Yuanta Commercial Bank Co., Ltd.

2013Annual Report

1. Contact information of company spokesperson and deputy spokesperson

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Credit Rating Agencies	Address	Tel
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Fitch Ratings Corporation	13F, No. 205, Dunhua N. Rd., Taipei City	(02) 8175-7600

5. Contact information of independent accountants

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CPA Firm	PricewaterhouseCoopers Taiwan	Address	27F, International Trade Building, No. 333, Keelung Rd., Sec. 1, Taipei City
Website	http://www.pwc.tw/		

6. Name of foreign exchanges liste d where company stock is and sources for searching the said foreign listed stock ：None

I. Letter to Shareholders

1. Business Report for 2013

Changes in the Financial Environment

During 2013, the global economy, continually impacted by Euro debt crisis, the tapering schedule of US Quantitative Easing, the slowing growth of the emerging economic entities, was seen the performance under expectation. In January 2014, IMF reported the global economic growth rate of 2013 as 2.5%, slightly lower than 2.6% of 2012. Taiwan economy, though impacted by fluctuating import and export trade amount, weak internal consumption of the private sector and the food safety problems, still reached 2.11% (reported by Directorate General of Budget, Accounting and Statistics, Executive Yuan in February 2014), rising by 0.63% from 1.48% of 2012.

In 2014, driven by the optimistic forecasting for global economy, domestic economy is expected to gradually stabilize. According to the report of Directorate General of Budget, Accounting and Statistics, Executive Yuan released, the 2014 Taiwan's economic growth rate is estimated as 2.82%. Nevertheless, potential influential factors including the domestic political and economic circumstances, the continuous gradual taper of USA Quantitative Easing, the unequal paces of economic recovery among countries in the Euro area and the increasing uncertain risks in China should continue to be concerned in the future.

Additionally, the financial sector is benefited from the gradual opening of the cross-strait financial market, the sustained stability of asset quality and the constant expansion of the wealth management market, the earnings before tax of total domestic banks for 2013 reached NT$ 257.6 billion, or a growth of 7% from 2012. For 2014, oriented by competency-boosting policies promoted by Financial Supervisory Commission, including 「The Plan for Corporation of the Financial Industry into Free Economic Pilot Zone」 and「Financial Operations Plan with Cross-strait Characteristics」, financial regulations will be continuously loosened up toward this end, which will bring more opportunities in wealth management and loan business for banks. In addition, the management from Financial Supervisory Commission over the low-price competition in the market rates, the practices of opening mobile payment and third-party payment will help to elevate the business scale and profitability of the banking sector.

Organizational Change

1. In order to further manage the crediting risks of consumer finance, the Bank established Consumer Banking Department and Consumer Credit Management Department in April 2013, respectively taking charge of marketing affairs and the auditing affairs (including credit card, car loans, stock-secured loans and whole-pile-single-house mortgage), which used to be duties of the original Consumer Banking Department.

2. In order to boost the profit on fixed income business, the Bank additionally set up Fixed -Income Department in September 2013 to manage fixed-income products and the according derivatives transactions.
3. In order to improve the operation efficiency, the Bank deactivated Financial Planning Product Department and assigned its duties of product research and development back to Trust Department and Wealth Management Department.
4. In response to the trend of e-banking, the Bank added E-Commerce Department in December 2013 to expedite the promotion of the Bank's e- service.

Actual Accomplishments in 2013

In 2013, the Bank sustained its stable scale and profit growth through equal emphasis on both quality and quantity. As of December 2013, the Bank's asset achieved NT$ 598.6 billion, which grew by 8% from NT$ 550 billion of year 2012, the annual net income after tax was NT$ 3.052 billion, and earnings per share of NT$ 0.84, which significantly increased by NT$ 993 million compared to NT$ 2.059 billion in 2012. As though the high profit growth of five consecutive years, the NPL ratio as 0.31% and the coverage rate as 404.96% and the loan coverage ratio as 1.26% fully manifested the Bank's premium asset quality. The performance of main businesses are as following:

(1) Deposits:

According to the market trends, the Bank launched a wide variety of deposit activities, including general demand deposit and foreign currency deposit, to broaden the customer scale and construct the business base for future development. The Bank not only persistently raised the weight of demand deposit to maintain its advantage on funding cost but also strove to be the major bank of corporate customers by providing integrated financial services.

In 2013, the Bank embraced total deposits of NT$ 483.1 billion, an increase of NT$ 34.2 billion from NT$ 448.9 billion in 2012. Meanwhile, demand deposits increased by NT$ 14.5 billion, and time deposits increased by NT$ 19.7 billion.

(2) Loans:

In corporate banking, the Bank not only developed solid understanding toward the customer's thorough supply chain so as to seize the business opportunity, but also endeavored its involvement in international and domestic syndicated loan in order to deepen the relationship with corporate customers. In addition, the Bank strengthened the cooperation between Corporate Banking Department and the Conglomerate's security subsidiary corporation to provide high value-added financial services, including financing plans and financial management, in order to expand the business scale and maximize the resource advantage of the Financial Holdings.

In regard to consumer finance, the bank targeted premium customers for house loans and promote whole-pile-single-house loans to sustain the growth of mortgage business.

Also, the Bank steadily expanded its cooperation with automakers and cultivated new brand channels to effectively maximize the market share.

In 2013, the loan volume of the bank totaled NT$ 384.5 billion or an increase of NT$ 19.7 billion from NT$ 364.8 billion in 2012. This included NT$ 247.9 billion of loans through corporate banking, or 64% of total loan service, and NT$ 136.6 billion through consumer banking, or 36% of total loan.

(3) Foreign Exchange:

The bank not only continued to advance the personnel expertise, in conformity with the opening of the cross-strait financial policies, also launched Renminbi DBU service. Meanwhile, the Bank launched Western Union Quick Cash service in November to increase more selection in speedy international remittance and provide professional and convenient services to the customers.

In 2013, foreign exchange volume of the Bank reached USD 27.1 billion, an increase of USD 3.3 billion from USD 23.8 billion in 2012. Meanwhile, remittance service weighted 93%, with the import service standing for 5% and the export service for 2%.

(4) Trust Business:

In addition to furnishing a wide variety of trust products to meet client's demands in financial management, the Bank aggressively expanded its mutual fund custody and foreign capital custody business to increase its fee income.

In 2013, the Bank added 1 trust fund, amounted to about NT$ 3.9 billion, 19 new custody accounts of foreign inventors, amounted to about NT$ 21.7 billion.

In 2013, the total balance of trust assets reached NT$ 102.3 billion, an increase of NT$ 2.6 billion from NT$ 99.7 billion at the end of 2012.

(5) Wealth Management:

Through the classified deployment and diverse product selection, the Bank provided customized financial planning, and promoted Kid's Passbook, Gold Passbook, balanced profit products and financial management workshops to broaden the foundation of wealth management business and its fee income.

In 2013 net fee income on wealth management totaled NT$ 859 million, or an increase of NT$ 207 million from NT$ 652 million in 2012.

(6) Credit Card:

In order to penetrate into the differential credit card customer segment, the Bank furnished 「Business Titanium Card」 for business elites, 「New Generation Card」 for young groups, and 「Leisure Card」 for food and fun lovers during 2013. Additionally, to maximize customer's willingness to shop with the Bank's credit cards, the Bank provided variety of exclusive premium services according to customers' specific attributes and launched comprehensive discount events with quality enterprises, including receipt redemption, free gifts for purchase and repayment installation plans.

In 2013, total credit cards in circulation reached 250,000 cards, with 90,000 active cards.

Budget Implementation, Financial Status and Profitability

In 2013, the Bank received its net income as NT$ 9.327 billion, including net interest income of NT$ 6.109 billion and non-interest income at NT$ 3.218 billion. Compared with the net income in 2012 at NT$ 7.881 billion, net income increased by NT$ 1.446 billion.

Major differences explicated as follows:

(1) Net interest income: increased by NT$ 348 million from year 2012 as a result of the increase in deposits and loans by NT$ 34.2 billion and NT$ 19.7 billion respectively and the increase in interest income on securities investment.

(2) Net non-interest income: grew by NT$ 1.098 billion from 2012 as a result of the increase in net service fee and commission income, trading and foreign exchange.

(3) The bad debt expense in 2013 amounted to NT$ 720 million, an increase of NT$ 239 million from year 2012. Operating expenses in 2013 was NT$ 5.206 billion or an increase of NT$ 185 million from 2012.

(4) In conclusion, the bank's net income before tax in 2013 was NT$ 3.401 billion. After deducting income tax at NT$ 349 million, the net income was NT$ 3.052 billion with the budget achieving rate as 110%, or an increase of NT$ 993 million from NT$ 2.059 billion in 2012.

Research and Development

(1) In response to the opening of according regulations, the Bank launched Renminbi deposit and loan services of DBU and added financial products in Renminbi denomination, including funds, derivatives and investment-oriented insurance products.

(2) Launched 「Western Union Quick Cash」 to provide customers with more diverse and convenient overseas remittance services.

(3) Launched QR Code mobile payment with credit cards in cooperation with Chunghwa Telecom to supply customers with the more convenient channel for mobile payment.

(4) Risk Management:

A. Credit risk: The Bank persistently established the credit risk data mart and the analysis platform and develop the corporate credit rating model and platform to achieve the strategic goal of rating automation.

B. Market risk: Strengthened the disassembly of financial derivatives, the verification and according documentation of the valuation model, also planed to calculate the market risk capital requirement of options in Delta-plus Approach.

C. Operational risk: We also integrated and applied comprehensive management tools including Risk Indicator System, Risk and Control Self-Assessment and Loss Data Collection to uplift the Bank's capability in supervising and bettering the Bank's operational risks.

(5) Information system R&D and upgrade: To elevate system operation efficiency and security, important IT projects were established, including Credit Card Issuance Accounts and Authorization System, New Consumer Credit Audit System, Corporate Finance Credit Rating System, Risk Indicators Management System, Risk Data Mart Establishment Project, New Data Warehouse Project, New Enterprise e-Banking system, The Second Generation NHI Income Tax Platform, revision of Central Deposit Insurance Electronic Data, simplification of order execution of Ministry of Justice, Accessible Interent Banking, Corporate Finance Operation Platform, the project for integration of foreign currency transactions into Front-End System, function advancement of Mobile Banking System, and upgrade of the core system storage equipments.

2. Impacts of External Competitive, Regulative and Overall Business Environment

The gradual recovery of U.S and European economy will drive the slow rebound of the global business growth and continous expansion of the banking sector. In consideration of the fierce domestic operation circumstance and the difficult elevation of the interest spread, Financial Supervisory Commission, (thereafter FSC) aggressively urged domestic financial institutions for Asian market deployment through automatic approval of the application for foreign branches estabilshment. Additionally, the step-by-step opening of Renminbi services and the Cross-Strait Agreement on Trade in Srvice both function as the beneficial factors for the operation of the banking sector.

Also, the effects of changes in related laws and regulations are as follows:

(1) The Announcement of U.S. Foreign Account Tax Compliance Act (thereafter FATCA):

In order to investigate if U.S. taxpayer pays tax on overseas income according to the laws, the U.S. proclaimed Foreign Account Tax Compliance Act (FATCA) to require foreign financial institutions (FFI) sign agreements with Internal Revenue Service and provide account information of U.S. taxpayer. Otherwise, 30% of FFI income from the U.S. will be withheld. Therefore, FATCA impacted significantly on financial institutions and their customer’s financial accounts involving income from U.S.. In response to FATCA, which takes effect as of July 1, 2014 and whose according procedures regarding account opening, investigation, declaration and tax withholding will be executed in phases, the Bank has appointed a professional consultant to plan on and execute the FATCA project to ensure rights of the Bank and customers.

(2) The Government’s Promotion of Financial Operations Plan with Cross-strait Characteristics and Gradual Opening of Renminbi Businesses:

After signed Memorandum on Cross-strait Currency Clearing Cooperation with People’s Bank of China (PBC) in 2012 to approve Offshore Banking Unit (OBU) of banks in Taiwan and their branches in the third areas to launch Renminbi services (no application required), Central Bank of ROC (CBC) completed the establishment of

Currency Liquidator Mechanism of the Cross-Strait in early 2013. On January 28, 2013, Taipei Branch of Bank of China was approved as Renminbi clearing bank in Taiwan and Domestic Banking Unit（DBU）and Offshore Banking Units of Taiwanese banks are permitted to apply for launching Renminbi services. Meanwile, Renminbi is subject to Foreign Exchange Regulation Act, according to Article 4 in Regulations Governing Foreign Exchange Business of Banking Enterprises, the DBUs may conduct Renminbi related foreign exchange business including export, import, Inward and outward remittances, deposits, loans, payment guarantees, derivatives (separately stipulated by Central Bank otherwise), and others. On February 6, 2013, the Bank got approval from CBC to launch Renminbi DBU service.

In addition, CBC aggressively plans to have Financial Information Service Co., LTD. (FISC) construct Foreign Currency Settlement Platform that comply with SWIFT, a global standard. The Bank has joined such settlement platform in March 2013 and is among one of the first banks joining it. This settlement platform, after USD remittance was officially launched in March 2013 and Renminbi is officially launched on September 30, 2013, provides more beneficial inshore and offshore clearing and settlement services in Renminbi remittance and capital allocation. It helps to the growth of the amount of Renminbi transactions, the development of diverse product and the expansion of the offshore Renminbi market in Taiwan.

In conformity of the policy of Free Economic Pilot Zone, Financial Supervisory Commission plans, through “Virtual Concept, Loosened Regulations, Open Area and Retained People and Capital”, to develop Taiwan’s wealth and asset management business. Directions for Offshore Banking Units of Banks Conducting Financial Derivatives Business and Regulations on Negative Listing for Offshore Banking Units of Banks Conducting Finance-Related Foreign Exchange Business were proclaimed on December 27, 2013 and Regulations for Offshore Banking Units of Banks Conducting Trust Business on January 29, 2014 to respectively loosen the restrictions against foreign exchange derivatives for the OBU customers and the scope of product investment. Financial Supervisory Commission also permits OBUs to conduct new types of foreign currency services not involving New Taiwan Dollars and not in negative listings. In the future, banks may not only accept offshore customers’ appointment to invest in offshore financial products not sold inshore, but also freely design wealth management products, such as common trust fund or collective trust fund account. The bank sector is also encouraged to innovate all kinds of financial products. The Bank, echoing government’s policy, will persistently develop Renminbi services and seize business opportunities brought by the opening of new services.

(3) Revised Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans:

As of January 28, 2014, Financial Supervisory Commission revised and executed the provision regulations regarding loan loss provision and guarantee reserve in Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past-Due/Non-Performing Loans, which requires that a bank shall allocate sufficient loan loss provision as well as reserves against liability on guarantees, while the minimum loan loss provision and guarantee reserve shall be the sum of 1% of the outstanding balance of Category One credit asset's claim (excluding assets that represent claims against the central and local government in Taiwan), 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and the full balance of Category Five credit assets.

As of the end of December 2013, the Bank’s account balance of loan loss provision and guarantee reserve amounted to NT$ 5.345 billion. According to the revised regulations, the Bank’s provision ratio of Category One Credit Asset on December 2013 reached 1.10%, which complied with the requirement of the competent authorities’ policy.

(4) Revised Compliance Matters for Disclosure of Information on Investment-linked Insurance:

As of January 15, 2013, Financial Supervisory Commission proclaimed the revised Compliance Matters for Disclosure of Information on Investment-linked Insurance to regulate the fonts for cautionary message, principal protection or guaranteed payment on sales documents and the according rules to taxation laws that shall be marked and disclosure of critical items and investment risk shall be clearly stated on the insurance policy instructions. The Bank not only amended Bylaws on Conducting Insurance Business Operation for fully regulation observation, but also successively revised Code of Ethics and Standards of Behavior for Insurance Agents, Operational Guidelines for Insurance Agents Conducting Insurance Solicitation, Operational Bylaws for Insurance Business and Managerial Guidelines for Insurance Agents to ensure the qualification to sell insurance policies and customer’s rights to be protected during the sale of insurance products.

(5) The Strengthened Notification of Funds Invested in High Yield Bonds:

In order to ensure that customers fully understand the credit risk, interest risk and liquidity risk of the funds invested in high-yield bonds, the Bank accorded with Risk Disclosure Templates for Security Trust Fund and Offshore Funds Aiming At High Yield Bonds, which developed by Trust Association of R.O.C, revised Financial Product Sale Operation Checklist (for funds only) to add examination criterion- Fund Risk Disclosure Statement for Non-Discretionary Monetary Trust Invested in High Yield Bond Funds and Dividend Distribution Involving Principle to fully shield customer’s rights and comply with authority’s rules.

(6) Ministry of Finance Planned to Raise Business Tax of the Banking and Insurance Sectors:

As of February 2014, Ministry of Finance announced Fiscal Reform Package that planned to raise business tax of the banking and insurance sectors from 2% to 5%. Such raise will further drive up the operation cost of banks. According to the Bank's revenue for 2013, the operation expense after adjustment would be increased by NT$ 280 million, accounting for 8% of annual net income before tax.

3. Latest Credit Ratings

Type of rating	Rating agency	Date	Latest Credit Ratings		
			Long-term rating	Short-term rating	Outlook
International rating	S&P	01/14/2014	BBB	A-2	Stable
	Fitch	05/29/2013	BBB+	F2	Stable
Domestic rating	Taiwan Ratings	01/14/2014	twAA-	twA-1+	Stable
	Fitch	05/29/2013	AA- (twn)	F1+ (twn)	Stable

4. Business Plan in 2014 and Outlook

In prospect for 2014, global economy will continue its slowly recovery. Banks have to expand its business and market share with cautious risk control and fortify their comprehensive competency through restructuring asset and profit. The business plan of the Bank is summarized as follows:

(1) Business Development:

A. According to the trend of financial markets and customer demands, the Bank will launch deposit products, services and agency service in New Taiwan Dollar and foreign currencies in order to acquire potential customers and cement the Bank's base for future development.

B. For corporate banking, the Bank will strengthen the development of small and medium enterprises and syndicated loans to raise the profitability and advance the ability of developing and offeringof various derivatives to elevate the scale of TMU. To escalate the scale and profit of consumer loans, the Bank will focus on quality house mortgages with collateral in urban areas, car loans cooperated with automakers, and further promoting stock-secured loans.

C. For wealth management business, the bank will establish comprehensive teams to conduct services according to customer's assets and attributes. Also, the Bank will furnish exclusive and advice on optimal asset allocation through diverse products and effectively utilize scale economies effect of the Bank's branchs through full marketing.

(2) Risk Management:

The Bank will enhance the control in the credit, market and operational risk by building the risk model and risk data mart. The Bank will also scrutinize the structure of industrial supply chains and the clients' cash flow and their top-down transactions in order to minimize the Bank's credit risk.

(3) Channel Development:

The deployment of physical channels will focus on Taipei urban areas. After established one new branch in Taipei City and another in New Taipei City in the first quarter of 2014, the bank will complete the deployment of 88 branches. E-Commerce Department will be established to dedicate the Bank's full effort to the development of electronic channels, expedite the integration, promotion and management of online banking, mobile banking, Third-Party Payment and QR Code mobile payment in order to maximize the efficiency of the business development and seize market opportunities.

(4) Personnel Training:

The Bank will reinforce the pre-job and on-the-job training to better the personnel competence and realize the compliance of internal control. The job rotation system will be constructed to nurture multi-talented personnel and solidify the basis for sustainable development.

II. Bank Profile and Corporate Governance

1. Introduction

Yuanta commercial Bank (“the Bank”), formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. Afterwards, in conformity with the development of the financial market and Government’s financial reform, the Bank joined Fuhwa FHC on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific commercial Bank was approved to be renamed Fuhwa Commercial Bank. On April 2, 2007 Yuanta Core Pacific Securities merged with Fuhwa FHC formally. On September 23, 2007 the Bank was renamed Yuanta Commercial Bank.

In order to broaden the Bank’s operating foundation and strengthen its competency, the Bank successively acquired Toulio Credit Cooperative, Taitung Credit Cooperative, Tainan 7th and 6th Credit Cooperative and increased its branches as many as 70. After Purchase and Assumption 18 domestic branches of Chinfon Commercial Bank in April 2010, the Bank expanded service territory to 88 branches. In the future, we will continue to deploy domestic locations according to the need of business development and the group’s development strategy, with a focus on metropolitan areas in Taiwan, including Taipei City, New Taipei City, Taichung City, Tainan City, and Kaohsiung City. We will also aggressively plan and establish overseas locations, in order to cultivate business opportunities in Taiwan, Hong Kong, and China.

The Bank set up Yuanta Property Insurance Agent Company through reinvestment on October 2, 1999 with the main business at property insurance agency services and Yuanta Life insurance agency Co., Ltd. on November 20, 2001 with the main business at life insurance agency business. In addition, Yuanta International Leasing Co., Ltd. was established on November 15, 2012 with the main business at dealership, leasing and factoring management of immovable properly / real property.

April 2010	Purchase and Assumption “Chin-Fon Bank” of 18 branches；Total branches increased to 88
September 2007	Renamed “Yuanta Commercial Bank”
December 2005	Acquired and merged “Tainan 6th Credit Cooperative”；Total branches increased to 70
June 2005	Acquired and merged “Tainan 7th Credit Cooperative”；Total branches increased to 58
June 2004	Acquired and merged “Taitung Credit Cooperative”；Total branches increased to 50
July 2003	Acquired and merged “Toulio Credit Cooperative”；Total branches increased to 42
August 2002	Joined Fuhwa FHC；Renamed “Fuhwa Commercial Bank” ；Total Branches 37
February 1992	“Asia Pacific Commercial Bank”；Total Branches 7

- Overseas Office: Hong Kong Representative Office
- Affiliate:

  Yuanta Property Insurance Agent Company

  Yuanta Life Insurance Agent Company

  Yuanta International Leasing Company

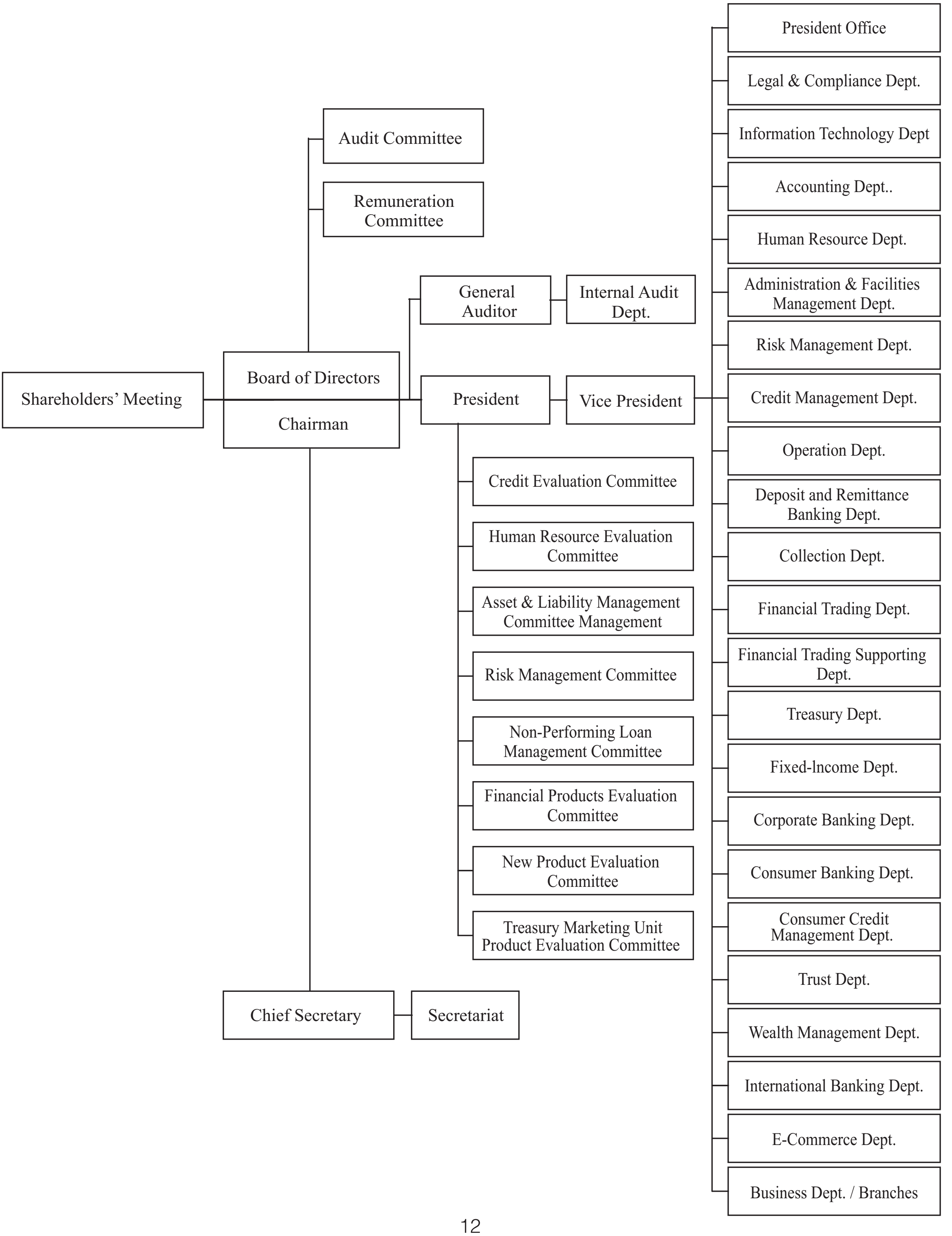
After joining Yuanta Financial Holdings, the Bank has been not only carrying out a variety of important service and system reforms, but integrating the abundant resources of the Financial Holdings in security clients, which steadily uplift the Bank’s asset quality and stably grow its operation scale.

In prospect of the future, Yuanta Commercial Bank will persistently observes its philosophy- Sincerity, Stability, Service, Innovation and Attentiveness- and provide more professional and all-round financial services to customers through the quality management models with risk emphasis, customer orientation and objective management in order to create maximum profit for shareholders and full perform its social responsibility.

2. Organization

(1) Organization Chart

Base Date: January 31, 2014



(2) Major Departments

Base Date: January 31, 2014

Departments	Function
President Office	Manage and plan the organization and service locations; integrate bank-wise operation performance, develop budgetary objectives, appraise business performance and strategies, manage long-term equity investment and M&A, and plan the corporate image, marketing and advertising activities.
Internal Audit Dept.	Manage the Bank's internal audits and supervise self auditing.
Legal & Compliance Dept.	Manage all of the Bank's legal affairs and act as the authority of legal conformity. Manage and execute the legal conformity system and assess self-evaluation.
Information Technology Dept.	Develop the Bank's IT policies. Construct and execute the IMS and plan, establish and manage the information facility, system and network.
Accounting Dept.	In charge of the accounting system and procedures, accounting, compilation of the budgets, periodic financial reporting and tax affairs.
Human Resource Dept.	Manage human resource affairs, including recruitment, employment, promotion, transfer, appraisal, compensation, bonus, training, insurance and benefit.
Administration & Facilities Management Dept.	Conduct property management, including seal management, documentation, safety maintenance, construction and maintenance, procurement, and real estate rental and purchase, and other administrative affairs.
Risk Management Dept.	Construct credit risk, market risk and operation risk control mechanism. Monitor and manage risk-related affairs in the Bank.
Credit Management Dept.	Examine, approve and review credit accounts of corporate and consumer banking. (exclude car loans, stock-secured loans, whole-pile-single-house mortgage) Develop on credit Management policies, and real estate valuation policies.
Operation Dept.	Planning, management and implementation of back-office centralization of deposit services, loan services and lending reexamination.
Deposit and Remittance Banking Dept.	Supervise the accomplishment of budgeting objects for deposit business, plan, promote, and manage the deposit service, develop regulations, manage and train personnel.
Collection Dept.	Collect the Bank's non-performing loans and other debts. Compile and analyze assets with non-performing loans.
Financial Trading Dept.	Manage the operation of trading books of the Bank.
Financial Trading Supporting Dept.	Conduct confirmation, delivery, account management, internal audit and other affairs for financial products.

Departments	Function
Treasury Dept.	Manage the Bank's asset and liability. Based on the Bank's outlook, initiate proactive deposit strategy, manage funding and liquidity gap.
Fixed-Income Dept.	Manage transactions of fixed-income products and according derivatives, including outright purchases, repo and reverse repo of bonds, bills, beneficiary securities, and asset-backed securities.
Corporate Banking Dept.	Supervise operational objectives, budget objectives, business development and product research and development for corporate banking business and plan and integrate services featuring projects, policies, large size, and complexity；and administrative affairs including personnel allocation and training.
Consumer Banking Dept.	Supervise, for consumer banking business, operational policies, budget objectives, business development, product research and development, marketing activities, customer services, crediting credit card users and plan and manage all of business regions.
Consumer Credit Management Dept.	Examine and approve credit account of car loans, stock-secured loans, whole-pile-single-house mortgage and credit card, develop on management policies, and collection of bad debt in consumer finance.
Trust Dept.	Plan, develop and manage trust business, execute annual budget objectives, and conduct R&D and integration of wealth management products and process trust business.
Wealth Management Dept.	Supervise the operational policies, budget objectives, business development, marketing plans and manage other wealth management services.
International Banking Dept.	Planning, management, institutionalization, and processing of foreign exchange.
E-Commerce Dept.	Supervise the development of the E-Banking services, including the planning of strategies, the integration of business operation, also the related promotion and manage affairs.
Business Dept. Branches	Manage services of commercial banks approved by the competent authority, execute budgetary objectives of branches, administers accounting affairs and other tasks assigned by the headquarter.

3. Directors, Supervisors and Managers

(1) Information of Directors

Base Date: January 31, 2014

Title	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Chairman：Representative of Yuanta Financial Holdings	Rong-Jou Wang	11/05/2013 (Note 2)	05/31/2016	11/05/2013	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,649,693,015	—	● Master of Laws,National Chung Hsing University ● Chairman of Hua Nan Financial Holdings；Chairman of Mega Financial Holdings/Mega Bank；Independent Director/Vice Chairman/ President of Yuanta Commercial Bank；Chairman of Taiwan Asset Management Corporation；Chairman of Taiwan Business Bank；Administrative Deputy Minister, Ministry of Finance；Supervisor of Taiwan External Trade Development Council；Director of Taiwan Academy of Banking and Finance	Chairman of Yuanta Commercial Bank；Chairman of Yuanta Financial Holdings；Director of Chinese Tax Research Association(Taiwan)；Director of Chung Hua Financial R&D Association	—
Vice Chairman：Representative of Yuanta Financial Holdings	Song-Erh Chang	06/01/2013 (Note 3)	05/31/2016	05/06/2012			● Bachelor of Commerce, Tamkang University ● Chairman of Yuanta Commercial Bank；Chairman of Polaris International Securities Investment Trust Company；Chairman and President of Bank of Overseas Chinese;President of Chang Hwa Commercial Bank	—	

Title	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director：Representative of Yuanta Financial Holdings	Michael Ma	06/01/2013	05/31/2016	06/01/2013	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,649,693,015	—	●Bachelor of Commerce, University of Southern California,USA ●Chief Executive Vice President of Yuanta Financial Holdings；Vice Chairman of Yuanta Commercial Bank；CEO of Syspower Corporation；Director of Yuanta Core Pacific Securities；Chairman of Tzi-Fu International Corporation；Executive Assistant to CEO of Yuanta Construction Development	Director of Yuanta Foundation；Director of Yuanta Financial Holdings；Director of Yuanta Construction Development；Director of New York Life Insurance；Director of Yuan Hung Investment；Director of Yuan Hsiang Investment；President of Lien Heng Investment	—
	Jin-Long Fang	06/01/2013	05/31/2016	06/29/2007			●Provincial Chiayi Senior Vocational High School ●Director of Yuanta Core Pacific Securities；Chairman of Li Ching Industry ；Chairman of Yuanta United Steel Corporation；Chairman of Yuan Kun Construction	Director of Yuanta Financial Holdings；Director of Yuan Kun Construction	
	Hsien-Tao Chiu	06/01/2013	05/31/2016	06/30/2005			●Bachelor of Business administration, University of Southwestern,USA ●Chairman of Taichung Securities；Standing Director of Asia Pacific Bank；Director of Asia Pacific Investment & Trust；Chairman of Asia Pacific Leasing；Chairman of Fuan Insurance Agent	Director of Yuanta Financial Holdings； Chairman of Taiwan Yi-Her International Corporation；Director of Fong-Long Automobile；Director of Kong-Ya Investment Corporation；Director of Jin-Li Industry Corporation；Chairman of Yi-Her Automobile；Director of Cheng-Long Automobile；Chairman of FIAT	Executive Vice President, Eric K Chiu, kin with the second degree

Title	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director：Representative of Yuanta Financial Holdings	Cheng-Hsin Wang	06/01/2013 (Note 4)	05/31/2016	09/16/2008	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,649,693,015	—	●Master of Public Finance of National Chengchi University ●Vice Chairman of Yuanta Commercial Bank；CSO and Executive Vice President of Yuanta Financial Holdings；CSO, Chinatrust Financial Holdings；Senior Vice President of Chinatrust Commercial Bank；President of Jih Sun Financial Holdings	President of Yuanta Financial Holdings；Chairman of New York Life Insurance	—
	Chia-Lin Chin	06/01/2013	05/31/2016	04/16/2009			●Bachelor of Business Administration, National Chengchi University ●25th Executives Program,Graduate School of Business Administration, National Chengchi University ●General Auditor of Fuhwa Financial Holdings；General Auditor of Yuanta Core Pacific Securities；Vice President of Yuanta Core Pacific Securities；Vice President of SAMPO Securities；Department Head of Atlas Technology Corp.	President of Yuanta Commercial Bank；Chairman of Yuanta Life Insurance Agent；Director of Yuanta Asset Management；Director of Yuanta Property Insurance Agent；Chairman of Yuanta International Leasing；Director of Yuanta Foundation	
	Ming-Heng Ho	06/01/2013	05/31/2016	04/01/2012			●Bachelor of Money and Banking, National Chengchi University ●Master of Business Administration, University of Washington,USA ●Director of Polaris Securities；Director and Supervisor of Taiwan Futures Exchange；The 2nd Chairman of Chinese Nationaal Futures Association；Director of Waterland Financial Holdings；Director of International Bills Finance	Director of Yuanta Financial Holdings；Chairman of Yuanta Futures；Director of Taiwan Futures Exchange；Chairman of Ho's Holding Company；Independent Supervisor of udn.com Corporation；Chairman of Chinese Nationaal Futures Association；Director of Lianan Healthcare company	

Title	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Director：Representative of Yuanta Financial Holdings	Jin-Sheng Duann	06/01/2013	05/31/2016	04/01/2012	100% owned by Yuanta FHC； Shareholding when Elected: 3,496,331,435 Current Shareholding: 3,649,693,015	—	●Bachelor of Public Finance, National Chengchi University ●Chairman of Taipei Foreign Exchange Market Development Foundation；Director General of Department of Foreign Exchange,Central Bank R.O.C；Director General of Department of the Treasury,Central Bank R.O.C	—	—
Independent Director	Dah-Hsian Seetoo	06/01/2013	05/31/2016	06/29/2007	—	—	●Ph.D. in Business administration, Northwestern University,USA；MBA, University of Illinois,USA ●Chairman of Commerce Development Research Institute；Director of Yuanta Securities；Independent Director of Yuanta Core Pacific Securities；Director of Taiwan Stock Exchange；Deputy Director of Public Administration Center,National Chengchi University; Deputy Director of Civil Servant Education Center,National Chengchi University；Director of Department of Business Administration, National Chengchi University；Director of Graduate Institute of Business Administration, National Chengchi University；Vice President of National Chengchi University	Independent Director of Yuanta Financial Holdings; Chair Professor of National Chengchi University	—

Title	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected；Current Shareholding	Shares Held by Spouse & Minors or in Others' Name	Experience & Education	Other Position	Executives, Directors, Supervisors who are spouses or within two degrees of kinship
Independent Director	Jung-Hsien Huang	06/01/2013	05/31/2016	03/19/2008	—	—	●Bachelor of Public Finance of National Chengchi University ●Independent Director of Yuanta Securities；Chairman of Central Trust of China；Counselor of Ministry of Finance；President of Taipei Bank；Vice President of Chiao Tung Bank	Independent Director of Yuanta Futures	—
	Chwo-Ming Yu	06/01/2013	05/31/2016	06/01/2013			●Ph.D. in business administration , Michigan University , USA ●Independent Director of Antec Inc.；Consultant of Hon Hai Precision Industry；Assistant professor of business administration,University of Illinois at Urbana-Champaign, USA	Independent Director of Yuanta Securities；Independent Director of Advantech Corporation；Director of Higher Education Foundation；Professor of National Chengchi University	

Note 1: On June 1, 2013, Yunata Financial Holdings designated Mr. Song-Erh Chang, Mr. Michael Ma, Mr. Jin-Long Fang, Mr. Hsien-Tao Chiu, Mr. Cheng-Hsin Wang, Mr. Chia-Lin Chin, Mr. Ming-Heng Ho and Mr. Jin-Sheng Duann as the directors of the 8th term of the Company and Mr. Dah-Hsian Seetoo, Mr. Jung-Hsien Huang and Mr. Chwo-Ming Yu as the independent directors of the 8th term. The expiration date of the 7th tenure was advanced to May 31, 2013.

Note 2: Mr. Rong-Jou Wang was designated by Yunata Financial Holdings as the director of the 8th term of the Company on November 5, 2013 and elected as Chairman at the 13th Director's Meeting of the 8th term.

Note 3: Mr. Song-Erh Chang was elected as Chairman at the 1st Director's Meeting of the 8th term on June 1, 2013, resigned from Chairman on November 5, 2013 and elected as Vice Chairman at the 13th Director's Meeting of the 8th term on November 5, 2013.

Note 4: Mr. Cheng-Hsin Wang was elected as Vice Chairman at the 2nd Director's Meeting of the 8th term on June 13, 2013, resigned from Vice Chairman on November 5, 2013.

(2) Major Institutional Shareholders:

Base Date: July 25, 2013

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Yuanta Financial Holdings Co., Ltd	Tsun Chueh Investment Co., Ltd.	3.88%
	Yuan Hung Investment Co., Ltd.	3.39%
	Dedicated investment account managed by Citibank (Taiwan) on behalf of Singapore Government	2.87%
	Yuan Hsiang Investment Co., Ltd.	2.86%
	Yu Yang Investment Co., Ltd.	2.79%
	Dedicated investment account managed by Mega International Commercial Bank on behalf of Mega Securities (HK)	2.77%
	Bank of Taiwan Co., Ltd.	2.33%
	Lian Ta Investment Co., Ltd.	2.18%
	Exclusive account for Vanguard Emerging Markets Stock Index Fund consigned by Standard Chartered Bank	2.05%
	Nan Shan Life Insurance Co., Ltd.	1.84%

Note: Data for the company's top 10 major shareholders are as of Yuanta Financial Holdings' latest book closure date (2013.7.25).

(3) Key Shareholders of Major Institutional Shareholders:

Base Date: January 31, 2014

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Tsun Chueh Investment Co., Ltd.	Teng Ta Investment Co., Ltd.	19.22%
	Lian Ta Investment Co., Ltd.	19.49%
	Chiu Ta Investment Co., Ltd.	18.01%
	Lien Heng Investment Co., Ltd	18.53%
	Hsing Tsai Investment Co., Ltd	10.24%
	Victor Ma	8.27%
	Judy Tu	4.69%
	Yung-Tsang Lin	0.78%
	Er-Tai Ma	0.69%
	Shu-Hsueh Wu	0.08%
Yuan Hung Investment Co., Ltd.	Mei Jia Li Investment Co., Ltd.	45.88%
	Lien Heng Investment Co., Ltd	33.74%
	Teng Ta Investment Co., Ltd.	15.38%
	Judy Tu	5.00%
Dedicated investment account managed by Citibank (Taiwan) on behalf of Singapore Government	N/A	

Name of institutional shareholders	Major shareholders of the institutional shareholders	
Yuan Hsiang Investment Co., Ltd.	Lian Ta Investment Co., Ltd.	44.38%
	Lien Heng Investment Co., Ltd	19.00%
	Teng Ta Investment Co., Ltd.	18.69%
	Chiu Ta Investment Co., Ltd.	9.96%
	Judy Tu	5.01%
	Hsing Tsai Investment Co., Ltd	2.96%
Yu Yang Investment Co., Ltd.	Tsun Chueh Investment Co., Ltd.	100.00%
Dedicated investment account managed by Mega International Commercial Bank on behalf of Mega Securities (HK)	N/A	
Bank of Taiwan Co., Ltd.	Taiwan Financial Holdings Co., Ltd	100.00%
Lian Ta Investment Co., Ltd.	Chiao Hua International Investment Co., Ltd	45.79%
	Lien Heng Investment Co., Ltd	37.14%
	Chiu Ta Investment Co., Ltd.	14.02%
	Hsing Tsai Investment Co., Ltd	2.58%
	Judy Tu	0.47%
Exclusive account for Vanguard Emerging Markets Stock Index Fund consigned by Standard Chartered Bank	N/A	
Nan Shan Life Insurance Co., Ltd.	Dedicated investment account managed by First Bank on behalf of Ruen Chen Investment Holding Co., Ltd.	83.11%
	Ruen Chen Investment Holding Co., Ltd.	7.55%
	Ying Tsung Tu	3.25%
	Dedicated stock trust property account managed by Taishin International Bank on behalf of Nanshan Life Insurance	1.45%
	Ruen Hua Dyeing & Weaving Co., Ltd.	0.28%
	Ruen Tex Leasing Co., Ltd.	0.15%
	Chi Pin Investment	0.11%
	Wen Te Kuo	0.11%
	Pao Chih Investment	0.05%
	Pao Yi Investment	0.05%
	Pao Hui Investment	0.05%
	Pao Huang Investment	0.05%

(4) Information of Managers:

A. Presidents, Vice Presidents and Department Heads:

Base Date: March 14, 2014

Title	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
President	Chia-Lin Chin	04/09/2009	N/A	N/A	● President ● Bachelor of Business Administration, National Chengchi University ● 25th Executives Program,Graduate School of Business Administration, National Chengchi University	Director of Yuanta Commercial Bank；Chairman of Yuanta Life Insurance Agent；Director of Yuanta Property Insurance Agent；Director of Yuanta Foundation；Director of Yuanta Asset Management；Chairman of Yuanta International Leasing	N/A
General Auditor	Chien Weng	10/22/2012			● General Auditor ● Bachelor of Law, Fu Jen Catholic University	General Auditor of Yuanta Financial Holdings；Director of MacroWell OMG Digital Entertainment Corporation	
Executive Vice President	Tze-Fen Lin	07/01/2008			● Supervisor of Risk Management Dept., Financial Trading Supporting Dept. and Collection Dept. ● Ph.D. of Finance, National Taiwan University ● 24th Executives Program,Graduate School of Business Administration, National Chengchi University	CRO of Yuanta Financial Holdings；Supervisor of Yuanta Securities Investment Consulting；Director of Yuanta Life	
	Tsai-Yu Chang	10/17/2013			● Supervisor of Financial Trading Dept., Credit Management Dept. and Fixed-Income Dept. ● Master of Business Administration, National Chengchi University ● 29th Executives Program,Graduate School of Business Administration, National Chengchi University	Senior Vice President of Yuanta Financial Holdings；Director of Yuanta Life Insurance Agent；Supervisor of Yuanta Asset Management；Supervisor of Yuanta Venture Capital；Supervisor of Yuanta I Venture Capital；Supervisor of Yuanta Securities Finance；Director of Yuanta Securities Holdings (BVI)；Director of SYF Information (Samoa) Limited；Director of Polaris Investment Management (Cayman) ；Director of Polaris Holdings (Cayman) Limited	

Title	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Executive Vice President	Chung-Ping Lue	10/20/2009	N/A	N/A	● Supervisor of Accounting Dept., Deposit and Remittance Banking Dept.and Treasury Dept. ● Master of Accounting, National Chengchi University	CFO of Yuanta Financial Holdings； Director of Yuanta Life Insurance Agent；Supervisor of Yuanta International Leasing	N/A
	Eric K. Chiu	05/30/2008			● Supervisor of Wealth Management Dept., Trust Dept. and Offshore Banking Branch ● MBA, The University of Queensland, Australia ● 28th Executives Program,Graduate School of Business Administration, National Chengchi University	Director of Yuanta International Leasing	
Senior Vice President	Yung-Chung Huang	06/15/2009			● Supervisor of Consumer Banking Dept., Consumer Credit Management Dept., International Banking Dept. and Operation Dept. ● Bachelor of Business Administration, Tamkang University	Director of Yuanta International Leasing	
	Yu Chang	05/17/2010			● Business Supervisor and Supervisor of Corporate Banking Dept. ● Master of Public Administration, National Chengchi University	N/A	
Vice President	Tai-Yung Hsiung	11/01/2013			● Chief Secretary and Manager of Secretariat ● Bachelor of Cooperative Economics, National Chung Hsing University	Vice President of Yuanta Financial Holdings	
	Siao-Jyuan Zeng	07/01/2008			● Manager of Credit Management Dept. ● Dept. of Accounting and Statistics, Shih Chien College	N/A	
	Siou-Mei Chen	04/13/2007			● Manager of Information Technology Dept. ● Bachelor of Economics, National Chung Hsing University	Senior Assistant President of Yuanta Financial Holdings	

Title	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Vice President	Su-Hui Wu	10/01/2013	N/A	N/A	● Manager of Wealth Management Dept. ● Bachelor of Business Administration, National Chung Hsing University	N/A	N/A
	Shu-Chuan Chuang	11/01/2007			● Manager of Trust Dept. ● Master of Insurance, National Chengchi University		
Senior Assistant President	Wen-Jeng Chang	10/14/2005			● Manager of Offshore Banking Branch, Chief Representative of Hong Kong Representative Office, Manager of Prepatory Office of Macau Branch. ● MBA,George Washington University,USA		
	Wen-Hsiang Chang	10/31/2008			● Business Supervisor ● Bachelor of Cooperative Economics, National Chung Hsing University		
	Sin-Yu Lin	10/31/2008			● Business Supervisor, Manager of Prepatory Office of Singapore Branch. ● MBA, Arizona State University,USA		
	Yeong-Jen Chen	05/28/2010			● Business Supervisor ● Bachelor of Finance and Banking ,Aletheia University		
	Shu-Jung Wang	06/02/2008			● Manager of Treasury Dept. ● Bachelor of International Trade, Fu Jen Catholic University		
	Hsiao-Keng Chang	10/01/2005			● Manager of Human Resource Dept. ● Bachelor of History, National Taiwan University	Senior Assistant President of Yuanta Financial Holdings	
	Yi-Liang Su	06/23/2006			● Manager of Risk Management Dept. ● Ph.D. of Management, National Taiwan University of Science and Technology	Senior Assistant President of Yuanta Financial Holdings	
	Yu-Ching Su	12/29/2006			● Manager of Accounting Dept. ● Bachelor of Accounting, Tamkang University	N/A	

Title	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Assistant President	Ming-Yueh Liu	04/01/2011	N/A	N/A	● Manager of Corporate Banking Dept. ● Dept. of Accounting & Statistics, Ming Chuan Commercial College for Girls	N/A	N/A
	Fan-Sheng Pu	10/17/2013			● Manager of Fixed-Income Dept. ● Master of Business Administration, National Chung Hsing University		
Assistant President	Chih-Hsun Chiang	07/01/2008			● Manager of Financial Trading Supporting Dept. ● Bachelor of Business Administration, Tamkang University		
	Mei-Ju Chen	04/01/2009			● Manager of Legal & Compliance Dept. ● Master of Laws , Fu Jen Catholic University	Assistant President of Yuanta Financial Holdings；Supervisor of Yuanta Life Insurance Agent	
	Ming-Shing Chen	02/22/2013			● Manager of President Office ● Bachelor of Laws, National Taiwan University	N/A	
	Mei-Jhu Chang	09/19/2013			● Manager of Operation Dept. ● Dept. of Management, National Taipei College of Business		
	Kung-He Chang	05/01/2013			● Manager of Consumer Credit Management Dept. ● Master of Applied Statistics, Fu Jen Catholic University		
	Chi-Liang Hsiao	05/01/2013			● Manager of Consumer Banking Dept. ● Master of Business Administration, California State University, San Bernardino,USA		
	Wen-Ting Huang	09/19/2013			● Manager of Deposit and Remittance Banking Dept. ● Bachelor of International Trade,National Chengchi University		
	Luin-Chian Lin	02/14/2014			● Manager of International Banking Dept. ● Bachelor of Banking,Tamkang University		

Title	Name	Date of Appoint-ment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Sheng-Hsing Huang	10/31/2008	N/A	N/A	● Manager of Administration & Facilities Management Dept. ● Bachelor of Accounting, Soochow University	N/A	N/A
	Chien-Ming Tseng	03/22/2013			● Manager of Financial Trading Dept. ● Bachelor of Finance and Banking ,Aletheia University		
	Li-Jung Chang	02/14/2014			● Manager of E-Commerce Dept. ● Bachelor of Business Administration, Chinese Culture University		
Manager	Hui-Kuo Chien	02/22/2013			● Manager of Collection Dept. ● Bachelor of Economics, Fu Jen Catholic University		

B. Branch Managers:

Base Date: March 14, 2014

Title	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Assistant President	Tzu-Ping Liu	09/19/2013	N/A	N/A	● Manager of Business Department ● Bachelor of of Accounting,Tamkang University	N/A	N/A
Manager	Ching-Hui Chiu	02/17/2012	N/A	N/A	● Manager of Yonghe Branch ● Bachelor of International Business, Tamkang University	N/A	N/A
Assistant President	Jeng-Hwa Cherng	09/09/2011	N/A	N/A	● Manager of Taipei Branch ● Master of Finance, Fu Jen Catholic University	N/A	N/A
Senior Manager	Li-Chang Lu	09/19/2013	N/A	N/A	● Manager of Chengjhong Branch ● Associate Degree of Banking and Insurance,National Taipei College of Business	N/A	N/A
Senior Manager	Pei-Ying Wang	05/28/2010	N/A	N/A	● Manager of Neihu Branch ● MBA, St. John's University, New York	N/A	N/A
Manager	Yung-Li Huang	11/26/2010	N/A	N/A	● Manager of Sinyi Branch ● Bachelor of Banking, National Chengchi University	N/A	N/A
Assistant President	Ming-Kun Wang	09/19/2013	N/A	N/A	● Manager of Banqiao Branch ● Master of Finance, Ming Chuan University	N/A	N/A
Senior Manager	Wen-Hsiung Shih	03/22/2013	N/A	N/A	● Manager of Yongkang Branch ● Bachelor of Business Administration, National Chung Hsing University	N/A	N/A
Assistant President	Chun-Huang Lu	09/19/2013	N/A	N/A	● Manager of Nanjing East Road Branch ● Master of Business Administration (MBA), National Taipei University	N/A	N/A
Assistant President	Guor-Liarng Wang	05/28/2010	N/A	N/A	● Manager of Zhongshan North Road Branch ● Bachelor of Banking, National Chengchi University	N/A	N/A
Manager	Hu-Hua Liang	08/07/2012	N/A	N/A	● Manager of Zhongxiao Branch ● Associate Degree of Banking Management,Tamsui Institute of Business Administration	N/A	N/A
Assistant President	Chien-Pin Wu	06/22/2012	N/A	N/A	● Manager of Songiang Branch ● Bachelor of Business Administration, National Chung Hsing University	N/A	N/A
Manager	Chi-Chang Yu	09/28/2012	N/A	N/A	● Manager of Guanqian Branch ● Bachelor of Business, National Open University	N/A	N/A
Manager	Shu-Miao Chuang	09/19/2013	N/A	N/A	● Manager of Shihlin Branch ● Bachelor of Accounting,Tunghai University	N/A	N/A

Title	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Cheng-Yi Chang	02/17/2012	N/A	N/A	● Manager of Chingmei Branch ● EMBA, National Chengchi University	N/A	N/A
Manager	Zu-Jen Lee	07/01/2010			● Manager of Jhonghe Branch ● Associate Degree of Business International Trade,Chihlee College		
Manager	San-Kuei Huang	09/19/2013			● Manager Tungshin of Branch ● Bachelor of Accounting, Chinese Culture University		
Assistant President	Ta-Hsiang Yuan	10/15/2009			● Manager of Sinjhuang Branch ● Master of Business Administration, Southern Queensland University, Australia		
Assistant President	Hong-Chih Lin	09/19/2013			● Manager of Minsheng Branch ● Bachelor of International Business,Soochow University		
Manager	Yen-Shan Lee	06/22/2012			● Manager of Beitou Branch ● Bachelor of Statistics,National Chung Hsing University		
Assistant President	Chung-Hsi Chuang	02/02/2009			● Manager of Zhongli Branch ● Administration junior college of the National Chengchi University of Department Eminent Public Administration		
Assistant President	Chen-kang Yang	04/22/2011			● Manager of Guting Branch ● Bachelor of Economics,Soochow University		
Assistant President	Ching-Sung Chen	11/04/2011			● Manager of Hsinchu Branch ● MBA, South Australia University		
Senior Manager	Li-Ching Yu	03/13/2009			● Manager of Nankan Branch ● Bachelor of International Trade, Tunghai University		
Manager	Yung-Chang Tseng	02/17/2014			● Manager of Ximen Branch ● Master of Accounting, Kansas State University,USA		
Assistant President	Tai-Yuan Huang	11/04/2011			● Manager of Pingjhen Branch ● Master of Business Administration, North Alabama University, USA		
Manager	Yu-Chien Hsu	02/22/2013			● Manager of Datong Branch ● Bachelor of Management Science,National Chaio Tung University		
Manager	Sheng-Feng Chen	03/02/2012			● Manager of Miaoli Branch ● Master of Economics, Feng Chia University		
Assistant President	Chun-Chieh Wu	09/19/2013			● Manager of Luodong Branch ● Bachelor of Commerce, National Taiwan University		

Title	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Manager	Jie-Ping Wu	02/17/2012	N/A	N/A	● Manager of Kinmen Branch ● Master of Business Education, National Changhua University of Education Department	N/A	N/A
Manager	Chi-Chen Lin	02/22/2013			● Manager of Sindian Zhongzheng Branch ● Master of Science in Finance, Louisiana State University,USA		
Senior Manager	Yu-Ling Hsu	03/02/2012			● Manager of Hsinchu Science Park Branch ● MBA, National Central University		
Assistant President	Chih-Sheng Pan	11/04/2011			● Manager of Shalu Branch ● MBA, Tunghai University		
Senior Manager	Tsung-Chieh Lee	02/22/2013			● Manager of Dali Branch ● Master of Accounting, National Yunlin University of Science and Technology		
Manager	Ting-I Chu	03/02/2012			● Manager of Fusing Branch ● Master of International Management, American Graduate School of International Management ● MBA, South Dakota University,USA		
Manager	Ling-Ying Liao	02/22/2013			● Manager of ChungGang Branch ● Associate Degree of Business Administration, Ling Tung Junior College of Accounting		
Manager	Yeh-Lu Lee	02/22/2013			● Manager of Wunsin Branch ● Bachelor of Economics, Tunghai University		
Senior Assistant President	Kuang-Chung Liao	11/04/2011			● Manager of Taichung Branch ● MBA, National Sun Yat-Sen University		
Assistant President	Chi-Wen Tso	03/02/2012			● Manager of Lugang Branch ● Master of Finance, Chaoyang University of Technology		
Manager	Cheng-Fang Chen	04/27/2012			● Manager of Caotun Branch ● Master of Finance, National Yunlin University of Science and Technology		
Senior Manager	Sheng-Wen Chien	02/22/2013			● Manager of Chongde Branch ● MBA, Chaoyang University of Technology		
Manager	Lu-Wen Tang	09/09/2011			● Manager of Taiping Branch ● Bachelor of Finance, Chaoyang University of Technology		
Senior Assistant President	Chin-Sen Wang	03/02/2012			● Manager of Doushin Branch ● Associate Degree of Accounting and Statistics, Transworld Junior College of Commerce		
Manager	Ping-Hwang Hu	03/02/2012			● Manager of Fongyuan Branch ● Bachelor of Economics, Fu Jen Catholic University		

Title	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	An-Kuo Hung	03/02/2012	N/A	N/A	● Manager of Yuanlin Branch ● Bachelor of Business Administration, Transworld Institute of Technology	N/A	N/A
Senior Manager	Chung-Lin Yeh	02/27/2009			● Manager of Beidou Branch ● Master of Accounting ,Chung Yuan Christian University		
Manager	Li-Fen Chang	09/09/2011			● Manager of Dajia Branch ● Bachelor of Business Management, Ling Tung Junior College of Technology		
Assistant President	Jui-Chien Hsieh	03/02/2012			● Manager of Changhua Branch ● Associate Degree of Accounting and Statistic, National Taipei College of Business		
Senior Manager	Tsung-hua Hsieh	02/17/2012			● Manager of Dounan Branch ● Associate Degree of Banking Management, Tamsui Institute of Business Administration		
Manager	Hao Tsai	02/17/2012			● Manager of Huwei Branch ● Associate Degree of International Trade, Taichung College of Commerce		
Manager	Chung-Lin Wu	11/26/2010			● Manager of Fuchen Branch ● National Sun Yat-Sen University Institute of Interdisciplinary Studies for Social Sciences Economics Division		
Senior Manager	Ming-Hung Chang	03/22/2013			● Manager of Chengde Branch ● Associate Degree of Advertising Design,KaiNan High School of Commerce and Industry		
Assistant President	Ming-Kuan Lu	04/27/2012			● Manager of Tainan Branch ● Bachelor of Statistics,National Chengchi University		
Manager	Chien-Sheng Wang	11/26/2010			● Manager of Chiayi Branch ● Master of Finance,National Yunlin University of Science and Technology		
Manager	Chin-Hao Wang	05/08/2009			● Manager of Fudong Branch ● Associate Degree of Business Administration,Far Eastern College of Industrial and Commercial Management		
Manager	Ming-Sheng Chen	11/03/2008			● Manager of Kaiyuan Branch ● Associate Degree of Bank Insurance,TaTung Junior College of Commerce		
Manager	Kuo-Ching Wong	02/17/2012			● Manager of Anhe Branch ● Bachelor of Economics,National Taiwan University		
Assistant President	Ching-Chi Huang	12/06/2010			● Manager of Kaohsiung Branch ● Master of Money and Banking, National Kaohsiung First University of Science and Technology		

Title	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Assistant President	Bih-Ru Liao	03/22/2013	N/A	N/A	● Manager of Boai Branch ● Master of Financial Management, National Kaohsiung First University of Science and Technology	N/A	N/A
Manager	Che-Chin Lin	09/19/2013	N/A	N/A	● Manager of Linkou Branch ● Master of Finance, National Taiwan University of Science and Technology	N/A	N/A
Senior Manager	Wen-Pin Lu	11/28/2008	N/A	N/A	● Manager of Fongshan Branch ● Bachelor of Business Administration, Cheng Shiu University	N/A	N/A
Senior Manager	Ming-Chai Tsai	11/28/2008	N/A	N/A	● Manager of Sanmin Branch ● Master of Economics, National Sun Yat-Sen University	N/A	N/A
Senior Manager	Win-Yen Chen	09/19/2013	N/A	N/A	● Manager of Hualien Branch ● Bachelor of Finance, Feng Chia University	N/A	N/A
Manager	Cherng-Jer Lee	02/22/2013	N/A	N/A	● Manager of Zuoying Branch ● Master of Money and Banking,National Kaohsiung First University of Science and Technology	N/A	N/A
Manager	Hsiao-Pei Chang	11/29/2013	N/A	N/A	● Manager of Puqian Branch ● Bachelor of Accounting, Soochow University	N/A	N/A
Manager	Kuo-Hsing Shen	02/14/2014	N/A	N/A	● Manager of Tucheng Branch ● Master of Business Administration (MBA), Dallas Baptist University,USA	N/A	N/A
Manager	Wu-Han Chiang	06/22/2012	N/A	N/A	● Manager of Songshan Branch ● Bachelor of Industrial Management, National Taiwan University of Science and Technology	N/A	N/A
Manager	Kan-Lin Chen	04/22/2011	N/A	N/A	● Manager of Shuanghe Branch ● Bachelor of Business Administration,National Taiwan University of Science and Technology	N/A	N/A
Senior Manager	Jin-Ren Syu	09/09/2011	N/A	N/A	● Manager of Sanchong Branch ● Bachelor of Business Administration, Soochow University	N/A	N/A
Manager	Pan-Yi Chiu	02/14/2014	N/A	N/A	● Manager of Beisanchong Branch ● Associate Degree of Secretarial Science, National Taipei College of Business	N/A	N/A
Assistant President	Chien-Wei Pan	06/22/2012	N/A	N/A	● Manager of Tianmu Branch ● Master of Finance,California State University, USA	N/A	N/A
Senior Manager	Chih-Hung Lu	03/19/2010	N/A	N/A	● Manager of Taosin Branch ● Bachelor of Business Administration, National Chengchi University	N/A	N/A

Title	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Cheng Liao	03/05/2010	N/A	N/A	● Manager of Lujhou Branch ● Master of Business Administration, National Chung Hsing University	N/A	N/A
Senior Manager	Tsung-Heng Tsai	04/25/2011			● Manager of Datong Branch ● Master of Public Administration, National DongHwa University		
Senior Manager	Shun-Ming Fanchiang	04/22/2011			● Manager of Shangsinjhuang Branch ● Bachelor of Economics,Soochow University		
Manager	Neng-Che Shih	09/13/2010			● Manager of Yanping Branch ● Master of Finance, National Chung Cheng University		
Manager	Shih-Ho Tsai	10/04/2010			● Manager of Wende Branch ● Bachelor of Public Finance and Taxation, Aletheia University ● Bachelor of Laws,Fu Jen Catholic University		
Senior Manager	Hui-Jen Chen	11/12/2010			● Manager of Dunnan Branch ● Associate Degree of International Trade, China Junior College of Industrial and Commercial Management		
Manager	Yu-Chao Cheng	02/22/2013			● Manager of Pingtung Branch ● Bachelor of Laws,Chinese Culture University		
Senior Manager	Jeng-Huei Chen	06/22/2012			● Manager of Daan Branch ● Master of Business Administration,Ming Chuan University		
Senior Manager	Rong-Hwa Huang	04/22/2011			● Manager of Taoyuan Branch ● Bachelor of Commerce,National Taiwan University		
Senior Manager	Mei-Jen Liu	05/13/2011			● Manager of Gongguan Branch ● Bachelor of International Trade,Tamkang University		
Manager	Yung-Chieh Lin	09/19/2013			● Manager of Hsintien Branch ● Associate Degree of Business Administration Gingchung Business College		
Manager	Hui-Jen Chang	12/23/2011			● Manager of Heping Branch ● Master of Business Administration (MBA), Royal Roads University		
Manager	Ming-Hsiung Lin	02/22/2013			● Manager of Jhubei Branch ● Associate Degree of International Trade,Tamsui Institute of Business Administration		

Title	Name	Date of Appointment	Shares held	Shares Held by Spouse & Minors or in Others' Name	Experiences / Education	Concurrent Positions in Other Companies	Managerial Staff as Spouse or Kin within the second degree
Senior Manager	Chun-Hsiung Kuo	03/22/2013			● Manager of Jiali Branch ● Master of Industrial Management,National Cheng Kung University		
Manager	Kuo-Tsai Liu	02/13/2014	N/A	N/A	● Manager of Shulin Branch ● Bachelor of Banking and Finance,Tamkang University	N/A	N/A
Manager	Hua-En Fang	03/03/2014			● Manager of Guangfu Branch ● Master of Finance, Monash University, Australia		

4. Corporate Governance

(1) Disclosures made in accordance with Corporate Governance Best-Practice Principles for Banks and related regulations:

Disclosed in "Important Information" on the Bank's website

http://www.yuantabank.com.tw/bank/

(2) State of Corporate Governance:

Item	Operation	The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
1. Equity structure and shareholder equity of the Bank： (1) Methods used by the Bank to handle shareholder suggestion and complaints (2) The Bank maintains the list of major shareholders actually controlling it and the ultimate controllers of these major shareholders (3) The approach of establishing risk control mechanism and the firewall between the Bank and its affiliates.	(1) The Bank is wholly-owned by Yuanta Financial Holding. It accords its management of the Bank with Article 26 of Financial Holding Company Act, and maintains an unobstructed communication channels with the Bank. (2) Yuanta Financial Holding is the sole shareholder of the Bank. Therefore, Yuanta Financial Holding is the major shareholder actually controlling the Bank and the ultimate controller of the shareholder. (3) The Bank and its related party have been processing their finance independently, and the performance and division of responsibilities between both parties have been defined clearly, and also audited by CPA periodically. Additionally, the Bank has also established the stakeholder query system and developed according operation procedures and the controlling mechanism all according to Article 44 and Article 45 of Financial Holding Company Act and relevant policies of the parent company. The Bank also handled the cross-selling operation in accordance with Article 42 and 43 of Financial Holding Company Act and the relevant regulations.	Conformity
2. Composition and responsibilities of the board of directors： (1) Status of the Bank's independent directors (2) Regular evaluation of the independence of the CPA	(1) The Bank now set up 12 directors, including 3 independent directors, who constitutes the Audit Committee and perform the duty of supervisors. Members of the Audit Committee not only possess rich experiences and erudition and demonstrate reputation, but also have expertise in their individual areas. Since the establishment of Audit Committee, the members have proposed a vast amount of advice on reform and committed considerably contribution to the overall management performance. (2) The evaluation report on the independence of certified accountants and their appointment are reported to the Audit Committee and Board of Directors for approval.	Conformity

Item	Operation	The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
3. Communication with interested parties：	The Bank has defined the "Regulations Governing Interested Parties' Suggestions and Disputes for Audit Committee" to establish the unobstructed communication and constructed "The Area for Employees and Interested Party's Suggestions and Disputes for Audit Committee" as a communication channel on the website.	Conformity
4. Information Disclosure： (1) Establishment of the website to disclose information concerning financial affairs and corporate governance (2) Other information-disclosing approaches (e.g. English website, assignment of specific personnel to collect and disclose the Bank's information, implementation of a spokesperson system, broadcasting of investor conferences via the bank website.)	(1) The Bank has built the Chinese and English websites to disclose to the public the important financial information and corporate governance information, including annual financial reports. (2) The Bank established the spokesperson and deputy spokesperson system to unify and integrate financial and business information and advance the timeliness of public announcement.	Conformity
5. Establishment of functional committees such as the nomination or other functional committees by the Bank：	The Bank established the Compensation Committee according to the resolution of the 7th meeting of the 7th Board of Directors on September 16, 2010. The Committee is composed of three independent directors of the Bank, who recommend one convener among themselves. The committee members serve these positions with the same term as that of independent directors. The meeting is held basically once every six months and may be held anytime while necessary. The Compensation Committee performs the following duties: (1) To evaluate and supervise the comprehensive compensation policies of the corporation; (2) To establish directors' remuneration structure and system; (3) To establish standards on annual raise; (4) To establish standards on appropriating special bonuses; (5) Other tasks with authorization from the Board of Directors.	Conformity
6. Please describe the Bank's corporate governance status, any departures from the Corporate Governance Practice Principles for the banking industry and reasons for such departures： In order to solidify corporate governance, the Bank set up independent directors and the audit committee. Current corporate governance is all complied with "Guidelines for Bank Corporate Governance".		

Item	Operation	The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
7. Other important information enabling better understanding of the Bank's corporate governance status: (1) Staff Right and Employee Care: The Bank established Employees' Welfare Committee and, on the corporate website, set up Employee's Recommendation area as a communicative medium between employees and employers. (2) Investors Relations and Stakeholder's Rights: The Bank's sole investor is Yuanta Financial Holding Co., Ltd., which is the only shareholder and has smooth relationship with the Bank. (3) Director's and Supervisor's Further Education: The Bank has developed "Director Further Education Procedures" and implemented director's continuing education courses according to the procedures. (4) The Implementation of Risk Management Policies and Risk Evaluation Criteria: The Bank has developed superior risk management policy approved by Board of Director, and constituted a well-structured risk management system in order to ensure various risk evaluation criteria. Meanwhile, the Bank also set up Risk Management Committee to integrate the deliberation, supervision and coordination of the Bank's risk management. (5) The Implementation of Customers' Policies： To guard customer's rights, the Bank has developed Guidelines on Consumer Protection and regulations of personal information protection. Furthermore, the bank acquired ISO 27001, a certificate of the Information Security Management Standard (ISMS), and BS10012, a certificate of Personal Information Management System to shield customers' privacy and advance the security of personal information. (6) Bank's Purchase of Liabilities Insurance for Directors and Supervisors: The Bank has purchased liability insurance from Union Insurance Company for directors and supervisors. (7) The donation to political parties, stakeholders and charities: A. NT$ 7 million is donated to Yuanta Foundation in April 2013 for the personnel training, arts and cultural and public welfare activities. B. NT$ 4.5 million is donated to Polaris Research Institute in June 2013 for the research on the macro-economy, finance and products of Taiwan and major countries.		
8. If the Bank conducts a corporate governance self-assessment report or commissions a professional institution to compile a corporate governance assessment report, the results of self-assessment (or commissioned assessment), major deficiencies (or suggestions), and improvements should be stated： In 2013, the Bank entered the assessment of CG6008 Advanced Corporate Governance, held by Taiwan Corporate Governance Association (TCGA), and received the certificate on January 3, 2014. The consequence of the evaluation is elaborated as follows: (1) Protection over Shareholder's Equity: The foremost principle of corporate governance lies in protecting equity of all shareholders and encouraging shareholders to involve themselves in corporate governance. The Bank complied with such standard consistently. Nevertheless, TCGA advised that, while the board meeting functions in an acting capacity of shareholder's meeting, the minute of the director's meeting shall be disclosed on the corporate website to further solidify information transparency and safeguard the rights of all stakeholders. (2) Fortify the Functions of Board of Directors: The Bank has recruited three independent directors to be members of Audit Committee and Remuneration Committee. They fully fulfilled their duties in independent supervision. Additionally, the Bank was advised to raise the weights of independent directors or outside directors in Board of Directors and, in reference to self-evaluation procedures of Audit Committee, to establish an objective evaluation mechanism on comprehensive performance of Remuneration Committee. (3) Utilize the Supervisory Functions of Audit Committee: The Bank's three independent directors in Audit Committee all possess intensive expertise in their own fields. Functions of Audit Committee are considerably utilized. The overall performance is exceptional. (4) Discipline and Communication of Executives: The Bank is not only systematic and fully carries out the Bank's system. Further, while the Bank's core businesses are clear and specific, the disciplines for executives are rather strict. Advice was provided that some proportion of assessment powered can be provided to Audit Committee to assess the performance of internal audit supervisors. (5) Respect for Stakeholder's Rights and Social Responsibility: The Bank manifested concrete practice in respecting stakeholder's rights and social responsibility. (6) Financial Industry Risk Indicators: The Bank performed well in Industry Risk Related Indicators.		

Item	Operation	The Differences between the Corporate Governance Practice of the Bank and "Guidelines for Bank Corporate Governance" and Causes
(7) Advanced Comprehensive Indicators: The Bank's functional committees showed excellent performance in related indicators but some progress still can be made. The suggestions are as follows: A. The Bank shall incorporate future risk factors into the performance assessment system of Board of Directors. B. In response to the Bank's future growth, it is better to add hours of corporate governance courses for members of Board of Directors to more than six hours. C. It is recommended to provide questionnaires or other reviewing mechanisms to directors for the regular self-review on their observation of Standards on Code of Ethics. (8) Comprehensive Advantages: A. Persistently conduct evaluation on the corporate governance system. The Bank's positive and aggressive attitude deserves recognition. B. The Bank's Chairman has been endeavoring to realize corporate governance culture in the Conglomerate and independent directors has been aggressively performing their duties, which are highly respectable. C. The Bank developed the communication procedures between Audit Committee and every functional department to effectively utilize the function of Audit Committee. Such practice provides an outstanding example for the banking sector.		

(3) Implementation of social responsibility:

Item	Operation
1. Exercising Corporate Governance (1) The Bank declares its corporate social responsibility policy and examines the results of its implementation.	(1) The Bank's parent company Yuanta Financial Holding Co., Ltd. developed "Corporate Social Responsibility Best Practice Principles" and "Corporate Social Responsibility Policies and Codes" according to "TSE & OTC Listed Company Corporate Responsibility Best-Practice Principles" and established Corporate Social Responsibility Promotion Center as the dedicated unit of the Group.
(2) The Bank establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies.	(2) The Bank observes the comprehensive regulations and objectives set by Yuanta Financial Holdings.
(3) The Bank organizes regular training on business ethics and promotion of matters prescribed in the preceding Article for directors, supervisors and employees, and should incorporate the foregoing into its employee performance appraisal system to establish a clear and effective reward and discipline system.	(3) While employees assume their posts, the Bank not only organizes training sessions, but also places "Code of Ethics" on the employee portal site. In addition, the Bank has also developed "Work Rules" and "Performance Appraisal Procedures" to establish a clear and thorough diplomacy mechanism.
2. Fostering a Sustainable Environment (1) The Bank endeavors to utilize all resources more efficiently and uses recyclable materials which have a low impact on the environment.	(1) Fully executed by the policies and regulations of the parent company Yuanta Financial Holding to raise resource utilization efficiency and its use of recyclable materials are explained below: A. We recycle and reuse energy-intensive articles. This includes advocating and promoting the recycling and reuse of paper products, the use of recycled paper and resource recycling as well as execution status reporting. B. We properly dispose of waste. This includes advocating and promoting waste sorting and reduction, waste water treatment and reporting on the outcome. C. We use low energy, green energy office supplies and machines. Yuanta Financial Holding is awarded Best Green Purchasing Unit by Taipei City Government and Environmental Protection Administration for three consecutive years from 2011 to 2013. D. Fully utilize all office furniture to avoid waste. Meanwhile, all discard equipments are handled by the according recycling procedure.
(2) The Bank establishes proper environmental management systems based on the characteristics of their industries.	(2) Regarding the establishment of environment management systems(including water conservation, energy conservation, carbon and greenhouse gas reduction), we have taken the following measures: A. In response to the policy for the air-conditioning temperature of office buildings in Taipei, the Bank developed the internal managerial standards and the air-conditioning inspection approach for all business sites to carry out temperature control. B. In order to realize water conservation, energy conservation, carbon and greenhouse gas reduction, we regularly report the outcome of conservation measures for water, electricity and other items of energy consumption.

Item	Operation
	C. Smoking is completely prohibited inside our offices. Smokers must use designated outdoor places. In order to meet regulations we regularly carry out disinfection, rodent and insect control. D. The use of company cars complied with energy saving and avoid unnecessary carbon emission.
(3) The Bank establishes dedicated units or assigns dedicated personnel for environment management to maintain the environment.	(3) The headquarter building's management committee functions as a dedicated environmental management unit to maintain the environment.
(4) The Bank monitors the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction.	(4) Developed energy-saving and carbon-reduction strategies: A. Newly established business sites shall adopt low energy-saving lights, such as LED or Cold Cathode Fluorescent Lamp, to minimize electricity expense and energy consumption. B. Used energy-saving electric fans to minimize the energy consumption of air conditioning.
3. Preserving Public Welfare (1) The Bank's compliance with labor regulations, respect for internationally accepted principles of basic labor rights, protection over employees legal rights, makes employment policies of no preferential treatment, establishment of appropriate management approaches and procedures, and implementation.	(1) The Bank has complied with labor regulations and codes of its parent company Yuanta Financial Holdings and developed codes of work and according personnel management rules for job seekers or employees, which specify no discrimination on ethnicity, thoughts, religions, political parties, household registry, birthplace registry, sex, sexual orientation, age and marriage, in order to construct an equal employment environment and shield employee's legal rights. In addition, the labor management meeting is convened periodically to guard employee rights, expedite labor-management harmony and construct a mutually-benefiting and win-win prospect.
(2) The Bank provides safe and healthy work environments for its employees, and organizes training on safety and health for its employees on a regular basis.	(2) The Bank not only observes the Group's policies and offers employees secure and healthy workplace, but also periodically executes security and security and health education. The Bank also constructed "Operation Unit Security Maintenance Procedures" to forge its security maintenance mechanism. A. Strict entrance guard and security check measures to fully protect the safety of our employees at work and in everyday life. B. Regular safety inspections of drinking water, carbon dioxide and illumination brightness. C. Regular report and inspected fire and public safety equipments. D. Regular maintained and inspect the generator, uninterruptable power supply and the elevators. E. Regular disinfection and sanitation of the environment. F. Confirming that office surveillance systems at all business locations function normally. G. Realized non-smoking working environment and provided a cozy, healthful and refreshing workplace. The Bank acquired Healthy Workplace Certificate Cigarette Prevention Logo for all of its branches. H. Regular occupational safety and firefighting trainings and drills as required by law. Moreover, based on Article 16 of the "Regulations for Labor Safety and Health Education and Training" by the Council of Labor Affairs, Executive Yuan, the Bank's parent company Yuanta Financial Holding has established the following regulation: "The employer shall have new recruits receive necessary safety and health education and trainings

Item	Operation
	applicable to their new posts." In order to protect the health and safety of all workers, we hired a business supervisor holding a certificate of labor safety to hold "educational trainings for new recruits on occupational health and safety" in fiscal year 2013. The educational trainings cover the following topics: An outline of laws and regulations relating to occupational health and safety, occupational health and safety concepts as well as safety and health work rules, emergency response management, basic knowledge and drills about firefighting and emergency rescue, as well as health and safety knowhow related to work operations.
(3) The Bank establishes the mechanism for employee's periodical communication, notifies employees, in reasonable ways, of any changes in operation that may cause any significant influence.	(3) A.The Company, through the periodical convention of labor-management meetings, establishes a communication platform for labor and management, enhances employee's participation and assurance in company policies and develops smooth interaction in order to achieve the goal that labor and management share one mind and create a win-win situation. B.All information on rules, systems and benefits of the Company and employees are announced on the internal website so that employees are aware of their rights. In addition, a fully dedicated unit places daily important news of the Company on the web pages for employees to look up anytime in order to understand the latest industrial news and important news of the Company. C.The Bank also irregularly announces the Company major changes in operation through email boxes so that employees can receive instant information.
(4) The Bank establishes and discloses policies on consumer rights and interests and provides a clear and effective procedure for accepting consumer complaints.	(4) A.To fully serve the Bank duty in the confidentiality of customers' personal information, the Bank developed Guidelines on Consumer Protection, Personal Information Protection Policies and related Regulations. Meanwhile, the bank has not only disclosed Privacy Protection Statement and the measures for the confidentiality of customer data on its website, but also executed all the group's confidentiality measures for the personal information to shield customers' privacy and advance personal information security. B. The Bank uses the following avenues and procedures to handle customer complaints: a. Customer Feedback Forms are placed in the business hall of business units. b. The Bank's Hotline: 0800-688-168. c. E-mail: service@yuanta.com d. As soon as any complaint is made by consumers, according units will be instantly informed for response while case status and responses will stay fully controlled.
(5) The Bank cooperates with its suppliers to jointly foster a stronger sense of corporate social responsibility.	(5) As for cooperation with suppliers to jointly foster a stronger sense of corporate social responsibility, we actively select and purchase equipment with energy labels, low-energy and green energy office supplies, office machines, IT equipment, illumination equipment and related devices. Office machines, for instance, that are on stand-by or not used automatically switch to power saving mode. Traditional incandescent light bulbs are replaced with energy-saving light bulbs. The central air conditioning system at company headquarters uses the more environment friendly refrigerant R410A to prevent destruction of the ozone layer.

Item	Operation
(6) The Bank, through commercial activities, non-cash property endowments, volunteer service or other free professional services, participates in community development and charities events.	(6) The systems, measures and the performance conducted by the Bank towards environmental protection, community participation, social contribution, social services, public interests, consumer rights, human rights and safety and health and other social responsibility activities: For contribution back to the society, the Bank, during these years, not only established a charity space on the Internet, but also cooperated with 24 charities, including Eden Social Welfare Foundation , by contracts to complete a large number of donation missions, the Bank makes donations to Yuanta Foundation every year to sponsor a variety of education, charity and culture events through Yuanta Foundation so the Bank can engage in charity and fulfill its corporate social responsibility: Yuanta Group fulfills its corporate social responsibility in four educational approaches: 1. social welfare and education; 2. fostering of young talent through scholarships and other forms of academic sponsorship and professional training; 3. promotion of the arts and cultural education.; 4. social security and law education. A total of 286 events were organized in 2013. As many as 6 events a week in average are held to plant the seeds of hope filled with infinite wonder for this society. A. Social Welfare and education: In 2013, the company organized a total of 114 charity events and health promotion campaigns aimed to help the disadvantaged groups with learning and growth, so that they have a fair chance of pursuing their dreams with confidence. We helped more than 10,000 children and their families last year, by executing the following campaigns: a. Dreams Take Flight i. Summer and Winter High School Study Camp: A team of voluntary instructors consisting from Fu Jen Catholic University offered study aids to 75 disadvantaged JieShou Junior High School students during summer and winter breaks. ii. Study Aids for Disadvantaged Students in Metropolitan Area: Yuanta Group offered weekend study aids, lunch subsidies, and living educations to 50 disadvantaged students in the Wugu District, New Taipei City. iii. Care, Service, and Education Subsidies: Through in-depth interviews and school referrals, Yuanta Group offered an education subsidy to 30 children with difficulties. iv. Support the digital learning companion project initiated by the Ministry of Education, and offering online education assistance for remote schools: Yuanta Group supported the digital learning companion project initiated by the Ministry of Education, training 1,500 university students to serve as online instructors to help 1,000 remotely located students learn online, so that these students are given access to proper education. b. Caring for Children and Juvenile i. Sponsored Vox Navita Taiwan in functioning the "Vox Navita Choir". ii. Helped the Taiwan Fund for Children and Families to establish Tamshui office. iii. Helped the Taiwan Fund for Children and Families to raise supplies. iv. Jointly promoted “Suspended Platform” with Taiwan Fund for Children and Families v. Co-hosted “Baseball for Love”, the all-star charity baseball game, with Kaohsiung City Government. vi. Participated in the initiation of fundraising for Orphan Summer Extracurricular Learning Dream Plan.

Item	Operation
	vii. Sponsored 2013 Children's Home Sports in Taipei. viii. Sponsored 2013 Northern Taipei Younghe Charity Marathon. ix. Sponsored Lu-Wei Opportunity Center to filming Project. x. Sponsored the publication and donation of a child book, Be Yourself. c. Caring for Hualien-Taitung Area i. To respond to the "Remote Education Cultivation and Seeding Plan" proposed by the Alliance Cultural Foundation, Yuanta Group shared with the Taitung County Government the subsidies for necessary expenditures such as elementary school and junior high school disadvantaged students' annual accommodation and meal, bilingual education and learning expenses as of 2012. ii. Donated Lucky Lantern to Yilan Branch Office of the Taiwan Fund for Children and Families. iii. Subsidized Taitung Education Development Association with Disadvantaged Pupils Learning Subsidy Project. iv. Jointly promoted Cloud Love Feast hosted by Healthy Family Culture & Education Foundation, New Hope Foundation and Education Department, Taitung County Government. v. Yuanta and Mennonite Christian Hospital began working together to organize the "2013 Moon Festival". vi. Sponsor Hualien Mennonite Foundation. vii. Sponsored the 20th Care Cup Baseball Game, organized by the Taiwan Aboriginal Baseball Development Association, Taiwan Indigenous TV, The Chinese Professional Baseball League (CPBL) and Hualien County Government. viii. Donated handheld hearing aids to Hualien Hospital. ix. Supported the Hualien area service vehicle raising plan of Huashan Social Welfare Foundation and co-hosted "Send Love to the Door- Small Hands in Big Hands", a thanking carnival. d. Caring for the Disadvantaged i. Sponsored brochure printing of Society for the Welfare of the Autistic Persons, Ilan County ii. Helped Taiwan Handicapped Welfare Promotion Association to produce the annual report. e. Caring for Environment i. Yuanta Group worked with the largest science popularization website, PanSci, to organize essay competition of the Love Earth "Yuan" Dream Diary. ii. Hosted "Fourth Nuclear Power Plant Cup" College Debate Contest. iii. Co-hosted five seminars with Youngsun Culture & Education Foundation on friendly environment with the theme of" Green Life in Taiwan, Starting from Ilan". iv. Yuanta Group and Greenfield Preschool worked together to organize the "Cherish Resources and Share Happiness – Ethics/Share/Environmental Protection" Event. v. Cooperated with the portal site, PIXNET, to produce Internet linking activity, Yunata Environmental -Class. vi. Sponsored the roadshow of documentary film, Beyond Beauty-Taiwan From Above. f. Healthcare i. Called on all staff of Yuanta Financial Holdings to participate in Yunata Blood Donation. ii. Sponsored Liver Disease Prevention & Treatment Research

Item	Operation
	Foundation for three “Free Hepatitis and Liver Cancer Check-ups” events in Xiaying District, Tainan City, Yuanshan Township, Yilan County and Shuilin Township, Yunlin County during 2013. iii. Cooperated with National Immigration Agency, Ministry of the Interior, for “Care For The Elderly On Dragon Boat Festival”. iv. Invited Taiwan Alzheimer's Disease Association to enjoy Ming Hwa Yuan Taiwanese Opera show. v. Held long-term cooperation with Liver Disease Prevention & Treatment Research Foundation for liver disease prevention and education events. g. Working with NPO i. Yuanta public welfare classroom. ii. Co-hosted “2013 Asia Chinese Journalism Award Winner Forum” with The Foundation for Excellent Journalism Award and The Graduate Institute of Journalism, National Taiwan University. iii. Attended “2013 Education Foundation Convention”, directed by Department of Lifelong Education, Ministry of Education. iv. Sponsored 2013 Excellent Journalism Award. v. Earned the Award as an Excellent Education Foundation, evaluated by Ministry of Education on 2013. vi. Cooperated with School of Communication, Ming Chuan University, to issue journals and newsletters, starting from 2012. 32 issues have been published as of December 2013. B. Fostering of Young Talent and Professional Training: In 2013, Yuanta Group organized a total of 50 academic events and talent training campaigns, which had over 3,000 participants. The individual projects are as follows: a. Professional Training i. Organized “The 7th Yuanta Cup EMBA Analytical Challenge”. ii. Organized the “2013 Yuanta Postgraduate Students Summer Research Project”. iii. Sponsored “The 25th Accounting debate Challenge and 2013 Cross-Strait Accounting Debate Invitation Competition”. iv. Sponsored “The 8th New Century WTO International Economic and Trading Laws Elite Training Club”. b. Academic research i. Sponsored the “Cooperative Framework for Chinese Enterprises”, which co-operation between National Taiwan University and Renmin University of China. ii. Sponsored “The 21st Securities and Financial Markets Theory and Practice Seminar” convened by the Department of Finance of National San Yat-Sen University. iii. Sponsored “The 6th NCTU International Finance Conference”, co-hosted by Foundation of Pacific Basin Financial Research and Development and Institute of Finance, National Chiao Tung University. c. Industry-academia exchange i. Sponsored the “2013 Corporate Governance Summit Forum” organized by the Taiwan Corporate Governance Association. C. Promotion of the Arts and Cultural Education: In 2013, Yuanta Group organized 34 art and cultural events, and spoke for Taiwanese arts along with many others. The individual projects are as follows:

Item	Operation
	a. Cultural rooting i. Served as one of the initiators for “Paper Windmill 368 Towns Child Art Engineering”. ii. Invited disadvantaged pupils to HuaShan 1914 Creative Park to see “Capture the Moment-the 70th Pulitzer Prize Photographs Exhibition”. b. Social Welfare Art & Charity Banquet i. Child Art: Invited social welfare groups to see “100 years before the birth of DORAEMO”, “Don Quixote” of Paper Windmill Theatre, Taiwan Child Theatre Festival, Sailing Discovery Education Series, “Wonderland of Animals and Insects of Taiwan” by The Paper Windmill Arts and Educational Foundation. ii. Classical Music: Invited social welfare groups to enjoy performances, including “Richard Strauss of Evergreen Symphony Orchestra”, “First & Grand--Christoph Bull Organ Recital”, the performance of Judy's Harmonica Ensemble, “Fantasy Trip” of Ju Percussion Group. iii. Master’s Performance: exclusively sponsored “Grand Immensity- the Art of Xiaobai Su”; invited students in the talent classes from Taiwan Fund for Children and Families to see “Chen-Chieh Chang Cello Recital”; invited social welfare groups to see “Kyung Wha Chung Violin Recital”. iv. Traditional Art: invited social welfare groups to see “The Bandits”- The 85th anniversary Opera of ：Ming Hwa Yuan Taiwanese Opera Company, “Metamorphosis”- the literary play of Contemporary Legend Theatre in 2013, and “Nezha”- a creative modern Chinese Opera by Contemporary Legend Theatre. v. Modern Drama and Arts: Invited social welfare groups to see “Staying-up” by Taiwan Drama Performance, “Green Snake” by National Theatre of China, “The Mourning Day” and “Temperature of A Single Man” by Greenray Theatre Company. D. Social Security and Law Education: Yuanta group has been long helping special disadvantaged groups or rehabilitated people through law education and participating in diverse activities, including anti-narcotic activities, woman and children safety and rehabilitation protection, in order to promote social welfare issues and invoke the public’s awareness and participation. The individual projects are as follows: a. After-care i. Supported the Taiwan After-Care Association, Taipei Branch. ii. “2013 Honored Person and Group Dedicated to Helping Promote After-Care Protection Services”, the After-Care Protection Festival Celebration Assembly of the 68th term and exhibition. iii. Sponsored the “2013 Excellent Award and Xu Ching Award Ceremony”. b. Anti-drug movement i. Yuanta and The Paper Windmill Arts and Educational Foundation jointly initiated “Rescuing Fraust Project”, a tour play themed with “Teenagers shall stay away from drugs”. c. Women and children safety i. The “Taiwan Fund for Children and Families – Protect Children and Be a Good Neighbor” campaign was promoted through Yuanta Financial Holdings’ business locations.

Item	Operation
4. Enhancing Information Disclosure (1) The measures of disclosing relevant and reliable information relating to corporate social responsibility. (2) The Bank produces corporate social responsibility reports disclosing the status of their implementation of the corporate social responsibility policy.	 (1) Relevant information is posted on the Bank's parent company Yuanta Financial Holding website. (2) The Bank's parent company Yuanta Financial Holding plans to compile in 2013 a corporate social responsibility report that will disclose how we foster corporate social responsibility.
5. If the Bank has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the principles and their implementation: None.	
6. Other important information to facilitate better understanding of the Company's corporate social responsibility practices (e.g., systems and measures that the company has adopted with respect to environmental protection, community participation, contribution to society, service to society, social and public interests, consumer rights and interests, human rights, safety and health, other corporate social responsibilities and activities, and the status of implementation.): For further details please view our corporate website.	
7. If the Bank's products or corporate social responsibility reports have met the assurance standards of relevant certification institutions, they should state so below: None.	

(4) The Bank's Implementation of Ethical Corporate Management and Practices:

Item	Operation	The Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
1. Develop ethical corporate management policies and solutions. (1)The Bank clearly expresses its ethical corporate management policies in regulations and external documents and the promise made by Board of Directors and Management to fully execute these policies.	(1) A. In compliance with Ethical Corporate Management Best Practice Principles for Yuanta Financial Holding and Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financing Holding, the Bank has established good corporate governance, risk management mechanism and complete internal regulations so as to prevent unethical conduct and create an operational environment for sustainable development. B. According to the rules of procedures of the Bank's Board of Directors, a director may present his opinion and answer relevant questions but is prohibited from participating in discussion of or voting on any proposal where the director or the juristic person that the director represents is an interested party, and such participation is likely to prejudice the interests of the company; neither shall a director vote on such proposal as a proxy of another director in such circumstances.	Conformity
(2)The Bank establishes their own comprehensive programs to prevent unethical conduct and operational procedures, guidelines, and training.	(2) A. The Bank has developed Code of Work and Standards on Ethical Conduct in order that the employees and the employer are both devoted to the establishment of business ethics and business morality. Directors and managers are also required to set good examples of fully compliance with ethical principles in order to nurture the ethical and sincere corporate culture. B. The labor contract that the Bank and all of its staff signed include the agreement of confidentiality, which stipulates that employees shall shoulder full obligation for confidentiality of the authorized services, tasks, documents and customers' data. Unless stipulated or approved, no disclosure is permitted. The same procedure shall be followed after employees left jobs. No browse or summarization of reports and documents unrelated to according duties are permitted. C. The Bank clearly regulates that any important financial transactions involving any stakeholder requires approval from Board of Directors and has established a stakeholder query system to require that no stakeholder conducting transactions have more favorable conditions than their peers. D. In June 2013, the Bank held training seminars of corporate social responsibility (include business ethics, anti-bribe, and corruption propaganda). Additionally, courses in legal responsibilities, business morality and code of conduct are provided to new employees and wealth management business personnel, in hope for internalizing "ethics" into daily operations.	Conformity

Item	Operation	The Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
(3) When establishing the prevention program, the Bank shall include preventive measures against offering and acceptance of bribes and the providing of illegal political donations regarding business activities that involves a higher risk in unethical conduct.	(3)The Bank, in conformity with "Procedures for Ethical Management and Guidelines for Conduct" of Yuanta Financial Holdings, adopt the following preventive measures against business activities with relatively high unethical risks, such as procurement: A. The bank regulates that all employees shall not exploit their authority to seek illegal interest and receive preferential treatment, endowment, rebates, peculation of public money and any other illegal interest. B. The Bank developed "External Donation Procedures" to be the provision of political donations, charity donation or sponsorship. All donation and sponsorship requires approval from the authorized executives, which complies with the corresponding laws and the internal procedure.	Conformity
2. Fully execute ethical corporate management (1)The Bank's business activities shall avoid any transaction involving those with any record of unethical conduct and clauses of ethical conduct shall be specified in the business contracts. (2)The Bank designates fully (partly) dedicated units for promotion of ethical corporate management and the supervision of Board of Directors. (3)The Bank develops preventive policies against conflict of interest and offers appropriate expressive channels.	(1) Before the Bank signs contracts of suppliers, the authorized divisions execute regulated evaluation and explain the Bank's ethical strategies and according regulations. Proper examination procedures are conducted according to The Inspection Sheet of Purchase Contract Signing Procedures. These procedures include signing Declaration Letter of Ethics Promise by suppliers, looking up any records of unethical conduct on website of Judicial Yuan, and specifying clauses of ethical conduct in the contract. In addition, transactions and procurement requires the inquiry of the stakeholder database to confirm if the supplier is a stakeholder of the company shall be confirmed through Civil Service of Doc, MOEA to fully inspect the business ethics of the trading partners and avoid transactions with any company with unethical records. (2)The Bank has designated Internal Audit Dept., President Office, Human Resource Dept., Administration & Facilities Management Dept., and Legal & Compliance Dept. as the fully dedicated units for procedures of business ethics. President Office is responsible for reporting corporate governance and the execution of ethical business of the previous year to Board of Directors. (3)Organizational Rules of Audit Committee, Principles on Ethical Conduct and according regulations are fully complied regarding avoidance of corporate personnel on conflict of interests, divulgence of commercial secrets, forbiddance of internal trading and the agreement of confidentiality.	Conformity

Item	Operation	The Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
(4)The implementation of the effective accounting system, and the internal control system that the Bank establishes to fully execute ethical corporate management and the auditing of internal audit personnel.	(4) A. In accordance with Business Entity Account Act, Regulations Governing the Preparation of Financial Reports by Public Ban, International Financial Reporting Standards (IFRS) endorsed by FSC, International Accounting Standards (IAS), and Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) and in reference to Accounting System Models for the Banking Industry and Practical Banking and Accounting Procedures made by Bankers' Association of R.O.C, the Bank has developed the corresponding accounting system. B. The internal audit towards all units of the Bank for Year 2013 indicates no violation against Operational Procedures of Ethical Corporate Management and Code of Conduct for Yuanta Financial Holdings.	Conformity
3. The operation of the disciplinary and complaint system that the Bank establishes for the violation of ethical corporate management and the operation of the reporting channels.	A. The Bank has developed according disciplinary regulations and stipulated that any personnel who severely violate ethic codes shall be removed from the position or dismissed. B. The Bank established Personnel Evaluation Committee, responsible for reviewing disciplinary cases and the trial of complaints. C. Any violation of ethical codes will be disclosed to employees on the internal website.	Conformity
4. Strengthen information disclosure (1)Establishment of website to disclose ethical corporate management (2)Other information disclosure approaches (e.g. English website, assignment of specific personnel to collect and disclose the Bank's information, and disclosing such information on the Bank's website).	(1)Information on business ethics is disclosed in the Bank's annual report on the official website. (2) The Bank has disclosed information in the following approaches: A. The Bank has established the website in English. B. A designee has been specified to disclose the corporate information on the Bank's website.	

Item	Operation	The Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and Reasons
5. If the Bank has developed its practice principles of ethical management in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, please explicate its implementation and any deviation from the principles: The Bank fully complies with regulation and conducts management according to Ethical Corporate Management Best Practice Principles for Yuanta Financial Holding and Operational Procedures and Code of Conduct for Yuanta Financing Holding.		
6. Other important information enabling better understanding the Bank's implementation of ethical corporate management (such as the Bank manifests its determination and policies of ethical corporate management to its business partners and reviews and amends its practice principles of ethical corporate management.): The Bank has developed The Inspection Sheet of Purchase Contract Signing Procedures to require suppliers present the Declaration Letter of Ethics Promise for the contract signing. In addition, the Bank inquires, on the website of Judicial Yuan if there is any public record of unethical conduct in bribery or illegal political donation for any involving supplier and incorporates clauses and matters on the compliance with ethical management are embedded in the contract.		

III. Fund Raising and Operational Highlights

1. Capital and Shares

(1) Sources of Capital:

Unit:NT$1,000, thousand shares；Base Date: January 31, 2014

Date of Issue	Issue price	Authorized Capital		Paid-in Capital		Remarks
		Shares	Amount	Shares	Amount	Source of Capital
December 2002	$10	1,211,514	12,115,136	1,211,514	12,115,136	
December 2003	$10	1,050,000	10,500,000	1,050,000	10,500,000	Capital decrease to make up for loss of 161,514 thousand shares
February 2004	$10	1,350,000	13,500,000	1,350,000	13,500,000	Private placement of 300,000 thousand shares
July 2004	$10	1,400,000	14,000,000	1,400,000	14,000,000	Capitalization of earnings, 50,000 thousand shares
July 2005	$10	1,800,000	18,000,000	1,800,000	18,000,000	Capitalization of earnings, 100,000 thousand shares, and private placement of 300,000 thousand shares.
October 2007	$10	2,400,000	24,000,000	2,400,000	24,000,000	Capital decrease to make up for loss of 400,000 thousand shares, and private placement of 1,000,000 thousand shares
March 2008	$10	2,200,000	22,000,000	2,200,000	22,000,000	Capital decrease to make up for loss of 200,000 thousand shares
March. 2009	$10	2,200,000	22,000,000	1,874,509	18,745,090	Capital decrease to make up for loss of 325,491 thousand shares
March. 2009	$15	2,200,000	22,000,000	2,150,000	21,500,000	Private placement of 275,491 thousand shares
June 2010	$10	2,200,000	22,000,000	2,181,134	21,811,335	Capitalization of earnings, 31,134 thousand shares
June 2011	$10	2,500,000	25,000,000	2,273,313	22,733,131	Capitalization of earnings, 92,179 thousand shares
November 2011	$16	2,700,000	27,000,000	2,510,813	25,108,131	Private placement of 237,500 thousand shares
June 2012	$10	2,700,000	27,000,000	2,622,983	26,229,835	Capitalization of earnings, 112,170 thousand shares
September 2012	$13.74	3,500,000	35,000,000	3,496,331	34,963,314	Private placement of 873,348 thousand shares
June 2013	$10	3,650,000	36,500,000	3,649,693	36,496,931	Capitalization of earnings, 153,362 thousand shares

Unit: thousand shares；Base Date: January 31, 2014

Type of stock	Authorized Capital			Remark
	Outstanding Shares	Unissued Shares	Total	
Common Shares	3,649,693	307	3,650,000	Public offering

(2) Major Shareholders: As of January 31, 2014, 3,649,693 thousand shares or 100% owned by Yuanta FHC.

(3) Market Price, Book Value, Earnings and Dividends Per Share, and the Relevant Information Over the Most Recent two years:

Item \ Year			2012	2013	January 31, 2014
Market Price/Share	Highest		Note 1	Note 1	Note 1
	Lowest		Note 1	Note 1	Note 1
	Average		Note 1	Note 1	Note 1
Book Value/Share	Before distribution		NT$12.70	NT$12.67	NT$12.77
	After distribution		NT$12.70	NT$12.67	NT$12.77
EPS	Weighted average shares (thousand shares)		3,031,959	2,649,693	3,649,693
	EPS	Before adjustment	NT$0.71	NT$0.84	NT$0.10
		After adjustment	NT$0.68	NT$0.84	NT$0.10
Dividend/Share (NT$/Share)	Cash dividends		—	—	—
	Stock dividends	By earnings	0.44	Note 2	—
		By capital surplus	—	—	—
	Accumulated unpaid dividends		—	—	—
Return on investment	P/E ratio		Note 1	Note 1	Note 1
	Dividend yield		Note 1	Note 1	Note 1
	Cash dividend yield		Note 1	Note 1	Note 1

Note 1: The Bank is not a listed or OTC company; therefore, there is no public quotation available for reference.
Note 2: As of the annual report publishing date, earning distribution for 2013 has not been resolved by the shareholders' meeting.

2. Financial Debentures and Capital Utilization Plan

(1) Issuance of Financial Debentures:

Type of financial debentures	1st term financial debentures 2010	1st term financial debentures 2011	2nd term financial debentures 2011
Date of approval & approval document No.	Jin-Kuan-Yin-kong-09900149260 Dated April 29, 2010	Jin-Kuan-Yin-kong-10000110840 Dated April 25, 2011	Jin-Kuan-Yin-kong-10000110840 Dated April 25, 2011
Date of issuance	June 10, 2010	June 27,2011	August 22,2011
Par value	NT$10,000,000	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City	Taipei City
Currency	NT$	NT$	NT$
Issuing price	Issued at par value	Issued at par value	Issued at par value
Total amount	NT$5 billion	NT$2.45 billion	NT$2.35 billion
Interest rate	2.3%	1.75%	1.85%
Duration	Duration: 7 years Maturity: June 10, 2017	Duration: 7 years Maturity: June 27, 2018	Duration: 7 years Maturity: August 22, 2018
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	Pricewaterhouse Coopers James Huang	Pricewaterhouse Coopers James Huang	Pricewaterhouse Coopers James Huang
Certification financial Institution	None	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$5 billion	NT$2.45 billion	NT$2.35 billion
Paid-in capital for previous year	NT$21,500,000 thousand	NT$21,811,335 thousand	NT$21,811,335 thousand
Net value upon final account in the previous year	NT$23,649,799 thousand	NT$24,812,541 thousand	NT$24,812,541 thousand
Performance	None	None	None
Terms of redemption or early repayment	None	None	None
Terms and conditions of conversion and exchange	None	None	None
Restrictions	None	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	62.58%	70.11% (Note1,2,3)	79.58% (Note1,2,3)
Eligible entity capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	January 14, 2014 Taiwan Ratings: twA + (Debentures rating)	January 14, 2014 Taiwan Ratings: twA + (Debentures rating)	January 14, 2014 Taiwan Ratings: twA + (Debentures rating)

Type of financial debentures	3rd term financial debentures A 2011	3rd term financial debentures B 2011
Date of approval & approval document No.	Jin-Kuan-Yin-kong-10000110840 dated April 25, 2011	Jin-Kuan-Yin-kong-10000110840 dated April 25, 2011
Date of issuance	October 27, 2011	October 27, 2011
Par value	NT$10,000,000	NT$10,000,000
Issue and trading venue	Taipei City	Taipei City
Currency	NT$	NT$
Issuing price	Issued at par value	Issued at par value
Total amount	NT$0.7 billion	NT$4.5 billion
Interest rate Duration	1.80% Duration: 7 years Maturity: October 27, 2018	1.95% Duration: 10 years Maturity: October 27, 2021
Priority	Unsecured subordinated financial debentures	Unsecured subordinated financial debentures
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certification attorney	Tsar & Tsai Law Firm Janice Lin; YvonneLiu	Tsar & Tsai Law Firm Janice Lin; YvonneLiu
Certification CPA	Pricewaterhouse Coopers James Huang	Pricewaterhouse Coopers James Huang
Certification financial Institution	None	None
Repayment	Repayment in a lump sum upon maturity	Repayment in a lump sum upon maturity
Outstanding balance	NT$0.7 billion	NT$4.5 billion
Paid-in capital for previous year	NT$21,811,335 thousand	NT$21,811,335 thousand
Net value upon final account in the previous year	NT$24,812,541 thousand	NT$24,812,541 thousand
Performance	None	None
Terms of redemption or early repayment	None	None
Terms and conditions of conversion and exchange	None	None
Restrictions	None	None
Capital utilization plan	To increase capital adequacy ratio and enrich working capital	To increase capital adequacy ratio and enrich working capital
Ratio of reported issuing debt and balance of outstanding debt to the net book value in the previous fiscal year (%)	80.39% (Note2,3)	80.39% (Note2,3)
Eligible entity capital and type	Yes, Tier II	Yes, Tier II
Credit rating organization, date of rating and rating score	January 14, 2014 Taiwan Ratings: twA + (Debentures rating)	January 14, 2014 Taiwan Ratings: twA + (Debentures rating)

Note1： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-1) outstanding at NT$5 billion. The debentures matured on August 24, 2011 and have been repaid in full.

Note2： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-1) outstanding at NT$1.8 billion. The debentures matured on December 22, 2011 and have been repaid in full.

Note3： Before the issuance, the Bank had an unsecured subordinated financial debentures (95-2-2) outstanding at NT$3 billion. The debentures matured on December 27, 2011 and have been repaid in full.

(2) Acquisitions or Assignment of Other Financial Institutes:

A. CPA's opinions on share exchange ratio for mergers and acquisitions or assignment of other financial institutions for the most recent year: 【**None**】

B. Upon the resolution of the Board of Directors on any merger or acquisition of other financial institution through new share issuance in the recent year and until the date of publication of the financial statement , the enforcement thereof and basic information of the merged or acquired financial institutions shall be disclosed: 【**None**】

(3) Implementation Capital Utilization Plan

A. With approval from the authority, the Bank issued subordinated debentures totaling NT$5 billion on April 29, 2010 and issued subordinated debentures of NT$10 billion on April 25, 2011 the bank expect to issue subordinated debentures in order to enhance capital adequacy ratio and fulfill capital demand for loans and financial operation, and reduce liquidity risk.

B. As of January 31, 2014 the Bank issued debentures totaling NT$15 billion Applying amount and the according execution are itemized as follows:

Date of approval & approval document No.	Total amount	Execution
Jin-Kuan-Yin-kong-09900149260 dated April 29, 2010	The subordinated financial debentures for NT$5 billion	The 1st term financial debentures 2010 were issued on June 10, 2010 and the applying capital was executed completely before the deadline.
Jin-Kuan-Yin-kong-10000110840 dated April 25 ,2011	The subordinated financial debentures for NT$10 billion	• The 2011 1st term financial debentures for NT$2.45 billion were issued on June 27, 2011. • The 2011 2nd term financial debentures for NT$2.35 billion were issued on August 22, 2011. • The 2011 3rd term financial debentures A for NT$0.7 billion were issued on October 27, 2011. • The 2011 3 rd term financial debentures B for NT$4.5 billion were issued on October 27, 2011.

3. Business Overview

(1) Business Performance for 2012~2013:

A. Deposit:

Unit: NT$ in million；%

Item \ Year	2013		2012		Comparison with 2012	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Checking deposits	3,938	0.79	3,449	0.76	489	14.18
Demand deposits	62,599	12.62	54,907	12.12	7,692	14.01
Demand saving deposits	185,470	37.38	167,288	36.90	18,182	10.87
Time deposits	148,432	29.92	140,349	30.96	8,083	5.76
Time savings deposits	95,685	19.29	87,318	19.26	8,367	9.58
Total	**496,124**	**100.00**	**453,311**	**100.00**	**42,813**	**9.44**

Note: The deposits include NTD and foreign currency deposits but not the deposits from the Central Bank and Other Banks.

B. Loan:

Unit: NT$ in million；%

Item \ Year	2013		2012		Comparison with 2012	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Corporate Loans	**256,787**	**63.82**	**252,187**	**66.24**	**4,600**	**1.82**
General corporate loans	172,567	42.89	173,361	45.53	(794)	(0.46)
Small-and-medium business loans	83,312	20.70	78,423	20.60	4,889	6.23
Government loans	—	—	—	—	—	—
Delinquent	908	0.23	403	0.11	505	125.31
Consumer Loans	**145,598**	**36.18**	**128,545**	**33.76**	**17,053**	**13.27**
Mortgage	126,883	31.53	113,535	29.82	13,348	11.76
Car loans	14,877	3.70	11,793	3.10	3,084	26.15
Consumer unsecured loans	1,053	0.26	1,431	0.38	(378)	(26.42)
Stock-Secured Loan	2,435	0.60	1,463	0.38	972	66.44
Delinquent	235	0.06	201	0.05	34	16.92
Other (Note)	115	0.03	122	0.03	(7)	(5.74)
Total	**402,385**	**100.00**	**380,732**	**100.00**	**21,653**	**5.69**

Note: Including certificate of deposit loan, composite overdraft.

C. Foreign Exchange:

Unit: US$ 1,000；%

Item \ Year	2013		2012		Comparison with 2012	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount increase (decrease)	Increase (decrease) Proportion (%)
Import business	1,384,974	5.12	1,030,888	4.33	354,086	34.35
Export business	551,895	2.04	342,133	1.44	209,762	61.31
Outward Remittance	13,121,852	48.47	11,583,038	48.61	1,538,814	13.29
Inward Remittance	12,012,967	44.37	10,872,517	45.62	1,140,450	10.49
Total	**27,071,688**	**100.00**	**23,828,576**	**100.00**	**3,243,112**	**13.61**

D. Trust Business:

Unit: NT$ 1,000；%

Item \ Year		2013	2012	Comparison with 2012	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Total balance of trust assets		102,345,751 (Note 1)	99,722,115 (Note 2)	2,623,636	2.63
Other consigned items		4,094,310	5,441,124	(1,346,814)	(24.75)
Total revenue of trust business service fee		716,099	532,995	183,104	34.35
Scale of assets under custody of investment insurance policy		1,645,510	2,160,201	(514,691)	(23.83)
The custody asset in discretionary investment account		2,100,341	1,694,066	406,275	23.98
Scale of assets under custody of foreign investment		26,184,968	17,521,539	8,663,429	49.44
Other property custody		—	—	—	—
Scale of assets under custody of business guarantee bond		3,730,000	3,910,000	(180,000)	(4.60)
Custodian service fee income		56,430	50,940	5,490	10.78
Certification of securities	Amount of certification	16,385,133	24,940,944	(8,555,811)	(34.30)
	Revenue of certification service charges	2,593	2,149	444	20.66

Note 1: including OBU trust property in the amount of NT$1,445 million.
Note 2: including OBU trust property in the amount of NT$797 million.

E. Credit card:

Unit: NT$ in million；%

Item \ Year	2013	2012	Comparison with 2012	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Number of cards issued (card)	920,875	903,621	17,254	1.91
Card in force (card)	251,968	256,142	(4,174)	(1.63)
Value of transactions (NT$ in million)	9,622	10,358	(736)	(7.11)
Revolving credit (NT$ in million)	521	659	(138)	(20.94)

F. Investment:

Unit: :NT$ in million；%

Item \ Year	2013	2012	Comparison with 2012	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Bond trading volume	123,774	186,079	(62,305)	(33.48)
Bill trading volume	182,903	133,788	49,115	36.71

Unit: :US$ in million；%

Item \ Year	2013	2012	Comparison with 2012	
			Amount increase (decrease)	Increase (decrease) Proportion (%)
Spot transaction	27,913	19,338	8,575	44.34
Forward exchange transaction	4,289	2,284	2,005	87.78
Foreign exchange SWAP	26,057	23,779	2,278	9.58
Option transaction	61,065	26,462	34,603	130.76

G. E-Banking:

Unit: in thousands

Item \ Year		2013	2012	Comparison with 2012	
				Amount increase (decrease)	Increase (decrease) proportion (%)
Analysis of E-banking transactions	Total Internet banking transactions	2,878	2,150	728	33.86
	Total phone banking transactions	325	319	6	1.88
	Total web-ATM(SuperATM) transactions	339	362	(23)	(6.35)
	Total mobile banking transactions	818	362	456	125.97

(2) 2013 Operating Plan:

The Bank shall, under the premise of risk control, conduct moderate operation, strive for product and service diversification, advance its customer development ability, solidify its operational foundation, and pursue a steady business growth in order to enhance the Bank's market position. The Bank will also strengthen its comprehensive competency through adjustment of the asset and profit structure.

The Bank's business plan in 2013 is summarized as follows:

A. Business Development:

a. Through a variety of deposit promotion plans, reinforce the acquirement of new customers and absorb general demand deposit and foreign currency deposit in order to stabilize the source of funds and build the foundation of business development.

b. The Bank will devote more efforts to the development of loans to small&medium sized enterprises and syndicated loans for the corporate banking services through delivering products and integrated financial services, and to maximize credit-related profit through reasonable pricing mechanisms. Consumer banking will focus on the Premium customer segments with the collateral in the urban areas while whole-pile-single-house mortgage will be aggressively developed to stably broaden the business scale.

c. Through the classified deployment of the Bank's wealth management teams and diverse product selection, customized financial planning will be furnished to enhance the scale of asset under management and elevate the contribution to income.

B. Risk Management: The Bank will enhance the monitoring ability in the credit, market and operational risk by building the risk models and risk databases. The Bank will also scrutinize the structure of industrial supply chains and the clients' cash flow and the transactions between buyers and suppliers of customers in order to minimize the Bank's credit risk.

C. Channel Management: Domestic channels distribution are planned according to the business and group strategies, meanwhile, with overseas branches are aggressively established to grasp the fruitful opportunities in the greater Chinese market. Additionally, the electronic banking system is persistently reinforced and complemented by the physical channels to provide customers the safe and convenient services.

D. Personnel Training: The Bank will reinforce the on-job training to better the personnel competence and realize the compliance of internal control.

(3) Research and Development

To cope with the globalization of financial market, we will make aggressive and practical concerns and grasp the movements of the financial industry, in order to facilitate business expansion, alert to risk, integrate marketing, enhance customer satisfaction, and improve profit-making ability. The future research and development plans include:

A. Banking service research and development:

- **a.** Advance the diverse application of QR Code mobile payment with credit cards. Explore sources of customers through cooperation with multiple suppliers and introduction of ticket/pass consumption and value-adding accounts.
- **b.** Apply for third-party payment and value adding service. Cooperate with Internet platform providers for tandem cash flow to snatch the business opportunities of e-commerce.
- **c.** Plan to launch "Corporate Card", a credit card for corporate customers to flexibly use their funds, advance their protection for employee's business trips and simplify the internal payment application procedures.

B. Risk Management:

- **a.** Establish the quantitative credit rating model and automatic scoring system for corporate finance and persist in developing corresponding strategic application.
- **b.** Establish and fine-tune the credit loan application and behavior scorecard model, credit card application and behavior scorecard model, the car loan application and behavior scorecard model.
- **c.** Build the automated risk control reporting and analysis platform through utilization of the risk data mart.

d. Persistently strengthen the risk pricing mechanism by developing rating models for various businesses on the credit granting risk pricing framework (cost, expense, risk, and return) for the quantitative assessment of risk cost.

e. Persistently further the loss database and adopt more advanced measurement approach (AMA) to research on operational risk capital charge.

f. Combine the qualitative and quantitative indicators of operational risk, conduct comprehensive evaluation as the foundation of operationl risk scoring and develop the integrated operational risk indicators.

g. Strengthen the Bank's response to and compliance with Basel III.

h. To strengthen the liquidity risk management mechanism, the Bank cope with the liquidity team, New Basel capital Accord Taskforce, Banking Bureau, to work on the trial calculation of the Liquidity Coverage Ratio and the related affairs.

C. IT research and development projects:

To meet the demand on business strategies and development, the Bank is going to persistently fortify its IT infrastructure, system integration and optimization, in order to strengthen risk management and maximize operation efficiency. It is expected to initiate critical IT projects, including the new generation of cross-platform Front-End System, domestic interent trading collection and payment transfer and stored value payment service, transnational internet trading collection business, establishment of the overdue collection system, establishment of gold passbook in USD-denominated, upgrade of mobile bank functions (including push module establishment) and 3D authentication mechanism for bank's credit card issuance.

(4) The Long Term and Short Term Business Plans

A. Short Term Business Development Plans:

a. Decelerate the expansion of the asset scale and focus on the structural adjustment and profitable growth.

i. Establish the wealth management team, broaden and deepen the service for customer segments in order to effectively increase the numbers of customers and the scale of asset under management and elevate service fee income.

ii. Reposition the Bank's credit card service for the development of e-commerce, the bank enhance the number of effective cards and the amount of charge in order to enlarge user segment of the payment instrument.

iii. Aggressively expand loan business with low risks but high profitability, such as self-liquidating financing, syndicated loan host, international syndicated loans, TMU, and revolving mortgage loans.

iv. Increase the scale of financial assets and operation position, including overseas bonds and convertible bonds to replenish non-interest income.

b. Gradually adjust physical channels to be consumer-banking based.

i. Centralize corporate banking business, the operation of branches focus on the service for wealth management and consumer finance customers.

ii. Reinforce the practice and case discussion of total marketing to maximize the effectiveness of joint marketing.

c. Develop E-Commerce and provide customers with convenient services.

i. Establish E-Commerce department to fortify the system functions and marketing of e-commerce.

ii. In respond to the market trend, develop mobile payment, third-party payment and value storage service.

d. Carry out regulation observation and risk management and sustain excellent asset quality.

i. Launch the project of U.S "Foreign Account Tax Compliance Act (FATCA)", establish a work team and appoint an outside consultant to assist with preparatory procedure.

ii. Relentlessly fortify risk management, perfect every risk rating model and, under the premise of sustaining asset quality, aggressively promote credit granting service.

iii. Reinforce creditor's right management and escalate collection efficiency.

B. Long-Term Development Plan:

a. Solidify operation efficiency and pursue maximization of shareholder's value.

i. Diversify sources of fee income and, through adjusting the financial asset allocation, elevate the contribution of non-interest income to profits.

ii. Aggressively construct new sources of income, and elevate operating performance to raise return on equity and output per worker.

b. Escalate the value of channels, deepen the local market penetration and enter the overseas market.

i. Integrate the development of physical and virtual channels so that the value of physical channels can be fully utilized and the convenience, safety and speediness of the virtual channels can be exhibited.

ii. Establish the international business team to collect and analyze data in respect of overseas market conditions and updates on the operations of domestic banks for the future development of international business and establishment of overseas presence.

c. Develop customized products and services according to customer demands to build the professional brand image.

Strengthen the abilities of product and service development, integrate resources to provide diverse financial products, advance the number of products held by customers and relationship through cross-selling and customized service to maximize customer's overall contribution.

(5) Employee Composition :

Year		2012	2013	January 31, 2014
Number of staff		2,549	2,299	2,316
Average age		37.38	38.53	38.50
Average seniority		6.81	7.71	7.69
Education level ratio	PhD	0.03 %	0.08 %	0.08 %
	Master degree	12.12 %	12.96 %	13.16 %
	University/ College	83.75 %	82.59 %	82.37 %
	Senior high school	4.03 %	4.24 %	4.27 %
	Lower than senior high school	0.07 %	0.13 %	0.12 %
Certificates and licenses held by Yuanta Commercial Bank employees	Certificates/Licenses	Number of staff	Certificates/Licenses	Number of staff
	Internal Control	1,853	Investment Insurance Salesperson	935
	Trust Salesperson	1,682	Financial Knowledge and Ethics	1,597
	Life Insurance Salesperson	1,669	Financial Planning Specialist	491
	Property Insurance Salesperson	1,324	Other Financial Certificates/Licenses	5,709
	Life Insurance Salesperson to Sell Foreign Currency Receipts and Disbursements Non-investment Insured Goods			825

(6) Employee Welfare :

A. In addition to enrolling employees in labor insurance and national health insurance in accordance with the government's laws and regulations, the Bank also enrolled employees in group insurance, including term life insurance, injury insurance, cancer insurance, hospitalization insurance and occupational disaster insurance, etc...

B. Established Employees Welfare Committee and stipulated the relevant reimbursement procedures, such as providing subsidies to events of employee clubs and to the employee events etc...

C. Provided employees meal reimbursement and children scholarship.

D. Provided preferential interest rates for savings accounts of employees, house loans, property remodeling loans and consumer loans.

E. Provided employees with Employee Stock Ownership Trust.

(7) IT Development Projects:

A. Hardware and software configuration of major information systems:

The configuration of major information system, including NTD deposit and loan, domestic remittance, cross-bank transactions, foreign exchange, trust, accounting and data warehouse etc., are equipped with the hardwares and operation systems of IBM p-Series, IBM AS/400 I-Series, SUN M5000 and EMC Greenplum.

B. The future development and procurement plans:

In response to the Bank's business strategies and the future business goals, in addition to continuously improving the bank's information infrastructure, internal IT efficiency and information security; we aggressively optimized the customer-orientation functions for electronic transactions, in order to support business development, enhance operation efficiency and improve customer satisfaction. The bank's future development plans are as follows:

a. To support the implementation, integration and optimization of IT systems within the group, the Bank will develop and construct critical IT projects,including the core system,batch process upgrade, establish the new generation of domestic internet trading collection and payment transfer and stored value payment service, transnational internet trading collection business, establishment of the overdue collection system , establishment of gold passbook in USD-denominated, upgrade of Summit System, upgrade of Fermat System in respond to Basel III, establishment of corporate finance LGD\EAD model, establishment of risk management system for liquidity risk and interest rate risk in banking book, establishment of Web-ATM collection services, upgrade of mobile bank functions (including push module establishment), establishment of cell phone credit card system, functional web of customer software, upgrade OS/DB version of personal internet banking system, the data instant backup and hardware replacement and upgrade of mutual fund system, and Windows backup system upgrade.

b. To sustain the validity of the Bank's ISO27001 certificate and respond to the revision of ISO 27001, the Bank appointed consultants to assist with the re-evaluation procedures for the international standard revision in order to maximize the Bank's information security.

c. We will improve the bank's information security management mechanism and establish related personal information protection and security measures according to the Personal Information Protection Act, in order to ensure management of personal information, and protect the rights and interests of customers in the collection, processing and use of personal information within the scope of our businesses; and thereby provide customers with safe and reliable financial and banking services.

d. Fortify the system functions of mobile banking, personal internet banking and corporate internet banking and the transaction safety mechanism in order to perfect the Bank's electronic financial service.

C. Emergency backup and security measures:

In order to safeguard the smoothness of major system operation, local backup and remote backup mechanisms are devised for the host of each connectivity system according to the service features and conduct corresponding fail-over maneuvers to the system levels. It is not only the responding capability of the trainers, but also the effectiveness of the backup recovery procedures reviewed. In order to safeguard the equipment of the system and data storage, the Bank plans the following safety preventive measures:

a. Computer room security:

The computer facilities of the Bank are installed with equipment against earthquake, fire, thunder and disasters. The access control system and the monitoring system are also well executed to tightly control entry and exit. Vital computer and equipment are maintained and tested periodically to safeguard the equipment operation.

b. Network Security:

i. Firewall:

Critical gateways in the internal network are shielded with Back To Back dual layer firewall to achieve double defense with different brands of hardware and software firewalls. Major external websites are setup on the N-tier structure. While the web server is placed in the DMZ area behind the layer 1 firewall, major application servers and database servers are placed behind the layer 2 firewall.

ii. IP address protection:

The user terminal of the Bank adopted MAC and IP address blocking system to protect the internal IP addresses of the Bank from being mistakenly or falsely used.

iii. Weakness scanning and flaw repair:

Scanned the weakness of servers and automatically fix the system flaws of personal computers to improve system security.

iv. External service website penetration testing:

Proactively conducted the penetration testing on external e-commerce websites, in order to identify security issues proactively for protection.

v. Anti-virus mechanism:

All of personal computers, servers and emails are devised with anti-virus and anti-spam mail mechanism.

vi. The intrusion detection system:

Establish an intrusion detection system on critical gateways of external websites. Actively detect hacker’s invasion and attack and have operators instantly supervise and report such matter 24 hours a day.

vii. The Application Firewall:

Establish the application firewall on critical gateways of the external website. Actively analyze and filter OSI L4-L7 Internet behavior. For illegal programming or any penetration and attack against the flaws of the system or programs, the application firewall will actively quarantine, block and report such matter to fortify the Internet defense and system security.

viii. Source code security:

Established the inspection mechanism of source code security which automatically excute the analysis to find hidden flaws and malicious programs during the development phase of the electronic trading programs in order to avoid the poor quality programs cause any security concern, such as the attach from hackers to intensify the program quality and safety.

ix. Monitor the changes of files:

Launch the file changed monitoring system on the e-commerce website to avoid malicious damages or false information implantation.

IV. Financial Information and Risk Management

1. Financial Review 2009~2013

(1) Condensed Consolidated Balance Sheet for 2012~2013

Unit: NT$1,000

Item / Year		Financial information 2013	Financial information 2012
Cash and cash equivalents, Due from Central Bank and call loans to other banks		92,951,953	82,540,667
Financial assets at fair value through profit or loss – net		24,375,726	25,919,168
Available-for-sale financial assets – net		31,039,688	52,179,082
Receivables - net		12,332,649	9,393,972
Current income tax assets		3,058,196	2,878,060
Bills discounted and loans – net		397,268,743	375,712,974
Held-to-maturity financial assets		4,955,516	—
Other financial assets – net		26,175,376	7,641
Property and equipment– net		2,149,569	2,372,459
Investment Property – net		314,808	234,390
Intangible assets		2,058,637	2,184,964
Deferred income tax assets – net		194,094	194,178
Other assets– net		1,495,054	749,992
Total assets		**598,370,009**	**554,367,547**
Due to Central Bank and other banks		13,072,480	13,070,340
Financial liabilities at fair value through profit or loss – net		2,336,752	1,977,281
Payables		10,326,621	7,994,445
Current income tax liabilities		325,264	332,460
Deposits and remittances		496,482,959	453,401,765
Financial debentures payable		15,000,000	15,000,000
Other financial liabilities		12,902,996	16,747,503
Provision		736,243	670,381
Deferred income tax liabilities		209,163	119,218
Other liabilities		731,582	660,329
Total liabilities	**Before distribution**	**552,124,060**	**509,973,722**
	After distribution	**Note3**	**509,973,722**
Equity attributable to owners of the parent company		46,245,949	44,393,825
Share Capital		36,496,931	34,963,315
Additional paid-in capital		6,116,883	6,116,883
Retained earnings	Before distribution	4,240,079	2,752,946
	After distribution	Note3	1,219,330
Other equity interest		(607,944)	560,681
non-controlling interests		—	—
Total equity	**Before distribution**	**46,245,949**	**44,393,825**
	After distribution	**Note3**	**44,393,825**

Note 1: As of January 1, 2013, the Company is qualified for the employment of IFRSs. The comparative information with 2012 was produced according to the regulations.

Note 2: The financial information for 2013 was audited by accountants.

Note 3: The distribution of earnings has not been approved by the stockholders in 2014.

(2) Condensed Consolidated Statements of Comprehensive Income for 2012~2013

Unit: NT$1,000

Item \ Year	Financial information	
	2013	2012
Interest income	9,798,277	9,175,638
Less：Interest expense	3,682,850	3,414,446
Net interest income	6,115,427	5,761,192
Net non-interest income	3,253,166	2,218,438
Net Income	9,368,593	7,979,630
Bad debts expense and guarantee liability provision	720,371	480,790
Operating expenses	5,239,500	5,109,778
Income from continuing operations before income tax	3,408,722	2,389,062
Income tax expense	(356,517)	(329,637)
Net profit from continuing operations	3,052,205	2,059,425
Net profit	3,052,205	2,059,425
Other comprehensive income(net of tax)	(1,200,081)	386,334
Total comprehensive income	1,852,124	2,445,759
Net profit attributable to parent company	3,052,205	2,059,425
Comprehensive income attributable to parent company	1,852,124	2,445,759
EPS(NT$)	0.84	0.68

Note 1: As of January 1, 2013, the Company is qualified for the employment of IFRSs. The comparative information with 2012 was produced according to the regulations.
Note 2: The financial information for 2013 was audited by accountants.

(3) Condensed Separate Balance Sheet for 2012~2013

Unit: NT$1,000

Item \ Year		Financial information 2013	Financial information 2012
Cash and cash equivalents, Due from Central Bank and call loans to other banks		92,951,873	82,540,611
Financial assets at fair value through profit or loss – net		24,375,726	25,919,168
Available-for-sale financial assets – net		31,037,413	52,177,668
Receivables - net		12,269,178	9,376,347
Current income tax assets		3,057,284	2,878,045
Bills discounted and loans – net		397,268,743	375,712,974
Held-to-maturity financial assets		4,955,516	—
Equity investments accounted for under the equity method – net		655,121	667,498
Other financial assets – net		25,849,605	7,641
Property and equipment– net		2,149,071	2,369,557
Investment Property – net		314,808	234,390
Intangible assets		2,058,637	2,184,964
Deferred income tax assets – net		193,924	193,964
Other assets– net		1,467,868	747,459
Total assets		**598,604,767**	**555,010,286**
Due to Central Bank and other banks		13,072,480	13,070,340
Financial liabilities at fair value through profit or loss – net		2,336,752	1,977,281
Payables		10,313,523	7,971,693
Current income tax liabilities		323,253	324,970
Deposits and remittances		496,750,456	454,075,352
Financial debentures payable		15,000,000	15,000,000
Other financial liabilities		12,902,996	16,747,503
Provision		736,243	670,381
Deferred income tax liabilities		209,163	119,218
Other liabilities		713,952	659,723
Total liabilities	**Before distribution**	**552,358,818**	**510,616,461**
	After distribution	**Note3**	**510,616,461**
Equity attributable to owners of the parent company		46,245,949	44,393,825
Share Capital		36,496,931	34,963,315
Additional paid-in capital		6,116,883	6,116,883
Retained earnings	Before distribution	4,240,079	2,752,946
	After distribution	Note3	1,219,330
Other equity interest		(607,944)	560,681
non-controlling interests		—	—
Total equity	**Before distribution**	**46,245,949**	**44,393,825**
	After distribution	**Note3**	**44,393,825**

Note 1: As of January 1, 2013, the Company is qualified for the employment of IFRSs. The comparative information with 2012 was produced according to the regulations.
Note 2: The financial information for 2013 was audited by accountants.
Note 3: The distribution of earnings has not been approved by the stockholders in 2014.

(4) Condensed Separate Statements of Comprehensive Income for 2012~2013

Unit: NT$1,000

Item \ Year	Financial information	
	2013	2012
Interest income	9,795,941	9,175,614
Less：Interest expense	3,687,102	3,415,015
Net interest income	6,108,839	5,760,599
Net non-interest income	3,218,495	2,120,604
Net Income	9,327,334	7,881,203
Bad debts expense and guarantee liability provision	720,371	480,790
Operating expenses	5,205,430	5,021,427
Income from continuing operations before income tax	3,401,533	2,378,986
Income tax expense	(349,328)	(319,561)
Net profit from continuing operations	3,052,205	2,059,425
Net profit	3,052,205	2,059,425
Other comprehensive income(net of tax)	(1,200,081)	386,334
Total comprehensive income	1,852,124	2,445,759
EPS(NT$)	0.84	0.68

Note 1: As of January 1, 2013, the Company is qualified for the employment of IFRSs. The comparative information with 2012 was produced according to the regulations.

Note 2: The financial information for 2013 was audited by accountants.

(5) Condensed Consolidated Balance Sheet for 2009~2012 - Financial Accounting Standards in the R.O.C

Unit: NT$1,000

Item \ Year		Financial information			
		2012	2011	2010	2009
Cash and cash equivalents, Due from Central Bank and call loans to banks		82,436,828	110,417,531	124,650,076	82,931,465
Financial assets at fair value through profit or loss – net		26,023,007	14,569,643	10,248,106	10,809,287
Investments in notes and bonds under resale agreements		–	1,546,544	1,691,578	–
Receivables - net		12,171,396	12,535,440	14,918,327	14,933,563
Bills discounted and loans – net		375,712,974	348,783,971	284,751,517	234,054,597
Available-for-sale financial assets – net		51,501,159	13,245,099	10,680,673	15,783,511
Held-to-maturity financial assets		–	151,450	151,840	201,252
Equity investments accounted for under the equity method – net		–	–	349,051	–
Other financial assets – net		431,955	431,978	439,175	326,805
Property, plant and equipment		2,372,459	2,560,170	2,622,005	2,675,311
Intangible assets		2,184,964	2,326,540	2,456,470	607,896
Other assets		1,086,385	1,505,707	2,760,893	2,730,613
Total assets		**553,921,127**	**508,074,073**	**455,719,711**	**365,054,300**
Due to Central Bank and other banks		13,070,340	7,080,166	16,807,124	12,954,760
Financial liabilities at fair value through profit or loss – net		1,977,281	2,734,648	3,924,425	3,663,865
Notes and bonds payable under repurchase agreements		–	–	100,170	209,596
Deposits and remittances		453,401,765	437,896,659	381,412,448	300,012,545
Financial debentures payable		15,000,000	15,147,060	15,094,120	9,800,000
Accrued pension liabilities		172,611	127,551	116,955	57,211
Other financial liabilities		16,747,503	5,826,442	3,119,273	3,304,142
Other liabilities		9,057,133	9,155,538	10,331,528	11,399,529
Total liabilities	**Before distribution**	**509,426,633**	**477,968,064**	**430,906,043**	**341,401,648**
	After distribution	**509,426,633**	**477,968,064**	**430,906,043**	**341,401,648**
Common stock		34,963,315	25,108,131	21,811,335	21,500,000
Additional paid-in capital		6,116,883	2,850,363	1,377,456	1,377,456
Retained earnings	**Before distribution**	3,200,116	2,234,905	1,450,280	444,764
	After distribution	1,666,500	1,113,201	528,506	133,429
Unrealized profit or loss on available-for-sale financial assets		242,180	(72,775)	217,213	366,427
Cumulative translation adjustment		–	–	–	–
Other shareholders' equity		(28,000)	(14,615)	(43,743)	(38,848)
Minority equity		–	–	1,127	2,853
Total shareholders' equity	**Before distribution**	**44,494,494**	**30,106,009**	**24,813,668**	**23,652,652**
	After distribution	**44,494,494**	**30,106,009**	**24,813,668**	**23,652,652**

Note: The financial information from 2009 to 2012 was audited by accountants.

(6) Condensed Consolidated Statements of Income for 2009~2012 - Financial Accounting Standards in the R.O.C

Unit: NT$1,000

Item \ Year		Financial information 2012	2011	2010	2009
Net Interest income		6,011,203	5,035,237	4,273,629	3,604,200
Net Non-interest income		1,905,244	1,781,950	1,940,349	1,997,885
Bad debts losses (Provision reversal gain)		480,790	(294,923)	(174,808)	354,966
Operating expenses		5,064,025	5,061,640	4,648,344	4,385,583
Continuing operating income before tax		2,371,632	2,050,470	1,740,442	861,536
Continue operating income after tax		2,086,915	1,706,815	1,316,902	444,979
Discontinued operation income (net after tax)		—	—	—	—
Extraordinary income (net after tax)		—	—	—	—
Cumulative effect of changes in accounting principles (net after tax)		—	—	—	—
Net Income		2,086,915	1,706,815	1,316,902	444,979
EPS(NT$)	Before adjustment	0.72	0.74	0.60	0.21
	After adjustment	0.69	0.68	0.53	0.19

(7) Condensed Separate Balance Sheet for 2009~2012 - Financial Accounting Standards in the R.O.C

Unit: NT$1,000

Item	Year	Financial information			
		2012	2011	2010	2009
Cash and cash equivalents, Due from Central Bank and call loans to banks		82,436,772	110,417,491	124,650,036	82,930,864
Financial assets at fair value through profit or loss – net		26,023,007	14,569,643	10,248,106	10,809,287
Investments in notes and bonds under resale agreements		—	1,546,544	1,691,578	—
Receivables - net		12,153,756	12,533,591	14,895,036	14,926,753
Bills discounted and loans – net		375,712,974	348,783,971	284,751,517	234,054,597
Available-for-sale financial assets – net		51,499,745	13,243,700	10,680,673	15,683,511
Held-to-maturity financial assets		—	151,450	151,840	201,252
Equity investments accounted for under the equity method – net		667,498	41,774	399,896	136,040
Other financial assets – net		431,955	431,978	439,175	326,805
Property, plant and equipment		2,369,557	2,555,956	2,615,472	2,667,779
Intangible assets		2,184,964	2,326,540	2,456,470	607,896
Other assets		1,083,638	1,501,513	2,757,682	2,727,696
Total assets		**554,563,866**	**508,104,151**	**455,737,481**	**365,072,480**
Due to Central Bank and other banks		13,070,340	7,080,166	16,807,124	12,954,760
Financial liabilities at fair value through profit or loss – net		1,977,281	2,734,648	3,924,425	3,663,865
Notes and bonds payable under repurchase agreements		—	—	100,170	209,596
Deposits and remittances		454,075,352	437,944,350	381,466,045	300,054,276
Financial debentures payable		15,000,000	15,147,060	15,094,120	9,800,000
Accrued pension liabilities		172,091	125,404	114,780	54,998
Other financial liabilities		16,747,503	5,826,442	3,119,273	3,304,142
Other liabilities		9,026,805	9,140,072	10,299,003	11,381,044
Total liabilities	**Before distribution**	**510,069,372**	**477,998,142**	**430,924,940**	**341,422,681**
	After distribution	**510,069,372**	**477,998,142**	**430,924,940**	**341,422,681**
Common stock		34,963,315	25,108,131	21,811,335	21,500,000
Additional paid-in capital		6,116,883	2,850,363	1,377,456	1,377,456
Retained earnings	**Before distribution**	3,200,116	2,234,905	1,450,280	444,764
	After distribution	1,666,500	1,113,201	528,506	133,429
Unrealized profit or loss on available-for-sale financial assets		242,180	(72,775)	217,213	366,427
Cumulative translation adjustment		—	—	—	—
Other shareholders' equity		(28,000)	(14,615)	(43,743)	(38,848)
Total shareholders' equity	**Before distribution**	**44,494,494**	**30,106,009**	**24,812,541**	**23,649,799**
	After distribution	**44,494,494**	**30,106,009**	**24,812,541**	**23,649,799**

Note: The financial information from 2009 to 2012 was audited by accountants.

(8) Condensed Separate Statements of Income for 2009~2012 - Financial Accounting Standards in the R.O.C

Unit: NT$1,000

Item \ Year		Financial information 2012	2011	2010	2009
Net Interest income		6,010,610	5,034,939	4,273,444	3,603,495
Net Non-interest income		1,807,410	1,735,769	1,867,598	1,948,133
Bad debts losses (Provision reversal gain)		480,790	(294,923)	(174,808)	354,966
Operating expenses		4,975,674	5,020,267	4,582,261	4,339,552
Continuing operating income before tax		2,361,556	2,045,364	1,733,589	857,110
Continue operating income after tax		2,086,915	1,706,399	1,316,851	444,764
Discontinued operation income (net after tax)		—	—	—	—
Extraordinary income (net after tax)		—	—	—	—
Cumulative effect of changes in accounting principles (net after tax)		—	—	—	—
Net Income		2,086,915	1,706,399	1,316,851	444,764
EPS(NT$)	Before adjustment	0.72	0.74	0.60	0.21
	After adjustment	0.69	0.68	0.53	0.19

(9) Independent Auditors Over the Past Five Years and their Audit Opinions

Year	Independent auditing firm	CPA	Auditor's opinion
2009	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2010	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2011	PricewaterhouseCoopers, Taiwan	James Huang & Joseph Chou	Standard unqualified opinion
2012	PricewaterhouseCoopers, Taiwan	James Huang & Ellen Kuo	Standard unqualified opinion
2013	PricewaterhouseCoopers, Taiwan	James Huang & Ellen Kuo	Standard unqualified opinion

(10) Consolidated Financial Analysis

Item		Financial Analysis 2013	Financial Analysis 2012
Operating performance	Ratio of deposits to loans (%)	80.25	83.00
	NPL ratio (%)	0.31	0.19
	Ratio of interest cost to annual average deposits (%)	0.68	0.66
	Ratio of interest income to annual average loans outstanding (%)	2.14	2.17
	Total assets turnover (times)	0.02	0.02
	Average operation revenue per employee (thousand NT$)	4,047	3,117
	Average profit per employee (thousand NT$)	1,318	804
Profitability	Return on tier I capital (%)	7.99	6.88
	Return on assets (%)	0.53	0.39
	Return on Equity (%)	6.73	5.54
	Net income ratio (%)	32.58	25.81
	EPS (NT$)	0.84	0.68
Financial Structure	Ratio of Liabilities to Assets (%)	92.23	91.96
	Ratio of Property and Equipment to Equity (%)	4.65	5.34
Growth rate	Rate of Assets growth (%)	7.94	9.02
	Rate of earnings growth (%)	42.68	16.51(Note 2)
Cash flow	Cash flow ratio (%)	44.66	Note 3
	Cash flow adequacy ratio (%)	2,188.06	1,260.64
	Cash flow coverage ratio (%)	(1.117.80)	Note 3
Ratio of liquidity reserve (%)		31.90	29.60
Total balance of secured loans of related parties (thousand NT$)		6,649,493	4,793,300
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.51	1.15
Scale of operations	Asset market share (%)	1.33	1.35
	Net-worth market share (%)	1.63	1.70
	Deposits market share (%)	1.50	1.46
	Loans market share (%)	1.56	1.56

The specify reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)

A. On the premise of asset quality sustenance, the Company, during Year 2013, continued to boost its businesses and enjoyed a constant grow of net income, which caused higher ratios of management ability than Year 2012.

B. The Company disposed property and equipment in 2013, which caused Fixed Assets to Equity Ratio to drop.

C. The Company's cash flows from operating activities for 2013 was seen a significant increase in cash inflow, compared with 2012. Thus cash flow adequacy ratio rose.

Note 1: The financial information for 2013 was audited by accountants. In addition, the comparative information with 2012 was produced according to International Financial Reporting Standards (IFRSs).

Note 2: As of January 1, 2013, the Company is qualified for the employment of IFRSs. The comparative information with 2012 was produced according to the regulations. Regarding the profit growth ratios between 2012 and 2011, earnings before tax for 2011 were produced according to accounting standards of R.O.C.

Note 3: Because cash flows from operating activities in statement of cash flows is cash outflow, it is not included for the calculation of according cash flow ratio.

Note 4: Because of inaccessibility to information, market share of operating scale is calculated according to individual financial statements.

Note 5: The formulas of various ratios are as follows:

1. Operating performance
   (1) Ratio of deposits to loans＝Annual average loans outstanding／Annual average deposit (Including postal savings re-deposits)
   (2) NPL ratio＝Total NPL／Total loans outstanding
   (3) Ratio of interest cost to annual average deposits＝Total interest cost from deposits／Annual average deposits
   (4) Ratio of interest income to annual average loans outstanding＝Total interest income from loans／Annual average amount of loans outstanding
   (5) Total assets turnover (times)＝Operating income／Average total assets
   (6) Average operation revenue per employee (Note 8)＝Operating Revenues／Annual average total number of eemployees
   (7) Average profit per employee＝Net income after tax／total employees
2. Profitability
   (1) Return on tier I capital =Before-tax profit or loss／Total amount of tier I capital
   (2) Return on assets＝Net income／Average total assets
   (3) Return on Equity＝Net income／Average total equity
   (4) Net income ratio＝Net income／Total operating revenues
   (5) EPS＝(Net profit attributable to parent company-preferred stock dividend)／Weighted average number of shares issued (Note 7)
3. Financial structure
   (1) Ratio of Liabilities to Assets＝Liabilities／Total assets
   (2) Ratio of Property and Equipment to Equity＝Property and equipment assets／Total equity
4. Growth rate
   (1) Rate of Assets growth=(Total assets for current year－ Total assets for previous year)／Total assets for previous year
   (2) Rate of earnings growth = (Before-tax profit or loss for current year－Before-tax profit or loss for previous year)／Before-tax profit for previous year
5. Cash flow (Note 9)
   (1) Cash flow ratio＝Net cash flow from operating activities／ (interbank lending and overdraft＋payable commercial paper＋Financial liabilities at fair value through profit or loss＋RP＋Payable accounts-current portion)
   (2) Net cash flow adequacy ratio＝Net cash flow from operating activities for the latest five years／(Capital expenditure＋cash dividends for the latest five years)
   (3) Cash flow coverage ratio＝Net cash flow from operating activities／net cash flow from investing activities
6. Ratio of liquidity reserve＝Liquidity assets defined by Central Bank／Accrual liquidty reserve liabilities
7. Scale of operations:
   (1) Asset market share = total assets/total assets of all financial institutions able to engage in deposit and loan business
   (2) Net-worth market share = net worth/total net worth of all financial institutions able to engage in deposit and loan business
   (3) Deposit market share = total value of deposits/total value of deposits at all financial institutions able to engage in deposit and loan business
   (4) Loan market share = total value of loans/total value of loans at all financial institutions able to engage in deposits and loan business

Note 6: The total liabilities have deduct allowance for gurantee liability and allowance for accidental loss

Note 7: The following shall be noted in the equations of EPS of the preceding paragraph:

1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.
2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.
3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.

Note 8: The income means the total interest income and non-interest income.

Note 9: The following shall be considered in measuring of cash flow analysis:

1. Net cash flow from operating activities means the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure means the cash outflow from capital investment per year.
3. Cash dividends include of common and preferred stocks.
4. Gross for fixed assets means the total fixed assets before deduction of accumulated depreciation.

(11) Separate Financial Analysis

Item		Financial Analysis 2013	Financial Analysis 2012
Operating performance	Ratio of deposits to loans (%)	80.21	82.88
	NPL ratio (%)	0.31	0.19
	Ratio of interest cost to annual average deposits (%)	0.68	0.66
	Ratio of interest income to annual average loans outstanding (%)	2.14	2.17
	Total assets turnover (times)	0.02	0.01
	Average operation revenue per employee (thousand NT$)	4,057	3,092
	Average profit per employee (thousand NT$)	1,328	808
Profitability	Return on tier I capital (%)	8.04	6.89
	Return on assets (%)	0.53	0.39
	Return on Equity (%)	6.73	5.54
	Net income ratio (%)	32.72	26.13
	EPS (NT$)	0.84	0.68
Financial Structure	Ratio of Liabilities to Assets (%)	92.24	91.96
	Ratio of Property and Equipment to Equity (%)	4.65	5.34
Growth rate	Rate of Assets growth (%)	7.85	9.14
	Rate of earnings growth (%)	42.98	16.31(Note 2)
Cash flow	Cash flow ratio (%)	44.57	Nots3
	Cash flow adequacy ratio (%)	2,191.23	1,263.63
	Cash flow coverage ratio (%)	(1,146.17)	Nots 3
Ratio of liquidity reserve (%)		31.90	29.60
Total balance of secured loans of related parties (thousand NT$)		6,649,493	4,793,300
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.51	1.15
Scale of operations	Asset market share (%)	1.33	1.35
	Net-worth market share (%)	1.63	1.70
	Deposits market share (%)	1.50	1.46
	Loans market share (%)	1.56	1.56

The specify reasons of changes in financial ratios for the latest two years: (If the variation does not reach 20%, the analysis can be omitted)

A. On the premise of asset quality sustenance, the Company, during Year 2013, continued to boost its businesses and enjoyed a constant grow of net income, which caused higher ratios of management ability than Year 2012.

B. The Company disposed property and equipment in 2013, which caused Fixed Assets to Equity Ratio to drop.

C. The Company's cash flows from operating activities for 2013 was seen a significant increase in cash inflow, compared with 2012. Thus cash flow adequacy ratio rose.

Note 1: The financial information for 2013 was audited by accountants. In addition, the comparative information with 2012 was produced according to International Financial Reporting Standards (IFRSs).

Note 2: As of January 1, 2013, the Company is qualified for the employment of IFRSs. The comparative information with 2012 was produced according to the regulations. Regarding the profit growth ratios between 2012 and 2011, earnings before tax for 2011 were produced according to accounting standards of R.O.C.

Note 3: Because cash flows from operating activities in statement of cash flows is cash outflow, it is not included for the calculation of according cash flow ratio.

Note 4: The formulas of various ratios are as page 73.

(12) Financial Analysis - Financial Accounting Standards in the R.O.C

Item		Financial Analysis 2012	2011	2010	2009
Operating performance	Ratio of deposits to loans (%)	82.88	79.76	74.24	77.61
	NPL ratio (%)	0.19	0.19	0.49	0.95
	Ratio of interest cost to annual average deposits (%)	0.67	0.60	0.41	0.72
	Ratio of interest income to annual average loans outstanding (%)	2.15	2.09	1.94	2.25
	Total assets turnover (times)	0.01	0.01	0.01	0.02
	Average operation revenue per employee (thousand NT$)	3,067	2,640	2,433	2,395
	Average profit per employee (thousand NT$)	819	665	522	192
Profitability	Return on tier I capital (%)	6.84	8.24	7.66	4.00
	Return on assets (%)	0.39	0.35	0.32	0.12
	Return on shareholders' Equity (%)	5.59	6.21	5.43	2.10
	Net income ratio (%)	26.69	25.20	21.44	8.01
	EPS (NT$)	0.72	0.68	0.53	0.19
Financial Structure	Ratio of Liabilities to Assets (%)	91.94	94.07	94.56	93.52
	Ratio of Fixed Assets to Equity (%)	5.33	8.49	10.54	11.28
Growth rate	Rate of Assets growth (%)	9.14	11.49	24.83	3.08
	Rate of earnings growth (%)	15.46	17.98	102.26	121.76
Cash flow	Cash flow ratio (%)	13.75	2.55	4.92	138.66
	Cash flow adequacy ratio (%)	1,367.83	1,451.84	1,311.50	1,248.32
	Cash flow coverage ratio (%)	(8.03)	(0.78)	(2.01)	84.01
Ratio of liquidity reserve (%)		29.60	31.30	29.20	31.30
Total balance of secured loans of related parties (thousand NT$)		4,793,300	5,378,015	3,551,953	2,717,158
Ratio of total balance of secured loans of related parties to total balance of credit extension (%)		1.15	1.36	1.12	1.06
Operating scale	Asset market share (%)	1.35	1.28	1.22	1.03
	Net-worth market share (%)	1.70	1.25	1.08	1.10
	Deposits market share (%)	1.46	1.46	1.33	1.11
	Loans market share (%)	1.56	1.50	1.34	1.18

Note 1: The financial information from 2009 to2012 was audited by accountants.

Note 2: The formulas of various ratios are as follows:

1. Operating performance
   (1) Ratio of deposits to loans＝Annual average loans outstanding／Annual average deposit (Including postal savings re-deposits)
   (2) NPL ratio＝Total NPL／Total loans outstanding
   (3) Ratio of interest cost to annual average deposits＝Total interest cost／Annual average deposits
   (4) Ratio of interest income to annual average loans outstanding＝Total interest income／Annual average amount of loans outstanding
   (5) Total assets turnover (times)＝Operating income／Average total assets
   (6) Average operation revenue per employee (Note 5)＝Operating Revenues／Annual average total number of eemployees
   (7) Average profit per employee＝Net income after tax／total employees
2. Profitability
   (1) Return on tier I capital =Before-tax profit or loss／Total amount of tier I capital
   (2) Return on assets＝Net income／Average total assets

(3) Return on shareholders' Equity＝Net income／Average net shareholders' equity
(4) Net income ratio＝Net income／Total operating revenues
(5) EPS＝Income after income tax-preferred stock dividend／Weighted average number of shares issued (Note 4)

3. Financial structure
(1) Ratio of Liabilities to Assets＝Liabilities／Total assets (Note 3)
(2) Ratio of Fixed Assets to Equity＝Fixed assets／Shareholders' equity

4. Growth rate
(1) Rate of Assets growth=(Total assets for current year－ Total assets for previous year)／Total assets for previous year
(2) Rate of earnings growth = (Before-tax profit or loss for current year)－(Before-tax profit or loss for previous year)／Before-tax profit for previous year

5. Cash flow (Note 6)
(1) Cash flow ratio＝Net cash flow from operating activities／ (interbank lending and overdraft＋Financial liabilities at fair value of payable commercial paper through income statement＋RP＋Payable accounts-current portion)
(2) Net cash flow adequacy ratio＝Net cash flow from operating activities for the latest five years／(Capital expenditure for the latest five years＋cash dividends)
(3) Cash flow coverage ratio＝Net cash flow from operating activities／net cash flow from investing activities

6. Ratio of liquidity reserve＝Liquidity assets defined by Central Bank／Accrual liquidty reserve liabilities

7. Scale of operations:
(1) Asset market share = total assets/total assets of all financial institutions able to engage in deposit and loan business
(2) Net-worth market share = net value/total net worth of all financial holding institutions able to engage in deposit and loan business
(3) Deposit market share = total value of deposits/total value of deposits at all financial institutions able to engage in deposit and loan business
(4) Loan market share = total value of loans/total value of loans at all financial institutions able to engage in deposits and loan business

Note 3: The total liabilities have deduct allowance for gurantee liability, allowance for breach of traded secrutities and allowance for accidental loss

Note 4: The following shall be noted in the equations of EPS of the preceding paragraph:
1. It is based on weighted average common stock shares instead of the issued stock shares at the end of year.
2. For cash capitalization or Treasury stock trade, the circulation period is to be considered for the calculation of weighted average stock shares.
3. For capitalized retained earnings or additional paid-in, for the calculation of earnings per share of previous years and semi-annual, it is to be adjusted retroactively and proportionally to the ratio of capitalization but not the issuance period of the capitalization.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend (distributed or not distributed) is to be deducted from Net Income or is to be added to Net Loss.
5. If the preferred stock is non-cumulative preferred stock; also, if there is Net income generated, preferred stock dividend is to be deducted from Net income; however, if there is net loss resulted, no adjustment is required.

Note 5: The income means the total interest income and non-interest income.

Note 6: The following shall be considered in measuring of cash flow analysis:
1. Net cash flow from operating activities means the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure means the cash outflow from capital investment per year.
3. Cash dividends include of common and preferred stocks.
4. Gross for fixed assets means the total fixed assets before deduction of accumulated depreciation.

(13) Consolidated Capital Adequacy

Unit: NT$1,000

Item / Year			Consolidated capital adequacy ratio 2013
Eligible Capital	Common Equity Tier Ⅰ		43,367,166
	Additional Tier Ⅰ Capital		—
	Tier ⅠⅠ Capital		11,649,461
	Eligible Capital		**55,016,627**
Total risk-weighted assets	Credit risk	Standardized Approach	396,135,491
		Internal Ratings- Based Approach	—
		Securitization	—
	Operational risk	Basic Indicator Approach	—
		Standardized Approach / Alternative Standardized Approach	15,150,838
		Advanced Measurement Approaches	—
	Market risk	Standardized Approach	14,523,300
		Internal Models Approach	—
	Total risk-weighted assets		**425,809,629**
Capital adequacy ratio (%)			**12.92**
Tier I Risk-based Capital Ratio (%)			**10.18**
Common Equity Tier I Ratio (%)			**10.18**
Leverage Ratio (%)			**5.13**

Note 1: The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and“calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier I Capital + Tier II Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Tier I Risk-based Capital Ratio＝(Common Equity Tier I + additional Tier I Capital)/Total risk-weighted assets
5. Common Equity Tier I Ratio＝Common Equity Tier I /Total risk-weighted assets
6. Leverage Ratio= Tier I Capital / Exposure Measurement

Unit: NT$1,000

Item			Consolidated capital adequacy ratio 2012	2011	2010	2009
Eligible Capital	Tier I capital	Common stock	34,963,315	25,108,131	21,811,335	21,500,000
		Non-cumulative perpetual preferred stock	—	—	—	—
		Nonsol non-cumulative subordinated debts without maturity dates	—	—	—	—
		Capital collected in advance	—	—	—	—
		Capital surplus (exclusive of reserve for revaluation of fixed assets)	6,116,883	2,850,363	1,377,456	1,377,456
		Legal reserve	1,040,404	528,484	133,429	—
		Special reserve	72,797	22	—	—
		Retained earnings	2,086,915	1,706,399	1,316,851	444,764
		Minority equity	—	—	1,127	2,853
		Other shareholders' equity	(81,589)	(178,462)	(55,572)	(49,843)
		Less: Goodwill	1,924,395	1,924,395	1,924,395	—
		Less: Unamortized loss on sale of NPL	—	—	—	—
		Less: Capital deductions	314,567	634,164	403,861	182,185
		Total Tier I capital	**41,959,763**	**27,456,378**	**22,256,370**	**23,093,045**
	Tier II capital	Cumulative perpetual preferred stock	—	—	—	—
		Cumulative subordinated debts without maturity dates	—	—	3,000,000	3,000,000
		Reserve for revaluation of fixed assets	—	—	—	—
		45% of Unrealized gain on financial assets in available-for-sale	133,096	40,982	103,068	169,840
		Convertible bonds	—	—	—	—
		Operating reserve and allowance for bad debt	644,685	—	815,098	1,047,494
		Long-term subordinated bonds	14,000,000	13,728,189	5,418,264	1,720,000
		Non- perpetual preferred stock	—	—	—	—
		Total of non-cumulative perpetual preferred stock and non-cumulative subordinated debts without maturity dates exceeding 15% of total Tier I capital	—	—	—	—
		Less: Capital deductions	314,567	212,018	403,861	182,185
		Total Tier II capital	**14,463,214**	**13,557,153**	**8,932,569**	**5,755,149**
	Tier III capital	Short-term subordinated debts	—	—	—	—
		Non- perpetual preferred stock	—	—	—	—
		Total Tier III capital	—	—	—	—
	Eligible Capital		**56,422,977**	**41,013,531**	**31,188,939**	**28,848,194**

<table>
<tr><th colspan="3" rowspan="2">Year
Item</th><th colspan="4">Consolidated capital adequacy ratio</th></tr>
<tr><th>2012</th><th>2011</th><th>2010</th><th>2009</th></tr>
<tr><td rowspan="9">Total risk- weighted assets</td><td rowspan="3">Credit risk</td><td>Standardized approach</td><td>357,324,695</td><td>332,276,102</td><td>267,354,070</td><td>210,677,639</td></tr>
<tr><td>Internal ratings-based approach</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td>Securitization</td><td>—</td><td>45,591</td><td>122,537</td><td>155,696</td></tr>
<tr><td rowspan="3">Operational risk</td><td>Basic indicator approach</td><td>—</td><td>—</td><td>12,448,688</td><td>11,189,675</td></tr>
<tr><td>Standardized approach/ Alternative standardized approach</td><td>12,724,888</td><td>11,877,200</td><td>—</td><td>—</td></tr>
<tr><td>Advanced measurement approach</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td rowspan="2">Market risk</td><td>Standardized approach</td><td>16,003,613</td><td>7,140,763</td><td>10,456,938</td><td>16,518,538</td></tr>
<tr><td>Internal models approach</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td colspan="2">Total risk- weighted assets</td><td>386,053,196</td><td>351,339,656</td><td>290,382,233</td><td>238,541,548</td></tr>
<tr><td colspan="3">Capital adequacy ratio (%)</td><td>14.62</td><td>11.67</td><td>10.74</td><td>12.09</td></tr>
<tr><td colspan="3">Ratio of Tier I capital in risk-based assets (%)</td><td>10.87</td><td>7.81</td><td>7.66</td><td>9.68</td></tr>
<tr><td colspan="3">Ratio of Tier II capital in risk-based assets (%)</td><td>3.75</td><td>3.86</td><td>3.08</td><td>2.41</td></tr>
<tr><td colspan="3">Ratio of Tier III capital in risk-based assets (%)</td><td>—</td><td>—</td><td>—</td><td>—</td></tr>
<tr><td colspan="3">Ratio of common capital stock in total assets (%)</td><td>6.31</td><td>4.94</td><td>4.79</td><td>5.89</td></tr>
</table>

Note 1: Eligible capital＝Tier I capital＋Tier II capital＋Tier III capital

Note 2: Total risk- weighted assets＝Credit risk weighted risk-based assets＋capital charge of (operational risk＋market risk)×12.5

Note 3: Capital adequacy ratio＝Eligible capital／Total weighted risk-based assets。

Note 4: Ratio of Tier I capital in risk-based assets＝Tier I capital／Total weighted risk-based assets。

Note 5: Ratio of Tier II capital in risk-based assets＝Tier II capital／Total weighted risk-based assets。

Note 6: Ratio of Tier III capital in risk-based assets＝Tier III capital／Total weighted risk-based assets。

Note 7: Ratio of common capital stock in total assets＝Common capital stock／Total assets

(14) Capital Adequacy

Unit: NT$1,000

Item			capital adequacy ratio 2013
Eligible Capital	Common Equity Tier Ⅰ		43,040,229
	Additional Tier Ⅰ Capital		—
	Tier ⅠⅠ Capital		11,321,900
	Eligible Capital		**54,362,129**
Total risk-weighted assets	Credit risk	Standardized Approach	395,721,923
		Internal Ratings- Based Approach	—
		Securitization	—
	Operational risk	Basic Indicator Approach	—
		Standardized Approach / Alternative Standardized Approach	14,950,575
		Advanced Measurement Approaches	—
	Market risk	Standardized Approach	14,523,300
		Internal Models Approach	—
	Total risk-weighted assets		**425,195,798**
Capital adequacy ratio (%)			**12.79**
Tier I Risk-based Capital Ratio (%)			**10.12**
Common Equity Tier I Ratio (%)			**10.12**
Leverage Ratio (%)			**5.09**

Note 1: The eligible capital, risk-weighted assets and Exposure Measurement in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and“calculation method and table of self-owned capital and risk-weighted assets”.

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier I Capital + Tier II Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Tier I Risk-based Capital Ratio＝(Common Equity Tier I + additional Tier I Capital)/Total risk-weighted assets
5. Common Equity Tier I Ratio＝Common Equity Tier 1/Total risk-weighted assets
6. Leverage Ratio= Tier I Capital / Exposure Measurement

Unit: NT$1,000

Item			Capital adequacy ratio 2012	2011	2010	2009
Eligible capital	Tier I capital	Common stock	34,963,315	25,108,131	21,811,335	21,500,000
		Non-cumulative preferred stock	–	–	–	–
		Non-cumulative subordinated debts without maturity dates	–	–	–	–
		Capital collected in advance	–	–	–	–
		Capital surplus (exclusive of reserve for revaluation of fixed assets)	6,116,883	2,850,363	1,377,456	1,377,456
		Legal reserve	1,040,404	528,484	133,429	–
		Special reserve	72,797	22	–	–
		Retained earnings	2,086,915	1,706,399	1,316,851	444,764
		Minority equity	–	–	–	–
		Other shareholders' equity	(81,589)	(178,462)	(55,572)	(49,843)
		Less: Goodwill	1,924,395	1,924,395	1,924,395	–
		Less: Unamortized loss on sale of NPL	–	–	–	–
		Less: Capital deductions	648,316	655,051	429,283	250,204
		Total Tier I capital	**41,626,014**	**27,435,491**	**22,229,821**	**23,022,173**
	Tier II capital	Cumulative perpetual preferred stock	–	–	–	–
		Cumulative subordinated debts without maturity dates	–	–	3,000,000	3,000,000
		Reserve for revaluation of fixed assets	–	–	–	–
		45% of Unrealized gain on financial assets in available-for-sale	133,096	40,982	103,068	169,840
		Convertible bonds	–	–	–	–
		Operating reserve and allowance for bad debt	644,685	–	815,098	1,047,494
		Long-term subordinated bonds	14,000,000	13,717,745	5,418,264	1,720,000
		Non- perpetual preferred stock	–	–	–	–
		Total of non-cumulative perpetual stock and non-cumulative subordinated debts without maturity dates exceeding 15% of total Tier I capital	–	–	–	–
		Less: Capital deductions	648,316	232,905	429,283	250,204
		Total Tier II capital	**14,129,465**	**13,525,822**	**8,907,147**	**5,687,130**
	Tier III capital	Short-term subordinated debts	–	–	–	–
		Non-perpetual preferred stock	–	–	–	–
		Total Tier III capital	–	–	–	–
	Eligible Capital		**55,755,479**	**40,961,313**	**31,136,968**	**28,709,303**

Item		Year	Capital adequacy ratio			
			2012	2011	2010	2009
Total risk- weighted assets	Credit risk	Standardized approach	357,301,405	332,266,318	267,322,507	210,651,610
		Internal ratings-based approach	—	—	—	—
		Securitization	—	45,591	122,537	155,696
	Operational risk	Basic indicator approach	—	—	12,306,100	11,057,163
		Standardized approach/ Alternative standardized approach	12,561,150	11,744,813	—	—
		Advanced measurement approach	—	—	—	—
	Market risk	Standardized approach	16,003,613	7,140,763	10,456,938	16,318,538
		Internal models approach	—	—	—	—
	Total weighted risk-based assets		**385,866,168**	**351,197,485**	**290,208,082**	**238,183,007**
Capital adequacy ratio			**14.45**	**11.66**	**10.73**	**12.05**
Ratio of Tier I capital in risk-based assets			**10.79**	**7.81**	**7.66**	**9.67**
Ratio of Tier II capital in risk-based assets			**3.66**	**3.85**	**3.07**	**2.38**
Ratio of Tier III capital in risk-based assets			—	—	—	—
Ratio of common capital stock in total assets			**6.30**	**4.94**	**4.79**	**5.89**

Note 1: Eligible capital＝Tier I capital＋Tier II capital＋Tier III capital

Note 2: Total risk- weighted assets＝Credit risk weighted risk-based assets＋capital charge of (operational risk＋market risk)×12.5

Note 3: Capital adequacy ratio＝Eligible capital／Total weighted risk-based assets

Note 4: Ratio of Tier I capital in risk-based assets＝Tier I capital／Total weighted risk-based assets

Note 5: Ratio of Tier II capital in risk-based assets＝Tier II capital／Total weighted risk-based assets

Note 6: Ratio of Tier III capital in risk-based assets＝Tier III capital／Total weighted risk-based assets

Note 7: Ratio of common capital stock in total assets＝Common capital stock／total assets

2. Consolidated Financial Report for 2013

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PWCR13000371

REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Yuanta Commercial Bank Co., Ltd. and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2013 and 2012. 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 "Regulations Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Yuanta Commercial Bank Co., Ltd. and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and their financial performance and cash flows for the years ended December 31, 2013 and 2012 in conformity with the "Regulations Governing the Preparations of Financial Reports by Public Banks" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Yuanta Commercial Bank Co., Ltd. as of and for the years ended December 31, 2013 and 2012, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 13, 2014

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2013 and 2012, January 1, 2012
(Expressed in thousands of New Taiwan dollars)

	ASSETS	NOTES	December 31, 2013 AMOUNT	%	December 31, 2012 AMOUNT	%	January 1, 2012 AMOUNT	%
11000	Cash and cash equivalents	6(1)	$ 7,332,688	1	$ 7,017,189	1	$ 6,418,755	1
11500	Due from Central Bank and call loans to other banks	6(2)	85,619,265	14	75,523,478	14	104,082,173	20
12000	Financial assets at fair value through profit or loss – net	6(3)	24,375,726	4	25,919,168	5	14,486,246	3
12500	Investments in bills and bonds under resale agreements	6(4)	-	-	-	-	1,546,544	-
13000	Receivables – net	6(5)	12,332,649	2	9,393,972	2	9,762,996	2
13200	Current income tax assets		3,058,196	1	2,878,060	1	2,772,444	1
13500	Bills discounted and loans – net	6(6)	397,268,743	67	375,712,974	68	348,783,971	69
14000	Available-for-sale financial assets – net	6(7)	31,039,688	5	52,179,082	9	14,009,746	3
14500	Held-to-maturity financial assets	6(7)and(8)	4,955,516	1	-	-	151,450	-
15500	Other financial assets – net	6(7)and(9)	26,175,376	5	7,641	-	7,664	-
18500	Property and equipment – net	6(10)	2,149,569	-	2,372,459	-	2,560,170	1
18700	Investment property- net	6(11)	314,808	-	234,390	-	147,167	-
19000	Intangible assets – net	6(12)	2,058,637	-	2,184,964	-	2,326,540	-
19300	Deferred income tax assets	6(36)	194,094	-	194,178	-	443,546	-
19500	Other assets – net	6(13)	1,495,054	-	749,992	-	1,001,801	-
	TOTAL ASSETS		$ 598,370,009	100	$ 554,367,547	100	$ 508,501,213	100

(CONTINUED ON NEXT PAGE)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2013 and 2012, January 1, 2012
(Expressed in thousands of New Taiwan dollars)

			December 31, 2013		December 31, 2012		January 1, 2012	
	LIABILITIES AND EQUITY	NOTES	AMOUNT	%	AMOUNT	%	AMOUNT	%
	LIABILITIES							
21000	Due to Central Bank and other banks	6(14)	$ 13,072,480	2	$ 13,070,340	2	$ 7,080,166	1
22000	Financial liabilities at fair value through profit or loss - net	6(15)	2,336,752	-	1,977,281	-	2,734,648	1
23000	Payables	6(16)	10,326,621	2	7,994,445	2	8,249,502	2
23200	Current income tax liabilities		325,264	-	332,460	-	295,150	-
23500	Deposits and remittances	6(17)	496,482,959	83	453,401,765	82	437,896,659	86
24000	Financial debentures payable	6(18)	15,000,000	3	15,000,000	3	15,147,060	3
25500	Other financial liabilities	6(19)	12,902,996	2	16,747,503	3	5,826,442	1
25600	Provisions	6(20)and(21)	736,243	-	670,381	-	636,909	-
29300	Deferred income tax liabilities	6(36)	209,163	-	119,218	-	105,284	-
29500	Other liabilities	6(22)	731,582	-	660,329	-	581,327	-
	TOTAL LIABILITIES		552,124,060	92	509,973,722	92	478,553,147	94
	EQUITY							
31000	**Equity attributable to owners of the parent company**							
31100	**Share capital**							
31101	Common stock	6(23)	36,496,931	6	34,963,315	6	25,108,131	5
31500	**Additional paid-in capital**	6(24)	6,116,883	1	6,116,883	1	2,850,363	1
32000	**Retained earnings**	6(25)						
32001	Legal reserve		1,666,478	-	1,040,404	-	528,484	-
32003	Special reserve		22	-	72,797	-	22	-
32011	Unappropriated earnings	6(36)	2,573,579	1	1,639,745	1	1,318,188	-
32500	**Other equity interest**	6(26)	(607,944)	-	560,681	-	142,878	-
	TOTAL EQUITY		46,245,949	8	44,393,825	8	29,948,066	6
	TOTAL LIABILITIES AND EQUITY		$ 598,370,009	100	$ 554,367,547	100	$ 508,501,213	100

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			2013		2012		Change Percentage
		NOTES	AMOUNT	%	AMOUNT	%	%
41000	Interest income		$ 9,798,277	104	$ 9,175,638	115	7
51000	Less: Interest expense		(3,682,850)	(39)	(3,414,446)	(43)	8
	Net interest income	6(27)	6,115,427	65	5,761,192	72	6
	Net non-interest income						
49100	Net service fee and commission income	6(28)	1,689,385	18	1,461,597	19	16
49200	Loss (gain) on financial assets and financial liabilities at fair value through profit or loss	6(3)and(29)	(785,643)	(8)	1,375,499	17	(157)
49300	Realized gain on available-for-sale financial assets	6(30)	369,513	4	93,166	1	297
49600	Foreign exchange gain (loss)		1,770,087	19	(815,250)	(10)	(317)
49700	Asset impairment losses recovery	6(11)and(31)	34,819	-	5,346	-	551
49800	Other non-interest income	6(32)	175,005	2	98,080	1	78
	Net Income		9,368,593	100	7,979,630	100	17
58200	Bad debts expense and guarantee liability provision		(720,371)	(7)	(480,790)	(6)	50
	Operating expenses						
58500	Employee benefit expense	6(33)	(3,073,713)	(33)	(2,819,485)	(35)	9
59000	Depreciation and amortization expense	6(34)	(460,428)	(5)	(500,357)	(6)	(8)
59500	Other general and administrative expense	6(35)	(1,705,359)	(18)	(1,789,936)	(23)	(5)
61001	**Income from continuing operations before income tax**		3,408,722	37	2,389,062	30	43
61003	Income tax expense	6(36)	(356,517)	(4)	(329,637)	(4)	8
64000	**Net profit**		3,052,205	33	2,059,425	26	48
65000	**Other comprehensive income**						
65001	Translation gain and loss on the financial statements of foreign operating entities		943	-	-	-	-
65011	Unrealized gain or loss on available-for-sale financial assets		(1,163,989)	(13)	420,433	5	(377)
65031	Actuarial gains and losses of defined benefit plan	6(21)	(37,899)	-	(37,915)	-	-
65091	Income tax relating to components of other comprehensive income	6(36)	864	-	3,816	-	(77)
65000	**Other comprehensive income (loss) (net of tax)**		(1,200,081)	(13)	386,334	5	(411)
66000	**Total comprehensive income**		$ 1,852,124	20	$ 2,445,759	31	(24)
	Net profit attributable to:						
	Parent company		$ 3,052,205	33	$ 2,059,425	26	48
	Comprehensive income attributable to:						
	Parent company		$ 1,852,124	20	$ 2,445,759	31	(24)
	Earnings per share (in New Taiwan Dollars)	6(37)					
	Basic and Diluted		$ 0.84		$ 0.68		

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							
			Retained earnings			Other equity interest		
	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Translation gain and loss on the financial statements of foreign operating entities	Unrealized gain on available-for-sale financial assets	Total equity
For the year ended December 31, 2012								
Balance, January 1, 2012	$ 25,108,131	$ 2,850,363	$ 528,484	$ 22	$ 1,318,188	$ -	$ 142,878	$ 29,948,066
Appropriation and distribution of 2011 earnings								
Legal reserve appropriated	-	-	511,920	-	(511,920)	-	-	-
Special reserve appropriated	-	-	-	72,775	(72,775)	-	-	-
Stock dividends of ordinary shares	1,121,704	-	-	-	(1,121,704)	-	-	-
Net profit for the year	-	-	-	-	2,059,425	-	-	2,059,425
Other comprehensive income for the year	-	-	-	-	(31,469)	-	417,803	386,334
Total comprehensive income for the year	-	-	-	-	2,027,956	-	417,803	2,445,759
Issue of shares	8,733,480	3,266,520	-	-	-	-	-	12,000,000
Balance, December 31, 2012	$ 34,963,315	$ 6,116,883	$ 1,040,404	$ 72,797	$ 1,639,745	$ -	$ 560,681	$ 44,393,825
For the year ended December 31, 2013								
Balance, January 1, 2013	$ 34,963,315	$ 6,116,883	$ 1,040,404	$ 72,797	$ 1,639,745	$ -	$ 560,681	$ 44,393,825
Appropriation and distribution of 2012 earnings								
Legal reserve appropriated	-	-	626,074	-	(626,074)	-	-	-
Special reserve appropriated	-	-	-	(72,775)	72,775	-	-	-
Stock dividends of ordinary shares	1,533,616	-	-	-	(1,533,616)	-	-	-
Net profit for the year	-	-	-	-	3,052,205	-	-	3,052,205
Other comprehensive income for the year	-	-	-	-	(31,456)	943	(1,169,568)	(1,200,081)
Total comprehensive income for the year	-	-	-	-	3,020,749	943	(1,169,568)	1,852,124
Balance, December 31, 2013	$ 36,496,931	$ 6,116,883	$ 1,666,478	$ 22	$ 2,573,579	$ 943	($ 608,887)	$ 46,245,949

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated profit from continuing operations before tax for the period	$ 3,408,722	$ 2,389,062
Adjustments to reconcile income before income tax to net cash provided by (used in) operating activities		
Income and expenses having no effect on cash flows		
Depreciation	263,999	288,136
Amortization	196,429	212,221
Provision for bad debt expense	1,313,775	1,195,963
Interest expense	3,682,850	3,414,446
Interest income	(9,798,277)	(9,175,638)
Dividend income	(68,761)	(103,410)
Loss on disposal of property and equipment	3,170	9,530
Property and equipment transferred to expense	190	-
Loss on disposal of investment property	24,490	1,035
Loss from sale or retirement of other assets	-	162
Reversal of impairment loss on non-financial assets	(34,819)	(5,346)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Increase in due from Central Bank and call loans to other banks	(942,360)	(691,051)
Decrease (increase) in financial assets at fair value through profit or loss	1,543,442	(11,432,922)
(Increase) decrease in receivables	(2,978,613)	662,777
Increase in bills discounted and loans	(22,804,828)	(28,142,199)
Increase in available-for-sale financial assets	(8,676,125)	(37,748,903)
(Increase) decrease in held-to-maturity financial assets	(5,218)	151,450
Increase in other financial assets	(2,550,267)	(11,144)
Net changes in liabilities relating to operating activities		
Increase in due to Central Bank and other banks	2,140	5,990,174
Increase (decrease) in financial liabilities at fair value through profit or loss	359,471	(757,367)
Increase (decrease) in payables	2,348,347	(226,410)
Increase in deposits and remittances	43,081,194	15,505,106
(Decrease) increase in other financial liabilities	(3,842,408)	10,915,233
Increase in provisions for employee benefits	12,822	22,232
Increase in other liabilities	71,253	79,002
Cash provided by (used in) operations	4,610,618	(47,457,861)
Interest received	9,864,725	8,883,925
Cash paid for interest during the period	(3,699,021)	(3,443,093)
Dividend received	69,053	103,119
Income tax paid	(452,956)	(130,825)
Net cash provided by (used in) operating activities	10,392,419	(42,044,735)

(CONTINUED ON NEXT PAGE)

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012
(Expressed in thousands of New Taiwan dollars)

	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	($ 169,298)	($ 226,524)
Proceeds from disposal of property and equipment	1,973	380
Acquisition of intangible assets	(4,563)	(5,772)
Proceeds from disposal of investment property	7,200	5,670
(Increase) decrease in other assets	(765,034)	214,380
Net cash used in investing activities	(929,722)	(11,866)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of financial bonds	-	(147,060)
(Decrease) increase in lease payables	(2,099)	5,828
Capital injection with cash	-	12,000,000
Net cash (used in) provided by financing activities	(2,099)	11,858,768
Net effect of foreign exchange rate changes on cash and cash equivalents	8,328	(23)
Net increase (decrease) in cash and cash equivalents	9,468,926	(30,197,856)
Cash and cash equivalents at beginning of year	70,354,203	100,552,059
Cash and cash equivalents at end of year	$ 79,823,129	$ 70,354,203
Components of cash and cash equivalents:		
Cash and cash equivalents as per consolidated balance sheet	$ 7,332,688	$ 7,017,189
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	72,490,441	63,337,014
Cash and cash equivalents at end of year	$ 79,823,129	$ 70,354,203

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

YUANTA COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. History and organization

(1) Yuanta Commercial Bank Co., Ltd. (the "Bank") was incorporated as a public company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Bank formerly Asia Pacific Commercial Bank, acquired approval for establishment from the Ministry of Finance on January 14, 1992 and launched its operation on February 12, 1992. The Bank is principally engaged in commercial banking activities allowed by the Banking Laws of the Republic of China (R.O.C.) and in business activities authorized by the supervising authority of the central government. In accordance with the Financial Holding Company Act, the Bank joined Fuhwa Financial Holdings on August 1, 2002 through stock transfer and became a wholly-owned subsidiary. In September 2002, Asia Pacific commercial Bank was approved to be renamed Fuhwa Commercial Bank.

(2) On April 2, 2007, Yuanta Core Pacific Securities merged with Fuhwa Financial Holdings through stock transfer and became a wholly-owned subsidiary. Under the approval of shareholders' meeting in June 2007, Fuhwa Financial Holdings was renamed Yuanta Financial Holdings and the Bank was also renamed Yuanta Commercial Bank on September 23, 2007.

(3) The head office directs company-wide operations and opened domestic branches to promote business. As of December 31, 2013, the Bank has a trust department, an international banking department, an offshore banking unit, and 86 branches including the business department and 1 overseas representative office.

(4) The subsidiary Yuanta International Life Insurance Agent Co., Ltd. ("the Yuanta Life Insurance Agent") was incorporated under the Company Law of the Republic of China on November 20, 2001. The main business is engaged in life insurance products agency. In October, 2002 Asia Pacific Life Insurance Agent Co., Ltd. was approved to be renamed Fuhwa Life Insurance Agent Co., Ltd. and further renamed Yuanta Life Insurance Agent in September 2007.

(5) The subsidiary Yuanta Property Insurance Agent Ltd. (the "Yuanta Property Insurance Agent") was incorporated under the provisions of the Company Law of the Republic of China on October 2, 1999. The main business is engaged in property insurance products agency. In November, 2002 Fu An Property Insurance Agent Ltd. was approved to be renamed Fuhwa Property Insurance Agent Company and further renamed Yuanta Property Insurance Agent in September 2007.

(6) The subsidiary Yuanta International Leasing Co., Ltd. (the "Yuanta International Leasing") was incorporated under the provisions of the Company Law of the Republic of China on November 15, 2012. The main business is engaged in agency and leasing business of real estate and movables.

(7) As of December 31, 2013, the number of the Bank and subsidiaries (collectively referred herein as the Consolidated Company) employees were 2,315.

(8) Yuanta Financial Holdings Co., Ltd. (the "Yuanta Financial Holdings") is the parent company and ultimate parent company and holds 100% equity interest in the Consolidated Company.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 13, 2014.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

Not applicable as it is the first-time adoption of IFRSs by the Consolidated Company this year.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC, but not yet adopted by the Consolidated Company

IFRS 9, "Financial Instruments": Classification and measurement of financial instruments.

A. The International Accounting Standards Board ("IASB") published IFRS 9, "Financial Instruments", in November, 2009, which will take effect on January 1, 2013 with early application permitted (Through the amendments to IFRS 9 published on November 19, 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Consolidated Company.

C. The Consolidated Company have not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Consolidated Company, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognized in other comprehensive income should not be reclassified to profit or loss when such assets are derecognized. The Consolidated Company recognised loss on debt instruments and gain on equity instruments amounting to $1,217,164 and $47,596, respectively, in other comprehensive income for the year ended December 31, 2013.

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

A. The following are the new standards and amendments issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014
Disclosures - transfers of financial assets(amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Disclosures - Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	1. IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognizing the liabilities; and all other changes in fair value are recognized in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.) 2. The enterprises can choose to only adopt the amendment in point 1 above.	The enterprises can choose to adopt any version of IFRS 9 published by IASB after November 19, 2013. Currently, no mandatory effective date is in place for IFRS 9.
IFRS 9 "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. 2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are	The enterprises can choose to adopt any version of IFRS 9 published by IASB after November 19, 2013. Currently, no mandatory effective date is in place for IFRS 9.

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
	designated under the fair value option in 'other comprehensive income'.	
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
Presentation of items of other comprehensive income	The amendment requires profit or loss and other comprehensive income	July 1, 2012

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
(amendment to IAS 1)	(OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other comprehensive income.	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendment clarifies criterion that an entity 'currently has a legally enforceable right to set off the recognised amounts' and gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
	were not impaired.	
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014

B. The Consolidated Company is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. These consolidated financial statements are the first consolidated financial statements prepared by the Bank in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively referred herein as the "IFRSs"), as endorsed by the FSC.

B. In the preparation of the balance sheet of January 1, 2012, the Consolidated Company has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs on the Consolidated Company's financial position, operating results and cash flows.

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(A) Financial assets and financial liabilities at fair value through profit or loss.

(B) Available-for-sale financial assets.

(C) Employee benefit liabilities reserve

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Consolidated Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. The Consolidated Company's analysis of expense is classified based on the nature of expenses.

D. The Consolidated Company classifies the economic activities as operating activities, investment activities and financing activities based on the judgment of the management. Consolidated statements of cash flows report the changes in cash and cash equivalents in the period based on operating, investing and financing activities. Cash and cash equivalents include highly liquid investments. Components of cash and cash equivalents are disclosed in Note 4(5).

E. Cash flow information of the operating activities is made by the indirect method. The indirect method adjusts the non-cash transactions, any deferred or accrual account of operating cash income and expense incurred in the past or future and effects on income or expense related to investing or financing activities out of the net profit before tax. Interest received and paid and dividends received are classified as cash flow of operating activities. Dividend paid is the acquisition cost for financial resources and therefore is classified as cash flow of financing activities.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(A) In accordance with the IAS 27 as endorsed by the FSC, the Consolidated Company prepares the consolidated financial statements by aggregating the Consolidated Company's assets, liabilities, equities, revenues and expenses, which have been eliminated during the consolidation. In addition, the financial statements of Consolidated Company are made in the same reporting period.

(B) All subsidiaries are included in the Consolidated Company's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Consolidated Company has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Consolidated Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Company. They are de-consolidated from the date that control ceases.

(C) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Consolidated Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Consolidated Company.

(D) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(E) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(F) When the Consolidated Company loses control of a subsidiary, the Consolidated Company remeasure any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Consolidated Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of Investor	Name of Subsidiary	Main Business Activities	December 31, 2013	December 31, 2012	January 1, 2012
The Bank	Yuanta Life Insurance Agency Co., Ltd.("Yuanta Life Insurance Agency")	Life insurance agency	100.00	100.00	100.00
The Bank	Yuanta Property Insurance Agency Co., Ltd.("Yuanta Property Insurance Agency")	Property insurance agency	100.00	100.00	100.00
The Bank	Yuanta International Leasing Co., Ltd.("Yuanta International Leasing")	Agency and leasing business of real estate and movables	100.00	100.00	100.00

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Nature of the restrictions on fund remittance from subsidiaries to the parent company:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Consolidated Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency for the components of Consolidated Company is New Taiwan dollars, and the only exception is Offshore Banking Unit for which the functional currency is US dollars. However, the consolidated financial statements are presented in New Taiwan dollars.

A. Foreign currency transactions and balances

(A) Foreign currency transactions dominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

(B) Assets dominated in foreign currency are translated by the closing exchange rate at the date of balance sheet that is consolidated. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. Any translation difference is recognized as gain and loss in the period.

(C) Non-monetary assets and liabilities denominated in foreign currencies:

a. Assets and liabilities carried at cost are re-translated at the exchange rates prevailing at the original transaction date.

b. Assets and liabilities held at fair value through profit or loss are re-translated at the exchange rates prevailing at the date at which the fair value is determined.

When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized in other comprehensive income, any translation difference included in the gains and losses are also recognized in other comprehensive income. When the gains and losses on non-monetary assets and liabilities denominated in foreign currencies are recognized as gains and losses, any translation difference included in the gains and losses are also recognized as gains and losses.

B. Translation of foreign operations

If an entity has a functional currency (not in an economy with high inflation) that is different from presentation currency in the consolidated statements, its operation result and financial position is translated into presentation currency by the following procedures:

(A) All presented assets and liabilities are re-translated by the closing exchange rate prevailing at the date of the consolidated balance sheet.

(B) The presented gains and losses are re-translated by the exchange rate of the trading date.

(C) All gains and losses arising from translation are recognized in other comprehensive income.

(5) Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents includes cash on hand, cash in banks and short-term highly liquid investments that is readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash and cash equivalents includes cash and cash equivalents, due from central bank and call loans to other banks, Investments in notes and bonds under resale agreements qualified as cash and cash equivalents as defined by IAS 7.

(6) Bills and bonds under repurchase or resale agreements

In relation to transactions of bills and securities with a condition of repurchase agreement or resell agreement, the interest expense and interest income are recognized as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

(7) Financial assets and liabilities

All financial assets and liabilities of the Consolidated Company including derivatives are recognized in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by the FSC.

A. Financial assets

All financial assets held by the Consolidated Company are classified into the following four categories: “financial assets at fair value through profit and loss”, “receivables”, “available-for-sale financial assets” and “held-to-maturity financial assets”.

(A) Regular way purchase or sale

Financial assets held by the Consolidated Company are all accounted for using trade date accounting.

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

a. When the financial assets of the Consolidated Company are held to repurchase or resell or when the portfolio belongs to derivative instruments, or are held in a short-term profit seeking model, then they should be classified as financial assets at fair value through profit and loss and measured by fair value at initial recognition.

b. Criteria to designate financial assets and financial liabilities as at fair value through profit or loss at initial recognition are as follows:

(a) The designation can eliminate or significantly mitigate a measurement or recognition inconsistency as a result of different measuring basis of assets or liabilities; or

(b) The performance of financial instruments is assessed by fair value; or

(c) Hybrid (combined) instruments include embedded derivatives.

c. Financial assets at fair value through profit and loss and financial assets designated as at fair value through profit or loss on initial recognition are recognized under "financial assets at fair value through profit or loss" in the consolidated balance sheet. Any change in fair value of financial assets at fair value through profit are recognized under "gain and loss of financial assets and liabilities at fair value through profit and loss" in the consolidated statement of comprehensive income.

(C) Loans and Receivables

a. Receivables include loans and receivables that are originally generated, which refer to the receivables that are originated directly from money, product or service that the Consolidated Company provides to the debtors, while the latter refers to all the other loans and receivables.

b. Loans and receivables are measured at initial fair value as the transaction price, and are recognized on the basis of fair value plus significant transaction cost, expense, significant service fee charged, discount or premium factor. Subsequently, the loans and receivables shall be measured using effective interest rate method. However, according to "Regulations Governing the Preparation of Financial Reports by Public Banks" (7) and (10) of Article 10 stipulates that loans and receivables could be measured at initial amount if the effect of discounting is immaterial.

c. Bond investments without active market are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(D) Available-for-sale financial assets

a. Available-for-sale financial assets are measured by fair value plus the trading cost of acquisition upon initial recognition.

b. Available-for-sale financial assets are subsequently measured by fair value with changes in fair value recognized as other comprehensive income. The cumulative valuation gain or loss is recognized as gain and loss in the period when it is derecognized from the financial assets.

c. Because the Consolidated Company had intention and was able to hold the following assets to maturity or foreseeable future, financial assets that were initially classified as available-for-sale financial assets were reclassified to held-to-maturity financial assets and bond investments without active market in accordance with IAS 39.

(E) Held-to-maturity financial assets

a. Held-to-maturity financial assets are measured by the fair value plus the trading cost of acquisition upon initial recognition.

b. Held-to-maturity financial assets subsequently using the effective interest rate to calculate the amortized cost and interest income.

B. Financial liabilities

Financial liabilities held by the Consolidated Company include financial liabilities at fair value through profit and loss (including financial liabilities designated at fair value through profit and loss) and financial liabilities carried at amortized cost.

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

a. Financial liabilities held for trading purpose are designated as financial liabilities at fair value through profit and loss upon initial recognition.

b. Such as financial liabilities incurred with a purpose of repurchasing or resale in a short period of time, identifiable portion of financial instruments in the portfolio belonging to the consolidated management at initial recognition with evidence indicating that its latest operating is in a short-term profit seeking model, are classified as held for trading purpose. Derivative instruments are also classified as held for trading, including the obligation of the financial assets borrowed from short seller.

c. Financial liabilities at fair value through profit and loss and those designated as financial liabilities at fair value through profit and loss at initial recognition are recognized under financial liabilities at fair value through profit and loss in the consolidated statement of comprehensive income, and any change in fair value is recognized as "gain and loss on financial assets and liabilities at fair value through profit and loss" in the consolidated statement of comprehensive income.

(B) Financial liabilities carried at amortized cost

Financial liabilities carried at amortized cost include liabilities not classified as financial liabilities at fair value through profit or loss, financial guarantee contracts, loan commitment with a lower-than-market interest rate and the financial liabilities incurred due to continuing engagement or that the transferring of a financial asset does not meet the requirement of derecognition.

C. Derecognition of financial assets

The Consolidated Company derecognizes a financial asset when one of the following conditions is met:

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

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

(C) The Consolidated Company does not transfer and retain substantially all risks and rewards of ownership of the financial asset; however, it retains control of the asset.

D. Derecognition of financial liabilities

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

(B) The Consolidated Company derecognises an original financial liability and recognises a new financial liability if the terms of an existing financial liability have substantial modifications and such modifications make significant differences to the original terms. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(8) Financial instruments offsetting

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

(9) Impairment of financial assets

A. The Consolidated Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Consolidated Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(A) Significant financial difficulty of the issuer or debtor;

(B) A breach of contract, such as a default or delinquency in interest or principal payments;

(C) The Consolidated Company, for economic or legal reasons relating to the borrower's financial difficulty granted the borrower a concession that a lender would not otherwise consider;

(D) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(E) The disappearance of an active market for that financial asset because of financial difficulties;

(F) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(G) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

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

(I) Other indicators determined by the Consolidated Company's internal policies.

C. When the Consolidated Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(A) Financial assets measured at amortised cost

The Consolidated Company assesses whether objective evidence exists which indicates impairment losses of material individual financial assets and impairment losses generated individually or as a group from immaterial individual financial assets. If the Consolidated Company decides that there is no objective evidence exist for the financial asset individually assessed (no matter it is material or not), the asset should be included in the financial asset portfolios sharing similar credit risk characteristics before the group assessment. Financial assets that are assessed individually with impairment recognized or continually recognized need not be included in the group assessment.

If there is any objective evidence that the financial asset is impaired, the impairment amount is the difference between the financial assets' book value and the estimated future cash flow (exclusive of future credit loss) discounted using the original effective interest rate. The asset's book value is decreased by adjusting the account of allowance for bad debt, and loss amount is recognized under "bad debt expense and reserve for guarantee liabilities" or "asset impairment losses" depending on the nature of financial asset. If a financial asset uses floating rate, then the discounting rate used to assess impairment loss shall adopt the current effective interest rate as decided by the contract.

No matter the collateral is provided or not, by calculating the pledged financial assets to estimate the present value of future cash flow, the cash flow that may occur from the collateral can be reflected. However, the acquisition or selling cost regarding the collateral should be deducted.

Financial assets are categorized on the basis of similar credit risk characteristics in relation to collective assessment for impairment. The credit risk characteristics refer to the capability of a debtor to pay all the amounts at maturities according to the contract term (for example, asset type, overdue status, assessing procedure or rating process of the relevant credit risk may all be put into consideration). The debtor with specific representative characteristics chosen, of whom the capacity to pay amounts due as required by the contract, is closely correlated to the future cash flow estimate of each asset portfolio.

For financial assets assessed collectively, the estimate made on future cash flow is made on the basis of historical losses of the assets sharing similar credit risk characteristics within the assessment group. Historical loss experience is adjusted by the current observable information to reflect the effect on the current situation of the period in which the historical loss experience has not been reflected. Also, non-existing historical effects should be excluded.

The estimate of future cash flow movement reflects the movement in observable information of each period (such as change in real estate price, commodity price, payment status or the change in other factors giving rise to losses and loss amounts attributable to one or more events) , and the two move in the same direction. The Consolidated Company regularly reviews the methods and assumptions used to estimate future cash flow to mitigate difference between the losses estimate and actual losses experience.

When a loan to other banks or clients is confirmed to be not recoverable, the book value and related allowance for bad debt should be written off. Once the Consolidated Company completes all the necessary legal procedures and the impairment amount is confirmed, the unrecoverable loans can be written off.

In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized (for example, the upgraded credit rating of the debtor), the previously recognized impairment loss is reversed through the allowance for bad debt to the extent that the carrying amounts do not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior years. The reversal is recognized as current profit and loss.

Above-mentioned assessments for provisions are made in accordance with “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” as issued by FSC.

In addition, in order to apply for certain business, the Consolidated Company has set aside the credit asset and guarantee reserve according to Jin-Guan-Yi-Fa Letter No. 10110008250.

(B) Available-for-sale financial assets

When the reduction of fair value of available-for-sale financial asset has been recognized in other comprehensive income and at the same time with objective evidence indicating that the impairment has incurred, even if the financial asset has not been derecognized, accumulative evaluation losses recognized in other comprehensive income shall be reclassified into gain and loss.

Equity instruments classified as available-for-sale assets, the impairment loss cannot be reversed through gain and loss. Any subsequent increase in fair value should all be recognized in other comprehensive income. Debt instruments that are classified as available-for-sale assets, if the fair value increases in the subsequent periods which can be objectively related to the incidence after the impairment loss has been recognized in gain and loss, can be reversed and recognized as gain and loss in the period.

(10) Derivative financial instruments

A. Derivative instruments are initially recognized at fair value at the contract date and subsequently measured by fair value. The fair value includes the public quotation in an active market or the latest trade price, and evaluation techniques such as cash flow discounting model or option pricing model. All derivatives are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

B. Economic characteristics and risks of the embedded derivatives and the economic characteristics of the main contract should be examined for the embedded derivatives. If the two are not closely correlated and the main contract is not a financial asset or liability at fair value through profit and loss, the main contract and embedded derivatives should be respectively recognized unless the overall hybrid contract is designated as assets or liabilities at fair value through profit and loss. The embedded derivatives are the financial assets or liabilities at fair value through profit and loss.

(11) Property and equipment

A. The property and equipment of the Consolidated Company are recognized on the basis of cost less accumulated depreciation and accumulated impairment. Cost includes any cost directly attributable to the acquisition of the asset.

B. If the future economic benefit generated from subsequent expenses of the asset can be measured reliably and is very likely to flow into the Consolidated Company, the subsequent expenses of property and equipment may be individually recognized as an asset or included in the carrying amount of the asset. Significant renewals and improvements incurred to increase the future economic benefits of the assets are capitalized. Routine maintenance and repairs are charged to expense as incurred.

C. The property and equipment of the Consolidated Company were initially recognized at the original cost and subsequently measured by cost model.

D. Land is not affected by depreciation. Depreciation for other assets is provided on a straight-line basis over the estimated useful lives of the assets till salvage value. Useful life is as follows:

Buildings	3 ~ 55 years
Office equipment	3 ~ 6 years
Transportation equipment	3 ~ 5 years
Leased improvements	3 ~ 10 years
Other equipment	3 ~ 20 years

E. On each consolidated balance sheet date, the Consolidated Company appropriately adjusts the salvage value and useful life of the assets.

F. Any gain or loss on disposal is calculated by the difference between the carrying amounts and proceeds on disposal, which is recognized in “Other non-interest income” in the consolidated statement of comprehensive income.

(12) Lease

A. In accordance with the IAS 17 and SIC 4 as endorsed by the FSC, the lease contracts are classified as operating lease and financing lease.

B. The lease contract of the Consolidated Company includes operating lease and finance lease.

(A) Operating lease

Payments that the Consolidated Company receives or charges under the operating lease are recognized as gain and loss on a straight-line basis during the contract term, which are recognized under "other business and administrative expenses" and "other net non-interest income", respectively.

(B) Finance lease

a. When the Consolidated Company is the lessee, the lower of fair value of lease assets or the lowest present value of the lease payment is capitalized. Rental payment is amortized to finance leasing liabilities and the interest expense is recognized. Interest expense is calculated based on the beginning balance of finance leasing liabilities of each period using the leasing embedded interest rate or incremental borrowing interest rate and recognized as gains and losses. Finance leasing liabilities are recognized under "other financial liabilities". Property and equipment acquired through finance leasing contract are measured by cost model.

b. When the Consolidated Company is the lessor, the asset is derecognized when the financing contract is signed and the lessor should record a finance lease as lease receivables at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as unrealized interest income, which is calculated based on remaining lease payment receivable using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss at period end.

(13) Investment property

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

B. Part of the property may be held by the Consolidated Company for self-use purpose and the remaining are used to generate rental income or capital appreciation. If the property held by the Consolidated Company can be sold individually, then the accounting treatment should be made respectively.

C. When the future economic benefit related to the investment property is highly likely to flow into the Consolidated Company and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is highly likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized as incurred in the consolidated statement of comprehensive income. All maintenance cost are recognized as incurred in the consolidated statement of comprehensive income.

D. When there is certain replacement occurring onto the investment property, the replacement cost should be recognized in the carrying amount of the investment property given that the criteria of recognition can be met. The carrying amount of the replaced account should be derecognized.

E. Investment property is subsequently measured using the cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment.

F. The fair value of investment property is disclosed in the financial statements at each consolidated balance sheet date. Each year, the appraisal of fair value is conducted by external appraisal contractor, and managing segments of the Consolidated Company review the characteristics, location and status of the investment property to determine its fair value accordingly. However, the fair value of investment property does not reflect that the future capital expense can be improved or benefited from, nor the future benefit related to future expense is reflected.

(14) Intangible assets

Intangible assets are recognized by cost and subsequent measurements are based on the cost model.

A. Goodwill

Pursuant to IFRS 3, 'Business Combinations' as endorsed by the FSC, the excess of the consideration transferred in business combination over the net identifiable assets acquired and the net fair value of liabilities assumed shall be recognized as goodwill. Goodwill acquired in business combination shall be tested for impairment at least once a year. An impairment loss is recognised when the goodwill is impaired. Impairment loss of goodwill that has been recognised shall not be reversed.

B. Computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The cost is amortized over its estimated useful life. The computer software's estimated useful life is five to ten years.

(15) Impairment of non-financial assets

The Consolidated Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Financial bonds payable

Financial bonds payable issued by the Consolidated Company is carried at amortised cost using the effective interest rate.

(17) Liabilities reserve, contingent liabilities and assets

A. The Consolidated Company recognizes liabilities when all of the following three conditions are met：

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

(B) the outflow of economic benefits is highly probable upon settlement; and

(C) the amount is reliably measurable.

B. The Consolidated Company does not recognize liability reserve for the future operating losses. If there are several similar obligations, the outflow of economic benefit as a result of settlement is determined based on the overall obligation. Liability reserve should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligation is remote.

C. When the time value may have a significant impact on a currency, the reserve is measured by the present value of expense which is required for settling the anticipated obligation. The pre-tax discount rate is used with timely adjustment that reflects the current market assessments on the time value of money and the risks specific to the liabilities.

D. Contingent liability is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Company. Or it could be a present obligation as a result of past event but the payment is not probable or the amount cannot be measured reliably. The Consolidated Company did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

E. Contingent asset is a possible obligation that arises from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Consolidated Company. The Consolidated Company did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(18) Financial guarantee contracts

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

B. Subsequently, the Consolidated Company should measure the financial guarantee contract issued at the higher of:

(A) the amount determined in accordance with IAS 37; and

(B) the amount initially recognized less, if appropriate, cumulative amortization recognized in accordance with IAS 18, "Revenue".

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

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

E. Assessment for above guarantee reserve is assessed and set aside according to "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", Jin-Guan-Yi-Fa Letter No. 10110008250.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plans

a. In a defined benefit plan, the pension paid is determined based on the amount that an employee shall receive upon retirement, which could vary with age, work seniority and salary compensations.

b. The Consolidated Company recognizes the net amount of actuarial present value of defined benefit obligation less the fair value of fund, which is adjusted with the net unrecognized gain and loss on pension and the net of prior service cost recognized as liabilities, and recognizes the pension assets or liabilities in the consolidated balance sheet. Defined benefit obligation is assessed annually using projected unit credit method by the actuary. The actuarial present value of the defined benefit obligation is determined using the market yield of government bonds or high-quality corporate bonds of which the currency and maturity are the same with the defined benefit obligation to discount the future cash flow.

c. Actuarial gain and loss as a result of actual experience or change in actuarial assumption should be recognized in other comprehensive income immediately. Prior service costs, except that the continuing service should be amortised through the vesting period on a straight-line basis due to changing the pension plan in a specified period (vesting period), should all be recognized as gain and loss in the period.

(C) Deposits

The Consolidated Company provides preferential interest rate for its employees, including flat preferential savings for current employees. The gap difference compared to market interest rate is deemed as employee benefits.

(D) Termination benefits

Termination benefit is paid the employees who are eligible for retirement and terminated or voluntarily dismissed in exchange for termination benefit. The Consolidated Company has made commitments in the formal detailed employment termination plan which is irrevocable, and shall recognize liabilities when providing termination benefit to employees who voluntarily resign as a result of encouragement. Termination benefit paid 12 months after the financial reporting date should be discounted.

(E) Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognized based on the accounting for changes in estimates.

(20) <u>Income tax</u>

A. Current income tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where a company operates and generates taxable income. Except that the transactions or other matters are directly recognized in other comprehensive income or equity, and that related income taxes in the period are recognized in other comprehensive income or directly derecognized from equity, all the others should be recognized as income or expense and recorded as gain and loss in the period. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

B. Deferred income tax

(A) Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amounts and temporary differences of assets and liabilities included in the consolidated balance sheet are calculated using the balance sheet liability method and recognized as deferred income tax. The temporary difference of the Consolidated Company mainly occurs due to the setting aside and transferring of valuation and pension reserve of certain financial instruments (including derivatives).

(B) The land revaluation appraisal due to the revaluation assessment in compliance with relevant regulations, deemed as taxable temporary difference, is recognized as deferred income tax liabilities.

(C) If the future taxable income is probable to provide unused loss carryforwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax asset.

C. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously. The Consolidated Company does not offset deferred income tax assets against liabilities taxed by different tax authorities.

(21) <u>Share capital</u>

If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

(22) <u>Interest income and expense</u>

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

(23) <u>Net service fee and commission income</u>

Handling fees and expenses are recognized when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognized upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortized or included in the calculation of effective interest rate of loans and receivables during the service period.

(24) Operating segment report

A. The Consolidated Company's operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM").

B. Inter-segmental transactions are arm's length transactions, and gain and loss arising from such transactions are eliminated by the Consolidated Company upon the preparation of consolidated financial statements. Profit and loss directly attributable to various segments have been considered when segment performance is being evaluated.

5. Critical accounting judgment, estimates and key sources of assumption uncertainty

The consolidated financial statements of the Consolidated Company may be affected by the adoption of accounting policy, accounting estimate and assumption, and the professional judgment of management that may be required upon preparation of consolidated financial statements.

Estimates and assumptions of the Consolidated Company are the best estimates made in compliance with IFRSs as endorsed by the FSC. Estimates and assumptions are made based on the past experience and other factors, including the anticipation to the future, and evaluation will be continuously carried on.

Certain accounting policies and judgments of management could have significantly affected the recognized amounts in the consolidated financial statements.

(1) Impairment losses of loans

The Consolidated Company assesses impairment on loans quarterly and decides to recognise impairment loss mainly depending if there is any observable evidence indicating that potential impairment may occur. This evidence may include observable information that indicates worsening of the debtor's payment status. In the analysis of estimated cash flows, management makes its estimate based on the loss experience of assets with similar credit risk characteristics in the past. The Consolidated Company regularly reviews methods and assumptions used on the cash flow amount and the timing to mitigate the difference between the estimated and actual loss amount.

(2) Fair value of financial instruments

Financial instruments with no active market or quoted price use valuation technique to determine the fair value. Under such condition, fair value is assessed through the observable information or models of similar financial instruments. If there is no observable input available in a market, the fair value of financial instrument is assessed through appropriate assumptions. When valuation models are adopted to determine the fair value, all the models should be calibrated to ensure that the output can actually reflect actual information and market price. Models should try to take only observable information as much as possible while management needs to estimate the fluctuation and correlation specifically in relation to the credit risks (risks of its own and counterparties and others). Please refer to Note 12(3) for sensitivity analysis for financial instruments.

The fair value of unlisted stocks held by the Consolidated Company that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgments and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(1) for the financial instruments' fair value information.

As of December 31, 2013, the carrying amounts of unlisted stocks with no active market classified as available-for-sale financial assets by the Consolidated Company amounted to $828,086.

(3) Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Consolidated Company's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(12) for the information of goodwill impairment.

(4) Realizability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred income tax assets involves critical accounting judgments and estimates of the management. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

(5) Post-employment benefit

The present value of post-employment benefit obligation is based on actuarial result of various assumptions, through which any change could affect the carrying amount of post-employment benefit obligations.
Discount rate is included when determining the net pension cost (income), and the Consolidated Company decides an appropriate discount rate at the end of each year, which is used to calculate the estimated present value of future cash outflow of post-employment benefit obligation needed. The Consolidated Company should consider interest rate of high quality corporate bonds of the same currency and maturity in order to determine appropriate discount rate. Other significant assumptions of post-employment benefit are made based on the current market conditions.

(6) Income tax

The Consolidated Company recognizes additional income tax liabilities arising from tax issues based on the subsequent development of stringent evaluation and assessment on tax issues. The difference between the ultimate tax amount and the initial recognition, if any, will affect the recognition for income tax in the period and deferred income tax account.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Cash	$ 2,967,399	$ 2,725,432	$ 2,634,373
Foreign currency on hand	284,996	217,317	262,221
Checks for clearing	544,989	2,184,698	2,108,988
Due from banks	3,478,171	1,785,903	1,329,776
Futures trading guarantees	57,133	103,839	83,397
Total	$ 7,332,688	$ 7,017,189	$ 6,418,755

	December 31, 2013	December 31, 2012	January 1, 2012
For the consolidated statement of cash flows, cash and cash equivalents includes as follows：			
Cash and cash equivalents	$ 7,332,688	$ 7,017,189	$ 6,418,755
Due from Central Bank and call loans to other banks	72,490,441	63,337,014	92,586,760
Investments in bills and bonds under resale	-	-	1,546,544
Total	$ 79,823,129	$ 70,354,203	$ 100,552,059

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

	December 31, 2013	December 31, 2012	January 1, 2012
Reserve for deposits - account A	$ 6,440,564	$ 6,440,358	$ 5,341,690
Reserve for deposits - account B	13,128,824	12,186,464	11,495,413
Reserve for deposits - foreign currency account	74,875	58,272	60,580
Reserve for deposits - inter-bank clearing fund	805,755	601,455	210,938
Time deposits	58,600,000	51,800,000	76,990,000
Call loans to banks	6,569,247	4,436,929	9,983,552
Total	$ 85,619,265	$ 75,523,478	$ 104,082,173

Reserves due from Central Bank are calculated monthly at prescribed rates on the average daily balances of various deposit accounts and structured accounts and then lodged into reserve for deposits account of Central Bank. The reserve for deposits - account A is non-interest bearing and call on demand. Reserve for deposits - account B is interest bearing and its use is restricted to monthly adjustment in the reserve for deposits only according to relevant regulations.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets held for trading :			
Corporate bonds	$ 10,695,171	$ 1,011,242	$ -
Commercial paper	6,944,690	2,706,886	2,342,889
Government bonds	2,122,383	17,975,885	9,013,560
Convertible corporate bonds	1,511,875	1,753,093	24,177
Beneficiary certificates	300,000	162,042	300,000
Financial bonds	219,698	-	-
Stocks of companies listed on TSE or OTC	-	287,362	-
Derivative financial instruments	2,607,335	2,007,501	2,803,408
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	(25,426)	10,373	(18,398)
Subtotal	24,375,726	25,914,384	14,465,636
Financial assets designated as at fair value through profit or loss on initial recognition :			
Convertible corporate bonds	-	5,497	22,444
Valuation adjustment of financial assets designated as at fair value through profit or loss on initial recognition	-	(713)	(1,834)
Subtotal	-	4,784	20,610
Total	$ 24,375,726	$ 25,919,168	$ 14,486,246

For the years ended December 31, 2013 and 2012, the net gain (loss) on financial assets and liabilities at fair value through profit or loss are as follows:

	For the years ended December 31 2013	2012
Net (loss) gain on Financial assets and liabilities held for trading	($ 785,419)	$ 1,378,013
Net loss on financial assets and liabilities designated as at fair value through profit or loss	(224)	(2,514)
Total	($ 785,643)	$ 1,375,499

A. Financial instruments designated as at fair value through profit or loss on initial recognition is for hybrid instruments.

B. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Consolidated Company has no financial assets held for trading undertaken for repurchase agreements or pledged as collaterals.

(4) Investments in bills and bonds under resale agreements

	January 1, 2012
Investments in bills under resale agreements	$ 1,546,544
Interest rate	0.89%
Contract resale amount	$ 1,547,868

A. As of December 31, 2013 and 2012, the Consolidated Company has no investments in bills and bonds under resale agreements.

B. As of January 31, 2012, the Consolidated Company has no investments in bills and bonds under repurchase agreements dealing segment is obliged to make "investments in bills and bonds under resale agreements."

(5) Receivables- net

	December 31, 2013	December 31, 2012	January 1, 2012
Spot exchange receivable	$ 5,220,818	$ 2,519,168	$ 2,684,284
Factoring receivable	3,342,224	3,156,992	3,235,528
Credit card receivable	1,397,481	1,517,000	1,758,480
Acceptances receivable	1,083,765	867,293	694,582
Interest receivable	1,001,393	1,067,841	776,128
Other receivables	367,625	376,187	761,303
Subtotal	12,413,306	9,504,481	9,910,305
Less: allowance for doubtful accounts	(80,657)	(110,509)	(147,309)
Total	$ 12,332,649	$ 9,393,972	$ 9,762,996

(6) Bills discounted and loans- net

	December 31, 2013	December 31, 2012	January 1, 2012
Bills discounted	$ 152,075	$ 133,622	$ 210,877
Overdrafts	290,628	202,765	199,215
Short-term loans	53,621,047	50,886,740	46,238,863
Short-term loans secured	38,911,926	35,058,587	27,416,079
Medium-term loans	95,028,169	92,056,482	84,383,737
Medium-term loans secured	78,020,114	75,798,283	72,774,641
Long-term loans	7,483,372	9,522,394	9,413,670
Long-term loans secured	127,398,331	115,887,637	111,901,173
Import- export negotiations	64,487	19,867	15,326
Accounts receivable factoring	272,140	561,504	317,927
Loans transferred to non-performing loans	1,143,123	604,157	543,882
Subtotal	402,385,412	380,732,038	353,415,390
Less: allowance for credit losses	(5,052,374)	(4,932,367)	(4,559,182)
Less: Adjustment for discount	(64,295)	(86,697)	(72,237)
Total	$ 397,268,743	$ 375,712,974	$ 348,783,971

The Consolidated Company recognized appropriate allowance for bad debts for the bills discounted, loans and receivables. As of December 31, 2013 and 2012, details and changes in allowance for bad debts in relation to bills discounted and loans are as follows:

Bills discounted and Loans	For the years ended December 31 2013	2012
Beginning balance	$ 4,932,367	$ 4,559,182
Add : Provision	1,241,738	1,213,196
Foreign exchange translation adjustment and others	7,346	-
Less : Transfers to other allowance for bad debts	(25)	-
Write-off of loans and advances	(1,129,052)	(833,521)
Foreign exchange translation adjustment and others	-	(6,490)
Ending balance	$ 5,052,374	$ 4,932,367

Receivables	For the years ended December 31 2013	2012
Beginning balance	$ 127,507	$ 166,728
Add : Provision	-	4,914
Transfers from other allowance accounts	63,758	4,505
Foreign exchange translation adjustment and others	16	-
Less : Reversal of allowance for bad debts	(6,814)	-
Write-off of loans and advances	(24,323)	(41,924)
Foreign exchange translation adjustment and others	-	(6,716)
Ending balance	$ 160,144	$ 127,507

Please refer to Note 12(3) for the impairment assessment made on bills discounted, loans and receivables of the Consolidated Company.

(7) Available-for-sale financial assets- net

	December 31, 2013	December 31, 2012	January 1, 2012
Bonds (including government bonds, financial bonds, convertible bonds and corporate bonds)	$ 29,452,569	$ 48,513,486	$ 12,705,489
Listed (TSE and OTC) stocks	767,202	2,673,173	642,031
Unlisted (TSE and OTC) stocks	386,969	424,469	424,469
Beneficiary securities	-	-	90,236
Valuation adjustment of available-for-sale financial assets	433,103	568,109	147,676
Subtotal	31,039,843	52,179,237	14,009,901
Less : accumulated impairment-available-for-sale financial assets	(155)	(155)	(155)
Total	$ 31,039,688	$ 52,179,082	$ 14,009,746

A. Reclassifications

(A) Because the Consolidated Company changed its intent to hold and was able to hold the following assets to maturity or foreseeable future, government bonds that were initially classified as available-for-sale financial assets were reclassified on September 30, 2013 in accordance with paragraph 50(e) of IAS 39. The fair value of the government bonds on the date of reclassification was as follows:

At September 30, 2013	Available-for-sale financial assets	Held-to-maturity financial assets	Bond investments without active market
Before reclassification	$ 28,651,530	$ -	$ -
After reclassification	-	4,950,298	23,701,232

(B) Book value and fair value of reclassified financial assets that have not yet been disposed of are as follows:

	December 31, 2013	
	Book Value	Fair Value
Held-to-maturity financial assets	$ 4,955,516	$ 4,957,977
Bond investments without active market	23,725,421	23,898,224
	$ 28,680,937	$ 28,856,201

(C) The gain (loss) on aforesaid government bonds recognized in other comprehensive income was ($1,059,284) and $39,119 for the nine months ended September 30, 2013 and 2012, respectively.

(D) If the above government bonds had not been reclassified to held-to-maturity financial assets and bond investments without active market on September 30, 2013, the gain recognized in other comprehensive income would be $205,623 for the fourth quarter, 2013.

(E) The effective interest rates of the assets that were reclassified on December 31, 2013 ranged between 1.32% and 1.79% on the reclassification date.

(F) The expected recoverable cash flow of the assets that were reclassified on December 31, 2013 is $32,803,022 on the reclassification date.

B. As of December 31, 2013, December 31, 2012, and January 1, 2012, for the above available-for-sale financial assets pledged as collaterals, please refer to Note 8.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Government bonds	$ 4,955,516	$ -	$ -
Financial bonds	-	-	151,450
Total	$ 4,955,516	$ -	$ 151,450

A. The Consolidated Company recognised interest income of $16,763 for held-to-maturity financial assets in profit or loss for the year ended December 31, 2013.

B. As of December 31, 2012 and January 1, 2012, the Consolidated Company has no held-to-maturity financial assets pledged to others as collaterals.

C. Because the Consolidated Company changed its intent to hold the following assets, a portion of the government bonds were reclassified from available-for-sale financial assets to held-to-maturity financial assets on December 31, 2013. Details of the reclassification are provided in Note 6(7)

(9) Other financial assets- net

	December 31, 2013	December 31, 2012	January 1, 2012
Bond investments without active market	$ 26,102,766	$ -	$ -
Advance and bills purchased	17,144	7,641	7,664
Non-loans reclassified to non-accrual loans	135,182	16,998	19,419
Subtotal	26,255,092	24,639	27,083
Less: provision for credit losses	(79,487)	(16,998)	(19,419)
Discount adjustment	(229)	-	-
Total	$ 26,175,376	$ 7,641	$ 7,664

A. The Consolidated Company recognised interest income of $97,450 for bond investments without active market in profit or loss for the year ended December 31, 2013.

B. As of December 31, 2013, details of the Consolidated Company's bond investments without active market pledged to others as collateral are provided in Note 8.

C. Because the Consolidated Company changed its intent to hold the following assets, a portion of the government bonds were reclassified from available-for-sale financial assets to bond investments without active market on September 31, 2013. Details of the reclassification are provided in Note 6(7).

(10) Property and equipment- net

	December 31, 2013		
Assets	Cost	Accumulated depreciation	Book value
Land	$ 1,187,450	$ -	$ 1,187,450
Buildings	604,262	(107,080)	497,182
Office equipment	337,509	(224,993)	112,516
Transportation equipment	34,253	(20,611)	13,642
Miscellaneous equipment	88,945	(52,632)	36,313
Leasehold improvements	574,859	(350,676)	224,183
Construction in progress	78,283	-	78,283
Total	$ 2,905,561	($ 755,992)	$ 2,149,569

	December 31, 2012		
Assets	Cost	Accumulated depreciation	Book value
Land	$ 1,242,780	$ -	$ 1,242,780
Buildings	634,519	(93,696)	540,823
Office equipment	462,504	(275,591)	186,913
Transportation equipment	26,739	(24,367)	2,372
Miscellaneous equipment	92,415	(44,661)	47,754
Leasehold improvements	691,298	(385,627)	305,671
Construction in progress	46,146	-	46,146
Total	$ 3,196,401	($ 823,942)	$ 2,372,459

Assets	January 1, 2012		
	Cost	Accumulated depreciation	Book value
Land	$ 1,297,331	$ -	$ 1,297,331
Buildings	571,127	(78,205)	492,922
Office equipment	463,290	(223,868)	239,422
Transportation equipment	25,933	(21,419)	4,514
Miscellaneous equipment	106,993	(58,814)	48,179
Leasehold improvements	708,214	(346,670)	361,544
Construction in progress	116,258	-	116,258
Total	$ 3,289,146	($ 728,976)	$ 2,560,170

Change in Property and equipment of the Consolidated Company:

Cost	Land	Buildings	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2013	$ 1,242,780	$ 634,519	$ 462,504	$ 26,739	$ 92,415	$ 691,298	$ 46,146	$ 3,196,401
Additions	-	-	21,089	13,068	3,835	20,517	110,789	169,298
Disposals	-	(642)	(149,240)	(5,554)	(7,305)	(166,695)	-	(329,436)
Reclassifications	(55,330)	(29,615)	3,156	-	-	29,739	(78,652)	(130,702)
At December 31, 2013	$ 1,187,450	$ 604,262	$ 337,509	$ 34,253	$ 88,945	$ 574,859	$ 78,283	$ 2,905,561
Accumulated depreciation								
At January 1, 2013	$ -	($ 93,696)	($ 275,591)	($ 24,367)	($ 44,661)	($ 385,627)	$ -	($ 823,942)
Depreciation	-	(18,035)	(98,204)	(1,528)	(15,239)	(127,346)	-	(260,352)
Disposals	-	642	148,802	5,284	7,268	162,297	-	324,293
Reclassifications	-	4,009	-	-	-	-	-	4,009
At December 31, 2013	$ -	($ 107,080)	($ 224,993)	($ 20,611)	($ 52,632)	($ 350,676)	$ -	($ 755,992)

Cost	Land	Buildings	Office equipment	Transportation equipment	Miscellaneous equipment	Leasehold improvements	Construction in progress	Total
At January 1, 2012	$ 1,297,331	$ 571,127	$ 463,290	$ 25,933	$ 106,993	$ 708,214	$ 116,258	$ 3,289,146
Additions	-	-	34,233	1,506	18,937	33,220	138,628	226,524
Disposals	-	-	(62,614)	(700)	(28,180)	(105,024)	-	(196,518)
Reclassifications	(54,551)	63,392	27,595	-	(5,335)	54,888	(208,740)	(122,751)
At December 31, 2012	$ 1,242,780	$ 634,519	$ 462,504	$ 26,739	$ 92,415	$ 691,298	$ 46,146	$ 3,196,401
Accumulated depreciation								
At January 1, 2012	$ -	($ 78,205)	($ 223,868)	($ 21,419)	($ 58,814)	($ 346,670)	$ -	($ 728,976)
Depreciation	-	(18,676)	(110,593)	(3,473)	(17,896)	(134,547)	-	(285,185)
Disposals	-	-	62,544	525	27,949	95,590	-	186,608
Reclassifications	-	3,185	(3,674)	-	4,100	-	-	3,611
At December 31, 2012	$ -	($ 93,696)	($ 275,591)	($ 24,367)	($ 44,661)	($ 385,627)	$ -	($ 823,942)

(11) Investment property- net

Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
	December 31, 2013			
Land and land improvements	$ 311,496	$ -	($ 109,272)	$ 202,224
Buildings	130,226	(17,642)	-	112,584
Total	$ 441,722	($ 17,642)	($ 109,272)	$ 314,808

Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
	December 31, 2012			
Land and land improvements	$ 287,856	$ -	($ 144,091)	$ 143,765
Buildings	100,719	(10,094)	-	90,625
Total	$ 388,575	($ 10,094)	($ 144,091)	$ 234,390

Assets	Cost	Accumulated depreciation	Accumulated impairment	Book value
	January 1, 2012			
Land and land improvements	$ 240,011	$ -	($ 149,437)	$ 90,574
Buildings	60,551	(3,958)	-	56,593
Total	$ 300,562	($ 3,958)	($ 149,437)	$ 147,167

Change in investment property of the Consolidated Company:

Cost	Land and land improvements	Buildings	Total
At January 1, 2013	$ 287,856	$ 100,719	$ 388,575
Disposals	(31,690)	(108)	(31,798)
Reclassifications	55,330	29,615	84,945
At December 31, 2013	$ 311,496	$ 130,226	$ 441,722
Accumulated depreciation			
At January 1, 2013	$ -	($ 10,094)	($ 10,094)
Depreciation	-	(3,647)	(3,647)
Disposals	-	108	108
Reclassifications	-	(4,009)	(4,009)
At December 31, 2013	$ -	($ 17,642)	($ 17,642)
Accumulated impairment			
At January 1, 2013	($ 144,091)	$ -	($ 144,091)
Reversal of impairment loss	34,819	-	34,819
At December 31, 2013	($ 109,272)	$ -	($ 109,272)

Cost	Land and land improvements	Buildings	Total
At January 1, 2012	$ 240,011	$ 60,551	$ 300,562
Disposals	(6,705)	-	(6,705)
Reclassifications	54,550	40,168	94,718
At December 31, 2012	$ 287,856	$ 100,719	$ 388,575
Accumulated depreciation			
At January 1, 2012	$ -	($ 3,958)	($ 3,958)
Depreciation	-	(2,951)	(2,951)
Reclassifications	-	(3,185)	(3,185)
At December 31, 2012	$ -	($ 10,094)	($ 10,094)
Accumulated impairment			
At January 1, 2013	($ 149,437)	$ -	($ 149,437)
Reversal of impairment loss	5,346	-	5,346
At December 31, 2013	($ 144,091)	$ -	($ 144,091)

A. The fair value of the investment property held by the Consolidated Company as of December 31, 2013, December 31, 2012, and January 1, 2012 was $342,365, $267,804 and $179,017, respectively, according to the result of valuation by an independent valuation expert using the income method, comparison method, cost approach and land development analysis approach.

B. For the years ended December 31, 2013 and 2012, rental income from the lease of the investment property was $12,356 and $9,337, respectively.

(12) Intangible assets- net

	December 31, 2013		
Assets	Cost	Accumulated depreciation	Book value
Goodwill	$ 1,924,395	$ -	$ 1,924,395
Computer software	675,372	(541,130)	134,242
Total	$ 2,599,767	($ 541,130)	$ 2,058,637

	December 31, 2012		
Assets	Cost	Accumulated depreciation	Book value
Goodwill	$ 1,924,395	$ -	$ 1,924,395
Computer software	788,118	(527,549)	260,569
Total	$ 2,712,513	($ 527,549)	$ 2,184,964

	January 1, 2012		
Assets	Cost	Accumulated depreciation	Book value
Goodwill	$ 1,924,395	$ -	$ 1,924,395
Computer software	828,387	(426,242)	402,145
Total	$ 2,752,782	($ 426,242)	$ 2,326,540

Change in intangible assets of the Consolidated Company:

Cost	Goodwill	Computer software	Total
At January 1, 2013	$ 1,924,395	$ 788,118	$ 2,712,513
Additional	-	4,563	4,563
Disposals	-	(135,437)	(135,437)
Reclassifications	-	18,128	18,128
At December 31, 2013	$ 1,924,395	$ 675,372	$ 2,599,767
Accumulated amortization			
At January 1, 2013	$ -	($ 527,549)	($ 527,549)
Amortization	-	(149,018)	(149,018)
Disposals	-	135,437	135,437
At December 31, 2013	$ -	($ 541,130)	($ 541,130)

Cost	Goodwill	Computer software	Total
At January 1, 2012	$ 1,924,395	$ 828,387	$ 2,752,782
Additional	-	5,772	5,772
Disposals	-	(62,731)	(62,731)
Reclassifications	-	16,690	16,690
At December 31, 2012	$ 1,924,395	$ 788,118	$ 2,712,513
Accumulated amortization			
At January 1, 2012	$ -	($ 426,242)	($ 426,242)
Amortization	-	(163,612)	(163,612)
Disposals	-	62,731	62,731
Reclassifications	-	(426)	(426)
At December 31, 2012	$ -	($ 527,549)	($ 527,549)

Tests of impairment for goodwill:

A. The basis of determining the recoverable amount of cash generating unit:
Recoverable amount of cash generating unit as identified by the operating segments is assessed by the value-in-use, which is calculated by pre-tax cash flow of the one-year financial budget as granted by the management.

B. The key assumptions used in calculating value-in-use are as follows:

(A) Discount rate：Calculations are based on the weighted average cost of capital (WACC), taking into account risks that are specific to the cash generating units tested for impairment.

(B) Growth rate：Calculations are based on the conservatively estimated future cash flow over 10 years.

C. Goodwill of the Consolidated Company is tested annually for impairment. The reasonableness of key assumptions used in calculating the recoverable amount of cash generating unit are assessed to ensure that the recoverable amounts of the Consolidated Company calculated through value-in-use did not exceed the carrying amount. As a result, no impairment on goodwill was determined. For the years ended December 31, 2013 and 2012, the discount rate and growth rate of key assumptions used in calculating value-in-use were 10.08%, 0.00%, 8.14%, and 0.00%, respectively.

(13) Other assets-net

	December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits-out	$ 1,307,349	$ 577,552	$ 766,950
Other deferred expenses	95,015	96,816	119,950
Others	92,690	75,624	114,901
Total	$ 1,495,054	$ 749,992	$ 1,001,801

(14) Due to Central Bank and other banks

	December 31, 2013	December 31, 2012	January 1, 2012
Due to other banks	$ 1,138	$ 1,212	$ 1,028
Overdrafts from other banks	14,235	68,569	7,729
Call loans from other banks	8,146,400	7,708,838	1,917,987
Redeposit from the directorate general of postal remittance	4,910,707	5,291,721	5,153,422
Total	$ 13,072,480	$ 13,070,340	$ 7,080,166

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

	December 31, 2013	December 31, 2012	January 1, 2012
Derivative financial instruments	$ 2,336,752	$ 1,977,281	$ 2,734,648

(16) Payables

	December 31, 2013	December 31, 2012	January 1, 2012
Demand remittance payable	$ 5,223,423	$ 2,513,270	$ 2,684,130
Bankers' acceptances payable	1,083,765	871,240	700,812
Accounts payable	1,054,549	350,205	341,912
Accrued expenses	889,210	604,116	679,717
Interests payable	667,586	683,757	712,404
Checks for clearing	544,989	2,184,698	2,108,988
Proceeds payable from underwriting	409,967	307,578	520,534
Collections payable for customers	151,369	176,265	108,745
Compensation payable	11,750	11,750	29,004
Other payables	290,013	291,566	363,256
Total	$ 10,326,621	$ 7,994,445	$ 8,249,502

(17) Deposits and remittances

	December 31, 2013	December 31, 2012	January 1, 2012
Checking deposits	$ 3,938,258	$ 3,448,511	$ 3,659,943
Demand deposits	62,599,117	54,906,604	51,971,796
Time deposits	114,595,554	108,574,647	110,011,801
Negotiable certificates of deposit	33,836,500	31,774,000	38,483,000
Savings deposits	281,154,262	254,606,830	233,532,995
Remittances	359,268	91,173	237,124
Total	$ 496,482,959	$ 453,401,765	$ 437,896,659

(18) Financial debentures payable

	December 31, 2013	December 31, 2012	January 1, 2012
Subordinate financial debentures	$ 15,000,000	$ 15,000,000	$ 15,147,060

The details of financial debentures as of December 31, 2013 were as follows:

First series of subordinate financial debentures in 2010	
Par value	$5,000,000
Stated interest rate	Fixed interest rate at 2.30%
Period	Seven years
Interest payment date	Payable every year
Term of principal payment	Payable on maturity
Issue price	Price at face value on issuing date

First series of subordinate financial debentures in 2011	
Par value	$2,450,000
Stated interest rate	Fixed interest rate at 1.75%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Second series of subordinate financial debentures in 2011	
Par value	$2,350,000
Stated interest rate	Fixed interest rate at 1.85%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2011(debenture A)	
Par value	$700,000
Stated interest rate	Fixed interest rate at 1.80%
Period	Seven years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

Third series of subordinate financial debentures in 2011(debenture B)	
Par value	$4,500,000
Stated interest rate	Fixed interest rate at 1.95%
Period	Ten years
Interest payment date	Payable annually
Term of principal payment	Repaid on maturity
Issue price	Priced at face value on issue date

(19) Other financial liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Structured deposit	$ 12,793,727	$ 16,667,180	$ 5,722,465
Appropriated loan fund	99,698	68,653	98,135
Lease payables	9,571	11,670	5,842
Total	$ 12,902,996	$ 16,747,503	$ 5,826,442

(20) Provisions

	December 31, 2013	December 31, 2012	January 1, 2012
Provisions for employee benefits	$ 518,743	$ 468,022	$ 407,875
Provisions for guarantee liabilities	217,500	202,359	229,034
Total	$ 736,243	$ 670,381	$ 636,909

Change in provisions for guarantee liabilities of the Consolidated Company is as follows:

	For the years ended December 31	
	2013	2012
Beginning balance	$ 202,359	$ 229,034
Add : Provision	78,851	-
Foreign exchange translation adjustment and others	23	-
Less : Reversal of allowance for bad debts	-	(22,147)
Transfers to other allowance for bad debts	(63,733)	(4,505)
Foreign exchange translation adjustment and others	-	(23)
Ending balance	$ 217,500	$ 202,359

(21) Provisions for employee benefits

A. Defined benefit plans:

(A) The Consolidated Company have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Consolidated Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(B) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 916,070	$ 920,065	$ 875,241
Fair value of plan assets	(398,448)	(453,423)	(469,005)
	517,622	466,642	406,236
Unrecognized past service cost	1,121	1,380	1,639
Net liability in the balance sheet	$ 518,743	$ 468,022	$ 407,875

(C) Changes in present value of funded obligations are as follows:

	For the years ended December 31	
Present value of funded obligations	2013	2012
At January 1	$ 920,065	$ 875,241
Current service cost	21,725	23,287
Interest expense	13,801	15,317
Actuarial loss	37,087	33,697
Benefits paid	(71,832)	(22,452)
Expenses paid	(4,776)	(5,025)
At December 31	$ 916,070	$ 920,065

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

	For the years ended December 31	
Fair value of plan assets	2013	2012
At January 1	$ 453,423	$ 469,005
Expected return on plan assets	6,801	8,208
Actuarial loss	(812)	(4,218)
Employer contributions	10,868	2,880
Benefits paid	(71,832)	(22,452)
At December 31	$ 398,448	$ 453,423

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

	For the years ended December 31	
	2013	2012
Current service cost	$ 21,725	$ 23,287
Interest cost	13,801	15,317
Expected return on plan assets	(6,801)	(8,208)
Past service cost	(259)	(259)
Current pension costs	$ 28,466	$ 30,137

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

	For the years ended December 31	
	2013	2012
Recognition loss for current period	$ 37,899	$ 37,915
Accumulated losses amount	$ 75,814	$ 37,915

(G) The Bank of Taiwan was commissioned to manage the Fund of the Bank's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilization Report published by the government.

Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilization by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. For the years ended December 31, 2013 and 2012, actual return on plan assets of the Consolidated Company are $5,989 and $3,990, respectively.

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

	For the years ended December 31		
	2013	2012	2011
Discount rate	2.00%	1.50%	1.75%
Future salary increases	3.00%	2.50%	2.50%
Expected return on plan assets	2.00%	1.50%	1.75%

For the years end December 31, 2013, 2012 and 2011, assumptions regarding future mortality rate are set based on the 5th Chart, the 5th Chart, and the 4th Chart of Life Span Estimate, respectively, used by the Taiwan Life Insurance Enterprises.

(I) Historical information of experience adjustments was as follows:

	For the years ended December 31	
	2013	2012
Present value of defined benefit obligation	$ 916,070	$ 920,065
Fair value of plan assets	(398,448)	(453,423)
Deficit in the plan	$ 517,622	$ 466,642
Experience adjustments on plan liabilities	$ 43,154	($ 8,551)
Experience adjustments on plan assets	($ 812)	($ 4,218)

(J) Expected contributions to the defined benefit pension plans of the Consolidated Company within one year from December 31, 2013 amounts to $9,939.

B. Defined contribution plans:

(A) Effective July 1, 2005, the Consolidated Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Consolidated Company contributes monthly an amount based on 6.0% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(B) Under the defined contribution plan, the Consolidated Company recognized pension expense of $135,987 and $86,860 for the years ended December 31, 2013 and 2012, respectively.

(22) Other liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits- in	$ 8,916	$ 18,690	$ 26,825
Collections in advance	606,199	558,805	514,062
Others	116,467	82,834	40,440
Total	$ 731,582	$ 660,329	$ 581,327

(23) Share capital

A. As of December 31, 2013, authorized capital and paid-in capital were $36,500,000 and $36,496,931, respectively, equivalent to 3,650,000 thousand and 3,649,693 thousand shares, respectively, with a par value of $10 per share. As of December 31, 2012, authorized capital and paid-in capital were $35,000,000 and $34,963,315, respectively, equivalent to 3,500,000 thousand and 3,496,331 thousand shares, respectively, with a par value of $10 per share.

Movements in the number of the Bank's beginning and ending ordinary shares outstanding are as follows:

Per unit: thousand shares

	For the years ended December 31	
	2013	2012
At January 1	3,496,331	2,510,813
Stocks dividends	153,362	112,170
Issue of shares	-	873,348
At December 31	3,649,693	3,496,331

B. The Board of Directors resolved on May 16, 2013 on behalf of stockholders to transfer undistributed earnings amounting to $1,533,616 to increase its capital. The Board has set the effective date of stock distribution for capital increase and earnings transferred to new stocks issuance on June 27, 2013. The registration for capital change has been completed.

C. The Board of Directors resolved on May 24, 2012 on behalf of stockholders to increase cash capital amounting to $12,000,000 (with par value at $13.74 per share) through private equity. The Board has set the effective date of capital increase on September 5, 2012, which had been approved by FSC. The registration for capital change has been completed.

D. The Board of Directors resolved on May 10, 2012 on behalf of stockholders to transfer undistributed earnings amounting to $1,121,704 to increase its capital. The Board has set the effective date of stock distribution for capital increase and earnings transferred to new stocks issuance on June 28, 2012. The registration for capital change has been completed.

(24) Capital surplus

As of December 31, 2013 and 2012, Additional paid-in capital by the following composition:

	Share premium	Employee stock options	Change in equities of investee company accounted for under equity method	Total
Balance, January 1 and December 31, 2013	$ 6,068,976	$ 47,783	$ 124	$ 6,116,883

	Share premium	Employee stock options	Change in equities of investee company accounted for under equity method	Total
January 1, 2012	$ 2,802,456	$ 47,783	$ 124	$ 2,850,363
Issue of shares	3,266,520	-	-	3,266,520
December 31, 2012	$ 6,068,976	$ 47,783	$ 124	$ 6,116,883

As required by the Company Law, capital reserve of premiums exceeding the face value on issuance or the donation is to be used to offset any accumulated deficit. Alternatively, it may be used to increase capital by issuing new shares or to distribute cash to shareholders in proportion to their share ownership provided that the company has no accumulated deficit. In addition, as required by Securities and Exchange Act, only 10% of the aforementioned paid-in capital reserve shall be capitalized annually in total. Unless the earnings reserve is insufficient to offset the deficit, the capital reserve shall not be used.

(25) Unappropriated earnings

A. Legal reserve

The Bank's Articles of Incorporation states that 30% of current year's earnings after paying all taxes and offsetting any accumulated deficit, should be set aside as the legal reserve. Until the legal reserve balance equals the total amount of capital, the maximum cash earnings distribution shall not exceed 15% of total amount of capital. Provided that the legal reserve equals the total amount of capital or the criteria of sound financial structure outlined by the competent authorities is met, the above rule may be exemptible.

B. Special reserve

In addition to the legal reserve, the Bank should set aside special reserve in accordance with its Articles of Incorporation or provisions under the applicable laws and regulations. Special reserve for unrealized loss of financial instruments accounted for in current year's other stockholders' equity (ex: accumulated balance of translation gains and losses on the financial statements of foreign operating entities and unrealized gains or losses on available-for-sale financial assets, etc.) should be recognized from the current year's earnings after tax and prior year's undistributed earnings. Unless there is a reversal for the unrealized loss of financial instruments in other stockholders' equity, distribution of earnings may be allowed only for the reversal amount and no other purpose is allowed.

C. Unappropriated earnings distribution and dividend policy

(A) According to the Bank's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes, to offset prior years' operating losses, and then to set aside as legal reserve and special reserve in accordance with provisions under the applicable laws and regulations. The remaining earnings are then distributed as follows: set aside 0.01% ~ 5% as employees' bonus, and the remaining earnings are subject to the Board of Directors' decision to propose a distribution plan and to be submitted to the Ordinary Stockholders' Meeting for approval.

In order to continuously expand its operations, increase earning capacity, and to maintain the capital adequacy ratio, the Bank has adopted the residual dividend policy. The ratio between cash dividends and stock dividends distributed is determined by the resolution of the Board of Directors in consideration of the related industry conditions, market perceptions, and the Bank's business strategies. During the growth period of the Bank, in principle, stock dividends distributed shall not be lower than 80% of the distributed earnings unless the change is approved by the Board of Directors and at the shareholders' meeting as deemed necessary. Cash dividends shall be distributed after the distribution of earnings proposal is resolved by the stockholders, while stock dividends are distributed after obtaining approval documents from the supervising authority.

(B) After the Bank became a subsidiary of Yuanta Financial Holding Company, the rights of the stockholders were exercised by the Board of Directors.

(C) The Board of Directors has approved the distribution of earnings for the year 2012 and the retained earnings transferred to capital for the year 2013 on May 16, 2013 and the distribution of earnings for the year 2011 on May 10, 2012. Details are shown as follows：

	2012 earnings		2011 earnings	
	Amount	Stock dividends per share (dollar)	Amount	Stock dividends per share (dollar)
Legal reserve	$ 626,074		$ 511,920	
Special reserve	(72,775)		72,775	
Stock dividends	1,533,616	$ 0.4386	1,121,704	$ 0.4467
Total	$ 2,086,915		$ 1,706,399	

(D) Earnings distribution for the year 2013 and the retained earnings transferred to capital for the year 2014 with the approval of the Board of Directors on March 13, 2014 are as follows:

	2013 earnings	
	Amount	Stock dividends per share (dollar)
Legal reserve	$ 772,074	
Special reserve	607,945	
Stock dividends	1,193,560	$ 0.3270
Total	$ 2,573,579	

(E) The appropriation of the Bank's 2013 earnings has been approved by the Board of Directors on March 13, 2014 and is pending until the confirmation from the Board of Directors on behalf of stockholders. More information regarding the earnings distribution is available at the website of the Market Observation Post System provided by the Taiwan Stock Exchange.

(F) The estimate of the Bank's employee bonus is based on the net income after tax for the current period minus legal reserve that should be set aside as required by the Bank and then multiplied by the amount with the most appropriate estimate according to allocated threshold. Any difference should then be recognized as gain (loss) of next year.

Through the approval by the Board of Directors on behalf of the stockholders' meeting on May 16, 2013 and on May 10, 2012, respectively, the Bank's employee bonus for the years ended December 31, 2013 and 2012 were set to be $21,913 and $29,744, respectively, which is consistent with the employee bonus recognized in the financial statements of 2012 and 2011. The Bank's Board of Directors on March 13, 2014 has approved the employee bonus for year 2013 amounting to $21,400, which is consistent with the employee bonus recognized in the financial statements of 2013 and is awaiting the confirmation from the Board of Directors on behalf of stockholders.

(26) Other equity items

	Translation gain and loss on the financial statements of foreign operating entities	Available-for-sale financial assets	Total
Balance, January 1, 2013	$ -	$ 560,681	$ 560,681
Available-for-sale financial assets			
-Evaluation adjustment in the period	-	(862,852)	(862,852)
- Realized gain and loss in the period	-	(301,137)	(301,137)
Changes in translation difference of foreign operating entities	943	-	943
Effects on income tax	-	(5,579)	(5,579)
Balance, December 31, 2013	$ 943	($ 608,887)	($ 607,944)

	Available-for-sale financial assets
Balance, January 1, 2012	$ 142,878
Available-for-sale financial assets	
-Evaluation adjustment in the period	418,388
- Realized gain and loss in the period	2,045
Effects on income tax	(2,630)
Balance, December 31, 2012	$ 560,681

(27) Net interest income

	For the years ended December 31	
	2013	2012
Interest income		
Bills discounted and interest income on loans	$ 8,287,388	$ 7,977,364
Interest income on securities investment	728,403	353,786
Interest income from placement and call loan to other banks	716,413	756,848
Recurring interest income from credit card	61,015	82,756
Other interest income	5,058	4,884
Subtotal	9,798,277	9,175,638
Interest expense		
Interest expense of deposit	(3,248,771)	(2,958,377)
Coupon rate of bank debenture	(301,700)	(304,005)
Interest expenses of structured instruments	(113,159)	(126,131)
Interest expense of Central Bank and other banks' deposit	(18,120)	(22,925)
Other interest expense	(1,100)	(3,008)
Subtotal	(3,682,850)	(3,414,446)
Total	$ 6,115,427	$ 5,761,192

(28) Net service income

	For the years ended December 31	
	2013	2012
Service fee and commission income		
Service fee income on trust business	$ 759,218	$ 573,748
Service fee income on insurance brokerage	505,920	535,852
Service income on credit extension	387,365	375,473
Service fee on credit card	168,183	167,006
Service expense on foreign exchange	68,834	51,949
Deposits and remittance and other service expense	96,665	90,455
Subtotal	1,986,185	1,794,483
Service fee expenses and commission expense		
Service fee on credit card	(105,113)	(109,652)
Service fee expense on insurance brokerage	(27,499)	(29,945)
Service expense on foreign exchange	(17,118)	(15,432)
Service expense on credit expansion	(12,878)	(19,442)
Service expense on trust business	(13,208)	(13,171)
Deposits and remittance and other service expense	(120,984)	(145,244)
Subtotal	(296,800)	(332,886)
Total	$ 1,689,385	$ 1,461,597

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

	For the years ended December 31	
	2013	2012
Realized gain or loss on financial assets and financial liabilities at fair value through profit or loss		
Bonds	$ 90,033	$ 149,866
Commercial papers	51,621	35,837
Time deposits	365	-
Beneficiary certificates	(14,511)	(3,142)
Stocks	(18,994)	(11,536)
Interest-linked instrument	(31,196)	(55,944)
Exchange rate-linked instrument	(1,048,871)	1,270,047
Other derivative instruments	(43,802)	(15,011)
Subtotal	(1,015,355)	1,370,117
Unrealized gain or loss on financial assets and financial liabilities at fair value through profit or loss		
Bonds	(17,074)	11,863
Commercial papers	(218)	(16)
Beneficiary certificates	5,778	(5,593)
Stocks	(23,638)	23,638
Interest-linked instrument	26,554	21,816
Exchange rate-linked instrument	236,885	(34,686)
Other derivative instruments	1,425	(11,640)
Subtotal	229,712	5,382
Total	($ 785,643)	$ 1,375,499

A. The realized gains (losses) on the financial assets and liabilities at fair value through profit and loss of the Consolidated Company for the years ended December 31, 2013 and 2012, including the gain(loss) on disposal, the dividend income and the interest income, are as follows:

	For the years ended December 31	
	2013	2012
Gain(loss) on disposal	($ 1,224,598)	$ 1,056,186
Dividend income	208,858	305,732
Interest income	385	8,199
Total	($ 1,015,355)	$ 1,370,117

B. Exchange rate-linked instrument include forward exchange contracts, foreign exchange swap contracts, cross currency swap contracts, non-delivery forwards contracts, exchange rate options and other exchange rate related instruments.

C. Interest-linked instruments include interest rate swap contracts, interest linked-options futures and other interest related instruments.

D. Any changes in fair value of the derivatives together managed with the financial instruments designated at fair value through profit and loss are listed under “gain and loss of financial assets at fair value through profit and loss”.

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

	For the years ended December 31	
	2013	2012
Stock dividend income	$ 68,376	$ 95,211
Gains on disposal		
Listed (TSE and OTC) stocks	295,144	48,921
Unlisted stocks	33,715	-
Financial bonds	4,353	-
Corporate bonds	771	39,601
Government bonds	144	8,732
Subtotal	402,503	192,465
Loss on disposal		
Listed (TSE and OTC) stocks	(27,110)	(99,299)
Corporate bonds	(5,822)	-
Government bonds	(58)	-
Subtotal	(32,990)	(99,299)
Total	$ 369,513	$ 93,166

(31) Asset impairment losses (recovery)

	For the years ended December 31	
	2013	2012
Gain on reversal of investment property	$ 34,819	$ 5,346

(32) Other non-interest income

	For the years ended December 31	
	2013	2012
Gains on sale of non-performing loans	$ 39,084	$ -
Gains on default fine of loans	29,926	23,975
Rental income on investment property	12,356	9,337
Gains on disposal of property	(22,787)	(830)
Losses from retirement of assets	(4,873)	(9,897)
Other net losses	121,299	75,495
Total	$ 175,005	$ 98,080

(33) Employee benefit expense

	For the years ended December 31	
	2013	2012
Wages and salaries	$ 2,523,187	$ 2,389,682
Labor and health insurance fees	185,349	163,624
Pension costs	164,453	116,997
Termination benefits	57,432	-
Other personnel expenses	143,292	149,182
Total	$ 3,073,713	$ 2,819,485

(34) Depreciation and amortization

	For the years ended December 31	
	2013	2012
Property and equipment depreciation	$ 260,352	$ 285,185
Investment property depreciation	3,647	2,951
Intangible asset amortization	149,018	163,612
Deferred assets amortization	47,411	48,609
Total	$ 460,428	$ 500,357

(35) Other general and administrative expense

	For the years ended December 31	
	2013	2012
Rental expense	$ 566,253	$ 594,953
Tax	267,381	258,642
Repairs and maintenance	162,011	159,309
Insurance expense	137,777	139,755
Postage and telephone costs	77,391	80,664
Professional expense	48,902	48,380
Utilities	56,838	55,123
Advertising expense	43,862	97,837
Others	344,944	355,273
Total	$ 1,705,359	$ 1,789,936

(36) Income tax expense

A. Income tax expense

(A) Income tax expense by the following composition:

	For the years ended December 31	
	2013	2012
Current tax:		
Income tax from current income	$ 303,416	$ 339,673
Adjustments in respect of prior years	(88,597)	7,089
Total current tax	214,819	346,762
Deferred tax:		
Origination and reversal of temporary differences	141,698	(17,125)
Income tax expense	$ 356,517	$ 329,637

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

	For the years ended December 31	
	2013	2012
Income tax from pretax income calculated at regulated tax rate	$ 579,483	$ 406,141
Effects of items not recognized under relevant regulations	1,043	776
Adjustments in respect of prior years	(88,597)	7,089
Adjusted effects on income tax exemption and other income	(135,412)	(84,369)
Income tax expense	$ 356,517	$ 329,637

(C) Recognised in other comprehensive expense (income):

	For the years ended December 31	
	2013	2012
Fair value gains/losses on available-for-sale financial assets	$ 5,579	$ 2,630
Actuarial gains/losses on defined benefit obligations	(6,443)	(6,446)
Total	($ 864)	($ 3,816)

B. Details of temporary differences, loss carryforwards and investment tax credits resulting in deferred income tax assets and liabilities were as follows:

	For the year ended December 31, 2013				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Other	December 31
Temporary differences:					
- Deferred tax assets:					
Unrealized exchange loss	$ 14,019	($ 14,019)	$ -	$ -	$ -
Unrealized valuation loss on commercial paper	-	22	-	-	22
Increase in allowance for credit losses in excess of tax limitation	82,420	11,245	-	-	93,665
Unrealized compensation loss	1,998	-	-	-	1,998
Accrued unused compensated absences	-	2,624	-	-	2,624
Available-for-sale financial assets impairment loss	26	-	-	-	26
Employee benefit liabilities reserve	79,564	2,180	6,443	-	88,187
Deferred revenue of credit cards	8,027	(625)	-	-	7,402
Loss carryforwards	7,954	(44)	-	(7,910)	-
Other	170	-	-	-	170
Subtotal	$ 194,178	$ 1,383	$ 6,443	($ 7,910)	$ 194,094
- Deferred tax liabilities:					
Unrealized exchange gain	$ -	($ 11,427)	$ -	$ -	($ 11,427)
Unrealized valuation gain on derivatives	(33,956)	(52,366)	-	-	(86,322)
Unrealized valuation gain on commercial paper	(15)	15	-	-	-
Unrealized valuation gain on available-for-sale financial assets	(7,428)	-	(5,579)	-	(13,007)
Amortization of goodwill	(56,677)	(20,610)	-	-	(77,287)
Reserve for land revaluation increment tax	(21,142)	-	-	22	(21,120)
Subtotal	($ 119,218)	($ 84,388)	($ 5,579)	$ 22	($ 209,163)
Total	$ 74,960	($ 83,005)	$ 864	($ 7,888)	($ 15,069)

	For the year ended December 31, 2012				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Other	December 31
Temporary differences:					
- Deferred tax assets:					
Unrealized exchange loss	$ -	$ 14,019	$ -	$ -	$ 14,019
Unrealized valuation loss on commercial paper	70,572	11,848	-	-	82,420
Unrealized compensation loss	4,931	(2,933)	-	-	1,998
Available-for-sale financial assets impairment loss	26	-	-	-	26
Employee benefit liabilities reserve	69,339	3,779	6,446	-	79,564
Deferred revenue of credit cards	6,337	1,690	-	-	8,027
Loss carryforwards	292,171	44	-	(284,261)	7,954
Other	170	-	-	-	170
Subtotal	$ 443,546	$ 28,447	$ 6,446	($ 284,261)	$ 194,178
- Deferred tax liabilities:					
Unrealized exchange gain	($ 27,751)	$ 27,751	$ -	$ -	$ -
Unrealized valuation gain on derivatives	(15,490)	(18,466)	-	-	(33,956)
Unrealized valuation gain on commercial paper	(18)	3	-	-	(15)
Unrealized valuation gain on available-for-sale financial assets	(4,798)	-	(2,630)	-	(7,428)
Amortization of goodwill	(36,067)	(20,610)	-	-	(56,677)
Reserve for land revaluation increment tax	(21,160)	-	-	18	(21,142)
Subtotal	($ 105,284)	($ 11,322)	($ 2,630)	$ 18	($ 119,218)
Total	$ 338,262	$ 17,125	$ 3,816	($ 284,243)	$ 74,960

C. Expiration dates of unused net operating loss carryfowards and amounts of unrecognised deferred tax assets are as follows:

As of December 31, 2013, there is no unused net operating loss carryfoward.

	December 31, 2012		
Year loss was incurred	Amount filed/ assessed	Unused amount	Year of expiration
2006	$ 46,526	$ 46,526	2016
2012	259	259	2022
	$ 46,785	$ 46,785	

	January 1, 2012		
Year loss was incurred	Amount filed/ assessed	Unused amount	Year of expiration
2006	$ 1,718,652	$ 1,718,652	2016

D. As of December 31, 2013, the assessment information on the Consolidated Company's income tax returns is as follows:

	Assessment Information
Yuanta Bank	Assessed through 2008
Yuanta Life Insurance Agency	Assessed through 2011
Yuanta Property Insurance Agency	Assessed through 2011
Yuanta International Leasing	Assessed through 2012

The Bank's annual income tax returns through 2008 were assessed by the Tax Authority. The Bank and the National Tax Authority agreed that the withholding taxes on interest income from bonds pertaining to the former purchaser as of December 31, 2006 to be deducted by 65% based on the related tax returns, which has been appropriately treated in its accounting.

The Bank's annual income tax returns for 2003 to 2008 were assessed by the Tax Authority and received assessment reports. The Tax Authority disallowed the amortization of goodwill and bond investments. The Bank disagreed with the assessment and has filed a petition for reexamination for 2003 to 2007 and expected to file a petition for reexamination in accordance with the law for 2008. For conservatism purposes, a relevant tax impact has been made through tax payable.

E. The creditable tax rate is computed as the balance of the imputation tax credit account divided by the balance of the accumulated unappropriated earnings account. The calculation for the accumulated unappropraited earnings mentioned above are based on accumulated unappropprated earnings in 1998 and post 1998 which come from the Bank consulting the amended drafts to Income Tax Act, and preparing in accordance with rules from the Securities Exchange Act regarding the preparation of financial reports. Unappropriated earnings of the Bank are all unappropriated earnings in 1998 and post 1998.

F. Imputation credit account for stockholders and its related information

	December 31, 2013	December 31, 2012	January 1, 2012
Balances of the imputation credit account for stockholders	$ 12,203	$ 14,701	$ 20,830

The actual creditable tax rate based on the appropriation of 2013 earnings was 0.47%; the actual creditable tax rate based on the appropriation of 2012 earnings was 1.25%.

(37) Earnings per share

A. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the parent by the weighted average number of ordinary shares in issue during the period.

	For the year ended December 31, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 3,052,205	3,649,693	$ 0.84

	For the year ended December 31, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 2,059,425	3,031,959	$ 0.68

B. The above weighted-average outstanding stocks have been adjusted retrospectively according to the ratio of capital increase from retained earnings for the year ended June 27, 2013. The retained earnings per share before and after tax for the year ended December 31, 2012 was 0.71.

7. Related party transactions

(1) Parent and ultimate controlling party

Yuanta Financial Holdings is parent company and ultimate controlling party of the Consolidated Company.

(2) Names and relationship of related parties

Names of related parties	Relationship with the Bank
Yuanta Securities Finance Co., Ltd. ("Yuanta Securities Finance")	Affiliated company in the same Group
Yuanta Securities Investment Consulting Co., Ltd. ("Yuanta Securities Investment Consulting")	Affiliated company in the same Group
Yuanta Securities Co., Ltd.("Yuanta Securities")	Affiliated company in the same Group (Note)
Yuanta Securities Investment Trust Co., Ltd.("YSIT")	Affiliated company in the same Group (Note)
Yuanta Futures Co., Ltd. ("Yuanta Futures")	Affiliated company in the same Group (Note)
Polaris Securities Co., Ltd. (P.S. Co.)	Affiliated company in the same Group (Note)
Polaris Securities Investment Trust Co., Ltd.("PSIT")	Affiliated company in the same Group (Note)
Funds managed by Yuanta Securities Investment Trust	Funds managed by the same group (Note)
Funds managed by Polaris Securities Investment Trust	Funds managed by the same group (Note)
Yuan Kun Construction Co., Ltd. (Yuan Kun Construction)	Related party in substance
MF Global Futures Trust Co., Ltd. (MF Global Futures Trust)	Related party in substance
Yuanta Cultural & Education Foundation (Yuanta Foundation)	Related party in substance
Polaris Research Institute (Polaris Research)	Related party in substance
Funds managed by MF Global Futures Trust Co., Ltd. (Funds managed by MF Global Futures Trust)	Funds managed by related party in substance
Others (each related party's deposits and loans are not over 1% of total deposits and loans)	The Consolidated Company's affiliated companies and directors, supervisors and managers, and their relatives

Note：Yuanta Securities Co., Ltd., Yuanta Futures Co., Ltd., and Yuanta Securities Investment Trust Co., Ltd. were renamed because of organizational restructuring in April and May, 2012. On the dates of renaming, Polaris Securities Co., Ltd., previously Yuanta Futures, and Polaris Securities Investment Trust Co., Ltd. were dissolved accordingly.

(3) Significant transactions and balances with related parties

A. Deposits

December 31, 2013			
Name	Balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits by each related party not over 1% of total deposits)	$ 26,416,735	5.32	0.00~6.42

December 31, 2012			
Name	Balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits by each related party not over 1% of total deposits)	$ 24,242,648	5.35	0.00~6.42

January 1, 2012			
Name	Balance	Percentage of deposits (%)	Interest rate (%)
Others (Deposits by each related party not over 1% of total deposits)	$ 21,296,740	4.86	0.00~6.42

Apart from an interest rate limit on staff demand savings deposits of 6.42%, for both the years ended December 31, 2013 and 2012, the range of interest rate on other related parties' demand savings deposits were 0.00%~5.00% and 0.00%~5.40%, respectively. The interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

For the years ended December 31, 2013 and 2012, interest expense on the above deposits was $220,688 and $212,308, respectively.

B. Loans

December 31, 2013

Unit: Thousands of New Taiwan dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	166	$ 23,447	$ 12,795	$ 12,795	$ -	Credit loans and movables	None
Home mortgage loans	380	3,730,101	2,958,818	2,958,818	-	Real estate	None
Other loans	Yuan Kun Construction	1,100,000	600,000	600,000	-	Real estate and machinery	None
	51	196,922	89,957	89,957	-	Stock, deposits and real estate	None
Total			3,661,570	3,661,570	-		

December 31, 2012

Unit: Thousands of New Taiwan dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	163	$ 29,300	$ 14,439	$ 14,439	$ -	Credit loans and movables	None
Home mortgage loans	350	3,365,779	2,512,649	2,512,649	-	Real estate	None
Other loans	Yuan Kun Construction	1,100,000	1,100,000	1,100,000	-	Real estate and machinery	None
	Yuanta Securities	19,928	-	-	-	Real estate	
	52	118,592	77,396	74,665	2,731	Stock, deposits and real estate	None
Total			3,704,484	3,701,753	2,731		

January 1, 2012

Unit: Thousands of New Taiwan dollars

Types	Number of accounts or name of related party	Highest balance	Ending balance	Loan status		Collateral	Whether terms and conditions of the related party transactions are different from those of transactions with third parties.
				Normal loans	Overdue accounts		
Consumer loans	94	$ 16,009	$ 16,009	$ 16,009	$ -	Credit loans and movables	None
Home mortgage loans	248	2,260,760	2,260,760	2,260,760	-	Real estate	None
Other loans	Yuan Kun Construction	1,100,000	1,100,000	1,100,000	-	Real estate and machinery	None
	27	53,060	53,060	49,023	4,037	Stock, deposits and real estate	None
Total			3,429,829	3,425,792	4,037		

Loans to related parties are under the same terms as those to other customers, except for interest rates on loans to affiliated companies, ranging from 1.60% and 1.60% to 2.62%, the interest rates on the remaining loans are ranging from 1.42 % to 5.25% and 1.42% to 5.37% for the years ended December 31, 2013 and 2012, respectively, which are the same with the terms of general loans.

For the years ended December 31, 2013 and 2012, interest income resulting from the above loans amounted to $63,021 and $58,789, respectively.

C. Fee and commission income

Names of related parties	For the years ended December 31 2013		2012	
Fellow subsidiary:				
Yuanta Securities Investment Trust	$	14,357	$	11,938
Polaris Securities Investment Trust		-		1,148
Total	$	14,357	$	13,086

The following income was mainly from commissions from sales of mutual funds and insurance, the related receivables were as follows:

Names of related parties	December 31, 2013		December 31, 2012		January 1, 2012	
Fellow subsidiary:						
Yuanta Securities Investment Trust	$	2,110	$	2,480	$	2,070
Polaris Securities Investment Trust		-		-		39
Total	$	2,110	$	2,480	$	2,109

D. Rental revenue

Names of related parties	Purpose	For the years ended December 31 2013		2012	
Fellow subsidiary:					
Yuanta Securities	Office rental/ Venue rental	$	7,778	$	5,836
Yuanta Futures	Office rental		636		106
Total		$	8,414	$	5,942

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-in were as follows:

Names of related parties	December 31, 2013		December 31, 2012		January 1, 2012	
Fellow subsidiary:						
Yuanta Securities	$	2,159	$	1,929	$	1,392
Yuanta Futures		158		158		-
Total	$	2,317	$	2,087	$	1,392

E. Rent expenses

Names of related parties	Purpose	For the years ended December 31 2013	2012
Fellow subsidiary:			
Yuanta Securities(Note 3)	Office rental/ Venue rental	$ 175,268	$ 190,720
Yuanta Securities Finance(Note 4)	Office rental	2,539	2,539
Polaris Securities Investment Trust	Venue rental	-	11,667
Total		$ 177,807	$ 204,926

Above-mentioned terms are settled according to the contracts signed between parties, the related refundable deposits-out were as follows:

Names of related parties	December 31, 2013	December 31, 2012	January 1, 2012
Fellow subsidiary:			
Yuanta Securities	$ 25,700	$ 30,297	$ 31,394
Yuanta Futures	633	633	633
Total	$ 26,333	$ 30,930	$ 32,027

F. Donations

Names of related parties	For the years ended December 31 2013	2012
Other related parties:		
Yuanta Foundation	$ 7,000	$ 5,000
Polaris Research Institute	4,500	3,000
	$ 11,500	$ 8,000

G. Consulting fee

Names of related parties	For the years ended December 31 2013	2012
Fellow subsidiary:		
Yuanta Securities Investment Consulting	$ 11,642	$ 11,856

H. Commission expense

Names of related parties	For the years ended December 31 2013	2012
Fellow subsidiary:		
Yuanta Securities	$ 12,654	$ 17,528
Polaris Securities	-	5,788
	$ 12,654	$ 23,316

I. Current income tax assets/liabilities

Names of related parties	December 31, 2013	December 31, 2012	January 1, 2012
Consolidated income tax return receivable			
Parent-Yuanta Financial Holdings	$ 2,817,474	$ 2,878,045	$ 2,771,945
Consolidated income tax return payable			
Parent-Yuanta Financial Holdings	$ 33,522	$ -	$ -

J. Property transactions

(A) Open-end funds raised by the related parties that the Consolidated Company acquired were as follows:

	For the year ended December 31, 2013			
	Purchases	Balance as of January 1	Balance as of December 31	Profit (loss) on redemption
Other related parties:				
Funds managed by MF Global Futures Trust	$ -	$ 50,000	$ -	($ 7,261)

	For the year ended December 31, 2012			
	Purchases	Balance as of January 1	Balance as of December 31	Profit (loss) on redemption
Other related parties:				
Funds managed by MF Global Futures Trust	$ 50,000	$ -	$ 50,000	$ -

(B) Exchange Traded Funds raised by the related parties that the Consolidated Company acquired were as follows:

	For the year ended December 31, 2013			
	Purchases	Balance as of January 1	Balance as of December 31	Profit (loss) on redemption
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	$ 99,857	$ 112,042	$ -	$ 2,051

	For the year ended December 31, 2012			
	Purchases	Balance as of January 1	Balance as of December 31	Profit (loss) on redemption
Other related parties:				
Funds managed by Yuanta Securities Investment Trust	$ 651,444	$ -	$ 112,042	$ 2,392

(C) The details of the Consolidated Company's outright purchase and sale transactions with affiliates in the open market were as follows:

	For the year ended December 31, 2013		
	Type	Purchase price	Selling price
Fellow subsidiary:			
Yuanta Securities	Bond	$ 397,799	$ 453,370

	For the year ended December 31, 2012		
	Type	Purchase price	Selling price
Fellow subsidiary:			
Yuanta Securities	Bond	$ 566,658	$ 1,262,792
Polaris Securities	Bond	100,179	-
		$ 666,837	$ 1,262,792

(D) The financial derivatives that the Consolidated Company transacted with the related parties:

For the year ended December 31, 2013: None.

	For the year ended December 31, 2012				Balance sheet	
	Contract of financial derivative	Contract term	Nominal Principal	Valuation gains and losses	Account	Balance
Other related parties:						
Funds managed by MF Global Futures Trust	Swap contracts	2012/12/17~2013/1/17 2012/12/26~2013/1/31	$ 247,656	$ 845	Financial assets at fair value through income statement-net	$ 845

K. Others

Detail of securities lending with related parties were as follows:

	For the year ended December 31, 2013		
	Ending balance	Highest Balance	Revenue from securities borrowing
Fellow subsidiary:			
Yuanta Securities	$ -	$ 27,657	$ 13

	For the year ended December 31, 2012		
	Ending balance	Highest Balance	Revenue from securities borrowing
Fellow subsidiary:			
Yuanta Securities	$ -	$ 186,022	$ 647

(4) Information on remunerations to the Consolidated Company's directors

	For the years ended December 31	
	2013	2012
Salaries and other short-term employee benefits	$ 410,350	$ 359,712
Post-employment benefit	11,575	9,928
Total	$ 421,925	$ 369,640

8. Pledged assets

As of December 31, 2013, December 31, 2012 and January 1, 2012, the Consolidated Company's assets pledged as collateral are as follows:

Items	December 31, 2013	December 31, 2012	January 1, 2012	Purpose of pledge
Investment of debt instruments without active market - Time deposits	$ 271,865	$ -	$ -	Foreign currency clearing overdraft guarantee
Investment of debt instruments without active market - government bonds	67,554	-	-	Trust fund reserve
Investment of debt instruments without active market - government bonds	48,966	-	-	Deposit guarantees of bills merchants
Investment of debt instruments without active market - government bonds	42,992	-	-	Collateral for provisional seizure
Investment of debt instruments without active market - government bonds	9,793	-	-	Operating guarantee deposits for securities dealing
Investment of debt instruments without active market - government bonds	3,719	-	-	VISA International card payment reserves
Available-for-sale financial assets – government bonds	5,323	36,279	25,722	Collateral for provisional seizure
Available-for-sale financial assets – government bonds	2,275	1,414	1,399	Operating guarantee deposits
Available-for-sale financial assets – government bonds	-	80,250	72,642	Trust fund reserve
Available-for-sale financial assets – government bonds	-	50,264	51,887	Operating deposits of proprietary trading bills
Available-for-sale financial assets – government bonds	-	10,053	10,377	Operating deposits of proprietary trading securities
Available-for-sale financial assets – government bonds	-	3,719	3,836	VISA International card payment reserves
Total	$ 452,487	$ 181,979	$ 165,863	

9. Significant contingent liabilities and unrecognised contract commitments

(1) Commitments

A. Operating leases

Please refer to Note 12(3)C(D).

B. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Property and equipment	$ 13,008	$ 31,853	$ 56,602
Intangible assets	103,904	65,004	84,448
Total	$ 116,912	$ 96,857	$ 141,050

(2) Others

	December 31, 2013	December 31, 2012	January 1, 2012
Credit lines provided but not used	$ 2,742,791	$ 3,346,178	$ 2,296,202
Credit commitment on credit card	31,268,852	32,064,022	67,836,746
Unused L/C balance	4,083,754	3,674,260	3,801,459
Other guarantees	31,975,444	30,939,198	36,698,280
Consignment collection for others	15,703,886	17,437,206	11,463,639
Travelers' checks held on consignment for sale	68,481	90,793	92,935
Trust assets	102,345,751	99,722,115	109,380,522
Items under custody	34,609,453	25,777,599	14,077,400
Commitment of the securities under a resale agreement	-	-	1,547,868

10. Significant losses from disasters

None.

11. Significant subsequent events

In a joint syndicated loan sale within syndication loan group, the Board of Directors, on January 23, 2014, resolved to enter into an agreement with JPMorgan Chase Bank National Association to sell a syndicated non-performing loan for Taiwan Maritime Transport with a gross value of USD 8,695 thousand. The gain on the disposal is USD 6,151 thousand.

12. Others

(1) Financial instruments

A. Fair value information of financial instruments

Items	December 31, 2013 Book value	December 31, 2013 Fair value
Financial assets		
Cash and cash equivalents	$ 7,332,688	$ 7,332,688
Due from Central Bank and call loans to other banks	85,619,265	85,619,265
Financial assets at fair value through profit or loss- net	24,375,726	24,375,726
Receivables- net	12,332,649	12,332,649
Bills discounted and loans- net	397,268,743	397,268,743
Available-for-sale financial assets- net	31,039,688	31,039,688
Held-to-maturity financial assets- net	4,955,516	4,957,977
Other financial assets- net	26,175,376	26,348,179
Refundable deposits-out	1,307,349	1,307,349
Financial liabilities		
Due to Central Bank and other banks	$ 13,072,480	$ 13,072,480
Financial liabilities at fair value through profit or loss- net	2,336,752	2,336,752
Payables	10,326,621	10,326,621
Deposits and remittances	496,482,959	496,482,959
Financial debentures payable	15,000,000	15,000,000
Other financial liabilities	12,902,996	12,902,996
Refundable deposits-in	8,916	8,916

	December 31, 2012 Book value	December 31, 2012 Fair value
Financial assets		
Cash and cash equivalents	$ 7,017,189	$ 7,017,189
Due from Central Bank and call loans to other banks	75,523,478	75,523,478
Financial assets at fair value through profit or loss- net	25,919,168	25,919,168
Receivables- net	9,393,972	9,393,972
Bills discounted and loans- net	375,712,974	375,712,974
Available-for-sale financial assets- net	52,179,082	52,179,082
Other financial assets- net	7,641	7,641
Refundable deposits-out	577,552	577,552
Financial liabilities		
Due to Central Bank and other banks	$ 13,070,340	$ 13,070,340
Financial liabilities at fair value through profit or loss- net	1,977,281	1,977,281
Payables	7,994,445	7,994,445
Deposits and remittances	453,401,765	453,401,765
Financial debentures payable	15,000,000	15,000,000
Other financial liabilities	16,747,503	16,747,503
Refundable deposits-in	18,690	18,690

	January 1, 2012	
	Book value	Fair value
Financial assets		
Cash and cash equivalents	$ 6,418,755	$ 6,418,755
Due from Central Bank and call loans to other banks	104,082,173	104,082,173
Financial assets at fair value through profit or loss- net	14,486,246	14,486,246
Investments in bills and bonds under resale agreements	1,546,544	1,546,544
Receivables- net	9,762,996	9,762,996
Bills discounted and loans- net	348,783,971	348,783,971
Available-for-sale financial assets- net	14,009,746	14,009,746
Held-to-maturity financial assets- net	151,450	151,450
Other financial assets- net	7,664	7,664
Refundable deposits-out	766,950	766,950
Financial liabilities		
Due to Central Bank and other banks	$ 7,080,166	$ 7,080,166
Financial liabilities at fair value through profit or loss- net	2,734,648	2,734,648
Payables	8,249,502	8,249,502
Deposits and remittances	437,896,659	437,896,659
Financial debentures payable	15,147,060	15,147,060
Other financial liabilities	5,826,442	5,826,442
Refundable deposits-in	26,825	26,825

B. The assumptions and methods used to estimate the financial instruments not measured by fair value:

(A) In relation to cash and cash equivalents, due from Central Bank and call loans to other banks, investments in bills and bonds under resale agreement, receivables, other financial assets-net (except bond investments without active market), refundable deposits-out, due to Central Bank and other banks, financial debentures payable, payables, and refundable deposits-in the book value of the financial instruments which have a short maturity period will be considered as their fair value. While the maturities are quite close or the future payment or receipts are close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.

(B) Bills discounted and loans: The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.

(C) Held-to-maturity financial assets: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offer by the counterparties will be adopted to measure the fair value.

(D) Other financial assets- bond investments without active market: NTD Central Government Bond with lower trading volume adopts the theory price or the yield rates bulletined by OTC. The remaining financial instruments due to the future payment or receipts are close to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.

(E) Deposits and remittances: Considering the nature of the banking industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. On top of that, as the maturities are less than three years to date, it is reasonable to use the carrying amount to estimate the fair value.

(F) Financial bonds payable: Since the coupon rates of the financial bonds issued by the Consolidated Company approximate the market rates, the fair value based on the discounted value of expected future cash flow approximates the book value. The estimated cash flow of corporate bonds and convertible corporate bond issued by the Consolidated Company is discounted to evaluate the fair value.

C. Financial instruments measured at fair value: fair value is the amount for which an asset could be exchanged or a liability can be settled between knowledgeable, willing parties in an arm's length transaction.

(A) Financial instruments are initially recognized by fair value, which is transaction price in most cases. Subsequent recognitions are measured by fair value except that certain financial instruments are recognized by amortized cost. In the subsequent measurements, the best evidence of fair value is the quoted market price in an active market. If the market in which financial instruments traded is not active, the Consolidated Company then adopts valuation technique or takes reference to Bloomberg or the fair value of financial instrument from counterparties.

(B) If the quoted market price of a financial instrument is available in an active market, the quoted price is the fair value. Market prices bulletined by major SEC and OTC, where high volume of central government bonds are traded, are the foundation of debt instruments' fair value of quoted market price in an active market and listed equity instruments.

(C) If the market quotation from Stock Exchange Corporation, Reuters, Bloomberg information, commission merchants, or competent authorities can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market. If the above condition cannot be met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price, significantly increasing price variance or extremely low trading volume are all indicators of an inactive market.

(D) If the financial instruments held by the Consolidated Company has an active market, the fair values by classification and nature are as follows:

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

b. NTD government bonds, corporate bonds, financial bonds and beneficiary securities: the yield rates across different contract length bulletined by OTC are adopted.

c. Foreign financial bonds, corporate bonds, securitized instruments: the quotations from Bloomberg information or Reuters are adopted.

d. Listed stocks (TSE and OTC)、ETF： Listed stock and ETF: the closing price on the date that the stock or ETF being listed in TSE or OTC for the first-time or the prior transaction price is adopted.

e. Domestic convertible corporate bonds: reference prices for the next day bulletined by the TSE are adopted as valuation standard.

f. Domestic and overseas funds: the net fund values announced by the investment trust are adopted.

g. Overseas convertible bond: quotations from Bloomberg are adopted.

h. Spot exchange transactions: quotations from Reuters are adopted.

(E) If the financial instruments held by the Consolidated Company has no active market, the fair values by classification and nature are as follows:

a. NTD Central Government Bond: Bonds with lower trading volume adopt the theory price of fair value bulletined by OTC.

b. NTD local government bonds, corporate bonds, financial bonds, beneficiary securities: For bonds with lower trading volume, theoretical price retrieved from referencing interest rate bulletined by OTC using the linear interpolation method is adopted.

c. Term deposit of Central Bank, NCD, short-term commercial papers and treasury bills: Fixing rate on commercial papers of different periods bulletined by Reuters is referenced to discount future cash flow and calculate the present value of valuation.

d. Foreign financial bonds, corporate bonds and securitized instruments: when the quoted price is not obtainable in a market, the quoted priced from counterparties is adopted as the valuation basis.

e. Derivatives trading:

(a) Foreign exchange forward contract, currency swaps, forward rate agreement, interest rate swaps and cross currency swaps: quoted priced of Reuters is referenced and used to discount future cash flow.

(b) Options: Black-Scholes model is mainly adopted for valuation and the quoted priced of Reuters is referenced.

(c) Certain foreign structured instruments use the quoted price from counterparties.

f. Unlisted stocks:

(a) With regard to unlisted stocks without an active market held by the Consolidated Company, the fair value is assessed by the adoption of market method, income method or replacement cost method. The fair value is estimated by valuation technique with consideration of availability of the valuation information. As a result, the Consolidated Company first uses the market method to determine the fair value of unlisted stocks, then the income method. Only when the market method and income method cannot appropriately assess the fair value of the unlisted stocks, can the replacement cost method be used.

(b) Estimate made on fair value assessment is primarily based on the latest fund raising activities of the issuance company, stock price fluctuation of the same type of companies, growth trend of the industry, overall financial market and macro economy indicator. Any change in the estimate could affect the measurement of fair value. The valuation technique used to assess fair value may not completely reflect all the relevant factors of the financial asset held by the Consolidated Company. As a result, other important inputs may be appropriately included for adjustment, such as liquidity risk. According to the management policy and related control procedures for the fair value valuation of the Consolidated Company, the management believes that the price information and inputs are stringently evaluated in the valuation process and should be able to reasonably reflect the current market situation.

Fair value of financial instrument without an active market is assessed through valuation technique or refinancing to quotations from counterparties. The fair value obtained through the valuation technique may take reference to the fair value of other financial instruments with similar characteristics and actual terms, discounted cash flow method, or other valuation technique, including the available market data obtained through the exercise of model calculations at the consolidated balance sheet date (such as yield rate of OTC, fixing rate of commercial papers of different contract lengths bulletined by Reuters).

When assessing non-standardized financial instruments with lower complexity, such as debt instruments without an active market, interest swaps, FX swap and options, the Consolidated Company adopts the valuation technique generally accepted by market users. The valuation model for these kinds of financial instruments usually uses the observable information as the input.

In relation to the highly sophisticated financial instruments, the Consolidated Company assesses the fair value through the valuation model self-developed by valuation method and technique generally accepted by the counterparties. These kinds of valuation models are usually used for derivatives, embedded derivative debt instruments or securitized instruments and others. And the inputs used in these valuation models are not observable information in the market, the Consolidated Company must make appropriate estimates based on the assumption. Please refer to Note 12(2) for an analysis in respect of possible effect on the valuation of financial instruments if non-observable inputs are applied.

(2) Hierarchy of fair value estimation of financial instruments

A. Definition for the hierarchy classification of financial instruments measured at fair value

(A) Level 1

That is the quoted prices in active markets for identical assets or liabilities. An active market has to satisfy all the following conditions: 1) the products traded in the market share a common nature; and 2) the willing buying and selling parties can be readily found in the market and the prices are observable for public. The fair value of the investments of the Consolidated Company, such as listed stocks investment, beneficiary certificates, popular Taiwan government bonds and the derivatives with a quoted price in an active market, are deemed as Level 1.

(B) Level 2

Inputs, other than quoted prices in active markets, are those observable price, either directly (that is, as prices) or indirectly (that is, derived from prices) in active market. Investment of the Consolidated Company such as non-popular government bonds, corporate bonds, financial bonds, convertible corporate bonds, most derivatives and financial bonds issued by the Consolidated Company are all classified within Level 2.

(C) Level 3

Inputs for level 3 instruments' fair value are data that cannot be obtained in the market. Certain derivatives and overseas securities of the Consolidated Company are classified within Level 3.

B. Hierarchy of fair value estimation of financial instrument:

Financial instruments measured at fair value	December 31, 2013			
Items	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Bond investments	$ 14,522,957	$ 280,519	$ 14,242,438	$ -
Others	7,245,434	300,873	6,944,561	-
Available-for-sale financial assets				
Stock investments	1,556,358	728,272	-	828,086
Bond investments	29,483,330	-	27,531,434	1,951,896
Total	$ 52,808,079	$ 1,309,664	$ 48,718,433	$ 2,779,982
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 2,607,335	$ 2,965	$ 2,079,894	$ 524,476
Liabilities				
Financial liabilities at fair value through profit or loss	$ 2,336,752	$ -	$ 1,809,847	$ 526,905

Financial instruments measured at fair value	December 31, 2012			
Items	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 311,000	$ 311,000	$ -	$ -
Bond investments	20,731,765	1,411,120	19,320,645	-
Others	2,864,118	157,142	2,706,976	-
Financial assets designated as at fair value through profit or loss on initial recognition	4,784	4,784	-	-
Available-for-sale financial assets				
Stock investments	3,446,654	2,668,057	-	778,597
Bond investments	48,732,428	7,891,531	40,113,905	726,992
Total	$ 76,090,749	$ 12,443,634	$ 62,141,526	$ 1,505,589
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 2,007,501	$ 2,008	$ 1,598,711	$ 406,782
Liabilities				
Financial liabilities at fair value through profit or loss	$ 1,977,281	$ -	$ 1,570,499	$ 406,782

Financial instruments measured at fair value	January 1, 2012			
Items	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Bond investments	$ 9,018,541	$ 1,575,733	$ 7,442,808	$ -
Others	2,643,687	300,692	2,342,995	-
Financial assets designated as at fair value through profit or loss on initial recognition	20,610	20,610	-	-
Available-for-sale financial assets				
Stock investments	1,122,961	457,171	-	665,790
Bond investments	12,796,423	1,399	12,795,008	16
Others	90,362	-	90,362	-
Total	$ 25,692,584	$ 2,355,605	$ 22,671,173	$ 665,806
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 2,803,408	$ -	$ 2,754,447	$ 48,961
Liabilities				
Financial liabilities at fair value through profit or loss	$ 2,734,648	$ -	$ 2,685,687	$ 48,961

C. Movements of financial instruments classified into Level 3 of fair value are as follows

(A) Movements of financial assets classified into Level 3 of fair value are as follows:

	For the year ended December 31, 2013							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss								
Derivative financial assets	$ 406,782	($ 324,998)	$ -	$ 172,883	$ 91,330	($ 178,479)	$ -	$ 524,476
Available-for-sale financial assets	1,505,589	33,876	114,810	1,196,922	-	71,215	-	2,779,982
Total	$ 1,912,371	($ 291,122)	$ 114,810	$ 1,369,805	$ 91,330	($ 107,264)	$ -	$ 3,304,458

	For the year ended December 31, 2012							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial assets at fair value through profit or loss								
Derivative financial assets	$ 48,961	$ 286,507	$ -	$ 32,127	$ 14,019	($ 25,168)	$ -	$ 406,782
Available-for-sale financial assets	665,806	-	111,401	728,400	-	18	-	1,505,589
Total	$ 714,767	$ 286,507	$ 111,401	$ 760,527	$ 14,019	($ 25,150)	$ -	$ 1,912,371

In relation to the above, valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2013 and 2012, the gains on assets were $396,664 and $391,146, respectively.

In relation to the above, valuation gains and losses are recognized in other comprehensive income. As of December 31, 2013 and 2012, the gains on assets were $114,810 and $111,399, respectively.

Note: These are financial assets and liabilities of Level 3 mutually transferred.

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

	For the year ended December 31, 2013							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	$ 406,782	($ 755,011)	$ -	$ 640,726	$ 91,329	($ 143,079)	$ -	$ 526,905

	For the year ended December 31, 2012							
		Gain and loss on valuation		Addition		Reduction		
Items	Beginning balance	Gain and loss	Other comprehensive income	Purchased or issued	Transferred to Level 3 (Note)	Sold, disposed or settled	Transferred from Level 3 (Note)	Ending balance
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	$ 48,961	$ 77,520	$ -	$ 253,746	$ 14,019	($ 12,536)	$ -	$ 406,782

Above valuation gains and losses are recognized in gain and loss in the period. As of December 31, 2013 and 2012, the losses on liabilities were $341,291 and $319,267, respectively.

Note: These are financial assets and liabilities of Level 3 mutually transferred.

D. Transfer between Level 1 and Level 2

Certain NTD Central Government Bonds held by the Consolidated Company are assessed to be debt instruments in a non-active market according to popularity of OTC. As a result, the related amount will be transferred from Level 1 to Level 2.

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

The fair value measurement that the Consolidated Company made onto the financial instruments is deemed reasonable; however, different valuation model or input could result in different valuation result. Specifically, if the valuation input of financial instrument classified in Level 3 moves upward or downward by 10%, the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

	Change in fair value recognized in current profit and loss		Change in fair value recognized in other comprehensive income	
	Favorable movements	Unfavorable movements	Favorable movements	Unfavorable movements
December 31, 2013				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading	$ 52,448	($ 52,448)	$ -	$ -
Available-for-sale financial assets	-	-	277,998	(277,998)
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$ 52,691	($ 52,691)	$ -	$ -
December 31, 2012				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading	$ 40,678	($ 40,678)	$ -	$ -
Available-for-sale financial assets	-	-	150,559	(150,559)
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$ 40,678	($ 40,678)	$ -	$ -
January 1, 2012				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading	$ 4,896	($ 4,896)	$ -	$ -
Available-for-sale financial assets	-	-	66,581	(66,581)
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$ 4,896	($ 4,896)	$ -	$ -

Favorable and unfavorable movements of the Consolidated Company refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

If the fair value of a financial instrument is affected by one or more inputs, above table only illustrates the effect as a result of one single unobservable input, and the correlation and variance of input are not put into consideration.

(3) Management objective and policy for financial risk

The Bank engages in risk management under the principles of not only serving customers but also conforming to the Bank operational goal, overall risk tolerance limits, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and to create a trilateral win for all customers, shareholders, and employees. The Bank is mainly exposed to credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and commodity risks), operational risk, and liquidity risk on or off balance sheets.

The Bank established written risk management policies and guidelines which have been approved by the Board of Directors or senior managements in order to identify, measure, monitor and control credit risk, market risk, and liquidity risk.

A. Risk Management Framework:

Ultimate responsibility for the effective management of risk rests with the Board. In order to achieve the Bank's overall risk management goals, the Board of Directors is in charge of reviewing risk management policies and relating procedures, and monitoring the effectiveness of risk management systems. The Board delegates authority for monitoring the control of risks to the Audit Committee. The chief executive officer delegates authority to the Credit Evaluation Committee, the Human Resource Evaluation Committee, the Assets and Liabilities Management Committee, the Risk Management Committee, the Non-Performing Loan Management Committee, the Financial Product Evaluation Committee, and the New Product Evaluation Committee. The President holds regular or ad hoc meetings with relating committees to discuss issues regarding risk management; moreover, an emergency response team is set, when faced with crises or extraordinary events, to take timely and effective actions to prevent further damage, to mitigate risks, and to stay functional.

B. Credit risk

(A) Source and definition of credit risk

Credit risk is the potential loss due to a failure of counterparty to meet its obligations to pay the Consolidated Company in accordance with the agreed terms. Credit risk may happen due to accounts on and off the balance sheet. For accounts on the balance sheet, credit risk exposure of the Consolidated Company mainly comprises of bills discounted, loans, credit card business, debt instruments ,derivatives and call loans from banks, etc. Off balance sheet accounts include financial guarantees, acceptance bills, letters of credit and loan commitments that could give rise to credit risk exposure to the Consolidated Company.

(B) Principle of credit risk management

The Bank has stipulated credit risk management guidelines where the framework of credit risk management is set out, and through the building and implementation of the management system, potential credit risk relating to businesses can be carefully assessed and signaled. The Bank divided its services into consumer finance services and corporate finance services by the nature of services. With an emphasis on segregation of duties whereby the credit investigation performed independently from the credit review, risk management is effective. Detailed risk management information of corporate finance services, personal finance services, and cross-services integration is set out as follows:

a. Credit Risk Management for Corporate Finance Services: The Bank develops a credit rating model and a risk grading mechanism for loan applications, strengthens quantitative mechanisms for credit risk management, and effectively assesses the quality of credit assets and its fluctuation to secure credit assets. A credit client early warning system is established aimed at credit risk exposures from significantly unusual cases. And an information integration and communication mechanism is set to monitor the financial and operational positions of these clients, providing a timely knowledge of these clients' operations and credit status.

b. Credit Risk Management for Consumer Finance Services: The Bank controls the credit risks through credit grading mechanisms, credit investigation, credit review and overdue management systems. With these systems in place, the Bank manages to strengthen controls over consumer finance, to raise the bar on credit reviewing, to strengthen controls over credit limits, to enhance the quality of credit assets, and to cut losses arising from credit risk.

c. Cross-Services Integration of Risk Management: The bank-wide and cross-services credit risk early warning system serves as a platform for operating units to check on the financial and operational positions of clients with lower credit ratings, and it is used as a reference for loan management. To effectively manage concentration risk, a bank-wide large risk exposures guideline is set up.

(C) Credit Risk Mitigation Policies

To limit the credit risk to lie within tolerable range, the Bank sets out a rule in its credit risk management guideline that for the products provided and businesses conducted which includes all transactions arising from both banking and trading books, either on-balance or off-balance sheet, a detailed analysis should be carried out to identify any existing and potential credit risk; Before the introduction of new products or businesses, accompanying credit risk should be indentified and examined in accordance with relating guidelines. As for the more complex credit services, e.g. factoring and credit linked derivatives etc., tailored risk management mechanisms are incorporated into relating operating guidelines.

Procedures and methods used in credit risk management for the core businesses of the Consolidated Company are as follows:

a. Credit business (including loan commitment and guarantees)

Details of credit assets classification and credit quality rating are set out as follows:

(a) Credit Assets Classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining non-performing loans are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category Three for assets deemed recoverable. Category Four for assets those are doubtful. Category Five for assets those are not recoverable.

(b) Credit Quality Rating

In response to the characteristics and scale of business, the Consolidated Company sets up credit quality rating for risk management purposes (such as implementing internal evaluation model of credit risk, setting up credit rating table or other relevant regulations).

The Consolidated Company, mainly by the statistic and professional judgment of expertise and consideration of client information, developed a business credit rating model for the purpose of evaluating the credit risk of corporate clients.

The model is regularly reviewed to check if the calculation result is consistent with the actual situation. And adjustment on various inputs should be calibrated to optimize the calculation result.

Credit rating of corporate finance is categorized into 10 levels upon underwriting according to the risks assessment on each credit extension case. When a loan is granted, in addition to that the credit quality of the client, fund purpose, repayment source, protection of claims and credit prediction should be considered, credit risk by credit account and facility should also be respectively assessed and rated based on the corporate or consumer risk rating referencing standards.

Credit risk rating of the consumer finance is categorised by client superiority, client profession and the rating of collateral threshold.

The credit quality of borrowers can be divided into three grades as follows:

	Corporate finance		Consumer finance
Credit risk rating	TEJ	Internal	Credit risk rating
Excellent	Level 1~4	Level 1~5	Excellent
Standard	Level 5~6	Level 6~7	Standard
Below standard	Level 7~9 and D	Level 8~10	Below standard

The Bank reassesses ratings for each client at least once a year. Moreover, to ensure the reasonableness of the design and the process of credit rating system, and that of the estimates of relating risk factors, the Bank takes actual defaults into account and performs inspections and back testings on the credit rating model annually.

b. Due from and call loans to other banks

The Bank assesses the credit status of each counterparty before any transaction, and ratings assigned by domestic and foreign external ratings agencies are used in determining internal credit grades on which various credit risk exposure limits are set and then granted to different counterparties.

c. Debt instruments investment and derivatives

The risk management of the Consolidated Company's debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk. Financial institutions with which the Bank conducts derivative transactions are mostly above investment grade and each year counterparty credit risk limits at different levels are submitted to the Board for approval. The limits are the basis for credit risk control. Counterparties with no credit rating are subject to individual review and Board of Directors approval. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives approved by general credit procedures to manage credit exposure of counterparties.

The Consolidated Company divides the credit quality of debt instruments investment and derivatives into three grades as follows:

(a) Excellent: Exposure to instrument with a credit rating of twBBB or above by Taiwan Ratings Corporation (TRC).

(b) Standard: Exposure to instrument with a credit rating between twBBB- and twBB by Taiwan Ratings Corporation (TRC).

(c) Below standard: Exposure to instrument with a credit rating of twBB- and below by Taiwan Ratings Corporation (TRC).

(D) Hedging and mitigation of credit risk

a. Collateral

The Consolidated Company adopts a series of policies and measures to mitigate credit risk in relation to credit extension business. Amongst those, requesting borrowers to provide collateral is one of the most usual means. The Consolidated Company has specific criteria for acceptable collateral and collateral valuation, management and disposing procedures regarding the collateral valuation management, collateral assessment for credit facility in order to protect the credit right. Besides, protection of creditor's right, collateral terms and offsetting terms are all addressed in the credit extension contract in case of any occurrence of credit event, of which the amount may be deductible, loan repayment schedule may be shortened or deemed as matured, or various types of deposits can be used to offset its liabilities to mitigate credit risks.

Collateral for other non-credit extension business depends on the nature of financial asset. Only the asset-backed securities and other similar financial instruments use a pool of financial assets as the collateral.

b. Credit risk limit and credit risk concentration control

In avoidance of high risk concentration, the Consolidated Company has set up credit exposure limit for a single counterparty or a single group, and set up investment standards and risk controlling regulations for stock investment for a single person (entity) or affiliated enterprises' (group) various investment limit. In addition, in order to control concentration risk of various assets, the Consolidated Company has also set up credit limits based on the industry, enterprise of group, country, pledged stocks for credit extension and monitored risk concentration of each asset. Through the system consolidation, single counterparty, group's enterprises, affiliated enterprise, industry, nationality, ultimate risk and various credit risk concentration can be monitored.

c. Net-settled general agreement

The transactions of the Consolidated Company are usually gross-settled. However, net-settled agreements are signed with certain counterparties to further mitigate credit risk in case of any default and all transactions shall be terminated with the counterparties and settled by net amount.

(E) Maximum risk exposure of the Consolidated Company

The maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit strengthening instruments, is equivalent to the carrying amount. Please see Note 9(2) for the maximum credit risk exposure of the consolidated balance sheet.

The management of the Consolidated Company believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Consolidated Company can be minimized and continuously controlled.

(F) Credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Consolidated Company concentrate on accounts and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The Consolidated Company does not significantly carry out transactions with single client or single counterparty and the gross amount does not exceed 5% of balance of each component item. Information regarding bills discounted, loans and overdue accounts, and the credit risk concentration by industry, location and collateral are shown as follows:

a. Industry

	December 31, 2013		December 31, 2012		January 1, 2012	
Industry	Amount	%	Amount	%	Amount	%
Privately owned businesses	$ 208,289,689	51.76	$ 189,207,185	49.70	$ 168,497,112	47.67
Government-owned businesses	16,699,760	4.15	24,233,120	6.36	25,374,820	7.18
Governmental institutions	-	-	-	-	2,107,000	0.60
Non-profit organizations	739,924	0.19	1,082,919	0.28	614,803	0.17
Private individuals	173,156,508	43.03	152,617,245	40.09	148,351,680	41.98
Financial institutions	-	-	1,371,694	0.36	2,110,485	0.60
Others	3,499,531	0.87	12,219,875	3.21	6,359,490	1.80
Total	$ 402,385,412	100.00	$ 380,732,038	100.00	$ 353,415,390	100.00

b. Geography location:

The Consolidated Company's main business activities are concentrated in Taiwan, hence there are no significant geographic credit concentration risks measured by over 5% of the balance of each component item.

c. Collateral

	December 31, 2013		December 31, 2012		January 1, 2012	
Collateral	Amount	%	Amount	%	Amount	%
Non-guaranteed	$ 144,083,512	35.81	$ 138,849,175	36.47	$ 129,297,637	36.58
Guaranteed						
-Stock collateral	17,539,194	4.36	17,777,933	4.67	11,978,224	3.39
-Bonds collateral	6,592,307	1.64	6,501,792	1.71	3,548,742	1.00
-Real estate collateral	202,656,077	50.36	186,198,587	48.90	182,603,368	51.67
-Moveable collateral	30,263,811	7.52	29,704,326	7.80	24,021,935	6.80
-Notes receivable	240,450	0.06	370,272	0.10	460,597	0.13
- Guarantee	1,010,061	0.25	1,329,953	0.35	1,504,887	0.43
Total	$ 402,385,412	100.00	$ 380,732,038	100.00	$ 353,415,390	100.00

(G) Analysis on credit quality and overdue impairment of financial assets held by the Consolidated Company

Certain financial assets held by the Consolidated Company such as cash and cash equivalents, due from Central Bank and call loans to banks, financial assets at fair value through profit and loss, investments in notes and bonds under resale agreements and refundable deposits-out and so on, while the counterparties have good credit rating, the credit risks are deemed extremely low.

The credit quality analyses for the rest of financial assets are as follows:

a. Credit quality analysis on bills discounted, loans, receivables and other financial assets investments

December 31, 2013

Items	Positions that are neither past due nor impaired: Excellent	Standard	Below standard	Unrated	Subtotal (A)	Positions that are past due but not impaired(B)	Impaired amount (C)	Total (A)+(B)+(C)	Recognized losses(D): With individual objective evidence of impairment	Without individual objective evidence of impairment	Net (A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 185,794,254	$120,360,320	$ 56,854,058	$ 31,354,868	$ 394,363,500	$ 3,016,246	$ 5,420,516	$ 402,800,262	$ 2,875,109	$ 2,180,174	$ 397,744,979
Receivables and other											
- Credit card service	681,182	138,399	329,457	234,848	1,383,886	10,405	12,257	1,406,548	11,967	56,061	1,338,520
- Investment of debt instruments without active market	25,776,766	-	-	326,000	26,102,766	-	-	26,102,766	-	-	26,102,766
- Other	6,662,965	2,436,737	594,576	919,361	10,613,639	-	130,595	10,744,234	74,900	14,307	10,655,027
Available-for-sale financial assets – bonds investment	29,483,330	-	-	-	29,483,330	-	-	29,483,330	-	-	29,483,330
Held-to-maturity financial assets											
– bonds investment	4,955,516	-	-	-	4,955,516	-	-	4,955,516	-	-	4,955,516

December 31, 2012

Items	Positions that are neither past due nor impaired: Excellent	Standard	Below standard	Unrated	Subtotal (A)	Positions that are past due but not impaired(B)	Impaired amount (C)	Total (A)+(B)+(C)	Recognized losses(D): With individual objective evidence of impairment	Without individual objective evidence of impairment	Net (A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 169,474,126	$ 121,833,786	$ 54,910,745	$ 26,501,201	$ 372,719,858	$ 2,548,423	$ 5,932,185	$ 381,200,466	$ 3,055,658	$ 1,884,776	$ 376,260,032
Receivables and other											
- Credit card service	626,787	127,557	401,860	341,011	1,497,215	16,225	14,359	1,527,799	13,996	70,942	1,442,861
- Other	4,576,573	2,022,252	149,727	773,174	7,521,726	-	11,167	7,532,893	11,167	23,335	7,498,391
Available-for-sale financial assets											
– bonds investment	48,732,428	-	-	-	48,732,428	-	-	48,732,428	-	-	48,732,428

January 1, 2012											
	Positions that are neither past due nor impaired							Total	Recognized losses(D)		Net
Items	Excellent	Standard	Below standard	Unrated	Subtotal (A)	Positions that are past due but not impaired(B)	Impaired amount (C)	(A)+(B)+(C)	With individual objective evidence of impairment	Without individual objective evidence of impairment	(A)+(B)+(C)-(D)
Bills discounted and loans(Note)	$ 144,345,374	$112,473,422	$ 61,763,444	$ 28,029,595	$ 346,611,835	$ 3,409,209	$ 3,791,968	$ 353,813,012	$ 2,649,813	$ 1,917,436	$ 349,245,763
Receivables and other											
- Credit card service	789,786	132,577	389,660	398,210	1,710,233	45,594	15,149	1,770,976	14,945	97,367	1,658,664
- Other	4,340,649	2,010,664	268,609	1,136,654	7,756,576	-	12,214	7,768,790	12,214	34,135	7,722,441
Available-for-sale financial assets – bonds investment	12,796,423	-	-	-	12,796,423	-	-	12,796,423	-	-	12,796,423
Held-to-maturity financial assets											
– bonds investment	151,450	-	-	-	151,450	-	-	151,450	-	-	151,450

Note: Total bills discounted and loans include interest receivable. As of December 31, 2013, December 31, 2012 and January 1, 2012, the interest receivable on bills discounted and loans were $414,850, $468,428 and $397,622, respectively. In addition, allowances for doubtful interest receivable were $2,909, $8,067 and $8,067, respectively.

b. In relation to bills discounted and loans of the Consolidated Company that were neither past due nor impaired, the credit quality analysis is based on the credit quality rating by client:

December 31, 2013					
	Positions that are neither past due nor impaired				
By client	Excellent	Standard	Below standard	Unrated (Note)	Total
Corporate finance					
-Guaranteed	$ 9,470,080	$ 30,665,724	$ 32,953,016	$ 26,232,861	$ 99,321,681
-Non-guaranteed	54,144,416	57,058,262	18,671,761	5,009,277	134,883,716
-Government-owned enterprise	16,719,886	-	-	-	16,719,886
- Others	-	267,345	85,334	112,730	465,409
Subtotal	80,334,382	87,991,331	51,710,111	31,354,868	251,390,692
Consumer finance					
- Mortgage loan	95,497,636	27,646,015	2,251,591	-	125,395,242
- Credit loan	76,373	42,059	798,284	-	916,716
-Automobile loan	7,781,090	4,364,857	2,077,557	-	14,223,504
- Others	2,104,773	316,058	16,515	-	2,437,346
Subtotal	105,459,872	32,368,989	5,143,947	-	142,972,808
Total	$ 185,794,254	$ 120,360,320	$ 56,854,058	$ 31,354,868	$ 394,363,500

December 31, 2012					
	Positions that are neither past due nor impaired				
By client	Excellent	Standard	Below standard	Unrated (Note)	Total
Corporate finance					
-Guaranteed	$ 10,408,050	$ 35,045,292	$ 31,211,961	$ 21,571,065	$ 98,236,368
-Non-guaranteed	49,492,950	50,679,121	18,343,663	4,814,896	123,330,630
-Government-owned enterprise	20,270,037	4,001,315	-	-	24,271,352
- Others	33,328	231,966	296,656	115,240	677,190
Subtotal	80,204,365	89,957,694	49,852,280	26,501,201	246,515,540
Consumer finance					
- Mortgage loan	81,511,578	27,677,188	2,855,614	-	112,044,380
- Credit loan	107,858	60,141	1,078,838	-	1,246,837
-Automobile loan	6,459,958	3,868,398	1,123,716	-	11,452,072
- Others	1,190,367	270,365	297	-	1,461,029
Subtotal	89,269,761	31,876,092	5,058,465	-	126,204,318
Total	$ 169,474,126	$ 121,833,786	$ 54,910,745	$ 26,501,201	$ 372,719,858

By client	January 1, 2012 Positions that are neither past due nor impaired Excellent	Standard	Below standard	Unrated (Note)	Total
Corporate finance					
-Guaranteed	$ 7,016,917	$ 31,606,229	$ 31,261,441	$ 22,900,397	$ 92,784,984
-Non-guaranteed	36,690,580	44,091,198	20,512,478	4,975,144	106,269,400
-Government-owned enterprise	23,432,292	4,101,051	-	-	27,533,343
- Others	-	170,929	152,632	154,054	477,615
Subtotal	67,139,789	79,969,407	51,926,551	28,029,595	227,065,342
Consumer finance					
- Mortgage loan	71,576,462	29,172,168	7,929,650	-	108,678,280
- Credit loan	247,418	183,765	1,449,641	-	1,880,824
-Automobile loan	5,091,800	3,060,158	457,602	-	8,609,560
- Others	289,905	87,924	-	-	377,829
Subtotal	77,205,585	32,504,015	9,836,893	-	119,546,493
Total	$ 144,345,374	$ 112,473,422	$ 61,763,444	$ 28,029,595	$ 346,611,835

Note: Credit rating for the corporate finance is categorized as "Credit rating model" and "Risk assessment by case", however, for those loans not classified as "Credit rating model" in above table are treated as "Risk assessment by case". Please refer to Note 12(3)B(B) for loan management information.

(H) Aging analysis of overdue financial assets with no impairment of the Consolidated Company:

The delayed processing of the borrower and other administrative reasons may give rise to an overdue financial asset with no impairment. According to the internal risk management policy of the Consolidated Company, financial assets overdue for less than 90 days are usually not deemed impaired unless other evidence indicates otherwise.

Aging analysis of the overdue financial assets with no impairment of the Consolidated Company:

Items	December 31, 2013 Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables			
- Credit card business	$ 8,763	$ 1,642	$ 10,405
Bills discounted and loans			
Corporate finance			
- Guaranteed	549,781	21,360	571,141
- Non-guaranteed	214,292	5,555	219,847
Consumer finance			
- Mortgage loans	1,306,596	231,748	1,538,344
- Credit loans	17,755	4,078	21,833
- Car loans	653,577	11,260	664,837
- Others	244	-	244
Subtotal	2,742,245	274,001	3,016,246
Total	$ 2,751,008	$ 275,643	$ 3,026,651

Items	December 31, 2012		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables			
- Credit card business	$ 12,694	$ 3,531	$ 16,225
Bills discounted and loans			
Corporate finance			
- Guaranteed	519,178	10,902	530,080
- Non-guaranteed	29,709	10,893	40,602
- Other	361	-	361
Consumer finance			
- Mortgage loans	1,215,606	375,924	1,591,530
- Credit loans	22,726	10,059	32,785
- Car loans	346,511	2,947	349,458
- Others	3,607	-	3,607
Subtotal	2,137,698	410,725	2,548,423
Total	$ 2,150,392	$ 414,256	$ 2,564,648

Items	January 1, 2012		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Receivables			
- Credit card business	$ 41,244	$ 4,350	$ 45,594
Bills discounted and loans			
Corporate finance			
- Guaranteed	689,048	36,675	725,723
- Non-guaranteed	739,645	17,404	757,049
- Other	9,832	-	9,832
Consumer finance			
- Mortgage loans	1,396,106	210,109	1,606,215
- Credit loans	38,795	11,377	50,172
- Car loans	257,288	2,930	260,218
- Others	3,130,714	278,495	3,409,209
Subtotal	$ 3,171,958	$ 282,845	$ 3,454,803

(I) Analysis of impaired financial assets of the Consolidated Company

Impairment on bills discounted, loans and receivables of the Consolidated Company are analysed by client below:

Items			Bills discounted and loans (Note)			Allowance for doubtful accounts (Note)		
			December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
With individual objective evidence of impairment	Individual assessment	Corporate loan	$ 4,665,696	$ 5,228,132	$ 3,043,737	$ 2,539,105	$ 2,711,967	$ 2,276,884
		Mortgage loan	197,701	76,532	-	9,394	-	-
	Collective assessment	Corporate loan	336,725	318,795	384,147	237,390	238,576	237,292
		Mortgage loan	70,461	99,855	160,031	23,454	16,857	45,421
		Credit loan	143,185	203,929	202,350	63,163	86,792	89,652
		Automobile loan	6,748	4,942	1,703	2,603	1,466	564
Without individual objective evidence of impairment	Collective assessment	Corporate loan	235,269,045	222,699,631	200,849,057	1,826,464	1,664,960	1,624,484
		Government-owned enterprises	16,719,886	24,271,352	27,533,342	-	-	-
		Mortgage loan	126,933,586	113,635,910	110,278,895	169,075	96,638	134,035
		Credit loan	938,549	1,279,622	1,959,108	32,602	49,285	80,577
		Automobile loan	14,888,341	11,801,530	8,869,777	28,203	20,129	20,709
		Others	2,630,339	1,580,236	530,865	123,830	53,764	57,631
Total			$ 402,800,262	$ 381,200,466	$ 353,813,012	$ 5,055,283	$ 4,940,434	$ 4,567,249

Items			Bills discounted and loans (Note)			Allowance for doubtful accounts (Note)		
			December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
With individual objective evidence of impairment	Individual assessment	Non-accrual loans transferred from other accounts -guarantee	$ 130,595	$ 11,167	$ 12,214	$ 74,900	$ 11,167	$ 12,214
	Collective assessment	Credit card business	12,257	14,359	15,149	11,967	13,996	14,945
Without individual objective evidence of impairment	Collective assessment	Credit card business	1,394,291	1,513,440	1,755,827	56,061	70,942	97,367
		Others	118,422,046	81,103,366	111,467,611	14,307	23,335	34,135
Total			$ 119,959,189	$ 82,642,332	$ 113,250,801	$ 157,235	$ 119,440	$ 158,661

Note: As of December 31, 2013, December 31, 2012 and January 1, 2012, the total receivables are the original amount (including due from Central Bank and call loans to banks, investments in bills and bonds under resale agreements, receivables (not including spot exchange receivables, revenue receivables and income tax refundable amounting to $5,220,973, $2,519,390 and $2,684,632, respectively), other financial assets and refundable deposits-out) not excluding allowance for doubtful accounts and not excluding (including) discount (premium) adjustment; the amounts not including interest receivables were $414,850, $468,428, and $397,622, respectively. In addition, allowance for doubtful receivables not including allowance for doubtful interest receivable on loans were $2,909, $8,067 and $8,067, respectively.

(J) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Non-performing loans and non-performing loan asset quality

Month / Year			December 31, 2013					December 31, 2012				
Business / Items			Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (%) (Note 3)	Amount of non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (%) (Note 3)
Corporate banking	Secured loans		615,651	102,253,434	0.60%	1,611,538	261.76%	305,869	101,656,716	0.30%	1,837,587	600.78%
	Unsecured loans		302,566	154,534,283	0.20%	3,109,964	1027.86%	140,079	150,529,985	0.09%	2,815,817	2010.16%
Consumer banking	Residential mortgage loans (Note 4)		235,026	91,560,585	0.26%	160,186	68.16%	207,858	81,582,226	0.25%	85,539	41.15%
	Cash card services		-	-	-	-	-	-	-	-	-	-
	Small amount of credit loans (Note 5)		30,407	1,077,173	2.82%	94,454	310.63%	55,717	1,477,249	3.77%	137,966	247.62%
	Others (Note 6)	Guaranteed	62,470	51,694,255	0.12%	73,327	117.38%	22,104	44,360,939	0.05%	52,972	239.65%
		Non-guaranteed	1,502	1,265,682	0.12%	2,905	193.41%	617	1,124,923	0.05%	2,486	402.92%
Gross loan business			1,247,622	402,385,412	0.31%	5,052,374	404.96%	732,244	380,732,038	0.19%	4,932,367	673.60%
			Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio	Amount of overdue accounts	Balance of accounts receivable	Overdue account ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			4,587	1,401,727	0.33%	68,028	1483.10%	5,831	1,525,120	0.38%	98,268	1685.38%
Without recourse factoring (Note 7)			-	3,342,224	-	-	-	-	3,156,992	-	-	-

Note 1: The amount recognized as non-performing loans is in compliance with the "Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". The amount included in overdue accounts for credit cards is in compliance with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.

Note 2: Non-performing loan ratio=non-performing loans/gross loans. Overdue account ratio for credit cards=overdue accounts/balance of accounts receivable.

Note 3: Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards=allowance for doubtful accounts for accounts receivable of credit cards/overdue accounts.

Note 4: For residential mortgage loans, the borrower provides his/her (or spouses) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to a house.

Note 5: Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

Note 6: Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loan, cash card services and small amount of credit loans, and excluding credit card services.

Note 7: Pursuant to the Banking Bureau (5) Letter No. 09850003180 dated August 24, 2009, the amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

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

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation (Note 1)	482,054	94,895	676,574	130,153
Perform in accordance with debt liquidation program and restructuring program (Note 2)	246,444	93,472	311,350	106,063
	728,498	188,367	987,924	236,216

Note 1: The additional disclosure requirement pertaining to way and information disclosure of the total amount of non-performing loan is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09510001270 of FSC dated April 25, 2006.

Note 2: The additional disclosure requirement pertaining to the way and information disclosure of loan in the process of debt liquidation and restructuring program is in accordance with the Explanatory Letter Jin-Guan-Yin (1) No. 09700318940 of FSC dated September 15, 2008.

b. Contract amounts of significant credit risk concentration are as follows:

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2013			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total stockholders' Equity
1	Group A–Air Transportation	$ 5,180,089	11.20
2	Group B–Other Metalworking Machinery Manufacturing	3,684,757	7.97
3	Group C–Computer Manufacturing	3,419,383	7.39
4	Group D–Liquid Crystal Panel and Components Manufacturing	3,262,438	7.05
5	Group E– Ocean Water Transportation	2,665,332	5.76
6	Group F– Iron and Steel Smelting	2,304,716	4.98
7	Group G– Real Estate Development	2,146,790	4.64
8	Company H–Liquid Crystal Panel and Components Manufacturing	2,005,195	4.34
9	Group I – Iron and Steel Smelting	1,812,181	3.92
10	Group J –Other machinery	1,497,500	3.24

(Expressed in Thousands of New Taiwan Dollars, %)

December 31, 2012			
Ranking (Note 1)	Name of Enterprise Group (Note 2)	Total Amounts of Outstanding Loans (Note 3)	Total Amounts of Outstanding Loans / Total stockholders' Equity
1	Group A – Integrated Circuits Manufacturing	$ 5,741,730	12.93
2	Group B – Investment Consulting Industry	4,262,560	9.50
3	Group C – Liquid Crystal Panel and Components Manufacturing	3,408,497	7.68
4	Group D –Other Metalworking Machinery Manufacturing	3,277,670	7.38
5	Group E –Ocean Water Transportation	2,785,332	6.27
6	Group F –Liquid Crystal Panel and Components Manufacturing	2,009,896	4.53
7	Group G –Real Estate Development	2,004,710	4.52
8	Group H –Building Construction	1,869,000	4.21
9	Company I –Real Estate Development	1,597,000	3.60
10	Company J– Real Estate Leasing	1,543,782	3.48

Note 1: Ranking the top ten enterprise groups other than government and government enterprise according to their total amounts of outstanding loans. If an outstanding loan belongs to an enterprise group, the outstanding loan of enterprise group should be categorized and listed in total, and disclosed by "code" plus "industry type" (for example, company (or group) A – Liquid Crystal Panel and Components Manufacturing). If it is an enterprise group, industry type of maximum exposure of the enterprise group should be disclosed. Industry type should be filled in accordance with "Standard Industrial Classification System" of Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

Note 2: Definition of enterprise group is based on the Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Reviews of Securities Listings".

Note 3: Total amounts of credit extensions were various loans (including import negotiations, export negotiations, bills discounted, overdrafts, short-term loans, short-term loans secured, securities financing receivable, mid-term loans, mid-term loan secured, long-term loans, long-term loans secured, and overdue accounts), remittances purchased, advance accounts for factoring receivable, acceptances receivable, and guarantees receivable.

C. Liquidity risk

Liquidity risks include fund liquidity risk and market liquidity risk. Fund liquidity risk happens when the fund supply cannot be sufficiently obtained in an expected period of time leading to a failure of fulfilling the capital need as maturity comes due. Market liquidity risk arises due to the insufficiency in market depth or the disorder which lead to the disposed or written off position held cannot be traded in a reasonable period of time and reasonable price resulting in a significant bid price or significantly discounted put price.

(A) Risk management principle, procedure and assessment

a. Principle

(a) In accordance with cost benefit analysis, the Bank achieves effective liquidity management through appropriate allocation of assets and liabilities on and off the balance sheet.

(b) As to large deposits, large loans, and block trading position of financial instruments, the Bank shall avoid excessive transaction with single client and have appropriate control over such deposits, loans, and block trading position.

(c) The Bank shall maintain smooth financing channels and consider diversity and dispersion of funding resource to ensure the disposal of various assets. For the use of limit, the Bank shall maintain appropriate available balance.

b. Procedure

(a) Liquidity risk management unit includes decision-making unit, supervisory unit (asset and liability committee), and executive unit (departments in charge of deposit and loan products and fund management unit under finance department in the Bank) for liquidity risk management. Supervisory unit appoints institution of general affairs and risk management unit, regularly supervises implementation process of executive unit, and timely monitors supervision of liquidity management indicators. Risk monitoring unit submits quarterly report to the Board of Directors and asset and liability committee to facilitate review and supervision of the state of liquidity management.

(b) Finance department works with risk management segment to establish applicable ratios and limits on liquidity risk indicators, which will be reported to the asset and liability committee and then assessed by the general management with authorization of the Board of Directors.

(c) When liquidity risk exposure exceeds the ratio supervised by liquidity risk indicators, risk management unit draws up a response plan, which will be delivered to the relevant unit for implementation upon reporting to the asset and liability committee for resolution. The asset and liability committee will keep track of enforcement of the plan regularly.

c. Assessment

(a) Set up liquidity risk indicator and warning in order to control adverse element to the liquidity. At the same time, analysis and appropriate measures are made to mitigate the extent of effects.

(b) Use information about the Bank's non-performing credit assets and changes in external ratings addressing asset quality and external indicators as leading indicators for liquidity management to identify the Bank's liquidity risk management.

(c) Assessments are regularly made to the assets and liabilities denominated in major currencies in the balance sheet and the cash inflow, cash outflow and liquidity gap off the balance sheet by different time period.

(B) Maturity analysis for the financial assets and non-derivative liabilities held for liquidity risk management:

a. Financial assets held for liquidity risk management

In order to fulfill the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets with high liquidity were held by the Consolidated Company, including cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, bills discounted and loans, available-for-sale financial assets, held-to-maturity financial assets and investment of debt instruments without active market, etc..

b. Maturity analysis on non-derivative assets and liabilities

The following table illustrates the analysis made on cash outflow of non-derivative financial assets and liabilities of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. While the amounts disclosed in the table are not made based on the consolidated cash flow, certain accounts may differ from the responding accounts in the balance sheet.

c. Maturity analysis on derivative financial assets and financial liabilities by date

(a) Derivative financial instruments settled on a net basis

Derivative financial instruments of the Consolidated Company settled on a net basis include: non-delivery forward, interest rate swap, commodity options and other futures contract.

(b) Derivative financial instruments settled on a gross basis

Derivative financial instruments of the Consolidated Company settled on a gross basis include: FX options, foreign exchange forward contract, cross currency swaps, foreign exchange swaps, asset swap and equity options.

The following table illustrates the maturity analysis on derivative financial instruments settled on a gross and net amount basis of the Consolidated Company by the remaining maturity from the consolidated balance sheet date to the contract expiration date. According to the assessment, the maturities on the contract are the most fundamental element to understand all the derivatives on the consolidated balance sheet. The amounts disclosed in the table are made on the basis of contractual cash flow, therefore, certain disclosed amounts may not be consistent with the corresponding accounts in the consolidated balance sheet.

	December 31, 2013					
	0~30 days	31~90 days	91~180 days	181 days ~1year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	$ 7,332,688	$ -	$ -	$ -	$ -	$ 7,332,688
Due from Central Bank and call loans to other banks	73,813,016	1,860,658	1,768,899	2,126,953	6,049,739	85,619,265
Financial assets at fair value through profit or loss	21,768,391	-	-	-	-	21,768,391
Receivables	7,761,367	2,579,588	1,118,922	865,259	90,731	12,415,867
Bills discounted and loans	49,637,193	39,960,708	18,229,973	30,851,858	263,705,680	402,385,412
Available-for-sale financial assets	728,272	301,531	801,772	452,432	28,755,681	31,039,688
Held-to-maturity financial assets	-	-	-	-	4,955,516	4,955,516
Other financial assets	148,290	276,000	939,740	1,013,315	23,877,747	26,255,092
Other capital inflow upon maturity	1,037,192	-	-	-	270,157	1,307,349
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	27,211,614	34,382,053	13,504,192	5,442,332	1,038,891	81,579,082
Cash outflow	(26,560,855)	(33,660,622)	(13,170,361)	(5,075,987)	(897,000)	(79,364,825)
Net settlement	22,900	39,369	60,828	141,357	210,481	474,935
Total	$ 162,900,068	$ 45,739,285	$ 23,253,965	$ 35,817,519	$ 328,057,623	$ 595,768,460
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	$ 8,777,981	$ 1,335,780	$ 2,820,638	$ 138,081	$ -	$ 13,072,480
Payables	8,816,627	913,306	360,184	109,367	127,137	10,326,621
Deposits and remittances	77,044,534	73,490,429	68,425,543	79,433,851	198,088,602	496,482,959
Bonds payable	-	-	-	-	15,000,000	15,000,000
Other financial liabilities	193,991	509	736	1,001,416	11,706,344	12,902,996
Other capital outflow upon maturity	1,531	-	-	-	7,385	8,916
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(24,020,755)	(27,853,431)	(7,042,421)	(3,917,324)	(911,928)	(63,745,859)
Cash outflow	24,604,544	28,438,694	7,317,860	4,241,965	1,048,880	65,651,943
Net settlement	25,966	34,572	53,945	142,523	216,928	473,934
Total	$ 95,444,419	$ 76,359,859	$ 71,936,485	$ 81,149,879	$ 225,283,348	$ 550,173,990

	December 31, 2012					
	0~30 days	31~90 days	91~180 days	181 days ~1year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	$ 7,017,189	$ -	$ -	$ -	$ -	$ 7,017,189
Due from Central Bank and call loans to other banks	64,836,958	2,172,744	1,170,760	2,202,589	5,140,427	75,523,478
Financial assets at fair value through profit or loss	23,911,667	-	-	-	-	23,911,667
Receivables	6,005,723	2,185,467	900,394	334,967	77,930	9,504,481
Bills discounted and loans	46,489,578	33,278,735	21,843,837	28,302,243	250,817,645	380,732,038
Available-for-sale financial assets	3,018,294	-	651,943	1,572,278	46,936,567	52,179,082
Other financial assets	7,641	-	-	-	16,998	24,639
Other capital inflow upon maturity	337,719	764	5,250	3,836	229,983	577,552
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	26,213,946	26,696,299	15,262,080	5,180,150	3,458,323	76,810,798
Cash outflow	(26,017,696)	(26,497,560)	(15,030,044)	(4,754,304)	(3,368,373)	(75,667,977)
Net settlement	56,363	85,315	123,261	205,203	373,497	843,639
Total	$ 151,877,382	$ 37,921,764	$ 24,927,481	$ 33,046,962	$ 303,682,997	$ 551,456,586
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	$ 8,394,826	$ 1,341,316	$ 2,958,488	$ 375,710	$ -	$ 13,070,340
Payables	6,651,342	740,465	371,342	116,500	114,796	7,994,445
Deposits and remittances	80,313,062	78,663,516	46,109,398	81,457,003	166,858,786	453,401,765
Bonds payable	-	-	-	-	15,000,000	15,000,000
Other financial liabilities	567,505	596	867	1,512	16,177,023	16,747,503
Other capital outflow upon maturity	12,187	-	-	-	6,503	18,690
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(18,094,825)	(24,521,183)	(14,477,063)	(5,113,597)	(3,368,373)	(65,575,041)
Cash outflow	18,269,316	24,692,753	14,700,628	5,546,516	3,455,029	66,664,242
Net settlement	65,333	88,000	124,711	211,236	376,609	865,889
Total	$ 96,178,746	$ 81,005,463	$ 49,788,371	$ 82,594,880	$ 198,620,373	$ 508,187,833

	January 1, 2012					
	0~30 days	31~90 days	91~180 days	181 days ~1year	Over 1 year	Total
Financial assets						
Non-derivative financial instruments						
Cash and cash equivalents	$ 6,418,755	$ -	$ -	$ -	$ -	$ 6,418,755
Due from Central Bank and call loans to other banks	64,683,033	12,407,895	15,268,859	8,066,204	3,656,182	104,082,173
Financial assets at fair value through profit or loss	11,682,838	-	-	-	-	11,682,838
Investments in bills and bonds under resale or bills and bonds payable under repurchase agreements	1,546,544	-	-	-	-	1,546,544
Receivables	5,953,576	2,061,089	1,311,999	483,781	99,860	9,910,305
Bills discounted and loans	30,304,164	31,608,493	18,600,817	26,603,160	246,298,756	353,415,390
Available-for-sale financial assets	457,171	1,148,116	-	-	12,404,459	14,009,746
Held-to-maturity financial assets	-	-	151,450	-	-	151,450
Other financial assets	7,664	-	-	-	19,419	27,083
Other capital inflow upon maturity	529,911	570	3,111	1,574	231,784	766,950
Derivative financial instruments						
Financial assets at fair value through profit or loss						
Gross settlement						
Cash inflow	20,782,035	28,507,859	7,932,655	2,994,086	-	60,216,635
Cash outflow	(20,501,800)	(28,113,203)	(7,662,956)	(2,863,825)	-	(59,141,784)
Net settlement	92,711	192,333	338,225	403,850	776,121	1,803,240
Total	$ 121,956,602	$ 47,813,152	$ 35,944,160	$ 35,688,830	$ 263,486,581	$ 504,889,325
Financial liabilities						
Non-derivative financial instruments						
Due to Central Bank and other banks	$ 2,542,952	$ 1,178,462	$ 2,962,532	$ 396,220	$ -	$ 7,080,166
Payables	6,911,092	701,365	330,429	285,010	21,606	8,249,502
Deposits and remittances	66,448,610	67,179,749	71,029,322	109,597,546	123,641,432	437,896,659
Bonds payable	-	-	147,060	-	15,000,000	15,147,060
Other financial liabilities	273,209	1,451	1,764	1,464	5,548,554	5,826,442
Other capital outflow upon maturity	20,907	-	-	-	5,918	26,825
Derivative financial instruments						
Financial liabilities at fair value through profit or loss						
Gross settlement						
Cash inflow	(20,840,575)	(26,740,185)	(7,209,396)	(2,553,671)	-	(57,343,827)
Cash outflow	21,101,087	27,094,834	7,407,122	2,661,867	21,497	58,286,407
Net settlement	102,242	207,034	364,136	392,199	785,209	1,850,820
Total	$ 76,559,524	$ 69,622,710	$ 75,032,969	$ 110,780,635	$ 145,024,216	$ 477,020,054

Maturity analysis for above deposits and remittances are amortized to each period based on historical experience. Given that all the deposits and remittances have to be paid in the shortest possible time, as of December 31, 2013, December 31, 2012, and January 1, 2012, expenses on period of 0-30 days will increase by $217,521,971, $194,232,981 and $180,627,625, respectively.

(C) Maturity analysis for items off the balance sheet, lease contract and capital expense commitment

Items off the balance sheet, while the client may choose when to make a payment, are classified into the earliest time category.

Lease commitment of the Consolidated Company include operating lease and finance lease.

Operating lease commitment is the total minimum lease payments that the Consolidated Company should make as a lessee or lessor under an operating lease term which is not cancelable.

Financial lease commitment refers to the total future rental payment and the present value that the Consolidated Company as a lessee should make according to the finance lease term, or the total lease investment and the minimum lease payment receivable at present value for a lessor according to the financial lease term.

Capital expenditure commitment of the Consolidated Company refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis on off balance sheet items, lease contract commitment and capital expenditure commitment of the Consolidated Company：

	December 31, 2013			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	$ 2,742,791	$ -	$ -	$ 2,742,791
Unused credit commitment	4,083,754	-	-	4,083,754
Guarantees	31,975,444	-	-	31,975,444
Lease contract commitment				
Operating lease expense (lessee)	384,292	656,147	55,637	1,096,076
Operating income (lessor)	12,647	31,801	-	44,448
Total Finance lease expense (lessee)	2,876	7,352	-	10,228
The present value of finance lease expense (lessee)	2,698	6,873	-	9,571
Total Finance lease income (lessor)	16,896	16,896	-	33,792
The present value of finance lease income (lessor)	15,649	16,445	-	32,094
Capital expenditure commitment	97,244	19,668	-	116,912

	December 31, 2012			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	$ 3,346,178	$ -	$ -	$ 3,346,178
Unused credit commitment	3,674,260	-	-	3,674,260
Guarantees	30,939,198	-	-	30,939,198
Lease contract commitment				
Operating lease expense (lessee)	423,956	586,556	27,720	1,038,232
Operating income (lessor)	10,266	14,768	-	25,034
Total Finance lease expense (lessee)	3,226	9,222	-	12,448
The present value of finance lease expense (lessee)	3,061	8,609	-	11,670
Capital expenditure commitment	60,599	36,258	-	96,857

	January 1, 2012			
	Less than 1 year	1 ~5 years	More than 5 years	Total
Off balance sheet				
Unused loan commitment	$ 2,296,202	$ -	$ -	$ 2,296,202
Unused credit commitment	3,801,459	-	-	3,801,459
Guarantees	36,698,280	-	-	36,698,280
Lease contract commitment				
Operating lease expense (lessee)	444,133	879,382	38,492	1,362,007
Operating income (lessor)	9,269	30,126	163	39,558
Total Finance lease expense (lessee)	5,528	519	-	6,047
The present value of finance lease expense (lessee)	5,326	516	-	5,842
Capital expenditure commitment	66,137	74,913	-	141,050

(D) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

a. Structure analysis of time to maturity (NTD)

December 31, 2013

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	527,023,693	73,672,299	64,757,796	37,239,432	21,524,780	40,258,028	289,571,358
Primary funds outflow upon maturity	517,574,880	16,087,372	31,824,763	62,924,119	61,280,639	71,339,875	274,118,112
Gap	9,448,813	57,584,927	32,933,033	(25,684,687)	(39,755,859)	(31,081,847)	15,453,246

December 31, 2012

(Expressed in Thousands of New Taiwan Dollars)

	Total	0 ~ 10 days	11 ~ 30 days	31 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	494,898,394	71,207,183	61,404,871	29,272,559	22,621,387	39,015,106	271,377,288
Primary funds outflow upon maturity	490,788,434	21,810,964	36,518,223	72,427,359	41,520,487	72,749,371	245,762,030
Gap	4,109,960	49,396,219	24,886,648	(43,154,800)	(18,899,100)	(33,734,265)	25,615,258

Note: The amounts listed above represent the funds denominated in NT dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

b. Structure analysis of time to maturity (USD)

December 31, 2013

(Expressed in Thousands of US Dollars)

	Total	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Primary funds in flow upon maturity	2,023,344	659,567	349,597	164,655	139,708	709,817
Primary funds out flow upon maturity	2,237,998	1,309,883	355,842	229,891	313,016	29,366
Gap	(214,654)	(650,316)	(6,245)	(65,236)	(173,308)	680,451

December 31, 2012

(Expressed in Thousands of US Dollars)

	Total	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Primary funds in flow upon maturity	1,812,957	509,108	402,489	246,334	106,274	548,752
Primary funds out flow upon maturity	1,990,786	1,090,331	284,519	255,793	338,107	22,036
Gap	(177,829)	(581,223)	117,970	(9,459)	(231,833)	526,716

Note: The amounts listed above represent the funds denominated in US dollars for Head Office, domestic branches and offshore banking units.

D. Market risk

Market risks refer to the losses on and off the balance sheet as a result of the change in market price, such as interest rate, exchange rate, equity securities and commodity price. Market risk management is there to identify, evaluate, monitor and report the risks for a purpose of ensuring that market risk of all kinds should be controlled within certain bearable level.

(A) Risk management principle

a. Principle

(a) In order to establish a well-functioning risk management system and sound business development, promote an appropriate risk management-oriented business model, achieve business objectives and enhance shareholder value, the Bank takes the Board-approved risk management policy to completely carry out risk management system and further create stable and high-quality earnings for shareholders.

(b) The Bank has gradually implemented market risk quantification based on the criteria laid down in the established risk management policy and standards. The Bank has also set up mechanisms to evaluate and manage value at risk to optimize capital allocation.

(c) Market risk management is implemented in accordance with "Market Risk Management Standards" and other relevant regulations of the Bank in order to meet operational targets and maintain sound capital adequacy ratio.

(d) The Bank established market risk information system to effectively monitor different limit control, profit and loss assessment, analysis of sensitivity factors, implementation of stress testing and calculation of value at risk in respect of positions of financial instruments held by the Bank. The relevant information will be presented at risk control meeting and the Board meeting for the senior management's reference in determination of strategic decision.

b. Policies and procedures

(a) The Bank has already established an explicit market risk management system based on the risk management policies of the parent Yuanta Financial Holdings. This system includes risk management guidelines, risk management procedures and reasonable risk measurement methods. By implementing market risk management mechanism, the Bank can accurately identify, measure and monitor market risk changes and trends.

(b) Business domain and scope of financial instruments: the Bank established market risk management standards and defined scope of market risk management covering business domain such as foreign exchange trading, money market trading, capital market trading and derivative financial instrument transactions.

(c) The Bank established risk management procedures and took advantage of measurement methods (such as sensitivity analysis, VaR calculation, scenario simulation and stress testing) to require relevant units to set not only trading limits on various financial instruments including position limit, nominal principal limit, and stop-loss limit but also limits of authorization and limit exceeding handling procedures applicable to various limits. To increase transparency of market risk information, risk management unit reviews and submits statement of risk management on a daily basis and performs continuous monitoring and tracking in case of abnormal transactions.

(B) Procedure of market risk management

a. Recognition and measurement

(a) By establishing value at risk (VaR) measurement systems that are tailored to each financial product, the Bank continually strengthens potential loss estimation models and methods, and gradually integrates them into a comprehensive risk management system that thoroughly discloses information, effectively strengthens early warning capabilities, and meets the requirements of the New Basel Capital Accord with regard to risk management quality.

(b) Both business unit and risk management unit have market risk factors for identifying exposed positions so that market risk can be measured accordingly. For interest rate instruments, except for measurement of VaR above, the impact of an interest rate shift on profit and loss is measured using price value of a basis point (DV01). Risk of holding equity securities is monitored by limits on market value and liquidity. The impact of options on the Bank is measured using Delta and Gamma. The Bank also arranges scenario and performs regular stress testing for market risk.

b. Supervision and reporting

According to different business characteristics, the Bank sets up regulations governing risks of various financial instruments to cover procedures of identification, measurement, supervision and reporting. Risk management segment is assigned to keep track of the business unit's compliance.

(a) Daily transactions: the Bank's front office business and risk control of middle office belong to different units and are independent from each other. The risk management segment supervises trading positions of business unit on a daily basis to produce supervision report recording utilization of limits, market value assessment and income statement, exposed positions, and utilization of risk limit for approval of the senior management. The Bank's risk management unit also submits monthly/quarterly reports recording information about enforcement of risk management objectives, control over positions and profit or loss, sensitivity analysis, and state of VaR to audit committee and the Board of Directors for their sufficient knowledge of market risk control.

(b) Exceptional management: the Bank established explicit early-warning and limit exceeding handling procedures, which has been set to stop loss if transactions overrun market risk limit or individual limit due to market changes. Applicants filing exceptional management due to business reasons shall state reasons and handling plans clearly and report to the senior management for approval.

(C) Risk management policies for trading book

The so-called trading book refers to financial instruments and physical instruments held for trading or for hedging trading book position. The so-called positions held for trading mainly refer to positions are held with an intention to earn profit from actual or expected price variance between the purchase price and selling price. Positions not classified as trading book above are banking book positions.

a. Strategy

Various assessments and controls are implemented to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by business unit. In addition, risk limits on each portfolio of trading book are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policies and procedures

The Bank established “Market Risk Management Standards” as a significant control regulation to be followed when holding trading book positions.

c. Evaluation policy

If valuations on various financial instruments of trading book have market values, assessment shall be performed based on independent sources and accessible information at least once a day. For those evaluated by models, the Bank shall carefully adopt mathematical models to perform valuation and regularly review assumptions and inputs used in the evaluation models.

d. Measurement methods

(a) Please refer to Note 12(3)D(E) for assumptions and calculation methods for VaR.

(b) The Bank performs stress testing monthly on the assumptions of the change in interest rate, equity securities, and foreign exchange rate by 1%, 15%~20%, and 3%~5%, respectively, and reports to the senior management.

(D) Risk management for foreign exchange, equity securities, and interest rate is set out below:

a. Interest rate risk management of trading book

(a) Definition of interest rate risk

“Interest rate risk” refers to risk of loss on earnings or change in fair value of trading book position as a result of interest rate movement. Major instruments include interest-rate securities and derivatives.

The Bank’s interest rate risk mainly arises from interest rate swaps, cross currency swap, foreign exchange swap, fixed income transactions, and interest rate futures.

(b) Interest rate risk management procedures for trading book

The Bank carefully chooses underlying investment target through studies of issuer’s credit rating and financial position, state of country risk, and interest rate trends. According to business strategy and market conditions, the Bank sets up trading limit and stop-loss limit on trading book (including limits on trading room, trading representatives, and trading instruments), and reports to the senior management or the Board of Directors for approval.

(c) Measurement methods

a) Please refer to Note12 (3)D(E) for assumptions and calculation methods for VaR.

b) The Bank measures the impact of interest rate risk on investment portfolio by DV01 on a daily basis.

b. Interest rate risk management of banking book

“Interest rate risk of banking book” refers to interest rate risk from banking book position and interest rate risk faced by off-balance sheet transactions which are not classified into trading book.

(a) Strategy

The Bank's interest rate risk management strategy of banking book is used to reduce the negative impact of interest rate movement on future net interest income and net economic value of balance sheet accounts in banking book.

(b) Management process

a) Recognition and measurement

Recognition and measurement of interest rate risk in the banking book shall take account of sources of repricing risk, yield curve risk, basis risk, and characteristics of options, and measure possible impact of interest rate movement on the Bank's earnings and economic value.

b) Supervision and reporting

Risk management segment is responsible for supervision and presenting reports on various interest rate risk management objectives set by the Bank, including relevant risk data in view of earnings, economic value, stability, and concentration at monthly Asset and Liability Management Committee. In case of exceeding risk management objectives or other special circumstances that may significantly affect the Bank's earnings or economic value, the Bank will report to the senior management in advance, adopt appropriate interest rate risk mitigation method, and track effects of improvement.

c) Measurement methods

The Bank estimates the effects on profit or loss/equity on the assumption that the interest rates have parallel shift of +/-200 bps.

(c) Foreign exchange risk management

Foreign exchange risk refers to profit or loss resulted from conversion between two different currencies at different periods. The Bank's foreign exchange risk mainly arises from foreign exchange spot, forward, foreign exchange options and other derivatives business.

a) Policies, procedures, and measurement methods of foreign exchange risk management

To control foreign exchange risk, the Bank sets operating limit and stop-loss limit on trading room and trading representatives. The Bank also established annual maximum loss limit to control the loss within bearable level.

b) Measurement methods

a)) Please refer to Note 12(3)D(E) for assumptions and calculation methods for VaR.

b)) Delta and Vega are used to measure the effect of foreign exchange risk on investment portfolio on a daily basis.

For the Bank's foreign exchange risk, the Bank performs a stress testing on the assumptions of change in exchange rate of major currency by 3%~5% on a monthly basis at least, and reports to the senior management. Relevant details about stress testing are provided in Note 12(3)D(E).

(d) Price risk management of equity securities

The Bank's market risk of holding equity securities includes unique risk arising from market price change of unique equity security and general market risk arising from overall market price change.

The Bank's equity security risk mainly arises from stocks, ETF, funds, and convertible corporate bonds transactions.

a) The purpose of price risk management of equity securities

The purpose of price risk management of equity securities are to avoid material fluctuation that may worsen the Bank's financial position or cause loss on earnings and to expect sound business operation and improved effectiveness of capital utilization.

b) Procedures for price risk management of equity securities

Procedures are used to control equity security risk and set annual maximum loss limit in order to control the loss within bearable level. Besides, for the stop-loss point set for individual share, the Bank is required to handle individual share that has met the stop-loss point in accordance with limit exceeding handling procedures for market risk.

c) Measurement methods

a)) Price risk of equity security is mainly controlled based on VaR. Relevant information is provided in Note12(3)D(E).

b)) Delta is used to measure the impact of equity security risk on investment portfolio on a daily basis.

(E) Valuation techniques of market risk

a. Value at Risk (VaR)

VaR model is used to measure the possible maximum potential losses in investment portfolio as a result of movement in market risk factor in a specified period and confidence level. In terms of trading positions, VaR model is used as a major tool to control the market risk. The Bank currently uses 'confidence level of 99%' for estimating maximum possible losses on trading position of one day (that is VaR (99%, one day)) as a standard to measure market risk.

The Bank performs back testing of VaR modelon an ongoing basis to ensure the model can continuously, reasonably, effectively measure maximum potential losses that may arise from investment portfolio.

	December 31, 2013			December 31, 2012			January 1, 2012		
	Average	Maximum	Minimum	Average	Maximum	Minimum	Average	Maximum	Minimum
Foreign exchange rate	3,508	21,584	31	3,247	16,262	24	5,813	20,971	557
Interest rate	15,484	37,224	906	5,058	23,090	193	4,063	10,051	1,916
Equity securities	14,892	42,824	84	6,883	18,897	380	8,560	19,914	494
Total VaR	26,474	53,103	6,139	13,057	30,522	3,318	12,451	33,457	2,827

b. Stress testing

Except for VaR model, the Bank regularly measures stress loss the Bank may assume in extremely abnormal stress scenario. For setting of stress scenario, the Bank comprehensively considers rationality and possibility of standard scenario, historical scenario and hypothetical scenario to completely assess possible stress loss on positions.

When stress testing exceeds risk tolerance, the Bank shall peruse market risk analysis and risk warning, then execute counter strategy to contain risk within reasonable scope.

(F) As of December 31, 2013, December 31, 2012, and January 1, 2012, the Bank's foreign currency denominated financial instruments whose balances are greater than 5% of the balance of total assets or liabilities are presented based on foreign exchange risk concentration by the carrying amount.

UNIT: In thousands of US Dollars/NT Dollars

	December 31, 2013		December 31, 2012		January 1, 2012	
	USD position	Carrying amount (NT Dollars)	USD position	Carrying amount (NT Dollars)	USD position	Carrying amount (NT Dollars)
Foreign currency denominated financial assets						
Bills discounted and loans	$ 1,526,444	$ 45,717,008	$ 1,426,134	$ 41,551,844	$ 1,113,680	$ 33,733,370
Foreign currency denominated financial liabilities						
Deposits and remittances	$ 1,738,119	$ 52,056,655	$ 1,775,775	$ 51,738,967	$ 1,410,657	$ 42,728,795

Note: As of December 31, 2013, December 31, 2012 and January 1, 2012, USD to TWD exchange rates was 29.95, 29.136, and 30.29, respectively.

(G) Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public banks

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

December 31, 2013

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	Over 1 year	Total
Interest-rate-sensitive assets	396,163,276	15,183,061	1,877,165	84,955,577	498,179,082
Interest-rate-sensitive liabilities	127,782,423	261,270,537	39,412,233	29,148,299	457,613,492
Interest-rate-sensitive gap	268,380,853	(246,087,473)	(37,535,068)	55,807,278	40,565,590
Total equity					45,601,096
Ratio of interest-rate-sensitive assets to liabilities (%)					108.86
Ratio of interest-rate-sensitive gap to equity (%)					88.96

December 31, 2012

(Expressed in Thousands of New Taiwan Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	1 ~ 90 days	91 ~ 180 days
Interest-rate-sensitive assets	376,932,981	13,967,493	5,303,795	68,505,061	464,709,330
Interest-rate-sensitive liabilities	149,791,463	215,811,569	33,626,167	33,584,833	432,814,032
Interest-rate-sensitive gap	227,141,518	(201,844,076)	(28,322,372)	34,920,228	31,895,298
Total equity					43,876,894
Ratio of interest-rate-sensitive assets to liabilities (%)					107.37
Ratio of interest-rate-sensitive gap to equity (%)					72.69

Note 1: The amounts listed above represent the items denominated in NT dollars (i.e., excluding foreign currency) for both head office and domestic branches and overseas branches, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets/interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities)

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

December 31, 2013

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	1 ~ 90 days	91 ~ 180 days
Interest-rate-sensitive assets	1,487,012	167,446	10,052	137,049	1,801,559
Interest-rate-sensitive liabilities	1,478,596	217,990	303,832	-	2,000,418
Interest-rate-sensitive gap	8,416	(50,544)	(293,780)	137,049	(198,859)
Total equity					21,531
Ratio of interest-rate-sensitive assets to liabilities (%)					90.06
Ratio of interest-rate-sensitive gap to equity (%)					(923.59)

December 31, 2012

(Expressed in Thousands of US Dollars, %)

Item	1 ~ 90 days	91 ~ 180 days	181 days ~ 1 year	1 ~ 90 days	91 ~ 180 days
Interest-rate-sensitive assets	1,452,128	195,312	827	4,984	1,653,251
Interest-rate-sensitive liabilities	1,299,317	244,111	331,019	-	1,874,447
Interest-rate-sensitive gap	152,811	(48,799)	(330,192)	4,984	(221,196)
Total equity					17,742
Ratio of interest-rate-sensitive assets to liabilities (%)					88.20
Ratio of interest-rate-sensitive gap to equity (%)					(1,246.74)

Note 1: The above amounts included only USD denominated assets and liabilities of head office, domestic and foreign branches, and the OBU branch, excluding contingent assets and contingent liabilities.

Note 2: Interest-rate-sensitive assets and liabilities are those earning assets, interest bearing liabilities, revenues or costs which are sensitive to changes in interest rates.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets - interest-rate-sensitive liabilities

Note 4: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities (refer to NTD denominated interest-rate-sensitive assets and interest-rate-sensitive liabilities).

(4) Capital risk management

A. The objectives of capital management of the Consolidated Company:

(A) Meeting the minimum regulated capital adequacy ratio is the most basic objective for the qualifying self-owned capital of the financial group controlled by the Consolidated Company. The calculation of qualifying self-owned capital and legal capital should be made in compliance with regulations of competent authorities.

(B) In order to process sufficient capital to assume various risks, the Bank assesses the required capital with consideration of the risk portfolio it faces and the risk characteristic, and manages risk through capital allocation to realize utilization of capital allocation.

(C) Stress testing is performed on a regular basis in compliance with regulations of competent authorities to ensure that the Consolidated Company's capital is sufficient to cover the potential loss from significant adverse events.

B. Capital management procedure:

(A) The Consolidated Company maintains the overall capital adequacy ratio and reports to the competent authorities quarterly in compliance with the regulations from competent authorities' requirements.

(B) Each risk responsible segment, accordingly by using the Consolidated Company's risk management framework in the areas of credit risk, market risk, operational risk, interest rate risk of the banking book, liquidity risk, legal compliance risk and the regulations of competent authorities, to identify, measure, monitor and report the discovery of major risks. In this way, the capital plan of the Consolidated Company indicates the current financial status, and its capital profile shall be applicable to its services and the scope of business.

(C) The objective of capital management of the Bank shall be agreed by the Board of Directors, of which an appropriate capital projection is scheduled by the finance management according to the long-term developing strategies, operating plan and characteristics of assets and liabilities. The consolidated capital adequacy ratio of the Consolidated Company is assessed and calculated by month. The risk management analyses changes in risky assets when necessary to evaluate if the Consolidated Company has sufficient capital for various risk and if it meets the objectives of capital management.

(D) In accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", the Regulatory Capital of the Consolidated Company are classified as Tier 1 Capital and the Tier 2 Capital:

a. The Tier 1 Capital includes common equity Tier 1 and additional Tier 1 capital.

(a) The common equity Tier 1 capital consists of the common equity that reduces intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, unamortized losses on sales of non-performing loans, and the statutory adjustment items calculated in accordance with other rules for calculation methods.

(b) The additional Tier 1 capital consists of the total amount of the non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts and the non-cumulative perpetual preferred stock and its capital stock premium, and the non-cumulative perpetual subordinated debts which are issued by subsidiaries, and are not directly or indirectly held by the Bank reduces the total amount of the deductible items in accordance with the rules for calculation guideline.

b. The range of Tier 2 capital shall include the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation guideline:

(a) The total amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts and non-perpetual preferred stock and its capital stock premium.

(b) When the real estate was recognized under International Financial Reporting Standards for the first time and used the fair value or the re-estimated value as the deemed cost. The difference in amount between the deemed cost and the book value was recognized in retained earnings, the 45% of unrealized gain on available-for-sale financial assets, as well as operational reserves and loan-loss provisions.

(c) The cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, and the non-perpetual preferred stock and its capital stock premiums, which are issued by subsidiaries, and are not directly or indirectly held by the Bank.

The loan-loss provisions included in Tier 2 capital means the amount of the provisions that the bank provided in excess of the expected loss assessed according to historical loss experience.

C. Capital adequacy ratio

As of December 31, 2013, calculation related to capital adequacy ratio is in compliance with "Regulations Governing the Capital Adequacy and Capital Category of Banks" effective for the annual periods beginning on or after January 1, 2013 and is shown as follows:

			December 31, 2013
Eligible Capital	Common Equity Tier 1		43,367,166
	Additional Tier 1 Capital		-
	Tier 2 Capital		11,649,461
	Eligible Capital		55,016,627
Total risk-weighted assets	Credit risk	Standardized Approach	396,135,491
		Internal Ratings- Based Approach	-
		Securitization	-
	Operational risk	Basic Indicator Approach	-
		Standardized Approach / Alternative Standardized Approach	15,150,838
		Advanced Measurement Approach	-
	Market risk	Standardized Approach	14,523,300
		Internal Models Approach	-
	Total risk-weighted assets		425,809,629
Capital adequacy ratio			12.92%
Common Equity Tier 1 Ratio			10.18%
Tier 1 Risk-based Capital Ratio			10.18%
Leverage Ratio			5.13%

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

Note 2: The relevant formulas are as follows:

1. Eligible capital = Common Equity + Additional Tier 1 Capital + Tier 2 Capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Common Equity Tier 1 Ratio＝Common Equity Tier 1/Total risk-weighted assets
5. Tier 1 Risk-based Capital Ratio＝(Common Equity Tier 1+ additional Tier 1 Capital)/Total risk-weighted assets
6. Leverage Ratio= Tier 1 Capital / Exposure Measurement。

As of December 31, 2012, calculation related to capital adequacy ratio is in compliance with previous "Regulations Governing the Capital Adequacy and Capital Category of Banks" and is shown as follows:

<table>
<tr><td colspan="3"></td><td>December 31, 2012</td></tr>
<tr><td rowspan="4">Eligible Capital</td><td colspan="2">Tier 1 Capital</td><td>41,959,763</td></tr>
<tr><td colspan="2">Tier 2 Capital</td><td>14,463,214</td></tr>
<tr><td colspan="2">Tier 3 Capital</td><td>-</td></tr>
<tr><td colspan="2">Eligible Capital</td><td>56,422,977</td></tr>
<tr><td rowspan="9">Total risk-weighted assets</td><td rowspan="3">Credit risk</td><td>Standardized Approach</td><td>357,324,695</td></tr>
<tr><td>Internal Ratings- Based Approach</td><td>-</td></tr>
<tr><td>Securitization</td><td>-</td></tr>
<tr><td rowspan="3">Operational risk</td><td>Basic Indicator Approach</td><td>-</td></tr>
<tr><td>Standardized Approach / Alternative Standardized Approach</td><td>12,724,888</td></tr>
<tr><td>Advanced Measurement Approach</td><td>-</td></tr>
<tr><td rowspan="2">Market risk</td><td>Standardized Approach</td><td>16,003,613</td></tr>
<tr><td>Internal Models Approach</td><td>-</td></tr>
<tr><td colspan="2">Total risk-weighted assets</td><td>386,053,196</td></tr>
<tr><td colspan="3">Capital adequacy ratio</td><td>14.62%</td></tr>
<tr><td colspan="3">Tier 1 Risk-based Capital Ratio</td><td>10.87%</td></tr>
<tr><td colspan="3">Tier 2 Risk-based Capital Ratio</td><td>3.75%</td></tr>
<tr><td colspan="3">Tier 3 Risk-based Capital Ratio</td><td>-</td></tr>
<tr><td colspan="3">Stockholders' equity/Total assets</td><td>6.31%</td></tr>
<tr><td colspan="3">Leverage Ratio</td><td>7.94%</td></tr>
</table>

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

Note 2:The relevant formulas are as follows:

1. Eligible capital = Tier 1 capital + Tier 2 capital + Tier 3 capital
2. Total risk-weighted assets = credit risk-weighted assets + (operational risk + market risk) * 12.5
3. Capital adequacy ratio = Eligible capital / Total risk-weighted assets
4. Tier 1 Risk-based Capital Ratio = Tier 1 capital / Total risk-weighted assets
5. Tier 2 Risk-based Capital Ratio = Tier 2 capital / Total risk-weighted assets
6. Tier 3 Risk-based Capital Ratio = Tier 3 capital / Total risk-weighted assets
7. Stockholders' equity to total assets ratio = Shareholder's equity/Total assets
8. Leverage ratio = Tier 1 capital / averaged assets after adjustments (average assets - tier 1 capital - goodwill - unamortized loss on sale of non-performing loans and amounts should be deducted from the tier 1 capital pursuant to "calculation method and table of self-owned capital and risk-weighted assets"

(5) Content and amount of investment trust business in accordance with Trust Enterprise Act

In accordance with Article 17 of the Trust Enterprise Act, the Bank discloses its trust balance sheet, trust income statement and schedule of trust property as follows:

Trust Balance Sheet
December 31, 2013

Trust assets		Trust liabilities	
Bank deposits	$ 2,626,832	Payable - Customers' securities under custody	$ 27,625,851
Stocks	7,948,452	Pecuniary trust	59,239,023
Funds (Note 1)	49,643,097	Securities trust	5,019,099
Bonds	5,632,962	Real estate trust	8,910,971
Real estate	8,417,277	Monetary claim trust and the related security interests (Note 2)	453,140
Customers' securities under custody	27,625,851		
Others	451,280	Money market fund	656,417
		Net income	119,856
		Accumulated deficit	321,394
Total trust assets	$ 102,345,751	Total trust liabilities	$ 102,345,751

Trust Balance Sheet
December 31, 2012

Trust assets		Trust liabilities	
Bank deposits	$ 2,478,187	Payable - Customers' securities under custody	$ 28,536,901
Stocks	8,886,106	Pecuniary trust	57,267,018
Funds (Note1)	50,179,902	Securities trust	6,163,979
Bonds	3,010,936	Real estate trust	6,324,292
Real estate	6,178,803	Monetary claim trust and the related security interests (Note 2)	453,140
Customers' securities under custody	28,536,901		
Others	451,280	Mutual fund	578,749
		Net income	77,521
		Accumulated deficit	320,515
Total trust assets	$ 99,722,115	Total trust liabilities	$ 99,722,115

Note1: Includes mutual funds in money market.
Note2: Including financial assets securitization.

Trust Income Statement

For the year ended December 31, 2013			For the year ended December 31, 2012		
Trust revenue:			Trust revenue:		
Interest income	$	19,352	Interest income	$	18,807
Rental income		6,097	Rental income		26,145
Investment income		27,382	Investment income		29,248
Dividend revenue		92,349	Dividend revenue		58,852
Gain on property trade		9,091			
		154,271			133,052
Trust expenses:			Trust expenses:		
Management fees		19,407	Management fees		32,348
Tax expenses		9,277	Tax expenses		7,342
Service fee expense		4	Service fee expense		330
Loss on investment		116	Loss on investment		14,028
Insurance		2,246			
Loss on property trade		1,775			
		32,825			54,048
Income before income tax		121,446	Income before income tax		79,004
Income tax expense	(	1,590)	Income tax expense	(	1,483)
Net income	$	119,856	Net income	$	77,521

Schedule of Trust Property

December 31, 2013			December 31, 2012		
Invested items		Book value	Invested items		Book value
Bank deposits	$	2,626,832	Bank deposits	$	2,478,187
Stocks		7,948,452	Stocks		8,886,106
Funds		49,643,097	Funds		50,179,902
Bonds		5,632,962	Bonds		3,010,936
Real estate- land		8,417,277	Real estate- land		6,178,803
Customers' securities under custody		27,625,851	Customers' securities under custody		28,536,901
Others		451,280	Others		451,280
	$	102,345,751		$	99,722,115

Foreign currency pecuniary trust operated by the Offshore Banking Unit (OBU) as of September 30, 2013 and 2012 was included in the trust balance sheet and schedule of trust property.

(6) Cross-selling marketing strategies implemented between the Consolidated Company, the Yuanta Financial Holding Co. and its subsidiaries

A. In order to achieve the integrated benefit for financial holding company, the Group adopts the cross-selling marketing approach to take advantage of the operation channels, branches and staff to satisfy various needs of the clients, to increase the Group's sales performance and to enhance cost-saving efficiency. The cross-selling marketing approach was conducted in conformance with "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to regulate the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries, to ensure clients' rights.

B. Information exchange

As the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach; such entities should comply with Article 11 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to disclose, transfer or exchange client information. Details of the rules are as follows:

(A) Transaction information and other related information shall be based on clients' written agreement and cannot be gathered or utilized outside the permitted range;

(B) Once the clients cease to permit the exchange of their personal information, transaction information and other related information, the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries shall stop using the information immediately.

C. Common use of operation facilities or place

As the Consolidated Company, the Yuanta Financial Holdings Co. and its subsidiaries or other third parties adopted cross-selling marketing approach, such entities should comply with Article 3 of "Yuanta Financial Holdings Company Group Cross-selling Marketing Rules" to apply for approval from the Financial Supervisory Commission of the Executive Yuan and should comply with Articles 6 and 8 of the Rules for the scope and method in adopting cross-selling business.

There was no major common business marketing and information exchanged as of December 31, 2013.

(7) Profitability

(%)

Items		For the year ended December 31, 2013	For the year ended December 31, 2012
Return on total assets	Before tax	0.59	0.45
	After tax	0.53	0.39
Return on equity	Before tax	7.52	6.43
	After tax	6.73	5.54
Net profit margin ratio		32.58	25.81

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

13. Other disclosure items

(1.) Related information on material transaction items:

A. Information regarding stock of long-term equity investment for which the purchase or sale amount for the period exceeded $300 million or 10% of the Bank's paid-in capital: None.

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

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

D. Information regarding receivables from related parties exceeding $300 million or 10% of the Bank's paid-in capital:

The company listed Current income tax assets	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2013	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
Yuanta Commercial Bank Co., Ltd.	Yuanta Financial Holdings Co., Ltd.	Parent Company	2,817,474(Note)	-	-	-	-	-

Note: Income tax refundable arising from filing consolidated income tax returns.

E. Information regarding selling non-performing loans:

(A) Summary of selling non-performing loans as of December 31, 2013:

Expressed in Thousands of New Taiwan Dollars

Transaction date	Counterparty	Constituents of creditor's right	Book value (Note 1)	Sale price	Gain (loss) on disposal	Additional terms	Relationship between counterparty and the Bank
2013.12.30	GOLDMANSACHS LENDINGPARTNERSLLC.	Corporate loans-bad debts expense	$ -	$ 39,084	$ 39,084	None	None

Note 1：The book value measured at loans originated by the entity, less allowance for credit losses.

(B) Sale of non-performing loans for which the amount exceeded NT$1 billion (excluding sale to related parties)：None

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

G. Significant transactions between parent company and subsidiaries

Significant transactions between parent company and subsidiaries Information for the year ended December 31, 2013:

No. (Note1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Accounts Receivable	39,069	No significant difference from general customers	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Deposits and remittances	46,946	〃	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Service fee and commission income	415,830	〃	4.44%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Interest expense	271	〃	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Accounts Receivable	286	〃	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Deposits and remittances	10,007	〃	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Service fee and commission income	5,686	〃	0.06%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Interest expense	64	〃	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interests payable	37	〃	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	210,544	〃	0.04%
0	Yuanta Bank	Yuanta International Leasing	1	Other liabilities	3	〃	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Other liabilities	4	〃	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Service fee and commission income	4	〃	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	3,917	〃	0.04%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Cash	46,946	〃	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Accrued expense	39,069	〃	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Interest income	271	〃	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Service fee and commission expense	415,830	〃	4.44%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Cash	10,007	〃	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Accrued expense	286	〃	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Interest income	64	〃	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Service fee and commission expense	5,686	〃	0.06%

No. (Note1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
3	Yuanta International Leasing	Yuanta Bank	2	Cash	210,544	No significant difference from general customers	0.04%
3	Yuanta International Leasing	Yuanta Bank	2	Other receivables	37	〃	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Interest income	3,917	〃	0.04%
3	Yuanta International Leasing	Yuanta Bank	2	Other assets	3	〃	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other assets	4	〃	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Other general and administrative expenses	4	〃	0.00%

Significant transactions between parent company and subsidiaries Information for the year ended December 31, 2012:

No. (Note1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Accounts Receivable	21,847	No significant difference from general customers	0.00%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Deposits and remittances	62,855	〃	0.01%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Service fee and commission income	342,095	〃	4.29%
0	Yuanta Bank	Yuanta Life Insurance Agent	1	Interest expense	267	〃	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Accounts Receivable	281	〃	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Deposits and remittances	11,053	〃	0.00%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Service fee and commission income	6,282	〃	0.08%
0	Yuanta Bank	Yuanta Property Insurance Agent	1	Interest expense	63	〃	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Interests payable	92	〃	0.00%
0	Yuanta Bank	Yuanta International Leasing	1	Deposits and remittances	599,679	〃	0.11%
0	Yuanta Bank	Yuanta International Leasing	1	Interest expense	240	〃	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Cash	62,855	〃	0.01%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Accrued expense	21,847	〃	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Interest income	267	〃	0.00%
1	Yuanta Life Insurance Agent	Yuanta Bank	2	Service fee and commission expense	342,095	〃	4.29%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Cash	11,053	〃	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Accrued expense	281	〃	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Interest income	63	〃	0.00%
2	Yuanta Property Insurance Agent	Yuanta Bank	2	Service fee and commission expense	6,282	〃	0.08%
3	Yuanta International Leasing	Yuanta Bank	2	Cash	599,679	〃	0.11%
3	Yuanta International Leasing	Yuanta Bank	2	Other receivables	92	〃	0.00%
3	Yuanta International Leasing	Yuanta Bank	2	Interest income	240	〃	0.00%

Note 1: The numbers in the No. column represent as follows:

1. 0 for the parent company
2. According to the sequential order, subsidiaries are numbered from 1.

Note 2: There are three types of relationships with the counterparties and they are labeled as follows:

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

H. Other significant transactions that may affect the decisions made by financial statement users: None.

(2) Information on the subsidiaries regarding fund lent to others, endorsement or guarantee provided, securities held at the end of the period, accumulative transaction amount on the same securities for more than 300 million, a transaction or engagement in derivative instrument which is equivalent to 10% of paid-in capital:

1. Funds lent to other: None

2. Endorsements and guarantees provided for others: None

3. Securities held at the end of period:

Information on the subsidiaries regarding securities held as of December 31, 2013:

(Expressed in Thousands of New Taiwan Dollars)

Name of company which holds securities	Category and name of securities (or name of issuer of securities)	Relationship between issuer of securities and the company	Account	As of December 31, 2013 Number of shares (In thousands)	Book value	Percentage of ownership (%)	Market value	Note
Yuanta International Life Insurance Agent Co., Ltd.	Government bonds: 100 A9 Central Government Construction Bond	-	Available-for-sale financial assets	-	$ 973	-	$ 973	Note
	102 A3 Central Government Construction Bond	-	Available-for-sale financial assets	-	913	-	913	Note
					$ 1,886		$ 1,886	
Yuanta Property Insurance Agent	Government bonds: 100 A9 Central Government Construction Bond	-	Available-for-sale financial assets	-	$ 389	-	$ 389	Note

(Note) Pledged for operating guarantee deposits.

4. Information regarding stocks of equity investment for which the purchase or sale amount for the period exceeded $300 million or 10% of the Bank’s paid-in capital: None.

5. Information of derivative instrument transactions: None.

(3) Information regarding reinvested business and consolidated stock holdings

Expressed in Thousands of New Taiwan Dollars

Name of the Investee	Investee Location	Investee's main operations	Percentage of ownership (%) at the end of current period	Carrying value of investments	Investment income recognized by the Bank for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties: Number of ready shares	Number of pro-forma shares	Total: Number of shares	Total: Percentage of ownership (%)	Note
Yuanta International Leasing Co., Ltd.	7F., No.69, Baoqing Rd., Taipei , Taiwan	Agency and leasing business of real estate and movables	100	$ 600,816	$ 1,031	60,000	-	60,000	100	
Yuanta International Life Insurance Agent Co., Ltd.	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Life insurance agency	100	44,844	30,892	300	-	300	100	
Yuanta Property Insurance Agent Ltd.	10F., No. 66, Sec. 1, Dunhua S. Rd., Taipei, Taiwan	Property insurance agency	100	9,461	3,177	-	-	Note 2	100	

Note 2: It is a limited company.

(4) Investments in People's Republic of China: None.

14. Segment information:

(1) General information

In accordance with the IAS 8 as endorsed by the FSC, the overall performance of the operating segments is reviewed by the Board of Directors on a regular basis to determine the distribution of resources and to assess the results. All reportable segments determined by the Consolidated Company meet the disclosure requirements of IFRS 8 as endorsed by the FSC.

The Consolidated Company has a global market, comprising four major business segments; there was no change in the reporting segments during the period.

A. Corporate finance: General corporate loans, policy finance, guarantees and acceptances, receivables finance and small and medium enterprise loans, etc.

B. Consumer finance: Mortgage loans, auto loans, consumer loans and credit cards, etc.

C. Wealth management: The segment consolidates deposits, wealth management, trust business and various financial products, and provides clients with tailor-made recommendations and advice according to their asset portfolio and financial position.

D. Financial trading: Investing in and handling of foreign exchange and fixed income product, securities and other derivatives.

(2) The income sources and service types of each reporting segment

A. Measurement of the profit and loss and assets and liabilities of operating segments

The Consolidated Company's measurement principles of profit and loss and assets and liabilities of operating segments are consistent with significant accounting policies stated in Note 4, and the measurement of profit and loss performance is based on pre-tax profit and loss.

In order to create a fair and reasonable evaluation system, the funding among segments is regarded as a lending to the third party and interest incomes and expenses should be calculated according to internal funding rates which refer to market conditions. Incomes and expenses among internal segments shall be offset in the financial reports published.

Incomes and expenses attributable to each operating segments shall be classified as profits or losses of the segment; the indirect expenses that are not attributable to any segment and back office expenses should be reasonably allocated to operating segments. Expenses that cannot be reasonably allocated should be listed under "other segments".

B. Recognition element for reporting segment

The performance appraisal for the Consolidated Company's reporting segments based on specific performance indicators which are reviewed and evaluated by the management on a regular basis is a reference for resource allocation.

(3) Information about segment profit or loss, assets and liabilities

Unit: Expressed in Thousands of New Taiwan Dollars

2013

	Segment Information					
	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income (loss)	$ 2,604,837	$ 1,551,034	$ 1,445,121	($ 40,526)	$ 554,961	$ 6,115,427
Net service fee and commission income (loss)	357,692	88,934	1,192,756	(4,557)	54,560	1,689,385
Other operating income (Note)	533,598	44,369	201,943	376,191	372,861	1,528,962
Operating expenses	1,076,511	832,585	2,351,725	114,728	863,951	5,239,500
Other significant non-cash accounts						
Gains on reversal of asset impairment	-	-	-	-	34,819	34,819
Bad debts expense and guarantee liability provision	(1,061,134)	341,039	-	(328)	52	(720,371)
Segmental profit before tax	$ 1,358,482	$ 1,192,791	$ 488,095	$ 216,052	$ 153,302	$ 3,408,722
Total segment assets	$ 257,310,919	$146,697,732	$ 10,996,117	$ 17,138,783	$ 166,226,458	$ 598,370,009
Total segment liabilities	$ 3,388,533	$ 477,645	$515,555,196	$ 3,723,424	$ 28,979,262	$ 552,124,060

Unit: Expressed in Thousands of New Taiwan Dollars

2012

Segment Information

	Corporate finance	Consumer finance	Wealth management	Financial trading	Other segments	Consolidated
Net interest income	$ 2,482,546	$ 1,493,258	$ 1,291,693	$ 220,118	$ 273,577	$ 5,761,192
Net service fee and commission income (loss)	347,215	71,154	918,792	(6,067)	130,503	1,461,597
Other operating income (loss) (Note)	268,799	42,135	158,070	(100,891)	383,382	751,495
Operating expenses	1,097,139	869,216	2,187,972	142,717	812,734	5,109,778
Other significant non-cash accounts						
Gains on reversal of asset impairment	-	-	-	-	5,346	5,346
Bad debts expense and guarantee liability provision	(788,344)	312,430	-	-	(4,876)	(480,790)
Segmental profit (loss) before tax	$ 1,213,077	$ 1,049,761	$ 180,583	($ 29,557)	($ 24,802)	$ 2,389,062
Total segment assets	$ 252,018,913	$129,783,793	$ 10,428,624	$ 22,965,718	$139,170,499	$554,367,547
Total segment liabilities	$ 2,461,010	$ 438,410	$477,204,604	$ 1,044,923	$ 28,824,775	$509,973,722

Note: It includes net gain (loss) on financial assets and liabilities at fair value through profit or loss, net realized gain (loss) on available-for-sale financial assets, net foreign exchange gain (loss) and other non-interest income.

(4) Information on products

The Consolidated Company's information on products is consistent with its segment information. Please refer to Note 14(3).

(5) Geographical information

The Consolidated Company primarily provides its services within Taiwan region.

(6) Major customer information

The Consolidated Company has no "major client" with which the revenues from transactions with a single external customer amount to 10% or more of its net income.

15. First-time adoption of IFRSs

These consolidated financial statements are the first consolidated financial statements prepared by the Consolidated Company in accordance with the IFRSs. The Consolidated Company has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions selected by the Consolidated Company, exceptions to the retrospective application of IFRSs in relation to first-time adoption of IFRSs, and how it affects the Consolidated Company's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions selected by the Consolidated Company

A. Business combinations

The Consolidated Company has selected not to apply the requirements in IFRS 3, 'Business Combinations', retrospectively to business combinations that occurred prior to the date of transition to IFRSs ("the transition date").

B. Employee benefits

The Consolidated Company has selected to recognize all cumulative actuarial gains and losses relating to all employee benefit plans in "retained earnings" at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, "Employee Benefits", based on their prospective amounts for financial periods from the transition date.

C. Designation of previously recognized financial instruments

The consolidated company selected to designate financial assets at cost as available-for-sale financial assets

D. Share-based payment transactions

The Consolidated Company has selected not to apply IFRS 2, 'Share-based Payment', retrospectively to the share-based payment transactions that were vested or settled prior to the conversion date.

(2) Exemptions of IFRS 1 that are compulsorily not retrospectively applicable for the Consolidated Company are set out as follows:

A. Accounting estimates

The estimates made by the Consolidated Company at the transition date according to the IFRSs as endorsed by the FSC, after being adjusted with any accounting policy differences, should be consistent with the estimates made according to R.O.C. GAAP prior to the conversion date.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, "Financial Instruments: Recognition and Measurement" shall be applied prospectively to transactions occurring on or after January 1, 2004.

(3) Requirement to reconcile from R.O.C.GAAP to IFRSs at the time of first-time adoption of IFRSs

IFRS 1 requires that an entity should prepare reconciliations for consolidated balance sheets, consolidated statements of comprehensive income and consolidated statement of cash flows for the comparative periods. Reconciliations for consolidated balance sheets and consolidated statements of comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs are shown below:

A. Consolidated balance sheet reconciliation statement as at January 1, 2012

R.O.C. GAAP			The IFRSs as endorsed by FSC		
Account	Amount	Adjustments	Amount	Account	Note
Cash and cash equivalents	$ 6,335,358	$ 83,397	$ 6,418,755	Cash and cash equivalents	(a)
Due from Central Bank and call loans to banks	104,082,173	-	104,082,173	Due from Central Bank and call loans to other banks	
Financial assets at fair value through profit or loss – net	14,569,643	(83,397)	14,486,246	Financial assets at fair value through profit or loss-net	(a)
Investments in notes and bonds under resale agreements	1,546,544	-	1,546,544	Investments in bills and bonds under resale agreements	
Receivables – net	12,535,440	(2,772,444)	9,762,996	Receivables – net	(d)
	-	2,772,444	2,772,444	Current income tax assets	(d)
Bills discounted and loans – net	348,783,971	-	348,783,971	Bills discounted and loans – net	
Available-for-sale financial assets – net	13,245,099	764,647	14,009,746	Available-for-sale financial assets – net	(b),(c)
Held-to-maturity financial assets	151,450	-	151,450	Held-to-maturity financial assets	
Other financial assets – net	431,978	(424,314)	7,664	Other financial assets – net	(c)
Property, plant and equipment - net	2,560,170	-	2,560,170	Property and equipment – net	
	-	147,167	147,167	Investment property- net	(e)
Intangible assets	2,326,540	-	2,326,540	Intangible assets – net	
Deferred income tax assets– net	350,015	93,531	443,546	Deferred income tax assets – net	(f),(h),(i),(o)
Other assets – others	1,155,692	(153,891)	1,001,801	Other assets – net	(e),(i)
TOTAL ASSETS	$ 508,074,073	$ 427,140	$ 508,501,213	TOTAL ASSETS	
Due to Central Bank and other banks	$ 7,080,166	$ -	$ 7,080,166	Due to Central Bank and other banks	
Financial liabilities at fair value through profit or loss – net	2,734,648	-	2,734,648	Financial liabilities at fair value through profit or loss	
Payables	8,363,443	(113,941)	8,249,502	Payables	(b),(g),(h)
	-	295,150	295,150	Current income tax liabilities	(g),(i),(o)
Deposits and remittances	437,896,659	-	437,896,659	Deposits and remittances	
Financial debentures payable	15,147,060	-	15,147,060	Financial debentures payable	
Other financial liabilities	5,826,442	-	5,826,442	Other financial liabilities	
Accrued pension liabilities	127,551	(127,551)	-		(i)
	-	636,909	636,909	Provisions	(i),(j)
	-	105,284	105,284	Deferred income tax liabilities	(c),(f),(k),(o)
Other liabilities	792,095	(210,768)	581,327	Other liabilities	(h),(i),(j),(k)
TOTAL LIABILITIES	477,968,064	585,083	478,553,147	TOTAL LIABILITIES	
Common stock				Share capital	
Common stock	25,108,131	-	25,108,131	Common stock	
Additional paid-in capital	2,850,363	-	2,850,363	Additional paid-in capital	
Retained earnings				Retained earnings	
Legal reserve	528,484	-	528,484	Legal reserve	
Special reserve	22	-	22	Special reserve	
Unappropriated earnings	1,706,399	(388,211)	1,318,188	Unappropriated earnings	(h),(i),(l),(o)
Other stockholders' equity	(87,390)	230,268	142,878	Other equity	(c),(i),(l)
TOTAL STOCKHOLDERS' EQUITY	30,106,009	(157,943)	29,948,066	TOTAL EQUITY	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 508,074,073	$ 427,140	$ 508,501,213	TOTAL LIABILITIES AND EQUITY	

B. Consolidated balance sheet reconciliation statement as at December 31, 2012

R.O.C. GAAP			The IFRSs as endorsed by FSC		
Account	Amount	Adjustments	Amount	Account	Note
Cash and cash equivalents	$ 6,913,350	$ 103,839	$ 7,017,189	Cash and cash equivalents	(a)
Due from Central Bank and call loans to banks	75,523,478	-	75,523,478	Due from Central Bank and call loans to other banks	
Financial assets at fair value through profit or loss – net	26,023,007	(103,839)	25,919,168	Financial assets at fair value through profit or loss-net	(a)
Receivables – net	12,171,396	(2,777,424)	9,393,972	Receivables – net	(b),(d)
	-	2,878,060	2,878,060	Current income tax assets	(d)
Bills discounted and loans – net	375,712,974	-	375,712,974	Bills discounted and loans – net	
Available-for-sale financial assets – net	51,501,159	677,923	52,179,082	Available-for-sale financial assets – net	(b),(c)
Other financial assets – net	431,955	(424,314)	7,641	Other financial assets – net	(c)
Property, plant and equipment - net	2,372,459	-	2,372,459	Property and equipment – net	
	-	234,390	234,390	Investment property- net	(e)
Intangible assets	2,184,964	-	2,184,964	Intangible assets – net	
Deferred income tax assets– net	97,111	97,067	194,178	Deferred income tax assets – net	(f),(h),(i),(o)
Other assets – others	989,274	(239,282)	749,992	Other assets – net	(e),(i)
TOTAL ASSETS	$ 553,921,127	$ 446,420	$ 554,367,547	TOTAL ASSETS	
Due to Central Bank and other banks	$ 13,070,340	$ -	$ 13,070,340	Due to Central Bank and other banks	
Financial liabilities at fair value through profit or loss – net	1,977,281	-	1,977,281	Financial liabilities at fair value through profit or loss	
Payables	8,221,041	(226,596)	7,994,445	Payables	(b),(g),(h)
	-	332,460	332,460	Current income tax liabilities	(g),(i),(o)
Deposits and remittances	453,401,765	-	453,401,765	Deposits and remittances	
Financial debentures payable	15,000,000	-	15,000,000	Financial debentures payable	
Other financial liabilities	16,747,503	-	16,747,503	Other financial liabilities	
Accrued pension liabilities	172,611	(172,611)	-		(i)
	-	670,381	670,381	Provisions	(i),(j)
	-	119,218	119,218	Deferred income tax liabilities	(c),(f),(k),(o)
Other liabilities	836,092	(175,763)	660,329	Other liabilities	(h),(i),(j),(k)
TOTAL LIABILITIES	509,426,633	547,089	509,973,722	TOTAL LIABILITIES	
Common stock				Share capital	
Common stock	34,963,315	-	34,963,315	Common stock	
Additional paid-in capital	6,116,883	-	6,116,883	Additional paid-in capital	
Retained earnings				Retained earnings	
Legal reserve	1,040,404	-	1,040,404	Legal reserve	
Special reserve	72,797	-	72,797	Special reserve	
Unappropriated earnings	2,086,915	(447,170)	1,639,745	Unappropriated earnings	(b),(h),(i),(l),(o)
Other stockholders' equity	214,180	346,501	560,681	Other equity	(b),(c),(i),(l)
TOTAL STOCKHOLDERS' EQUITY	44,494,494	(100,669)	44,393,825	TOTAL EQUITY	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 553,921,127	$ 446,420	$ 554,367,547	TOTAL LIABILITIES AND EQUITY	

C. Reconciliation for consolidated statement of comprehensive income for the year ended December 31, 2012:

R.O.C. GAAP			The IFRSs as endorsed by FSC		
Account	Amount	Adjustments	Amount	Account	Note
Interest income	$ 9,481,370	($ 305,732)	$ 9,175,638	Interest income	(m)
Less: Interest expense	(3,470,167)	55,721	(3,414,446)	Less: Interest expense	(n)
Net interest income	6,011,203	(250,011)	5,761,192	Net interest income	
Net non-interest income				Net non-interest income	
Net service fee and commission income	1,464,398	(2,801)	1,461,597	Net service fee and commission income	(h)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	1,069,767	305,732	1,375,499	Gain (loss) on financial assets and financial liabilities at fair value through profit or loss	(m)
Net realized gain on available-for-sale financial assets	39,500	53,666	93,166	Realized gain on available-for-sale financial assets	(b),(c),(l)
Net foreign exchange (loss) gain	(815,250)	-	(815,250)	Foreign exchange gain (loss)	
Gain on reversal of asset impairment -net	5,346	-	5,346	Asset impairment losses recovery	
Other non-interest income	141,483	(43,403)	98,080	Other non-interest income	(c),(e)
Net income	7,916,447	63,183	7,979,630	Net income	
Bad debts expense and gain on recovered bad debts	(480,790)	-	(480,790)	Bad debts expense and guarantee liability provision	
Operating expenses				Operating expenses	
Personnel expenses	(2,776,666)	(42,819)	(2,819,485)	Employee benefit expense	(i),(n)
Depreciation and amortization	(497,406)	(2,951)	(500,357)	Depreciation and amortization	(e)
Other general and administrative expenses	(1,789,953)	17	(1,789,936)	Other general and administrative expenses	(e)
Income from continuing operations before income tax	2,371,632	17,430	2,389,062	Income from continuing operations before income tax	
Income tax expense	(284,717)	(44,920)	(329,637)	Income tax expense	(h),(i),(o)
Net Profit	$ 2,086,915	($ 27,490)	2,059,425	Net Profit	
				Other comprehensive income	
			420,433	Unrealized gain or loss on available-for-sale financial assets	(b),(c),(l),(p)
			(37,915)	Actuarial gains and losses of defined benefit plan	(i)
			3,816	Income tax relating to components of other comprehensive income	(c),(i)
			386,334	Other comprehensive income (loss) (net of tax)	
			$ 2,445,759	Total comprehensive income	

Reasons for reconciliation are outlined below:

(1) According to the R.O.C. GAAP, margin deposited for futures trading shall be recognized as "financial assets at fair value through profit or loss- net". However, according to IAS 7, "Statement of Cash Flow", the excess margin that may be withdrawn with regard to the margin call from the futures trading is considered "cash and cash equivalents". As a result, amounts of $83,397 and $103,839 shall be reclassified to "cash and cash equivalents" on January 1, 2012 and December 31, 2012.

(2) According to the R.O.C. GAAP, stocks and bonds may adopt trade date accounting or settlement date accounting, respectively. However, according to IAS No. 39 "Financial Instruments: Recognition and Measurement", financial assets of the same classification shall apply for the consistent accounting treatment. As a result, bond trading replaced settlement date accounting with trade date accounting, which resulted in "Available-for-sale financial assets-net" and "Payables" increasing by both $98,857 on January 1, 2012, and

"Available-for-sale financial assets-net", "Payables" and "Other equity" decreasing by $100,674, $38 and $592, respectively, and "Receivables-net" and "Unappropriated retained earnings" increasing by $100,636 and $592, respectively, on December 31, 2012. In addition, the effect on the statement of comprehensive income for the year ended December 31, 2012 resulted in "Realized gain or loss on available-for-sale financial assets-net" increasing by $592, and the effect on other comprehensive income led to "Unrealized gain or loss on available-for-sale financial assets- net" decreasing by $592.

(3) The unlisted stocks which the Consolidated Company held and has no significant influence are listed as financial assets carried at cost under other financial assets-net, according to "Regulation Governing the Preparation of Financial Reports by Public Banks". However, according to IAS 39, "Financial Instruments: Recognition and Measurement", equity instruments traded in non-active market while its fair value can be measured reliably (that is, the variability in the range of reasonable fair value estimate is not significant for that equity instrument or the probabilities of the various estimates within the range can be reasonably assessed and used in estimating fair value) shall be measured at fair value. The Consolidated Company therefore designates financial assets carried at cost as "Available-for-sale financial assets at fair value". As a result, "Available-for-sale financial asset-net" increased by $665,790 and $778,597, "Deferred income tax liability- net" increased by $4,798 and $7,428, "Other equity" increased by $236,678 and $346,855, and "Other financial asset-net" decreased by both $424,314 on January 1 and December 31, 2012. As for the effect on the statement of comprehensive income for the year ended December 31, 2012, cash dividends of $46,337, from the unlisted stocks which the Consolidated Company held and has no significant influence (originally listed under net other non-interest income), shall be reclassified to "realized gain on available-for-sale financial assets"; the effect on the other comprehensive income resulted in "unrealized gain on available-for-sale financial assets" increasing by $112,807 and "income tax relating to components of other comprehensive income" decreasing by $2,630.

(4) According to IAS 12, "Income Taxes", tax return receivables of current and prior periods (originally listed under accounts receivable-net) should be shown separately as current income tax assets and amounts of $2,772,444 and $2,878,060 shall be reclassified to "current income tax asset" on January 1, 2012 and December 31, 2012.

(5) According to the R.O.C. GAAP, idle and lease asset are listed under "other asset-others"; however, the above assets of the Consolidated Company satisfy the definition set out in IAS No. 40 "Investment Property" and amounts of $147,167 and $234,390 shall be reclassified to "investment property-net" on January 1, 2012 and December 31, 2012. In addition, according to the R.O.C. GAAP, the depreciation expenses of idle assets and lease assets shall be accounted under "Other general and administrative expenses" and "Net other non-interest income", respectively; however, according to IFRSs, the effect on the statement of comprehensive income for the year ended December 31, 2012 would lead to the depreciation of idle assets and lease assets, amounting to $17 and $2,934, respectively, to be reclassified to "Depreciation and amortization".

(6) According to the R.O.C. GAAP, deferred income tax assets and liabilities of the same taxable entity can be offset. However, according to IAS No. 12 "Income taxes", the requirement to offset deferred income tax assets and liabilities is different from the R.O.C. GAAP. As a result, the net amounts presented under "Deferred income tax assets-net"

amounting to $43,259 and $33,971 shall be reclassified to "Deferred income tax liabilities-net" on January 1 and December 31, 2012.

(7) In accordance with IAS 12, "Income taxes", income tax payable (listed under "payables") of current and prior periods should be shown separately as current income tax liabilities and amounts of $171,574 and $178,196 shall be reclassified to "current income tax asset" on January 1, 2012 and December 31, 2012.

(8) For clients who have joined a customer loyalty program with the Bank, according to R.O.C. GAAP, relevant expenses and payables are recognized when the credit reward occurs and payables should be reversed upon the actual conversion. According to IFRIC No.13 "Customer Loyalty Program", a credit reward should be estimated based on the exchange rate and the fair value and the revenue should be deferred. The revenue deferred should be recognized as revenue upon clients exchange for the rewards and related income tax effects should be considered. The adjustments have resulted in "Payables" respectively decreasing by $41,224 and $48,362, "Other liabilities" respectively increasing by $37,279 and $47,218, "Deferred income tax assets-net" respectively increasing by $6,337 and $8,027, and "Unappropriated retained earnings" respectively increasing by $10,282 and $9,171 on January 1 and December 31, 2012. In addition, the effect on the statement of comprehensive income for the year ended December 31, 2012 led to "Net service fee and commission income" decreasing by $2,801 and "Income tax expense" decreasing by $1,690.

(9) According to the R.O.C. GAAP, the amount of accumulated obligation exceeding the pension fund assets at fair value should be the minimum pension liability. However, there is no such requirement set out in IAS 19, "Employee Benefits" and additional pension liabilities shall be reversed. As a result, "deferred pension cost" under "other assets- other" respectively decreased by $6,724 and $4,892 on January 1, 2012 and December 31. Also "accrued pension liabilities" respectively decreased by $127,551 and $172,611. In addition, adjustment on the unrealized net loss on accrued pension cost led to "Other stockholders' equity" respectively increasing by $14,615 and $28,000, and "Liabilities reserve" respectively increasing by $104,065 and $126,297, and "Other Liabilities" respectively increasing by $2,147 and $520 on January 1 and December 31, 2012.

In addition, according to the R.O.C. GAAP, the balance of unamortized actuarial gains and losses exceeding the greater value of 10% of pension fund assets at fair value in the beginning period or 10% of projected obligation payables in the beginning period (whichever is greater), the excess amounts are to be amortized through straight-line method based on the remaining service life and are recognized as current net pension costs. After the conversion to IFRSs, the accounting policy chosen by the consolidated company allows the actuarial gains and losses to be immediately recognized in other comprehensive income resulting in $303,810 and $341,725 respectively increasing in "liabilities reserve", $69,339 and $79,564 respectively increase in "deferred income tax assets", $0 and $5,973 respectively increasing in "current income tax liabilities", $234,471 and $255,232 respectively decreasing in "undistributed earnings" on January 1, 2012 and December 31, 2012. In addition, "employee benefits expense" decreasing by $12,902 and "income tax expense" increasing by $2,194 in the statement of comprehensive income for the year ended December 31, 2012; the effect on other comprehensive income for the year ended December 31, 2012, would result in "Actuarial gain or loss of defined benefit plans" decreasing by $37,915, and "Income tax of components of other comprehensive income" increasing by $6,446.

(10) According to “Regulation Governing the Preparation of Financial Reports by Public Banks” to be effective in 2013, “Reserve for guarantee liabilities” (accounted under “Other liabilities”) shall be accounted under “Liabilities reserve”. As a result, amounts of $229,034 and $202,359 shall be respectively reclassified to “Liabilities reserve” on January 1 and December 31, 2012.

(11) The Consolidated Company sets aside tax reserve for land valuation increment in relation to assets reassessment according to regulation which shall be accounted for under “Other liabilities” according to the R.O.C. GAAP. However, according to IAS No. 12 “Income Taxes”, it shall be recognized as “Deferred income tax liabilities”. As a result, amounts of $21,160 and $21,142 shall be respectively reclassified to “Deferred income tax liabilities-net” on January 1 and December 31, 2012.

(12) According to the R.O.C. GAAP, in relation to equity securities investment, except for financial assets at fair value through profit or loss measured by fair value, cash dividends received in the current year should be recognized as the return of capital. However, no rules regarding to liquidating dividends has been set out in IFRS and it should therefore be recognized as dividend income. This change resulted in “other equity” respectively decreasing by $21,025 and $27,762, and “undistributed earnings” respectively increasing by $21,025 and $27,762 on January 1, 2012 and December 31, 2012. In addition, the effect on the statement of comprehensive income resulted in “realized gain and loss on available-for-sale financial assets” respectively increasing by $6,737 and the effect on the other comprehensive income led to “unrealized gain and loss on available-for-sale financial assets” respectively decreasing by $6,737 for the year ended December 31, 2012.

(13) According to “Regulation Governing the Preparation of Financial Reports by Public Banks” scheduled to be effective in 2013, interests generated from financial assets and liabilities at fair value through profit or loss (listed under “interest revenue”) shall be reclassified to “gain and loss on financial assets and liabilities at fair value through profit or loss”. As a result, for the year ended December 31, 2012, $305,732 shall be reclassified to “gain and loss on financial assets and liabilities at fair value through profit or loss”.

(14) According to “Regulation Governing the Preparation of Financial Reports by Public Banks” scheduled to be effective in 2013, the interest expense in excess of third party interest rate incurred due to preferential interest rate on deposits for incumbent employees (originally listed under “interest expense”) shall be presented as “employee benefits expense”. As a result, the excessive interest for the year ended December 31, 2012, was $55,721, which was reclassified as “employee benefits expense”.

(15) In accordance with IAS 12, “Income taxes”, income taxes shall be recalculated, which led to “deferred income tax assets” respectively decreasing by $25,404 and $24,495, “current income tax liabilities” respectively increasing by $123,576 and $148,291, “deferred income tax liabilities” respectively increasing by $36,067 and $56,677, and “undistributed earnings” respectively decreasing by $185,047 and $229,463 on January 1, 2012 and December 31, 2012. In addition, the effect on the statement of comprehensive income for the year ended December 31, 2012 resulted in “income tax expense” increasing by $44,416.

(16) In accordance with IAS 1, information regarding other comprehensive income shall be disclosed in the statement of comprehensive income. Therefore, the effect on the other comprehensive income for the year ended December 31, 2012, resulted in “unrealized gain

on available-for-sale financial assets" increasing by $314,955.

(17) The Consolidated Company retrospectively adjusted the cumulative translation difference on the conversion date, yet had no impact on the Consolidated Company. Any subsequent translation difference is treated in compliance with IAS 21, "The Effects of Changes in Foreign Exchange Rates".

D. Major adjustments for the consolidated statement of cash flows for the year ended December 31, 2012:

(a) According to the R.O.C. GAAP, the Consolidated Company uses the cash flow statement made by indirect method together with receipt of interest, receipt of dividend, payment of income tax and payment of interest as the cash flows from operating activities, and no separate disclosure is required. However, according to IAS 7, "Statement of Cash Flows", as endorsed by the FSC, for the year ended December 31, 2012, the Consolidated Company receipt of interest is $8,883,925, payment of interest is $3,443,093, receipt of dividend is $103,119, and payment of income tax is $130,825 as the cash flows from operating activities.

(b) The transition from R.O.C. GAAP to IFRSs has no effect on the Consolidated Company's cash flows reported.

(c) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Consolidated Company's cash flows reported.

3. Risk Management and Other Significant Issues

(1) Information of Credit Risk Management:

A. Credit Risk Management System in 2013

Item	Contents
1. Strategies, objectives, policies and procedure of credit risk	1. Strategies and Objectives: (1) Follow Basel II requirements to improve the Bank's ability in risk management in order to meet the international standards. (2) Well found and fully implement the various risk management systems and control procedures. (3) Strengthen the information integration, analysis and precautionary effect to exert the risk management actively. 2. Policies: (1) Cultivate the business strategies and organizations valuing credit risk management, and master the qualitative and quantitative management approaches as the reference in strategy making. (2) Establish the overall credit risk management system to control possible business risks within the risk tolerance during the process of operation, in hopes of ensuring the Bank's achievement of credit risk strategic objectives. (3) Authorize independent credit risk management units and personnel to exercise job duties to ensure that the Bank's credit risk management systems is implemented effectively and to help the Board of Directors and managerial level perform their duties fully to fulfill the bank's credit risk management systems. (4) Establish effective methods and monitoring procedures to ensure the adequacy of capital reservation, and express business performance in a proper manner through the risk adjustment, and maximize shareholders' value. 3. Management Procedure: Credit risk identification, measurement, monitoring and management, credit risk report and performance management of credit risk.
2. Structure and organization of credit risk management	1. Board of Directors: (1) The Board of Directors is the Bank's supreme policy-making entity for risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire credit risk management objectives. (2) Audit Committee to review the risk-related proposal before proposing to the Board of Directors and communicate with the risk implementation entities. 2. Senior Management: Asset & Liability Management Committee, Risk Management Committee, Non-Performing Loan Management Committee and Credit Evaluation Committee are subordinated to the president. 3. Risk Management Dept: (1) Responsible for researching or suggesting the amendments of the Bank's credit risk management policies and guidelines to be proposed to Board of Directors for approval. (2) Establish the Bank's entire structure of measuring, controlling and evaluating quantitative risk. (3) Responsible for enforcing and controlling the Bank's credit risk management and credit risk management regulations for the various businesses to ensure all businesses apply strictly with the Bank's credit risk management policies and guidelines. 4. Credit Management Dept. and other business units: Manage credit risks of crediting cases according to stratified empowerment, including crediting review, crediting management and post-loan management. 5. Internal audit: The independent internal audit entities will review the enforcement of the Bank's credit risk management systems periodically and disclose it in the audit report truly, and ensure that the relevant entities have taken the corrective actions in a timely manner.

Item	Contents
3. Scope and characteristics of credit risk report and measurement systems	1. Scope and characteristics of credit risk report: (1) Report to Board of Directors. (Regularly)/(Integrated risk report) (2) Report to Audit Committee. (Regularly)/(Integrated risk report) (3) Monthly report to Asset & Liability Management Committee. (Integrated risk report) (4) Monthly report to Risk Management Committee. (Integrated risk report) (5) Monthly corporate and consumer banking asset quality report. (6) Monthly disclosure of limit information of country, industry and group. 2. Credit risk measurement systems include: (1) Capital charge calculation platform information system. (2) The credit information and investigation system: Credit rating. (3) The collection system: Asset appraisal. (4) The Bank's credit risk alarming system: The credit risk alarming mechanism. (5) Mid-term crediting management platform (Including post loan management and the review platform.) (6) Scorecards of consumer banking and credit rating models of corporate banking. (7) Large exposure system.
4. Credit risk hedging or risk reduction policies, and strategies and procedures for controlling the ongoing effectiveness of hedging and risk reduction tools	1. Credit risk hedging or risk reduction policies: (1) Review the credit risk hedging plan and execution of the centralized risk or higher risk businesses. (2) Plan to amend the Bank's regulations of risk reduction and controlling system to follow the risk reduction regulations in the Basel II. 2. Strategies and procedures for controlling effectiveness of hedging and risk reduction: Establish the collateral management system in accordance with Basel II risk reduction regulations, and ensure the ongoing effective mess of risk reduction of collaterals through periodical revaluation of collaterals, loan-to-value ratio alert, analysis of centralization and stress testing.
5. Approach for regulatory capital charge	Standardized Approach.

B. Exposure and accrued capital charge upon risk reduction under credit risk standardized approach

Unit: NT$1,000；December 31, 2013

Type of Risk Exposure	Risk Exposure after Risk Mitigation	Capital Charge
Sovereigns	121,351,296	1,198
Non Central –Government Public Sector Entities	308,348	4,934
Banks (Multilateral Development Banks included)	30,157,562	1,016,024
Cooperates(Securities firms and insurance companies included)	260,017,207	19,185,993
Retailed credit	76,984,817	5,410,507
Residential Property	106,693,537	5,617,837
Equity-securities investment	5,227	1,673
Other assets	7,191,797	303,548
Total	602,709,791	31,541,714

(2) Information of Securitization Management:

A. Securitization Management System in 2013

Item	Contents
1. The strategies and procedure of securitization risk management	The procedure of securitized product investment: Before the business division invests in any securitized product, investment analysis must be conducted on product credit worthiness, liquidity and profitability and such investment must be approved by the authorized levels according to the investment objectives.
2. The organization and structure of securitization management	1. In terms of asset securitization, at present, we engage only in securities investments and booked in banking book. We are not the originating bank. 2. The investment of asset securitization in banking book, the Asset and Liability Management Committee is the top management, the Treasury Department is the business execution unit, the Risk Management Department is the risk monitoring and control unit, and the Financial Trading Supporting Department is the operation settlement unit of this bank.
3. Scope and characteristics of securitization risk report and measurement systems	1. The Asset and Liability Management Committee discloses every month the positions of investment in asset securitization. When the loss on valuation exceeds the specific proportion of cost, the business execution unit should make reviews in a timely manner and propose corresponding solutions, and report the solutions to the Asset and Liability Management Committee for reference. 2. Asset securitization products with a quotation on the public market should be evaluated according to such quotation every day. If there is no quotation on the public market, products should be evaluated according to the quotation of the counterparty.
4. The hedge of securitization or risk reduction policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk reduction tools	When there is a larger risk exposure risk, assessments will be conducted to reduce risk exposure; or the approved risk reduction methods will be implemented to reduce risk to a controllable range.
5. Approach for regulatory capital charge	Standardized Approach.
6.Requirement on comprehensive qualitative disclosure, including: (1) Goals for securitization activities, risk models undertaken and retained of the Bank's re-securitization. (2) Other risks involved in securitized asset (such as liquidity risk). (3) Various roles that the Bank plays during the securitization process and the Bank's involvement in each process. (4) The description on the monitoring procedures taken for changes in credit and market risk involved in securitization risk exposure. (5) The Bank's management strategies in credit risk mitigation during the mitigation of risk retained in securitization and re-securitization.	The Bank has never served as an originator of asset securitization so no information shall be disclosed in this item.

Item	Contents
7.Description on the Bank's accounting policies on securitization	The Bank has never served as an originator of asset securitization so no information shall be disclosed in this item.
8.The names of ECAI used in banking books for securitization and their usage in each type of asset securitization exposure.	
9.Explanation on any significant changes in any quantitative information from last reported period (such as any transfer of asset between banking books and trading books)	

B. Engagement in Securitization:

No information is to be disclosed, for the Bank has never been the originator for securitization.

C. Risk exposure and accrual capital charge for securitization :

As of December 2013, the Bank no longer held any investments in securitized product.

D. Information of investment in securitization products :

As of December 2013, the Bank no longer held any investments in securitized product.

(3) Information of Operational Risk Management:

A. Operational Risk Management System in 2013

Item	Contents
1、 The strategies and procedure of operational risk management	1. Formed a risk-oriented operational model and straightened business development to achieve its operation goals and maximize shareholder value. The Bank developed risk management policies, operational risk management principles, defined the scope and duties of operational risk management, and executed risk identification, risk evaluation and reporting processes including operational risk assessment and process analysis. 2. In response to existing or potential operational risks, all divisions in the Bank take effective improvement practices and persistently track the according implementation. Before the undertaking or during the planning of new services, all related operational risks must be identified and the controls of the process marked. The Bank additionally constructed contingency plans and conducted necessary simulation to assure incessant operation amid possible severe accidents.
2、 The organization and structure of operational risk management	1. Board of Directors: The supreme authority in the Bank, in charge of approving risk management policies and according principles and monitoring execution of all systems in order to achieve the goals of operational risk management. 2. Senior Management: The New Product Review Committee and Risk Management Committee are established under the President. The Risk Management Committee supervises the implementation and promotion of risk management and reviews risk management reports of individual units, in order to ensure the effectiveness of the bank's risk management. 3. Risk Management Department: (1) Develop the operational risk management guidelines and related policies of the Bank. (2) Supervise the Bank's major operational risks and loss exposure. (3) Coordinate operational risk management with all divisions and branches.

Item	Contents
	4. All departments in Head Office, supervising divisions and branches : According to operational risk management regulations, all departments and supervising divisions developed according business regulations as standards for execution of all business divisions. 5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the performance of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units.
3、 Scope and characteristics of operational risk report and measurement systems	We identify measure and monitor operational risk with various risk management instruments, such as operational risk loss data collection, operational risk and control self-assessment, and operational risk indicators. All divisions in the Bank conduct online risk event reporting and self assessment through the operational risk report system and the self-assessment system. Risk Management Dept. conducts operation process examination, compiled analysis and improvement practice tracking with the trend of risk indicator changes, internal and external losses, and the self- assessment of all divisions on control. The result of risk identification, measurement and monitoring are periodically reported to the executives.
4、 Operational risk hedging or risk reduction policies, and strategies procedures for controlling the continuously effectiveness of hedging and risk reduction tools	The Bank has developed regulations on operational risk hedging and risk mitigation. In response to possibilities and severity of risk, the Bank will adopt the following risk measures and procedures for risk bearing, risk averse, risk transfer, risk reduction, according indicators, risk warning, control mechanism, and corrective plans of every major products: 1.Risk bearing and tighter operation control shall be conducted for smaller loss amounts and lower frequencies. 2.Risk reduction or risk control, more intense personnel training, operating procedure improvement or system control advancement shall be conducted for smaller loss amounts and higher frequencies 3.Risk transfer or risk mitigation shall be conducted for larger loss amounts and lower frequencies. Proper insurance and outsourcing should be undertaken after cautious evaluation. 4.Risk averse shall be conducted for large loss amounts and higher frequencies while the according business or service should not be launched or shall be stopped. Outsourcing or insurance shall require periodical evaluation on its risk, effect or the claim payment ability of the insurance company in order to ensure the risk mitigation tools will be effective constantly.
5、 Approach for regulatory capital charge	Standardized Approach.

B. Accrued Capital Charge of Operational Risk :

Unit: NT$1,000；December 31, 2013

Year	Gross Income	Capital Charge
2011	7,339,930	
2012	7,804,838	
2013	9,951,276	
Total	25,096,044	1,196,046

(4) Information of Market Risk Management:

A. Market Risk Management System in 2013 :

Item	Content
1. Market risk management strategies and processes	1. In order to establish the fair risk management system and well found the development of business to boost the proper risk management-oriented business model and achieve the operation objectives and increase shareholders' value, the Bank's Board of Directors approves the risk management policies to fulfill the well-founded risk management system and create stable and high-quality profitability for shareholders. 2. Based on the existing risk management policies and guidelines, fulfill the quantification of market risk step by step and establish the management and appraisal mechanism for value at risk and optimal allocation of capital. 3. Scope of business and underwritten products: enact the market risk management guidelines, define the scope of market risk management; the scope of businesses may include transactions in foreign exchange market, money market and capital market, and transactions of financial derivatives. 4. Define the risk management procedure and application methods (e.g. sensitivity analysis, value at risk calculation, scenario simulation and stress testing, etc.); require the relevant entities to set the limits of the various financial product transactions, e.g. the limit of position, stop-loss limit, and also the approving authority and guidelines to process the excess in the limit. In order to enhance the transparency of the information about market risk, the risk management entities shall inspect and submit the risk management report on a daily basis, and shall continue supervising and following up on extraordinary circumstances in the transactions, if any.
2. Market risk management organization and structure	1. Board of Directors: (1) The Board of Directors is the Bank's supreme policy-making entity of risk management, responsible for authorizing the Bank's risk management policies and guidelines and supervising fulfillment of the various systems to achieve the Bank's entire market risk management objectives. (2) Audit Committee to review the risk-related motions before proposing them to the Board of Directors and communicate with the risk implementation entities. 2. Senior management: Asset & Liability Management Committee and Risk Management Committee are subordinated to the president. (1) Develop the Bank's market risk management guidelines and rules according to the market risk management policies approved by Board of Directors, and ensure that the Bank has the express functions and operations for market risk management, effective market risk management procedure and proper market risk management system. (2) Authorize competent employees to execute the market risk management operation and ensure that they have the ability and expertise affordable to execute the market risk management business and comply with the relevant policies and procedures. 3. Risk Management Dept: (1) Responsible for researching and drafting or amending the Bank's risk management policies and market risk guidelines to be proposed to Board of Directors for approval. (2) Work with proprietary trading entities to research and draft or amend the various financial products business control rules, and propose them to the president for approval. (3) Plan and establish the Bank's structure of identifying, measuring and controlling market risk, execute the limit management report and inspection to alert excess in limit, in order to ensure that the various financial products businesses may strictly comply with the Bank's risk management policies and regulations.

Item	Content
	4. Business Unit: In charge of foreign exchange, securities and financial derivatives trading, and cross-Bank capital management, as well as executing transactions within limit according to the Bank's risk-control standard. 5. Internal Audit: An independent internal audit unit reporting to the Board of Directors reviews the Market of this bank's risk management system at planned intervals, discloses the related information in the audit report, and ensures that appropriate improvement actions have been taken by related units.
3. Scope and characteristics of market risk report and measurement systems	1. To provide the market risk daily management reports to disclose the positions, sensitivity analysis, value at risk, profit and loss of the various financial products. 2. The Bank measures and supervises market risks according to related risk management guidelines and employs the VaR model for quantitative integrated management of market risks. Through daily presentation of the market risk report and position analysis, the Bank is full aware of any changes in risks.
4. The hedge of market risk or risk reduction policies, and strategies and procedures for controlling the on-going effectiveness of hedging and risk reduction tools	When the market risk exposure is getting higher, the Bank will take some approaches such as risk exposure deduction or approved hedge to lower the market risk to the controllable level.
5. Approach for regulatory capital charge.	Standardized Approach.

B. Accrued Capital Charge of Market Risk :

Unit: NT$1,000；December 31, 2013

Type of Risk	Accrued capital charge
Interest rate risk	878,596
Equity risk	170,806
Foreign exchange risk	112,462
Commodity risk	—
Total	1,161,864

C. Value at Risk for Trading Position (99%, one day, unit: NT$1,000) :

Item	2013			
	December 31, 2013	Average VaR	Minimum VaR	Maximum VaR
Interest rate	17,236	15,484	906	37,224
Equity	84	14,892	84	42,824
Foreign exchange	1,259	3,508	31	21,584
Commodity	—	—	—	—
Subtotal	18,579	33,884	—	—
Diversified effect	(19)	(7,410)	—	—
Total value at risk	18,560	26,474	6,139	53,103

(5) Information of Liquidity Risk Management:

A. Structure analysis of time to maturity (NT$)

Unit: NT$1,000；December 31, 2013

	Total	0-10 days	11-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	527,023,693	73,672,299	64,757,796	37,239,432	21,524,780	40,258,028	289,571,358
Primary funds outflow upon maturity	517,574,880	16,087,372	31,824,763	62,924,119	61,280,639	71,339,875	274,118,112
Gap	9,448,813	57,584,927	32,933,033	(25,684,687)	(39,755,859)	(31,081,847)	15,453,246

B. Structure analysis of time to maturity (US$)

Unit: thousand US$；December 31, 2013

	Total	1-30 days	31-90days	91-180 days	181-365days	Over 365days
Primary funds inflow upon maturity	2,023,344	659,567	349,597	164,655	139,708	709,817
Primary funds inflow upon maturity	2,237,998	1,309,883	355,842	229,891	313,016	29,366
Gap	(214,654)	(650,316)	(6,245)	(65,236)	(173,308)	680,451

C. Liquidity Management of The Bank’s Asset and Funding Gap:

The Bank’s primary principles of liquidity management lie in the diverse, stable and reliable source of fund, diversify use of fund, and conservative and moderate funding flexibility. Market liquidity risks involve the concerns of the centralization of holding position and market volume, especially if the massive positions are impacted by market prices, so that quantitative and non-quantitative management of market liquidity risk can be conducted.

Funding liquidity risks concern on-balance-sheet items and off-balance-sheet transactions. The Bank measures possible liquidity risks and, according to different periods, periodically evaluates fund inflow, outflow and gap. According to the result of cost-benefit analysis, assets and liabilities are appropriately allocated for effective liquidity management.

The Bank has developed risk indicators and the early warning mechanism, to monitor liquidity risk, and periodically conducted the scenario-based simulation and the stress tests in order to manage and analyze unfavorable liquidity factors, take proper procedures to minimize their impact. The evaluation principles consider the Bank’s operation features, incorporate asset quality, external indicators, liquidity ratios, concentration and stability, and stress tests. The Bank periodically reports its risk indicator analysis and control to Asset & Liability Management Committee and Board of Directors in order to review and supervise the Bank’s liquidity management.

(6) Effect of changes in foreign/domestic important policies and regulations on the Bank's financial business, and responsive action thereof:

See page 5~8

(7) The effect of changes in the Bank's image on the Bank's financial business , and responsive action thereof:

The Bank always conform to the philosophy "Sincerity, Stability, Service, Innovation and Attentiveness" and to the obedience with regulations and competent authority's requirements to supply clients with more diverse, more complete and more comprehensive professional financial services and strive toward its ultimate goal-"provide ideal services to clients, create the most interest for shareholders and supply the feedback to the society wholeheartedly."

(8) Risks and Reponses for Service Centralization:

A. Group Centralization Risk:

The Bank has developed regulations and set the limits on different groups and companies. These limits are adjusted timely to decentralize credit risks the Bank undertakes.

B. Industry Centralization Risk:

The Bank has developed regulations and set the industry limits on different industries. These limits are adjusted timely to decentralize credit risks the Bank undertakes.

C. Country Centralization Risk:

The Bank has developed regulations and set the country limits on different countries. These limits are adjusted timely to decentralize credit risks the Bank undertakes.

(9) The effect, risks and responsive actions of changes in the management rights:

The Bank is a subsidiary 100% held by Yuanta Financial Holdings. Management rights did not change.

(10) Litigation and Non-Litigation:

There's no significant litigation.

(11) Information of Crisis Management:

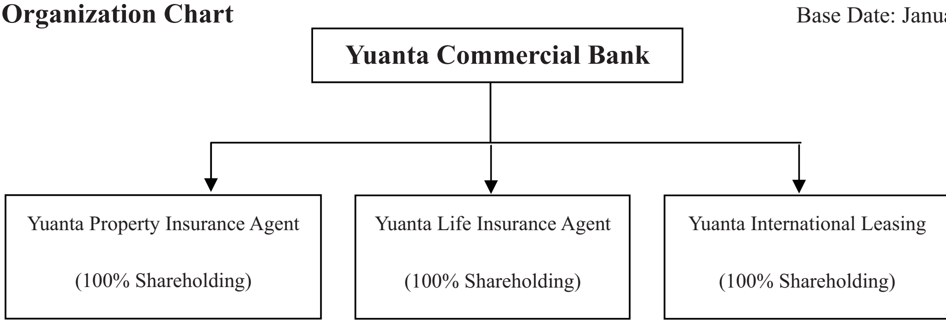
In order to perfect the Bank's crisis prevention and response mechanism, the Bank has defined the "Crisis Management Policies and Procedures" and "Manual for Crisis Management Response", so that supervisors of related units may report the emergency via the various channels and research and draft responsive practices in the case of any risk or likelihood of risk, so as to restore the operation of the Bank's businesses expeditiously and effectively to minimize the damage. Meanwhile, the Bank has defined the SOP for the various emergencies (e.g. fire, robbery, or mass protest); periodically conduct safety drill run for rapid and effective response to emergency.

V. Special Notes

1. Information of Affiliates

(1) Organization Chart

Base Date: January 31, 2014



Corporate	Date of Establishment	Address	Paid-in Capital (NT$1,000)	Scope of Business
Yuanta Property Insurance Agent Ltd.	October 02,1999	10F, No.66, Sec.1, Dunhua S. Rd., Songshan District, Taipei City	3,600	Property Insurance Agent
Yuanta Life Insurance Agent Co., Ltd.	November 20,2001	10F, No.66, Sec.1, Dunhua S. Rd., Songshan District, Taipei City	3,000	Life Insurance Agent
Yuanta International Leasing Co., Ltd.	November 15,2012	7F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City	600,000	Leasing

(2) Directors, Supervisors and Managers

Base Date: January 31, 2014

Corporate	Position	Name of Individual or Representative(s)	Shareholdings
Yuanta Property Insurance Agent Ltd.	Chairman	**Yuanta Commercial Bank Statutory Representatives:** Chia-Lin Chin	(a limited company) 100.00%
Yuanta Life Insurance Agent Co., Ltd.	Chairman Director Supervisor	**Yuanta Commercial Bank Statutory Representatives:** Chia-Lin Chin **Yuanta Commercial Bank Statutory Representatives:** Chung-Ping Lue, Tsai-Yu Chang **Yuanta Commercial Bank Statutory Representatives:** Mei-Ju Chen	300,000 shares 100.00%
Yuanta International Leasing Co., Ltd.	Chairman Director Supervisor President	**Yuanta Commercial Bank Statutory Representatives:** Chia-Lin Chin **Yuanta Commercial Bank Statutory Representatives:** Yung-Chung Huang,Eric K.Chiu **Yuanta Commercial Bank Statutory Representatives:** Chung-Ping Lue Sheng-Tung Wen	60,000,000 shares 100.00%

(3) Business Overview

Unit:NT$1,000；Base Date: December 31, 2013

Corporate	Capital	Total Assets	Total Liabilities	Book Value	Operating Revenue	Operating Income	Income (after tax)	EPS (NT$) (after tax)
Yuanta Property Insurance Agent Ltd.	3,600	11,135	1,674	9,461	14,342	3,735	3,177	8.83
Yuanta Life Insurance Agent Co., Ltd.	3,000	99,380	54,536	44,844	491,578	37,206	30,892	102.97
Yuanta International Leasing Co., Ltd.	600,000	616,744	15,928	600,816	2,328	(2,676)	1,031	0.02

Milestones of Yuanta Commercial Bank in 2013

January	Launched "Forge Your Key to Wealth", the periodic (variable) payment plan for mutual fund.
	Launched "Net the Openings, Make Through Funds", the e-banking program for mutual fund.
	Launched annual internet banking and mobile banking plan "Yuanta's New Century, Your Leap for Future".
	Participated in conducting the small and medium enterprise financing platform.
	Launched "Preferential Interest Winner", an NTD time deposit preferential rate plan.
	Launched "Super High Interest", a foreign currency time deposit plan.
	Issued Yuanta Business Titanium Card.
	Held the 7th "Lively Baby Financial Camp"(for central Taiwan).
February	Launched DBU Renminbi services.
	Launched "Double Interest", a Renminbi time deposit preferential rate plan.
	Held the 7th "Lively Baby Financial Camp"(for north Taiwan).
March	Launched foreign currency transaction service for mobile banking.
April	Held "Smart Wealth", the wealth management seminars (2 seminars across Taiwan).
May	Held "Smart Wealth", the wealth management seminars (6 seminars across Taiwan).
	Issued Yuanta New Generation Card.
June	Launched term investment registered transaction service for gold passbook of mobile banking.
	Launched accessible internet banking services.
	Launched the stock-secured loan service for the beneficiary certificates of open−end fund.
	Promoted Phase IV Preferential Loan to boost traditional industries.
July	Launched financing service for the cross-border trade of Western Taiwan Strait Special Economic Zone.
	Launched a ladder-type preferential interest rate plan for foreign currency time deposit.

July	Ministry of Economic Affairs held "The Ceremony for Excellent Institutions with Credit Guarantee Financing for Small and Medium Enterprises". The Bank earned "Collection Growth Award" and "Phoenix Collection Award".
August	Relocated Hualien Branch.
	Held the 8th "Lively Baby Financial Camp" (for central Taiwan).
	Held "Guess What?" , an event of Father's Day for internet banking and mobile banking.
	Issued Yuanta Leisure Card.
September	Launched QR Code mobile payment services with credit cards in cooperation with Chunghwa Telecom.
	Held "Union in September, Celebration in October", an event for internet banking and mobile banking.
October	Relocated Linkou Branch.
	Received awards, "Cross-Bank Service- Best Promotion of Electronic Payment Service" from Financial Information Service Co., LTD.
November	Launched Western Union Quick Remittance Services.
	Launched Renminbi Time deposit plan with 3% preferential interest rates.
December	The 19th "Sweet Home-Children Drawing", a drawing contest held by Wanjashan.

Branches and Overseas Offices

Base Date: March 14, 2014

Name	Tel	Fax	Address
Business Department	(02) 2173-6680	(02) 2772-1909	No.66 , Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan
Taipei Branch	(02) 2705-7888	(02) 2755-3751	No.38, Sec. 2, Dunhua S. Rd. , Taipei City 106, Taiwan
Chingmei Branch	(02) 8663-6766	(02) 8663-3139	No.3, Jingwun St. , Taipei City 116, Taiwan
Nanjing East Road Branch	(02) 2545-8777	(02) 2545-8118	No.221, Sec. 3, Nanjing E. Rd., Taipei City 104, Taiwan
Shihlin Branch	(02) 2837-6638	(02) 2835-5886	No.314, Zhongzheng Rd. , Taipei City 111, Taiwan
Guting Branch	(02) 2365-4567	(02) 2368-5959	No.37, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
Neihu Branch	(02) 8751-8759	(02) 8751-9858	No.618, Rueiguang Rd. , Taipei City 114, Taiwan
Sinyi Branch	(02) 2703-2569	(02) 2701-2259	No.236-1, Sec. 4, Sinyi Rd., Taipei City 106, Taiwan
Songjiang Branch	(02) 2516-8608	(02) 2516-1078	No.109, Songjiang Rd., Taipei City 104, Taiwan
Tianmu Branch	(02) 2871-2558	(02) 2871-1117	No.14, Tianmu W. Rd. Taipei City 111, Taiwan
Minsheng Branch	(02) 8712-9666	(02) 8712-7077	No.52-1, Sec. 4, Minsheng E. Rd., Taipei City 105, Taiwan
Zhongshan North Road Branch	(02) 2521-7888	(02) 2521-0678	No.135 Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan
Zhongxiao Branch	(02) 8786-7778	(02) 8786-7758	No.400, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Chengde Branch	(02) 2592-0000	(02) 2592-1209	No.210, Sec. 3, Chengde Rd., Datong Dist., Taipei City 103, Taiwan
Chengjhong Branch	(02) 2382-2888	(02) 2381-8399	No.42, Hengyang Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Guanqian Branch	(02) 2388-3938	(02) 2388-3218	No.15, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Datong Branch	(02) 2558-5869	(02) 2550-0879	No.66, Nanjing W. Rd., Datong Dist., Taipei City 103, Taiwan
Songshan Branch	(02) 8785-7618	(02) 8785-9711	No.675, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan
Daan Branch	(02) 2395-8199	(02) 2395-6619	No.148-1, Sec. 1, Xinsheng S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Yanping Branch	(02) 2558-9222	(02) 2558-1700	No.57, Sec. 2, Yanping N. Rd., Datong Dist., Taipei City 103, Taiwan
Wende Branch	(02) 2797-7988	(02) 2797-0858	No.68, Wende Rd., Neihu Dist., Taipei City 114, Taiwan
Beitou Branch	(02) 2898-2121	(02) 2897-9667	No.35, Sec. 2, Beitou Rd., Beitou Dist., Taipei City 112, Taiwan

Name	Tel	Fax	Address
Dunnan Branch	(02) 2700-5818	(02) 2700-5278	No.271, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan
Gongguan Branch	(02) 2369-3955	(02) 2369-3983	No.275, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
Heping Branch	(02) 2368-8066	(02) 2368-6158	No.212, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan
Ximen Branch	(02)2388-2768	(02)2388-1928	No.69, Baoqing Rd., Zhongzheng Dist., Taipei City 100, Taiwan
Guangfu Branch	(02)8773-6667	(02)8773-5068	3F.-1, No.300, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 106, Taiwan
Sindian Branch	(02) 2912-5799	(02) 2914-1255	No.252, Sec. 2, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan
Sindian Zhongzheng Branch	(02) 2911-0058	(02) 2911-7858	No.225, Zhongzheng Rd., Xindian Dist., New Taipei City 231, Taiwan
Shuanghe Branch	(02) 2245-7198	(02) 2245-0698	2F.-1, No.232, Zhonghe Rd., Zhonghe Dist., New Taipei City 235, Taiwan
Yonghe Branch	(02) 8231-1288	(02) 8231-1277	No.657, Zhongzheng Rd., Yonghe Dist., New Taipei City 234, Taiwan
Jhonghe Branch	(02) 2245-6789	(02) 2245-5676	No.1 & No.3, Taihe St., Zhonghe Dist., New Taipei City 235, Taiwan
Sanchong Branch	(02) 2983-2255	(02) 2988-5810	No.111, Sec.3, Chongsin Rd. , Sanchong Dist., New Taipei City 241, Taiwan
Beisanchong Branch	(02) 2982-9192	(02) 2989-3060	No.195, Jhengyi N. Rd., Sanchong Dist., New Taipei City 241, Taiwan
Shangsinjhuang Branch	(02) 2990-0999	(02) 2993-3222	No.173, Siyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Sinjhuang Branch	(02) 2996-7999	(02) 8992-6321	No.246, Xintai Rd., Xinzhuang Dist., New Taipei City 242, Taiwan
Banciao Branch	(02) 2953-6789	(02) 2953-3386	No.69, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Puqian Branch	(02) 8952-0788	(02) 8952-0828	No.125, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 220, Taiwan
Tucheng Branch	(02) 2270-3030	(02) 2260-5151	No.255, Sec. 1, Zhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan
Lujhou Branch	(02) 2281-8958	(02) 2281-0266	No.10, Zhongshan 1st Rd., Luzhou Dist., New Taipei City 247, Taiwan
Shulin Branch	(02)2675-7268	(02)2675-7255	No.99, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 238, Taiwan
Nankan Branch	(03) 312-9550	(03) 312-9551	No.309, Zhongzheng Rd. , Lujhu Township , Taoyuan County 338, Taiwan
Zhongli Branch	(03) 426-6007	(03) 426-6017	No.7, Zhongyang E. Rd. , Zhongli City, Taoyuan County 320, Taiwan
Taoyuan Branch	(03) 356-5000	(03) 356-5001	No.375, Sec. 1, Zhuangjing Rd., Taoyuan City, Taoyuan County 330, Taiwan

Name	Tel	Fax	Address
Taosin Branch	(03) 338-5518	(03) 338-5618	No.51-2, Fusing Rd., Taoyuan City, Taoyuan County 330, Taiwan
Pingjhen Branch	(03) 494-2690	(03) 494-3061	No.18, Huannan Rd. , Pingjhen City , Taoyuan County 324, Taiwan
Linkou Branch	(03) 328-8999	(03) 328-8668	No.118, Wenhua 3rd Rd., Guishan Township, Taoyuan County 333, Taiwan
Hsinchu Branch	(03) 545-6688	(03) 545-6008	No.276, Minsheng Rd. , Hsinchu City 300, Taiwan
Jhubei Branch	(03) 555-9199	(03) 555-7200	No.85, Guangming 6th Rd., Jhubei City, Hsinchu County 302, Taiwan
Hsinchu Science Park Branch	(03) 666-7888	(03) 666-7688	No.267, Sec. 1, Guangfu Rd., Hsinchu City 300, Taiwan
Datong Branch	(03) 523-6600	(03) 525-7700	No.196, Linsen Rd., Hsinchu City 300, Taiwan
Luodong Branch	(03) 956-8966	(03) 956-2333	No.38, Zhongzheng N. Rd., Luodong Township, Yilan County 265, Taiwan
Kinmen Branch	(082) 322-566	(082) 373-102	No.188-1 Mincyuan Rd., Jincheng Township, Kinmen County 893, Taiwan
Hualien Branch	(03) 831-1708	(03) 832-1169	No.167, Guolian 1st Rd., Hualien City, Hualien County 970, Taiwan
Miaoli Branch	(037) 336-678	(037) 336-718	No.460, Zhongzheng Rd., Miaoli City, Miaoli County 360, Taiwan
Taichung Branch	(04) 2227-1799	(04) 2220-7499	No.8, Sec. 2, Ziyou Rd., Central Dist., Taichung City 400, Taiwan
Wunsin Branch	(04) 2297-0068	(04) 2296-5966	No.337, Sec. 3, Wunsin Rd. , Situn Dist., Taichung City 407, Taiwan
Fusing Branch	(04) 2261-6889	(04) 2262-1060	No.269, Sec. 1, Fusing Rd., South Dist., Taichung City 402, Taiwan
ChongDe Branch	(04) 2232-9961	(04) 2233-1818	No.46, Sec. 2, Chongde Rd. , Beitun Dist., Taichung City 406, Taiwan
ChungGang Branch	(04) 2465-0889	(04) 2465-0989	No.102-10, Sec. 3, Taichung Port Rd., Situn Dist., Taichung City 407
Shalu Branch	(04) 2665-6656	(04) 2663-3852	No.535, Zhongshan Rd. , Shalu Dist., Taichung City 433, Taiwan
Fongyuan Branch	(04) 2529-3366	(04) 2524-0028	No.23, Yuanhuan W. Rd. , Fongyuan Dist., Taichung City 420, Taiwan
Dali Branch	(04) 2492-2288	(04) 2493-2355	No.724, Tucheng Rd. , Dali Dist., Taichung City 412, Taiwan
Dajia Branch	(04) 2688-6088	(04) 2688-6366	No.833, Sec. 1, Zhongshan Rd. , Dajia Dist., Taichung City 437, Taiwan
Taiping Branch	(04) 2270-2688	(04) 2273-6000	No.53, Zhongxing Rd., Taiping Dist., Taichung City 411, Taiwan
Caotun Branch	(049) 232-1661	(049) 232-1800	No.88, Zhongxing Rd., Caotun Township, Nantou County 542, Taiwan
Changhua Branch	(04) 726-7001	(04) 726-6992	No.898, Sec. 2, Zhongshan Rd. , Changhua City , Changhua County 500, Taiwan

Name	Tel	Fax	Address
Yuanlin Branch	(04) 835-6403	(04) 835-2653	No.283, Sec. 2, Datong Rd. , Yuanlin Township , Changhua County 510, Taiwan
Lugang Branch	(04) 778-5799	(04) 777-9779	No.321, Zhongshan Rd. , Lugang Township , Changhua County 505, Taiwan
Beidou Branch	(04) 887-3881	(04) 887-3886	No.166, Guangfu Rd. , Beidou Township , Changhua County 521, Taiwan
Doushin Branch	(05) 535-1799	(05) 535-1313	No.29, Wunhua Rd. , Douliou City , Yunlin County 640, Taiwan
Huwei Branch	(05) 633-9169	(05) 633-9423	No.1, Heping Rd. , Huwei Township , Yunlin County 632, Taiwan
Dounan Branch	(05) 597-1138	(05) 597-1139	No.67, Zhongshan Rd. , Dounan Township , Yunlin County 630, Taiwan
Chiayi Branch	(05) 232-7469	(05) 232-6415	No.185, Zhongxing Rd. , Chiayi City 600, Taiwan
Yongkang Branch	(06) 312-6789	(06) 312-1228	No.511, Siaodong Rd. , Yongkang Dist., Tainan City 710, Taiwan
Jiali Branch	(06) 721-4888	(06) 721-0249	No.278, Wunhua Rd. , Jiali Dist., Tainan City722, Taiwan
Tainan Branch	(06) 293-8688	(06) 293-8699	No.348, Sec. 1, Yonghua Rd., West Central Dist., Tainan City 700, Taiwan
Fuchen Branch	(06) 228-1281	(06) 222-2415	No.165, Sec. 1, Minsheng Rd., West Central Dist., Tainan City 700, Taiwan
Fudong Branch	(06) 268-7815	(06) 267-3371	No.348, Sec. 2, Dongmen Rd., East Dist., Tainan City 701, Taiwan
KaiYuan Branch	(06) 238-3125	(06) 236-3661	No.461, Shengli Rd., North Dist., Tainan City 704, Taiwan
Anhe Branch	(06) 255-1236	(06) 256-9941	No.226, Sec. 1, Anhe Rd. , Annan Dist., Tainan City 709, Taiwan
Zuoying Branch	(07) 581-0898	(07) 581-0798	No.158, Zuoying Avenue, Zuoying Dist., Kaohsiung City 813, Taiwan
Kaohsiung Branch	(07)282-2101	(07)282-2168	No.143, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City 801, Taiwan
Boai Branch	(07) 558-6088	(07) 558-3699	No.491, Mingcheng 2nd Rd. , Zuoying Dist., Kaohsiung City 813, Taiwan
Fongshan Branch	(07) 715-2700	(07) 715-8500	No.280, Wujia 2nd Rd. , Fongshan Dist., Kaohsiung City 830, Taiwan
Sanmin Branch	(07) 395-1588	(07) 395-3288	No.715, Jiangong Rd. , Sanmin Dist., Kaohsiung City 807, Taiwan
Pingtung Branch	(08) 735-0426	(08) 737-0121	No.690, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan
Tungshin Branch	(089) 324-351	(089) 324-734	No.427, Sec. 1, Zhonghua Rd. , Taitung City , Taitung County 950, Taiwan
Offshore Banking Unit(OBU)	(02)2173-6699	(02)2772-2513	3F., No.66 , Sec. 1, Dunhua S. Rd., Taipei City 105, Taiwan

Overseas Office	Tel	Fax	Address
Hong Kong Representative Office	852-2810-9313	852-2810-9310	RM 1203C2,BLK 1, 12F., Admiralty Centre, No.18 Harcourt Road , Admiralty, Hong Kong

Affiliate	Tel	Fax	Address
Yuanta Property Insurance Agent Ltd.	(02) 2173-6879	(02) 2772-1995	10F, No.66, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 105, Taiwan
Yuanta Life Insurance Agent Co., Ltd.	(02) 2173-6879	(02) 2772-1466	10F, No.66, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 105, Taiwan
Yuanta International Leasing Co., Ltd.	(02) 2173-6039	(02) 2772-5825	7F., No.69, Baoqing Rd., Zhongzheng Dist., Taipei City 100, Taiwan

Yuanta Commercial Bank Co., Ltd.