Chang Hwa Commercial Bank, Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2013 and 2012 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Chang Hwa Commercial Bank, Ltd.

We have audited the accompanying consolidated balance sheets of Chang Hwa Commercial Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2013, December 31, 2012 and January 1, 2012, and related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2013, December 31, 2012 and January 1, 2012, and their consolidated financial performance and their consolidated 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, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the years ended December 31, 2013 and 2012 on which we have issued an unqualified report.

March 6, 2014

Notice to Readers

The accompanying consolidated 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 Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2013		December 31, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Notes 4, 6 and 35)	$ 46,802,014	3	$ 37,401,155	2	$ 51,389,712	3
Due from the Central Bank and call loans to banks (Notes 4, 6 and 35)	84,798,723	5	103,411,156	6	79,667,740	5
Financial assets at fair value through profit or loss (Notes 4, 7 and 35)	60,001,473	4	35,613,670	2	25,020,162	2
Derivative financial assets for hedging (Notes 4 and 12)	62,494	-	105,087	-	149,400	-
Receivables, net (Notes 4, 8 and 9)	20,208,734	1	17,640,349	1	18,987,913	1
Current tax assets (Note 29)	780,220	-	527,442	-	747,310	-
Loans, net (Notes 4, 9, 34 and 35)	1,142,867,165	67	1,129,128,128	70	1,122,738,843	70
Available-for-sale financial assets, net (Notes 4, 10 and 36)	37,884,111	2	63,621,844	4	57,728,449	4
Held-to-maturity financial assets, net (Notes 4, 11 and 36)	226,989,182	13	170,696,300	11	180,376,569	11
OTHER FINANCIAL ASSETS, NET						
Financial assets carried at cost, net (Notes 4 and 13)	4,181,203	-	4,698,434	1	4,698,434	-
Debt investments without active market (Notes 4 and 14)	3,811,523	-	3,178,999	-	8,019,929	1
Other miscellaneous financial assets, net (Notes 4, 15 and 36)	31,279,953	2	2,815,507	-	1,604,557	-
Other financial assets, net	39,272,679	2	10,692,940	1	14,322,920	1
Property and equipment, net (Notes 4 and 16)	23,935,458	2	24,219,037	2	24,546,433	2
Investment property, net (Notes 4 and 17)	10,937,868	1	10,825,104	1	10,823,582	1
Intangible assets, net (Note 4)	80,006	-	86,991	-	62,074	-
Deferred tax assets (Notes 4, 5 and 29)	3,107,599	-	4,488,548	-	6,200,352	-
Other assets, net (Notes 18 and 36)	2,327,815	-	5,365,781	-	1,851,979	-
TOTAL	$ 1,700,055,541	100	$ 1,613,823,532	100	$ 1,594,613,438	100
LIABILITIES AND EQUITY						
Due to the Central Bank and banks (Notes 4, 19 and 35)	$ 126,829,032	7	$ 100,530,198	6	$ 112,053,512	7
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 35)	1,715,364	-	1,912,629	-	2,035,814	-
Securities sold under repurchase agreements (Note 4)	4,504,591	-	5,629,554	-	10,726,892	1
Payables (Notes 4 and 20)	25,233,888	2	33,103,260	2	32,257,242	2
Current tax liabilities (Note 29)	125,334	-	181,235	-	44,064	-
Deposits and remittances (Notes 4, 21 and 35)	1,372,890,099	81	1,316,088,990	82	1,288,280,725	81
Bank note payables (Notes 4 and 22)	43,322,818	3	38,451,937	3	38,496,086	2
Other financial liabilities (Notes 4 and 23)	672,028	-	1,364,673	-	1,676,663	-
Reserve for liabilities (Notes 4 and 25)	3,673,201	-	3,786,664	-	3,380,421	-
Deferred tax liabilities (Notes 4 and 29)	6,461,749	-	6,189,798	1	6,682,652	1
Other liabilities (Notes 4 and 24)	2,224,107	-	1,688,984	-	1,656,282	-
Total liabilities	1,587,652,211	93	1,508,927,922	94	1,497,290,353	94
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 27 and 29)						
Capital stock						
Common stock	77,490,592	5	72,421,114	4	67,683,284	4
Retained earnings						
Legal reserve	14,377,315	1	11,836,090	1	9,123,384	1
Special reserve	12,020,521	1	241,692	-	241,692	-
Unappropriated earnings	8,882,010	-	20,345,736	1	20,923,096	1
Other equity						
Exchange differences on translation of foreign financial statements	148,105	-	(100,335)	-	-	-
Unrealized gains (losses) on available-for-sale financial assets	(515,213)	-	151,313	-	(648,371)	-
Total equity	112,403,330	7	104,895,610	6	97,323,085	6
TOTAL	$ 1,700,055,541	100	$ 1,613,823,532	100	$ 1,594,613,438	100

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
INTEREST INCOME (Notes 4, 28 and 35)	$ 27,321,411	115	$ 26,636,837	114
INTEREST EXPENSES (Notes 28 and 35)	(10,240,983)	(43)	(10,238,045)	(44)
NET INTEREST INCOME	17,080,428	72	16,398,792	70
NET INCOME OTHER THAN NET INTEREST INCOME				
Net service fee and commissions income (Notes 4 and 28)	4,145,468	17	3,839,168	17
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4, 7 and 28)	1,064,579	5	1,563,909	7
Realized gain on available-for-sale financial assets (Notes 4 and 28)	246,296	1	300,733	1
Foreign exchange gains (losses) (Note 4)	739,433	3	95,365	-
Other miscellaneous net income (Notes 12 and 13)	547,005	2	1,062,632	5
Net income other than net interest income	6,742,781	28	6,861,807	30
NET REVENUE AND GAINS	23,823,209	100	23,260,599	100
REVERSED ALLOWANCE FOR BAD DEBTS EXPENSES AND GUARANTEE LIABILITY PROVISIONS (Notes 4 and 9)	637,773	3	987,971	4
OPERATING EXPENSES				
Employee benefits expenses (Notes 4 and 28)	(9,491,859)	(40)	(9,713,280)	(42)
Depreciation and amortization expenses (Notes 4 and 28)	(668,247)	(3)	(739,091)	(3)
Other general and administrative expenses	(3,553,156)	(15)	(3,552,203)	(15)
Total operating expenses	(13,713,262)	(58)	(14,004,574)	(60)
INCOME BEFORE INCOME TAX	10,747,720	45	10,243,996	44
INCOME TAX EXPENSE (Notes 4 and 29)	(1,929,471)	(8)	(1,798,797)	(8)
NET INCOME	8,818,249	37	8,445,199	36

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2013		2012	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Exchange differences on translation of foreign financial statements (Note 4)	$ 282,193	1	$ (105,999)	-
Unrealized gains (losses) on available-for-sale financial assets (Note 4)	(665,256)	(2)	799,684	3
Actuarial gain and loss arising from defined benefit plans (Notes 4 and 26)	(202,689)	(1)	(263,082)	(1)
Income tax relating to the components of other comprehensive income (loss) (Notes 4 and 29)	(566)	-	50,389	-
Other comprehensive income (loss), net of tax	(586,318)	(2)	480,992	2
TOTAL COMPREHENSIVE INCOME	$ 8,231,931	35	$ 8,926,191	38
NET PROFIT ATTRIBUTABLE TO:				
Owner of the Parent	$ 8,818,249	37	$ 8,445,199	36
Non-controlling interests	-	-	-	-
	$ 8,818,249	37	$ 8,445,199	36
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owner of the Parent	$ 8,231,931	35	$ 8,926,191	38
Non-controlling interests	-	-	-	-
	$ 8,231,931	35	$ 8,926,191	38
EARNINGS PER SHARE (Note 30)				
Basic	$ 1.14		$ 1.09	
Diluted	$ 1.13		$ 1.08	

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							
	Capital Stock		Retained Earnings			Other Equity		
	Shares (Thousand)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total Equity
BALANCE, JANUARY 1, 2012	6,768,328	$ 67,683,284	$ 9,123,384	$ 241,692	$ 20,923,096	$ -	$ (648,371)	$ 97,323,085
Appropriation of 2011 earnings								
Legal reserve	-	-	2,712,706	-	(2,712,706)	-	-	-
Cash dividends on common stock	-	-	-	-	(1,353,666)	-	-	(1,353,666)
Stock dividends	473,783	4,737,830	-	-	(4,737,830)	-	-	-
Net income for the year ended December 31, 2012	-	-	-	-	8,445,199	-	-	8,445,199
Other comprehensive income for the year ended December 31, 2012, net of tax	-	-	-	-	(218,357)	(100,335)	799,684	480,992
Total comprehensive income for the year ended December 31, 2012	-	-	-	-	8,226,842	(100,335)	799,684	8,926,191
BALANCE, DECEMBER 31, 2012	7,242,111	72,421,114	11,836,090	241,692	20,345,736	(100,335)	151,313	104,895,610
Special reserve	-	-	-	11,778,829	(11,778,829)	-	-	-
Appropriation of 2012 earnings								
Legal reserve	-	-	2,541,225	-	(2,541,225)	-	-	-
Cash dividends on common stock	-	-	-	-	(724,211)	-	-	(724,211)
Stock dividends	506,948	5,069,478	-	-	(5,069,478)	-	-	-
Net income for the year ended December 31, 2013	-	-	-	-	8,818,249	-	-	8,818,249
Other comprehensive income for the year ended December 31, 2013, net of tax	-	-	-	-	(168,232)	248,440	(666,526)	(586,318)
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	8,650,017	248,440	(666,526)	8,231,931
BALANCE, DECEMBER 31, 2013	7,749,059	$ 77,490,592	$ 14,377,315	$ 12,020,521	$ 8,882,010	$ 148,105	$ (515,213)	$ 112,403,330

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 10,747,720	$ 10,243,996
Non-cash (revenues and gains) or expenses and losses		
Reversed allowance for bad debts expenses and guarantee liability provisions	(637,773)	(987,971)
Depreciation expenses	637,911	713,642
Amortization expenses	30,336	25,449
Interest income	(27,321,411)	(26,636,837)
Interest expenses	10,240,983	10,238,045
Dividends income	(338,560)	(317,254)
Net gain on financial assets and liabilities at fair value through profit or loss	(1,644,440)	(1,861,957)
Gain on disposal of investments	(193,652)	(218,684)
Unrealized foreign exchange losses	579,861	298,048
Other adjustments	(219,232)	(235,058)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank	(1,554,571)	87,782
Increase in financial assets at fair value through profit or loss	(17,235,108)	(3,115,601)
(Increase) decrease in receivables	(2,569,384)	1,335,851
Increase in loans	(13,068,876)	(5,270,211)
Decrease (increase) in available-for-sale financial assets	25,948,764	(3,926,063)
(Increase) decrease in held-to-maturity financial assets	(56,292,882)	9,680,269
(Increase) decrease in other financial assets	(29,118,885)	3,636,082
Decrease (increase) in other assets	3,037,142	(3,514,818)
Decrease in due to the Central Bank and banks	(2,280,640)	(4,191,184)
Increase in deposits and remittances	56,801,109	27,808,265
(Decrease) increase in payables	(7,781,949)	773,977
Decrease in financial liabilities at fair value through profit or loss	(6,647,186)	(6,259,350)
(Decrease) increase in reserve for liabilities	(309,178)	14,871
Decrease in other financial liabilities	(692,645)	(311,990)
Increase in other liabilities	505,321	21,876
Cash (used in) generated from operations	(59,377,225)	8,031,175
Interest received	27,021,784	25,936,193
Dividend received	338,560	318,803
Interest paid	(10,336,136)	(10,179,823)
Income taxes refund	-	454,029
Income taxes paid	(333,038)	(388,733)
Net cash flows (used in) generated from operating activities	(42,686,055)	24,171,644
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction of financial assets carried at cost	517,231	-
Acquisition of property and equipment	(468,344)	(387,192)
Acquisition of investment property	(470)	(9,036)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2013	**2012**
Acquisition of intangible assets	$ (20,514)	$ (43,729)
Proceeds from disposal of property and equipment	514	87
Net cash generated from (used in) investing activities	28,417	(439,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and call loans from banks	28,579,474	(7,332,130)
Proceeds from issuance of bank notes	4,879,000	-
Cash dividends distributed	(724,211)	(1,353,666)
Decrease securities sold under repurchase agreements	(1,124,963)	(5,097,338)
Net cash flows generated from (used in) financing activities	31,609,300	(13,783,134)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	282,193	(105,999)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,766,145)	9,842,641
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	83,966,009	74,123,368
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 73,199,864	$ 83,966,009
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents in consolidated balance sheet	$ 46,802,014	$ 37,401,155
Call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 permitted by the Financial Supervisory Commission	26,397,850	46,564,854
Cash and cash equivalents at end of period	$ 73,199,864	$ 83,966,009

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

1. ORGANIZATION AND BUSINESS SCOPE

Chang Hwa Commercial Bank, Ltd. (the "Bank") was incorporated under Banking Law, Securities and Exchange Law and Taiwan Company Law on March 1, 1947 and got license from the Ministry of Economic Affairs in July 1950. Since February 1962 the Bank's shares have been listed and traded on the Taiwan Stock Exchange.

The Bank mainly engages in the following business:

a. All commercial banking operations allowed by the Banking Law;
b. Trust operations;
c. International banking operations;
d. Overseas branch operations authorized by the respective foreign governments; and
e. Other operations authorized by the central authority.

The Bank's head office is located in Taichung City, Taiwan. The Bank has banking and trust departments in head office, 184 domestic branches, an international financing branch, three agents conducting securities brokerage activities, seven overseas branches in New York, Los Angeles, Tokyo, London, Singapore, Hong Kong, and Kunshan China.

CHB Life Insurance Agency Co., Ltd. ("CHB Life Insurance Agency") was established on October 3, 2001 to provide life insurance agent service.

CHB Insurance Brokerage Co., Ltd. ("CHB Insurance Brokerage") established on April 7, 2003 to provide property insurance broker service.

The Bank's parent is Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding"), which had a 22.55% equity interest in the Bank as of December 31, 2013 and 2012.

The consolidated financial statements are presented in the Bank's functional currency, New Taiwan dollars.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

   The Bank and entities controlled by the Bank (the "Group") have 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. As of the date that the consolidated financial statements were authorized for issue, the Financial Supervisory Commission (the "FSC") has not announced the effective dates for the following new, amended and revised standards and interpretations (the "New IFRSs"). 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 consolidated financial statements were authorized for issue, the FSC has not endorsed the following new, amended and revised standards and interpretations issued by the IASB (the "New IFRSs") included in the 2013 IFRSs version. Furthermore, 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	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ending on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 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

(Continued)

The New IFRSs Not Included in the 2013 IFRSs Version	Effective Date Announced by IASB (Note 1)
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

(Concluded)

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 July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

b. Significant impending changes in accounting policy that would resulted from adoption of New IFRSs in issue but not yet effective

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

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, 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. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

Effective date

The mandatory effective date of IFRS 9, which was previously set at January 1, 2015, was removed and will be reconsidered once the standard is complete with a new impairment model and finalization of any limited amendments to classification and measurement.

2) IFRS 13 "Fair Value Measurement"

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

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

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

c. The impact of the application of New IFRSs and the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") in issue but not yet effective on the Group's consolidated financial statements is as follows:

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (the "IFRSs") endorsed by the FSC.

The Group's consolidated financial statements for the year ended December 31, 2012 are its first IFRS consolidated financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

The date of transition to IFRSs was January 1, 2013. Refer to the Note 41 for impact of IFRS conversion on the consolidated financial statements.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and IFRSs permitted by the Financial Supervisory Commission. ("FSC-recognized IFRSs").

Basis of Preparation

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

The opening consolidated balance sheets as of the date of transition to IFRSs were prepared in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards". The applicable IFRSs have been applied retrospectively by the Group except for some aspects where IFRS 1 prohibits retrospective application or grants optional exemptions to this general principle. For the exemptions that the Group elected, refer to Note 41.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

   The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (its subsidiaries).

   When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

   All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

b. Subsidiary included in consolidated financial statements

			% of Ownership		
Investor	**Investee**	**Main Business**	**December 31, 2013**	**December 31, 2012**	**January 1, 2012**
The Group	CHB Life Insurance Agency	Life Insurance Agency	100%	100%	100%
	CHB Insurance Brokerage	Property Insurance Brokerage	100%	100%	100%

Foreign Currencies

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from 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.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries, associates, joint ventures or branches operations in other countries or currencies used different with the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

Current/Noncurrent Assets and Liabilities

Because of its business characteristics, assets and liabilities of the Group are classified according to their liquidity rather than classified as current or noncurrent assets or liabilities.

Property, Plant and Equipment

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Freehold land is not depreciated.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. Assets are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

Any gain or loss arising on the disposal or retirement of an item of property, plant 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.

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.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group 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

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets

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

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 is subsequently 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 in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity 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.

a. Financial assets

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

1) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables.

a) Financial assets at fair value through profit or loss

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

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. 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 Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

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

b) Held-to-maturity investments

Corporate bonds, and foreign bonds, which are above specific credit ratings and the Group has positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

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

c) 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.

Available-for-sale financial assets are measured at fair value. 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 will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

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

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

d) Loans and receivables

Loans and receivables (including trade receivables, loans, cash and cash equivalent, debt investments with no active market, and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with default on receivables, and other situation.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

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.

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.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and loans, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and loans are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and loans that are written off against the allowance account.

3) Derecognition of financial assets

The Group 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 is recognized in profit or loss.

b. Equity instruments

Debt and equity instruments issued by a bank entity 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.

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

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

c. Financial liabilities

1) Subsequent measurement

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

a) 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 may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. 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 Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that 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 or dividend paid on the financial liability.

b) Financial guarantee contracts

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

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, FX swap, cross currency swap, interest rate swaps and currency option.

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

Bonds or Securities Purchased/Sold under Specific Agreements

Bonds or securities sold under repurchase agreement are recorded at sale price. Interest revenues and expenses are recorded on accrual basis.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges. Hedges of foreign exchange risk on firm commitments are accounted for as fair value hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The fair value adjustment to the carrying amount of the hedged instrument arising from the hedged risk for which the effective interest method is used is amortized to profit or loss from the date of hedge accounting is discontinued. The adjustment is based on a recalculated effective interest rate at the date amortization begins and will be amortized fully by maturity of the financial instrument.

Provisions

Provisions, including those arising from reserve for default losses, reserve for employee benefits and reserve for guarantees, are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Bank Notes Payables

The Group notes payables issued by the Group are measured at amortized cost using the effective interest method.

To follow the risk management policy of the Group, part of the bank notes payable with fixed interest rate are hedged by using interest rate swaps.

Revenue Recognition

a. Dividend and interest income

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

   Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

   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, classified into other liability and recognized as income when collected.

b. Service fee

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.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as lessor

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

b. The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Minimum lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rents are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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. All 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.

The Group provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

According to the "Regulations Governing the Preparation of Financial Reports by Public Banks" Rule No. 28, the premium interest resulting from the yield between the premium rate and the general market rate shall immediately be actuarially calculated based on the FSC-recognized IAS 19 when employees retire. However, if there are authorized regulations from the government regarding the actuarial assumption parameters, the regulations shall prevail.

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 consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

   The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

c. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Held-to-maturity financial assets

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

b. Income taxes

As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amount of deferred tax assets in relation to unused tax losses was $3,107,599 thousand, $4,488,548 thousand, and $6,200,352 thousand, respectively. Due to the unpredictability of future profit streams. The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are 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 a reversal takes place.

c. Estimated impairment of trade receivables

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

d. Fair value of financial instruments

As described in Note 34, the Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Debt instruments were valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. The estimation of fair value of listed equity instruments traded in emerging market and unlisted equity instruments was based on the analysis in relation to the financial position and the operation results of investees, recent transaction prices, prices of same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, valuation multiples of comparable entities, including assumptions based on unobservable market prices or rates. Detailed information about the key assumptions used in the determination of the fair value of financial instruments is provided in Note 34. The Group's management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

e. Recognition and measurement of defined benefit plans

Accrued pension liabilities and the resulting pension expense under defined benefit pension plans are calculated using the Projected Unit Credit Method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and long-term average future salary increase. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

6. CASH AND CASH EQUIVALENTS/DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS

a. Cash and cash equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 9,926,224	$ 9,719,048	$ 8,820,740
Checks for clearing	7,352,696	19,934,402	18,382,183
Due from banks	28,147,001	6,758,522	23,205,888
Foreign currencies on hand	1,376,093	989,183	980,901
	$ 46,802,014	$ 37,401,155	$ 51,389,712

Cash and cash equivalents as of January 1, 2012 as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheets as follows; please refer to the consolidated statement of cash flows for the reconciliation information as of December 31, 2013 and 2012:

	January 1, 2012
Cash and cash equivalents balances	$ 51,389,712
Call loans to banks	22,733,656
	$ 74,123,368

b. Due from Central Bank and call loans to banks

	December 31, 2013	December 31, 2012	January 1, 2012
Call loans to banks	$ 26,397,850	$ 46,564,854	$ 22,733,656
Reserve for checking account	16,438,133	15,649,229	16,652,741
Reserve for demand account	36,030,401	35,302,572	34,385,941
Reserve for foreign deposit	210,314	162,945	166,197
Others	5,722,025	5,731,556	5,729,205
	$ 84,798,723	$ 103,411,156	$ 79,667,740

7. FINANCIAL INSTRUMENTS AT FVTPL

Financial assets at FVTPL	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets designated as at FVTPL			
Interest rate-linked combination instruments	$ 3,676,994	$ 1,568,591	$ 1,268,683
Derivative financial assets (not under hedge accounting)			
Forward exchange contracts	210,295	230,901	140,816
Interest rate swaps	354,931	229,987	558,690
Cross-currency swaps	522,828	9,227	97,512
Currency swaps	769,711	1,105,197	1,804,649
Currency call option premium	288,133	346,230	241,013
Futures	36,433	37,823	67,247
Non-derivative financial assets			
Investment in bills	37,873,387	29,248,709	17,806,599
Mutual funds	277,510	102,590	97,663
Government bonds	14,508,895	2,496,045	2,937,290
Overseas corporate bonds and bank notes	1,482,356	238,370	-
	56,324,479	34,045,079	23,751,479
	$ 60,001,473	$ 35,613,670	$ 25,020,162

The par value of bonds and notes provided for transactions with repurchase agreements were $1,918,100 thousand, $2,757,500 thousand and $7,194,800 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

Financial liabilities at FVTPL	December 31, 2013	December 31, 2012	January 1, 2012
Forward contracts	$ 201,282	$ 88,400	$ 106,986
Currency swaps	424,259	1,111,528	1,090,494
Cross-currency swaps	456,673	121,920	-
Interest rate swaps	345,012	244,579	598,186
Currency put option premium	288,138	346,202	240,148
	$ 1,715,364	$ 1,912,629	$ 2,035,814

The Group entered into derivative contracts during the years ended December 31, 2013 and 2012 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Group is to minimize risks due to changes in fair value and cash flows.

The nominal principal amounts of outstanding derivative contracts as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Currency swaps	$ 176,548,787	$ 231,755,906	$ 289,258,090
Currency options	112,551,967	70,239,456	39,946,404
Forward exchange contracts	27,782,023	20,700,762	24,479,648
Interest rate swaps and asset-swap options	260,711,989	59,343,964	77,620,685
Cross-currency swaps	66,669,813	18,461,208	2,119,250

8. RECEIVABLES, NET

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts receivable	$ 10,590,521	$ 8,859,926	$ 9,293,343
Revenue receivable	202,082	202,085	202,172
Interest receivable	2,469,828	2,453,380	2,456,178
Acceptance receivable	5,529,732	5,092,983	6,252,183
Credit card receivable	1,186,565	1,023,850	874,585
Settlement price	296,192	170,682	140,383
Settlement price receivable	220,138	146,230	80,764
Other receivables	88,686	65,193	57,651
Less allowance for receivables	(375,010)	(373,980)	(369,346)
	$ 20,208,734	$ 17,640,349	$ 18,987,913

Please refer to Note 9 for the movements of allowance for receivables.

9. LOANS, NET

a. The details of loans are as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Negotiated	$ 8,743,434	$ 5,698,529	$ 5,886,615
Overdraft	1,536,343	1,455,180	1,554,978
Short-term loans	297,351,517	266,684,473	320,612,225
Receivable amount for margin loans	301,498	283,321	320,257
Medium-term loans	344,793,909	362,659,517	327,186,634
Long-term loans	499,989,138	502,470,788	478,413,105
Delinquent loans	3,661,795	3,393,020	3,866,282
	1,156,377,634	1,142,644,828	1,137,840,096
Less allowance for loan losses	(13,510,469)	(13,516,700)	(15,101,253)
	$ 1,142,867,165	$ 1,129,128,128	$ 1,122,738,843

b. Movements of allowance for receivables and loans are as follows:

	Year Ended December 31, 2013			
	Receivables	Loans	Other Financial Assets	Total
Balance, January 1, 2013	$ 373,980	$ 13,516,700	$ 23,731	$ 13,914,411
Recovery of loans written off	12,379	2,934,806	11,002	2,958,187
Provision (reserve) for loan losses	17,447	(670,161)	21,916	(630,798)
Loans written off	(29,549)	(2,302,186)	(12,264)	(2,343,999)
Others	753	31,310	-	32,063
Balance, December 31, 2013	$ 375,010	$ 13,510,469	$ 44,385	$ 13,929,864

	Year Ended December 31, 2012			
	Receivables	Loans	Other Financial Assets	Total
Balance, January 1, 2012	$ 369,346	$ 15,101,253	$ 34,511	$ 15,505,110
Recovery of loans written off	14,032	2,567,609	52,201	2,633,842
Provision (reserve) for loan losses	8,554	(1,069,932)	(54,883)	(1,116,261)
Loans written off	(16,945)	(3,038,002)	(45,670)	(3,100,617)
Others	(1,007)	(44,228)	37,572	(7,663)
Balance, December 31, 2012	$ 373,980	$ 13,516,700	$ 23,731	$ 13,914,411

The delinquent loans of which the accrual of interest income was stopped internally as of December 31, 2013, December 31, 2012 and January 1, 2012 were $3,661,795 thousand, $3,393,020 thousand and $3,866,282 thousand, respectively. The interest income on delinquent loans not accrued in 2013 and 2012 was $105,460 thousand and $97,719 thousand, respectively.

The Group did not write off any loans without legal claim process in 2013 and 2012.

c. Details of provision for loan losses for the years ended December 31, 2013 and 2012 were as follows:

	2013	2012
Provision for receivable and loan (including delinquent loan) losses	$ (630,798)	$ (1,116,261)
Provision (reserve) for guarantees	(6,975)	128,290
	$ (637,773)	$ (987,971)

d. Details of receivables and allowance for loan accounts for the years ended December 31, 2013 and 2012 were as follows:

Receivables

Item		Total Receivable		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 274,622	$ 253,805	$ 307,458
	Combined assessment of impairment	52,214	64,366	71,417
None objective evidence of impairment	Combined assessment of impairment	20,250,401	17,696,158	18,977,613
Total		$ 20,577,237	$ 18,014,329	$ 19,356,488

Item		Total Allowance		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 202,569	$ 202,057	$ 202,192
	Combined assessment of impairment	22,368	27,346	28,999
None objective evidence of impairment	Combined assessment of impairment	150,073	144,577	138,155
Total		$ 375,010	$ 373,980	$ 369,346

Note: The amount of receivable did not include the amount of allowance for receivables and adjustment for discount (premium).

Loans

Item		Total Loans		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 17,986,505	$ 19,492,812	$ 12,586,334
	Combined assessment of impairment	2,642,654	3,993,191	4,003,171
None objective evidence of impairment	Combined assessment of impairment	1,135,748,475	1,119,158,825	1,121,250,591
Total		$ 1,156,377,634	$ 1,142,644,828	$ 1,137,840,096

Item		Total Allowance		
		December 31, 2013	December 31, 2012	January 1, 2012
Objective evidence of impairment	Individual assessment of impairment	$ 4,627,909	$ 4,762,285	$ 7,230,080
	Combined assessment of impairment	723,090	1,101,936	884,130
None objective evidence of impairment	Combined assessment of impairment	8,159,470	7,652,479	6,987,043
Total		$ 13,510,469	$ 13,516,700	$ 15,101,253

Note: The amount of loans did not include the amount of allowance for loans and adjustment for discount (premium).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic quoted stocks	$ 1,767,564	$ 2,144,640	$ 2,367,638
Government bonds	24,096,886	46,681,328	38,914,471
Corporate bonds	2,548,023	4,122,568	5,140,776
Bank notes	9,322,924	10,443,092	11,085,112
Bonds issued by international organizations	148,714	-	-
Beneficiary securities and asset based securities	-	230,216	220,452
	$ 37,884,111	$ 63,621,844	$ 57,728,449

The par values of bonds provided for transactions with repurchase agreements were $2,338,400 thousand, $2,654,600 thousand and $3,112,300 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

The Group designated emerging market shares with $30,000 thousand as available-for-sale financial assets which were recognized as financial assets carried at cost on January 1, 2012 (please refer to Note 13). Please refer to Note 34 for information of the fair value of available-for-sale financial assets.

Government bonds placed as deposits in courts as of December 31, 2013, December 31, 2012 and January 1, 2012 were $1,054,900 thousand, $655,600 thousand and $734,700 thousand, respectively. Government bonds placed as operating deposits as of December 31, 2013 and 2012 were both $290,000 thousand.

Refer to Note 36 for information relating to available-for-sale financial assets ledged as security.

11. HELD-TO-MATURITY FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Investment in bills	$ 215,841,649	$ 158,549,517	$ 169,086,359
Bank notes	3,936,600	5,185,574	6,318,024
Corporate bonds	7,210,933	6,961,209	4,972,186
	$ 226,989,182	$ 170,696,300	$ 180,376,569

The overseas branches' bonds as collateral for operations as of December 31, 2013, December 31, 2012 and January 1, 2012 were $238,183 thousand, $232,263 thousand and $242,175 thousand, respectively.

Certificate of deposits placed as reserves for clearing at the Central Bank were $37,000,000 thousand, $37,000,000 thousand and $37,500,000 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

Refer to Note 36 for information relating to held-to-mature financial assets pledged as security.

12. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31, 2013	December 31, 2012	January 1, 2012
Derivative financial assets under hedge accounting			
Fair value hedges - interest rate swaps	$ 62,494	$ 105,087	$ 149,400

The Group used interest rate swaps to minimize its exposure to changes in the fair value of its fixed-rate borrowings by entering into fixed-to-floating interest rate swap contracts. The interest swaps and the corresponding borrowings have the same terms, and management believes the interest rate swaps are highly effective hedging instruments. The nominal principal amount of the outstanding interest rate swaps of the Group were $2,000,000 thousand at the end of 2013 and 2012 and January 1, 2012.

The fixed-to-floating interest swaps were designated and effective fair value hedge instruments. During 2013 and 2012, the swaps were 100% effective in hedging the fair value exposure to interest rate movements and as a result the carrying amount of the fixed-rate borrowings was adjusted by $59,818 thousand, $101,937 thousand and $146,086 thousand as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively; these amounts were included in profit or loss at the same time that the fair value of the interest rate swap was included in profit or loss.

The information of hedging transaction was as follows:

a. Hedging type: Fair value hedging.

b. Hedging objective: To minimize risks of the Group from the variation of fair value due to fluctuation of interest rate, by converting fixed-rate note to floating-rate note.

c. Hedging method: By signing interest rate swap contract.

d. Hedging effect: 4 hedging trades were made in 2013. The actual offset result is considered highly effective since the variation of the fair value of the hedged instrument and of the hedging instrument is within 80%-125%, which has met the hedging accounting criterion suggested in IFRSs. The realized gain of fair-value hedging was $43,921 thousand and $44,757 thousand, accounted as other non-interest net income and losses, for 2013 and 2012, respectively.

13. FINANCIAL ASSETS CARRIED AT COST

	December 31, 2013	December 31, 2012	January 1, 2012
Domestic unquoted common stocks	$ 4,181,203	$ 4,698,434	$ 4,698,434

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

Part of the investees made capital reduction in 2013. The Group recognized $517,231 thousand as the deduction of investment cost and $73,171 thousand as dividend income (which was consisted in other miscellaneous net income)

Please refer to Note 10 for information of the emerging market shares which were designated as available-for-sale financial assets with $30,000 thousand on January 1, 2012.

14. BOND INVESTMENT WITH NO ACTIVE MARKET

	December 31, 2013	December 31, 2012	January 1, 2012
Preferred stock - Taiwan High Speed Rail Co., Ltd.	$ 1,300,000	$ 1,300,000	$ 1,300,000
Beneficiary securities and asset based securities	224,114	306,272	404,591
Corporate bonds and bank notes	2,287,409	1,572,727	6,315,338
	$ 3,811,523	$ 3,178,999	$ 8,019,929

15. OTHER MISCELLANEOUS FINANCIAL ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Inward remittance	$ 22,056	$ 13,253	$ 23,017
Delinquent loans reclassified from other accounts (excluding loans)	112,919	46,778	56,888
Time deposits with original maturity more than 3 months	31,189,363	2,779,207	1,559,163
Less allowance for loan losses	(44,385)	(23,731)	(34,511)
	$ 31,279,953	$ 2,815,507	$ 1,604,557

The market rate of time deposits with original maturity more than 3 months were 1.60%-5.60% and 0.76%-5.36% in 2013 and 2012, respectively. Refer to Note 38 for information relating to other miscellaneous financial assets pledged as security.

Please refer to Note 9 for the movement of allowance for delinquent loans reclassified from other accounts (excluding loans).

16. PROPERTY AND EQUIPMENT

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Leased Assets	Construction in Progress and Prepayment for Building and Equipment	Total
Cost									
Balance at January 1, 2013	$ 17,605,194	$ 8,688,891	$ 5,174,680	$ 564,015	$ 1,440,790	$ 846,238	$ 168,275	$ 5,219	$ 34,493,302
Additions	-	69,849	145,544	20,636	47,309	54,423	585	129,998	468,344
Disposals	-	(1,499)	(64,873)	(29,789)	(34,617)	(1,624)	-	-	(132,402)
Reclassification as held for sale	(116,896)	20,338	33,352	4,790	1,499	11,586	-	(95,454)	(140,785)
Effect of foreign currency exchange differences	-	-	(2,424)	(41)	362	1,800	-	(40)	(343)
Balance at December 31, 2013	$ 17,488,298	$ 8,777,579	$ 5,286,279	$ 559,611	$ 1,455,343	$ 912,423	$ 168,860	$ 39,723	$ 34,688,116
Accumulated depreciation and impairment									
Balance at January 1, 2013	$ -	$ 3,499,068	$ 4,355,396	$ 464,509	$ 1,265,775	$ 657,767	$ 31,750	$ -	$ 10,274,265
Disposals	-	(1,499)	(64,677)	(29,789)	(34,578)	(1,624)	-	-	(132,167)
Depreciation expense	-	172,411	303,546	27,383	48,259	60,677	18,739	-	631,015
Reclassification	-	(19,612)	-	-	-	-	-	-	(19,612)
Effect of foreign currency exchange differences	-	-	(2,207)	(14)	255	1,123	-	-	(843)
Balance at December 31, 2013	$ -	$ 3,650,368	$ 4,592,058	$ 462,089	$ 1,279,711	$ 717,943	$ 50,489	$ -	$ 10,752,658
Carrying amounts at December 31, 2013	$ 17,488,298	$ 5,127,211	$ 694,221	$ 97,522	$ 175,632	$ 194,480	$ 118,371	$ 39,723	$ 23,935,458
Cost									
Balance at January 1, 2012	$ 17,605,194	$ 8,608,323	$ 5,098,063	$ 575,346	$ 1,437,342	$ 809,023	$ 164,610	$ 2,666	$ 34,300,567
Additions	-	68,108	165,626	22,236	47,852	53,164	3,665	26,541	387,192
Disposals	-	-	(82,182)	(33,437)	(43,179)	(17,907)	-	-	(176,705)
Reclassification	-	12,460	-	276	392	4,692	-	(23,697)	(5,877)
Effect of foreign currency exchange differences	-	-	(6,827)	(406)	(1,617)	(2,734)	-	(291)	(11,875)
Balance at December 31, 2012	$ 17,605,194	$ 8,688,891	$ 5,174,680	$ 564,015	$ 1,440,790	$ 846,238	$ 168,275	$ 5,219	$ 34,493,302
Accumulated depreciation and impairment									
Balance at January 1, 2012	$ -	$ 3,317,383	$ 4,073,361	$ 469,133	$ 1,263,566	$ 617,529	$ 13,162	$ -	$ 9,754,134
Disposals	-	-	(82,038)	(33,415)	(43,138)	(17,907)	-	-	(176,498)
Depreciation expense	-	181,685	370,169	29,018	46,673	59,995	18,588	-	706,128
Effect of foreign currency exchange differences	-	-	(6,096)	(227)	(1,326)	(1,850)	-	-	(9,499)
Balance at December 31, 2012	$ -	$ 3,499,068	$ 4,355,396	$ 464,509	$ 1,265,775	$ 657,767	$ 31,750	$ -	$ 10,274,265
Carrying amounts at January 1, 2012	$ 17,605,194	$ 5,290,940	$ 1,024,702	$ 106,213	$ 173,776	$ 191,494	$ 151,448	$ 2,666	$ 24,546,433
Carrying amounts at December 31, 2012	$ 17,605,194	$ 5,189,823	$ 819,284	$ 99,506	$ 175,015	$ 188,471	$ 136,525	$ 5,219	$ 24,219,037

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Main buildings	20-60 years
Air-conditioning	5-10 years
Machinery equipment	4-16 years
Transportation equipment	2-10 years
Miscellaneous equipment	3-10 years
Leasehold improvement	5 years
Leased assets	9 years

Refer to Note 41 for information that the Group used the revalued amounts which in accordance with generally accepted accounting principles in the R.O.C. as the cost of part of land and buildings at January 1, 2012 (the date of transition to IFRSs).

17. INVESTMENT PROPERTIES

	Completed Investment Property
Cost	
Balance at January 1, 2013	$ 11,064,181
Reclassification	138,802
Additions	470
Disposals	(274)
Balance at December 31, 2013	$ 11,203,179
Accumulated depreciation and impairment	
Balance at January 1, 2013	$ 239,077
Reclassification	19,612
Depreciation expense	6,896
Disposals	(274)
Balance at December 31, 2013	$ 265,311
Carrying amounts at December 31, 2013	$ 10,937,868
Cost	
Balance at January 1, 2012	$ 11,055,145
Additions	9,036
Balance at December 31, 2012	$ 11,064,181

(Continued)

	Completed Investment Property
Accumulated depreciation and impairment	
Balance at January 1, 2012	$ 231,563
Depreciation expense	7,514
Balance at December 31, 2012	$ 239,077
Carrying amounts at January 1, 2012	$ 10,823,582
Carrying amounts at December 31, 2012	$ 10,825,104

(Concluded)

The investment properties held by the Group were depreciated over their estimated useful lives, using the straight-line method.

Main buildings	20-60 years
Air-conditioning	5-10 years

The fair values of Group's investment properties as of December 31, 2013, December 31, 2012 and January 1, 2012 were $15,455,598 thousand, $15,303,442 thousand and $14,795,773 thousand, respectively. The fair value was arrived at on the basis of a valuation carried out at that date by Messer's R&P, independent qualified professional valuers not connected to the Group. The fair value valuation was performed by independent qualified professional valuers; management of the Group used the valuation model that market participants would use in determining the fair value/the valuation was arrived at by reference to market evidence of transaction prices for similar properties.

On January 1, 2012 the date of transition to IFRSs the Group used the carrying amount, under ROC GAAP as the opening balance for IFRSs. Please refer to Note 41 for details.

The rental incomes and direct operating expenses generated by the investment properties for 2013 and 2012 were as follows:

	For the Year Ended December 31	
	2013	2012
Rental incomes	$ 159,005	$ 160,050
Direct operating expenses	$ 72,926	$ 81,621

18. OTHER ASSETS

	December 31, 2013	December 31, 2012	January 1, 2012
Refundable deposits	$ 99,610	$ 92,442	$ 127,716
Assumed collateral and residuals	26,835	37,105	37,105
Less: Accumulated impairment	(26,835)	(37,105)	(37,105)
Prepayments	2,227,438	5,271,865	1,722,032
Others	767	1,474	2,231
	$ 2,327,815	$ 5,365,781	$ 1,851,979

19. DUE TO BANKS AND CENTRAL BANK

	December 31, 2013	December 31, 2012	January 1, 2012
Due to Central Bank	$ 24,598	$ 24,011	$ 25,292
Due to banks	9,256,450	9,920,344	12,805,177
Bank overdraft	3,355,035	1,216,087	905,154
Call loans from banks	109,612,896	83,172,370	90,815,432
Deposits transferred from the Postal Bureau	4,580,053	6,197,386	7,502,457
	$ 126,829,032	$ 100,530,198	$ 112,053,512

20. PAYABLES

	December 31, 2013	December 31, 2012	January 1, 2012
Checks issued to payees for clearing	$ 11,221,772	$ 20,407,106	$ 19,245,596
Accounts payable	1,946,478	1,334,814	1,149,426
Accrued expenses	2,018,552	2,074,025	1,932,943
Interest payable	1,752,343	1,839,766	1,767,725
Acceptances	5,612,071	5,344,166	6,480,541
Others	2,682,672	2,103,383	1,681,011
	$ 25,233,888	$ 33,103,260	$ 32,257,242

21. DEPOSITS

	December 31, 2013	December 31, 2012	January 1, 2012
Checking deposit	$ 35,960,967	$ 36,439,935	$ 38,560,488
Demand deposit	300,773,802	276,139,934	265,431,441
Time deposit	271,290,788	267,871,496	279,668,880
Negotiable certificates of deposit	6,204,600	9,950,500	10,146,600
Savings deposit	757,816,807	724,824,662	693,654,556
Remittances	843,135	862,463	818,760
	$ 1,372,890,099	$ 1,316,088,990	$ 1,288,280,725

22. BANK NOTES PAYABLE

The Bank has issued bank notes to enhance its capital adequacy ratio and raise medium to long-term operating funds. The Bank issued ordinated and subordinated bank notes are as follows:

The Bank issued $5,000 million subordinated bank notes-96-1 with 7-year terms on September 26, 2007.

The Bank issued $5,000 million subordinated bank notes-97-1 with 7-year terms on May 19, 2008.

The Bank issued $8,350 million subordinated bank notes-97-2 with 7-year terms on December 15, 2008.

The Bank issued $5,000 million subordinated bank notes-98-1 with 7-year terms on September 15, 2009.

The Bank issued $5,000 million perpetual subordinated bank notes-99-1 on June 29, 2010.

The Bank issued $3,300 million subordinated bank notes-100-1 on March 11, 2011, divided into Financial Debentures A $2,200 million with 7-year terms and Financial Debenture B $1,100 million with 10-year terms.

The Bank issued $6,700 million subordinated bank notes-100-2 with 10-year terms on April 18, 2011.

The Bank issued RMB1,000 million ordinated bank notes-102-1 with 3-year terms on May 29, 2013.

The outstanding balance and details of subordinated bank notes are as follows:

Bank Note, Interest Rate and Maturity Date	**December 31, 2013**	**December 31, 2012**	**January 1, 2012**
Hedged financial liabilities at fair value			
97-1, 7-year term, interest payable annually, annual interest 3.10%, maturity date: May 19, 2015	$ 2,000,000	$ 2,000,000	$ 2,000,000
Valuation adjustment	59,818	101,937	146,086
	2,059,818	2,101,937	2,146,086
Non-hedged bank notes payable			
96-1, 7-year term, interest payable annually, determined at the 90-day commercial paper fixing rate in the secondary market plus 0.35%, provided by Reuters Limited, maturity date: September 26, 2014	5,000,000	5,000,000	5,000,000
97-1, 7-year term, interest payable annually, annual interest 3.10%, maturity date: May 19, 2015	3,000,000	3,000,000	3,000,000
97-2, 7-year terms, interest payable annually, annual interest 3.05%, maturity date: December 15, 2015	8,350,000	8,350,000	8,350,000
98-1, 7-year terms, interest payable annually, annual interest 2.30%, maturity date: September 15, 2016	5,000,000	5,000,000	5,000,000
99-1, No maturity date, interest payable annually, annual interest from first to tenth year is 3.15%, after tenth year is 4.15%	5,000,000	5,000,000	5,000,000
100-1, 7-year terms, interest payable annually, annual interest 1.65%, maturity date: March 11, 2018	2,200,000	2,200,000	2,200,000
100-1, 10-year terms, interest payable annually, annual interest 1.72%, maturity date: March 11, 2021	1,100,000	1,100,000	1,100,000

(Continued)

Bank Note, Interest Rate and Maturity Date	December 31, 2013	December 31, 2012	January 1, 2012
100-2, 10-year terms, interest payable annually, determined at the 90-day commercial paper fixing rate in the secondary market plus 0.20%, provided by Reuters Limited, maturity date: April 18, 2021	$ 6,700,000	$ 6,700,000	$ 6,700,000
102-1, 3-year terms, interest payable annually, annual interest 2.90%, maturity date: May 29, 2016	4,913,000	-	-
	41,263,000	36,350,000	36,350,000
	$ 43,322,818	$ 38,451,937	$ 38,496,086

(Concluded)

The Group engaged in derivative transactions as hedging tools for the 97-1 fixed interest bank notes with 7-year terms mentioned above to avoid fair value risks due to changes in interest rates. The interest rate swaps nominal principal were accounted as hedging derivative financial assets. Please refer to Note 12.

23. OTHER FINANCIAL LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Principal of structured products	$ 385,500	$ 1,052,797	$ 1,243,075
Appropriations for loan fund	205,511	198,046	291,264
Lease payable	81,017	113,830	142,324
	$ 672,028	$ 1,364,673	$ 1,676,663

As of December 31, 2013, December 31, 2012 and January 1, 2012, the principal of structured products were the time deposits which linked to currency options. The related income of structured products was determined by the target interest rates.

24. OTHER LIABILITIES

	December 31, 2013	December 31, 2012	January 1, 2012
Unearned revenue	$ 653,298	$ 599,827	$ 538,416
Guarantee deposits	1,531,182	1,033,583	1,061,861
Deferred income	39,627	55,574	56,005
	$ 2,224,107	$ 1,688,984	$ 1,656,282

25. PROVISIONS

	December 31, 2013	December 31, 2012	January 1, 2012
Reserve for employee benefits	$ 3,443,587	$ 3,548,869	$ 3,212,406
Reserve for guarantee liabilities	229,614	237,795	168,015
	$ 3,673,201	$ 3,786,664	$ 3,380,421

	Reserve for Guarantee Liabilities
Balance, January 1, 2013	$ 237,795
Provision (reverse)	(6,975)
Recovery of bad debts written off	(1,050)
Transfer reserve for guarantee liabilities	(410)
Exchange differences	254
Balance, December 31, 2013	$ 229,614
Balance, January 1, 2012	$ 168,015
Provision	128,290
Transfer reserve for guarantee liabilities	(58,372)
Exchange differences	(138)
Balance, December 31, 2012	$ 237,795

a. Refer to Note 26 for information of reserve for employee benefits.

b. Under guidelines of Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, reserve for guarantees was allocated based on the status of the loan collaterals and the length of time overdue.

26. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Group adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contribute amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Group of Taiwan in the committee's name.

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 the actuarial valuations were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Discount rates	1.75%	1.50%	1.75%
Expected return on plan assets	1.75%	1.50%	1.75%
Expected rates of salary increase	2.00%	1.75%	2.00%

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

	For the Year Ended December 31	
	2013	2012
Current service cost	$ 267,705	$ 527,080
Interest cost	125,323	136,565
Expected return on plan assets	(95,675)	(105,730)
	$ 297,353	$ 557,915

Actuarial gains and losses recognized in other comprehensive income for the years ended December 31, 2013 and 2012 was $168,232 thousand and $218,358 thousand, respectively. The cumulative amount of actuarial gains and losses recognized in other comprehensive income as of December 31, 2013 and 2012 was $386,590 thousand and $218,358 thousand, respectively.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ 8,552,285	$ 8,514,844	$ 7,911,235
Fair value of plan assets	(6,385,740)	(6,253,350)	(5,866,741)
Deficit	2,166,545	2,261,494	2,044,494
Others	8,747	10,440	11,116
Net liability arising from defined benefit obligation	$ 2,175,292	$ 2,271,934	$ 2,055,610

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

	For the Year Ended December 31	
	2013	2012
Opening defined benefit obligation	$ 8,514,844	$ 7,911,235
Current service cost	267,705	527,080
Interest cost	125,323	136,565
Actuarial losses	186,360	216,704
Liabilities extinguished on settlements	(325,545)	(163,049)
Benefits paid	(216,402)	(113,691)
Closing defined benefit obligation	$ 8,552,285	$ 8,514,844

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

	For the Year Ended December 31	
	2013	2012
Opening fair value of plan assets	$ 6,253,350	$ 5,866,741
Expected return on plan assets	95,675	105,730
Actuarial losses	(16,329)	(46,378)
Contributions from the employer	594,991	603,997
Benefits paid	(216,402)	(113,691)
Assets distributed on settlements	(325,545)	(163,049)
Closing fair value of plan assets	$ 6,385,740	$ 6,253,350

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

	December 31, 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
	100.00	100.00	100.00

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year time deposits.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs: (Refer to Note 41)

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 8,552,285	$ 8,514,844	$ 7,911,235
Fair value of plan assets	$ 6,385,740	$ 6,253,350	$ 5,866,741
Deficit	$ 2,166,545	$ 2,261,494	$ 2,044,494
Experience adjustments on plan liabilities	$ 186,969	$ 213,538	$ -
Experience adjustments on plan assets	$ 16,329	$ 46,378	$ -

The Group expects to make a contribution of $424,200 thousand and $570,000 thousand, respectively to the defined benefit plans during the annual period beginning after 2013 and 2012.

c. Plan of high-yield savings account for employee

The Group has the obligation to pay premium interest on the high-yield savings account of its present employees and retired employees. Such obligation is recognized based on its internal guidelines in the Rules of Employee Preferential Deposit for Retired Employees. Refer to Note 28 for related expense.

1) Reconciliation of assets and liabilities at the end of the reporting period with the present value of defined benefit obligation and the fair value of plan assets was as follows:

	December 31	
	2013	2012
Present value of defined benefit obligation	$ 1,268,295	$ 1,276,935
Less: Fair value of defined benefit plan assets	-	-
Assets and liabilities at the end of the reporting period	$ 1,268,295	$ 1,276,935

2) Analysis of defined benefit obligation

	December 31	
	2013	2012
All or part of defined benefit obligation contributed	$ -	$ -
Defined benefit obligation not contributed	1,268,295	1,276,935
	$ 1,268,295	$ 1,276,935

3) Movements of the present value of defined benefit obligation

	For the Year Ended December 31	
	2013	2012
Balance, January 1	$ 1,276,935	$ 1,156,796
Interest cost	48,522	43,708
Actuarial gains and losses	201,027	338,560
Benefits paid	(258,189)	(262,129)
Balance, December 31	$ 1,268,295	$ 1,276,935

4) Movements of the fair value of plan assets

	For the Year Ended December 31	
	2013	2012
Balance, January 1	$ -	$ -
Contribution by employers	258,189	262,129
Benefits paid	(258,189)	(262,129)
Balance, December 31	$ -	$ -

5) Details of gains and losses recognized in expenses

	For the Year Ended December 31	
	2013	2012
Current service cost	$ -	$ -
Interest cost	48,522	43,708
Expected return on plan assets	-	-
Prior service cost	-	-
Effects of curtailment and settlement	-	-
Actuarial gains and losses	201,027	338,560
	$ 249,549	$ 382,268

6) Main actuarial assumptions

	For the Year Ended December 31	
	2013	2012
Discount rate of high-yield savings account for employee	4.00%	4.00%
Return rate of funds deposited	2.00%	2.00%
Account balance decrease rate per year	1.00%	1.00%
Probability of future high-yield savings account system change	50.00%	50.00%
Mortality rate	Based on Taiwan Life Insurance Industry Mortality Tables (2004-2008)	Based on Taiwan Life Insurance Industry Mortality Tables (2004-2008)
Rate provided to ordinary clients for similar deposit	0.32%-1.45%	0.32%-1.45%

27. EQUITY

a. Share capital

Common stock

	December 31, 2013	December 31, 2012	January 1, 2012
Numbers of shares authorized (in thousands)	8,000,000	8,000,000	8,000,000
Shares authorized	$ 80,000,000	$ 80,000,000	$ 80,000,000
Number of shares issued and fully paid (in thousands)	7,749,059	7,242,111	6,768,328
Shares issued	$ 77,490,592	$ 72,421,114	$ 67,683,284

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

As of January 1, 2012, the Bank's authorized and registered capital was $80,000,000 thousand divided into 8,000,000 thousand shares at $10 par value; the total paid-in capital was $67,683,284 thousand. In August 2013 and 2012, the Bank had resolved capitalization of earnings and increased the Bank's paid-in capital by $5,069,478 thousand and $4,737,830 thousand, respectively. The amounts of total paid-in capital at December 31, 2013 and 2012 were $77,490,592 thousand and $72,421,114 thousand, respectively.

b. Distribution of earnings and dividend policy

Under the Bank's Articles of Incorporation, the Bank should make appropriations from its net income in the following order:

1) Payment of income taxes;

2) Offset of prior years' losses, if any;

3) 30% as legal reserve and if needed, special reserve;

4) Dividends to shareholders as proposed by the Board of Directors and resolved in the general shareholders' meeting.

5) 1% to 1.5% as bonuses to directors and supervisors based on the approval of the Board of Directors.

6) 1% to 8% as bonuses to employees based on the approval of the Board of Directors.

For the years ended December 31, 2013 and 2012, the bonus to employees was $493,822 thousand and $474,362 thousand, respectively, and the remuneration to directors and supervisors was $77,160 thousand and $74,119 thousand, respectively. The bonus to employees and remuneration to directors and supervisors represent 8.00% and 1.25%, based on past experiences, of net income (net of the bonus to employees and remuneration to directors and supervisors) minus legal reserve. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate.

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 proceeding the shareholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of shareholders' other equity items (including exchange differences on translating foreign operations, unrealized gain (loss) on available-for-sale financial assets, and the gain or loss on the hedging instrument relating to the effective portion of cash flow hedge) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

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 of an amount that was the same as these of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the Bank's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the company has earnings and the original need to appropriate a special reserve is not eliminated. Please refer to section d. Special reserves appropriated following first-time adoption of IFRSs.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Bank cannot distribute cash dividends or purchase treasury stocks if the Bank has any of the situations cited in Item 1, Section 1, Article 44 of the Banking Law.

The maximum amount of cash dividends cannot exceed 15% of the Bank's total capital if the Bank's capital surplus is less than the capital based on Section 1.

The restriction of the cash dividends stated above does not apply if the Bank's capital surplus exceeds the capital or the Bank's financial position satisfied the criteria by the authority and also the Bank appropriates the legal reserve based on the Company Law.

To ensure the Bank has cash for present and future expansion plans and to raise the profitability, the Bank prefers to distribute more stock dividends, but cash dividends shall not be less than 10% of total dividends distributed. If the cash dividends are less than $0.1 per share, the Bank will not distribute any cash dividends, unless otherwise adopted in the shareholders' meeting.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Bank.

The appropriations of earnings for 2012 and 2011 had been approved in the shareholders' meetings on June 21, 2013 and June 22, 2012. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2012	2011	2012	2011
Legal reserve	$ 2,541,225	$ 2,712,706		
Dividends of common stock - cash	724,211	1,353,666	$0.10	$0.20
Dividends of common stock - stock	5,069,478	4,737,830	0.70	0.70

Bonuses to employees and remuneration to directors and supervisors for 2012 and 2011 approved in the shareholders' meetings on June 21, 2013 and June 22, 2012, respectively, were as follows:

	For the Year Ended December 31	
	2012	2011
	Cash Dividends	Cash Dividends
Bonus to employees	$ 474,362	$ 506,372
Remuneration of directors and supervisors	74,119	79,121

The appropriations of earnings for 2012 were proposed according to the Group's consolidated financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and the Generally Accepted Accounting Standard in the Republic of China ("ROC GAAP"),, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings in 2013 and 2012 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2012 and 2011.

The appropriations of earnings, the bonus to employees, and the remuneration to directors and supervisors for 2013 are subject to the resolution of the shareholders' meeting to be held on June 2014.

Information about the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves appropriated following first-time adoption of IFRSs

The Group's special reserves appropriated following first-time adoption of IFRSs were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Special reserve	$ 11,778,829	$ -	$ -

The increase in retained earnings that resulted from all IFRSs adjustments was not enough for this appropriation; therefore, the Group appropriated for special reserve an amount of $11,778,829 thousand, the increase in retained earnings that resulted from all IFRSs adjustments on transitions to IFRSs.

28. NET INCOME

a. Net interest income

	For the Year Ended December 31	
	2013	2012
Interest income		
Loans	$ 23,502,023	$ 23,176,267
Due from and call loans to banks	1,275,898	632,826
Investment in marketable securities	2,449,852	2,723,692
Others	93,638	104,052
	27,321,411	26,636,837
Interest expense		
Deposits	(8,490,451)	(8,361,444)
Due to the Central Bank and call loans from banks	(741,525)	(923,672)
Others	(1,009,007)	(952,929)
	(10,240,983)	(10,238,045)
Net interest income	$ 17,080,428	$ 16,398,792

b. Net service fee and commissions income

	For the Year Ended December 31	
	2013	2012
Service fee and commissions income		
Fees from import and export	$ 290,707	$ 309,309
Remittance fees	542,953	513,385
Loan and guarantees fees	325,704	360,866
Fees from trustee	869,401	618,000
Fees from trustee business	290,808	262,950
Others	2,444,547	2,417,458
	4,764,120	4,481,968
Service fee and commissions		
Interbank fees	(120,934)	(116,864)
Fees from trustee business	(134,940)	(115,641)
Others	(362,778)	(410,295)
	(618,652)	(642,800)
Net service fee and commissions income	$ 4,145,468	$ 3,839,168

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

	For the Year Ended December 31	
	2013	**2012**
Disposal gains (losses) on financial assets and liabilities at FVTPL		
Stocks	$ 1,404	$ (7,213)
Bonds	(42,838)	26,046
Bills	23	-
Derivative financial instruments	940,148	1,264,240
Net interest income	361,806	220,618
Dividend/bonus income	-	1,549
	1,260,543	1,505,240
Valuation gains (losses) on financial assets and liabilities at FVTPL		
Stocks and beneficiary certificates	333	9,080
Bonds	(36,844)	(7,735)
Bills	(8,819)	(1,301)
Derivative financial instruments	(150,634)	58,625
	(195,964)	58,669
	$ 1,064,579	$ 1,563,909

d. Realized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2013	**2012**
Stock dividends and bonuses	$ 52,644	$ 82,049
Disposal gains		
Stock	241,572	40,840
Bonds	129,630	268,942
	423,846	391,831
Disposal losses		
Stock	(51,664)	(86,403)
Bonds	(104,173)	(4,695)
Others	(21,713)	-
	(177,550)	(91,098)
	$ 246,296	$ 300,733

e. Depreciation and amortization expenses

	For the Year Ended December 31	
	2013	**2012**
Property and equipment	$ 631,015	$ 706,128
Investment property	6,896	7,514
Intangible assets and other deferred assets	30,336	25,449
	$ 668,247	$ 739,091

f. Employee benefits expenses

	For the Year Ended December 31	
	2013	**2012**
Short-term benefits	$ 8,619,517	$ 8,515,650
Post-employment benefits		
Defined contribution plans	127,068	202,609
Defined benefit plans	297,353	557,915
High-yield savings account for employees	249,549	382,268
Other post-employment benefits	198,372	54,838
	$ 9,491,859	$ 9,713,280

29. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense (income) were as follows:

	For the Year Ended December 31	
	2013	**2012**
Current tax		
In respect of the current year	$ 294,521	$ 322,898
Others	602	2,908
Deferred tax		
In respect of the current year	1,496,615	1,269,339
Additional income tax on unappropriated earnings	13,584	23,815
Non-deductible tax of overseas branches	124,149	179,837
Income tax expense recognized in profit or loss	$ 1,929,471	$ 1,798,797

A reconciliation of accounting profit and income tax expenses/average effective tax rate and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2013	**2012**
Profit before tax	$ 10,747,720	$ 10,243,996
Income tax expense calculated at the statutory rate	1,827,112	1,741,480
Nondeductible expenses in determining taxable income	7,440	1,536
Tax-exempt income	(140,729)	(264,895)
Additional income tax on unappropriated earnings	13, 584	23,815
Non-deductible tax of overseas branches	124,149	179,837
Others	97,915	117,024
Income tax expense recognized in profit or loss	$ 1,929,471	$ 1,798,797

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of 2014 appropriations of earnings is uncertain, the potential income tax consequences of 2013 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2013	**2012**
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 33,753	$ (5,665)
Fair value changes of available-for-sale financial asset	1,270	-
Actuarial gains and losses on defined benefit plan	(34,457)	(44,724)
Total income tax recognized in other comprehensive income	$ 566	$ (50,389)

c. Current tax assets and liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Current tax assets			
Tax refund receivable	$ 771,479	$ 516,566	$ 747,310
Others	8,741	10,876	-
	$ 780,220	$ 527,442	$ 747,310
Current tax liabilities			
Income tax payable	$ 125,334	$ 181,235	$ 44,064

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2013

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Doubtful debts	$ 1,680,600	$ (71,715)	$ -	$ -	$ 1,608,885
Others	629,104	15,358	28,792	-	673,254
	2,309,704	(56,357)	28,792	-	2,282,139
Tax losses	2,178,844	(1,353,384)	-	-	825,460
	$ 4,488,548	$ (1,409,741)	$ 28,792	$ -	$ 3,107,599
Deferred tax liabilities					
Land revaluation increment tax	$ 6,156,692	$ -	$ -	$ -	$ 6,156,692
Temporary differences	33,106	86,874	29,358	155,719	305,057
	$ 6,189,798	$ 86,874	$ 29,358	$ 155,719	$ 6,461,749

For the year ended December 31, 2012

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred tax assets					
Temporary differences					
Doubtful debts	$ 1,973,604	$ (293,004)	$ -	$ -	$ 1,680,600
Unrecognized assets and liabilities of currency	418,149	(418,149)	-	-	-
Others	774,432	(195,717)	50,389	-	629,104
	3,166,185	(906,870)	50,389	-	2,309,704
Tax losses	3,034,167	(855,323)	-	-	2,178,844
	$ 6,200,352	$ (1,762,193)	$ 50,389	$ -	$ 4,488,548
Deferred tax liabilities					
Land revaluation increment tax	$ 6,156,692	$ -	$ -	$ -	$ 6,156,692
Temporary differences					
Unrealized gain on valuation of derivative financial instrument	521,951	(520,441)	-	-	1,510
Others	4,009	27,587	-	-	31,596
	$ 6,682,652	$ (492,854)	$ -	$ -	$ 6,189,798

e. Loss carryforwards as of December 31, 2013 comprised of:

Unused Amount	Expiry Year
$ 825,460	2015

f. Information about integrated income tax was as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings generated on and after January 1, 1998	$ 8,882,010	$ 20,345,736	$ 20,923,096
Imputation credits accounts	$ 124,749	$ 132,525	$ 96,990

The creditable ratio for distribution of earnings of 2013 and 2012 was 1.40% (estimate) and 1.55%, respectively.

For distribution of earnings generated after January 1, 1998, the ratio for the imputation credits allocated to shareholders of the Group is based on the balance of the ICA as of the date of dividend distribution. The expected creditable ratio for the 2013 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

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

g. The income tax returns through 2011 had been examined and cleared by the tax authority. Since the Group has further doubts about the clearance of the 2010 and 2011 tax returns, the Group is filing an appeal to a high court. The Group had recognized related tax expenses. Both CHB Life Insurance Agency's and CHB Insurance Brokerage's income tax returns through 2012 had been examined and cleared by the tax authority.

30. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

	For the Year Ended December 31	
	2013	**2012**
Net profit for the year	$ 8,818,249	$ 8,445,199

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2013	**2012**
Weighted average number of ordinary shares in computation of basic earnings per share	7,749,059	7,749,059
Effect of potentially dilutive ordinary shares:		
Bonus issue to employees	41,361	45,866
Weighted average number of ordinary shares used in the computation of diluted earnings per share	7,790,420	7,794,925

The Group presumes that the entire amount of bonus to employees will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares should be included in the calculation of diluted EPS until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The computation of earnings per share was retrospectively adjusted for the effects of adjustments resulting from bonus stock issues on August 26, 2013. The basic and diluted after-tax earnings per share were adjusted retrospectively as followings:

Unit: NT$ Per Share

	For the Year Ended December 31, 2012	
	Before Adjusted Retrospectively	**After Adjusted Retrospectively**
Basic earnings per share	$ 1.17	$ 1.09
Diluted earnings per share	$ 1.16	$ 1.08

31. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of land with lease terms between 5 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiration of the lease periods.

As of December 31, 2013, December 31, 2012 and January 1, 2012, refundable deposits paid under operation leases amounted to $35,142 thousand, $39,572 thousand and $41,432 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2013	December 31, 2012	January 31, 2012
Not later than 1 year	$ 531,124	$ 482,050	$ 467,553
Later than 1 year and not later than 5 years	938,777	899,885	780,734
Later than 5 years	98,406	91,884	74,789
	$ 1,568,307	$ 1,473,819	$ 1,323,076

b. The Group as lessor

Operating leases relate to the investment property owned by the Group with lease terms between 5 to 10 years, with an option to extend an additional 10 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

As of December 31, 2013, December 31, 2012 and January 1, 2012, refundable deposits paid under operation leases amounted to $44,997 thousand, $42,654 thousand and $43,164 thousand, respectively.

The future minimum lease payments of non-cancellable operating lease were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Not later than 1 year	$ 190,855	$ 176,773	$ 174,503
Later than 1 year and not later than 5 years	417,556	436,006	340,296
Later than 5 years	56,808	62,362	59,240
	$ 665,219	$ 675,141	$ 574,039

32. CAPITAL RISK MANAGEMENT

a. Summary

The Group’s goals in capital management are as follows:

1) The Group’s qualified regulatory capital should meet the requirement of capital adequacy regulations, and reached the minimum capital adequacy ratio.

2) To ensure the Group is able to meet the capital heeds, it should be evaluated periodicity and observed the variation between regulatory capital and risk assets to keep common equity ratio in the interval approved by the board of directors.

3) Related to the calculation of qualified regulatory capital and legal capital were according to the regulation of administration.

b. Capital management procedures

The Group kept capital adequacy ratio completely to meet the requirement of the administration, and declared to the administration quarterly.

In addition, the capital management procedures for the overseas subsidiaries of the Group were carried out according to the regulation of local administrations.

The Group's capital adequacy performance, which was calculated based on Regulations Governing the Capital Adequacy and Capital Category of Banks, was reported to the Asset and Liability Management Committee of the Group periodically. The regulatory capital was classified into Tier 1 Capital, other Tier 1 Capital and Tier 2 Capital.

1) Tier 1 Capital: Include Common Equity and other Tier 1 Capital

Common Equity: Include common stock (include capital collected in advance), Capital reserves (exclude additional paid-in capital in excess of par- preferred stock), accumulated profit, reserve and adjusted equity. Deduct: Legal adjustments.

2) Other Tier 1 Capital: Include noncumulative perpetual preferred stock, noncumulative perpetual subordinated debts. Deduct: Legal adjustments.

3) Tier 2 Capital: Include cumulative perpetual preferred stock, cumulative perpetual subordinated debts, revaluation reserve, long-term subordinated debt, non-perpetual preferred stock include stock issue price 45% of unrecognized available for sale financial assets convertible bonds, operating reserves and allowance for doubtful accounts. Deduct: Legal adjustments.

c. Capital adequacy

<table>
<tr><th colspan="3">Period
Item</th><th>December 31, 2013</th><th>June 30, 2013</th></tr>
<tr><td rowspan="4">Self-owned capital</td><td colspan="2">Common equity Tier I</td><td>$ 96,663,815</td><td>$ 92,628,337</td></tr>
<tr><td colspan="2">Other Tier I capital</td><td>3,601,246</td><td>3,484,610</td></tr>
<tr><td colspan="2">Tier II capital</td><td>26,287,046</td><td>29,917,236</td></tr>
<tr><td colspan="2">Self-owned capital</td><td>126,552,107</td><td>126,030,183</td></tr>
<tr><td rowspan="9">Risk-weighted assets</td><td rowspan="3">Credit risk</td><td>Standardized approach</td><td>1,073,451,974</td><td>1,048,890,494</td></tr>
<tr><td>IRB</td><td>-</td><td>-</td></tr>
<tr><td>Securitization</td><td>59,772</td><td>68,194</td></tr>
<tr><td rowspan="3">Operation risk</td><td>Basic indicator approach</td><td>-</td><td>-</td></tr>
<tr><td>Standardized approach/optional standard</td><td>39,393,925</td><td>37,383,713</td></tr>
<tr><td>Advanced internal rating based approach</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Market price risk</td><td>Standardized approach</td><td>20,542,888</td><td>15,985,950</td></tr>
<tr><td>Internal model approach</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Total</td><td>1,133,448,559</td><td>1,102,328,351</td></tr>
<tr><td colspan="3">Capital adequacy ratio</td><td>11.17%</td><td>11.43%</td></tr>
<tr><td colspan="3">Common equity Tier I to risk-weighted assets ratio</td><td>8.53%</td><td>8.40%</td></tr>
<tr><td colspan="3">Tier I capital to risk-weighted assets ratio</td><td>8.85%</td><td>8.72%</td></tr>
<tr><td colspan="3">Leverage ratio</td><td>3.67%</td><td>3.54%</td></tr>
</table>

Note 1: The ratios are calculated in accordance with the Regulations Governing the Capita l Adequacy and Capital category of Banks.

Note 2: Annual financial report should include the capital adequacy ratio in current and previous period. Besides semiannual report should disclose the ratio the end of last year.

Note 3: 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		$ 94,590,934
	Tier II capital		28,506,001
	Tier III capital		-
	Self-owned capital		123,096,935
Risk-weighted assets	Credit risk	Standardized approach	1,021,241,872
		IRB	-
		Securitization	249,337
	Operation risk	Basic indicator approach	-
		Standardized approach/optional standard	35,279,000
		Advanced internal rating based approach	-
	Market price risk	Standardized approach	7,331,175
		Internal model approach	-
	Total		1,064,101,384
Capital adequacy ratio			11.57%
Tier I capital to risk-weighted assets ratio			8.89%
Tier II capital to risk-weighted assets ratio			2.68%
Tier III capital to risk-weighted assets ratio			-
Common stock equity to total assets ratio			4.50%
Leverage ratio			5.92%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF 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

33. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31, 2013		December 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Held-to-maturity investments	$ 226,989,182	$ 226,995,540	$ 170,696,300	$ 170,736,031	$ 180,376,569	$ 180,305,626
Financial assets carried at cost	4,181,203	-	4,698,434	-	4,698,434	-
Bonds investment with no active market	3,811,523	3,842,161	3,178,999	3,221,962	8,019,929	8,002,151
Financial liabilities						
Bond payables	43,322,818	44,638,159	38,451,937	40,306,042	38,496,086	40,786,650

2) Fair value measurements recognized in the balance sheets

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:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(In Thousands of New Taiwan Dollars)

Fair Value Measurement of Financial Instruments	December 31, 2013			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ 57,819,141	$ 5,907,051	$ 48,359,163	$ 3,552,927
Trading assets	54,142,147	5,907,051	48,235,096	-
Mutual funds	277,510	277,510	-	-
Bond investments	15,991,251	5,629,541	10,361,710	-
Others	37,873,386	-	37,873,386	-
Financial assets designated upon initial recognition as at fair value through profit or loss	3,676,994	-	124,067	3,552,927
Available-for-sale financial assets	37,884,111	12,554,174	25,329,937	-
Stock investments	1,767,564	1,767,564	-	-
Bond investments	36,116,547	10,786,610	25,329,937	-
Derivative financial products				
Assets				
Financial assets at FVTPL	2,182,332	36,433	2,145,899	-
Other financial assets				
Hedging derivative financial instruments	62,494	-	62,494	-
Liabilities				
Financial liabilities at FVTPL	1,715,364	-	1,715,364	-

(In Thousands of New Taiwan Dollars)

Fair Value Measurement of Financial Instruments	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ 33,654,305	$ 2,831,346	$ 29,370,609	$ 1,452,350
Trading assets	32,085,714	2,831,346	29,254,368	-
Mutual funds	102,590	102,590	-	-
Bond investments	2,734,415	2,728,756	5,659	-
Others	29,248,709	-	29,248,709	-
Financial assets designated upon initial recognition as at fair value through profit or loss	1,568,591	-	116,241	1,452,350
Available-for-sale financial assets	63,621,844	28,173,495	35,218,133	230,216
Stock investments	2,144,640	2,144,640	-	-
Bond investments	61,246,988	26,028,855	35,218,133	-
Others	230,216	-	-	230,216
Derivative financial products				
Assets				
Financial assets at FVTPL	1,959,365	37,823	1,921,542	-
Other financial assets		-		-
Hedging derivative financial instruments	105,087	-	105,087	-
Liabilities				
Financial liabilities at FVTPL	1,912,629	-	1,912,629	-

(In Thousands of New Taiwan Dollars)

Fair Value Measurement of Financial Instruments	January 1, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ 22,110,235	$ 3,029,409	$ 18,172,576	$ 908,250
Trading assets	20,841,552	3,029,409	17,812,143	-
Mutual funds	97,663	97,663	-	-
Bond investments	2,937,290	2,931,746	5,544	-
Others	17,806,599	-	17,806,599	-
Financial assets designated upon initial recognition as at fair value through profit or loss	1,268,683	-	360,433	908,250
Available-for-sale financial assets	57,728,449	27,156,312	30,351,685	220,452
Stock investments	2,367,638	2,367,638	-	-
Bond investments	55,140,359	24,788,674	30,351,685	-
Others	220,452	-	-	220,452
Derivative financial products				
Assets				
Financial assets at FVTPL	2,909,927	67,247	2,842,680	-
Other financial assets		-		-
Hedging derivative financial instruments	149,400	-	149,400	-
Liabilities				
Financial liabilities at FVTPL	2,035,814	-	2,035,814	-

There were no transfers between Level 1 and 2 in the current and prior periods.

3) Reconciliation of Level 3 fair value measurements of financial instruments

Changes in Level 3 financial assets were as follows:

(In Thousands of New Taiwan Dollars)

Item	For the Year Ended December 31, 2013						
	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer In	Sell, Disposal	Transfer Out	
Financial assets designated upon initial recognition as at fair value through profit or loss	$ 1,452,350	$ (21,273)	$ 2,121,850	$ -	$ -	$ -	$ 3,552,927
Available-for-sale financial assets							
Other	230,216	6,621	-	-	(236,837)	-	-

(In Thousands of New Taiwan Dollars)

Item	For the Year Ended December 31, 2012						
	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer In	Sell, Disposal	Transfer Out	
Financial assets designated upon initial recognition as at fair value through profit or loss	$ 908,250	$ -	$ 1,467,584	$ -	$ (923,484)	$ -	$ 1,452,350
Available-for-sale financial assets							
Other	220,452	9,764	-	-	-	-	230,216

Valuation gains (losses) mentioned above recognized in current profits or losses in the amounts of $(21,273) thousand and $0 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2013 and 2012, respectively.

Valuation gains (losses) mentioned above recognized in other comprehensive income in the amounts of $6,621 thousand and $9,764 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2013 and 2012, respectively.

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates;

c) The fair values of other financial assets and financial liabilities (excluding those described above) were determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

5) The sensitivity analysis for the substitution assumption of fair value of level 3 financial instruments

The measurement of financial instruments fair value is reasonable. If the fair value of level 3 financial instruments changed 5%, the effect to profit or loss or other comprehensive income were as follows:

	Fair Value Through Profit or Loss		**Fair Value Through Other Comprehensive Income**	
	Advantageous	**Disadvantageous**	**Advantageous**	**Disadvantageous**
December 31, 2013				
Financial assets designated as at FVTPL	$ 177,646	$ (177,646)	$ -	$ -
December 31, 2012				
Financial assets designated as at FVTPL	72,618	(72,618)	-	-
Available-for-sale financial assets	-	-	11,511	(11,511)

b. Reclassification information

The Group reclassified parts of financial assets based on the fair value traced back to July 1, 2008, according to the amended Statement of Financial Accounting Standards No. 34 "Financial Instruments: Recognition and Measurement". The fair values on the reclassification date were as follows:

	Before Reclassification	After Reclassification
Available-for-sale financial assets	$ 14,246,193	$ -
Debt investments without active market	-	14,246,193
	$ 14,246,193	$ 14,246,193

During the third quarter of 2008, the international economic condition changed a lot and resulted in global financial crisis which caused the value of financial assets to collapse, the Group decided not to sell parts of the available-for-sale financial assets in a short period of time, and reclassified them to debt investments without active market.

The effective interest rate of those financial assets reclassified from available-for-sale to debt investments without active market was 0.43%, and the expected cash flow from those financial assets is estimated at $258,042 thousand.

The carrying amount and fair value after reclassification as of December 31, 2013 and 2012 were as follows:

	December 31			
	2013		2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Debt investment without active market	$ 246,564	$ 251,192	$ 228,713	$ 237,717

The investment income and pro forma adjustment to stockholders' equity if the reclassification had not been taken were as follows:

	For the Year Ended December 31			
	2013		2012	
	Investment Income (Loss)	Pro Forma Adjustment to Stockholders' Equity	Investment Income (Loss)	Pro Forma Adjustment to Stockholders' Equity
Available-for-sale financial assets	$ 1,446	$ 13,475	$ 29,864	$ (4,744)

c. Financial risk management objectives and policies

1) Market risk

a) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of on- 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 Bank 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 Bank's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

b) Market risk management policy

The Bank classifies the financial instruments held by the Bank as trading book and banking book, and determines the market risk as interest rate risk, exchange rate risk, and equity security price risk. The Bank establishes "Market Risk Management Regulation" to manage the market risk of overall foreign exchange position, normal position, interest rate position of trading book and equity security position. The overall interest rate risk management of banking book belongs to Assets and Liabilities Management Committee.

The market risk management regulations are as follows:

i. Establish the market risk management process to ensure the risk would be identified, measured, monitored and reported.

ii. Measure and monitor the market risk and keep it under the risk limit and minimize unexpected loss from market risk.

iii. Follow the regulations of Basel Accord.

iv. Establish the market risk management system and economic capital allocation process.

v. Monitor the credit line management of financial instrument, sensitivity analysis, stress testing and the calculation of VaR. Report the result of market risk monitoring to Risk Management Committee periodically and Board of Director quarterly.

c) Market risk management procedures

According to "Whole Risk Management Policy", Risk Management Department is the second line of defense against the market risk. Risk Management Department performs the market risk management, establishes related management process, and reports to the appropriate level of the management. Besides, Risk Management Department establishes independent risk management process and ensures it remains effective.

i. Identifying and measuring

The effective market risk management process begins with identifying the inherent risk of operating activities and financial instruments. The Bank reviews the risk identifying method timely when the market environment changes and makes necessary adjustment to ensure the effective operation of the market risk management process. The Bank's risk management department identifies market risk factors and measures the market risk. The market risk factors refer to the factors which affect the interest rate, exchange rate or the fair value of equity instruments. The market risk factors include the position, profits and loss, loss from stress testing, PVO1, Delta, VaR, etc.

ii. Monitoring and reporting

The Bank 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 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 in order to improve the effectiveness of the market risk management.

iii. Stress testing

The stress testing is one of the important tools for risk management. It is used for verifying effects on the investment portfolio due to some extremely disadvantageous but possible stressful events and for analyzing exposure level and risk tolerance in such situations and furthermore evaluating the portfolio loss or the impact on the capital. Chang Hwa Bank performs stress testing for forecasting risk and for assessment and reinforcement of statistical models or historical data limitations.

d) Trading book market risk management

The trading book refers to the position of financial instruments held for trading or hedging. The position of financial instruments held for trading refers to the position which earns profits from actual or expected short-term price fluctuations.

i. Definition of trading book interest rate risk

The Bank determines the risk limitation of the investment portfolio of trading book by evaluating trading strategy, trading category, and annual performance.

ii. Management policy on trading book interest rate risk

The Bank follows "Market Risk Management Rules", "Derivative Trading Process" and various financial instrument related regulations as the important management rules of trading book.

iii. Valuation policy

The trading positions are valued real time or daily. The hedging derivatives are valued at least twice a month. The resources of fair value of financial instruments are categorized as: (1) those derived from quoted prices in active markets; (2) the latest price with no active market; (3) valuation with no active market.

iv. Risk measuring methods

i) The sensitivity of the interest rate changes of investment portfolio is measured by DV01. The sensitivity of the foreign exchange derivatives is measured by the sensitivity factors (Delta, Gamma, and Vega).

ii) With regard to the Bank’s Value at Risk assumptions and calculation methods, please refer to item 9 below in this Note 34.

iii) The Bank performs the stress test quarterly and report the result to Risk Management Committee periodically.

e) Trading book interest rate risk management

i. Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Bank due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

ii. Management procedures

The Bank defines the trading limit of trading book and the stop-loss limit of different financial instruments by assessing the credit and the financial position of the issuers.

iii. Measuring methods

The interest rate factor sensitivity of debt securities and interest rate derivatives is measured by DV01. With regard to the Bank’s Value at Risk assumptions and calculation methods, please refer to item i.

f) Banking book interest rate risk management

i. Definition of banking book interest rate risk

The banking book interest rate risk means the unfavorable change of interest rate of non-trading-book interest rate position which changes the present value of revenues and costs or assets and liabilities and causes decrease of earnings or impairment of economic value.

ii. Management policy on banking book interest rate risk

According to the Bank’s interest rate risk management policy, the Bank has set various measurement indicators and limits on banking book interest rate risk. To pursue profits and steady growth of shareholder value without exposure to extreme loss risks, the Bank applies appropriate management strategy including on- and off-balance-sheet adjustments and maintains appropriate amounts of assets and liabilities.

iii. Measuring methods

The Bank mainly applies standard method for interest rate risk sensitivity gap analysis to measure banking book interest rate risks. The responsible department periodically measures banking book interest rate risks and reports to related departments and to the Asset and Liability Management Committee in order to adopt appropriate strategies for adjusting banking book interest rate risk combinations. Assessment information of banking book interest rate risk would be presented to the Board of Directors periodically to let the high-level management control such risks.

g) Exchange rate risk management

i. 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 Bank's exchange rate risk mainly comes from spot and forward exchange positions.

ii. Management procedures and methods

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.

The risk management department applies sensitivity analysis or Value at Risk to measure exchange rate risk and calculates stress loss of risk position held. In sensitivity analysis, Delta is applied to measure the exchange rate risk of the first order change and Gamma is applied to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate. With regard to the Bank's Value at Risk assumptions and calculation methods, please refer to item i.

h) Equity security price risk management

i. Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Bank when the equity security price changes. The Bank's equity security price risk mainly comes from public and OTC stocks, index futures and options.

ii. Measuring purpose, procedures and methods

The risk management department applies sensitivity analysis or Value at Risk to measure equity security price risk and calculates stress loss of risk position held. In sensitivity analysis, Delta, Gamma and Vega are, applied to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of stocks. With regard to the Bank's Value at Risk assumptions and calculation methods, please refer to item i.

i) Market risk measuring method

i. Value at Risk, "VaR"

The Bank uses VaR model and stress testing to evaluate the risk of trading portfolio the market risk and the maximum expected loss of positions held through assumptions of changing market situation. VaR is the statistical estimation of potential losses of existing positions arising from unfavorable market changes. VaR refers to the maximum potential loss that Chang Hwa Bank might be exposed to within the confidence interval (99%), which means there is a certain probability (1%) that the actual loss would exceed VaR. Significant loss caused by excessive market volatility could not be avoided by using VaR.

The Bank uses the variance-covariance method to determine VaR. Interest rate risk measurement method is based on the cash flows of the investment portfolio and the value of basis point. The term structure is divided into 13 time bands, the designed grouping of the investment portfolio cash flows. After selecting confidence interval (99%), the VaR of interest rate risk of certain portfolio is determined by its historical volatility and correlations; the VaR of equity securities is determined by the associated stock market index linked with Single Index Model. Under the approach, the β value is calculated by independent variable (the previous daily returns data of the market index) and dependent variable (the previous daily returns data of certain stock). After the β value and confidence (99%) are determined, the historical volatility is applied to decide portfolio VaR. Exchange rate VaR is measured on the history of currency volatility and correlations. After selecting confidence (99%), the exchange rate VaR of each currency held by the Bank is calculated.

According to the Bank's "Risk Management Committee Establishment Points", the risk appetite of trading book market risk, operating limits and VaR limits should be approved by the Risk Management Committee. VaR is an important internal risk control in the Bank. The VaR limits of investment portfolio are approved annually by the Risk Management Committee and reported to the Board of Directors. In addition, the daily actual VaR is monitored by the Bank's risk management department.

ii. As of December 31, 2013, the Bank's VaR factors were as follows:

	For the Year Ended December 31, 2013			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 10,389	$ 17,183	$ 7,854	$ 11,447
Interest rate VaR	60,600	74,263	48,078	73,537
Equity securities VaR	1,348	1,366	1,321	1,359
Value at risk	$ 72,337	$ 92,812	$ 57,253	$ 86,343

	For the Year Ended December 31, 2012			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 5,209	$ 6,933	$ 4,097	$ 4,856
Interest rate VaR	38,281	51,368	32,613	32,613
Equity securities VaR	824	2,444	395	395
Value at risk	$ 44,314	$ 60,745	$ 37,105	$ 37,864

j) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2013		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 5,404,324	29.7800	$ 160,940,769
GBP	81,587	49.1400	4,009,185
AUD	695,630	26.5850	18,493,324
HKD	1,858,439	3.8400	7,136,406
CAD	51,687	27.9800	1,446,202
ZAR	236,019	2.8600	675,014
JPY	49,284,378	0.2840	13,996,763
EUR	349,304	41.1200	14,363,380
NZD	51,662	24.5000	1,265,719
RMB	12,942,152	4.9130	63,584,793
Financial liabilities			
Monetary items			
USD	6,217,419	29.7800	185,154,738
GBP	127,283	49.1400	6,254,687
AUD	832,273	26.5850	22,125,978
HKD	1,394,370	3.8400	5,354,381
CAD	66,764	27.9800	1,868,057
ZAR	1,668,055	2.8600	4,770,637
JPY	52,689,808	0.2840	14,963,905
EUR	368,134	41.1200	15,137,670
NZD	134,493	24.5000	3,295,079
RMB	9,443,643	4.9130	46,396,618

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2012		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 4,568,002	29.0350	$ 132,631,938
GBP	24,043	46.7800	1,124,732
AUD	628,656	30.1250	18,938,262
HKD	909,233	3.7460	3,405,987
CAD	26,662	29.1900	778,264
ZAR	1,045,642	3.4300	3,586,552
JPY	61,956,266	0.3360	20,817,305
EUR	406,205	38.4500	15,618,582
NZD	96,138	23.8100	2,289,046
RMB	686,931	4.6580	3,199,725
Financial liabilities			
Monetary items			
USD	5,486,603	29.0350	159,303,518
GBP	39,211	46.7800	1,834,291
AUD	657,544	30.1250	19,808,513
HKD	779,048	3.7460	2,918,314
CAD	41,636	29.1900	1,215,355
ZAR	1,962,497	3.4300	6,731,365
JPY	45,856,137	0.3360	15,407,662
EUR	437,055	38.4500	16,804,765
NZD	171,918	23.8100	4,093,368
RMB	636,740	4.6580	2,965,935

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	January 1, 2012		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary items			
USD	$ 4,141,817	30.2750	$ 125,393,510
GBP	53,665	46.6800	2,505,082
AUD	556,645	30.7450	17,114,051
HKD	491,730	3.8970	1,916,272
CAD	55,438	29.6700	1,644,845
ZAR	54,302	3.7100	201,460
JPY	65,128,380	0.3897	25,380,530
EUR	280,386	39.2200	10,996,739
NZD	109,577	23.4100	2,565,198
RMB	249,267	4.7970	1,195,734

(Continued)

	January 1, 2012		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary items			
USD	$ 5,170,223	30.2750	$ 156,528,501
GBP	96,268	46.6800	4,493,790
AUD	603,469	30.7450	18,553,654
HKD	594,916	3.8970	2,318,388
CAD	100,176	29.6700	2,972,222
ZAR	1,083,276	3.7100	4,018,954
JPY	59,723,939	0.3897	23,274,419
EUR	386,071	39.2200	15,141,705
NZD	270,849	23.4100	6,340,575
RMB	204,760	4.7970	982,234

(Concluded)

2) Credit risk

a) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability to 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 of the collaterals and market liquidity risk of the collaterals.

b) Credit risk management policy

i. To meet the needs of risk management, the Bank continues to enhance corporate finance credit application management system and various risk management techniques and efficiency.

ii. The Bank continues to develop methods of credit risk quantification models to elevate credit risk management techniques, which enable the Bank’s capital requirement and expected loss to become more risk sensitive.

iii. The Bank continues to develop and implement credit risk stress testing in compliance with the requirements of the competent authority supervising risk management and improve the effectiveness of the Bank’s risk management.

iv. The Bank is building a complete after-loan monitoring mechanism to efficiently identify and manage potential problematic loans, establish appropriate monitoring procedures, track the frequency and the specific responsive measures in order to achieve active management in the process of credit risk identification, measurement, monitoring and reporting

v. The Bank is building a knowledge base to facilitate learning and assessment. To meet the business demand, it holds risk management seminars and trainings to shape the Bank’s risk management culture

The Bank's credit risk management procedures and measuring methods for major business are described as follows:

a) Credit business (including loan commitments and guarantees)

Levels are as follows:

i. Classification of credit assets

The Bank's credit assets are grouped into five categories. Except for normal credit assets, the remaining unsound credit assets are evaluated based on the status of the loan collaterals and the length of time overdue, and grouped into "special-mentioned", "substandard", and "losses".

In order to manage problematic credit loans, the Bank has set up "Operating Points of Assets Assessment", "Assessment Operating Details of Handling Debts to Normal Borrowers", "Principle of Overdue Loans, Delinquent Loans and Doubtful Debts Handling Authority", "Regulations Governing Overdue Loans, Delinquent Loans and Doubtful Collection" and other regulations managing credit loans and collection of loans.

ii. Credit quality level

For risk management purposes, the Bank has set up internal rating models for credit risks in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, the Bank has developed a credit rating model for clients. After taking into account client-related information, the Bank developed a corporate credit rating model, in which rating results are divided into 21 levels. The Bank reviews the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result.

The Bank evaluates the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, the Bank annually conducts validity test and back-testing of the models using data on customers' actual defaults.

The Bank classifies the credit qualities of corporate loans as strong, medium, weak and non-rating.

Clients of consumer finance are temporarily classified as non-rating. Once the customized grading models have accumulated considerable information and the results match actual situations, the credit exposure is classified based on the grading results.

b) Call loans to banks

The Bank evaluates the credit status of counterparties before deals are closed. The Bank grants different limits to the counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating institutes. The Bank assesses the credit limits to counterparties based on their levels and financial status and efficiently manages counterparties' credit risks through regular reviews, monitoring and reports.

c) Debt instrument and derivatives financial instruments

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

The other banks with which the Bank conducts derivative transactions are mostly considered investment grade. The Bank monitors the credit limits (including lending limits) by counterparties. The credits extended to counterparties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

The Bank classifies the credit qualities of debt instruments as strong, medium, weak and non-rating.

3) Credit risk hedging or mitigation policies

a) Collaterals

The Bank 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 Bank 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 Bank stipulates the security mechanism for loans and the conditions and terms for collaterals offsetting to state clearly that the Bank 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 Bank in order to reduce the credit risks.

b) Credit line credit risks and control over concentration of credit risks

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

4) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Bank are the same as per book amounts. Please refer to the notes to the consolidated 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 irrepealable maximum amount of exposure) were as follows:

Financial Instrument Type	**December 31, 2013**	**December 31, 2012**	**January 31, 2012**
Unused loan commitments (excluding credit card)	$ 136,682,789	$ 159,693,488	$ 238,463,174
Unused issued letters of credit	24,074,108	23,171,635	25,200,037
Guarantees in guarantee business	28,761,247	29,638,924	30,496,884

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 Group 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 Group's information on prominent concentration of credit risk was as follows:

	December 31, 2013	
Industry Type	**Carrying Value**	**Percentage of Item (%)**
Financial and insurance	$ 52,337,795	5
Manufacturing	319,034,125	27
Wholesale and retail	104,835,224	9
Real estate and leasing	71,807,021	6
Service	19,520,424	2
Individuals	411,181,778	36
Others	177,661,267	15
	$ 1,156,377,634	

	December 31, 2012	
Industry Type	**Carrying Value**	**Percentage of Item (%)**
Financial and insurance	$ 47,593,468	4
Manufacturing	309,446,879	27
Wholesale and retail	97,484,713	9
Real estate and leasing	65,671,197	6
Service	20,891,098	2
Individuals	409,025,425	36
Others	192,532,048	16
	$ 1,142,644,828	

	January 1, 2012	
Industry Type	**Carrying Value**	**Percentage of Item (%)**
Financial and insurance	$ 59,216,271	5
Manufacturing	332,726,195	29
Wholesale and retail	100,549,653	9
Real estate and leasing	53,371,293	5
Service	20,036,264	2
Individuals	387,410,482	34
Others	184,529,938	16
	$ 1,137,840,096	

	December 31, 2013	
Geographic Location	**Carrying Value**	**Percentage of Item (%)**
Asia	$ 1,104,891,801	96
America	31,487,029	3
Europe	18,614,242	1
Others	1,384,562	-
	$ 1,156,377,634	

	December 31, 2012	
Geographic Location	**Carrying Value**	**Percentage of Item (%)**
Asia	$ 1,098,153,184	96
America	30,647,698	3
Europe	12,536,152	1
Others	1,307,794	-
	$ 1,142,644,828	

	January 1, 2012	
Geographic Location	**Carrying Value**	**Percentage of Item (%)**
Asia	$ 1,086,678,847	96
America	37,888,609	3
Europe	9,453,868	1
Others	3,818,772	-
	$ 1,137,840,096	

	December 31, 2013	
	Carrying Value	**Percentage of Item (%)**
Secured	$ 417,493,156	36
Unsecured		
Properties	605,513,709	52
Others	133,370,769	12
	$ 1,156,377,634	

	December 31, 2012	
	Carrying Value	Percentage of Item (%)
Secured	$ 406,898,070	36
Unsecured		
Properties	592,367,342	52
Others	143,379,416	12
	$ 1,142,644,828	

	January 1, 2012	
	Carrying Value	Percentage of Item (%)
Secured	$ 435,499,413	38
Unsecured		
Properties	557,477,926	49
Others	144,862,757	13
	$ 1,137,840,096	

6) Financial assets credit quality and non-performing impairment analysis

Part of financial assets held by the Group, 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 investments 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.

i. Credit quality analysis of loans and receivables

(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)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables	$ 6,952,565	$ 6,852,011	$ 99,640	$ 6,338,132	$ 20,242,348	$ 8,053	$ 326,836	$ 20,577,237	$ 224,937	$ 150,073	$ 20,202,227
Credit cards	-	-	-	1,176,886	1,176,886	-	17,049	1,193,935	8,325	3,833	1,181,777
Other	6,952,565	6,852,011	99,640	5,161,246	19,065,462	8,053	309,787	19,383,302	216,612	146,240	19,020,450
Loans	258,771,754	423,895,645	25,273,628	425,183,626	1,133,124,653	2,623,822	20,629,159	1,156,377,634	5,350,999	8,159,470	1,142,867,165

(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)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables	$ 7,639,515	$ 4,749,878	$ 59,853	$ 5,234,942	$ 17,684,188	$ 11,970	$ 318,171	$ 18,014,329	$ 229,403	$ 144,577	$ 17,640,349
Credit cards	-	-	-	1,011,898	1,011,898	-	16,251	1,028,149	5,616	1,834	1,020,699
Other	7,639,515	4,749,878	59,853	4,223,044	16,672,290	11,970	301,920	16,986,180	223,787	142,743	16,619,650
Loans	241,128,240	397,806,741	29,504,323	447,779,126	1,116,218,430	2,940,395	23,486,003	1,142,644,828	5,864,221	7,652,479	1,129,128,128

(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)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
In-balance-sheet items											
Receivables	$ 7,937,742	$ 5,795,300	$ 226,713	$ 5,007,193	$ 18,966,948	$ 10,665	$ 378,875	$ 19,356,488	$ 231,191	$ 138,155	$ 18,987,142
Credit cards	-	-	-	860,442	860,442	-	16,715	877,157	3,999	2,217	870,941
Other	7,937,742	5,795,300	226,713	4,146,751	18,106,506	10,665	362,160	18,479,331	227,192	135,938	18,116,201
Loans	252,362,693	304,498,812	69,443,360	491,896,168	1,118,201,033	3,049,559	16,589,504	1,137,840,096	8,114,210	6,987,043	1,122,738,843

ii. 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				
	High	Medium	Weak	Non-ratings	Total
Consumer finance	$ -	$ -	$ -	$ 407,294,032	$ 407,294,032
Corporation finance	258,771,754	423,895,645	25,273,628	17,889,594	725,830,621
Total	$ 258,771,754	$ 423,895,645	$ 25,273,628	$ 425,183,626	$ 1,133,124,653

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012				
	Neither Past Due Nor Impaired				
	High	Medium	Weak	Non-ratings	Total
Consumer finance	$ -	$ -	$ -	$ 404,836,957	$ 404,836,957
Corporation finance	241,128,240	397,806,741	29,504,323	42,942,169	711,381,473
Total	$ 241,128,240	$ 397,806,741	$ 29,504,323	$ 447,779,126	$ 1,116,218,430

(In Thousands of New Taiwan Dollars)

Item	January 1, 2012				
	Neither Past Due Nor Impaired				
	High	Medium	Weak	Non-ratings	Total
Consumer finance	$ -	$ -	$ -	$ 382,678,353	$ 382,678,353
Corporation finance	252,362,693	304,498,812	69,443,360	109,217,815	735,522,680
Total	$ 252,362,693	$ 304,498,812	$ 69,443,360	$ 491,896,168	$ 1,118,201,033

iii. 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)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Available-for-sale financial assets	$ 37,755,819	$ -	$ -	$ 98,292	$ 37,854,111	$ -	$ 150,000	$ 38,004,111	$ 120,000	$ -	$ 37,884,111
Bonds	36,018,255	-	-	98,292	36,116,547	-	-	36,116,547	-	-	36,116,547
Stocks	1,737,564	-	-	-	1,737,564	-	150,000	1,887,564	120,000	-	1,767,564
Held-to-maturity financial assets	226,989,182	-	-	-	226,989,182	-	-	226,989,182	-	-	226,989,182
Bonds	11,147,533	-	-	-	11,147,533	-	-	11,147,533	-	-	11,147,533
Bills	215,841,649	-	-	-	215,841,649	-	-	215,841,649	-	-	215,841,649
Other financial assets	2,570,678	-	-	1,240,845	3,811,523	-	137,578	3,949,101	137,578	-	3,811,523
Bonds	2,570,678	-	-	1,240,845	3,811,523	-	137,578	3,949,101	137,578	-	3,811,523

Note: Cost on the reclassification date.

(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)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Available-for-sale financial assets	$ 63,501,438	$ -	$ -	$ 90,406	$ 63,591,844	$ -	$ 150,000	$ 63,741,844	$ 120,000	$ -	$ 63,621,844
Bonds	61,386,798	-	-	90,406	61,477,204	-	-	61,477,204	-	-	61,477,204
Stocks	2,114,640	-	-	-	2,114,640	-	150,000	2,264,640	120,000	-	2,144,640
Held-to-maturity financial assets	170,696,300	-	-	-	170,696,300	-	-	170,696,300	-	-	170,696,300
Bonds	12,497,841	-	-	-	12,497,841	-	-	12,497,841	-	-	12,497,841
Bills	158,198,459	-	-	-	158,198,459	-	-	158,198,459	-	-	158,198,459
Other financial assets	2,864,395	-	-	314,604	3,178,999	-	134,133 (Note)	3,313,132	134,133	-	3,178,999
Bonds	2,864,395	-	-	314,604	3,178,999	-	134,133 (Note)	3,313,132	134,133	-	3,178,999

Note: Cost on the reclassification date.

(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)
	High	Medium	Weak	Non-ratings	Subtotal (A)				Objective Evidence of Impairment	Nonobjective Evidence of Impairment	
Available-for-sale financial assets	$ 57,698,449	$ -	$ -	$ -	$ 57,698,449	$ -	$ 150,000	$ 57,848,449	$ 120,000	$ -	$ 57,728,449
Bonds	55,360,811	-	-	-	55,360,811	-	-	55,360,811	-	-	55,360,811
Stocks	2,337,638	-	-	-	2,337,638	-	150,000	2,487,638	120,000	-	2,367,638
Held-to-maturity financial assets	180,376,569	-	-	-	180,376,569	-	-	180,376,569	-	-	180,376,569
Bonds	11,476,569	-	-	-	11,476,569	-	-	11,476,569	-	-	11,476,569
Bills	168,900,000	-	-	-	168,900,000	-	-	168,900,000	-	-	168,900,000
Other financial assets	7,330,486	-	651,784	-	7,982,270	-	336,871 (Note)	8,319,141	299,212	-	8,019,929
Bonds	7,330,486	-	651,784	-	7,982,270	-	336,871 (Note)	8,319,141	299,212	-	8,019,929

Note: Cost on the reclassification date.

g) Aging analysis of financial assets that are past due but not impaired

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013		
	Past Due Up to One Month	Past Due Over One Month	Total
Loans			
Consumer finance	$ 2,019,418	$ 473,743	$ 2,493,161
Corporation finance	118,370	11,291	129,661

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012		
	Past Due Up to One Month	Past Due Over One Month	Total
Loans			
Consumer finance	$ 1,920,016	$ 561,571	$ 2,481,587
Corporation finance	457,324	1,484	458,808

(In Thousands of New Taiwan Dollars)

Item	January 1, 2012		
	Past Due Up to One Month	Past Due Over One Month	Total
Loans			
Consumer finance	$ 2,356,960	$ 578,553	$ 2,935,513
Corporation finance	95,467	18,579	114,046

3) Liquidity risk

a) The definition of liquidity risk

Liquidity risk is the potential loss that the Group 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.

b) Liquidity risk management policy

According to the Group's liquidity risk management policy, the Group clearly sets various indicators and limits for liquidity risk. The responsible department should implement operation procedures for funding liquidity, monitor and prepare maturity analysis periodically to assess liquidity risk. In addition, the responsible department should also report to related departments and Asset and Liability Committee to enable them to make appropriate adjustments to meet the needs of liquidity. Related information about liquidity risk assessment should be reported to the Board of Directors to let high-level management understand Chang Hwa Bank's funding liquidity.

As of December 31, 2013 and 2012, the ratio of liquidity reserve is 19.55% and 17.39%, respectively. Since the capital and working funds are deemed sufficient to meet the cash flow needs for performance of all contracted obligations, liquidity risk is not considered to be significant.

c) Maturity analysis of non-derivative financial assets and liabilities

The Group adopted appropriate grouping methods, which are based on the nature of non-derivative financial assets and liabilities, to do maturity analysis in order to assess liquidity. The maturity analysis is presented as follows:

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	$ 17,393,099	$ -	$ -	$ -	$ -	$ 17,393,099
Due from the Central Bank and call loans to other banks	20,748,292	8,409,207	5,202,987	8,124,137	15,730,936	58,215,559
Financial assets at fair value through profit or loss	52,119,328	-	-	-	-	52,119,328
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	10,562,533	1,016,109	137,745	156,408	226,057	12,098,852
Loans	74,317,277	92,692,524	66,746,798	106,989,256	603,767,894	944,513,749
Available-for-sale financial assets	-	-	-	411,746	26,203,607	26,615,353
Held-to-maturity financial assets	164,400,000	9,300,000	700,000	2,199,495	10,949,691	187,549,186
Debts instrument without active market	-	-	-	-	2,100,000	2,100,000
Financial assets carried at cost	-	-	-	-	4,181,203	4,181,203
Other maturity funds inflow items	-	-	-	-	11,781,786	11,781,786
	339,540,529	111,417,840	72,787,530	117,881,042	674,941,174	1,316,568,115
Major maturity funds outflows						
Due to the Central Bank and banks	558,566	1,236,782	446,529	2,665,931	-	4,907,808
Due to the Central Bank and call loans to other banks	2,310,000	15,000	-	-	-	2,325,000
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	3,002,855	1,501,736	-	-	-	4,504,591
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	19,690,304	1,681,329	413,391	1,245,530	790,679	23,821,233
Deposits and remittances	135,795,522	133,131,512	117,539,333	257,874,397	499,327,588	1,143,668,352
Bank debentures	-	-	-	5,000,000	33,350,000	38,350,000
Other maturity funds outflows items	12,064	32,956	5,226	138,902	4,462,458	4,651,606
	161,369,311	137,599,315	118,404,479	266,924,760	537,930,725	1,222,228,590
Gap	$ 178,171,218	$ (26,181,475)	$ (45,616,949)	$ (149,043,718)	$ 137,010,449	$ 94,339,525

Note: The amounts listed above were the position in N.T. dollars of the Group.

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	$ 29,795,603	$ -	$ -	$ -	$ -	$ 29,795,603
Due from the Central Bank and call loans to other banks	19,954,266	8,802,070	5,936,137	7,580,318	14,435,568	56,708,359
Financial assets at fair value through profit or loss	31,744,754	-	-	-	-	31,744,754
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	14,758,892	756,278	128,159	282,873	310,093	16,236,295
Loans	70,451,518	87,787,365	64,227,322	98,914,179	642,829,909	964,210,293
Available-for-sale financial assets	-	101,865	-	510,183	49,907,128	50,519,176
Held-to-maturity financial assets	115,000,000	5,700,000	1,249,945	1,255,278	6,450,759	129,655,982
Debts instrument without active market	-	-	-	-	2,100,000	2,100,000
Financial assets carried at cost	-	-	-	-	4,728,434	4,728,434
Other maturity funds inflows items	-	-	-	-	8,478,425	8,478,425
	281,705,033	103,147,578	71,541,563	108,542,831	729,240,316	1,294,177,321
Major maturity funds outflows						
Due to the Central Bank and banks	691,240	1,546,708	757,264	3,417,057	-	6,412,269
Due to the Central Bank and call loans to other banks	10,000	15,000	-	-	-	25,000
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	3,298,068	2,131,986	199,500	-	-	5,629,554
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	30,806,547	1,714,203	517,522	1,085,445	1,002,031	35,125,748
Deposits and remittances	136,137,944	146,470,526	141,651,062	242,048,456	460,944,662	1,127,252,650
Bank debentures	-	-	-	-	38,350,000	38,350,000
Other maturity funds outflows items	12,150	27,147	3,279	81,012	1,756,824	1,880,412
	170,955,949	151,905,570	143,128,627	246,631,970	502,053,517	1,214,675,633
Gap	$ 110,749,084	$ (48,757,992)	$ (71,587,064)	$ (138,089,139)	$ 227,186,799	$ 79,501,688

Note: The amounts listed above were the position in N.T. dollars of the Group.

(In Thousands of New Taiwan Dollars)

Item	January 1, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	$ 27,335,968	$ -	$ -	$ -	$ -	$ 27,335,968
Due from the Central Bank and call loans to other banks	20,949,185	8,509,370	5,798,365	7,411,193	14,124,773	56,792,886
Financial assets at fair value through profit or loss	20,743,889	-	-	-	-	20,743,889
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	7,705,389	997,843	241,017	244,558	212,323	9,401,130
Loans	82,747,816	93,989,701	84,420,203	93,972,597	610,366,845	965,497,162
Available-for-sale financial assets	210,344	-	-	92,483	43,334,681	43,637,508
Held-to-maturity financial assets	78,000,000	47,200,000	6,700,000	349,986	5,270,767	137,520,753
Debts instrument without active market	-	-	-	-	2,100,000	2,100,000
Financial assets carried at cost	-	-	-	-	4,728,434	4,728,434
Other maturity funds inflows items	-	-	-	-	8,229,551	8,229,551
	237,692,591	150,696,914	97,159,585	102,070,817	688,367,374	1,275,987,281
Major maturity funds outflows						
Due to the Central Bank and banks	901,903	1,820,502	860,082	4,118,189	-	7,700,676
Due to the Central Bank and call loans to other banks	3,810,000	15,000	-	-	-	3,825,000
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	7,567,126	2,960,365	199,400	-	-	10,726,891
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	24,562,059	1,640,305	501,035	1,239,266	703,671	28,646,336
Deposits and remittances	135,500,979	136,682,797	136,809,934	235,886,164	449,568,456	1,094,448,330
Bank debentures	-	-	-	-	38,350,000	38,350,000
Other maturity funds outflows items	12,594	28,899	3,239	257,662	1,253,571	1,555,965
	172,354,661	143,147,868	138,373,690	241,501,281	489,875,698	1,185,253,198
Gap	$ 65,337,930	$ 7,549,046	$ (41,214,105)	$ (139,430,464)	$ 198,491,676	$ 90,734,083

Note: The amounts listed above were the position in N.T. dollars of the Group.

(In Thousands of United States Dollars)

Item	December 31, 2013					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	$ 318,562	$ 49,000	$ -	$ -	$ -	$ 367,562
Due from the Central Bank and call loans to other banks	612,215	135,909	43,590	10,627	3,159	805,500
Financial assets at fair value through profit or loss	146,575	-	-	-	-	146,575
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	448,244	151,562	151,098	7,472	2,789	761,165
Loans	962,226	1,025,466	677,377	302,328	2,869,181	5,836,578
Available-for-sale financial assets	16,512	2,002	48,086	2,007	45,861	114,468
Held-to-maturity financial assets	2,000	16,000	19,998	2	5,998	43,998
Debts instrument without active market	-	-	-	-	7,526	7,526
Financial assets carried at cost	-	-	-	-	-	-
Other maturity funds inflow items	16,500	70,000	30,000	-	249	116,749
	2,522,834	1,449,939	970,149	322,436	2,934,763	8,200,121
Major maturity funds outflows						
Due to the Central Bank and banks	447,651	55,388	354	489	16,232	520,114
Due to the Central Bank and call loans to other banks	1,852,776	635,000	35,000	-	17,000	2,539,776
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-	-
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	530,561	18,676	2,753	728	6,000	558,718
Deposits and remittances	1,428,866	737,573	553,487	886,777	1,981,319	5,588,022
Other maturity funds outflows items	35,894	814	421	137	1,368	38,634
	4,295,748	1,447,451	592,015	888,131	2,021,919	9,245,264
Gap	$ (1,772,914)	$ 2,488	$ 378,134	$ (565,695)	$ 912,844	$ (1,045,143)

Note: The amounts listed above were the position in U.S. dollars of the Group.

(In Thousands of United States Dollars)

Item	December 31, 2012					
	0-30 Days	**31-90 Days**	**91-180 Days**	**181 Days-1 Year**	**Over 1 Year**	**Total**
Major maturity funds inflows						
Cash and cash equivalents	$ 139,038	$ 96,000	$ -	$ -	$ -	$ 235,038
Due from the Central Bank and call loans to other banks	786,635	450,099	63,254	30,483	72,230	1,402,701
Financial assets at fair value through profit or loss	3,533	-	-	-	50,021	53,554
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	448,187	8,820	253,900	1,854	2,266	715,027
Loans	759,476	949,710	570,148	351,397	2,301,797	4,932,528
Available-for-sale financial assets	-	14,994	-	48,871	89,658	153,523
Held-to-maturity financial assets	2,000	-	-	5,010	41,998	49,008
Debts instrument without active market	-	-	-	-	10,548	10,548
Financial assets carried at cost	-	-	-	-	-	-
Other maturity funds inflows items	-	-	10,000	10,000	223	20,223
	2,138,869	1,519,623	897,302	447,615	2,568,741	7,572,150
Major maturity funds outflows						
Due to the Central Bank and banks	311,175	250,143	53	89	16,460	577,920
Due to the Central Bank and call loans to other banks	1,170,084	560,800	110,001	-	69,799	1,910,684
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-	-
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	481,274	11,911	2,091	762	3,527	499,565
Deposits and remittances	1,173,157	804,213	512,318	735,204	2,088,173	5,313,065
Other maturity funds outflows items	50,423	1,890	206	67	672	53,258
	3,186,113	1,628,957	624,669	736,122	2,178,631	8,354,492
Gap	$ (1,047,244)	$ (109,334)	$ 272,633	$ (288,507)	$ 390,110	$ (782,342)

Note: The amounts listed above were the position in U.S. dollars of the Group.

(In Thousands of United States Dollars)

Item	January 1, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity funds inflows						
Cash and cash equivalents	$ 576,250	$ 41,397	$ 5,000	$ -	$ -	$ 622,647
Due from the Central Bank and call loans to other banks	441,870	370,650	30,422	449	2,261	845,652
Financial assets at fair value through profit or loss	3,226	-	7,981	-	30,000	41,207
Securities purchased under resell agreements	-	-	-	-	-	-
Receivables	270,016	7,904	268,279	168	1,291	547,658
Loans	736,313	1,038,852	702,240	199,691	1,965,017	4,642,113
Available-for-sale financial assets	342	14,968	12,850	28,634	137,608	194,402
Held-to-maturity financial assets	32,480	25,970	7,937	9,962	44,399	120,748
Debts instrument without active market	11,993	18,462	53,443	9,942	13,364	107,204
Financial assets carried at cost	-	-	-	-	-	-
Other maturity funds inflows items	-	-	-	-	19	19
	2,072,490	1,518,203	1,088,152	248,846	2,193,959	7,121,650
Major maturity funds outflows						
Due to the Central Bank and banks	362,965	304,066	136	228	16,460	683,855
Due to the Central Bank and call loans to other banks	1,312,427	364,396	35,000	-	-	1,711,823
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Securities sold under repurchase agreements	-	-	-	-	-	-
Financial liabilities carried at cost	-	-	-	-	-	-
Payables	336,958	9,012	1,581	566	2,496	350,613
Deposits and remittances	1,444,098	955,190	463,440	660,359	1,731,385	5,254,472
Other maturity funds outflows items	38,126	14,504	317	103	1,029	54,079
	3,494,574	1,647,168	500,474	661,256	1,751,370	8,054,842
Gap	$ (1,422,084)	$ (128,965)	$ 587,678	$ (412,410)	$ 442,589	$ (933,192)

Note: The amounts listed above were the position in U.S. dollars of the Group.

d) Maturity analysis of derivative financial assets and liabilities

The derivative instruments held by the Group, except for interest rate swaps with leveraging effects, have very little probabilities of failing to be sold with reasonable prices in the market, and thus have very low liquidity risks.

(New Taiwan Dollars and Foreign Currencies Combined In Thousands of New Taiwan Dollars)

Item	December 31, 2013					
	0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 72,864,393	$ 79,662,239	$ 25,970,245	$ 19,155,795	$ 6,849	$ 197,659,521
Inflows	73,136,049	79,780,500	26,043,694	19,236,377	6,787	198,203,407
Interest rate derivative instruments						
Outflows	5,062,786	7,311,740	8,229,789	15,428,332	30,221,683	66,254,330
Inflows	5,012,074	7,292,387	8,195,182	15,486,422	30,450,667	66,436,732
Total outflows	$ 77,927,179	$ 86,973,979	$ 34,200,034	$ 34,584,127	$ 30,228,532	$ 263,913,851
Total inflows	$ 78,148,123	$ 87,072,887	$ 34,238,876	$ 34,722,799	$ 30,457,454	$ 264,640,139

(New Taiwan Dollars and Foreign Currencies Combined In Thousands of New Taiwan Dollars)

Item	December 31, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 78,595,349	$ 102,171,875	$ 38,485,162	$ 32,920,012	$ 47,189	$ 252,219,587
Inflows	78,731,731	102,193,492	38,674,254	32,720,011	47,872	252,367,360
Interest rate derivative instruments						
Outflows	14,592	1,178,250	2,357,940	8,522,093	6,538,651	18,611,526
Inflows	-	1,161,400	2,322,800	8,455,775	6,535,930	18,475,905
Credit derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	-	-	-	-	-	-
Total outflows	$ 78,609,941	$ 103,350,125	$ 40,843,102	$ 41,442,105	$ 6,585,840	$ 270,831,113
Total inflows	$ 78,731,731	$ 103,354,892	$ 40,997,054	$ 41,175,786	$ 6,583,802	$ 270,843,265

(New Taiwan Dollars and Foreign Currencies Combined In Thousands of New Taiwan Dollars)

Item	January 1, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 90,417,012	$ 132,117,181	$ 59,947,617	$ 19,047,884	$ 933,361	$ 302,463,055
Inflows	90,497,835	132,550,814	60,116,001	19,225,306	932,419	303,322,375
Interest rate derivative instruments						
Outflows	39,496	-	-	2,031,800	-	2,071,296
Inflows	-	-	-	2,119,250	3,314	2,122,564
Credit derivative instruments						
Outflows	-	-	-	-	-	-
Inflows	-	-	-	-	-	-
Total outflows	$ 90,456,508	$ 132,117,181	$ 59,947,617	$ 21,079,684	$ 933,361	$ 304,534,351
Total inflows	$ 90,497,835	$ 132,550,814	$ 60,116,001	$ 21,344,556	$ 935,733	$ 305,444,939

e) Maturity analysis of off-balance-sheet items

Group’s off-balance-sheet items - irrevocable loans, guarantees, letters of credit - presented based on the residual time from the balance sheet date to the maturity date were as follows:

(In Thousands of New Taiwan Dollars)

Item	December 31, 2013					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 98,059,723	$ 1,876,721	$ 5,671,705	$ 7,451,285	$ 23,623,355	$ 136,682,789
Letters of credit issued yet unused	23,894,227	164,143	3,553	12,185	-	24,074,108
Guarantees	27,383,180	13,139	34,050	757,440	573,438	28,761,247
	$ 149,337,130	$ 2,054,003	$ 5,709,308	$ 8,220,910	$ 24,196,793	$ 189,518,144

(In Thousands of New Taiwan Dollars)

Item	December 31, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 11,116,836	$ 8,919,845	$ 16,497,360	$ 90,745,877	$ 32,413,570	$ 159,693,488
Letters of credit issued yet unused	5,085,138	14,053,534	1,957,002	1,051,715	1,024,246	23,171,635
Guarantees	3,631,834	1,970,474	3,029,711	5,848,973	15,157,932	29,638,924
	$ 19,833,808	$ 24,943,853	$ 21,484,073	$ 97,646,565	$ 48,595,748	$ 212,504,047

(In Thousands of New Taiwan Dollars)

Item	January 1, 2012					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 4,247,978	$ 12,199,576	$ 64,236,327	$ 111,834,623	$ 45,944,670	$ 238,463,174
Letters of credit issued yet unused	6,741,052	14,294,352	2,377,324	1,655,858	131,451	25,200,037
Guarantees	2,061,868	1,900,952	3,292,325	5,155,758	18,085,981	30,496,884
	$ 13,050,898	$ 28,394,880	$ 69,905,976	$ 118,646,239	$ 64,162,102	$ 294,160,095

34. OTHER DISCLOSURES OF FINANCIAL INSTITUTION

a. Asset quality

Business Type \ Item			December 31, 2013 Non-Performing Loans (Note a)	December 31, 2013 Loans	December 31, 2013 Non-performing Loans Ratio (Note b)	December 31, 2013 Allowance For Loan Losses	December 31, 2013 Coverage Ratio (Note c)	December 31, 2012 Non-Performing Loans (Note a)	December 31, 2012 Loans	December 31, 2012 Non-performing Loans Ratio (Note b)	December 31, 2012 Allowance For Loan Losses	December 31, 2012 Coverage Ratio (Note c)
Corporate finance	Secured		$ 2,405,097	$ 337,381,910	0.71%	$ 8,207,555	341.26%	$ 1,796,195	$ 334,295,082	0.54%	$ 6,918,953	385.20%
	Unsecured		159,173	407,812,214	0.04%	2,674,310	1,680.13%	316,953	399,038,516	0.08%	3,079,195	971.50%
Consumer finance	Mortgage loans (Note d)		693,182	286,783,204	0.24%	1,647,005	237.60%	1,152,682	296,966,506	0.39%	2,503,651	217.20%
	Cash cards (Note h)		-	-	-	-	-	-	-	-	-	-
	Credit loans (Note e)		5,212	1,593,904	0.33%	22,743	436.34%	2,542	1,801,829	0.14%	11,185	440.01%
	Others (Note f)	Secured	398,447	121,101,252	0.33%	918,309	230.47%	455,966	108,465,897	0.42%	958,911	210.30%
		Unsecured	16,407	1,705,150	0.96%	40,547	247.14%	19,540	2,076,998	0.94%	44,805	229.30%
Total			3,677,518	1,156,377,634	0.32%	13,510,469	367.38%	3,743,878	1,142,644,828	0.33%	13,516,700	361.03%

Business Type \ Item	December 31, 2013 Non-Performing Loans (Note a)	December 31, 2013 Loans	December 31, 2013 Non-performing Loans Ratio (Note b)	December 31, 2013 Allowance For Loan Losses	December 31, 2013 Coverage Ratio (Note c)	December 31, 2012 Non-Performing Loans (Note a)	December 31, 2012 Loans	December 31, 2012 Non-performing Loans Ratio (Note b)	December 31, 2012 Allowance For Loan Losses	December 31, 2012 Coverage Ratio (Note c)
Credit card	$ 3,072	$ 1,127,237	0.27%	$ 13,823	449.97%	$ 1,882	$ 969,423	0.19%	$ 8,188	435.07%
No recourse receivable factoring (Note g)	-	9,691,225	-	85,236	-	-	7,929,116	-	78,146	-

Business Type \ Item	December 31, 2013 Non-performing Loans Exempted from Reporting	December 31, 2013 Non-performing Receivables Exempted from Reporting	December 31, 2011 Non-performing Loans Exempted from Reporting	December 31, 2011 Non-performing Receivables Exempted from Reporting
Negotiated loans transacted in accordance with the agreement and exempted from reporting as non-performing loans (Note i)	$ 516	$ 5,242	$ 713	$ 6,819
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note j)	8,840	7,288	9,120	6,765
Total	9,356	12,530	9,833	13,584

Note a: Nonperforming loans are classified 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 loan ÷ 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 borrowers to build or repair buildings, allowing the borrowers, spouse or minor children to fully use their buildings as collateral and to mortgage their rights 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 other consumer financial businesses are defined as secured or unsecured consumer financial businesses, 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) non-recourse receivable factorings are not defined as non-performing loans until compensation from factors or insurance companies are ascertained to be non-recoverable.

Note h: The Group does not engage in cash card business.

Note i: Negotiated loans and accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing loans are disclosed in accordance with the Letter issued by Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note j: Loans and receivables transacted in accordance with debt clearance and renewal regulation and exempted from reporting as non-performing loans or receivables are disclosed in accordance with the Letter issued by Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

b. Concentration of credit risk

December 31, 2013			
Rank (Note a)	**Transaction Party (Note b)**	**Loans (Note c)**	**As Proportion of Net Equity (%)**
1	A Corporation (railway transportation industry)	$ 34,578,191	30.65%
2	B Group (other chemical products manufacturing industry)	32,993,746	29.24%
3	C Group (airline industry)	17,412,359	15.43%
4	D Group (liquid crystal panel and components manufacturing industry)	9,263,092	8.21%
5	E Group (marine transportation industry)	8,533,283	7.56%
6	F Group (synthesis construction industry)	7,952,032	7.05%
7	G Group (steel manufacturing industry)	7,136,485	6.33%
8	H Group (liquid crystal panel and components manufacturing industry)	6,643,097	5.89%
9	I Group (computers manufacturing industry)	6,639,490	5.88%
10	J Group (financial intermediation industry)	6,208,180	5.50%

December 31, 2012			
Rank (Note a)	**Transaction Party (Note b)**	**Loans (Note c)**	**As Proportion of Net Equity (%)**
1	A Corporation (railway transportation industry)	$ 34,646,792	33.03%
2	B Group (other chemical products manufacturing industry)	27,278,032	26.00%
3	C Group (liquid crystal panel and components manufacturing industry)	18,150,083	17.30%
4	D Group (airline industry)	16,744,929	15.96%
5	F Group (synthesis construction industry)	9,866,673	9.41%
6	G Group (liquid crystal panel and components manufacturing industry)	8,542,536	8.14%
7	K Group (steel manufacturing industry)	6,883,215	6.56%
8	J Group (financial intermediation industry)	6,354,700	6.06%
9	I Group (computers manufacturing industry)	5,699,272	5.43%
10	L Group (electric appliance and audiovisual electric products manufacturing)	5,648,120	5.38%

Note a: Sorted by the balance of loans on December 31, 2013 and 2012, excluding government or state-run business. The number of transaction party which belongs to a group business was included in the balance of group business.

Note b: Transaction party is in accordance with article 6 of the Supplementary Provisions to 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

(In Thousands of New Taiwan Dollars; %)

Item	December 31, 2013				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,168,378,854	$ 23,426,906	$ 5,843,217	$ 90,293,017	$ 1,287,941,994
Interest-sensitive liabilities	351,416,200	679,283,165	93,022,340	33,499,025	1,157,220,730
Interest sensitivity gap	816,962,654	(655,856,259)	(87,179,123)	56,793,992	130,721,264
Net worth					105,205,918
Ratio of interest-sensitive assets to liabilities					111.30%
Ratio of interest sensitivity gap to net assets					124.25%

(In Thousands of New Taiwan Dollars; %)

Item	December 31, 2012				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,099,268,562	$ 48,313,863	$ 8,443,360	$ 95,548,651	$ 1,251,574,436
Interest-sensitive liabilities	381,693,219	635,724,482	88,600,903	33,528,588	1,139,547,192
Interest sensitivity gap	717,575,343	(587,410,619)	(80,157,543)	62,020,063	112,027,244
Net worth					97,891,832
Ratio of interest-sensitive assets to liabilities					109.83%
Ratio of interest sensitivity gap to net assets					114.44%

Note a: The amounts listed above include accounts 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-earning 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 = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$ (N.T. dollars only)

(In Thousands of U.S. Dollars; %)

Item	December 31, 2013				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 8,551,732	$ 868,616	$ 64,043	$ 65,159	$ 9,549,550
Interest-sensitive liabilities	9,770,760	334,531	529,045	-	10,634,336
Interest sensitivity gap	(1,219,028)	534,085	(465,002)	65,159	(1,084,786)
Net worth					69,681
Ratio of interest-sensitive assets to liabilities					89.80%
Ratio of interest sensitivity gap to net assets					(1,556.79%)

(In Thousands of U.S. Dollars; %)

Item	December 31, 2012				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 7,627,007	$ 923,618	$ 72,750	$ 48,497	$ 8,671,872
Interest-sensitive liabilities	8,522,342	426,190	461,384	-	9,409,916
Interest sensitivity gap	(895,335)	497,428	(388,634)	48,497	(738,044)
Net worth					124,447
Ratio of interest-sensitive assets to liabilities					92.16%
Ratio of interest sensitivity gap to net assets					(593.06%)

Note a: The amounts listed above include accounts 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-earning 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 = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$ (U.S. dollars only)

d. Profitability

Item		December 31	
		2013	2012
Return on total assets	Pretax	0.65%	0.64%
	After tax	0.53%	0.53%
Return on net worth	Pretax	9.89%	10.13%
	After tax	8.12%	8.35%
Profit margin		37.02%	36.31%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net worth = $\frac{\text{Income before (after) tax}}{\text{Average net worth}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Gross income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2012 and 2011, respectively.

e. Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2013					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 year
Major maturity cash inflows	$ 1,444,031,044	$ 224,709,214	$ 134,150,085	$ 166,187,363	$ 84,145,257	$ 125,890,202	$ 708,948,923
Major maturity cash outflows	1,548,525,231	76,899,117	123,777,611	201,658,227	150,616,248	310,053,027	685,521,001
Gap	(104,494,187)	147,810,097	10,372,474	(35,470,864)	(66,470,991)	(184,162,825)	23,427,922

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2012				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 year
Major maturity cash inflows	$ 1,436,194,616	$ 296,574,383	$ 152,774,502	$ 93,151,948	$ 133,635,574	$ 760,058,209
Major maturity cash outflows	1,570,510,510	223,041,079	228,918,663	177,551,990	294,541,737	646,457,041
Gap	(134,315,894)	73,533,304	(76,144,161)	(84,400,042)	(160,906,163)	113,601,168

Note: The amounts listed above include accounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	December 31, 2013				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 year
Major maturity cash inflows	$ 14,784,255	$ 5,588,825	$ 2,560,836	$ 1,755,876	$ 1,224,695	$ 3,654,023
Major maturity cash outflows	16,383,306	7,303,441	2,679,150	1,167,692	1,513,972	3,719,051
Gap	(1,599,051)	(1,714,616)	(118,314)	588,184	(289,277)	(65,028)

(In Thousands of U.S. Dollars)

	Total	December 31, 2012				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 year
Major maturity cash inflows	$ 11,288,150	$ 4,636,486	$ 2,886,715	$ 1,423,854	$ 858,417	$ 1,482,678
Major maturity cash outflows	11,737,057	4,154,019	2,506,650	1,306,724	1,659,640	2,110,024
Gap	(448,907)	482,467	380,065	117,130	(801,223)	(627,346)

Note: The amounts listed above include accounts in U.S. dollars for head office, domestic branches, and OBU.

f. Transferring ownerships of non-performing loans

Summary of non-performing loans:

	December 31, 2012						
	Transferring Date	Composition of NPLs	Book Value (Note a)	Transferring Price	Gain on Disposal (Note b)	Agreement with Added Terms	Relationship
Shi-Yang Asset Management Corporation	2012.05.15	Corporate loans	$ -	$ 200,000	$ 200,000	None	None
Mega Asset Management Corporation	2012.05.15	Corporate loans	87,342	222,065	134,723	None	None
Bank of America	2012.07.20	Corporate loans	-	45,330	45,330	None	None

Note a: Book value = Original loan balance - Allowance

Note b: Gain on disposal = Transferring price - Book value - Related cost

g. Trust accounts

Under Article 3 of the Trust Law, the Group can offer trust services. The items and amounts of trust accounts as of December 31, 2013 and 2012 were as follows:

	December 31	
	2013	2012
Special purpose trust accounts - domestic	$ 30,240,210	$ 32,904,333
Special purpose trust accounts - foreign	72,023,190	72,326,948
Insurance trust	1,935	1,015
Retirement and breeds trust	314,804	332,760
Umbilical-cord-blood trust	6,501,597	347,062
Money claim and guarantee trust	2,488,215	2,431,428
Marketable securities trust	664,112	777,932
Real estate trust	5,496,290	4,260,277
Securities under custody	130,231,242	147,534,505
	$ 247,961,595	$ 260,916,260

h. Disclosures on trust assets and liabilities and assets register as required by Enforcement Rules of ROC Trust Law Article 17 were as follows:

Balance Sheet of Trust

Trust Assets	December 31 2013	December 31 2012	Trust Liabilities	December 31 2013	December 31 2012
Bank deposits	$ 4,452,810	$ 2,987,022	Trust capital		
Insurance claims	104,200	120,200	Money trust	$ 112,208,260	$ 109,219,228
Financial assets			Insurance claims	104,200	120,200
Common stocks	548,513	697,988	Marketable securities trust	558,768	699,988
Mutual funds	104,769,146	105,632,950	Real estate trust	5,641,481	4,406,769
Adjustments	82,130	68,935	Securities under custody payable	130,231,242	147,534,505
Bonds	198,260	-	Administration payable		
Interest receivable	3,302	340	Supervision payable	137	79
Dividends receivable	23,009	-	Income taxes payable	328	34
Receivable from disposal of securities	477	10,057	Profit and loss		
Land	5,274,318	3,225,290			
Buildings	580,159	42,961	Realized capital through profit and loss	5,163	1,061
Construction in progress	1,694,029	596,012	Investment profit and loss	132,367	(45,881)
Securities under custody	130,231,242	147,534,505	Realized capital gain - mutual funds	14,137	3,362
			Unrealized capital gain - mutual funds	10,362	8,294
			Unrealized capital gain - common stocks	107,886	108,969
			Realized capital loss - mutual funds	(10,571)	(2,301)
			Unrealized capital loss - mutual funds	(9,632)	(17,284)
			Unrealized capital loss - common stock	(26,407)	(31,028)
			Unappropriated retained earnings	(1,102,188)	(1,035,543)
			Interests and dividends revenues	132,796	35,355
			Other expenses	(36,734)	(89,547)
Total trust assets	$ 247,961,595	$ 260,916,260	Total trust liabilities	$ 247,961,595	$ 260,916,260

Trust Assets Register

Investments	December 31 2013	December 31 2012
Bank deposits	$ 4,452,810	$ 2,987,022
Insurance claims	104,200	120,200
Financial assets		
Common stocks	629,992	775,929
Mutual funds	104,769,797	105,623,944
Bonds	198,260	-
Land	5,274,318	3,225,290
Buildings	580,159	42,961
Construction in progress	1,694,029	596,012
Others	26,788	10,397
Securities under custody	130,231,242	147,534,505
Total trust assets	$ 247,961,595	$ 260,916,260

Income Statement of Trust

Investments	Years Ended December 31 2013	2012
Revenue		
Interest income	$ 15,566	$ 3,419
Dividends	65,610	31,936
Rental revenues	51,620	-
Gain on mutual funds	6,057	4,735
	138,853	40,090
Expense		
Maintenance	(2,905)	(6,762)
Tax expense	(1,544)	(343)
Others	(32,285)	(82,442)
	(36,734)	(89,547)
Realized capital gain - mutual funds	14,137	3,362
Unrealized capital gain - mutual funds	10,362	8,294
Unrealized capital gain - quoted stocks	107,886	108,969
Realized capital loss - mutual funds	(10,571)	(2,301)
Unrealized capital loss - mutual funds	(9,632)	(17,284)
Unrealized capital loss - quoted stocks	(26,407)	(31,028)
	$ 187,894	$ 20,555

35. RELATED-PARTY TRANSACTIONS

a. Related parties and their relationships with the Group

Name	Relationship
Direct, supervisor and managers and the relatives	CHB's director, supervisor and managers and the relatives
Taishin Financial Holding	CHB's corporate director
Taishin Bank	Owned by the same parent company
Shin Kong Life Insurance	Its director is the person in charge of Taishin Financial Holding's corporate director
Mega Bank	Its director is the vice general manager's spouse of the Bank
The Export-Import Bank	Its director is Chang Hwa Bank's corporate director
Land Bank	Same as above
Taiwan Business Bank	Same as above
Bank of Taiwan	Same as above (became non-related party after the third quarter of 2012)
Taiwan Cooperative Bank	Same as above (became non-related party after the second quarter of 2012)
Nan Ya Plastics	Its director is Taishin Financial Holding's independent director
Formosa Sumco Technology Corp. ("Formosa Sumco Technology")	Same as above
Industrial Bank	Its director is spouse of Taishin Financial Holding's director (become non-related party after the third quarter of 2013)
Tang Eng	Its independent director is the chairman of Taishin Securities B

(Continued)

Name	Relationship
Aero Win Technology Corp. ("Aero Win Technology")	Its supervisor is Taishin Securities B's independent director
E-Ton Solar Inc. ("E-Ton Solar")	Its independent director is Taishin Financial Holding's supervisor
Wan Hai Lines	Its director is Chang Hwa Bank's director
Taiwan High Speed Rail	Its director is the corporate supervisor of Chang Hwa Bank
China Airlines	Same as above
KRTC	Same as above
Digimax	Same as above
I-Mei Foods	Its chairman is Taishin Financial Holding's corporate supervisor's chairman
CyberSoft Digital Service Corp. ("CyberSoft Digital Service")	Related party in substance
Others	FSC-approved IAS 24, "Related Party Disclosures" other related parties

(Concluded)

b. Significant transactions with related parties

1) Loans

	Balance	Percentage of Loans (%)
Balance as of December 31, 2013	$ 38,417,445	3.36
Balance as of December 31, 2012	40,976,927	3.63
Balance as of January 1, 2012	37,874,461	3.37

For the years ended December 31, 2013 and 2012, interest ranged from 0.00% to 3.88% and 0.00% to 4.00%, interest revenues were $688,773 thousand and 710,489 thousand, respectively.

	December 31, 2013					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
Consumer loans						
27 accounts	$ 8,910	$ 9,500	$ 8,910	$ -	Credit	None
Self-use residential mortgage loans						
222 accounts	1,117,505	1,181,098	1,117,505	-	Real estate	None
Others						
Taiwan High Speed Rail	33,688,317	33,809,373	33,688,317	-	Real estate	None
China Airlines	1,622,500	2,085,000	1,622,500	-	Credit and plane	None
KRTC	715,000	715,000	715,000	-	Credit	None
Nan Ya Plastics	317,192	317,192	317,192	-	Credit and real estate	None
Aero Win Technology	252,492	259,693	252,492	-	Credit and real estate	None
Cybersoft Digital service	194,000	204,000	194,000	-	Real estate	None
Other - corporate 11 accounts	492,798	567,141	492,798	-	Credit and real estate	None
Other - individual 15 accounts	8,731	9,713	8,731	-	Deposit	None

	December 31, 2012					
	Ending Balance	**Highest Amount**	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference in Terms Between Related Parties and Non-related Parties**
Consumer loans						
27 accounts	$ 8,667	$ 11,066	$ 8,667	$ -	Credit	None
Self-use residential mortgage loans						
229 accounts	1,167,685	1,254,237	1,167,685	-	Real estate	None
Others						
Taiwan High Speed Rail	33,241,779	33,730,340	33,241,779	-	Real estate	None
China Airlines	3,417,500	3,880,000	3,417,500	-	Credit and plane	None
KRTC	1,421,615	1,436,589	1,421,615	-	Credit	None
Nan Ya Plastics	440,406	583,582	440,406	-	Credit and real estate	None
Tang Eng	300,000	391,498	300,000	-	Credit	None
Wan Hai Lines	290,000	483,333	290,000	-	Real estate	None
Aero Win Technology	197,052	229,585	197,052	-	Credit and real estate	None
Formosa Sumco Technology	115,256	144,070	115,256	-	Real estate	None
Other - corporate 8 accounts	360,788	373,740	360,788	-	Credit and real estate	None
Other - individual 17 accounts	16,179	16,686	16,179	-	Deposit	None

	January 1, 2012				
	Ending Balance	**Normal Loans**	**Non-performing Loans**	**Collateral**	**Difference in Terms Between Related Parties and Non-related Parties**
Consumer loans					
27 accounts	$ 10,247	$ 10,247	$ -	Credit	None
Self-use residential mortgage loans					
222 accounts	1,118,768	1,118,768	-	Real estate	None
Others					
Taiwan High Speed Rail	33,359,208	33,359,208	-	Real estate	None
KRTC	746,563	746,563	-	Credit	None
TECO	422,180	422,180	-	Credit	None
Nan Ya Plastics	604,194	604,194	-	Credit and real estate	None
Wan Hai Lines	483,333	483,333	-	Real estate	None
Tang Eng	300,000	300,000	-	Credit	None
Aero Win Technology	207,523	207,523	-	Credit and real estate	None
E-Ton Solar	170,549	170,549	-	Credit	None
Formosa Sumco Technology	144,070	144,070	-	Real estate	None
Other - corporate 7 accounts	298,837	298,837	-	Credit and Real estate	None
Other - individual 9 accounts	8,989	8,989	-	Deposit	None

Note: The balance of every single entity is not over 1% of the total ending balance.

Loans to managers for mortgage within $8,000 thousand and credit loan within $800 thousand per person bore interest at 1.54 %, 1.54% and 1.64% in December 31, 2013, December 31, 2012 and January 1, 2012, respectively. The interest rates and other terms provided to the other related parties are the same as those offered to the public.

2) Guaranteed loans

	December 31, 2013				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Taiwan High Speed Rail	$ 448,541	$ 779,854	-	0.775-0.80	Equipment

	December 31, 2012				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Taiwan High Speed Rail	$1,110,461	$1,536,484	-	0.775-0.80	Equipment

	January 1, 2012				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Taiwan High Speed Rail	$1,536,484	$ -	-	0.775-0.80	Equipment
KRTC	400,000	-	-	0.60	Certificate of deposit
I-Mei Foods	15,000	-	-	0.40	Equipment
Digimax	3,388	-	-	0.75	Equipment

3) Deposits

	Balance	Percentage of Loans (%)
Balance as of December 31, 2013	$ 3,834,596	0.28
Balance as of December 31, 2012	11,615,996	0.88
Balance as of January 1, 2012	7,212,94	0.56

For the years ended December 31, 2013 and 2012, the interest rates interval were between 0.00% to 13.00%, respectively; the interest expense were $60,178 thousand and $82,866 thousand, respectively.

The interest rate for managers' deposits amounting to $480 thousand per person was 13% per annum. The part of deposit exceeding $480 thousand will earn interest calculated at the demand savings rate. The interest rates and others terms provided to the other related parties are the same as those offered to general public.

4) Derivatives

	December 31, 2012					
Related Party	Derivative Contracts	Period	Nominal Principal Amount (In Thousands)	Valuation Gain (Loss)	Account	Balance
Shin Kong Life Insurance	Currency swaps	2012.04.30-2013.01.31	US$ 50,000	$(17,710)	Financial liabilities at FVTPL	$(17,710)
		2012.05.09-2013.05.09	US$ 30,000	(3,919)	Financial liabilities at FVTPL	(3,919)
		2012.11.30-2013.05.31	US$ 25,000	(534)	Financial liabilities at FVTPL	(534)

	January 1, 2012					
Related Party	Derivative Contracts	Period	Nominal Principal Amount (In Thousands)	Valuation Gain (Loss)	Account	Balance
Shin Kong Life Insurance	Currency swaps	2011.04.29-2012.04.30	US$ 50,000	$ -	Financial assets at FVTPL	$ 82,827
		2011.05.09-2012.05.09	US$ 30,000	-	Financial assets at FVTPL	56,441
		2011.11.30-2012.11.30	US$ 25,000	-	Financial liabilities at FVTPL	(731)

5) Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

Name	December 31, 2013				
	Department	**Currency**	**Ending Balance**	**Interest Rate (Per Annum %)**	**Interest Revenue**
Land Bank	DBU	TWD	$ 5,000	0.388-0.89	$ 2,346
	Singapore Branch	USD	30,000	0.30-0.82	74
Taiwan Business Bank	Singapore Branch	USD	20,000	0.80-0.85	67
	London Branch	USD	10,000	0.25-0.85	90
	Hong Kong Branch	USD	10,000	0.20-0.85	94
Mega Bank	Singapore Branch	AUD	22,200	2.75-3.24	1,304
	London Branch	USD	10,000	0.20-0.86	77
	Hong Kong Branch	USD	40,000	0.14-0.95	115
The Export-Import Ban	London Branch	USD	10,000	0.51-0.84	28

(In Thousands of Original Currencies)

Name	December 31, 2012				
	Department	**Currency**	**Ending Balance**	**Interest Rate (Per Annum %)**	**Interest Revenue**
Land Bank	DBU	TWD	$ 5,000	0.388-0.86	$ 3,099
	OBU	USD	25,000	0.22-0.60	7
	OBU	CHF	500	0.10	-
	Singapore Branch	USD	22,000	0.25-0.80	50
	London Branch	USD	10,000	0.47-0.81	52
	Hong Kong Branch	USD	5,000	0.23-0.98	86
Taiwan Business Bank	OBU	USD	20,000	0.22-2.00	16
	London Branch	USD	10,000	0.47-0.77	38
	Hong Kong Branch	USD	15,000	0.16-1.48	87
Mega Bank	OBU	USD	50,000	0.22-0.43	23
	OBU	NZD	20,000	2.64	21
	Singapore Branch	USD	10,000	0.14-0.46	5
	Singapore Branch	AUD	55,000	3.15-3.83	68
	New York Branch	USD	5,200	0.28-0.30	4
	London Branch	USD	10,000	0.34-1.39	30
	Hong Kong Branch	USD	20,000	0.14-1.15	52
Industrial Bank	London Branch	USD	5,000	0.50-1.40	41
	Hong Kong Branch	USD	5,000	0.51-1.25	30

	January 1, 2012				
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Land Bank	DBU	TWD	$ 10,000	-	$ -
	London Branch	USD	10,000	-	-
	Hong Kong Branch	USD	20,000	-	-
Taiwan Business Bank	OBU	USD	5,000	-	-
	Singapore Branch	USD	19,000	-	-
	Hong Kong Branch	USD	15,000	-	-
Bank of Taiwan	New York Branch	USD	40,000	-	-
Mega Bank	New York Branch	USD	7,400	-	-
	London Branch	USD	20,000	-	-
	Hong Kong Branch	USD	10,000	-	-
Taiwan Cooperative Bank	Singapore Branch	USD	10,000	-	-
	New York Branch	USD	40,000	-	-
Industrial Bank	OBU	USD	25,000	-	-
	Singapore Branch	USD	30,000	-	-
	London Branch	USD	10,000	-	-
	Hong Kong Branch	USD	5,000	-	-

Call loans from banks

(In Thousands of Original Currencies)

	December 31, 2013				
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Land Bank	DBU	TWD	$ 5,000	0.388-0.88	$ 1,943
Taiwan Business Bank	London Branch	EUR	19,000	0.15-0.88	148
Mega Bank	Singapore Branch	USD	40,000	0.30-1.45	267
	New York Branch	USD	20,000	0.23-0.81	128
	Los Angeles Branch	USD	10,000	0.27-0.78	42
	London Branch	USD	16,000	0.30-0.90	390
	Hong Kong Branch	USD	64,000	0.79-1.60	138

(In Thousands of Original Currencies)

	December 31, 2012				
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Mega Bank	OBU	USD	$ 30,000	0.21-0.70	$ 94
	Singapore Branch	USD	12,000	0.27-1.47	433
	New York Branch	USD	56,000	0.20-0.97	168
	Los Angeles Branch	USD	13,000	0.25-0.78	69
Others	London and Los Angeles Branch	TWD	5,000	0.388-0.88	5,594
		EUR	5,000	0.16-0.35	51
		USD	25,000	0.15-1.38	350
		GBP	5,000	0.70	18

(In Thousands of Original Currencies)

Name	Department	Currency	January 1, 2012 Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Land Bank	Singapore Branch	AUD	$ 4,200	-	$ -
	New York Branch	USD	10,000	-	-
	London Branch	GBP	10,000	-	-
Taiwan Business Bank	New York Branch	USD	10,000	-	-
	London Branch	USD	17,000	-	-
	London Branch	EUR	21,500	-	-
Bank of Taiwan	Singapore Branch	USD	10,000	-	-
	New York Branch	USD	40,000	-	-
	London Branch	EUR	2,000	-	-
Mega Bank	Singapore Branch	USD	93,000	-	-
	London Branch	USD	72,500	-	-
Taiwan Cooperative Bank	Singapore Branch	USD	15,500	-	-
	New York Branch	USD	35,000	-	-
	London Branch	GBP	10,000	-	-
	London Branch	USD	66,000	-	-
	London Branch	EUR	9,500	-	-

6) Due from banks, due to banks and bank overdrafts

Due from banks

(In Thousands of Original Currencies)

Name	Department	Currency	December 31, 2013 Ending Balance	December 31, 2012 Ending Balance	January 1, 2012 Ending Balance
Land Bank	DBU	TWD	$ 58	$ 942	$ 86
Taiwan Business Bank	DBU	TWD	70	67	235
Bank of Taiwan	DBU	TWD	-	-	105,730
Mega Bank	DBU	TWD	21,724	21,830	22,311
	DBU	USD	369	83	847
	DBU	AUD	688	387	798
	DBU	CAD	140	196	629
	DBU	JPY	16,110	9,997	-
	New York Branch	USD	1	4	3
	Los Angeles Branch	USD	21	21	21
Taiwan Cooperative Bank	DBU	TWD	-	-	4,884

Due to banks

(In Thousands of Original Currencies)

Name	Department	Currency	December 31, 2013 Ending Balance	December 31, 2012 Ending Balance	January 1, 2012 Ending Balance
The Export-Import Bank of the ROC	DBU	TWD	$ 641	$ 3,545	$ 2,890
Taishin International Bank	New York Branch	USD	45	49	67
Land Bank	DBU	TWD	277	277	277
Taiwan Business Bank	DBU	TWD	124	124	124
Mega Bank	DBU	TWD	6	6	6
Taiwan Cooperative Bank	DBU	TWD	-	-	1

Bank overdrafts

(In Thousands of Original Currencies)

Name	Department	Currency	December 31, 2013 Ending Balance	December 31, 2012 Ending Balance	January 1, 2012 Ending Balance
Mega Bank	DBU	USD	$ 572	$ 7,402	$ 1,846

c. Compensation of directors, supervisors and management personnel:

	For the Year Ended December 31 2013	For the Year Ended December 31 2012
Short-term benefits	$ 129,043	$ 130,488,
Post employment benefits	1,690	17,542
	$ 130,733	$ 148,030

The compensation of directors, supervisors and management personnel for the years ended December 31, 2013 and 2012 was based on the estimation in 2014 and had been approved by shareholders in their annual meeting held in 2013.

36. PLEDGED ASSETS

The summary of the Group's pledged assets as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

Pledged Assets	Description	December 31, 2013	December 31, 2012	January 1, 2012
Available-for-sale financial assets	Government bonds	$ 1,344,900	$ 945,600	$ 1,024,700
Held-to-maturity financial assets	Government bonds, corporate bonds and certificate of deposits	37,238,183	37,232,263	37,742,175
Time deposits with original maturity more than 3 months	Time deposit	2,456,500	-	-
Refundable deposits	Cash	99,610	92,442	122,716

37. CONTINGENT LIABILITIES AND COMMITMENTS

a. In addition to those mentioned in Note 7, the Group had the following contingent liabilities and commitments as of December 31, 2013, December 31, 2012 and January 1, 2012:

	December 31, 2013	December 31, 2012	January 1, 2012
Repayment note and time deposit held for custody	$ 7,065,533	$ 7,003,867	$ 7,056,153
Liabilities on joint loans	1,127,218	952,202	984,193
Guarantees issued in guarantee business	28,761,247	29,638,924	30,496,884
Unused issued letters of credit	24,074,108	23,171,635	25,200,037
Trust liabilities	247,961,595	260,916,260	250,084,882
Unused loan commitments	136,682,789	159,693,488	238,463,174

b. A lawsuit was filed by the Ministry of Defence and Support for Armed Forces, the Islamic Republic of Iran (hereinafter referred to as "the Iranian plaintiff") in 1991 against the Group concerning a dispute in which the Iranian plaintiff sought "request for payment via electronic remittance" for the amount of US$15 million. After the Supreme Court ruled in favor of the Group on August 1, 2002, the Iranian plaintiff countered by resuming another lawsuit it had filed against the Group in 1997: "Demand for the Return of the Remittance by Way of Subrogation". On September 10, 2004, the Taipei local district court again ruled in favor of the Group with regard to the aforesaid "Demand for the Return of the Remittance by Way of Subrogation". On July 13, 2010, the Taiwan Superior Court once more ruled in favor of the Group. The Iranian party again appealed the decision to the Supreme Court on August 10, 2010. On November 4, 2010, the Supreme Court ordered the Taiwan Superior Court to review the ruling. On December 27, 2011, the Taiwan Superior Court again ruled in favor of the Group. The Iranian plaintiff, after refusing to accept the decision of the Court, appealed to the Supreme Court on January 19, 2012. On July 31, 2012, the Supreme Court ordered the Taiwan Superior Court to review the ruling. On September 24, 2013, the Taiwan Superior Court again ruled in favor of the Group. The Iranian plaintiff appealed to the Supreme Court again on October 16, 2013. At present, the lawsuit remains under review by the Supreme Court.

c. Damagers amounted to $46,401 thousand between Chang Hwa Bank and TDK Corporation currently in trial in Taiwan Taipei District Court. The verdict is still pending.

38. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Material transactions

According to Guidelines Governing the Preparation of Financial Reports by Public Banks Rule 16, the disclosure of related information was as follows:

No.	Item	Explanation
1	Accumulated purchases and sales balance of specific investees' marketable security over NT$300 million or 10% of outstanding capital as of December 31, 2013	None
2	Acquisition of fixed assets over NT$300 million or 10% of outstanding capital as of December 31, 2013	None
3	Disposal of fixed assets over NT$300 million or 10% of outstanding capital as of December 31, 2013	None
4	Discount on fees income from related parties over NT$5 million	None
5	Receivables from related parties over NT$300 million or 10% of outstanding capital	None
6	Sale of NPL	Note 35
7	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 significant transactions which may affect decisions of the users of the consolidated financial statements	None

b. Information on the Group's Investees

No.	Item	Explanation
1	Investees' names, locations, etc.	Table 1
2	Capital lending to another party	None
3	Endorsement for another party	None
4	Marketable securities held as of December 31, 2013	None
5	Derivative instrument	None
6	Accumulated purchases and sales balance of specific marketable security over NT$300 million or 10% of outstanding capital for the year ended December 31, 2013	None
7	Acquisition of property, plant and equipment over NT$300 million or 10% of outstanding capital for the year ended December 31, 2013	None
8	Disposal of property, plant and equipment over NT$300 million or 10% of outstanding capital for the year ended December 31, 2013	None
9	Discount on fees income from related parties over NT$5 million	None
10	Receivables from related parties over NT$300 million or 10% of outstanding capital	None
11	Sale of NPL by subsidiary	None
12	Other significant transactions which may affect decisions of the users of the consolidated financial statements	None

c. Investment in Mainland China: Table 2

39. LOANS TO PARTIES WITH COMMON INTERESTS

Investees' Names (Note a)	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership (Note a)			
						Current Shares	Imputed Shares (Note b)	Shares	Ownership Interest (%)
MasterLink Securities Corp.	Taipei City	Security brokerage	3.95%	621,491	-	60,047,459	-	60,047,459	3.95%
Asia Pacific Broadband Telecom Co.	Taipei City	Type I & type II telecommunications business	0.45%	231,750	-	30,000,000	-	30,000,000	0.91%
Taiwan Stock Exchange Co.	Taipei City	Securities brokerage, margin lending, and underwriting financial products	3.00%	72,012	-	18,860,511	-	18,860,511	3.00%
Taiwan Sugar Co.	Tainan City	Manufacture correlative products of sugar and crop	0.41%	44,309	-	23,246,159	-	23,246,159	0.41%
Taiwan Power Co.	Taipei City	Generate electric power, power distribution, and cable assemble	0.71%	1,872,923	-	235,726,532	-	235,726,532	0.71%
Taipei Foreign Exchange Inc.	Taipei City	Exchange trading, DEPOS, and Swap	3.53%	7,000	-	860,000	-	860,000	4.34%
Lieu-An Service Co., Ltd.	Taipei City	ATM purchase, rental, and repair or maintenance	5.00%	1,250	-	250,000	-	250,000	10.00%
CDIB & Partners Investment Holding Co.	Taipei City	Investment	4.95%	500,000	-	54,000,000	-	54,000,000	4.95%
ING Securities Investment & Trust Co.	Taipei City	Securities investment trust	4.09%	40,812	-	3,197,700	-	3,197,700	4.09%
Financial Information Service Co., Ltd.	Taipei City	Type II telecommunications business	1.16%	46,446	-	15,450,750	-	15,450,750	3.43%
Taiwan Futures Exchange	Taipei City	Futures exchange	1.00%	20,000	-	6,002,843	-	6,002,843	2.11%
Taiwan Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	11.35%	1,500,000	-	157,500,000	-	157,500,000	11.92%
Taiwan Financial Asset Service Co.	Taipei City	Auction assets of the recognition of an impartial third party	2.94%	50,000	-	10,000,000	-	10,000,000	5.88%
Financial Evolution Co., Ltd	Taipei City	Financial information systems development	5.13%	19,285	-	1,771,047	-	1,771,047	5.13%
Taiwan Depository & Clearing Corporation	Taipei City	Provide book-entry of securities transactions	0.08%	$ 6,749	$ -	$ 271,615	$ -	$ 271,615	0.08%
Sunlight Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	0.70%	417	-	1,134,085	-	1,134,085	18.90%
Tai Yu Products Corporation	Taichung City	Frozen agricultural products	4.77%	(Note c)	-	5,748,382	-	5,748,382	4.77%
Chi-Yi Construction Management Company	New Taipei City	Residential development and lease	1.47%	(Note c)	-	556,965	-	556,965	1.47%

Note a: The investees' voting shares, and imputed shares were owned by the Bank and related parties.

Note b: Imputed shares are considered if equity securities such as convertible bonds, warrants, etc., or derivative contracts such as stock options, are converted.

Note c: The Group had recognized the loss on investment in Tai Yu Products Corporation and Chi-Yi Construction Management Company.

40. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided.

a. Segment revenues and results

	Year Ended December 31, 2013						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Oversea Branch	Others	Total
Net interest income	$ 11,998,158	$ 2,839,195	$ 820,130	$ -	$ 1,425,844	$ (2,899)	$ 17,080,428
Net service fee and commissions income	883,710	163,980	(29,144)	2,706,486	420,436	-	4,145,468
Net income on financial instrument	-	-	2,373,019	-	7,132	-	2,380,151
Others	34,661	-	677	-	1,054	180,770	217,162
Net revenue and gains	12,916,529	3,003,175	3,164,682	2,706,486	1,854,466	177,871	23,823,209
Reversed allowance for bad debts expenses and guarantee liability provisions	720,582	-	21	-	(82,830)	-	637,773
Operating expenses	-	-	-	-	-	-	(13,713,262)
Income before income tax	$ 13,637,111	$ 3,003,175	$ 3,164,703	$ 2,706,486	$ 1,771,636	$ 177,871	$ 10,747,720

	Year Ended December 31, 2012						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Oversea Branch	Others	Total
Net interest income	$ 11,878,768	$ 2,535,915	$ 761,127	$ -	$ 1,226,903	$ (3,921)	$ 16,398,792
Net service fee and commissions income	914,215	216,872	(13,216)	2,309,216	412,081	-	3,839,168
Net income on financial instrument	-	-	2,203,689	-	14,552	-	2,218,241
Others	408,762	-	26,726	-	180,677	188,233	804,398
Net revenue and gains	13,201,745	2,752,787	2,978,326	2,309,216	1,834,213	184,312	23,260,599
Reversed allowance for bad debts expenses and guarantee liability provisions	891,764	-	-	-	96,207	-	987,971
Operating expenses	-	-	-	-	-	-	(14,004,574)
Income before income tax	$ 14,093,509	$ 2,752,787	$ 2,978,326	$ 2,309,216	$ 1,930,420	$ 184,314	$ 10,243,996

The revenues and results on the segment information reported does not Inter-segment revenues.

This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31, 2013						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Oversea Branch	Others	Adjustment	Total
Assets	$ 1,077,351,963	$ -	$ 533,800,224	$ 125,511,889	$ 69,157,333	$ (105,765,868)	$ 1,700,055,541
Liabilities	$ 1,103,437	$ 1,349,528,660	$ 186,997,426	$ 118,460,538	$ 37,328,018	$ (105,765,868)	$ 1,587,652,211

	December 31, 2012						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Oversea Branch	Others	Adjustment	Total
Assets	$ 1,074,754,007	$ -	$ 423,034,458	$ 109,673,001	$ 84,877,732	$ (78,515,666)	$ 1,613,823,532
Liabilities	$ 713,841	$ 1,297,743,572	$ 137,806,791	$ 106,222,757	$ 44,956,627	$ (78,515,666)	$ 1,508,927,922

	January 1, 2012						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Oversea Branch	Others	Adjustment	Total
Assets	$ 1,080,019,595	$ -	$ 388,457,532	$ 109,271,751	$ 84,000,431	$ (67,135,871)	$ 1,594,613,438
Liabilities	$ 535,408	$ 1,271,647,257	$ 138,929,906	$ 106,889,002	$ 44,892,889	$ (65,604,109)	$ 1,497,290,353

41. FIRST-TIME ADOPTION OF THE REGULATIONS

The Group's date of transition to the Regulations was January 1, 2012. The impact of the transition to the Regulations on the Group's consolidated balance sheets and consolidated statements of comprehensive income is stated as follows:

a. The reconciliation of consolidated balance sheet as of January 1, 2012

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
Cash and cash equivalents	$ 52,948,875	$ -	$ (1,559,163)	$ 51,389,712	Cash and cash equivalents	a)
Due from Central Bank and call loans to banks	79,667,740	-	-	79,667,740	Due from Central Bank and call loans to banks	
Financial assets at fair value through profit or loss	25,020,162	-	-	25,020,162	Financial asset at fair value through profit or loss	b), p)
	-	-	149,400	149,400	Derivative financial assets for hedging	o)
Receivables	19,594,840	-	(606,927)	18,987,913	Receivables	
	-	-	747,310	747,310	Current tax assets	c)
Loans, net	1,122,738,843	-	-	1,122,738,843	Loans, net	
Available-for-sale financial assets, net	57,579,949	148,500	-	57,728,449	Available-for-sale financial assets, net	q)
Held-to-maturity financial assets, net	180,376,569	-	-	180,376,569	Held-to-maturity financial assets, net	
Other financial assets, net	12,943,157	(30,000)	1,409,763	14,322,920	Other financial assets, net	a), o), p), q), s)
Property and equipment, net	23,507,734	742,093	296,606	24,546,433	Property and equipment, net	d), e)
	-	3,492,311	7,331,271	10,823,582	Investment property, net	d), e)
Goodwill and intangible assets	62,074	-	-	62,074	Intangible assets, net	
	-	521,292	5,679,060	6,200,352	Deferred tax assets	c), i), j), k)
Other assets, net	14,677,570	621,729	(13,447,320)	1,851,979	Other assets, net	c), d), e), f), i)
Total	$ 1,589,117,513			$ 1,594,613,438	Total	
Deposits from banks and Central Bank	$ 112,053,512	-	-	$ 112,053,512	Due to the Central Bank and banks	
Financial liabilities at fair value through profit or loss	2,035,814	-	-	2,035,814	Financial liabilities at fair value through profit or loss	
Bonds and securities sold under repurchase agreements	10,726,892	-	-	10,726,892	Securities sold under repurchase agreements	
Payables	32,060,191	173,313	23,738	32,257,242	Payables	b), c), f), g), k)
	-	-	44,064	44,064	Current tax liabilities	c)
Deposits and remittances	1,288,280,725	-	-	1,288,280,725	Deposits and remittances	
Bank notes payables	38,496,086	-	-	38,496,086	Bank notes payables	
Accrued pension liabilities	452,697	-	(452,697)	-	Other borrowings	
Other financial liabilities	1,676,663	-	-	1,676,663	Reserve for liabilities	h), i), j)
	-	2,759,709	620,712	3,380,421	Other financial liabilities	
	-	296,044	6,386,608	6,682,652	Deferred tax liabilities	c), d), q)
Other liabilities	7,656,978	621,729	(6,622,425)	1,656,282	Other liabilities	c), g), h)
Total	1,493,439,558			1,497,290,353	Total	
Taishin Financial Holding stockholders' equity					Equity attributable to owners of parent	
Capital stock	67,683,284	-	-	67,683,284	Capital stock	
Retained earnings	18,509,343	11,778,829	-	30,288,172	Retained earnings	d), e), i), j), k), l), m), p), t)
Other items of stockholders' equity					Other equity	
Unrealized revaluation increment	10,339,717	(10,339,717)	-	-		d)
Cumulative translation adjustments	45,884	(45,884)	-	-	Exchange differences on translation of foreign financial statements	m)
Unrealized gains or losses on financial instruments	(766,871)	118,500	-	(648,371)	Unrealized gain (loss) on available-for-sale financial assets	q)
Net loss not recognized as pension cost	(133,402)	133,402	-	-		i)
Equity attributable to shareholders of the parent	95,677,955			97,323,085	Total equity attributable to owners of parent	d), e), i), j), k), q)
Minority interests					Non-controlling interests	
Total shareholders' equity	95,677,955			97,323,085	Total equity	
Total liabilities and shareholders' equity	$ 1,589,117,513			$ 1,594,613,438	Total	

b. The reconciliation of consolidated balance sheet as of December 31, 2012

ROC GAAP Item	ROC GAAP Amount	Change to IFRSs: Difference in Recognition and Measurement	Change to IFRSs: Difference in Presentation	IFRSs Amount	IFRSs Item	Notes
Cash and cash equivalents	$ 40,180,362	$ -	$ (2,779,207)	$ 37,401,155	Cash and cash equivalents	a)
Due from Central Bank and call loans to banks	103,411,156	-	-	103,411,156	Due from Central Bank and call loans to banks	
Financial assets at fair value through profit or loss	35,613,670	-	-	35,613,670	Financial asset at fair value through profit or loss	b), p)
Receivables, net	17,986,233	-	(345,884)	17,640,349	Receivables, net	b), c), f), s)
	-	-	527,442	527,442	Current tax assets	c)
	-	-	105,087	105,087	Derivative financial assets for hedging	
Loans, net	1,129,128,128	-	-	1,129,128,128	Loans, net	
Available-for-sale financial assets, net	63,427,594	194,250	-	63,621,844	Available-for-sale financial assets, net	q)
Held-to-maturity financial assets, net	170,696,300	-	-	170,696,300	Held-to-maturity financial assets, net	
Other financial assets, net	8,048,820	(30,000)	2,674,120	10,692,940	Other financial assets, net	a), o), p), q), r), s)
Property and equipment, net	23,932,997	-	286,040	24,219,037	Property and equipment, net	e)
	-	3,266,277	7,558,827	10,825,104	Investment property, net	e)
Goodwill and intangible assets	86,991	-	-	86,991	Intangible assets, net	
	-	576,913	3,911,635	4,488,548	Deferred tax assets	c), i), j), k)
Other assets, net	17,101,707	202,134	(11,938,060)	5,365,781	Other assets, net	c), e), f), i)
Total	$ 1,609,613,958			$ 1,613,823,532	Total	
Deposits from banks and Central Bank	$ 100,530,198	-	-	$ 100,530,198	Due to the Central Bank and banks	
Financial liabilities at fair value through profit or loss	1,912,629	-	-	1,912,629	Financial liabilities at fair value through profit or loss	
Bonds and securities sold under repurchase agreements	5,629,554	-	-	5,629,554	Securities sold under repurchase agreements	
Payables	33,010,957	139,090	(46,787)	33,103,260	Payables	
	-	-	181,235	181,235	Current tax liabilities	c)
Deposits and remittances	1,316,088,990	-	-	1,316,088,990	Deposits and remittances	
Bank notes payables	38,451,937	-	-	38,451,937	Bank notes payables	
Accrued pension liabilities	767,223	-	(767,223)	-		
Other financial liabilities	1,364,673	-	-	1,364,673	Other financial liabilities	c), q)
	-	2,781,645	1,005,019	3,786,664	Reserve for liabilities	
	-	-	6,189,798	6,189,798	Deferred tax liabilities	
Other liabilities	8,048,892	202,134	(6,562,042)	1,688,984	Other liabilities	c), f), g), h)
Total	1,505,805,053			1,508,927,922	Total	
Stockholders' equity					Equity attributable to owners of parent	
Capital stock	72,421,114	-	-	72,421,114	Capital stock	
Retained earnings	20,888,598	11,534,920	-	32,423,518	Retained earnings	d), e), i), j), k), l), m), p), r), t)
Other items of stockholders' equity					Other equity	
Unrealized gains or losses on financial instruments	(12,937)	164,250	-	151,313	Unrealized gain (loss) on available-for-sale financial assets	d)
Unrealized revaluation increment	11,011,800	(11,011,800)	-	-		
Cumulative translation adjustments	(60,115)	(40,220)	-	(100,335)	Exchange differences on translation of foreign financial statements	m)
Net loss not recognized as pension cost	(439,555)	439,555	-	-		q)
Equity attributable to shareholders of the parent	103,808,905			104,895,610	Equity attributable to owners of the Company	
Minority interests	-			-	Non-controlling interests	
Total shareholders' equity	103,808,905			104,895,610		
Total liabilities and shareholders' equity	$ 1,609,613,958			$ 1,613,823,532	Total liabilities and equity	

c. Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012

ROC GAAP		Change to IFRSs		IFRSs		
Item	Amount	Difference in Recognition and Measurement	Difference in Presentation	Amount	Item	Notes
Interest income	$ 26,871,532	$ -	$ (234,695)	$ 26,636,837	Interest income	n)
Interest expenses	(10,999,214)	-	761,169	(10,238,045)	Interest expenses	j), n)
Net interest income	15,872,318			16,398,792	Net interest income	
Net income other than interest income					Net income other than interest income	
Fee and commission income, net	3,845,780	(6,612)	-	3,839,168	Net service fee and commissions income	g)
Gain on financial assets and liabilities at fair value through profit or loss	1,343,291	-	220,618	1,563,909	Gains on financial assets and liabilities at fair value through profit or loss	n), p)
					Gain (loss) on investment property	e)
Realized gain on available-for-sale financial assets	300,733	-	-	300,733	Realized gain on available-for-sale financial assets	
Foreign exchange loss, net	95,365	-	-	95,365	Foreign exchange loss	
Asset impairment loss	(21,736)	-	-	(21,736)	Asset impairment loss	
Other non-interest net income and loss	3,718,210	(2,633,842)	-	1,084,368	Net other non-interest income	e), p)
Gross income	25,153,961			23,260,599	Net revenue and gains	
Reversed allowance for loan losses	(1,645,871)	2,633,842	-	987,971	Reversed allowance for bad debts expenses and guarantee liability provisions	
Operating expenses					Operating expenses	
Personnel expenses	(8,935,404)	(30,784)	(747,092)	(9,713,280)	Employee benefits expenses	i), j), k), l)
Depreciation and amortization	(739,091)	-	-	(739,091)	Depreciation and amortization expenses	
Others	(3,558,815)	6,612	-	(3,552,203)	Other general and administrative expenses	g)
Income before income tax	10,274,780			10,243,996	Income before income tax	
Estimated income tax expense	(1,804,030)	5,233	-	(1,798,797)	Income tax expense	i), j), k)
Consolidated net income	$ 8,470,750			8,445,199	Net income	
					Other comprehensive income	
				(105,999)	Exchange differences on translation of foreign financial statements	
				799,684	Unrealized gain or loss on available-for-sale financial assets	
				(263,082)	Actuarial gains or loss on defined benefit plans	
				50,389	Income tax relating to components of other comprehensive income	
				480,992	Comprehensive income, net of tax	
				$ 8,926,191	Total comprehensive income	

d. Reconciliation of equity as of December 31, 2012 and January 1, 2012

	December 31, 2012	January 1, 2012
Equity under ROC GAAP	$ 103,808,905	$ 95,677,955
Adjustments:		
Revaluation increment of property and equipment	-	672,083
Use fair value as deemed cost of certain investment property	3,266,277	3,266,277
Employee benefits - defined benefit plan	(1,441,141)	(1,441,141)
Net loss not recognized as pension cost	439,555	133,402
Employee's high-yield savings account	(960,141)	(960,141)
Employee's bonus for complete attendance in work	(143,850)	(143,850)
Unrealized gain or loss on available-for-sale financial assets	164,250	118,500
Employee benefit tax expense	(25,551)	-
Actuarial gains or loss on defined benefit plans and related tax	(218,358)	-
Income tax relating to components of other comprehensive income	5,664	-
Equity under the FSC-recognized IFRSs	$ 104,895,610	$ 97,323,085

e. Exemptions

Except for optional exemptions and mandatory exceptions to retrospective application provided under the Regulations, the Group retrospectively applied the Regulations to prepare its opening balance sheet at the date of transition, January 1, 2012. The major optional exemptions the Group elected are summarized as follows:

Deemed cost

For certain freehold lands, the Group elected to use the ROC GAAP revalued amount at the date of transition to the Regulations as their deemed cost under the Regulations. For certain investment properties with sufficient evidence that those properties are continuously being rented out and can generate a stable cash flow in the medium or long-term, the Group elected to use their fair value at the date of transition as their deemed cost. For other certain investment properties, the ROC GAAP revaluated amount at the date of the transition was used as their deemed cost under the Regulations. All other property, plant and equipment, investment properties and intangible assets applied the Regulations retrospectively.

Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition. In addition, the Group elected to apply the exemption disclosure requirement provided by the Regulations, in which the experience adjustments are determined for each accounting period prospectively from the transition date.

Cumulative translation differences

The Group elected to reset the cumulative translation differences to zero at the date of transition to the Regulations and adjusted retained earnings accordingly. Gains or losses of a subsequent disposal of any foreign operations will exclude the translation differences that arose before the date of transition to the Regulations.

The effect of the abovementioned optional exemptions elected by the Group was stated in the following Note 6) - Explanations of significant reconciling items in the transition to the Regulations.

f. Explanations of significant reconciling items in the transition to the Regulations

1) Revaluation increment of property and equipment

   Unrealized revaluation increments of raised from lands and buildings were recognized as other items of shareholders' equity under ROC GAAP. Unrealized revaluation increments should be recognized in as retained earnings under the Regulations.

   The Group revaluated part of lands to increase unrealized revaluation increments as $672,083 thousands on February 24, 2012, and recognized retrospectively in balance sheet on January 1, 2012.

   As of December 31, 2012 and January 1, 2012, unrealized revaluation increments decreased by $11,011,800 thousand and $10,339,717 thousand, respectively; retain earnings increased by $11,011,800 thousand and $10,339,717 thousand, respectively.

2) Land value increment tax payable

Land value increment tax payable was recognized as other liabilities under ROC GAAP. After transition to the Regulations, land value increment tax payable should be reclassified to deferred tax liabilities as the Group elected to use the ROC GAAP revaluation amount of part of lands as their deemed cost.

As of December 31, 2012 and January 1, 2012, other liabilities decreased by $6,156,692 thousand and $5,860,648 thousand, respectively; deferred tax liabilities increased by $6,156,692 thousand and $5,860,648 thousand, respectively.

3) Deemed cost

On the date of transition to the Regulations, the Group elected to use the ROC GAAP revaluated amount of part of lands and investment properties as their deemed cost. As of January 1, 2012, Property and equipment increased by $742,093 thousand; investment property increased by $226,034 thousand; deferred tax liabilities increased by $296,044 thousand; retain earnings increased by $672,083 thousand.

For certain investment properties with sufficient evidence that those properties are continuously being rented out and can generate a stable cash flow in the medium or long-term, the Group elected to use their fair value at the date of transition as their deemed cost. The discount value of future cash flow of abovementioned investment property would be the upper limit of their fair value; the related discount rate was the weighted average cost of capital of the Group (4%). As of December 31, 2012 and January 1, 2012, investment property all increased by $3,266,277 thousand; retained earnings all increased by $3,266,277 thousand.

4) Reclassification of properties and equipment

The idle properties and the rental properties were recognized as other assets under ROC GAAP. The Group reclassified the idle properties and the rental properties to properties and equipment or investment properties under the Regulations.

As of December 31, 2012 and January 1, 2012, other assets decreased by $7,844,867 thousand and $7,627,877 thousand, respectively; property and equipment increased by $286,040 thousand and $296,606 thousand, respectively; investment properties increased by $7,558,827 thousand and $7,331,271 thousand, respectively.

5) Cumulative translation adjustments

The Group elected the exemption of cumulative translation differences under FSC-recognized IFRS 1; thus, cumulative translation adjustments are deemed zero at the date of transition to IFRSs.

As of December 31, 2012 and January 1, 2012, cumulative translation adjustments all decreased by $45,884 thousand and retained earnings all increased by $45,884 thousand; deferred tax assets increased by $5,664 thousand and $0 thousand, respectively. For the year ended December 31, 2012, income tax relating to components of other comprehensive income increased by $5,664 thousand.

6) Actuarial gains and losses

The Group elected to recognize all cumulative actuarial gains and losses at the date of transition to IFRSs in accordance with FSC-recognized IFRS 1, 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 FSC-recognized IAS 19. The recognized other comprehensive income can not be reclassified to income and expense in subsequent periods.

The Group retrospectively applied the requirements of FSC-recognized IAS 19 “Employee Benefits” and adjusted unrecognized transition obligation and pension liability to related accounts.

As of December 31, 2012 and January 1, 2012, reserve for liabilities increased by $1,504,711 thousand and $1,602,913 thousand, respectively; deferred tax assets increased by $330,526 thousand and $295,174 thousand, respectively; Net loss not recognized as pension cost increased by $439,555 thousand and $133,402 thousand, respectively; retained earnings all decreased by $1,441,141 thousand; for the year ended December 31, 2012, net loss not recognized as pension cost decreased by $263,082; Income tax relating to components of other comprehensive income increased by $44,724 thousand; the employee benefits expenses decreased by $55,131; income tax expense increased by $9,372 thousand.

7) Employee’s high-yield savings account

Under FSC-recognized IAS 19 “Employee Benefits” and Regulations Governing the Preparation of Financial Reports by Public Banks, the Group adjusted the post-employment abnormal interests because the high-yield savings interest rate exceeded market interest rate when the employee retired.

The nature of high-yield savings account is employee benefits; therefore, the Group classified the abnormal interests to employee benefits expense.

As of December 31, 2012 and January 1, 2012, reserve for liabilities increased by $1,276,935 thousand and $1,156,796 thousand, respectively; deferred tax assets increased by $217,078 thousand and $196,655 thousand, respectively; retained earnings all decreased by $960,141 thousand; for the year ended December 31, 2012, the employee benefits expenses increased by $867,231 thousand, interest expenses decreased by $747,092 thousand and income tax expense decreased by $20,423 thousand.

8) Employee’s bonus for complete attendance in work

The Group adjusted cumulative paid annual leave under FSC-recognized IAS 19 “Employee Benefits”.

As of December 31, 2012 and January 1, 2012, payables increased by $139,090 thousand and $173,313 thousand, respectively; deferred tax assets increased by $23,645 thousand and $29,463 thousand, respectively; retained earnings all decreased by $143,850 thousand; for the year ended December 31, 2012, the employee benefits expenses decreased by $34,224 thousand and income tax expense increased by $5,818 thousand.

9) Customer loyalty programmes

The Group retrospectively applied FSC-recognized IFRIC 13 “Customer Loyalty Programmes” and adjusted bonus points accordingly.

As of December 31, 2012 and January 1, 2012, payables decreased by $34,580 thousand and $27,967 thousand, respectively; other liabilities increased by $34,580 thousand and $27,967 thousand, respectively; for the year ended December 31, 2012, the net service fee and commission income-net decreased by $6,612 thousand and other general and administrative expenses decreased by $6,612 thousand.

10) Financial assets carried at cost

The definition of financial assets carried at cost has changed after the date of transition; therefore, a portion of financial assets carried at cost before the transition date is measured by fair value after the transition.

As of December 31, 2012 and January 1, 2012, other financial assets all decreased by $30,000 thousand; available-for-sale financial assets increased by $194,250 thousand and $148,500 thousand, respectively; Unrealized gain (loss) on available-for-sale financial assets increased by $164,250 thousand and $118,500 thousand, respectively.

11) Interest income and expenses on financial instruments at FVTPL

According to the Regulations, the Group recognized interest income and expenses from financial instruments at FVTPL as gain on financial assets and liabilities at FVTPL instead of interest income and expenses.

For the year ended December 31, 2012, the gain on financial assets and liabilities at FVTPL increased by $220,618 thousand; interest income decreased by $234,695 thousand and interest expenses decreased by $14,077 thousand.

12) Regular way purchase or sale of a financial asset

According to FSC-recognized IAS No. 39 "Financial Instruments: Recognition and Measurement", the Group adopted trade date accounting for all regular way purchase or sale of all financial assets.

13) Recoveries of amounts previously written off

According to the Regulations, recoveries of amounts previously written off are credited to the allowance account. For the year ended December 31, 2012, net other non-interest income and reversed allowance for loan losses both decreased by $2,633,842 thousand.

14) Client's position-debit or credit

Under FSC-recognized IAS No. 39 "Financial Instruments: Recognition and Measurement", client's position - debit or credit is not qualified for asset and liability offsetting. The Group reclassified client's position according to nature of transaction.

As of December 31, 2012 and January 1, 2012, other assets and other liabilities increased by $169,028 thousand and $95,769 thousand, respectively, and the Group reclassified client's position according to nature of transaction. As of December 31, 2012 and January 1, 2012, receivables increased by $170,682 thousand and $140,383 thousand, respectively; other assets decreased by $170,682 thousand and $140,383 thousand, respectively; payables increased by $169,028 thousand and $95,769 thousand, respectively, and other liabilities decreased by $169,028 thousand and $95,769 thousand, respectively.

15) Income taxes

According to FSC-recognized IAS No. 12 "Income Taxes", 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, deferred tax assets and deferred tax liabilities both increased by $33,106 thousand, $525,960 thousand, respectively.

16) Cash and cash equivalents

According to FSC-recognized IAS No. 7 "Statement of Cash Flows", the Group reclassified demand deposits that require over 90 days prior notice of withdrawal to other financial assets.

As of December 31, 2012, March 31, 2012 and January 1, 2012, cash and cash equivalents decreased by $2,779,207 thousand and $1,559,163 thousand, respectively; other financial assets increased by $2,779,207 thousand and $1,559,163 thousand, respectively.

17) Presentation differences

According to the Regulations, the Group reclassified the following items as follows:

Item	December 31, 2012	January 1, 2012
A. Other financial assets - derivative financial assets for hedging	$ (105,087)	$ (149,400)
Derivative financial assets for hedging	105,087	149,400
B. Accrued pension liabilities	(767,223)	(452,697)
Reserve for liabilities	767,223	452,697
C. Other liabilities	(237,796)	(168,015)
Reserve for liabilities	237,796	168,015
D. Receivables	(516,566)	(747,310)
Current tax assets	516,566	747,310
E. Other assets	(10,876)	-
Current tax assets	10,876	-
F. Payables	(181,235)	(44,064)
Current tax liabilities	181,235	44,064
G. Other assets	(3,911,635)	(5,679,060)
Deferred tax assets	3,911,635	5,679,060
H. Other liabilities	(33,106)	(525,960)
Deferred tax liabilities	33,106	525,960

g. 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 FSC-recognized IAS 7 “Statement of Cash Flows”, 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 with a carrying amount of $2,779,207 thousand and $1,559,163 thousand as of December 31, 2012 and January 1, 2012, respectively, held by the Group were for investment purposes and thus no longer classified as cash under IFRSs.

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7” Statement of Cash Flow”, cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interest received of $25,936,193 thousand, dividends received of $318,803 thousand, interest paid of $10,179,823 thousand, income tax returned of $454,029 thousand and income tax paid of $388,733 thousand, respectively, for the year ended December 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and the Regulations in the consolidated statement of cash flows.

TABLE 1

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION ON INVESTEES' NAMES, LOCATIONS
YEAR ENDED DECEMBER 31, 2013
(In Thousands of New Taiwan Dollars, Except for Percentage and Shares)

Investor	Investees' Names	Investees' Location	Line of Business	Original Investment Amount		Ending Balance			Net Income (Loss) of Current Period	Recognized Income (Loss) of Current Period	Note
				End of Year 2013	End of Year 2012	Shares	Ownership Interest (%)	Book Value			
Chang Hwa Bank	CHB Insurance Agency	6F, No. 57, Zhong Shan N. Rd., Sec. 2, Taipei City, Taiwan, R.O.C.	Life insurance agency	$ 2,008	$ 2,008	5,000,000	100.00	$ 517,944	$ 366,145	$ 366,145	
	CHB Insurance Brokerage	6F, No. 57, Zhong Shan N. Rd., Sec. 2, Taipei City, Taiwan, R.O.C.	Property insurance brokerage	2,000	2,000	800,000	100.00	73,030	48,880	48,880	

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION OF INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2013
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2013	Net Income (Loss) of the Investee	% of Direct or Indirect Investment	Investment Gain (Losses)	Carrying Amount as of December 31, 2013	Accumulated Repatriation of Investment Income as of December 31, 2013	Note
					Outflow	Inflow							
Chang Hwa Commercial Bank, Ltd. Kunshan Branch	Banking	$ 4,618,293 (US$155,174)	Note 1.c.	$ 2,202,168 (US$ 74,650)	$ 2,416,125 (US$ 80,524)	$ -	$ 4,618,293 (US$155,174)		-	$ -	$ -	$ -	

2.

Accumulated Outward Remittance for Investment in Mainland China December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 4,618,293 (US$ 155,174)	$ 4,766,850 (US$ 159,001)	$ 14,351,693

Note 1: The three methods of investment are as follows:

a. Direct investment in Mainland China.

b. Investment in Mainland China through reinvestment in existing enterprise in a third area.

c. Others.

Note 2: Equity in the profits (losses):

a. If the entity is still in preparation stage and there is no equity in profits (losses), the condition should be noted.

b. The basis of recognizing equity in profits (losses) is categorized in the following three types and each entity should be noted according to its condition.

1) Financial statement audited (reviewed) by international accounting firms that cooperate with accounting firms in ROC.

2) Consolidated financial statements audited (reviewed) by Taiwan parent company’s CPA.

3) Others.

Note 3: In accordance with the “Bank, Financial Holding Corporation and Related Party Invest China Business Rules” announced by the FSC, the accumulated outflow of operating funds and investment from the following parties may not exceed 15% of net assets while they applied:

a. Banks in Taiwan (or subsidiaries in a third area) which establish branches, subsidiaries or acquire shares or capital contribution from local shareholders in Mainland China.

b. The subsidiaries whose issued stocks with voting rights or more than 50% of capital is held by banks in Taiwan that have investment in Mainland China.