	B Group - 6499 - non-categorized and other financial intermediaries	3,572,095	10
3	C Group - 1700 - petroleum and coal products manufacturing	3,228,482	9
4	D Group - 6499 - non-categorized and other financial intermediaries	3,085,501	9
5	E Group - 1850 - artificial fiber	3,050,978	8
6	F Group - 2699 - non-categorized and other parts and components manufacturing	2,252,747	6
7	G Group - 6430 - Trusts, funds and other financial instruments	2,239,291	6
8	H Group - 4390 -other specialized manufacturing	2,181,230	6
9	I Group - 5232 - ocean freight transportation forwarding services	2,147,570	6
10	J Group - 2411 - Iron and steel smelting	2,000,027	6

	December 31, 2013									
Ranking (Note a)	Group Entity (Note b) Industry and Code (Note a)	Total Balances of Credit Extensions (Note c)	Ratio of Credit Extensions to Net Worth (%)							
1	B Group - 6499 - non-categorized and other financial intermediaries	\$ 2,954,572	10							
2	A Group - 2413 - steel rolling and extruding	2,722,306	9							
3	I Group - 5232 - ocean freight transportation forwarding services	2,704,050	9							
4	K Group - 2613 - semiconductor packaging and testing	2,325,952	8							
5	E Group - 1850 - artificial fiber	2,272,093	8							
6	L Group - 3510 - electronic power supply	1,907,900	7							
7	D Group - 6499 - non-categorized and other financial intermediaries	1,855,695	6							
8	F Group - 2699 - non-categorized and other parts and components manufacturing	1,819,371	6							
9	M Group - 6499 - non-categorized and other financial intermediaries	1,807,757	6							
10	N Group - 6811 - real estate leasing	1,644,128	6							

Note a: The rankings above represent the top 10 corporate entities except for government or state-owned enterprises, based on the total balance of credit extension granted by the Bank. The amount of credit extensions should be disclosed in aggregate for each group entity, the code and industry of which are also required. The industry of the group entities is designated as the industry of the individual group entity with the greatest risk exposure. The lines of industry should conform to the industry sub-categorization of the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note b: "Group Entity" is defined in Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings."

Note c: Credit extension balance includes various loans (import and export negotiations, discounted, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans; and nonaccrual loans), bills purchased, factored accounts receivable without recourse, acceptances and guarantees.

3) Interest rate sensitivity

Table 1: For New Taiwan dollar items

Interest Rate Sensitivity Analysis December 31, 2014

Items	1 to 90 Days	91 to 180 Days	181 Days to Over One Year One Year		Total		
Interest rate-sensitive assets	\$ 257,763,988	\$ 130,137,405	\$ 4,141,518	\$ 24,621,619	\$ 416,664,530		
Interest rate-sensitive liabilities	157,527,231	136,633,128	60,281,840	21,195,411	375,637,610		
Interest rate sensitivity gap	Interest rate sensitivity gap 100,236,757 (6,495,723) (56,140,322) 3,426,208						
Net worth					35,675,987		
Ratio of interest rate-sensitive assets to liabilities							
Ratio of interest rate-sensitivity gap to net wo	rth				115.00%		

Interest Rate Sensitivity Analysis December 31, 2013

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total		
Interest rate-sensitive assets	\$ 260,953,971	\$ 121,028,199	\$ 4,401,458	\$ 22,164,593	\$ 408,548,221		
Interest rate-sensitive liabilities	154,343,200	131,243,929	63,713,243	22,514,955	371,815,327		
Interest rate sensitivity gap	Interest rate sensitivity gap 106,610,771 (10,215,730) (59,311,785) (350,362)						
Net worth					28,500,442		
Ratio of interest rate-sensitive assets to liabilities							
Ratio of interest rate-sensitivity gap to net wo	orth				128.89%		

Note a: The New Taiwan dollar amounts held by the Bank.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

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

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

Table 2: For U.S. dollar items

Interest Rate Sensitivity Analysis December 31, 2014

(In Thousands of U.S. Dollars)

Items	1	to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year		Total	
Interest rate-sensitive assets	\$	1,505,658	\$ 117,431	\$ 40,909	\$ 8,171	\$	1,672,169	
Interest rate-sensitive liabilities		1,344,105	537,254	252,204	150,225		2,283,788	
Interest rate sensitivity gap		161,553	(419,823)	(211,295)	(142,054)		(611,619)	
Net worth								
Ratio of interest rate-sensitive assets to liabilities								
Ratio of interest rate-sensitivity gap to net w	orth						(1,766.10%)	

Interest Rate Sensitivity Analysis December 31, 2013

(In Thousands of U.S. Dollars)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year		Total		
Interest rate-sensitive assets	\$ 1,410,040	\$ 76,741	\$ 1,811	\$ 16,286	\$	1,504,878		
Interest rate-sensitive liabilities	1,165,852	642,234	99,718	150,000		2,057,804		
Interest rate sensitivity gap	244,188	(565,493)	(97,907)	(133,714)		(552,926)		
Net worth								
Ratio of interest rate-sensitive assets to liabilities								
Ratio of interest rate-sensitivity gap to net wo	orth					(2,166.98%)		

Note a: The total U.S. dollar amounts held by the Bank, excluding contingent assets and liabilities.

Note b: Interest rate-sensitive assets and liabilities refer to interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

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

Note d: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities.

4) Profitability

Iten	• •	For the Year End	led December 31
Iten	18	2014	2013
D -t	Before tax	0.85%	0.74%
Return on total assets	After tax	0.73%	0.64%
Datum an aquity	Before tax	13.18%	12.87%
Return on equity	After tax	11.33%	11.05%
Net income ratio		33.97%	32.10%

Note a: Return on total assets = Income before (after) income $tax \div Average total assets$.

Note b: Return on equity = Income before (after) income tax \div Average equity.

Note c: Net income ratio = Income after income tax \div Total net profit.

5) Maturity analysis of assets and liabilities

a) For New Taiwan dollar items

December 31, 2014

			A	mount for Remaini	ng Period to Maturi	ty	
	Total	0 to 10 Days	11 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 564,881,437	\$ 80,092,042	\$ 95,297,874	\$ 51,367,144	\$ 38,346,907	\$ 52,805,214	\$ 246,972,256
Main capital outflow on maturity	663,811,998	48,379,115	72,372,460	112,170,875	120,292,920	176,708,343	133,888,285
Gap	(98,930,561)	31,712,927	22,925,414	(60,803,731)	(81,946,013)	(123,903,129)	113,083,971

December 31, 2013

			A	mount for Remaining	ng Period to Maturi	ty	
	Total	0 to 10 Days	11 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to One Year	Over One Year
Main capital inflow on maturity	\$ 526,438,358	\$ 102,897,040	\$ 79,884,556	\$ 40,751,607	\$ 31,699,709	\$ 34,169,403	\$ 237,036,043
Main capital outflow on maturity	532,097,824	51,590,560	55,866,937	115,517,387	71,415,914	104,731,253	132,975,773
Gap	(5.659.466)	51.306.480	24.017.619	(74.765.780)	(39.716.205)	(70.561.850)	104.060.270

Note: This table refers to the New Taiwan dollar amounts held by the Bank.

b) For U.S. dollar items

December 31, 2014

(In Thousands of U.S. Dollars)

			Amount for	Remaining Period	to Maturity	
	Total	1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to One Year	Over One Year
Main capital inflow on						
maturity	\$ 7,215,768	\$ 2,630,130	\$ 1,306,365	\$ 1,141,403	\$ 1,211,157	\$ 926,713
Main capital outflow on						
maturity	7,467,521	3,157,495	1,539,149	995,827	1,197,092	577,958
Gap	(251,753)	(527,365)	(232,784)	145,576	14,065	348,755

December 31, 2013

(In Thousands of U.S. Dollars)

			Amount for	Remaining Period	to Maturity	
	Total	1 to 30 Days	From 31 Days to 90 Days	From 91 Days to 180 Days	From 181 Days to One Year	Over One Year
Main capital inflow on						
maturity	\$ 5,537,675	\$ 2,200,168	\$ 1,452,976	\$ 702,668	\$ 559,903	\$ 621,960
Main capital outflow on						
maturity	5,583,964	2,969,093	972,137	704,181	527,490	411,063
Gap	(46,289)	(768,925)	480,839	(1,513)	32,413	210,897

Note: This table refers to the U.S. dollar amounts held by the Bank.

47. CAPITAL MANAGEMENT

The Bank shall include all risks in the capital adequacy assessment according to the "Regulations Governing the Capital Adequacy and Capital Category of Banks". The Bank makes the capital planning based on the operating plans and budget target approved by the Board of Directors, the developing strategies, capital adequacy, dividend policy and etc. The capital planning, including stress tests and forecasts of capital adequacy, aims to achieve the capital adequacy target and to consolidate the capital structure.

To monitor the capital adequacy, the execution and changes in the parameters of the capital planning are reviewed quarterly by the Bank's Assets and Liabilities Management Committee. To maintain appropriate capital adequacy, the Bank will find the causes and propose remedial action when the actual capital adequacy might get lower than the target.

The authority classifies banks' level of capital into different categories based on the ordinary equity tier 1 ratio, Tier 1 capital ratio and total capital adequacy ratio reported by the banks. If a bank's level of capital is graded "under-capitalized", "substantially under-capitalized" or "critically under-capitalized", the authority will take correction measures in accordance with Paragraph 1 to 3 of first section of Article 44-2 of the Banking Law.

The calculations of eligible capital, risk-weighted assets and capital adequacy ratio were as follows:

			December	r 31, 2014
			The Bank	Consolidation
	Ordinary equity		\$ 32,736,013	\$ 33,243,204
Elicible comitel	Other Tier I capit	al	-	-
Eligible capital	Tier II capital		13,504,626	14,018,501
	Total eligible cap	oital	46,240,639	47,261,705
		Standardized approach	323,785,850	324,818,191
	Credit risk	Internal rating-based approach	-	-
		Asset securitization	317,180	317,180
		Basic indicator approach	14,442,463	14,223,250
Risk-weighted assets	Operational risk	Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	M = -14: -1-	Standardized approach	19,759,250	19,804,188
	Market risk	Internal models approach	-	-
	Total risk-weight	ed assets	358,304,743	359,162,809
Capital adequacy 1	ratio		12.91%	13.16%
Ratio of ordinary	equity to risk-weigh	nted assets	9.14%	9.26%
Ratio of Tier I cap	ital to risk-weighte	d assets	9.14%	9.26%
Leverage ratio	-		5.50%	5.58%

			December	r 31, 2013
			The Bank	Consolidation
	Ordinary equity		\$ 25,690,005	\$ 26,238,006
Eligible comited	Other Tier I capit	al	-	-
Eligible capital	Tier II capital		13,123,625	13,676,786
	Total eligible cap	pital	38,813,630	39,914,792
		Standardized approach	288,008,208	291,547,743
	Credit risk	Internal rating-based approach	-	1
		Asset securitization	-	1
		Basic indicator approach	13,241,600	12,714,700
Risk-weighted assets	Operational risk	Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	10,309,788	10,309,788
	Iviai ket iisk	Internal models approach	-	1
	Total risk-weight	ed assets	311,559,596	314,572,231
Capital adequacy	ratio		12.46%	12.69%
Ratio of ordinary	equity to risk-weigh	nted assets	8.25%	8.34%
Ratio of Tier I cap	oital to risk-weighte	ed assets	8.25%	8.34%
Leverage ratio			4.58%	4.68%

Note a: Eligible capital, risk-weighted assets and risk-exposure assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and the "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks" amended by the FSC on November 26, 2012.

Note b: An annual report should include both the current year's and prior year's capital adequacy ratio, but a semiannual report should include the capital adequacy ratio of the most recent year.

Note c: Formulas used were as follows:

- 1) Eligible capital = Ordinary equity + Other Tier I capital + Tier II capital.
- 2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk and market risk) × 12.5.
- 3) Capital adequacy ratio = Eligible capital/Total risk-weighted assets.
- 4) Ratio of Ordinary equity to risk-weighted assets = Ordinary equity/Total risk-weighted assets.
- 5) Ratio of Tier I capital to risk-weighted assets = (Ordinary equity + Other Tier I capital)/Total risk-weighted assets.
- 6) Leverage ratio = Tier I capital/Risk-exposure Assets

48. SEGMENT INFORMATION

Information provided to the Bank's and its subsidiaries' chief operating decision makers for resource allocation and segment performance assessment focuses on nature of operation and profits. Based on IFRS 8 - "Operating Segments," the reportable segments were as follows:

- a. Individual banking: Mainly includes consumer banking loans such as mortgages, credit loans, car loans, installment, etc.; credit cards; individual deposits; and wealth management;
- b. Corporate banking: Mainly includes corporate-related business, foreign-currency business and financial market business;
- c. Others: Any business not included in individual and corporate banking.

The accounting policies of the reportable segments are the same as those stated in Note 4 to the consolidated financial reports.

Segment Income and Operating Results

The income and operating results of the reportable segments of the Bank and its subsidiaries were as follows:

	Individual Banking	Corporate Banking (Including Overseas Branches)	Others	Total
For the year ended December 31, 2014				
Net interest income	\$ 4,370,575	\$ 2,200,219	\$ (1,191,258)	\$ 5,379,536
Noninterest income and gains, net Net service fee income	2,306,226	442,556	165,355	2,914,137
Other net income	462,824	1,763,577	356,874	2,583,275
Net profit	7,139,625	4,406,352	(669,029)	10,876,948
Reversal of provision (provision) for				
possible losses	183,525	109,304	(363,147)	(70,318)
Operating expenses	<u>(4,773,909</u>)	(1,183,903)	(552,684)	<u>(6,510,496</u>)
Segment income before income tax	<u>\$ 2,549,241</u>	\$ 3,331,753	<u>\$ (1,584,860)</u>	\$ 4,296,134 (Continued)

	Individual Banking	Corporate Banking (Including Overseas Branches)	Others	Total
For the year ended December 31, 2013				
Net interest income	\$ 4,141,159	\$ 1,856,007	\$ (1,112,799)	\$ 4,884,367
Noninterest income and gains, net	2 121 661	202.120	154516	2 071 200
Net service fee income	2,434,664	382,128	154,516	2,971,308
Other net income	289,168	1,391,663	1,556	1,682,387
Net profit	6,864,991	3,629,798	(956,727)	9,538,062
Reversal of provision (provision) for				
possible losses	(39,964)	336,015	(277,880)	18,171
Operating expenses	(4,514,780)	(1,042,049)	(436,297)	(5,993,126)
Segment income before income tax	<u>\$ 2,310,247</u>	\$ 2,923,764	<u>\$ (1,670,904)</u>	\$ 3,563,107 (Concluded)

49. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Bank and its investees:
 - 1) Financings provided: Nil
 - 2) Endorsement/guarantee provided: Nil
 - 3) Marketable securities held: Nil
 - 4) Marketable securities acquired and disposed of at cost or prices at least NT\$300 million or 10% of the paid-in capital: Table 1 (attached)
 - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 10% of the paid-in capital: Nil
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 10% of the paid-in capital: Nil
 - 7) Service charge discounts on transactions with related parties in aggregated amount of at least NT\$5 million: Nil
 - 8) Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital: Nil
 - 9) Sale of nonperforming loans: Nil
 - 10) Related information of investees on which the Bank and its subsidiaries exercises significant influence: Table 2 (attached)
 - 11) Derivative transactions: Notes 8, 9 and 45
 - 12) Intercompany relationships and significant intercompany transactions: Table 3 (attached)

- 13) The type and related information of any securitization product that has been approved in accordance with the Financial Asset Securitization Act or the Real Estate Securitization Act: Nil
- b. Information about branches and investments in mainland China: Nil

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST NT \$300 MILLION OR 10% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2014 (In Thousands of New Taiwan Dollars, In Thousand Shares)

	True and Issues of	Trans and Issues of Dinamoial Statement			Beginning (of the Year	Bu	y		Sell			Ending of	the Year
Selling Company	Securities Held	Account	Counterparty	Relationship	Shares	Amount	Shares	Amount	Shares	Price	Carrying Amount	Disposal Loss	Shares	Amount
Far Eastem Asset Yuan Long Stainle Management Co., Ltd. Steel Co., Ltd.	Yuan Long Stainless Steel Co., Ltd.	Yuan Long Stainless Investment accounted for Asia Cement Com- Steel Co., Ltd. using equity method	Asia Cement Corp.	Chairman is the vice-chairman of the Bank	000'86	\$ 799,971	-	- 8	98,000	\$ 723,240	\$ 799,657 (Note 1)	\$ (78,587) (Note 2)	-	- 8

Note 1: Including a recognized unrealized gain on the available-for-sale financial assets of Yuan Long Stainless Steel Co, Ltd.

Note 2: Including related tax of NT\$2,170 thousand

FAR EASTERN INTERNATIONAL BANK LTD, AND SUBSIDIARIES

RELATED INFORMATION OF INVESTEES DECEMBER 31, 2014 (In Thousands of New Taiwan Dollars)

		Note																	
stees				40.00	100.00	100.00	22.07	100.00	00001	100.00	0.40	3.46		1.14	4.99			10.00	1.76
The Proportionate Share of The Bank, Its Subsidiaries and Their Affiliates in Investees	Total	Shares Of Ownership (%)		12,000	3,000	350	95,524	120,000	000	70,000	80	207		5,119	7,485			300	2,238
Proportionate Shiaries and Their		Pro Forma Shares		•		•	•	٠			,	•			•			,	•
The Its Subsid		Present Shares (In Thousands)		12,000	3,000	350	95,524	120,000	000	70,000	80	207		5,119	7,485			300	2,238
	Investment	Income (Loss) Recognized		\$ (14,983)	163,434	8,725	77,898	(74,264)	0.0	5,955	'	•		•	•			•	•
	Commission	Amount		\$ 128,845	227,727	15,861	1,463,169	568,856	to	5/0,507	800	2,073		45,500	74,850			3,000	900'09
	rercentage	Ownership (%)		40.00	100.00	100.00	22.06	100.00	000	100:00	0.40	3.46		1.14	4.99			10.00	1.76
		Main Businesses and Products		Securities investment trust funds	Life insurance agent	Property insurance agent	Underwriting, dealing and brokering of short-term bills	Purchase, evaluation, auction and management of creditor's	rights to financial institutions	Foreign securities broker, wealth management and offshore find consulting	Foreign exchange, cross - currency swaps, etc.	Management of creditor's rights and rendering of commercial	detective services	Data processing service and electronic information supply	Issuing electronic tickets and signing contracted institutions			ATM maintenance, replacement and repair	Cable TV network offering news, variety shows, etc.
		Location		Deutsche Far Eastern Asset Management Co., Ltd. 7F, No. 207 Dun Hwa South Road, Sec. 2, Taipei, Taiwan	6F-3, No. 189 Yan Ping South Road, Taipei, Taiwan	6F-3, No. 189 Yan Ping South Road, Taipei, Taiwan	4F, 4F-1, 4F-2, 4F-3, Np. 88 Dun Hwa North Road, Taipei,	7F, No. 207, Dun Hwa South Road, Sec. 2, Taipei,	Taiwan	51F, No. /, Ainyi Koad, Sec. 5, Taipei, Taiwan	8F., No. 400, Bade Road, Sec. 2, Taipei, Taiwan	15F., No. 218, Dun Hwa South Road, Sec. 2, Taipei, Taiwan		No. 81, Kangning Road, Sec. 3, Taipei, Taiwan	Room A, 5F., No. 1, Yuandong Road, Banqiao Dist., New	Taipei City, Taiwan		3F., No. 139, Jhengjhou Road, Taipei, Taiwan	2F., No. 39, Rueihu Road, Taipei, Taiwan
		Investee Company	Financial business	Deutsche Far Eastern Asset Management Co., Ltd.	Far Eastern Life Insurance Agency Co., Ltd.	Ltd.		Far Eastem Asset Management Co., Ltd.		rar Eastern International Securities Co., Ltd.	Taipei Foreign Exchange Agency Co., Ltd.	Sunshine Asset Management Co., Ltd.		Financial Information Service Co., Ltd.	Yuan Hsin Digital Payment Co., Ltd.		Nonfinancial business	An Feng Enterprise Co., Ltd.	ERA Communications Co., Ltd.

FAR EASTERN INTERNATIONAL BANK LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2014 (In Thousands of New Taiwan Dollars)

				Transa	Transaction Details		
No. (Note a)	c a) Company Name	Counterparty	Flow of Transaction	Financial Statement Account	Amount	Terms	Percentage of Consolidated Net Profit or Consolidated Total Assets (Note b)
0	Far Eastern International Bank Ltd.	Far Eastern Life Insurance Agency Co., Ltd. Far Eastern Property Insurance Agency Co., Ltd. Far Eastern Property Insurance Agency Co., Ltd. Far Eastern Property Insurance Agency Co., Ltd. Far Eastern Asset Management Co., Ltd. Far Eastern International Securities Co., Ltd.	From parent company to subsidiary	Deposits and remittances Interest cost Service fee income Receivables Noninterest income and gain - others Deposits and remittances Service fee income Deposits and remittances Deposits and remittances	\$ 255,299 3,002 301,106 3,472 3,472 17,050 6,030 115,003	Note c c c c Note c c c c Note c c c c c c c c c c c c c c c c c c c	0.05 0.03 2.77 - 0.03 0.03 0.02
-	Far Eastern Life Insurance Agency Co., Ltd.	Far Eastern International Bank Ltd.	From subsidiary to parent company From subsidiary to subsidiary	Cash and cash equivalents Other financial assets Interest income Payables Employee benefits expense Other general and administrative expenses Other general and administrative expenses	115,579 139,720 3,002 3,472 3,472 301,106 3,815		0.02 0.03 0.03 - - 0.03 0.04
2	Far Eastern Property Insurance Agency Co., Ltd.	Far Eastern International Bank Ltd. Far Eastern International Bank Ltd. Far Eastern International Bank Ltd.	From subsidiary to parent company From subsidiary to parent company From subsidiary to parent company	Cash and cash equivalents Other financial assets Other general and administrative expenses	12,550 4,500 6,030		- 0.06
3	Far Eastern Asset Management Co., Ltd.	Far Eastern International Bank Ltd.	From subsidiary to parent company	Cash and cash equivalents	135,710		0.03
4	Far Eastern International Securities Co., Ltd.	Far Eastern International Bank Ltd. Far Eastern Life Insurance Agency Co., Ltd.	From subsidiary to parent company From subsidiary to subsidiary	Cash and cash equivalents Service fee income	115,003 3,815		0.02

Note a: Transacting parties are identified as follows. Number 0 - parent company; and number 1 and the following numbers - subsidiaries.

Note b: The ratio is calculated as follows: For asset and liability accounts = Transaction amount/Consolidated total assets; and for income and expenses = Transaction amount/Consolidated net profit.

Note c: The terms of intercompany transactions are not significantly different from those to third parties.

遠東國際商業銀行股份有限公司 Far Easters t'l Bank

董事長: / 桑 李 英 藤原









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