

2013 ANNUAL REPORT

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Taishin Bank



Taishin Bank



I . Names, titles, phone numbers, and e-mail addresses of spokesman and acting spokesman

Name of spokesman : Spike Wu

Title : Chief Executive Officer, Retail Banking Group

Tel : 886-2- 5576-3701

E-mail address : spike.wu@taishinbank.com.tw

Acting spokesman : Wilson Chou

Title : Senior Vice President

Tel : 886-2-5576-2559

E-mail address : wilson.chou@taishinbank.com.tw

II . Addresses and phone number of headquarters and branches

Headquarters : 1F, and B1, No. 44, Jhongshan N. Rd., Sec. 2, Jhongshan District, Taipei, Taiwan

Tel : 886-2-2568-3988

Addresses and telephones of branches : see the "domestic and overseas business points" section of the annual report.

III . Name, address, website, and phone number of the institution for handling stock register

Name : Stock Affairs Agency Department of Taishin International Commercial Bank

Address : B1, No. 96, Jianguo N. Rd., Sec. 1, Jhongshan Dist., Taipei, Taiwan

Website : <http://www.taishinbank.com.tw>

Tel : 886-2-2504-8125

IV . Names, addresses, and phone numbers of credit rating institutions

Name : Fitch Ratings

Address : Room 1306, 13F, No. 205, Dunhua N. Rd., Songshan Dist., Taipei, Taiwan

Tel : 886-2-8175-7600

Name : Taiwan Ratings

Address : 49F, Taipei 101 Tower, No. 7, Xinyi Rd., Sec. 5, Taipei, Taiwan

Tel : 886-2-8722-5800

V . Name, address, website, and phone number of certified public accountant and accounting firm for the financial statement in the recent year

CPAs : Peter Tsai, Yang Qinzhen

Name of accounting firm: Deloitte & Touche Tax Consulting Co., Ltd.

Address : 12F, No. 156, Minsheng E. Rd., Sec. 3, Taipei, Taiwan

Website : <http://www.deloitte.com.tw>

Tel : 886-2-2545-9988

VI . Name of exchange for trading in overseas listed securities and information inquiry for the securities : None.

VII . Company website : <http://www.taishinbank.com.tw>

Taishin Bank

Contents

Rating Agency	Date	Ratings	
Fitch Ratings	2013/10/08	Issuer L-Term Issuer S-Term Outlook Support National L-Term National S-Term	BBB+ F2 Stable 3 AA- (tw) F1+ (tw)
Taiwan Ratings	2013/11/19	Issuer L-Term Issuer S-Term Outlook National L-Term National S-Term	BBB A-2 Stable twA+ twA-1

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I. Letter to Shareholders

Although the global economy did not perform to expectations in 2013, the effects of the recent financial crisis finally began to abate. As economic activity recovered in the U.S. and EU, demand for imported goods increased, allowing Taiwan, South Korea and Singapore to enjoy export volume growth of yoy+ 1.4%, 2.1% and 0.6%, respectively. However, after the U.S. announced its intention to scale back QE in mid-2013, there has been a rearrangement of capital that has posed a challenge to stock market and currency performance in emerging Asian economies. This, coupled with falling capital expenditure, has caused uncertainty in the growth of Asian economies.

In recent years, the Chinese economy has undergone transformations characterized by slower export and production growth, rising wages, and diminishing GDP growth of around 7%-8%. This has led to calls for structural reforms to break through the prevailing bottlenecks. During the Third Plenary Session of the 18th Central Committee, it was announced that China will adopt a more liberal financial system and shift its focus towards the service industry with the creation of the Shanghai Pilot Free Trade Zone, while in the meantime introduce greater flexibility into its currency system and relax controls on its capital accounts for more rapid integration with regional economies. In an attempt to promote RMB as a major currency, China has also agreed for offshore RMB business centers to be established in Taiwan, Singapore, Frankfurt, London and other locations.

Taiwan is an integral part of the global economy; while it is benefiting from the world-wide recovery, it is also prone to the uncertainties of the QE scale back in the U.S. and the overall slowdown of Asian economies. In 2013, Taiwan produced marginal growth of 2.11% that was slightly higher than the 1.48% registered in 2012. In order to strengthen the nation's economic foundations, the government has been actively negotiating a service trade agreement with China and exploring opportunities to collaborate with regional economies. Meanwhile, Free Economic Pilot Zones (FEPZ) are being planned as a means of attracting foreign investment. Taiwan's stock market index (TAIEX) closed at 8,612 at the end of 2013, representing a gain of 11.9%, partly due to optimism towards the government's policies.

With further cross-strait banking deregulation underway and outstanding asset quality in support, local banks have seen their profits grow in general. In 2013, local banks as a whole produced cumulative pre-tax earnings of NTD257.6 billion, and average ROA of 0.68% with 10.26% ROE. Average overdue loan ratio at the end of 2013 was a mere 0.38% with a coverage ratio of 319.2%. In response to government calls for the expansion of banking services into Asian and global markets, local banks have taken greater initiatives in the exploration of overseas business as well as merger opportunities.

In terms of business performance, the bank delivered after-tax earnings totaling NT\$12.181 billion in 2013, representing 40.3% YoY growth, and after-tax EPS of NT\$2.52. Meanwhile, the bank has maintained a healthy capital structure with a capital adequacy ratio of 10.94% at the end of 2013.

With regards to credit rating, Fitch Ratings gave Taishin Bank an international long-term rating of BBB+, a domestic long-term rating of AA-(twn), and a "Stable" outlook in October 2013, while Taiwan Ratings awarded Taishin Bank an international long-term rating of BBB, a domestic long-term rating of twA+, and a "Stable" outlook in November 2013.

In terms of global presence, the bank currently plans to base its operations mainly in China and the Pan Pacific region. In addition to the existing Hong Kong Branch and Vietnam Office, the bank is also applying to set up branches in Brisbane and Singapore, and will broaden its service coverage even further in the years to come.

The bank's businesses comprise mainly of a retail banking segment and a wholesale banking segment. Below is a summary of how the two segments performed over the past year:

1. Retail Banking Services

As at the end of 2013, the size of Taishin Bank's mortgage portfolio stood at NT\$312.3 billion, representing 5.3% market share; its auto loan balance amounted to NT\$24.5 billion, ranking first in the market with a share of 23.5%; it had 3.45 million credit cards outstanding, ranking 4th with a 9.6% market share; total credit card purchases amounted to NT\$166.2 billion for the year, ranking 5th with an 8.7% market share; lastly, Taishin Bank acquired credit card transactions for 67,000 merchants nationwide, ranking 2nd with a 20.9% market share.

Payment services: Viewing with optimism E-commerce opportunities, Taishin Bank announced on March 28, 2013, a collaboration with third party payment institutions PChomePay and AllPay as a milestone solution between consumers, sellers, third party payment service providers and processing banks. In an attempt to satisfy a broader range of customer needs, Taishin Bank became the first issuer to include a Shinkong Mitsukoshi co-branded card as one of its customizable credit cards, and in the meantime introduced the ETC co-branded card ahead of the competition for driver convenience. To provide luxury car owners with more privileged services, Taishin Bank had also joined with Mercedes-Benz in launching a new co-branded Infinite Card in November 2013.

With regards to mobile banking, Taishin Bank was named "2013 Best in Mobile Banking" in Asia by Global Finance magazine, and was granted permission in September 2013 to conduct trial operations of the NFC Mobile Credit Card - Micro SD, NFC Mobile Credit Card - SIM (over-the-air), and QR Code Mobile Credit Card Payment services. This makes Taishin the only bank to be granted permission to proceed with all three services since the implementation of the Mobile Credit Card Service Security Guidelines.

To broaden services for customers, Taishin Bank made Visa Money Transfer, a Visa-enabled service that began from 2012, available at all 2,600 Taishin Bank ATMs nationwide in November 2013, giving customers the freedom to remit small sums of money overseas at any ATM.

2. Wholesale Banking Services

With regards to corporate lending: loan balances owed from state-owned and private institutions totaled NT\$179.2 billion at the end of 2013, 17th among the 39 local banks. In support of the government's credit extension policy for small and medium enterprises, Taishin Bank's lending to SMEs grew by 6% to NT\$70.5 billion by the end of 2013 from the NT\$66.6 billion a year ago.

As for other wholesale banking services: Taishin Bank ranked third in factoring services, with volume totaling NT\$238.6 billion in 2013; financial derivatives amounted to US\$101.4 billion in terms of notional principal, ranking third among local banks; lastly, Taishin Bank provided share administration services to a total of 189 companies traded on the TSEC, GTSM and the Emerging Stock Market, which ranked 4th among peers.

Since the opening up of RMB services at domestic banking units (DBU) on February 6, 2013, customers have been able to perform cross-border remittance, import and export transactions with mainland China counterparties through any DBU in Taiwan. As deregulation continues, Taishin Bank will continue to develop RMB services to satisfy customer needs in RMB financing, cash flow management and investment. In terms of offshore banking and overseas services, the bank will continue to provide timely funding and enhanced online services to accommodate cross-border transfer requirements of customers.

The government has introduced a series of deregulations aimed at strengthening the global competitiveness of the banking industry. Among which are permission for local banks to work with payment agencies in China, the inclusion of the banking industry as part of Free Economic Pilot Zones, and deregulation of financial derivatives similar to Hong Kong and Singapore to inspire creative financial solutions for customers. In the meantime, banks have progressively expanded their presence throughout Asia in an attempt to establish a regional brand image in light of growing opportunities.

Going forwards, the company will take advantage of ongoing deregulation to expand business scope while committing to stringent risk management. We will research and develop new financial products and establish a presence throughout Asia to provide customers with a border-free banking experience. In the retail banking segment, the company will make use of the latest Internet and mobile technologies to develop payment solutions and collaborate with third party payment institutions. In the wholesale banking segment, we will explore opportunities for co-operation overseas and in China, while incorporating risk management into our operating platforms to minimize credit and operational risk as we provide our customers with optimal service quality and efficiency.

Every Taishin employee dedicates themselves to delivering the best possible banking services by focusing on "honesty, commitment, innovation and teamwork". Even as we pursue profitability we demonstrate the innovation and customer-centric values that have helped shape Taiwan's banking industry as a whole. Going forwards, Taishin will continue in this mission and adopt a visionary approach to building up its competitiveness as a regional bank in Asia, while continuing to deliver comprehensive services and healthy profits to benefit customers, shareholders and employees alike.

Thomas T.L. Wu
Chairman
Taishin International Bank



May, 2014

II. Brief Introduction to The Bank

A. Introduction

Date of establishment: Feb. 25, 1992

Date of inauguration: March 23, 1992

Registered capital: NT\$49,157,525,710

Paid-in capital: NT\$49,157,525,710

Headquarters address: 1F, and B1, No. 44, Jhongshan N. Rd., Sec. 2, Jhongshan District, Taipei, Taiwan

Tel : 886-2-2568-3988

Business units: 103 units, including 99 domestic and overseas branches (including Hong Kong branch), trust department, overseas department, offshore banking units (OBU), and representative's office in Ho Chi Minh City of Vietnam.

B. History

1. The bank was founded by Mr. Thomas T.L. Wu, his friends, and some noted entrepreneurs in 1990. It was formally inaugurated on March 23, 1992, after obtaining the approval of the Ministry of Finance for its establishment in Aug. 1991. According to the resolution of its provisional shareholders' meeting on Dec. 7, 2001, the bank merged with Dah An Bank via share swap for the establishment of Taishin Financial Holdings Co., Ltd. on Feb. 18, 2002, which further completed the acquisition of the Hsinchu Tenth Credit Cooperative on Oct. 18, 2004, according to the resolution of shareholders' meeting on July 26, 2004. To integrate the resources and funds of the financial holding company and achieve higher efficacy, the bank acquires Taishin Bills Finance on Jan. 22, 2011. Since both companies are subsidiaries of Taishin Financial Holdings, with similar management concept and corporate culture, it is believed that both companies can quickly integrate their resources and systems, to lower operating costs and boost operating efficiency.
2. Since its establishment, the bank has been constantly expanding business items and operating network, actively exercising the intermediary role for the supply and demand of funds in the society, so as to support economic prosperity.
3. The board of the director of the bank oversees the auditing division and secretariat. The headquarters oversees human resources division, finance division, corporate planning division, legal division, compliance division, information technology services division, administrative & services division, risk management division, performance management division, and process and service division. Meanwhile under the auspices of wholesale banking group and retail banking group, there are 16 first-tier business and management units.

Regarding business network, the bank has set up branches in major cities in Taiwan and has been actively establishing overseas units, in compliance with the trend of financial internationalization, including offshore banking unit, Hong Kong branch, which was inaugurated on June 25, 2003 after obtaining the license in Feb. 2003; With the approval of the Ministry of Finance on September 21, 2004, the bank applied with Vietnamese regulator for the setup of representative's office in Ho Chi Minh city on Dec. 13, 2004. The office was approved for establishment in Jan. 2005, marking a major step forward for the bank's overseas business. The bank boasts 103 domestic and overseas business units, testifying to extensiveness of its service network.

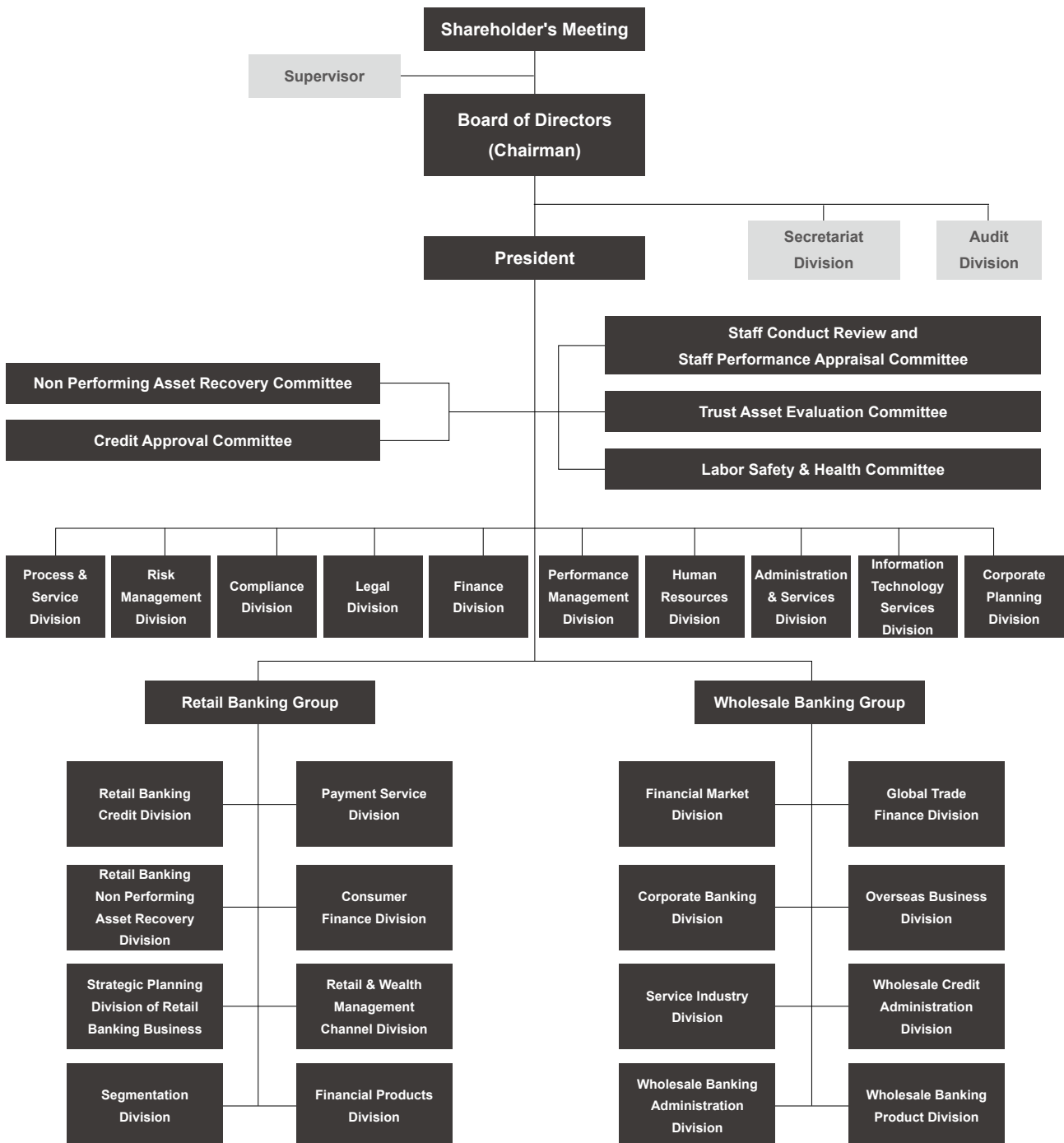
4. The bank's major business items include deposit reception, loan extension, export/import foreign exchange, foreign-currency deposits, discount of negotiable instruments, currency conversion, guarantee, surrogate collection/payment, custody, trust, credit card, trading in derivatives, brokerage of short-term bills, securities dealer, certification and underwriting, factoring, securities investment and underwriting, offshore banking, issuance of financial bonds, wealth management, and sale of gold bullion, gold and silver coins.
5. The bank's affiliates include Taishin Insurance Agency Co., Ltd. Taishin Insurance Brokers Co., Ltd, Taishin Dah An Leasing Co., Ltd, and Taishin Real Estate Management Co., Ltd.

III. Corporate Governance Report

A. Organization System

a. Organizational Chart

March 1, 2014



b. Responsibilities of the bank's major units

1. Corporate Planning Division

- (1) In charge of strategic planning, execution and evaluation of major strategic projects.
- (2) In charge of capital planning of the bank, analysis and management of BIS ratio and each financial and business data
- (3) Long-term investment business planning and analysis evaluation
- (4) Negotiation and communication with regulator
- (5) Communications and coordination for operation and management related affairs among various managerial units
- (6) Organizational planning, establishment, execution and management.

2. Administration & Services Division

- (1) Drafting, formulation, and execution of common administrative and general-affairs regulations and system.
- (2) Acceptance and sending of external official documents.
- (3) Evaluation and implementation of operations related to major general affairs, construction and improvement, procurement, properties and offices.
- (4) Labor security and hygienic, as well as the supervision and implementation of guard and security system of the bank.

3. Information Technology Services Group

- (1) Management and maintenance of the bank's computer systems, central equipment office, and equipments.
- (2) The formulation and execution of information security system.
- (3) The pushing of information programs.
- (4) Evaluation of need, planning and analysis, and evaluation, change, and maintenance of programs for the information systems of retail banking and corporate banking.

4. Performance Management Division

- (1) Planning, execution and management of the bank's budget.
- (2) Planning and management of performance management information system.
- (3) Planning and management of accounting and taxation affairs.
- (4) Compilation and analysis of financial information.

5. Legal Division

- (1) Drafting, formulation, and execution of legal affairs related regulations and policies.
- (2) In charge of whole bank legal consulting.
- (3) Inspection and supervision of various contracts and other legal documents.

6. Compliance Division

- (1) Drafting, formulation, and execution of regulations and policy for compliance with law and regulation.
- (2) Study, transmission, inquiry, coordination, and communications for compliance with laws and regulations by the bank.
- (3) Execution, supervision, and evaluation for compliance with laws and regulations.

7. Human Resources Division

- (1) Drafting, formulation, and execution of human resourced related regulations and policy.
- (2) Personal recruitment, appointment, management, ranking and performance evaluation.
- (3) Formulation and execution of employment conditions and welfare, and the establishment, pushing, and management of communications channels with employees.
- (4) Research, development, planning, revision, compilation and execution of employee-training courses and material, the establishment of teacher database, and evaluation and appointment of teachers.

8. Risk Management Division

- (1) Measurement and Monitoring of credit risk, market risk, operation risk and the liquidity risk
- (2) The evaluation of positions, report/table compilation, and risk disclosure

9. Finance Division

- (1) Planning and management of the bank's liquidity risk and bankbook interest risk.
- (2) In charge of planning and management of assets/liabilities, fund allocation
- (3) Planning and management of inter-branch interest calculation.
- (4) Planning, execution, and management of securitized assets business.
- (5) Execution of credit rating operation.
- (6) Planning, execution, and management of non-strategic long-term investment, and the execution and management of strategic long-term investment.

10. Processing & Service Division

- (1) Drafting, formulation, and execution of operation- and service-related regulations and policy.
- (2) Planning of operational workflow and establishment, execution and management of centralized operation system.
- (3) Launch workflow reformed project and execution, evaluation and review the result.

11. Wholesale Banking Product Division

In charge of corporate banking cash management, trade financing, planning and pushing of syndicated loans and structured funding.

12. Corporate Banking Division

- (1) Formulate short-, medium-, and long-term business objects and strategic planning for the financial businesses of medium- and-large-sized manufacturing customer groups.
- (2) Coordinate the marketing, promotion, and the maintenance and management of account relations for medium- and large-scale manufacturing customer groups.

13. Service Industry Division

- (1) Formulate short-, medium-, and long-term business objects and strategic planning for the financial businesses of medium- and large-scale service customer groups.
- (2) Coordinate the marketing, promotion, and the maintenance and management of account relations for medium- and large-scale service customer groups.

14. Wholesale Banking Administration Division

- (1) Planning, execution and management of corporate banking business goals and strategy plans.
- (2) Cross-unit integration and coordination.
- (3) Integration and perform management of budget goals of corporate banking.
- (4) Formulation and management of credit extension flow.
- (5) Execution and management of international banking business.
- (6) Delivery and clearance of financial products.
- (7) Planning and management of corporate banking service systems.
- (8) Credit risk control.
- (9) Formulation of related business regulations and operating flow.

15. Financial Market Division

- (1) The design , operation, business plan and marketing promotion of financial products transaction including foreign exchanges, interest rates, credit, equity, commodities and derivatives.
- (2) Economic and industrial research, short-term Taiwan stock investment.
- (3) Bills transaction, underwriting and trading.

16. Global Trade Division

In charge of trade financing of unlisted small and medium enterprises, marketing and pushing of common credit extension, the maintenance and management of account relations.

17. Overseas Business Division

- (1) Study, planning, execution, and management of the establishment, move, dismantling, and change of overseas branches.
- (2) Strategic planning, pushing, and management of the business of overseas business.
- (3) Oversee the operation, performance, and general affairs management of overseas branches.
- (4) Informing of local laws/regulations, study, planning, and execution of countermeasures for overseas branches.

18. Wholesale Credit Administration Division

- (1) Credit extension policy and risk analysis and disclosure for corporate banking.
- (2) Inspection and review of corporate banking credit extension cases, and management of the asset quality of corporate banking credit extension, overdue loan and collection.

19. Retail and Wealth Management Channel Division

- (1) In charge of planning and management of the business and channel of branches.
- (2) Deployment and management of branches.
- (3) Enforcement, pushing, and management for the operation and service quality of branches.
- (4) Operational management and sales promotion of retail banking.

20. Financial Products Division

- (1) Operation, management, maintenance, development, and adjustment of retail banking insurance products.
- (2) Development and management of retail banking wealth management products and maintenance of the competitive edge of the bank's wealth management products
- (3) Management of various property trust business and afflicted business
- (4) The development of new trust products and service
- (5) Planning and management of short-term securities and mutual fund investments by subsidiaries.
- (6) Integrate market trend and product feature, and offer analytical report and consulting for investments in domestic and foreign securities.

21. Consumer Finance Division

- (1) Development, design, management, and promotion of retail banking products.
- (2) Sales promotion of commercial banking-related products.
- (3) The development, operating management, sales promotion, credit investigation, auditing, and customer maintenance for auto loans and products with repo condition.

22. Payment Service Division

- (1) In charge of development, business management, pushing, credit investigation, credit extension management, and customer maintenance of credit cards and products related to the cash flow of business clients.
- (2) In charge of the bank's marketing and communications resources.

23. Retail Banking Credit Division

- (1) In charge of the formulation of the credit policy to retail banking products.
- (2) Establishment and utilization of forecast model.
- (3) Risk management, estimate and management of bad debts and provisions.
- (4) Credit investigation and credit extension management for credit cards and retail banking.

24. Retail Banking Non-Performing Asset Recovery Division

The management of NPL (non-performing loan) collection, protection of non-performing assets, write-off of bad debts, and outsourcing of debt collection.

25. Segmentation Division

- (1) In charge of the analysis of customer group information.
- (2) The development, planning and trial execution of event marketing.
- (3) Development, management, and expansion of virtual channels.

26. Strategic Planning Division of Retail Banking Business

- (1) Handling of first and second tier customer complaints.
- (2) Upgrade service quality and push overhaul of operating flow, so as to establish a continuously improving quality culture.
- (3) In charge of back-office and planning affairs for chief executive officer of retail banking.
- (4) Strategic planning and enforcement management for retail banking.

B. Information on board directors, supervisors, president, vice presidents, assistant vice presidents, and chiefs of units and branches

a. Board directors and supervisors

1. Information on board directors and supervisors(I)

Title	Name	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding		Stake of spouse and offspring before age of majority	
					Amount of shares	Share of stake (%)	Amount of shares	Share of stake (%)	Amount of shares	Share of stake (%)
Chairman	Taishin Financial Holding Co., Ltd. Representative: Thomas T.L. Wu	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Director	Taishin Financial Holding Co., Ltd. Representative: Jui-Sung Kuo	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Director	Taishin Financial Holding Co., Ltd. Representative: Jeffrey T.S. Wu	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Director	Taishin Financial Holding Co., Ltd. Representative: Chu-Chan Wang	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Director	Taishin Financial Holding Co., Ltd. Representative: Shang-Pin Wu	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Director	Taishin Financial Holding Co., Ltd. Representative: Teh-Nan Hsu	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Independent Director	Taishin Financial Holding Co., Ltd. Representative: Chih-Kang Wang	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Independent Director	Taishin Financial Holding Co., Ltd. Representative: Neng-Pai Lin	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Standing Supervisor	Taishin Financial Holding Co., Ltd. Representative: Jimmy Y.T. Tsay	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Supervisor	Taishin Financial Holding Co., Ltd. Representative: Long-Su Lin	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0
Supervisor	Taishin Financial Holding Co., Ltd. Representative: Toney Chen	2013.07.01	Three years	2002.01.28	4,915,752,571	100	4,915,752,571	100	0	0

Note 1: Representative Thomas T.L. Wu, is concurrently acting as Chairman of Taishin Financial Holdings, Chairman of Taishin Charity Foundation, Director of Taishin Real Estate Management, Director of AN-SIN Real Estate Management, Director of Shin Kong Mitsukoshi Department Store, Director of Shin Kong Lohas, Director of Shin Kong Construction and Development, Director of Wangtien Woolen Textile, Director of The Great Taipei Gas, Director of Taiwan Shin Kong Security, Director of Hsien-Shun Enterprise, Director of Shin-Yun Enterprise, Director of Jui-Siang Investment, Director of Kuei-Yuan Investment, Director of Yung-Kuang, Director of Beitou Hotel, Director of ShinKong Co., Supervisor of Bo-Rui, Supervisor of Shin Kong Agriculture & Animal husbandry, Supervisor of Shin Kong Hae-Yang, Supervisor of Shin Kong Chao Feng, Supervisor of Shin-Shi Enterprise, Supervisor of Chin-Shan Investment.

Note 2: Representative Jui-Sung Kuo, is concurrently acting as Chairman of Jui-Fang Co., Chairman of Hsinan Investment, Director of Taishin Financial Holdings, Director of An-Long Enterprise, Director of TECO Image Systems, Director of Cheng Xin Development, Director of Shi-Ho Digital Technology, Director of Century Development, Director of Shin Hai Gas, Supervisor of Taiwan Shin Kong Security, Supervisor of SerComm, Supervisor of Chun-Hsiang Enterprise Consultants.

Note3: Representative Jeffrey T.S. Wu is concurrently acting as Chairman of Taishin Venture Capital Investment, Chairman of Taishin Asset Management, Director of Taishin Real Estate Management, Director of Taishin Financial Holdings, Director of Dong An Asset Development & Management, Director of Taiwan Motorsports & Recreation, Director of First International Telecom (under restructuring), Supervisor of Taishin Securities, Supervisor of Taishin Insurance Agency, Supervisor of Taishin Insurance Brokers, Supervisor of TECO Image Systems.

Note 4: Representative Chu-Chan Wang, is concurrently acting as Chairman of Pan City Co., Chairman of Hsien-Shun Enterprise, Director of Santo Arden Co., Director of Taishin Financial Holdings, Supervisor of Tai-Wa, Supervisor of The Great Taipei Gas.

March 31, 2014

Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank		
Amount of shares	Share of stake(%)			Title	Name	Relationship
0	0	Director of First Bank, Supervisor of Hua Nan Bank MBA, University of California, LA	Note 1	Director Supervisor	Jui-Sung Kuo Long-Su Lin	Brother-in-law Brother-in-law
0	0	Director of International Bank of Taipei, Professor of Department of Information Science, Business School, Soochow University, Ph.D. in Physics, New Hampshire University	Note 2	Chairman Supervisor	Thomas T.L. Wu Long-Su Lin	Brother-in-law Brother-in-law
0	0	Chairman of Taishin Asset Management, Supervisor of TECO Image System Co., Ltd. Department of Accounting and Statistics, National Chengchi University	Note 3	None	None	None
0	0	Standing Supervisor of Taishin Financial Holdings, Taishin Bank, Pharmaceutical department, Kaohsiung Medical College	Note 4	None	None	None
0	0	Supervisor of Taishin Bank, Chairman of NSEnergy Ph.D. in Applied Chemistry, Keio University (Japan)	Note 5	None	None	None
0	0	Chairman of Taiwan Cooperative Bank, Bank of Taiwan, Banking department, National Chengchi University	Note 6	None	None	None
0	0	Minister of Ministry of Economic Affairs, Ph.D. in Marketing, Texas A&M University	Note 7	None	None	None
0	0	Chairman of Taiwan Power Co., Dean, College of Management at National Taiwan University, Ph.D. in Business, Ohio State University	Note 8	None	None	None
0	0	Standing Director of Bank of Taiwan Director, Graduate School of Accounting, National Taiwan University, Ph.D. in Business Management and Commerce, U. of Maryland	Note 9	None	None	None
0	0	Director of Taishin Financial Holdings, Taishin Bank Ph.D. in Chemistry, Virginia State University	Note 10	Chairman Director	Thomas T.L. Wu Jui-Sung Kuo	Brother-in-law Brother-in-law
0	0	Standing Supervisor of Taishin Financial Holding, Director of Chang Hwa Bank, Department of Accounting, National Chengchi University	Note 11	None	None	None

Note 5: Representative Shang-Pin Wu, is concurrently acting as Chairman of NSEnergy, Director of TASCOCHEMICAL, Director of EXCEL Chemical, Director of Ming-Xing Chemical, Director of Taiwan Fieldrich Co., Director of Da-Chan Investment Co., Director of Tai-Ho Technology, Director of Tai-Ho Investment, Director of Ho-Shin Co., Director of Tuntex Petrochemical Inc., Director of SAFEWAY GAS Co., Director of Grand Cathay Venture Capital, Director of Ho-Cheng Co., Director of Chang-Fong Transportation, Director of TNS Logistics International.

Note 6: Representative Teh-Nan Hsu, is concurrently no other job at the bank and other companies.

Note 7: Representative Chih-Kang Wang, is concurrently acting as Chairman of Taiwan External Trade Development Council, Chairman of Taipei World Trade Center, Chairman of The Shiner Education Foundation, Independent Director of Taishin Financial Holdings, Independent Director of Nan Ya Plastics, Independent Director of Formosa Sumco Technology.

Note 8: Representative Neng-Pai Lin, is concurrently acting as Independent Director of Taishin Financial Holdings, Independent Director of Darfon Electronics, Director of TECO Image Systems.

Note 9: Representative Jimmy T.Y Tsay, is concurrently acting as Independent Director of E-Ton Solar Tech, Independent Director of OBI Pharma, Standing Supervisor of Taishin Financial Holdings, Supervisor of Kingpak Technology, Supervisor of Shin Zu Shing, Supervisor of Coremax Corp.

Note 10: Representative Long-Su Lin, is concurrently acting as Chairman of Ennead Leasing, Chairman of MITAC Construction and Development, Chairman of Chun-Ying Interior Design, Director of Shin Kong Chao Feng, Director of Nica-Orient Development, Director of Virgin Enterprise, Director of Gyu-Kaku, Director of Toms World Amusement, Director of International Advanced Music, Director of Music Dake, Director of Ennead Agriculture & Animal husbandry, Supervisor of Taishin Financial Holdings, Supervisor of Tai-Li-Ya Development.

Note 11: Representative Toney K.T. Chen is currently acting as Director of Taishin Leasing and Financing Co., Ltd.

2. Major shareholders of institutional shareholders

April 8, 2014

Names of Institutional shareholders	Major shareholders of institutional shareholders
Taishin financial holding Co., Ltd.	Cathay Life Insurance Co., Ltd. (3.14%) Taishin Leasing & Financing Co., Ltd. (2.86%) Ching-Wei Co., Ltd. (2.12%) Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds (1.51%) Dimensional Emerging Markets Value Fund (1.44%) Pan City Co., Ltd. (1.33%) TASCO Chemical Corporation (1.19%) Shinkong Synthetic Fibers Corporation(1.19%) Tong Shan Investment Co., Ltd. (1.18%) JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool(1.10%)

3. Major Shareholders of Major Institutional Shareholders

April 8, 2014

Names of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Cathay Life Insurance Co., Ltd.	Cathay Financial Holdings 100.00%
Taishin Leasing & Financing Co., Ltd.	Yun Teh Industrial Co., Ltd. 40.67%, Tong Shan investment 26%, Pan Asian Plastics Corp 22.2%, Ruey-Shin Enterprise Co., Ltd. 7.06%, Ruey-Shiang Invest Co., Ltd. 4.07%
Ching-Wei Co., Ltd.	Thomas T.L.Wu 96.58%, Peng ,Hsueh-Fen 3.42%
Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds	N/A
Dimensional Emerging Markets Value Fund	N/A
Pan City Co., Ltd.	Minyuan enterprise 49.20%, Fu Chuan Investment 47.40%, Wang Wei-ren 1.70%, wang wei-hao 1.70%
TASCO Chemical Corporation	Taiho investment 58.07%, He-Cheng Invest Co., Ltd. 19.55%, Fong-He Development Co., Ltd. 9.11%, Da-Jan Invest Development Co., Ltd. 1.61%, He-Fong Invest Co., Ltd. 1.07%, Fong-He Invest Co., Ltd. 0.99%, Wu Cheng-Ching 0.99%, Wu Shang-Bin 0.99%, Wu Pei-Jyuan 0.95%, Wu Pei-Rong 0.93%
Shinkong Synthetic Fibers Corporation	Shin Kong Company Ltd. 4.79%, Shin-Sheng Invest Co., Ltd. 4.36%, Shin Kong Recreation Co., Ltd. 4.28%, Shin Kong Life Insurance Co., Ltd. 4.01%, Shinkong Textile Co., Ltd. 3.14%, Shinkong Insurance Co., Ltd. 2.79%, Julian Invest Co., Ltd. 2.18%, Toray Industries Inc. 2.02%, Yuan-Pao investment 1.95%, Ruey-Shin Enterprise Co., Ltd. 1.82%
Tong Shan Investment Co., Ltd.	Ruey-Shin Enterprise Co., Ltd. 78.75%, Wu Guei-Lan 3.125%, Eugene Wu 3.125%, Anthony Wu 3.125%, Thomas T.L. Wu 3.125%, Hsu Hsien-Hsien 2.50%, Sun Ruo-Nan 2.50%, Ho Hsing-Hua 1.875%, Eric Wu 1.875%
JPMorgan Chase Bank, N.A., Taipei Branch in Custody for Stichting Depository APG Emerging Markets Equity Pool	N/A

4. Information on board directors and supervisors (II)

March 31, 2014

Name	Qualifications	possession of over five-year working experience and the following professional qualifications			Compliance with independence (Note)										Number of other companies of public offering where the board director or supervisor serves as independent director	
		Instructor or higher teaching positions at college departments of commerce, legal affairs, finance, accounting, or others related to the bank's operation	Judge, prosecutor, lawyers, public certified accountant, or other professionals or technicians with national licenses related to the bank's operation	Working experience in commerce, legal affairs, finance, accounting, or other fields related to the bank's operation	1	2	3	4	5	6	7	8	9	10		
Thomas T.L. Wu			✓	✓		✓								✓		0
Jui-Sung Kuo	✓		✓	✓		✓					✓		✓		0	
Jeffrey T.S. Wu	✓	✓	✓	✓		✓	✓				✓	✓	✓		0	
Chu-Chan Wang			✓	✓		✓	✓				✓	✓	✓		0	
Shang-Pin Wu			✓	✓		✓		✓	✓	✓	✓	✓	✓		0	
Teh-Nan Hsu			✓			✓	✓	✓	✓		✓	✓			0	
Chih-Kang Wang	✓		✓	✓	✓	✓	✓				✓	✓	✓		3	
Neng-Pai Lin	✓		✓	✓	✓	✓	✓				✓	✓	✓		2	
Jimmy Y.T., Tasy	✓	✓	✓	✓	✓	✓	✓				✓	✓	✓		2	
Long-Su Lin			✓	✓		✓					✓		✓		0	
Toney Chen			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓		0	

Note : Mark with a check (v) under the code number for conformance to the following conditions:

- (1) Not an employee of another bank or its affiliates.
- (2) Not a director or supervisor of another bank or its affiliates.
- (3) Not owning, along with his/her spouse and offspring before the age of majority or in others' names, over 1% stake in another bank including stake in others' names, or one of the 10 largest individual shareholders in the bank.
- (4) Not a spouse, relative within second-degree kinship, or relative within fifth-degree kinship of direct lineage of the persons specified in the three items above.
- (5) Not a director, supervisor, or employee of an institutional shareholder with over 5% stake in another bank or being one of the five largest institutional shareholders in the bank.
- (6) Not a director, supervisor, manager, or shareholder with over 5% stake of a company or institution which has financial or business exchange with another bank.
- (7) Not a professional, or owner, partner, director, supervisor, manager, or spouse of one with such position of companies or institutions offering business, legal, financial, accounting, or consulting services to another bank or its affiliates; however, this excludes remuneration committee members who exercise their duties in accordance with Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.
- (8) Not a spouse or a relative within second-degree kinship of one of other directors.
- (9) Not an offender of items stipulated in article 30 of the Company Law.
- (10) Not a representative of government or corporate body elected via method specified in article 27 of Company Law.

b. Information on president, Senior vice presidents, assistant vice presidents, and chief of units and branches

March 31, 2014

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
President and Chief Executive Officer, Wholesale Banking Group	Larry Chung	2012.03.21	0	0	0	0	0	0	Chief Executive Officer of Taishin Bank, Graduate School of Economics, National Taiwan University	Supervisor of Dah Chung Bills Finance Co., Ltd. Director of Taishin Venture Capital Investment Co., Ltd. and Taiwan Asset Management Co., Ltd.	None		
Chief Executive Officer, Retail Banking Group	Spike, C.W. Wu	2011.01.21	0	0	0	0	0	0	Senior Vice President of First Trust Co., Ltd. Department of Economics, National Taiwan University	Director of Taishin Financial Holding Insurance Brokers Co., Ltd. Taishin Securities, Taishin Insurance Brokers Co., Ltd. Taishin Insurance Agency, Lienan Service and metro-consultant Co., Ltd.	None		
Chief Auditor	Y.H. Wang	2012.06.16	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Department of Electronic Engineering, National Taiwan University		None		
Senior Vice President	Ann Cheng	2010.08.13	0	0	0	0	0	0	Senior Vice President of Royal Bank of Scotland, MBA, University of New Haven	Supervisor of Taishin Securities Co., Ltd. Chief Accounting Officer of Taishin Holding Co., Ltd.	None		
Senior Vice President	Melody Chien	2007.02.09	0	0	0	0	0	0	Chief Financial Officer & Senior Vice President of KBC. MBA, National Chengchi University	Senior Vice President of Taishin Financial Holding Co., Ltd.	None		
Senior Vice President	Johnny Liu	2009.07.14	0	0	0	0	0	0	Senior Vice President of China Development Industrial Bank, Massachusetts Institute Of Technology, Master of Business Administration		None		
Senior Vice President	Sam Lin	2006.08.01	0	0	0	0	0	0	Vice Chairman of UBS Global Asset Management. Claremont McKenna Master of Accounting.	Director of Taishin Investment Trust and Yungsheng Trade	None		
Senior Vice President	Amy Hsia	2003.08.07	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Department of Law, Chinese Culture University		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Senior Vice President	Jack Su	2011.01.01	0	0	0	0	0	0	President of Taishin Insurance Agency Department of BA, Soochow University	Chairman of Taishin Insurance Agency and Taishin Insurance Brokers, Director of Taishin Financial Holding Insurance Brokers Co., Ltd.	None		
Senior Vice President	Wilson Chou	2011.12.22	0	0	0	0	0	0	Senior Vice President of Cosmos Bank, University of Dallas, Master of Business Administration	Senior Vice President of Taishin Financial Holdings, Director of Taishin Securities Investment Advisory	None		
Senior Vice President	Samuel Chiang	2009.04.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Department of Statistics, National Cheng Kung University		None		
Senior Vice President	Min-Hsing Liu	2011.03.01	0	0	0	0	0	0	Senior Vice President of ABN AMRO MBA, University Of Illinois at Urbana Champaign		None		
Senior Vice President	Jey chen	2011.06.03	0	0	0	0	0	0	Senior Vice President of KGI The University Of Texas At Austin, Doctor of Philosophy	Chief Risk Officer of Taishin Financial Holding Co., Ltd.	None		
Senior Vice President	Chao-Min Lin	2005.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Department of Law, Soochow University	Vice President of Taishin Financial Holding Co., Ltd.	None		
Senior Vice President	Adeline Jai	2011.09.23	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Department of Law, National Taiwan University	Vice President of Taishin Financial Holding Co., Ltd.	None		
Senior Vice President	David Chang	2009.11.18	0	0	0	0	0	0	Senior Vice President of Taishin Bank, MBA, National Chung Hsing University	Supervisor of Hsiang Chao Investment, Weifeng Investment, Chiahao Investment, Yiheng Investment, Chingwei Co., Ltd. Vice President of Taishin Financial Holding Co., Ltd.	None		
Senior Vice President	Helen Liu	2008.07.28	0	0	0	0	0	0	Senior Vice President of Bermuda Investment MBA, University Of Wisconsin-Madison.	Member of Remuneration Committee for Amtran Co., Ltd.	None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Senior Vice President	Jerry Yang	2008.12.11	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Department of International Trade, Tamkang University	Supervisor of Sunlight Asset Management Co., Ltd.	None		
Senior Vice President	Ada Chen	2011.03.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank, University of Texas at Dallas, Master of Science in Accounting	Supervisor of Taishin Investment Trust Co., Ltd.	None		
Senior Vice President	Phyllis Wang	2006.09.21	0	0	0	0	0	0	Senior Vice President of Taishin Bank, MBA, Kansas State University		None		
Senior Vice President	Christy Shyy	2012.03.16	0	0	0	0	0	0	Manager of United Overseas Bank, Western Michigan University, Master of Science in Accounting		None		
Senior Vice President	Robin Shieh	2012.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Department of Accounting, National ChengChi University		None		
Senior Vice President	Shang-Ming Tsai	2012.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank, University of Texas, El Paso, U.S.A., Master of Business Administration	Director of Taishin Investment Trust Co., Ltd.	None		
Senior Vice President	John Chiu	2012.02.17	0	0	0	0	0	0	Senior Manager, Royal Bank of Canada, Taipei Branch. MAB, University of Dallas, U.S.A.	Director of Taishin Securities Investment Advisory Co., Ltd.	None		
Senior Vice President	Peter Tseng	2012.08.17	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Master of Information Management, Kainan University		None		
Senior Vice President	Vivian Chou	2012.09.28	0	0	0	0	0	0	Executive Vice President of Citibank Stanford University, Stanford, California, U.S.A., Master of Science in Statistics		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Senior Vice President	Shouna Liu	2013.05.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Master of Management Program Management and Global Trade Group National ChengChi University		None		
Senior Vice President	Steve Sun	2014.01.17	0	0	0	0	0	0	Senior Vice president of IBM china, Department of computer science at Soochow University		None		
Senior Vice President	Kevin Lin	2014.03.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank, St. John's University, New York, Master of Finance		None		
Senior Vice President	Janice Liang	2014.03.28	0	0	0	0	0	0	Vice President of Taishin Bank, University of Southern California, USA, Master of Science in Education.	Vice President of Taishin Financial Holding Co., Ltd.	None		
Senior Vice President	Elaine Wu	2011.06.23	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Graduate school of Marketing, Meiji University		None		
Vice President	Chun-Hsiu Chen	2011.02.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank, Department of BA ,MingChuan University		None		
Vice President	Vanessa, Y.N. Chen	2008.07.11	0	0	0	0	0	0	Assistant Vice President of Taishin Bank , Department of BA, National Taiwan University		None		
Branch Manager	Jui-Hui Chen	2012.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Master of Regional Economics, Nankai University, People's Republic of China		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Shu-Ling Tsao	2011.03.04	0	0	0	0	0	0	Vice President of Taishin Bank, Department of Banking, National Chengchi University		None		
Branch Manager	Mei-O Cheng	2008.09.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank, Section of foreign trade, Taiwan Business College		None		
Branch Manager	Yu-Chang Chang	2005.01.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank, Department of Mathematics, Soochow University		None		
Branch Manager	Hsiu-Chuan Lin	2007.05.25	0	0	0	0	0	0	Assistant Vice President of Taishin Bank , MBA, YuanZe University		None		
Branch Manager	Yih-Chen Su	2007.07.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank, Department of English, Fu Jen Catholic University		None		
Branch Manager	Hsin-Chan Wu	2007.08.24	0	0	0	0	0	0	Assistant Vice President of Taishin Bank, Department of BA, MingChuan University		None		
Branch Manager	Shih-ta Shu	2007.10.12	0	0	0	0	0	0	Assistant Vice President of Taishin Bank, Georgia State University, Master of Business Administration		None		
Branch Manager	Mei-Chao Lin	2007.10.12	0	0	0	0	0	0	Vice President of Taishin Bank, Graduate School of Economics, National ChengChi University		None		
Branch Manager	Bao-Huey Huang	2007.10.12	0	0	0	0	0	0	Vice President of Taishin Bank, Accounting and statistics section, correspondence school, National Chengkung University		None		
Branch Manager	Yuan-Liang Liu	2007.10.12	0	0	0	0	0	0	Assistant Vice President of JihSun Bank , Department of BA, Tamkang University		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Ping-Chang Chen	2007.11.02	0	0	0	0	0	0	Manager of Taishin Bank, Department of Economics, Tamkang University		None		
Branch Manager	Grace Chen	2007.11.02	0	0	0	0	0	0	Manager of Taishin Bank, Business section, Nanying Business School		None		
Branch Manager	Su-Hung Liu	2007.12.28	0	0	0	0	0	0	Assistant Vice President of Taishin Bank, Department of Financial Tax, MeiHo colleague		None		
Branch Manager	Kuo-Jen Li	2007.12.28	0	0	0	0	0	0	Vice President of UBS , The Bernard M. Baruch College, U.S.A., Master of Science		None		
Branch Manager	Chih-Yuan Kang	2008.02.22	0	0	0	0	0	0	Manager of Taishin Bank, Department of management, Chiayi University		None		
Branch Manager	Melody Wei	2008.02.22	0	0	0	0	0	0	Manager of Taishin Bank. Department of Finance, Tamkang University	Supervisor of Yun Hwa Co., Ltd.	None		
Branch Manager	Fai-Yean Yu	2008.02.22	0	0	0	0	0	0	Manager of Taishin Bank, Department of Accounting and Statistics, Ming Chuan college		None		
Branch Manager	Yu-Fen Cho	2008.02.22	0	0	0	0	0	0	Manager of Taishin Bank, Department of Economics, Chinese Culture University		None		
Branch Manager	Hsin-Hua Hsieh	2008.02.22	0	0	0	0	0	0	Vice President of Taishin Bank, Department of Financial management, National Kaohsiung First University of Science and Technology		None		
Branch Manager	Chih-Chiang Chang	2008.02.22	0	0	0	0	0	0	Manager of Taishin Bank, Chemical Department of engineering, Eastern College		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Pei-Shi Su	2008.02.22	0	0	0	0	0	0	Manager of Taishin Bank, Department of Economics, Soochow University		None		
Branch Manager	Yu-Ni Chen	2008.02.22	0	0	0	0	0	0	Manager of Taishin Bank, General Commerce Division, National ChuTung Senior High School		None		
Branch Manager	Chia-Hui Pan	2008.04.25	0	0	0	0	0	0	Vice President of Taishin Bank, Division of Finance, National Taipei College of Business		None		
Branch Manager	Yung-Chieh Chang	2008.04.25	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, FengChia University		None		
Branch Manager	Pei-Ming Lee	2008.04.25	0	0	0	0	0	0	Manager of Taishin Bank, Department of Law, Soochow University		None		
Branch Manager	Li-Hung Liu	2008.04.25	0	0	0	0	0	0	Manager of Taishin Bank, Department of Financial, advanced study school, Kaohsiung University of Applied Science and Technology		None		
Branch Manager	Fu-Chu Wang	2008.04.25	0	0	0	0	0	0	Manager of Taishin Bank, Department of Finance, Aletheia University		None		
Branch Manager	Yu-Fang Huang	2008.04.25	0	0	0	0	0	0	Manager of Taishin Bank, Department of Cooperation Economics, Tamkang University		None		
Branch Manager	Pei-Jan Chuang	2008.04.25	0	0	0	0	0	0	Senior Assistant manager, Hualien Business Bank, Department of electrical engineering department, Fuhsing Business College		None		
Branch Manager	Ya-Fang Yu	2008.06.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of foreign trade, Takming Business College		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Gung-Hsiang He	2008.11.14	0	0	0	0	0	0	Manager of Taishin Bank, Financial department, National Kaohsiung First University of Science and Technology		None		
Branch Manager	Pai-Shih Lee	2008.12.05	0	0	0	0	0	0	Manager of Taishin Bank, MBA, Chinese Culture University		None		
Branch Manager	Chi-Hsiang Lai	2008.12.05	0	0	0	0	0	0	Manager of Taishin Bank, MBA, FengChia University		None		
Branch Manager	Hua-Nung Huang	2008.12.05	0	0	0	0	0	0	Manager of Standard Chartered Bank, Department of BA, MingChuan University		None		
Branch Manager	Shu-Hui Kuo	2008.12.05	0	0	0	0	0	0	Manager of Chinatrust Department of BA, Fu Jen Catholic University		None		
Branch Manager	Yi-Ting Lin	2009.03.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Applied science department, correspondence school, Taichung Technological College		None		
Branch Manager	Chen-Jui Yu	2009.08.01	0	0	0	0	0	0	Manager of Taishin Bank, Accounting and statistics section, Lingtung Business College		None		
Branch Manager	Shih-Yang Chien	2009.08.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Finance, Tamkang University		None		
Branch Manager	Jui-Pei Hung	2009.09.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Finance, Shih Chien University		None		
Branch Manager	Wei-Jye Chang	2009.09.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of International Trade, Ta Hwa Institute of Technology		None		
Branch Manager	Chun-Min Chang	2010.02.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, Chungyou Business College		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Nelson Kuo	2010.02.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of International Trade ,Providence University		None		
Branch Manager	Chen-Yuan Lee	2010.05.17	0	0	0	0	0	0	Manager of ABN AMRO, Department of Cooperation Economics, Tamkang University		None		
Branch Manager	Ling-Ling Tung	2010.08.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Economics, National Taiwan University		None		
Branch Manager	Sandy Wang	2010.08.30	0	0	0	0	0	0	Manager of TaChong Bank, Department of Accounting and Statistics, MingChuan University		None		
Branch Manager	Yu-Nhng Tseng	2010.09.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, Soochow University		None		
Branch Manager	Hung-Jung Tsao	2010.11.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Tourism, Chinese Culture University		None		
Branch Manager	Chin-Tang Chang	2011.01.01	0	0	0	0	0	0	Manager of Taishin Bank, Graduate School of International Economics, National Chung Cheng University		None		
Branch Manager	Chao-Peng Liu	2011.01.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, Chinese Culture University		None		
Branch Manager	Shu-Fang Chou	2011.04.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Industrial management, Tamsui College		None		
Branch Manager	Yi-Fang Wang	2011.04.01	0	0	0	0	0	0	Manager of Taishin Bank , Department of Fu Jen Catholic University		None		
Branch Manager	Yu-Wen Lin	2011.04.01	0	0	0	0	0	0	Manager of ChinaTrust , Department of foreign trade, Chiaokuang Business College		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Gina Shen	2011.04.01	0	0	0	0	0	0	Manager of Taishin Bank, Easter Michigan University, Master of Business Administration		None		
Branch Manager	Feng-Ching Tai	2011.04.01	0	0	0	0	0	0	Assistant Vice President, ChinaTrust, Department of BA, National Open University		None		
Branch Manager	Yu-Lin Cho	2011.06.10	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, Taichung Business College		None		
Branch Manager	Ming-Chu Hsu	2011.06.28	0	0	0	0	0	0	Manager of Taishin Bank, Chemical Department of engineering, Shude College		None		
Branch Manager	Hsin-Hung Yeh	2011.07.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of International trade, Lunghua Business College		None		
Branch Manager	Ching-Ching Peng	2011.07.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, Chungyou Technology College		None		
Branch Manager	Hui-Ching Teng	2011.07.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of international trade, Fuhsing Industrial and Commercial College		None		
Branch Manager	Chi-Sun Tuan	2011.08.05	0	0	0	0	0	0	Manager of EnTie Bank, Department of Cooperation Economics, FengChia University		None		
Branch Manager	Po-Yu Huang	2011.08.26	0	0	0	0	0	0	Manager of Taishin Bank, Department of Law, Soochow University		None		
Branch Manager	Shu-Hua Chen	2011.12.09	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, Aletheia University		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Chien-Liang Cheng	2012.01.01	0	0	0	0	0	0	Vice President of Taishin Bank, Department of BA, National ChungHsin University	Director of Chang Electronic Co., Ltd.	None		
Branch Manager	Shih-Hung Chou	2012.01.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, National Chung Hsin University		None		
Branch Manager	Hung-shin Liu	2012.01.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of industrial engineering management, United Industrial College		None		
Branch Manager	Chun-Hung Lu	2012.01.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Economics, Chinese Culture University		None		
Branch Manager	Pei-Fen Wu	2012.05.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Shipping & Transportation Management, National Taiwan Ocean University		None		
Branch Manager	Chien-Hsing Lee	2013.05.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Business Administration, Yu Da University		None		
Branch Manager	Tung-Yuan Huang	2012.05.01	0	0	0	0	0	0	Manager of Taishin Bank, Master of Business Administration, Feng Chia University		None		
Branch Manager	Alan Chung	2012.08.17	0	0	0	0	0	0	Vice President of Taishin Bank, Department of International Trade, Fu Jen Catholic University		None		
Branch Manager	Shih-Wei Wu	2012.08.17	0	0	0	0	0	0	Manager of Taishin Bank, Department of Finance and Taxation, JinWen University of Science & Technology		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Ming-Yi Chou	2013.08.17	0	0	0	0	0	0	Manager of Taishin Bank, Master of Commerce, National Kaohsiung University of Applied Sciences		None		
Branch Manager	Shan-Yu Huang	2012.11.02	0	0	0	0	0	0	Manager of Taishin Bank, Department of Banking and Insurance, Fortune University		None		
Branch Manager	Pau-Chung Hung	2013.01.01	0	0	0	0	0	0	Vice President of Taishin Bank, Rensselaer Polytechnic Institute, U.S.A.MBA		None		
Branch Manager	Chung-Hsien Yu	2013.01.01	0	0	0	0	0	0	Vice President of Taishin Bank, Department of Architecture, National Cheng Kung University		None		
Branch Manager	Yi-Chen Wang	2013.01.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Accounting, Soochow University		None		
Branch Manager	Yueh-Yun Lee	2013.03.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of International Trade, Ming Chuan University		None		
Branch Manager	Ju-Yin Tsai	2013.03.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Economics, National Chung Hsing University		None		
Branch Manager	Wei-Feng Hsu	2013.03.15	0	0	0	0	0	0	Manager of Taishin Bank, Department of Finance, Ming Chuan University		None		
Branch Manager	Li-Hua Chen	2013.05.03	0	0	0	0	0	0	Manager of Taishin Bank, Department of Educational Sciences, Tamkang University		None		
Branch Manager	Hsieh-Ching Yu	2013.05.17	0	0	0	0	0	0	Manager of Taishin Bank, Management Department of Real Estate Management, Rucker School		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Che-Hsiang Chang	2013.05.24	0	0	0	0	0	0	Manager of Taishin Bank, Department of BA, Chinese Culture University		None		
Branch Manager	Kang Chang	2013.06.21	0	0	0	0	0	0	Manager of Taishin Bank, Department of mechanical engineering Yunlin Polytechnic Institute.		None		
Branch Manager	Hsin-Chi Wang	2013.07.01	0	0	0	0	0	0	Manager of Taishin Bank, University of Exeter, Master of Finance and Investment		None		
Branch Manager	Jen-Chieh Wu	2013.07.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Insurance FengChia University		None		
Branch Manager	Chun-Hung Chen	2013.07.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Construction Engineering Technology ,Yunlin Institute of Technology		None		
Branch Manager	Chih-Kuang Lin	2013.07.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Tourism,, Chinese Culture University		None		
Branch Manager	Shu-Min Lai	2013.07.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of professionals work, national united university		None		
Branch Manager	Meei-Yu Chiang	2013.07.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Chinese, Soochow University		None		
Branch Manager	Mei-Yen Li	2013.10.18	0	0	0	0	0	0	Manager of Taishin Bank, Department of Finance ,MingChuan University		None		
Branch Manager	Meng Chung Chiang	2013.11.01	0	0	0	0	0	0	Manager of Taishin Bank, Business College of Technology has air Bancassurance Division ,Taichung Institute of Technology College		None		

Title	Name	Date of election (appointment)	Shareholding		Stake of spouse and offspring before age of majority		Shareholding in the name of others		Major education (experience)	Current jobs with other companies	Spouse or relatives within second-degree kinship who serve managerial posts		
			Amount of shares	Share of Stake	Amount of shares	Share of Stake	Amount of shares	Share of Stake			Title	Amount of shares	Share of Stake
Branch Manager	Pu-Wen Tang	2013.12.01	0	0	0	0	0	0	Manager of Taishin Bank, Master of Urban Planning Institute, National Chung Hsing University.		None		
Branch Manager	Tsung-Han Mu	2013.12.01	0	0	0	0	0	0	Manager of Taishin Bank, University of Illinois at Urbana-Champaign, Master of Finance		None		
Branch Manager	Yih-Fang Lee	2013.12.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of International Trade, Tamkang University		None		
Branch Manager	Fan Kung	2013.12.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of International Trade, Shih Chien University		None		
Branch Manager	Ming-Chang Lee	2013.12.01	0	0	0	0	0	0	Manager of Taishin Bank, Department of Economics, National Chung Hsing University		None		
Branch Manager	Jen-Yao Lee	2013.12.16	0	0	0	0	0	0	Manager of Taishin Bank, Master of International Business, Donghua University		None		
Branch Manager	Yu-I Chin	2013.12.20	0	0	0	0	0	0	Manager of Taishin Bank, Department of Theatricals, Chinese Culture University		None		
Branch Manager	Chih-Hsien Chang	2014.02.15	0	0	0	0	0	0	Senior Vice President of Taishin Bank, Master of Finance, National Taipei University		None		

c. Compensation for board directors, supervisors, presidents, and vice presidents

1. Compensation for board directors (including independent directors)

Title	Name	Compensation for directors								Share of combination of A,B,C and D in after-tax net profit	
		Compensation(A)		Job-leaving and retirement payment(B)		Compensation from distribution of earnings(C)		Expense for business excution(D)			
		The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank	All companies in the financial statement
Chairman	Thomas T.L.Wu										
Director	Jui-Sun Kuo										
Director	Jeffrey T.S. Wu										
Director	Chu-Chan Wang										
Director	Teh-Nan Hsu										
Director	Shang-Pin Wu	21,345	21,585	0	0	0	0	4,894	5,039	0.22%	0.22%
Director	Richard R.C. Liu (2013.07.01 relief of duty)										
Independent Director	Chih-Kang Wang										
Independent Director	Neng-Pai Lin										

Note 1: Compensation for chauffeurs reaches NT\$1,472,000

Note 2: No actual collection of job-leaving or retirement payment

Dec.31, 2013; Unit: NT\$1,000

Remuneration as an employee												Share of combination of A.B.C.D.E.F and G in after-tax net profit		Compensations from invested companies other than subsidiaries
Salary, bonus, and special allowance(E)		Job-leaving and retirement payment (F)		Employee dividend-sharing(G)				Amount of shares for employee warrants (H)		Amount of restricted stock units				
The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank		All companies in the financial statement		The bank	All companies in the financial statement	The bank	All companies in the financial statement	The bank	All companies in the financial statement	
				Cash dividend	Stock dividend	Cash dividend	Stock dividend							
24,948	24,948	0	0	0	0	0	0	0	0	0	0	0.42%	0.42%	213

Compensation brackets

Dec. 31, 2013

Compensation brackets of board directors	Names of directors			
	The combined compensation of (A+B+C+D)		The combined compensation of (A+B+C+D+E+F+G)	
	The company	All companies in the consolidated financial statement	The company	All companies in the consolidated financial statement
Lower than NT\$2 M.	Chih-Kang Wang / Neng-Pai Lin / Jui-Sung Kuo / Jeffrey T.S. Wu / Chu-Chan Wang / Teh-Nan Hsu / Shang-Pin Wu / Richard R.C. Liu	Chih-Kang Wang / Neng-Pai Lin / Jui-Sung Kuo / Jeffrey T.S. Wu / Chu-Chan Wang / Teh-Nan Hsu / Shang-Pin Wu / Richard R.C. Liu	Chih-Kang Wang / Neng-Pai Lin / Jui-Sung Kuo / Chu-Chan Wang / Shang-Pin Wu / Richard R.C. Liu	Chih-Kang Wang / Neng-Pai Lin / Jui-Sung Kuo / Chu-Chan Wang / Shang-Pin Wu / Richard R.C. Liu
NT\$2 M. (inclusive)-NT\$5 M. (exclusive)				
NT\$5 M. (inclusive)-NT\$10 M. (exclusive)				
NT\$10 M. (inclusive)-NT\$15 M. (exclusive)			Teh-Nan Hsu	Teh-Nan Hsu
NT\$15 M. (inclusive)-NT\$30 M. (exclusive)	Thomas T.L. Wu	Thomas T.L. Wu	Thomas T.L. Wu / Jeffrey T.S. Wu	Thomas T.L. Wu / Jeffrey T.S. Wu
NT\$30 M. (inclusive)-NT\$50 M. (exclusive)				
NT\$50 M. (inclusive)-NT\$100 M. (exclusive)				
Over NT\$100 M.				
Total	9	9	9	9

Note: Compensation in the table is different from incomes for income tax law. Therefore, figures in the table are mainly for information disclosure and cannot be used as the basis for taxation.

2. Compensation for supervisors

Dec.31, 2013;Unit:NT\$1,000

Title	Name	compensations for supervisors								Share of combination of A, B, C and D in after-tax net profit		Compensations from invested companies other than subsidiaries
		Compensation (A)		Job-leaving or retirement payment (B)		Compensations from distribution of earnings (C)		expense for business execution (D)				
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	
Standing Supervisor	Jimmy Y.T. Tsay											
Supervisor	Long-Su Lin	11,475	11,475	0	0	0	0	810	810	0.10%	0.10%	None
Supervisor	Toney Chen											

Note: No actual collection of job-leaving or retirement payment

Compensation brackets

Dec. 31, 2013

Compensation brackets for the company's supervisors	Names of supervisors	
	Combined amount of (A+B+C+D)	
	The Bank	All companies in the financial statement
Under NT\$2 M.	Long-Su Lin	Long-Su Lin
NT\$2 M.(inclusive)-NT\$5 M. (exclusive)	Toney Chen	Toney Chen
NT\$5 M. (inclusive)-NT\$10 M. (exclusive)	Jimmy Y.T. Tsay	Jimmy Y.T. Tsay
NT\$10 M. (inclusive)-NT\$15 M. (exclusive)		
NT\$15 M. (inclusive)-NT\$30 M. (exclusive)		
NT\$30 M. (inclusive)-NT\$50 (exclusive)		
NT\$50 M. (inclusive)-NT\$100 M. (exclusive)		
Over NT\$100 M.		
Total	3	3

Note: Compensation in the table is different from incomes for income tax law and the figures are mainly for information disclosure and cannot be used as the basis for taxation.

3. Compensation for president and vice presidents

Title	Name	Salary(A)		Job-leaving or retirement payment (B)		Bonus and special allowance (C)	
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement
President	Larry Chung	106,735	109,935	1,553	1,553	157,460	157,704
Chief executive officer	Spike, C.W. Wu						
Chief auditor	Y.H. Wang						
Senior vice president	B.R. Ho (2013.09.17 on Board)						
Senior vice president	Wilson Chou						
Senior vice president	Jack Su						
Senior vice president	Melody Chien						
Senior vice president	Samuel Chiang						
Senior vice president	Johnny Liu						
Senior vice president	Amy Hsia						
Senior vice president	Sam Lin						
Senior vice president	Ann Cheng						
Senior vice president	Jey Chen						
Senior vice president	Robin Shieh						
Senior vice president	Shang-Ming Tsai						
Senior vice president	Min-Hsing Liu						
Senior vice president	Jospehine Yang (2013.09.16 relief of duty)						
Senior vice president	Ada Chen						
Senior vice president	John Chiu						
Senior vice president	Adeline Jai						
Senior vice president	Chris Chang						
Senior vice president	Chao-Min Lin						
Senior vice president	Shawn C.L Teng						
Senior vice president	Helen liu						
Senior vice president	Jerry Yang						
Senior vice president	David Chang						
Senior vice president	Christy Shyy						
Senior vice president	Phyllis Wang						
Senior vice president	Peter Tseng						
Senior vice president	Vivian Chou						
Senior vice president	Shouna Liu (2013.5.01 on board)						

Note: No actual retirement payment, the appropriation or provions for job-leaving or retirement funds reached NT\$1,553,000. All companies in the finalcial statement is the same.

Dec.31, 2013 Unit: NT\$1,000

Employee dividend-sharing(D)				Share of the combined value of A.B. C and D in after-tax net profit(%)		Amount of employee warrants		Amount of restricted stock units		Compensations from invested companies other than subsidiaries
The Bank		All companies in the financial statement								
Cash dividend	Stock dividend	Cash dividend	Stock dividend	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	
0	0	0	0	2.18%	2.21%	0	0	0	0	577

Compensation brackets

Dec.31,2013

Compensations brackets for presidents and vice presidents	Names of president and vice president	
	The company	All companies in the consolidated financial statement
Below NT\$2,000,000		
NT\$2,000,000(inclusive)~5,000,000(exclusive)	Y. H. Wang/ B.R. Ho/ Josphine Yang/ Christy Shyy/ Chao-Min Lin/ Peter Tseng/ Shouna Liu	Y. H. Wang/ B.R. Ho/ Josphine Yang/ Christy Shyy/ Chao-Min Lin/ Peter Tseng/ Shouna Liu
NT\$5,000,000(inclusive)~10,000,000(exclusive)	Wilson Chou/ Samuel Chiang/ Ann Cheng/ Jey Chen/ John Chiou/ Ada Chen / Min Hsing Liu/ Shang-Ming Tsai/ Robin Shieh/ Phyllis Wang/ Chin-Ju Chou/ Chris Chang/ David Chang/ Jerry Yang/ Lu-June Jai / Shawn C.L. Teng / Helen Liu	Wilson Chou/ Samuel Chiang/ Ann Cheng/ Jey Chen/John Chiou/ Ada Chen / Min Hsing Liu/ Shang-Ming Tsai/ Robin Shieh/ Phyllis Wang/ Chin-Ju Chou/ Chris Chang/ David Chang/ Jerry Yang/ Lu-June Jai/ Shawn C.L. Teng/ Helen Liu
NT\$10,000,000(inclusive)~15,000,000(exclusive)	Spike C.W. Wu/ Amy Hsia/ Melody Chien/ Jack Su	Spike C.W. Wu/ Amy Hsia/ Melody Chien/ Jack Su
NT\$15,000,000(inclusive)~30,000,000(exclusive)	Larry Chung/ Sam Lin/ Johnny Liu	Larry Chung/ Sam Lin/ Johnny Liu
NT\$30,000,000(inclusive)~50,000,000(exclusive)		
NT\$50,000,000(inclusive)~100,000,000(exclusive)		
Over NT\$100,000,000		
Total	31	31

Note: Compensations disclosed in the table different from income for income tax law and therefore cannot be used as the basis for taxation.

4. Manager's name and the distribution of employee bonus payout: None

d. Analytical comparisons of the shares of company's compensations for board directors, supervisors, president, and vice presidents in the after-tax net profits in the recent two years, as listed in the company's financial

1. In 2013, total compensations for directors, supervisors, president, and vice presidents accounted for 2.70% of the after-tax net profit and the share listed in the consolidated financial statement was 2.73%. In 2012, total compensations for directors, supervisors, president, and vice presidents accounted for 3.16% of the after-tax net profit and the share listed in the consolidated financial statement was 3.20%

2. The company's compensation policy

- (1) Compensations for managerial staffers are determined according to the company's overall profit performance, the status of business divisions in achieving their goals, and personal performance evaluation.
- (2) Actual compensation for directors and supervisors is determined according to the compensation for managerial staffers, pay adjustments, and the extents of their participation in the company's business and contributions, the level of risk responsibility, and change in the company's business status and performance. In considering major changes in the company's business status or business performance, the salary and compensation committee will make proposal for approval by the board of directors.

C. Status of Corporate Governance

a. Information on the operation of the board of directors

In the recent fiscal year(2013), the board of directors convened 47 times and status of attendance by directors and supervisors follows:

title	Name	Actual number of attendance	number of attendance by proxy	Actual rate of attendance (%)	Note
Chairman	Taishin Financial Holding Representative: Thomas T.L. Wu	38	9	80.85	Re-elected (Appointment on 2013.07.01)
Director	Taishin Financial Holding Representative: Jui-Sung Kuo	40	7	85.11	Re-elected (Appointment on 2013.07.01)
Director	Taishin Financial Holding Representative: Jeffrey T.S. Wu	42	5	89.36	Re-elected (Appointment on 2013.07.01)
Director	Taishin Financial Holding Representative: Chu-Chan Wang	46	1	97.87	Re-elected (Appointment on 2013.07.01)
Director	Taishin Financial Holding Representative: Shang-Pin Wu	45	2	95.74	Re-elected (Appointment on 2013.07.01)
Director	Taishin Financial Holding Representative: Teh-Nan Hsu	42	5	89.36	Re-elected (Appointment on 2013.07.01)
Director (relief of duty)	Taishin Financial Holding Representative: Richard R.C. Liu	23	0	100.00	ex-elected (relief of duty on 2013.07.01)
Independent Director	Taishin Financial Holding Representative: Chih-Kang Wang	39	8	82.98	Re-elected (Appointment on 2013.07.01)
Independent Director	Taishin Financial Holding Representative: Neng-Pai Lin	46	1	97.87	Re-elected (Appointment on 2013.07.01)
Standing Supervisor	Taishin Financial Holding Representative: Jimmy Y.T. Tsay	40	0	85.11	Re-elected (Appointment on 2013.07.01)
Supervisor	Taishin Financial Holding Representative: Long-Su Lin	13	0	27.66	Re-elected (Appointment on 2013.07.01)
Supervisor	Taishin Financial Holding Representative: Toney Chen	21	0	44.68	Re-elected (Appointment on 2013.07.01)

Note: The attendance rate(%) of a director/supervisor is calculated by his/her actual number of attendance and the number of meetings of the board of directors during his/her term

Other items of mandatory registration:

1. For items listed in Article 14-3, Securities Transaction Law and resolutions passed by the board of directors for which independent directors have opposing or reserved opinions on record or in written form, specify the date and number of the board of directors, the contents of the case, and opinions of independent directors and responses of the board of directors: None.
2. For avoidance by directors for cases involving the interests of them, specify the name of the board director, contents of the case, reason for avoidance, and the status of their participation in voting: The bank implements avoidance of interest for related cases according to related laws/regulations.
3. Targets for strengthening the function of the board of directors in current year and the recent year (such as the setup of auditing committee and enhancement of information transparency) and the evaluation of their execution: In order to strengthen the governance of the board of directors, the company already formulated rules of order to the meeting of the board of directors, instituted independent directors since 2007, and took out liabilities insurance for board directors and key executives in the end of 2007. Due to the existence of supervisors, the company decides not to establish auditing committee for the time being.

b. Operation of the auditing committee or the participation of supervisors in the operation of board of directors

1. Information on the operation of auditing committee: Not established yet.
2. Status of communication of independent directors with in-house chief auditor and CPA (such as communication items, method, and results for the bank's finance and business status)

Status of communication between independent directors and in-house chief auditor:

- (1) The bank's independent directors regularly hold communications meetings with the chief auditor and meeting minutes are submitted to the board of directors.
- (2) Independent directors and chief auditor of the bank attend the meetings of the board of directors and communicate with independent directors and chief auditor during and before the meetings over various affairs of the bank.
- (3) The bank's auditing division regularly submits Auditing report to the board of directors each months, with the contents of the report including the conducting of auditing operation and major audited items, both internal and external ones. Attending independent directors, therefore, can also understand the contents of the report.
- (4) The auditing reports for the bank and its subsidiaries of the bank's auditing division are submitted to independent directors for inspection.
- (5) Investigation reports on major incidents of the bank (such as irregularities, natural disaster, and major losses) are all submitted to independent directors.
- (6) Independent directors can communicate and discuss with chief auditor over the aforementioned affairs or other affairs anytime.

Status of communication between independent directors and CPA:

The bank's independent directors can discuss with CPA over the company's finance, business status, and auditing findings of CPA.

3. Participation of supervisors in the operation of the board of directors.

In the recent fiscal year(2013) the board of directors convened 47 times and status of attendance:

Title	Name	Actual number of attendance	Attendance rate (%)	Note
Standing Supervisor	Taishin Financial Holding Representative: Jimmy Y.T. Tsay	40	85.11	Re-elected (Appointment on 2013.07.01)
Supervisor	Taishin Financial Holding Representative: Long-Su Lin	13	27.66	Re-elected (Appointment on 2013.07.01)
Supervisor	Taishin Financial Holding Representative: Toney Chen	21	44.68	Re-elected (Appointment on 2013.07.01)

Note: The attendance rate(%) of a director/supervisor is calculated by his/her actual number of attendance and the number of meetings of the board of directors during his/her term

Other items which should be recorded:

1. The makeup and responsibilities of supervisors:
 - (1) Communication between supervisors and employees/shareholders (such as communications channel and method): Supervisors can communicate with employees anytime in the exercise of their duties and employee can reflect and express their opinions to the human resources division via the company's internal website.

- (2) Status of the communication of supervisors with in-house chief auditor and CPA (such as communication items, method, and results for the bank's finance and business status)
- a. Status of the communication between supervisors and in-house chief auditor:
- (a) The bank's supervisors regularly hold communications meetings with chief auditor and record of the meeting are submitted to the board of directors.
 - (b) Supervisors and chief auditor of the bank attend the board of directors and communicate with directors during and before the meetings over various affairs of the bank.
 - (c) The bank's auditing division regularly submits Auditing report to the board of directors each month, with the contents of the report including the conducting of auditing operation and major audited items, both internal and external ones. Attending supervisors, therefore, can also understand the contents of the report.
 - (d) The auditing reports for the bank and its subsidiaries of the bank's auditing division are submitted to supervisors for inspection.
 - (e) Investigation reports on major incidents of the bank (such as irregularities, natural disaster, and major losses) are all submitted to supervisors.
 - (f) Supervisors can communicate and discuss with chief auditor over the aforementioned affairs or other affairs anytime.
- b. Status of the communications between supervisors and CPA:
- The bank's supervisors can discuss with CPA over the company's finance, business status, and auditing findings of CPA.
2. Opinions expressed by supervisors in the board of directors which should be put on record, including the date and number of the meeting, contents of the case, resolutions of the meeting, and response of the board to the opinions: None
- c. Items disclosed comply with the guidelines for the practical corporate governance of the banking industry. However, for those already disclosed on the bank's website, it was sufficient to indicate the availability of the related information on the website at: <http://www.taishinbank.com.tw>**
- d. Status of the bank's corporate governance and its deviation from the guidelines for the practical corporate governance of the banking industry and reasons**

Items	Operating status	Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
<p>1. Makeup of the bank's shareholdings and shareholders' interest</p> <p>(1) The way the bank handles suggestions or disputes of shareholders</p> <p>(2) Grasp by the bank of the list of the bank's major shareholders and the ultimate controllers of major shareholders</p> <p>(3) Risk management mechanism and firewall between affiliates</p>	<p>(1) The bank has only one shareholder, Taishin Financial Holding, whose stock-affairs unit handles shareholders' suggestion or disputes and makes necessary disclosures on its website as a channel of communications with shareholders.</p> <p>(2) The bank has only one shareholder, Taishin Financial Holding, which owns 100% stake in the bank.</p> <p>(3) The bank's Risk Management Division is in charge of establishing the bank's risk-management policy and mechanism, as well as the implementation of the risk-management and firewall mechanism according to the regulations of the Banking Law.</p>	No deviation
<p>2. Makeup and responsibilities of the board of directors</p> <p>(1) The institution of independent board directors by the bank</p> <p>(2) Periodic evaluation of the independence of certified public accountants</p>	<p>(1) The bank instituted two seats of independent board directors since 2007.</p> <p>(2) The bank will evaluate the independence of certified public accountants before signing the letter of entrustment with them every year.</p>	No deviation
<p>3. The establishment of communications channel with related parties</p>	<p>(1) The bank's parent company has establish an integrated system about related parties for archiving and query. It also send reminders to related parties and check the correction of their information regularly.</p> <p>(2) The bank disclosed finance and business information on Market Observation Post System and its website. It also implement spokesman's system for communication with related parties.</p>	No deviation
<p>4. Information publication</p> <p>(1) The bank has installed corporate website for the disclosure of the company's finance and corporate governance.</p> <p>(2) The bank has also embraced other information-disclosure methods</p>	<p>(1) The bank has disclosed finance and business information on its website and disclose major information on MOPS.</p> <p>(2) The bank conducts major information disclosure and application for online information publication and implements spokesman's system, according to the regulations of the Securities Transaction Law.</p>	No deviation

Items	Operating status	Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
5.The institution and operation of nomination or compensation committee	<p>(1) Taishin Financial Holding established salary and compensations committee on Sept. 22, 2011, according to related measures.</p> <p>(2) According to the organizational charter of the salary and compensations committee of Taishin Financial Holding, the committee is in charge of screening the compensations policy of its subsidiary Taishin Bank. The committee will screen the policy, system, standards, and structure of salaries and compensations of the directors, supervisors, and managerial staffers of Taishin Bank.</p>	No deviation
6. Describe the bank's corporate governance and its deviation from the Guidelines for the corporate governance of the banking industry and reasons:		
The bank has exercised corporate governance in accordance with the Corporate Governance Best-Practice Principles for bank industry, and no major deviation has been found.		
7. Other major information conducive to the understanding of the Bank's corporate governance:		
<p>(1) The bank offers competitive remuneration packages and benefits to retain talented employees. The bank also organizes team-building activities and works with the Teacher Chang Foundation to provide employees with a joyful and healthy workplace. Taishin Bank respects employees' opinions and uses morning meetings and employee opinion surveys as a means of communication.</p> <p>(2) The bank has independent risk management units in place; it has also committed substantial resources to developing risk management systems, and managing credit, market and operational risks using both qualitative and quantitative means.</p> <p>(3) The bank has adopted stringent measures to protect customers' information and has implemented personal information management policies, information security policies, firewalls, and customer information confidentiality measures in accordance with the Financial Holding Company Act, Guidelines for Cross Marketing among Subsidiaries of Financial Holding Company, the Personal Information Protection Act and other relevant regulations stipulated by the competent authority.</p> <p>(4) The bank's directors and supervisors have all achieved the required number of training hours and announced the progress of their training on the Market Observation Post System.</p> <p>(5) The bank has taken out liability insurance for board directors and supervisors.</p> <p>(6) The bank's donations to related stakeholders and charity organizations in 2013 totaled NT\$ 7,053,335.</p>		
8. Description of results and major deficiencies (or suggestions), as well as their improvement, included in the corporate-governance evaluation reports compiled by the bank itself or professional institutions under commission of the bank:		
The bank performs corporate governance self-assessment according to regulations. In order to align itself with international practices and promote the concept of sustainable operations, the bank's parent company, Taishin Financial Holding, is in the midst of drafting and verifying its 2013 corporate social responsibility report.		

e. The information of duty and component on the operation of salary committee: Please refer to the explanation of item d"Status of the bank's corporate governance and its deviation from the guidelines for the practical corporate governance of the banking industry and reasons."

f. Fulfillment of social responsibilities: Systems and measures embraced by the bank related to social responsibilities, including environmental protection, community participation, social service, social welfare, consumer interest, human right, security, and hygienic, and their environment.

Items	Operating Status	Deviation from the guidelines for the social responsibilities and reason
<p>1. Implementation of corporate governance</p> <p>(1) Banks formulate corporate social-responsibility policy or system, and review the status of its implementation effect.</p> <p>(2) Status of banks pushing social responsibility via specialized or part-time units.</p> <p>(3) Banks regularly hold education, trading, and promotion of corporate ethics for directors, supervisors, and employees, incorporate the events into the performance evaluation system for employees, and set up clear and effective rewarding and punitive system.</p>	<p>(1) The bank doesn't set up a specialized unit for pushing social-responsibility policy or system but various units of the bank have been fulfilling corporate social responsibility, as description in the following table.</p> <p>(2) Propagandas on employees' code of conduct are organized each year over the bank's HR intranet portal. The awareness program covers issues such as professional ethics, prohibition against part-time jobs, avoidance of conflicting interests, and policies on gifts and treatments. Violators are subjected to the review of the disciplinary board in accordance with "Employee Disciplinary Rules." The bank requires all new recruits to undergo the orientation program, during which they are taught the company's core values and organizational culture, as well as standard phone manners and service procedures expected from them. According to the bank's "New Recruit Orientation Policy," those who do not complete the orientation training are considered to have failed the probation. Furthermore, to ensure the legitimacy of the bank's daily operations, "Regulatory compliance" has also been included as part of the criteria in directors', supervisors', and employees' performance appraisal, and are assessed on an annual basis.</p>	<p>N/A</p>
<p>2. Development of sustainable environment</p> <p>(1) Banks dedicate to enhancing the utilization efficiency for various resources and utilized recycled products to lower the impact on the environment.</p> <p>(2) Banks establish environmental management system suited to their industrial features.</p> <p>(3) Set up specialized environmental management unit or personnel for the upholding of environment.</p> <p>(4) Banks notice the effect of climate change on operation and formulate the strategy for carbon abatement and reduction of greenhouse gases.</p>	<p>(1) In its formal organizational structure, the bank has set up labor security and sanitation section, which adheres to the concept of "the premise for safety of environmental design and priority of precautionary measures" in order to create a sanitary, safe, and healthy environment for Taishin Bank. The labor security and sanitation section is in charge of various tasks, including pushing of tobacco-hazard prevention law and maintenance of the quality of working environment via semiannual inspection of operating environment.</p> <p>(2) For environmental protection and anti-global warming, Taishin Bank has dedicated to the environmental protection and energy conservation. During summertime, it pushes "Cool Biz" event, asking employees to shed garment during office time and set air-conditioning temperature at 26 Celsius degrees. In line with the measures of Taiwan power, terminate the function of air conditioning irregularly and regularly check the contract power capacity of various office buildings. During off hours, control the use of elevators to one side at various buildings, to cut power consumption. Install T5 energy-saving lighting fixtures for office lighting and regional power circuit, to reduce power consumption and achieve the goal of environmental protection. Meanwhile, push e-office and paperless office; install stationery collection boxes to achieve more efficient utilization of resources. Promote "using love as energy" event, urging employees to ride bicycles, take public transportation vehicles, and embrace car pooling, so as to reduce carbon emission, enhance health, and fulfill the commitment to environmental protection. Demonstrate the respect of and care for the nature and actively rally employees, their families, and clients to "use love as energy and love the earth together."</p>	<p>N/A</p>

Items	Operating Status	Deviation from the guidelines for the social responsibilities and reason
<p>3. Uphold public benefits</p> <p>(1) Banks comply with related labor laws/regulations and respect globally-recognized basic workers' rights, protect employee's legal rights, non-discriminatory employment policies, and establish proper management method and procedure.</p> <p>(2) Banks provide employees a secure and healthy workplace and conduct regular security and health education for employees.</p> <p>(3) Banks formulate and publicize consumer right policy and provide transparent and effective consumer complaint procedure for its products and services.</p> <p>(4) The bank's consumer protection policy, as well as the existence of transparent and effective procedures for handling consumers' complaints over banking products and services.</p> <p>(5) Banks cooperate with suppliers in fulfilling corporate social responsibility</p> <p>(6) The bank participates in community development and assists charitable organizations through commercial activities, donations, corporate volunteering or other services.</p>	<p>(1) The bank's working rules have been approved by the regulator and publicized. The personnel rules are formulated according to the regulations of labor laws/decrees, for the purpose of protecting the labor rights of employees. The bank has created a fair working environment where employees are equally entitled to compensation, employment, training resources, and promotion opportunities.</p> <p>(2) The bank provides employees with a safe and healthy working environment, and has installed the necessary facilities to ensure workplace security and facilitate emergency evacuation or medical assistance if needed. Furthermore, the bank organizes employee health check-ups and health trainings on a regular basis.</p> <p>(3) Through the use of internal correspondences and intranet portals, employees are timely informed on the bank's latest business activities and decisions, and are properly advised on changes that may pose material impacts against their interests. The bank has an employee opinion box and an employee helpline in place, through which employees may express opinions in the utmost privacy.</p> <p>(4) The bank has disclosed related inquiry and service phone numbers at its corporate website, enabling consumers to reflect any problem concerning the bank's products or services. Related inquiry and service phone numbers: a. dedicated around-the-clock customer service line: (02)2655-3355 b. dedicated customer complaint line: (02)2700-3166</p> <p>(5) For the selection of suppliers and public bidding for various procurements, the bank follows the "measures governing procurement and supplier management," so as to assure products have stable quality and meet the requirements. Suppliers meeting the conditions can undertake evaluation and register as the bank's qualified suppliers to provide services or products to the bank.</p> <p>(6) For information on sponsored events and public-service and charity services, please refer to item 6 of the table: Other important information conducive to the understanding of the operation of corporate social responsibilities</p>	N/A
<p>4. Intensified information disclosure</p> <p>(1) Method of the bank for disclosing information related to relevant and reliable corporate social responsibility.</p> <p>(2) Bank compiles the book of corporate social responsibility to disclose the status of corporate social responsibility</p>	<p>(1) The bank is a company with public share offering (stock code No. 5848), discloses its latest information on the Market Observation Post System of Taiwan Stock Exchange, and regularly files report on related financial figures.</p> <p>(2) The bank also regularly updates information on its website according to legal requirement, so that customers can learn of the bank's business performance via online inquiry. The bank's website is at http://www.taishinbank.com.tw/</p>	N/A
<p>5. Description of deviation of the self-made guidelines for corporate social responsibilities from the "Guidelines for corporate social responsibilities of listed firms" : N/A</p>		

Items	Operating Status	Deviation from the guidelines for the social responsibilities and reason
<p>6. Other key information conducive to the understanding of the operation of corporate social responsibility (such as banks' system, measures, and execution concerning the issues of environmental protection, communal engagement, social contribution, social services, public benefits, consumer right, human right, security and hygiene, and other social-responsibility event).</p> <p>(1) Labor security The headquarters building of the bank and Taishin Financial Holding obtained the certificates of healthy workplace and no-smoking workplace of the Taipei City government in 2008, as well as smoking-hazard prevention mark of the city government.</p> <p>(2) Environmental protection For environmental protection and anti-global warming, Taishin Bank, in line with the planning of Taishin Financial Holding, has dedicated to the environmental protection and energy conservation. During summertime, it pushes "Cool Biz" event, asking employees to shed garment during office time and set air-conditioning temperature at 26 Celsius degrees. In line with the measures of Taipower, terminate the function of air conditioning irregularly and regularly check the contract power capacity of various office buildings. During off hours, control the use of elevators at one side at various buildings, to cut power consumption. Install T5 energy-saving lighting fixtures for office lighting and regional power circuit, to reduce power consumption and achieve the goal of environmental protection. Meanwhile, push e-office and paperless office; install stationery collection boxes to achieve more efficient utilization of resources. Promote "Using love as energy" event, urging employees to ride bicycles, take public transportation vehicles, and embrace car pooling, so as to reduce carbon emission, enhance health, and fulfill the commitment to environmental protection. Demonstrate the respect of and care for the nature and actively rally employees, their families, and clients to "Use love as energy and love the earth together."</p> <p>(3) Public benefits and charity In 2010, Taishin Bank set up "Taishin Bank Public Service and Charity Foundation", mainly for engagement in public-service and charity events, including assistance for underprivileged groups to enhance their skills for livelihood and improve life, and sponsorship for the events of other public-service groups and seminars for society-related issues, and other social welfare-related charity events, with the goal of helping underprivileged groups achieve "independence in economy and daily life." After its establishment, the foundation rolled out "Your ballot decides the strength of love" event, the first online public-service event in Taiwan. Under the event, small and medium social-welfare institutions were invited to put forth proposals online for voting by online social groups, in deciding the recipients of donations. A total of 1,014 proposals were received over the four years it was held, and we invited public-service partners, such as "Advantech Foundation" and "Chunghwa Telecom Foundation" to join the event the scope of donation recipients were expanded from "Social welfare" to "Culture education" and "Digital learning". The 4th "Your Ballot Decides the Strength of Love" event received overwhelming response as 210,000 online voters casted more than 610,000 votes in total. In addition to the public service partners mentioned above, the event also received donations from Taishin managers, employees, LPGA star Yani Tseng and the general public, which boosted the charity fund NT\$15 million and benefited a total of 253 charity organizations. Apart from organizing the "Your Ballot Decides the Strength of Love" event, Taishin Charity Foundation is also planning for a nation-wide visit to charity organizations located in other areas so that resources can be allocated more effectively to the socially disadvantaged.</p> <p>(4) Art and culture Taishin Bank donated to establish "Taishin Bank Culture and Art Foundation" in 2011, with the theme of "Promoting cultural life quality and strengthening artistic-development environment." It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The foundation initiated "Taishin Artistic Award" giving highest glory and encourage to award winners in the two fields of visual and performing arts. 2013 marked the 11th edition of the award. Meanwhile, Taishin Financial Holding also arranges multi-functional performing and exhibition space at its headquarters building to invite artists and musicians to hold artistic exhibitions and noontime musical concerts.</p> <p>(5) Sports sponsorship In 2011, Taishin sponsored Yani Tseng, LPGA female golfing champion, the first Taiwanese financial institution to do so. Taishin had also mobilized its customers and employees to cheer for the champion using banners, online messages etc, while some had even paid their visits to the LPGA Tour in Taiwan. It also invited Yani Tseng to become the endorser of Taishin Charity Foundation, to help with promoting the "Your ballot decides the strength of love" event, so as to augment Taishin's social influence. In an attempt to nurture a greater number of sporting talents, Taishin has extended its sports sponsorship since September 2013 to new golf talents including Babe Liu, Chien Pei-Yun, Chen Szu-Han, Shih Huei-Ju, Chuang Hsin-Yun, Pan Yen-Ling and Tsai Pei-ying. In the meantime arranged for golf superstar Yani Tseng to provide personal guidance to these rising talents.</p>		
<p>7. Description of banking products or corporate social responsibility report which have been certified by international certification bodies: None</p>		

g. Status of the company in fulfilling management of integrity and measures

Items	Operating Status	Deviation from the guidelines for the social responsibilities and reason
<p>1. Policies and schemes established to ensure business integrity</p> <p>(1) The bank's commitment to business integrity, as conveyed in policies and external documents, and commitments by the board of directors and the management to ensure business integrity.</p> <p>(2) Initiatives taken by the bank to prevent dishonest behaviors, and the procedures, code of conducts, and training programs introduced as part of the initiative.</p> <p>(3) Measures taken by the bank to prevent bribery and illegal political donations in business areas that are more prone to the risks of dishonesty.</p>	<p>(1) The bank implements integrity management and uphold the core values of "Integrity, Commitment, Innovation, and Cooperation" It formulates "Criteria for employee behaviors" to prevent dishonest behaviors of employees and manifests their duty and obligation for informing. The company periodically provides directors, supervisors, managerial staffers, employees, and actual controllers training courses on corporate governance, trend of financial market, legal norm, and countermeasures for corporate risks, so as to materialize integrity management. Meanwhile, to integrate the management policy of integrity and management strategy for human resources, the company incorporates the indicators of legal compliance in management, information of major abnormal incidents, business auditing, and financial status into the contents for performance evaluation.</p> <p>(2) The criteria of employee behaviors include:</p> <p>a. Norm for work ethic: Formulate guidelines for employees in exercising their duties, for compliance by employees.</p> <p>b. Maintenance of employee relationship: Maintain the privacy of employees, healthy working environment, and equal working environment.</p> <p>c. Bank on side job and avoidance of interest: Forbid employees to take side jobs and engage in behaviors involving conflict of interest with their jobs.</p> <p>d. Norm on gift and treatment: Employees should not receive finance or improper benefits with no or improper rewards.</p> <p>e. Maintenance of client privacy: Employees should abide by operating procedure in exercising their duties and properly keep and maintain customers' information.</p> <p>f. Business information and maintenance of business secret: Employees should uphold the business secret, trademark, copyright, patent, and other intellectual properties.</p> <p>g. Fair trade: Employees should not solicit clients with improper marketing method.</p> <p>h. Anti-money laundering: Disclose regulations related to the prevention of money laundering and actively report related incidents.</p> <p>i. Informing duty and obligation: Provide employees informing channel and protect informants.</p>	<p>N/A</p>

Items	Operating Status	Deviation from the guidelines for the social responsibilities and reason
<p>2.Implementation of integrity management</p> <p>(1) Banks should avoid engaging customers with history of dishonesty in business dealings; in addition, an integrity clause must be included in any commercial contracts signed by banks.</p> <p>(2) Availability of an internal unit responsible for ensuring business integrity within the bank, and supervision by the board of directors.</p> <p>(3) Policies established by the bank to prevent conflicts of interest, and internal channels created for raising concerns.</p> <p>(4) Accounting policies and internal controls implemented as effective means of ensuring business integrity, and auditing activities performed by internal audit personnel.</p>	<p>(1) For the selection of suppliers and public bidding for various procurements, the bank follows the "measures governing procurement and supplier management," so as to assure products have stable quality and meet the requirements. Suppliers meeting the conditions can undertake evaluation and register as the bank's qualified suppliers to provide services or products to the bank.</p> <p>(2) According to the internal control auditing system of the financial holding company and the bank, the company has established the system of chief for legal compliance and set up the division of legal compliance, which is in charge of the planning, management, and execution for the system of chief for legal compliance. The chief should report affairs concerning legal compliance to the board of directors and supervisors at least once semiannually.</p> <p>(3) The bank has reporting channels in place to accept verbal and written reports of violations.</p> <p>(4) Accounting System</p> <p>a. The bank's accounting system follows "Securities and Exchange Act" "Commercial Accounting Law," "Guidelines for The Compilation of Financial Statement of Securities Issuers," "Guidelines for The Compilation of Banks with Public Share Offering," and common accounting criteria, as well as Sample for Banking Industry's Accounting System" issued by Bankers Association. It features faithful and complete chronicling of the bank's various operations, effectively manifests the function of international subversion, and mirror the company's financial status and management results, so that it can serve as a reference for decision making.</p> <p>b. Internal control system</p> <p>The bank's internal control system follows article 45-1 of the "Bank Law" and article 6 of "the Measures Governing Internal Control and Auditing System of Financial Holding Company and Banking Industry". The system covers the company's business activities, formulation and proper revision of the corporate charter, and organizational charter and various business norms and handling manuals.</p> <p>For major irregularities resulting from violation of the regulations of the system or coverage auditing results due to inadequate internal management, related persons should bear the responsibility or be penalized, in serious cases, according to proper procedure.</p>	<p>N/A</p>
<p>3. Establish of a misconduct reporting channel, and disciplinary policies against violators of business integrity.</p>	<p>Please refer to the explanation of above item 2.implementation of integrity management(3)(4)</p>	<p>N/A</p>

Items	Operating Status	Deviation from the guidelines for the social responsibilities and reason
4.Strengthen information disclosure (1) Availability of a website for disclosing information relating to business integrity. (2) Other means of information disclosure undertaken by the bank (such as the establishment of an English website, appointing dedicated personnel to collect and disclose information etc).	(1) The bank is a company with public share offering (stock code No. 5848), discloses its latest information on the Market Observation Post System of Taiwan Stock Exchange, and regularly files report on related financial figures. (2) The bank also regularly updates information on its website according to legal requirement, so that customers can learn of the bank's business performance via online inquiry. The bank's website is at http://www.taishinbank.com.tw/	N/A
5. Description of deviation of the self-made guidelines for integrity management from the "Guidelines for corporate integrity management of listed firms": N/A		
6. Other key information conducive to the understanding of the implementation of integrity management (e.g.: declaration of the bank's commitment to business integrity to vendors, policies and training programs, reviews over the bank's business integrity principles etc):None.		

h. Banks with corporate-governance guidelines and related regulations must disclose their methods for inquiry: None

i. Other important information conducive to the understanding of the corporate governance of the bank

Please refer to the explanation of item g "status of the bank's governance and its deviation from the guidelines for the practical corporate governance of the banking industry and reasons."

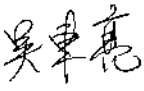

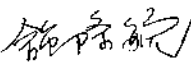

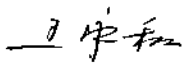

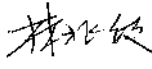

j. Status of the execution of internal control

1. Statement of internal control

Statement for the Internal-Control System of Taishin International Bank

We hereby declare, on behalf of Taishin International Bank, that the bank did set up internal control system, carry out risk management, and have an independent auditing department undertake auditing works with the results being reported to the board of directors and supervisors regularly, in compliance with "enforcement measures for internal control and auditing systems of banks," during the period from January 1, 2013 to December 31, 2013. For sideline securities business, the bank also judged effectiveness in the design and execution of the international control system, according to items for judgment of effectiveness of internal control system included in the "Guidelines for establishment of internal control system by service establishments in the securities and futures market," promulgated by the Securities and Futures Bureau, the Financial Supervisory Commission. Except items listed on the attached tables, careful review and evaluation confirms effective execution by various business units of the bank in internal control and compliance with laws and regulations. The statement will become a major component of the company's publicized annual report and proxy statement. Any falsehood, concealment, or other irregularities for the aforementioned statement will be liable to legal responsibilities stipulated in article 20, article 32, article 171, and article 174 of the Securities Transaction Law.

To:
Financial Supervisory Commission:

Chairman	 
President	 
Chief Auditor	 
Executive Responsible for Legal Compliance	 

March 13, 2014

Items needing improvement in the internal control system of Taishin Bank and improvement plan

Dec. 31, 2013

Items needing improvement	Improvement measures	Schedule for completing the improvement
1. Document management	The method through which documents are delivered has been adjusted.	Improvement completed
2. ATM transaction management	The serial number checking system has been adjusted.	Improvement completed
3. Foreign currency operations	The relevant operating procedures and management practices have been adjusted.	Improvement completed
4. Credit card system outsourcing procedures	1. The relevant policies are undergoing revision to enhance internal control over outsourced operations.	2014.04
	2. The bank has made plans to develop a proprietary credit card transaction system.	2016.03

2. Auditing report of certified public accountant.

Inspection Report of Certified Public Accountant

To Taishin International Bank Co., Ltd.

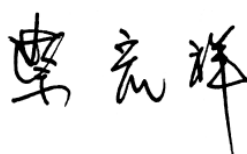
Article 28 of the Enforcement Measures for Internal Control and Auditing System of the Financial Supervisory Commission, the Executive Yuan, stipulate that When certified public accountant audits and certifies the annual financial statement of bank, the bank should entrust the CPA to inspect its internal-control system and express opinions on the accuracy of the information contained in the report/table submitted to the regulator, the execution of the internal control system and the system for the executive responsible for legal compliance, and the propriety of the policy for bad-debt provision.

Under the entrustment of Taishin International Bank Co., Ltd. the certified public accountant undertakes the aforementioned inspection work and checks the bank's internal auditing report. The CPA submits the inspection scope, basis, inspection procedure, and inspection result, as attached, according to article 31 of Enforcement Measures for Internal Control and Auditing System.

The inspection report is meant only for reference to Taishin International Bank Co., Ltd. and the regulator in carrying out its supervision duty, and cannot be used for other purposes or distributed to other persons.

Certified Public Accountant (signature of Peter Tsai)

Deloitte & Touche Taiwan




March 13, 2014

k. Penalties for violation of law, major defects, and improvement for recent two years

Disclosure items	Cases and values	Status of improvement
1. Indictment of executives or staffers by prosecutors for job-related crimes.	None	None
2. Fines inflicted by Financial Supervisory Commission (FSC) for violation of laws/regulations	1. A bank employee was found to have uploaded customer's information onto the bank's extranet, for which the bank was fined NT\$4 million by the FSC in Letter No. Financial-Supervisory-Banking-Control-10100320901 issued by the FSC on Nov 27, 2012	The bank has implemented an compliant personal information management system based on the standards (BS10012) set forth by The British Standards Institution (BSI). It has obtained BSI certification on Sep 15, 2012
	2. The bank was fined NT\$6 million by the FSC in Letter No. Financial-Supervisory-Banking-Holding-10200167151 dated July 9, 2013 for mistakes made regarding its outsourced credit card transaction system, and outsourced data processing equipment purchase.	(1) The bank is revising its policies as a means to enhance internal control over outsourced operations (expected to be completed by April 2014). (2) The bank has made plans to develop a proprietary credit card transaction system (expected to be completed by March 2016).
3. Penalties inflicted by FSC for violating item 1, article 61, Banking Law	The bank was corrected by the Financial Supervisory Commission in Letter No. Financial-Supervisory-Banking-Holding-10200065290 dated April 24, 2013 for errors made by its automated teller machines.	The serial number checking system has been adjusted.
4. Irregularities causing over NT\$50 million of loss in one year or several years whose loss or nature should be disclosed, including malpractices of staffers, major occasional incidents (fraud, stealth, embezzlement or stealth of assets, forged trading, fake certificates and securities, collection of kickbacks, natural disaster, loss inflicted by external forces, attack and stealth of information by hackers, and leakage of business secrets and client information), or security incidents caused by failure to comply with guidelines for the security maintenance of financial	None	None
5. Other items designated by FSC for mandatory disclosure	An application submitted by the bank's DBU to the Central Bank contained false information regarding employees' background, for which the Central Bank had suspended the bank's foreign currency transactions between May 29, 2013 and Nov 28 2013 in its Letter No. ROC-Central Bank-Foreign-VII-1020022757 dated May 27, 2013.	The relevant operating procedures and management practices have been adjusted.

l. Major resolutions of the shareholder's meeting and the board of directors in the recent year and as of the date of the publication of the annual report.

2013.01.17 Passed the 2013 business plan and budget.

2013.01.24 Passed the bank's 2013 audit plan.

2013.02.21 Adjusted the cost of land as at the opening date of the IFRS-compliant statement, based on the latest revaluation, and corrected quarterly financial statements prepared in 2012.

- 2013.03.14 Passed the bank's 2012 financial statements.
- 2013.03.14 Passed the proposal to dispose all shareholdings of VISA Inc. and MasterCard Inc. in the U.S. open market.
- 2013.03.21 Passed to abolish the bank's "Board of Directors Foundation Rules."
- 2013.05.09 Passed the establishment of a new domestic branch - Wenshan Branch.
- 2013.06.06 Passed the board of directors' decision to acknowledge the bank's 2012 financial statements on behalf of shareholders, including the consolidated financial statements, business reports, and earnings appropriation reports.
- 2013.07.01 Mr. Thomas T.L. Wu was elected Chairman of the 9th board of directors.
- 2013.07.11 Passed the removal of restrictions against involvement in competing businesses for the bank's 9th board of directors.
- 2013.08.15 Passed the bank's 2013 first half financial statements.
- 2013.08.29 Passed the signing of a Memorandum of Understanding with Shanghai Pudong Development Bank.
- 2013.09.26 Passed the Bank's "Donation Guidelines."
- 2013.11.14 Hired Mr. Steve Sun as the head of the bank's IT Division.
- 2013.11.28 Appointed Jun-Ping Hsu as the responsible person of the bank's Ho Chi Minh City Office, effective 2014.01.01.
- 2014.01.16 Passed the 2014 business plan and budget.
- 2014.01.16 Passed the bank's 2014 audit plan.
- 2014.03.06 Passed the 2013 business plan and budget.
- 2014.03.27 Appointed Fu-Hui Liang as the head of the bank's Human Resources Division.

m. Different opinions of directors or supervisors on record or in written statement on major resolutions passed by the board of directors in the recent year and as of the date of the publication of the annual report: None

n. Statement (including chairman, president, financial chief, accounting chief, and internal chief auditing) in the recent year and as of the date of the publication of the annual report: None

D. Information on CPA fee

Name of accounting firm	Name of CPA		Audit period	Note
Deloitte & Touche	Peter Tsai	Qinzhen Yang	2013.01.01-2013.12.31	None

Amount bracket		Items of fee	Auditing fee	Non-auditing fee	Total
1	Under NT\$2M				
2	NT\$2M (inclusive)~NT\$4M				
3	NT\$4M (inclusive)~NT\$6M				
4	NT\$6M (inclusive)~NT\$8M				
5	NT\$8M (inclusive)~NT\$10M		✓		
6	Over NT\$10M			✓	✓

a. Mandatory disclosure of the auditing and non-auditing fees and the contents of non-auditing service of CPAs, their accounting firms, and affiliates whose non-auditing fee exceeds one fourth of the auditing fee

Unit: NT\$ dollar

Name of accounting firm	Name of CPA	Auditing fee	Non-auditing fee					Whether the auditing covers the entire fiscal year or not	Note
			System design	Business registration	Human resources	Others	Sub-total		
Deloitte & Touche	Peter Tsai Qinzhen Yang	8,270,000		295,000		10,183,632	10,478,632	2013.01.01~2013.12.31	NT\$2.25 million FATCA Act. NT\$1.71 million for personal information protection consulting service NT\$1.26 million for information security project NT\$1.2 million for tracking and follow up auditing of internal-control defects NT\$0.96 million for branch consultancy NT\$560,000 for BIS reauditing fee NT\$510,000 for surrogate payment NT\$0.4 million for ISO27001 project NT\$250,000 for auditing impairment of assets NT\$180,000 for administrative relief for business income tax and change in the amount of audit remuneration reported NT\$150,000 for Transfer Pricing report NT\$150,000 for the expense of checking major bad-debt accounts NT\$100,000 for IFRS consulting fee NT\$790,000 for other service expenses

b. Replacement of accounting firm and the auditing fee for the replacement year decreases from the previous year which requires mandatory disclosure of the auditing fees of the two years and provision of reasons: N/A.

c. Auditing fee decrease over 15% from the previous year which requires mandatory disclosure of the reduction amount, percentage, and reason: N/A.

E. Replacement of CPA:**a. Concerning former CPA**

replacement date	April 1, 2014		
Reason for replacement and explanation	In line with the job rotation of Deloitte & Touche Accounting Firm, the CPAs for the bank's financial statement were changed from Qingzhen Yang and Peter Tsai to Peter Tsai and Jerry Gung since first quarter in 2014.		
Explain consigner or termination or refusal of consignment by CPA	Status of related parties	CPA	consigner
	Active terminate consignment	N/A	N/A
	Refusal to accept (continue) consignment	N/A	N/A
Certification auditing report other than report without reserved opinions in the recent two years and reason	Not applicable		
Existence of different opinions with the bank	Yes	N/A	Accounting principle or practical affairs
		N/A	Disclosure of financial report
		N/A	Auditing scope or procedure
		N/A	Others
		N/A	
	No	N/A	
Other disclosed items (Items which should be disclosed according to item 5-1-4, article 10 of the criteria)	N/A		

b. Concerning succeeding CPA: Not applicable**c. Reply of former CPA to item 5-1 and item 5-2-3, article 10 of the criteria: Not applicable****F. Chairman, presidents, and financial or accountant managers who served at the accounting firm of the CPAs or its affiliates within the recent year: None.**

G. Changes in shareholding transfer or shareholding pledge by directors, supervisors, or managers, and all parties that are subject to reporting under Article 11 of Regulations Governing the Ownership of Banking Institutions by Single Individuals or Stakeholders, in the recent year and as of the date of the publication of the annual report.

a. Changes in shareholdings

Title	Name	2013		As of March 31, 2014	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Director/ Supervisor (Major shareholder)	Taishin Financial Holding Co., Ltd	0	0	0	0

b. Information of shareholding transfer : None

c. Information of shareholding pledge: None

H. Relationship of the 10 largest shareholders

March 31, 2014

Name	Own shareholding		Shareholding of spouse and offspring before the age of majority		Total shareholding in the names of others		Names and relationship of the 10 largest shareholders who are related parties according to Financial Accounting Criteria No.6 or who are spouses or relatives with second-degree or closer kinship		Note
	Number of shares	Share of stake (%)	Number of shares	Share of stake (%)	Number of shares	Share of stake (%)	Name	Relationship	
Taishin Financial Holding Co., Ltd Representative: Thomas T.L. Wu	4,915,752,571	100	0	0	0	0	None	None	

I. The amount of shares and total share of stake in the same invested company owned by the company directly or indirectly controlled by the bank and the bank's directors, supervisors, presidents, vice presidents, assistant vice presidents, and branch chiefs.

Dec. 31, 2013 ;unit:share,%

Equity investment	Investment by the bank		Investment by the company directly or indirectly controlled by the bank and the bank's directors, supervisors, presidents, vice presidents, assistant vice presidents, and branch chiefs		General investment	
	Amount of shares	Share of stake	Amount of shares	Share of stake	Amount of shares	Share of stake
Taishin Dah An Leasing (Original is Dah An Leasing)	20,000,000	100.00%	0	0.00%	20,000,000	100.00%
Taishin Insurance Agency	2,622,040	87.40%	0	0.00%	2,622,040	87.40%
Chang Hwa Commercial Bank	20,591,026	0.27%	1,747,155,865	22.55%	1,767,746,891	22.81%
Taishin Real Estate Management Co., Ltd	12,000,000	60.00%	0	0.00%	12,000,000	60.00%
An-Sin Real Estate Management	3,900,000	30.00%	0	0.00%	3,900,000	30.00%
Sunlight Asset Management	1,092,317	18.21%	0	0.00%	1,092,317	18.21%
Dah Chung Bills Finance	79,182,224	18.29%	11,760	0.00%	79,193,984	18.29%
Taiwan Future Exchange Company	2,735,023	0.96%	0	0.00%	2,735,023	0.96%
Taipei Foreign Exchange Company	160,000	0.81%	0	0.00%	160,000	0.81%
Financial Information Service	10,237,500	2.28%	0	0.00%	10,237,500	2.28%
Taiwan Asset Management	7,500,000	0.57%	0	0.00%	7,500,000	0.57%
Taiwan Financial Asset Service Corp.	5,000,000	2.94%	0	0.00%	5,000,000	2.94%
Apex Venture Capital	2,009,346	4.67%	0	0.00%	2,009,346	4.67%
Li Yu Venture Capital	267,155	1.49%	0	0.00%	267,155	1.49%
Harbinger Venture Capital	3,350,000	3.35%	0	0.00%	3,350,000	3.35%
United Venture Capital	72,843	4.52%	0	0.00%	72,843	4.52%
Han Chinese Venture Capital	2,324,000	4.73%	0	0.00%	2,324,000	4.73%
Kun Chi Venture Capital	2,333,333	3.33%	0	0.00%	2,333,333	3.33%
Asia Pacific Telecom	15,000,000	0.46%	0	0.00%	15,000,000	0.46%
Easy Card Investment Holding	1,921,872	2.40%	0	0.00%	1,921,872	2.40%
Kaohsiung Rapid Transit Co.Ltd	643,031	0.23%	0	0.00%	643,031	0.23%
Da Chiang International	8,620,690	4.31%	0	0.00%	8,620,690	4.31%
Lien An Service	125,000	5.00%	0	0.00%	125,000	5.00%
Payeasy Digital Integration	2,172,500	5.00%	8,354	0.02%	2,180,854	5.02%

IV. Fund Raising Activities

A. Capital and Shares

a. Sources of capital

March 31, 2014; Unit: share/NT\$

Month year	Issuing price	Registered capital		Paid-in capital		Source of Capital	Note
		Amount of shares	Value	Amount of shares	Value		
2009.12	13.5	4,915,752,571	49,157,525,710	Common shares 4,727,517,277 preferred share C 188,235,294	Common shares 47,275,172,770 preferred share C 1,882,352,940	Cash capital increment	MOEA No. 09901005390 Jan.12, 2010 (note1)
2013.06	-	4,915,752,571	49,157,525,710	Common shares 4,915,752,571	Common shares 49,157,525,710	Conversion of shares	MOEA No. 10201124280 June.28, 2013 (note2)

Note 1: Cash capital increment by issuing 740,740,740 new common shares via private placement at issuing price of NT\$13.5 per share for face value of NT\$10

Note 2: 188,235,294 shares of preferred share C converted to common shares.

March 31, 2014; Unit: share

Kinds of shares	Registered capital			Note
	Shares in circulation	Shares not issued	Total	
Common shares	4,915,752,571	0	4,915,752,571	Not listed

b. Makeup of Shareholders

March 31, 2014; Unit: share

Amount	Makeup of shareholders					
	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions and foreigners	Total
Number	0	1	0	0	0	1
Amount of shares	0	4,915,752,571	0	0	0	4,915,752,571
Share of stake (%)	0	100	0	0	0	100

c. Diversification of shareholding

March 31, 2014; Unit: share; par value per share: NT\$10

Grades of shareholding	Number of shareholders	Amount of shares owned	Share of stake (%)
1 to 999	0	0	0
1,000 to 5,000	0	0	0
5,001 to 10,000	0	0	0
10,001 to 15,000	0	0	0
15,001 to 20,000	0	0	0
20,001 to 30,000	0	0	0
30,001 to 50,000	0	0	0
50,001 to 100,000	0	0	0
100,001 to 200,000	0	0	0
200,001 to 400,000	0	0	0
400,001 to 600,000	0	0	0
600,001 to 800,000	0	0	0
800,001 to 1,000,000	0	0	0
Over 1,000,001	1	4,915,752,571	100
Total	1	4,915,752,571	100

d. List of major shareholders

March 31, 2014; Unit: share

Names of major shareholders	Shares	Amount of shares owned	Share of stake (%)
Taishin Financial Holding Co., Ltd.		4,915,752,571	100

Note: Taishin bank is 100% owned subsidiary of Taishin Financial Holding Co., Ltd.

e. Information on share prices, book value, earnings, and dividend in the recent two years

Item		Year	2012	2013	March 31, 2014
Market price per share (note 1)	Highest		N/A	N/A	N/A
	lowest		N/A	N/A	N/A
	Average		N/A	N/A	N/A
Book value per share (note 2)	Before dividend payout (NT\$1)		13.50	14.94	15.72
	After dividend payout (NT\$1)		12.25	Note 4	N/A
Earnings per share	Weighted average amount of shares (1,000 shares)		4,727,517	4,824,987	4,915,753
	Earning per share (NT\$1)		1.80	2.52	0.76
Dividend per share	Cash dividend (NT\$1)		1.25	Note 4	N/A
	Stock dividend from retained earnings		-	Note 4	N/A
	Stock dividend from legal reserves		-	Note 4	N/A
	Accumulated retained dividend (NT\$1,000) (note 3)		-	-	-
Analysis of investment returns (note 1)	P/E ratio		N/A	N/A	N/A
	Price/earnings ratio		N/A	N/A	N/A
	Yield rate of cash dividend		N/A	N/A	N/A

Note 1: NA due to absence of market price for reference since the bank is not listed firm..

Note 2: On the basis of book value per share of common shares

Note 3: Accumulated retained dividends for preferred shares

Note 4: The board of directors has yet to approve, on behalf of shareholder's meeting, the proposal for profit sharing for 2013

f. Dividend policy and the status of execution
1. Dividend policy

According to the company's corporate charter, earnings in the final accounts, should it exist, should be used to pay tax and duties, with the remainder being used to cover loss of previous year first. If there is still surplus, the company shall either provide a legal reserve and a special earnings reserve from the surplus, or reverse existing special earnings reserves into the opening balance of undistributed earnings. For the balance, pay out stock dividend and bonus to preferred shares. Should there still be surplus, appropriate 0.01% of the amount as employee bonus. The remaining surplus should be combined with retained earnings at the beginning of the period, for payout of stock dividend and bonus for common shareholders in part or in entirety. For stock bonus, the objects of payout can include employees of affiliates.

As a subsidiary of Taishin Financial Holding, the bank should support the need of the operating fund of the parent company. Under the principle of maintaining the bank's capital adequacy ratio at the reasonable level, except the payout of dividend and bonus of preferred shares, the dividend and bonus payout for common shareholders should be made in the form of cash dividend in principle. The company should keep the policy of stock dividend and cash payout in stable.

If the bank fails to achieve a reasonable capital rate, except the payout of stock dividend and bonus for preferred shares, payout of stock dividend and bonus for common shares should be made in the form of 50% cash dividend and 50% stock dividend in principle. The ratio, however, can be adjusted according to the status of profits, corporate funds, capital accumulation, and dilution effect of stock dividend. The dilution effect of stock-dividend payout should not exceed 20% for estimated after-tax earnings per share after the issuance of new shares.

2. Status of execution

The board of directors will resolve to issue NT\$8,454,003,420 of dividend for common shares, including NT\$7,185,902,910 of cash dividend and NT\$1,268,100,510 of stock dividend for 2013.

g. Effect of resolution of the shareholders' meeting to issue stock dividend on the bank's business performance and earnings per share: None

h. Employee bonus and compensations for directors and supervisors

1. Percentages and scope of employee bonus and compensations for directors and supervisors:

According to the company's corporate charter, earnings in the final accounts, should it exist, should be used to pay tax and duties, with the remainder being used to cover loss of previous year first. If there is still surplus, the company shall either provide a legal and a special earnings reserve from the surplus, or reverse existing special earnings reserves into the opening balance of undistributed earnings. The balance should be used in priority for dividend and bonus payout for preferred shares according to actual issuing prices. 0.01% of the remainder should be used for bonus payout for employees before being appropriated for retained earnings. The remainder plus the opening balance of retained earnings will be available to shareholders in the form of dividends, which may be fully or partially distributed. Should the board decide to issue the bonus in the form of stock, the recipients can include employees of subsidiaries with qualifications specified in the Company Law. For stock bonus, the objects of payout can include employees of affiliates.

Percentages and scope for compensations for directors and supervisors:

After Taishin Bank becomes 100%-owned subsidiary of Taishin Financial Holding, its directors and supervisors are appointed by the parent company. The 57th meeting of 5th board of directors on April 3, 2003 approved the revision of article 44 of the corporate charter, removing payout of compensations for directors and supervisors. The revision was approved by the Ministry of Economic Affairs (MOEA, No. 09201117920, April 20, 2003).

2. Accounting treatment for the difference between accrual and actual payment for employee bonus and compensation for directors and supervisors.

There is no difference between the estimated employee bonus and the actual amount of payout for the current period.

3. Information on proposal of the board of directors to issue employee bonus

(1) Payout of cash bonus for employees, stock dividend, and compensations for board directors and supervisors. If there is a difference between accrual and actual payment, please explain the reason.

There is no difference between the estimated employee bonus and the actual amount of payout for the current period.

(2) Amount of employees' bonus to be paid in stock, and as a percentage to net profit after tax plus employees' total bonus for the current period: None.

(3) Earnings per share after the proposed payout of employee bonus and compensations for board directors and supervisors: NT\$2.52 per share.

4. Actual dividends for employee bonus and compensations for board directors and supervisors of previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors'/supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies:

There is no difference between the estimated employee bonus and the actual amount of payout for the previous year.

- i. **Buyback of the bank's shares:** None

B. Issuance of bank debentures

a. Sources of capital

Issuance of Bank Debentures - I

April 30, 2014

Types of financial bonds	Second issuance of subordinated financial bonds in 2005	First issuance of subordinated financial bonds in 2010
Date and Number of the approval document of the central regulator	FSC No. 0930031635, Nov. 9, 2004	FSC No. 09900101150, Mar. 23, 2010
Issuing date	April 28, 2005	April 12, 2010
Face value	NT\$10 M	NT\$50 M
Issuing and trading place	ROC	ROC
Denomination currency	New Taiwan dollar	New Taiwan dollar
Issuing price	Same as par value	Same as par value
Total amount	NT\$3.3 bn	NT\$10 bn (Bond A: NT\$4.5 bn; Bond B: NT\$5.5 bn)
Coupon	Year 1-7: fixed rate of 2.70%. Year 8-12: Should bond holders waive right to execute put option in the year; the bank will give them an interest markup of 0.8% on its posted fixed rate of one-year time savings deposit. Should the bank waive its right to execute redemption option in the year, the bank will pay an interest markup of 0.95% on its posted fixed rate of one-year time savings deposit, which should be reset per annum.	Bond A: Fixed interest rate at 2.65% per annum Bond B: Interest rate is set at "the floating interest rate for one-year time savings deposit of Chunghwa Post Co., Ltd." plus 1.5%. The paper rate will adjusted annually according to the following standard. "The floating rate for time savings deposit of Chunghwa Post Co., Ltd." is based on the rate posted at the website of the Central Bank of China at 10:30 a.m., two days before the date for starting the calculation of interest.
Maturity	12 years from the issue date. Maturity on April 28, 2017	7 years from the issue date. Maturity on April 12, 2017
Status	Subordinated	Subordinated
Guarantee institution	None	None
Trustee	None	None
Underwriter	None	None
Certifying lawyer	None	None
Certifying CPA	Peter Tsai	Yang, Qinzhen
Certifying financial institution	Taishin Bills Finance	Not applicable
Repayment method	Appropriation of budget from business revenue or issuance of new bonds	Appropriation of budget from business revenue or issuance of new bonds

Types of financial bonds	Second issuance of subordinated financial bonds in 2005	First issuance of subordinated financial bonds in 2010
Unpaid balance	NT\$3.3 bn	NT\$10 bn
Paid-in capital in the previous year	NT\$31,753,524,000	NT\$49,157,525,000
Post-final accounts book value in the previous year	NT\$59,657,278,000	NT\$53,433,376,000
Status of contract performance	Normal	Normal
Stipulations for redemption or early liquidation	<ol style="list-style-type: none"> 1. Upon the maturity of the bonds, carrying terms of seven, eight, nine, ten or eleven years, should bond holders execute put option or the bank executes call option according to the term sheet of "Put Option and Call Option", the bank will repay the principals and interests to bond holders. 2. Conditions for the exercise of put and call option: The interest rate is based on the fixed rate for one-year time savings deposit posted by the bank on the website of the Central Bank of China on 10:30 a.m. of March 10 of 2012, 2013, 2014, 2015, and 2016 (if it's a non-business day, it will be postponed to the next business day). Should the interest rate stand at 1.85% or less, the bond holder may exercise put option and should the interest rate higher than 1.85%, the bank may exercise call option. 3 Put option by bond holders: Should bond holders intend to exercise put option, they should inform the bank their intension with "notice for the exercise of put option" within 10 days following the fulfillment of the conditions for the exercise of put option and the bank should make a public announcement about the call option notice in major daily newspapers in the site of its headquarters 30 days before the date for current interest payment. 4. Call option by the bank: Should the bank intend to exercise its call option, it should make a public announcement in major daily newspapers in the place of its headquarters 30 days before the interest payment date. 5. Even if only some bond holders exercise the above put option, the bond will be defined as matured entirely and de-listed in OTC 	None
Conditions for conversion or exchange	N/A	N/A
Restrictive stipulation	None	None
Fund utilization plan	To support the actual need of medium- and long-term loan	Improve financial structure and raise capital adequacy rate.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	57.84	46.79
Eligible capital and type	Yes, Tier II	Yes, Tier II
Nam Name e of rating agency, issue date, and the rating	None	"twA" issued by Taiwan Ratings on April 6, 2010.

Issuance of Bank Debentures - II

April 30, 2014

Types of financial bonds	First issuance of subordinated financial bonds in 2012	Second issuance of subordinated financial bonds in 2012
Date and Number of the approval document of the central regulator	FSC No. 10100301840, September 24, 2012	FSC No. 10100301840, September 24, 2012
Issuing date	October 19, 2012	December 14, 2012
Face value	NT\$50 M	NT\$50 M
Issuing and trading place	ROC	ROC
Denomination currency	New Taiwan dollar	New Taiwan dollar
Issuing price	Same as par value	Same as par value
Total amount	NT\$5.6 bn (Bond A:NT\$1.1 bn; Bond B: NT\$4.5 bn)	NT\$6.1 bn (Bond A:NT\$3.8 bn; Bond B: NT\$2.3 bn)
Coupon	Bond A: Fixed interest rate at 1.53% per annum Bond B: Fixed interest rate at 1.65% per annum	Bond A: Fixed interest rate at 1.53% per annum Bond B: Fixed interest rate at 1.65% per annum
Maturity	Bond A: 7 years from the issue date. Maturity on October 19, 2019 Bond B: 10 years from the issue date. Maturity on October 19, 2022	Bond A: 7 years from the issue date. Maturity on December 14, 2019 Bond B: 10 years from the issue date. Maturity on December 14, 2022
Status	Subordinated	Subordinated
Guarantee institution	None	None
Trustee	None	None
Underwriter	None	None
Certifying lawyer	None	None
Certifying CPA	Yang, Qinzhen	Yang, Qinzhen
Certifying financial institution	N/A	N/A
Repayment method	Appropriation of budget from business revenue or issuance of new bonds	Appropriation of budget from business revenue or issuance of new bonds
Unpaid balance	NT\$5.6 bn	NT\$6.1 bn
Paid-in capital in the previous year	NT\$49,157,525,000	NT\$49,157,525,000
Post-final accounts book value in the previous year	NT\$57,550,558,000	NT\$57,550,558,000
Status of contract performance	Normal	Normal
Stipulations for redemption or early liquidation	None	None
Conditions for conversion or exchange	N/A	N/A
Restrictive stipulation	None	None
Fund utilization plan	Strengthen capital structure, improve capital adequacy ratio and redeem priority issuance of financial bonds earlier.	Strengthen capital structure, improve capital adequacy ratio and redeem priority issuance of financial bonds earlier.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	53.17	63.77
Eligible capital and type	Yes, Tier II	Yes, Tier II
Name of rating agency, issue date, and the rating	"A+(tw)" issued by Fitch Ratings, Taiwan Branch on October 9, 2012.	"A+(tw)" issued by Fitch Ratings, Taiwan Branch on December 7, 2012.

Issuance of Bank Debentures - III

April 30, 2014

Types of financial bonds	First issue of Perpetual Non-Cumulative Unsecured Subordinated Debentures of Taishin International Bank in 2014.
Date and number of the approval document of the central regulator	FSC No.10300054050, March 10, 2014
Issuing date	April 16, 2014
Face value	NT\$50 M
Issuing and trading place	ROC
Denomination currency	New Taiwan dollar
Issuing price	Same as par value
Total amount	NT\$3 bn
Coupon	Fixed interest rate at 4.1% per annum
Maturity	No maturity date(the bank has call right)
Status	Subordinated to holders of Tier-2 capital, deposit holders and other general creditors
Guarantee institution	None
Trustee	None
Underwriter	None
Certifying lawyer	None
Certifying CPA	Peter Tsai
Certifying financial institution	N/A
Repayment method	Appropriation from own funds, budget from business revenue or issuance of new bonds
Unpaid balance	NT\$3 bn
Paid-in capital in the previous year	NT\$49,157,525,000
Post-final accounts book value in the previous year	NT\$61,067,093,000
Status of contract performance	Normal
Stipulations for redemption or early liquidation	Taishin Bank may redeem the debts in whole at their aggregate principal amount, together with any interest payment five years after the issuing date subject to regulators' approval, provided that the bank's post-redemption BIS is above legal requirement. The issuer shall promptly notify such early redemption 30 days ahead of time.
Conditions for conversion or exchange	N/A
Restrictive stipulation	<p>1. The bank may not pay interest if there is no earnings and dividends in previous year (including cash and stock dividends); however this restriction does not apply in circumstances where the balance of cumulative undistributed earnings less amortized losses on sale of non-performing loans is greater than the amount of payable interest, and provided that the payment results in no changes to the terms of interest. Non-payment of interest due to the above will not be accumulated or deferred in later periods.</p> <p>2. The bank shall defer interest and principal payments in situations where its capital adequacy ratio fails to meet the minimum level specified in Article 5, Paragraph 1 of the Regulations Governing the Capital Adequacy and Capital Category of Banks; in which case, deferred interest may not accrue any late interest.</p>
Fund utilization plan	Strengthen capital structure, enhance the Capital Adequacy Ratio.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	45.85
Eligible capital and type	Yes, Tier I
Name e of rating agency, issue date, and the rating	"twBBB+" issued by Taiwan Ratings on April 2, 2014.

C. Issuance of preferred shares

April 30, 2014

Issuing (undertaking) date		March 30, 2007 Preferred share C via private placement	
Item			
Par value		NT\$10	
Issuing price		NT\$17 per share	
Amount of shares		188,235,294 shares	
Total value		NT\$3,199,999,998	
Right and obligation	Dividend and bonus payout	3.75% per annum (non-cumulative)	
	Allocation of remaining property	Preference over common shares	
	Exercise of voting right	No voting or election right at shareholders' meeting but having the right of being elected and the voting right at the preferred C shareholders' meeting.	
	Others	Entitled to subscription right for new shares at cash capital increment, same to common shares	
Outstanding Preferred shares	The amount of redemption or conversion		NT\$3,199,999,998
	The amount of non-redemption or non-conversion		0
	Redemption or conversion stipulation	Preferred share C may be converted to common share at 1:1 since March 22, 2009. Preferred share C is a perpetual security and the bank may redeem by issuing price at any time since year 10 if the bank's capital adequacy ratio after redemption is above the regulator's requirement and the bank receives an approval from the regulator.	
Market price per share(note 1)	2010	Highest	N/A
		Lowest	N/A
		Average	N/A
	2011	Highest	N/A
		Lowest	N/A
		Average	N/A
	Current year as of June 26, 2013	Highest	N/A
		Lowest	N/A
		Average	N/A
Other rights	The amount of conversion or subscription as of annual report printed.	Total amount shares had converted to common shares at June 26, 2013	
	Terms of conversion right or subscription	Refer to the company's corporate charter	
The impact on Preferred C shareholders, possibility on dilution and the impact on current shareholders		None	
The impact on capital adequacy ratio after redemption		None	

Note: NA due to absence of market price for reference since the bank is not listed firm.

D. Issuance of overseas depository certificates: None**E. Issuance of stock options and restricted right shares for employees**

1. issuance of stock option for employees: None
2. issuance of restricted right shares for employees: None

F. Acquisition of or sell to other financial institutions

1. Mandatory disclosure of the opinions of certified public accountant on the propriety of share-swap ratio for the acquisition of or sell to other financial institutions in the recent one year: N/A
2. Mandatory disclosure of the acquisition of or sell to other financial institutions by a bank listed on the centralized or over-the-counter market in the recent five years and of the opinions of underwriting securities firms for the cases conducted via the issuance of new shares: N/A
3. Mandatory disclosure of the execution of the acquisition of or sell to other financial institutions via issuance of new shares by a bank not listed on the centralized or over-the-counter market and its effect on the interest of shareholders: None.
4. Mandatory disclosure of the execution of the resolution passed by the board of directors for acquiring or selling to other financial institutions via the issuance of new sharers and the basic information on the financial institutions in the recent year and as of the date of the publication of the annual report: Disclosure of acquisition and merger, as well as acceptance of new shares issued by other financial institutions, in progress and the effect on shareholders' interest: None.

For undergoing merger and the acceptance of new shares floated by other financial institutions, disclose their execution and the effect on the interest of shareholders: None.

G. Status of the execution of fund-utilization plan

As of the end of the quarter preceding the date of the publication of the annual report, the bank had completed the execution of the fund utilization plan for the issuance of securities or financial bonds via public or private placement and there is no fund utilization plan in the recent three years whose execution has been completed but has yet to manifest its benefits or which fails to achieve the goal in execution schedule or benefits.

a. Contents of plan

1. Previous issuance of securities via public or private placement and issuance of financial bonds which has yet to be completed: None
2. Plan completed in recent three years which has yet to manifest its benefits: None
3. Changes in the contents of plan: None
4. Source and utilization of fund: None
5. Reasons for the changes: None

6. Benefits before and after the changes and date for the submission of the change to shareholders' meeting: None

7. Posting of the information on the change on the designated website: None

b. Status of execution

Fund utilization plan for the issuance of securities or financial bonds via public or private placement and issuance of financial bonds which had yet to be completed at the end of the quarter preceding the date of the publication of the annual report or fund utilization plan in the recent three years whose execution has been completed but has yet to manifest its benefits or which fails to achieve the goal in execution schedule or benefits: None

1. Effect on shareholders' interest and improvement plan: None

2. Comparison and explanation for the items of fixed assets and net income for plan whose contents involve the acquisition of or sell to other companies or expansion or establishment of fixed assets: None

3. Explanation of the effect of plan involving equity investment in other companies on the company's business performance or investment gain/loss: None

4. Comparison and explanation for changes in financial ratio, capital adequacy ratio, net income/loss, working capital, and earnings per share for plan involving the expansion of working capital and improvement of financial structure: None

V. Business Status

A. Business Contents

a. Growth and change in various business items

1. Wealth Management

For wealth management, the bank provides tailor-made financial consulting service to customers, whose total assets exceeding NT\$1 million or active users of consumer banking and credit card services. The bank also provides financial information to deposit account holders averaging less than NT\$1 million in balance as means of growing banking relationship with potential customers. Via strong Financial Advisory System, we provide tailor-made financial recommendations to each customer according to their life stage, financial needs and risk preferences.

The bank's wealth management operation provides a broad range of financial products, like local and foreign currency deposits, derivatives insurance, consumer loan tax and asset allocation recommendations. The bank also provides various preferential treatments to customers according to the different levels of entrusted assets. For customers with entrusted assets exceeding NT\$10 million, the bank will provide dedicated physical examination to customers, so that they can take care of their health.

2. Consumption Financing

The bank's retail banking operation covers consumption loans (housing loan, auto loan, unsecured loan, and subordinated housing loan), credit card, micro corporate loans, e-cash flow and online payment service for small and medium enterprises. It provides various financial products developed according to market differentiation and the needs of various client groups, as well as various loaning programs to meet the financial needs of clients.

3. Wholesale Banking

Wholesale banking operation provides an array of financial products and services to various institutional clients, including corporations, government-owned companies and financial institutions. The business scope includes the businesses of commercial and investment bank, such as deposits, short-and long-term financing, guarantee, trade finance, syndicated loans, bond transaction, short-term paper, factoring, cash management, e-banking for corporate financial network, foreign exchange and interest-rate derivatives, underwriting, stock affairs financial advisory, asset securitization, and discretionary assets management, etc.

4. E- Financial Business

The proactive efforts of the Electronic Banking Department bore fruit in 2013, as improvements were seen in ATM, Internet banking and mobile banking services. In terms of ATM services, the bank has deployed more than 2,600 units nationwide and optimized user interfaces to deliver higher customer satisfaction. ATMs also came with added functionality, such as the ability to borrow against Nan Shan Life Insurance policies and accessibility options for the convenience of the visually impaired.

2013 has been a most fruitful year in Internet banking, as users increased by 12% to a total of 1.02 million. The growing number of Internet banking customers also resulted in a 17% increase in transaction volume and fee revenues. In light of this result, Taishin Bank has identified Internet banking as a key development area in coming years. In addition to the launch of a new website in early 2013, Taishin

Bank has also taken steps to personalize, simplify, and introduce new features to its Internet banking services such as: customer-exclusive marketing, personalized calendars, and "Mobile Passwords" to take advantage of the burgeoning mobile data environment. These new features have been designed to provide ease of use and enhance security at the same time.

As smartphone users has grown, Taishin Bank has also seen significant increases in its mobile banking customers and transaction volumes, with growth of nearly 80% and 120%, respectively. In 2013 Taishin Bank also introduced a broader variety of features to accommodate growing mobile phone applications, such as: foreign exchange, passbook vouchers, mobile phone scratch lottery etc. Furthermore, customers are also given the ability to check financial advisers' information, check queue numbers at branches, and currencies available for exchange at a branch. Because of its outstanding improvements in mobile banking, Taishin Bank was named Best in Mobile Banking by Global Finance magazine, making 2013 a breakthrough year in terms of service features.

Furthermore, in order to boost transactions through automated channels, Taishin Bank introduced reward point campaigns for various channels since 2010. After four years, the bank has not only won customers' favor for its efficiency and innovation, but also the "e-21" award for outstanding services. In May 2013, Taishin Bank launched a brand new reward point system incorporating all five automated services (ATM, Internet banking, mobile banking, web ATM, and Taishin Bank's payment platform) for the purpose of raising customer loyalty.

5. Trust Financial service

For planned trust business, the bank continued to push "money trust" and assist customers to undertake tax saving and lend stock holding via "securities trust." In order to meet the diversified trust need of corporate customers, the bank provides kinds of trust service ,including "employee shareholding trust", "employee stock dividend trust" and "restricted employees the right to new shares" and so on. Therefore the bank will launch "employee savings trust" in the second half of 2014 to help enterprises achieve the goal of retaining talents

For collective management, the bank pioneered the rollout of "So Easy targeted wealth-management plan," which covers targeted date-type collective management accounts (with the series consisting of Taishin 2015/2020/2030/2040/2050 collective management accounts) and global (right-payout type) collective management account featuring fixed yield, so as to provide customers complete life-target wealth management plan.

For custodian business, in response to the business opportunities related to share listing of overseas enterprises on the local bourse and permission for mainland Chinese employees to obtain stocks of listed parent firms via custodian bank, the bank launched "collective investment account for foreign and overseas Chinese employees" custodian business.

For mutual fund business, the bank provides comprehensive investment portfolios covering a broad range of industries around the world to satisfy the diverse needs of customers. We also continually introduce new mutual funds that are tailored to meet the different characteristics and requirements of customers and offer differentiated merchandise. In the meantime, the bank also allocates assets flexibly to take advantage of the changing market.

In terms of fixed yields products, the bank offers quality overseas corporate bonds and financial bonds for customers favoring fixed yields in their assets allocation. The bank also accepts professional investors to entrust offshore structured notes, so as to provide more opportunities to high-assets professional investors. As FEPZs become available, the bank will present broader OBU investment options to satisfy the needs of local and foreign customers.

Shares of the bank's major income sources and their growth / changes:

Net income share	2012	2013
Retail banking	63%	60%
wealth management	26%	27%
consumption financing	25%	23%
credit card	12%	10%
Wholesale banking	37%	40%
Total	100%	100%

b. Business plan for the current year

1. Wealth Management

(1) Brand image

- Strengthen brand image, becoming the best wealth-management bank in the minds of customers. Adhere to the core concept of "sincerity is the best service," take care of customers' assets from the angle of customers.
- Utilize the bank's smart financial system to provide tailor-made assets deployment suggestion.
- According to the TV commercial theme of "devotion" advertise Taishin's continuing values of devotion, to the industry and to customers.
- Based on the concept of sustainable management and the goal of complete assets management, continue introducing plural and new product business, so as to bring investors steady returns and assets growth in both bullish and bearish markets.
- Enhance employee quality and customer satisfaction, and strengthen risk-management and crisis-handling capability.

(2) Multi-channel distribution

- Conduct continual tests to develop the most effective sales model for automated channels and the best customer communication system. Offer matching privileges to ensure the loyalty of customers.
- Develop relationships with non-branch wealth management customers such as cloud members and child members, and provide them with exclusive privileges and services to meet their needs.

(3) Refined customer segmentation

- Increased wealth management customer base by upgrading potential customers, while improving product penetration to existing wealth management customers.
- Satisfy the needs of sub-segment customers by adopting a customer-centric approach. Develop an efficient and robust business model, and in the meantime integrate resources from various parts of the Taishin Financial Group to deliver the ultimate one-stop-shopping experience.
- Ensure the loyalty of VIP customers: offer "wealth management reward points" for every transaction made, which customers can accumulate and spend on the various concessions the bank has to offer, therefore strengthening customer relations.

(4) Diversified product lines

- Introduce a broader product range for professional investors (PI) to attract high net worth customers as Free Economic Pilot Zones become available.
- Enrich product integrity by introducing the best products on the market through the open platform, along with Taishin's unique product offerings, including securities lending trusts and the "So Easy plan".

- Provide the most attractive perks and benefits in the market along with the best feedback to wealth management customers.
- Wealth management through Advisory: offer suitable portfolios depending on the needs of different customer sub-segments. Review and adjust regularly to meet customer needs.

2. Consumption Financing

- (1) Integrate internal and external channels; enhance sales through internal referrals and cross-industry alliances for greater product depth and breadth.
- (2) Introduce new technologies and explore new means of mobile payment.
- (3) Use statistical analysis as a means of precision marketing, and offer the most suitable products and services for different customer groups.
- (4) Explore potential customer groups; segment and create profitable opportunities.
- (5) Optimize the efficiency of credit reviews. Provide products with greater competitiveness through balanced credit risk and credit quality.

3. Wholesale Banking

- (1) Enrich product line through product innovation; anchor customer relationship by offering more variety of solutions.
- (2) Enhance collection and payment services and strengthen transaction-backed financing. Provide integrated NTD and foreign currency cash management as means of promoting current deposits ratio while enhancing customer relationship and reducing credit risks.
- (3) Extend the existing collaboration between retail and wholesale banking segments; utilize retail banking channels to achieve higher growth in SME (small and medium enterprise) financing; explore potential SME customers.
- (4) Explore collaborative opportunities with Chinese banks on trade financing services. Actively establish a platform of cooperation with Chinese banks
- (5) Establish overseas branches in Singapore and Brisbane, Australia; We estimate the Singapore branch will open in 2014, and Brisbane branch will open in 2015.
- (6) Utilize Chinese leasing platform to engage in RMB-denominated leasing and factoring services for higher lending spreads.
- (7) Optimize credit-extension procedures and enhance risk management to ensure sound asset quality.
- (8) Develop a comprehensive talent training system to support growing businesses; build the bank's overseas talent pool through regular job rotation.

4. E-Financial Business

This year, the Electronic Banking Department focused on developing "integrated automation services." Customer services used to be carried out by financial advisors, which was how resources were allocated. However, given ongoing technological advances, customers have become more accustomed to transacting on their own through electronic means instead of using personal services. Furthermore, analysis has shown that segmented customers contribute more revenue than unsegmented customers, which is why Taishin Bank will be conducting further analysis in 2014 on the large user base it has accumulated, in order to segment customers by their character and behavior, and determine the most suitable marketing plan and features to manage these customers. We have named integrated customer services as one of the key focuses of the Electronic Banking Department.

In the future, Internet banking will be closely integrated with mobile banking and physical services to bring convenience into finance and lifestyles, thereby making banking services as accessible as customers' wallets. With regards to mobile banking services, this year's focus will be on communication with high net worth customers, so that they can take progressive steps toward using, familiarizing themselves with, and even becoming accustomed to mobile banking. As for ATMs, the bank will finish replacing old machines by the end of 2014 and the new machines not only will reduce customer transaction times, but also make ATM maintenance much easier.

All channels under the Electronic Banking Department will work and collaborate to bring Taishin Bank's users an innovative and user-friendly electronic banking environment.

5. Trust Financial Service

- (1) Enhance "So Easy target wealth-management project" to boost the scale of installment products and push installment payment products, so as to satisfy customers' needs.
- (2) Push "yield-type securities" actively engage in securities lending market, and develop potential customer groups for securities-delivery deposits, so as to create securities lending income for clients.
- (3) Introduce "customized money trust" services that can be tailored to satisfy a broad variety of needs such as children's education, business ventures, retirement planning, and care of disadvantaged families.
- (4) Develop "employee welfare trust" business, so as to satisfy enterprises need for talent retention and strengthen the relationship with corporate customers.
- (5) Push the custodian business of "Collective Investment Account for foreign and Overseas Chinese employees" so as to tap the tremendous business potential connected with share listing of overseas enterprises on the local bourse and the growing internationalization of domestic listed companies.
- (6) Enrich Taishin Bank official website with information on market trends, product information and subscription favorable price
- (7) Promote funds with a variety of themes; provide custom-tailored services to customers of different profiles and segments.
- (8) Modify the product lineup of domestic and offshore funds, so as to satisfy the customers' needs about asset allocation planning.
- (9) Introduce favorable price on certain fund subscriptions as means of exploring customers and anchoring banking relationship.
- (10) Explore mutual fund opportunities through offshore banking units (OBU); introduce RQFII funds, hedge funds and other funds that are not yet available in Taiwan.
- (11) Introduce multi-themed ETFs, RMB-denominated offshore ETFs and preferred stock, thereby offering customers suitable instruments to invest in under any market condition.
- (12) Offer offshore bonds in greater varieties and currencies (including RMB), and introduce a broader range of investment instruments from Asia as FEPZs become available, so that customers are given the flexibility to allocate fixed income instruments under different market conditions.
- (13) Commit resources to developing professional investors. Offer PI-exclusive products and offshore structured investments through OBUs to enhance the bank's relations with OBUs and high net worth customers.

c. Market analysis

1. Wealth Management

(1) Status of market demand and supply and growth potential:

- With the introduction of FEPZs, the FSC has significantly deregulated the range of services and products OBUs can offer. According to the estimates of financial institutions, permitting OBU-based services and products could attract NT\$300 billion of foreign capital into Taiwan over the next five years. In addition, deregulation of OBU products and services is also a great step towards a globalized and liberalized financial system, giving Taiwan the opportunity to compete with Hong Kong and Singapore for the position of dominant offshore financial center on equal grounds.
- Taiwan's economic growth in 2013 came in at 2.11%, against the estimate of the Directorate-General of Budget, Accounting and Statistics of 1.74%. This represented a slight recovery in growth momentum. With growth estimated at 2.82% for 2014 in the midst of a worldwide recovery, performance in 2014 is expected to surpass that of 2013.
- Population growth has slowed down over the last three years, resulting in an aging society.

(2) The bank's competitive niche

- The bank respects its customers and continues to offer the best services by tending to customers' opinions. "Genuine care" has been imprinted in Taishin's culture as the fundamental value for achieving service excellence, and for which it had been widely acclaimed at home and abroad in 2013.
- Provide the most attractive perks and benefits in the market along with the best feedback to wealth management customers.
- The bank provides plural products, pioneers the use of scientific financial analysis, and offers tailor-made wealth-management objectives and assets-deployment suggestion. For sophisticated management of customers, the bank develops 3M management structure based on customer needs, including service management (SM), product management (PM), and channel management (CM).
- Professional team, coupled with the capability of systematic risk assessment and monitoring, responds to market changes rapidly and provides customers solutions. Provide customers optimal products via database marketing, by analyzing the types of existing customers and understanding deeply the needs of different customers.
- Introduce family-oriented solutions to address customers' inheritance concerns.
- Take advantage of the existence of numerous branches and automated channel, integrate the resources of the financial holding company, and manifest the synergy of integrated marketing via cross selling.
- Decrease resources waste via continuous inspection and improvement of operating flow.

(3) Favorable factors for development outlook

- Availability of FEPZs will increase cross-strait commercial activities, while high net worth customers and business owners will increase demand for OBU services.
- Thanks to stable cross-Taiwan Strait relationship, the reduction of inheritance and gift tax, and implementation of "Foreign Account Tax Compliance Act", overseas funds begin back to Taiwan.
- Start with the cross-strait currency settlement mechanism, a number of RMB-denominated financial products such as domestic funds, structured deposits, international bonds and investment-linked insurance can obtained in Taiwan without using overseas channels.
- Customers are increasingly dependent on virtual banking channels, and are becoming accustomed to managing finances on their own.

(4) Unfavorable factors for development outlook

- The strict regulation of "Personal Information Protection Act".
- Large-scale increase in the need for domestic and foreign financial talents will accelerate the turnover of talents.
- Competitors have sped up establishment of branches overseas, while foreign banks have been raising market share through active mergers and acquisitions, and by drawing on successful experiences in other countries.
- The bank has relatively fewer branch counts, and smaller size per branch.

(5) The bank's countermeasures

- Introduce OBU wealth management services to small and medium enterprise entrepreneurs, following the availability of FEPZs.
- Perform more precise customer analysis; understand customer needs and offer suitable products at the right time to the right people.
- Constantly review and improve procedures to efficiently provide the best service.
- Integrate resources of financial holding company, manifest the synergy of cross selling, and increase the number of products held by customers, so as to become the major corresponding bank of customers.
- Enhance operations of self-financing customers and increase the number of cloud members.
- Adhere to high quality, professional service and focus on innovation, collaborative culture, provide employees with comprehensive training and career planning.

2. Consumption Financing

(1) Status of market demand and supply and growth potential

Looking back at 2013, the world economy was on a recovery path while major Asian economies such as China and Japan were relatively weak. Taiwan's export performance was somewhat undermined by competition from China and South Korea, and much of the year's growth was due to strong consumption in the restaurant and retail sectors. This momentum is likely to carry over into 2014. Overall, the Directorate-General of Budget, Accounting and Statistics estimated Taiwan's 2013 economic growth to be 2.11%.

Recovery among developed economies is helpful in stabilizing the global economy, but the hidden risks of emerging markets and future adjustments to QE measures in the United States still cause global uncertainties. Overall, Global Insight has forecast global growth in 2014 at 3.4%. As Taiwan becomes a more integral part of ongoing globalization, the local economy is expected to move in line with the world. While private consumption recovers, the Directorate-General of Budget, Accounting and Statistics has estimated economic growth of 2.82% in 2014, with private consumption growing 1.07%.

(2) The bank's competitive niche

- Possession of comprehensive product lines and professional sales talents to satisfy customers' financial needs.
- Continued process optimization and E-system to improve performance and service quality.
- Ability to apply database analysis and customer relationship management models for exploring of new opportunities with existing and new customers.
- Ability to develop cooperative relationships with industry leaders; form industry alliances while broadening and deepening the company's existing product range and distribution.
- Ability to maintain sound asset quality while in the meantime introduce new technologies and develop innovative products.

- (3) Favorable factors for development outlook
 - Deregulation of cross-strait relations and new financial instruments bring new momentum and needs into the market.
 - New technologies have changed customers' spending habits and made them more open to new financial instruments, creating opportunities for new products.
- (4) Unfavorable factors for development outlook
 - QE withdrawal in the U.S. is going to provoke a series of interest rate hikes. Stagnation of local salary levels and downward adjustment of interest rate caps will impact consumers' willingness to spend, and may even present potential credit risks.
 - Intensive price competition affects profitability.
- (5) The bank's countermeasures
 - Implement risk-based pricing through precision marketing and customer relationship models; strike the correct balance between profitability and asset quality.
 - Cross-selling and resource integration within the financial holding group to provide customers with complete solutions.

3. Wholesale Banking

- (1) Status of market demand and supply and growth potential

Economic recovery in Europe and the U.S. coupled with stable growth in China and deregulation among Asian emerging markets are all favorable to Taiwan's export performance and have the potential to create demand for cross-border banking. Although the local market has long been plagued by an excessive number of banking service providers offering indistinguishable services at low spreads, the government remains active in removing banking restrictions and offering incentives for establishment of service bases overseas as a means to create high interest spread opportunities. In addition, the growth of RMB as a world currency and ongoing financial reforms in China will enable further deregulation of cross-strait relations, broadening the bank's revenue sources.
- (2) The bank's competitive niche
 - Ability to integrate a multitude of products offered under the financial holding group; commitment to financial product/service innovation; attention to customers' multidimensional needs; and the ability to deliver one-stop financial shopping experience.
 - Outstanding cash management and E-banking platforms that can be used to offer cash collection/payment services.
 - Excellent risk control mechanisms help ensure sound asset quality.
- (3) Favorable factors for development outlook
 - China's ongoing financial reforms and RMB internationalization will give rise to many innovative services and products, and the government's policy on featured financial services will help boost financial activity between China and Taiwan.
 - Given the ongoing liberalization and rapid economic growth of Asian emerging markets, there is going to be substantial growth in demand for overseas banking services.
 - Possess plural product resources and development capability of the financial holding firm to provide one-stop-shopping financial services to customers
 - The "Regulations Governing the Banking Activity and the Establishment and the Investment by Financial Institution Between the Taiwan Area and the Mainland Area" has eased restrictions for operating in mainland china. local banks may now establish branches in China within a relatively short time.

(4) Unfavorable factors for development outlook

- Over-banking status, homogeneous traditional financial products are difficult to create high profits.
- The bank still has only a few branches overseas; its global network remains sub-optimal.
- Financial supervision has become more stringent than ever. In addition to the U.S. Foreign Account Tax Compliance Act (FATCA), Taiwan also has new regulations in place such as the Financial Consumer Protection Act and the Personal Information Protection Act. All of which present added costs and risks.

(5) The bank's countermeasures

- Make proper use of group resources. Provide differentiated services and products to different client segments, so as to create service value.
- Take advantage of the leasing platform in mainland China, expand customer groups and consolidate existing customer relationship.
- Accelerate applied to establish overseas branches progress, particularly in Asia Pacific.

d. R&D of financial products and business development status

1. Major financial products and scale of Consumption Financing in recent two years

Item	2012	2013
Mortgage Loan	NT\$292 bn	NT\$312 bn
Auto Loan	NT\$21.8 bn	NT\$24.5 bn
Other consumer loan	NT\$26.6 bn	NT\$33.7 bn
Credit card	3,150,000 cards	3,450,000 cards

- (1) As of the end of 2013, outstanding mortgages reached NT\$312 billion, with market share of 5.3%; outstanding auto loans amounted to NT\$24.5 billion, with market share of 23.5%, ranking first place in the market; and outstanding amount of other consumer loans hit NT\$33.7 billion, with market share of 4.2%. Outstanding amount of overall consumer loans grew 27% in the year.
- (2) As of the end of 2013, the bank's credit cards in circulation numbered 3.45 million cards, with market share of 9.6%, ranking fourth place in the market; the number of effective cards amounted to 2.16 million cards, with 9.6% market share, ranking fifth place; in the year, total credit-card spending value topped NT\$166.2 billion, for market share of 8.7%, ranking fifth place. The bank currently has 67,000 merchants as its customers, representing a market share of 20.9%, ranking second place.

2. Major financial products and scale of wholesale banking in recent two years

- (1) Outstanding loans extended by domestic branches to state and private enterprises.
With equal emphasis on risk management and business development, the bank's outstanding loans for state and private enterprises reached NT\$179.2 billion at the end of 2013, ranking 17th place among 39 domestic financial institutions.
- (2) Outstanding loans for small and medium enterprises
In line with the government's policy of providing the assistance of loaning to small and medium businesses and the purpose of expanding the bank's customer group, the bank extended NT\$70.5 billion of outstanding loans to small and medium businesses as of the end of 2013, up 6% over a year earlier.

(3) L/C and export negotiation

Due to increasing varieties of trade financing options available and changes in commercial practices, the total amount of export negotiation in 2013 reached US\$1.77 billion, increasing 7% than previous year.

(4) Factoring business

The bank is still a market leader for factoring business and undertook NT\$238.6 billion of such business in 2013, declined 1% than previous year, with equal emphasis on the maintenance of customer relationship, pricing and risk.

3. Major financial products and scale of trust financial business in recent two years

Unit: NT\$ million

Year	2012 AUM	2013 AUM
So Easy target wealth-management plan	5,004	4,177
Planned money trust	6,500	6,137
Securities trust	27,649	21,594
Offshore Structured notes	18,664	17,677
Offshore ETF	2,251	1,911
Overseas bonds	4,275	6,295
Domestic and overseas funds	108,979	94,157

4. R&D achievements in recent two years

- (1) Customizable Shinkong Mitsukoshi co-brand card - this was the first time that customizable features were introduced to co-brand cards, and this card in particular introduced weekday privileges to the delight of customers.
- (2) ETC co-brand card - Taishin Bank was the first to launch an ETC co-brand card combined with customizable privileges for drivers' convenience.
- (3) Mercedes-Benz Infinite Card - Taishin Bank was the first to launch a Mercedes-Benz Infinite Card that comes with better services and more valuable privileges aimed specifically at Mercedes-Benz owners.
- (4) The bank joined Chunghwa Telecom in a SIM-Based NFC mobile credit card trial project. Through the use of TSM (Trusted Service Management) and OTA (Over the Air) technologies, cardholders will be able to make payments simply by tapping mobile devices at specially designed sensors.
- (5) The bank continued to target its customer differentiation management towards achieving higher product penetration and stronger market competitiveness.
- (6) Enhanced scoring model - by optimizing product scorecards and adopting e-Miner technology, the bank is able to reach the right customers at reduced credit risks.

5. Future R&D plan

(1) Retail banking

- Adopt a sales lead map and an account-based strategy; apply analytical techniques to segment customer groups while exploring greater business depth and breadth.
- Take the initiative in researching new products and introducing new technologies; expand the existing cash flow product portfolio and develop new virtual channels.
- Adjust product scorecards according to economic and market changes to achieve greater profitability and more effective risk monitoring.

(2) Wholesale banking

- Improved new product development and pricing; increase self-developed products in our portfolio for higher profitability.
- Expand pluralized treasury product lineup via combination of interest rate, exchange rate, bond, bulk commodities, and equity.
- Integrate existing credit risk management system and operating platform, so as to upgrade service efficiency and quality and lower credit-extension and operating risk.
- Establish new financial trading system to accommodate the rollout of new diversified products in the future, and improve trading flow and enhance trading capability.
- Focus on launching RMB business in light of current round of deregulations.
- Expand offshore financing and the number of overseas branches , strengthen the function of e-network trading platform, so as to satisfy customers' need for cross-border fund maneuvering.

e. Short-and long-term business development plans

1. Wealth management

(1) Short-term business development plan

- Introduce family-oriented solutions to address customers' inheritance concerns.
- Promote existing wealth management loyalty programs; stimulate active banking relationships using the "wealth management reward points" program.
- Manage customers via localization manner: Materialize the core concept of "utmost service" to enhance customer satisfaction and deep-cultivate the businesses of residents, stores, small and medium business owners, and salary-transfer companies in the neighborhood of branches.
- Continue strengthening risk controlling mechanism and risk management and avoid improper sale, and provide clients professional planning of asset allocation.
- Offer enhanced privileges as rewards to wealth management customers.
- Strengthen the wealth management team, enhance employee's expertise.
- Develop standardized procedures for precision marketing; enhance customer analysis and offer products that address their specific needs.

(2) Long-term business development plan

- Offer comprehensive product ranges in line with the upcoming Free Economic Pilot Zones, utilize OBUs to assist corporate customers in their local and overseas capital planning.
- Improve advisors' service efficiency with the use of the Advisory system.
- Strengthen brand image and become the best wealth-management bank in the minds of customers, thereby becoming a leading financial institution in Taiwan.
- Via segmented customer group management, enhance the performance of the bank and enhance customer satisfaction.
- Achieve breakthrough in private banking business among domestic banks.
- Actively develop overseas markets .

2. Consumption Financing

(1) Short-term business development plan

- Integrate physical and virtual channels in order to introduce products that can be applied for simply by using automated services, and therefore provide customers with more convenient means of funding.
- Continually optimize operating procedures for greater efficiency and lower costs.

- Explore strategic alliances for new customers and new opportunities.
 - Direct efforts towards high-margin products, high-value industries and high-yield transactions; exploit market differentiation for greater profitability.
 - Perform precision marketing analyses that incorporate risks, profitability and market demand; cement relationships with existing customers while exploring potential customer groups.
 - Explore Internet-based transactions and collaborative opportunities with third party payment platforms.
- (2) Long-term business development plan
- Develop new mobile payment technologies (e.g. QR Code) to accommodate future trends.
 - Integrate resources within the financial holding company to yield greater sales and marketing synergy; introduce product portfolios that are tailored to customer needs.
 - Increase profit spread and product competitiveness through continuous innovation and market segmentation.
 - Refine existing risk management techniques as means of enhancing asset quality and increasing profitability.

3. Wholesale Banking

- (1) Short-term business development plan
- Materialize segmented customer group management. Allocate group resources to deliver the most comprehensive financial services.
 - Segment groups and industries to efficiently control group/industry risk and resource allocation.
 - Expand relationships with securities customers through cash flow services and demand deposit privileges; increase the percentage of customers' demand deposits for lower funding costs.
 - Enhance collaboration between retail and wholesale banking segments to explore potential SME customers. Pursue profit growth while striking the right balance between sales volume and quality.
 - Take the initiative in capturing overseas opportunities; explore potential areas of collaboration with Chinese banks.
 - Build the bank's overseas talent pool through regular job rotation, in order to accommodate growing businesses.
- (2) Long-term business development plan
- Enhance service capabilities and product innovation; anchor customer relationship and aim to raise customers' satisfaction and contribution.
 - Allocate group resources with greater efficiency; deliver comprehensive financial services through synergistic use of existing product lines.
 - Actively explore overseas markets; increase profit contributions from overseas and broaden the bank's presence in China and the Asia Pacific region.
 - Continue recruitment and cultivation of overseas talents to support the medium- and long-term development of overseas business.

4. Trust Financial Services

- (1) Short-term business development plan
- Expand the assets of "So Easy target wealth-management plan" by pushing salary-transfer accounts and the sales of dollar-averaging mutual fund.
 - Plan online marketing for "So Easy target wealth-management plan", so as to develop massive online customer groups.

- Actively strive for money and securities trust of corporate banking and the business of "Collective Investment Account for Mainland China or Overseas Foreign Employees" and "restricted employees the right to new shares" so as to expand the channel for corporate banking.
 - Provide planning-type trust customers with systematized transaction and electronic services to satisfy customer's need.
 - Develop "employee welfare trust" business and provide corporate-banking customers diversified trust products, so as to develop personal wealth-management business for employees.
 - Provide more convenient e-trading service function.
 - Provide more diversified online wealth-management information.
 - Expand the sales volume of financial products and the scale of assets under management on the basis of asset allocation so as to increase the fee income.
 - Develop an overseas ETF order placement platform where customers can place limit orders. Introduce kinds of ETFs and preferred stock on a regular basis, giving customers the flexibility to respond to market changes.
 - Continue to provide quality overseas financial bonds and corporate bonds denominated in various foreign currencies (including RMB), introduce high-yield Dim Sum bonds and corporate bonds with the opening of the Free Economic Pilot Zones, to help with asset allocation of customers with preference for fixed yields.
 - Offer structured investments suited to professional investors and exclusive to OBU customers to enhance the bank's relations with high net worth customers.
 - Reach potential customers and increase the amount of assets under management by publishing periodicals, organizing investment seminars and marketing campaigns etc.
 - Carefully select and introduce new thematic funds ahead of the market; aim to satisfy customers' needs for variety and proper asset allocation.
 - Provide abundant financial information over the Internet, and aim to deliver the ultimate one-stop shopping experience via the Internet platform.
 - Consolidate customers' financial goals at various stages of their lives to introduce systematic investment plans, which help accumulate asset base over time.
- (2) Long-term business development plan
- Develop various "securities trust" to satisfy the multiple needs of customers for tax savings and revenue creation, so as to increase market share and gain leadership in the market.
 - Establish system platform for self selection of investment targets for employee welfare trust, so as to tap the business opportunities related to self selection of investment targets by laborers for pension funds.
 - Continue concerning about change in regulations, so as to develop new trust business.
 - Continue track and develop risk-management indices, so as to grasp product performance and risk for customers.
 - Continue introducing pluralized new products and business, in order to bring steady returns to investors in both bullish and bearish markets.
 - Promote the proper idea of asset allocation; aim to increase the number of products sold and the amount of assets under management.
 - Track product performance regularly; develop risk indicators that can be used to monitor product performance and risks.
 - Continue introducing a variety of new funds and innovative means of investment to deliver customers' expectations.

B. Employee

a. Employee information in the recent two years and as of the date of the publication of the annual report.

March 31, 2014

Year		2012	2013	Current year as of March 31, 2014
Number of employees	Male	2,462	2,573	2,585
	female	3,727	3,847	3,788
	Total	6,189	6,420	6,373
Average age		35.8	36.3	36.5
Average service years		7.5	7.7	7.9
Shares of education degrees	Doctor	0.10%	0.09%	0.08%
	Master	16.09%	17.15%	17.12%
	College	78.30%	77.24%	77.54%
	Senior high	5.43%	5.44%	5.18%
	Under Senior high	0.08%	0.08%	0.08%
Kinds of professional certificates owned by employees and their numbers	Test for trust business	2,837	2,902	2,947
	Basic test for internal control	3,287	3,308	3,305
	Qualification test for property insurance staffers	3,062	3,102	3,103
	Investment-type insurance policy staffers	1,569	1,594	1,633
	Life insurance staffers	3,269	3,323	3,364
	Future business staffers	483	474	481
	Securities investment analysis	20	15	14
	Senior securities staffers	437	443	451
	Investment trust and consulting staffers	368	385	396
	B-type laws and regulations for investment trust and consulting (including professional ethical code)	1,522	1,654	1,689

b. Employee Training and development

To support continuous business growth, personal training and development has been the consistent insistence of Taishin Financial Holdings. In 2013, the company's training efforts received the highest level of subsidy from the Ministry of Labor under its "Corporate Talent Improvement Program." The total number of trainees reached more than 240,000 people/attendances and the average annual training hours per person hit 49.8 hours. Measures for personnel training and development meant to enhance colleague's overall competitive edge follow:

1. Taishin University

Utilize the integration of Taishin University and CTMS training management system, each of the courses offered had been associated to various managerial roles and general roles within the organization, so that every staffer can take advantage of systematic and structured course design and system function to carry out plural learning. The platform features "transparent learning information," "diversified learning channel," "and integrated learning resources."

2. Talent Accumulation Program

Choosing and recruiting different levels of colleagues by the 360 evaluation mechanism and the committee, and developing reserve team leaders, branch manager trainees, MA, AMA, and TSP multi-stratum talented accumulation program. Planning training for different levels of talents to reach the destination by the core value and strategy, cooperate with National Taiwan University to incorporate EMBA courses into cultivation plan for talent bank since 2010. Via study and lecture on cases, integrate the practical management experience of talent-bank members and theories, to further enhance management capability.

3. Individual Development Program

Confirm the personal ability gap with unified MBO and the ultimate position by training , rotating, senior counselor's assisting, attending meetings and participating in development projects. Being with superior is the most suitable way to advance the development. Meanwhile, establish training deposit book system, under which the company appropriates 10,000 points of training resources annually for every staffer, as subsidy for staffers to obtain professional certificates, cultivate second expertise, and enhance foreign-language and computer skill, so as to integrate personal development and corporate objective, thereby boosting the overall competitiveness of the organization.

C. Corporate Responsibility and Code of Ethics

In addition to the management of core financial business, Taishin Financial Holdings also emphasizes the social responsibility of an enterprise. It integrates the resources of subsidiaries for long-term dedication to public services, charity, arts and humanity, sports sponsorship, and promotion of financial academics. Via substantial payback to the society, community, and underprivileged groups, it exercises the corporate power to contribute to the betterment of the nation and society.

A. Public service and charity

1. "Care for Taiwan" series

Taishin Financial Holdings has joined hands with famous shopping website PayEasy.com to carry out "Care for Taiwan" series events since 2002, helping disaster victims in Hsinyi village, Chungliao village, Yuchih village, and Kuohsing village to develop local economy. Based on the concept of "giving fishing pole and teaching fishing," it rallies people to sponsor agricultural products, pushes credit-card donation, and pushes characteristic products and travels at backward areas, successfully helping with the reconstruction of disaster-stricken areas and posing as a paradigm for corporate participation in public services.

Since 2005, "Care for Taiwan" series has targeted "Kuohsing-village karate teenager team," helping those teenagers raise training funds via the establishment of a themed website and the utilization of media reporting. In 2013, Taishin Insurance Agency - a member of Taishin Financial Holdings, sponsored Taiwanese contestants to participate in the 7th World Karate Championship Series east held in Tokyo and returned with excellent achievements. In the year, the team won 134 medals in domestic and overseas tournaments (including 58 gold medals, 34 silver medals, and 42 bronze medals).

In 2008, "Care for Taiwan" series extended its reach to rice plantation in Taiwan. In order to sustain Taiwan's rice plantation and enable people to each pure Taiwanese rice, Taishin Financial Holdings and PayEasy.com established brand new platform for production and marketing of Taiwanese rice, pushing corporate sponsorship of "one-acre rice paddy" and family sponsorship of "one-acre rice paddy of my family" programs, so that Taiwan's good rice can penetrate local families. In addition to benefiting the health of local people and boosting the income of farmers, the program has created more working opportunities in Taiwan villages. In total, Taishin Financial Holdings has sponsored rice procurement for over 110 units, equivalent to 55 hectares of rice paddies. It has given 50,000 rice gift boxes to over 10,000 Taishin customers and staffers, which have eaten over 200,000 kilos of quality Taiwanese rice. In addition to benefiting rice farmers, it has also carried out excellent marketing for good Taiwanese rice.

2. Taishin Charity Foundation

In 2010, Taishin Bank set up "Taishin Charity Foundation," mainly for engagement in public-service and charity events, including assistance for underprivileged groups to enhance their skills for livelihood and improve life, and sponsorship for the events of other public-service groups and seminars for society-related issues, and other social welfare-related charity events, with the goal of helping underprivileged groups achieve "independence in economy and daily life."

After its establishment, the foundation rolled out "your ballot decides the strength of love" event, the first online public-service event in Taiwan. Under the event, small and medium social-welfare institutions were invited to put forth proposals online for voting by online social groups, in deciding the recipients of donations. A total of 1,014 proposals were received over the four years it was held, and we invited public-service partners, such as Advantech Foundation and Chunghwa Telecom Foundation to join the event, the scope of donation recipients were expanded from "social welfare" to "cultural education" and "digital learning".

The 4th "Your Ballot Decides the Strength of Love" event received overwhelming response as 210,000 online voters casted more than 610,000 votes in total. In addition to the public service partners mentioned above, the event also received donations from Taishin managers, employees, LPGA star Yani Tseng and the general public, which boosted the charity fund to NT\$15 million and benefited a total of 253 charity organizations. Apart from organizing the "Your Ballot Decides the Strength of Love" event Taishin Charity Foundation is also planning for a nation-wide visit to charity organizations located in other areas so that resources can be allocated more effectively to the socially disadvantaged.

B. Academics and Art and Culture

1. Academic promotion

Taishin Financial Holdings also continuously takes part in important academic seminars, in the hope of helping with the healthy development of Taiwan's financial industry and the overall financial market, via exchanges and discussion among elites from the fields of industries, government, and academics. Taishin took part in various academic seminars, including an Advanced Education Workshop, the Banking Policy Forum, International Conference on Economics, Finance and Accounting, Cross-strait Banking Forum, annual general meeting and international academic forum of the Taiwan Finance Association, the Corporate Governance Summit Forum, Conference on Theories and Practices of Securities and Financial Markets, National Financial Supervision Reform Forum and so on.

2. Art and culture

Taishin Bank donated to establish "Taishin Bank Culture and Art Foundation" in 2011, with the theme of "promoting cultural life quality and strengthening artistic-development environment." It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The foundation initiated "Taishin Artistic Award," giving highest glory and encourage to award winners in the two fields of visual and performing arts. 2013 marked the 11th edition of the award. Meanwhile, Taishin Financial Holdings also arranges multi-functional performing and exhibition space at its headquarters building to invite artists and musicians to hold artistic exhibitions and noontime musical concerts.

C. Sports sponsorship

In 2011, Taishin sponsored Yani Tseng, LPGA female golfing champion, the first Taiwanese financial institution to do so. Taishin had also mobilized its customers and employees to cheer for the champion using banners, online messages and more, while others even visited to the LPGA Tour in Taiwan. The bank also invited Yani Tseng to become the endorser of Taishin Charity Foundation, to help with promoting the "your ballot decides the strength of love" event, so as to augment Taishin's social influence.

In an attempt to nurture a greater number of sporting talents, Taishin has extended its sports sponsorship since September 2013 to new golf talents including Babe Liu, Chien Pei-Yun, Chen Szu-Han, Shih Huei-Ju, Chuang Hsin-Yun and Pan Yen-Ling, and Tsai Pei-Ying. In the meantime arranged for golf superstar Yani Tseng to provide personal guidance to these rising talents.

D. Environmental Protection

Taishin Financial Holdings has long advocated the importance of environmental protection and energy conservation, and committed itself through actions such as shared rides and light dress codes. Furthermore, Taishin also introduced a number of green practices into its daily operations, from "e-flow Correspondences," "Shared Company Vehicles" to "Paperless" and "e-Statements." Taishin has even planned to introduce a "Bank-wide Image system" to handle counter transactions, mortgage applications, and EDC applications. The bank achieves the benefits of procedure improvement as well as reducing the use of paper.

D. Information equipment

a. Major information systems

Items	Names of systems	Hardware	Software	Business contents
1	NT-dollar core system (B@NCS)	■ HP Superdome	■ HP-UX ■ ORACLE	■ B@NCS NT-dollar application system ■ B@NCS NT-dollar reporting system
2	Forex system (FITAS)	■ IBM AS/400	■ IBM OS400 ■ FITAS	■ Import/Export forex deposit/loan ■ SWIFT global banking financial system
3	ATM front-end system(FEP)	■ IBM RS/6000	■ IBM AIX ■ IBM MQ ■ ORACLE	■ ATM front-end handling system ■ Financial clearance system

Items	Names of systems	Hardware	Software	Business contents
4	Financial trading system (SUNGARD)	■ IBM X86 Server	■ MS Windows ■ SunGard ■ MS SQL	■ Treasury financial and treasury trading ■ Trading risk management system
5	Integrated data system (DAI)	■ HP Superdome	■ HP-UX ■ ORACLE	■ Operating database system(ODS) ■ Information warehousing(DW/DM)
6	Automated sales application system(SFA)	■ HP Superdome	■ HP-UX ■ ORACLE	■ Instant customer browsing system(SCV) ■ Automated sales operation system(SFA)
7	Consumer Internet banking	■ Oracle SUN E6900 & T5-1	■ Solaris ■ Weblogic ■ ORACLE	■ Transaction services for NT-dollar, foreign exchange, funds and trusts, credit cards, insurance and stocks
8	B2Bank	■ IBM RS/6000	■ IBM AIX ■ IBM Websphere ■ ORACLE	■ Corporate Internet banking system for NT-dollar, foreign exchange, e-collection and e-payment.
9	Trust Investment product system (TIPS)	■ IBM X86 Server	■ MS Windows ■ MS SQL	■ Trading system of funds, trust loans, US bonds and ADR
10	Credit card acquire front-end system (NCPS)	■ SUN M5000 ■ SUN T5240	■ SUN Solaris ■ ORACLE	■ Credit card transaction switch
11	Wholesales business system(WBS)	■ IBM RS/6000	■ IBM AIX ■ Weblogic ■ Oracle	■ Inquiry for NT dollar/foreign currency trading, credit-line management, and the management of guarantors and collateral.
12	Image process management system (IPMS)	■ HP Unix ■ SUN Unix	■ Weblogic ■ Oracle SOA ■ Oracle UCM	■ Management of image processes such as NT\$ services (account/remittance applications/account opening/negotiable instruments/KYC), merchant application, debt collection (attestation letters/property ownership/household transcript/collection documents), retail mortgage/unsecured credit, corporate banking (debt entitlement certificates/scorecards) etc.
13	Factoring management system (OAEFB)	■ IBM RS/6000	■ IBM AIX ■ Weblogic ■ Oracle	■ Accounts receivable system
14	Corporate-banking credit review system (OAECR)	■ IBM X86 Server	■ MS Windows ■ MS SQL	■ Corporate banking credit review system

b. Future development or installation plan

1. Expand the application of virtual server and cloud computing technology and flexibly utilize information equipment to enhance service quality.
2. Establish new computer central office according to the standard of international central office Tier III, to assure the stability and safety of computer system.
3. Prepare information system for overseas branches, including Brisbane and Singapore branches.
4. Enhance the utilization rate of global trade and small and medium enterprises, in addition to expanding the scope of the domestic market.
5. Continue undertaking foreign currency system, expand its application in overseas branches, and improve foreign-currency loan and deposit operation and forex-product system.
6. Expand the development and application of mobile banking and further expand link-up application services for mobile devices, such as iPhone, iPad and Android.

7. Upgrade integrated system for front-, medium-, and rear-end operations for financial-product trading, so as to enhance the market competitiveness for financial trading.
8. Upgrade customer credit-risk calculation system, so as to effectively control the default risk of customers.

C. Emergent backup and security protection system

1. In response to the execution of personal information law, the bank introduced personal information management standard and establish personal information management system.
2. Strengthen information protection mechanism and enhance safety management.
3. Strengthen wireless encryption mechanism for mobile devices, so as to enhance the safety of wireless transmission.
4. Conduct risk identification for the various applications used; explore areas of weakness and develop system security modules.
5. Understand the needs of an off-site support and enhance the off-site system accordingly.
6. Develop an information security action plan.

E. Labor-management relationship

a. Various employee welfare measures, retirement system and its execution, labor-management agreements, and various employee interest protection measures are listed in the following:

1. Employee Insurance
 - (1) Labor Insurance: The company bears 70% of the insurance premium; employee bear 20%
 - (2) Health Insurance: The company bears 60% of insurance premium; employees bear 30%
 - (3) Group Insurance: Employees are entitled to the coverage of association life insurance, accident insurance, medical insurance, surgery and injury medical service insurance, anti-cancer healthy insurance, and vocational disaster insurance, whose premiums are born by the company.
 - (4) Travel safety insurance: Employees traveling abroad for company affairs are covered by travel safety insurance, whose premiums are born by the company.
2. Employee Welfares

The company has instituted "employee welfare measures" and "employee welfare committee" to facilitate the promotion of employee welfare. Employees are entitled to marriage subsidy, birth subsidy, funeral subsidy, hospitalization subsidy, festival subsidy, birthday subsidy, travel subsidy, club subsidy, and educational subsidy for offspring.

In addition to various subsidies provided by employee welfare committee, the company also provides employees physical examination, subsidies for participating in wedding and funeral, long-service incentive, subsidy for self development (including subsidy for studying foreign language and computer and subsidy for professional certificates).

For employee assistance, the company cooperates with Teacher Chang Foundation in providing "employee daily-life service program" and establishes "care-for-employee mailbox" and "care-for-employee line" for use by employees.
3. Employee Retirement System

The company has instituted "employee retirement measures" according to which pensions for retirees are paid according to the labor pension system and related laws/regulations.
4. Annual Leaves

Employees are entitled to 7 days of annual leave when he/she serves one full year and more.
5. There is no other important agreement.

b. Specify loss resulting from labor-management disputes in the recent year and as of date of the publication of the annual report and disclose the value of current and possible future loss and countermeasures, as well as reasons for inability to estimate loss.

Thanks to the harmonious labor-management relationship, there has been no loss resulting from labor-management dispute in recent years.

F. Important contract

Nature of Contract	Participants	Starting and expiry dates of contract	Main contents	Restrictive clauses
Procurement contract	Mercuries Data Systems Ltd.	Contract date: August 24, 2012	Purchase of banking equipment	None
Procurement contract	CyberSoft Digital Services Corp.	2011/04/01~2016/03/31	Credit card information system and outsourced data processing	None
Procurement contract	Lian An Services (Ltd.) Anfeng Enterprise (Ltd.)	2013/5/1~2014/4/30	ATM cash security services	None

G. Approval of applications for securitized products according to the statute for the securitization of financial assets or the statute for realty securitization in the recent year and related information: For details, refer to the description of the bank's assets securitization business in point six, chapter seven.

VI. Financial Status

A. Brief balance sheet and income statement in recent five years

Brief Balance Sheet (individual)—ROC GAAP

Unit: NT\$1,000

Item	Year	2012	2011	2010(new compilation)	2009
Cash and cash equivalent, Due from the Central Bank and call loans to banks		45,625,606	40,645,345	50,522,320	136,515,846
Financial assets at fair value through profit or loss		49,231,145	40,781,549	36,979,776	24,907,554
Bonds and securities purchased under resell agreements		4,269,494	1,058,738	2,992,554	2,420,000
Receivables, net		86,077,469	88,122,428	97,304,516	84,838,866
Loans, net		658,454,135	600,808,129	531,674,018	495,583,668
Available-for-sale financial assets		207,278,563	191,190,849	177,358,294	36,484,764
Held-to-maturity financial assets		1,917,473	2,421,241	3,312,094	6,214,140
Investments accounted for by the equity method, net		1,785,834	1,939,912	1,861,285	1,281,667
Other financial assets, net		2,910,429	2,893,816	2,941,610	2,873,039
Property and equipment, net (note)		17,475,160	17,424,442	17,747,428	17,898,096
Goodwill and intangible assets		1,688,796	1,921,980	2,079,117	1,605,915
Other assets, net		5,525,686	6,745,987	8,783,300	22,134,089
Total assets		1,082,239,790	995,954,416	933,556,312	832,757,644
Due to banks and Central bank		52,366,146	62,532,398	57,252,391	54,181,462
Financial liabilities at fair value through profit or loss		9,114,382	8,353,108	16,202,864	16,990,037
Bonds and securities sold under repurchase agreements.		53,499,333	43,486,925	32,611,770	7,239,422
Payables		21,425,730	22,379,981	27,040,897	18,956,708
Deposits		826,959,852	756,502,655	699,985,966	654,664,982
Bank debentures		36,700,000	25,000,000	25,000,000	25,000,000
Other financial liabilities		13,670,671	13,340,332	13,184,858	151,200
Other liabilities		1,384,159	1,377,985	1,584,681	2,140,457
Total liabilities	Pre-payout	1,015,120,273	932,973,384	872,863,427	779,324,268
	Post-payout	1,021,172,696	938,403,859	878,376,915	779,985,137
Capital stock		49,157,526	49,157,526	49,157,526	49,157,526
Capital surplus		3,269,423	3,197,017	3,169,946	3,193,573
Retained earnings	Pre-payout	13,809,799	10,593,956	8,159,642	944,099
	Post-payout	7,757,376	5,163,481	2,646,154	283,230
Unrealized revaluation increments		207,232	6,093	0	0
Unrealized gain or loss on financial instruments		677,524	27,334	206,290	138,235
Cumulative translation adjustments		(820)	(539)	(519)	(57)
Other adjustment items in shareholder's equity		(1,167)	(355)	0	0
Total stockholder's equity	Pre-payout	67,119,517	62,981,032	60,692,885	53,433,376
	Post-payout	61,067,094	57,550,557	55,179,397	52,772,507
Certifying CPA		Peter Tsai	Yang Qinzhen	Yang Qinzhen	Yang Qinzhen
Certifying CPA		Yang Qinzhen	Peter Tsai	Weng Rongsui	Weng Rongsui
Type of CPA's auditing report		Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation

Note: According to "the equalization of land rights act", the bank revaluated the value of land in 2012, the amount of land appreciation is NT\$244,624,000.

Brief Balance Sheet (consolidated)—IFRS

Unit: NT\$1,000

Item	Year	2013	2012	Current year as of March 31
Cash and cash equivalent, Due from the Central Bank and call loans to banks		52,936,412	45,615,916	51,674,902
Financial assets at fair value through profit or loss		40,725,756	49,238,953	54,703,832
Available-for-sale financial assets, net		214,044,825	210,147,891	207,522,790
Securities purchased under resell agreements		1,942,716	4,269,494	99,571
Receivables, net		83,128,989	86,051,781	78,281,032
Current tax assets		175,641	129,233	175,854
Loans, net		703,149,360	658,454,135	726,809,595
Held-to-maturity financial assets, net		1,953,739	1,917,473	1,985,709
Investments accounted for using the equity method, net		642,284	643,570	557,327
Other Financial Assets, net		6,281,570	2,218,331	6,079,907
Property and equipment, net		17,464,449	17,534,672	17,531,225
Investment property, net		251,328	266,825	250,644
Intangible assets, net		1,541,406	1,689,475	1,512,062
Deferred tax assets		4,490,988	4,990,097	4,531,901
Other assets, net		3,679,319	1,071,808	14,761,595
Total Asset		1,132,408,782	1,084,239,654	1,166,477,946
Due to the Central Bank and banks		49,834,471	52,366,146	48,731,577
Financial liabilities at fair value through profit or loss		14,522,005	9,114,382	25,264,391
Securities sold under repurchase agreements		33,433,856	53,499,333	38,374,773
Payables		19,576,004	20,182,036	21,739,368
Current tax liabilities		1,843,047	739,864	2,234,030
Deposits and remittances		879,515,069	825,897,146	882,444,230
Bank debentures		25,000,000	36,700,000	25,000,000
Other financial liabilities		32,131,475	13,687,671	41,793,507
Reserve for liabilities		722,565	744,050	719,446
Deferred tax liabilities		249,439	631,051	399,884
Other liabilities		1,895,770	1,698,056	2,228,590
Total liabilities	Pre-payout	1,058,723,701	1,015,259,735	1,088,929,796
	Post-payout	note1	1,021,312,158	N/A
Equity attributable to owners of parent		73,434,185	68,717,481	77,290,521
Capital stock		49,157,526	49,157,526	49,157,526
Capital surplus		3,362,989	3,310,519	3,471,274
Retained earnings	Pre-payout	19,921,242	13,825,716	23,670,396
	Post-payout	note 1	7,773,293	N/A
Other equity		992,428	2,423,720	991,325
Non-Controlling Interest		250,896	262,438	257,629
Total stockholder's equity	Pre-payout	73,685,081	68,979,919	77,548,150
	Post-payout	note1	62,927,496	N/A
Certifying CPA		Peter Tsai	Yang Qinzhen	Peter Tsai
Certifying CPA		Yang Qinzhen	Peter Tsai	Jerry Gong
Type of CPA's auditing report		Standard without reservation	Standard without reservation	Standard without reservation

note1: At the time this annual report was published, the board of directors had yet to convene a meeting to resolve the 2013 earnings appropriation on behalf of shareholders.

note2: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Brief Balance Sheet (individual)—IFRS

Unit: NT\$1,000

Item	Year	2013	2012	Current year as of March 31
Cash and cash equivalent, Due from the Central Bank and call loans to banks		52,935,921	45,615,606	Balance sheet and comprehensive income statement for individual entities are unnecessary in quarterly report.
Financial assets at fair value through profit or loss		40,717,742	49,237,888	
Available-for-sale financial assets, net		214,044,825	210,147,891	
Securities purchased under resell agreements		1,942,716	4,269,494	
Receivables, net		83,029,535	85,994,142	
Current tax assets		174,636	128,229	
Loans, net		703,149,360	658,454,135	
Held-to-maturity financial assets, net		1,953,739	1,917,473	
Investments accounted for using the equity method, net		1,692,659	1,785,303	
Other Financial Assets, net		6,214,295	2,151,056	
Property and equipment, net		17,404,330	17,475,160	
Intangible assets, net		1,541,000	1,688,796	
Deferred tax assets		4,454,289	4,953,398	
Other assets, net		3,427,580	818,683	
Total Asset		1,132,682,627	1,084,637,254	
Due to the Central Bank and banks		49,834,471	52,366,146	
Financial liabilities at fair value through profit or loss		14,522,005	9,114,382	
Securities sold under repurchase agreements		33,433,856	53,499,333	
Payables		19,290,731	20,086,471	
Current tax liabilities		1,822,269	721,349	
Deposits and remittances		880,624,807	826,959,852	
Bank debentures		25,000,000	36,700,000	
Other financial liabilities		32,131,475	13,670,671	
Reserve for liabilities		722,565	744,050	
Deferred tax liabilities		249,439	631,051	
Other liabilities		1,616,824	1,426,468	
Total liabilities	Pre-payout	1,059,248,442	1,015,919,773	
	Post-payout	note1	1,021,972,196	
Equity attributable to owners of parent		73,434,185	68,717,481	
Capital stock		49,157,526	49,157,526	
Capital surplus		3,362,989	3,310,519	
Retained earnings	Pre-payout	19,921,242	13,825,716	
	Post-payout	note1	7,773,293	
Other equity		992,428	2,423,720	
Total stockholder's equity	Pre-payout	73,434,185	68,717,481	
	Post-payout	note1	62,665,058	
Certifying CPA		Peter Tsai	Yang Qinzhen	
Certifying CPA		Yang Qinzhen	Peter Tsai	
Type of CPA's auditing report		Standard without reservation	Standard without reservation	

note1: At the time this annual report was published, the board of directors had yet to convene a meeting to resolve the 2013 earnings appropriation on behalf of shareholders.

note2: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Brief Income Statements (individual)—ROC GAPP

Unit: NT\$1,000

Item \ Year	2012	2011	2010 (new compilation)	2009
Net Interest Income	13,874,234	12,993,667	11,850,525	10,002,148
Net income and gains other than interest income	9,930,615	7,773,763	12,895,822	9,202,859
Reversal allowance for loan losses	617,039	1,807,336	(1,211,169)	(4,265,429)
Operating expenses	(14,078,952)	(13,362,370)	(12,391,889)	(11,476,422)
Income Before Income Tax	10,342,936	9,212,396	11,143,289	3,463,156
Income Before Extraordinary Gain	8,646,318	7,739,100	8,172,742	821,279
Accumulated effect from change in accounting principle (after tax)	0	0	0	122,820
Extraordinary Gain (after tax)	0	0	0	0
Net Income	8,646,318	7,739,100	8,172,742	944,099
Basic Earnings per share (NT\$1)	1.80	1.61	1.70	0.21

Brief Comprehensive Income Statements (consolidated)—IFRS

Unit: NT\$1,000

Item \ Year	2013	2012	Current year as of March 31
Interest revenues	22,968,633	22,026,032	6,152,984
Interest expenses	(8,550,010)	(8,342,357)	(2,324,447)
Net interest income	14,418,623	13,683,675	3,828,537
Net Income other than net interest income	15,693,419	10,957,268	4,757,098
Net revenue and gains	30,112,042	24,640,943	8,585,635
Reversed of bad debts expense and guarantee liability	(113,327)	637,279	(155,373)
Operating expenses	(15,672,185)	(14,901,008)	(4,103,929)
Income before income tax	14,326,530	10,377,214	4,326,333
Income tax expense	(2,147,437)	(1,722,278)	(564,912)
Net income from continuing operations	12,179,093	8,654,936	3,761,421
Net Income	12,179,093	8,654,936	3,761,421
Other comprehensive income (loss), net of tax	(1,464,669)	1,223,536	(1,103)
Total Comprehensive Income	10,714,424	9,878,472	3,760,318
Net income attributable to owners of parent	12,181,273	8,680,109	3,754,875
Net income attributable to Non-controlling interests	(2,180)	(25,173)	6,546
Comprehensive Income attributable to owners of parent	10,716,657	9,903,925	3,753,772
Comprehensive Income attributable to Non-controlling interests	(2,233)	(25,453)	6,546
Earnings per share (NT\$1)	2.52	1.81	0.76

note: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international

Brief Income Statement(individual)—IFRS

Unit: NT\$1,000

Item \ Year	2013	2012	Current year as of March 31
Interest revenues	22,967,849	22,023,627	Balance sheet and comprehensive income statement for individual entities are unnecessary in quarterly report.
Interest expenses	(8,551,868)	(8,344,498)	
Net interest income	14,415,981	13,679,129	
Net Income other than net interest income	15,125,084	10,253,208	
Net revenue and gains	29,541,065	23,932,337	
Reversed of bad debts expense and guarantee liability	(114,212)	617,039	
Operating expenses	(15,124,609)	(14,173,446)	
Income before incometax	14,302,244	10,375,930	
Income tax expense	(2,120,971)	(1,695,821)	
Net income from continuing operations	12,181,273	8,680,109	
Net Income	12,181,273	8,680,109	
Other comprehensive income (loss), net of tax	(1,464,616)	1,223,816	
Total Comprehensive Inome	10,716,657	9,903,925	
Earnings per share (NT\$1)	2.52	1.81	

note: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

B. Financial analysis for recent five years

Financial Analysis (individual)—ROC GAPP

Item \ Year	2012	2011	2010	2009	
Management ability	Deposit / loan ratio (%)	80.67	80.47	76.88	76.81
	NPL ratio (%)	0.14	0.16	0.33	0.58
	Interest income/average outstanding deposit ratio (%)	1.07	0.95	0.73	1.18
	Interest income/average outstanding loans ratio (%)	3.50	3.47	3.23	3.43
	Turnover rate of total assets (times)	2.20	2.09	2.65	2.31
	Revenue per employee (NT\$1,000)	3,846	3,307	3,934	3,281
	Profit per employee (NT\$1,000)	1,397	1,233	1,299	161
Profit-making capability	Returns on Tier 1 capital (%)	16.90	15.87	20.83	7.59
	Returns on assets (%)	0.83	0.80	0.91	0.11
	Returns on shareholder's equity (%)	13.29	12.52	14.32	1.98
	Net Profit rate (%)	36.32	37.27	33.03	4.92
	Earnings per share (NT\$1)	1.80	1.61	1.70	0.21

Item		Year	2012	2011	2010	2009
Financial structure	Liabilities/assets ratio (%)		93.80	93.68	93.50	93.58
	Fixed asset/shareholder's equity ratio (%)		26.04	27.67	29.24	33.50
Growth rate	Asset growth (%)		8.66	6.68	12.10	(2.87)
	Profit growth (%)		12.27	(17.33)	221.77	158.47
Cash flow	Cash flow rate (%)		5.34	8.24	15.32	(0.10)
	Propriety of cash flow ratio (%)		177.41	404.20	1,434.57	1,115.21
	Cash-flow satisfaction ratio (%)		(8.82)	(14.05)	(24.46)	(9.57)
Liquid reserve ratio(%)			24.37	25.02	26.04	22.75
Secured loans for related parties (NT\$1,000)			8,033,236	3,961,203	3,748,978	5,183,344
Share of outstanding secured loans for related parties in total outstanding loans (%)			1.10	0.59	0.61	0.91
Business Scale	Market share of asset (%)		2.78	2.64	2.59	2.49
	Market share of book value (%)		2.66	2.72	2.77	2.61
	Market share of deposit (%)		2.79	2.65	2.62	2.53
	Market share of loans (%)		2.83	2.67	2.58	2.58

Calculation formula:

1. Management capability

- (1) Deposit / loan ratio=total deposits / total loans
- (2) NPL ratio=total NPL / total loans
- (3) Ratio of interest expense in annual average of outstanding deposits=total interest expense / annual average of outstanding deposits
- (4) Ratio of interest revenue in annual average of outstanding loans=total interest revenue / annual average of outstanding loans
- (5) Turnover rate of assets=net revenue/total assets value.
- (6) Revenue per employee=net revenue/total number of employees
- (7) Profit per employee=after-tax net profit/total number of employees

2. Profit-making capability

- (1) Returns on Tier1 capital=pre-tax income/average value of Tier1 capital
- (2) Returns on assets=after-tax income/average value of assets
- (3) Returns on shareholders' equity=after-tax income/average value of net shareholders' equity
- (4) Net profit rate=after-tax income/net revenue
- (5) Earnings per share=(after-tax net profit-dividend for preferred shares) / weighted average of issued shares

3. Financial structure

- (1) Ratio of liabilities in assets=total liabilities/total assets
- (2) Ratio of fixed assets in book value=net value of fixed assets/net shareholders' equity

4. Growth rate

- (1) Assets growth rate=(total assets in current year-total assets in previous year)/total assets in previous year
- (2) Profit growth=(pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year.

5. Cash flow

(1) Cash flow ratio=net cash flow for business activities/(call loans and overdraft of bank and peers + promissory notes payable +financial liabilities from change in fair value + liabilities of repot bills and bonds + accounts payable due in one year)

(2) Propriety ratio of net cash flow=net cash flow for business activities in recent five years/ (capital outlay + cash dividend) in recent five years

(3) Satisfactory rate for cash flow=net cash flow for business activities/net cash flow for investments

6. Liquid reserves ratio=liquid assets required by the Central Bank of the Republic of China(Taiwan)/required liquid reserves for various liabilities

7. Analysis of business scale

(1) Market share of assets=total assets/total assets of financial institutions capable of undertaking deposit/loan business

(2) Market share of book value=book value/total book value of financial institutions capable of undertaking deposit/loan business

(3) Market share of deposits=total deposits/total deposits of financial institutions capable of undertaking deposit/loan business

(4) Market share of loans=total loans/total loans of financial institutions capable of undertaking deposit/loan business

Financial Analysis (consolidated)—IFRS

Item		Year	2013	2012	Current year as of March 31
Management ability	Deposit / loan ratio (%)		81.06	80.78	83.58
	NPL ratio (%)		0.15	0.14	0.16
	Interest income/average outstanding deposit ratio (%)		1.00	1.06	0.26
	Interest income/average outstanding loans ratio (%)		3.33	3.46	0.85
	Turnover rate of total assets (times)		2.66	2.27	0.74
	Revenue per employee (NT\$1,000)		4,599	3,898	1,347
	Profit per employee (NT\$1,000)		1,860	1,369	590
Profit-making capability	Returns on tier 1 capital (%)		21.77	16.72	Annual analysis data, NA to quarterly report.
	Returns on assets (%)		1.10	0.83	0.33
	Returns on equity (%)		17.14	13.06	4.98
	Net Profit rate (%)		41.24	36.27	44.46
	Earnings per share (NT\$1)		2.52	1.81	0.76
Financial structure	Liabilities/assets ratio (%)		93.49	93.64	93.35
	Property and equipment / equity (%)		23.70	25.42	22.61
Growth rate	Asset growth (%)		4.44	8.64	Annual analysis data, NA to quarterly report.
	Profit growth (%)		38.06	12.01	Annual analysis data, NA to quarterly report.
Cash flow	Cash flow rate (%)		15.02	3.72	(2.41)
	Propriety of cash flow ratio (%)		185.00	87.32	156.30
	Cash-flow satisfaction ratio (%)		(3,905.10)	7,800.81	2,191.31
Liquid reserve ratio(%)			24.74	24.37	21.85

Item		Year	2013	2012	Current year as of March 31
Secured loans for related parties(NT\$1,000)			7,771,046	8,033,236	7,948,671
Share of outstanding secured loans for related parties in total outstanding loans(%)			1.01	1.10	1.01
Business scale (Note 2)	Market share of asset(%)		2.71	2.78	2.76
	Market share of book value(%)		2.70	2.66	2.75
	Market share of deposit (%)		2.80	2.79	2.77
	Market share of loan (%)		2.86	2.83	2.89
Reasons for changes in various financial ratios in recent two years:					
1. Profit-making capability and growth rate: the bank continued to maintain sound asset quality throughout 2013, and was therefore able to deliver positive earnings. All profit-related ratios have improved compared to 2012.					
2. Cash flow: please refer to explanation of liquidity analysis for recent two years.					

note 1: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

note 2: Business scale is based on single statement.

Financial Analysis (individual)—IFRS

Item		Year	2013	2012	Current year as of March 31
Management ability	Deposit / loan ratio (%)		80.96	80.67	Balance sheet and comprehensive income statement for individual entities are unnecessary in quarterly report.
	NPL ratio (%)		0.15	0.14	
	Interest income/average outstanding deposit ratio (%)		1.00	1.05	
	Interest income/average outstanding loans ratio (%)		3.33	3.45	
	Turnover rate of total assets (times)		2.61	2.21	
	Revenue per employee (NT\$1,000)		4,601	3,867	
	Profit per employee (NT\$1,000)		1,897	1,403	
Profit-making capability	Returns on tier 1 capital (%)		21.94	16.95	
	Returns on assets (%)		1.10	0.83	
	Returns on equity (%)		17.14	13.06	
	Net Profit rate (%)		41.24	36.27	
	Earnings per share (NT\$1)		2.52	1.81	
Financial structure	Liabilities/assets ratio (%)		93.52	93.66	
	Property and equipment / equity (%)		23.70	25.43	
Growth rate	Asset growth (%)		4.43	8.70	
	Profit growth (%)		37.84	12.27	
Cash flow	Cash flow rate (%)		15.05	3.54	
	Propriety of cash flow ratio (%)		183.15	83.22	
	Cash-flow satisfaction ratio (%)		(3,810.73)	1,572.97	
Liquid reserve ratio (%)			24.74	24.37	
Secured loans for related parties (NT\$1,000)			7,771,046	8,033,236	

Item		Year	2013	2012	Current year as of March 31
Share of outstanding secured loans for related parties in total outstanding loans (%)			1.01	1.10	
Business scale	Market share of asset (%)		2.71	2.78	
	Market share of book value (%)		2.70	2.66	
	Market share of deposit (%)		2.80	2.79	
	Market share of loan (%)		2.86	2.83	
Reasons for changes in various financial ratios in recent two years:					
1. profit-making capability and growth rate: the bank continued to maintain sound asset quality throughout 2013, and was therefore able to deliver positive earnings. All profit-related ratios have improved compared to 2012.					
2. cash flow: please refer to explanation of liquidity analysis for recent two years.					

note: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Calculation formula:

1. Management capability

- (1) Deposit/loan ratio = total deposits / total loans
- (2) NPL ratio = total NPL / total loans
- (3) Ratio of interest expense in annual average of outstanding deposits = total interest expense / annual average of outstanding deposits
- (4) Ratio of interest revenue in annual average of outstanding loans = total interest revenue / annual average of outstanding loans
- (5) Turnover rate of assets = net revenue / average value of assets.
- (6) Revenue per employee = net revenue / total number of employees
- (7) Profit per employee = After-tax profit / total number of employees

2. Profit-making capability

- (1) Returns on Tier1 capital = pre-tax income / average value of Tier1 capital
- (2) Returns on assets = after-tax income / average value of assets
- (3) Returns on shareholders' equity = after-tax income / average value of net shareholders' equity
- (4) Net profit rate = after-tax income / net revenue
- (5) Earnings per share = (Net income attributable to owners of parent-dividend for preferred shares) / weighted average of issued shares

3. Financial structure

- (1) Ratio of liabilities in assets = total liabilities / total assets
- (2) Ratio of property and equipment in equity = net value of property and equipment / equity

4. Growth rate

- (1) Assets growth rate = (total assets in current year - total assets in previous year) / total assets in previous year
- (2) Profit growth = (Pre-tax income in current year - pre-tax income in previous year) / pre-tax income in previous year

5. Cash flow

- (1) Cash flow ratio = net cash flow for business activities / (call loans and overdraft of bank and peers + promissory notes payable + financial liabilities from change in fair value + liabilities of report bills and bonds + accounts payable due in one year)
- (2) Propriety ratio of net cash flow = net cash flow for business activities in recent five years / (capital outlay + cash dividend) in recent five years
- (3) Satisfactory rate for cash flow = net cash flow for business activities / net cash flow for investments

6. Liquid reserves ratio=liquid assets required by the Central Bank of the Republic of China(Taiwan)/required liquid reserves for various liabilities

7. Analysis of business scale

- (1) Market share of assets=total assets/total assets of financial institutions capable of undertaking deposit/loan business
- (2) Market share of book value=book value/total book value of financial institutions capable of undertaking deposit/loan business
- (3) Market share of deposits=total deposits/total deposits of financial institutions capable of undertaking deposit/loan business
- (4) Market share of loans=total loans/total loans of financial institutions capable of undertaking deposit/loan business

BIS Ratio (individual)—Basel II

Unit: NT\$ millions

Analytical Items		Year	2012	2011	2010	2009
Eligible Capital	Tier I Capital	Common shares	47,275	47,275	47,275	47,275
		Perpetual non-accumulated preferred shares	1,882	1,882	1,882	1,882
		Perpetual Non-accumulated subordinated debts				
		Capital collected in advance				
		Capital surplus (except surplus deriving from value increment of fixed assets)	3,269	3,197	3,214	3,194
		Legal reserves	4,974	2,646	283	
		Special reserves	190	190		
		Accumulated profit/loss	8,646	7,758	7,876	944
		Minority shareholding right				
		Other items of shareholders' equity	(84)	(273)	(157)	(118)
		Minus: good will	1,152	1,152	1,152	1,152
		Minus: unamortized loss from the sale of NPL				
		Minus: items for capital reduction	2,006	2,101	2,525	1,712
		Total tier I capital	62,994	59,422	56,696	50,313
	Tier II capital	Perpetual accumulated preferred shares				
		Perpetual non-accumulated subordinated debts				
		Capital surplus from value increment of fixed assets	207	6		
		45% of unrealized gain from available for sale	342	135	144	116
		Convertible bonds				
		General provisions	8,503	7,604	6,367	4,963
		Long-term subordinated debts	28,457	21,097	22,058	19,939
		Non-perpetual preferred shares				
		Combination of perpetual non-accumulated preferred shares and subordinated debts which exceeds 15% of tier I capital				
		Minus: items for capital reduction	2,006	2,101	2,525	1,712
	Total Tier II capital	35,503	26,741	26,044	23,306	
	Tier III capital	Short-term subordinated debts				
		Non-perpetual preferred shares				
Total Tier III capital						
Eligible Capital			98,497	86,163	82,740	73,619

Analytical Items		Year	2012	2011	2010	2009
Risk-weighted Assets	Credit risk	Standardised approach	679,515	607,211	551,857	508,984
		Internal Rating Based approach				
		Securitisation Framework	726	1,158	1,514	620
	Optional risk	Basic indicator approach				
		Standardised approach /alternative standard approach	39,101	36,815	34,888	38,272
		Advanced measurement approach				
	Market risk	Standardised approach	27,256	30,258	20,863	20,417
		Internal model approach				
Total risk weighted assets			746,598	675,442	609,122	568,293
BIS ratio			13.19%	12.76%	13.58%	12.95%
Tier I capital of risk weighted assets			8.44%	8.80%	9.31%	8.85%
Tier II capital of risk weighted assets			4.75%	3.96%	4.27%	4.10%
Tier III capital of risk weighted assets			0.00%	0.00%	0.00%	0.00%
Common shares of total assets			4.37%	4.75%	5.19%	5.68%

1. Eligible capital= tier I capital + tier II capital + tier III capital
2. Total weighted risk assets=weighted credit-risk assets + capital provisions for (operating risk market risk) x 12.5
3. BIS ratio=Eligible capital/total weighted risk assets
4. Tier I capital of risk weighted assets=tier I capital / total weighted risk assets
5. Tier II capital of risk weighted assets= tier II capital / total weighted risk assets
6. Tier III capital of risk weighted assets=tier III capital / total weighted risk assets
7. Common shares of total assets=common-share equity capital / total assets

BIS Ratio (individual)—Basel III

Unit: NT\$ millions

Item		Year	2013	Current year as of March 31.
Eligible Capital	Common shares equity		67,392	Disclosure unnecessary
	Other Tier1		1,173	
	Tier II capital		21,730	
	Eligible Capital		90,295	
Risk-weighted Assets	Credit risk	Standardised approach	753,874	
		Internal Rating Based approach		
		Securitisation Framework	421	
	Operating risk	Basic indicator approach		
		Standardised approach /alternative standard approach	42,495	
		Advanced measurement approach		
	Market risk	Standardised approach	28,685	
		Internal model approach		
Total risk weighted assets			825,475	
BIS ratio			10.94%	
Tier I capital of risk weighted assets			8.31%	
Common shares of total assets			8.16%	
Leverage Ratio			4.08%	

1. Eligible capital=Common shares equity+other tier 1+tier II capital.
2. Total weighted risk assets=weighted credit-risk assets + capital provisions for (operating risk market risk) x 12.5
3. BIS ratio=Eligible capital/total weighted risk assets
4. Tier I capital of risk weighted assets=(Common shares equity + Other Tier1)/ total weighted risk assets.
5. Common shares of total assets=common-share equity capital/ total weighted risk assets.
6. Leverage Ratio = tier I capital / total risk exposure.

BIS Ratio (consolidated)—Basel II

Unit: NT\$ millions

Item		Year	2012	2011	2010	2009	
Eligible Capital	Tier 1 Capital	Common shares	47,275	47,275	47,275	47,275	
		Perpetual non-accumulated preferred shares	1,882	1,882	1,882	1,882	
		Perpetual Non-accumulated subordinated debts					
		Capital collected in advance					
		Capital surplus (except surplus deriving from value increment of fixed assets)	3,269	3,197	3,214	3,194	
		Legal reserves	4,974	2,646	283		
		Special reserves	190	190			
		Accumulated profit/loss	8,646	7,758	7,876	944	
		Minority shareholding right	263	367	414	344	
		Other items of shareholders' equity	(84)	(273)	(157)	(118)	
		Minus: good will	1,152	1,152	1,152	1,152	
		Minus: unamortized loss from the sale of NPL					
		Minus: items for capital reduction	1,529	1,528	1,886	1,347	
	Total tier 1 capital	63,734	60,362	57,749	51,022		
	Tier II capital	Perpetual accumulated preferred shares					
		Perpetual non-accumulated subordinated debts					
		Capital surplus from value increment of fixed assets	207	6			
		45% of unrealized gain from available for sale	342	135	144	116	
		Convertible bonds					
		General provisions	8,503	7,604	6,367	4,963	
		Long-term subordinated debts	28,457	21,097	22,058	19,939	
		Non-perpetual preferred shares					
		Combination of perpetual non-accumulated preferred shares and subordinated debts which exceeds 15% of tier I capital					
		Minus: items for capital reduction	1,529	1,528	1,886	1,347	
	Total tier II capital	35,980	27,314	26,683	23,671		
	Tier III capital	Short-term subordinated debts					
		Non-perpetual preferred shares					
		Total Tier III capital					
	Eligible Capital			99,714	87,676	84,432	74,693

Item		Year	2012	2011	2010	2009
Risk-weighted Assets	Credit risk	Standardised approach	679,825	607,931	553,501	510,883
		Internal Rating Based approach				
		Securitisation Framework	726	1,158	1,514	620
	Optional risk	Basic indicator approach				
		Standardised approach /alternative standard approach	39,101	36,815	34,888	38,272
		Advanced measurement approach				
	Market risk	Standardised approach	27,257	30,280	20,881	20,452
		Internal model approach				
Total risk assets			746,909	676,184	610,784	570,227
BIS ratio			13.35%	12.97%	13.82%	13.10%
Tier I capital of risk weighted assets			8.53%	8.93%	9.45%	8.95%
Tier II capital of risk weighted assets			4.82%	4.04%	4.37%	4.15%
Tier III capital of risk weighted assets			0.00%	0.00%	0.00%	0.00%
Common shares of total assets			4.37%	4.75%	5.19%	5.67%

1. Eligible capital= tier I capital + tier II capital + tier III capital
2. Total weighted risk assets=weighted credit-risk assets + capital provisions for (operating risk market risk) x 12.5
3. BIS ratio=Eligible capital/total weighted risk assets
4. Tier I capital of risk weighted assets=tier I capital / total weighted risk assets
5. Tier II capital of risk weighted assets= tier II capital / total weighted risk assets
6. Tier III capital of risk weighted assets=tier III capital / total weighted risk assets
7. Common shares of total assets=common-share equity capital / total assets

BIS Ratio (consolidated)—Basel III

Unit: NT\$ millions

Item		Year	2013	Current year as of March 31.
Eligible Capital	Common shares equity		67,857	Disclosure unnecessary
	Other Tier1		1,388	
	Tier II capital		22,161	
	Eligible Capital		91,406	
Risk-weighted Assets	Credit risk	Standardised approach	753,908	
		Internal Rating Based approach		
		Securitisation Framework	421	
	Operating risk	Basic indicator approach		
		Standardised approach /alternative standard approach	42,495	
		Advanced measurement approach		
	Market risk	Standardised approach	28,701	
Internal model approach				
Total risk weighted assets			825,525	
BIS ratio			11.07%	
Ratio of tier I capital in risk weighted assets			8.39%	
Ratio of common shares in total assets			8.22%	
Leverage Ratio			4.12%	

1. Eligible capital=Common shares equity+other tier 1+tier II capital.
2. Total weighted risk assets=weighted credit-risk assets + capital provisions for (operating risk market risk) x 12.5
3. BIS ratio=Eligible capital/total weighted risk assets
4. Tier I capital of risk weighted assets=(Common shares equity + Other Tier1)/ total weighted risk assets.
5. Common shares of total assets=common-share equity capital/ total weighted risk assets.
6. Leverage Ratio = tier I capital / total risk exposure.

C. Inspection report on the financial statement of the latest year by supervisors or audit committee

Inspection report of supervisor Taishin International Bank Co., Ltd.

Attached please find 2013 business report, financial statement, and proposal for profit sharing, of which the financial statement has been audited and certified by CPAs Peter Tsai and Yang Qinchen of Deloitte Taiwan , as showing in the auditing report.

The supervisor has viewed the aforementioned documents and found no major inadequacies, thereby delivering this report to shareholder's meeting, according to article 219 and 228, Company Law.

To Shareholder's Meeting of Taishin International Bank:

Standing supervisor Yang-Tzong ,Tsay



Supervisor Long-Su Lin



Supervisor Toney Chen



April 30, 2014

D. Financial statement of the latest year: refer to appendix 1.

E. Should there occur financial insolvency of the bank and its affiliates in the recent year and as of the date of the publication of the annual report, specify its effect on the bank's finance: None

VII. Review and Analysis of Financial Status and Business Performance and Risk-Management Item

A. Financial status:

Main reasons for major changes in assets, liabilities, shareholders' equity in recent years and their effects:

Unit: NT\$1,000

Item	Year	2013	2012	Variance	
				Value	%
Asset					
Cash and cash equivalent		13,582,195	12,385,086	1,197,109	9.67%
Due from the Central Bank and call loans to other banks		39,353,726	33,230,520	6,123,206	18.43%
Financial assets at fair value through profit or loss		40,717,742	49,237,888	(8,520,146)	-17.30%
Securities purchased under resell agreements		1,942,716	4,269,494	(2,326,778)	-54.50%
Receivables, net		83,029,535	85,994,142	(2,964,607)	-3.45%
Current tax assets		174,636	128,229	46,407	36.19%
Loans, net		703,149,360	658,454,135	44,695,225	6.79%
Available-for-sale financial assets, net		214,044,825	210,147,891	3,896,934	1.85%
Held-to-maturity financial assets, net		1,953,739	1,917,473	36,266	1.89%
Investments accounted for using the equity method, net		1,692,659	1,785,303	(92,644)	-5.19%
Other financial assets		6,214,295	2,151,056	4,063,239	188.90%
Property and equipment, net		17,404,330	17,475,160	(70,830)	-0.41%
Intangible assets, net		1,541,000	1,688,796	(147,796)	-8.75%
Deferred tax assets		4,454,289	4,953,398	(499,109)	-10.08%
Other assets, net		3,427,580	818,683	2,608,897	318.67%
Total Assets		1,132,682,627	1,084,637,254	48,045,373	4.43%
Liability					
Due to the Central Bank and banks		49,834,471	52,366,146	(2,531,675)	-4.83%
Financial liabilities at fair value through profit or loss		14,522,005	9,114,382	5,407,623	59.33%
Securities sold under repurchase agreements		33,433,856	53,499,333	(20,065,477)	-37.51%
Payables		19,290,731	20,086,471	(795,740)	-3.96%
Current tax liabilities		1,822,269	721,349	1,100,920	152.62%
Deposits and remittances		880,624,807	826,959,852	53,664,955	6.49%
Bank debentures		25,000,000	36,700,000	(11,700,000)	-31.88%
Reserve for liabilities		722,565	744,050	(21,485)	-2.89%
Other financial liabilities		32,131,475	13,670,671	18,460,804	135.04%
Deferred tax liabilities		249,439	631,051	(381,612)	-60.47%
Other liabilities		1,616,824	1,426,468	190,356	13.34%
Total liabilities		1,059,248,442	1,015,919,773	43,328,669	4.26%

Capital stock	49,157,526	49,157,526	-	-
Capital surplus	3,362,989	3,310,519	52,470	1.58%
Retained earnings	19,921,242	13,825,716	6,095,526	44.09%
Other equity	992,428	2,423,720	(1,431,292)	-59.05%
Total equity	73,434,185	68,717,481	4,716,704	6.86%

1. Increases in deposits at the Central Bank and interbank lending were mainly attributable to additional deposits placed at the Central Bank.
2. Decreases in financial assets at fair value through profit and loss were mainly due to reduced in investment bills.
3. Decreases in securities purchased under resell agreements were mainly attributed to the decrease in investment in resale notes-commercial papers.
4. Increases in loans were mainly contributed to by a general increase in short-term, medium-term and long-term loans.
5. Increases in other financial assets were mainly contributed to by increases in time deposits with maturities above 3 months.
6. Increases in other assets mainly comprised of guarantee deposits paid.
7. Increase in financial liabilities at fair value through profit and loss were mainly the result of derivative instruments.
8. Decreases in securities sold under repurchase agreements were mainly the result of reduced government bonds and commercial papers.
9. Increases in deposits and remittances were mainly contributed to by increased demand time deposits and savings deposits.
10. Decreases in bank debentures were mainly the result of early redemption made in 2013.
11. Increases in other financial liabilities mainly comprised of additional principal collected on structured instruments.
12. Increases in retained earnings were mainly contributed to higher legal reserve and unappropriated earnings.
13. Decreases in other equity were mainly attributed to the reduction of unrealized gains on available-for-sale financial assets.

B. Financial Performance:

Main reasons for major variance in interest income and pre-tax net profit in recent two years, business goal and basis, their possible effect on the bank's future finance, and countermeasures:

Unit: NT\$1,000

Item	Year		Variance	
	2013	2012	Value	%
Net interest income	14,415,981	13,679,129	736,852	5.39%
Interest revenues	22,967,849	22,023,627	944,222	4.29%
Interest expenses	(8,551,868)	(8,344,498)	(207,370)	2.49%
Net income other than net interest income	15,125,084	10,253,208	4,871,876	47.52%
Net service fee and commissions income	7,068,610	6,402,970	665,640	10.40%
Gain on financial assets and liabilities at fair value through profit or loss	8,523,148	3,194,974	5,328,174	166.77%
Realized gain on available-for-sale financial assets	2,709,793	177,929	2,531,864	1,422.96%
Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method	(52,416)	13,311	(65,727)	-493.78%
Gain on disposal of investment for using equity method	-	429,047	(429,047)	-100.00%
Impairment loss on assets	(85,766)	(39,627)	(46,139)	116.43%
Foreign exchange losses	(3,601,314)	(354,561)	(3,246,753)	915.71%
Net other non-interest income	563,029	429,165	133,864	31.19%
(Provisions for) reversed of bad debts expenses and guarantee liability	(114,212)	617,039	(731,251)	-118.51%
Reversed gain				
Operating expenses	(15,124,609)	(14,173,446)	(951,163)	6.71%
Income before income tax	14,302,244	10,375,930	3,926,314	37.84%

Income tax expense	(2,120,971)	(1,695,821)	(425,150)	25.07%
Net income	12,181,273	8,680,109	3,501,164	40.34%

- Increases in interest revenue were mainly the result of additional interest received from loans.
- Increases in interest expenses were mainly the result of additional interest paid for structured instruments.
- Increases in gains on financial assets and liabilities at fair value through profit and loss were mainly contributed to by gains on disposal and valuation of derivative instruments.
- Increases in realized gains on available-for-sale financial assets were mainly contributed to by gains on shares disposed.
- Decreases in gains on disposal of investment for using equity method were mainly due to disposal of Systems & Technology Corp. shares in 2012.
- Decreases in shares of (loss) profit of subsidiaries, associates and joint ventures accounted were mainly the result of reduced profits recognized from subsidiaries.
- Increases in asset impairment were mainly attributed to the additional impairment losses recognized on assets carried at cost.
- Decreases in gains on exchange were mainly the result of higher losses incurred on spot and forward exchange contracts.
- Increases in bad debts expenses and guarantee liability were mainly due to increased bad loan provisions.

C. Cash flow :

Unit: %

Item \ Year	2013	2012	Variance
Cash flow ratio	15.05	3.54	325.14%
Propriety ratio for cash flow	183.15	83.22	120.08%
Satisfaction ratio for cash flow	(3,810.73)	1,572.97	-342.26%

- Cash flow ratio increased , mainly due to increase of cash flow for current business activities
- Propriety ratio for cash flow increased, mainly due to increase of cash influx caused by current operating activities than previous year
- Satisfaction ratio for cash flow decreased, mainly due to decrease of cash influx caused by current investment activities.

Liquidity Analysis for the Recent Two Years

Unit: NT\$1 M

Cash balance at the start of the period A	Forecast net cash flow from business activities for the entire year B	Anticipated cash influx for the entire year C	Value of anticipated cash surplus (shortfall) A+B+C	Remedies for anticipated cash shortfall	
				Investment plan	Funding plan
19,888	(5,567)	2,809	17,130	-	-

The company expects that increased deposits partly resulting from the rollout of new deposit products and cash inflow deriving from steady profit growth in the coming year will be sufficient to fund new loans and investment for new equipment. Therefore, there will be no cash shortfall.

D. The effect of major capital expenditure in the recent year on finance

Major Capital expenditure and Funding Sources

Unit: NT\$1,000

Plan items	Actual or planned funding sources	Actual or planned completion dates	Total funds needed	Actual or anticipated fund utilization						
				2009	2010	2011	2012	2013	2014	
Land	Own fund	2009	1,228,418	1,228,418						

Plan items	Actual or planned funding sources	Actual or planned completion dates	Total funds needed	Actual or anticipated fund utilization					
				2009	2010	2011	2012	2013	2014
Buildings	Own fund	2009	572,211	572,211					
		2010	22,742		22,742				
		2011	19,169			19,169			
		2012	8,328				8,328		
		2013	19,308					19,308	
		2014	24,000						24,000
Machinery equipment	Own fund	2009	73,466	73,466					
		2010	225,642		225,642				
		2011	208,092			208,092			
		2012	203,602				203,602		
		2013	237,895					237,895	
		2014	616,823						616,823
Transportation Equipment & Miscellaneous Equipment	Own fund	2009	5,988	5,988					
		2010	24,158		24,158				
		2011	17,291			17,291			
		2012	27,882				27,882		
		2013	50,793					50,793	
		2014	10,831						10,831
Leased assets	Own fund	2009	691	691					
		2010	61,066		61,066				
		2011	55,591			55,591			
		2012	12,762				12,762		
		2013	36,704					36,704	
		2014	52,800						52,800

To accommodate new business initiatives in 2014, the bank has committed in a number of system developments, upgrades, and procurements at home and abroad. These projects were aimed to enhance the current operating environment and raise customer loyalty with more product variety and higher quality services.

E. Long-term investment policy in the recent year , main reasons for their profit or loss, improvement plan, and investment plans for the coming year.

Long-term investment policy and plan of Taishin Bank is being managed by the parent company Taishin Financial Holding, in line with the stipulation of article 36, Financial Holdings Company Law, Taishin Bank is a subsidiary of Taishin Financial Holding Company. Article 36 of Financial Holding Company Law stipulates that "Without approval, financial holding companies and affiliates under their direct or indirect control cannot carry out applied investments, except in various financial businesses according to related laws." Consequently, the bank follows article 74 of the Banking Law in its equity-investment policy and plan.

F. Analysis and evaluation of risk management

a. A Series of Qualitative and Quantitative Requirements for Risk Management:

1. Credit Risk Management System and Accrued Capital

2013 Credit Risk Management System

Items	Contents
1. Credit Risk Management Strategy, goal, policy and Process	<p>Credit Risk Management aims at protecting the interests of shareholders by maximizing profits under reasonable risk appetite. As the basis for adjustments in credit policy and collection policy, changes in net cash flow are regularly monitored to catch the trend in asset qualities. Under the prerequisite to comply with laws and regulations, credit risk management, follows pre-determined business goals, should adopt the following strategies:</p> <ol style="list-style-type: none"> 1. To emphasize cash flow as the main source of payments while earning appropriate returns on risk for credit extension; 2. To strengthen credit risk measurement, monitoring and management via various systems, analytical tools and monitoring reports; and 3. To review and adjust credit monitoring methodology and tolerance limits according to the movements of the macro economic situation, the international financial market and so on.
2. Credit Risk Management Organization and Structure	<p>In addition to the credit management units under Retail and Wholesale Banking Groups, there is an independent credit risk management unit to coordinate and facilitate the credit portfolio management for the whole bank.</p> <p>Retail Banking Credit Division is in charge of the setting and management of credit policy for Retail Banking Group. Retail business units evaluate and review cases based on the credit policy. Retail Banking Non-Performing Asset Recovery Division is responsible for collection and management of delinquent cases. Retail Banking Credit Division and other Retail business units are parallel units within organization.</p> <p>Wholesale Credit Administration Division is the credit risk management unit for Wholesale Banking Group. It consists of credit administration, credit risk management and special asset management departments. Credit administration department is responsible for the establishment of internal credit rating system, the monitoring of credit risk positions and diversification status, the planning of management measurement, the appraisal of real estate, planning and recheck of loan reviews and examinations, and etc. Credit risk management departments is responsible for loan evaluation and credit extension. Special asset management department is responsible for collection and management of delinquent cases and bad loans, provisioning assessment and loan asset measurement.</p>
3. Scope and features of credit risk report and evaluation system	<p>For Retail Banking Group, setting appropriate credit policy based on business goals, by utilizing Application Scoring System, Behavior Scoring System, Collection/Recovery Scoring System, and Credit Bureau Scoring System and applying multi-dimension risk grading on customers. Coupled with product profit models, customers are grouped into test and champion according to various credit criteria as to strike the best balance between risk and profits. Asset qualities and the characteristics of defaults are analyzed regularly to adjust risk management indicators and achieve the business goals.</p> <p>For Wholesale Banking Group, internal rating system is used for measurement and management of credit risk. All cases should be rated during application, and tracked and reviewed afterwards. The internal rating system has two dimensions, Obligor Risk Rating (ORR) and Facility Risk Rating (FRR). ORR applies statistical model and scorecards. FRR analyzes collaterals, claim seniority and product types for limit settings. Internal rating system is re-assessed every year to test its stability and performance. Migration analysis and scenario analysis are also conducted under stress testing framework.</p>
4. Policies for hedging and /or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigation	<p>Taking collaterals is the main credit risk mitigation technique. Collaterals include real estate, chattels, and securities. Each of them has its own appraisal method and period.</p> <p>The continuing effectiveness of hedges/mitigations is monitored by applying the internal credit rating system, credit portfolio management and review, plus credit exposures diversification and credit limit setting. Strategies and processes for hedging and/or mitigating risk are reviewed and adjusted according to changes in factors such as macro economy or financial regime.</p>
5. Regulatory Capital Requirement Methodology	Standardized Approach


Credit Risk Exposure Value and Capital Requirement after Mitigation on Standardized Method

Dec. 31, 2013; unit: NT\$1,000

Type of Risk Exposure	Risk Exposure after Mitigation	Capital Requirement
Sovereigns	198,674,511	0
Non-central government public sector entities	1,494,393	23,972
Banks (including multilateral development bank)	46,262,390	1,381,768
Corporates	373,200,078	27,827,173
Retails	151,292,150	9,330,154
Residential properties	307,548,538	17,876,098
Equities	4,348,200	1,092,989
Other Assets	204,876,336	2,316,316
Total	1,287,696,596	59,848,470

2. Risk management system for securitized , risk exposure, and capital requirement

2013 Securitization Risk Management System

Items	Contents
1. Risk Management Strategy and Process for Securitized Assets	<p>1. Risk Management strategy The bank's assets securitization business aims to achieve optimal deployment of the bank's assets and liabilities, as well as diversify assets and risks.</p> <p>2. Risk Management Process The bank's financial management division first analyzes the deployment status of the bank's assets and liabilities, before putting forth proposal for the securitization business according to the direction of the bank's management strategy (including execution costs and benefits) for resolution by the board of directors. (note) Securitized assets of non-originating bank are managed according to market risk management policy. In the enforcement of management flow, various business units should obtain approval and quota before trading, while independent management units evaluate the income of existing positions daily for regularly reporting the income and exposure status of the positions to executives.</p>
2. Risk Management Organization and Structure for Securitized Assets	
3. Scope and features of report on risk of securitized assets and evaluation system	<p>Contents of regular risk management report include:</p> <ol style="list-style-type: none"> Detailed information in kind, value, credit rating, and evaluation of investment beneficiary certificates and assets-backed securities Trust report and report of custodian institution (should it exist) Performance of securitized assets
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.	<p>Consider industrial concentration, economic cycle risk, and effective capital utilization of risk assets in undertaking assets securitization business and carry out random review of cost-effectiveness, so as to determine proper timing for continuing the securitization business.</p>
5. Regulatory Capital Requirement Methodology	Standardized Approach

Status of Securitized Business : None
Risk exposure and required capital relating to securitization - by transaction type

Dec. 31, 2013; Unit: NT\$1,000

Bank role	Exposure type Book type	Type of assets	Conventional				Synthetic		Total			
			Exposure				Capital requirement (2)	Exposure	Capital requirement (4)	Exposure (5)= (1)+(3)	Capital requirement (6)= (2)+(4)	Capital requirement before securitization
			Retained or acquired	Liquidity facility	Credit enhancement	Subtotal (1)						
Non- Originating bank	Banking book	Mortgage-backed security	2,104,171			2,104,171	33,667			2,104,171	33,667	
	Trading book											
	Sub-total											
Originating bank	Banking book											
	Trading book											
	Sub-total											
Total			2,104,171			2,104,171	33,667			2,104,171	33,667	

Information on Securitized Products

(1) Summarized Information on Investment in Securitized Products

Dec. 31, 2013; Unit: NT\$1,000

Items	Listed accounting items	Original cost A	Evaluated accumulated income B	Accumulated reduction C	Value on book D=A-(B+C)
1	Available-for-sale financial assets-beneficiary certificates	2,106,386	4,178		2,102,208
Total		2,106,386	4,178		2,102,208

Note 1: This table contains domestic and foreign securitized products, which are registered according to the following categories and listed accounting items:

- (1) Mortgage-backed securities (MBS): including beneficiary certificate for securitized claims on housing-mortgaged loans or asset-backed securities (RMBS), beneficiary certificates for securitized claims on commercial property-mortgaged loans or asset-backed securitized (CMBS), collateralized mortgage obligation (CMO), and other realty-mortgage securities
- (2) Beneficiary certificates or asset-backed securities (ABS): including beneficiary certificates for corporate-loan claims or asset-backed securitized (collateralized loan, obligation, or CLO) beneficiary certificates for securitized bond assets or asset-backed securities (collateralized bond obligation, or CBO) beneficiary certificates for securitized claims on credit-card debts or asset-backed securities, beneficiary certificates by securitized claims on auto loans or asset-backed securities, beneficiary certificates for securitized claims on consumption loans/cash-card debts or asset-backed securities, beneficiary certificates for securitized leasing claims or assets-backed securities, and other securitized beneficiary certificates or asset-backed securities
- (3) (ABCP) Short-term beneficiary certificates or short-term asset-backed securities (asset-backed commercial paper)
- (4) Collateralized debt obligation(CDO).
- (5) Realty securitization: It refers to real estate asset trust (REAT).
- (6) Bills and bonds issued as structured investment vehicles(SIV)
- (7) Other securitized products Note 2: The table includes beneficiary certificates of asset-backed securities held by the bank with the bank serving as an originating institution.

Note 2: The table includes beneficiary certificates of asset-backed securities held by the bank with the bank serving as an originating institution.

- (2) Mandatory information disclosure for investment in securitized products with original cost exceeding NT\$300 million. (excluding those held for credit enhancement with the bank serving as an originator)

Unit: NT\$1,000

Names of securities (note 2)	Listed accounting item	Denomination currency	Issuer and its location	Purchase date	Maturity date	Coupon rate	Credit rating (note 3)	Payment method for principal and interest	Original cost	Unrealized profit & Loss	Accumulated impairment	Book value	Attachment point (note 4)	Contents of assets pool (note 5)
GNR DUE 20 APR 2040	Available-for-sale financial assets	USD	GNMA MBS POOL	2010/4/30	2040/4/20	1 * USD.1M. LIBOR + 0.65%	Moody's Aaa	Monthly	388,027	616		388,644		Ginnie Mae Secured mortgage loan, Original cost=USD 12,976,423.56; Pool = 2

Note 1: The table includes domestic and foreign products

Note 2: Full names should be provided for same securities product in difference issuance

Note 3: Provide result of the latest credit rating

Note 4: Attachment point refers to share of sub-issuance value with compensation priority lower than that for securities held by the bank in the total issuance value of the securitized product. Assuming, for example, a bank purchases A security of a certain CDO (collateralized debt obligation), the security has sub-security BBB and sub-equity security with compensation priority lower than A security. The total issuance value of BBB and sub-equity security amounts to 12% of the total value of the CDO. Then the attachment point for -A security is 12%.

Note 5: Assets pool refers to assets portfolio handed by originating institution to trustee or other company with a special purpose. Specify kind of assets in the portfolio (denote primary lien or subordinated status), details, value on book in original currency and number.

- (3) Mandatory information disclosure for position of securitized products held by the bank for credit enhancement with the bank serving as an originator : None
- (4) Mandatory information disclosure for the bank serving as buyer or position-squaring buyer of securitized assets with impaired credit: None
- (5) Mandatory information disclosure for the bank serving as guarantor for securitized products or liquid credit line provided by the bank: None

3. Operational risk Management system

2013 Operational Risk Management System

Items	Contents
1. Operational Risk Management Strategy and Process	Taishin Bank got the approval of FSC for the Standardized Approach in 2007. So far, we have developed systems and processes to comprehensively identify, monitor, measure, mitigate, manage and report operational risks.
2. Operational Risk Management Organization and Structure	The bank has set up independent operating-risk management unit; in charge of integrating the management structure for the bank's operating risk, so that all staff can follow consistent standards in identifying, evaluating, managing, monitoring and reporting various operating risks when carrying out their duties.
3. Scope and features of operational risk report and evaluation system	The scope of operating risk is defined as "risks triggered by improprieties or mistakes of internal flow, staffers, systems, or external incidents, including legal risk but excluding strategic risk and reputation risk." Meanwhile, the ORM system has set up to evaluate and monitor the action plan of operational loss event.
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.	The bank has instituted Business Continuity Management (BCM) and taken out insurance as the hedging tools.
5. Regulatory Capital Requirement Methodology	Standardized Approach

Capital Requirement for Operational Risk

Dec. 31, 2013; Unit: NT\$1,000

Year	Gross Income	Capital Requirement
2011	24,801,302	-
2012	23,942,522	
2013	26,826,662	
Total	75,570,486	3,399,577

4. Market risk management system and capital requirement

2013 Market Risk Management System

Items	Contents
1. Market Risk Strategy and Process	Taishin's market risk policy is in the business of managing risk to maximize shareholder value. We have established a risk management framework, including an independent risk management unit to preserve integrity of the risk control processes, clearly defined market risk management policies and procedures, and set of risk limits, which are regularly reviewed to ensure that Taishin's risk taking is consistent with its business strategy, capital structure and current market conditions.
2. Market Risk Management Organization and Structure	Our market risk team is responsible for daily management and control of market risk exposures and to ensure our business activities adhere to our market risk policies. Segregation of duties is separated by function as follows: product control, risk IT and Quants. Risk IT team is responsible for system maintain and Quant Team supports the quantification model building and validation. In addition, accounting unit is in charge of settlements and process flow.
3. Scope and features of market risk report and evaluation system	Risk reporting is performed in a timely fashion and measurements are made at different levels, from products to trading desks. We seek to monitor and control our market risk exposures through a variety of separate but complementary financial, trading management, and reporting systems. Qualitative tools: Our major objectives is to promote risk transparency and risk awareness. We accomplish through an independent risk management function, alone with setting up risk policies and processes, including pricing verifications, benchmarking, model validation and a new product review/approval mechanism. Quantitative tools: We manage market risk exposures using a number of quantitative tools, including risk limits, stress testing & scenario analyses, and Value-at-Risk (VaR). Our future goal is to gain approval from the regulator to use internal VaR model to calculate regulatory market risk capital for general and specific market risks.
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/ mitigations.	Market risk is managed by diversifying exposures, controlling position sizes and establishing economic hedges in related securities or derivatives. The ability to actively manage risk is related to its hedge strategy, and identifying adverse changes in the liquidity of an exposure or its related hedge instrument and in the correlation of price movements between the two are essential to effective hedging. We have policies and procedures in place to ensure active and efficient hedges.
5. Regulatory Capital Requirement Methodology	Standardized Approach

Capital Requirement for Operational Risk

Dec. 31, 2013; Unit: NT\$1,000

Type of Risk	Capital Requirement
Interest rate risk	1,909,619
Equity price risk	216,583
Currency rate risk	168,649
Commodity price risk	0
Total	2,294,851

5. Liquidity risk includes analysis of maturity of assets and liabilities, as well as explanation of management method for assets liquidity and fund-shortfall liquidity.

(1) Analytical table for the structure of maturity dates for NT-dollar funds

Dec. 31, 2013; Unit: NT\$1,000

	Total	Value for remaining period before maturity					
		0 -10 days	11 -30 days	31- 90 days	91-180 days	181 days-one year	Over one year
Main fund inflow upon maturity	1,055,068,277	142,559,643	183,853,894	131,784,204	43,660,415	93,510,548	459,699,573
Main fund outflow upon maturity	1,144,636,734	75,653,033	133,079,134	188,331,987	181,763,908	214,554,351	351,254,321
Shortfall	(89,568,457)	66,906,610	50,774,760	(56,547,783)	(138,103,493)	(121,043,803)	108,445,252

Note:refers to all NTD-denominated within the bank.

(2) Analytical table for the structure of maturity dates for US-dollar funds.

Dec. 31, 2013; Unit: US\$1,000

	Total	Value for remaining period before maturity				
		0- 30 days	31- 90 days	91-180 days	181 days-one year	Over one year
Main fund inflow upon maturity	17,066,621	8,547,858	3,644,430	1,722,612	1,085,675	2,066,046
Main fund outflow upon maturity	17,020,565	7,094,779	3,574,226	3,428,455	1,328,172	1,594,933
Shortfall before maturity	46,056	1,453,079	70,204	(1,705,843)	(242,497)	471,113

(3) Assets liquidity and the management of fund-shortfall liquidity

1. Management principle

Risk management for fund liquidity is to assure that under any circumstance at present or in the future, the bank's liquid fund can meet the fund need resulting from assets growth or fulfilling mature obligations. Finance Division should monitor and manage the following items:

- Under normal market change or emergent situation, possess sufficient fund to meet due obligations and fulfill guarantee and commitment for credit extension.
- Carry out fund maneuvering at reasonable market prices.
- Meet liquidity need for business growth.

Basic principles for funding liquidity-risk management include:

- Principle of diversification: Finance division must avoid over-concentration in fund maneuvering, in terms of maturity date, maneuvering tools, currency, place, funding source, and trading partners.
- Principle of stability: Finance division follows the strategy of fund stability to reduce the reliance on unstable funding sources and avoid the effect of market swing on funding sources.
- Principle of maintaining adequate assets liquidity: As the status of market liquidity will indirectly affect funding liquidity, the bank must assure that total assets are sufficient to cover total liabilities and keep a certain share of assets with good liquidity or good for use as collaterals, capable of meeting need of working capital in emergency and short-term liabilities.
- Principle of matching of assets and liabilities on maturity.
- Pay attention to payment commitment resulting from credit-extension business.

2. Risk assessment of fund liquidity

Assessment of liquidity risk mainly includes estimate of shortfall for short-term cash flow and accumulated shortfall. The calculation of accumulated fund shortfall should include items inside and outside balance sheet.

For utilization of trading-book fund, the financial management division should reach an agreement with management unit of trading-book management unit concerning ceilings for monthly and accumulated fund utilizations. Should there be exceptional cases, notify the financial management division before undertaking trading, so as to lower fluctuation and risk of fund need.

3. Assumption for calculating fund-liquidity risk

In order to correctly assess liquidity risk and establish complete monitoring and control procedure, the financial management division should carry out liquidity-risk management assumption for banking book, scenario emulation, and the evaluation and establishment of customer behavior and pricing assumption, which should be recorded in detail in document. The aforementioned assumptions and verification of models should be carried out by risk management division.

4. Setup of quota for fund liquidity risk

Liquidity risk quota is formulated by financial risk division and along with related business assumption and the logic for trial calculation, is subject to review by risk management division, which will then report to the risk management commission of the financial holding company and the board of directors for approval. The same procedure is followed for adjustment during the year.

b. Effect of changes in major domestic or foreign policies and law/regulations on the bank's finance and countermeasures:

Name of law/regulations	Effect of the bank	Countermeasures
Foreign Account Tax Compliance Act (FATCA)	The bank needs to assess whether it should change the current account opening procedures, trading flows, and system configurations. Furthermore, the bank needs to conduct impact assessments on products and counterparties that are possibly affected by the law.	The bank has engaged a team of professional consultants to assess the impacts of the law, and develop responsive measures where appropriate.
Inclusion of financial service providers into FEPZs	The bank's OBUs are able to provide a broader range of products and services, whereas DBUs are permitted to launch RMB derivatives. This gives the bank more flexibility in terms of product design, and more variety to choose from for local investors.	The bank will assemble a project team to assess opportunities so that it can offer products and services that are best aligned with market trends and customer needs.
Banking Guidelines for Customers' Online Opening of Third-party Payment Accounts	The bank is able to provide customers with payment tools that appeal to online shoppers.	The bank will take the initiative in acquiring an "Online Payment" permit and collaborate with third party payment providers to capitalize on new opportunities.
Self-Discipline Guidelines for Online Payment Providers as Merchants	As a credit card sales acquirer, the bank is able to commission third party payment providers as merchants, and sellers who sign special agency agreements with the third party payment providers are no longer required to establish separate merchant agreements with the credit card sales acquirer.	Taishin Bank will take the initiative in becoming the main acquirer for third party payment providers (e.g. PChomePay, AllPay, Pay2go...) in order to complement its cash flow products and services.

c. Effect of technological and industrial changes on the finance of the bank and countermeasures.

1. Impact and response to technological changes

(1) Cloud-end service technology

To cope with the new needs arising from various businesses, Taishin Bank has established advanced server virtual platform since 2009, enabling the bank to cut initial investment cost for information system. The bank began to introduce cloud-end service technology since 2012, transforming VIP service in the direction of cloud-end digitalization and increasing the communications and information

exchange between VIP clients and the bank. To meet the needs of the bank's offshore branches and Chinese offices, the IT department will, beginning in 2013, integrate resources within the bank to enhance customer information management, while achieving simplified work flows and resource sharing that improve the bank's productivity, competitiveness, and management efficiency as a whole, and accomplish our goal to implement smart corporate management without boundaries.

(2) Mobile payment:

In light of the latest Internet and cell phone technologies, the bank will commit more resources to develop platforms, apps, and new ideas that can be used for mobile payments, thereby giving us the ability to serve customers anytime, anywhere.

2. Impact and response to industry changes

In response to a rapidly changing banking industry, the bank has incorporated resources to provide up-to-date industry analysis so as to improve the quality of its credit assessments. Furthermore, the bank has set risk limits on various industries, and on the group as a whole, to monitor the latest industry developments and how they affect the bank's credit risks.

d. Effect of change in the corporate images of the bank and countermeasures.

In addition to the painstaking management for the financial business, Taishin Financial Holding, the parent firm, and the bank has dedicated to social care, public service, and environmental protection, due to their deep awareness of the responsibility and mission of enterprises in the society. Via active participation in environmental protection, social public services, and humanistic and artistic events, an enterprise can properly exercise its power and bring change and influence to the society. Via substantial payback to the society, community, and underprivileged groups, an enterprise can play the role of the best social member.

e. Anticipated benefits and possible risks from acquisition and countermeasures.

According to bank's experience in financial acquisitions, including Tainan First Credit Cooperation and HsinChu Tenth Credit Cooperative and the acquisition of Daan Bank, financial mergers can generate a number of benefits, including expansion of financial scope.

Via deep cultivation of abundant resource, economy of scale, the integration of various business resources, and product and client integration, financial mergers create concrete synergy effect and bring substantial benefits to shareholders.

1. Anticipated benefits:

- (1) Make the bank's service and product portfolio more comprehensive therefore providing customers with greater variety and meeting their needs to drive revenue growth.
- (2) Ability to serve customers through a more tightly integrated platform, thereby giving them more convenience and facilitating expansion of the bank's financial services.
- (3) Potential to integrate information systems, marketing resources and operating platforms, while making more efficient use of the company's resources at lower costs.

2. Possible risks for acquisition:

Risks associated with mergers and acquisitions lie in execution and integration. Only when businesses, personnel, resources and corporate culture are integrated as planned can mergers deliver the hoped for synergies.

3. Countermeasure:

The bank will develop effective management practices and open communication channels to ensure the smoothness of merger transitions, and ultimately achieve the expected synergies.

f. Anticipated benefits from the expansion of business offices, possible risk, and countermeasures:

1. The bank has established Wenshan branch on June 24, 2013.
2. All branch establishments have been supported by complete market surveys and assessments beforehand, including a thorough understanding regarding population growth and commercial activities in the proximity. The bank assesses its decisions carefully to ensure a balanced growth, and with this new branch, the bank will be able to broaden its service coverage and respond to customers' needs more quickly. A wider branch presence will provide the bank with the ability to offer more convenient services to its customers and compete with peers to offer service excellence.
3. Some of the known risks involved in the branch establishment are: over-banking and customer overlapping in local area. These risks have already been taken into consideration, which the bank will seek to mitigate by adjusting its business strategies and risk policies.

g. Risk associated with business concentration

1. Backup mechanism

Due to the sharing of resources and talents resulting from the concentrating of some of the bank's business, the occurrence of incidents will create major impact on the bank. Therefore, in addition to the disaster recovery plan formulated by the information service division, the bank has set up "business continuity planning" (BCP) and labor-hygiene and security-related policy and measures, so as to assure the continuation of the bank's integrated operation, including back-up mechanism for site, system, and personnel, which would undergo regular testing every year. The bank also regularly prepares back-up copies for data which are stored at a different site.

2. Document transmission

In the wake of operating concentration, internal transmission or delivery of original copies of document may result in information leakage or loss of documents, thereby causing serious consequence on the customers and the bank. To prevent the problems, the bank keeps the track for signed reception and formulates complete delivery rules for the delivery of key documents.

h. The effect of the change of management right on the bank, related risk and Countermeasures: None.**i. Litigation and non-litigation incident: None.****j. Other major risks and countermeasures: None.****G. Crisis response mechanism:**

Taishin Bank has formulated the policy of "Business Continuity Management" (BCM) to assure the continuity of the company's essential business activities. Based on the BCM policy, all units in Taishin set up their BCP to ensure that the essential operations can be maintained or recovered in a timely fashion in the event of a disruption. Its purpose is to minimize the operational, financial, legal, reputation and other material consequences arising from a disruption.

H. Other important affairs: None.

VIII. Special Notes

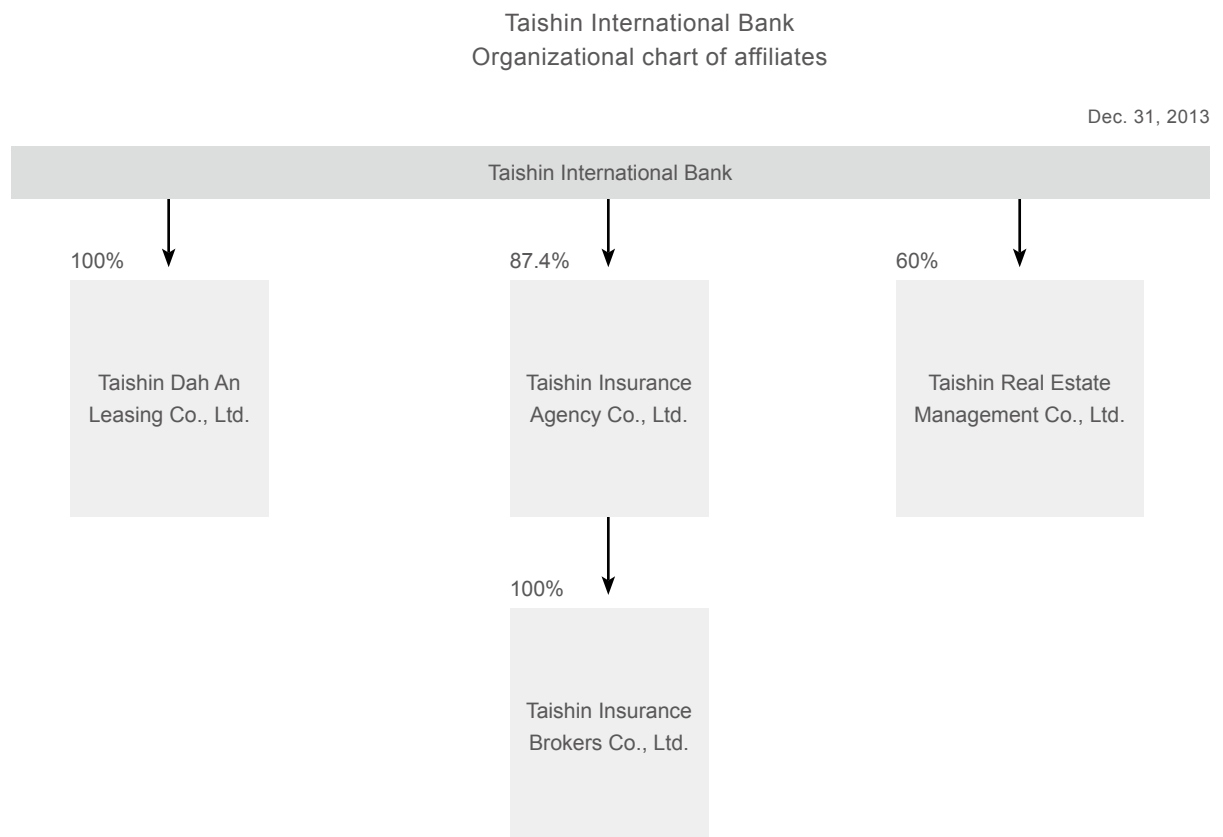
A. Information of affiliates

a. Consolidated financial statement with affiliates

In 2013, the affiliated enterprises subject to the preparation of consolidated business reports in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," were identical to the affiliated companies subject to the preparation of consolidated financial statements under the Statement of Financial Accounting Standards No. 27. All mandatory disclosure of the consolidated business reports has already been executed in the consolidated financial statements, therefore no separate consolidated business report was prepared.

B. Consolidated proxy statement of affiliates

1. Organizational chart of affiliates



2. Business status of affiliates

Dec. 31, 2013; Unit: NT\$1,000

Name of enterprises	Capital	Total Assets	Total Liabilities	Book Value	Operating revenue	Operating profit	Current Profit/loss (after tax)	After-tax Profit/loss Per share (NT\$1)
Taishin Dah An Leasing Co., Ltd.	200,000	406,272	225,295	180,977	4,516	(32,665)	(24,526)	(1.23)
Taishin Insurance Agency Co., Ltd.	30,000	1,278,961	295,020	983,941	818,008	56,644	41,755	13.92
Taishin Insurance Brokers Co., Ltd.	60,000	78,275	1,246	77,029	10,898	2,371	2,130	0.36
Taishin Real Estate Management Co., Ltd.	200,000	606,069	288,738	317,331	57,536	33,278	28,642	1.43

3. Information on Affiliates

Dec. 31, 2013; Unit: NT\$1,000

Name of enterprise	Date of establishment	Address	Paid-in Capital	Major business or product items
Taishin Insurance Agency Co., Ltd.	1996.09.19	3th Floor, No.44, Zhongshan N. Road, Sec.2, Taipei city	30,000	Agency for personal insurance.
Taishin Insurance Brokers Co., Ltd.	2002.07.24	3th Floor, No.44, Zhongshan N. Road, Sec.2, Taipei city	60,000	Brokerage for property insurance
Taishin Dah An Leasing Co., Ltd.	1997.10.13	1st Floor, No. 211, Sec Road, Taipei Neihu Jiuzong	200,000	<ol style="list-style-type: none"> 1. Leasing. 2. Wholesale of machinery. 3. Retail of machinery and apparatus. 4. Wholesale of precision equipment. 5. Retail of precision equipment. 6. Retail of auto, 7. Retail of ship and parts. 8. Retail of flying devices and parts. 9. Procurement of money debt claim of financial institutions. 10. Management consulting. 11. information software service. 12. Information processing service. 13. Other business services.
Taishin Real Estate Management Co., Ltd.	1995.08.17	2th Floor, No.9, Dehui Street, Taipei city	200,000	<ol style="list-style-type: none"> 1. Construction management industry. 2. Residence and office building development and leasing. 3. Development and leasing of industrial factories. 4. Specific professional zone development. 5. Investment and construction of public construction projects. 6. New town and new community development. 7. Agency for area expropriation and urban land rezoning. 8. Urban renewal. 9. Realty transaction. 10. Realty leasing. 11. Business credit investigation.

4. Information on directors, supervisors, and presidents of affiliates

Dec.31, 2013; Unit:shares

Name of enterprise	Title	Name or representative	Shareholding	
			Shareholding	Stake
Taishin Dah An Leasing Co., Ltd.	Legal Representative	Taishin International Bank	20,000,000	100.00%
	Chairman	Li-Hsiung, Chen		
	Director	Oliver Shang		
	Director	Joseph Jao		
	Supervisor	Welch Lin		
	President	Chih-Fang, Tsai		
Taishin Insurance Agency Co., Ltd.	Legal Representative	Taishin International Bank	2,622,040	87.40%
	Chairman	Jack Su		
	Director	Shawn C.L. Teng		
	Director	Welch Lin		
	Director	Spike Wu		
	Supervisor	Jeffrey T.S. Wu		
Taishin Insurance Brokers Co., Ltd.	Legal Representative	Taishin Insurance Agency	6,000,000	100.00%
	Chairman	Jack Su		
	Director	Welch Lin		
	Director	Spike Wu		
	Director	Steve S.F. Shieh		
	Supervisor	Jeffrey T.S. Wu		
Taishin Real Estate Management Co., Ltd.	Legal Representative	Taishin International Bank	12,000,000	60.00%
	Chairman	Jeffrey T.S. Wu		
	Director	Thomas T.L.Wu		
	Director	Shawn C.L. Teng	8,000,000	40.00%
	Legal Representative	Taishin Asset Management		
	Supervisor	Welch Lin		
President	Shean Yng Lian	-	-	

c. Affiliate report

Statement

Taishin International Bank
Statement on Affiliation Report

The company's affiliation report for fiscal 2013 (Jan.1,2013-Dec.31, 2013) was compiled according to "Guidelines for Compilation of Consolidated Business Report, Consolidated Financial Statement, and Affiliation Report of Affiliates", whose disclosed information has no major differences from related information disclosed in the notes of the financial statement for the same period.

Taishin International Bank

Thomas T.L. Wu
Chief Executive Officer

March 27, 2014

CPA Inspection Opinion on Affiliation Report

Deloitte No.10302452 April 10, 2014

Recipient: Taishin International Bank Co., Ltd.

Theme: Confirmation of the absence of major inadequacies in information contained in the 2013 affiliation report of your company

1. Your company issues a statement, as attached, expressing that your affiliation report for fiscal 2013(Jan.1, 2013-Dec.31, 2013) was compiled according to "Guidelines for the Compilation of Consolidated Business Report, Consolidated Financial Statement, and Affiliation Report of Affiliates," whose disclosed information has no major differences from related information disclosed in the notes of the financial statement for the same period.
2. After comparison, the CPA find no major differences between your affiliation report for fiscal 2013, compiled according to "Guidelines for the Compilation of Consolidated Business Report, Consolidated Financial Statement, and Affiliation Report of Affiliates," and the notes of your 2013 financial statement.

Deloitte & Touche Taiwan

d. Relationship between subordinated and controlling company

Dec.31,2013; Unit: share; %

Controlling company name	Controlling Reason	Shareholding and lien obligation of controlling company			Director, supervisor, or manager representing controlling company	
		Shares owned	Share of stake	Shares with lien	Title	Name
Taishin Financial Holding Co., Ltd	Own 100% of the shares with voting right issued by the bank	4,915,752,571	100.00%	-	Chairman	Thomas T.L.Wu
					Director	Jeffrey T.S. Wu
					Director	Te-Nan Hsu
					Director	Jui-Sung Kuo
					Director	Shang-Pin Wu
					Director	Chu-Chang Wang
					Independent Director	Chih-Kang Wang
					Independent Director	Neng-Pai Lin
					Standing Supervisor	Jimmy Y.T. Tsay
					Supervisor	Toney K.T. Chen
Supervisor	Long-Su Lin					

e. Dealing between subordinated and controlling company

1. Dealing for purchase and sale: None
2. Property dealing: None
3. Fund lending: None
4. Asset leading:

Unit:NT\$1,000

Type of dealing (Rental out or On lease)	Target		Lease Period		Nature of Lease	Basis for rental	Method of rental collection (payment)	Comparison with common rental level	Amount of current rental	Collection of current rental	Other agreed conditions
	Name	Address									
Rental out	Financial Holding Building	Fl. 13, No. 118, Sec. 4, Renai Road, Taipei	2012.05.01	2017.04.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	898	Normal	Deposit of 138
Rental out		Fl. 13, No. 118, Sec. 4, Renai Road, Taipei	2012.07.01	2017.06.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	159	Normal	Deposit of 40
Rental out		Fl. 16, No. 118, Sec. 4, Renai Road, Taipei	2010.11.01	2015.10.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	7,449	Normal	Deposit of 1,832
Rental out		Fl. 15, 17, 19, No. 118, Sec. 4, Renai Road, Taipei	2013.03.01	2018.02.28	Business lease	Set on reference of market price	Monthly collection	Similar to market price	12,866	Normal	Deposit of 3,217
Rental out		Fl., 12, 13, 16, 20, 21,22, 23, No. 118, Sec. 4, Renai Road, Taipei	2011.01.01	2015.12.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	8,456	Normal	Deposit of 2,114
Rental out		Fl. 18, No. 118, Sec. 4, Renai Road, Taipei	2011.03.17	2016.03.16	Business lease	Set on reference of market price	Monthly collection	Similar to market price	1,769	Normal	Deposit of 412

Type of dealing (Rental out or On lease)	Target		Lease Period		Nature of Lease	Basis for rental	Method of rental collection (payment)	Comparison with common rental level	Amount of current rental	Collection of current rental	Other agreed conditions
	Name	Address									
Rental out	Taiwan Securities Building	Fl. 12, No. 96, Sec. 1, Jianguo N. Road, Taipei	2010.05.01	2015.04.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	4,070	Normal	Deposit of 1,017
Rental out		Fl.13, No. 96, Sec. 1, Jianguo N. Road, Taipei	2010.12.01	2015.04.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	7,928	Normal	Deposit of 1,981
Rental out	Chung Shan Building	Fl. 2, No., 44, Sec. 2, Zhongshan N. Road, Zhongshan District, Taipei	2012.12.01	2017.11.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	10,163	Normal	Deposit of 2,355
Rental out		Fl. 3, No., 44, Sec. 2, Zhongshan N. Road, Zhongshan District, Taipei	2011.10.01	2014.07.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	9,336	Normal	Deposit of 2,567
Rental out	Neihu Building	Fl. 6, No. 207, Sec. 2, Jiuzhong Road, Neihu District, Taipei	2013.01.01	2017.12.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	2,289	Normal	Deposit of 572
Rental out		Fl. 5, No. 207, Sec. 2, Jiuzhong Road, Neihu District, Taipei	2013.01.01	2017.12.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	437	Normal	Deposit of 109
Rental out		Fl. 5, No. 207, Sec. 2, Jiuzhong Road, Neihu District, Taipei	2013.06.01	2016.05.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	624	Normal	Deposit of 156
Rental out	Nantun Building	Fl. 3, No. 187, Sec. 2, Dongxing Road, Nantun District, Taichung City	2010.06.01	2015.05.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	1,124	Normal	Deposit of 281
Rental out		Fl. 2, No. 187, Sec. 2, Dongxing Road, Nantun District, Taichung City	2011.11.15	2015.05.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	390	Normal	Deposit of 97
On lease		1F Fl.1, No. 95, Wenchang Road, Shilin District, Taipei	2012.10.01	2014.09.30	Business lease	Set on reference of market price	Monthly payment	Similar to market price	151	Normal	guarantee deposits & margins paid 0
On lease		ATMs at Shin Kong Mitsukoshi Department stores	2013.01.01	2013.12.31	Business lease	Set on reference of market price	Monthly payment	Similar to market price	1,281	Normal	guarantee deposits & margins paid 0
On lease		Fl. 31, No. 66, Sec. 1, Zhongxiao W. Road, Taipei	2012.10.01	2013.09.30	Business lease	Set on reference of market price	Monthly payment	Similar to market price	94	Normal	guarantee deposits & margins paid 54
On lease		B1, Fl. 1, No. 150, Sec. 2, Nanjing E. Road, Taipei	2011.04.16	2016.04.15	Business lease	Set on reference of market price	Monthly payment	Similar to market price	9,120	Normal	guarantee deposits & margins paid 2,280
On lease		1F., No.66-3, Sanchong Rd., Nangang Dist., Taipei	2013.05.01	2018.07.31	Business lease	Set on reference of market price	Monthly payment	Similar to market price	2,275	Normal	guarantee deposits & margins paid 1,463

Type of dealing (Rental out or On lease)	Target		Lease Period		Nature of Lease	Basis for rental	Method of rental collection (payment)	Comparison with common rental level	Amount of current rental	Collection of current rental	Other agreed conditions
	Name	Address									
On lease		B2, No. 44, Sec. 2, Zhongshan N. Road, Taipei (208.209)	2012.03.01	2013.02.28	Business lease	Set on reference of market price	Monthly payment	Similar to market price	44	Normal	guarantee deposits & margins paid 0
On lease		B2, No. 44, Sec. 2, Zhongshan N. Road, Taipei City (208.209)	2013.03.01	2014.02.28	Business lease	Set on reference of market price	Monthly payment	Similar to market price	220	Normal	guarantee deposits & margins paid 0
On lease		B3, No. 44, Sec. 2, Zhongshan N. Road, Taipei City (338)	2011.11.01	2013.10.31	Business lease	Set on reference of market price	Monthly payment	Similar to market price	110	Normal	guarantee deposits & margins paid 0
On lease		B3, No. 44, Sec. 2, Zhongshan N. Road, Taipei City(338)	2013.11.01	2014.10.31	Business lease	Set on reference of market price	Monthly payment	Similar to market price	22	Normal	guarantee deposits & margins paid 0
On lease		Fl., 4-1, 4-2, No. 207, Fuxing Road, Taoyuan City, Taoyuan County	2011.09.01	2013.08.31	Business lease	Set on reference of market price	Monthly payment	Similar to market price	1,134	Normal	guarantee deposits & margins paid 446
On lease		Fl. 4-1, 4-2 No. 207, Fuxing Road, Taoyuan City, Taoyuan County	2013.09.01	2015.08.31	Business lease	Set on reference of market price	Monthly payment	Similar to market price	567	Normal	guarantee deposits & margins paid 446
On lease		Fl. 14-1, No. 205, Fuxing Road, Taoyuan City, Taoyuan County	2012.03.01	2014.02.28	Business lease	Set on reference of market price	Monthly payment	Similar to market price	288	Normal	guarantee deposits & margins paid 59

5. Other important dealings: As of Dec.31, 2013, the bank had NT\$952,792,000 of collectible fund for linked taxation under consolidated final account.

f. Mutual endorsement or guarantee between subordinated company and controlling company: None.

B. Securities and financial bonds issuance via private placement in the recent year and as of the date of the publication of the annual report: None.

C. Holding or disposal of the bank's shares by subsidiaries in the recent year and as of the date of the publication of the annual report: None.

D. Other necessary supplementary explanation: None.

IX. Directory of Head Office & Branches

Business units	Address	Telephone
Greater Taipei Area		
Tienmou Branch	1F.2F No.88, Sec.6 ,Jhongshan N. Rd., Jhongshan District, Taipei City104, Taiwan (R.O.C.)	(02) 2836-3988
Yanping Branch	No.202, Sec. 2, Yanping N. Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02) 2557-9155
Dunnan Branch	No.118, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2326-8899
Heping Branch	No.238, Sec. 1, Heping E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2368-5589
Peishih Branch	No.347,Sec.2,HepingE.Rd.,Da-anDistrict,TaipeiCity106,Taiwan(R.O.C.)	(02) 2705-8588
Jhongsiao Branch	1F., No.282, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 6636-9999
Da-an Branch	No.118, Sec. 3, Sinyi Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2700-9388
Sinyi Branch	No. 1, Song Gao Road, Taipei(R.O.C)	(02) 2723-0088
Head Office & Business Department	No.44, Sec. 2, Jhongshan N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2568-3988
Trust Department	No.118, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2326-8899
Dazhi Branch	No.645, Bei-an Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 8509-6858
Jianciao Branch	1F, B1., No.150, Sec. 2, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2508-1899
International Department	2F., No.17, Sec. 2, Jianguo N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Offshore Banking Unit	2F., No.17, Sec. 2, Jianguo N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Jianpei Branch	1F.3F.B1., No.17, Sec. 2, Jianguo N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Fusing Branch	No.150, Fusing N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2713-7666
Nanmen Branch	No.55, Sec. 1, Nanchang Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2397-2588
Simen Branch	No.57, Sec. 1, Chongcing S. Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2371-7878
Sinsheng Branch	No.62, Sec. 1, Sinsheng S. Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2395-2888
Kuting Branch	No.28, Sec. 3, Roosevelt Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2364-6888

Business units	Address	Telephone
Neihu Branch	No.358, Sec. 1, Neihu Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02) 2659-9966
Donghu Branch	No.452-1, Sec. 5, Chenggong Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)	(02) 2630-5678
Shihpai Branch	No.49,51, Sec. 2, Shihpai Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02) 5581-5052
Taipei Branch	No.208,210, Sec. 3, Bade Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2579-8989
Dunbei Branch	No.133, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2712-6666
Nanjing E. Rd Branch	No.289, Sec. 3, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2546-1068
South Songshan Branch	No.92, Sec. 5, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2528-6188
Minsheng Branch	No.510, Fujin St., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 8787-2680
Songde Branch	No.408, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02) 8789-5788
Keelung Rd. Branch	No.55, Sec. 2, Keelung Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02) 2735-2567
Wenshan Branch	No.9, Baoyi Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02) 2938-2323
Nangang Branch	No.66-3, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02) 2655-9988
Sanhe Branch	No.183, Sec. 4, Sanhe Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02) 2287-7979
Sanchong Branch	No.116, Jhengyi N. Rd., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02) 2983-6100
Jingping Branch	No.634-9, Jingping Rd., Jhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	(02) 2242-8989
Jhonghe Branch	No.341, Jhonghe Rd., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C.)	(02) 2232-7788
Yonghe Branch	No.197, Jhulin Rd., Yonghe Dist., New Taipei City 234, Taiwan (R.O.C.)	(02) 8928-0588
Sijhih Branch	No.135, Jhongsing Rd., Sijhih Dist., New Taipei City 221, Taiwan (R.O.C.)	(02) 2694-5133
Banciao Branch	No.176, Jhongjheng Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02) 2965-8888
Chiangtsui Branch	No.79, Alley 3, Lane 182, Sec. 2, Wunhua Rd., Banciao Dist., New Taipei City 220, (R.O.C.)	(02) 8252-9999
Bannan Branch	No.41,43, Guancian E. Rd., Banciao Dist., New Taipei City 220, Taiwan (R.O.C.)	(02) 2956-6789
Sindian Branch	No.114, Jianguo Rd., & No.66, Minzu Rd., Sindian Dist., New Taipei City 231, Taiwan (R.O.)	(02) 2915-7766
North Sindian Branch	No.23,25, Baoqiang Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02) 2912-3988
Sinjhuang Branch	No.75, Sec. 2, Jhonghua Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02) 2998-0888

Business units	Address	Telephone
South Sinjhuang Branch	No.58, Fuguo Rd., Sinjhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02) 2906-8868
Lujhou Branch	No.265, Minzu Rd., Lujhou Dist., New Taipei City 247, Taiwan (R.O.C.)	(02) 2848-5858
Danshui Branch	No.76, Zhongshan Rd., Danshui Dist., New Taipei City 251, Taiwan (R.O.C.)	(02) 2626-8689
Xinban Branch	1F.2F., No.98,102, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City 220, Taiwan (R.	(02) 2957-1858
East Keelung Branch	No.133-1, Sin 1st Rd., Jhongjheng District, Keelung City 202, Taiwan (R.O.C.)	(02) 2424-9999
Taoyuan, Hsinchu, Miaoli Area		
Jhongli Branch	No.366, Yanping Rd., Jhongli City, Taoyuan County 320, Taiwan (R.O.C.)	(03) 427-2345
Taoyuan Branch	No.205, Fusing Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	(03) 339-6000
North Taoyuan Branch	No.166, Sec. 1, Daxing W. Rd., Taoyuan City, Taoyuan County 330, Taiwan (R.O.C.)	(03) 346-4888
Longtan Branch	No.176, Jhongjheng Rd., Longtan Township, Taoyuan County 325, Taiwan (R.O.C.)	(03) 499-3800
Bade Branch	No.991,993, Sec. 1, Jieshou Rd., Bade City, Taoyuan County 334, Taiwan (R.O.C.)	(03) 362-6668
Nankan Branch	No.68, Zhongzheng Rd., Luzhu Township, Taoyuan County 338, Taiwan (R.O.C.)	(03) 321-5999
Beida Branch	No.457, Beida Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03) 521-8181
Guandong Ciao Branch	No.271, Sec. 1, Guangfu Rd.,Hsinchu City 300, Taiwan (R.O.C.)	(03) 577-9292
Chuke Branch	No.289, Sec. 2, Guangfu Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03) 516-3123
Hsinchu Branch	No.83, Sec. 2, Dongda Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03) 535-1546
Nanliao Branch	No.543, Sec. 3, Dongda Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03) 536-2611
Jhubei Branch	No.331, Jhongjheng E. Rd., Jhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03) 551-8383
Toufen Branch	No.41, Zihciang Rd., Toufen Township, Miaoli County 351, Taiwan (R.O.C.)	(037) 696-188
Greater Taichung Area		
Wunsin Branch	No.218, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04) 2473-6767
North Taichung Branch	No.55, Sec. 2, Chongde Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	(04) 2232-6886
Taichung Branch	No.308, Sec. 1, Taichung Port Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04) 2328-5577

Business units	Address	Telephone
Mincyuan Branch	No.559, Mincyuan Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04) 2205-1888
Fengchia Branch	No.258, Sec. 2, Henan Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04) 2451-7890
West Taichung Branch	No.711, Dadun Rd., Nantunn District, Taichung City 407, Taiwan (R.O.C.)	(04) 2327-4567
ShiFu Branch	No.91, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	(04) 2258-8757
Nantun Branch	No.187, Sec. 2, Dongsing Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	(04) 2472-0788
Dali Branch	No.127, Sec. 2, Jhongsing Rd., Dali City, Taichung County 412, Taiwan (R.O.C.)	(04) 2483-4088
Daya Branch	No.198, Sec. 2, Jhongcing Rd., Daya Township, Taichung County 428, Taiwan (R.O.C.)	(04) 2565-2299
Taiping Branch	No.511, Yichang Rd., Taiping City, Taichung County 411, Taiwan (R.O.C.)	(04) 2273-0588
Shalu Branch	No.201-1, Jhongshan Rd., Shalu Township, Taichung County 433, Taiwan (R.O.C.)	(04) 2665-6699
Fongyuan Branch	No.129, Yuanhuan S. Rd., Fongyuan City, Taichung County 420, Taiwan (R.O.C.)	(04) 2525-7999
Yuanlin Branch	No.28, Yuying Rd., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.)	(04) 839-7899
Changhua Branch	No.273, Sec. 1, Jhongjheng Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04) 722-7789
Chiayi-Tainan AreaGreater		
Fucheng Branch	1F., No.88, Jhongshan Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 228-4400
Yongfu Branch	No.150, Sec. 2, Yongfu Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 220-4622
Tainan Branch	No.389, Sec. 2, Simen Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 223-3383
Haidian Branch	No.130, Sec. 1, Haidian Rd., Annan District, Tainan City 709, Taiwan (R.O.C.)	(06) 258-5015
Chongde Branch	No.260, Chongde Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06) 290-6901
Houchia Branch	No.660, Yunong Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06) 268-7412
Jinhua Branch	No.195, Sec. 2, Jinhua Rd., South District, Tainan City 702, Taiwan (R.O.C.)	(06) 263-9121
Yongkang Branch	No.986, Jhonghua Rd., Yongkang City, Tainan County 710, Taiwan (R.O.C.)	(06) 242-5788
Jiali Branch	No.288-1, Yanping Rd., Jiali Township, Tainan County 722, Taiwan (R.O.C.)	(06) 722-6655
Chiayi Branch	No.620, Chueiyang Rd., Chiayi City 600, Taiwan (R.O.C.)	(05) 222-2818

Business units	Address	Telephone
Kaohsiung-Pingtung Area		
Kaohsiung Branch	No.98, Jhonghua 3rd Rd., Cianjin District, Kaohsiung City 801, Taiwan (R.O.C.)	(07) 282-4300
East Kaohsiung Branch	No.309,311, Jiansing Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07) 380-1500
North Kaohsiung Branch	No.360, Bo-ai 2nd Rd., Zuoying District, Kaohsiung City 813, Taiwan (R.O.C.)	(07) 550-9900
Linya Branch	No.260, Jhongshan 2nd Rd., Cianjhen District, Kaohsiung City 806, Taiwan (R.O.C.)	(07) 537-5537
Cisian Branch	No.386, Cisian 1st Rd., Sinsing District, Kaohsiung City 800, Taiwan (R.O.C.)	(07) 238-8545
Sanmin Branch	No.573, Chengqing Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07) 398-7111
Youchang Branch	No.750, Houchang Rd., Nanzih District, Kaohsiung City 811, Taiwan (R.O.C.)	(07) 365-2200
Gangshan Branch	No.95, Weiren Rd., Gangshan Township, Kaohsiung County 820, Taiwan (R.O.C.)	(07) 621-9677
Fongshan Branch	No.105, Jhongshan W. Rd., Fongshan City, Kaohsiung County 830, Taiwan (R.O.C.)	(07) 719-9999
Wujia Branch	No.9, Wujia 3rd Rd., Fongshan City, Kaohsiung County 830, Taiwan (R.O.C.)	(07) 813-1168
Nanping Branch	No.75-2, 75-3, Ren-ai Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08) 733-7575
Pingtung Branch	No.103, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08) 721-7777
Hualien-Taitung Area Greater		
Luodong Branch	No.153, Gongjheng Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03) 953-3366
Hualien Branch	No.183, Jhongjheng Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03) 834-5930

Overseas Business Offices

Business units	Address	Telephone
Hong Kong Branch	6/F, Sun Life Tower, The Gateway, 15 Canton Road, Tsimsbatsui, Kowloon, Hong Kong	852-22349009
HO CHI MINH CITY R.O.	Osic Building 7Fl., No.8 , Nguyen Hue Street, District 1, Ho Chi Minh City Vietnam	84-8-38228375

X. Notes To Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taishin International Bank Co., Ltd.

We have audited the accompanying balance sheets of Taishin International Bank Co., Ltd. as of December 31, 2013, December 31, 2012 and January 1, 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These financial statements are the responsibility of Taishin Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements of Financial Institutions by Certified Public Accountants and auditing standards generally accepted in the Republic of China ("ROC"). Those rules and 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 statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Taishin International Bank Co., Ltd. as of December 31, 2013, December 31, 2012 and January 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2013 and 2012, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Firms.

March 6, 2014

Notice to Readers

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

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

TAISHIN INTERNATIONAL BANK CO., LTD.**BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents (Notes 5, 7 and 41)	\$ 13,582,195	1	\$ 12,385,086	1	\$ 11,115,892	1
Due from the Central Bank and call loans to banks (Notes 8 and 41)	39,353,726	4	33,230,520	3	29,519,453	3
Financial assets at fair value through profit or loss (Notes 5, 9 and 41)	40,717,742	4	49,237,888	5	40,616,646	4
Securities purchased under resell agreements (Note 5)	1,942,716	-	4,269,494	-	1,058,738	-
Receivables, net (Notes 5, 10 and 11)	83,029,535	7	85,994,142	8	88,427,925	9
Current tax assets (Notes 5 and 35)	174,636	-	128,229	-	60,887	-
Loans, net (Notes 5, 6, 11 and 41)	703,149,360	62	658,454,135	61	600,808,129	60
Available-for-sale financial assets, net (Notes 5, 12 and 28)	214,044,825	19	210,147,891	19	193,252,227	20
Held-to-maturity financial assets, net (Notes 5 and 13)	1,953,739	-	1,917,473	-	2,421,241	-
Investments accounted for using the equity method, net (Notes 5, 14 and 28)	1,692,659	-	1,785,303	-	1,938,031	-
OTHER FINANCIAL ASSETS, NET						
Financial assets carried at cost, net (Notes 5 and 15)	1,330,345	-	1,459,872	-	1,575,076	-
Other miscellaneous financial assets, net (Notes 5, 6, 11 and 16)	4,883,950	1	691,184	-	526,362	-
Other financial assets, net	6,214,295	1	2,151,056	-	2,101,438	-
Property and equipment, net (Notes 5 and 17)	17,404,330	2	17,475,160	2	17,669,066	2
Intangible assets, net (Notes 5, 6 and 18)	1,541,000	-	1,688,796	-	1,921,980	-
Deferred tax assets (Notes 5, 6 and 35)	4,454,289	-	4,953,398	1	5,686,512	1
Other assets, net (Note 19)	3,427,580	-	818,683	-	1,221,118	-
TOTAL	\$ 1,132,682,627	100	\$ 1,084,637,254	100	\$ 997,819,283	100

	December 31, 2013		December 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%
LIABILITIES AND EQUITY						
Due to the Central Bank and banks (Notes 20 and 41)	\$ 49,834,471	5	\$ 52,366,146	5	\$ 62,532,398	6
Financial liabilities at fair value through profit or loss (Notes 5, 9 and 41)	14,522,005	1	9,114,382	1	8,353,108	1
Securities sold under repurchase agreements (Note 5)	33,433,856	3	53,499,333	5	43,486,925	5
Payables (Notes 5 and 21)	19,290,731	2	20,086,471	2	21,484,909	2
Current tax liabilities (Notes 5 and 35)	1,822,269	-	721,349	-	453,184	-
Deposits and remittances (Notes 22 and 41)	880,624,807	78	826,959,852	76	756,502,655	76
Bank debentures (Note 23)	25,000,000	2	36,700,000	4	25,000,000	3
Reserve for liabilities (Notes 5 and 24)	722,565	-	744,050	-	657,660	-
Other financial liabilities (Note 25)	32,131,475	3	13,670,671	1	13,340,332	1
Deferred tax liabilities (Notes 5 and 35)	249,439	-	631,051	-	440,774	-
Other liabilities (Notes 5 and 26)	1,616,824	-	1,426,468	-	1,397,924	-
Total liabilities	1,059,248,442	94	1,015,919,773	94	933,649,869	94
EQUITY						
Capital stock (Note 28)						
Common stock	49,157,526	4	47,275,173	5	47,275,173	5
Preferred stock	-	-	1,882,353	-	1,882,353	-
Capital surplus (Note 28)	3,362,989	-	3,310,519	-	3,235,902	-
Retained earnings (Note 28)						
Legal reserve	7,567,396	1	4,973,500	-	2,646,154	-
Special reserve	276,698	-	189,981	-	189,981	-
Unappropriated earnings	12,077,148	1	8,662,235	1	7,844,538	1
Other equity	992,428	-	2,423,720	-	1,095,313	-
Total equity	73,434,185	6	68,717,481	6	64,169,414	6
TOTAL	\$ 1,132,682,627	100	\$ 1,084,637,254	100	\$ 997,819,283	100

The accompanying notes are an integral part of the financial statements

TAISHIN INTERNATIONAL BANK CO., LTD.**STATEMENTS OF COMPREHENSIVE INCOME**

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

	2013		2012		Percentage Increase (Decrease) (%)
	Amount	%	Amount	%	
INTEREST INCOME (Notes 5, 29 and 41)					
Interest revenues	\$ 22,967,849	78	\$ 22,023,627	92	4
Interest expenses	(8,551,868)	(29)	(8,344,498)	(35)	2
Net interest income	<u>14,415,981</u>	<u>49</u>	<u>13,679,129</u>	<u>57</u>	<u>5</u>
NET INCOME OTHER THAN NET INTEREST INCOME					
Net service fee and commissions income (Notes 5, 30 and 41)	7,068,610	24	6,402,970	27	10
Gain on financial assets and liabilities at fair value through profit or loss (Notes 5, 9 and 31)	8,523,148	29	3,194,974	13	167
Realized gain on available-for-sale financial assets (Notes 5, 12 and 32)	2,709,793	9	177,929	1	1,423
Share of (loss) profit of subsidiaries, associates and joint ventures accounted for using equity method (Notes 5 and 14)	(52,416)	-	13,311	-	(494)
Gain on disposal of investment for using equity method (Note 14)	-	-	429,047	2	(100)
Foreign exchange losses (Note 5)	(3,601,314)	(12)	(354,561)	(2)	916
Impairment loss on assets (Note 15)	(85,766)	(1)	(39,627)	-	116
Net other non-interest income	<u>563,029</u>	<u>2</u>	<u>429,165</u>	<u>2</u>	<u>31</u>
Net income other than net interest income	<u>15,125,084</u>	<u>51</u>	<u>10,253,208</u>	<u>43</u>	<u>48</u>
NET REVENUE AND GAINS	<u>29,541,065</u>	<u>100</u>	<u>23,932,337</u>	<u>100</u>	<u>23</u>
(PROVISIONS FOR) REVERSED OF BAD DEBTS EXPENSES AND GUARANTEE LIABILITY (Notes 5 and 11)	(<u>114,212</u>)	(<u>1</u>)	<u>617,039</u>	<u>2</u>	(<u>119</u>)
OPERATING EXPENSES					
Employee benefits expenses (Notes 27 and 33)	(\$ 8,988,892)	(30)	(\$ 8,184,191)	(34)	10
Depreciation and amortization expenses (Note 34)	(725,213)	(3)	(757,509)	(3)	(4)
Other general and administrative expenses	(<u>5,410,504</u>)	(<u>18</u>)	(<u>5,231,746</u>)	(<u>22</u>)	<u>3</u>
Total operating expenses	(<u>15,124,609</u>)	(<u>51</u>)	(<u>14,173,446</u>)	(<u>59</u>)	<u>7</u>
INCOME BEFORE INCOME TAX	<u>14,302,244</u>	<u>48</u>	<u>10,375,930</u>	<u>43</u>	<u>38</u>
INCOME TAX EXPENSE (Notes 5, 6 and 35)	(<u>2,120,971</u>)	(<u>7</u>)	(<u>1,695,821</u>)	(<u>7</u>)	<u>25</u>
NET INCOME	<u>12,181,273</u>	<u>41</u>	<u>8,680,109</u>	<u>36</u>	<u>40</u>
OTHER COMPREHENSIVE INCOME					
Unrealized gains (losses) on available-for-sale financial assets	(1,764,542)	(6)	1,460,684	6	(221)
Actuarial gains (losses) on defined benefit plan	(39,094)	-	(124,217)	(1)	(69)
Share of the other comprehensive income (losses) of subsidiaries, associates and joint ventures accounted for using equity method	(2,018)	-	353	-	(672)
Income tax relating to the components of other comprehensive income	<u>341,038</u>	<u>1</u>	(<u>113,004</u>)	-	<u>402</u>
Other comprehensive income (loss), net of tax	(<u>1,464,616</u>)	(<u>5</u>)	<u>1,223,816</u>	<u>5</u>	(<u>220</u>)
TOTAL COMPREHENSIVE INCOME	<u>\$ 10,716,657</u>	<u>36</u>	<u>\$ 9,903,925</u>	<u>41</u>	<u>8</u>
EARNINGS PER SHARE (Note 36)					
Basic	<u>\$ 2.52</u>		<u>\$ 1.81</u>		
Diluted	<u>\$ 2.48</u>		<u>\$ 1.77</u>		

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

TAISHIN INTERNATIONAL BANK CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Capital Surplus				
	Capital Stock		Additional Paid-in Capital in Excess of Par	Stock-based Compensation	Other Capital Surplus
	Common Stock	Preferred Stock			
BALANCE, JANUARY 1, 2012	\$ 47,275,173	\$ 1,882,353	\$ 3,089,037	\$ 142,454	\$ 4,411
Appropriation of earnings					
Legal reserve	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-
Disposal of investments accounted for using equity method	-	-	-	(1,013)	(4,41)
Net income for the year ended December 31, 2012	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2012, net of tax	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	-
Share-based payments	-	-	-	80,041	-
BALANCE, DECEMBER 31, 2012	47,275,173	1,882,353	3,089,037	221,482	-
Special reserve under Rule No. Jin-Guan-Zheng-Fa 1010012865	-	-	-	-	-
Appropriation of earnings					
Legal reserve	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-
Net income for the year ended December 31, 2013	-	-	-	-	-
Other comprehensive income for the year ended December 31, 2013, net of tax	-	-	-	-	-
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	-
Convertible preferred stock	1,882,353	(1,882,353)	-	-	-
Share-based payments	-	-	62,033	(9,563)	-
BALANCE, DECEMBER 31, 2013	<u>\$ 49,157,526</u>	<u>\$ -</u>	<u>\$ 3,151,070</u>	<u>\$ 211,919</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

Legal Reserve	Retained Earnings		Other Equity		Total Equity
	Special Reserve	Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available- for-sale Financial Assets	
\$ 2,646,154	\$ 189,981	\$ 7,844,538	\$ -	\$ 1,095,313	\$ 64,169,414
2,327,346	-	(2,327,346)	-	-	-
-	-	(5,310,475)	-	-	(5,310,475)
-	-	(120,000)	-	-	(120,000)
-	-	-	-	-	(5,424)
-	-	8,680,109	-	-	8,680,109
-	-	(104,591)	(281)	1,328,688	1,223,816
-	-	8,575,518	(281)	1,328,688	9,903,925
-	-	-	-	-	80,041
4,973,500	189,981	8,662,235	(281)	2,424,001	68,717,481
-	86,717	(86,717)	-	-	-
2,593,896	-	(2,593,896)	-	-	-
-	-	(5,932,423)	-	-	(5,932,423)
-	-	(120,000)	-	-	(120,000)
-	-	12,181,273	-	-	12,181,273
-	-	(33,324)	675	(1,431,967)	(1,464,616)
-	-	12,147,949	675	(1,431,967)	10,716,657
-	-	-	-	-	-
-	-	-	-	-	52,470
<u>\$ 7,567,396</u>	<u>\$ 276,698</u>	<u>\$ 12,077,148</u>	<u>\$ 394</u>	<u>\$ 992,034</u>	<u>\$ 73,434,185</u>

TAISHIN INTERNATIONAL BANK CO., LTD.
STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 14,302,244	\$ 10,375,930
Adjustments:		
Non-cash (revenues and gains) or expenses and losses		
Depreciation expenses	488,673	490,352
Amortization expenses	236,540	267,157
Provision for (reverse of) bad debts expenses	111,395	(616,243)
Provision for (reverse of) guarantee liability	2,817	(796)
Net gain on financial assets and liabilities at fair value through profit or loss	(8,523,148)	(3,194,974)
Interest expenses	8,551,868	8,344,498
Interest income	(22,967,849)	(22,023,627)
Dividend income	(237,702)	(241,796)
Share-based payments	86,529	79,262
Share of loss (profit) of associates and joint ventures accounted for using equity method	52,416	(13,311)
Gain on disposal of investments	(2,620,004)	(34,763)
Gain on disposal of investments accounted for using equity method	-	(429,047)
Impairment loss on financial assets	85,766	39,627
Other adjustments	(10,821)	1,233,918
Changes in operating assets and liabilities		
Increase in due from the Central Bank and call loans to banks	(6,467,831)	(2,103,170)
Decrease (increase) in financial assets at fair value through profit or loss	37,307,109	(5,718,169)
Increase in securities purchased under resell agreements	(747,606)	-
Decrease in receivables	2,904,710	2,499,666
Increase in loans	(44,302,550)	(56,712,646)
Increase in available-for-sale financial assets	(3,146,484)	(16,581,679)
Decrease in held-to-maturity financial assets	-	404,016
Increase in other financial assets	(4,646,257)	(393,774)
(Increase) decrease in other assets	(2,592,764)	415,819
Decrease in due to the Central Bank and banks	(918,254)	(4,898,436)
(Decrease) increase in financial liabilities at fair value through profit or loss	(15,147,416)	761,274
(Decrease) increase in securities sold under repurchase agreements	(20,065,477)	10,012,408
Decrease in payables	(434,205)	(1,516,737)
Increase in deposits and remittances	53,664,955	70,457,197
Increase in other financial liabilities	18,460,804	330,339
Increase (decrease) in other liabilities	129,382	(53,328)

(Continued)

	2013	2012
Cash flows generated from (used in) operations	3,556,840	(8,821,033)
Interest received	23,321,982	22,245,250
Dividend received	283,646	268,338
Interest paid	(8,947,811)	(8,226,199)
Income taxes paid	(608,703)	(684,236)
Net cash flows generated from operating activities	<u>17,605,954</u>	<u>4,782,120</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction of financial assets carried at cost	45,472	115,800
Proceeds from disposal of investments accounted for using equity method	-	522,977
Acquisition of property and equipment	(424,955)	(315,830)
Proceeds from disposal of property and equipment	6,217	15,044
Acquisition of intangible assets	(88,744)	(33,973)
Net cash flows (used in) generated from investing activities	<u>(462,010)</u>	<u>304,018</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and call loans from banks	(1,613,421)	(5,267,816)
Issuance of bank debentures	-	11,700,000
Repayments of bank debentures	(11,700,000)	-
Cash dividends distributed	(6,052,423)	(5,430,475)
Net cash flows (used in) generated from financing activities	<u>(19,365,844)</u>	<u>1,001,709</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,221,900)</u>	<u>6,087,847</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>22,109,775</u>	<u>16,021,928</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 19,887,875</u>	<u>\$ 22,109,775</u>

RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2013	2012
Cash and cash equivalents in balance sheet	\$ 13,582,195	\$ 12,385,086
Due from central bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	5,110,570	5,455,195
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	<u>1,195,110</u>	<u>4,269,494</u>
Cash and cash equivalents at end of period	<u>\$ 19,887,875</u>	<u>\$ 22,109,775</u>

The accompanying notes are an integral part of the financial statements

TAISHIN INTERNATIONAL BANK CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Taishin International Bank Co., Ltd. (“the Company”) incorporated in the Republic of China (“ROC”) is a public bank, began preparations for its establishment as a commercial bank on October 4, 1990 and started its business operations on March 23, 1992. Taishin Bank provides customers with (a) general commercial banking services - commercial lending, foreign exchange transactions, installments and term loans, wire transfers, marketable security investments, receivable factoring, offshore banking business, etc. as well as (b) various financial instruments - letters of credit, bankers’ acceptances, checking and savings accounts, credit cards, derivative instruments, etc. The Company was set up at B1 and 1F., No. 44, Zhongshan N. Rd., Sec. 2, Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.). The main operation office of the Company is at No. 118, Ren’Ai Rd., Sec. 4, Da’ An Dist., Taipei City 106, Taiwan (R.O.C.)

Taishin Bank and Dah An Commercial Bank Co., Ltd. (“Dah An Bank”) decided to establish Taishin Financial Holding Co., Ltd. (“Taishin Financial Holding”) through a share swap, effective on February 18, 2002, with Taishin Bank as the survivor company.

The parent company and the final parent company of Taishin Bank is Taishin Financial Holding, which had a 100% equity interest in Taishin Bank as of December 31, 2013 and 2012.

2. STATEMENT OF COMPLIANCE

The financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Firms (the “Regulations”).

3. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on March 6, 2014.

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

a. New, amended and revised standards and interpretations (the “New IFRSs”) in issue but not yet effective

The Company has not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) issued by the IASB. On January 28, 2014, the Financial Supervisory Commission (FSC) announced the framework for the

adoption of updated IFRSs version in the ROC. Under this framework, starting January 1, 2015, the previous version of IFRSs endorsed by the FSC (the 2010 IFRSs version) currently applied by companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market will be replaced by the updated IFRSs without IFRS 9 (the 2013 IFRSs version). However, as of the date that the financial statements were authorized for issue, the FSC has not announced the effective date for the following New IFRSs that are not included in the 2013 IFRSs version.

The New IFRSs Included in the 2013 IFRSs Version Not Yet Endorsed by the FSC	Effective Date Announced by IASB (Note 1)
Improvements to IFRSs (2009) - amendment to IAS 39 Amendment to IAS 39 "Embedded Derivatives"	January 1, 2009 and January 1, 2010, as appropriate Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010) Annual Improvements to IFRSs 2009-2011 Cycle	July 1, 2010 and January 1, 2011, as appropriate January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Effective date not determined
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Effective date not determined
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

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

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

b. Significant changes in accounting policy resulted from new and revised standards, amendments and interpretations in issue but not yet effective

Except for the following, the impending initial application of the above the "New IFRSs", whenever applied, would not have any material impact on the Company's accounting policies:

IFRS 9 "Financial Instruments"

With regards to financial assets, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the balance sheet date. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

As for financial liabilities, the main changes are with regard to the classification and measurement of financial liabilities designated as at fair value through profit or loss. IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.

c. The impact of the application of New IFRSs in issue but not yet effective on the Company's financial statements is as follows:

As of the date the financial statements were authorized for issue, the Company is continually assessing the possible impact that the application of the above New IFRSs will have on the Company's financial position and operating result, and will disclose the relevant impact when the assessment is complete.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's financial statements for the year ended December 31, 2013 are its first Regulations financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks. The date of transition to Regulations was January 1, 2012. Refer to Note 46 for the impact of Regulations conversion on the financial statements.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The functional currency of Taishin Bank is New Taiwan dollars. Thus, the financial statements are presented in New Taiwan dollars.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for using equity method, share of profit or loss of subsidiaries, associates and joint ventures, share of other comprehensive income of subsidiaries, associates and joint ventures and related equity items, as appropriate, in the parent company only financial statements.

The Company categorized economic activities into operating, investing, and financing activities. The statements of cash flows reported the change of cash and cash equivalents in the current period based on operating, investing, and financing activities. Please refer to Note 7 for the components of cash and cash equivalents. The cash flow of operating activities was reported by using indirect method. Under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flow because they are cost of obtaining financial resources.

When preparing the financial statements in accordance with the FSC-recognized IFRSs, the Company has to make certain significant accounting assumptions and estimates based on professional judgements to determine its accounting policies. Change in assumptions may result in significant effects on financial statements. The Company believes that the financial statements are reported based on appropriate assumptions. For items that required management's most difficult or complex judgements, or assumptions and estimates that significantly affect the financial statements, please refer to Note 6.

Classification of Current/Noncurrent Assets and Liabilities

Because of banking business characteristics, classification of assets and liabilities according to the nature and the sequence of liquidity can provide more reliable and relevant information. Therefore, those assets and liabilities are not classified as current or noncurrent, but classified according to the nature and sequence of liquidity.

Foreign Currencies

In preparing the financial statements of the Company, the currency of the primary economic environment in which the Company operates (the "functional currency") is used. Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing

at that date. When several exchange rates are available, the rate used is that at which the future cash flows, represented by the transaction amount or balance, could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise except items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective. Exchange differences arising on the retranslation of non-monetary assets (such as equity investment) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents are cash in vault, cash in banks, short-term time deposits and short-term financial instruments that must be readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the statement of cash flows, cash and cash equivalents are cash and cash equivalents on the balance sheet, due from the Central Bank and call loans to banks and securities purchased under resell agreements that are in conformity with the definition of cash and cash equivalents in the FSC-recognized IFRS 7.

Investment for Using Equity Method

Investments in subsidiaries and associates are accounted for using equity method.

a. Investment in subsidiaries

Subsidiaries (including special purpose entities) are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

When the Company transacts with its subsidiaries, profits and losses resulting from the transactions with the subsidiaries are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

b. Investment in associates

An associate is an entity over which the Company has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

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

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

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

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

The requirements of FSC-recognized IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with FSC-recognized IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company' financial statements only to the extent of interests in the associate that are not related to the Company.

Property and Equipment

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

Freehold land is not depreciated

Depreciation is recognized so as to write off the cost of the assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with FSC-recognized IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are not owned by other corporations in the Company. Investment properties include office buildings or land held for operating lease.

The investment properties comprise a portion that is self-used by the Company and another portion that is held to earn rentals or for capital appreciation. If a portion of a property owned by the Company can be sold separately, the Company accounts for that portion separately. For self-used properties, the FSC-recognized IAS 16 is adopted. Investment properties held to earn rentals or/and for capital appreciation are under the regulation of the FSC-recognized IAS 40. If portions of a property can not be sold separately, the property is investment property only if an insignificant portion is held as self-used asset.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the asset. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Goodwill

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

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

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

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

Intangible Assets

a. Intangible assets acquired

Intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with FSC-recognized IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Derecognition of intangible assets

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

Impairment of Non-Financial Assets (Except Goodwill)

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

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

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

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

Bonds and Securities Purchased/Sold under Specific Agreements

Bonds and securities purchased under resell agreements are recorded at purchase price and are accounted for as financing transactions. Bonds and securities sold under repurchase agreements are recorded at sale price. Interest revenue and expenses recognized from the transactions mentioned above are recorded on accrual basis.

Financial Instruments

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

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

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

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

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

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

A financial asset is classified as held for trading if:

- (a) It has been acquired principally for the purpose of selling it in the near term; or
- (b) On initial recognition it is part of a portfolio of identified financial instruments that a company manages together and has a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative that is not designated and effective as a hedging instrument.

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

- (a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (b) The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the companying is provided internally on that basis.

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 39.

(2) Held-to-maturity investments

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

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

(3) Available-for-sale financial assets

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

Fair value is determined in the manner described in Note 39.

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

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

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

(4) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including receivables, loans, delinquent loans and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment. In accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks" Rule No. 10 Item 7 and Item 10, if the effect of discount is insignificant, loans and receivables can be measured at their original amounts.

According to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, loans or other extensions of credit which are overdue but not repaid, and have been authorized by the board, shall be transferred to the non-accrual loans item together with interest accrued.

The non-accrual loans transferred from loans are reported under loan whereas those not transferred from loans are reported under other miscellaneous financial assets.

b. Impairment of financial assets

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

Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the holder of the asset about the following loss events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract, such as a default or delinquency in interest or principal payments;
- (3) The lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (5) The disappearance of an active market for that financial asset because of financial difficulties; or
- (6) 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 assets in the Company, including:
 - a. Adverse changes in the payment status of borrowers in the Company; or
 - b. National or local economic conditions that correlate with defaults on the assets in the Company.

For certain categories of financial assets, such as loans and receivables, assets are assessed for impairment on a collective basis even if they were not any objective evidence.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The assessment procedures above classified loans in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans. Normal credit assets are classified as "Category One" and set aside loss provision at 0.5% of the outstanding balance (excluding assets that represent claims against an ROC government agency). Loans other than "Category One" are classified into "special mentioned (Category Two)", "substandard (Category Three)", "doubtful (Category Four)", and "losses (Category Five)" based on the status of credit, the length of time overdue, and the status of the loan collaterals. Loss provisions should be made at 2%, 10%, 50%, and 100% for each loan category, respectively.

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

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

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

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

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

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

c. Derecognition of financial assets

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

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

Equity instruments

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

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

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

Financial liabilities

a. Subsequent measurement

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

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

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

A financial liability is classified as held for trading if:

- (a) It has been acquired principally for the purpose of repurchasing it in the near term; or
- (b) On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative that is not designated and effective as a hedging instrument.

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

- (a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the companying is provided internally on that basis.

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

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 39.

(2) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the following and should be coped with based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans:

- (a) The amount of the obligation under the contract, as determined in accordance with FSC-recognized IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- (b) The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with FSC-recognized IAS 18 the revenue recognition policies.

(3) Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at the higher of:

- (a) The amount of the obligation under the contract, as determined in accordance with FSC-recognized IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and
- (b) The amount initially recognized less, where appropriate, cumulative amortization recognized in accordance with FSC-recognized IAS 18 the revenue recognition policies.

b. Derecognition of financial liabilities

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

Derivative financial instruments

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

Derivatives embedded in non-derivative host contracts are recognized as host contracts and embedded derivative instruments, respectively, when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss, unless the hybrid contracts are designated as assets or liabilities at fair value through profit or loss.

Provisions, Contingent Liabilities and Contingent Assets

A provision shall be recognized when:

- a. An entity has a present obligation (legal or constructive) as a result of a past event;
- b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. A reliable estimate can be made of the amount of the obligation.

The Company does not recognize provisions for future operating losses. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

Provisions are subsequently measured by the present value of the expected expenditures to settle the obligations. Discount rate is the pre-tax discount rate and is adjusted in time to reflect current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is:

- a. A possible obligation that arises from past events and 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 entity; or
- b. A present obligation that arises from past events but is not recognized because:
 - (1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (2) The amount of the obligation cannot be measured with sufficient reliability.

The Company does not recognize a contingent liability but disclose it appropriately in accordance with related guidelines.

A contingent asset is a possible asset that arises from past events and 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 entity. The Company does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

Income Recognition

a. Interest income

Except for financial assets at FVTPL, interest income of all financial instruments is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognized in the statements of comprehensive income. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as income when collected.

b. Service fee and commissions income

Service revenue and real estate management service revenue are recognized at once after providing loans or other services. If the service revenue belongs to several significant items, it is recognized when the significant items accomplished, such as the service revenue which the lead arranger bank of syndication loan received. If the service revenue is for further loan service and of significant amount, it is allocated during the period of the service or included in the base of calculation the effective interest rate of loans and receivables.

The Company's customer loyalty program provides customers with award credits, which are handled through diverse factors of revenue transactions. The fair value of the consideration received or receivable in respect of the initial sale shall be allocated between the award credits and the other components of the sale. The consideration allocated to the award credits shall be measured by reference to their fair value, i.e. the amount for which the award credits could be sold separately. The consideration is not recognized as income in the initial sale and is deferred. The Company shall recognize the consideration allocated to award credits as income when award credits are redeemed and it fulfills its obligations to supply awards.

Employee Benefits

a. Retirement benefit costs

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

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

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

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

b. High-yield savings account for employee

The Company provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal. The difference between the premium rate and the market rate is classified as employee benefits.

Share-based Payment Arrangements

Equity-settled share-based payment

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

Cash-settled share-based payment

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

Taxation

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

a. Current tax

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

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

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Land revaluation increment tax accrued from the Company's land revaluation increment in accordance with related regulations is a taxable temporary difference and shall be recognized as a deferred tax liability. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures, and

personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred tax asset shall be recognized for the unused loss carryforward and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

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

The Company does not offset deferred tax assets and deferred tax liabilities from different taxation authorities.

c. Current and deferred tax for the period

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

d. Taishin Bank, its parent company Taishin Financial Holding, and other more than 90% owned subsidiaries adopt the linked-tax system for tax filings. Differences between current and deferred income tax expenses on consolidated basis and those on nonconsolidated basis are adjusted to Taishin Financial Holding's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company's accounting policies, accounting assumptions and estimates have significant impact on the financial statements. Accordingly, the management exercised appropriate professional judgement in the preparation of the financial statements.

The assumptions and estimates involve significant risks that significant adjustments might result in changes in the carrying amounts of assets and liabilities in the next fiscal year. The assumptions and estimates made were the best estimates based on the FSC-recognized IFRSs. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The accounting policies and management's judgement that could have significant impact on the financial statements were as follows:

a. Impairment of loans

Occurrence of objective evidence of impairment loss on loans will impact the assumptions on cash flows. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit loss that had not yet happened) discounted at its original effective interest rate.

As of December 31, 2013, December 31, 2012 and January 1, 2012, please refer to Note 11 for the carrying amounts of loans and doubtful debts.

b. Income taxes

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

c. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which the goodwill has been allocated. The calculation of value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts of goodwill were all \$1,152,274 thousand.

d. Retirement benefit costs

The present value of retirement benefit obligations is calculated based on actuarial results using many assumptions. Any change in these assumptions will affect the carrying amount of retirement benefit obligations.

The assumptions in determining the net pension cost (revenue) include discount rates. In order to determine appropriate discount rates, rates of high-quality corporate bonds or government bonds are taken into consideration. The currency to pay retirement benefits is the same as that of the corporate bonds or government bonds. And the maturity of the corporate bonds or government bonds should be the same as the period of pension liability.

7. CASH AND CASH EQUIVALENTS

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	\$ 7,826,446	\$ 6,713,083	\$ 5,864,434
Checks for clearing	819,955	2,044,551	1,701,611
Due from banks	3,677,301	1,317,123	1,702,160
Others	1,258,493	2,310,329	1,847,687
	<u>\$ 13,582,195</u>	<u>\$ 12,385,086</u>	<u>\$ 11,115,892</u>

Due from banks include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

Please refer to the statement of cash flows for the reconciliation information as of December 31, 2013 and 2012. Cash and cash equivalents as of January 1, 2012 as shown in the statement of cash flows are reconciled with the related items in the balance sheet as follows:

	January 1, 2012
Cash and cash equivalents in balance sheet	\$ 11,115,892
Due from central bank and call loans to banks qualifying as cash and cash equivalents under the definition of FSC-recognized IAS 7	3,847,298
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of FSC-recognized IAS 7	<u>1,058,738</u>
	<u>\$ 16,021,928</u>

8. DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Deposit reserve in Central Bank			
Reserve for checking account	\$ 12,833,791	\$ 8,408,402	\$ 7,682,795
Reserve for demand account	20,256,257	18,897,660	17,774,148
Reserve for foreign deposit	<u>152,316</u>	<u>68,661</u>	<u>15,145</u>
	33,242,364	27,374,723	25,472,088
Call loans to banks	5,110,570	5,455,195	3,847,298
Fund of interbank clearing	<u>1,000,792</u>	<u>400,602</u>	<u>200,067</u>
	<u>\$ 39,353,726</u>	<u>\$ 33,230,520</u>	<u>\$ 29,519,453</u>

9. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2013	December 31, 2012	January 1, 2012
<u>Financial assets held for trading</u>			
Derivative instrument			
Futures	\$ 24,415	\$ 13,020	\$ 32,108
Forward exchange contracts	1,987,325	672,048	382,144
Currency swaps	3,900,721	3,032,412	1,683,493
Interest rate swaps	4,572,768	2,856,945	4,009,205
Cross-currency swaps	384,000	528,533	1,062,038
Equity-linked swaps	582,731	233,098	200,720
Foreign-exchange options	2,604,294	2,242,389	949,930
Interest rate options	-	-	1,386
Equity-linked options	20,251	8,550	241,062
Credit default swaps	3,436	7,409	18,022
Commodity price swaps	31,769	19,174	20,220
Commodity options	-	4,297	26,625

Fixed rate commercial papers	-	29,136	22,978
Asset based commercial papers	-	-	20,294
Non-derivative financial assets			
Investment in bills	16,389,643	27,489,720	20,752,480
Domestic and overseas stocks and beneficiary certificates	247,516	181,313	48,423
Government bonds	4,872,264	4,924,044	2,877,778
Corporate bonds, bank debentures and other bonds	5,096,609	6,995,800	8,267,740
Financial assets at FVTPL	<u>\$ 40,717,742</u>	<u>\$ 49,237,888</u>	<u>\$ 40,616,646</u>

Financial liabilities held for trading

Derivative instrument			
Forward exchange contracts	\$ 1,955,501	\$ 1,616,250	\$ 505,101
Currency swaps	4,075,234	1,582,580	1,394,062
Interest rate swaps	4,651,447	2,857,300	4,167,772
Cross-currency swaps	330,385	518,344	1,054,910
Equity-linked swaps	582,708	231,737	200,720
Credit default swaps	3,436	7,409	18,022
Commodity price swaps	31,769	19,174	20,220
Foreign-exchange options	2,330,630	2,071,263	776,522
Interest rate options	13	19	5,760
Equity-linked options	259,379	205,238	111,671
Commodity options	-	4,297	26,625
Futures	-	771	-
Assets based commercial papers	-	-	17,254
Non-derivative financial liabilities			
Stocks borrowing	-	-	54,469
Bonds borrowing	301,503	-	-
Financial liabilities at FVTPL	<u>\$ 14,522,005</u>	<u>\$ 9,114,382</u>	<u>\$ 8,353,108</u>

- a. The Company engaged in various derivative instruments in the years ended December 31, 2013 and 2012 to fulfill customers' needs, as well as to manage its asset and liability positions and risk.
- b. The par values of those financial assets at FVTPL provided for transactions with repurchase agreements were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Par values	<u>\$ 10,486,800</u>	<u>\$ 20,855,500</u>	<u>\$ 16,086,300</u>

- c. The Company's financial assets at FVTPL were not pledged as collaterals as of December 31, 2013, December 31, 2012 and January 1, 2012.

d. The nominal principal amounts of outstanding derivative contracts were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Forward exchange contracts	\$ 186,470,733	\$ 140,098,878	\$ 96,832,219
Currency swaps	511,775,656	376,587,906	321,081,584
Interest rate swaps	878,816,972	871,904,399	416,362,928
Cross-currency swaps	22,511,557	21,204,468	26,243,432
Futures	18,429	159,704	-
Foreign-exchange options	1,426,647,943	310,398,197	163,910,601
Interest rate options	230,000	138,000	4,330,000
Equity-linked options	4,216,800	7,020,675	9,400,191
Commodity options	49,597	89,855	469,653
Credit default swaps	1,126,917	1,096,306	1,164,772
Equity-linked swaps	7,555,562	7,996,578	4,081,581
Commodity price swaps	1,268,048	895,936	442,540
Commodity forward contracts	86,627	-	-
Fixed rate commercial papers	8,500,000	4,780,000	3,030,000
Assets based commercial papers	-	-	3,391,500

10. RECEIVABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes and accounts receivable	\$ 46,179,013	\$ 50,849,148	\$ 58,629,568
Revenue receivable	102,642	81,357	85,072
Interest receivable	2,018,134	2,027,452	1,877,812
Acceptance receivable	1,640,009	1,517,155	1,601,907
Credit card receivable	33,429,264	31,893,208	26,154,896
Due from asset-based commercial papers	367,253	360,016	699,449
Other receivables	251,388	171,928	206,526
Less: Allowance for receivables	(958,168)	(906,122)	(827,305)
	<u>\$ 83,029,535</u>	<u>\$ 85,994,142</u>	<u>\$ 88,427,925</u>

11. LOANS

a. The details of loans were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Import and export negotiated	\$ 2,810,106	\$ 3,132,598	\$ 3,793,118
Overdrafts	1,979,223	3,036,123	4,542,054
Short-term loans	158,695,037	148,734,481	132,244,276
Medium-term loans	228,283,746	207,019,317	187,778,122

Long-term loans	319,404,682	303,366,455	278,391,606
Delinquent loans	1,590,918	1,439,914	1,528,252
Adjustment for discount	(544,312)	(441,403)	(250,681)
	712,219,400	666,287,485	608,026,747
Less: Allowance for loan losses	(9,070,040)	(7,833,350)	(7,218,618)
	<u>\$ 703,149,360</u>	<u>\$ 658,454,135</u>	<u>\$ 600,808,129</u>

b. Movements of allowance for loan losses were as follows:

	For the Year Ended December 31, 2013			
	Receivables	Loans	Other Miscellaneous Financial Assets	Total
Balance, January 1, 2013	\$ 906,122	\$ 7,833,350	\$ 189,046	\$ 8,928,518
Provision for (reverse of) loan losses	57,829	207,708	(154,142)	111,395
Loans written off	(7,929)	(1,035,000)	(275,502)	(1,318,431)
Recovery of loans written off	2,146	2,063,982	607,633	2,673,761
Balance, December 31, 2013	<u>\$ 958,168</u>	<u>\$ 9,070,040</u>	<u>\$ 367,035</u>	<u>\$ 10,395,243</u>

	For the Year Ended December 31, 2012			
	Receivables	Loans	Other Miscellaneous Financial Assets	Total
Balance, January 1, 2012	\$ 827,305	\$ 7,218,618	\$ 242,651	\$ 8,288,574
Provision for (reverse of) loan losses	85,287	(217,144)	(484,386)	(616,243)
Loans written off	(9,348)	(1,532,807)	(282,557)	(1,824,712)
Recovery of loans written off	2,878	2,364,683	713,338	3,080,899
Balance, December 31, 2012	<u>\$ 906,122</u>	<u>\$ 7,833,350</u>	<u>\$ 189,046</u>	<u>\$ 8,928,518</u>

c. Details of (provisions) reversed allowance for loan losses and liability guarantee for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
(Provision for) reversed of losses of receivables, loans and other miscellaneous financial assets	(\$ 111,395)	\$ 616,243
(Provision for) reverse of loss on guarantee liability	(2,817)	796
	<u>(\$ 114,212)</u>	<u>\$ 617,039</u>

d. Details of assessed impairment of receivables (including other miscellaneous financial assets) and loans were as follows:

Receivables (including delinquent loans reclassified from other items (excluding loans))

Item		Total Receivables		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 502,276	\$ 406,626	\$ 1,006,555
	Combined assessment of impairment	3,197,766	2,809,939	3,288,894
Nonobjective evidence of impairment	Combined assessment of impairment	80,668,468	84,099,563	85,417,484
Total		\$ 84,368,510	\$ 87,316,128	\$ 89,712,933

Item		Total Allowance		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 481,408	\$ 377,018	\$ 458,523
	Combined assessment of impairment	531,366	363,679	396,848
Nonobjective evidence of impairment	Combined assessment of impairment	312,429	354,471	214,585
Total		\$ 1,325,203	\$ 1,095,168	\$ 1,069,956

Loans

Item		Total Loans		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 8,282,971	\$ 9,676,481	\$ 10,199,582
	Combined assessment of impairment	10,396,595	6,599,433	8,284,387
Nonobjective evidence of impairment	Combined assessment of impairment	694,084,146	650,452,974	589,793,459
Total		\$ 712,763,712	\$ 666,728,888	\$ 608,277,428

Item		Total Allowance		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	\$ 3,644,166	\$ 2,804,137	\$ 2,945,780
	Combined assessment of impairment	1,807,484	1,321,544	1,486,145
Nonobjective evidence of impairment	Combined assessment of impairment	3,618,390	3,707,669	2,786,693
Total		\$ 9,070,040	\$ 7,833,350	\$ 7,218,618

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in bills	\$ 149,915,156	\$ 147,893,662	\$ 140,430,090
Domestic and overseas stocks	3,994,541	5,772,453	4,188,674
Beneficiary certificates	438,335	2,781,905	1,341,453
Government bonds	26,654,058	23,492,422	20,744,511
Corporate bonds	18,635,050	13,924,361	10,898,381
Bank debentures	12,305,477	12,658,053	9,862,973
Beneficiary's securities	2,102,208	3,625,035	5,786,145
	<u>\$ 214,044,825</u>	<u>\$ 210,147,891</u>	<u>\$ 193,252,227</u>

- a. Please refer to Note 39 (financial instrument) for the determination of fair values of available-for-sale financial assets.
- b. Investment in bills placed as reserves for clearing at the Central Bank were \$7,000,000 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012. Please refer to Note 42 for information relating to investment in bills pledged as collaterals.
- c. Bonds pledged as collaterals as of December 31, 2013, December 31, 2012 and January 1, 2012, courts, financial institutions, OTC, government bonds and securities dealers were \$565,527 thousand, \$590,224 thousand and \$599,570 thousand, respectively. Please refer to Note 42 for information relating to bonds pledged as collaterals.
- d. The par values of bills and bond investments in available-for-sale financial assets provided for transactions with repurchase agreements were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Par values	<u>\$ 20,530,124</u>	<u>\$ 30,832,575</u>	<u>\$ 27,860,119</u>

- e. In 2013, the Company disposed 584,124 shares of Visa and 10,316 shares of Master Card stocks, which were originally under available for sale financial assets. The proceeds from the disposal were \$3,082,719 thousand. The total gain on disposal was \$2,295,341 thousand and was reclassified from other comprehensive income to net income.

13. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in bills	\$ -	\$ -	\$ 272,903
Bank debentures	1,953,739	1,917,473	2,148,338
	<u>\$ 1,953,739</u>	<u>\$ 1,917,473</u>	<u>\$ 2,421,241</u>

- a. Held-to-maturity financial assets were not pledged as collaterals as of December 31, 2013, December 31, 2012 and January 1, 2012.

b. The par values of bond investments in held-to-maturity financial assets provided for transactions with repurchase agreements were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Par values	\$ <u>1,647,250</u>	\$ <u>1,019,760</u>	\$ <u>1,060,150</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2013	December 31, 2012	January 1, 2012
Investments in subsidiaries	\$ 1,231,352	\$ 1,351,228	\$ 1,535,549
Investments in associates	<u>461,307</u>	<u>434,075</u>	<u>402,482</u>
	\$ <u>1,692,659</u>	\$ <u>1,785,303</u>	\$ <u>1,938,031</u>

a. Investments in subsidiaries

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights
Unlisted shares						
PayEasy Digital Integration Co., Ltd. ("PayEasy Digital")	\$ -	-	\$ -	-	\$ 209,108	65.36
Taishin Real-Estate Management Co., Ltd. ("Taishin Real-Estate")	\$ 190,398	60.00	\$ 187,287	60.00	\$ 180,844	60.00
Taishin Insurance Agency Co., Ltd. ("Taishin Insurance Agency")	859,977	87.40	954,446	87.40	938,416	87.40
Taishin Dah An Leasing Co., Ltd. ("Taishin Dah An Leasing")	<u>180,977</u>	100.00	<u>209,495</u>	100.00	<u>207,181</u>	100.00
	\$ <u>1,231,352</u>		\$ <u>1,351,228</u>		\$ <u>1,535,549</u>	

The Company held its 65.36% equity in PayEasy Digital's common stock originally, then sold its 45% and 15.36% equity for \$522,977 thousand in June and July 2012 and lost its significant influence. Therefore, the Company reclassified it as financial assets carried at cost. The Company recognized gain on disposal of the shares \$429,047 thousand were calculated as follows:

	December 31, 2012
<u>First time</u>	
Proceeds from disposal of subsidiary	\$ 346,557
Add: Fair value of the remaining equity (25.36%)	220,400
Less: Carrying value on the losing significant influence date	(146,085)
Add: Original share of the other comprehensive income	5,434
Gain on disposal	<u>426,306</u>
<u>Second time</u>	
Proceeds from disposal of subsidiary	43,330
Add: Fair value of the remaining investments (20.36%)	176,941
Less: Carrying value on the disposal date	(218,209)
Gain on disposal	<u>2,062</u>

Third time

Proceeds from disposal of subsidiary	133,090
Add: Fair value of the remaining investments (5%)	43,450
Less: Carrying value on the disposal date	(175,861)
Gain on disposal	<u>679</u>
	<u>\$ 429,047</u>

The summarized financial information in respect of the subsidiaries was set out below:

	December 31, 2013	December 31, 2012	January 1, 2012
Total assets	\$ 2,291,301	\$ 2,396,276	\$ 3,114,849
Total liabilities	<u>\$ 809,052</u>	<u>\$ 782,608</u>	<u>\$ 1,213,497</u>

	2013	2012
Revenue	\$ 333,391	\$ 323,424
Net income	<u>\$ 45,872</u>	<u>\$ 48,939</u>
Other comprehensive income	<u>(\$ 298)</u>	<u>(\$ 1,190)</u>

b. Investments in associates

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights
Listed shares						
Chang Hwa Commercial Bank Co., Ltd. ("Chang Hwa Bank")	\$ 382,938	0.27	\$ 363,167	0.27	\$ 343,061	0.27
Unlisted shares						
An Hsin Real-Estate Management Co., Ltd. ("An Hsin Real-Estate")	<u>78,369</u>	30.00	<u>70,908</u>	30.00	<u>59,421</u>	30.00
	<u>\$ 461,307</u>		<u>\$ 434,075</u>		<u>\$ 402,482</u>	

Fair values of the quoted stocks in which the investments were accounted for using the equity method and which were calculated at their closing prices as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

	December 31, 2013	December 31, 2012	1 January 1, 2012
Chang Hwa Bank	<u>\$ 377,845</u>	<u>\$ 306,941</u>	<u>\$ 295,853</u>

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

	December 31, 2013	December 31, 2012	1 January 1, 2012
Total assets	\$ 1,701,047,376	\$ 1,614,617,863	\$ 1,595,251,714
Total liabilities	<u>\$ 1,588,382,818</u>	<u>\$ 1,509,491,219</u>	<u>\$ 1,497,730,561</u>

	2013	2012
Revenue	\$ 23,963,289	\$ 23,193,120
Net income	<u>\$ 8,905,556</u>	<u>\$ 8,514,122</u>
Other comprehensive income	<u>(\$ 587,086)</u>	<u>\$ 480,992</u>

Movements of the difference between the cost of investment and the Company's share in investees' net assets allocated to depreciable and non-depreciable assets for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
Balance, beginning of year	\$ 9,013	\$ 9,013
Movements	(195)	-
Balance, end of year	<u>\$ 8,818</u>	<u>\$ 9,013</u>

Goodwill amounted to \$75,438 thousand as of December 31, 2013 and 2012.

c. The amount of investment income (loss) of subsidiaries and associates under equity method were as follow:

	2013	2012
Subsidiaries		
Taishin Real-Estate	\$ 17,185	\$ 15,607
Taishin Insurance Agency	(94,607)	16,494
Taishin Dah An Leasing	(24,526)	4,437
Associates		
Chang Hwa Bank	23,237	22,441
An Hsin Real-Estate	26,295	20,917
PayEasy Digital	-	(66,585)
	<u>(\$ 52,416)</u>	<u>\$ 13,311</u>

d. The parent company Taishin Financial Holding owned 22.55% of Chang Hwa Bank's shares with voting rights and over half of the seats of Chang Hwa Bank's board of directors, which made Chang Hwa Bank become the controlled entity of the Group of the parent company. Therefore, the Company has significant influence on Chang Hwa Bank.

e. Investments accounted for using the entity method were not pledged as collaterals as of December 31, 2013, December 31, 2012 and January 1, 2012.

15. FINANCIAL ASSETS CARRIED AT COST

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic and overseas unlisted stocks	<u>\$ 1,330,345</u>	<u>\$ 1,459,872</u>	<u>\$ 1,575,076</u>
Classified according to financial asset measurement category			
Available-for-sale financial assets	<u>\$ 1,330,345</u>	<u>\$ 1,459,872</u>	<u>\$ 1,575,076</u>

Management believed that the fair value of the above unlisted equity investments held by the Company cannot be reliably measured due to the very wide range of reasonable fair value estimates; therefore, they were measured at cost less impairment at the end of reporting period.

The Company's domestic and overseas unlisted stocks were financial assets carried at cost, including investments in stocks of Kaohsiung Rapid Transit Corporation, Han-Shin Venture Capital Inc., Han-Hua Venture Capital Inc., PayEasy Digital, The Pacific Securities Co., Ltd., Lian He Venture Capital Inc. The investment value has been impaired and possibility of restoration was very small; thus, the Company had recognized impairment loss of \$85,766 thousand and \$39,627 thousand for the years ended December 31, 2013 and 2012, respectively.

Financial assets carried at cost were not pledged as collaterals as of December 31, 2013, December 31, 2012 and January 1, 2012.

16. OTHER MISCELLANEOUS FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Debt investments without active market			
Domestic and overseas unlisted preferred stocks	\$ 300,000	\$ 300,000	\$ 300,000
Delinquent loans reclassified from other items (excluding loans)	380,807	415,864	459,013
Less: Allowance for bad debt	(367,035)	(189,046)	(242,651)
Gold account	209,926	154,366	-
Time deposit with original maturity more than 3 months	4,360,252	10,000	10,000
	<u>\$ 4,883,950</u>	<u>\$ 691,184</u>	<u>\$ 526,362</u>

17. PROPERTY AND EQUIPMENT

	December 31, 2013	December 31, 2012	January 1, 2012
Land	\$ 10,835,529	\$ 10,837,813	\$ 10,851,312
Buildings	5,669,587	5,854,346	6,072,685
Machinery equipment	646,942	606,920	573,248
Transportation equipment	44,144	23,811	13,891
Miscellaneous equipment	46,207	39,884	41,966
Leasehold improvement	143,183	103,962	102,513
Prepayments for buildings and equipment	18,738	8,424	13,451
	<u>\$ 17,404,330</u>	<u>\$ 17,475,160</u>	<u>\$ 17,669,066</u>

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Prepayment for Buildings and Equipment	Total
<u>Cost</u>								
Balance, January 1, 2012	\$10,851,312	\$ 7,791,798	\$ 1,385,691	\$ 49,515	\$ 123,367	\$ 162,809	\$ 13,451	\$20,377,943
Additions	-	8,327	203,602	14,847	13,034	12,762	63,258	315,830
Disposals	(13,499)	(96,635)	(492,387)	(30,032)	(53,497)	(21,203)	-	(707,253)
Reclassification	-	4,413	38,228	-	-	38,996	(68,285)	13,352
Balance, December 31, 2012	<u>\$10,837,813</u>	<u>\$ 7,707,903</u>	<u>\$ 1,135,134</u>	<u>\$ 34,330</u>	<u>\$ 82,904</u>	<u>\$ 193,364</u>	<u>\$ 8,424</u>	<u>\$19,999,872</u>
Balance, January 1, 2013	\$10,837,813	\$ 7,707,903	\$ 1,135,134	\$ 34,330	\$ 82,904	\$ 193,364	\$ 8,424	\$19,999,872
Additions	-	19,308	237,895	30,228	20,565	36,704	80,255	424,955
Disposals	(2,284)	(20,797)	(135,683)	(2,810)	(25,571)	(15,344)	-	(202,489)
Reclassification	-	21,050	-	-	-	48,891	(69,941)	-
Balance, December 31, 2013	<u>\$10,835,529</u>	<u>\$ 7,727,464</u>	<u>\$ 1,237,346</u>	<u>\$ 61,748</u>	<u>\$ 77,898</u>	<u>\$ 263,615</u>	<u>\$ 18,738</u>	<u>\$20,222,338</u>
<u>Accumulated depreciation</u>								
Balance, January 1, 2012	\$ -	\$ 1,719,113	\$ 812,443	\$ 35,624	\$ 81,401	\$ 60,296	\$ -	\$ 2,708,877
Depreciation	-	222,433	208,036	4,916	15,090	39,877	-	490,352
Disposals	-	(87,989)	(492,265)	(30,021)	(53,471)	(21,174)	-	(684,920)
Reclassification	-	-	-	-	-	10,403	-	10,403
Balance, December 31, 2012	<u>\$ -</u>	<u>\$ 1,853,557</u>	<u>\$ 528,214</u>	<u>\$ 10,519</u>	<u>\$ 43,020</u>	<u>\$ 89,402</u>	<u>\$ -</u>	<u>\$ 2,524,712</u>
Balance, January 1, 2013	\$ -	\$ 1,853,557	\$ 528,214	\$ 10,519	\$ 43,020	\$ 89,402	\$ -	\$ 2,524,712
Depreciation	-	222,204	197,541	8,436	14,118	46,374	-	488,673
Disposals	-	(17,884)	(135,351)	(1,351)	(25,447)	(15,344)	-	(195,377)
Reclassification	-	-	-	-	-	-	-	-
Balance, December 31, 2013	<u>\$ -</u>	<u>\$ 2,057,877</u>	<u>\$ 590,404</u>	<u>\$ 17,604</u>	<u>\$ 31,691</u>	<u>\$ 120,432</u>	<u>\$ -</u>	<u>\$ 2,818,008</u>

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

Buildings	37-56 years
Machinery equipment	3-6 years
Transportation equipment	6 years
Miscellaneous equipment	6 years
Leasehold improvements	5 years

The Company revalued its land in 2012. The total amount of revaluation increment recognized for land was \$244,624 thousand. The reserve for land value increment tax is accounted as other liabilities and amounted to \$41,780 thousand. On January 1, 2012, the date of transition to IFRSs, the Company treated the carrying amount under ROC GAAP, determined by reference to the revaluation amount established at the date of revaluation of the land, as the deemed cost of the land. Please refer to Note 46 for details.

No impairment assessment was performed for the years ended December 31, 2013 and 2012 as there was no indication of impairment.

18. INTANGIBLE ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Goodwill	\$ 1,152,274	\$ 1,152,274	\$ 1,152,274
Customer value	157,030	291,622	426,214
Computer software	231,696	244,900	343,492
	<u>\$ 1,541,000</u>	<u>\$ 1,688,796</u>	<u>\$ 1,921,980</u>

	Goodwill	Customer Value	Computer Software	Total
Balance, January 1, 2012	\$ 1,152,274	\$ 426,214	\$ 343,492	\$ 1,921,980
Additions	-	-	33,973	33,973
Amortization	-	(134,592)	(132,565)	(267,157)
Balance, December 31, 2012	<u>\$ 1,152,274</u>	<u>\$ 291,622</u>	<u>\$ 244,900</u>	<u>\$ 1,688,796</u>
Balance, January 1, 2013	\$ 1,152,274	\$ 291,622	\$ 244,900	\$ 1,688,796
Additions	-	-	88,744	88,744
Amortization	-	(134,592)	(101,948)	(236,540)
Balance, December 31, 2013	<u>\$ 1,152,274</u>	<u>\$ 157,030</u>	<u>\$ 231,696</u>	<u>\$ 1,541,000</u>

The goodwill included the Company merged with Dah An Bank through a share swap in February 18, 2002, in which the Company issued new shares to acquire the total assets and liabilities with excess difference. The unamortized excess difference as of December 31, 2013, December 31, 2012 and January 1, 2012 was \$884,937 thousand with no material impairment loss noted. In addition, the Company merged with the 10th Credit Cooperative of Hsin-Chu in October 2004, in which the Company paid in cash to acquire the total assets and liabilities with excess difference. The unamortized excess difference as of December 31, 2013 was \$267,337 thousand with no material impairment loss noted.

To increase the number of customers, credit card usage, revolving balance, and increase profits by enhancing the operation efficiency, the Company acquired the net assets of Chinfon Bank's credit card business valued at \$672,969 thousand as of the base date, March 6, 2010. The amount of monthly amortization was \$11,216 thousand.

19. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Prepayments	\$ 485,577	\$ 411,286	\$ 414,017
Refundable deposits	2,894,112	372,308	768,405
Operating guarantee deposits and settlement funds	22,267	11,178	10,688
Collaterals, net	4,400	5,529	6,546
Others	21,224	18,382	21,462
	<u>\$ 3,427,580</u>	<u>\$ 818,683</u>	<u>\$ 1,221,118</u>

20. DUE TO CENTRAL BANK AND BANKS

	December 31, 2013	December 31, 2012	January 1, 2012
Due to other banks	\$ 30,669,027	\$ 31,587,281	\$ 36,485,717
Call loans from other banks	18,469,514	20,042,570	25,336,986
Bank overdraft	695,930	736,295	709,695
	<u>\$ 49,834,471</u>	<u>\$ 52,366,146</u>	<u>\$ 62,532,398</u>

21. PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Notes and accounts payable	\$ 10,398,132	\$ 11,039,824	\$ 12,934,836
Accrued expenses	3,670,871	2,324,624	2,395,206
Interest payable	1,681,358	2,077,301	1,959,002
Acceptance payable	1,640,009	1,517,155	1,601,907
Check for clearance payable	783,027	2,034,103	1,688,621
Other tax payable	154,242	192,260	139,996
Collection payable	392,185	398,869	302,021
Other payables	570,907	502,335	463,320
	<u>\$ 19,290,731</u>	<u>\$ 20,086,471</u>	<u>\$ 21,484,909</u>

22. DEPOSITS AND REMITTANCES

	December 31, 2013	December 31, 2012	January 1, 2012
Checking deposits	\$ 4,625,988	\$ 4,821,934	\$ 4,892,117
Demand deposits	160,278,979	140,504,142	127,158,916
Time deposits	281,224,799	283,395,508	260,538,369
Negotiable certificates of deposit	186,300	794,100	9,025,100
Savings deposits	434,087,677	396,954,669	354,260,057
Remittances	221,064	489,499	628,096
	<u>\$ 880,624,807</u>	<u>\$ 826,959,852</u>	<u>\$ 756,502,655</u>

23. BANK DEBENTURES

The Company has issued bank debentures to enhance its capital ratio and raise medium to long-term operating funds. Details of the bank debentures were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Subordinated Bank Debentures - 2005 (I)	\$ -	\$ 1,508,000	\$ 1,508,000
Subordinated Bank Debentures - 2005 (II)	3,300,000	3,300,000	3,300,000
Subordinated Bank Debentures - 2005 (III)	-	5,000,000	5,000,000
Subordinated Bank Debentures - 2005 (IV)	-	5,192,000	5,192,000
Subordinated Bank Debentures - 2010.04.12	10,000,000	10,000,000	10,000,000
Subordinated Bank Debentures - 2012 (I)	5,600,000	5,600,000	-
Subordinated Bank Debentures - 2012 (II)	6,100,000	6,100,000	-
	<u>\$ 25,000,000</u>	<u>\$ 36,700,000</u>	<u>\$ 25,000,000</u>

a. Taishin Bank made first issue of \$1,508 million in bank debentures in 2005 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2005.03.04	2015.03.04	10 years	\$1,287.5 million	Taishin Bank's floating interest rate for one-year time deposit plus 0.30% from the first to the fifth year and Taishin Bank's floating interest rate for one-year time deposit plus 0.50% from the sixth year.	\$500 thousand, \$10 million, and \$1 million	Debentures are redeemable at par value in cash on the maturity date. Interest is accrued and payable annually from the issue date.
B	2005.03.04	2015.03.04		\$220.5 million	2.25% fixed interest rate from the first to the fifth year and Taishin Bank's floating interest rate for one-year time deposit plus 0.75% from the sixth year.		

Redemption policy: Taishin Bank can redeem all of the debentures on each interest payment date at the principal value plus interest after the fifth anniversary (March 4, 2010) and notify the holders of redemption by posting it on Taishin Bank's website or main newspapers one month before redemption.

Taishin Bank had redeemed these \$1,508 million in bank debentures on March 4, 2013.

b. Taishin Bank made second issue of \$3,300 million in bank debentures in 2005 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2005, second issue	2005.04.28	2017.04.28	12 years	\$3,300 million	2.70% fixed interest rate from the first to the seventh year. From the eighth to twelfth year, if the holder does not exercise the put option, the rate will be Taishin Bank's interest rate for one-year time deposit plus 0.80%; if Taishin Bank does not exercise the redemption right, the rate will be Taishin Bank's interest rate for one-year time deposit plus 0.95%. The interest rate is recalculated annually.	\$10 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date, unless the redemption or put option is exercised.

(1) Put option and redemption policies:

On the seventh, eighth, ninth, tenth and eleventh anniversaries of the debentures issue, if the terms of exercising put option or redemption rights are satisfied, and if the holders exercise the put option or Taishin Bank exercises the redemption rights, the debentures will expire on current interest payment date. Taishin Bank will repay the holders at the principal value plus accrued interests.

(2) Terms of exercising put option or redemption rights:

The rate is provided by the Central Bank on March 10, 2012, 2013, 2014, 2015 and 2016 at 10:30 a.m. If the rate is less than or equal to 1.85%, the holders can exercise the put option; if the rate is greater than 1.85%, Taishin Bank can exercise the redemption right.

(3) Exercise of put option by the holders:

If the terms of exercising put option are satisfied and the holders plan to exercise the put option, holders should notify Taishin Bank in written form within ten days after the terms are satisfied.

(4) Exercise of redemption right by Taishin Bank:

If the terms of exercising redemption right are satisfied and Taishin Bank plans to exercise the right, Taishin Bank should post it on major local newspapers within thirty days before current interest payment date.

c. Taishin Bank made third issue of \$5,000 million in bank debentures in 2005 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2005, third issue	2005.05.18	2017.05.18	12 years	\$5,000 million	Taishin Bank's fixed interest rate for one-year time deposit plus 0.80% from the first to the seventh year and Taishin Bank's fixed interest rate for one-year time deposit plus 1.10% from the eighth year. The interest rate is recalculated annually.	\$100 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date, unless the redemption is exercised.

Redemption policy: Taishin Bank can redeem all or part of the debentures on each interest payment date at the principal value plus interest after the seventh anniversary (May 18, 2012) by notifying the holders in written form seven days before redemption. Taishin Bank can also redeem all or part of the debentures on the noninterest payment date at the principal value plus interest after the seventh anniversary by notifying the holders in written form two months before redemption.

Taishin Bank had redeemed these \$5,000 million in bank debentures on January 2, 2013.

d. Taishin Bank made fourth issue of \$5,192 million in bank debentures in 2005 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2005.06.06	2017.06.06	12 years	\$2,950 million	2.70% fixed interest rate from the first to the seventh year and 3.20% fixed interest rate from the eighth to the twelfth year.	\$100 million, \$10 million, and \$1 million, respectively	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date, unless the redemption or put option is exercised.
B	2005.06.06	2017.06.06		\$1,442 million			
C	2005.06.06	2017.06.06		\$800 million	Taishin Bank's floating interest rate for one-year time deposit plus 0.65%. The interest rate is recalculated annually.		

Redemption policy: Taishin Bank can redeem all or part of the debentures on each interest payment date at the principal value plus interest after the seventh anniversary (June 6, 2012) by notifying the holders in written form seven days before redemption. Taishin Bank can also redeem all or part of the debentures on the noninterest date at the principal value plus interest after the seventh anniversary by notifying the holders in written form two months before redemption.

Taishin Bank had redeemed these \$5,192 million in bank debentures on January 2, 2013.

e. Taishin Bank made first issue of \$10,000 million in bank debentures on April 12, 2010 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2010.04.12	2017.04.12	7 years	\$4,500 million	2.65% fixed rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2010.04.12	2017.04.12		\$5,500 million	"Floating rate of one-year time deposit of Chunghwa Post Co., Ltd." posted on Central Bank's website at 10:30 a.m. of two business days prior to the interest calculation period plus 1.5%. The interest rate is recalculated annually.		

f. Taishin Bank made first issue of \$5,600 million in bank debentures on October 19, 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2012.10.19	2019.10.19	7 years	\$1,100 million	1.53% fixed rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2012.10.19	2022.10.19	10 years	\$4,500 million	1.65% fixed rate		

g. Taishin Bank made second issue of \$6,100 million in bank debentures on December 14, 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2012.12.14	2019.12.14	7 years	\$3,800 million	1.53% fixed rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2012.12.14	2022.12.14	10 years	\$2,300 million	1.65% fixed rate		

24. RESERVE FOR LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Reserve for guarantee liabilities	\$ 221,516	\$ 218,654	\$ 219,511
Reserve for employee benefits	192,960	174,908	46,002
Other reserves	308,089	350,488	392,147
	<u>\$ 722,565</u>	<u>\$ 744,050</u>	<u>\$ 657,660</u>
	Reserve for Guarantee Liabilities	Other Reserves	Total
Balance, January 1, 2012	\$ 219,511	\$ 392,147	\$ 611,658
Provision (reverse)	(796)	377	(419)
Payment	-	(42,036)	(42,036)
Exchange differences	(61)	-	(61)
Balance, December 31, 2012	<u>\$ 218,654</u>	<u>\$ 350,488</u>	<u>\$ 569,142</u>
Balance, January 1, 2013	\$ 218,654	\$ 350,488	\$ 569,142
Provision	2,817	193	3,010
Payment	-	(42,592)	(42,592)
Exchange differences	45	-	45
Balance, December 31, 2013	<u>\$ 221,516</u>	<u>\$ 308,089</u>	<u>\$ 529,605</u>

Referring to the result of the review of structured notes by the Association of Banks and based on other cases, the Company has provided reserve for compensation of consigned structured notes issued by international institutions.

25. OTHER FINANCIAL LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Principal of structured products	\$ 31,098,694	\$ 13,464,333	\$ 13,254,742
Appropriations for loan fund	818,424	54,000	85,590
Gold account	214,357	152,338	-
	<u>\$ 32,131,475</u>	<u>\$ 13,670,671</u>	<u>\$ 13,340,332</u>

26. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Unearned revenue	\$ 312,754	\$ 262,219	\$ 342,895
Unearned interest	237,793	176,819	94,947
Guarantee deposits	86,086	71,047	72,383
Deferred income	696,380	667,454	641,272
Temporary credits	283,811	248,929	246,427
	<u>\$ 1,616,824</u>	<u>\$ 1,426,468</u>	<u>\$ 1,397,924</u>

27. POST-EMPLOYMENT BENEFIT PLANS

Defined Contribution Plans

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

Defined Benefit Plans

The Company also has defined benefit plan under the Labor Standards Law (the "LSL"). Under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. According to the order of Be-Shi-Yi No. 09940317000 and No. 10037554900, the allocation of workers' retirement reserve fund has been suspended from September 1, 2010 to August 31, 2012. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

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

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

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rate used in determining present values	1.875%	1.625%	1.75%
Expected rate of return on plan assets	2%	1.875%	2%
Long-term expected rate of average salary increase	3%	3%	3%

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

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

	2013	2012
Current service cost	\$ 20,484	\$ 20,357
Interest cost	25,158	24,724
Expected return on plan assets	(26,142)	(27,735)
	<u>\$ 19,500</u>	<u>\$ 17,346</u>

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 were \$32,448 thousand and \$103,100 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2013 and 2012 were \$135,548 thousand and \$103,100 thousand, respectively.

The amounts included in the balance sheets arising from the Company's obligation in respect of its defined benefit plans were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	\$ 1,606,783	\$ 1,548,212	\$ 1,412,777
Fair value of plan assets	(1,413,823)	(1,373,304)	(1,366,775)
Deficit	192,960	174,908	46,002
Prepaid pension cost	-	-	-
Net liability arising from defined benefit obligation	<u>\$ 192,960</u>	<u>\$ 174,908</u>	<u>\$ 46,002</u>

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

	2013	2012
Opening defined benefit obligation	\$ 1,548,212	\$ 1,412,777
Current service cost	20,484	20,357
Interest cost	25,158	24,724
Actuarial losses (gains)	30,618	109,614
Benefits paid	(17,689)	(19,260)
Closing defined benefit obligation	<u>\$ 1,606,783</u>	<u>\$ 1,548,212</u>

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

	2013	2012
Opening fair value of plan assets	\$ 1,373,304	\$ 1,366,775
Expected return on plan assets	26,142	27,735
Actuarial losses (gains)	(8,476)	(14,603)
Contribution from employers	40,217	12,657
Benefits paid	(17,364)	(19,260)
Closing fair value of plan assets	<u>\$ 1,413,823</u>	<u>\$ 1,373,304</u>

The fair values of the main categories of the plan assets at the end of the reporting period were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Cash	22.86	24.51	23.87
Short-term bills	4.10	9.88	7.61
Bonds	9.37	10.45	11.45
Fixed revenue	18.11	16.28	16.19
Equity securities	44.77	37.43	40.75
Others	0.79	1.45	0.13
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

The Company chose to disclose the history of experience adjustments, as determined for each accounting period, prospectively from the date of transition to IFRSs (refer to Note 46):

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	\$ 1,606,783	\$ 1,548,212	\$ 1,412,777
Fair value of plan assets	\$ 1,413,823	\$ 1,373,304	\$ 1,366,775
Deficit	\$ 192,960	\$ 174,908	\$ 46,002
Experience adjustment of plan liabilities	\$ 106,969	\$ 109,614	\$ -
Experience adjustment of plan assets	\$ 8,476	\$ 14,603	\$ -

The Company expects to make a contribution of \$41,550 thousand and \$41,874 thousand to the defined benefit plans within one year beginning from December 31, 2013 and 2012, respectively.

28. EQUITY

Capital Stock

a. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Company's authorized capital was all \$49,157,526 thousand (4,915,753 thousand shares); shares issued were all 4,915,753 thousand shares. Shares were all common shares as of December 31, 2013, and were divided into 4,727,517 thousand common shares and 188,235 thousand preferred shares at NT\$10.00 par value as of December 31 and January 1, 2012. Details of outstanding capital stock were as follows:

	Common Stock	Preferred Stock	Total
Initial capital contribution in cash	\$ 10,000,000	\$ -	\$ 10,000,000
Capital infusion with cash	27,280,867	8,882,353	36,163,220
Unappropriated earnings and capital surplus transferred to common stock	9,521,440	-	9,521,440
Redemption of preferred stock A	-	(3,000,000)	(3,000,000)
Preferred stock B transferred to common stock	4,000,000	(4,000,000)	-
Less: Cancellation of treasury stock	(985,820)	-	(985,820)
Less: Cancellation of parent company's stock	(2,541,314)	-	(2,541,314)
Preferred stock C converted to shares	1,882,353	(1,882,353)	-
Capital issued	<u>\$ 49,157,526</u>	<u>\$ -</u>	<u>\$ 49,157,526</u>

As of December 31, 2013, the outstanding common and preferred shares of the Company were all held by the parent, Taishin Financial Holding, which was established through a share swap on February 18, 2002. Based on Article 15 of the Financial Holding Company Law, rights of the stockholders are executed by the board of directors. However, a certain company Law provision on stockholders' meetings does not apply to the Company.

- b. On March 27, 2007, the Company's board of directors on behalf of the shareholders modified its Articles of Incorporation to raise authorized capital. On March 30, 2007, the Company issued 500,000 thousand common shares and 188,235 thousand preferred shares C totaling \$11,700,000 thousand at NT\$17.00 per share. The Department of Commerce under the Ministry of Economic Affairs approved this change on April 14, 2007.
- c. The Company issued 188,235 thousand shares of non-cumulative, non-participating preferred stock - C with annual dividend rate at 3.75% on March 30, 2007. These shares have preference over common stock in dividend distribution. The stockholders of preferred stock - C may request to convert the preferred stock - C to common stock at a 1:1 ratio from March 22, 2009. From ten years after the issuance date, the Company has the right to redeem partial or all outstanding preferred stock - C at issue price. Ten years after the issuance date, the dividend rate will increase to 4.75% per annum for the unredeemed part. Taishin Financial Holding, the parent company of Taishin Bank, converted all the preferred stock C into common stock on June 26, 2013. The department of commerce under the Ministry of Economic Affairs approved this change on June 28, 2013.
- d. On November 12, 2009, the Company's board of directors on behalf of the shareholder modified its Articles of Incorporation to raise authorized capital. On December 30, 2009, the Company issued 740,741 thousand common shares at NT\$13.5 per share, amounting to approximately \$10,000,000 thousand. The department of commerce under the Ministry of Economic Affairs approved this change on January 12, 2010.

Paid-in Capital

The capital surplus from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from investments using equity method, employee stock options and conversion options may not be used for any purpose.

Taishin Financial Holding's board of directors resolved the fourth stock options and warrants issue plan based on IFRSs 2 on September 2, 2010. According to the plan, subsidiaries shall recognize the grant of equity instruments from Taishin Financial Holding to their employees as equity-settled shared-based payments transaction to measure the services provided by subsidiaries' employees, the increase in equity as funding from Taishin Financial Holding, and the same amount of increase in equity as current expenses based on the fair value of the equity instrument and the percentage of service provided by Taishin Financial Holding to its subsidiaries over the vesting period, as well as adjust additional paid in capital - stock warrants. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

Compensation cost recognized was \$52,121 thousand and \$79,262 thousand for the years ended December 31, 2013 and 2012, respectively.

Retain Earnings and Dividend Policy

The Company's Articles of Incorporation provide that annual net income, after used to pay for taxes and offset any accumulated deficits should be appropriated in the following orders:

- a. 30% as legal reserve, and special reserve if needed;
- b. Dividends to holders of preferred stock;
- c. 0.01% as bonuses to employees;
- d. The remainder, together with the unappropriated retained earnings of previous years as dividends.

Items (c) and (d) above are to be proposed and approved by the Company's Board of Directors.

Cash distributions in any given year can not exceed 15% of the Company's paid-in capital. But if Taishin Bank's legal reserve equals to or exceeds paid-in capital, this restriction does not apply. In addition, if the capital adequacy ratio is less than 8%, cash distribution will also be restricted, as required by the FSC.

For the years ended December 31, 2013 and 2012, the bonus to employees was \$845 thousand and \$593 thousand, respectively. The bonus to employees was based on the percentage described above of the net income (net of the bonus to employees) and based on past experiences. If the actual amounts subsequently resolved by the Board of Directors on behalf of the shareholders differ from the proposed amounts, the differences are recorded as a change in accounting estimate in the year the Board of Directors made the resolution on behalf of the shareholder. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day preceding the shareholders' meeting.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve the total amount of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. However, at the date of transition to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough, i.e. smaller than the total revaluation and translation differences, only the increase in retained earnings that resulted from all IFRSs adjustments is appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated at the first-time adoption of IFRSs may be used to offset deficit in subsequent years. No appropriation of earnings shall be made until the aforementioned special reserve used to offset deficit shall have been appropriated back in subsequent years when the Company has earnings, unless the requirement to appropriate for special reserve is eliminated.

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

The appropriations of earnings for 2012 and 2011 had been approved in the board meeting and the shareholders' meeting on June 6, 2013 and June 7, 2012. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	2012	2011	2012	2011
Legal reserve	\$ 2,593,896	\$ 2,327,346	\$ -	\$ -
Common stock cash dividends	5,932,423	5,310,475	1.25	1.12
Preferred stock cash dividends	120,000	120,000	0.64	0.64

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Public Bank and IFRSs, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Public Bank (revised) and IFRSs.

The appropriations of earnings for 2012 and 2011 had been approved by the board of directors on behalf of the shareholder on June 6, 2013 and June 7, 2012, and the amount was \$593 thousand and \$531 thousand, respectively. There were no differences between the approved amounts of the bonus to employees and the remuneration to directors and supervisors and the accrual amounts reflected in the financial statements for the years ended December 31, 2013 and 2012, respectively.

Information about the earnings appropriation for bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

The Special Reserve Appropriated at the First-time Adoption of IFRSs

The special reserve appropriated at the first-time adoption of IFRSs of the Company was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Special reserve	\$ <u>86,717</u>	\$ <u>-</u>	\$ <u>-</u>

The increase in retained earnings that resulted from all IFRSs adjustments was not enough, i.e. smaller than the total revaluation and translation differences; therefore, the Company appropriated to special reserve the amount of \$86,717 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transition to IFRSs.

Other Equity - Unrealized Gains (Losses) on Available-for-sale Financial Assets

	2013	2012
Beginning balance	\$ 2,424,001	\$ 1,095,313
Unrealized gains (losses) on available-for-sale financial assets	853,751	1,573,348
Income tax relating to unrealized gains (losses) on available-for-sale financial assets	334,346	(134,121)
Cumulative gains (losses) reclassified to profit or loss on sale of available-for-sale financial assets	(2,618,293)	(112,664)
The amount of unrealized gains (losses) on available-for-sale financial assets of associates by using equity method	(<u>1,771</u>)	<u>2,125</u>
Ending balance	\$ <u>992,034</u>	\$ <u>2,424,001</u>

29. NET INTEREST INCOME

	2013	2012
Interest income		
Loans	\$ 17,838,514	\$ 16,633,960
Investment in marketable securities	2,296,578	2,245,160
Revolving interest of credit card	1,333,453	1,510,432
Others	1,499,304	1,634,075
	<u>22,967,849</u>	<u>22,023,627</u>
Interest expense		
Deposits	(6,507,126)	(6,463,615)
Due to the Central Bank and call loans from banks	(509,310)	(600,854)
Issuance of bonds and securities	(540,213)	(667,527)
Structured products	(619,348)	(226,594)
Others	(375,871)	(385,908)
	<u>(8,551,868)</u>	<u>(8,344,498)</u>
Net interest income	<u>\$ 14,415,981</u>	<u>\$ 13,679,129</u>

30. NET SERVICE FEE AND COMMISSIONS INCOME

	2013	2012
Service fee and commissions income		
Interbank fees	\$ 589,335	\$ 547,282
Fees from trustee business	1,637,188	1,344,531
Agency fees	2,847,374	2,581,180
Fees from credit card	2,770,953	2,725,813
Others	1,364,698	1,168,682
	<u>9,209,548</u>	<u>8,367,488</u>
Service fee and commissions expense		
Fees from credit card	(1,061,769)	(981,218)
Interbank fees	(152,038)	(121,935)
Marketing fees	(385,638)	(371,126)
Others	(541,493)	(490,239)
	<u>(2,140,938)</u>	<u>(1,964,518)</u>
Net service fee and commissions income	<u>\$ 7,068,610</u>	<u>\$ 6,402,970</u>

The Company provided custody, trust, investment managements and consultancy services to the third party. Therefore, the Company involved in the planning of financial instruments and the decision making of management and trading. Management of custody, application of trust and portfolio independent accounts and preparing financial statements for the purpose of inner management were not included in the financial statement of the Company.

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

	2013	2012
Disposal gains (losses) on financial assets and liabilities at FVTPL		
Stocks and beneficiary certificates	\$ 30,011	(\$ 2,554)
Bills	21,512	2,089
Bonds	30,788	113,307
Derivative financial instruments	4,348,490	1,791,247
	<u>4,430,801</u>	<u>1,904,089</u>
Valuation gains (losses) on financial assets and liabilities at FVTPL		
Stocks and beneficiary certificates	7,878	2,299
Bills	(1,559)	(1,645)
Bonds	169,469	423,983
Derivative financial instruments	3,625,335	574,347
	<u>3,801,123</u>	<u>998,984</u>
Net interest income on financial assets and liabilities at FVTPL	283,841	289,390
Dividend revenue on financial assets at FVTPL	7,383	2,511
	<u>\$ 8,523,148</u>	<u>\$ 3,194,974</u>

32. REALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2013	2012
Disposal gains (losses)		
Bills	(\$ 677)	(\$ 3,734)
Bonds	67,257	80,657
Stocks and beneficiary certificates	2,492,444	(43,339)
	<u>2,559,024</u>	<u>33,584</u>
Stock dividends	150,769	144,345
	<u>\$ 2,709,793</u>	<u>\$ 177,929</u>

33. EMPLOYEE BENEFITS EXPENSES

	2013	2012
Short-term benefits	\$ 8,324,278	\$ 7,573,637
Post-employment benefits (Note 27)		
Defined contribution plans	285,967	267,770
Defined benefit plans	19,500	17,346
Share-based payment		
Equity-settled share-based payment	52,121	79,262
Cash-settled share-based payment	34,408	-
Other employee benefits expenses	272,618	246,176
	<u>\$ 8,988,892</u>	<u>\$ 8,184,191</u>

The benefit program implemented by the Company was executed on embedded value for proper person by cash. The expense and the related liability recognized by the Company for the year ended December 31, 2013 were both \$34,408 thousand.

Please refer to Note 28 for the information relating to the share-based payment arrangements.

34. DEPRECIATION AND AMORTIZATION EXPENSES

	2013	2012
Property and equipment	\$ 488,673	\$ 490,352
Intangible assets	236,540	267,157
	<u>\$ 725,213</u>	<u>\$ 757,509</u>

35. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	2013	2012
Current tax		
In respect of the current period	\$ 1,385,100	\$ 450,279
Adjustment for prior years	216,643	375,395
Offshore income tax expense	49,049	7,595
Deferred tax		
In respect of the current period	470,179	890,172
Adjustment for prior years	-	(27,620)
Income tax expense recognized in profit or loss	<u>\$ 2,120,971</u>	<u>\$ 1,695,821</u>

Reconciliation of profit before income tax and income tax was as follows:

	2013	2012
Income from continuing operation before income tax	\$ 14,302,244	\$ 10,375,930
Income tax expense calculated at the statutory rate 17%	\$ 2,431,381	\$ 1,763,908
Nondeductible expense in determining taxable income	56,493	37,069
Tax-exempt income	(608,045)	(428,160)
Unrecognized deductible temporary differences	(24,550)	(32,407)
Unrecognized investment deduction	-	41
Adjustments to prior years' tax	216,643	375,395
Adjustments to prior years' deferred tax	-	(27,620)
Offshore income tax expense	49,049	7,595
Income tax expense recognized in profit or loss	<u>\$ 2,120,971</u>	<u>\$ 1,695,821</u>

The Company's income tax statutory tax rate was 17%.

Due to the uncertainty of appropriation, the potential effect of additional income tax on unappropriated earnings by 10% can not be reliably measured.

b. Income tax recognized in other comprehensive income

Deferred tax	2013	2012
In respect of the current period		
Unrealized gains (losses) on available-for-sale financial assets	\$ 334,346	(\$ 134,121)
Actuarial gains and losses on defined benefit plans	6,692	21,117
Recognized in other comprehensive income	<u>\$ 341,038</u>	<u>(\$ 113,004)</u>

c. Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Tax refund receivable	<u>\$ 174,636</u>	<u>\$ 128,229</u>	<u>\$ 60,887</u>
Current tax liabilities			
Income tax payable	<u>\$ 1,822,269</u>	<u>\$ 721,349</u>	<u>\$ 453,184</u>

d. Deferred tax assets and liabilities

Item	For the year end December 31, 2013					
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Payables to Taishin Financial Holding	Reclassification	Ending Balance
Deferred tax assets						
Allowance for bad debts in excess of tax limit	\$1,262,394	\$ 203,457	\$ -	\$ -	\$ -	\$1,465,851
Loss carryforwards	3,468,217	(786,785)	-	11,644	-	2,693,076
Reserve for guarantee liabilities in excess of tax limit	19,079	78	-	-	-	19,157
Unrealized loss on collateral	181	192	-	-	-	373
Linked administrative remedy interest	2,479	810	-	-	-	3,289
Linked debt settlement	59,492	(7,241)	-	-	-	52,251
Linked credit card bonus points liabilities	111,822	4,917	-	-	-	116,739
Unfunded pension liabilities	29,734	(3,577)	6,692	-	-	32,849
Unrealized gains or losses on financial instruments	-	-	-	-	61,814	61,814
Unrealized gains or losses on available-for-sale financial assets	-	-	-	-	8,890	8,890
	<u>\$4,953,398</u>	<u>(\$ 588,149)</u>	<u>\$ 6,692</u>	<u>\$ 11,644</u>	<u>\$ 70,704</u>	<u>\$4,454,289</u>
Deferred tax liabilities						
Unrealized gains or losses on financial instruments	(\$ 56,156)	\$ 117,970	\$ -	\$ -	(\$ 61,814)	\$ -
Goodwill amortization	(195,887)	-	-	-	-	(195,887)
Land value increment tax	(53,552)	-	-	-	-	(53,552)
Unrealized gains or losses on available-for-sale financial assets	(325,456)	-	334,346	-	(8,890)	-
	<u>(\$ 631,051)</u>	<u>\$ 117,970</u>	<u>\$ 334,346</u>	<u>\$ -</u>	<u>(\$ 70,704)</u>	<u>(\$ 249,439)</u>

For the year end December 31, 2012

Item	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Payables to Taishin Financial Holding	Reclassification	Ending Balance
Deferred tax assets						
Allowance for bad debts in excess of tax limit	\$1,175,114	\$ 87,280	\$ -	\$ -	\$ -	\$1,262,394
Loss carryforwards	4,409,011	(992,959)	-	52,165	-	3,468,217
Reserve for guarantee liabilities in excess of tax limit	10,969	8,110	-	-	-	19,079
Unrealized loss on collateral	9	172	-	-	-	181
Linked administrative remedy interest	-	2,479	-	-	-	2,479
Linked debt settlement	66,638	(7,146)	-	-	-	59,492
Linked credit card bonus points liabilities	-	111,822	-	-	-	111,822
Unfunded pension liabilities	7,820	797	21,117	-	-	29,734
Unrealized gains or losses on financial instruments	16,910	(73,066)	-	-	56,156	-
Unrealized gains or losses on available-for-sale financial assets	41	(41)	-	-	-	-
	<u>\$5,686,512</u>	<u>(\$ 862,552)</u>	<u>\$ 21,117</u>	<u>\$ 52,165</u>	<u>\$ 56,156</u>	<u>\$4,953,398</u>
Deferred tax liabilities						
Unrealized gains or losses on financial instruments	\$ -	\$ -	\$ -	\$ -	(\$ 56,156)	(\$ 56,156)
Goodwill amortization	(195,887)	-	-	-	-	(195,887)
Land value increment tax	(53,552)	-	-	-	-	(53,552)
Unrealized gains or losses on available-for-sale financial assets	(191,335)	-	(134,121)	-	-	(325,456)
	<u>(\$ 440,774)</u>	<u>\$ -</u>	<u>(\$ 134,121)</u>	<u>\$ -</u>	<u>(\$ 56,156)</u>	<u>(\$ 631,051)</u>

e. Information about loss carryforwards

The Company's loss carryforwards as of December 31, 2013 are as followed:

Expiry Year	Unused Amount
2016	\$ 1,843,495
2017	430,233
2018	419,348
	<u>\$ 2,693,076</u>

f. The estimated payables to Taishin Financial Holding due to the adoption of the linked-tax system were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Payables to Taishin Financial Holding (recorded under current tax liability)	<u>\$ 952,792</u>	<u>\$ 236,600</u>	<u>\$ 301,337</u>

g. The Company's information about integrated income tax

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	<u>\$ 12,077,148</u>	<u>\$ 8,662,235</u>	<u>\$ 7,844,538</u>
Imputation credits accounts	<u>\$ 33,251</u>	<u>\$ 38,897</u>	<u>\$ 24,006</u>

The creditable ratio for distribution of earnings of 2013 and 2012 was 0.28% (expected ratio) and 0.83%, respectively.

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

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

- h. The Company's income tax returns through 2007 had been assessed by the tax authorities.
- i. In regard to the amortization of \$632,098 thousand, \$758,518 thousand, \$758,518 thousand, \$758,518 thousand, \$758,518 thousand and \$126,420 thousand of goodwill from the merger of Dah An Bank reported in the 2002, 2003, 2004, 2005, 2006 and 2007 income tax returns of the Company, the tax authorities had disapproved the amortization as deductible because the goodwill resulted from the negotiations of the dealing parties rather than from a purchase in active market. The Company had filed appeals and litigations to the tax authorities and the administrative courts. The Company had lost the appeals and litigations for 2002 and 2003 income tax returns and recognized the loss as income tax expense for the years ended December 31, 2013 and 2012.
- j. In regard to the amortization of \$18,109 thousand, \$71,577 thousand, \$71,405 thousand and \$71,405 thousand on goodwill from the acquisition of the 10th Credit Cooperative of Hsin-Chu in the 2004, 2005, 2006 and 2007 income tax returns of the Company, the tax authorities had disapproved the related expense due to the reason that the goodwill was not assessed by applying professional valuation procedures and the identifiable assets and liabilities were not analyzed by fair value. Taishin Bank is filing appeals to the tax authorities. The Company had recognized the loss as income tax expense through the year ended December 31, 2013.

36. EARNINGS PER SHARE

Net Income for the Periods

	2013	2012
Net income for the periods	\$ 12,181,273	\$ 8,680,109
Less: Dividends on preferred stocks	-	(120,000)
Earnings used in computation of basic earnings per share	12,181,273	8,560,109
Effect of dilutive potential ordinary share:		
Convertible preferred stocks	-	120,000
Earnings used in computation of diluted earnings per share	<u>\$ 12,181,273</u>	<u>\$ 8,680,109</u>

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

	2013	2012
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	4,824,987	4,727,517
Effect of dilutive potential ordinary shares:		
Convertible preferred stocks	90,765	188,235
Employees bonus	75	60
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>4,915,827</u>	<u>4,915,812</u>

Earnings Per Share

Basic earnings per share	\$ 2.52	\$ 1.81
Diluted earnings per share	<u>\$ 2.48</u>	<u>\$ 1.77</u>

If the Company could settle the bonus to employees by cash or shares, the Company presumed that the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares had a dilutive effect. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolved the number of shares to be distributed to employees at their meeting in the following year.

37. OPERATING LEASE ARRANGEMENTS**The Company as Lessee**

Operating leases relate to leases of operating place with lease terms between 1 and 10 years.

As of December 31, 2013, December 31, 2012 and January 1, 2012, refundable deposits paid under operating leases amounted to \$228,817 thousand, \$251,085 thousand and \$246,080 thousand, respectively.

The Company's future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	\$ 445,682	\$ 376,584	\$ 351,000
Later than 1 year and not later than 5 years	956,833	850,457	810,590
Later than 5 years	250,732	97,249	118,226
	<u>\$ 1,653,247</u>	<u>\$ 1,324,290</u>	<u>\$ 1,279,816</u>

38. CAPITAL RISK MANAGEMENT

a. Summary

The Company's goals in capital management are as follows:

- (1) The Company's eligible self-owned capital should meet the requirement of legal capital, and reached the minimum capital adequacy ratio.
- (2) The calculation of eligible self-owned capital and legal capital are according to the regulation of administration.

(3) To ensure the Company is able to meet the capital needs, it should be evaluated periodically and observed the variation between eligible self-owned capital and risk assets.

b. Capital management procedures

The Company maintains a sound capital adequacy ratio to meet the requirement of the administration, and reports to the administration quarterly. In addition, the capital management procedures for the overseas branches of the Company are carried out according to the regulation of local administrations.

The Company's capital adequacy performance, which is calculated based on Regulations Governing the Capital Adequacy and Capital Category of Banks, is reported to the Asset and Liability Management Committee of Taishin Financial Holding monthly. The regulatory capital is classified into Tier 1 capital and Tier 2 capital respectively.

Tier 1 capital: Include common equity Tier 1 and other Tier 1 capital

(1) Common equity Tier 1: Include common stock, capital reserves (exclude additional paid-in capital in excess of par- preferred stock), accumulated earnings and equity adjustments. Deduct: Intangible assets (include goodwill), unamortized losses on sales of non-performing loans, significant investments in financial institutions, deferred tax assets, deferred pension cost, and the one shall have been deducted from Tier 1 capital and Tier 2 capital (exclude significant investments in financial institutions).

(2) Other Tier 1 capital: Include noncumulative perpetual preferred stock, noncumulative perpetual subordinated debts.

Tier 2 capital: Include cumulative perpetual preferred stock, cumulative perpetual subordinated debts, revaluation surplus of real estate, convertible bonds, operating reserves and allowance for doubtful accounts.

c. Capital adequacy

Item		Period	December 31, 2013
Self-owned capital	Common equity Tier I		67,391,696
	Other Tier I capital		1,173,025
	Tier II capital		21,730,618
	Self-owned capital		90,295,339
Risk-weighted assets	Credit risk	Standardized approach	753,873,729
		IRB	-
		Securitization	420,834
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	42,494,713
		Advanced internal-rating based approach	-
	Market price risk	Standardized approach	28,685,638
		Internal model approach	-
Total		825,474,914	
Capital adequacy ratio			10.94%
Common equity Tier I to risk-weighted assets ratio			8.16%
Tier I capital to risk-weighted assets ratio			8.31%
Leverage ratio			4.08%

Note 1: The ratios are calculated in accordance with the Letters issued by JSC on November 26, 2012 and January 4, 2007 (Ref. No. Jin-Guan-Yin 10110007010 and 09610000025).

Note 2: Formula: a. Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital

b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5

c. Capital adequacy = Self-owned capital/Risk-weighted assets

d. Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital/Risk-weighted assets

e. Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital)/Risk-weighted assets

f. Leverage ratio = Tier I capital/Adjusted average assets

Item		Period	December 31, 2012
Self-owned capital	Tier I capital		62,993,938
	Tier II capital		35,502,812
	Tier III capital		-
	Self-owned capital		98,496,750
Risk-weighted assets	Credit risk	Standardized approach	679,515,233
		IRB	-
		Securitization	725,766
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	39,101,650
		Advanced internal-rating based approach	-
	Market price risk	Standardized approach	27,255,700
		Internal model approach	-
	Total		746,598,349
	Capital adequacy ratio		
Tier I capital to risk-weighted assets ratio			8.44%
Tier II capital to risk-weighted assets ratio			4.75%
Tier III capital to risk-weighted assets ratio			-
Common stock equity to total assets ratio			4.37%
Leverage ratio			6.08%

Note 1: The ratios are calculated in accordance with the Letters issued by JSC on June 30, 2009 and January 4, 2007 (Ref. No. Jin-Guan-Yin 0981003110 and 09610000025).

Note 2: Formula: a. Self-owned capital = Tier I capital + Tier II capital + Tier III capital

b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5

c. Capital Adequacy = Self-owned capital/Risk-weighted assets

d. Tier I capital to risk-weighted assets ratio = Tier I capital/Risk-weighted assets

e. Tier II capital to risk-weighted assets ratio = Tier II capital/Risk-weighted assets

f. Tier III capital to risk-weighted assets ratio = Tier III capital/Risk-weighted assets

g. Common stock equity to total assets ratio = Common stock equity/Total assets

h. Leverage ratio = Tier I capital/Adjusted average assets

39. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Cash and cash equivalents	\$ 13,582,195	\$ 13,582,195	\$ 12,385,086	\$ 12,385,086	\$ 11,115,892	\$ 11,115,892
Due from the Central Bank and call loans to banks	39,353,726	39,353,726	33,230,520	33,230,520	29,519,453	29,519,453
Financial assets at FVTPL	40,717,742	40,717,742	49,237,888	49,237,888	40,616,646	40,616,646
Securities purchased under resell agreements	1,942,716	1,942,716	4,269,494	4,269,494	1,058,738	1,058,738
Receivables	83,029,535	83,029,535	85,994,142	85,994,142	88,427,925	88,427,925
Loans	703,149,360	703,149,360	658,454,135	658,454,135	600,808,129	600,808,129
Available-for-sale financial assets	214,044,825	214,044,825	210,147,891	210,147,891	193,252,227	193,252,227
Held-to-maturity financial assets	1,953,739	1,990,729	1,917,473	2,008,952	2,421,241	2,435,078
Financial assets carried at cost	1,330,345	1,330,345	1,459,872	1,459,872	1,575,076	1,575,076

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Debt investments without active market	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Other miscellaneous financial assets	4,583,950	4,583,950	391,184	391,184	226,362	226,362
<u>Financial liabilities</u>						
Due to the Central Bank and banks	49,834,471	49,834,471	52,366,146	52,366,146	62,532,398	62,532,398
Financial liabilities at FVTPL	14,522,005	14,522,005	9,114,382	9,114,382	8,353,108	8,353,108
Securities sold under repurchase agreements	33,433,856	33,433,856	53,499,333	53,499,333	43,486,925	43,486,925
Payables	19,290,731	19,290,731	20,086,471	20,086,471	21,484,909	21,484,909
Deposits and remittances	880,624,807	880,624,807	826,959,852	826,959,852	756,502,655	756,502,655
Bank debentures	25,000,000	25,000,000	36,700,000	36,700,000	25,000,000	25,000,000
Other financial liabilities	32,131,475	32,131,475	13,670,671	13,670,671	13,340,332	13,340,332

a. Financial instruments disclosed at carrying amounts

The Company disclosed the following financial assets at carrying amount:

(1) Financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other miscellaneous financial assets, due to the Central Bank and banks, securities sold under repurchase agreements, payables, other miscellaneous financial liabilities and remittance, are disclosed at their carrying amounts in the balance sheet since the maturity is very short or the amount of future payment/receipt approximates their carrying amount.

(2) Loans (including delinquent loans)

The Company's loan interest rate is usually determined based on the prime rate plus or minus basic points (i.e. the floating rate), which reflects the market interest rate. The expected recovery of loans is taken into consideration. Therefore, loans are disclosed at their carrying amounts.

Medium and long-term loans, which are determined at fixed rates and account for a minor proportion of loans, are disclosed at their carrying amounts.

(3) Deposits

Considering that most of the banking transactions are within one year of maturity, deposits are disclosed at their carrying amounts.

(4) Bank debentures

Bank debentures issued by the Company are disclosed at their carrying amounts. Those bank debentures were issued to enhance liquidity or capital management instead of earning short-term profits.

(5) Financial assets carried at cost and debt investments without active market

Since the fair value of financial assets carried at cost and debt investments without active market can not be reliably measured, the carrying amount is disclosed instead of fair value.

b. Financial instruments measured at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Fair Value Measurement of Financial Instruments	December 31, 2013			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Stocks and beneficiary certificates	\$ 247,516	\$ 247,516	\$ -	\$ -
Bond investments	9,968,873	7,208,940	2,759,933	-
Others	16,389,643	-	16,389,643	-
Available-for-sale financial assets				
Stocks and beneficiary certificates	4,432,876	4,432,876	-	-
Bond investments	57,594,585	3,837,791	53,756,794	-
Others	152,017,364	-	151,284,596	732,768
<u>Liabilities</u>				
Financial liabilities at FVTPL	301,503	301,503	-	-
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	14,111,710	24,415	8,959,356	5,127,939
<u>Liabilities</u>				
Financial liabilities at FVTPL	14,220,502	-	9,314,309	4,906,193

Fair Value Measurement of Financial Instruments	December 31, 2012			
	Total	Level 1	Level 2	Level 3
<u>Non-derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL				
Stocks and beneficiary certificates	\$ 181,313	\$ 181,313	\$ -	\$ -
Bond investments	11,919,844	11,160,307	759,537	-
Others	27,489,720	-	27,489,720	-
Available-for-sale financial assets				
Stocks and beneficiary certificates	8,554,358	8,554,358	-	-
Bond investments	50,074,836	5,427,275	44,647,561	-
Others	151,518,697	-	149,692,892	1,825,805
<u>Derivative financial instruments</u>				
<u>Assets</u>				
Financial assets at FVTPL	9,647,011	13,020	8,313,697	1,320,294
<u>Liabilities</u>				
Financial liabilities at FVTPL	9,114,382	771	8,097,084	1,016,527

Fair Value Measurement of Financial Instruments	January 1, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficiary certificates	\$ 48,423	\$ 48,423	\$ -	\$ -
Bond investments	11,145,518	11,136,056	9,462	-
Others	20,752,480	-	20,752,480	-
Available-for-sale financial assets				
Stocks and beneficiary certificates	5,530,127	5,530,127	-	-
Bond investments	41,505,865	7,708,342	33,797,523	-
Others	146,216,235	-	143,570,099	2,646,136
Liabilities				
Financial liabilities at FVTPL	54,469	54,469	-	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	8,670,225	32,108	6,979,739	1,658,378
Liabilities				
Financial liabilities at FVTPL	8,298,639	-	7,336,000	962,639

Note 1: Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) easiness of finding buyers and sellers in the principal (or most advantageous) market for the asset or liability that are both able and willing to transact, (C) pricing information are readily available to the public.

Note 2: Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (e.g. price) or indirectly (e.g. value derived from price), in the active markets.

a. Quoted prices of similar financial instruments in active market are the Company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.

b. Quoted prices for identical or similar assets or liabilities in markets that are not active.

c. Valuation models are used to measure fair value, and the inputs (e.g. interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).

d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Note 3: Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model since historical volatilities are not representative of the expectation of volatilities of market participants.

c. Reconciliation of Level 3 fair value measurements of financial assets

For the Year Ended December 31, 2013								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial assets at FVTPL	\$ 1,320,294	\$ 533,017	\$ -	\$ 4,071,683	\$ -	(\$ 797,055)	\$ -	\$ 5,127,939
Available-for-sale financial assets	1,825,805	50,240	(3,882)	18,447	-	(1,157,842)	-	732,768
Total	\$ 3,146,099	\$ 583,257	(\$ 3,882)	\$ 4,090,130	\$ -	(\$1,954,897)	\$ -	\$ 5,860,707

For the Year Ended December 31, 2012								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal	Transfer out	
Financial assets at FVTPL	\$ 1,658,378	\$ 231,046	\$ -	\$ 653,559	\$ -	(\$1,222,689)	\$ -	\$ 1,320,294
Available-for-sale financial assets	2,646,136	(102,656)	(546)	1,132,091	-	(1,849,220)	-	1,825,805
Total	\$ 4,304,514	\$ 128,390	(\$ 546)	\$ 1,785,650	\$ -	(\$3,071,909)	\$ -	\$ 3,146,099

Valuation gains (losses) above recognized in current profits or losses in the amounts of \$265,982 thousand and \$193,273 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2013 and 2012, respectively.

Valuation gains (losses) above recognized in other comprehensive income in the amounts of \$(4,290) thousand and \$(6,418) thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2013 and 2012, respectively.

Reconciliation of Level 3 financial liabilities

For the Year Ended December 31, 2013							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell or Disposal	Transfer out	
Financial liabilities at FVTPL	\$ 1,016,527	\$ 615,388	\$ 3,970,797	\$ -	(\$ 696,519)	\$ -	\$ 4,906,193

For the Year Ended December 31, 2012							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell or Disposal	Transfer out	
Financial liabilities at FVTPL	\$ 962,639	\$ 256,382	\$ 584,213	\$ -	(\$ 786,707)	\$ -	\$ 1,016,527

Valuation gains (losses) above recognized in current profits or losses in the amounts of \$300,912 thousand and \$221,798 thousand were attributed to gains (losses) on liabilities owned during the years ended December 31, 2013 and 2012, respectively.

d. Valuation techniques and assumptions adopted for measuring fair value

Fair value is the price that would be received to exchange an asset in an orderly transaction between willing market participants with full understanding.

Financial instruments at FVTPL are initially measured at fair value, which usually means transaction price. Subsequent measurement of financial instruments is measured at fair value except for part of financial instruments being measured at amortized costs. The best evidence for fair value is the trading price or the quoted price in the active market. If financial instruments are not in an active market, the Company will adopt valuation techniques or refer to Bloomberg or the fair value quoted by the counterparty.

If there is an active market and a price for a financial instrument is quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the GreTai Securities Market are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time and frequently, then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications for an inactive market.

The Company's financial instruments with active markets and the basis of their fair values are described as follows:

Foreign currency products

Since the foreign exchange market is very active, the Company adopts the market prices of each respective currency or the last trading prices as fair values.

Government bonds and part of interest rate derivatives

(1) New Taiwan Dollar Central Government Bonds: If there is a trading price on the measurement date, then the last trading price is the fair value. If there is no trading price for reference and the subordinated bond fair price provided by the GreTai Securities Market is not in the market quoted price interval, then the median price of the market quoted prices is the fair value. If the subordinated bond fair price is in the market quoted price interval, then the fair price is the fair value.

(2) Interest rate derivatives: The quoted price from Reuters is the fair value.

Stock-related products

The Company adopts stock market quoted prices or the last trading prices as fair values.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the balance sheet date such as the yield curve from the GreTai Securities Market or the average quoted price from Reuters commercial paper interest rate.

When measuring financial instruments that are not standardized and with low complexity such as options without active market, the Company will adopt valuation techniques consistent with those generally used by other market participants to price financial instruments. Parameters applied for the valuation models for this type of financial instruments are observable in the market.

With regard to financial instruments with high complexity, the Company will adopt self-developed valuation techniques and methods consistent with those generally used by other market participants and valuation models to measure fair values. This type of valuation models are often applied to derivatives, embedded bond instrument or securitized products, etc. Part of parameters applied for the valuation models for this type of financial instruments are not observable in the market. Therefore, the Company makes appropriate estimates based on assumptions.

Valuation models generate estimated approximate values. However, valuation techniques may not be able to reflect all the relevant factors of the Company's financial instruments. Expected values from valuation models are adjusted appropriately by additional parameters, such as model risks, liquidity risks or the counterparty's credit risks. According to the Company's valuation basis manual and model management principles, the price information and parameters used in the valuation process are cautiously assessed and appropriately adjusted based on the market status.

Valuation of derivatives is based on valuation models consistent with those generally used by other market participants, such as discount rate method or option pricing models. Foreign exchange contracts are valued based on the current foreign exchange rate.

Financial Risk Management Objectives and Policies

a. Summary

The Company's goal in risk management is to balance the risks and returns by giving consideration to business operation, overall risk taken, and external legal restrictions. The major risks the Company sustains includes in- and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices and commodity price risks) and liquidity risks.

Taishin Financial Holding which is Taishin Bank's parent company has rules for risk management policies and risk control procedures, which had been approved by the Board of Directors or Risk Management Committee, in order to effectively identify, measure, supervise and control credit risks, market risks and liquidity risks.

b. Organizational structure of risk management function

The Board of Directors is the highest level in the risk management function in the Company and takes the full responsibility for risk management issues. Risk Management Committee is formed under the Board of Directors of parent company to examine policies and standards and establish risk management system. The chairman of Risk Management Committee of parent company takes charge of risk management and reports to the Board of Directors periodically.

Risk management department is independent of business department and identifies, assesses, and controls various risks according to risk management standards. In addition, internal auditing department is responsible for the independent review of risk management and control environment.

c. Market risk

(1) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of in- and off-balance-sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Company are equity securities price risks, interest rate risks, and exchange rate risks. The main position of equity securities risk includes domestic public, OTC, and emerging market stocks, domestic stock index options and stock index futures. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Company's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

(2) Market risk management policy

Taishin Financial Holding's risk management policy was approved by the Board of Directors and is the highest guidance and principle of risk management of the Company.

Risk management policy clearly defines the risk management procedures for risk identifying, risk measuring, risk controlling and risk reporting, which are executed by risk management department independent of trading and other departments. The risk management department develops management principles for different businesses and for various aspects of market risk management based on the risk management policy. It establishes market risk management system and regulates market risks, risk limits and stress tests of various financial assets.

(3) Market risk management procedures

a. Identifying risks and measuring possible effects

The Company's risk management department identifies the exposures of positions or new financial instruments to market risks and measures the gains and losses on positions held due to changes in market risk factors based on standards; the risk management department calculates price sensitivity and gains and losses on positions are recorded in trading books daily; and calculates the maximum potential losses recorded in each trading book monthly. The Company wants to avoid tremendous losses that will harm the Company's operations due to overwhelming changes in market risk factors.

b. Controlling of risk and reporting of issues

The Company controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the Board of Directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the Board of Directors and prepares reports to the high-level management and the Board of Directors periodically for their sufficient understanding of the implementation of the market risk management work and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the Risk Management Committee of the parent company in order to improve the effectiveness of the market risk management.

(4) Trading book market risk management

Based on the related risk management standards, the Company classifies financial instruments into trading books and banking books according to the purpose of holding the instruments and manages them with different methods. Trading book position consists of trading purpose financial instruments or commodities held to hedge positions in trading books. A position is for trading purpose if it is intended to be sold within a short period; profit can be earned from actual or expected short-term price fluctuations which are the reasons for dealing, matched principal brokering or market making position.

Principles of trading book market risk management are as follows:

a. Management strategy

The goal of trading book market risk management is to pursue maximum return on capital, meaning maximizing the capital usage efficiency to improve stockholders' interest

In order to control market risks, the risk management department sets risk limits for various investment portfolio based on trading strategies, category of trading products and annual profit goals in order to control exposure to risks on positions and losses.

b. Management principles

The parent company stipulated "Principles of Market Risk Limit Management" for various financial instruments to manage trading book limits.

c. Valuation gains and losses

If objective prices of financial instruments in various trading books exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically of the Company.

d. Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

- i. Measure the price sensitivity of various risk factors (i.e. Greeks), such as the effect on the valuations of foreign currency position of a 1% change in exchange rate or the effect on option position valuation due to changes in Greeks.
- ii. Please refer to item 9 for the risk assumptions and calculation methods.
- iii. Measure potential losses resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments.

(5) Trading book interest rate risk management

a. Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Company due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

b. Measuring methods

The risk management department applies DV01 to measure interest rate risk. DV01 is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp). It calculates stress loss of risk position held. Please refer to item 9 for the risk assumptions and calculation methods.

c. Management procedures

The risk management department defines the interest rate related products that can be undertaken among trading book investment portfolio and set the total limit of DV01, the limit of DV01 in each time band and the stop-loss limits in order to control exposure risks on position losses. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure positions so as to control losses.

(6) Exchange rate risk management

a. Definition of exchange rate risk

Exchange rate risk is the gain or loss resulting from exchange or translation of two different foreign currencies at different times. The Company's exchange rate risk mainly comes from spot and forward exchange positions and forward exchange options.

b. Measuring methods

The risk management department applies delta to measure the exchange rate risk of the first order change and Gamma to measure the exchange rate risk of the second order change. In addition, Vega is applied to measure the first order risk of implied volatility rate. It calculates stress loss of risk position held. Please refer to item 9 for the risk assumptions and calculation methods.

c. Management procedures

The risk management department sets the position limit and stop-loss limit of trading book investment combinations in order to control exchange rate risk. If the losses reach the stop-loss limit, the trading department should decrease risk exposure positions so as to control losses.

(7) Equity security price risk management

a. Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Company when the equity security price changes. The Company's equity security price risk mainly comes from public and OTC stocks, index futures and options.

b. Measuring methods

The risk management department applies delta to measure the independent equity security price risk of the first order change, or market value to indicate the exposure risks on positions of stocks. It calculates stress loss of risk position held. Please refer to item 9 for the risk assumptions and calculation methods.

c. Management procedures

The risk management department sets the position limit and stop-loss limit of trading book investment portfolio in order to control equity security price risk. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure position so as to control losses.

(8) Banking book interest rate risk management

Banking book interest rate risk involves bonds and bills and their hedge position, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to changes in interest rate. There is no secondary market for loan transactions and the purpose of holding banking book investment position is to establish deposit reserve. This is different from short-term holding for pursuing profit in trading book. Banking book interest rate risks are regulated separately by the risk management department.

a. Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b. Management principles

The Company stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c. Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts and maturity or repricing dates of banking book assets, liabilities and off-balance-sheet items. The Company measures the effect on net interest income when the yield curve moves upward by 1bp. With regard to Value at Risk assumptions and calculations methods, please refer to item 9 below in this Note 39).

d. Management procedures

The Company defines the instruments of banking book interest rate management and sets the limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the limits.

(9) Methods for measuring market risk

a. Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility. The risk management unit of the Company is required to execute the stress test at least once a month to calculate trading book stress loss. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Risk Management Committee of the parent company. Since there are so many market risk factors that affect trading book position, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall trading book loss does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distribution.

b. Value at Risk, "VaR"

The Company uses variety of methods to control market risk; the VaR is one of them. The Company is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is the Company's important internal risk control system, and the board of directors reviews and establishes trading portfolio's limits annually. Actual exposures of the Company are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99% confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate

	For the Year Ended December 31, 2013			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	9,968	106,580	2,936	9,783
Interest rate VaR	18,291	27,316	10,922	22,008
Equity Securities VaR	19,786	32,803	11,692	22,540
Value at risk	32,899	122,749	11,767	27,294

	For the Year Ended December 31, 2012			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	8,127	15,425	2,150	7,698
Interest rate VaR	25,158	46,003	14,743	17,394
Equity Securities VaR	15,537	26,217	6,707	12,229
Value at risk	35,031	53,498	22,425	29,009

c. Information of exchange rate risk concentration

For information regarding the Company's non-monetary financial assets and liabilities on the balance sheet date, please refer to Note 44.

d. Credit risk

(1) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability of fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance-sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility on the collaterals and market liquidity risk of the collaterals.

Credit risk can be divided into the following categories based on the object and nature of business:

a. Credit risk

Credit risk is the risk that a borrower is unable to pay its debts or fulfill its debt commitments in credit loans operation.

b. Issuer (guarantor) risk of the underlying issue

It is the credit risk that stock issuers go into liquidation or are unable to pay back money when debts, bills and other securities mature.

c. Counterparty risk

It is the credit risk that the counterparty undertaking OTC derivatives or RP/RS transactions are unable to fulfill settlement obligations.

Counterparty risk is also divided into settlement risk and pre-settlement risk.

i. Settlement risk

It is the loss resulting from the counterparty failing to deliver goods or other money on the settlement date when the Company had fulfilled settlement obligations.

ii. Pre-settlement risk

It is the loss resulting from the counterparty failing to fulfill settlement or pay the obligations and from changes in market prices before the settlement date.

d. Other credit risks

Country risk, custodian risk and brokers risk, etc.

(2) Credit risk management policies

To ensure its credit risk under control within the tolerable range, the Company has stipulated in the guidelines for risk management that for all the products provided and businesses conducted, including all on- and off-balance-sheet transactions in the banking and trading books, the Company should make detailed analyses to identify existing and potential credit risks. Before launching new products or businesses, the Company ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factoring and credit derivative instruments, the Company also establishes risk management system described in the related rules and guidelines.

Unless the assessment of asset qualities and provision for potential losses of the overseas business department is regulated by the local authorities, it is in accordance with the Company's risk management policies and guidelines.

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

a. Credit granting business (including loans and guarantees)

Classification of credit assets and level of credit quality are summarized as follows:

i. Classification of credit assets

The Company's credit assets are classified into five categories. Except for normal credit assets classified as "Category One", the remaining unsound credit assets are evaluated based on the status of the loan collaterals and the length of time overdue. Assets that require special mention are classified as "Category Two", assets that are substandard are classified as "Category Three", assets that are doubtful are classified as "Category Four", and assets with existing loss are classified as "Category Five". In order to manage the problematic credit loans, the reorganization of loan loss provisions, allowance for bad debts or guarantee liability provisions, measures are adopted for overdue loans and procedures and for collecting default loans. In the management of credit assets, the Company is also guided by the "Regulations Governing the Procedures for Corporation Credit Business to Evaluate Assets and Deal with Non-performing Assets", "Measures for Corporation Credit Business to Be Taken When Credit Extensions Become Past Due and Regulations Governing Collection Procedures", "Regulations Governing the Procedures for Consumer Business to Evaluate Assets and Deal with Non-performing Assets", "Regulations Governing the Procedures for Overdue Loan, Non-accrual Loans and Doubtful Loans".

ii. Credit risk rating

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

The credit risk rating system is internal rating based on the definition of Basel II of internal rating method (IRB). It covers operation procedures, methodology, control mechanism, information system and data collection, which is used to assist risk assessment, rating approval and loss assessment.

The corporate finance department's internal rating adopts two aspects. One is obligor risk rating (ORR) and the other is Facility Risk Rating (FRR). ORR is used to assess the possibility of the debtor performing financial commitments, which is a quantitative value based on the probability of default (PD) within one year. FRR is used to assess the effect of rating structures and collateral conditions on credit rating, which is a quantitative value based on loss given default (LGD). At the same time, experts also engage in judging and adjusting the rating overrides of statistic models to make up the shortage of the model.

The consumer finance department's internal rating system adopts product characteristic and debtor condition (such as new case or behavior grading) as the basis of segmentation. It is to ensure that the same pools of debtors and risk exposure are homogeneous. At the same time, review of loans based on experts' override is complemented to make up the shortage of the model.

b. Due from and call loans to banks

The Company evaluates the credit status of counterparties before deals are closed. The Company grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating institutes.

c. Security Investment and Financial Derivatives Transaction

Regarding the credit risk of security investments and financial derivatives, the Company manages the risk by internal credit rating of issuers, issued underlying, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries.

The other banks with which the Company conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed case by case. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, the Company has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

(3) Credit risk hedging or mitigation policies

a. Collaterals

The Company has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the loans, the Company manages and assesses the collaterals following the procedures that suggest the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, the Company stipulates the security mechanism for loans and the conditions and terms for collaterals and offsetting to state clearly that the Company reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debts of the borrowers with their deposits in the Company in order to reduce the credit risks.

The requirements for collaterals for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collaterals.

b. Credit risk concentration limits and control

To avoid the concentration of credit risks, the Company has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, the Company has set a ratio, which is the credit limit of a single issuer in relation to the total security position. The Company has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on the financial assets, the Company has set credit limits by industry, conglomerate, country and transactions collateralized by stocks, and integrated within one system to supervise concentration of credit risk in these categories. The Company monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industries, nations.

c. Net settlement

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

(4) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Company are the same as per book amounts. Please refer to the notes to the financial statements.

As of December 31, 2013 and 2012, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrevocable maximum amount of exposure) were as follows:

Financial Instrument Type	December 31, 2013	December 31, 2012
Guarantees	\$ 15,506,129	\$ 10,686,811
Letters of credit	3,020,095	3,914,509
Unused loan commitments (excluding credit card)	102,392,804	91,455,710
Unused loan commitments (credit card only)	354,607,803	337,268,417

(5) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Company has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Company's information on prominent concentration of credit risk was as follows:

Industry Type	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	\$ 125,911,128	18	\$ 131,563,896	20	\$ 129,854,589	21
Wholesale and retailing	47,684,051	7	36,678,593	6	33,091,780	6
Finance and insurance	63,480,151	9	64,982,196	10	51,518,906	8
Real estate and leasing	26,504,943	4	22,642,995	3	23,461,021	4
Service	7,443,049	1	8,133,458	1	7,333,517	1
Individuals	411,959,640	58	377,912,422	56	341,117,005	56
Others	29,780,750	3	24,815,328	4	21,900,610	4
	<u>\$ 712,763,712</u>		<u>\$ 666,728,888</u>		<u>\$ 608,277,428</u>	

Industry Type	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	\$ 674,378,089	95	\$ 623,698,449	94	\$ 574,796,514	95
Europe	1,437,279	-	1,060,669	-	1,819,307	-
America	585,240	-	1,420,074	-	661,662	-
Others	36,363,104	5	40,549,696	6	30,999,945	5
	<u>\$ 712,763,712</u>		<u>\$ 666,728,888</u>		<u>\$ 608,277,428</u>	

(6) Financial assets credit quality and non-performing impairment analysis

Part of financial assets held by the Company such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreement, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Except for those mentioned above, the credit quality of the Company's remaining financial assets were analyzed as follows:

a. Credit quality analysis of loans and receivables (including delinquent loans reclassified from other items)

(in thousands of New Taiwan Dollars)

Item	December 31, 2013											
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)	
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment		
In-balance-sheet items												
Receivables (including delinquent loans reclassified from other items)	\$ 57,481,393	\$ 15,906,588	\$ 1,582,641	\$ 5,643,199	\$ 80,613,821	\$ 54,647	\$ 3,700,042	\$ 84,368,510	\$ 1,012,774	\$ 312,429	\$ 83,043,307	
Loans	541,046,898	144,519,192	8,319,060	-	693,885,150	198,998	18,679,564	712,763,712	5,451,650	3,618,390	703,693,672	

(in thousands of New Taiwan Dollars)

Item	December 31, 2012											
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)	
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment		
In-balance-sheet items												
Receivables (including delinquent loans reclassified from other items)	\$ 65,151,173	\$ 12,201,737	\$ 3,887,599	\$ 2,794,442	\$ 84,034,951	\$ 64,612	\$ 3,216,565	\$ 87,316,128	\$ 740,697	\$ 354,471	\$ 86,220,960	
Loans	518,262,698	116,808,538	15,054,559	-	650,125,795	327,180	16,275,913	666,728,888	4,125,681	3,707,669	658,895,538	

(in thousands of New Taiwan Dollars)

Item	January 1, 2012											
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)	
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment		
In-balance-sheet items												
Receivables (including delinquent loans reclassified from other items)	\$ 71,883,598	\$ 7,722,205	\$ 2,528,151	\$ 3,216,343	\$ 85,350,297	\$ 67,187	\$ 4,295,449	\$ 89,712,933	\$ 855,371	\$ 214,585	\$ 88,642,977	
Loans	478,195,504	100,038,389	11,145,428	-	589,379,321	414,138	18,483,969	608,277,428	4,431,925	2,786,693	601,058,810	

b. Credit quality analysis of loans neither past due nor impaired based on credit ratings of clients

(in thousands of New Taiwan Dollars)

Item	December 31, 2013				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	\$ 378,051,404	\$ -	\$ 7,595,401	\$ -	\$ 385,646,805
Corporation finance	162,995,494	144,519,192	723,659	-	308,238,345
Total	\$ 541,046,898	\$ 144,519,192	\$ 8,319,060	\$ -	\$ 693,885,150

(in thousands of New Taiwan Dollars)

Item	December 31, 2012				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	\$ 347,534,976	\$ -	\$ 11,473,853	\$ -	\$ 359,008,829
Corporation finance	170,727,722	116,808,538	3,580,706	-	291,116,966
Total	\$ 518,262,698	\$ 116,808,538	\$ 15,054,559	\$ -	\$ 650,125,795

(in thousands of New Taiwan Dollars)

Item	December 31, 2012				
	Neither Past Due Nor Impaired				
	Excellent	Good	Acceptable	Non-ratings	Total
Consumer finance	\$ 312,946,043	\$ -	\$ 8,738,591	\$ -	\$ 321,684,634
Corporation finance	165,249,461	100,038,389	2,406,837	-	267,694,687
Total	\$ 478,195,504	\$ 100,038,389	\$ 11,145,428	\$ -	\$ 589,379,321

c. Credit quality analysis of non-credit financial assets

(in thousands of New Taiwan Dollars)

Item	December 31, 2013										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Call loans to banks	\$ 5,110,570	\$ -	\$ -	\$ -	\$ 5,110,570	\$ -	\$ -	\$ 5,110,570	\$ -	\$ -	\$ 5,110,570
Securities purchased under resell agreements	1,942,716	-	-	-	1,942,716	-	-	1,942,716	-	-	1,942,716
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	150,000	150,000	135,000	-	15,000
Bills	149,915,156	-	-	-	149,915,156	-	-	149,915,156	-	-	149,915,156
Bonds and beneficiary securities	59,350,750	346,043	-	-	59,696,793	-	-	59,696,793	-	-	59,696,793
Held-to-maturity financial assets											
Bonds	1,953,739	-	-	-	1,953,739	-	-	1,953,739	-	-	1,953,739
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	173,718	173,718	87,972	-	85,746

(in thousands of New Taiwan Dollars)

Item	December 31, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Call loans to banks	\$ 5,455,195	\$ -	\$ -	\$ -	\$ 5,455,195	\$ -	\$ -	\$ 5,455,195	\$ -	\$ -	\$ 5,455,195
Securities purchased under resell agreements	4,269,494	-	-	-	4,269,494	-	-	4,269,494	-	-	4,269,494
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	150,000	150,000	135,000	-	15,000
Bills	147,893,662	-	-	-	147,893,662	-	-	147,893,662	-	-	147,893,662
Bonds and beneficiary securities	53,699,871	-	-	-	53,699,871	-	-	53,699,871	-	-	53,699,871
Held-to-maturity financial assets											
Bonds	1,917,473	-	-	-	1,917,473	-	-	1,917,473	-	-	1,917,473
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	153,735	153,735	60,483	-	93,252

(in thousands of New Taiwan Dollars)

Item	January 1, 2012										
	Neither Past Due Nor Impaired					Past Due But Not Impaired (B)	Impaired (C)	Total (A)+(B)+(C)	Provision for Impairment Losses (D)		Net (A)+(B)+(C)-(D)
	Excellent	Good	Acceptable	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Call loans to banks	\$ 3,847,298	\$ -	\$ -	\$ -	\$ 3,847,298	\$ -	\$ -	\$ 3,847,298	\$ -	\$ -	\$ 3,847,298
Securities purchased under resell agreements	1,058,738	-	-	-	1,058,738	-	-	1,058,738	-	-	1,058,738
Available-for-sale financial assets											
Stocks	-	-	-	-	-	-	150,000	150,000	135,000	-	15,000
Bills	140,430,090	-	-	-	140,430,090	-	-	140,430,090	-	-	140,430,090
Bonds and beneficiary securities	47,223,764	68,246	-	-	47,292,010	-	-	47,292,010	-	-	47,292,010
Held-to-maturity financial assets											
Bills	272,903	-	-	-	272,903	-	-	272,903	-	-	272,903
Bonds	2,148,338	-	-	-	2,148,338	-	-	2,148,338	-	-	2,148,338
Financial assets carried at cost											
Stocks	-	-	-	-	-	-	286,710	286,710	100,287	-	186,423

d. Aging analysis of financial assets that are past due but not impaired

(in thousands of New Taiwan Dollars)

Item	December 31, 2013			December 31, 2012			January 1, 2012		
	Past Due Up to Two Months	Past Due Two to Three Months	Total	Past Due Up to Two Months	Past Due Two to Three Months	Total	Past Due Up to Two Months	Past Due Two to Three Months	Total
Receivables (including delinquent loans reclassified from other items)	\$ 33,268	\$ 21,379	\$ 54,647	\$ 39,105	\$ 25,507	\$ 64,612	\$ 44,412	\$ 22,775	\$ 67,187
Consumer finance	33,063	21,376	54,439	39,046	25,485	64,531	43,583	22,724	66,307
Corporation finance	205	3	208	59	22	81	829	51	880
Loans	168,289	30,709	198,998	266,676	60,504	327,180	333,512	80,626	414,138
Consumer finance	147,672	30,661	178,333	236,119	60,079	296,198	228,944	79,394	308,338
Corporation finance	20,617	48	20,665	30,557	425	30,982	104,568	1,232	105,800

e. For information regarding impairment analysis of loans and receivables, please refer to Note 11.

e. Liquidity risk

(1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Company may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Sources of liquidity risk are as follows:

- a. Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.
- b. Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.

- c. Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Company's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, RS or RP transactions being deterred and liquidity of financial assets decreasing.

(2) Liquidity risk management policy

The objective of liquidity risk management is to ensure that the Company can acquire funds at reasonable price to pay off debts, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances. The Company has established policies on assets and liabilities management that stipulate related liquidity risk management rules and principles, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the limits of liquidity risk, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the Board of Directors.

Basic principles of liquidity risk management policy are as follows:

- (a) Principle of risk diversification: The Company should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.
- (b) Principle of stability: The Company should follow stable strategies and pay attention to market and internal funding liquidity. For example, The Company should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.
- (c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, The Company should make sure total assets can pay off total liabilities and maintain certain proportion of assets with high liquidity or collaterals in order to finance funds and pay off current liabilities in critical and urgent time.
- (d) Principle of matching asset and liability maturity: The Company should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, The Company has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Bank's resources quickly to resolve emergencies efficiently.

(3) Financial assets held to manage liquidity risk and maturity analysis of non-derivate financial liabilities

(a) Financial assets held to manage liquidity risk:

The Company holds cash and cash equivalents, due from the Central Bank and banks and available-for-sale and held-to-maturity financial assets held for the purpose of managing liquidity risk, in order to perform contracted obligations when due and meet the needs of urgent fund dispatching.

(b) Maturity analysis of non-derivative financial liabilities

The Company's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date were as follows:

(in thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2013									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	\$ 21,615,966	\$ 7,058,032	\$ 8,919,940	\$ 12,240,533	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,834,471
Financial liabilities at fair value through profit or loss	301,503	-	-	-	-	-	-	-	-	301,503
Securities sold under repurchase agreements	29,202,114	4,221,742	10,000	-	-	-	-	-	-	33,433,856
Payables	16,792,585	301,086	488,795	1,572,252	136,013	-	-	-	-	19,290,731
Deposits and remittances	119,041,743	213,477,034	134,615,874	185,325,687	225,796,745	2,367,393	331	-	-	880,624,807
Bank debentures	-	-	-	-	-	-	13,300,000	-	11,700,000	25,000,000
Other financial liabilities	3,694,148	3,209,644	267,645	1,146,598	1,996,033	353,714	1,336,351	2,620,233	17,507,109	32,131,475
	\$ 190,648,059	\$ 228,267,538	\$ 144,302,254	\$ 200,285,070	\$ 227,928,791	\$ 2,721,107	\$ 14,636,682	\$ 2,620,233	\$ 29,207,109	\$ 1,040,616,843

(in thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	\$ 24,719,027	\$ 6,952,189	\$ 5,919,940	\$ 14,757,990	\$ 17,000	\$ -	\$ -	\$ -	\$ -	\$ 52,366,146
Securities sold under repurchase agreements	47,298,811	6,200,522	-	-	-	-	-	-	-	53,499,333
Payables	17,603,031	462,729	638,954	1,213,674	168,083	-	-	-	-	20,086,471
Deposits and remittances	116,901,428	204,670,134	125,323,204	180,932,595	197,253,299	1,878,457	735	-	-	826,959,852
Bank debentures	-	-	-	-	-	1,508,000	-	23,492,000	11,700,000	36,700,000
Other financial liabilities	4,378,921	2,648,912	823,793	2,834,747	344,188	104,016	54,000	615,275	1,866,819	13,670,671
	\$ 210,901,218	\$ 220,934,486	\$ 132,705,891	\$ 199,739,006	\$ 197,782,570	\$ 3,490,473	\$ 54,735	\$ 24,107,275	\$ 13,566,819	\$ 1,003,282,473

(in thousands of New Taiwan Dollars)

Financial Instruments Item	January 1, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and other banks	\$ 28,945,847	\$ 6,886,607	\$ 8,373,755	\$ 18,309,191	\$ -	\$ 16,998	\$ -	\$ -	\$ -	\$ 62,532,398
Financial liabilities at fair value through profit or loss	54,469	-	-	-	-	-	-	-	-	54,469
Securities sold under repurchase agreements	39,362,090	4,017,948	106,887	-	-	-	-	-	-	43,486,925
Payables	19,747,471	388,351	682,746	632,686	33,655	-	-	-	-	21,484,909
Deposits and remittances	113,349,266	174,033,282	105,875,341	177,966,468	183,643,509	1,634,138	651	-	-	756,502,655
Bank debentures	-	-	-	-	-	-	1,508,000	-	23,492,000	25,000,000
Other financial liabilities	3,041,941	2,809,414	986,821	2,473,723	-	706,967	285,752	122,553	2,913,161	13,340,332
	\$ 204,501,084	\$ 188,135,602	\$ 116,025,550	\$ 199,382,068	\$ 183,677,164	\$ 2,358,103	\$ 1,794,403	\$ 122,553	\$ 26,405,161	\$ 922,401,688

The maturity analysis of time deposits in “deposits and remittances” is allocated to each time band based on the Company’s historical experience. If all the time deposits were required to be paid off in recent period, the funds outflows in less than one-month time band would have been \$370,835,349 thousand, \$332,321,434 thousand and \$306,442,176 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

(4) Maturity analysis of derivative financial liabilities

The Company disclosed amounts of derivative financial liabilities at fair value through profit or loss using fair values recognized in the earliest time band as follows:

(in thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2013									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	\$ 14,220,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,220,502

(in thousands of New Taiwan Dollars)

Financial Instruments Item	December 31, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	\$ 9,114,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,114,382

(in thousands of New Taiwan Dollars)

Financial Instruments Item	January 1, 2012									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Derivative financial liabilities at fair value through profit or loss	\$ 8,298,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,298,639

(5) Maturity analysis of off-balance-sheet items

Below are the amounts of the Company’s off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of irrevocable loan commitments, guarantees or letters of credit. As of December 31, 2013 and 2012, assuming that all amounts, including the amounts in the longest time band, were due in the less than one-month time band, the amounts would have been \$15,506,129 thousand and \$10,686,811 thousand, respectively, for guarantees; \$3,020,095 thousand and \$3,914,509 thousand, respectively, for letters of credit; \$102,392,804 thousand and \$91,455,710 thousand, respectively, for loans commitments (excluding credit card); and \$354,607,803 thousand and \$337,268,417 thousand, respectively, for credit cards commitments.

(in thousands of New Taiwan Dollars)

Item	December 31, 2013					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 6,016,711	\$ 2,684,669	\$ 1,573,253	\$ 2,035,920	\$ 3,195,576	\$15,506,129
Letters of credit	630,954	2,166,499	180,589	42,053	-	3,020,095
Loans commitments (excluding credit cards)	1,812,815	13,466,530	28,576,372	55,505,757	3,031,330	102,392,804
Credit cards commitments	474,357	4,144,660	11,366,053	39,440,295	299,182,438	354,607,803

(in thousands of New Taiwan Dollars)

Item	December 31, 2012					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 2,166,361	\$ 2,022,743	\$ 2,208,047	\$ 1,134,529	\$ 3,155,131	\$10,686,811
Letters of credit	866,685	2,637,102	188,766	179,484	42,472	3,914,509
Loans commitments (excluding credit cards)	1,832,497	13,629,470	22,230,187	50,108,535	3,655,021	91,455,710
Credit cards commitments	1,749	2,889,129	3,924,906	7,337,250	323,115,383	337,268,417

40. OTHER DISCLOSURES REQUIRED FOR OF FINANCIAL INSTITUTIONS

a. Asset quality

Nonperforming loans and receivables

Business Type		Item	December 31, 2013					December 31, 2012				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured		652,640	170,287,594	0.38%	3,584,207	549.19%	397,141	141,348,888	0.28%	2,876,979	724.42%
	Unsecured		29,120	148,425,225	0.02%	1,100,426	3,778.94%	50,404	161,212,404	0.03%	1,093,233	2,168.95%
Consumer finance	Mortgage loans (Note d)		156,581	218,171,588	0.07%	2,127,890	1,358.97%	162,955	217,680,801	0.07%	1,756,305	1,077.78%
	Cash cards		47,799	4,747,282	1.01%	248,734	520.37%	57,114	6,156,205	0.93%	375,581	657.60%
	Credit loans (Note e)		87,906	34,187,468	0.26%	616,120	700.89%	142,743	27,216,977	0.52%	715,829	501.48%
	Others (Note f)	Secured	104,147	135,618,420	0.08%	1,255,058	1,205.08%	65,476	111,407,408	0.06%	826,626	1,262.48%
	Unsecured	18,731	1,326,135	1.41%	137,605	734.64%	27,904	1,706,205	1.64%	188,797	676.60%	
Subtotal			1,096,924	712,763,712	0.15%	9,070,040	826.86%	903,737	666,728,888	0.14%	7,833,350	866.77%
Credit card			88,727	33,806,072	0.26%	614,463	692.53%	94,496	32,453,086	0.29%	436,685	462.12%
Accounts receivable factoring with no recourse (Note g)			-	41,710,904	-	229,882	-	-	41,567,908	-	315,848	-

Note a: Nonperforming loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Nonperforming loans ratio = Nonperforming loans ÷ Loans

Nonperforming loans of credit card ratio = Nonperforming loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Nonperforming loans

Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Nonperforming loans of credit cards

Note d: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000494), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within year.

Exempted from report as nonperforming loans and receivables

Business Type	Item	December 31, 2013		December 31, 2012	
		Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables
	Amounts negotiated in accordance with the agreement (Note a)	2,868,309	881,173	3,820,789	1,190,424
	Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,807,038	1,373,205	1,901,402	1,364,786
	Total	4,675,347	2,254,378	5,722,191	2,555,210

Note a: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

b. Concentration of credit risk

Year	December 31, 2013			December 31, 2012			
	Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
	1	A Group (liquid crystal panel and components manufacturing industry)	12,535,811	17.07%	A Group (liquid crystal panel and components manufacturing industry)	13,966,999	20.33%
	2	B Group (other financial intermediary not elsewhere classified industry)	9,798,950	13.34%	C Group (other financial intermediary not elsewhere classified industry)	8,594,907	12.51%
	3	C Group (other financial intermediary not elsewhere classified industry)	8,531,168	11.62%	B Group (other financial intermediary not elsewhere classified industry)	8,516,764	12.39%
	4	D Group (liquid crystal panel and components manufacturing industry)	5,778,290	7.87%	E Group (liquid crystal panel and components manufacturing industry)	6,887,869	10.02%
	5	E Group (liquid crystal panel and components manufacturing industry)	5,431,253	7.40%	D Group (other financial intermediary not elsewhere classified industry)	6,070,350	8.83%
	6	F Group (other financial intermediary not elsewhere classified industry)	4,985,890	6.79%	K Group (man-made fibers manufacturing industry)	5,589,766	8.13%
	7	G Group (print circuit board manufacturing industry)	4,784,622	6.52%	F Group (other financial intermediary not elsewhere classified industry)	5,513,070	8.02%
	8	H Co. (visual electronic products manufacturing industry)	4,713,113	6.42%	L Group (computer peripheral equipment manufacturing industry)	5,280,023	7.68%
	9	I Group (computer manufacturing industry)	4,518,622	6.15%	G Group (packaging and testing of semi-conductors)	5,059,442	7.36%
	10	J Group (wholesale of other specialized products not elsewhere classified)	4,412,999	6.01%	M Group (monitor and terminals manufacturing industry)	5,019,127	7.30%

Note a: Sorted by the balance of loans on December 31, 2013 and 2012, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

c. Interest rate sensitivity

December 31, 2013

(in thousands of New Taiwan Dollars)

Item	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	768,884,539	25,062,166	55,597,848	137,629,623	987,194,176
Interest-sensitive liabilities	419,177,557	131,568,517	155,083,996	253,139,545	958,969,615
Interest sensitivity gap	349,706,982	(106,506,351)	(99,486,148)	(115,509,922)	28,204,561
Net equity					73,413,877
Ratio of interest-sensitive assets to liabilities					102.94%
Ratio of interest sensitivity gap to net equity					38.42%

December 31, 2012

(in thousands of New Taiwan Dollars)

Item	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	686,375,750	20,450,808	41,173,328	116,147,795	864,147,681
Interest-sensitive liabilities	337,779,320	117,004,143	152,177,880	236,837,927	843,799,270
Interest sensitivity gap	348,596,430	(96,553,335)	(111,004,552)	(120,690,132)	20,348,411
Net equity					66,721,962
Ratio of interest-sensitive assets to liabilities					102.41%
Ratio of interest sensitivity gap to net equity					30.50%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

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

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

December 31, 2013

(In Thousands of U.S. Dollars)

Item	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	7,354,199	980,707	765,386	1,410,509	10,510,801
Interest-sensitive liabilities	7,098,162	2,763,073	877,210	338,396	11,076,841
Interest sensitivity gap	256,037	(1,782,366)	(111,824)	1,072,113	(566,040)
Net equity					51,707
Ratio of interest-sensitive assets to liabilities					94.89%
Ratio of interest sensitivity gap to net equity					(1,094.71%)

December 31, 2012

(In Thousands of U.S. Dollars)

Item	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	2,768,004	1,312,602	527,994	1,540,581	6,149,181
Interest-sensitive liabilities	2,936,901	2,783,811	930,382	383,627	7,034,721
Interest sensitivity gap	(168,897)	(1,471,209)	(402,388)	1,156,954	(885,540)
Net equity					32,187
Ratio of interest-sensitive assets to liabilities					87.41%
Ratio of interest sensitivity gap to net equity					(2,751.23%)

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

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

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

d. Profitability

Item		December 31, 2013	December 31, 2012
Return on total assets	Pretax	1.29%	1.00%
	After tax	1.10%	0.83%
Return on net equity	Pretax	20.12%	15.62%
	After tax	17.14%	13.06%
Profit margin		41.24%	36.27%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2013 and 2012.

e. Maturity analysis of assets and liabilities

December 31, 2013

(In Thousands of U.S. Dollars)

	Total	Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	1,055,068,277	326,413,537	131,784,204	43,660,415	93,510,548	459,699,573
Major maturity cash outflow	1,144,636,734	208,732,167	188,331,987	181,763,908	214,554,351	351,254,321
Gap	(89,568,457)	117,681,370	(56,547,783)	(138,103,493)	(121,043,803)	108,445,252

December 31, 2012

(In Thousands of U.S. Dollars)

	Total	Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	926,991,170	314,097,741	87,875,554	37,299,015	75,454,069	412,264,791
Major maturity cash outflow	1,012,702,885	167,631,668	144,116,407	168,038,368	203,455,566	329,460,876
Gap	(85,711,715)	146,466,073	(56,240,853)	(130,739,353)	(128,001,497)	82,803,915

Note: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

December 31, 2013

(In Thousands of U.S. Dollars)

	Total	Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	17,066,621	8,547,858	3,644,430	1,722,612	1,085,675	2,066,046
Major maturity cash outflow	17,020,565	7,094,779	3,574,226	3,428,455	1,328,172	1,594,933
Gap	46,056	1,453,079	70,204	(1,705,843)	(242,497)	471,113

December 31, 2012

(In Thousands of U.S. Dollars)

	Total	Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	11,298,158	4,742,890	2,453,978	1,523,883	842,732	1,734,675
Major maturity cash outflow	11,261,236	4,333,937	1,830,973	2,895,994	1,354,881	845,451
Gap	36,922	408,953	623,005	(1,372,111)	(512,149)	889,224

Note: The amounts listed above include amounts in U.S. dollars for head office, domestic branches, and OBU.

f. Trust accounts

Under Article 3 of the Trust Law, the Company can offer trust services. The items and amounts of trust accounts were as follows:

	December 31, 2013	December 31, 2012
Special purpose trust account-foreign and domestic investments	\$ 120,581,073	\$ 134,843,353
Collective administration account	4,232,582	4,828,453
Securities trust	23,299,309	29,519,491
Other monetary fund	5,595,236	5,860,675
Money claims and guarantee trust	2,880,000	2,880,000
Real estate trust	9,167,698	8,991,768
Domestic securities investment trust for custody	43,887,562	31,036,445
	<u>\$ 209,643,460</u>	<u>\$ 217,960,185</u>

41. RELATED-PARTY TRANSACTIONS

Names and relationships of related parties were as follows:

Name	Relationship
Taishin Financial Holding	Parent company
Taishin Venture Capital Investment Co., Ltd. ("Taishin Venture Capital")	Wholly owned by the same parent company
Taishin Marketing Consultant Co., Ltd. ("Taishin Marketing")	Same as above (dissolved and in settlement in September 2013)
Taishin Asset Management Co., Ltd. ("Taishin AMC")	Wholly owned by the same parent company
Taishin Securities Co., Ltd. ("Taishin Securities ")	Same as above
Taishin Securities Investment Trust Co., Ltd. ("Taishin Securities Investment Trust")	Same as above
Taishin Holdings Insurance Brokers Co., Ltd. ("Taishin Holdings Insurance Brokers")	Same as above
Taishin Securities Investment Advisory Co., Ltd. ("Taishin Securities Investment Advisory ")	Owned by the same parent company
Chang Hwa Bank	Same as above
Taishin Dah An Leasing	Equity-method investee
Taishin Insurance Agency	Same as above
Taishin Insurance Broker Co., Ltd.	Wholly owned by Taishin Insurance Agency
Taishin Real-Estate	Equity-method investee

Name	Relationship
An Hsin Real-Estate	Same as above
PayEasy Digital	Same as above (became non-related party in July 2012)
Shin Kong Life Insurance Co., Ltd. ("Shin Kong Life Insurance")	Its director is the person in charge of Taishin Financial Holding's corporate director
Shin Kong Synthetic Fibers Co., Ltd. ("Shin Kong Synthetic Fibers")	Same as above
Anlon Co., Ltd. ("Anlon")	Its director is the Company's director
CHB Life Insurance Agency Co., Ltd.	Wholly owned by Chang Hwa Bank
CHB Insurance Brokerage Co., Ltd.	Same as above
Taiwan Shin Kong Commercial Bank Co., Ltd. ("Shin Kong Bank")	Related party in substance
MasterLink Securities Corp. ("MasterLink Securities")	Its corporate supervisor is Chang Hwa Bank
Taishin Financial Leases (China)	Wholly owned by Taishin Venture Capital
Taishin Financial Leases (Tianjin)	Same as above
Dah Chung Bills Finance Corp. ("Dah Chung Bills")	Its corporate director is the Company
Ming Huang International Property Co., Ltd. ("Ming Huang International Property")	Taishin Financial Holding's corporate supervisor
Peng Cheng Co., Ltd.	Its chairman is the Company's director
CyberSoft Digital Service Corp. ("CyberSoft Digital Service")	Related party in substance
Shin Kong Mitsukoshi Department Store Co., Ltd. ("Shin Kong Mitsukoshi")	Its director is the Company's chairman
Central Reinsurance Corporation ("Central Re")	Its director is Chang Hwa Bank's corporate director
Vanguard International Semiconductor Corp. ("Vanguard International Semiconductor")	Its director is Chang Hwa Bank's corporate supervisor
Scino Pharm Taiwan, Ltd. ("Scino Pharm Taiwan")	Same as above
Taiwan High Speed Rail Corp. ("Taiwan High Speed Rail")	Same as above
GreTai Securities Market	Its supervisor is Taishin Financial Holding's director (became non-related party after the fourth quarter of 2013)
Kai Fa International Investment Co., Ltd. ("Kai Fa International Investment")	Its corporate director is Chang Hwa Bank
Shin Kong Insurance Co., Ltd. ("Shin Kong Insurance")	Its director is spouse of the Company's chairman
Diamond Biotech Investment Corp. ("Diamond Biotech Investment")	Its director is Taishin Financial Holding's senior vice president
China Airlines Co., Ltd. ("China Airlines")	Its director is Chang Hwa Bank's corporate supervisor
Nan Ya Plastics Corp. ("Nan Ya Plastics")	Its director is the Company's independent director
National Aerospace Fasteners Corp ("NAFCO")	Its director is Chang Hwa Bank's corporate supervisor
Darfon Corp. ("Darfon")	Its independent director is the Company's independent director
Mega International Commercial Bank ("Mega Bank")	Its director is spouse of Chang Hwa Bank's vice general manager
Taiwan Business Bank Co., Ltd. ("Taiwan Business Bank")	Its director is Chang Hwa Bank's corporate director
Industrial Bank of Taiwan ("Industrial Bank")	Its director is spouse of the Company's director (became non-related party after the third quarter of 2013)
Kaohsiung Rapid Transit Corp. ("KRTC")	Its director is Chang Hwa Bank's corporate supervisor
Land Bank of Taiwan ("Land Bank")	Its director is Chang Hwa Bank's corporate director
Taiwan Finance Corp. ("TFC")	Its director is spouse of Chang Hwa Bank's vice general manager

Name	Relationship
Chunghwa Telecom Co., Ltd. ("Chunghwa Telecom")	Its supervisor is Chang Hwa Bank's corporate supervisor
Taiwan Tabaco & Liquor Corp. ("TTL")	Its director is Chang Hwa Bank's corporate director
South China Insurance	Its independent director is the Company's supervisor (became non-related party after the third quarter of 2012)
Fu Mei Inc. ("Fu Mei")	Its chairman is the chairman of Taishin Financial Holding's corporate supervisor
Taiwan Cooperative Bank	Its director is Chang Hwa Bank's corporate director (became non-related party after the second quarter of 2012)
Dah Chung Futures Co., Ltd. ("Dah Chung Futures")	Its director is spouse of Taishin Securities B's vice general manager (became non-related party after the fourth quarter of 2012)
Bank of Taiwan	Its director is Chang Hwa Bank's corporate director (became non-related party after the third quarter of 2012)
E-Ton Solar Inc. ("E-Ton Solar")	Its independent director is the Company's supervisor
Ralec Electronic Corp. ("Ralec Electronic")	Its director is Chang Hwa Bank's director (became non-related party after the third quarter of 2012)
Teco Electric & Machinery Company Limited ("TECO")	Its supervisor is Taishin Venture Capital and Taishin AMC's chairman (became non-related party after the third quarter of 2012)
Tuntex Petrochemicals Inc. ("Tuntex Petrochemicals")	Its director is the Company's director
PChome Online Inc. ("PChome Online")	Its chairman is PayEasy Digital's director (became non-related party in July 2012)
Wan Hai Lines Ltd. ("Wan Hai Lines")	Its director is Chang Hwa Bank's director
National Culture and Arts Foundation	Its director is the Company's chairman (became non-related party after the fourth quarter of 2012)
Straits Exchange Foundation ("SEF")	Its director is the Company's independent director (became non-related party after the fourth quarter of 2012)
Ri Chang Electronics Co., Ltd. ("Ri Chang Electronics")	Its director is the Company's senior manager
Han-Shin Venture Capital Inc. ("Han-Shin Venture Capital")	Its corporate director is the Company (in settlement in the fourth quarter of 2013)
Sercomm Corp. ("Sercomm")	Its supervisor is the Company's director
Shin Zu Shing Co., Ltd. ("Shin Zu Shing")	Its supervisor is the Company's supervisor
Thunder Power Co., Ltd. ("Thunder Power")	Its supervisor is the Company's supervisor (became non-related party after the second quarter of 2012)
PChome Store Inc. ("PChome Store")	Its chairman is PayEasy Digital's director (became non-related party in July 2012)
The General Association of Chinese Culture ("GACC")	Its director is the Company's independent director (became non-related party after the fourth quarter of 2013)
PChome eBay Co., Ltd. ("PChome eBay")	Its chairman is PayEasy Digital's director (became non-related party in July 2012)
Formosa International Hotels Corporation ("GFRT")	Its supervisor is the chairman of Taishin Financial Holding's corporate supervisor
Ubright Optronics Corporation ("Ubright")	Related party in substance
Individual A	The chairman of the Company
Others	Other related party based on the FSC-recognized IAS 24 "Disclosure Related Party"

Material transactions with related parties were as follows:

Loans, Deposits and Guaranteed Loans

Loans to related parties of Taishin Bank and subsidiaries were as follows:

Loans

	Ending Balance	Percentage of Loans (%)
December 31, 2013	\$ 4,061,831	0.57%
December 31, 2012	5,302,415	0.80%
January 1, 2012	3,861,796	0.63%

For the years ended December 31, 2013 and 2012, interest ranged from 0.0001% to 20.00%, and interest revenues were \$85,139 thousand and \$74,407 thousand, respectively.

	For the Year Ended December 31, 2013				
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral
<u>Consumer loans</u>					
114 accounts	\$ 237,965	\$ 311,178	\$ 237,965	\$ -	Land, building, chattels
<u>Self-used residence mortgage loans</u>					
99 accounts	614,847	727,305	614,847	-	Land, building
<u>Other loans</u>					
Nan Ya Plastics	2,001,499	2,904,497	2,001,499	-	Land, building, chattels, securities
China Airlines	1,000,000	1,000,000	1,000,000	-	Credit
Others	<u>207,520</u>	769,453	<u>202,166</u>	5,354	Land, building, chattels, securities
	<u>\$ 4,061,831</u>		<u>\$ 4,056,477</u>		
	For the Year Ended December 31, 2012				
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral
<u>Consumer loans</u>					
91 accounts	\$ 167,246	\$ 202,873	\$ 167,174	\$ 72	Land, building, chattels
<u>Self-used residence mortgage loans</u>					
106 accounts	588,891	714,025	588,891	-	Land, building
<u>Other loans</u>					
Nan Ya Plastics	2,904,497	2,904,497	2,904,497	-	Land, building, chattels, securities
China Airlines	1,000,000	1,000,000	1,000,000	-	-
KRTC	400,000	400,000	400,000	-	Securities
Others	<u>241,781</u>	837,982	<u>236,427</u>	5,354	Land, building, chattels, securities
	<u>\$ 5,302,415</u>		<u>\$ 5,296,989</u>		

	January 1, 2012			
	Ending Balance	Normal Loans	Non-performing Loans	Collateral
<u>Consumer loans</u>				
86 accounts	\$ 120,939	\$ 120,939	\$ -	Land, building, chattels
<u>Self-used residence mortgage loans</u>				
106 accounts	490,150	490,150	-	Land, building
<u>Other loans</u>				
TECO	1,600,000	1,600,000	-	-
Shin Kong Synthetic Fibers	400,000	400,000	-	Securities, chattels
Ming Huang International Property	220,000	220,000	-	Land, building
Fu Mei	215,000	215,000	-	Land, building
Ralec Electronic	200,000	200,000	-	-
KRTC	200,000	200,000	-	-
E-Ton Solar	110,000	110,000	-	Land, building
Others	305,707	250,775	54,932	Land, building, chattels, securities
	<u>\$ 3,861,796</u>	<u>\$ 3,806,864</u>		

Guaranteed loans

	December 31, 2013				
	Ending Balance	Highest Amount	Interest Rate (Per Annum %)	Reserve for Guarantee Liabilities	Collateral
Scino Pharm Taiwan	\$ 6,889	\$ 6,914	-	\$ -	Credit
Darfon	600	600	0.70	-	Certificate of deposit

	December 31, 2012				
	Ending Balance	Highest Amount	Interest Rate (Per Annum %)	Reserve for Guarantee Liabilities	Collateral
Anlon	\$ 20,000	\$ 20,000	0.65	\$ -	Stock, land, building
Scino Pharm Taiwan	8,229	41,504	-	-	Credit
Darfon	600	600	0.70	-	Certificate of deposit

	January 1, 2012		
	Ending Balance	Reserve for Guarantee Liabilities	Collateral
Scino Pharm Taiwan	\$ 42,048	\$ -	Credit
Anlon	20,000	-	Stock, land, building
Peng Cheng	16,000	-	Land, building
Tuntex Petrochemicals	10,966	-	Land, building
E-ton Solar	641	-	Credit
Darfon	600	-	Certificate of deposit

Deposits

	Ending Balance	Percentage of Deposits (%)
December 31, 2013	\$ 19,294,169	2.19%
December 31, 2012	19,458,894	2.35%
January 1, 2012	38,684,448	5.11%

For the years ended December 31, 2013 and 2012, interest rates ranged from 0.00% to 4.00% and from 0.00% to 5.12%, respectively, and interest expenses were \$175,229 thousand and \$272,320 thousand, respectively.

	For the Year Ended December 31, 2013		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Hsin Real-Estate	\$ 3,574,866	0.17 ~ 1.36	(\$ 26,490)
Taiwan High Speed Rail	1,955,070	0.01 ~ 1.05	(17,142)
Shin Kong Mitsukoshi	1,563,149	0.00 ~ 0.17	(1,253)
Central Re	1,098,946	0.05 ~ 1.00	(9,917)
Vanguard International Semiconductor	1,017,849	0.17 ~ 1.22	(10,174)
Taishin Insurance Agency	1,016,563	0.00 ~ 0.17	(1,661)
Taishin Holdings Insurance Brokers	928,958	0.00 ~ 0.17	(1,386)
Diamond Biotech Investment	914,433	0.05 ~ 1.22	(14,981)
Shin Kong Insurance	829,320	0.00 ~ 1.36	(6,432)
Scino Pharm Taiwan	714,383	0.00 ~ 0.94	(7,774)
Dah Chung Bills	425,567	0.00 ~ 0.90	(3,552)
Kai Fa International Investment	408,652	0.17 ~ 0.96	(3,575)
Wan Hai Lines	329,850	0.01 ~ 1.30	(1,991)
Taisahin Securities Investment Advisory	309,926	0.05 ~ 1.36	(2,743)
GFRT	300,212	0.00 ~ 0.77	(1,385)
Shin Kong Synthetic Fibers	234,669	0.00 ~ 0.35	(60)
Taishin Securities	212,040	0.17 ~ 1.36	(2,288)
Taishin Financial Holdings	183,391	0.17 ~ 1.36	(2,108)
Ri Chang Electronics	170,988	0.00 ~ 1.86	(1,225)
Taishin AMC	165,168	0.00 ~ 0.88	(990)
Taishin Dah An Leasing	142,440	0.00 ~ 1.36	(875)
UBright Optronics	106,321	0.00 ~ 0.17	(33)
Others	2,691,408		(57,194)
	<u>\$ 19,294,169</u>		<u>(\$ 175,229)</u>

	For the Year Ended December 31, 2012		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Hsin Real-Estate	\$ 2,076,751	0.00 ~ 1.36	(\$ 10,358)
Taiwan High Speed Rail	1,941,273	0.01 ~ 1.75	(22,318)
GreTai Securities Market	1,388,960	0.12 ~ 1.38	(14,626)
Vanguard International Semiconductor	1,231,790	0.17 ~ 1.22	(9,926)
Central Re	1,148,480	0.02 ~ 1.00	(11,207)
Scino Pharm Taiwan	1,127,942	0.00 ~ 0.94	(6,766)
Shin Kong Insurance	1,088,474	0.00 ~ 1.36	(4,643)
Taishin Insurance Agency	975,719	0.00 ~ 0.17	(1,716)
Shin Kong Mitsukoshi	815,747	0.00 ~ 0.17	(1,284)
Taishin Financial Holdings	803,141	0.12 ~ 1.36	(118,576)
Taishin Holdings Insurance Brokers	714,828	0.17	(827)
Dah Chung Bills	416,271	0.00 ~ 1.00	(3,947)
Kai Fa International Investment	403,382	0.12 ~ 1.05	(3,902)
Individual A	400,985	0.04 ~ 0.75	(184)
KRTC	400,287	0.02 ~ 1.05	(3,935)
Taisahin Securities Investment Advisory	302,134	0.02 ~ 1.36	(2,627)
Taishin AMC	245,610	0.00 ~ 0.88	(1,070)

Taishin Securities	239,204	0.01 ~ 1.36	(1,849)
Wan Hai Lines	236,162	0.01 ~ 1.00	(1,602)
SEF	204,780	0.12 ~ 1.38	(2,112)
Han-Shin Venture Capital	184,456	0.00 ~ 1.00	(450)
Taishin Dah An Leasing	172,476	0.17 ~ 0.80	(1,039)
Sercomm	157,616	0.01 ~ 1.00	(674)
Others	2,782,426	-	(46,682)
	<u>\$ 19,458,894</u>			<u>(\$ 272,320)</u>

				January 1, 2012
				Ending Balance
Taishin Financial Holdings			\$	17,759,020
Taiwan High Speed Rail				2,101,814
Chunghwa Telecom				2,056,581
TTL				1,850,000
Central Re				1,119,296
GreTai Securities Market				1,090,612
Shin Kong Mitsukoshi				1,027,073
Taishin Insurance Agency				1,024,058
Vanguard International Semiconductor				659,365
Scino Pharm Taiwan				639,230
Shin Kong Insurance				547,022
Taishin AMC				512,671
Pchome Online				442,766
Dah Chung Bills				421,405
KRTC				400,004
Kai Fa International Investment				400,002
South China Insurance				300,000
Taishin Securities Investment Advisory				292,865
E-Ton Solar				281,379
Taishin Holdings Insurance Brokers				280,597
PayEasy Digital				215,032
Thunder Power				208,884
PChome Store				200,634
Dah Chung Futures				190,471
Taishin Securities				184,100
Taishin Venture Capital				183,061
Taishin Dah An Leasing				178,394
Sercomm				155,961
National Cultured Arts Foundation				153,301
SEF				152,130
GACC				123,293
Master Link Securities				120,221
Pchome eBay				117,660
Shin Zu Shing				112,282
Shin Kong Synthetic Fibers				107,446
Others				3,075,818
			\$	<u>38,684,448</u>

Call Loans to Banks and Call Loans from Banks

		December 31, 2012		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Mega Bank	Call loans to banks	\$ 203,952	0.14 ~ 1.70	\$ 1,126
Land Bank		108,954	0.08 ~ 3.65	4,009
		December 31, 2013		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Mega Bank	Call loans to banks	\$ 3,144,750	0.10 ~ 7.00	(\$ 7,716)
Taiwan Business Bank		737,901	0.27 ~ 7.00	(3,050)
Land Bank		599,000	0.19 ~ 11.00	(2,399)
		December 31, 2012		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Mega Bank	Call loans to banks	\$ 874,080	0.23 ~ 6.25	(\$ 19,867)
Land Bank		582,720	0.15 ~ 4.70	(5,516)
Taiwan Business Bank		291,360	0.05 ~ 4.00	(3,051)
		January 1, 2012		
	Item	Ending Balance		
Land Bank	Call loans to banks	\$ 3,270,236		
Bank of Taiwan		3,059,290		
Taiwan Cooperative Bank		1,968,850		
Mega Bank		302,900		
Taiwan Business Bank		212,030		

Due Loans to Banks and Due from Banks

		December 31, 2013		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Chang Hwa Bank	Due to banks	\$ 1,338	-	\$ -
Mega Bank		35,259	0.00 ~ 0.15	194
		December 31, 2012		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Chang Hwa Bank	Due to banks	\$ 1,419	-	\$ -
Mega Bank		32,794	0.10 ~ 0.15	99
		January 1, 2012		
	Item	Ending Balance		
Chang Hwa Bank	Due to banks	\$ 2,030		
Shin Kong Bank		93		
Mega Bank		288,475		

	December 31, 2013					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Dah Chung Bills	\$ 1,942,224	\$ 1,713,954	\$ -	-	\$ -	-
MasterLink Securities	4,865,662	4,522,456	952,218	0.13 ~ 0.73	-	-
China Airline	35,000	-	299,552	0.60 ~ 0.70	-	-
Taishin Financial Holding	-	-	5,725	0.58 ~ 0.71	-	-
Taiwan High Speed Rail	-	-	920,000	0.65 ~ 0.74	-	-
TFC	6,506,098	-	-	-	-	-
Shin Kong Insurance	-	-	49,956	0.62 ~ 0.76	-	-
Chang Hwa Bank	799,514	961,809	-	-	-	-
Land Bank	203,715	307,338	-	-	-	-
Taiwan Business Bank	1,899,342	149,024	1,397,692	0.60 ~ 0.76	-	-
Shin Kong Bank	-	49,479	-	-	-	-
	<u>\$ 16,251,555</u>	<u>\$ 7,704,060</u>	<u>\$ 3,625,143</u>		<u>\$ -</u>	

	December 31, 2012					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Chang Hwa Bank	\$ 1,021,535	\$ 1,622,683	\$ -	-	\$ -	-
Dah Chung Bills	1,077,146	1,063,867	-	-	-	-
Taishin Financial Holding	-	-	2,594,693	0.71 ~ 0.73	-	-
MasterLink Securities	4,376,297	5,106,817	380,611	0.73 ~ 0.76	-	-
TFC	3,480,262	-	-	-	-	-
Shin Kong Insurance	-	-	19,988	0.75 ~ 0.77	-	-
Taiwan Business Bank	3,459,532	1,714,628	2,697,705	0.77 ~ 0.86	-	-
Chunghwa Telecom	-	-	1,997,336	0.70 ~ 0.75	-	-
Mega Bank	100,476	-	-	-	-	-
Industrial Bank	4,095,215	3,449,216	-	-	-	-
E-Ton Solar	-	40,298	-	-	-	-
Scino pharm Taiwan	-	-	59,962	0.70 ~ 0.75	-	-
Taiwan High Speed Rail	-	-	1,454,000	0.71 ~ 0.74	-	-
	<u>\$ 17,610,463</u>	<u>\$ 12,997,509</u>	<u>\$ 9,204,295</u>		<u>\$ -</u>	

	January 1, 2012	
	Repurchase Agreements	
	Ending Balance	
Taishin Financial Holding	\$	1,964,264
Shin Kong Life Insurance		1,999,466
Taiwan Business Bank		299,567
Chunghwa Telecom		1,098,855
Taiwan High Speed Rail		1,096,000
	<u>\$</u>	<u>6,458,152</u>

Derivatives

December 31, 2013						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Taiwan Business Bank	Currency swaps and interest rate swaps	2007.08.15-2015.09.17	\$ 1,999,500	(\$ 22,847)	Financial assets at FVTPL	\$ 26,627
Dah Chung Bills	Interest rate swaps	2010.11.09-2018.11.30	1,800,000	(966)	Financial liabilities at FVTPL	(1,956)
Mega Bank	Currency swaps and interest rate swaps	2007.11.05-2017.05.09	1,399,000	(10,950)	Financial assets at FVTPL	15,906
China Airlines	Interest rate swaps	2012.05.23-2015.06.22	1,000,000	234	Financial assets at FVTPL	168
Vanguard International Semiconductor	Currency swaps	2013.11.04-2014.02.24	703,825	1,042	Financial assets at FVTPL	5,456
Scino Pharm Taiwan	Foreign exchange contracts	2013.12.05-2014.03.07	82,662	212	Financial assets at FVTPL	212
December 31, 2012						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	\$ 1,500,000	(\$ 3,547)	Financial liabilities at FVTPL	(\$ 3,546)
China Airlines	Interest rate swaps and foreign exchange options	2012.05.23-2015.06.22	1,203,952	(5,638)	Financial liabilities at FVTPL	(5,626)
Industrial Bank	Currency swaps	2012.12.06-2013.04.10	874,080	145	Financial assets at FVTPL	646
MasterLink Securities	Interest rate swaps	2008.01.11-2013.01.17	600,000	(2,474)	Financial liabilities at FVTPL	(2,474)
Vanguard International Semiconductor	Currency swaps	2012.10.02-2013.04.24	437,040	167	Financial liabilities at FVTPL	(1,155)
Darfon	Cross-currency swaps	2012.12.18-2013.01.24	233,088	19	Financial assets at FVTPL	229
Scino Pharm Taiwan	Foreign exchange contracts	2011.11.19-2013.01.18	25,640	3	Financial assets at FVTPL	3
NAF Co.	Foreign exchange contracts	2012.12.20-2013.02.25	14,568	50	Financial assets at FVTPL	50
January 1, 2012						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Account	Balance	
MasterLink Securities	Interest rate swaps	2007.05.11-2013.01.17	\$ 2,100,000	Financial liabilities at FVTPL	(\$ 11,396)	
Taiwan Cooperative Bank	Currency swaps and interest rate swaps	2008.01.22-2013.01.24	1,614,500	Financial liabilities at FVTPL	(8,705)	
Dah Chung Bills	Interest rate swaps	2008.04.17-2016.08.22	1,500,000	Financial liabilities at FVTPL	(9,483)	
Industrial Bank	Currency swaps	2011.09.13-2012.03.15	1,363,050	Financial assets at FVTPL	27,581	
Vanguard International Semiconductor	Currency swaps	2011.11.30-2012.02.17	363,480	Financial assets at FVTPL	1,504	
TECO	Foreign exchange contracts	2011.12.15-2012.02.01	242,320	Financial assets at FVTPL	55	
Taiwan High Speed Rail	Foreign exchange contracts	2011.12.22-2012.01.06	179,783	Financial liabilities at FVTPL	(487)	
Darfon	Cross-currency swaps	2011.12.13-2012.02.16	90,870	Financial assets at FVTPL	81	
Scino Pharm Taiwan	Foreign exchange contracts	2011.11.21-2012.01.20	43,118	Financial liabilities at FVTPL	(1,720)	

Property Transactions

The Company sold its ownership in PayEasy Digital common stock to the following transaction party in June and July 2012. The transaction price was set based on mutual negotiation and on the opinion letter on fair price issued by experts.

Transaction Party	Date of Disposal	Disposition of the Shares	Proceeds from Disposal	Gain on Disposal
Shin Kong Mitsukoshi	2012.6.25	17,380,000	\$ 346,557	\$ 260,482
Cyber Soft Digital Service	2012.7.13	2,329,501	46,450	35,251
Taishin Venture Capital	2012.7.13	2,172,500	43,320	32,874
Taishin AMC	2012.7.13	2,172,500	43,320	32,874

Other Material Transactions

	December 31, 2013		December 31, 2012	
	Item	Amount	Item	Amount
Taishin Holding Insurance Brokers	Fee income	\$ 2,303,047	Fee income	\$ 2,029,349
Taishin Holding Insurance Brokers	Receivables, net	150,595	Receivables, net	121,555
Shin Kong Mitsukoshi	Fee income	312,168	Fee income	306,134
Shin Kong Mitsukoshi	Operating expenses	347,800	Operating expenses	341,935
Cybers Soft Digital Service	Operating expenses	521,395	Operating expenses	533,973

Reward for Key Management

For the years ended December 31, 2013 and 2012, the reward for directors and other key management were as follows:

	December 31, 2013	December 31, 2012
Short-term employee benefits	\$ 322,861	\$ 275,874
Post-employment benefits	5,179	5,055
Share-based payment	25,179	20,727
	<u>\$ 353,219</u>	<u>\$ 301,656</u>

42. PLEDGED ASSETS

Pledged Assets	Description	December 31, 2013	December 31, 2012	January 1, 2012
Available-for-sale financial assets	Certificates of time deposits and bonds	\$ 7,565,527	\$ 7,590,224	\$ 7,599,570
Refundable deposits	Cash and certificates of time deposits	2,894,112	372,308	768,405
Operating deposits and settlement funds	Cash and certificates of time deposits	22,267	11,178	10,688

43. CONTINGENT LIABILITIES AND COMMITMENTS

a. In addition to those mentioned in Note 9, the Company has the following contingent liabilities and commitments as of December 31, 2013 and 2012:

	December 31, 2013	December 31, 2012
Guarantees	\$ 15,506,129	\$ 10,686,811
Letters of credit	3,020,095	3,914,509
Trust liabilities	209,643,460	217,960,185
Unpaid equipment purchase contracts	259,645	369,458
Unused loan commitments (excluding credit card)	102,392,804	91,455,710
Unused loan commitments (credit card only)	354,607,803	337,268,417

b. Under Article 17 of the implementation rules of the Trust Law, the Company disclosed its balance sheets and income statements of trust accounts and its asset items, as follows:

Trust Accounts Balance Sheets
December 31, 2013 and 2012

Trust assets	2013	2012	Trust liabilities	2013	2012
Deposit	\$ 5,315,754	\$ 5,628,392	Payables	\$ 296,765	\$ 51,912
Financial assets			Tax payable	-	4,705
Bonds	6,295,079	4,275,579	Self-valuation securities under custody	43,887,562	31,036,445
Common stocks	24,533,401	30,665,747	Other liabilities	13,660	-
Mutual funds	100,266,975	115,885,224	Trust capital	165,107,673	186,271,241
Structured products	17,676,694	18,664,063	Reserves and retained earnings	337,800	595,882
Derivatives	-	839			
Receivables and prepaid	220,248	91,120			
Real estate	8,564,326	8,832,776			
Securities under custody	43,887,562	31,036,445			
Others	2,883,421	2,880,000			
	<u>\$ 209,643,460</u>	<u>\$ 217,960,185</u>		<u>\$ 209,643,460</u>	<u>\$ 217,960,185</u>

Trust Income Statements
Years Ended December 31 2013 and 2012

	2013	2012
<u>Revenues</u>		
Interest	\$ 31,712	\$ 32,666
Rent	23,172	126,540
Cash dividends	736,091	1,144,123
Fund distribution	52,288	53,320
Others	4,867	96,294
	<u>848,130</u>	<u>1,452,943</u>
<u>Expenses</u>		
Administration fees	(46,665)	(56,512)
Custodian fees	-	(725)
Taxes	(1,135)	(6,025)
Service fees	(17,658)	(16,964)
Professional service fees - CPA	(429)	(465)
Others	(19,606)	(30,014)
	<u>(85,493)</u>	<u>(110,705)</u>
Net income	<u>\$ 762,637</u>	<u>\$ 1,342,238</u>

Trust Income Statements
Years Ended December 31 2013 and 2012

Deposit	2013	2012
Financial assets	\$ 5,315,754	\$ 5,628,392
Bonds	6,295,079	4,275,579
Common stocks	24,533,401	30,665,747
Mutual funds	100,266,975	115,885,224
Structured products	17,676,694	18,664,063
Derivatives	-	839
Receivables and prepayments	220,248	91,120
Real estate	8,564,326	8,832,776
Securities under custody	43,887,562	31,036,445
Others	2,883,421	2,880,000
	\$ 209,643,460	\$ 217,960,185

According to the General Agreement, the net assets value denominated in U.S. dollar should be translated into New Taiwan dollar at the settlement rate of New Taiwan dollar against U.S. dollar announced by Taipei Forex Brokerage Co., Ltd. for the day on a net basis. If foreign exchange rates are not available, the last known rate should be used.

- c. Taishin Financial Holding has already appointed Lee and Li Attorney-at-Law to help the Company's customers to declare to Lehman Brother their legal rights on the losses on their investments in Lehman Brother's securities. The related law service charge will be paid by the Company. Because this case involves claims from all over the world, the Company could not reasonably estimate the related litigation fee.

44. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2013			December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets									
Monetary items									
AUD	\$ 76,327	26.72	\$ 2,039,211	\$ 69,396	30.27	\$ 2,100,269	\$ 90,903	30.75	\$ 2,795,583
RMB	3,008,019	4.94	14,870,048	644,390	4.68	3,015,573	677,030	4.77	3,232,541
EUR	60,371	41.28	2,492,216	35,861	38.61	1,384,633	33,611	39.20	1,317,495
HKD	1,980,964	3.86	7,651,766	1,178,031	3.76	4,427,816	872,507	3.90	3,401,582
JPY	13,431,474	0.29	3,829,891	23,885,244	0.34	8,060,243	23,503,001	0.39	9,175,830
USD	5,167,127	29.95	154,755,447	4,779,802	29.14	139,264,298	4,085,416	30.29	123,747,248
Non-monetary items									
AUD	298,319	26.72	7,970,157	262,464	30.27	7,943,485	261,523	30.75	8,042,721
RMB	4,983,529	4.94	24,635,918	4,614,091	4.68	21,592,700	240,874	4.77	1,150,075
EUR	262,447	41.28	10,834,229	375,499	38.61	14,498,395	101,776	39.20	3,989,428
HKD	153,842	3.86	594,237	330,389	3.76	1,241,819	363,964	3.90	1,418,961
JPY	6,935,646	0.29	1,977,651	14,332	0.34	4,837	44,432,933	0.39	17,347,106
USD	6,320,568	29.95	189,300,999	1,179,374	29.14	34,362,275	2,226,666	30.29	67,445,722
ZAR	6,247,420	2.86	17,877,910	2,570,128	3.43	8,813,164	1,333,218	3.73	4,971,890

	December 31, 2013			December 31, 2012			January 1, 2012		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities									
Monetary items									
AUD	\$ 366,038	26.72	\$ 9,779,401	\$ 330,133	30.27	\$ 9,991,469	\$ 349,493	30.75	\$10,748,108
RMB	3,114,275	4.94	15,395,321	1,540,205	4.68	7,207,743	684,157	4.77	3,266,570
EUR	54,027	41.28	2,230,328	108,209	38.61	4,178,047	118,156	39.20	4,631,524
HKD	1,183,778	3.86	4,572,516	827,473	3.76	3,110,188	933,160	3.90	3,638,044
JPY	15,141,366	0.29	4,317,455	7,512,731	0.34	2,535,224	8,498,102	0.39	3,317,753
USD	6,152,182	29.95	184,257,853	5,720,927	29.14	166,684,918	5,126,610	30.29	155,285,014
ZAR	5,745,774	2.86	16,442,378	2,539,846	3.43	8,709,325	1,328,264	3.73	4,953,416
Non-monetary items									
RMB	4,714,427	4.94	23,305,620	3,705,444	4.68	17,340,476	2,919	4.77	13,937
EUR	308,090	41.28	12,718,449	278,842	38.61	10,766,394	7,703	39.20	301,927
HKD	937,590	3.86	3,621,580	746,468	3.76	,805,720	434,501	3.90	1,693,957
JPY	71,018	0.29	20,250	14,389,188	0.34	4,855,732	62,619,872	0.39	24,447,487
USD	5,384,363	29.95	161,261,671	210,303	29.14	6,127,385	1,147,286	30.29	34,751,306
ZAR	558,602	2.86	1,598,520	31,949	3.43	109,556	2,765	3.73	10,310

45. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Under Article 18 of the Regulations Governing the Preparation of Financial Reports by Public Banks, material transactions are summarized as follows:

No.	Item	Explanation
1	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	None
2	Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
3	Disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
4	Discounts of service charges for related parties amounting to at least \$5 million	None
5	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital	None
6	Sales of NPL from subsidiaries	None
7	Authorities securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
8	Other transactions that may have significant impact on the decision made by the financial statement users	None

b. Information on the Company's investees:

No.	Item	Explanation
1	Names, locations, and related information of investees	Table 1
2	Financings provided	None(Note)
3	Endorsements/guarantees provided	None(Note)
4	Marketable securities held	Table 2(Note)
5	Derivative transactions of investees	None
6	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	None
7	Acquisition or disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
8	Disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
9	Discounts of service charges for related parties amounting to at least \$5 million	None

10	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital	None
11	Sales of NPL from subsidiaries	None
12	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Security	None
13	Other transactions that may have significant impact on the decision made by the financial statement users	None

Note: it is not required to disclose if the investee is a bank, insurance or security company.

c. Information of investment in Mainland China: None

46. FIRST-TIME ADOPTION OF REGULATIONS

a. Effects of transition to Regulations

The impact of the transition to the Regulations on the Company's balance sheets, statements of comprehensive income, statements of changes in equity and statements of cash flows are stated as follows:

(1) The reconciliation of balance sheet as of January 1, 2012

Item	ROC GAAP		Change to Regulations		Regulations		Notes
	Amount		Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	
Cash and cash equivalents	\$ 11,125,892	\$ -	(\$ 10,000)	\$ 11,115,892	Cash and cash equivalents	1)	
Due from Central Bank and call loans to banks	29,519,453	-	-	29,519,453	Due from Central Bank and call loans to banks		
Financial assets at fair value through profit or loss	40,781,549	(164,903)	-	40,616,646	Financial asset at fair value through profit or loss	2)	
Bonds and securities purchased under resell agreements	1,058,738	-	-	1,058,738	Securities purchased under resell agreements		
Receivables, net	88,122,428	366,384	(60,887)	88,427,925	Receivables, net	2),3)	
	-	-	60,887	60,887	Current tax assets	3)	
Loans, net	600,808,129	-	-	600,808,129	Loans, net		
Available-for-sale financial assets, net	191,190,849	2,061,378	-	193,252,227	Available-for-sale financial assets, net	4)	
Held-to-maturity financial assets, net	2,421,241	-	-	2,421,241	Held-to-maturity financial assets, net		
Investments accounted for by the equity method, net	1,939,912	(1,881)	-	1,938,031	Investments accounted for using the equity method, net	4),6),7),9),10),14)	
Other financial assets, net	2,893,816	(802,378)	10,000	2,101,438	Other financial assets, net	1),4)	
Property and equipment, net	17,424,442	244,624	-	17,669,066	Property and equipment, net	10)	
Goodwill and intangible assets	1,921,980	-	-	1,921,980	Intangible assets, net		
Deferred tax assets	5,482,805	7,820	195,887	5,686,512	Deferred tax assets	3),6)	
Other assets, net	1,263,182	(42,064)	-	1,221,118	Other assets, net	3),6)	
Total	995,954,416	1,668,980	195,887	997,819,283	Total		
Deposits from banks and Central Bank	62,532,398	-	-	62,532,398	Due to the Central Bank and banks		
Financial liabilities at fair value through profit or loss	8,353,108	-	-	8,353,108	Financial liabilities at fair value through profit or loss		
Bonds and securities sold under repurchase agreements	43,486,925	-	-	43,486,925	Securities sold under repurchase agreements		
Payables	22,379,981	201,481	(1,096,553)	21,484,909	Payables	2),3),13)	

ROC GAAP		Change to Regulations		Regulations		Notes
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	
			453,184	453,184	Current tax liabilities	3)
Deposits and remittances	756,502,655	-	-	756,502,655	Deposits and remittances	
Bank debentures	25,000,000	-	-	25,000,000	Bank debentures	
Reserve for operations and liabilities		46,002	611,658	657,660	Reserve for liabilities	5),6)
Other financial liabilities	13,340,332	-	-	13,340,332	Other financial liabilities	
Deferred tax liabilities		233,115	207,659	440,774	Deferred tax liabilities	3),4),10)
Other liabilities	1,377,985	-	19,939	1,397,924	Other liabilities	3),5),13)
Total	932,973,384	480,598	195,887	933,649,869	Total	
<u>Equity</u>						
					Equity attributable to owners of parents	
<u>Capital stock</u>						
Common stock	47,275,173	-	-	47,275,173	Common stock	
Preferred stock	1,882,353	-	-	1,882,353	Preferred stock	
<u>Capital surplus</u>						
Additional paid-in capital in excess of par	3,089,037	-	-	3,089,037	Additional paid-in capital in excess of par	
Other capital surplus	107,980	38,885	-	146,865	Other capital surplus	8)
Retained earnings	\$ 10,593,956	\$ 86,717	\$ -	\$ 10,680,673	Retained earnings	6),7),8),9),10),11),14), e. 1)
<u>Other items of stockholders' equity</u>						
Unrealized revaluation increment of land	6,093	(6,093)	-	-	Other equity	10)
Cumulative translation adjustments	(539)	539	-	-	Other equity	11)
Net loss not recognized as pension cost	(355)	355	-	-	Other equity	6)
Unrealized gains or losses on available-for-sale financial assets	27,334	1,067,979	-	1,095,313	Other equity	4)
Total stockholders' equity	62,981,032	1,188,382	-	64,169,414	Total equity	
Total	995,954,416	1,668,980	195,887	997,819,283	Total	

(2) The reconciliation of balance sheet as of December 31, 2012

ROC GAAP		Change to Regulations		Regulations		Notes
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	
Cash and cash equivalents	\$ 12,395,086	\$ -	(\$ 10,000)	\$ 12,385,086	Cash and cash equivalents	1)
Due from Central Bank and call loans to banks	33,230,520	-	-	33,230,520	Due from Central Bank and call loans to banks	
Financial assets at fair value through profit or loss	49,231,145	6,743	-	49,237,888	Financial asset at fair value through profit or loss	2)
Bonds and securities purchased under resell agreements	4,269,494	-	-	4,269,494	Securities purchased under resell agreements	
Receivables, net	86,077,469	44,899	(128,226)	85,994,142	Receivables, net	2),3)
	-	-	128,229	128,229	Current tax assets	3)
Loans, net	658,454,135	-	-	658,454,135	Loans, net	
Available-for-sale financial assets, net	207,278,563	2,869,328	-	210,147,891	Available-for-sale financial assets, net	4)

ROC GAAP		Change to Regulations		Regulations		Notes
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	
Held-to-maturity financial assets, net	1,917,473	-	-	1,917,473	Held-to-maturity financial assets, net	
Investments accounted for by the equity method, net	1,785,834	(531)	-	1,785,303	Investments accounted for using the equity method, net	4),6),7),9),10),14)
Other financial assets, net	2,910,429	(769,373)	10,000	2,151,056	Other financial assets, net	1),4),15)
Property and equipment, net	17,475,160	-	-	17,475,160	Property and equipment, net	10)
Goodwill and intangible assets	1,688,796	-	-	1,688,796	Intangible assets, net	
Deferred tax assets	4,671,621	29,734	252,043	4,953,398	Deferred tax assets	3),6)
Other assets, net	854,065	(35,379)	(3)	818,683	Other assets, net	3),6)
Total	1,082,239,790	2,145,421	252,043	1,084,637,254	Total	
Deposits from banks and Central Bank	52,366,146	-	-	52,366,146	Due to the Central Bank and banks	
Financial liabilities at fair value through profit or loss	9,114,382	-	-	9,114,382	Financial liabilities at fair value through profit or loss	
Bonds and securities sold under repurchase agreements	53,499,333	-	-	53,499,333	Securities sold under repurchase agreements	
Payables	21,425,730	51,641	(1,390,900)	20,086,471	Payables	2),3),13)
	-	-	721,349	721,349	Current tax liabilities	3)
Deposits and remittances	826,959,852	-	-	826,959,852	Deposits and remittances	
Bank debentures	36,700,000	-	-	36,700,000	Bank debentures	
Reserve for operations and liabilities	-	174,907	569,143	744,050	Reserve for liabilities	5),6)
Other financial liabilities	13,670,671	-	-	13,670,671	Other financial liabilities	
Deferred tax liabilities	-	320,909	310,142	631,051	Deferred tax liabilities	3),4)
Other liabilities	1,384,159	-	42,309	1,426,468	Other liabilities	3),5),13)
Total	1,015,120,273	547,457	252,043	1,015,919,773	Total	
Equity					Equity attributable to owners of parent	
Capital stock					Capital stock	
Common stock	47,275,173	-	-	47,275,173	Common stock	
Preferred stock	1,882,353	-	-	1,882,353	Preferred stock	
Capital surplus					Capital surplus	
Additional paid-in capital in excess of par	3,089,037	-	-	3,089,037	Additional paid-in capital in excess of par	
Other capital surplus	180,386	41,096	-	221,482	Other capital surplus	8
Retained earnings	13,809,799	15,917	-	13,825,716	Retained earnings	6),7),8),9),10),11),14),15), e. 1)
Other items of stockholders' equity					Other equity	
Unrealized revaluation increment of land	207,232	(207,232)	-	-	Other equity	10)
Cumulative translation adjustments	(820)	539	-	(281)	Other equity	11)
Net loss not recognized as pension cost	(1,167)	1,167	-	-	Other equity	6)
Unrealized gains or losses on available-for-sale financial assets	677,524	1,746,477	-	2,424,001	Other equity	4)
Total stockholders' equity	67,119,517	1,597,964	-	68,717,481	Total equity	
Total	1,082,239,790	2,145,421	252,043	1,084,637,254	Total	

(3) The reconciliation of income statement for the year ended December 31, 2012

ROC GAAP		Change to Regulations		Regulations		Notes
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	
Interest income	\$ 22,313,017	\$ -	(\$ 289,390)	\$ 22,023,627	Interest income	12)
Interest expenses	(8,438,783)	-	94,285	(8,344,498)	Interest expenses	7)
Net interest income	13,874,234	-	(195,105)	13,679,129	Net interest income	
Net income other than interest income					Net income other than interest income	
Fee and commission income, net	6,402,970	-	-	6,402,970	Net service fee and commissions income	
Gain on financial assets and liabilities at fair value through profit or loss	2,905,584	-	289,390	3,194,974	Gains on financial assets and liabilities at fair value through profit or loss	12)
Realized gain on available-for-sale financial assets	177,929	-	-	177,929	Realized gain on available-for-sale financial assets	
Investment gain recognized under the equity method	13,113	198	-	13,311	Share of gain of subsidiaries, associates and joint ventures accounted for using equity method	6),7),8), 14)
Gain on disposal of investments accounted for by the equity method	396,042	33,005	-	429,047	Gain on disposal of investments accounted for by the equity method	15)
Foreign exchange loss, net	(354,561)	-	-	(354,561)	Foreign exchange loss	
Asset impairment loss	(39,627)	-	-	(39,627)	Asset impairment loss	
Other non-interest net income and loss	429,165	-	-	429,165	Net other non-interest income	
Gross income	23,804,849	33,203	94,285	23,932,337	Net revenue and gains	
Reversed allowance for loan losses	617,039	-	-	617,039	Reversed allowance for bad debts expenses and guarantee liability provisions	
Operating expenses					Operating expenses	
Personnel expenses	(8,089,697)	(209)	(94,285)	(8,184,191)	Employee benefits expenses	6),7),8)
Depreciation and amortization	(757,509)	-	-	(757,509)	Depreciation and amortization expenses	
Others	(5,231,746)	-	-	(5,231,746)	Other general and administrative expenses	
Income before income tax	10,342,936	32,994	-	10,375,930	Income before income tax	
Estimated income tax expense	(1,696,618)	797	-	(1,695,821)	Income tax expense	6)
Net income	8,646,318	33,791	-	8,680,109	Net income	
					Other comprehensive income	
				1,460,684	Unrealized gain or loss on available-for-sale financial assets	4)
				353	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	4),6),11)
				(124,217)	Actuarial gains or loss on defined benefit plans	6)
				(113,004)	Income tax relating to components of other comprehensive income	4),6)
				9,903,925	Total comprehensive income	

(4) Reconciliation of equity as of January 1, 2012 and December 31, 2012

	January 1, 2012	December 31, 2012
Equity under ROC GAAP	\$ 62,981,032	\$ 67,119,517
Adjustments:		
Open balance at the revaluated price on land	201,139	-
Investment property	5,639	5,639
Employee benefits - defined benefit plan	(83,212)	(184,027)
Employee's high-yield savings account	(2,551)	(2,816)
Employee's bonus for complete attendance in work	(612)	(314)
Financial instrument designation	1,067,979	1,746,477
Accounting for a parent's loss of control over a subsidiary	-	33,005
Equity under the Regulations	<u>\$ 64,169,414</u>	<u>\$ 68,717,481</u>

(5) The explanations of significant adjustments of statement of cash flows

Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under Regulations, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Therefore, time deposits both with a carrying amount of \$10,000 thousand as of December 31, 2012 and January 1, 2012, respectively, held by the Company were for investment purposes and thus no longer classified as cash under Regulations.

The statements of cash flows were prepared by indirect method according to ROC GAAP. Interest paid and received, dividends received and income tax paid are classified as operating activities and not disclosed separately. However, under Regulations, interest received of \$22,245,250 thousand, interest paid of \$8,226,199 thousand and income taxes paid of \$684,236 thousand are classified as operating activities in the statement of cash flows for the year ended December 31, 2012. Except for the above differences, there are no other significant differences between ROC GAAP and Regulations in the statement of cash flows.

b. Exemptions

Except for the conditions that can not be retrospectively applied under Regulations, and that retrospectively apply the exemptions below. The Company retrospectively apply those accounting policies in its opening balance sheet at the date of transition to Regulations, January 1, 2012:

- (1) The Company elected to take the optional exemption from applying Regulations retrospectively for the share-based payment transactions granted and vested before the transition date.
- (2) The Company elected to recognize all cumulative actuarial gains and losses and transferred them to retained earnings at the date of transition. In addition, the Company elected to disclose historical information about experience adjustments in each accounting period prospectively from the date of transition to Regulations.
- (3) The Company elected not to apply Regulations retrospectively to business combination that occurred before the date of transition to Regulations. Thus, there was no adjustment to book value for business combination that occurred before the date of transition. The Company elected to present the value of subsidiaries and associates acquiring before the date of transition to Regulations in balance sheet on January 1, 2012 based on ROC GAAP on December 31, 2011.

- (4) The Company elected to designate some previously designated financial instruments carried at cost as available for sale at the date of transition to Regulations.
- (5) The Company elected to use ROC GAAP revaluation of property, plant and equipment and investment property at, or before, the date of transition to Regulations as deemed cost at the transition date. Other property, plant and equipment, investment properties and intangible assets were accounted under Regulations retrospectively.
- (6) The Company elected to deem as zero cumulative translation differences on all foreign operations at the date of transition to Regulations. Afterwards, the exchange differences will be processed according to Regulations.

The effects of the adoption of the abovementioned optional exemptions are discussed below in item d. - Explanations of significant reconciling items in the transition to Regulations.

c. Explanations of compulsory non-retroactive items

Except for the estimates reflecting the differences between Regulations and ROC GAAP accounting policies, all estimates are the same as the ones made based on ROC GAAP at the date of transition.

d. Explanations of significant reconciling items in the transition to Regulations

Material differences between the accounting policies under ROC GAAP and the accounting policies adopted under Regulations were as follows:

(1) Cash and cash equivalents

According to Regulations, the Company reclassified demand deposits that require over 3 months prior notice of withdrawal to other financial assets.

As of December 31, 2012 and January 1, 2012, cash and cash equivalents both decreased by \$10,000 thousand, while other financial assets both increased by \$10,000 thousand.

(2) Regular way purchase or sale of a financial asset

According to Regulations, the Company adopted trade date accounting for all regular way purchase or sale of all financial assets.

As of December 31, 2012, financial assets at FVTPL-net increased by \$6,743 thousand while payables and receivables increased by \$51,641 thousand and \$44,899 thousand, respectively.

As of January 1, 2012, financial assets at FVTPL-net decreased by \$164,903 thousand while payables and receivables increased by \$201,481 thousand and \$366,384 thousand, respectively.

(3) Income taxes

According to Regulations, the Company reclassified accrued land value increment tax payable, a taxable temporary difference, to deferred tax liabilities.

According to Regulations, the Company presented current tax assets, current tax liabilities, deferred tax assets and deferred tax liabilities separately in balance sheet.

According to Regulations, deferred income tax assets and deferred tax liabilities cannot be offset with each other; thus, they are presented at gross amounts.

As of December 31, 2012 and January 1, 2012, receivables decreased by \$128,226 thousand and \$60,887 thousand, respectively; current tax assets increased by \$128,229 thousand and \$60,887 thousand, respectively; deferred tax assets increased by \$252,043 thousand and \$195,887 thousand, respectively; other assets decreased by \$3 thousand and \$0 thousand, respectively; payables decreased by \$733,121 thousand and \$464,956 thousand, respectively; current tax liabilities increased by \$721,349 thousand and \$453,184 thousand, respectively; deferred income tax liabilities increased by \$310,142 thousand and \$207,659 thousand, respectively; and other liabilities decreased by \$46,327 thousand and \$0 thousand, respectively.

(4) Financial instrument designation

Under Regulations, the Company and the invested companies reclassified other financial assets to available-for-sale financial assets.

As of December 31, 2012 and January 1, 2012, available-for-sale financial assets increased by \$2,869,328 thousand and \$2,061,378 thousand, respectively; other financial assets both decreased by \$802,378 thousand; deferred tax liabilities increased by \$320,909 thousand and \$191,335 thousand, respectively; other equity increased by \$1,746,477 thousand and \$1,067,979 thousand, respectively and the investment gain recognized under the equity method increased by \$436 thousand and \$314 thousand, respectively. In addition for the year ended December 31, 2012, unrealized gain or loss on available-for-sale financial assets under other comprehensive income increased by \$1,460,684 thousand. The amount of subsidiaries, associates and joint ventures recognized under equity method increased by \$2,125 thousand. Tax expense related to other comprehensive income increased by \$134,121 thousand.

(5) Reserve for liabilities

The Company classified reserve for operations under reserve for liabilities in accordance with Regulations.

As of December 31, 2012 and January 1, 2012, reserve for liabilities increased by \$569,143 thousand and \$611,658 thousand, respectively, while other liabilities decreased by \$569,143 thousand and \$611,658 thousand, respectively. The amount of total liabilities did not change due to the reclassification.

(6) Actuarial gains and losses

The Company and invested companies elected to recognize all cumulative actuarial gains and losses at the date of transition in accordance with Regulations, and elected to recognize actuarial gains and losses as other comprehensive income which closes to retained earnings in the statement of changes in equity after the transition in accordance with Regulations. The recognized other comprehensive income can not be reclassified to income and expense in subsequent periods.

The Company and invested companies retrospectively applied the requirements of Regulations and adjusted unrecognized transition obligation and pension liability to related accounts in accordance with generally accepted accounting principles in the ROC.

As of December 31, 2012 and January 1, 2012, other assets decreased by \$35,379 thousand and \$42,064 thousand, respectively; deferred tax assets increased by \$29,734 thousand and \$7,820 thousand, respectively; reserve for liabilities increased by \$174,907 thousand and \$46,002 thousand, respectively. The investment under the equity method decreased by \$3,476 thousand and \$2,966 thousand, respectively. Retained earnings decreased by \$185,194 thousand and \$83,567 thousand, respectively. Other equity decreased by \$1,167 thousand, \$355 thousand, respectively.

In addition, for the year ended December 31, 2012 the amounts of subsidiaries, associates and joint ventures recognized under equity method increased by \$169 thousand, the employee benefits expenses decreased by \$1,997 thousand. Income tax expense decreased by \$797 thousand. Actuarial gains and losses as other comprehensive income increased by \$124,217 thousand, while the amount of subsidiaries, associates and joint ventures recognized under equity method decreased by \$1,491 thousand. Tax expense related to other comprehensive income decreased by \$21,117 thousand.

(7) Employee's high-yield savings account

Under Regulations, the invested companies adjusted the post-employment abnormal interests because the high-yield savings interest rate exceeded market interest rate when the employee retired. Therefore the Company adjusted under equity method.

The nature of high-yield savings account is employee benefits; therefore, the Company classified the abnormal interests to employee benefits expense.

As of December 31, 2012 and January 1, 2012, investment under the equity method decreased by \$2,816 thousand and \$2,551 thousand, respectively, while retained earnings decreased by \$2,816 thousand and \$2,551 thousand, respectively. In addition, for the year ended December 31, 2012, the amount of subsidiaries, associates and joint ventures recognized under equity method decreased by \$265 thousand. The Interest expense decreased by \$94,285 thousand. The employee benefits expenses increased by \$94,285 thousand.

(8) Share-based payment

Electing the requirements of share-based payment under Regulations, the Company retrospectively applied.

As of December 31, 2012 and January 1, 2012, other capital surplus increased by \$41,096 thousand and \$38,885 thousand, respectively and retained earnings decreased by \$41,096 thousand and \$38,885 thousand, respectively. In addition, for the year ended December 31, 2012, the employee benefits expenses increased by \$2,206 thousand. The amount of subsidiaries, associates and joint ventures recognized under equity method decreased by \$5 thousand.

(9) Investment property

The invested companies reclassified fixed assets and other assets that conformed to the definition of investment properties as investment properties based on Regulations.

Since sufficient evidence showed that certain investment properties were continuously in lease status that could generate medium- and long-term steady cash flows, the invested companies elected to measure those investment properties at the date of transition to Regulations at fair value and used that fair value as deemed cost at the date of transition to Regulations and increased retained earnings.

As of December 31, 2012 and January 1, 2012. The investment under equity method both increased by \$5,639 thousand and retained earnings both increased by \$5,639 thousand.

(10) Revaluation increment of property and equipment

Parts of land, buildings and investment properties were revalued in accordance with ROC GAAP at or before the date of transition to Regulations. The Company used the revalued amount as the cost of the assets at the date of transition to Regulations.

Property and equipment increased by \$244,624 thousand; deferred tax liabilities increased by \$41,780 thousand.

As of December 31, 2012 and January 1, 2012, retained earnings both increased by \$207,232 thousand; other equity decreased by \$207,232 thousand and \$6,093 thousand, respectively. The investment under equity method decreased by \$0 thousand and \$1,705 thousand, respectively.

(11) Cumulative translation differences

The invested companies elected the exemption of cumulative translation differences under Regulations; thus, cumulative translation differences are deemed zero at the date of transition to Regulations. Therefore, the Company adjusted under equity method.

As of December 31, 2012 and January 1, 2012, other equity both increased by \$539 thousand and retained earnings both decreased by \$539 thousand. In addition, the amount of subsidiaries, associates and joint ventures recognized under equity method decreased by \$281 thousand.

(12) Interest revenue and expense on financial instruments at fair value through profit or loss

Under the requirements of the Regulations Article 13, the Company classified interest income and expense on financial instruments at fair value through profit or loss into gain (loss) on financial assets and liabilities at fair value through profit or loss.

For the year ended December 31, 2012 the gain or loss on the financial assets and liabilities at FVTPL increased by \$289,390 thousand interest income decreased by \$289,390 thousand.

(13) Customer loyalty programmes

The Company and the invested companies retrospectively applied Regulations and adjusted bonus points accordingly.

As of December 31, 2012 and January 1, 2012, payables decreased by \$657,779 thousand and \$631,597 thousand, respectively while other liabilities increased by \$657,779 thousand and \$631,597 thousand, respectively.

(14) Employee's bonus for complete attendance in work

The invested companies adjusted cumulative paid annual leave under Regulations. Therefore, the Company adjusted gain or loss investment under equity method.

As of December 31, 2012 and January 1, 2012, the investment under equity method decreased by \$314 thousand and \$612 thousand, respectively; retained earnings decreased by \$314 thousand and \$612 thousand, respectively. In addition, for the year ended December 31, 2012 the amount of subsidiaries, associates, and joint ventures recognized under equity method increased by \$299 thousand.

(15) Accounting for a parent's loss of control over a subsidiary

On the loss of control over a subsidiary, any investment retained in the former subsidiary at the date when control is lost was regarded as the fair value on initial recognition of a financial asset. The resulting difference between the fair value of investment retained in the former subsidiary, the proceeds from disposal of investment, and the carrying value of investment at the date when control is lost is recognized as a gain or loss in profit or loss attributable to the parent.

As of December 31, 2012, other financial assets and retained earnings both increased by \$33,005 thousand. In addition, for the year ended December 31, 2012, the gain on disposal of investments accounted for using the equity method increased by \$33,005 thousand.

e. Others

(1) Appropriation for special reserve

Under the FSC Order No. Jin-Guan-Zheng-Fa 1010012865 issued on April 6, 2012, the Company reclassified unrealized revaluation increment and cumulative translation adjustments to retained earnings. The amount reclassified to retained earnings is appropriated to special reserve. However, if the amount of the increase in retained earnings from the first-time adoption of Regulations is less than the amount reclassified to retained earnings, then the appropriation to special reserve is limited to the amount of the increase in retained earnings. Upon subsequent usage, disposal or reclassification of the related assets, special reserve shall be proportionately reversed to retained earnings. Since the amount of the increase in retained earnings from the first-time adoption of Regulations is less than the amount reclassified to retained earnings, the Company appropriated to special reserve the amount of \$86,717 thousand as of January 1, 2013.

(2) Functional currency

The functional currency remained New Taiwan dollar after the date of transition. Therefore, no differences occurred.

TAISHIN INTERNATIONAL BANK CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
YEAR ENDED DECEMBER 31, 2013

(In Thousands, Except for Percentages and Shares)

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities
Financial business			
Taishin Dah An Leasing	16094812	1F., No. 211, Sec. 2, Jiuzong Rd., Neihu Dist., Taipei City 114, Taiwan	Leasing and retailing of machinery, mobile, aircraft, marine and components
Taishin Insurance Agency	97125786	3F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Life insurance agency
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Taichung, Taiwan	Commercial bank business, trust, and offshore banking
Nonfinancial business			
Taishin Real-Estate	89597170	2F, No. 9 Dehuei St., Sec. 2, Taipei, Taiwan	Audit and consulting of construction plan, contract witness
An Hsin Real-Estate	89458276	9F, No. 100, Sinyi Rd., Sec. 5, Taipei, Taiwan	Construction consultation, real estate appraisal
Financial business			
Dah Chung Bills	89391748	4F-1, -2, -3 No. 88, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan	Bills and finance
Taipei Foreign Exchange Co., Ltd.	84703601	8F, No. 400, Bade Rd., Sec. 2, Taipei, Taiwan	Exchange trading, DEPOS, and swap
Taiwan Financial Asset Service Co., Ltd.	70820924	6F, No. 99, Ren Ai Rd., Sec. 2, Taipei, Taiwan	Auction assets of the recognition of an impartial third party
Taiwan Asset Management Co., Ltd.	70808864	11F and 12F, No. 85 and No. 87, Nanjing E. Rd., Sec. 2, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management
Taiwan Futures Exchange	16092130	13F, No. 102, and 14F, No. 100, Luossu Fu. Rd., Sec. 2, Taipei, Taiwan	Futures exchange and clearing mechanism
Financial Information Service Co., Ltd.	16744111	No. 81, Kang Ning Rd., Sec. 3, Taipei, Taiwan	Type II telecommunications business
Sunlight Asset Management Co., Ltd.	28008025	11F, No. 85 and No. 87, Nanjing E. Rd., Sec. 2, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management
Nonfinancial business			
Universal Venture Fund Co., Ltd.	16446106	8F, No. 70, Nanjing E. Rd., Sec. 3, Taipei, Taiwan	Investment start-up
PayEasy Digital	70553216	13F, No. 11, Jungshan N. Rd., Sec. 1, Taipei, Taiwan	Investment and enterprise operating consultant, information software and data processing, advertising, international trade, agency and network services
Da Chiang International Co., Ltd.	97430717	15F, No. 109, Ren Ai Rd., Sec. 4, Taipei, Taiwan	Import and export trading

Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
			Current Shares	Imputed Shares (Note)	Shares	Ownership Interest (%)	
100%	\$ 180,977	(\$ 24,526)	20,000,000	-	20,000,000	100.00%	Investments accounted for using the equity method
87.40%	859,977	(94,607)	2,622,040	-	2,622,040	87.40%	
0.27%	382,938	23,237	20,591,026	-	1,767,734,413	22.81%	
60.00%	190,398	17,185	12,000,000	-	20,000,000	100.00%	
30.00%	78,369	26,295	3,900,000	-	3,900,000	30.00%	
18.29%	\$ 913,641	\$ -	79,182,224	-	81,382,224	18.80%	
0.81%	1,600	-	160,000	-	860,000	4.34%	
2.94%	50,000	-	5,000,000	-	10,000,000	5.88%	
0.57%	75,000	-	7,500,000	-	157,500,000	11.92%	
0.96%	\$ 19,250	\$ -	2,735,023	-	6,002,843	2.11%	Available-for-sale financial assets
2.28%	91,000	-	10,237,500	-	15,450,750	3.43%	
18.21%	10,923	-	1,092,317	-	1,134,085	18.90%	
1.49%	2,672	-	267,155	-	267,155	1.49%	
5.00%	3,693	-	2,172,500	-	6,525,854	15.02%	
4.31%	70,625	-	8,620,690	-	8,620,690	4.31%	

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities
EasyCard Investment Holdings Co., Ltd.	28988941	6F, No. 236 Tun-Hua N. Rd., Taipei, Taiwan	IC card development and advance advertising service
T.K Venture Capital Co., Ltd.	70789542	10F, No. 76, Tun Hua S. Rd., Sec. 2, Taipei, Taiwan	Investment start-up
Kaohsiung Rapid Transit Corp.	70798839	No. 1, Chung An. Rd., Kaohsiung, Taiwan	Mass rapid transit operating
Apex Venture Capital Co., Ltd.	97176200	9F, No. 171-1, Fuzhong Rd., Bangiao Dist., New Taipei City 220, Taiwan	Investment start-up
Concord VII Venture Capital Co., Ltd.	70767435	4F, No. 76, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	Investment start-up
United Venture Capital Co., Ltd.	70780113	4F, No. 9, Dehuei. St., Sec. 2, Taipei, Taiwan	Investment start-up
Lien An Co., Ltd.	97290477	5F, No. 128, Xing'ai Rd., Neihu Dist., Taipei City 144, Taiwan	Industrial and commercial services
Harbinger Venture Capital Investment Co., Ltd.	70777004	7F, No. 187, Ti Titing Ta. Rd., Sec. 2, Taipei, Taiwan	Investment start-up
Nonfinancial business			
Asia Pacific Telecom Co., Ltd.	70771579	12F., No. 66 Jingmao 2nd Rd., Nangang Dist., Taipei City 115, Taiwan	Type I and II telecommunications business

Note: Imputed shares are considered if equity securities such as convertible bond, warrant, etc., or derivative contract such as stock options, are converted to shares.

Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
			Current Shares	Imputed Shares (Note)	Shares	Ownership Interest (%)	
2.40%	\$ 16,000	\$ -	1,921,872	-	1,921,872	2.40%	Financial assets carried at cost
3.33%	23,333	(10,000)	2,333,333	-	2,333,333	3.33%	
0.23%	6,430	(43,570)	643,031	-	643,031	0.23%	
4.67%	3,768	-	2,009,346	-	2,009,346	4.67%	
4.73%	7,660	(2,247)	2,324,000	-	2,324,000	4.73%	
4.52%	-	-	72,843	-	72,843	4.52%	
5.00%	1,250	-	125,000	-	250,000	10.00%	
3.35%	33,500	-	3,350,000	-	3,350,000	3.35%	
0.46%	231,750	-	15,000,000	-	30,000,000	0.91%	Available-for-sale financial assets

TAISHIN INTERNATIONAL BANK CO., LTD.

MARKETABLE SECURITIES HELD BY SUBSIDIARIES
 DECEMBER 31, 2013
 (In Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account
Taishin Insurance Agency	Stock		
	Taishin Insurance Broker	Parent and subsidiary	Investment accounted for using the equity method
	Chi-Long Technology Co., Ltd.	None	Financial assets carried at cost
Taishin Dah An Leasing	Stock		
	Yuan Tai Forex Brokerage Co., Ltd.	Taishin Dah An Leasing is the director of Yuan Tai Forex Brokerage	Financial assets carried at cost - noncurrent
	Bon-Li International Technology Co., Ltd.	None	"
Taishin Real Estate	Stock		
	Metro Consulting Service Ltd.	Taishin Real Estate is the supervisor of the Metro Consulting Service	Financial assets carried at cost
	Beneficiary certificate		
	Taishin 1699 Money Market Fund	Issued by Taishin Investment Trust	Financial assets at FVTPL - current

December 31, 2013				Note
Shares/Units/ Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
6,000,000.00	\$ 77,029	100.00	\$ -	
950,000.00	4,275	4.13	-	
600,000.00	6,000	5.00	-	
125,000.00	-	1.50	-	Discontinued
300,000.00	3,000	6.00	3,000	
606,543.08	8,014	-	8,014	

Taishin International Bank



Chairman
Thomas T.L. Wu

A handwritten signature in black ink, appearing to read "Thomas Wu". The signature is fluid and cursive.



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