第一銀行
First Bank

2013 ANNUAL REPORT

第一銀行 · First Bank　　第一銀行 · First Bank

Contents

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Highlights

(in millions)	12.31.2013 NTD	12.31.2012 NTD	12.31.2013 USD
Major financial data at year end			
Total assets	2,206,684	2,072,881	74,100
Loan discounted, net	1,431,260	1,436,682	48,061
Deposits and remittances	1,734,624	1,623,901	58,248
Common stock	66,351	62,720	2,228
Equity	131,588	123,409	4,419
Operating results			
Total revenues	52,426	44,842	1,760
Total expenses	39,842	32,621	1,338
Pre-tax income	12,689	12,331	426
Income tax	(2,045)	(1,947)	(69)
Net income	10,644	10,384	357
Capital adequacy ratio	11.08%	11.65%	
World rank			
The Banker - by tier 1 capital (13/12)	231	244	
The Banker - by total assets (13/12)	202	202	
Distribution network			
Domestic full/mini/sub-branches	189/0/0	190/0/0	
Overseas branches/sub-branches/rep. offices/OBU	15/2/2/1	15/2/1/1	
First Commercial Bank (USA)	1 main office and 7 branches	1 main office and 7 branches	
Number of employees	7,207	7,133	

*NT$29.78:US$1.00

*The Major Financial Data and Operating Results are based on the consolidated financial statements. On Jan. 1, 2013, First Commercial Bank adopted IFRS and its 2012 financial statements have been restated in accordance with IFRS.

History

First Commercial Bank has grown strongly and steadily with Taiwan's economic development over the last 114 years, and consistently adhered to the corporate philosophy of "Customer First, Service Foremost".

The Bank is committed to transforming into a global financial institution that is not only highly recognized by employees, but also is friendly, reliable and sound from customers' perspective.

- 1899 Savings Bank of Taiwan established
- 1912 Merged with Commercial and Industrial Bank of Taiwan (est. 1910)
- 1923 Merged with Chia-I Bank (est. 1905) and Hsin-Kao Bank (est. 1916)
- 1945 Reversion of Taiwan from Japanese Governance
- 1949 The Bank was renamed First Commercial Bank of Taiwan
- 1967 The Bank started international business
- 1976 The Bank's name was shortened to First Commercial Bank
- 1998 The Bank was privatized
- 1999 Centennial Anniversary
- 2003 First Financial Holding Co. established; The Bank transformed to be a wholly owned subsidiary of FFHC
- 2004 A new corporate structure created due to the organizational reshaping
- 2006 Awarded "Bank of the Year 2006" for Taiwan by The Banker, ISO 27001 Certification from BSI
- 2007 Continued winning glory and honor awards from The Banker (UK), Asiamoney (HK) and FSC (Taiwan)
- 2008 Graded A for "Loan Promotion Program to SMEs by Taiwanese Banks" by the FSC; winning "Credit Guarantee Partner Award" from the MOEA and the FSC; awarded "The Best Visa Debit Issuer of the highest Activation Rate in 2008" by Visa organization
- 2009 Establishing the First brand image in urban regeneration financing; receiving a "2009 ANZCham Business Excellence Award"; Winning "The 2nd Information Security Awards 2009" and "Enterprise PMP Benchmarking Awards"
- 2010 Shanghai Branch opened for business on December 23, making First Bank the first Taiwanese bank to operate in China
- 2011 Signing MOUs with China's six leading banks; upgrading Hanoi Representative Office into a branch; awarded "The Best Loan Promotion Program to SMEs by Taiwanese Banks" by FSC; OBU launched RMB-denominated business
- 2013 Awarded "Bank of the Year 2013" for Taiwan by The Banker; Winning "USD RTGS Promotion Awards" from BAROC, Taiwan

Message to Our Shareholders

Business Report for 2013

Overview of Global Economy

During the first half of 2013, the world economy plodded along in the face of headwinds from a feeble recovery in the euro zone, concern over the U.S. fiscal cliff, debt ceiling and the potential tapering of Quantitative Easing, slowing growth and increasing equity and currency volatility in emerging economies to the shocks of China's economic reforms. Global economic data broadly failed forecasts that were made at the beginning of 2013. During the latter half of the year, the world managed to return to a moderate recovery path as growth in the U.S. and euro zone picked up pace, offsetting relatively uneven growth across Asia. A two-year budget deal reached in Washington and U.S. Fed policymakers' announcement of its first tapering in December helped to dispel uncertainty regarding U.S. monetary and fiscal policies, while subsiding fears over a sovereign debt crisis and improving consumer and investor confidence pulled the euro zone out of recession in the fourth quarter. Asian countries, however, saw their economic expansion negatively impacted by a number of macro-economic, financial and political developments, including: weaker-than-expected consumer spending and unfavorable balance of trade in Japan; China's slower business investment that reflected excess capacity within its manufacturing sector; and natural disasters, political unrest and volatility in financial markets that ravaged several Southeast Asian countries.

Ching-Nain Tsai
Chairman of the Board

Overview of Domestic Economy

On the domestic front, during the first half of 2013, demand for export was dampened by slow global growth, business investment weakened and consumers held back spending due to little real wage gain. In comparison, Taiwan's job market and consumer prices remained relatively stable thanks to the government's initiatives to boost employment and stabilize prices. As the U.S. and Europe started to lead a global recovery during the second half of the year, Taiwan's exports began to gather steam on the back of surging manufacturing orders of tablets, smartphones and other devices placed before tech companies' new product launches. The latest data from Directorate General of Budget, Accounting and Statistics showed that gross domestic product in Taiwan rose by 2.11% in 2013, and it forecast the economy to grow by 2.82% in 2014. As for interest rate, the Central Bank of R.O.C (Taiwan) kept rates unchanged for 11 consecutive quarters given a still-fragile global recovery, Taiwan's modest pace of economic growth and tamed inflationary pressure, and the Central Bank was widely expected to continue its accommodative monetary policy amid the low interest rate environment and before concrete signs of improvement in local economy emerge.

With respect to the banking industry, local banks posted a total of pre-tax profit of NT$257.6 billion - a record high and representing an increase of 7.24% over 2012 - reflecting gradual improvement in the economy and sustained loan growth. The banks' asset quality continued to improve with their average NPL ratio dropping to 0.38% at the end of 2013, down 0.02 percentage point from a year ago. The NPL coverage ratio increased

Po-Chiao Chou
President

by a margin of 45.09 percentage points to 319.18% during 2013. Due to an increase in loan provisions of over NT$30 billion, the average ratio of allowances for probable loan losses and reserve for guarantees for Tier I assets reached 1.05% at the end of 2013, an indication of banks' improved ability to cover risk.

Organizational Structure

In February 2013, we changed some of our organization structure in an aim to strengthen our leading position in Taiwan, to align ourselves with changes in the industries and markets, and to integrate resources around clients across geographies - all with the goals to become one of the leading Asia-Pacific regional banks:

- The Asia Pacific Business Department under the Corporate Banking Business Administration Division was renamed Cross-Border Marketing Department to reflect its responsibility to facilitate cross-referrals of business opportunities between local and overseas branches.
- In our aim to enhance the day-to-day practice of litigation and dispute resolution, and to train legal professionals to ensure compliance with local regulations in markets we operate in, the Legal Affairs Department under the Business Planning & Administration Division was separated and expanded into the Legal Affairs Division, supervised by the Information technology & General Administration Center.

Performance in 2013

During 2013, we set out "Be First with Us, Your Bank of Choice in the Pacific Rim" as our strategic initiative and focused on five priorities to implement management plans, develop new business and meet internal budget targets. These priorities were: expanding business that benefit from government policies and capturing cross-border banking opportunities, enhancing cross-border connectivity and integrating products, services and channels across geographies, leveraging competitive advantages and unique capabilities to develop innovative products, optimizing asset-liability allocation to improve return on capital, and building environmental sustainability as a core corporate value.

Thanks to our dedicated staff, in 2013, we delivered positive results as set out below:

Robust earnings growth

For 2013, we reported a pre-tax profit of NT$12.584 billion, which hit a multi-year high and represented a 3.22% increase from 2012. The growth in our net interest income, net fee income and net income from financial instruments was a strong evidence of our improved management and efficiency. It also reflected our successful efforts in improving client coverage, enhancing product capabilities and maintaining a strong and liquid balance sheet. Meanwhile, the high levels of NPL coverage ratio and loan coverage ratio, taken together with a low NPL ratio, indicated that we continued to balance pursuit of profit with risk control and asset quality management, thereby fueling steady and strong progress in our operating performance.

Expansion of presence in Pacific Rim

In order to capture business opportunities in the Asia-Pacific region, we have been preparing for branch openings in China and actively expanding our presence in Southeast Asia to serve the community of Taiwanese-owned businesses that operate there. For instance, during 2013, we resumed the operation of our Yangon representative office in Myanmar and were granted permission to add two sub-branches to the Phnom Penh branch in Cambodia. We were also given the green light to open a branch in Chengdu, China. In addition, we continued to upgrade our cross-border E-banking platform and launched a global funds management system in Europe, the Asia-Pacific, North America and Australia (except for branches in Shanghai and Phnom Penh) in an aim to provide customers with a seamless service network.

Leadership in SME lending

In 2013, in support of the government's initiatives to extend credits to small- and medium-sized enterprises (SMEs), young entrepreneurs and first-time homebuyers, we provided SME loans under the mandate of the Small and Medium Enterprise Credit Guarantee Fund and launched a wide range of loan programs for small businesses, start-ups and companies in six strategic emerging sectors. We also offered preferential home mortgages with competitive rates for first-time homebuyers. Our loans outstanding to SMEs totaled NT$545.9 billion at the end of 2013, making us Taiwan's largest SME lender for three years in a row. We were honored by the Ministry of Economic Affairs with awards of "Best Credit Guarantee Partner for Small and Medium Enterprise," "Excellence in Direct Credit Guarantee", "Excellent Loan Underwriter" and "Contribution to Young Start-up Entrepreneurs." We were also selected by The Banker as "Bank of the Year 2013" for Taiwan in recognition of our extensive network in the Asia-Pacific region and leadership position in SME lending.

Launches of innovative E-payment services

We continued to apply our passion for innovation to new ways of thinking and operating our business. In 2013, we pioneered the local banking industry with third-party online payment service and the offering of online stored value account, which can be opened at anytime from the Web. We also launched several new products and services to provide customers a secure, convenient and holistic experience transacting online, including a cross-border E-payment system, the delivery of one-time password (OTP) via text messages to mobile phones, push function via which we inform customers of their banking transactions and customized supply chain financing solutions.

Fulfillment of Corporate Social Responsibility (CSR)

In 2013, we continued our CSR initiative and contributed to the communities in which we operate. We joined non-governmental organizations in charitable activities, extended aid to underprivileged students, involved employees in volunteering programs, invited renowned artists to hold exhibitions and sponsored national women's weightlifting team, which won its first-ever gold medal at the 2013 Summer Universiade. In our efforts to minimize the environmental footprint of our operations, we revamped the Information Technology Building, which was awarded with the diamond-grade green building recognition. Moreover, we reported greenhouse gas inventories, implemented energy-saving measures across all our facilities and increased green procurement wherein environmental impacts play an important role in our purchasing decisions. These actions reflected our long-standing commitment to green finance and sustainable management.

Research and Development

In view of the fast-changing operating environment, during 2013, we continued to keep track of the latest developments of global economies, markets and industries and published reports on them regularly. We also conducted research on local regulatory changes as they arose and recommended strategic options in response to those changes. As our business grew, we remained focused on enhancing the breadth and depth of our research and regulatory knowledge.

Budget Implementation, Growth and Profitability

Net revenue for 2013 was NT$32,776 million, an increase of NT$754 million, compared with the prior year. pre-tax income was NT$12,584 million, an achievement of 100.11% of our income target.

- Deposits
  The average balance of deposits outstanding was NT$1,647,965 million, an increase of NT$62,492 million, or 3.94%, compared with the prior year. The percentage of target achieved for 2013 was 101.29%.
- Loans
  The average balance of loans outstanding was NT$1,436,582 million, an increase of NT$47,344 million, or 3.41%, compared with the prior year. the percentage of target achieved for 2013 was 100.18%.
- Wealth Management Business
  - The volume of trusts increased 66.85% year-over-year, or NT$117,540 million, to NT$293,352 million, reaching 142.75% of our given target.
  - The volume of insurance products sold through bancassurance slightly declined 1.16% year-over-year, or NT$343 million, to NT$29,180 million, reaching 122.86% of our given target.
- Custodian Business
  Assets under custody increased 9.58% year-over-year, or NT$58,303 million, to NT$667,074 million as of year-end 2013, reaching 107.56% of our given target. Local mutual-fund assets under custody increased 12.07% year-

over-year, or NT$36,368 million, to NT$337,787 million as of year-end 2013, reaching 109.14% of our given target.

Business Plans for 2014

Looking forward to 2014, in order to align our strategies with changes in the operating environment, we will evolve and combine our previous strategic initiatives of "Be First with Us, Your Priority Partner in Asia-Pacific" and "Be First with Us, Your Bank of Choice in the Pacific Rim" into "Be First with Us, Your Bank of Choice for Connecting the World." We will enhance connectivity and collaboration across geographies, segments and products so as to deliver first-class financial services to customers as well as to enhance overall profitability and business performance. Through these efforts, we seek to steer clear of price competition with connectivity and collaboration as our key competitive differentiators. Our objective is to achieve success as, at the same time, a regional bank that boasts a strong presence in the Asia-Pacific, a niche bank that offers unique capabilities and a "happy" bank that helps its employees fulfill their ambitions and provides them with a true sense of well-being.

2014 Strategies

Become an Asian regional bank

In 2014, we will support the government's policy initiative to build Taiwanese banks into significant Asia-Pacific regional banks. Our efforts are twofold: firstly, we will continue to deepen our reach in China with plans to launch a branch in Chengdu, to add a sub-branch in the Shanghai Free Trade Zone, to apply to the Chinese government to open our third mainland branch in Xiamen and to prepare for establishing rural banks in Henan province; secondly, for the Southeast Asian market, we will soon open two sub-branches under the Phnom Penh branch. We will also continue to explore potential opportunities for strategic investments, joint ventures and mergers and acquisitions as ways to move into new markets. Through completing a regional business network and building a diversified business model to serve Asia's trade and capital flows, we are confident of achieving our vision to be a respected and active Asian regional bank.

Build a comprehensive cross-border technology platform

In order to anticipate the needs of Taiwanese corporations to transact business across borders as well as to deepen our reach in the Asia-Pacific region, we will continue to integrate products, services and channels across geographies. We will also upgrade five internal technology platforms for the recognition of collaboration revenue, the sharing of client information and referrals, global online banking, cross-border consumer payment and cross-border funds settlement. In addition, we will unveil four new cross-border solutions including multi-country credit facilities, cross-border supply chain financing, cross-border third-party online payment and a global funds settlement system. We believe that our efforts to build global capabilities and connectivity within our network will gradually propel us into a significant Asia-Pacific regional bank, with connectivity and collaboration as our key differentiators.

Deepen product penetration to drive business growth

In order to leverage our competitive advantages of a large, loyal clientele and a diversified business model, we will accelerate collaboration among our businesses with goals to increase product up-sale and profit contribution from customers through enhanced level of customer acquisition, retention and loyalty. In 2014, we plan to shift our focus from "product sales" to "enhancement of customer relationships", and consumer banking and corporate banking will act as twin engines of our revenue generating efforts. Through "collaboration between business units", we hope to provide customers with "collaborative service delivery." For individuals, we hope to help them manage and protect their financial futures through a broad array of retail banking and wealth management services; for corporations, our integrated solutions will help them meet financial goals at every stage of growth. We are confident that such efforts will yield positive results in interest and fee income.

Optimize asset-liability allocation to enhance return on capital

In response to the capital requirement under the Basel III framework, we have taken the initiative to reposition our asset portfolios and worked diligently to enhance return on capital over the past few years. "Maintaining adequate capital" and "improving interest margin" have been two of our top priorities, wherein we adjust the scale and structure of our deposit, lending and investing portfolios to increase return on capital employed. While we seek "higher return on capital", we do not overlook the "importance of mitigating risk". In 2014, we will continue to apply our "risk-based capital approach" to all our operations to ensure sufficient capital for covering risk and "sustaining reasonable growth of profit."

Practice CSR to create a harmonious society

In 2011, we formed the CSR committee to assist the board with its oversight of the group's policies and practices involving corporate governance, accountability to customers, employment welfare, sustainable management and charitable giving. This year, our CSR initiative will focus on sponsorship of cultural and athletic events, employee volunteerism, support for the disadvantaged and energy preservation. In addition, guided by the Equator Principles, we will take into account potential adverse impacts on the environment and on local communities when we provide loan facilities to customers in sectors where such impacts are likely to arise. We hope that with the support of our customers, shareholders and employees, we will be able to create a harmonious relationship between the environment, the clients we serve and the society at large.

Discussion on Operating Environment

External competitive environment

Now that China is the world's second largest economy as well as Taiwan's most important partner for bilateral trade and investments, local financial companies are accelerating their move into China, especially after the relaxation of regulations governing trade and financial flows to and from China. Meanwhile, the emergence of ASEAN is making Asia an ever-more important strategic market for local financial institutions with global ambitions. We expect that under the current favorable regulatory environment, Taiwanese banks will be gradually allowed to provide renminbi-based deposits, remittance, loans, trade-related products and investment services to Taiwanese-owned businesses operating in China. The fast-establishing status of renminbi as a major trading currency should attract Taiwanese companies and multi-national corporations in Asia to engage local banks, thereby enhancing the banks' capabilities to compete internationally while posing on them the challenge of balancing risks and opportunities as they gain access into global markets.

Regulatory Environment

The China and Taiwan governments signed a Memorandum of Understanding on the cooperation between the financial supervisory authorities in 2009, paving the way for financial cooperation across the Taiwan Strait. In 2010, a free trade pact, or the so-called Economic Cooperation Framework Agreement (ECFA), further liberalized bilateral trade, and it became evident that traditional cash exchange service was no longer able to meet fast-growing cross-border trade and financing requirements of Taiwanese firms. In August 2012, the two governments inked a Memorandum of Understanding on a currency clearing agreement, followed by the designation of the Taipei Branch of Bank of China on December 11, 2012 to be responsible for providing renminbi clearing services. On February 6, 2013, 46 Taiwanese banks began offering renminbi current accounts (the latest count was 66 as of January 2014), with the availability of renminbi transfer significantly improving efficiencies by eliminating passage through the third currency. Afterwards, renminbi-denominated Formosa Bonds were debuted. In October 2013, the Shanghai Free Trade Zone was launched by Chinese government on the heels of the inauguration of Kunshan Deepen Cross-Strait Industrial Cooperation Experimental Zones in August of the same year, further facilitating and promoting the renminbi business as well as bilateral trade and investment. We expect that a currency swap agreement between Taiwan and China will come into place in the near future, giving Taiwan the opportunity to become the next offshore renminbi trading center alongside Hong Kong, Singapore and London.

Overall Operating Environment

During the past year, accommodative monetary policies implemented by major economies from the U.S., the euro zone to Japan created excess liquidity, which spilled into emerging market economies and impacted their economic activities. While the economies of the U.S., the euro zone and Japan continued to recover at a moderate pace, growth momentum in emerging markets was weakening. China also experienced slower growth as a result of its macro policy changes and structural reforms. The World Bank estimated in a report released in

January 2014 that the world economy grew by 2.4% in 2013. In Taiwan, exports inched up 1.5% year-on-year to US$305.5 billion in 2013 – albeit the second-highest level ever reached – with the modest rate of growth attributable to increasing competition by other countries and the impact from China's move to reduce reliance on imports by supporting home-grown industries.

In lending, loans of local banks experienced a modest rate of growth, from 2.79% in 2012 to 3.02% in 2013. In particular, growth of consumer loans improved from 0.94% in 2012 to 2.36% in 2013. In the housing market, the central bank's rigorous oversight of mortgage underwriting and new tax measures on real estate transactions restrained demand for mortgage loans, renovation loans and construction loans due to banks' conservative approach to lending. Reduced risk appetite among investors against a lower-growth economic environment, coupled with elevated valuations of some of the world's major stock markets and the anticipation of insurance premium increases, posed additional challenge to banks as they battled for wealth management business. To sum up, the banking environment in 2013 still faced a variety of risks despite improvement.

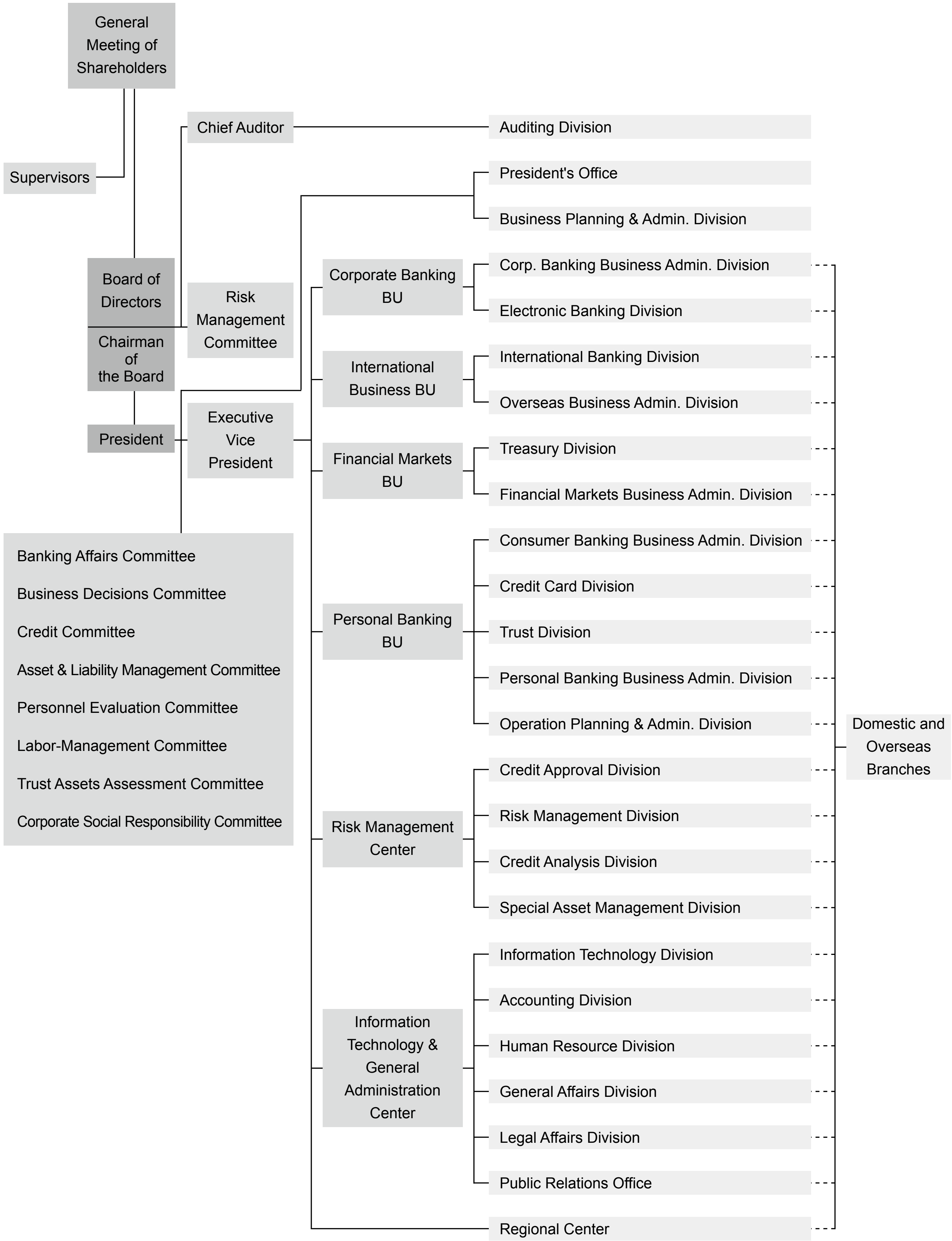
Looking ahead, while there continues to be significant risks facing the global economy and the financial markets, positive signs are beginning to emerge. The gradually deregulated renminbi business shall help to boost profit for local banks, but the macro environment is likely to remain challenging amid a backdrop of subdued exports momentum and a slow-down in housing market at home, potential fallout from the U.S. Fed QE tapering and swings in global currency markets. For the year ahead, the strategic initiative of "Be First with Us, Your Bank of Choice for Connecting the World" will guide our actions to drive collaboration across geographies, segments and products, and we will strive to create value for customers and us.

Credit-rating Results

2013				
Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	September 17, 2013	twA-1+	twAA	Stable
Standard & Poor's	September 16, 2013	A-2	BBB+	Stable
Moody's	December 29, 2013	P-2	A3	Stable

2012				
Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	September 18, 2012	twA-1+	twAA	Stable
Standard & Poor's	September 18, 2012	A-2	BBB+	Stable
Moody's	February 5, 2013	P-2	A3	Stable

Organization Chart



March 2014

Board of Directors and Supervisors

Title	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Chairman of the Board	Ching-Nain Tsai	July 1'10	■ M.S., Industrial Management, National Cheng Kung University Director General, National Treasury Agency, MOF; President, Land Bank of Taiwan; Chairman, Taiwan Business Bank; Chairman, Taiwan Futures Exchange; Chairman, First Commercial Bank (USA)	Chairman, First Financial Holding Co., Ltd. (FFHC); Chairman, The First Education Foundation
Managing Director	Jin-Der Chiang	July 16'12	■ M.A.,Tamkang University VP & General Manager of Singapore Branch, FCB; SVP & General Manager of Information Technology Dept. and Savings Dept., FCB; EVP, President, Director, FCB; Chairman, First Financial Asset Management Co., Ltd.; Vice Chairman, Waterland Financial Holdings; Director, First Commercial Bank (USA); Director, First-Aviva Life Insurance Co.,Ltd.; Managing Director, Trust Association of R.O.C.; Director, Taiwan Small Business Integrated Assistance Center; Vice Chairman, The First Education Foundation	Director & President, FFHC; Chairman, First-Aviva Life Insurance Co., Ltd.; Director, Taiwan Asset Management Corp.; Director, The First Education Foundation
Managing Director	Tien-Yuan Chen	Oct. 22'97	■ B.A., Tamkang University Chairman, Taiwan Coca-Cola Co., Ltd.; Director, Golden Gate Investment Co., Ltd.	Director, FFHC; Chairman, Golden Garden Investment Co., Ltd.; Chairman, Golden Gate Motor Co., Ltd.; Chairman, Golden Gate Investment Co., Ltd.; Director, The First Education Foundation
Managing Director	Hsien-Feng Lee	July 13'06	■ Ph.D., Bielefeld University, Germany Advisory Committee Consultant of Council for Economic Planning and Development, Executive Yuan; Director, Farmers Bank of China	Director, FFHC; Director, Yuanta-Polaris Research Institute; Associate Professor of Dept. of Economics, National Taiwan University; CEO, Public Economics Research Center, National Taiwan University
Independent Managing Director	Yophy Huang	July 16'09	■ Ph.D., Indiana University Research Fellow, Taxation and Tariff Committee, MOF; Supervisor, Taipei Fubon Bank; Member, Taxation Revolution Committee, Executive Yuan	Independent Director, FFHC; Supervisor, GreTai Securities Market; Professor of Public Finance and Tax Administration, National Taipei College of Business
Independent Director	Chun-Shyong Chang	Apr. 28'11	■ Ph.D., University of Maryland, U.S.A. Director, Taiwan Stock Exchange; Supervisor, FCB; Chairman, Pan Asia Bank; Managing Director, Bank of Kaohsiung; Director, Hwa-Hsia Leasing & Financial Corp.; Adjunct Professor, Dept. of Finance and Banking, Shih Chien University	Supervisor, SciVision Biotech Inc.; Director, HH Leasing & Financial Corp.
Independent Director	Du-Tsuen Uang	Aug. 25'11	■ Ph.D. in Law, National Chengchi University Commissioner, Fair Trade Commission, Executive Yuan; Associate Research Fellow, Associate Professor, Institute of International Relations, National Chengchi University	Director, Hung Ching Development & Construction Co. Ltd.; Dean of School of Law, Ming Chuan University
Director	Po-Chiao Chou	Sep. 9'13	■ B.S., National Cheng Kung University VP & General Manager of Si Tainan Br., FCB; SVP & General Manager of Accounting Dept. and General Affair Dept., FCB; EVP, FCB; Chairman, First Venture Capital Co., Ltd.; Chairman, First Financial Management Consulting Co., Ltd.; Advisor & Head of Administration Management Dept. and Risk Management Dept.,FFHC;, E.V.P., FFHC; Director, The First Education Foundation	President, FCB; Director, First-Aviva Life Insurance Co., Ltd.; Director, Taiwan Small Business Integrated Assistance Center; Vice Chairman, The First Education Foundation
Director	Jan-Yan Lin	Aug. 22'08	■ Ph.D. in Business Administration, National Chengchi University Dean of Academic Affairs, Kainan University; Secretary General, Chinese Professional Management Association	Professor, Chung Yuan Christian University
Director	Shang-Wu Yu	Sep. 25'08	■ Ph.D., University of Birmingham, U.K. Chief Secretary for Chairperson, Fair Trade Commission, Executive Yuan; VP, Dean of College of Management, Tungnan University; Dean, College of Management and Language, Yuanpei University	Director, FFHC; Independent Director, TXC Corporation; Director, Taiwan Stock Exchange; Dean, College of Business Management, JinWen University of Science & Technology
Director	Chia-Yin, Hung	Apr. 28'11	■ Ph.D. in Law, National Chengchi University Member of Complaint Review Board for Government Procurement, Taipei City Government; Member of Legal Affairs Committee, MOEA; Member of Petitions and Appeals Committee, MOF	Professor, Dean of School of Law, Soochow University
Director	Hsien-Heng Lee	July 16'10	■ Ph.D., University of Texas at Austin Division Head, National Center for Research on Earthquake Engineering; Dean of Dept. of Civil Engineering, National Chi Nan University; Chairman, Taiwan Construction Research Institute; Commissioner, Public Works Dept. of Taipei City Government	Director, FFHC; Chairman, Taipei Urban Redevelopment Center; Professor, Dept. of Construction Engineering, National Taiwan University of Science and Technology
Director	Yung-Ho Chiu	Aug. 23'12	■ Ph.D., University of Mississippi, USA Dean, School of Business, Soochow University; Managing Supervisor, Taiwan Efficiency and Productivity Association	Professor of Dept. of Economics, Chief of Office of Research Development, Soochow University
Director	Lung-Fa Hsieh	Mar. 21'13	■ Ph.D., National Chengchi University Director, REIJU Constuction Co Ltd.; Supervisor, Taiwan Life Insurance Co. Ltd.; Dean of College of Management, Dayeh University; Supervisor, Taiwan Depository & Clearing Corporation	Independent Director, Vedan International (Holdings) Ltd.;Independent Director, Y.C.C. Parts MFG. Co., Ltd.; Director, Connect secondly with limited company, headhunter of enterprise; Vice President, Dayeh University
Director	Hsiao-Ling Tseng	July 26'12	■ LL.B., Fu Jen Catholic University Lawyer of Lord's International Law Office; AVP & Deputy Manager of Chien-Kuo Branch, Special Asset Management Division, FCB	SAVP & Deputy General Manager of Taoyuan Branch, FCB

(to be continued)

Title	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Standing Supervisor	Ming-Yuan Chiu	Oct. 24'13	■ Ph. D., Bulacan State University Professor, Director of Accounting Office, Dean of Academic Affairs Dept.and General Affair Dept., Southern Taiwan University of Science and Technology; President, Tung Fang Design Institute	President, Ching Kuo Institute of Management and Health
Supervisor	Yih-Cherng Yang	July 19'00	■ M.S., National Taiwan University Director, FCB; Managing Director, Standing Supervisor, China Bills Finance Corp.	Director, Taiwan Incubator SME Development Corporation; President, Taiwan Small Business Integrated Assistance Center; Director, Amcad Biomed Corporation
Supervisor	Liang Chen	June 30'11	■ MBA, Finance, Bernard M. Baruch College, The City University of New York Vice President, International Investments, Oppenheimer & Co. Inc.; Executive Director & Head of Asia, Investment Banking, Paine Webber Inc.; Director, Taiwan Financial Holding Co., Ltd.	Chairman, Peak Capital Co., Ltd.
Supervisor	Han-Chung Huang	July 26'12	■ M.S., National Chengchi University Revenue Officer, National Taxation Bureau of Taipei, MOF; Audit Officer, Hsinta CPAs	Supervisor, Posiflex Technology, Inc.
Supervisor	Da-Bai Shen	Aug. 23'12	■ Ph.D., Tulane University, USA Director, Center for Business Innovation and Incubation, Soochow University; Member of Investment Review Committee, National Development Fund, Executive Yuan	Director, APFC Ltd.; Supervisor, SolidWizard Co., Ltd.; Director, Pili International Multimedia Co.,Ltd.; Professor of Accounting Dept., Soochow University

February 28, 2014

Executive Officers

Title	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
President	Po-Chiao Chou	Sep. 9'13	■ B.S., National Cheng Kung University VP & General Manager of Si Tainan Br.; SVP & General Manager of Accounting Dept. and General Affair Dept.; Executive Vice President	Director, FCB Director, First-Aviva Life Insurance Co., Ltd. Director, Taiwan Small Business Integrated Assistance Center; Vice Chairman, The First Education Foundation
EVP	Grace M.L. Jeng	Sep. 25'08	■ B.S., National Taiwan University SVP & General Manager of Yuan-Shan Branch; SVP & Chief of Personal Banking Business Admin. Division	Chairman & Director, First Commercial Bank (USA)
EVP	Hann-Chyi Lin	Jan. 1'11	■ B.S., Feng Chia University SVP & Chief of International Business Division; SVP & GM of Hong Kong Branch; Chief Auditor	Advisor & Head of Administration Management Dept., FFHC; Director, First Financial Management Consulting Co., Ltd; Director, First Venture Capital Co.,Ltd.
EVP	Ming-Hua Cheng	Jan. 1'11	■ MBA, National Cheng Kung University SVP & GM of Nanking-East-Road Branch; Advisor, FCB	Director, Taiwan Asset Management Corp.; Advisor & Head of Risk Management Dept., FFHC; Supervisor, Taiwan Small Business Integrated Assistance Center; Supervisor, First Securities Investment Trust
EVP	Ying Wu	Sep. 6'12	■ B.S., National Chengchi University Supervisor, First Venture Capital Co., Ltd.; Supervisor, First Financial Management Consulting Co., Ltd.	Chairman & Director, First P&C Insurance Agency Co., Ltd.; Chairman & Director, First Insurance Agency Co., Ltd.
EVP	D. Y. Hsu	Oct. 18'13	■ A.S., National Open University SVP & General Manager of Taichung Branch; SVP & Regional Head of Taichung Regional Center	Chairman & Director, First Financial Management Consulting Co., Ltd.; Chairman & Director, First Venture Capital Co.,Ltd.
EVP	Ling-Cheng Lu	Sep. 9'13	■ A.S., Ming Chuan University SVP & Division Chief, Treasury Division; SVP & Division Chief, Financial Markets Business Admin Division	Supervisor, Taipei Foreign Exchange Market Development Foundation
Chief Auditor	Fong-Yeng Lee	Sep. 6'12	■ B.S., Fu Jen Catholic University SVP & General Manager of An-Ho Branch,; SVP & General Manager of Ta-Tao-Cheng Branch; SVP & Chief of Corporate Banking Business Administration Division	Supervisor, First Financial Assets Management Co., Ltd.

February 28, 2014

Main Shareholders of Sole Owner FFHC

Shareholders	Holding %
Ministry of Finance	13.35
Bank of Taiwan	7.72
Hua Nan Bank	2.89
China Life Insurance	2.70
Labor Insurance Fund	2.33
Civil Servants' Retirement Fund	2.20
Cathay Life Insurance	2.10
Dimensional Emerging Markets Value Fund	1.43
Vanguard Emerging Markets Stock Index Fund	1.40
Government of Singapore	1.27

April 24, 2014

Banking Operations

Scope of Operations

Banking Business Line

1. Receive all kinds of deposits.
2. Issue financial bonds.
3. Extend loans.
4. Discount bills and notes.
5. Invest in securities.
6. Engage in domestic remittances.
7. Engage in acceptance of commercial drafts.
8. Issue local letters of credit.
9. Guarantee the issuance of corporate bonds.
10. Engage in domestic guarantee business.
11. Act as collecting and paying agent.
12. Act as agent to sell government bonds, treasury bills, corporate bonds and stocks.
13. Act as securities underwriter.
14. Engage in securities trading on its own account.
15. Engage in warehousing and custodian services.
16. Engage in rental safe deposit box.
17. Engage in agency services related to the business listed on business license or approved by the competent authorities.
18. Engage in credit card business.
19. Act as agent to sell gold bullions, gold and silver coins.
20. Purchase and sale of gold bullions, gold and silver coins.
21. Engage in guarantee business of import and export of foreign trade, outward and inward remittances, foreign currency deposits and foreign currency loans.
22. Engage in outward and inward remittances and foreign currency deposits business.
23. Purchase and sale of foreign currency cash and traveler's checks.
24. Engage in derivative financial products business approved by the competent authorities.
25. Engage in trust business as regulated.
26. Handle the investment in foreign securities under non-discretionary trust of money service.
27. Sale of domestic mutual funds under non-discretionary trust of money service.
28. Purchase and sale of government bonds.
29. Act as broker, dealer, registrar, and underwriter for short-term debt instruments.
30. Provide financial consultation service for financing.
31. Act as agent to sell charity lottery tickets approved by the competent authorities.
32. Engage in foreign exchange margin trading.
33. Handle the investment in domestic securities investment trust funds under non-discretionary trust of money service.
34. Purchase and sale of corporate bonds and financial bonds.
35. Engage in wealth management business.

Trust Business Line

1. Trust Business
   - Trust of money
   - Trust of loans and related security interests
   - Trust of securities
   - Trust of real estate
   - Trust of superficies
   - Handling discretionary investment business by means of trust
2. Affiliated business
   - Act as agent for issuance, transfer, registration of securities, and for distribution and payment of dividends and bonuses.
   - Provide consultation services for securities issuance and subscription.
   - Provide registration for securities.
   - Act as trustee for issuance of bonds and engage in agency services related to the business.
   - Provide custody services.
   - Act as custodian of securities investment trust funds.
   - Provide consultation services in connection with investments, assets and real estate development.
   - Concurrently conduct securities investment consulting business.
   - Other related business approved by the competent authorities.

Main Figures for Business Operations

		2013 NT$,000	%	2012 NT$,000	%
Deposits at year end					
Current Deposits	Checking deposits	37,113,372	2.0	40,666,444	2.3
	Demand deposits	435,654,008	23.4	394,841,256	22.4
	Savings deposits	558,395,632	30.0	527,839,756	29.9
	Subtotal	1,031,163,012	55.4	963,347,456	54.6
Time Deposits	Time deposits	365,169,054	19.6	317,474,421	18.0
	Time savings deposits	325,248,124	17.5	330,031,214	18.7
	Subtotal	690,417,178	37.1	647,505,635	36.7
Others	Due to other banks	3,310,766	0.2	4,473,088	0.3
	Overdrafts from other banks	1,309,760	0.1	2,780,537	0.2
	Call loans from other banks	136,678,173	7.2	145,886,819	8.2
	Subtotal	141,298,699	7.5	153,140,444	8.7
Total		**1,862,878,889**	**100.0**	**1,763,993,535**	**100.0**
Loans at year end					
Corporate		729,578,106	50.9	786,458,608	54.7
Consumer		410,363,617	28.7	391,792,996	27.2
Domestic branches In foreign currencies		61,943,811	4.3	63,798,972	4.4
Foreign branches		229,816,525	16.0	194,062,251	13.5
Import-export negotiations		1,207,030	0.1	2,333,348	0.2
Total		**1,432,909,089**	**100.0**	**1,438,446,175**	**100.0**
Foreign Trade and Payment (US$,000)					
FX buy	Export negotiations and collections	7,362,182	3.7	7,444,540	3.9
	Inward remittances	99,994,523	49.7	92,286,271	48.7
	Subtotal	107,356,705	53.4	99,730,811	52.6
FX sell	Import L/Cs and collections	6,620,409	3.3	7,556,973	4.0
	Outward remittances	87,249,374	43.3	82,188,724	43.4
	Subtotal	93,869,783	46.6	89,745,697	47.4
Total		**201,226,488**	**100.0**	**189,476,508**	**100.0**
Total Revenues					
Interest income		36,776,302	70.2	35,463,166	74.8
Fees and commissions		6,471,202	12.3	5,853,265	12.3
Gains on financial assets and liabilities		832,253	1.6	1,430,600	3.7
Income from equity investments accounted for under the equity method		331,649	0.6	329,234	0.7
Foreign exchange gains		1,311,460	2.5	715,693	1.5
Other non-interest income		6,703,306	12.8	1,049,592	7.0
Total		**52,426,172**	**100.0**	**44,841,550**	**100.0**
Total Expenses					
Interest expense		11,910,850	29.9	11,437,668	34.9
Fees and commissions		1,073,991	2.7	921,739	2.5
Provision for credit losses		3,922,121	9.9	3,393,466	15.1
Business and administrative expenses		16,269,940	40.8	16,408,555	43.9
Other non-interest expenses and losses		6,664,848	16.7	459,510	3.6
Total		**39,841,750**	**100.0**	**32,620,938**	**100.0**

The 2012 financial data has been adjusted in accordance with IFRS.

NT$,000		2013	2012
Trust Business			
Balance at year end	Custody of funds and discretionary investment assets	**490,594,588**	467,571,337
	Domestic trust assets	**71,940,211**	74,357,184
	Foreign trust assets	**127,633,305**	135,323,970
	Trustee accounts	**81,432,974**	64,589,780
	Family wealth trust assets	**1,242,582**	1,272,896
	Corporate employees' savings plan trust assets	**1,148,557**	1,035,042
	Real estate trust assets	**12,098,976**	9,725,085
	Securities trust assets	**91,404,465**	93,256,374
	Securitization trustee assets	**2,599,803**	4,228,085
	Project trust assets	**7,935,396**	7,633,125
	Collective management accounts	**546,485**	623,069
	Individual management accounts	**14,161**	13,376
Transaction volume	Registrar for issuance of securities	**19,477,511**	57,297,718
Investment Business			
Transaction volume	Bills outright buy/sell (OB/OS)	**95,281,694**	20,091,248
	Bills repurchase/resale (RP/RS)	**5,997,508**	858,719
	Bills underwriting	**580,000**	-
Balance at year end	Bonds	**148,546,555**	100,259,630
	Stocks (short-term investment)	**5,445,007**	6,018,865
Credit Card Business			
Number of active cards		**486,414**	439,206
Transaction volume		**37,836,492**	34,324,166
Revolving balance of credit cards		**1,268,965**	1,317,421
Wealth Management Business at year end			
Deposits		**521,397,082**	509,059,491
Mutual funds		**114,124,518**	116,266,124
Bonds/bills		**2,931,431**	2,432,678
Derivative financial instruments		**1,690,050**	2,163,444

Market Analysis

Multinational Network

In Taiwan, we have 189 branches and a new branch planned in Linkou District of New Taipei City (which started operations on January 8, 2014) as of the end of 2013. Abroad, we operate in the continents of Europe, the Asia-Pacific, North America and Australia through a network of 15 branches (not including Offshore Banking Units, or OBUs), two sub-branches (under the Phnom Penh branch), two representative offices and a U.S.-based subsidiary bank that owns seven branches. Going forward, our expansion will focus on the Pacific Rim market, where we will enhance business connectivity and collaboration between branches in China, Vietnam, Cambodia, Hong Kong, Singapore, Macau and Australia. We also plan to extend our reach in China via preparing a new branch in Chendu and applying for licenses to open rural banks in Henan Province, a branch in Xiamen and a sub-branch in Shanghai Free Trade Zone. Moreover, the set-up of two sub-branches under the Phnom Penh branch will mark an important step further into ASEAN and help us grow a broader global network.

Future Market Supply, Demand, and Growth

The Supply Side

Taiwan's banking sector is saturating rapidly as there are too many banks - local and foreign - competing against each other. The crowded market and little differentiation between financial products force banks to cut prices to gain business, leading to slimmer margins. As part of the Economic Cooperation Framework Agreement (ECFA), which forged tighter financial links between Taiwan and China, Bank of China opened a branch in Taipei in December 2012. We expect that Chinese banks, with their vast assets and extensive networks, will become formidable players and heighten pressure for Taiwan's banking sector as they vie to do business with high-value clients and Taiwanese-owned corporations that operate overseas.

The Demand Side

We believe that a service trade pact signed with China in 2013, if enacted, would significantly strengthen financial cooperation between Taiwan and China in an increasingly relaxed regulatory climate. Moreover, the Free Economic Pilot Zones (FEPZ) project spearheaded by Taiwan's government should further expand the types of business allowed to be undertaken by OBUs and Offshore Securities Units (OSUs), therefore creating opportunities for banks to provide non-Taiwan dollar financial and wealth management products to non-residents. As Taiwan makes steady progress towards becoming an Asia- Pacific regional hub for wealth management and capital raising, it also witnesses an e-commerce boom that increases consumer demand for payment options. This fuels competition among banks to develop a diverse array of mechanisms for processing payment flows between institutions and across systems, such as third-party online payment service and cross-border payment solutions for multinationals.

Competitive Advantages, Favorable and Unfavorable Factors for Development Prospects, and Responsive Measures

We are proud to have won the prestigious award of "Bank of the Year 2013" for Taiwan from The Banker, a highly regarded UK-based publication, as a testament to our solid management, innovation, global footprint, deep client relationships and consistent business performance that balances return against risk. To keep abreast with changes in global financial markets, we will continue to build on our competitive edge. We will also align our strategies with the macro trends that are shaping the business landscape so as to meet the challenges and capitalize on the opportunities that lay ahead.

Favorable Factors

- a century-old brand with a management philosophy aiming for stable growth
- an extensive branch network and a large, loyal clientele
- robust asset quality achieved via the implementation of a prudent risk management regime
- a concentrated shareholder base and a stable management team
- a focus on global talent development through which to gain a competitive edge in international markets
- long-standing leadership in corporate banking that ensures profitable growth.
- continuous expansion in China to capture the opportunities of RMB-based business
- synergies created by collaborating with other units of First FHC in resource integration
- industry-leading exposure to international markets thanks to a geographic network that spans Pacific Rim and the Greater China region

Unfavorable Factors

- downward risk to the economy that dampens credit demand from small- and medium-sized enterprises
- excess liquidity that squeezes bank NIMs
- a banking market struggling with too many banks, highly homogeneous products and fierce price competition
- relatively small-scale operations of local banks compared to those of global counterparts
- competitive pressure heightened by the entry of Chinese banks
- increased volatility in financial markets caused by concerns about the U.S. Fed's exit from its Quantitative Easing program

Responsive Measures

To counter the adverse factors described above, we will:

- focus on the SME sector and enhance profitability of the bank's core businesses of lending, foreign exchange and wealth management;
- drive collaboration across geographies, segments and products to increase product up-sale and deepen client relationships;
- enhance business connectivity and drive collaboration within the Asia-Pacific branch network in order to become a regional bank;

- develop a diverse array of electronic payment solutions and devices to capture e-commerce opportunities;
- improve capital adequacy, strengthen risk management and build stronger capability to defend against risk; and
- build an international talent pool to secure the mid- and long-term human resource availability required by the organization.

Business Plans for 2014

Our annual business plan sets out the activities that we intend to carry out during the year. In 2014, we will:

Corporate banking and Internet banking

- generate potential business leads by networking across markets and capture syndicated loan opportunities that arise in Taiwan, Hong Kong and China;
- develop loan programs that reflect the unique dynamics of the local banking sector and deepen relationships with the parent companies of corporate clients;
- enhance business referral networks and share client profiles throughout the organization;
- optimize the use of capital in loan underwriting and enhance returns on risk assets;
- enhance online banking services offered for accounts held at overseas branches and improve capabilities in global funds management, online personal banking and mobile banking;
- drive innovations in online payment solutions such as cross-border e-payment, third-party online payment service (along with the offering of stored value accounts), mobile payment and credit cards that can be accepted in both Taiwan and China;
- upgrade the CRM system and develop an interactive marketing strategy;
- improve the system for ensuring the security of Internet banking and compliance with communications protocols governing financial transactions over the Net;

International Business

- continue to focus on trade finance, cross-border RMB financial transactions and trade settlements, forex swap and interbank cash management service;
- drive cross-unit, cross-border collaboration to promote cross-border financial services and to market forex deposit products as instruments for portfolio investments;
- reach to new client segments and increase wallet share through retaining customers, acquiring new ones, deepening penetration of forex products and integrating client data within the organization;
- solidify presence in the Asia-Pacific market and build an extensive business network;
- expand the scope of business for overseas branches to boost profitability;

- enhance systems for information technology and Internet banking of overseas branches;
- strengthen internal control and compliance functions of overseas branches to avoid potential risks;

Treasury and Financial Markets

- build decision-making processes for determining long position entry points and strategies for trading forex and interest-rate products;
- increase investment in bonds denominated in foreign currencies and structure high-return investment portfolios in a way that maximizes total net gains from financial instruments;
- adjust derivatives trading strategies to reduce the risk of adverse price movements in derivative assets and to allow for profitable arbitrage;
- achieve higher returns on stocks by aligning investment decisions with changes in industries and companies;
- support the growth of RMB business through quoting RMB exchange rates more flexibly, driving currency and interest-rate trading volumes and setting schedules for Formosa bonds to issue at the most opportune time;
- promote publicly-offered forex-linked structured products to increase exposure to retail investors;
- enlist the collaboration of corporate banking, forex and personal banking units to promote derivatives products;
- enlarge the bank's marketing team to secure more sales visits to prospective clients and to increase the chance for sales success;
- enhance the capabilities and efficiencies of trading systems to streamline operational processes and to accelerate new product development;

Personal Banking

- reposition the product offerings for consumer finance and highlight the appeal of attractive returns in pitching and marketing products to customers;
- make sales and marketing the responsibility of every employee, not just the sales representatives, to produce higher levels of revenue and profit;
- increase fee income from sales of mutual funds through a stricter control of fee reductions for investors and revenue-sharing payments to fund distribution partners;
- promote trust products tailored to meet individual needs and respond to changing trends in financial markets;
- adjust mortgage pricing in a timely manner to reflect the cost of capital;
- implement integrated marketing programs for mortgage life insurance and homeowners insurance to generate consumer banking fees;
- grow the bank's current deposit base and improve the deposit structure through integrating and expanding payment services; and
- launch unique and innovative products such as mobile credit card processing to gain wallet share and to increase commissions charged on customers.

Corporate Governance

Item	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
A. Ownership Structure and Shareholders' Equity		
1. The handling of shareholders' suggestions and disputes 2. Updating the details of major shareholders of controlling stake in the bank 3. Risk assessment and firewalls established against the operations with the affiliates	1. The Bank's sole shareholder is First Financial Holding Co., Ltd.; communication channels are open. 2. The Bank is owned by a single shareholder, and the structure is quite simple. 3. The subject matters are governed by the "Rule for Personnel, Information and Business Exchanges between First Commercial Bank and its Investee Companies".	no deficiency no deficiency no deficiency
B. Organization and Responsibilities of the Board of Directors		
1. Establishing independent director(s) 2. Evaluating the independence of the CPAs periodically	1. The Bank has set up three independent directors, one of which is designated as independent managing director. 2. When the Bank employs CPAs to audit financial condition and tax filing each year, it will seek independent statement from the auditor and submits the commissioning of the auditor to the Board of Directors for approval.	no deficiency no deficiency
C. Communications with Interested Parties		
	1. To protect the interests of customers, the Bank has established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank" and "Financial Consumer Protection Policy and Regulations for First Commercial Bank" and has set up a customer feedback hotline and external website, providing for open communication with the interested parties. 2. The Bank's internal website contains a discussion forum and bank-wide videoconferences are held regularly, providing for open communication with employees.	no deficiency no deficiency

Item	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
D. Disclosure of Information		
1. Setting up a website	1. Annual Report, major financial statements and corporate governance are publicized on the Bank's website.	no deficiency
2. Use of other methods	2. The Bank has set up an English website, where Annual Report and monthly financial information, etc. are available. A spokesperson system has also been established; Mr. Hann-Chyi Lin, EVP is appointed spokesperson.	no deficiency
E. Operation Status of the Nomination or Remuneration Committee or other Functional Committees	None	subject to the implementation of relevant laws and regulations.

F. Description of the Bank's Corporate Governance (including its deficiency with the Corporate Governance Best-Practice Principles for Banks, and the reasons):
All are disclosed as above.

G. Other Information:

- Continuing education of directors and supervisors:
  In addition to offering opportunities of advanced education in accordance with the individual wishes of directors and supervisors, the Bank also provides the relevant information of continuing education programs for their reference.
- Attendance of directors and supervisors at the Board meetings:
  They prepared well to attend the meetings, and provided sufficient and valuable opinions at appropriate times.
- Abstaining from the meetings involving director’s or supervisor’s own interest:
  They exercised a high degree of self-discipline to withdraw from the proposal discussion, in order to avoid the conflict of interest as regulated by the “Guideline for the Board of Directors Meetings of First Commercial Bank”.
- Risk control policy and implementation:
  The Bank has established a risk management policy and set up a mechanism for risk identification, risk assessment, risk oversight and risk control via a management system with an integrated framework. The Risk Management Committee is in charge of risk review, risk oversight and coordination of all risk related business activities. The primary goal of a consolidated risk management system, adopting a risk-centric approach business operating policy, is to achieve business targets in order to maximize shareholder returns.
- Consumer-protection policy:
  The Bank has set up the “Consumer Protection Principles and Implementation Guidelines for First Commercial Bank” and "Financial Consumer Protection Policy and Regulations for First Commercial Bank" to assure that consumer interests are protected.
- Liability insurance for directors and supervisors:
  In line with First Financial Holding Company’s policy, the Bank purchased directors and supervisors insurance to reduce or eliminate risks from damages to the Bank and its shareholders as a result of wrongful or negligent acts committed within the scope of duty by directors and supervisors.
- Donations to political parties, related parties and non-profit organizations:
  In addition to donating to The First Education Foundation, a related party to the Bank, to support its philanthropic and human arts causes, the Bank practiced corporate citizenship by actively promoting educational and social well-fare programs such as donating funds and goods to children’s homes, elementary schools and the disadvantaged groups.

Risk Management Overview

Risk Governance

The Bank's risk management program is established based on its risk management strategy and business operating objectives as approved by the Board of Directors, and in accordance with the "Risk Management Policies and Guiding Principles for the First Financial Holding Company and its Subsidiaries", Basel rules, and the relevant regulations of the competent authorities of Taiwan. The Policy is to be timely adjusted in response to economic change and industry cycle, and in view of the Bank's loan portfolio, asset quality and its business promotion strategy, etc. by the governed laws; and its adjustment has to be approved by the Board of Directors or reported to the top executives for approval.

Organization and Structure

The Board of Directors is the highest level of risk management oversight.

The Risk Management Committee is in charge of risk review, risk oversight, reporting and coordination of all risk related business activities.

The Top Executives oversee the implementation of the risk management program as approved by the Board of Directors.

The Risk Management Center consists of four Divisions and four Regional Centers and is responsible for the assessment and monitoring of credit risk, market risk, operational risk and integrated risk.

A centralized management framework in relation to ***operational risk*** is employed with three lines of defense, each with its defined authority and reporting threshold:

- Units bank-wide: All units should conduct regular control of business activities and carry out operational risk management within the scope of their respective duties and responsibilities.
- Risk Management Division: This Division is responsible for establishing the Bank's risk management system, planning of management tools and procedures, and implementation of exposure monitoring and reporting bank-wide.
- Auditing Division: This Division, independent of business units, is responsible for auditing and assessing whether the management framework is operating effectively.

Credit Risk

Process

- In order to comply with the new Basel Accord and establish applicable appraisal standards, various internal and external modeling techniques for the rating of credit risk are gradually developed and further introduced to the processes of credit analysis and loans review, as well as linked with warning mechanism employed for the post-credit control, so as to establish a complete credit risk management process.
- The credit limits for the conglomerate, business type, country and stocks listed on TSE or OTC etc. have been prescribed so as to control loans concentration risk.
- To operate effectively on the process of risk management, the Bank sets up related internal auditing and control system.

Risk Reporting and Assessment

- Risk Management Report: To avoid the excessive concentration of credit risk and monitor the changes in credit rating of the loan assets, the Bank conforms to the limits for "one person", "a related person" and "a related enterprise". In addition, the credit risk analysis reports including credit rating, asset quality, NPL ratio and credit concentration etc. are submitted to the Risk Management Committee or the Board of Directors for their reviews periodically.
- Measurement system: We developed the risk modules to evaluate the risk of borrowers on the products of corporate banking, credit loans and mortgages, which are further put into system to perform stress test in order to quantify credit risk within the Bank's risk tolerance.

Risk Hedging

- Periodic monitoring and reporting of concentration risk by group, business type, country and stocks listed on TSE or OTC. According to the market conditions, the complexity of businesses and risk management strategies, we evaluate and adjust the risk limits.
- According to borrower's credit or the type of credit limit to request proper collateral or guarantee in order to lower credit risk.

The methodology for calculating capital requirements: standardized approach.

The Credit Exposures after Risk Mitigation and Minimum Capital Requirements by the Standardized Approach as of December 31, 2013 (in NT$,000)

Type of risk	Credit exposures after risk mitigation	Minimum capital requirements
Sovereigns	417,239,735	107,570
Non-central government public sector entities	2,682,981	43,808
Banks (including multilateral development banks)	187,090,441	5,106,516
Corporates (including securities firms and insurance co.)	815,095,438	60,821,366
Regulatory retail portfolios	218,380,222	12,359,932
Residential property	400,805,655	19,816,150
Equity investments	4,942,340	1,563,255
Other assets	58,731,563	3,268,205
Total	2,104,968,375	103,086,802

Market Risk

Strategy

Under the market risk appetite approved by the Board of Directors, the Bank sets risk limits and management, scheduled reporting process, the internal auditing system, independent monitoring and management units, and high-level committee organizations.

Process

- Appropriate market risk management indexes and quotas are established and updated on a scheduled basis in response to changes and trends in the market.
- Risk management methods are established for different areas of business, and the recognition, measurement, monitoring, control, and reporting of market risk are included within the rules of operating procedure.
- Market risk management department reports the current status and results of market risk management to the Board of Directors or the top executives on a scheduled basis.

Risk Reporting and Assessment

- Assets and derivative products on or off the balance sheet are at risk of potential losses caused by unfavorable changes in market prices. The "market price" referred to encompasses interest rate, equity, foreign exchange rate, and commodity price, etc.
- The Bank makes its investment portfolios based on risk factors.
- The risk-measuring tools of VaR and Greek are employed to evaluate risk exposure.
- The market risk reports will themselves present the extent of risk exposure, and be used as references by the management executives to timely adjust the risk control policy.

Risk Hedging

The trading positions of financial products dealt with customers will be properly hedged or squared, and some will be held as risk assets within adequate risk tolerance. The hedging financial derivatives primarily encompass interest rate swaps, cross-currency swaps, interest rate swap options, and interest caps or floors, etc. The Bank has engaged in interest rate swaps to mitigate the fair value risk of fixed-rate loan assets held by overseas branches.

The methodology for calaulating capital requirements: standardized approach.

The Minimum Capital Requirements for Market Risk as of December 31, 2013

Item	Minimum capital requirements (in NT$,000)
Standardized approach	
Interest rate risk	952,212
Foreign exchange risk	961,675
Equity position risk	910,532
Commodities risk	0
Internal model approach	-
Total	2,824,419

Operational Risk

Strategy

- A "risk appetite" instruction manual has been compiled to serve as a basis for the establishment of the Bank's risk control mechanism.
- Employees at different levels are directly charged with the management of risk within their own scope of responsibility, and are required to observe the internal control and auditing systems together with related rules.

Process

Methods of management are differentiated as risk recognition, assessment, monitoring, reporting, and countermeasures, and are exercised in line with the introduction of management tools such as Loss Data Collection (LDC), Risk and Control Self-Assessment (RCSA), Control Self-Assessment (CSA) and Key Risk Indicators (KRI).

Risk Reporting and Assessment

- Standardized operating methods are used for risk recognition and assessment so that managers would be able to observe the risk profile and constantly monitor potential risks.
- The headquarter's risk management unit discloses the status of bank-wide exposure monitoring on a regular basis, compiles bank-wide operational risk data, and reports to the top executives, the Risk Management Committee, and the Board of Directors.
- If a unit discovers a major risk exposure that threatens the Bank's financial or business situation, it must report immediately to the Auditing Division and the business management unit, and risk management unit involved must report to the chief auditor and the top executives. Should the incident induces disciplinary action by regulatory agencies, a report must also be submitted to the compliance unit.

Risk Hedging

- The primary method employed to transfer or mitigate the operational risk is insurance. To ensure the continuous implementation of those methods, RCSA and CSA are regularly conducted.
- To reduce the risk of potential losses from a stoppage of operations caused by fire, explosion, typhoon, earthquake, robbery, bank-run, labor strike, or other major incidents, the Bank has established the contingency and business non-interruption guidelines including the rules for implementation.

The methodology for calculating capital requirements: standardized approach.

The Minimum Capital Requirements for Operational Risk as of December 31, 2013

Year	Operating profit	Minimum capital requirements (in NT$,000)
2013	33,278,231	
2012	31,156,579	-
2011	29,344,883	
Total	93,779,693	4,580,257

Asset Securitization Risk

Strategy and Process

The Bank currently holds all of its securitized products as a non-originating bank, employing strategy and process the same as those for market risk management.

Risk Reporting and Assessment

- The Bank's securitization investment positions are all allocated to the banking book. Risk assessment and reporting are in accordance with the Bank's internal regulations.
- The Bank emphasizes the credit ratings and changes in market prices of the invested instruments. The results of related evaluations are reported regularly to the business management unit and top executives. Since the proportion of this investment is small, the same assessment system is employed without sepcific variations.

Risk Hedging

- The Bank's hedging policy for securitized products is the same as that for market risk.

The methodology for calculating capital requirements: standardized approach.

The Securitization Risk Exposures and Minimum Capital Requirements as of December 31, 2013

(in NT$,000)

Type	Purchased or Held Securitized Products Exposure	Minimum capital requirements
Banking book		
Agency Mortgages	617,945	9,887
Trading book	-	-
Total	617,945	9,887

Information on Securitized Products as of December 31, 2013 (in NT$,000)

Items	Accounting category	Original cost	Gain/ Loss of accumulated valuation	Accumulated impairment	Book value
CDO	Held-to-maturity financial assets	-	-	-	-
CMO	Bond investments with no active market	9,674	-	-	9,674
	Held-to-maturity financial assets	607,946	-	-	608,008
REATs	Bond investments with no active market	-	-	-	-
	Held-to-maturity financial assets	-	-	-	-
CBO	Held-to-maturity financial assets	-	-	-	-
	Financial instruments for trading purpose	-	-	-	-

Corporate Responsibility and Ethical Behavior

The Bank has always endeavored to fulfill its social responsibility. In 2013, we continued to carry out public-benefit activities summarized below:

- Held "Celebrating the Dawn of the New Year" to promote tourism.
- Sponsored "2013 Taipei Lantern Festival" organized by the Taipei City Government and "2013 Taiwan Lantern Festival" organized by the HsinChu County Governmant.
- Made donation to "Financially-at-Ease Program" for NCKU students.
- Co-sponsored with Ministry of Finance to hold "Uniform Invoice Cup Race", originating a uniform invoice-donation activity for disadvantaged groups.
- Provided food and supplies to socially disadvantaged groups or residents in remote areas through 52 volunteering programs, benefiting as many as 4,028 people.
- Financially supported students listed by the Ministry of Education to be in desperate need of assistance through times of financial hardship in order to continue their education.
- Acted as a long-term funder of schools' athletic programs to develop table-tennis talents and sponsored two baseball leagues hosted by Chinese Professional Baseball League to improve Taiwan's competitiveness in the sport of baseball.

■ Environmental Sustainability

Took part in Earth Hour (March 23) and Earth Day (April 22) events by switching off lights for an hour to show our support of energy conservation and reduction of carbon footprint.

■ The First Education Foundation

The Foundation fostered the following public-benefit activities in 2013:

- Sponsored two elementary schools, and provided psychological counseling and after-school academic assistance for children in need.
- Three large concerts were held in Taipei, Taichung and Kaohsiung in March, June and September respectively.
- Invited music and dance groups made of patients and the physically challenged to perform at National Taiwan University Hospital, thus offering a creative outlet to patients and bringing to them the healing power of arts.
- Held arts exhibitions every month at the Headquarters to promote and integrate arts into everyday life, make the office space aesthetically pleasing and enrich service experience.

■ Safety and Health

- In an effort to raise awareness of safety and hygiene at work, we held educational programs regarding safety and health in the workplace regularly and provided active assistance to employees with occupational illness or injuries.
- To provide an ideal environment for customers and employees, we held carbon oxide and lighting tests in premises every six months, with all tests results meeting the safety standards.

■ Employee Ethical Behavior

To prevent employees from unethical behavior and doing harm to corporate image, we have not only strengthened employees ethical evaluation but have also established an abnormal behavior reporting and follow-up guidance management mechanism designed to manifest staff care management and understand their work, physical, mental, and financial status. Staff behavior is strictly regulated, and violations of moral rules are handled in accordance with the law.

Significant Financial Information - Consolidated

Condensed balance sheets (IFRS compliant)

NT$,000	**12.31.2013**	12.31.2012
Cash and cash equivalents, due from the Central Bank and call loans to banks	215,115,150	171,745,441
Financial assets at fair value through profit or loss	41,551,918	14,156,062
Available-for-sale financial assets, net	85,532,583	71,304,102
Derivative financial assets for hedging	-	-
Securities purchased under resell agreements	-	-
Receivables, net	59,683,527	55,943,016
Current tax assets	2,633,667	1,707,242
Assets classified as held for sale	-	-
Loan discounted, net	1,431,260,245	1,436,682,439
Held-to-maturity financial assets, net	304,110,961	278,537,163
Investments measured by equity method, net	856,625	749,202
Restricted assets	-	-
Other financial assets, net	28,242,811	5,136,855
Property and equipment, net	27,729,949	27,528,300
Investment property, net	5,848,151	5,491,850
Intangible assets, net	288,446	250,468
Deferred tax assets, net	1,604,808	1,586,546
Others assets, net	2,224,759	2,061,871
Total assets	**2,206,683,600**	**2,072,880,557**
Deposits from the Central Bank and banks	141,375,782	153,181,697
Due to the Central Bank and banks	69,243	78,151
Financial liabilities at fair value through profit or loss	14,906,202	21,767,918
Derivative financial liabilities for hedging	7,973	44,584
Notes and bonds issued under repurchase agreements	10,966,322	3,077,230
Payables	56,305,037	59,246,927
Current tax liabilities	2,422,777	1,077,212
Liabilities related to assets classified as held for sale	-	-
Deposits and remittances	1,734,623,649	1,623,901,270
Bank notes payable	42,700,000	42,700,000
Preferred stock liabilities	-	-
Other financial liabilities	57,020,964	29,681,472
Provisions	5,636,839	5,816,685
Deferred income tax liabilities	5,750,211	5,737,870
Other liabilities	3,310,974	3,160,260
Total liabilities	**2,075,095,973**	**1,949,471,276**
Equity attributable to owners of parent	**131,587,627**	**123,409,281**
Common stock	66,351,000	62,720,000
Capital surplus	19,669,729	19,669,729
Retained earnings	41,759,944	38,321,176
Other equity interest	3,806,954	2,698,376
Treasury shares	-	-
Non-controlling interests	-	-
Total equity	**131,587,627**	**123,409,281**
Total liabilities and equity	**2,206,683,600**	**2,072,880,557**

Condensed Statements of Income (IFRS compliant)

NT$,000	2013	2012
Interest incomes	37,465,086	36,223,389
Interest expenses	(11,994,966)	(11,537,353)
Net interest income	25,470,120	24,686,036
Net non-interest income	7,926,668	8,001,595
Net income	33,396,788	32,687,631
Bad debts expense and guarantee liability provision	(4,027,156)	(3,551,425)
Operating expenses	(16,680,386)	(16,805,389)
Income from continuing operations before income tax	12,689,246	12,330,817
Tax expense	(2,044,519)	(1,947,395)
Income from continuing operations, net of tax	10,644,727	10,383,422
Income from discontinued operations	-	-
Profit	10,644,727	10,383,422
Other comprehensive income, net of tax	1,165,003	(391,472)
Total comprehensive income	11,809,730	9,991,950
Profit, attributable to owners of parent	10,644,727	10,383,422
Profit, attributable to non-controlling interests	0	0
Comprehensive income attributable to owners of parent	11,809,730	9,991,950
Comprehensive income attributable to non-controlling interests	0	0
Earnings per share (In NT dollars) Basic and diluted earnings per share	1.60	1.56

Financial Ratios (IFRS compliant)

(%)	2013	2012
Financial structure		
Debt ratio (total liabilities to total assets)	94.04	94.05
Fixed assets to net worth	21.07	22.31
Solvency		
Liquidity reserve ratio	24.81	20.54
Operating performance		
Loans to deposits	83.65	89.61
NPL ratio	0.47	0.44
Total assets turnover (times)	0.02	0.02
Profitability		
ROA (net income to average total assets)	0.50	0.50
ROE (net income to average shareholders' equity)	8.35	8.69
Profit margin ratio	31.87	31.77
Cash flows		
Cash flow adequacy ratio	426.82	-223.81
Capital adequacy		
Capital adequacy ratio	11.08	11.65
Tier-one capital ratio	8.36	8.45

Condensed Balance Sheets (ROC GAAP compliant)

NT$,000	**12.31.2012**	12.31.2011	12.31.2010	12.31.2009
Cash and cash equivalents, due from the Central Bank and other banks	171,726,342	173,093,060	138,611,825	228,850,269
Financial assets at fair value through profit or loss	15,326,525	15,268,103	21,363,219	29,753,351
Receivables	52,169,005	56,219,293	61,210,755	41,737,577
Bills discounted and loans (remittance purchased)	1,437,982,862	1,357,301,432	1,258,380,906	1,106,878,896
Available-for-sale financial assets	71,300,737	71,540,498	77,186,402	65,447,114
Held-to-maturity financial assets	280,537,163	322,672,462	406,243,640	419,514,398
Equity investments accounted for under the equity method	1,514,916	1,412,939	755,434	749,359
Other financial assets	3,136,855	3,532,255	3,965,001	5,207,910
Property, plant and equipment	26,357,243	25,555,403	22,873,725	22,833,502
Intangible assets	248,969	159,236	234,205	329,609
Others assets	9,446,953	8,679,202	11,541,168	12,592,900
Total assets	**2,069,747,570**	**2,035,433,883**	**2,002,366,280**	**1,933,894,885**
Due to the Central Bank and other banks	153,181,697	152,998,908	140,863,295	170,750,184
Financial liabilities at fair value through profit or loss	22,795,703	25,662,026	47,947,887	54,597,376
Bills and bonds payable under repurchase agreements	3,077,230	9,479,214	7,250,102	9,682,738
Payables	60,455,293	59,537,510	60,777,595	54,132,938
Deposits and remittances	1,624,164,465	1,614,392,498	1,617,793,482	1,531,486,905
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151	27,779,073	21,501,683	13,472,296
Accrued pension liabilities	2,933,778	2,553,681	1,869,143	1,803,944
Other financial liabilities	26,536,790	17,946,078	352,543	485,858
Other liabilities	8,618,121	8,396,273	8,149,353	7,569,757
Total liabilities	**1,944,541,228**	**1,918,745,261**	**1,906,505,083**	**1,843,981,996**
Common stock	62,720,000	58,700,000	49,490,000	49,490,000
Additional paid-in capital	19,669,729	19,669,729	10,460,326	10,460,326
Retained earnings	34,540,222	30,197,856	25,844,290	20,942,847
Unrealized revaluation increments	7,205,596	6,750,704	4,998,561	5,059,317
Unrealized gains / losses on financial instruments	3,650,093	2,917,126	6,595,295	3,897,639
Cumulative translation adjustments	(1,805,998)	(854,281)	(1,475,364)	62,760
Unrecognized pension costs	(773,300)	(692,512)	(51,911)	-
Total stockholders' equity	**125,206,342**	**116,688,622**	**95,861,197**	**89,912,889**
Total liabilities and stockholders' equity	**2,069,747,570**	**2,035,433,883**	**2,002,366,280**	**1,933,894,885**

Condensed Statements of Income (ROC GAAP compliant)

NT$,000	2012	2011	2010	2009
Net interest income	23,442,658	21,219,022	18,671,997	16,403,984
Net non-interest income	10,660,911	10,059,175	9,548,805	10,436,621
Provision for credit losses	(5,889,866)	(5,346,832)	(5,491,496)	(10,758,790)
Operating expenses	(15,957,461)	(15,713,130)	(14,449,258)	(14,058,432)
Income from continuing operations before income tax	12,256,242	10,218,235	8,280,048	2,023,383
Income from continuing operations after income tax	10,374,835	8,624,869	6,339,004	2,053,658
Cumulative effect of a change in accounting principle	-	-	-	-
Net income	10,374,835	8,624,869	6,339,004	2,053,658
Earnings per share ($)	1.56	1.39	1.05	0.34

Financial Ratios (ROC GAAP compliant)

(%)	2012	2011	2010	2009
Financial structure				
Debt ratio (total liabilities to total assets)	93.95	94.27	95.21	95.35
Fixed assets to net worth	21.05	21.90	23.86	25.40
Solvency				
Liquidity reserve ratio	20.54	22.51	32.52	36.57
Operating performance				
Loans to deposits	89.67	85.05	78.61	73.21
NPL ratio	0.44	0.47	0.84	1.32
Total assets turnover (times)	0.02	0.02	0.01	0.01
Profitability				
ROA (net income to average total assets)	0.51	0.43	0.32	0.11
ROE (net income to average shareholders' equity)	8.58	8.12	6.82	2.29
Profit margin ratio	30.42	27.57	22.46	7.65
Cash flows				
Cash flow adequacy ratio	259.32	148.54	128.65	116.53
Capital adequacy				
Capital adequacy ratio	11.65	11.09	10.53	-
Tier-one capital ratio	8.45	8.34	7.09	-

Significant Financial Information - Standalone

Condensed balance sheets (IFRS compliant)

NT$,000	12.31.2013	12.31.2012
Cash and cash equivalents, due from the Central Bank and call loans to banks	211,378,183	170,387,503
Financial assets at fair value through profit or loss	41,551,918	14,156,062
Available-for-sale financial assets, net	85,244,237	70,435,968
Derivative financial assets for hedging	-	-
Securities purchased under resell agreements	-	-
Receivables, net	54,367,660	50,926,915
Current tax assets	2,633,664	1,638,521
Assets classified as held for sale	-	-
Loan discounted, net	1,422,151,000	1,429,197,217
Held-to-maturity financial assets, net	304,053,858	276,126,146
Investments measured by equity method, net	4,560,836	4,361,449
Restricted assets	-	-
Other financial assets, net	28,230,177	5,124,537
Property and equipment, net	27,709,269	27,503,679
Investment property, net	5,848,151	5,491,850
Intangible assets, net	286,389	247,655
Deferred tax assets, net	1,384,874	1,391,563
Others assets, net	1,059,493	1,150,838
Total assets	**2,190,459,709**	**2,058,139,903**
Deposits from the Central Bank and banks	141,376,177	153,182,097
Due to the Central Bank and banks	69,243	78,151
Financial liabilities at fair value through profit or loss	14,906,202	21,767,918
Derivative financial liabilities for hedging	7,973	44,584
Notes and bonds issued under repurchase agreements	10,966,322	3,077,230
Payables	56,180,601	59,083,560
Current tax liabilities	2,419,451	1,058,159
Liabilities related to assets classified as held for sale	-	-
Deposits and remittances	1,723,640,108	1,613,307,734
Bank notes payable	42,700,000	42,700,000
Preferred stock liabilities	-	-
Other financial liabilities	52,821,627	26,492,206
Provisions	5,631,201	5,814,944
Deferred income tax liabilities	5,713,261	5,713,261
Other liabilities	2,439,916	2,410,778
Total liabilities	**2,058,872,082**	**1,934,730,622**
Equity attributable to owners of parent	**131,587,627**	**123,409,281**
Common stock	66,351,000	62,720,000
Capital surplus	19,669,729	19,669,729
Retained earnings	41,759,944	38,321,176
Other equity interest	3,806,954	2,698,376
Treasury shares	-	-
Non-controlling interests	-	-
Total equity	**131,587,627**	**123,409,281**
Total liabilities and equity	**2,190,459,709**	**2,058,139,903**

Condensed Statements of Income (IFRS compliant)

NT$,000	2013	2012
Interest incomes	36,776,302	35,463,166
Interest expenses	(11,910,850)	(11,437,668)
Net interest income	24,865,452	24,025,498
Net non-interest income	7,911,031	7,997,135
Net income	32,776,483	32,022,633
Bad debts expense and guarantee liability provision	(3,922,121)	(3,393,466)
Operating expenses	(16,269,940)	(16,408,555)
Income from continuing operations before income tax	12,584,422	12,220,612
Tax expense	(1,939,695)	(1,837,190)
Income from continuing operations, net of tax	10,644,727	10,383,422
Income from discontinued operations	-	-
Profit	10,644,727	10,383,422
Other comprehensive income, net of tax	1,165,003	(391,472)
Total comprehensive income	11,809,730	9,991,950
Profit, attributable to owners of parent	10,644,727	10,383,422
Profit, attributable to non-controlling interests	-	-
Comprehensive income attributable to owners of parent	11,809,730	9,991,950
Comprehensive income attributable to non-controlling interests	-	-
Earnings per share (In NT dollars) Basic and diluted earnings per share	1.60	1.56

Financial Ratios (IFRS compliant)

(%)	2013	2012
Financial structure		
Debt ratio (total liabilities to total assets)	93.99	94.00
Fixed assets to net worth	21.06	22.29
Solvency		
Liquidity reserve ratio	24.81	20.54
Operating performance		
Loans to deposits	83.64	89.72
NPL ratio	0.47	0.44
Total assets turnover (times)	0.02	0.02
Profitability		
ROA (net income to average total assets)	0.50	0.51
ROE (net income to average shareholders' equity)	8.35	8.69
Profit margin ratio	32.48	32.43
Cash flows		
Cash flow adequacy ratio	407.30	-171.73
Capital adequacy		
Capital adequacy ratio	10.90	11.51
Tier-one capital ratio	8.31	8.41
Market share		
Assets	5.61	5.68
Net worth	5.05	5.21
Deposits	5.62	5.60
Loans	6.08	6.44

Condensed Balance Sheets (ROC GAAP compliant)

NT$,000	12.31.2012	12.31.2011	12.31.2010	12.31.2009
Cash and cash equivalents, due from the Central Bank and other banks	170,387,503	170,072,724	136,398,135	226,050,552
Financial assets at fair value through profit or loss	15,326,525	15,268,103	21,363,219	29,753,351
Receivables	52,152,616	56,174,591	61,169,374	41,699,328
Bills discounted and loans (remittance purchased)	1,429,197,217	1,346,878,428	1,248,381,359	1,096,010,284
Available-for-sale financial assets	70,435,968	70,812,945	76,590,226	64,995,772
Held-to-maturity financial assets	278,126,146	322,633,882	406,186,980	419,430,881
Equity investments accounted for under the equity method	4,361,449	4,298,225	3,466,037	2,305,287
Other financial assets	3,124,537	3,532,255	3,965,001	5,207,910
Property, plant and equipment	26,336,701	25,528,901	22,842,268	22,793,664
Intangible assets	247,655	158,941	233,654	328,778
Others assets	9,177,925	8,408,109	11,201,573	12,362,613
Total assets	**2,058,874,242**	**2,023,767,104**	**1,991,797,826**	**1,920,938,420**
Due to the Central Bank and other banks	153,182,097	152,999,324	140,889,666	169,399,153
Financial liabilities at fair value through profit or loss	22,795,703	25,662,026	47,947,887	54,597,376
Bills and bonds payable under repurchase agreements	3,077,230	9,479,214	7,250,102	9,682,738
Payables	60,444,047	59,509,109	60,730,985	54,072,951
Deposits and remittances	1,613,307,734	1,602,756,237	1,582,852,202	1,519,948,686
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151	27,779,073	21,501,683	13,472,296
Accrued pension liabilities	2,933,778	2,553,681	1,869,143	1,803,944
Other financial liabilities	26,536,790	17,946,078	24,748,143	485,858
Other liabilities	8,612,370	8,393,740	8,146,818	7,562,529
Total liabilities	**1,933,667,900**	**1,907,078,482**	**1,895,936,629**	**1,831,025,531**
Common stock	62,720,000	58,700,000	49,490,000	49,490,000
Additional paid-in capital	19,669,729	19,669,729	10,460,326	10,460,326
Retained earnings	34,540,222	30,197,856	25,844,290	20,942,847
Unrealized revaluation increments	7,205,596	6,750,704	4,998,561	5,059,317
Unrealized gains / losses on financial instruments	3,650,093	2,917,126	6,595,295	3,897,639
Cumulative translation adjustments	(1,805,998)	(854,281)	(1,475,364)	62,760
Unrecognized pension costs	(773,300)	(692,512)	(51,911)	-
Total stockholders' equity	**125,206,342**	**116,688,622**	**95,861,197**	**89,912,889**
Total liabilities and stockholders' equity	**2,058,874,242**	**2,023,767,104**	**1,991,797,826**	**1,920,938,420**

Condensed Statements of Income (ROC GAAP compliant)

NT$,000	2012	2011	2010	2009
Net interest income	23,002,580	20,761,208	18,179,188	16,010,760
Net non-interest income	10,728,485	10,162,610	9,649,968	10,431,915
Provision for credit losses	(5,808,989)	(5,300,612)	(5,428,680)	(10,620,806)
Operating expenses	(15,730,198)	(15,481,686)	(14,199,729)	(13,806,639)
Income from continuing operations before income tax	12,191,878	10,141,520	8,200,747	2,015,230
Income from continuing operations after income tax	10,374,835	8,624,869	6,339,004	2,053,658
Cumulative effect of a change in accounting principle	-	-	-	-
Net income	10,374,835	8,624,869	6,339,004	2,053,658
Earnings per share ($)	1.56	1.39	1.05	0.34

Financial Ratios (ROC GAAP compliant)

(%)	2012	2011	2010	2009
Financial structure				
Debt ratio (total liabilities to total assets)	93.92	94.23	95.19	95.32
Fixed assets to net worth	21.03	21.88	23.83	25.35
Solvency				
Liquidity reserve ratio	20.54	22.51	32.52	36.57
Operating performance				
Loans to deposits	89.72	84.04	78.87	72.11
NPL ratio	0.44	0.47	0.84	1.32
Total assets turnover (times)	0.02	0.02	0.01	0.01
Profitability				
ROA (net income to average total assets)	0.51	0.43	0.32	0.11
ROE (net income to average shareholders' equity)	8.58	8.12	6.82	2.29
Profit margin ratio	30.76	27.89	22.78	7.77
Cash flows				
Cash flow adequacy ratio	328.71	257.61	308.58	353.44
Capital adequacy				
Capital adequacy ratio	11.51	10.94	10.36	11.01
Tier-one capital ratio	8.41	8.28	7.00	7.45
Market share				
Assets	5.68	5.85	6.08	6.25
Net worth	5.21	5.34	4.59	4.64
Deposits	5.60	5.81	6.06	6.16
Loans	6.44	6.32	6.29	5.94

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(102) PWCR13000368

Report of Independent Accountants

To: the Board of Directors and stockholders of First Commercial Bank

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

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

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

We have also audited the financial statements of First Commercial Bank, Ltd. as of and for the years December 31, 2013 and 2012, and have expressed an unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

February 27, 2014

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and of cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

Consolidated Balance Sheets

as of December 31, 2013 and 2012 and January 1, 2012

NT$,000	Note	Dec. 31. 2013	Dec. 31. 2012	Jan. 1. 2012
Assets				
Cash and cash equivalents	6(1) and13	$ 52,528,179	$ 50,583,492	$ 44,498,437
Due from the Central Bank and call loans to banks	6(2) and13	162,586,971	121,161,949	128,604,929
Financial assets at fair value through profit or loss	6(3) and13	41,551,918	14,156,062	15,358,186
Receivables, net	6(4) and13	59,683,527	55,943,016	59,062,523
Current tax assets	13	2,633,667	1,707,242	1,897,768
Loan discounted, net	6(5)(15) and 13	1,431,260,245	1,436,682,439	1,356,522,223
Available-for-sale financial assets, net	6(6) and 14	85,532,583	71,304,102	71,540,498
Held-to-maturity financial assets, net	6(7) and 14	304,110,961	278,537,163	320,672,462
Investments accounted for using equity method, net	6(8)	856,625	749,202	736,578
Other financial assets, net	6(9)	28,242,811	5,136,855	5,532,255
Property and equipment, net	6(11)	27,729,949	27,528,300	27,237,215
Investment property, net	6(10)	5,848,151	5,491,850	5,491,399
Intangible assets, net		288,446	250,468	161,130
Deferred income tax assets, net	6(35)	1,604,808	1,586,546	1,614,175
Other assets - net	6(12) and 14	2,224,759	2,061,871	1,939,167
Total assets		$ 2,206,683,600	$ 2,072,880,557	$ 2,040,868,945
Liabilities and Equity				
Liabilities				
Deposits from the Central Bank and banks	6(13) and 13	$ 141,375,782	$ 153,181,697	$ 152,998,908
Due to the Central Bank and banks		69,243	78,151	79,073
Financial liabilities at fair value through profit or loss	6(14) and 13	14,906,202	21,767,918	25,903,133
Derivative financial liabilities for hedging	6(15)	7,973	44,584	110,978
Notes and bonds issued under repurchase agreements	6(16)	10,966,322	3,077,230	9,479,214
Payables	6(17)	56,305,037	59,246,927	58,955,795
Current tax liabilities	13	2,422,777	1,077,212	515,659
Deposits and remittances	6(18) and 13	1,734,623,649	1,623,901,270	1,614,153,124
Bank notes payable	6(19)	42,700,000	42,700,000	27,700,000
Other financial liabilities	6(21)	57,020,964	29,681,472	21,364,150
Provisions	6(20)	5,636,839	5,816,685	5,407,477
Deferred tax liabilities	6(35)	5,750,211	5,737,870	5,757,795
Other liabilities	6(22)	3,310,974	3,160,260	3,013,839
Total liabilities		**2,075,095,973**	**1,949,471,276**	**1,925,439,145**
Equity				
Common stock	6(23)	66,351,000	62,720,000	58,700,000
Capital surplus	6(23)	19,669,729	19,669,729	19,669,729
Retained earnings				
Legal reserve	6(23)	23,846,074	20,733,624	18,146,163
Special reserve	6(23)	4,077,121	4,077,121	4,111,089
Unappropriated earnings	6(24)	13,836,749	13,510,431	11,885,693
Other equity interest	6(25)	3,806,954	2,698,376	2,917,126
Total equity		**131,587,627**	**123,409,281**	**115,429,800**
Total liabilities and equity		**$ 2,206,683,600**	**$ 2,072,880,557**	**$ 2,040,868,945**

*NT$29.78:US$1.00

Consolidated Statements of Comprehensive Income

for the years ended December 31, 2013 and 2012

NT$,000	Note	2013	2012
Interest income		$ 37,465,086	$ 36,223,389
Less: Interest expense		(11,994,966)	(11,537,353)
Net interest income	6(26)	25,470,120	24,686,036
Net non-interest income			
Net service fee income	6(27)	5,664,657	5,199,539
Gains on financial assets or liabilities measured at fair value through profit or loss	6(28)	636,805	1,166,504
Realized gains on available-for-sale financial assets	6(29)	188,557	264,290
Reversal of impairment loss on assets	6(30)	882	(9,010)
Share of profit of associates and joint ventures accounted for using equity method	6(8)	69,331	35,375
Foreign exchange gains		1,311,460	715,693
Net other non-interest income		54,976	629,204
Net income		33,396,788	32,687,631
Bad debt expenses and guarantee liability provisions		(4,027,156)	(3,551,425)
Operating expenses			
Employee benefits expenses	6(32)	(11,405,017)	(11,546,411)
Depreciation and amortization expenses	6(33)	(779,939)	(755,363)
Other general and administrative expenses	6(34)	(4,495,430)	(4,503,615)
Income from continuing operations before income tax		12,689,246	12,330,817
Tax expense	6(35)	(2,044,519)	(1,947,395)
Profit		$ 10,644,727	$ 10,383,422
Other comprehensive income			
Exchange differences on translation		698,261	(928,967)
Unrealized gain on valuation of available-for-sale financial assets		391,120	732,967
Share of other comprehensive income of associates and joint ventures accounted for using equity method		19,197	(22,750)
Actuarial gain (loss) on defined benefit plans		67,982	(208,099)
Income tax related to components of other comprehensive income		(11,557)	35,377
Other comprehensive income, net of tax		1,165,003	(391,472)
Total comprehensive income		$ 11,809,730	$ 9,991,950
Profit, attributable to owners of parent		$ 10,644,727	$ 10,383,422
Comprehensive income, attributable to owners of parent		$ 11,809,730	$ 9,991,950
Earnings per share (In NT dollars) Basic and diluted earnings per share	6(36)	$ 1.60	$ 1.56

Consolidated Statements of Changes in Equity

for the years ended December 31, 2013 and 2012

	Equity attributable to owners of the parent							
			Retained Earnings			Other Equity		
NT$,000	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gains or losses on available-for-sale financial assets	Total
For the year ended Dec. 31, 2012								
Balance at January 1, 2012	$58,700,000	$19,669,729	$18,146,163	$4,111,089	$11,885,693	$ -	$2,917,126	$115,429,800
Earnings distribution for 2011								
Legal reserve	-	-	2,587,461	-	(2,587,461)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(2,012,469)	-	-	(2,012,469)
Stock dividends of ordinary shares	4,020,000	-	-	-	(4,020,000)	-	-	-
Net income for 2012	-	-	-	-	10,383,422	-	-	10,383,422
Other comprehensive income for 2012	-	-	-	-	(172,722)	(951,717)	732,967	(391,472)
Special reserve transferred from land disposal	-	-	-	(33,968)	33,968	-	-	-
Balance at December 31, 2012	$62,720,000	$19,669,729	$20,733,624	$ 4,077,121	$13,510,431	($951,717)	$3,650,093	$123,409,281
For the year ended Dec. 31, 2013								
Balance at January 1, 2013	$62,720,000	$19,669,729	$20,733,624	$ 4,077,121	$13,510,431	($951,717)	$3,650,093	$123,409,281
Earnings distribution for 2012								
Legal reserve	-	-	3,112,450	-	(3,112,450)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(3,631,384)	-	-	(3,631,384)
Stock dividends of ordinary shares	3,631,000	-	-	-	(3,631,000)	-	-	-
Net income for 2013	-	-	-	-	10,644,727	-	-	10,644,727
Other comprehensive income for 2013	-	-	-	-	56,425	717,458	391,120	1,165,003
Balance at December 31, 2013	$66,351,000	$19,669,729	$23,846,074	$ 4,077,121	$13,836,749	($234,259)	$4,041,213	$131,587,627

Consolidated Statements of Cash Flows

for the years ended December 31, 2013 and 2012

NT$,000	2013	2012
Cash flows from operating activities		
Income from continuing operations before tax	$12,689,246	$12,330,817
Adjustments to reconcile profit before tax to net cash (used in) provided by operating activities		
Income and expenses having no effect on cash flows		
Provision for bad debt expense	7,195,434	5,967,678
Depreciation of investment property	1,241	925
Depreciation of property and equipment	646,484	631,190
Depreciation of leased assets	254,875	223,971
Amortization expense	133,455	124,173
Interest income	(37,465,086)	(36,223,389)
Interest expense	11,994,966	11,537,353
Dividend income	(241,617)	(352,248)
Share of loss of associates accounted for using equity method	(69,331)	(35,375)
Loss from abandonment of plant and equipment	4,080	3,438
Gain on trading of properties	(2,159)	(255,985)
Impairment loss on non-financial assets (reversal gain)	(882)	9,010
Loss on sale of foreclosed assets	-	148
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(2,742,552)	(155,297)
(Increase) Decrease in financial assets at fair value through profit or loss	(27,395,856)	1,202,124
(Increase) Decrease in available-for-sale financial assets	(13,837,282)	973,354
(Increase) Decrease in receivables	(3,746,004)	2,590,525
Increase in discounted and loans	(1,413,234)	(85,800,806)
(Increase) Decrease in held-to-maturity financial assets	(25,573,798)	42,123,846
(Increase) Decrease in other financial assets	(23,105,956)	395,400
Changes in operating liabilities		
(Decrease) Increase in due from the Central Bank	(11,805,915)	182,789
Decrease in financial liabilities at fair value through profit or loss	(6,861,716)	(4,135,215)
Decrease in derivative financial liabilities for hedging	(36,611)	(66,394)
(Decrease) Increase in payables	(2,968,563)	271,218
(Decrease) Increase in provisions	(117,000)	208,117
Increase in deposits and remittances	110,722,379	9,748,146
Increase in other financial liabilities	27,339,492	8,219,073
Increase in other liabilities	150,714	146,421
Cash flows provided by (used in) operations	13,748,804	(30,134,993)
Interest received	37,060,102	36,653,952
Interest paid	(11,968,293)	(11,517,439)
Dividend received	241,617	352,248
Income tax paid	(1,642,936)	(1,126,984)
Net cash flows provided by (used in) operating activities	37,439,294	(5,773,216)

NT$,000	2013	2012
Cash flows from investing activities		
Acquisition of investment properties	-	(1,114)
Acquisition of property and equipment	(1,208,245)	(567,036)
Purchase of non-operating assets	(685,822)	(291,827)
Proceeds from disposal of property and equipment	2,094	-
Proceeds from sale of non-operating assets	136,283	106,367
Cash paid for the construction allotment	-	(41,188)
Increase in intangible assets	(171,314)	(213,310)
Decrease (Increase) in other assets	134,541	(157,333)
Net cash flows used in investing activities	(1,792,463)	(1,165,441)
Cash flows from financing activities		
Increase in financial bonds payable	-	15,000,000
Decrease in due to the Central Bank and banks	(8,908)	(922)
Increase (Decrease) in securities sold under repurchase agreements	7,889,092	(6,401,984)
Cash dividends paid	(3,631,384)	(2,012,469)
Net cash flows provided by financing activities	4,248,800	6,584,625
Effect of exchange rate changes on cash and cash equivalents	731,526	(1,159,190)
Net increase (decrease) in cash and cash equivalents	40,627,157	(1,513,222)
Cash and cash equivalents at beginning of year	129,079,774	130,592,996
Cash and cash equivalents at end of year	$169,706,931	$129,079,774
The components of cash and cash equivalents:		
Cash and cash equivalents as per consolidated balance sheet	$52,528,179	$50,583,492
Due from the Central Bank and call loans to banks qualified as cash and cash equivalents as defined by IAS No.7	117,178,752	78,496,282
Cash and cash equivalents at end of year	$169,706,931	$129,079,774

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. Organization and business

(1) The Bank was incorporated in 1899 as a company limited by shares and had been a listed company since February 9, 1962. The Bank was privatized on January 22, 1998. On January 2, 2003, the Bank became a subsidiary of First Financial Holding Co., Ltd. ("FFHC") through an exchange of shares. After the exchange of shares, the Bank ceased from being listed in the Taiwan Stock Exchange ("TSE") but remains as a public company. As of December 31, 2013, the Bank's operating units consist of Business Division, Trust Division, Offshore Banking Branch, as well as domestic and overseas branches.

(2) The Bank's primary services are as follows:

A. Engaging in business as prescribed under the Banking Law;

B. Conducting trust business as authorized by the competent authorities;

C. Establishing overseas branches to operate business approved by the local government; and

D. Engaging in other businesses approved by the competent authorities.

(3) The Bank's parent company is First Financial Holding Co., Ltd., which holds 100% of the Bank's shareholding as of December 31, 2013.

(4) As of December 31, 2013, the Bank and its subsidiaries had 7,438 employees.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2014.

3. Application of new standards, amendments and interpretations

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

Not applicable as it is the first-time adoption of IFRSs by the Bank and its subsidiaries this year.

(2) Effect of new issuances of amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

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

C. The Bank and its subsidiaries has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Bank and its subsidiaries, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognized in other comprehensive income should not be reclassified to profit or loss when such assets are derecognized. The Bank and its subsidiaries recognized gain (or loss) on debt instruments and on equity instruments amounting to ($1,033,147) and $1,424,267 respectively, in other comprehensive income for the year ended December 31, 2013.

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

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

New Standards, Interpretations and Amendments	Major Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparers received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	1.IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accountingmismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.) 2. The enterprises can choose to only adopt the amendment in point 1 above.	The enterprises can choose to adopt any version of IFRS 9 published by IASB after November 19, 2013. Currently, no mandatory effective date is in place for IFRS 9.
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognize related gains on the date of transition to IFRSs.	July 1, 2011

New Standards, Interpretations and Amendments	Major Amendments	IASB Effective Date
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11,'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
IAS 28,'Investments in associates and joint ventures'(as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognised in other	January 1, 2013

New Standards, Interpretations and Amendments	Major Amendments	IASB Effective Date
	comprehensive income.	
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	January 1, 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, 'Financial instruments', and IAS 20, 'Accounting for government grants and disclosure of government assistance', prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	January 1, 2014

New Standards, Interpretations and Amendments	Major Amendments	IASB Effective Date
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014
IFRS 9 "Financial assets: hedge accounting"	IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity.	The enterprises can choose to adopt any version of IFRS 9 published by IASB after November 19, 2013. Currently, no mandatory effective date is in place for IFRS 9.
Services related contributions from employees or third parties (amendments to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	July 1, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	July 1, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	July 1, 2014

B. The Bank and its subsidiaries are assessing the potential impact of the new standards and amendments above and have not yet been able to reliably estimate their impact on the consolidated financial statements.

4. Summary of significant accounting policies

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

(1) Compliance statement

A. The consolidated financial statements of the Bank and its subsidiaries are prepared 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 the International financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation as endorsed by the FSC (collectively referred herein as the "IFRSs").

B. In the preparation of the balance sheet of January 1, 2012, the Bank and its subsidiaries have adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 20 for the impact of transitioning from R.O.C. GAAP to the International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins as endorsed by the FSC (collectively referred herein as the “IFRSs”) on the Bank and its subsidiaries’s financial position, operating results and cash flows.

(2) Basis of preparation

A. Except for the financial assets or financial liabilities (including derivative instruments) at fair value through profit or loss,liabilitiy reserve for defined benefit plans of acturial value and foreclosed asset (which are stated at the lower of its carrying amount or fair value less costs to sell at the end of period) these consolidated financial statements have been prepared under the historical cost convention.

B. The analysis of expense is classified based on the nature of expenses.

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

(3) Basis of consolidation

A. Principles for preparation of consolidated financial statements

(A) The Bank and its subsidiaries prepares the consolidated financial statements by aggregating the Bank and its subsidiaries’s assets, liabilities, revenues and expenses, which have been eliminated versus owners’ equity during the consolidation. In addition, the financial statements of the Bank and its subsidiaries are made in the same reporting period. (Item included in the consolidated financial statements are not classified as current and non-current items.) Relevant items are arranged in order based on current and non-current nature.

(B) Subsidiaries are all entities over which the Bank and its subsidiaries have the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity.

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

B. The consolidated financial statements include the following directly and indirectly owned subsidiaries:

Investor	Subsidiary	Business activities	Percentage of holding shares (%)(Note (3))
FCB	First Commercial Bank (USA)	Banking services	100
FCB	FCBL	Leasing(Note (1))	100
FCB	FIA	Insurance agency(Note (2))	100

Note (1) FCBL was approved to establish in May 1998. The main business includes chattel secured and repo trade, lease business and receivable factoring.

Note (2) FIA was approved to establish on December 13, 2001. The main business is the agency of various life insurance products of other insurance enterprises.

Note (3) The stock ownership ratio remained consistent as of December 31, 2013, December 31, 2012 and January 1, 2012.

C. Unconsolidated entities: None.

D. Adjustment on different accounting periods of the subsidiaries: None.

E. Information with respect to the subsidiaries’ significant restriction to transfer its funds to the parent company: None.

F. Specific operation risk of the foreign subsidiaries: None.

G. The restrictions on earnings distribution of subsidiaries: None.

(4) Foreign currency translation

A. Functional and presentation currency

Financial statements of the entities in the Bank and its subsidiaries are presented by the currency of the primary economic environment in which the entities operate (that is the “functional currency”). The consolidated financial statement is expressed in New Taiwan Dollars.

B. Transaction and balance

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

Foreign currency monetary items should be reported using the closing rate (market exchange rate) at the date of each balance sheet. When multiple exchange rates are available for use, they should be reported using the rate that would be used to settle the future cash flows of the foreign currency transactions or balances at the measurement date. Foreign currency non-monetary items measured at historical cost should be reported using the exchange rate at the date of the transaction. Foreign currency non-monetary items measured at fair value should be reported at the rate that existed when the fair values were determined.

Exchange differences arising when foreign currency transactions are settled or when monetary items are translated at rates different from those at which they were translated when initially recognized or in previous financial statements are reported in profit or loss in the period, with one exception. The exception is that exchange differences associated with the gains or losses of the parts of effective hedges of cash flow hedges or hedges of net investments in foreign operations are recognized in other comprehensive income.

If a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income. Conversely, if a gain or loss on a non-monetary item is recognized in profit or loss, any foreign exchange component of that gain or loss is also recognized in profit or loss.

C. Entities in the consolidated statements

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

(A) At the balance sheet date, all assets and liabilities are translated by the closing exchange rate of the Bank and its subsidiaries;

(B) The profit and loss is translated by the average exchange rate in the period (unless the exchange rate fluctuate rapidly, the exchange rate on the trade date shall be adopted); and

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

The exchange difference is recognized in “exchange difference on translation of foreign financial statements” of equity item.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and a portion of currency instruments designated as hedges of such investments, are recognized in other comprehensive income.

(5) Cash and cash equivalents

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

(6) Securities purchased or sold under resell or repurchase agreements

The transactions of bills and bonds with a condition of repurchase agreement or resell agreement are accounted for under the financing method. The interest expense and interest income are recognized as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

(7) Financial assets and financial liabilities

The financial assets and liabilities of the Bank and its subsidiaries including derivatives are recognized in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by FSC.

A. Financial assets

All financial assets held by the Bank and its subsidiaries are in compliance with IFRSs as endorsed by FSC, classified into following four categories: "loans and receivables", "financial assets at fair value through profit and loss", "available-for-sale financial assets" and "financial assets held to maturity".

(A) Regular way purchase or sale

Acquisition or disposal of financial assets under general transaction practices are accounted for using trade date accounting or settlement date accounting. Treatment for acquisition and disposal of financial assets of the same category should be consistent. Financial assets held by the Bank and its subsidiaries are all accounted for using trade date accounting.

(B) Loans and receivables

The loans and receivables are the non-derivative financial assets with no quoted prices in an active market. Such financial assets with fixed or determinable receivable amounts include those originated and those not originated by the Bank and its subsidiaries. The former originated directly from money, product or service that the Bank and its subsidiaries provide to the debtors, while the latter refers to all the other loans and receivables.

Loans and receivables are measured at initial fair value as the transaction price, and are recognized on the basis of fair value plus significant transaction cost, expense or significant service fee charge, discount or premium. Subsequently, the loans and receivables shall be measured using effective interest method.

If there is any objective evidence of impairment, impairment is recognized as impairment losses. The impairment loss is recognized in the credit side of the financial assets, which is recognized as "bad debt expense and reserve for guarantee policy".

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

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

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

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

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

c. Hybrid instruments include embedded derivatives.

Any change in fair value of financial assets at fair value through profit and loss and financial asset designated at fair value through profit and loss at initial recognition are recognized under " Gain or loss on financial assets and financial liabilities at fair value through profit and loss" in the consolidated statements of comprehensive income.

(D) Held-to-maturity financial assets

Held-to-maturity financial assets are the non-derivative financial assets with fixed or determinable payments and fixed maturities and the Bank and its subsidiaries have positive intention and ability to hold to maturity, excluding loans and receivables, assets designated as available-for-sale financial assets and financial assets designated as at fair value through profit and loss upon initial recognition which shall not be treated as held-to-maturity financial assets.

Interest income generated from held-to-maturity financial assets is recognized under "interest income". If there is any objective evidence of impairment, the impairment is recognized in the credit side of the financial assets' carrying amount as "asset impairment loss".

(E) Available-for-sale financial assets

Available-for-sale financial assets include assets designated as available-for-sale, financial assets not held to maturity, financial assets at fair value through profit and loss, non-derivative financial assets such as loans and receivables. Equity or debt investments are initially recognized at fair value plus the transaction cost of acquisition or issuance.

Available-for-sale financial assets are measured at fair value with changes in fair value recognized in other comprehensive income. When the financial asset is no longer recognized, the cumulative unrealized gain or loss that was previously recognized in other comprehensive income is recognized in profit or loss.

Impairment loss is recognized when there is objective evidence of impairment of available-for-sale financial assets. If the financial asset has not been derecognized, cumulative loss is reclassified from 'other comprehensive income' to 'profit or losses'. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss and any subsequent change in equity is recognized in other comprehensive income. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss.

Equity instruments with no quoted price in an active market are initially recognized at fair value plus acquisition or issuance cost. The fair value can be reasonably estimated when the following criteria are met at the balance sheet date: (a) the variance of the reasonable estimate on instrument's fair value is insignificant; or (b) the possibility of the estimate in the interval can be reasonably evaluated and used to estimate fair value.

(F) Other financial assets

Other financial assets include bonds investment without active market, financial assets measured at cost, investment-linked life products and Customer margin account.

a. Bond investments with no active market

Such financial instruments are initially recognized at fair value plus acquisition or issuance cost. Gains or losses are recognized when the investments are derecognized. Bond investments with no active market shall be subsequently measured at amortized cost using the interest method.

b. Financial assets measured at cost

Equity instruments with no active market initially are recognized at fair value plus the acquisition or issuance cost. At the balance sheet date, if the interval of reasonable fair value estimates could be significant and the possibility of different estimates cannot be reasonably evaluated, cost is adopted for measurement. For financial assets measured at cost, an impairment loss shall be recognized if there is an objective evidence of impairment. The impairment loss shall not be reversed.

B. Financial liabilities

Financial liabilities held by the Bank and its subsidiaries include financial liabilities at fair value through profit and loss (please refer to note 4(12)), financial liabilities measured at amortized cost and hedging derivatives.

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

These include financial liabilities at fair value through profit and loss and those designated as financial liabilities at fair value through profit and loss at initial recognition.

Such as financial liabilities incurred with a purpose of repurchasing in a short period of time, identifiable portion of financial instruments in the portfolio belonging to the consolidated management at initial recognition with evidence indicating that its latest operating model is in a short-term profit seeking, are classified as held for trading purpose. Derivative instruments are designated as held for trading excluding those designated as effective hedging instrument or financial guarantee contract. Financial liabilities held for trading also include the obligation of the financial assets borrowed from short seller. Above financial liabilities are recognized in “financial liabilities at fair value through profit and loss” in the consolidated balance sheet.

At initial recognition, it is not revocable if a debt instrument is designated at fair value through profit and loss. When the fair value method is adopted, the main contract and the embedded derivative need not be recognized respectively.

In relation to financial liabilities at fair value through profit and loss and those designated as financial liabilities at fair value through profit and loss at initial recognition, any change in fair value is recognized as “gain and loss on financial assets and liabilities at fair value through profit and loss” in the statement of comprehensive income.

(B) Financial liabilities carried at amortized cost

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

C. Derecognition of financial instruments

The Bank and its subsidiaries derecognise a financial asset when one of the following conditions is met:

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

(B) The contractual rights to receive cash flows of the financial asset have been transferred and the company and its subsidiaries have transferred substantially all risks and rewards of ownership of the financial asset.

(C) The contractual rights to receive cash flows of the financial asset have been transferred; however, the Bank and its subsidiaries have not retained control of the financial asset.

(8) Financial asset reclassification

Reclassification of the non-derivative financial assets is in accordance with IAS 39 as endorsed by FSC.

(9) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet only when (1) there is a legally enforceable right to offset the recognized amounts; and (2) there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(10) Impairment evaluation and provision of loans and receivables

If there is any objective evidence indicating that an individual or a group of financial assets are impaired from estimated future cash flow after initial recognition, impairment exists and is recognized as impairment losses.

Impairment of loans and receivables is evaluated based on individual or group (financial assets with similar characteristics to credit risks) classification; loans and receivables are evaluated based on whether objective evidence of significant impairment exists or whether they belong to significant monitored cases. When objective evidence of significant impairment does not exist, the assets shall be included in group of financial assets with similar characteristics and evaluate the impairment losses.

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

(11) Derivative instruments

Derivative instruments are initially recognized at fair value at the contract date and subsequently measured by fair value. The fair value includes the public quoted price in an active market or the latest trade price (such as options traded in Stock Exchange Corporation), and evaluation techniques such as cash flow discounting model or option pricing model (such as swap contract and foreign exchange transaction). All derivative assets are recognized as assets when the fair value is positive and as liabilities when the fair value is negative.

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

(12) Derivative financial assets and financial liabilities held for hedging

Derivative financial assets and financial liabilities held for hedging are those derivative financial assets and financial liabilities that are designated as effective hedging instruments under hedge accounting and are measured at fair value.

The Bank and its subsidiaries are currently adopting fair value hedge. When all the criteria of fair value hedge accounting are met, it recognizes the offsetting effects on gains or losses of changes in the fair values of the hedging instrument and the hedged item. Any gain or loss from re-measuring the hedging instrument at fair value or the foreign currency component of its carrying amount shall be recognized immediately in the statement of comprehensive income. Any gain or loss attributable to the hedged risk shall be adjusted in the carrying amount of the hedged item and be recognized immediately in the statement of comprehensive income.

(13) Investments accounted for using equity method

Investment of the Bank and its subsidiaries accounted for using equity method refers to investments in associates.

A. Associates are all entities over which the Bank and its subsidiaries has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.The Bank and its subsidiaries's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

B. The Bank and its subsidiaries's share of its associates' post-acquisition profits or losses are recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Bank and its subsidiaries's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank and its subsidiaries does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. Unrealised gains on transactions between the Bank and its subsidiaries and its associates are eliminated to the extent of the Bank and its subsidiaries's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Bank and its subsidiaries.

(14) Property and equipment

The property and equipment of the Bank and its subsidiaries are recognized on the basis of the historical cost less accumulative depreciation. The historical cost includes any cost directly attributable to the acquisition of the asset.

If the future economic benefit generated from subsequent cost of the asset can be measured reliably and is very likely to flow into the Bank and its subsidiaries, the subsequent cost of property and equipment including the carrying amount may be individually recognized as asset. Additonally, the carrying amounts of a replaced item are derecognized.

Major renewals and improvements incurred to increase the future economic benefits of the assets are capitalized and depreciated. Routine maintenance and repairs are charged to expense as incurred.

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

Land and improvements	3 ~ 30 years
Buildings	5 ~ 55 years
Transportation equipment	3 ~ 10 years
Machinery and equipment	3 ~ 4 years
Miscellaneous assets	3 ~ 17 years

Leasehold improvements are depreciated over the lease terms of the lease agreements or 5 years, whichever is shorter.

On balance sheet date, the Bank and its subsidiaries assesse or appropriately adjust the salvage value and service life of the asset. When there is an activity or change in the environment suggesting that the carrying amount may not be recovered, the Bank and its subsidiaries shall evaluate impairment on the asset. If the carrying amount of the asset is higher than the recoverable amount, the carrying amount shall be written off until it is equivalent to the recoverable amount. The recoverable amount is the higher of asset at fair value less disposal expense and value in use. Any gain or loss on disposal is calculated by the difference between the carrying amount and proceed on disposal, and be recognized in the "Other non-interest income, net" in the statement of comprehensive income.

(15) Investment property

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

Part of the property may be held by the Bank and its subsidiaries and another part generates rental income or capital increase. If the property held by the Bank and its subsidiaries can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the property is deemed as investment property in its entirety.

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

Investment property is subsequently measured by cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable for property and equipment. The fair value of investment property is disclosed in the financial statements at the balance sheet date, of which the valuation should be carried out by the appraisal segment of the Bank and its subsidiaries based on the internal appraisal guidelines.

(16) Foreclosed asset

Foreclosed properties are stated at the lower of its carrying amount or fair value less costs to sell at the end of period.

(17) Lease

When the Bank and its subsidiaries is the lessor, please refer to Note 4(15) for the accounting treatment of the leased assets satisfying investment property set out in IFRS 40, “Investment Property”.

The lease contract of the Bank and its subsidiaries include operating leases and financing leases.

A. Operating lease

When the Bank and its subsidiaries is the lessor or the lessee, rental payable and receivable from the operating lease is calculated through straight-line method based on the lease term, which are recognized respectively as “other non-interest income, net” and “other business and administration expense”.

B. Financing lease

When the Bank and its subsidiaries is the lessor, the asset is derecognized when the financing contract is signed and the present value of lease payment is recognized as lease payable. The difference between the total lease payable and present value is recognized as unrealized interest income, and transferred to interest income as incurred at period end. Rental income is calculated based on remaining lease payment receivable using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss.

When the Bank and its subsidiaries is the lessee, the lower of fair value of lease assets or the lowest present value of the lease payment is capitalized. Rental payment is amortized through financial leasing liabilities and recognized as interest income. Interest expense is calculated based on beginning balance of lease liabilities of each lease term using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss. Financing lease liabilities are recognized as “other financial liabilities”. Financial lease liabilities are recognized under “other financial liabilities”. Property and equipment acquired through financing lease contracts are measured by cost model.

(18) Intangible assets

The intangible assets of the Bank and its subsidiaries consist of computer software, which are recognized by cost and amortized over its economic useful life. The maximum estimated useful life is three years.

Subsequent measurements are based on the cost model.

(19) Impairment of non-financial assets

When there is any evidence suggesting a possible impairment, the Bank and its subsidiaries immediately performs impairment test in relation to the assets applicable for IAS 36, "Impairment of Assets".

If the testing result of the cash-generating unit of an asset or an individual asset suggests that the recoverable amount is less than the carrying amount, impairment loss is recognized. Recoverable amount refers to the higher of an asset at fair value less its cost or value in use. Reassess the recoverable amount of an asset when there is an indication that the impairment loss recognized in the prior period decreases or does not exist anymore. If there is any change in the estimated recoverable amount and result in an increase, asset impairment is reversed to the extent that the carrying amounts shall not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior periods.

(20) Provisions, contingent liabilities and contingent assets

The Bank and its subsidiaries recognizes liabilities when all of the following three conditions are met：

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

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

C. the amount is reliably measurable.

The outflow of economic benefit as a result of settlement is determined based on the overall obligation when there are several similar obligations. Contingent assets should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligation is remote.

Measurements for provisions are at discounted present value of expenditure for settlement obligation using a pre-tax discount rate with timely adjustment made that reflects the current market assessments of the time value of money and the risks specific to the liabilities.

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

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

(21) Financial guarantee contract

A financial guarantee contract is a contract that requires the Bank and its subsidiaries to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when they are due in accordance with the original or modified terms of a debt instrument.

The Bank and its subsidiaries initially recognize financial guarantee contracts at fair value on the date of issuance granted. The Bank and its subsidiaries charge a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognized in deferred accounts and amortized through straight-line method during the contract term.

Subsequently, the Bank and its subsidiaries should measure the contract at the higher of:

A. the amount determined in accordance with IAS 37; and

B. the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18, “Revenue”.

The best estimate of the liability amount requires management to exercise their judgment and historical loss data based on the similar transaction experiences.

The increase in liabilities due to financial guarantee contract is recognized in “bad debt expenses and guaranty policy reserve”.

(22) Employee benefits

A. Short-term employee benefits

The Bank and its subsidiaries recognize short-term not discounted benefit due in the future as expense during the period that the service is provided.

B. Employee preferential deposit

The Bank provides preferential interest rate for employees, including flat preferential savings for current employees and flat preferential savings for retired employees and current employees. The difference gap compared to market interest rate is deemed as employee benefits.

According to “Regulations Governing the Preparation of Financial Statements by Public Banks”, the preferential interest paid to current employees is calculated based on accrual basis, and the difference between the preferential interest and the market interest is recognized under “employee benefit expense”. According to Article 28 of “Regulations Governing the Preparation of Financial Statements by Public Banks”, the interest rate upon retirement agreed with the employees which exceeds general market interest rate is actualized in accordance with IAS 19, Defined Benefit Plan, as endorsed by FSC. However, various parameters should be in compliance with competent authorities if indicated otherwise.

C. Termination benefit

Termination benefit is paid to the employee being terminated who is eligible for retirement or as a result of voluntary termination in exchange of termination benefit. The Bank and its subsidiaries has made commitments in the formal detailed employment termination plan which is irrevocable, and recognizes liabilities when providing termination benefit to employees who voluntarily dismiss. Termination benefit paid 12 months after the financial reporting date should be discounted.

D. Post-employment benefit

The Bank and its subsidiaries adopt both defined benefit plan and defined contribution plan. Overseas branches and subsidiaries adopt defined benefit plans based on regulations of the country in which the entities operate.

The Bank and its subsidiaries adopted the defined contribution plan from July 1, 2005, the date that Labor Pension Act takes effect. Employees may choose to apply the pension policy of the Bank and its subsidiaries or the policy of the Act and retain their work seniority before the Act. For employees who are eligible for the Act, the Bank and its domestic subsidiaries should set aside 6% of their monthly salaries. The Bank and its subsidiaries have no other legal or constructive obligation to set aside additional reserve. Additionally, the pension in each period is recognized as pension cost in the period as incurred. Prepaid pension assets can only be recognized when there is a cash refund or deductible future pension payable.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Any actuarial gains and losses on pension of the defined benefit plan are all recognized in other comprehensive income.

(23) Income and expense

Income and expense of the Bank and its subsidiaries are recognized as incurred. Expense consists of employee benefit expense, depreciation and amortization expense and other business and administration expenses. However, interest income is recognized on a cash basis upon receiving the interest when (1) reclassified as non- accrual loans; and (2) interest from restructured loans whose maturities have been extended is not recognized as interest income but recorded in the memo accounts.

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

B. Handling fees and expenses are recognized when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognized upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortized or included in the calculation of effective interest rate of loans and receivables during the service period. However, according to the “Regulation Governing the Preparation of Financial Reports by Public Banks” the loans and receivables may be measured by the initial amounts if the effects on discount are insignificant.

C. For more details on rental income of operating lease and unrealized interest income of financial lease in relation to lease business, please refer to Note 4(17).

(24) Income tax

A. Current tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where the Bank and its subsidiaries operates and generates taxable income. Except for transactions or other matters that are directly recognized in other comprehensive income or equity, all the other transactions should be recognized as income or expense and recorded as gain and loss in the period.

B. Deferred tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existed tax rate at the consolidated balance sheet date. The carrying amount of assets and liabilities included in the consolidated balance sheet are calculated through liability method and recognized as deferred income tax. The temporary difference of the Bank and its subsidiaries mainly occurs due to the revaluation on the depreciation of property and equipment and certain financial instruments (including derivatives) and provision and transferring of the reserve for pension and other post-employment benefits. Deductible temporary difference within the scope that it is probable to offset taxable income is recognized as deferred income tax.

Temporary difference related to the investees, branches and affiliated entities are recognized as deferred tax liabilities. However, when the Bank and its subsidiaries is capable of controlling the time length required to reverse the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future, the temporary difference is not recognized.

The land revaluation appraisal occurred due to the revaluation assessment in line with relevant regulations, deemed as taxable temporary difference, and is recognized as deferred tax liabilities.

If the future taxable income is probable to be utilized as unused loss carryforwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax assets.

Certain transactions of the Bank and its subsidiaries are recognized in other comprehensive income. The tax effects on these kinds of transactions are also recognized in other comprehensive income.

Current tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(25) Share capital

Incremental costs directly attributable to the issuance of new shares are shown as a deduction, net of tax, from equity. Common stock dividends distributed are recognized in equity in the year in which they are approved by the Group's shareholders. If the date of dividends declared is later than the consolidated balance sheet date, common stocks are disclosed in the subsequent events.

(26) Operating segments

The Bank and its subsidiaries's operation segment reports are consistent with the internal reports provided to chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance.

5. Critical accounting judgments, estimates and key source of assumption uncertainty

The consolidated financial statements of the Bank and its subsidiaries may be affected by the adoption of accounting policy, accounting estimate and assumption. Therefore, adoption to the significant accounting policies in Note 4 requires the management's judgment, estimate and assumption, which involves information of significant adjustment made on the carrying amount of asset and liability in the next financial statements due to lack of resources. Estimates and assumptions of the Bank and its subsidiaries are the best estimates made in compliance with IFRSs as endorsed by FSC. Estimates and assumptions are made on a basis of past experience and other elements deemed to be relevant, it is however that the actual results may differ from the estimates. The Bank and its subsidiaries will continually monitor the estimate and assumption and if the revision of estimate leaves an impact in the current period, the adjustment is recognized in the period. If a revision could affect both current and future periods, then the estimated revision shall be made in current and future periods.

Certain accounting policies and judgements of management could have significantly affected the recognized amounts in the consolidated financial statements. Details are as follows:

(1) Evaluation on financial instruments (including derivatives)

The Bank and its subsidiaries evaluate the financial instrument at fair value not traded in an active market or with no quoted price. The fair value may be estimated with reference to observable market price in the market if there is observable information of similar instruments. If not, fair value is calculated based on the appropriate evaluation models generally used in the market. The input used in the model should first primarily be based on the observable information in the market. However, in the event that certain information or input cannot be observed directly in the market and/or the model assumption itself is comparatively objective, then financial instrument at fair value can be retrieved from historical data or other information. Every valuation model of the Bank and its subsidiaries are assessed and tested on a regular basis to ensure the output can reflect actual information and the market price. Note 7(4) provides the main assumptions used in determining the financial instruments at fair value. The competent authorities recognize that the valuation models and assumptions chosen can be appropriately used to determine the financial instrument at fair value.

(2) Loan impairment loss

In addition to the compliance with the regulations from competent authorities, the Bank and its subsidiaries evaluates risk characteristics of clients and many other factors such as secured and non-secured loans to build modules and case assessments and evaluates cash flows to calculate impairment amount by month. Recognition for impairment loss is determined by observable evidence suggesting a probable impairment. The evidence could include the payment condition of the debtor, events related to overdue payment and national or local economic situation that have given rise to a significant adverse movement, etc. When evaluating the future cash flows, overdue payment of the debtor, current position of the borrower, collateral, guarantee from external institutions and historical data should all be considered. Impairment occurrence rate and impairment recovery rate used in the portfolio assessment is estimated through different product types and historical data. The Bank and its subsidiaries regularly examines the assumptions used and the reasonableness of input to ensure the appropriateness of various assumptions and inputs.

(3) Post-employment benefit

The present value of post-employment benefit obligation is based on actuarial result of various assumptions, through which any change could affect the carrying amount of post-employment benefit obligation.

Discount rate is included when determining the net pension cost (income), and the Bank and its subsidiaries decides the appropriate discount rate at the end of each year, which is used to calculate the estimated present value of future cash outflow of post-employment benefit obligation needed. The Bank and its subsidiaries should consider interest rate of government bonds of the same currency and maturity in order to determine the appropriate discount rate.

(4) Income tax

The Bank and its subsidiaries needs to pay income tax in different countries and significant estimates are required when estimating the global income tax after a series of transactions and calculations to determine the ultimate tax amount. The Bank and its subsidiaries recognize additional income tax liabilities arising from tax issues based on the subsequent development of stringent evaluation and assessment on tax issues. The difference between the ultimate tax amount and the initial recognition, if any, will affect the recognition for income tax in the period and deferred income tax account.

6. Summary of significant accounts

(1) Cash and cash equivalents

	December 31, 2013	December 31, 2012	January 1, 2012
Cash on hand	$ 11,887,189	$ 11,036,906	$ 10,928,519
Checks for clearance	8,174,408	24,619,644	22,687,677
Due from other banks	32,466,582	14,926,942	10,882,241
Total	$ 52,528,179	$ 50,583,492	$ 44,498,437

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

	December 31, 2013	December 31, 2012	January 1, 2012
Reserve for deposits - account A	$ 29,458,215	$ 16,280,811	$ 25,944,348
Reserve for deposits - account B	44,265,163	41,885,154	41,988,581
Deposits transferred to Central Bank	-	2,000,000	4,900,000
Inter-Bank clearing fund	3,230,015	5,192,181	2,957,506
Deposits of national treasury account	88,412	140,892	209,199
Deposits of overseas branches with foreign Central Banks	2,728,855	1,561,990	927,163
Reserve for deposits- foreign currency	288,865	235,183	239,748
Call loans and overdrafts to other banks	82,527,446	53,865,738	51,438,384
Total	$ 162,586,971	$ 121,161,949	$ 128,604,929

The Bank and its subsidiaries' reserve for deposits is required by the Banking Law and is determined by applying the reserve ratios set by the Central Bank to the monthly average balance of each type of deposit. The reserve amount is deposited in the reserve deposit account at the Central Bank. According to the regulations, such reserve for deposits - account B cannot be withdrawn except for monthly adjustments of the reserve for deposits.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Financial assets held for trading			
Short-term bills	$ 15,760,410	$ 1,095,966	$ 649,109
Stocks	117,664	107,001	53,006
Bonds (government, financial and corporate bonds)	13,727,910	7,208,074	846,113
Derivative financial instruments	4,492,095	4,769,181	10,798,834
Valuation adjustment for financial assets held for trading	113,344	60,937	3,459
Subtotal	34,211,423	13,241,159	12,350,521
Financial assets designated as at fair value through profit or loss			
Bonds	7,290,219	868,402	2,868,222
Valuation adjustment for designated financial assets at fair value through profit or loss	50,276	46,501	139,443
Subtotal	7,340,495	914,903	3,007,665
Total	$ 41,551,918	$ 14,156,062	$ 15,358,186

A. Details of gains (losses) on financial assets and liabilities at fair value through profit or loss for the years ended December 31, 2013 and 2012 are as follows:

	For the years ended December 31	
	2013	2012
Net gain on financial assets and liabilities held for trading	$ 686,128	$ 1,299,683
Net gain (loss) on financial assets and liabilities designated as at fair value through profit or loss	(49,323)	(133,179)
Total	$ 636,805	$ 1,166,504

B. Financial instruments designated at fair value through profit or loss of the Bank and its subsidiaries are the hybrid instruments and products to eliminate the inconsistency of accounting recognition.

(4) Receivables , net

	December 31, 2013	December 31, 2012	January 1, 2012
Spot exchange receivable	$ 19,788,919	$ 13,370,749	$ 13,301,170
Accounts receivable factoring	15,651,840	22,762,457	25,572,124
Interest receivable	3,801,601	3,396,617	3,827,179
Acceptances receivable	8,665,481	6,290,594	7,265,859
Credit card accounts receivable	4,881,236	4,501,782	4,208,541
Other receivables	7,868,082	6,576,139	5,884,338
Subtotal	60,657,159	56,898,338	60,059,211
Less: Allowance for bad debts	(973,632)	(955,322)	(996,688)
Net amount	$ 59,683,527	$ 55,943,016	$ 59,062,523

As of December 31, 2013, December 31, 2012 and January 1, 2012, the Bank and its subsidiaries's reserves for acceptances receivable and guarantees receivable are shown in Note 6(20), and such reserves were recorded under "Provisions."

(5) Loans discounted, net

	December 31, 2013	December 31, 2012	January 1, 2012
Bills and notes discounted	$ 6,487,589	$ 6,065,614	$ 5,653,583
Overdrafts	1,217,405	988,349	1,308,551
Short-term loans	404,671,405	456,229,518	436,613,981
Medium-term loans	421,639,708	407,508,712	387,723,038
Long-term loans	607,064,351	573,051,542	530,423,803
Import-export bills negotiations	1,207,030	2,333,348	2,662,084
Overdue loans	6,972,351	6,743,302	6,318,534
Subtotal	1,449,259,839	1,452,920,385	1,370,703,574
Less: Allowance for bad debts	(17,999,594)	(16,237,946)	(14,181,351)
Net amount	$ 1,431,260,245	$ 1,436,682,439	$ 1,356,522,223

A. As of December 31, 2013, December 31, 2012 and January 1, 2012, gains from hedge evaluation were $7,973, $44,584 and $110,978, respectively. The fair values of fixed-rate loans held by overseas branches may fluctuate with changes in interest rates. Please refer to Note 6(15) for details of relevant hedge information.

B. As of December 31, 2013, December 31, 2012 and January 1, 2012, please see Note 8(3)7 for the explanation on impaired financial assets of the Bank and its subsidiaries for the loans discounted.

C. The Bank and its subsidiaries assessed the appropriate amount of allowance for bad debts; the details and movements of the allowance for bad debts balance for loans discounted and receivables for the years ended December 31, 2013 and 2012 were as follows:

	For the years ended December 31 2013	2012
Loans discounted (including other related receivable derived from loans)		
Beginning balance	$ 16,417,952	$ 14,392,760
Provision	6,779,170	5,865,574
Write-off	(5,054,778)	(3,615,398)
Foreign exchange and other movements	56,258	(224,984)
Ending balance	$ 18,198,602	$ 16,417,952
Receivables		
Beginning balance	$ 909,628	$ 955,370
Provision	410,146	108,752
Write-off	(83,045)	(437,411)
Transfers (Note)	-	293,250
Foreign exchange and other movements	330	(10,333)
Ending balance	$ 1,237,059	$ 909,628

Note: Overseas convertible bonds of Promos Technologies amounting to USD10,000 thousand had been fully provided for impairment losses in 2011. During 2012, as the bonds were at maturity, they were reclassified from available-for-sale financial assets into receivables. Accumulated impairment which had been set aside were transferred to allowance for bad debts and fully written off in September, 2012.

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

	December 31, 2013	December 31, 2012	January 1, 2012
Stocks - listed	$ 7,791,836	$ 8,448,460	$ 8,656,511
Short-term bills	-	-	151,377
Bonds	71,615,789	56,929,614	59,360,793
Beneficiary securities	-	11,275	17,275
Other marketable securities	2,084,303	2,265,297	744,795
Valuation adjustment for available-for-sale financial assets	4,040,655	3,649,456	2,912,497
Less: Accumulated impairment	-	-	(302,750)
Total	$ 85,532,583	$ 71,304,102	$ 71,540,498

Please refer to Note 14 for details of the above available-for-sale financial assets pledged as collateral as of December 31, 2013, December 31, 2012 and January 1, 2012.

(7) Held-to-maturity financial assets - net

	December 31, 2013	December 31, 2012	January 1, 2012
Certificates of deposits purchased	$ 249,045,000	$ 233,900,000	$ 278,260,000
Bonds	54,150,322	38,219,620	42,046,099
Short-term bills	915,639	6,417,543	326,127
Beneficiary securities	-	-	40,236
Total	$ 304,110,961	$ 278,537,163	$ 320,672,462

Please refer to Note 14 for details of the above held-to-maturity financial assets pledged as collateral as of December 31, 2013, December 31, 2012 and January 1, 2012.

(8) Investments accounted for using equity method, net

A. Investments accounted for using equity method:

	December 31, 2013			December 31, 2012		
	Amount		Percentage of ownership (%)	Amount		Percentage of ownership (%)
East Asia Real Estate Management Co., Ltd.	$	2,926	30%	$	6,196	30%
FCBL Capital International (B.V.I) Ltd.		853,699	100%		743,006	100%
	$	856,625		$	749,202	

	January 1, 2012		
	Amount		Percentage of ownership (%)
East Asia Real Estate Management Co., Ltd.	$	7,452	30%
FCBL Capital International (B.V.I) Ltd.		729,126	100%
	$	736,578	

Note: According to Jin-Guan-Yin-Kong-Zi Letter No. 10300002310 and resolution adopted at the Board meeting dated December 20, 2013, the Bank was allowed to invest in its subsidiary, FCB Leasing, and then reinvest in its wholly-owned finance lease company located in Xiamen City, Fujian Province of Mainland China through FCB Leasing BVI. Besides, the Bank decided to inject NT$2 billion in capital to FCB International Leasing with the effective date set on February 5, 2014.

B. The affiliated enterprises invested by the Bank and its subsidiaries have no quoted price. The affiliated enterprises' capacity to transfer capital through the distribution of cash dividends, loan repayment or advances is not significantly restricted.

C. For the years ended December 31, 2013 and 2012, share of profit of associates and joint ventures accounted for using equity method were $69,331 and $35,375, respectively.

D. The investment income or losses from the above equity investments accounted for under the equity method, other than East Asia Real Estate Management Co., Ltd., that was recognized based on the unaudited financial statements of the same period (the Bank expects the effect to be immaterial assuming the financial statements had been audited), was recognized based on the investees' audited financial statements for the years ended December 31, 2013 and 2012.

(9) Other financial assets - net

	December 31, 2013		December 31, 2012		January 1, 2012	
Bond investments with no active market	$	25,281,782	$	2,169,378	$	2,401,645
Stock investments carried at cost		2,917,280		2,934,548		2,977,068
Overdue receivable		499,709		167,980		318,563
Exchange bill negotiated		6,475		8,183		13,992
Subtotal		28,705,246		5,280,089		5,711,268
Less: Allowance for bad debts - overdue receivable	(	462,435)	(	134,312)	(	170,091)
Accumulated impairment-financial assets carried at cost		-	(	8,922)	(	8,922)
	$	28,242,811	$	5,136,855	$	5,532,255

A. As the Bank and its subsidiaries' investments in unlisted stocks lack quoted marked price and their fair values cannot be measured reliably; those financial assets are accounted for at cost.

B. For methods and assumptions used to measure fair value of debt instruments with no active market, please refer to Note 7 (4) F.

C. The Bank's overdue notes and debts securities affected by the financial crisis of Iceland and Washington Mutual, U.S.A. are recognized as other financial assets –overdue receivables, and the balance as of December 31, 2013, December 31, 2012 and January 1, 2012 were $58,394, $74,129 and $159,617, respectively, with balances for allowance for doubtful loans of $6,696, $23,706 and $12,110, respectively. The abovementioned overdue notes and debts securities have been included in debts security and prosecution procedures.

(10) Investment property– net

Please see below table for the investment property of the Bank and its subsidiaries for the years ended December 31, 2013 and 2012:

	Lands and land improvements	Buildings	Total
Cost			
At January 1, 2013	$ 5,479,738	$ 104,914	$ 5,584,652
Transferred from property and equipment	353,903	15,642	369,545
At December 31, 2013	5,833,641	120,556	5,954,197
Accumulated depreciation			
At January 1, 2013	-	(92,802)	(92,802)
Depreciation	-	(1,241)	(1,241)
Transferred from property and equipment	-	(12,003)	(12,003)
At December 31, 2013	-	(106,046)	(106,046)
Investment property– net	$ 5,833,641	$ 14,510	$ 5,848,151

	Lands and land improvements	Buildings	Total
Cost			
At January 1, 2012	$ 5,479,738	$ 103,538	$ 5,583,276
Additions	-	1,114	1,114
Transferred from property and equipment	-	262	262
At December 31, 2012	5,479,738	104,914	5,584,652
Accumulated depreciation			
At January 1, 2012	-	(91,877)	(91,877)
Depreciation	-	(925)	(925)
At December 31, 2012	-	(92,802)	(92,802)
Investment property-net	$ 5,479,738	$ 12,112	$ 5,491,850

A. As of December 31, 2013, December 31, 2012 and January 1, 2012, the investment property at fair value of the Bank and its subsidiaries all were $11,491,919, $9,404,425 and $9,404,425, respectively. All the investment properties of the Bank and its subsidiaries are assessed by the internal appraisal expert, and the comparison method (market approach) was adopted for all assessments.

B. For the years ended December 31, 2013 and 2012, the rental income from investment property was $67,859 and $86,436, respectively, and the operating expenses from investment property were $8,296 and $5,310, respectively.

(11) Property and equipment - net

Changes in the property and equipment of the Bank and its subsidiaries for the years ended December 31, 2013 and 2012:

	Lands and land improvements	Buildings	Machinery and equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2013	$ 19,781,029	$ 11,098,505	$ 2,633,793	$ 839,470	$ 2,108,295	$ 839,117	$ 148,551	$ 37,448,760
Additions	55,975	279,085	230,100	40,219	99,440	23,312	480,114	1,208,245
Transfers	-	192,144	-	3,344	14,051	16,507	(226,046)	-
Transfer out to investment property	(353,903)	(15,642)	-	-	-	-	-	(369,545)
Disposals	-	-	(186,268)	(63,139)	(63,410)	(43,748)	-	(356,565)
Foreign exchange	-	-	369	(15)	785	2,130	-	3,269
At December 31, 2013	19,483,101	11,554,092	2,677,994	819,879	2,159,161	837,318	402,619	37,934,164
Accumulated depreciation								
At January 1, 2013	(2,872)	(4,801,578)	(2,143,370)	(706,945)	(1,560,991)	(704,704)	-	(9,920,460)
Depreciation	-	(258,054)	(195,319)	(40,901)	(105,655)	(46,555)	-	(646,484)
Transfer out to investment property	-	12,003	-	-	-	-	-	12,003
Disposals	-	-	186,378	62,480	63,200	40,660	-	352,718
Foreign exchange	-	-	(349)	(109)	(563)	(971)	-	(1,992)
At December 31, 2013	(2,872)	(5,047,629)	(2,152,660)	(685,475)	(1,604,009)	(711,570)	-	(10,204,215)
Book value	$ 19,480,229	$ 6,506,463	$ 525,334	$ 134,404	$ 555,152	$ 125,748	$ 402,619	$ 27,729,949

	Lands and land improvements	Buildings	Machinery and equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2012	$ 19,882,532	$ 10,735,608	$ 2,617,134	$ 850,762	$ 2,034,721	$ 854,041	$ 24,703	$ 36,999,501
Additions	2,170	441,921	218,373	35,534	155,519	16,199	165,483	1,035,199
Transfers	-	8,270	-	746	2,039	30,580	(41,635)	-
Transfer out to investment property	-	(262)	-	-	-	-	-	(262)
Disposals	(103,673)	(87,032)	(199,467)	(46,098)	(82,301)	(47,737)	-	(566,308)
Foreign exchange	-	-	(2,247)	(1,474)	(1,683)	(13,966)	-	(19,370)
At December 31, 2012	19,781,029	11,098,505	2,633,793	839,470	2,108,295	839,117	148,551	37,448,760
Accumulated depreciation								
At January 1, 2012	(2,872)	(4,641,385)	(2,154,477)	(706,756)	(1,543,470)	(713,326)	-	(9,762,286)
Depreciation	-	(245,200)	(189,541)	(46,723)	(100,421)	(49,305)	-	(631,190)
Disposals	-	85,007	198,901	45,736	81,855	47,700	-	459,199
Foreign exchange	-	-	1,747	798	1,045	10,227	-	13,817
At December 31, 2012	(2,872)	(4,801,578)	(2,143,370)	(706,945)	(1,560,991)	(704,704)	-	(9,920,460)
Book value	$ 19,778,157	$ 6,296,927	$ 490,423	$ 132,525	$ 547,304	$ 134,413	$ 148,551	$ 27,528,300

There was no interest capitalized on property and equipment acquired for the years ended December 31, 2013 and 2012.

(12) Other assets - net

	December 31, 2013	December 31, 2012	January 1, 2012
Leased assets	$ 1,580,854	$ 1,225,004	$ 1,168,641
Less: Accumulated depreciation	(494,299)	(435,023)	(341,812)
Leased assets - net	1,086,555	789,981	826,829
Foreclosed assets			
Cost	100,019	129,448	144,809
Less: Accumulated impairment	(93,740)	(94,648)	(97,166)
Net foreclosed assets	6,279	34,800	47,643
Guarantee deposits paid	555,969	526,711	681,753
Prepayments	521,942	684,100	361,287
Others	54,014	26,279	21,655
Total	$ 2,224,759	$ 2,061,871	$ 1,939,167

Please refer to Note 14 for details of other assets pledged as collateral as of December 31, 2013, December 31, 2012 and January 1, 2012.

(13) Deposits from the central bank and bank

	December 31, 2013	December 31, 2012	January 1, 2012
Call loans from other banks	$ 136,678,173	$ 145,886,819	$ 146,094,276
Deposits transferred from Chunghwa Post Co., Ltd.	2,834,591	4,117,992	5,068,664
Overdrafts on banks	1,309,760	2,780,537	1,347,925
Deposits from banks	475,780	354,696	449,359
Deposits from the Central Bank	77,478	41,653	38,684
Total	$ 141,375,782	$ 153,181,697	$ 152,998,908

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

	December 31, 2013	December 31, 2012	January 1, 2012
Financial liabilities held for trading			
When-issued trading of central government bonds	$ 448,805	$ -	$ -
Derivative instruments	3,693,962	4,911,583	7,604,066
Financial liabilities designated at fair value through profit or loss			
Bonds	10,300,000	16,100,000	17,300,000
Valuation adjustment	463,435	756,335	999,067
Total	$ 14,906,202	$ 21,767,918	$ 25,903,133

A. The financial instruments of the Bank and its subsidiaries at fair value through profit or loss were designated to eliminate or significantly reduce recognition inconsistency.

B. For the years ended December 31, 2013 and 2012, the changes in fair value belonging to financial debentures designated at fair value through profit and loss by the Bank were $34,511 and $44,593, respectively.

C. The Bank sold the financial debentures at the face value. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts exclusive of valuation adjustment and the amounts payable to the creditors are identical.

(15) Derivative financial liabilities for hedging

	December 31, 2013	December 31, 2012	January 1, 2012
Derivative financial liabilities for hedging	$ 7,973	$ 44,584	$ 110,978

Derivative financial liabilities held for hedging and related information were as follows:

Fair values of fixed-rate loans held by overseas branches of Bank may fluctuate with changes in interest rates. The Bank had assessed that the risk may be significant, so Bank hedged such risk by entering into interest rate swap contracts.

	Designated hedging instruments		
		Fair value	
Hedged item	Designated hedging instruments	December 31, 2013	December 31, 2012
Fixed-rate loans	Interest rate swap contracts	($ 7,973)	($ 44,584)

	Designated hedging instruments	
		Fair value
Hedged item	Designated hedging instruments	January 1, 2012
Fixed-rate loans	Interest rate swap contracts	($ 110,978)

(16) Notes and bonds issued under repurchase agreements

	December 31, 2013	December 31, 2012	January 1, 2012
Government bonds	$ 4,330,611	$ 3,067,249	$ 5,321,126
Financial bonds	6,585,882	-	3,928,233
Commercial papers	49,829	9,981	229,855
Total	$ 10,966,322	$ 3,077,230	$ 9,479,214

The Bank and its subsidiaries are obliged to repurchase the above bonds at original sale price plus a mark-up pursuant to the repurchase agreement. The repurchase agreement amounts for such bonds and bills were $10,980,005, $3,080,030 and $9,500,250 as of December 31, 2013, December 31, 2012 and January 1, 2012, respectively.

(17) Payables

	December 31, 2013	December 31, 2012	January 1, 2012
Accounts payable	$ 17,120,186	$ 25,078,514	$ 28,313,330
Spot exchange payable	19,793,282	13,369,243	13,298,706
Bank acceptances	8,774,484	6,462,847	7,343,864
Accrued expenses	4,177,608	4,057,469	3,875,035
Accrued interests	2,096,703	2,070,030	2,050,867
Other payables	4,342,774	8,208,824	4,073,993
Total	$ 56,305,037	$ 59,246,927	$ 58,955,795

(18) Deposits and remittances

	December 31, 2013	December 31, 2012	January 1, 2012
Checking accounts deposits	$ 37,113,368	$ 40,666,439	$ 40,981,280
Demand deposits	439,634,958	398,238,138	374,987,465
Time deposits	360,204,149	313,492,680	325,936,188
Negotiable certificates of deposits	11,967,500	11,178,400	12,337,400
Savings account deposits	883,643,756	857,870,970	858,134,094
Remittances outstanding	2,033,271	2,425,198	1,753,705
Others	26,647	29,445	22,992
Total	$ 1,734,623,649	$ 1,623,901,270	$ 1,614,153,124

(19) Bank notes payable

On June 24, 2005, August 18, 2006, February 29, 2008, June 25, 2010, February 25, 2011, February 24, 2012 and February 22, 2013, the Board of Directors resolved to issue senior and subordinated financial bonds with the quota of \$20, \$20, \$20, \$8, \$10, \$15 and \$12 billion New Taiwan dollars, respectively, to strengthen the Bank's capital adequacy ratio and to raise capital for long-term operating purposes. The issuances of the financial bonds had been approved by the Ministry of Finance, R.O.C. and Financial Supervisory Commission, Executive Yuan. The subordinated creditors have a right to repayment that is higher than that of a shareholder's but would rank below other creditors in the event of liquidation. The detailed terms of each issuance are as follows:

	First to Third issues, 2006
Issue date	April 24, July 27 and December 4, 2006
Issue amount	NT$14 billion (NT$13 billion has been paid back)
Issue price	At par
Coupon rate	2.24%~2.75%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	5 years and 6 months to 10 years

	First to Third issues, 2007
Issue date	March 9, June 25 and December 24, 2007
Issue amount	NT$14 billion
Issue price	At par
Coupon rate	Partial interest rate is fixed (2.4%~3.16%) and partial is floating rate. Interest rate index is average interest rate of NTD 90-day commercial paper in secondary market provided by Reuters.
Interest and repayment terms	Floating rate: Interest is accrued quarterly and paid annually. The principal is to be paid pursuant to face value at maturity. Fixed rate: Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7~10 years

	First to Third issues, 2008
Issue date	June 23, October 21, December 24, 2008
Issue amount	NT$8.7 billion
Issue price	At par
Coupon rate	Partial is fixed interest rate (3.0%~3.10%) and partial is floating rate. Interest rate index is average interest rate of NTD 90-day commercial paper in secondary market provided by Reuters.
Interest and repayment terms	Floating rate: Interest is accrued quarterly and paid annually. The principal is to be paid pursuant to face value at maturity. Fixed rate: Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	First to Second issues, 2010
Issue date	September 28, 2010
Issue amount	NT$8 billion
Issue price	At par
Coupon rate	1.5%~1.92%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	First to Second issues, 2011
Issue date	March 30, June 24, 2011
Issue amount	NT$6.3 billion
Issue price	At par
Coupon rate	Fixed rate:1.65% /1.72%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 /10 years

	First to Second issues, 2012
Issue date	September 25, December 27, 2012
Issue amount	NT$15 billion
Issue price	At par
Coupon rate	Fixed rate:1.43%/1.47%/1.59%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 ~10 years

For the years ended December 31, 2013 and 2012, interest rates of the above mentioned financial bonds were 1.11% ~3.16%.

As of December 31, 2013, December 31, 2012 and January 1, 2012, the outstanding balances of the above mentioned financial bonds amounted to $53 billion, $58.8 billion and $45 billion New Taiwan dollars, respectively. In addition, among the above financial bonds, the subordinate financial bonds with face value of $10.3 billion, $16.1 billion and $17.3 billion New Taiwan dollars were designated as held for trading financial liabilities and hedged by interest rate swap contracts. As such interest rate swap contracts were valued at fair value with changes in fair value recognized as profit or loss, the financial bonds stated above were designated as financial liabilities at fair value through profit or loss in order to eliminate or significantly reduce recognition inconsistency.

(20) Provisions

	December 31, 2013	December 31, 2012	January 1, 2012
Provisions for employee benefit	$ 5,076,676	$ 5,261,659	$ 4,845,388
Provisions for guarantees liabilities	558,614	553,478	560,486
Others	1,549	1,548	1,603
Total	$ 5,636,839	$ 5,816,685	$ 5,407,477

Provisions for employee benefit of actuarial value as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Consolidated balance sheet:			
Defined benefit plans	$ 4,334,473	$ 4,526,253	$ 4,108,439
Preferential saving plan for employees	704,315	708,976	730,976
Total	$ 5,038,788	$ 5,235,229	$ 4,839,415

A. Defined contribution plans

Effective from July 1, 2005, the Bank and its subsidiaries established a funded defined contribution plan pursuant to the Labor Pension Act, which covers the employees with R.O.C. nationality and those who choose to or are required to follow the Labor Pension Act. The contributions are made monthly based on not less than 6% of the employee's monthly salaries and are deposited in the employee's individual pension fund account at the Bureau of Labor Insurance. The payment of pension benefits is based on the employee's individual pension fund accounts and the cumulative profit in such accounts, and the employees can choose to receive such pension benefits monthly or in lump sum. For the years ended December 31, 2013 and 2012, the pension costs of the Bank and its subsidiaries under the defined contribution plan were $119,096 and $110,658, respectively. For employees working overseas, pension expenses under defined contribution plans are recognized according to the local regulations. For the years ended December 31, 2013 and 2012, pension expenses of current period were $15,270 and $14,937, respectively.

B. Defined benefit plans

The Bank and its subsidiaries have a defined benefit pension plan set up in accordance with the Labor Standards Law of the R.O.C., covering all regular employees for their services prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who choose continuously to be applicable to the Labor Standards Law for the services after the implementation of the Labor Pension Act. The payment of pension benefits is based on the length of the service period and average monthly compensation in the last six months prior to retirement. Under the defined benefit plan, employees are granted two points for each year of service for the first 15 years and are granted one point for each additional year of service from the 16th year, but are subject to a maximum of 45 points. Monthly contributions made by the Bank and its subsidiaries to the pension fund that are deposited in the designated pension account at the Bank of Taiwan were based on 10% of the total monthly salaries and wages. The net pension costs under defined contribution pension plans of the Bank for the years ended December 31, 2013 and 2012 were $411,280 and $712,581, respectively. As of December 31, 2012 and 2011, the balances of the pension fund deposited in the Bank of Taiwan were $5,912,616 and $5,727,711, respectively.

(A) The net liability recognised in the balance sheet are determined as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 10,241,524	$ 10,249,145	$ 9,524,201
Fair value of plan assets	(5,907,051)	(5,722,892)	(5,415,762)
	4,334,473	4,526,253	4,108,439
Unrecognised past service cost	-	-	-
Net liability in the balance sheet	$ 4,334,473	$ 4,526,253	$ 4,108,439

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

	For the years ended December 31	
	2013	2012
Present value of funded obligations		
At January 1	$ 10,249,145	$ 9,524,201
Current service cost	346,450	650,089
Interest expense	151,528	150,600
Actuarial profit and loss	(81,639)	173,224
Benefits paid	(423,960)	(248,969)
At December 31	$ 10,241,524	$ 10,249,145

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

	For the years ended December 31	
	2013	2012
Fair value of plan assets		
At January 1	$ 5,722,892	$ 5,415,762
Expected return on plan assets	87,407	88,806
Actuarial profit and loss	(13,657)	(34,875)
Employer contributions	534,369	502,168
Benefits paid	(423,960)	(248,969)
At December 31	$ 5,907,051	$ 5,722,892

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

	For the years ended December 31	
	2013	2012
Current service cost	$ 346,450	$ 650,089
Interest cost	151,528	150,600
Expected return on plan assets	(87,407)	(88,806)
Current pension costs	$ 410,571	$ 711,883

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

	For the years ended December 31	
	2013	2012
Recognition for current period	($ 67,982)	$ 208,099
Accumulated amount	$ 140,117	$ 208,099

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

	2013	2012	2011
Discount rate	1.75%	1.50%	1.60%
Future salary increases	1.50%	1.50%	1.50%
Expected return on plan assets	1.75%	1.50%	1.60%

Assumption on future death rate is based on the 4^{th} historical life chart by the Taiwan life insurance enterprises.

(G)The Bank of Taiwan was commissioned to manage the Fund of the Bank's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of December 31, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits ith the interest rates offered by local banks.

The Actual return on plan assets of the Bank for the years ended December 31, 2013 and 2012 were $73,750 and $53,931, respectively.

C. Employee preferential savings plan

FCB complies with the internal policy and the allotment savings after retirement for retired and current employees is subjective to a limit of NT$480,000 with 13% interest rate. Under the employee preferential savings plan, the Group recognized pension cost of $335,761 and $311,942 for the years ended December 31, 2013 and 2012, respectively. Please see Note 4(22)B for details.

(A) As of December 31, 2013, 2012 and 2011, net liabilities recognized in the financial statements were $704,315、$708,976 and $730,976, respectively.

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

	For the years ended December 31	
	2013	2012
Present value of funded obligations		
At January 1	$ 708,976	$ 730,976
Interest cost	26,519	27,378
Actuarial profit and loss	172,239	155,263
Benefits paid	(203,419)	(204,641)
At December 31	$ 704,315	$ 708,976

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

	For the years ended December 31	
	2013	2012
Employer contributions	$ 203,419	$ 204,641
Benefits paid	(203,419)	(204,641)
At December 31	$ -	$ -

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

	For the years ended December 31	
	2013	2012
Interest cost	$ 26,519	$ 27,378
Expected return on plan assets	172,239	155,263
Current pension costs	$ 198,758	$ 182,641

(E) Amounts recognised under other comprehensive income amounts to $0.

(F) The actuarial assumptions of employee preferential saving plan are as follows:

	2013	2012	2011
Discount rate	4.00%	4.00%	4.00%
Return on capital deposited	2.00%	2.00%	2.00%
Annual decreasing ratio of account balance	1.00%	1.00%	1.00%
Variable ratio of preferential savings program	50.00%	50.00%	50.00%

D. Historical information of experience adjustments was as follows:

	2013	
	Defined benefit plans	Employee preferential savings plan
Present value of defined benefit obligation	$ 10,241,524	$ 704,315
Fair value of plan assets	(5,907,051)	-
Deficit in the plan	$ 4,334,473	$ 704,315
Experience adjustments on plan liabilities	$ 212,814	
Experience adjustments on plan assets	$ 13,657	

	2012	
	Defined benefit plans	Employee preferential savings plan
Present value of defined benefit obligation	$ 10,249,145	$ 708,976
Fair value of plan assets	(5,722,892)	-
Deficit in the plan	$ 4,526,253	$ 708,976
Experience adjustments on plan liabilities	$ 53,686	
Experience adjustments on plan assets	$ 34,875	

E. The Bank and its subsidiaries plans to set aside $612,268 into the defined benefit plan within one year starting from December 31, 2013.

F. Movement in reserve for guarantees (shown under other reserves) was as follows:

	For the years ended December 31	
	2013	2012
Beginning balance	$ 553,478	$ 560,486
Provision(Reversal)	6,118	(6,648)
Foreign exchange and other movements	(982)	(360)
Ending balance	$ 558,614	$ 553,478

(21) Other financial liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Principal received on structured notes	$ 52,680,145	$ 26,280,378	$ 17,551,918
Commercial papers payable	2,849,337	2,589,266	2,329,050
Short-term borrowing	1,350,000	600,000	1,200,000
Others	141,482	211,828	283,182
Total	$ 57,020,964	$ 29,681,472	$ 21,364,150

These short-term borrowings were credit borrowings as of December 31, 2013, December 31, 2012, and January 1, 2012, the interest rate range were 1.10%~1.11%, 1.03%, and 0.957%~0.98%, respectively.

(22) Other liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
Guarantee deposits received	$ 1,880,102	$ 1,692,831	$ 1,722,784
Advance receipts	1,313,684	1,205,012	942,109
Temporary receipts and suspense accounts	34,482	184,796	275,475
Others	82,706	77,621	73,471
Total	$ 3,310,974	$ 3,160,260	$ 3,013,839

(23) Equity

A. Common stock

The approved and issued capital stock were both $66,351,000 as of December 31, 2013, Total issued and outstanding shares were both 6,635,100 thousand shares of common stock with $10 (in dollars) par value per share.

On April 20, 2012, the Bank's Board of Directors has approved and on behalf of stockholders resolved to increase capital through unappropriated earnings amounting to $4,020,000 by issuing 402,000 thousand shares with a par value of $10 (in dollars per share) on June 29, 2012. The capital increase was under the approval of

Jin-Quan-Zheng-Fa Letter No. 1010034150, has completed the registration and the total capital was $62,720,000 by issuing 6,272,000 thousand shares with a par value of $10 (in dollars per share) after the capital increase.

On April 19, 2013, the Bank's Board of Directors has approved and on behalf of stockholders resolved to increase capital through unappropriated earnings amounting to $3,631,000 by issuing 363,100 thousand shares with a par value of $10 (in dollars per share) on June 28, 2013. The capital increase was under the approval of Jin-Quan-Zheng-Fa Letter No. 1020030734, has completed the registration and the total capital was $66,351,000 by issuing 6,635,100 thousand shares with a par value of $10 (in dollars per share) after the capital increase.

B. Capital surplus

As required by the Companies Act, additional paid-in capital resulting from the amount received in excess of par value of the issuance of capital stock and donated income may not only be used to offset the accumulated losses but also to issue new shares or distribute cash dividends in proportion to the number of shares being held by original shareholders. In addition, according to the Securities and Exchange Act, the additional paid-in capital used for capital increase shall not exceed 10% of total issued capital stock. A company should not use the capital surplus to cover its capital loss, unless the surplus reserve is insufficient.

C. Legal reserve and special reserve

(A) Legal reserve

According to the Company Law of the R.O.C., legal reserve can be used only to recover accumulated deficits or to increase capital stock and shall not be used for any other purposes. However, it is permitted that the legal reserve be used to increase capital stock if the balance of the legal reserve has reached tewnty five percent of the issued capital stock. As of December 31, 2013, December 31, 2012 and January 1, 2012, the legal reserve of the Bank was $23,846,074, $20,733,624 and $18,146,163, respectively.

(B) Special reserve

Upon the first-time adoption of IFRSs, Jin-Guan-Zheng-Fa Letter No. 1010012865 dated April 6, 2012 requires the Company to reverse special earnings reserve in the proportion of originally recognition when the Company subsequently uses, disposes or reclassifies related assets. If the above related assets belong to investment properties, reversal of land is made when being disposed or reclassified and others are reversed during the periods of being used. In addition, the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms". The "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Jin-Guan-Zeng-Chung Letter No. 0990073857 dated November 11, 2011. Moreover, the additional special reserve should be transferred to "special earnings reserve" by the net of tax after the annual closing. On the other hand, if the special reserve is insufficient to write-off or to recover the amount that could be wrote-off or recovered, the insufficiency may be recovered or written-off through the "special earnings reserve". The special earnings reserve can only be used in offsetting an entity's deficit or 50% of such reserve can be transferred to capital given that such reserve is equivalent to 50% of the paid-in capital or more. No other purpose is permitted. As of December 31, 2013, December 31, 2012 and January 1, 2012, the Bank and its subsidiaries' special reserve were $4,077,121, $4,077,121 and $4,111,089, respectively.

(24) Unappropriated earnings

A. As stipulated by the Bank's Articles of Incorporation, the annual net income after income tax should be first used to offset accumulated losses, then 30% of it should be set aside as legal reserve and if the current year-end accounts in the stockholders' equity have debit balances, the Bank is required to appropriate a special reserve.

The remaining earnings are to be distributed as follows:

(A) 1% to 8% as employees' bonus.

(B) Dividend and bonus to shareholders as proposed by the Board of Directors and approved by the shareholders at the shareholders' meeting. (The Board of Directors is appointed to act on behalf of the shareholders.)

Before the legal reserve reaches the total capital, or the capital adequacy ratio meets the requirements under the Banking Act, the maximum distribution of cash earnings should be subject to the Banking Act and the requirements of central governing authority.

B. Dividend policy for the next three years

Banking is a fully developed industry and the Bank, operating under a solid financial base, has maintained a stable income. The Bank has set up its dividend policy to be primarily in the form of cash dividends and supplemented by share dividends, as to increase its capital adequacy ratio and to enhance its competitiveness.

C. The appropriation of 2012 and 2011 earnings were resolved on June 28, 2013 and June 29, 2012 and were summarized as follows:

	Earnings distribution		Dividend per share (NT dollar)	
	2012	2011	2012	2011
Legal reserve	$ 3,112,450	$ 2,587,461	$ -	$ -
Cash dividends on common stock	3,631,386	2,012,469	0.58	0.34
Stock dividends on common stock	3,631,000	4,020,000	0.58	0.69
	$ 10,374,836	$ 8,619,930	$ 1.16	$ 1.03

D. The Bank estimated employees' bonus and supervisors' and directors' remunerations amounting to $598,600 and $583,700 were recognized as operating expense for the years ended December 31, 2013 and 2012, respectively. After taking into account the legal reserve and other factors, the amount was arrived at by multiplying the net income after tax with the percentage stipulated in the Articles of Incorporation of the Bank. The employees' bonus approved by the Board of Directors and resolved at the stockholders' meeting amounted to $581,111 for the year ended December 31, 2011, which has decreased by $2,589 as compared with the operating expense- employees' bonus of $ 583,700 recognized in the financial statements for the year ended December 31, 2012. The amount of $2,589 respectively the difference in estimates has been adjusted in the 2013 statement of comprehensive income based on the accounting for changes in estimates upon the resolution of distribution through the stockholders' meeting. Besides, there were no directors' and supervisors' remuneration.

E. Information on the appropriation of the Bank's earnings as resolved by the Board of Directors will be posted on the Market Observation Post System website of the Taiwan Stock Exchange.

(25) Other equity interest

	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total
Balance, January 1, 2013	($ 951,717)	$ 3,650,093	$ 2,698,376
Available-for-sale financial assets - Valuation adjustment	-	391,120	391,120
Exchange difference on the financial statements of foreign entities	698,261	-	698,261
Share of the profit or loss of associates accounted for using the equity method	19,197	-	19,197
December 31, 2013	($ 234,259)	$ 4,041,213	$ 3,806,954

	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on available-for-sale financial assets	Total
Balance, January 1, 2012	$ -	$ 2,917,126	$ 2,917,126
Available-for-sale financial assets			
- Valuation adjustment	-	732,967	732,967
Exchange difference on the financial statements of foreign entities	(928,967)	-	(928,967)
Share of the profit or loss of associates accounted for using the equity method	(22,750)	-	(22,750)
December 31, 2012	($ 951,717)	$ 3,650,093	$ 2,698,376

(26) Net interest income

	For the years ended December 31 2013	2012
Interest income		
Interest income, loans discounted	$ 31,472,597	$ 30,380,192
Interest income, securities investment	3,984,071	4,266,489
Interest income, due from bank	1,495,679	1,071,459
Interest income, credit cards recurrence	208,935	210,969
Other interest income	303,804	294,280
Subtotal	37,465,086	36,223,389
Interest expense		
Interest expense for deposits	($ 10,060,616)	($ 9,749,976)
Interest expense, due to Central Bank and banks	(920,275)	(1,039,449)
Interest expense, financial bonds	(702,194)	(526,667)
Interest expense, repurchase	(54,871)	(50,944)
Structured notes interest expense	(215,919)	(133,021)
Other interest expense	(41,091)	(37,296)
Subtotal	(11,994,966)	(11,537,353)
Total	$ 25,470,120	$ 24,686,036

(27) Net service fee income

	For the years ended December 31 2013	2012
Service fee income		
Trust business	$ 1,536,729	$ 1,313,450
Custodian business	454,166	418,693
Insurance agency	909,986	790,826
Foreign exchange	959,596	911,180
Credit extension	945,244	879,491
Credit card	625,397	588,045
Other service fee income on deposits and remittances	779,785	724,845
Overseas branches excluding OBU	590,520	535,209
Subtotal	6,801,423	6,161,739
Service fee expense		
Trust business	(119,644)	(86,323)
Custodian business	(103,642)	(98,476)
Insurance agency	(178,899)	(110,154)
Foreign exchange	(24,867)	(32,288)
Credit extension	(49,886)	(48,833)
Credit card	(271,896)	(243,085)
Other service fee expense on deposits and remittances	(364,636)	(320,596)
Overseas branches excluding OBU	(23,296)	(22,445)

	2013	2012
Subtotal	(1,136,766)	(962,200)
Total	$ 5,664,657	$ 5,199,539

(28) Gains on financial assets or liabilities measured at fair value through profit or loss

	For the years ended December 31	
	2013	2012
Gain or loss on disposal of financial assets or liabilities measured at fair value through profit or loss		
Short-term bills	($ 17,289)	($ 816)
Bonds	(63,367)	(9,735)
Stocks	20,193	(13,989)
Interest rate	317,102	(90,217)
Exchange rate	841,619	1,058,058
Options	299,091	394,390
Futures	(33,125)	(17,873)
Other securities	268	117
Subtotal	1,364,492	1,319,935
Revaluation gain or loss on financial assets or liabilities measured at fair value through profit or loss		
Short-term bills	(2,868)	(62)
Bonds	153,400	227,972
Stocks	5,369	1,928
Interest rate	(490,632)	(123,111)
Exchange rate	(389,096)	35,875
Options	(13,691)	(2,173)
Futures	(5,104)	(2,246)
Subtotal	(742,622)	138,183
Coupon payment and bonus income on financial assets at fair value through profit or loss	6,116	6,675
Interest income from financial assets measured at fair value through profit or loss	350,963	132,643
Interest expense from financial liabilities measured at fair value through profit or loss	(342,144)	(430,932)
Total	$ 636,805	$ 1,166,504

Net income on exchange rate instruments are realized and unrealized gain and loss on spot and forward exchange contracts, FX options and FX futures. Financial assets and liabilities denominated in foreign currencies that are not designed for hedging and are measured at fair value through profit and loss, the translation gains and losses are also included under the net income of exchange rate instruments.

Interest-linked instruments include interest rate swaps, money market instruments, interest-linked options and other interest related instruments.

When the Bank and its subsidiaries designates a financial instrument to be measured at fair value through profit and loss, any change in fair value of the derivative managed with the financial instrument is recognized in “gain or loss on financial assets or liabilities measured at fair value through profit or loss”.

(29) Realized gains on available-for-sale financial assets

	For the years ended December 31	
	2013	2012
Dividends income	$ 235,501	$ 345,573
Gain on disposal		
Bonds	37,827	30,952
Stock	109,507	237,545
Beneficiary certificate	261	22
Subtotal	383,096	614,092
Loss on disposal		
Bonds	(15,856)	(73,977)
Stock	(178,683)	(274,665)
Beneficiary certificate	-	(1,160)
Subtotal	(194,539)	(349,802)
Total	$ 188,557	$ 264,290

(30) Reversal of impairment loss on assets

	For the years ended December 31	
	2013	2012
Assets impairment losses on held-to-maturity financial assets	$ -	($ 11,453)
Reversal of impairment loss on collaterals	882	2,443
Totatl	$ 882	($ 9,010)

(31) Net other non-interest income

	For the years ended December 31	
	2013	2012
Net gain on financial assets at cost	$ 242,818	$ 162,708
Net income and losses from rent	215,420	219,205
Gains on disposal of property	2,159	255,985
Assets retirement loss	(4,080)	(3,438)
Other net income or losses	(401,341)	(5,256)
Total	$ 54,976	$ 629,204

(32) Employee benefit expense

	For the years ended December 31	
	2013	2012
Short-term employee benefit	$ 10,367,538	$ 10,212,635
Post-employment benefit	881,407	1,150,118
Other employee benefit	156,072	183,658
Total	$ 11,405,017	$ 11,546,411

(33) Depreciation and amortization expenses

	For the years ended December 31	
	2013	2012
Depreciation expenses	$ 646,484	$ 631,190
Amortization expenses	133,455	124,173
Total	$ 779,939	$ 755,363

(34) Other general and administrative expenses

	For the years ended December 31	
	2013	2012
Taxes	$ 1,020,114	$ 1,043,146
Rental	929,061	934,780
Insurance premium	607,412	581,777
Post and cable	216,239	208,471
Water, electricity and gas	172,355	168,105
Stationery	110,323	115,292
Maintenance	194,602	186,022
Entrustment of investigate and research	162,024	153,972
Land occupancy	134,282	135,638
Police and security	132,978	132,854
Advertising	124,864	149,713
Others	691,176	693,845
Total	$ 4,495,430	$ 4,503,615

(35) Income tax expenses

A. Tax expense

	For the years ended December 31	
	2013	2012
Current tax		
Current tax expense	$ 2,140,643	$ 1,438,193
Income tax of overseas branches and adjustments for over provisions of prior years' income tax expense	(78,646)	466,121
Total current tax	2,061,997	1,904,314
Origination and reversal of temporary differences	(17,478)	43,081
Tax expense	$ 2,044,519	$ 1,947,395

B. Details of reconciliation between income tax expense and accounting profit

	For the years ended December 31	
	2013	2012
Income tax from pretax income calculated at regulated tax rate	$ 2,157,172	$ 2,096,239
Income tax of overseas branches and adjustments for over provisions of prior years' tax expense	(78,646)	466,121
Adjustments of items not recognized under relevant regulations	(44,397)	(41,958)
Adjusted effects on income tax exemption and other income tax	10,390	(573,007)
Income tax expense	$ 2,044,519	$ 1,947,395

C. Amounts of deferred tax assets or liabilities as a result of temporary difference, loss carryforward and investment tax credit are as follows:

	For the year ended December 31, 2013			
Temporary differences	January 1	Recognised in profit or less	Recognised in other comprehensive income	December 31
Deferred tax assets				
Allowance for bad debt in excess of tax limits	$ 480,648	$ 9,777	$ -	$ 490,425
Loss carryforwards	-	-	-	-
Allowance for impairment losses of foreclosed assets	21,626	-	-	21,626
Unappropriated of employee benefit	794,552	(18,760)	(11,557)	764,235
Overseas branches and overseas subsidiary	483,231	(21,600)	-	461,631
Others	(193,511)	60,402	-	(133,109)
Deferred tax assets-net	$ 1,586,546	$ 29,819	($ 11,557)	$ 1,604,808
Deferred income tax liabilities				
Land revaluation increment tax	$ 5,713,259	$ -	$ -	$ 5,713,259
Others	24,611	12,341	-	36,952
Deferred income tax liabilities-net	$ 5,737,870	$ 12,341	$ -	$ 5,750,211

	For the year ended December 31, 2012			
Temporary differences	January 1	Recognised in profit or less	Recognised in other comprehensive income	December 31
Deferred tax assets				
Allowance for bad debt in excess of tax limits	$ 465,171	$ 15,477	$ -	$ 480,648
Loss carryforwards	180,300	(180,300)	-	-
Allowance for impairment losses of foreclosed assets	22,041	(415)	-	21,626
Unappropriated of employee benefit	728,423	30,752	35,377	794,552
Overseas branches and overseas subsidiary	547,680	(64,449)	-	483,231
Others	(329,440)	135,929	-	(193,511)
Deferred tax assets-net	$ 1,614,175	($ 63,006)	$ 35,377	$ 1,586,546
Deferred income tax liabilities				
Land revaluation increment tax	$ 5,742,502	($ 29,243)	$ -	$ 5,713,259
Others	15,293	9,318	-	24,611
Deferred income tax liabilities-net	$ 5,757,795	($ 19,925)	$ -	$ 5,737,870

D. The Bank's income tax returns through 2007 have been assessed by the Tax Authority. With respect to the income tax returns of the Bank from 2004 to 2007, the Bank disagreed with the assessments related to the interest expense and operating expenses and had filed for administrative litigation. The Bank had recognized the income tax expense relating to the increase in income tax payable; the Bank plans to file for tax re-examination for years of 2004 to 2007.

Income tax returns of FCBL and FIA through 2010 and 2011 have been respectively assessed and approved by the Tax Authority.

E. The balance of unappropriated earnings were as follows:

	December 31, 2013	December 31, 2012	January 1, 2012
Unappropriated earnings generated on and after January 1,1998	$ 13,836,749	$ 13,510,431	$ 11,885,693

F. As of December 31, 2013, December 31, 2012 and January 1, 2012, the balances of the imputation tax credit account were $81,063, $88,799 and $87,351, respectively. The creditable tax rates were 0.58% for 2013 and 2.29% for 2012, respectively.

(36) Earnings per share

Basic

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

	For the years ended December 31	
	2013	2012
Gain and loss attributable to the common stock of the Bank and its subsidiaries (in thousand dollars)	$ 10,644,727	$ 10,383,422
Outstanding weighted average common stock (in thousand of shares)	6,635,100	6,635,100
Earnings per share (in dollars)	1.60	1.56

Note: Basic earnings per share and diluted earnings per share for the years ended December 31, 2013 and 2012, are the same.

(37) Non-cash transactions

Investing activities with partial cash payments

	For the years ended December 31	
	2013	2012
Property received in exchange for land and cash		
Property transferred	$ -	($ 370,422)
Land cost of transfer	-	11,849
Gain on trading of properties	-	317,385
Cash paid	$ -	($ 41,188)

7. Fair value and hierarchy information on financial instruments

(1) Scope

Fair value is the amount for which an asset could be exchanged or a liability can be settled between knowledgeable, willing parties in an arm's length transaction.

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

(2) Fair value information of financial instruments

The fair value information of financial instruments measured at fair value is provided in Note 7(3).

Except for those listed in the table below, the carrying amount of some of the Bank's financial instruments (e.g. cash and cash equivalents, due from Central Bank and call loans to other banks, receivables, loans discounted, refundable deposits, deposits from the Central Bank and banks, due to Central Bank and other banks, bills and bonds under repurchase agreements, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits) is approximate to their fair value. (Please refer to Note 7 (4)).

	December 31, 2013		December 31, 2012	
Financial assets	Book value	Fair value	Book value	Fair value
Held-to-maturity financial assets	$ 304,110,961	$304,298,661	$ 278,537,163	$278,747,075
Other financial assets- bond instruments without active market	25,281,782	25,332,847	2,169,378	2,174,604

	January 1, 2012	
Financial assets	Book value	Fair value
Held-to-maturity financial assets	$ 320,672,462	$320,710,310
Other financial assets- bond instruments without active market	2,401,645	2,399,877

(3) Financial instruments measured at fair value

A. Determination of the fair value

Fair value is the amount for which an asset could be exchanged or liability could be settled between knowledgeable, willing parties in an arm's length transaction.

The quoted market price is used as the fair value when the financial instruments have an active market, such as market prices provided by the Stock Exchange Corporation, Bloomberg and Reuters are all basis of fair value for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from Stock Exchange Corporation, commission merchants, underwriters or pricing service institutes can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market. If the above condition is not met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price or significantly increasing price variance are both indicators of an inactive market.

In addition to above financial instrument with an active market, other financial instruments at fair value are assessed by evaluation technique with reference to other financial instruments at fair value with similar conditions and characteristics in actual practice, cash flow discounting method and other evaluation technique, including market information obtained by exercising the model at balance sheet date (such as yield curve used in OTC and average interest rate of commercial bill from Reuters).

When a financial instrument has no standardized evaluation and with less complexity involved, such as interest rate swap, currency swap and options. The Bank and its subsidiaries usually adopts the valuation generally accepted by market users. The inputs used in these financial instruments valuation usually are observable information in the market.

For financial instruments with higher complexity, the fair value is assessed through the valuation model developed by general valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments with no quoted market price (including debt instrument of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Bank and its subsidiaries needs to make appropriate estimates based on the assumptions.

Valuation on derivative instrument is based on the valuation model generally accepted by market users, such as discounting method and option pricing model. FX contract usually is valuated based on current FX rate. Structured-interest derivative contract is valuated based on option pricing model.

The output of the evaluation model is always an estimate, and the valuation technique may not reflect all the relevant factors of the financial instruments held by the Bank and its subsidiaries. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk, liquidity risk or credit risk of counterparties. According to the Bank and its subsidiaries's valuation model management and other related controlling procedures, the adjustment made is adequate and necessary and the balance sheet is believed to present fairly, in all material aspects, the fair value of financial instruments. The pricing information and input are prudently evaluated in the valuation process, and shall be timely adjusted by market condition.

B. Valuation methods by financial instruments of the Bank and its subsidiaries are shown by types and nature as follows：

(A) NTD Central Government Bond: the latest transaction price announced by Electronic Bond Trading System of GTSM or SEC or the yield rates across different contract lengths bulletined by OTC are used.

(B) NTD corporate bonds & financial bonds: fair value of different maturities announced by GTSM is adopted. If the fair value is not available, yield rate curve of the corresponding credit rating provided by GTSM is used to compute the theory price.

(C) Securitization instruments: future cash flows discounted by market interest rate or the quotations provided by the counterparties are adopted for valuation.

(D) Convertible corporate bond: closing prices bulletined by the GTSM or the latest closing prices is adopted as valuation standard.

(E) NTD short-term bills: future cash flows discounted by the mid price of TWD-T6165 provided by Reuters is used to estimate present valuation.

(F) Foreign securities: prices quoted from Bloomberg or counterparties are adopted.

(G) Listed stocks: the closing price listed in TSE or OTC is adopted.

(H) Beneficiary certificate: closed-end funds use the closing price in an active market as the fair value and open-ended funds use the net asset value of the a fund as the fair value.

(I) Financial bonds designated at fair value issued by the Bank and its subsidiaries: future cash flow discounted by the mid price of TWD-T6165 provided by Reuters is used to estimate present valuation.

(J) Derivatives：

a. Call (put) warrant, stock index futures, and stock index futures options: prices quoted from an active market are deemed the fair value.

b. Forward FX, currency swap, interest swap and cross currency swap: discounted future cash flows is adopted.

c. Options: Black-Scholes model is mainly adopted for valuation.

d. Certain derivatives use the quoted price from counterparties.

(4) Fair value of financial instruments not measured at fair value through income statement

The methods and assumption used by financial instruments not measured at fair value of the Bank and its subsidiaries are as follows：

A. The book value of cash and cash equivalents, due from Central Bank and call loans to banks, securities purchased under resell agreements, receivables, refundable deposits, due to Central Bank and banks, fund borrowed from Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, other borrowings, deposits, and other financial liabilities which have a short maturity period will be considered as their fair value.

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

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

(A) NTD Central Government Bond: fair value of bonds of different maturities bulletined by Over-The-Counter (hereinafter OTC).

(B) NTD corporate bonds, financial bonds, government bonds and beneficiary bond certificates: future cash flow discounted by the yield curve of OTC is used to measure present valuation.

(C) NTD and US short-term bills and NTD beneficiary securities: the average NTD and US commercial paper's interest rate of Reuters (Fixing Rate) and mid-price of TWD-T6165 are used to discount the future cash flow for the present valuation.

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

E. Bank notes payable: Since the coupon rates of the financial bonds issued by the Bank approximate the market rates, the fair value based on the discounted value of expected future cash flow approximates the book value.

F. Other financial assets- bond instruments without active market: If a quoted price is available from a transaction or a market maker, the latest transaction price and quoted price is used as foundation for fair value measurement. If no quoted market price is available for reference, the valuation method is adopted. The estimate and assumption adopted are the discounted value of expected future cash flow used to estimate the fair value.

G. Other financial assets- financial assets measured at cost: financial assets measured at cost have no quoted market price in an active market. The variability in the range of reasonable fair value estimates is significant for the assets, and the probabilities of the estimates within the range cannot be reasonably assessed leading that the fair value cannot be reliably measured. As a result, the fair value is not disclosed.

(5) Hierarchy of fair value estimation of financial instruments

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

(A) Level 1

This is to refer the quoted prices in active markets for any identical instruments. An active market meant satisfy all the following conditions: 1) the products traded in the market share a common nature; and 2) the willing buying and selling parties can be readily found in the market and the prices are observable for public. The fair value of the investments of the Bank, such as listed stocks investment, beneficiary certificates, popular Taiwan Government Bonds and the derivatives with a quoted price in an active market, are deemed as Level 1.

(B) Level 2

Observable prices other than the quoted prices in an active market comprise direct (e.g. prices) or indirect (e.g. derived by prices) observable inputs obtained from an active market. For instance, investments of the Bank and its subsidiaries in non-popular corporate bonds, financial bonds, convertible bonds and most derivatives and financial bonds issued by the Bank and its subsidiaries.

(C) Level 3

The inputs adopted for measuring fair value at this level are not based on available data from the markets. For instance, the derivatives and certain overseas securities invested by the Bank and its subsidiaries.

B. Hierarchy of fair value estimation of financial instrument

Financial instruments measured at fair value	December 31, 2013			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 123,361	$ 123,361	$ -	$ -
Bond investments	13,827,218	926,096	12,901,122	-
Others	15,768,749	-	15,768,749	-
Financial assets designated as at fair value through profit or loss	7,340,495	-	7,340,495	-
Available-for-sale financial assets				
Stock investments	12,435,472	12,435,472	-	-
Bond investments	71,002,932	5,976,950	65,025,982	-
Others	2,094,179	-	2,094,179	-
Liabilities				
Financial liabilities at fair value through profit or loss	448,805	-	448,805	-
Financial liabilities designated as at fair value through profit or loss on initial recognition	10,763,435	-	10,763,435	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,492,095	117,575	3,786,509	588,011
Liabilities				
Financial liabilities at fair value through profit or loss	3,693,962	-	3,105,951	588,011
Derivative liabilities of hedging	7,973	-	7,973	-
Total	$141,998,676	$ 19,579,454	$121,243,200	$ 1,176,022

Financial instruments measured at fair value	December 31, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 107,330	$ 107,330	$ -	$ -
Bond investments	7,268,729	863,507	6,405,222	-
Others	1,095,919	-	1,095,919	-
Financial assets designated as at fair value through profit or loss	914,903	-	914,903	-
Available-for-sale financial assets				
Stock investments	11,669,416	11,669,416	-	-
Bond investments	57,353,311	3,873,226	53,480,085	-
Others	2,281,375	-	2,281,375	-
Liabilities				
Financial liabilities at fair value through profit or loss	16,856,335	-	16,856,335	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,769,181	155,949	3,635,543	977,689
Liabilities				
Financial liabilities at fair value through profit or loss	4,911,583	-	4,216,422	695,161
Derivative liabilities of hedging	44,584	-	44,584	-
Total	$107,272,666	$ 16,669,428	$ 88,930,388	$ 1,672,850

Financial instruments measured at fair value	January 1, 2012			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading				
Stock investments	$ 51,406	$ 51,406	$ -	$ -
Bond investments	851,157	638,829	212,328	-
Others	649,124	-	649,124	-
Financial assets designated as at fair value through profit or loss	3,007,665	-	3,007,665	-
Available-for-sale financial assets				
Stock investments	11,467,998	11,467,998	-	-
Bond investments	59,164,162	1,379,429	57,784,733	-
Others	908,338	-	908,338	-
Liabilities				
Financial liabilities at fair value through profit or loss	18,299,067	-	18,299,067	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	10,798,834	175,687	7,552,288	3,070,859
Liabilities				
Financial liabilities at fair value through profit or loss	7,604,066	-	4,894,332	2,709,734
Derivative liabilities of hedging	110,978	-	110,978	-
Total	$112,912,795	$ 13,713,349	$ 93,418,853	$ 5,780,593

C. Movements of financial assets and liabilities at fair value classified into Level 3

(A) Movements of financial assets classified into Level 3 of fair value

For the year ended December 31, 2013

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3 (Note)	
Derivative financial instruments	$ 977,689	$ 938	$ -	$ 494,178	$ -	$ 857,000	$ 27,794	$ 588,011

For the year ended December 31, 2012

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3 (Note)	
Derivative financial instruments	$ 3,070,859	($ 2,273,054)	$ -	$ 573,387	$ -	$ 393,503	$ -	$ 977,689

In relation to the above amounts recognized in gain and loss in the period, as of December 31, 2013 and 2012, the carrying amounts of gains (losses) on assets were $938 and ($2,273,054), respectively.

(B) Movements of financial liabilities classified into Level 3 of fair value

For the year ended December 31, 2013

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Derivative financial instruments	$ 695,161	$ 25,476	$ -	$ 512,652	$ -	$ 617,368	$ 27,910	$ 588,011

For the year ended December 31, 2012

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognized in gain and loss	Amount recognized in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Derivative financial instruments	$ 2,709,734	($ 2,264,142)	$ -	$ 795,216	$ -	$ 545,647	$ -	$ 695,161

In relation to the above amounts recognized in gain and loss in the period, as of December 31, 2013 and 2012, the carrying amounts of gains (losses) on liabilities were ($25,476) and $2,264,142, respectively.

D. Transfers between Level 1 and Level 2

With regard to the financial instruments held by the Bank and its subsidiaries, no transfers between Level 1 and Level 2 occurred during this year.

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

The fair value measurement that the Bank and its subsidiaries made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in Level 3 moves 0.2% (for example, the interest rate, etc.), the effects on gain and loss in the period or the effects on other comprehensive income are as follows：

December 31, 2013	Change in fair value recognized in profit or loss in the period		Change in fair value recognized in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading	$ 1,176	($ 1,176)	$ -	$ -
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$ 1,176	($ 1,176)	$ -	$ -

December 31, 2012	Change in fair value recognized in profit or loss in the period		Change in fair value recognized in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading	$ 1,955	($ 1,955)	$ -	$ -
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$ 1,390	($ 1,390)	$ -	$ -

January 1, 2012	Change in fair value recognized in profit or loss in the period		Change in fair value recognized in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets held for trading	$ 6,142	($ 6,142)	$ -	$ -
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	$ 5,419	($ 5,419)	$ -	$ -

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

If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

8. Management objective and policy for financial risk

(1) Scope

Financial risk management objectives of the Bank and subsidiaries are to consider the risk tolerance, laws and regulations, and external factors according to the overall operating strategies and financial objectives and to take proper coping strategy and control various business risks and potential financial losses within bearable level through effective risk management mechanism including identification, measurement, monitoring, and reporting for risk for the purpose of ensuring sound business development and achieving reasonable objectives of risks and rewards and thereby enhancing shareholder value.

Major risks faced by the Bank and subsidiaries while operating business include various credit risk, market risk, operational risk, and liquidity risk from businesses in and off the balance sheet. To practice risk management culture and strategy, the Bank has already proposed policies, system, procedures, and methods for risk management and followed relevant laws and regulations with timely evaluation and correction. Through establishment and management of various risk limits, regular monitoring and reporting, internal control and internal audit system and supervision of high-level committee organization, the Bank can effectively identify, measure, supervise and control various key risks to facilitate legal compliance and achievement of strategic objectives and provide reliable financial reporting information.

(2) Organization structure for risk management

Bank

The Bank's Board of Directors has the ultimate approval right in risk management. Major management risk items include overall risk management policy, risk tolerance limit, and authority witch must be approved by the Board of Directors.

Under the Board of Directors, there is a Risk Management Committee, headed by the Bank's President. Also, the Executive Vice President and director of the compliance department take up the post of members. Risk Management Committee is responsible for incorporating units such as Risk Management Division, Credit Approval Division, Credit Analysis Division and Investigation Division to review, supervise, report, and coordinate company-wide risk management. In addition to that, RMC needs to resolve risk management policy and guidelines, risk authorized limits, risk tolerance limits, monitoring indicators, risk assessment procedure, risk monitor program, risk management execution report and other matters, and regularly report to the Board of Directors and supervisors regarding to the risk evaluation of the Bank. Besides, Risk Management Center, which is independent from business units, is comprised of Regional Center, Risk Management Division, Credit Approval Division, Credit Analysis Division and Investigation Division, and is responsible for implementing the risk management strategy resolved by risk management committee. Among other things, Risk Management Division is a business line under Risk Management Committee to execute and corporate implementations.

The Auditing department regularly reviews the execution of risk management based on relevant internal control system to ensure the effective operation for risk management and assessment control, which should be reported to the Board of Directors regularly.

The Subsidiary, FCB Leasing

FCB Leasing's Board of Directors has the ultimate approval right in risk management. Major items of risk control include risk management policy, risk tolerance limit, and authority, which shall all be approved by the Board of

Directors. FCB Leasing also set up Department of Management I and II to take charge of implementation and management of overall risk management strategies.

(3) Credit risk

A. Source and definition of credit risk

Financial instruments held by the Bank and its subsidiaries may incur losses if counterparties are not able to fulfill their obligations at the maturity date. Credit risk may happen due to items in or off the balance sheet. For items in the balance sheet, credit risk exposure of the Bank and its subsidiaries mainly comprises of bill discounted and loans and credit card business, securities financing, leases, deposits and call loans from banks, debt instrument and derivatives, etc. Off balance sheet items include finance guarantee, bank acceptance, letter of credit, and loan commitment.

B. Policy for credit risk management

Risk management program and procedures are as follows:

(A) Establishing the qualification condition and credit limit of the counterparty and granting different credit limits by referring to information from domestic and foreign credit rating institutions or by establishing its own rating system before each transaction;

(B) Avoiding the concentration risk, that is, through limiting the amount of financing to or investing in a single customer, single industry, single conglomerate, single stock, or related parties;

(C) Monitoring credit risk by industry, counterparty (individual and group) and country through the limits;

(D) Setting up loan approval and review procedure for credit extension business as well as specific review policy for complicated credit extension cases;

(E) Establishing policy of loan percentage on collateral, collateral appraisal, management and disposal in relation to credit extension;

(F) Reporting to the senior management with regard to the summary of credit risk information.

In addition, each foreign operating entity of the Bank and its subsidiaries sets aside the loss reserve and appraises the assets quality, unless otherwise indicated by competent authorities of the domestic countries in which the subsidiaries reside, in conformity with risk management policy of each operating entity.

The significant subsidiaries of the Bank and its subsidiaries classify debt instruments and credit assets into 5 categories by referring to internal ratings and external rating institutions. Comparisons between the internal rating and external long-term rating scales are as follows:

No direct correlation between the internal rating of credit assets and external rating of debt investments has been shown in the following table, but merely shows two different rating scales of the same category.

Credit quality category	Internal rating of credit assets	The Debt investments	
		External rating (Note)	Taiwan rating
Low risk	Level 1 to level 7	Above level BBB-	Above level twA
Medium risk	Level 8 to level 9	Level BB- to level BB+ (including the debt investments of non rating)	twBBB- ～twA-
Medium-high risk	Level 10	Level B- to level B+	twB- ～ twBB+
High risk	Level 11 to level 12	Level CCC/C	twCCC
Default	Level 13	Level D	

(Note) These are ratings of Moody's, Fitch and S&P.

Procedures and methods used in credit risk management for the core businesses of the Bank and its subsidiaries are as follows:

(A) Credit business (including accounts receivable of lease business, loan commitments and guarantees of the lease subsidiaries):

Classification for credit assets and internal risk ratings are as follows:

a. Credit asset classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining unsound assets are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category three for assets deemed recoverable. Category Four for assets that are doubtful. Category Five for assets that are not recoverable. In order to manage credit extension, the Bank and its subsidiaries established Operation Guidelines for Credit Extension Assets Risks, Regulations Governing the Setting Aside of Asset Losses Valuation and Non-Performing Loans, Guidelines for Claims Receivables, Standard Procedures for Collection of Overdue receivables as the principles for managing non-performing and overdue payments.

b. Internal risk rating

In response to the characteristics and scale of business, the Bank and its subsidiaries implement a credit risk internal evaluation module or set up a credit rating table in order to management risk.

The Bank and its subsidiaries, mainly by the statistic and professional judgement of expertise and consideration of client information, developed an objective indicator for evaluating client's credit risk. That is the "Borrower's risk rating" of the Bank and its subsidiaries, among which 13 thresholds are set up based on the default possibility, and then divided into 5 sub-categories as follows:

(a) Low risk: Level 1 to level 7 have a default rate lower than 2%. Clients in this threshold usually have ability to sustain the payment of interest and principal even under the adverse impact of economic environment, and the default rate is low.

(b) Medium risk: Level 8 to level 9 have a default rate ranging around 2-5%. Clients in this threshold usually have potential issues and adverse economic environment that could damage the borrower's willingness and capacity to make the payment of interest and principal.

(c) Medium-high risk: Level 10 has a default rate ranging around 5-10%. Clients' ability to make the payment of interest and principal are relatively lower and easily affected by the economic fluctuation.

(d) High risk: Level 11 to level 12 have a default rate ranging from 10% and above to less than 100%. Clients' ability the make the payment of interest and principal are extremely weak with a high possibility of default.

(e) Default: Level 13 has a default rate of 100%. Definition of default includes interest or principal payments that have been overdue for more than 60 days, overdue or non-performing loans transferred, suspended interest, C Chart, debt negotiation records and others.

The Bank should perform credit rating to the corporations at least once a year and to those who sign a mid-long-term credit contract at least once a year during the contract term. Same applies to the collective credit extension. Credit rating mainly processed by investigation division and regional center that are independent from operating units and only cases with certain amount and below may be processed by operating units.

Petty loans and mortgage loans are assessed through internal credit rating module, and the rest of retail banking are assessed by experts. Methods used in rating credit for petty loans and mortgage loans are as follows:

(a)Credit rating for petty loans:

Possibility of default (PD) and loss given default (LGD) of the borrowers assessed by credit evaluation module are used to calculate expected loss (EL). Based on the expected default frequency within the next year, the credit rating results are classified into three levels, which are ‘low risk’, ‘medium-high risk’, and ‘high risk’, respectively.

(b)Credit rating for mortgage loans:

Possibility of default (PD), loss given default (LGD) and exposure at default (EAD) of the borrowers assessed by credit evaluation module are used to calculate the expected loss (EL). The expected loss (EL) together with cost of capital, operation cost, and service fee are integrated into information on cost aspect. In addition, information on income aspect such as interest income and service fee income are assessed based on the credit line and interest rate at the time the borrowers applied for loans to produce ‘expected profit’ (revenue minus cost) and expected loss. Based on the expected default frequency within the next year, the credit rating results are classified into four levels, which are ‘low risk’, ‘medium risk’, ‘medium-high risk’ and ‘high risk’, respectively.

(B) Deposits and call loans

The Bank regularly reviews the limit (including limit of call loan) set up for every counterparty in the financial industry. The credit approval unit, with reference to credit risk limit granted based on long-term credit rating of external rating institutions, is responsible for individual assessment and implementation.

(C) Debt investment and derivatives

The risk management of Company and its subsidiaries’ debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

The counterparties of the derivative instruments are mostly financial institutions being rated at BB or above, and the credit extension (including the extension of call loan) granted to each financial institution counterparty is regularly reviewed and controlled by the credit granting segment. Those counterparties without credit rating or being rated below BB should apply risk limit to the credit granting segment by case which is then managed and controlled individually. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives as approved by general credit extension procedures to manage credit exposure of counterparties.

C. Credit risk hedging and mitigation policy

(A) Collateral

The banking subsidiary adopts a series of policies and measures to mitigate credit risks in relation to credit business, and one of the most common methods is requesting the borrower for the collateral. The Bank sets up the scope of collateral that can be recovered and the appraisal, as well as the management and disposing procedures to ensure the credit right. On the other hand, the loan security, terms of collateral, conditions to writing-off are addressed in the credit extending contract. The reduced facility, shortened repayment period or whether or not a loan is deemed matured, writing-off the deposits of the borrower for his/her liabilities are all well defined to mitigate credit risk in case that the credit event does incur.

(B) Credit risk limit and risk concentration control

The Bank complies with the Banking Act in relation to the provision of business credit to the same individual, the same related parties, or the same affiliated companies as well as residential architecture, corporate architecture. In order to effectively control credit risk concentration, the Bank sets up risk assumption limit by rating, industry types, groups, countries and listed securities based on risk management strategy, change in market environment, business complexity, and report to senior management regularly. Assessment and modification shall be performed to various credit risk assumption limit based on overall economic cycle, finance environment and business development strategy regularly (at least once a year) or irregularly.

(C) Net settlement with gross agreement

The transactions of the Bank and its subsidiaries are usually carried out by gross settlement. Despite that, net settlement is signed in a form of agreement with some trading counterparties, and is executed when a default occurs and all transactions were to terminate in order to further mitigate credit risk.

D. Maximum credit risk exposure and concentration of the Bank and its subsidiaries

Maximum credit risk exposure

The maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit strengthening instruments, is equivalent to the carrying amount. The maximum credit risk exposure relating to accounts off the balance sheet (without consideration of collaterals or the maximum exposure of other credit enhancements) are the unused loan commitments, unused credit commitments for credit cards, unused letters of credit and other guaranteed commitments. As of December 31, 2013, December 31, 2012 and January 1, 2012, please see Note 15 for details.

The management of the Bank and its subsidiaries believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Bank and its subsidiaries can be minimized and continuously controlled.

Credit risk concentration of the credit assets in the balance sheet

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Group concentrate on accounts in and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either product or service), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The nature that the debtor engages in could be a sign of credit risk concentration. The credit business of FCB and its subsidiaries is one of the core businesses; however, FCB does not significantly carry out transactions with single client or single counterparty, nor does the any of total trading volume to a single client or a single counterparty account for more than 5% the balance of loans discounted and overdue receivable. The credit risk concentration of the bills discounted, overdue receivables and lease business of FCB and its subsidiaries by industry, location and collateral are shown as follows:

Loans discounted, overdue receivable and receivable from lease business (short-term loans) of the Bank and its subsidiaries by industry are shown as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
Industry	Amount	%	Amount	%	Amount	%
Private enterprises	$ 774,338,717	53.43	$ 779,024,055	53.62	$ 736,195,247	53.71
Private individual	468,764,649	32.35	440,815,589	30.34	407,376,169	29.72
Overseas and others	132,652,670	9.15	135,881,530	9.35	122,629,779	8.95
Government institutions	64,934,855	4.48	77,906,384	5.36	64,455,241	4.70
Financial institutions	1,623,010	0.11	15,435,569	1.06	35,269,637	2.57
Non-profit organizations	1,858,070	0.13	2,308,283	0.16	2,679,338	0.20
State-owned organizations	5,087,868	0.35	1,548,975	0.11	2,098,163	0.15
Total	$ 1,449,259,839	100.00	$ 1,452,920,385	100.00	$ 1,370,703,574	100.00

Loans discounted, overdue receivable and receivable from lease business (short-term loans) of the Bank and its subsidiaries by location (Note) are shown as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
Geographical location	Amount	%	Amount	%	Amount	%
Asia	$ 1,370,184,404	94.55	$ 1,382,135,518	95.13	$ 1,310,551,640	95.61
North America	56,438,321	3.89	50,414,475	3.47	46,318,641	3.38
Oceania	11,776,843	0.81	11,328,785	0.78	7,267,264	0.53
Europe	10,860,271	0.75	9,041,607	0.62	6,566,029	0.48
Total	$ 1,449,259,839	100.00	$ 1,452,920,385	100.00	$ 1,370,703,574	100.00

Note: the above geographical location is made on the basis of the branch of debtor.

Loans discounted, overdue receivable and receivable from lease business of the Bank and its subsidiaries by collateral are shown as follows:

	December 31, 2013		December 31, 2012		January 1, 2012	
Collateral type	Amount	%	Amount	%	Amount	%
Unsecured loans	$ 413,044,505	28.50	$ 498,884,453	34.34	$ 503,542,290	36.74
Secured loans						
-Financial collateral	22,049,252	1.52	24,198,261	1.67	25,031,845	1.83
-Receivables	15,517	0.00	31,586	0.00	36,691	0.00
-Real estate	720,644,133	49.73	673,489,883	46.35	613,755,733	44.78
-Guarantee	85,029,337	5.87	78,299,620	5.39	73,645,857	5.37
-Other collateral	60,489,163	4.17	66,226,532	4.56	54,133,846	3.95
Overseas and others	147,987,932	10.21	111,790,050	7.69	100,557,312	7.33
Total	$ 1,449,259,839	100.00	$ 1,452,920,385	100.00	$ 1,370,703,574	100.00

E. Analysis on quality and overdue impairment of financial assets of the Bank and its subsidiaries:

Certain financial assets held by the Bank and its subsidiaries such as cash and cash equivalents, financial assets at fair value through profit and loss, bills and bonds under resale agreement, refundable deposits, operating deposits, and settlement fund and so on, while the counterparties have good credit rating, the credit risks are deemed extremely low. As a result, these financial assets are not included in the analysis on credit risk quality.

Other than the abovementioned items, credit quality analysis for the rest of financial assets is as follows:

(A) The credit risk quality of loans discounted (including loans and derivative receivables), receivables and securities investment:

December 31, 2013	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)		Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)	With individual impaired evidence	With no individual impaired evidence	(A)+(B)+(C)-(D)
Receivables	$ 168,639,763	$ -	$ -	$ -	$ 168,639,763	$ -	$ 1,454,465	$ 170,094,228	$ 967,432	$ 269,627	$ 168,857,169
Loans discounted	1,014,086,927	378,357,309	31,740,134	14,860,329	1,439,044,699	4,626,658	36,773,629	1,480,444,986	7,250,103	10,948,499	1,462,246,384
Total	$ 1,182,726,690	$ 378,357,309	$ 31,740,134	$ 14,860,329	$ 1,607,684,462	$ 4,626,658	$ 38,228,094	$ 1,650,539,214	$ 8,217,535	$ 11,218,126	$ 1,631,103,553

December 31, 2013	Positions that are neither past due nor impaired					Positions that are past due but not impaired(B)	Impaired amount (C)	Total	Recognized losses(D)	Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)		(A)+(B)+(C)-(D)
Available-for-sale financial assets										
-Bonds investment	$ 69,580,693	$ 1,137,112	$ -	$ -	$ 70,717,805	$ -	$ -	$ 70,717,805	$ -	$ 70,717,805
-Others	2,379,306	-	-	-	2,379,306	-	-	2,379,306	-	2,379,306
Held-to-maturity financial assets										
-Certificates of time deposit purchased	249,045,000	-	-	-	249,045,000	-	-	249,045,000	-	249,045,000
- Bonds investment	49,512,636	4,637,686	-	-	54,150,322	-	-	54,150,322	-	54,150,322
-Others	915,639	-	-	-	915,639	-	-	915,639	-	915,639
Other financial assets										
-Bonds investment	2,109,235	-	-	-	2,109,235	-	-	2,109,235	-	2,109,235
Total	$ 373,542,509	$ 5,774,798	$ -	$ -	$ 379,317,307	$ -	$ -	$ 379,317,307	$ -	$ 379,317,307

December 31, 2012	Positions that are neither past due nor impaired					Positions that are past due but no impaired(B)	Impaired amount (C)	Total	Recognized losses(D)		Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)	With individual impaired evidence	With no individual impaired evidence	(A)+(B)+(C)-(D)
Receivables	$ 122,091,662	$ -	$ -	$ -	$ 122,091,662	$ -	$ 1,104,288	$ 123,195,950	$ 795,739	$ 113,889	$ 122,286,322
Loans discounted	999,894,301	402,121,140	24,812,343	16,445,627	1,443,273,411	5,818,251	40,788,420	1,489,880,082	8,935,131	7,482,821	1,473,462,130
Total	$ 1,121,985,963	$ 402,121,140	$ 24,812,343	$ 16,445,627	$ 1,565,365,073	$ 5,818,251	$ 41,892,709	$ 1,613,076,032	$ 9,730,870	$ 7,596,710	$ 1,595,748,452

December 31, 2012	Positions that are neither past due nor impaired					Positions that are past due but no impaired(B)	Impaired amount (C)	Total	Recognized losses(D)	Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)		(A)+(B)+(C)-(D)
Available-for-sale financial assets										
-Bonds investment	$ 57,218,371	$ 134,940	$ -	$ -	$ 57,353,311	$ -	$ -	$ 57,353,311	$ -	$ 57,353,311
-Others	2,271,688	9,687	-	-	2,281,375	-	-	2,281,375	-	2,281,375
Held-to-maturity financial assets										
-Certificates of time deposit purchased	236,279,709	-	-	-	236,279,709	-	-	236,279,709	-	236,279,709
- Bonds investment	31,584,700	4,255,211	-	-	35,839,911	-	-	35,839,911	-	35,839,911
-Others	833,860	5,583,683	-	-	6,417,543	-	-	6,417,543	-	6,417,543
Other financial assets										
-Bonds investment	2,169,378	-	-	-	2,169,378	-	-	2,169,378	-	2,169,378
Total	$ 330,357,706	$ 9,983,521	$ -	$ -	$ 340,341,227	$ -	$ -	$ 340,341,227	$ -	$ 340,341,227

January 1, 2012	Positions that are neither past due nor impaired					Positions that are past due but no impaired(B)	Impaired amount (C)	Total	Recognized losses(D)		Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)	With individual impaired evidence	With no individual impaired evidence	(A)+(B)+(C)-(D)
Receivables	$ 132,483,542	$ -	$ -	$ -	$ 132,483,542	$ -	$ 854,649	$ 133,338,191	$ 896,474	$ 58,896	$ 132,382,821
Loans discounted	1,008,374,791	348,533,338	14,322,906	13,292,919	1,384,523,954	4,735,832	21,414,391	1,410,674,177	6,833,164	7,559,596	1,396,281,417
Total	$ 1,140,858,333	$ 348,533,338	$ 14,322,906	$ 13,292,919	$ 1,517,007,496	$ 4,735,832	$ 22,269,040	$ 1,544,012,368	$ 7,729,638	$ 7,618,492	$ 1,528,664,238

January 1, 2012	Positions that are neither past due nor impaired					Positions that are past due but no impaired(B)	Impaired amount (C)	Total	Recognized losses(D)	Net
	Low risk	Medium risk	Medium-high risk	High risk	Subtotal (A)			(A)+(B)+(C)		(A)+(B)+(C)-(D)
Available-for-sale financial assets										
-Bonds investment	$ 58,919,849	$ 244,313	$ -	$ -	$ 59,164,162	$ -	$ 302,750	$ 59,466,912	$ 302,750	$ 59,164,162
-Others	894,656	13,682	-	-	908,338	-	-	908,338	-	908,338
Held-to-maturity financial assets										
-Certificates of time deposit purchased	278,260,000	-	-	-	278,260,000	-	-	278,260,000	-	278,260,000
- Bonds investment	38,127,699	3,918,400	-	-	42,046,099	-	-	42,046,099	-	42,046,099
-Others	326,127	40,236	-	-	366,363	-	-	366,363	-	366,363
Other financial assets										
-Bonds investment	2,367,311	34,334	-	-	2,401,645	-	-	2,401,645	-	2,401,645
Total	$ 378,895,642	$ 4,250,965	$ -	$ -	$ 383,146,607	$ -	$ 302,750	$ 383,449,357	$ 302,750	$ 383,146,607

(B) In relation to loans discounted of the Bank and its subsidiaries that were neither past due nor impaired, the credit quality analysis is based on the credit quality rating by client:

December 31, 2013	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Receivables	$ 168,639,763	$ -	$ -	$ -	$ 168,639,763
Credit card business	3,474,124	515,546	417,454	234,274	4,641,398
Consumer banking	400,111,514	3,877,414	793,537	183,438	404,965,903
Corporate banking	595,130,060	256,131,951	30,529,143	14,442,617	896,233,771
Overseas and others	15,371,229	117,832,398	-	-	133,203,627
Total	$ 1,182,726,690	$ 378,357,309	$ 31,740,134	$ 14,860,329	$ 1,607,684,462

December 31, 2012	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Receivables	$ 122,091,662	$ -	$ -	$ -	$ 122,091,662
Credit card business	3,189,542	333,427	475,194	252,855	4,251,018
Consumer banking	380,312,740	3,478,222	704,271	192,930	384,688,163
Corporate banking	616,392,019	292,682,170	23,632,878	15,999,842	948,706,909
Overseas and others	-	105,627,321	-	-	105,627,321
Total	$ 1,121,985,963	$ 402,121,140	$ 24,812,343	$ 16,445,627	$ 1,565,365,073

January 1, 2012	Positions that are neither past due nor impaired				
	Low risk	Medium risk	Medium-high risk	High risk	Total
Receivables	$ 132,483,542	$ -	$ -	$ -	$ 132,483,542
Credit card business	2,766,589	344,695	464,649	261,067	3,837,000
Consumer banking	352,074,380	3,543,380	717,236	220,956	356,555,952
Corporate banking	653,533,822	249,876,547	13,141,021	12,810,896	929,362,286
Overseas and others	-	94,768,716	-	-	94,768,716
Total	$ 1,140,858,333	$ 348,533,338	$ 14,322,906	$ 13,292,919	$ 1,517,007,496

F. Aging analysis of overdue financial assets with no impairment of the Bank and its subsidiaries:

The delayed processing of the borrower and other administrative reasons may give rise to an overdue financial asset with no impairment. According to the internal risk management policy of the Bank and its subsidiaries, financial assets overdue for less than 90 days are usually not deemed impaired unless other evidence indicates otherwise.

Aging analysis of the overdue financial assets with no impairment of the Bank and its subsidiaries:

Items	December 31, 2013		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Loans discounted			
Credit card business	$ 5,053	$ 30,227	$ 35,280
Consumer banking	2,612,908	580,279	3,193,187
Corporate banking	1,068,318	329,873	1,398,191
Total	$ 3,686,279	$ 940,379	$ 4,626,658

Items	December 31, 2012		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Loans discounted			
Credit card business	$ 7,627	$ 28,755	$ 36,382
Consumer banking	3,736,460	476,550	4,213,010
Corporate banking	1,231,440	337,419	1,568,859
Total	$ 4,975,527	$ 842,724	$ 5,818,251

Items	January 1, 2012		
	Overdue for less than 1 month	Overdue for 1~3 months	Total
Loans discounted			
Credit card business	$ 8,913	$ 21,870	$ 30,783
Consumer banking	2,535,109	640,358	3,175,467
Corporate banking	1,121,632	407,950	1,529,582
Total	$ 3,665,654	$ 1,070,178	$ 4,735,832

G. Analysis of impaired financial assets of the Bank and its subsidiaries

Items			Loans discounted December 31, 2013	Impaired amount December 31, 2013
With individual objective evidence of impairment	Individual assessment	Corporate loans-secured	$ 27,113,817	$ 4,654,820
		Residential mortgage loans	106,398	523
		Overseas and others (Note)	5,230,508	1,015,856
	Collective assessment	Corporate loans-secured	2,547,560	1,135,134
		Residential mortgage loans	1,452,805	321,377
		Overseas and others (Note)	316,300	122,393
Without individual objective evidence of impairment	Collective assessment	Corporate loans-secured	887,783,232	7,562,702
		Residential mortgage loans	391,986,347	1,990,481
		Overseas and others (Note)	163,908,019	1,395,316
Total			$ 1,480,444,986	$ 18,198,602

Items			Loans discounted December 31, 2012	Impaired amount December 31, 2012
With individual objective evidence of impairment	Individual assessment	Corporate loans-secured	$ 27,519,092	$ 4,892,615
		Residential mortgage loans	295,689	8,025
		Overseas and others (Note)	6,672,352	1,138,784
	Collective assessment	Corporate loans-secured	4,467,876	2,361,804
		Residential mortgage loans	1,543,332	390,261
		Overseas and others (Note)	308,211	143,642
Without individual objective evidence of impairment	Collective assessment	Corporate loans-secured	941,533,410	5,788,883
		Residential mortgage loans	375,549,655	677,766
		Overseas and others (Note)	131,990,465	1,016,172
Total			$ 1,489,880,082	$ 16,417,952

Items			Loans discounted January 1, 2012	Impaired amount January 1, 2012
With individual objective evidence of impairment	Individual assessment	Corporate loans-secured	$ 11,416,066	$ 4,623,024
		Residential mortgage loans	225,430	37,957
		Overseas and others (Note)	6,668,100	969,789
	Collective assessment	Corporate loans-secured	971,129	544,637
		Residential mortgage loans	2,042,463	501,904
		Overseas and others (Note)	341,446	155,853
Without individual objective evidence of impairment	Collective assessment	Corporate loans-secured	919,961,481	5,694,790
		Residential mortgage loans	348,605,624	650,087
		Overseas and others (Note)	120,442,438	1,214,719
Total			$ 1,410,674,177	$ 14,392,760

Note : Others including small amount of credit loans,consumer banking,cash card and credit card services and so on.

Items			Total receivables December 31, 2013	Impaired amount December 31, 2013
With individual objective evidence of impairment	Individual assessment	Receivables	$ 1,393,096	$ 964,789
		Overseas and others	61,369	2,643
Without individual objective evidence of impairment	Collective assessment	Receivables	126,845,530	82,928
		Overseas and others	41,794,233	186,699
Total			$ 170,094,228	$ 1,237,059

Items			Total receivables December 31, 2012	Impaired amount December 31, 2012
With individual objective evidence of impairment	Individual assessment	Receivables	$ 1,151,638	$ 784,549
		Overseas and others	73,911	11,190
Without individual objective evidence of impairment	Collective assessment	Receivables	81,647,939	-
		Overseas and others	40,322,462	113,889
Total			$ 123,195,950	$ 909,628

Items			Total receivables January 1, 2012	Impaired amount January 1, 2012
With individual objective evidence of impairment	Individual assessment	Receivables	$ 898,199	$ 857,842
		Overseas and others	156,545	38,632
Without individual objective evidence of impairment	Collective assessment	Receivables	92,373,250	-
		Overseas and others	39,910,197	58,896
Total			$ 133,338,191	$ 955,370

H. Policy for assumed collateral management

The collaterals assumed by the Bank and its subsidiaries on December 31, 2013, December 31, 2012 and January 1, 2012 are of the nature of land and property. As of December 31, 2013, December 31, 2012 and January 1, 2012, the carrying amounts were $6,279, $34,800 and $47,643, respectively.

The assumed collateral shall be disposed once it is disposable and the proceeds of disposal shall be used to offset the remaining unpaid loan. Collaterals are classified under other assets in the consolidated balance sheet.

I. Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports

(A) Asset quality of the FCB

Date & year			December 31, 2013				
Business / Items			Non-performing loans (Note a)	Gross loans	Non-performing loan ratio (%) (Note b)	Allowance for doubtful accounts	Coverage ratio (Note c)
Corporate Banking	Secured loans		$ 3,988,317	$ 555,511,630	0.72%	$ 6,076,449	152.36%
	Unsecured loans		2,118,519	473,357,965	0.45%	7,555,412	356.64%
Consumer Banking	Residential mortgage loans (Note d)		640,707	393,822,028	0.16%	3,894,949	607.91%
	Cash cards		36	8,423	0.43%	325	902.78%
	Micro credit loans (Note e)		16,771	5,616,870	0.30%	89,997	536.62%
	Others (Note f)	Secured	5,035	11,511,479	0.04%	111,132	2207.19%
		Unsecured	5,032	53,045	9.49%	2,176	43.24%
Gross loans business			6,774,417	1,439,881,440	0.47%	17,730,440	261.73%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			7,794	4,881,144	0.16%	136,488	1751.19%
Without recourse factoring (Note g)			-	13,618,616	-	78,259	-

Date & year			December 31, 2012				
Business / Items			Non-performing loans (Note a)	Gross loans	Non-performing loan ratio (%) (Note b)	Allowance for doubtful accounts	Coverage ratio (Note c)
Corporate Banking	Secured loans		$ 3,008,798	$ 507,596,902	0.59%	$ 5,413,612	179.93%
	Unsecured loans		2,615,241	544,954,468	0.48%	7,010,792	268.07%
Consumer Banking	Residential mortgage loans (Note d)		778,902	378,581,540	0.21%	3,402,952	436.89%
	Cash cards		45	13,263	0.34%	418	928.89%
	Micro credit loans (Note e)		20,011	5,768,072	0.35%	90,719	453.35%
	Others (Note f)	Secured	-	8,155,713	0.00%	70,264	-
		Unsecured	352	119,519	0.29%	3,503	995.17%
Gross loans business			6,423,349	1,445,189,477	0.44%	15,992,260	248.97%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			5,889	4,501,782	0.13%	117,487	1995.02%
Without recourse factoring (Note g)			-	19,504,599	-	113,812	-

Explanation:

a. The amount recognized as non-performing loans is in compliance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amount included in overdue accounts for credit cards is in compliance with the Banking Bureau (4) Letter No. 0944000378 dated July 6, 2005.

b. Non-performing loan ratio=non-performing loans/gross loans. Non-performing loan ratio of credit cards ＝Non-performing loan ratio of credit cards /balance of accounts receivable.

c. Coverage ratio for loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for accounts receivable of credit cards＝allowance for doubtful accounts for accounts receivable of credit cards/ Non-performing loan ratio of credit cards.

d. For residential mortgage loans, the borrower provides his/her (or spouse’s or minor child’s) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to own house.

e. Small amount of credit loans apply to the norms of the Banking Bureau (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

f. Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loans, cash card services and small amount of credit loans, and excluding credit card services.

g. Pursuant to the Jin-Guan-Yi Letter No. 09850003180 dated August 24, 2009 amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

(B) Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2013	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note a)	$ 5,017	$ 66,080
Perform in accordance with debt liquidation program and restructuring program (Note b)	48,793	118,322
Total	$ 53,810	$ 184,402

	December 31, 2012	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note a)	$ 7,765	$ 89,738
Perform in accordance with debt liquidation program and restructuring program (Note b)	42,561	106,597
Total	$ 50,326	$ 196,335

Explanation:

a. The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt negotiation in accordance with the Jin-Guan-Yi Letter (1) No. 09510001270 of the FSC dated April 25, 2006.

b. The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt liquidation program and restructuring program in accordance with the Jin-Guan-Yi Letter (1) No. 09700318940 of the FSC dated September 15, 2008.

(C) Profile of concentration of credit risk and credit extensions of the FCB

December 31, 2013			
Ranking (Note a.)	Type of industry (Note b.)	Total outstanding loan amount (Note c.)	Total outstanding loan amount/FCB net worth of the current year (%)
1	A Group Plastic Sheets, Pipes and Tubes Manufacturing	$ 21,580,350	16.40%
2	B Group Private Air Transportation	20,365,619	15.48%
3	C Group Liquid Crystal Panel and Components Manufacturing	18,731,865	14.24%
4	D Group Visual Display and Terminal Service Manufacturing	15,394,132	11.70%
5	E Group Iron and Steel Smelting	10,085,534	7.66%
6	F Group Unclassified Other Financial Intermediation	9,633,108	7.32%
7	G Group Power Cable and Wiring Accessories Manufacturing	8,892,125	6.76%
8	H Group Unclassified Other Financial Intermediation	8,827,381	6.71%
9	I Group Manmade Fiber Manufacturing and Yarn Spinning Mills	8,239,603	6.26%
10	J Group Steel rolling	7,776,769	5.91%

December 31, 2012			
Ranking (Note a.)	Type of industry (Note b.)	Total outstanding loan amount (Note c.)	Total outstanding loan amount/FCB net worth of the current year (%)
1	A Group Plastic Sheets, Pipes and Tubes Manufacturing	$ 35,307,471	28.61%
2	B Group Liquid Crystal Panel and Components Manufacturing	21,324,316	17.28%
3	C Group Visual Display and Terminal Service Manufacturing	19,906,942	16.13%
4	D Group Private Air Transportation	14,809,316	12.00%
5	E Group Iron and Steel Smelting	11,949,502	9.68%
6	F Group Unclassified Other Financial Intermediation	10,141,951	8.22%
7	G Group Yarn Spinning Mills and Cotton	9,849,195	7.98%
8	H Group Unclassified Other Financial Intermediation	9,077,580	7.36%
9	I Group Auto Manufacturer	8,296,106	6.72%
10	J Group Petrochemical Manufacturing	8,243,460	6.68%

Note:

a. Ranking the top ten enterprise groups other than government and government enterprise according to their total outstanding loan amount.

b. Definition of enterprise group is based on the Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

c. Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, short-term unsecured loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), purchases in remittances, without recourse factoring, acceptance receivable and guarantees.

(4) Liquidity risk

A. Definition and resource of liquidity risk

The liquidity risk of the Bank and its subsidiaries refer to a financial loss when assets are not convertible or not enough financing aid can be obtained to inject fund for the financial liabilities soon to be matured. For instance, the client terminates the deposit contract in advance, or financing channel of call loan becomes difficult due to market influence, or deterioration on the credit default rate giving rise to unusual fund collection, difficulty in converting the financial instrument and interest sensitive insurer exercise the right to terminate contract in advance. Above events may mitigate the cash inflows from loan origination, transactions and investing activities from the lease subsidiaries.

Liquidity risk exists in the Bank's operation, which may be given rise by specific event of various industries or overall market movement, such as liquidation protocol of deposit or call loan payment, source of loan or time required for asset liquidation are affected by various industries or certain overall market events, including but not limited to insufficient depth of market, market disorder, low liquidity on funds, credit event, merging or acquisition activities, systematic impact and natural disasters.

Working capital of FCBL and FIA is sufficient, therefore there is no liquidity risk regarding inability to raise fund for meeting contractual obligations.

B. Procedures and evaluation method used for liquidity risk management

In order to prevent liquid risk that gives rise to operating risk, crisis reaction procedures have been set up in relation to liquidity risk and fund liquidity gap shall be monitored on a regular basis.

Management procedure and evaluation method for the liquidity risk of the Bank and its subsidiaries are as follows:

Procedure

In consideration of the operating demand, the sources of fund need to be diverse and stable. The use of fund should avoid high concentration, and the liquid assets held should take precedence of highly liquid earning assets of high quality.

In accordance with the "Management policy of assets and liabilities" and "Management principle of liquidity and interest risk", risk management division is the investigation unit for liquidity risk indicator. Finance division is the execution unit for fund transferring. Also, attention needs to be paid on the movement of market condition and day-to-day capital liquidity to ensure appropriate liquidity and long-term profitability. Unless otherwise indicated by offshore branches, sufficient liquidity shall be maintained in accordance with the local competent authorities.

Risk management division sets up liquid position or indicator limit by the duration and implements after obtaining the approval from assets and liabilities management committee and Board of Directors. Each liquidity risk monitoring indicator are assessed and appraised regularly in the meeting of assets and liabilities management committee.

Risk management division is responsible for reporting the assets and liabilities management committee, risk management committee and Board of Directors to represent the liquidity risk and other monitoring result.

Evaluation method

The content of the liquidity risk report mainly used to estimate cash flow from various business line and the effects on fund transferring so that early warning area and target goal can be set up for cash gap and relevant indicator in order to control both under the tolerable risk limit.

Risk Management Division regularly makes “Analysis table for cash flow gap” and “Adjustment table for cash flow gap” to ensure that the cash flow gap is within the granted limit and reports to the management in relation to fund liquidity matters. Given that the limit has been reached or an obvious deteriorated indicator shown internally or externally, immediate escalation should be made to the assets and liabilities management committee for further response action and report to the Board of Directors. Given the liquidity risk, action shall be taken in accordance with “Contingent plan for liquidity risk”.

C. Duration analysis for the financial assets and liabilities held for liquidity risk management are as follows:

(A) Financial assets held for liquidity risk management

In order to fulfill the payment obligation and potential emergent fund demand in the market, as well as manage the liquidity risk at the same time, sound earning assets held by the Bank and its subsidiaries with high liquidity include cash and cash equivalents, deposits and call loans, financial assets at fair value through profit and loss, bills discounted and call loan, term receivables, available-for-sale financial assets, and bonds investment without an active market, etc.

(B) Duration analysis for the financial assets and liabilities held for liquidity risk management

The following table illustrates the cash inflow and outflow of financial assets and liabilities of the Bank and its subsidiaries held for liquidity risk management based on the remaining maturity from the balance sheet date to the contract expiration date. While the amounts disclosed in the table are not discounted by contract cash flow, certain accounts may differ from the responding accounts in the balance sheet.

December 31, 2013	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	1 year or above	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 93,496,847	$ 1,176,707	($ 1,023,174)	($ 4,116,489)	$ 25,143,522	$ 114,677,413
Call loans and overdrafts	73,296,746	17,188,211	2,877,107	1,092,844	-	94,454,908
Securities investment	284,412,331	18,325,620	9,430,548	22,019,792	120,749,813	454,938,104
Loans discounted	127,682,341	160,222,528	161,429,902	145,319,037	854,596,255	1,449,250,063
Interest receivables and income	3,069,547	467,367	126,301	549,410	-	4,212,625
Other capital inflow upon maturity	35,660,879	14,017,799	6,221,071	1,393,720	3,668,176	60,961,645
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	479,369	381,124	144,308	73,720	-	1,078,521
FX margin trading	165,819	9,411	2,962	-	-	178,192
Non-delivery forwards	2,764	715	-	-	-	3,479
FX options held	168,501	151,345	176,236	240,995	129,097	866,174
Commodity options held	34,100	10,566	15,796	-	-	60,462
Cross currency swap contracts (exclusive of notional principal)	-	1,715	51,701	234,881	61,752	350,049
Interest rate related contracts (interest rate swaps and asset swap excluding the principal of bonds)	1,457	9,700	28,909	45,607	1,751,971	1,837,644
Futures trading	-	23,484	-	-	94,090	117,574
Total	618,470,701	211,986,292	179,481,667	166,853,517	1,006,194,676	2,182,986,853
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	104,596,833	31,735,007	4,185,866	721,498	-	141,239,204
Demand deposits	55,222,299	46,795,562	42,610,430	52,144,810	839,079,221	1,035,852,322
Time deposits	144,783,518	171,516,717	136,949,890	231,324,058	12,591,479	697,165,662
Interest payables	1,181,666	365,162	308,817	307,771	30,479	2,193,895
Commercial papers payables	2,849,337	-	-	-	-	2,849,337
Bonds (bills) purchased under a repurchase agreement	9,064,214	1,074,334	627,895	199,879	-	10,966,322
Financial liabilities at fair value through profit and loss – non-derivatives	-	-	1,735,617	-	9,027,817	10,763,434
Bonds payable	-	3,500,000	3,300,000	2,000,000	33,900,000	42,700,000
Other capital outflow upon maturity	48,618,060	6,347,315	4,415,720	2,029,672	52,362,397	113,773,164
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	443,976	184,182	63,209	24,202	-	715,569
FX margin trading	1,581	124	82	-	-	1,787
Non-delivery forwards	26,034	-	-	-	-	26,034
FX options written	245,486	161,497	181,260	263,778	129,097	981,118
Commodity options written	34,099	10,566	15,796	-	-	60,461
Cross currency swaps contracts (excluding the notional principal)	8,219	6,436	15,512	71,019	27,274	128,460
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	16,219	7,519	19,268	42,373	1,695,154	1,780,533
Hedge						
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	-	7,973	-	-	-	7,973
Total	367,091,541	261,712,394	194,429,362	289,129,060	948,842,918	2,061,205,275
3.Gap upon maturity	$ 251,379,160	($ 49,726,102)	($ 14,947,695)	($ 122,275,543)	$ 57,351,758	$ 121,781,578

December 31, 2012	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	1 year or above	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 68,572,415	$ 7,715,977	$ 4,307,824	$ 7,458,126	$ 23,874,171	$ 111,928,513
Call loans and overdrafts	33,979,800	18,095,522	3,810,053	241,756	61,406	56,188,537
Securities investment	221,544,087	33,371,072	2,701,422	7,848,494	95,548,137	361,013,212
Loans discounted	174,069,211	168,689,662	111,392,952	185,786,906	814,263,994	1,454,202,725
Interest receivables and income	3,024,232	447,565	56,706	158,148	297,817	3,984,468
Other capital inflow upon maturity	37,138,562	6,099,311	2,601,803	1,820,861	7,473,694	55,134,231
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	487,500	367,491	82,912	19,728	2,849	960,480
FX margin trading	186,655	9,537	4,322	263	-	200,777
Non-delivery forwards	-	1,314	-	-	-	1,314
FX options held	162,713	169,670	144,519	228,081	919	705,902
Commodity options held	-	137,000	36,625	-	-	173,625
Commodity swaps held	-	-	-	2,074	-	2,074
Cross currency swap contracts (exclusive of notional principal)	-	-	-	9,992	25,190	35,182
Interest rate related contracts (interest rate swaps and asset swap excluding the principal of bonds)	37,446	18,575	81,749	227,157	2,168,951	2,533,878
Futures trading	-	155,949	-	-	-	155,949
Total	539,202,621	235,278,645	125,220,887	203,801,586	943,717,128	2,047,220,867
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	114,509,202	32,466,018	4,540,531	696,628	1,069,214	153,281,593
Demand deposits	48,530,018	43,423,157	39,510,644	48,315,787	783,562,272	963,341,878
Time deposits	140,925,138	154,346,669	129,456,871	214,959,773	14,776,750	654,465,201
Interest payables	916,273	414,691	572,307	350,347	39,475	2,293,093
Bonds (bills) purchased under a repurchase agreement	1,153,172	1,756,904	165,979	1,175	-	3,077,230
Financial liabilities at fair value through profit and loss – non-derivatives	-	-	5,016,516	805,822	10,804,959	16,627,297
Bonds payable	-	-	-	-	42,700,000	42,700,000
Other capital outflow upon maturity	53,397,488	4,183,283	3,814,934	2,908,957	25,559,222	89,863,884
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	358,473	428,403	364,106	117,449	5,655	1,274,086
FX margin trading	5,302	77	12	-	-	5,391
Non-delivery forwards	4,018	-	-	-	-	4,018
FX options written	163,063	171,526	144,363	228,680	930	708,562
Bond options written	51,241	42,438	-	-	-	93,679
Commodity options written	-	137,000	36,625	-	-	173,625
Commodity swap written	-	-	-	2,074	-	2,074
Cross currency swaps contracts (excluding the notional principal)	59,649	117,245	150,364	57,511	279,612	664,381
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	28,194	28,347	89,260	212,275	1,627,691	1,985,767
Hedge						
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	-	-	-	-	44,584	44,584
Total	360,101,231	237,515,758	183,862,512	268,656,478	880,470,364	1,930,606,343
3.Gap upon maturity	$ 179,101,390	($ 2,237,113)	($ 58,641,625)	($ 64,854,892)	$ 63,246,764	$ 116,614,524

January 1, 2012	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	1 year or above	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 74,560,850	$ 8,295,890	$ 5,565,586	$ 7,623,023	$ 22,969,420	$ 119,014,769
Call loans and overdrafts	34,379,185	15,229,066	1,614,023	156,211	59,899	51,438,384
Securities investment	183,374,057	91,991,195	29,590,279	15,363,715	80,239,058	400,558,304
Loans discounted	163,791,754	167,113,292	147,057,242	131,911,745	761,524,411	1,371,398,444
Interest receivables and income	3,015,850	772,028	106,975	183,073	303,304	4,381,230
Other capital inflow upon maturity	30,191,158	12,926,283	6,464,900	1,634,538	6,969,019	58,185,898
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	676,660	883,295	346,032	4,429	-	1,910,416
FX margin trading	275,870	-	-	-	-	275,870
Non-delivery forwards	1,200	519	-	-	-	1,719
FX options held	969,614	960,415	1,205,134	-	-	3,135,163
Commodity options held	-	39,258	236,632	-	-	275,890
Commodity swaps held	1,369	39,820	93,280	-	-	134,469
Cross currency swap contracts (exclusive of notional principal)	77,477	347,232	810,022	-	-	1,234,731
Interest rate related contracts (interest rate swaps and asset swap excluding the principal of bonds)	10,414	17,154	606,363	1,304,387	1,716,571	3,654,889
Futures trading	-	175,687	-	-	-	175,687
Asset swap options sold-convertible corporate bonds	491,325,458	298,791,134	193,696,468	158,181,121	873,781,682	2,015,775,863
Others (Futures margin)						
Total						
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	100,107,019	46,578,617	5,254,404	786,469	351,889	153,078,398
Demand deposits	45,639,075	39,465,847	35,671,199	43,165,835	764,204,064	928,146,020
Time deposits	145,050,492	166,531,649	126,319,033	229,314,197	12,976,596	680,191,967
Interest payables	884,258	400,080	609,800	352,866	35,632	2,282,636
Bonds (bills) purchased under a repurchase agreement	6,474,172	2,390,778	540,328	73,936	-	9,479,214
Financial liabilities at fair value through profit and loss – non-derivatives	1,200,000	-	-	-	16,857,960	18,057,960
Bonds payable	-	-	-	-	27,700,000	27,700,000
Other capital outflow upon maturity	49,841,359	5,765,322	4,037,490	2,654,915	18,339,912	80,638,998
Derivative financial instruments						
Non-hedge						
FX contracts (swaps and forwards)	317,378	206,378	22,865	2,559	-	549,180
FX margin trading	246	-	-	-	-	246
Non-delivery forwards	470	523	-	-	-	993
FX options written	851,830	858,457	1,189,313	-	-	2,899,600
Interest swap option written	-	99,239	321,377	91,116	-	511,732
Commodity options written	3,316	96,433	225,900	-	-	325,649
Cross currency swaps contracts (excluding the notional principal)	-	-	290,261	41,167	-	331,428
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	6,961	13,108	770,778	1,262,383	932,008	2,985,238
Hedge						
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	-	-	-	-	110,978	110,978
Total	350,376,576	262,406,431	175,252,748	277,745,443	841,509,039	1,907,290,237
3.Gap upon maturity	$ 140,948,882	$ 36,384,703	$ 18,443,720	($ 119,564,322)	$ 32,272,643	$ 108,485,626

Note: Financial assets and financial liabilities of derivative instruments are disclosed on a discounted basis.

Maturity analysis for above demand deposits are amortized to each period based on historical experience of banking subsidiary. Given that all the demand deposits have to be paid in the shortest period, as of December 31, 2013, December 31, 2012 and January 1, 2012, the payment on period of 0-30 days will be increased by $980,630,023, $914,811,860 and $882,506,945, respectively.

D. Maturity analysis for items off the balance sheet

The loans, loan commitment and letters of credit include unused loan commitments and unused letters of credit issued. Financial guarantee contract refers that the Bank and its subsidiaries represent a guarantor and the issuer of the guaranteed letter of credit.

Terms of financial instruments contracts off the balance sheet which may require fulfillment at the earliest are all less than a year:

Financial instruments contracts	December 31, 2013	December 31, 2012	January 1, 2012
Unused loan commitments (Note)	$ 32,835,001	$ 34,836,722	$ 41,507,871
Unused letters of credit issued	31,159,643	35,240,365	35,250,998
Various guarantees	79,507,359	75,469,498	69,826,490
Total	$ 143,502,003	$ 145,546,585	$ 146,585,359

Note: Above unused loan commitments include irrevocable loan commitment except for the significant adverse movement.

E. Maturity analysis on lease contract and capital expense commitment

Lease commitment of the Bank and its subsidiaries includes operating lease and finance lease.

Operating lease commitment is the minimum rental that the Bank and its subsidiaries should make as a lessee or lessor under the lease term not revocable.

Capital expenditure commitment of the Bank and its subsidiaries refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis of lease contract commitment and capital expenditure commitment of the Bank and its subsidiaries:

December 31, 2013	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 80,683	$ 1,282,230	$ 299,745	$ 1,662,658
Operating lease income (Lessor)	36,537	774,984	4,046	815,567
Total	$ 117,220	$ 2,057,214	$ 303,791	$ 2,478,225

December 31, 2012	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 71,184	$ 769,232	$ 251,115	$ 1,091,531
Operating lease income (Lessor)	78,454	495,116	4,739	578,309
Total	$ 149,638	$ 1,264,348	$ 255,854	$ 1,669,840

January 1, 2012	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 40,252	$ 841,751	$ 309,547	$ 1,191,550
Operating lease income (Lessor)	26,041	608,622	5,416	640,079
Total	$ 66,293	$ 1,450,373	$ 314,963	$ 1,831,629

The present value of finance lease has been recognized under finance lease liabilities. As the amount is immaterial and the liquidity risk is low, no analysis on its maturity value will be taken.

F. Disclosure required by Regulations Governing the Preparation of Financial Statements by Public Banks.

(A) Structure analysis of NTD time to maturity of the Bank

Expressed In Thousands of New Taiwan Dollars

December 31, 2013						
	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 1,767,028,179	$ 501,661,150	$ 136,149,237	$ 131,006,454	$ 133,451,494	$ 864,759,844
Primary capital outflow upon maturity	2,164,064,620	198,097,336	215,869,112	182,711,211	283,789,477	1,283,597,484
Gap	($ 397,036,441)	$ 303,563,814	($ 79,719,875)	($ 51,704,757)	($ 150,337,983)	($ 418,837,640)

December 31, 2012						
	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 1,724,381,501	$ 459,358,689	$ 174,486,379	$ 91,095,571	$ 178,857,569	$ 820,583,293
Primary capital outflow upon maturity	2,055,738,901	216,303,675	220,691,459	184,490,283	252,329,566	1,181,923,918
Gap	($ 331,357,400)	$ 243,055,014	($ 46,205,080)	($ 93,394,712)	($ 73,471,997)	($ 361,340,625)

Note: The amounts listed above represent the funds denominated in New Taiwan dollars only (i.e., excluding foreign currency).

(B) Structure analysis of USD time to maturity of the Bank

Expressed In Thousands of US Dollars

December 31, 2013						
	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 19,144,554	$ 6,031,652	$ 4,771,058	$ 2,368,371	$ 1,871,045	$ 4,102,428
Primary capital outflow upon maturity	19,501,898	8,174,137	3,931,474	1,922,313	2,016,429	3,457,545
Gap	($ 357,344)	($ 2,142,485)	$ 839,584	$ 446,058	($ 145,384)	$ 644,883

December 31, 2012						
	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 13,846,198	$ 4,067,702	$ 4,089,385	$ 1,983,494	$ 923,753	$ 2,781,864
Primary capital outflow upon maturity	14,174,675	5,957,278	3,066,687	1,610,922	1,620,342	1,919,446
Gap	($ 328,477)	($ 1,889,576)	$ 1,022,698	$ 372,572	($ 696,589)	$ 862,418

Note: The amounts listed above represent the items denominated in U.S. dollars for Company's head office, domestic and Offshore Banking Units.

(5) Market risk

A. Market risk definition

Market risk occurs when the market price fluctuates leading to movement in fair value of financial instrument held by the Bank and its subsidiaries in or off the balance sheet or the future cash flow. The risk factors that could give rise to market price movement usually include interest rate, exchange rate, equity securities and instrument price. Any movement in above risk factors could result in risk of fluctuation on net profit or value of investment portfolio held by the Bank and its subsidiaries.

The market risks that the Bank and its subsidiaries faces mainly are equity securities, interest rate and exchange rate risk. Market risk position of equity securities mainly include domestic listed stocks, domestic stock index options and stock index futures and call and put warrants, etc. Positions with interest rate risk mainly include: bonds and interest-derivative instruments, such as fixed and floating interest swap and bond option, etc. Positions with exchange rate risk mainly include: the consolidated positions invested by the subsidiaries, indirect subsidiaries of the Bank and its subsidiaries, such as various derivatives denominated in foreign currency, credit-linked bonds, US government bonds, and other foreign bonds, etc.

The subsidiary, FCB Leasing, is engaged in interest rate swap contracts for the purpose of financial hedging. Gains or losses arising from changes in interest rates and gains or losses on hedged items are offset substantially. As a result, market price risk is deemed insignificant.

B. Goal of market risk management

Major subsidiaries of the Bank and its subsidiaries have various market risk management policies, standards, key points and the regulations from competent authorities and the Bank to comply.

The Bank sets up “Management policy for market risk”, “Management standards for market risk”, “Management standards for liquidity and interest rate risk” and “Management guidelines for market risk” and others in an attempt to effectively regulate market risk and ensure that the market risk is under the Bank’s bearable capacity.

The Bank divided market risk management into trading book and banking book. Interest rate risk management in relation to trading book and banking book is provided in Note 8(5)F.and Note 8(5)H. ‘Trading book’ refers to:

(a) Positions held with an intention to earn profit from interest rate movement or price variance between the purchase price and selling price,

(b) Positions held for hedging purpose, and

(c) Interest rate related instruments positions and equity securities positions held for brokerage or proprietary trading on which regular market value assessment and capital provision against market risk shall be made. Financial instrument positions not classified as trading book are classified into the scope of ‘banking book’.

C. Policy and procedure for market risk management

In order to identify, evaluate, control and monitor market risks that the Bank and its subsidiaries faces and strengthen managing mechanism for market risks, management policies and procedures have been set up to effectively manage market risk and ensure that market risk is controlled under a bearable capacity.

Policy

The Board of FCB is the highest command and supervisory unit in charge of the granting of risk management policy, major risk assumption limit and relevant authorization. The Risk Management Committee under the Board of Directors executes various risk management implementations as resolved and granted by the Board and performs risk supervision. In addition, risk management division set up independent from the business unit is responsible for establishing market risk management structure for the market risk management.

Procedure

The risk management division of the Bank assesses various risk indicators regularly as required by the policies and monitors various risk indicators to be within the limits authorized by the Board of Directors. Any excess over the limits and the usage level of risk limits are summarized and reported to the Board of Directors, risk management committee, general manager, vice-general manager and other related segments.

Business unit, before the engagement in new transaction or developing new market, should identify and evaluate risk in compliance with related procedures. The evaluation module before adoption should be verified through module testing technicians in order to effectively identify various market risks. For financial instruments that cannot be assessed by market price or module evaluation, the risks should be transferred by back-to-back method to avoid that the Bank may assume uncertain market risk.

D. Management procedure for market risk

The Bank's management procedure for market risk of interest rate risk, exchange risk and equity securities are as follows:

(a) Identification and evaluation

Risk identification: When there is any new product, market or currency of a financial instrument, market risk factors and market risk source should first be identified before the underwriting is permitted.

Risk evaluation: Appropriate risk indicator and risk limits for management are set up. Each every significant risk indicator of the subsidiaries includes position, gain and loss, stress testing loss, sensitivity (PVO1, Delta, Vega, Gamma) and Value-at-Risk (VaR).

(b) Monitoring and report

For financial instruments evaluated using the market price, the information of independent source should be assessed at least once a day. For those evaluated using models, the assumption and input used in the evaluation model as provided by the market data of Reuters and Bloomberg, after the model experience is tested and granted, the calculation on evaluation and sensitivity may be carried on, which is used to control the risk incurred through investment portfolio.

The key subsidiaries of the Bank and its subsidiaries establish risk reporting programs and procedures. The risk management division should regularly present the daily report, monthly report and other risk management report to the Board of Directors and senior management based on the needs of segment heads, general manager, general president or the Board of Directors to report interest risk, exchange risk and equity securities exposure, including gain and loss, trading position, various risk indicators, risk limit usage, all limit excess or fault and so on, and regularly follow-up and send out warning reminder to ensure corrective action has been taken in a timely manner and in compliance with regulations.

E. Risk evaluation method (market risk evaluation technique)

In order to effectively evaluate market risks, each key subsidiary in the Bank and its subsidiaries sets up methods and limits to measure evaluate risks and performs market price evaluations for the financial instrument position held on a daily/weekly basis, which are then reported to the Board or each responsive unit regarding the positions held, gains and losses on transactions and market risks on a weekly/monthly basis.

Above risk indicators include: positions, gains and losses, sensitivity indexes (Delta, Gamma, Vega), Value-at-Risk of equity securities (VaR), stress losses and others.

Definitions of various indicators:

PV01: It is the change in related amount of interest rate instrument when the interest rate moves by 1 unit (1bp = 0.01%).

Delta: When the price of underlying asset moves by 1 unit that leads to related movement in Delta ratio of the derivative, by which is multiplied the nominal amount to measure to Delta position.

Vega: It is the change in related amount of derivative instrument when the value of underlying asset moves by 1 unit. It is the change in related amount of the interest rate instrument when the interest rate moves by 100 basic units.

Gamma: It is the change in related amount of Delta when the underlying asset value moves by 1 unit.

Interest rate-sensitive instruments are the change in related amount of PV01 that incurred to the interest rate instrument when interest rate moves by unit.

Exchange rate-sensitive instruments are the change in related amount of Delta that incurred to the exchange rate instrument when exchange rate moves by 1% of the unit.

Stress loss: Provided that all other conditions remain constant, it is the effects from ±100bp interest rate movement, ±15% overall market movement of equity securities, ±3% exchange rate fluctuation on New Taiwan Dollars versus major currencies or ±5% exchange rate fluctuation on New Taiwan Dollars versus other currencies.

F. Policy and procedure of risk management on trading book

The so-called trading book includes the financial instrument and physical instrument positions held for trading or held for hedging purpose in relation to the trading position. The positions held for trading are instruments held with the intention to sell in short-term or gain profit or arbitrage from the actual or estimated short-term price fluctuations. For example, self-operating position, discretionary account (such as agent facilitating transaction), position generated through market transaction or the position held to offset another position in the trading book, total or major investment portfolio. Positions not included in above trading book are banking book position.

The Bank establishes specific policies and procedures for the trading strategy of trading book position in order to manage potential market risk of trading position and control the risk within the limits.

(a) Strategy

In order to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by sale units, market risk limit of the trading book is set at the level of “investment portfolio” to carry out various assessments and controls. In addition, risk limits of each portfolio are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

(b) Policy and procedure of risk management

In principle, management policy is carried out based on annually revised risk limits of each investment portfolio.

(c) Evaluation policy and procedure

Generally, financial instruments are assessed through Mark-to-Market. However, Mark-to-Model may be adopted if there is no fair value in the market. Nonetheless, the model should be independently verified before adoption and relevant guideline model management needs to be set up and implemented accordingly.

Evaluation procedure: The risk management unit confirms that the risk evaluation is consistent with the position information posted on the evaluation system at day-end and the market data adopted. In addition, the risk management unit monitors daily evaluation and risk limit and regularly report risk quota usage and limit exceeding event.

(d) Evaluation method

The Bank executes stress testing on ±100bp interest rate movement, ±15% equity securities movement, ±3% exchange rate fluctuation and ±5% circumstance movement on a monthly basis and reports to the risk management committee regularly.

G. Interest risk management for trading book

Risk management on the interest rate of trading book for the Bank is as follows:

(a) Interest risk definition

Interest risk occurs when there is an adverse movement of interest rate resulting in change in fair value of trading book position held.

(b) Management objective

The management objective of interest risk lies in effective identification, evaluation, controlling and monitoring of interest rate to enhance managing mechanism of market risk.

(c) Management policy and procedure

In principle, annual risk limits are controlled based on investment portfolio of trading book with interest rate revised annually.

(d) Evaluation method

Evaluation is calculated based on the risk-sensitive index verified by system calculation. In addition, stress testing is performed based on ±100bp annual interest rate movement and reported to the risk management committee regularly.

H. Interest risk management for banking book

Interest risk is the risk that a bank suffers from an adverse movement of interest rate or financial condition of the bank. Interest movement might change the bank's net interest income and other interest-sensitive incomes which further affects the bank's earnings. Meanwhile, interest movement could also affect positions in and off the bank's balance sheet.

The banking book risk management of the Bank is as follows:

(a) Strategy

The objective of interest rate management is to improve banks' adaptability so that the earnings and economic value in the balance sheet can be assessed and managed through avoiding the impact from interest rate movement.

(b) Policy and procedure of risk management

According to "Management policy of asset and liability" and "Management guideline for liquidity and interest risk" of the Bank, risk management division is the monitoring unit that is responsible for interest risk index, analysis and monitoring interest-sensitive position, and regular reporting the monitoring result of interest risk to the asset and liability management committee, risk management committee and Board of Directors.

If various interest risk indexes and stress testing results fall in the warning threshold, risk management division should issue warning notice to the asset and liability management committee. However, if interest risk index has exceed the planned threshold, it should be reported to the asset and liability management committee for discussing the responding measures, which is followed by relevant business unit and reported to the Board of Directors.

(c) Evaluation method

The interest rate risk of the Bank is mainly the repricing gap risk resulting from the difference between maturities and repricing date of banking book assets and liabilities and off balance sheet accounts. In order to stabilize long-term profit and business development at the same time, Risk Management Division sets up various monitoring indicators for interest rate of most common periods and executes stress testing, and tests the effects on net interest income and net fair economic value within one year when the market interest rate moves by +/-200 bps, that is Interest Rate Shock from the perspective of earnings and economic value. Every interest rate risk indicator and stress testing result should be reported to management for review.

I. Risk management for foreign exchange

(a) Definition of foreign exchange

Foreign exchange risk occurs when the net foreign position held fluctuates with the currency exchange rate giving rise to an exchange gain or loss. The foreigner exchange risks of financial instruments held by the Group mainly include foreign investment position, spot exchange and forward contract, FX option and other derivative or non-derivative instruments. Major currencies involving foreign exchange risks include: USD, EUD, JPY, HKD, AUD, CAD, etc.

(b) Objective

The objective of foreign exchange lies in effective identification, evaluation, controlling and monitoring foreign exchange risk of the Bank and enhancement of management mechanism for market risk.

(c) Management policy and procedure

Management policy for market risk is adjusted based on the annual risk limit revised by foreign exchange trading investment portfolio annually.

(d) Evaluation method

Through risk sensitive indicators calculated by the validated system as a benchmark, the Bank regularly carries out testing and reports the results to the risk management committee given that the currency movement is provided at ±3% and other currency movement at ±5%.

J. Risk management for equity securities

(a) Definition of equity securities risk

The market risk of the equity securities held by the Bank includes the individual risk resulting from market price movement of each equity securities and general market risk resulting from overall market price movement.

(b) Risk management objective

The objective for equity risk management lies in effective identification, evaluation, risk controlling and monitoring for the equity securities of the Group and enhancement of managing mechanism for market risk.

(c) Management policy

Management policy for market risk is adjusted based on the annual risk limit revised by stock trading investment portfolio annually.

(d) Evaluation method

The Bank executes stress testing on ±15% weighted average index of taiwan stock movement on a monthly basis and reports to the risk management committee regularly.

K. Foreign exchange risk gap

As of December 31, 2013, December 31, 2012 and January 1, 2012, the following table summarizes financial instruments of foreign denominated assets and liabilities by currency of which the foreign exchange exposure is presented by the carrying amount:

Expressed In Thousands of New Taiwan Dollars

	December 31, 2013		December 31, 2012	
	USD	RMB	USD	JPY
Financial assets				
Cash and cash equivalents	$ 14,251,265	$ 17,330,626	$ 9,297,883	$ 1,594,357
Due from the Central Bank and call loans to other banks	51,050,710	6,488,256	65,910,441	4,534,837
Financial assets at fair value through profit or loss	7,001,652	1,595	2,514,220	120,655
Available-for-sale financial assets	6,628,460	1,507,035	6,704,431	-
Loans discounted	243,392,641	4,210,345	215,541,423	22,308,664
Receivables	30,807,278	2,842,501	33,026,588	1,856,873
Held-to-maturity financial assets	19,314,038	7,521,084	20,993,126	-
Other financial assets	426,559	23,223,751	230,369	-
Subtotal-financial assets	$ 372,872,603	$ 63,125,193	$ 354,218,481	$ 30,415,386
Financial liabilities				
Deposits from Central Bank and banks	$ 121,428,892	$ 5,099,043	$ 119,252,141	$ 11,515,412
Deposits and remittances	284,819,586	48,197,413	273,294,462	9,097,418
Financial liabilities at fair value through profit or loss	1,041,670	1,597	917,039	38,131
Other financial liabilities	2,218,400	157,825	1,767,605	27,775
Payables	22,357,093	984,228	19,678,548	2,276,248
Subtotal-financial liabilities	$ 431,865,641	$ 54,440,106	$ 414,909,795	$ 22,954,984

	January 1, 2012	
	USD	JPY
Financial assets		
Cash and cash equivalents	$ 11,791,150	$ 1,195,500
Due from the Central Bank and call loans to other banks	81,873,598	4,890,432
Financial assets at fair value through profit or loss	5,009,876	42,269
Available-for-sale financial assets	7,168,756	-
Loans discounted	195,115,804	26,334,168
Receivables	37,153,461	1,430,199
Held-to-maturity financial assets	24,308,169	-
Other financial assets	516,163	-
Subtotal-financial assets	$ 362,936,977	$ 33,892,568
Financial liabilities		
Deposits from Central Bank and banks	$ 114,754,010	$ 15,792,366
Deposits and remittances	255,129,682	13,410,052
Financial liabilities at fair value through profit or loss	3,526,133	32,089
Other financial liabilities	3,654,435	17,748
Payables	19,287,931	1,633,971
Subtotal-financial liabilities	$ 396,352,190	$ 30,886,226

Note: As of December 31, 2013, December 31, 2012 and January 1, 2012, the exchange rate of USD to NTD was 29.78, 29.035 and 30.275, respectively. On December 31, 2013, the exchange rate of RMB to NTD was 4.913. In addition, as of December 31, 2012 and January 1, 2012, the exchange rate of JPY to NTD were 0.336 and 0.389, respectively.

L. Sensitivity analysis

(A) Interest rate risk

If the market yield curve shifts upwards or downwards by 20 bps, it could affect the assessed fair value and interest income. Items being assessed include all assets of the trading book position and banking book position, of which the interest income of banking book assets that could be affected is one year.

The Bank and its subsidiaries assume that yield curve is the only variable when all the other interest curves remain constant and sums up the gain and loss resulting from changes in each yield curve. According to the above estimated net interest income and assessed gain and loss on fair value, sensitivity analysis is as follows:

(B) Foreign exchange risk

Given that all the other variables remain constant, every NTD to USD, JPY, RMB and EUR appreciate by 2% or NTD to other currencies appreciate by 4%, the sensitivity of the gain and loss on the net foreign exchange position held by the Bank and its subsidiaries is shown in the below table.

(C) Equity securities risk

Given that all the other variables remain constant, if the equity price rises/falls by 4% or 6% (based on the average interest rate of Taiwan Stock Exchange Market Index in the latest three years), the fair value of listed stocks, emerging stocks in the trading book and other equity interest relating position held by the Bank and its subsidiaries are shown in the below table:

(D) Sensitivity analysis is summarized as follows:

December 31, 2013

Expressed In Thousands of New Taiwan Dollars

Main risk	Movements	Effects on gain and loss	Effects on equity
Foreign exchange risk	NTD to USD, JPY and RMB appreciate by 2%, or NTD to other currencies appreciate by 4%.	68,665	-
Foreign exchange risk	NTD to USD, JPY and RMB depreciate by 2%, or NTD to other currencies depreciate by 4%.	(68,665)	-
Interest rate risk	Main interest rate curve increases by 20 BPS	(77,228)	(562,277)
Interest rate risk	Main interest rate curve decreases by 20 BPS	79,326	648,214
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 4%.	(3,962)	(178,920)
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 4%.	3,962	178,920

December 31, 2012

Main risk	Movements	Effects on gain and loss	Effects on equity
Foreign exchange risk	NTD to USD, JPY and EUR appreciate by 2%, or NTD to other currencies appreciate by 4%.	70,360	-
Foreign exchange risk	NTD to USD, JPY and EUR depreciate by 2%, or NTD to other currencies depreciate by 4%.	(70,360)	-
Interest rate risk	Main interest rate curve increases by 20 BPS	(49,044)	(372,926)
Interest rate risk	Main interest rate curve decreases by 20 BPS	37,128	393,974
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 6%.	(4,625)	(142,008)
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 6%.	4,625	142,008

January 1, 2012

Main risk	Movements	Effects on gain and loss	Effects on equity
Foreign exchange risk	NTD to USD, JPY and EUR appreciate by 2%, or NTD to other currencies appreciate by 4%.	10,878	-
Foreign exchange risk	NTD to USD, JPY and EUR depreciate by 2%, or NTD to other currencies depreciate by 4%.	(10,878)	-
Interest rate risk	Main interest rate curve increases by 20 BPS	(96,844)	(282,255)
Interest rate risk	Main interest rate curve decreases by 20 BPS	95,380	285,881
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 6%.	(3,176)	(180,199)
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 6%.	3,176	180,199

M. Disclosure made in accordance with Regulations Governing the Preparation of Financial Reports

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2013
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,407,540,638	42,227,726	21,746,422	119,558,122	1,591,072,908
Interest-rate-sensitive liabilities	439,061,162	851,478,326	95,673,038	39,947,664	1,426,160,190
Interest-rate-sensitive gap	968,479,476	(809,250,600)	(73,926,616)	79,610,458	164,912,718
Net					131,587,627
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					111.56%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					125.33%

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2012
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,405,692,203	12,923,712	33,650,532	91,290,958	1,543,557,405
Interest-rate-sensitive liabilities	439,202,099	787,900,329	91,701,384	40,962,424	1,359,766,236
Interest-rate-sensitive gap	966,490,104	(774,976,617)	(58,050,852)	50,328,534	183,791,169
Net					123,409,281
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					113.52%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					148.93%

Note: The amounts listed above represent the items denominated in NTD for the Bank (exclusive of foreign currency), excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2013
(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	13,469,448	2,202,331	1,394,510	627,870	17,694,159
Interest-rate-sensitive liabilities	10,547,067	5,903,286	828,344	22,818	17,301,515
Interest-rate-sensitive gap	2,922,381	(3,700,955)	566,166	605,052	392,644
Net					4,418,658
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					102.27%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					8.89%

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2012

(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	11,834,363	3,445,018	1,061,956	1,089,346	17,430,683
Interest-rate-sensitive liabilities	9,624,328	6,158,091	1,258,662	40,289	17,081,370
Interest-rate-sensitive gap	2,210,035	(2,713,073)	(196,706)	1,049,057	349,313
Net					4,312,256
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					102.04%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					8.10%

Note: The amounts listed above represent the items denominated in U.S. dollars for FCB's head office, domestic branches and Offshore Banking Units, excluding contingent assets and contingent liabilities.

(A) Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

(B) Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities =Interest-rate-sensitive assets / interest-rate-sensitive liabilities.

(C) Interest-rate-sensitive gap = Interest-rate-sensitive assets — interest-rate-sensitive liabilities.

9. Capital management

In addition, in order to establish evaluation process for capital adequacy and maintain proper self-owned capital structure of each significant subsidiary within the Bank and its subsidiaries, also to develop business and control risk on both sides for better improvement of capital utilization, subsidiaries have established capital management policies to implement the strategies of senior management and the related information shall be disclosed or reported accordingly.

The management objectives and procedures for capital management of the significant subsidiaries within the Bank and its subsidiaries are as follows:

(1) Objective of capital management

A. To ensure that the Bank and its subsidiaries comply with regulations governing capital adequacy and minimum requirements set up by competent authorities of each industry. To comply with basic objectives of eligible capital and statutory minimum capital adequacy ratio of 8% as shown in "Regulations Governing the Capital Adequacy and Capital Category of Banks" of competent authority.

B. In response to the capital required from each subsidiary's operation plan, and to make them have sufficient capital for various risks derived from capital demand, capital allocation is distributed under a goal of utilization of capital arrangement. To attain capital requirement for the business plan, to have sufficient capital for acceptance of various risks including credit risk, market risk, and operating risk, and to manage risk through capital allocation to realize risk-adjusted performance management and optimal capital allocation.

C. To have sufficient capital in response to possible losses in stress scenario while performing regular stress testing in accordance with relevant regulations by competent authority.

(2) Capital management procedures

The Board of Directors of the Bank is the highest authority of the Bank and its subsidiaries. The responsible segments of significant banking, securities and life insurance subsidiaries and others should effectively identify, evaluate, monitor and control market risk, credit risk, operating risk, banking book interest risk, liquidity risk as set up by competent authorities and comply with legal and compliance risk regulations with an attempt to reflect evaluation on the minimum capital required. The Bank also sets up separately a team for capital planning and holds a meeting to ensure the implementation of the Board's capital strategies on a regular basis in respect of capital managing objectives, fund gap, responding measures that could impose an effect on risk assets or qualifying self-owned capital and so on.

Major procedures of evaluation on capital included:

A. Before the start of each fiscal year, the Bank follows the business plan to set up capital adequacy ratio target in compliance with relevant regulations. The target will be implemented upon approval of the Board of Directors.

B. To assess capital requirements for various key risks according to the capital adequacy ratio target on a monthly basis.

C. To perform regular stress testing in order to assess whether current capital and provisions that have been made are sufficient to cope with possible losses in stress scenario.

D. Besides, to estimate impact on self-owned capital, risk-weighted assets, and capital adequacy ratio target based on significant capital utilization, changes in market and business, and plans such as capital increase/reduction or bonds issuance in order to take countermeasures timely.

(3) Capital adequacy ratio

Combined capital adequacy ratio

UNIT：In thousands of NT Dollars, %

Items	Annual		December 31, 2013	December 31, 2012
Self-owned capital	Tier 1 Capital of common equity		$ 117,270,376	$ 110,538,973
	Other Tier 1 Capital		-	-
	Tier 2 Capital		38,173,222	41,791,946
	Self-owned capital, net		155,443,598	152,330,919
Total risk - weighted assets	Credit risk	Standardized Approach	1,308,082,229	1,234,362,883
		Internal Ratings-Based Approach	-	-
		Asset securitization	344,610	629,075
	Operation risk	Basic Indicator Approach	58,947,689	53,358,993
		Standardized Approach / Alternative Standardized Approach	-	-
		Advanced Measurement Approaches	-	-
	Market risk	Standardized Approach	35,305,238	19,686,227
		Internal Models Approach	-	-
	Total risk-weighted assets		1,402,679,766	1,308,037,178
Capital adequacy ratio (Note 2)			11.08%	11.65%
Total risk assets based Tier 1 Capital of Common equity, net Ratio			8.36%	8.45%
Total risk assets based Tier 1 Capital, net Ratio			8.36%	8.45%
Leverage ratio			3.69%	5.39%

Note 1: The self-owned capital, risk-weighted assets and exposures amount in the table above should be filled in accordance with "Regulations Governing the Capital Adequacy Ratio of Banks" and "calculation method and table of self-owned capital and risk-weighted assets".

Note 2: The relevant formulas are as follows:

1. Self-owned capital = Tier 1 Capital of Common equity, net＋ Other Tier 1 Capital, net＋ Tier 2 Capital, net。

2. Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5

3. Capital adequacy ratio = Self-owned capital / Total risk-weighted assets

4. Total risk assets based Tier 1 Capital of Common equity, net Ratio＝ Tier 1 Capital of Common equity, net / Total risk-weighted assets

5. Total risk assets based Tier 1 Capital, net Ratio＝(Tier 1 Capital of Common equity, net + Other Tier 1 Capital, net) / Total risk-weighted assets

6. Gearing ratio = Tier 1 capital/ exposures amount

Note 3: Leverage ratio of December 31, 2012 is calculated in Tier 1 Capital/ adjusted average assets.

10. Content and amount of investment trust business in accordance with Trust Enterprise Act

UNIT: In thousands of NT Dollars

Balance Sheet of Trust Accounts

Trust assets	December 31, 2013	December 31, 2012
Bank deposits	$ 9,995,624	$ 9,196,489
Bonds	81,493,188	65,087,646
Stocks	94,374,375	97,745,741
Mutual funds	200,142,057	210,373,388
Real estate	11,431,026	9,018,277
Net assets under collective management accounts	546,485	623,069
Net assets under individual management accounts	14,161	13,377
Customers' securities under custody	337,787,214	301,419,191
Total	$ 735,784,130	$ 693,477,178
Trust liabilities		
Payables-customers securities under custody	$ 337,787,214	$ 301,419,191
Trust capital	397,864,708	391,906,852
Accumulated profit or loss	132,208	151,135
Total	$ 735,784,130	$ 693,477,178

UNIT: In thousands of NT Dollars

Property List of Trust Accounts

Investment items	December 31, 2013	December 31, 2012
Bank deposits	$ 9,995,624	$ 9,196,489
Bonds	81,493,188	65,087,646
Stocks	94,374,375	97,745,741
Mutual funds	200,142,057	210,373,388
Real estate	11,431,026	9,018,277
Net assets under collective management accounts	546,485	623,069
Net assets under individual management accounts	14,161	13,377
Customers' securities under custody	337,787,214	301,419,191
Total	$ 735,784,130	$ 693,477,178

UNIT: In thousands of NT Dollars

Income Statement of Trust Accounts

	For the years ended December 31	
	2013	2012
Trust revenues		
Interest income	$ 9,131	$ 2,164
Dividend income	899	792
Realized gain on bonds	608,981	186,007
Realized gain on stocks	1,168	5,604
Realized gain on mutual funds	3,931,526	1,698,906
Gain on translation	647	851
Total trust revenues	4,552,352	1,894,324
Trust expenses		
Management fee	(1,804)	(2,137)
Service fee	(759)	(475)
Realized loss on bonds	(323,437)	(347,565)
Realized loss on stocks	(5,172)	(32,838)
Realized loss on mutual funds	(3,269,092)	(3,986,332)
Gain on translation	(1,477)	(6)
Total trust expenses	(3,601,741)	(4,369,353)
Net loss before tax (net investment income)	950,611	(2,475,029)
Income tax expense	-	-
Net loss after tax	$ 950,611	($ 2,475,029)

11. Profitability

Units：%

Items		For the years ended December 31, 2013	2012
Return on total assets (%)	Before tax	0.59	0.60
	After tax	0.50	0.50
Return on stockholders' equity (%)	Before tax	9.95	10.33
	After tax	8.35	8.69
Net profit margin ratio (%)		31.87	31.77

Note 1: Return on total assets = Income before (after) income tax/average total assets.
Note 2: Return on stockholders' equity = Income before (after) income tax / average stockholders' equity.
Note 3: Net profit margin ratio = Income after income tax / total operating revenues.
Note 4: The term "Income before (after) income tax" represents net income from January 1 to the balance sheet date of the reporting period.

12. Disclosure of financial information by segments

(1) General information

The Bank and its subsidiaries's operation segment reports are consistent with the internal reports provided to chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance.

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

The operating segments of the Bank comprise loans, deposits, wealth management, treasury, overseas business (excluding OBU) and other businesses. The operating results are reviewed by the Bank's Board of Directors (CODM) regularly and are referenced when allocating resources and evaluating operating performance. The Bank has 6 major business segments which are based on global market, and there are no changes this year in relation to the components of reportable segment.

The operating results of the Bank's operating segments are from interest income and the Bank's Board of Directors evaluates segment performance based on the net interest income.The operating results have different income items due to different nature of the operating segments, and the Bank and its subsidiaries evaluates segment performance based on the net profit before tax of various segments. Therefore, performance of all reporting segments is presented by the net value of operating net profit less various operating expenses. Income from external clients provided for the CODM to review is measured on the same basis of the statement of comprehensive income.

Adjustments of internal pricing and transfer pricing are reflected in segment performance evaluation. Income from external clients has been allocated based on the regulated allocation standard between segments.

The internal management's operating reports are prepared based on net operating profit, including net interest income, net service fee income, recovered bad debts (provision), and loan impairment loss, net gain (loss) on financial instruments and other operating gain (loss). Measurement basis does not include non-recurring items, e.g. litigation expenses.

Segment information is mainly based on the internal management reports provided by various operating segments to the CODM, including segmental gain (loss), segmental assets, segmental liabilities and other related information.

(2) Segmental gain (loss), assets and liabilities:

Financial information of the Bank and its subsidiaries by business as of and for the years ended December 31, 2013 and 2012 were as follows:

Unit: NTD thousands

	For the year ended December 31, 2013						
	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 15,155,439	$ 3,570,558	$ 1	$ 1,745,500	$ 3,115,303	$ 1,883,319	$ 25,470,120
Net commision income	1,469,520	4,622	2,608,343	(3,215)	566,532	1,018,855	5,664,657
Net gain and loss on financial instruments	33,080	296,905	45,006	1,435,684	116,815	270,760	2,198,250
Other net income	(3,277)	11,632	2,555	12,348	4,999	35,504	63,761
Provision for credit losses	(2,726,185)	-	-	-	75,058	(1,376,029)	(4,027,156)
Operating gross margin after provision	$ 13,928,577	$ 3,883,717	$ 2,655,905	$ 3,190,317	$ 3,878,707	$ 1,832,409	29,369,632
Operating expenses							(16,680,386)
Net profit before tax after provision							$ 12,689,246

Unit: NTD thousands

	For the year ended December 31, 2012						
	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 14,345,847	$ 2,615,366	($ 25)	$ 2,502,356	$ 2,702,281	$ 2,520,211	$ 24,686,036
Net commision income	1,391,857	29	2,439,769	149	508,046	859,689	5,199,539
Net gain and loss on financial instruments	38,488	248,443	32,327	1,632,078	(65,793)	295,879	2,181,422
Other net income	(120)	-	660	-	135,306	484,788	620,634
Provision for credit losses	(1,965,755)	(409)	-	(7,674)	(225,822)	(1,351,765)	(3,551,425)
Operating gross margin after provision	$ 13,810,317	$ 2,863,429	$ 2,472,731	$ 4,126,909	$ 3,054,018	$ 2,808,802	29,136,206
Operating expenses							(16,805,389)
Net profit before tax after provision							$ 12,330,817

	December 31, 2013						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,318,390,173	$ -	$ 675,695,813	$ 203,205,930	$ 122,448,625	($ 113,056,941)	$ 2,206,683,600
Segment liabilities	10,873,017	1,652,919,333	256,745,691	182,609,975	85,004,895	(113,056,938)	2,075,095,973

	December 31, 2012						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,333,957,591	$ -	$ 496,719,941	$ 167,296,650	$ 149,291,458	($ 74,385,083)	$ 2,072,880,557
Segment liabilities	14,936,030	1,552,053,616	223,416,621	150,339,298	83,110,807	(74,385,096)	1,949,471,276

(3) Geographical information

The Bank and its subsidiaries' geographical information for the years ended December 31, 2013 and 2012 are as follows:

	For the years ended December 31	
	2013	2012
Taiwan	$ 46,302,833	$ 42,359,108
Asia	3,123,770	2,416,608
North America	2,030,530	2,176,047
Others	1,392,329	959,271
Total	$ 52,849,462	$ 47,911,034

(4) Information product

TheBank's information on products is consistent with their segment, please refer to Note 12(2).

(5) Major customer information

No single external customer is deemed significant by its transactions with the Bank generating revenues which accounted for more than 10% of the net profit of the Bank.

13. Related party transactions

(1) Parent and ultimate controlling company

The Bank is controlled by First Financial Holding Co., Ltd., which holds 100% of the Bank's shareholding, and the Bank's ultimate controlling company is First Financial Holding Co., Ltd.

(2) Details of the related parties

Names of related parties	Relationship with the Bank
Bank of Taiwan Co., Ltd.	Substanive related parties
Golden Garden Investment Co., Ltd.	Substantive related parties
Global Investments Co., Ltd.	Substantive related parties
Waterland Financial Holdings Co., Ltd.	Substantive related parties
East Asia Real Estate Management Co., Ltd. (EAREM)	Investee accounted for under the equity method
The First Education Foundation	Over one third of total fund is donated by the Bank
First Securities Inc. (FS)	Subsidiary of FFHC
First Securities Inc. (Asia)	Subsidiary of FFHC
First Capital Management Inc.	Subsidiary of FFHC
First Securities Investment Trust Co., Ltd. (FSIT)	Subsidiary of FFHC
First Financial Asset Management Co., Ltd. (FFAM)	Subsidiary of FFHC
First Venture Capital Co., Ltd. (FVC)	Subsidiary of FFHC
First Financial Management Consulting Co., Ltd. (FFMC)	Subsidiary of FFHC
First P&C Insurance Agency Co., Ltd.	Subsidiary of FFHC
First-Aviva Life Insurance Co., Ltd. (FALI)	Subsidiary of FFHC
Mutual funds managed by FSIT	Mutual funds managed by the subsidiary of FFHC
Others	Related parties, Spouses of representatives of the Bank's directors and supervisors, chairman and president, and relatives within second degree of kinship of the Bank's chairman and president

(3) Major balances and transactions with related parties:

A. Call loans to banks

	December 31, 2013		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ -	0.388~0.390

	December 31, 2012		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 1,000,000	$ -	0.388~0.880

	January 1, 2012		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 10,000	$ 10,000	0.880

Interest income on above related parties for the years ended December 31, 2013 and 2012 were $351 and $21, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

B. Call loans from banks

	December 31, 2013		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 5,000,000	$ -	0.388~0.410

	December 31, 2012		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 3,000,000	$ -	0.388

	January 1, 2012		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 7,005,000	$ 5,000	0.373~0.880

Interest expense on above related parties for the years ended December 31, 2013 and 2012 were $133 and $33, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

C. Due from other banks

	December 31, 2013		December 31, 2012	
	Ending balance	Percentage(%)	Ending balance	Percentage(%)
Other related parties				
Bank of Taiwan	$ 290,986	0.90	$ 247,360	1.66

	January 1, 2012	
	Ending balance	Percentage(%)
Other related parties		
Bank of Taiwan	$ 127,588	1.17

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

D. Loans

December 31, 2013

Items	Category of related party	Number or name of related party	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Whether terms and conditions of the related party transactions with third parties
Consumer loans	Other related parties	25	$ 12,532	$ 9,347	$ 9,347	-	None	None
Residential mortgage loans	Other related parties	144	482,976	457,723	457,723	-	Real estate	None
Other loans	Subsidiary	FFAM	338,000	338,000	338,000	-	Real estate	None
Other loans(Note)	Other related parties	4	1,159	1,143	1,143	-	Certificates of deposits	None

December 31, 2012

Items	Category of related party	Number or name of related party	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Whether terms and conditions of the related party transactions with third parties
Consumer loans	Other related parties	26	$ 11,920	$ 10,448	$ 10,448	-	None	None
Residential mortgage loans	Other related parties	119	565,674	498,365	498,365	-	Real estate	None
Other loans	Subsidiary	FFAM	330,000	330,000	330,000	-	Real estate	None
Other loans(Note)	Other related parties	3	407	77	77	-	Certificates of deposits	None

January 1, 2012

Items	Category of related party	Number or name of related party	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Whether terms and conditions of the related party transactions with third parties
Consumer loans	Other related parties	27	$ 12,206	$ 11,964	$ 11,964	-	None	None
Residential mortgage loans	Other related parties	107	491,637	485,180	485,180	-	Real estate	None
Other loans	Subsidiary	FFAM	137,000	-	-	-	Real estate	None
Other loans(Note)	Other related parties	3	576	565	565	-	Certificates of deposits	None

The interest income received from the above related parties for the years ended December 31, 2013 and 2012 were $2,838 and $2,187, respectively.

Note 1: Account numbers are calculated based on the statistics at the end of the year.

Note 2: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually in detail.

E. Deposits

	December 31, 2013		December 31, 2012		January 1, 2012	
	Ending balance	Percentage(%)	Ending balance	Percentage(%)	Ending balance	Percentage(%)
Parent company						
First Financial Holding Co., Ltd.	$ 1,484,644	0.09	$ 867,636	0.05	$ 1,780,854	0.11
Subsidiary						
First-Aviva Life Insurance Co., Ltd.	472,908	0.03	508,024	0.03	432,515	0.03
First Securities Inc.	340,651	0.02	265,394	0.02	213,450	0.01
Others	291,337	0.02	375,730	0.02	597,514	0.04
Other related parties						
Others (Note)	1,180,466	0.06	906,763	0.06	1,104,068	0.07
Total	$ 3,770,006	0.22	$ 2,923,547	0.18	$ 4,128,401	0.26

The interest expense paid to the above related parties for years ended December 31, 2013 and 2012 were $6,154 and $6,077, respectively.

Note: Staff savings accounts of FCB are provided to the above related parties with interest rate of 13% p.a. and limited to a balance of $480. Deposits exceeding $480 is calculated at demand savings deposit rate. Interest rates for others are the same as those offered to other customers.

F. Derivative instrument transactions

December 31, 2013

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (Loss) on valuation for current period	Period-end balance	
						Item	Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2013/12/20~2014/3/26	$ 2,293,060	($ 11,653)	Valuation adjustment for trading Liabilities – currency exchange rate	$ 11,653

December 31, 2012

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (Loss) on valuation for current period	Period-end balance	
						Item	Balance
Other related parties	Bank of Taiwan	Foreign exchange contracts	2012/4/27-2013/9/18	$ 3,193,850	$ 8,908	Valuation adjustment for trading Assets – currency exchange rate	$ 8,908
				871,050	(50,864)	Valuation adjustment for trading Liabilities– currency exchange rate	50,864
Subsidiary	First-Aviva Life Insurance Co., Ltd.	Foreign exchange contracts	2012/9/10-2013/3/11	31,102	(702)	Valuation adjustment for trading Liabilities– currency exchange rate	702
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2011/12/10~2013/1/31	2,903,500	(8,815)	Valuation adjustment for trading Liabilities – currency exchange rate	8,815

January 1, 2012

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (Loss) on valuation for current period	Period-end balance	
						Item	Balance
Other related parties	Bank of Taiwan	Foreign exchange contracts	2011/6/2-2012/3/16	$ 5,600,875	$ 105,931	Valuation adjustment for trading Assets – currency exchange rate	$ 105,931
Subsidiary	First-Aviva Life Insurance Co., Ltd.	Foreign exchange contracts	2011/7/12-2012//1/12	47,958	1,350	Valuation adjustment for trading Assets – currency exchange rate	1,350
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2011/12/6-2012/3/30	2,028,425	2,808	Valuation adjustment for trading Assets – currency exchange rate	2,808

Note 1: The evaluation gain and loss are those gain and loss of financial derivatives measured by fair value at the ending period as of the balance sheet date in the year.

Note 2: The balances in the balance sheet are the ending balances of financial derivative assets or liabilities of financial assets or liabilities at fair value through profit or loss.

G. Current income tax assets

	December 31, 2013	December 31, 2012	January 1, 2012
First Financial Holding Co., Ltd.(Note)	$ 2,033,066	$ 1,138,132	$ 1,552,322

Note: Receivable as a result of consolidated income tax return filing of parent company.

H. Current income tax liabilities

	December 31, 2013	December 31, 2012	January 1, 2012
First Financial Holding Co., Ltd.(Note)	$ 1,671,534	$ -	$ -

Note: payable as a result of consolidated income tax return filing of parent company.

I. Handling charges income and other income

	For the years ended December 31	
	2013	2012
Parent company		
First Financial Holding Co.,Ltd.	$ 21,744	$ 21,161
Subsidiary of FFHC		
First Securities Inc.	92,823	89,021
First Securities Investment Trust Co., Ltd.	48,503	41,869
First-Aviva Life Insurance Co., Ltd.	36,665	40,566
First P&C Insurance Agency	26,615	24,532
First Capital Management Inc.	14,187	14,650
First Financial Asset Management Co., Ltd.	4,576	4,447
Other related parties		
Others	5,502	3,527
	$ 250,615	$ 239,773

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

J. Rental expenses and other expenses

	For the years ended December 31	
	2013	2012
Parent company		
First Financial Holding Co.,Ltd.	$ 8,630	$ 8,063
Subsidiary		
First Financial Asset Management Co.,Ltd.	114,389	115,521
First Securities Inc.	50,901	53,061
Other related parties		
Others	706	1,285
	$ 174,626	$ 177,930

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

K. Information on salaries and remunerations to the Bank's directors, supervisors, president, vice-president and others:

	For the years ended December 31	
	2013	2012
Salaries and other short-term employee benefits	$ 74,822	$ 75,927
Post-employment benefits	2,119	3,420
Other long-term employee benefits	214	214
Total	$ 77,155	$ 79,561

14. Pledged assets

Pledged assets provided by the Bank and its subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012 were as follows:

Items	December 31, 2013	December 31, 2012	January 1, 2012	Purpose of Pledge
Available-for-sale financial assets – bonds	$ 2,350,478	$ 2,394,194	$ 2,045,086	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank
Held-to-maturity financial assets	49,371	22,398	27,394	Deposits with Federal Deposit Insurance Corporation (FDIC) and Federal Reserve Bank (FRB)
Refundable deposits	555,969	526,711	824,800	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 2,955,818	$ 2,943,303	$ 2,897,280	

15. Significant contingent liabilities and unrecognized contractual commitments

(1) The Bank has the following commitments as of December 31, 2013, December 31, 2012 and January 1, 2012:

	December 31, 2013
Unused loan commitments	$ 32,835,001
Unused credit commitments for credit cards	57,267,299
Unused letters of credit issued	31,159,643
Guarantees	79,507,359
Collections receivable for customers	138,977,461
Collections payable for customers	116,423,187
Travelers' checks consignment-in	382,947
Guaranteed notes payable	55,537,158
Trust assets	735,784,130
Customers' securities under custody	339,738,557
Book-entry for government bonds under management	156,157,300
Depository for short-term marketable securities under management	70,325,300

	December 31, 2012
Unused loan commitments	$ 34,836,722
Unused credit commitments for credit cards	53,132,007
Unused letters of credit issued	35,240,365
Guarantees	75,469,498
Collections receivable for customers	153,943,228
Collections payable for customers	92,219,839
Travelers' checks consignment-in	377,042
Guaranteed notes payable	55,396,562
Trust assets	693,477,178
Customers' securities under custody	316,587,861
Book-entry for government bonds under management	127,160,400
Depository for short-term marketable securities under management	55,552,718

	January 1, 2012
Unused loan commitments	$ 41,507,871
Unused credit commitments for credit cards	48,522,945
Unused letters of credit issued	35,250,998
Guarantees	69,826,490
Collections receivable for customers	157,351,428
Collections payable for customers	71,274,210
Travelers' checks consignment-in	426,992
Guaranteed notes payable	32,456,176
Trust assets	664,902,832
Customers' securities under custody	330,853,363
Book-entry for government bonds under management	115,341,450
Depository for short-term marketable securities under management	80,093,300

(2) Material litigation

Due to the collapse of the Tung Xin building caused by an earthquake disaster on September 21, 1999, the residents filed a legal claim of loss of personal property against Hong Cheng Building Co., Ltd., Hong Ku Construction Co., Ltd., (including their directors and supervisors) and the Bank. As of December 31, 2013, the Bank is not liable for any damage incurred or compensation. As for criminal prosecution, the Highest Court has ruled that the employees of the Bank are not guilty.

16. <u>Significant losses from disasters:</u> None.

17. <u>Significant subsequent events:</u> None.

18. <u>Others</u>

(1) Information with respect to the transferring of financial assets and extinguishing of liabilities: None.

(2) Adjustment of key organization and significant change in regulatory system: None.

(3) Significant impact arising from changes in government laws and regulations: None.

(4) Information with respect to the subsidiary holding the capital stock of parent company: None.

(5) Information for private placement securities: None.

(6) Information for discontinued operations: None.

(7) Major operating assets or liabilities transferred from (or to) other financial institutions: None.

(8) Information of the Bank and its subsidiaries' engagement in co-marketing:

The Bank has entered into cross-selling marketing contracts with First-Aviva Life Insurance Co., Ltd., First Securities Inc., First Venture Capital Co., Ltd., First Financial Management Consulting Co., Ltd., First Financial Asset Management Co., Ltd., First P&C Insurance Agency Co., Ltd., FCB Leasing Co., Ltd. and First Insurance Agency Co., Ltd. The contracts are effective from the respective contract dates but are not allowed to be terminated except with the written consent of FFHC. The contracts cover joint usage of operation sites and facilities as well as cross-selling marketing personnel. Expenses arising from joint usage of operation sites and facilities are allocated in accordance with separate agreements of the contracting parties. Remuneration apportionment and expenses allocation for cross-selling marketing personnel follow the provisions under the "First Financial Group Scope of Cross-selling Marketing and Rules for Reward".

The Bank has entered into separate cooperative promotional or cross-selling marketing contracts with First P&C Insurance Agency Co., Ltd. and First Insurance Agency Co., Ltd. to provide solicitation, introduction and services on specific insurance products. Commission agreements are signed in accordance with the terms of the contracts for the paying or receiving of commissions and the calculation of related remunerations.

The Bank has entered into cooperative contracts with First Financial Holding Co., Ltd., First-Aviva Life Insurance Co., Ltd., First Financial Asset Management Co., Ltd., First P&C Insurance Agency Co., Ltd. and First Insurance Agency Co., Ltd. for the joint usage of information equipment and the planning, development, implementation, operation, maintenance and management of information systems. Calculation methodologies for remuneration apportionment and expenses allocation have also been established.

19. Supplementary disclosures

(1) Information regarding significant transactions

A. Cumulative purchases or sales of the same investee's capital stock over the amount of NT $300 million or 10% of issued capital stock for the year of 2013: None.

B. Acquisition of real estate over the amount of NT $300 million or 10% of issued capital stock for the year of 2013: None.

C. Disposal of real estate over the amount of NT $300 million or 10% of issued capital stock for the year of 2013: None.

D. Handling fee discounts for transactions with related parties over the amount of NT $5 million dollars for the year of 2013: None.

E. Receivables from related parties over the amount of NT $300 million or 10% of issued capital stock for the year of 2013:

Company book in current tax assets	Counterparty	Relationship	Amount of related party accounts receivable	Turnover Rate	Non-performing account receivable of relater party		Accounts receivable of related party recovered	Allowance for doubtful account
					Amount	Disposal		
FCB	FFHC	Parent company	$ 2,033,066	-	-	-	-	-

F. Information regarding non-performing loans of subsidiaries:

(A) Summary of selling non-performing loans for the year of 2013:

(Expressed In Thousands of New Taiwan Dollars,)

Transaction date (Date of contract)	Counterparty	Constituents of creditor's right	Book value	Sale price	Gain (loss) on disposal	Additional terms	Relationship between counterparty and FCB
June 10, 2013	Nomura International plc	Loans	-	$ 557,320	$ 557,320	None	None

(B) Sale of non-performing loans for which the amount exceeded NT$1 billion (excluding sale to related parties) for the year of 2013: None.

G. Securitization products, including its related information, applied by subsidiaries in compliance with the "Financial Asset Securitization Act" or "Real Estate Securitization Act" for the year of 2013 : None.

H. Other significant transactions that may affect the decisions made by financial statement users for the year of 2013: None.

(2) Information on the subsidiaries regarding fund lent to others, endorsement or guarantee provided, securities held at the end of the period, accumulative transaction amount on the same securities for more than NT$300 million, a transaction or engagement in derivative instrument which is equivalent to 10% paid-in capital:

A. Funds lent to others:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the year ended December 31, 2013	Balance at December 31, 2013	Actual amount drawn down	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
												Item	Value		
1	FCB Leasing Co., Ltd.	Chunrong Asset Management Enterprise Ltd.	Other receivables –direct financing	$ 146,000	$ 122,000	$ 122,000	3.65%	2	$ -	Operation turnover	$ -	Real estate	$ 216,000	$ 404,537	$ 539,383
2	FCB Leasing Co. Ltd.	Pan Pacific Asset Property Management Co., Ltd.	Other receivables –direct financing	39,000	26,000	26,000	4.96%	2	-	Operation turnover	-	Real estate	60,000	404,537	539,383
3	FCB Leasing Co. Ltd.	Pantech Construction Co., Ltd.	Other receivables –direct financing	114,000	102,000	102,000	4.96%	2	-	Operation turnover	-	Real estate	144,000	404,537	539,383
4	FCB Leasing Co. Ltd.	Punggi Construction Co., Ltd.	Other receivables –direct financing	68,250	64,050	64,050	3.75%	2	-	Operation turnover	-	Real estate	120,000	404,537	539,383
5	FCB Leasing Co. Ltd.	Ai Kuai International, Inc.	Other receivables –direct financing	70,000	50,000	38,001	5.53%	2	-	Operation turnover	-	Stock	55,000	404,537	539,383
6	FCB Leasing Co. Ltd.	Ai Kuai International, Inc.	Other receivables –direct financing	15,000	8,832	8,832	4.75%	2	-	Operation turnover	-	Deposit	1,500	404,537	539,383
7	FCB Leasing Co. Ltd.	I-Mei Multimedia e-Content Production & Marketing Co., Ltd.	Other receivables –direct financing	17,210	7,810	7,810	6.80%	2	-	Operation turnover	-	Deposit	1,800	404,537	539,383
8	FCB Leasing Co. Ltd.	Pan Feng International Co., Ltd.	Other receivables –direct financing	15,000	6,333	6,333	6.43%	2	-	Operation turnover	-	Deposit	1,500	404,537	539,383
9	FCB Leasing Co. Ltd.	MJ Life Enterprises Ltd.	Other receivables –direct financing	15,000	10,967	10,967	7.30%	2	-	Operation turnover	-	Deposit	2,250	404,537	539,383
10	FCB Leasing Co. Ltd.	San Wen Co., Ltd.	Other receivables –direct financing	15,000	13,380	8,380	5.80%	2	-	Operation turnover	-	Deposit	1,000	404,537	539,383
11	FCB Leasing Co. Ltd.	HoMao Technology Co., Ltd	Other receivables –direct financing	4,000	3,838	1,838	7.96%	1	7,000	Operation turnover	-	Deposit	700	134,846	539,383
12	FCB Leasing Co. Ltd.	Jing Yuan Tang Biotechnology company Co., Ltd	Other receivables –direct financing	12,000	11,377	11,377	8.11%	2	-	Operation turnover		Real estate	14,400	404,537	539,383

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Maximum outstanding balance during the year ended December 31, 2013	Balance at December 31, 2013	Actual amount drawn down	Interest Rate	Nature of Loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
												Item	Value		
13	FCB Leasing Co. Ltd.	Reserve for guarantees-Han Kuan Fruit & Vegetable Production Cooperative in Yunlin County, Taiwan	Other receivables –direct financing	$ 10,306	$ 8,813	$ 8,813	6.72%	2	-	Operation turnover	-	Personal property	$ 12,000	$ 404,537	$ 539,383

Note: 1. The amount of loans for individual companies due to business transactions shall not exceed 10% net asset value of FCBL's latest financial statements. The total amount of loans for individual companies due to business transactions shall not exceed 40% net value of FCBL's latest financial statements.

2. With regard to short-term financing capital borrowers who did not have business transactions with FCB Leasing, the amount of loans for individual companies due to business transactions shall not exceed 30% net asset value of FCBL's latest financial statements. For those who have the demand for short-term financing capital, the total amount of loans shall not exceed 40% net asset value of FCBL's latest financial statements. If the borrower is FCBL's subsidiary, the amount of loans shall not exceed 40% net asset value of FCBL's latest financial statements.

3. The total amount of FCBL shall not exceed 40% net asset value of its latest financial statements.

B. Endorsements and guarantees provided for others:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

No.	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum balance accumulated as of the month	Ending balance of endorsement and guarantee	Actually used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statements	Maximum limit
		Name of company	Relationship							
1	FCB Leasing Co., Ltd.	FCBL Capital International (B.V.I) Ltd.	Subsidiary	$ 4,045,368	$2,389,845	$2,295,442	$693,338	None	170.23%	$ 13,484,565
2	FCB Leasing Co., Ltd.	FCBL (Note 2)	Subsidiary	4,045,368	2,687,610	2,389,810	1,310,320	None	177.23%	$ 13,484,565

Note 1: Depending on the endorsement and guarantee procedures, the total amount shall not exceed the net value of the latest audited financial statements.

Note 2: FCB Leasing (Suzhou) Co., Ltd has been renamed as FCB International Leasing Co., Ltd on April 25, 2013.

C. Securities held at the end of period:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

(Expressed In Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

Investor	Name Of Investee And Type Of Securities		Relationship	Account	Shares / Units	Book value	Ownership Percentage (%)	Market Value (Note 1)	Note
FCBL	FCBL Capital International (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	20,050	$ 853,699	100.00%	$ 853,699	Note 2
FCBL Capital International (B.V.I) Ltd.	FCB International Leasing Co., Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	USD 20,000 thousand	713,308	100.00%	713,308	〃

Note 1：No transactions in active market, no clear market price.

Note 2：Long-term investments in the above table remain free of pledge or guarantee.

Note 3：FCB Leasing (Suzhou) Co., Ltd has been renamed as FCB International Leasing Co., Ltd on April 25, 2013.

D. Cumulative purchases or sales of the marketable securities up to NT$300 million or over 10% of the issued capital stock:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA). Not applicable for the remaining indirect investees.

E. Information of derivative instrument transactions: None.

(3) Information regarding reinvested business and consolidated stock holdings

Name of investee company (Note 1)	Address	Major operating activities	Percentage of ownership (%) at the end of current period	Carrying value of investment	Investment income (loss) recognized by the Bank for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties (Note 1): Number of owned shares (in thousands) / paid-in capital	Number of pro forma shares (Note 2)	Total: Number of shares (in thousands)	Total: Percentage of ownership (%)	Footnote
FIRST COMMERCIAL BANK (USA)	200 East Main Street, Alhambra, CA 91801, USA	Note 3	100%	$ 2,978,273	$ 58,461	7,000	-	7,000	100%	
FCBL	6F, 94, Chung Hsiao E. Rd, Sec 2, Taipei, Taiwan	Note 4	100%	1,348,457	154,947	100,000	-	100,000	100%	
FIA	9F, 30, Chung-King S. Rd., Sec1, Taipei, Taiwan	Note 5	100%	231,180	121,511	5,000	-	5,000	100%	
EAREM	9F, 94, Chung Hsiao E. Rd, Sec 2, Taipei, Taiwan	Note 6	30%	2,926	(3,270)	1,500	-	1,500	30%	
FCBL Capital International (B.V.I) Ltd.	6F, 94, Chung Hsiao E. Rd, Sec 2, Taipei, Taiwan	Note 4	100%	853,699	-	20,050	-	20,050	100%	
FCB International Leasing Co., Ltd.	Rm. 1008, Jianwu Building, No. 188, Wangdun Rd., Suzhou Industrial Park	Note 4	100%	713,308	-	USD 20,000 thousand	-	USD 20,000 thousand	100%	

Note 1:All the owned shares and pro forma shares of investee company held by the Bank, directors, supervisors, president, executive vice presidents, and its related parties defined under the R.O.C. Company Law shall be included.

Note 2:a. Pro forma shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed linked to Investee Company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 74 of the R.O.C. Company Law.

b. The equity securities mentioned above are referred to as those securities under the provision of Article 11, Item 1 of the bylaws to the R.O.C. Securities and Exchange Law, for example, convertible bond and warrant.

c. The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IAS39, for example, stock option.

Note 3: Banking industry.

Note 4: Leasing, investment consulting, and business consulting.

Note 5: Insurance industry.

Note 6: Consulting and contract certification of construction proposal.

(4) Investments in People's Republic of China

A. Investments on First Commercial Bank Shanghai Branch were as follows:

(Expressed In Thousands of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of 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	Percentage of Ownership	Net income of investments	Equity in the Earnings (Losses)
					Outflow	Inflow				
First Commercial Bank shanghai branch	Banking businesses approved by local government	$ 4,676,508 (USD 157,440)	Branch	$ 4,676,508 (USD 157,440)	$ -	-	$ 4,676,508 (USD 157,440)	N/A	$ 230,916	$ 230,916

Carrying Value As of December 31, 2013	Accumulated Inward Remittance of Earnings As of December 31, 2013	Accumulated Investments in Mainland China As of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 4,980,591	-	$ 4,676,508 (USD 157,440)	$ 4,676,508 (USD 157,440)	$ 78,952,576

B. Investments on FCB International Leasing Co., Ltd. through the Bank's indirect subsidiary, FCBL Capital International (B.V.I.) Co., Ltd., were as follows

(Expressed In Thousands of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of 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	Percentage of Ownership	Net income of investments	Equity in the Earnings (Losses)
					Outflow	Inflow				
FCB International Leasing Co., Ltd.	Financial Leasing	$ 580,784 (USD 19,372)	Reinvest companies in Mainland China through existing companies in the third country	$ 580,784 (USD 19,372)	-	-	$ 580,784 (USD 19,372)	100%	$59,614	$ 59,614

Carrying Value As of December 31, 2013	Accumulated Inward Remittance of Earnings As of December 31, 2013	Accumulated Investments in Mainland China As of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 713,308	-	$ 580,784 (USD 19,372)	$ 580,784 (USD 19,372)	$ 809,074

Note 1: FCB Leasing (Suzhou) Co., Ltd has been renamed as FCB International Leasing Co., Ltd as of April 25, 2013.

Note 2: relevant information on the Bank's investment in the investee in Xiamen City, Fujian Province of Mainland China through the subsidiary, FCBL Capital International (B.V.I) Ltd., is provided in Note6(8).

C. The 22nd-term of general board meeting for the 94th time dated July 29, 2011 has approved the investment in Chengdu Branch of FCB amounting to CNY$ 1 billion with approval obtained through Jin-Zhen (2) Letter No. 10100035360 dated May 30, 2012 of Investment Commission, MOEA.

(5) Significant transactions between parent company and subsidiaries Information for the year ended December 31, 2013:

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	FCB	First Commercial Bank(USA)	1	Due to overseas bank	$ 395	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank(USA)	1	Deposits of overseas banks	16,378	〃	0.00%
1	First Commercial Bank(USA)	FCB	2	Due to overseas bank	16,378	〃	0.00%
1	First Commercial Bank(USA)	FCB	2	Deposits of overseas banks	395	〃	0.00%
0	FCB	FCBL	1	Deposits and remittances	34,885	〃	0.00%
0	FCB	FCBL	1	Receivables	378	〃	0.00%
0	FCB	FCBL	1	Payables	4	〃	0.00%
0	FCB	FCBL	1	Loans discounted – net	965,000	〃	0.04%
0	FCB	FCBL	1	Other liabilities	1	〃	0.00%
0	FCB	FCBL	1	Interest income	15,291	〃	0.05%
0	FCB	FCBL	1	Net other non-interest income	3,441	〃	0.01%
0	FCB	FCBL	1	Interest income	62	〃	0.00%
0	FCB	FCBL	1	Business and administrative expenses	9,395	〃	0.03%
0	FCB	FCBL	1	Net commision income	436	〃	0.00%
1	FCBL	FCB	2	Cash and cash equivalents	34,885	〃	0.00%
1	FCBL	FCB	2	Payables	378	〃	0.00%
1	FCBL	FCB	2	Receivables	4	〃	0.00%
1	FCBL	FCB	2	Other financial liabilities	965,000	〃	0.04%
1	FCBL	FCB	2	Other assets	1	〃	0.00%
1	FCBL	FCB	2	Business and administrative expenses	3,877	〃	0.01%
1	FCBL	FCB	2	Interest expense	15,291	〃	0.05%
1	FCBL	FCB	2	Interest income	62	〃	0.00%
1	FCBL	FCB	2	Net other non-interest income	9,395	〃	0.03%
0	FCB	FIA	1	Deposits and remittances	221,956	〃	0.01%

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions: Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	FCB	FIA	1	Receivables	$ 157,540	No significant difference from general customers	0.01%
0	FCB	FIA	1	Payables	57	〃	0.00%
0	FCB	FIA	1	Other liabilities	1	〃	0.00%
0	FCB	FIA	1	Net other non-interest income	4,423	〃	0.01%
0	FCB	FIA	1	Interest expense	1,316	〃	0.00%
0	FCB	FIA	1	Net commision income	861,799	〃	2.58%
1	FIA	FCB	2	Cash and cash equivalents	221,956	〃	0.01%
1	FIA	FCB	2	Payables	157,540	〃	0.01%
1	FIA	FCB	2	Receivables	57	〃	0.00%
1	FIA	FCB	2	Other assets	1	〃	0.00%
1	FIA	FCB	2	Business and administrative expenses	4,649	〃	0.01%
1	FIA	FCB	2	Interest income	1,316	〃	0.00%
1	FIA	FCB	2	Net commision income	861,573	〃	2.58%

(Note 1) The numbers in the No. column represent as follows:

1. 0 for the parent company

2. According to the sequential order, subsidiaries are numbered from 1.

(Note 2) Relationship between transaction company and counterparty is classified into the following three categories:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

(Note 3) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

20. First-time adoption

These consolidated financial statements are the consolidated financial statements that the Bank and its subsidiaries made according to IFRSs, and the reported amounts according to R.O.C. GAAP have been adjusted to amounts made according to IFRSs upon preparation of the initial balance sheet. The exemptions chosen and exception due to retrospective application according to the first-time adoption on IFRSs and effects on the financial position, financial performance and cash flow of the Bank and its subsidiaries as a result of conversion from R.O.C. GAAP to IFRSs are detailed below:

(1) Exemptions chosen

A. Deemed cost

The Bank and its subsidiaries has reevaluated the property and equipment prior to the conversion date according to the accounting principles generally accepted in the R.O.C. and chose to take revaluated values as the deemed costs at the revaluation date. The original carrying amounts of intangible assets are the deemed costs. Property and equipment, investment property and intangible assets are measured by cost model according to the Regulation Governing the Preparation of Financial Statements.

B. Decommissioning liability included in the costs of property and equipment

The Bank and its subsidiaries chose to measure its decommissioning liability according to IAS No. 37 “Provisions, Contingent Liabilities and Contingent Assets” on the conversion date.

C. Cumulative translation difference

The Bank and its subsidiaries chose to deem the cumulative translation difference that occurred in the foreign operating institutions as zero on the conversion date and elects to deal with the translation difference thereafter according to IAS No. 21 ”The Effects of Changes in Foreign Exchange Rates”.

D. Employee benefit

The Bank and its subsidiaries have elected to recognize cumulative actuarial gains and losses relating to all employee benefit plans in retained earnings at the conversion date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, “Employee Benefits”, based on their prospective amounts for financial periods from the transition date.

E. Share-based payment

The Bank and its subsidiaries chose not to retrospectively adopt IFRS No. 2 “Share-based payment” in relation to equity instruments arising due to the share-based transactions prior to the conversion date.

(2) To avoid the impact of first-time adoption of IFRSs on the stockholders’ equity, the Bank executed the land revaluation in September 2011 and on January 1, 2012.

(3) According to the reconciliation from R.O.C. GAAP to the IFRSs, IFRS No. 1, enterprises should reconcile the balance sheet, statements of comprehensive income and statements of cash flows of comparative period.

A. Balance sheet reconciliation statement as of January 1, 2012

Accounting principles generally accepted in the R.O.C.		Effects on the transition to IFRSs as endorsed by FSC		IFRSs		
Account	Amount	Variance on recognition and measurement	Presentation variance	Amount	Account	Note
Cash and cash equivalents	$ 44,498,437	$ -	$ -	$ 44,498,437	Cash and cash equivalents	
Due from the Central Bank and call loans to other banks	128,604,929	-	-	128,604,929	Due from the Central Bank and call loans to banks	
Financial assets at fair value through income statement	15,268,103	(30,513)	120,596	15,358,186	Financial assets at fair value through profit or loss – net	(3)
Receivables - net	60,934,333	30,513	(1,902,323)	59,062,523	Receivables - net	(3)(4)
	-	-	1,897,768	1,897,768	Current tax assets	(4)
Loans discounted – net	1,356,522,223	-	-	1,356,522,223	Loans discounted, net	
Available-for-sale financial assets – net	71,540,498	-	-	71,540,498	Available-for-sale financial assets – net	
Held-to-maturity financial assets	322,672,462	-	(2,000,000)	320,672,462	Held-to-maturity financial assets	(12)
Equity investments accounted for under the equity method	736,578	-	-	736,578	Investments accounted for using equity method-net	
Other financial assets – net	3,532,255	-	2,000,000	5,532,255	Other financial assets – net	(12)
	-	5,491,399	-	5,491,399	Investment property , net	(5)
Fixed assets	26,290,632	-	946,583	27,237,215	Property and equipment – net	(5)
Intangible assets – net	161,130	-	-	161,130	Intangible assets – net	
Deferred income tax assets-net	59,890	507,252	1,047,033	1,614,175	Deferred income tax assets	(2)(4)(7)
Other assets	9,540,223	(5,491,399)	(2,109,657)	1,939,167	Other assets – net	(4)(5)
Total assets	2,040,361,693	507,252	-	2,040,868,945	Total assets	
Due to Central Bank and other banks	152,998,908	-	-	152,998,908	Deposits from the Central Bank and banks	
Funds borrowed to Central Bank and other banks	79,073	-	-	79,073	Due to Central Bank and bank	
Financial liabilities at fair value through income statement	25,662,026	-	241,107	25,903,133	Financial liabilities at fair value through profit or loss	(3)
	-	-	110,978	110,978	Derivatives financial liabilities for hedging	(9)
Securities sold under repurchase agreements	9,479,214	-	-	9,479,214	Notes and bonds issued under repurchase agreements	
Payables	59,746,667	(71,792)	(719,080)	58,955,795	Payables	(1)(3)(4)
	37,686	-	477,973	515,659	Current tax liabilities	(4)
Deposits and remittances	1,614,153,124	-	-	1,614,153,124	Deposits and remittances	
Bonds payable – net	27,700,000	-	-	27,700,000	Bank notes payable	
	-	2,983,833	2,423,644	5,407,477	Provisions	(2)(7)(10)
Accrued pension liabilities	1,861,555	-	(1,861,555)	-		(10)
Other financial liabilities	21,475,128	-	(110,978)	21,364,150	Other financial liabilities	(9)
	15,284	-	5,742,511	5,757,795	Deferred income tax liabilities-net	(4)
Other liabilities	9,254,421	64,018	(6,304,600)	3,013,839	Other liabilities	(1)(10)(4)
Total liabilities	1,922,463,086	2,976,059	-	1,925,439,145	Total liabilities	
Common stock	58,700,000	-	-	58,700,000	Common stock	
Additional paid-in capital	19,669,729	-	-	19,669,729	Capital surplus	
Retained earnings					Retained earnings	
Legal reserve	18,146,163	-	-	18,146,163	Legal reserve	
Special reserve	166,000	3,945,089	-	4,111,089	Special reserve	(13)
Undistributed earnings	11,885,693	-	-	11,885,693	Unappropriated earnings	(1)(2)(6)(7)(8)(13)
Other stockholders' equity adjustments					Other equity interest	
Unrealized profit or loss on financial assets	7,268,177	(7,268,177)	-	-		(8)
Adjustment on accumulative translation	(854,281)	854,281	-	-	Exchange differences on translation of foreign financial statements	(6)
Unrealized profit or loss on financial assets	2,917,126	-	-	2,917,126	Unrealized gain (loss) on available-for-sale financial assets	
Total Stockholders' Equity	117,898,607	(2,468,807)	-	115,429,800	Total Equity	
Total Liabilities And Stockholders' equity	$2,040,361,693	$ 507,252	$ -	$ 2,040,868,945	Total Liabilities And Equity	

B. Balance sheet reconciliation statement as of December 31, 2012

Accounting principles generally accepted in the R.O.C.		Effects on the transition to IFRSs as endorsed by FSC		IFRSs		
Account	Amount	Variance on recognition and measurement	Presentation variance	Amount	Account	Note
Cash and cash equivalents	$ 50,583,492	$ -	$ -	$ 50,583,492	Cash and cash equivalents	
Due from the Central Bank and call loans to other banks	121,161,949	-	-	121,161,949	Due from the Central Bank and call loans to banks	
Financial assets at fair value through income statement	14,068,493	-	87,569	14,156,062	Financial assets at fair value through profit or loss – net	(3)
Receivables - net	57,168,719	-	(1,225,703)	55,943,016	Receivables - net	(3)(4)
	-	-	1,707,242	1,707,242	Current tax assets	(4)
Loans discounted – net	1,436,682,439	-	-	1,436,682,439	Loans discounted, net	
Available-for-sale financial assets -net	71,304,102	-	-	71,304,102	Available-for-sale financial assets-net	
Held-to-maturity financial assets	280,537,163	-	(2,000,000)	278,537,163	Held-to-maturity financial assets	(12)
Equity investments accounted for under the equity method	749,202	-	-	749,202	Investments accounted for using equity method-net	
Other financial assets – net	3,136,855	-	2,000,000	5,136,855	Other financial assets – net	(12)
	-	5,491,850	-	5,491,850	Investment property , net	(5)
Fixed assets	26,361,322	-	1,166,978	27,528,300	Property and equipment – net	(5)
Intangible assets – net	250,468	-	-	250,468	Intangible assets – net	
Deferred income tax liabilities-net	61,100	522,482	1,002,964	1,586,546	Deferred income tax assets	(2)(4)(7)
Other assets	10,292,771	(5,491,850)	(2,739,050)	2,061,871	Other assets – net	(4)(5)
Total assets	2,072,358,075	522,482	-	2,072,880,557	Total assets	
Due to Central Bank and other banks	$ 153,181,697	$ -	$ -	$ 153,181,697	Deposits from the Central Bank and banks	
Funds borrowed to Central Bank and other banks	78,151	-	-	78,151	Due to Central Bank and bank	
Financial liabilities at fair value through income statement	21,538,880	-	229,038	21,767,918	Financial liabilities at fair value through profit or loss	(3)
	-	-	44,584	44,584	Derivatives financial liabilities for hedging	(9)
Securities sold under repurchase agreements	3,077,230	-	-	3,077,230	Notes and bonds issued under repurchase agreements	
Payables	60,626,467	(73,290)	(1,306,250)	59,246,927	Payables	(1)(3)(4)
	-	-	1,077,212	1,077,212	Current tax liabilities	(4)
Deposits and remittances	1,623,901,270	-	-	1,623,901,270	Deposits and remittances	
Bonds payable	42,700,000	-	-	42,700,000	Bank notes payable	
	-	3,100,797	2,715,888	5,816,685	Provisions	(2)(7)(10)
Accrued pension liabilities	2,934,162	-	(2,934,162)	-		(10)
Other financial liabilities	29,726,056	-	(44,584)	29,681,472	Other financial liabilities	(9)
	24,609	(29,242)	5,742,503	5,737,870	Deferred income tax liabilities	(4)(8)
Other liabilities	9,363,211	94,578	(6,297,529)	3,160,260	Other liabilities	(1)(4)(8)(10)
Total liabilities	1,947,151,733	3,092,843	(773,300)	1,949,471,276	Total liabilities	
Capital stock	62,720,000	-	-	62,720,000	Common stock	
Additional paid-in capital	19,669,729	-	-	19,669,729	Capital surplus	
Retained earnings					Retained earnings	
Legal reserve	20,733,624	-	-	20,733,624	Legal reserve	
Special reserve	166,000	3,911,121	-	4,077,121	Special reserve	(13)
Undistributed earnings	13,640,598	(130,167)	-	13,510,431	Unappropriated earnings	(1)(2)(6)(7)(8)(13)
Other stockholders' equity adjustments					Other equity interest	
Unrealized profit or loss on financial assets	7,205,596	(7,205,596)	-	-		(8)
Adjustment on accumulative translation	(1,805,998)	854,281	-	(951,717)	Exchange differences on translation of foreign financial statements	(6)
Unrealized profit or loss on financial assets	3,650,093	-	-	3,650,093	Unrealized gain (loss) on available-for-sale financial assets	
Unrealized net loss on accrued pension cost	(773,300)	-	773,300	-		(10)
Total Stockholders' Equity	125,206,342	(2,570,361)	773,300	123,409,281	Total Equity	
Total Liabilities And Stockholders' equity	$2,072,358,075	$ 522,482	$ -	$ 2,072,880,557	Total Liabilities And Equity	

C. Reconciliation for comprehensive income for the year ended December 31, 2012:

Accounting principles generally accepted in the R.O.C.		Effects on the transition to IFRSs as endorsed by FSC		IFRSs		
Account	Amount	Variance on recognition and measurement	Presentation variance	Amount	Account	Note
Interest income	$ 36,356,032	$ -	($ 132,643)	$ 36,223,389	Interest income	(3)
Less: Interest expense	(12,692,914)	333,942	821,619	(11,537,353)	Interest expenses	(2)(3)
Net interest income	23,663,118	333,942	688,976	24,686,036	Net income of interest	
Net non-interest income					Net non-interest income	
Net service fee and commission income	5,199,359	180	-	5,199,539	Net service fee income	(1)
Net gain on financial assets and liabilities at fair value through income statement	1,464,792	-	(298,288)	1,166,504	Gain on financial assets(liabilities) at fair value through profit or loss	(3)
Realized gain or loss on available-for-sale financial assets – net	264,290	-	-	264,290	Realized gain(loss) on available-for-sale financial assets	
Investment income accounted for under the equity method	35,375	-	-	35,375	Share of profit of associates and joint ventures accounted for using equity method	
Translation gain and loss	715,693	-	-	715,693	Foreign exchange gains	
Bad debts and overdue accounts recovered	2,449,937	-	(2,449,937)	-		(11)
Reversal gain on asset impairment	(9,010)	-	-	(9,010)	Reversal of impairment loss on assets	
Other non-interest income	657,371	(62,581)	34,414	629,204	Net other non-interest income	(8)(11)
Net profit	34,440,925	271,541	(2,024,835)	32,687,631	Net income	
Bad debt expense	(5,966,948)	-	2,415,523	(3,551,425)	Bad debt expenses and guarantee liability provisions	(11)
Operating expenses					Operating expenses	
Personnel expenses	(10,912,916)	(242,807)	(390,688)	(11,546,411)	Employee benefit expenses	(2)(7)
Depreciation and amortization	(755,363)	-	-	(755,363)	Depreciation and amortization expenses	
Other business and administrative expenses	(4,503,615)	-	-	(4,503,615)	Other general and administrative expenses	
Income from continuing operations before income tax	12,302,083	28,734	-	12,330,817	Income from continuing operations before income tax	
Income tax expense	(1,927,248)	(20,147)	-	(1,947,395)	Tax expense	(2)(7)
Consolidated net income	10,374,835	8,587	-	10,383,422	Profit	
					Other comprehensive income:	
				(928,967)	Exchange differences on translation	
				732,967	Unrealized losses on valuation of available-for-sale financial assets	
				(22,750)	Share of other comprehensive income of associates and joint ventures for using equity method	
				(208,099)	Actuarial losses on defined benefit plans	(7)
				35,377	Income tax related to components of other comprehensive income	(7)
				(391,472)	Other comprehensive income	
				$ 9,991,950	Total comprehensive income	

To match the codes for newly revised account, the differences have been presented in the accounts in the balance sheet and statement of comprehensive income according to the "Regulation Governing the Preparation of Financial Statements by Public Banks", and accounts are respectively reclassified after the conversion to IFRSs. In addition, the reconciliations made according to R.O.C. GAAP and IFRSs are as follows:

(1) Customer loyalty programs

According to the IFRSs as endorsed by FSC, the Bank and its subsidiaries are applicable for the IFRIC No. 13, "Customer Loyalty Program" and adjusted the income recognition in relation to the credit card bonuses. As of December 31, 2012 and January 1, 2012, payables decreased by $73,290 and $71,792, other liabilities increased by $65,336 and $64,018, and retained earnings all increased by $7,774, respectively. Net service fee income in the statements of comprehensive income for year 2012 increased by $180.

(2) Preferential savings for retired employees

According to the IAS No. 19, "Employee Benefits" as endorsed by FSC and the Regulation Governing the Preparation of Financial Statements by Public Banks, the preferential savings for retired employees of the Bank are post-employment benefits and should be recognized based on the actuarial result. As of December 31, 2012 and January 1, 2012, the adjustment has respectively made liabilities reserve for employee benefit increase by $708,976 and $730,976, deferred income tax assets increase by $115,872 and $124,266, and effects on retained earnings all decrease by $606,710. In addition, effects on employee benefit expense increased by $311,942, effects on interest expense decreased by $333,942, and income tax expenses increased by $8,394 in the comprehensive income for year 2012.

In addition, the preferential savings of current employees, of which the nature belongs to additional bonus given to employees, and the proportion that exceeds market interest rate is recognized as employee benefit expense. The adjustment has respectively made effects on employee benefit expense increase by $390,688 and the effects on interest expense decrease by $390,688 in the comprehensive income for year 2012.

(3) Regular way purchase or sale

According IAS No. 39, "Financial Instruments: Recognition and Measurement", financial assets of the same type should be recognized on the same basis. The Group adjusted the accounting treatment of debt securities transactions from settlement date accounting to trade date accounting. As of December 31, 2012 and January 1, 2012, the change has made financial assets at fair value through profit and loss decrease by $0 and $30,513, and receivables increase by $0 and $30,513, respectively.

Pursuant to "Regulations Governing the Preparation of Financial Reports by Public Banks", interests generated from financial assets and liabilities at fair value through profit or loss shall be recognized in gain and loss on financial assets and liabilities at fair value through profit or loss. Such adjustment made financial assets at fair value through profit or loss increasing by $87,569 and $120,596, accounts receivable decreasing by $87,569 and $120,596, financial liabilities at fair value through profit or loss increasing by $229,038 and $241,107, and accounts payable decreasing by $229,038 and $241,107, respectively on December 31, 2012 and January 1, 2012. Besides, the effect on the statement of comprehensive income for the year ended December 31, 2012 resulted in interest income decreasing by $132,643, interest expense decreasing by $430,931, and gain and loss on financial assets and liabilities at fair value through profit or loss decreasing by $298,288, respectively.

(4) Income taxes

According to IAS No. 1 as endorsed by FSC, the Group separately listed current tax assets, current tax liabilities, deferred income tax assets and deferred tax liabilities in the balance sheet. The adjustment resulted in the following accounts to be reclassified on December 31, 2012 and January 1, 2012:

A. Receivables and other assets reclassified as current tax assets

Receivables decreased by $1,138,134 and $1,781,727, other assets decreased by $569,108 and $116,041 and current tax assets increased by $1,707,242 and $1,897,768, respectively.

B. Other assets reclassified as deferred income tax assets and deferred tax liabilities

Other assets decreased by $1,002,964 and $1,047,033, deferred income tax assets increased by $1,002,964 and $1,047,033 and deferred tax liabilities increased by $2 and $0, respectively.

C. Payables reclassified as current tax liabilities

Current tax liabilities increased by $1,077,212 and $477,973, payables decreased by $1,077,212 and $477,973, respectively.

D. Other liabilities reclassified as deferred tax liabilities

Deferred tax liabilities increased by $5,742,503 and $5,742,511 and other liabilities decreased by $5,742,503 and $5,742,511, respectively.

(5) Investment property

According to IAS No. 40 "Investment Property", the Group reclassified property satisfying the definition of investment property which was originally classified under "fixed assets" and "other assets" as "investment property". As of December 31, 2012 and January 1, 2012, the consolidated investment property increased by $5,491,850 and $5,491,399, fixed assets increased by $1,166,978 and $946,583, and other assets decreased by $6,658,828 and $6,437,982, respectively.

(6) Cumulative translation adjustment

The Bank and its subsidiaries elected for the exemption regarding Cumulative translation difference in the IFRS No. 1 as endorsed by FSC. The Bank and its subsidiaries chose to deem the cumulative translation difference that occurred in the R.O.C. GAAP as zero, reduction to retained earnings. As of December 31, 2012 and January 1, 2012, the adjustment has respectively made Cumulative translation difference both increase $854,281, and retained earnings both decrease by $854,281.

(7) Gains and losses on pension actuarial and obligation adjustment

The Bank and its subsidiaries elected for the exemption regarding employee benefits in the IFRS No. 1 as endorsed by FSC. As of December 31, 2012 and January 1, 2012, the adjustment has respectively made liabilities reserve for employee benefit increase by $2,391,821 and $2,252,857, retained earnings both decrease by $1,869,871, deferred income tax assets increase by $406,610 and $382,986. Additionally, employee benefits expenses decreased by $69,135, and income tax expenses increased by $11,753 in the comprehensive income for year 2012. In addition, actuarial gains and losses on defined benefit plan decreased by $208,099 in other comprehensive income and income tax expense relating to component of other comprehensive income decreased by $35,377 for year 2012.

(8) Deemed cost of property and equipment

The Bank and its subsidiaries elected for the exemptions relating to deemed cost of property and equipment in accordance with IAS No. 1, "First-time Adoption of International Financial Reporting Standards". The prior revaluation of certain land and property according to R.O.C. GAAP is transferred to retained earnings, resulting in other interest decreasing by $7,268,177 and retained earnings increasing by $7,268,177 as of December 31, 2012 and January 1, 2012.

Certain assets above were disposed during the year of 2012, other equity increased by $62,581, other liabilities increased by $29,242, deferred tax liabilities decreased by $29,242 as of December 31, 2012, and other non-interest income, net decreased by $62,581 in the comprehensive income for the year of 2012.

In addition, the original carrying amounts of intangible assets are the deemed costs. Property and equipment, investment property and intangible assets are measured by cost model in accordance with the Regulation Governing the Preparation of Financial Statements.

(9) Derivative liabilities of hedging

According to Regulation Governing the Preparation of Financial Statements by Public Banks, the Bank and its subsidiaries separately shows derivative liabilities of hedging originally listed under other financial liabilities. As of December 31, 2012 and January 1, 2012, the adjustment has made derivative liabilities of hedging increase by $44,584 and $110,978, and other financial liabilities decrease by $44,584 and $110,978, respectively.

(10) Liability reserve

In accordance with IAS 1 as approved by the FSC, liability reserve should be presented. However, IAS 1 has no regulation regarding accrued pension obligations. Besides, in accordance with R.O.C. GAAP, the excess of the accumulated benefit obligation over the fair value of the pension plan (fund) assets at the balance sheet date is the minimum pension liability. However, IAS 19, ‘Employee Benefits’, has no regulation regarding the minimum pension liability, and additional pension liabilities shall be reversed. The Bank and its subsidiaries followed the adjustments and as of December 31, 2012 and January 1, 2012, respectively made pension liabilities decrease by $2,934,162 and $1,861,555, other liabilities decrease by $555,026 and $562,089, and liability reserve increase by $2,715,888 and $2,423,644. As of December 31, 2012, unrecognized net loss of pension cost increased by $773,300.

(11) Income on bad debt recovery

According to Article 10.10 of Regulation Governing the Preparation of Financial Statements by Public Banks, the Group adjusted the bad debt expense for those bad debts written-off due to recovery or normal repayment. The adjustment made recovered bad debt and income on overdue claims decrease by $2,449,937, bad debt expense and guaranteed policy reserve decrease by $2,415,523, other non-interest gain and loss, net increase by $34,414 in the statements of comprehensive income for the year of 2012. Total gains and losses did not change due to the reclassification.

(12) Preferred stocks of high speed rail

According to the asset classification in IAS No. 39 as endorsed by FSC, the Group classifies bond investments with fixed or determinable payments that are not quoted in an active market as bond investments without active market. As of December 31, 2012 and January 1, 2012, the adjustment made other financial assets increase by $2,000,000 and held-to-maturity financial asset decrease by $2,000,000. Total assets did not change due to reclassification.

(13) Special reserve (in compliance with regulation)

According to Gin-Guan-Zheng-Fa letter No. 1010012865 of FSC dated April 6, 2012, upon the first-time adoption for IFRSs, equivalent amounts of special reserve are provided with regard to the unrealized evaluation increment under the stockholders’ equity and cumulative translation adjustment (gains) as well as the retained earnings transferred from the exemptions chosen from IFRS No. 1. However, if the increase in retained earnings due to first-time adoption for IFRSs is insufficient for provision at the conversion date, provision may be recognized merely for the increase in retained earnings due to adoption of IFRSs conversion. Such adjustment made undistributed earnings decrease by $3,945,089 and special earnings reserve increase by $3,945,089 as of December 31, 2012 and January 1, 2012. Reversal of distributed earnings shall be based on the proportion of the original ratio of special reserve provision in the subsequent use, disposal or reclassification for the related assets.

In addition, according to the rules for setting aside special earnings reserve in Jin-Guan-Zeng-Fa Letter No. 1010012865 dated April 6, 2012, the special earnings reserve set aside is reversed based on original proportion due to the disposal of related assets. As a result, undistributed earnings increased by $33,968 and special reserve results decrease by $33,968 as of December 31, 2012.

(14) Significant adjustment made on the cash flow statements for the year of 2012.

A. According to the R.O.C. GAAP, the Bank and its subsidiaries uses the cash flow statement made by indirect method together with receipt of interest, receipt of dividend, payment of income tax and payment of interest as the cash flows from operating activities. However, according to IAS 7, “Statement of Cash Flows”, as endorsed by the FSC, the Bank and its subsidiaries is required to separately discloses receipt of interest, receipt of dividend, payment of income tax and payment of interest.

B. Reconciliations made for the transition from R.O.C. GAAP to IFRSs have no impact on the cash flow of the reported consolidated entities.

FCB Subsidiaries & Affiliates

- First Commercial Bank
  - First Commercial Bank (USA) — 100% owned
  - FCB Leasing Co., Ltd. — 100% owned
    - FCBL Capital Int’l (B.V.I.) Ltd. — 100% owned
      - FCB International Leasing , Ltd. — 100% owned
      - FCB Leasing (Xiamen) Ltd. — 100% owned
  - First Insurance Agency Co., Ltd. — 100% owned

April 23, 2014

*FCB Leasing (Xiamen) Ltd. was incorporated on March 28, 2014 and commenced its business on April 23, 2014.

Key Figures

As of and for the year ended December 31, 2013

(in NT$,000)

	Paid-in capital	Total assets	Total liabilities	Stockholder’s equity	Operating profit	Net income	EPS (in dollars)
First Commercial Bank (USA)	2,101,600	14,270,165	11,291,892	2,978,273	108,077	58,461	8.35
FCB Leasing Co., Ltd.	1,000,000	7,498,554	6,150,098	1,348,456	102,851	154,948	1.55
FCBL Capital Int’l (B.V.I.) Ltd.	582,404	1,658,598	804,899	853,699	13,109	72,602	3.62
FCB International Leasing, Ltd.	580,784	2,295,365	1,582,057	713,308	79,588	59,614	-
First Insurance Agency Co., Ltd.	50,000	423,188	192,008	231,180	143,297	121,511	24.30

Domestic Offices Appointed to Conduct Foreign Exchange Business

Branch	Address	Tel
International Banking Division Swift: FCBKTWTP	3 & 4 FL. 30, Chung King S. Rd., Sec.1, Taipei 100, Taiwan	886-2-23481111
Business Division	1 & 2 FL. 30, Chung King S. Rd., Sec.1, Taipei 100, Taiwan	886-2-23481111
An-Ho Branch	184, Hsin Yi Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-23256000
Nan-Kang Branch	2FL-8, 3, Park St., Nan Kang Dist., Taipei 115, Taiwan	886-2-26558777
Xi-Men Branch	52, Xining S. Rd., Wan Hua Dist., Taipei 108, Taiwan	886-2-23119111
Chung-Hsiao-Road Branch	94, Chung Hsiao E. Rd., Sec.2, Chung Cheng Dist., Taipei 100, Taiwan	886-2-23416111
Tung-Hu Branch	483 & 489, Min Chuan E. Rd., Sec.6, Nei Hu Dist., Taipei 114, Taiwan	886-2-26348811
Ching-Mei Branch	28,Ching Chung St., Wen Shan Dist., Taipei 116, Taiwan	886-2-29303011
Ta-Chih Branch	588, Ming Shui Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-85095611
Ta-Tao-Cheng Branch	63, Ti Hua St., Sec.1, Ta Tung Dist., Taipei 103, Taiwan	886-2-25553711
Hsin-Wei Branch	368 & 370, Fu Hsin S. Rd., Sec.1, Ta An Dist., Taipei 106, Taiwan	886-2-27557241
Chien-Cheng Branch	40, Cheng Teh Rd., Sec.1, Ta Tung Dist., Taipei 102, Taiwan	886-2-25556231
Hua-Shan Branch	22, Chang An E. Rd., Sec.1, Chung Shan Dist., Taipei 104, Taiwan	886-2-25368111
Ta-Tung Branch	56, Chung King N. Rd., Sec.3, Ta Tung Dist., Taipei 103, Taiwan	886-2-25913251
Kwang-Lung Branch	82, Keelung Rd., Sec. 2, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27201701
Hsin-Sheng Branch	8, Nanking E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25620256
Chien-Tan Branch	152, Cheng Teh Rd., Sec.4, Shih Lin Dist., Taipei 111, Taiwan	886-2-28802468
Yuan-Shan Branch	53, Min Chuan W. Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25979234
Chung -Shan Branch	61, Chung Shan N. Rd., Sec.2, Chung shan Dist., Taipei 104, Taiwan	886-2-25211111
Chung-Lun Branch	188, Nanking E. Rd., Sec.5, Sung Shan Dist., Taipei 105, Taiwan	886-2-27606969
Nanking-East-Road Branch	125, Nanking E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25062111
Cheng-Tung branch	103, Nanking E. Rd., Sec.3, Chung Shan Dist., Taipei 104, Taiwan	886-2-25062881
Min-Sheng Branch	131, Min Sheng E. Rd., Sec.3, Sung Shan Dist., Taipei 105, Taiwan	886-2-27138512
Sung-Chiang Branch	309, Sung Chiang Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25017171
Min-Chuan Branch	365, Fu Hsing N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-27192009
Pa-Teh Branch	3, Tun Hua S. Rd., Sec.1, Sung Shan Dist., Taipei 105, Taiwan	886-2-25793616
Chang-Chun Branch	169, Fu Hsin N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-27192132
Nei-Hu Branch	143 & 145, Cheng Kung Rd., Sec.3, Nei Hu Dist., Taipei 114, Taiwan	886-2-27932311
Sung-Shan Branch	1 &2FL. 760, Pa Teh Rd., Sec.4, Sung Shan Dist., Taipei 105, Taiwan	886-2-27674111
Yen-Chi Branch	289, Chung Hsiao E. Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27315741
Kwang-Fu Branch	16, Kwang Fu N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-25773323
Hsin-Ya Branch	167, Yon Gji Rd., Hsin Yi Dist., Taipei 110, Taiwan	886-2-27655935
Yung-Chun Branch	297-1, Chung Hsiao E. Rd., Sec.5, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27682111
Neihu-Science-Park Branch	388, Nei Hu Rd., Sec.1, Nei Hu Dist., Taipei 114, Taiwan	886-2-87978711
Chi-Lin Branch	136, chi Lin Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25311677
Jen-Ai Branch	50, Jen Ai Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27023111
Ta-An Branch	382, Hsin Yi Rd., Sec.4, Ta An Dist., Taipei 110, Taiwan	886-2-27556811
Hsin-Yi Branch	168 & 170, Hsin Yi Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-23216811
Fu-Hsing Branch	36-10, Fu Hsing S. Rd., Sec.1, Chung Shan Dist., Taipei 104, Taiwan	886-2-27722345
Tun-Hua Branch	267, Tun Hua S. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27362711
Jen-Ho Branch	376, Jen Ai Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27556556
Shih-Mao Branch	65, Tun Hua S. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27849811
Mu-Cha Branch	11, Bao Yi Rd., Wen Shan Dist., Taipei 116, Taiwan	886-2-22345101
Sung-Mao Branch	18, Hsin Yi Rd., Sec.5, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27236111
Hsin-Hu Branch	159, Xing Ai Rd., Nei Hu Dist., Taipei 114, Taiwan	886-2-27931811
Ku-Ting branch	95, Roosevelt Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-23695222
Nan-Men Branch	94, Nan Chang Rd., Sec. 1, Chung Cheng Dist., Taipei 100, Taiwan	886-2-23947162
Kung-Kuan branch	293, Roosevelt Rd., Sec.3, Ta An Dist., Taipei 106, Taiwan	886-2-23623111
Ho-Ping Branch	151, Ho Ping E. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27035111
Wan-Hua Branch	87, Kang Ding Rd., Wan Hua Dist., Taipei 108, Taiwan	886-2-23719221
Shuang-Yuan Branch	42, Chung Hua Rd., Sec. 2, Wan Hua Dist., Taipei 108, Taiwan	886-2-23068620
Tien-Mu Branch	60 & 62, Chung chen Rd., Sec. 1, Shih Lin Dist., Taipei 111, Taiwan	886-2-28369898
Pei-Tou Branch	133, Guang Ming Rd., Pei Tou Dist., Taipei 112, Taiwan	886-2-28913921
Shih-Lin Branch	456 & 458, Chung Cheng Rd., Shih Lin Dist., Taipei 111, Taiwan	886-2-28370011
Chien-Kuo Branch	161 & 163, Min Sheng E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25060110
Wan-Lung Branch	347, Xing Long Rd., Sec. 2, Wen Shan Dist., Taipei 116, Taiwan	886-2-29326478
Shih-Pai Branch	100, Ming Teh Rd., Pei Tou Dist., Taipei 112, Taiwan	886-2-28209111
Pan-Chiao Branch	107, Szu Chuan Rd., Sec.1, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-29615171
Hua-Chiang Branch	329, Wen Hua Rd., Sec.1, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-22578091
Shu-Lin Branch	27-7 & 27- 8, Chung Shan Rd., Sec.1, Shu Lin Dist.,New Taipei City 238, Taiwan	886-2-26833191
Tu-Cheng Branch	208, Chung Yang Rd., Sec. 3, Tu Cheng Dist., New Taipei City 236, Taiwan	886-2-22679611

Branch	Address	Tel
Jiangzicui Branch	388, Wen Hua Rd., Sec. 2, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-82570111
Pei-Tu-Cheng Branch	37, Jin Cheng Rd., Sec. 3, Tu Cheng Dist., New Taipei City 236, Taiwan	886-2-22607811
Linkuo-Gong'er Branch	498, Chung Shan Rd., Lin Kou Dist., New Taipei City 244, Taiwan	886-2-26021101
San-Chung-Pu Branch	70, San Ho Rd., Sec.3, San Chung Dist., New Taipei City 241, Taiwan	886-2-29822111
Chang-Tai Branch	99, Chung Hsin Rd., Sec.2, San Chung Dist., New Taipei City 241, Taiwan	886-2-29884433
Lu-Chou Branch	12, Chung Shan 1st Rd., Lu Chou Dist., New Taipei City 247, Taiwan	886-2-82826788
Tou-Chien Branch	320, Hua Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-22762311
Wu-Ku Branch	90, Si Wei Rd., Wu Ku Dist., New Taipei City 248, Taiwan	886-2-29845577
Chung-Yang Branch	89, Chung Yang Rd., Sec.1, San Chung Dist., New Taipei City 241, Taiwan	886-2-29868822
Wu-Ku Ind. Zone Branch	117, Wu Gong Rd., Wu Ku Dist., New Taipei City 248, Taiwan	886-2-22997811
Dan-Shui Branch	84 & 86, Chung Shan Rd., Dan Shui Dist., New Taipei City 251, Taiwan	886-2-26202611
Hsin-Tien Branch	134, Chung Hsing Rd., Sec.3, Hsin Tien Dist., New Taipei City 231, Taiwan	886-2-29181835
Dapinglin Branch	82, Min Chuan Rd., Hsin Tien Dist., New Taipei City 231, Taiwan	886-2-22184651
Tai-Shan Branch	135 & 137, Min Gzhi Rd., Sec. 1, Tai Shan Dist., New Taipei City 243, Taiwan	886-2-29097111
Hsin-Chuang Branch	316, Chung Cheng Rd., Hsin Chuang Dist., New Taipei City 243, Taiwan	886-2-29929001
Ying-Ko Branch	1, Jen Ai Rd., Ying Ko Dist., New Taipei City 239, Taiwan	886-2-26791921
Chung-Ho Branch	152, Chung Shan Rd.,Sec.2, Chung Ho Dist., New Taipei City 235, Taiwan	886-2-22495011
Yung-Ho Branch	296, Fu Ho Rd., Yung Ho Dist., New Taipei City 234, Taiwan	886-2-29221711
Shuang-Ho Branch	91, An Le Rd., Chung Ho Dist., New Taipei City 235, Taiwan	886-2-29408000
Lien-Cheng Branch	258, Lien Cheng Rd., Chung Ho Dist., New Taipei City 235, Taiwan	886-2-82272111
Jui-Fang Branch	76, Ming Deng Rd., Sec. 3, Jui Fang Dist., New Taipei City 224, Taiwan	886-2-24967711
Pu-Chien Branch	1FL. 3, Min Sheng Rd., Sec.1, Pan Chiao Dist., Taipei 220, Taiwan	886-2-29599211
Dan-Feng Branch	669-1, Chung Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29021111
Hsi-Chih Branch	280, Ta Tung Rd., Sec.1, Hsi Chih Dist., New Taipei City 221, Taiwan	886-2-26471688
Hsi-Ko Branch	133, Ta Tung Rd., Sec.2, Hsi Chih Dist., New Taipei City 221, Taiwan	886-2-86926000
Hsing-Fu Branch	1 & 2FL., 688, Hsing Fu Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29989111
Keelung Branch	103, Hsiao 3rd Rd., Jen Ai Dist., Keelung City 200, Taiwan	886-2-24279121
Shao-Chuan-Tou Branch	1 &2FL., 57, Yi 1st Rd., Chung Cheng Dist., Keelung City 202, Taiwan	886-2-24266141
I-Lan Branch	152, Chung Shan Rd., Sec.3, I Lan City, I Lan County 260, Taiwan	886-3-9324111
Lo-Tung Branch	165, Chung Cheng Rd., Lo Tung Township, I Lan County 265, Taiwan	886-3-9545611-8
Su-Ao Branch	12, Chung Shan Rd., Sec.1, Su Ao Township, I Lan County 270, Taiwan	886-3-9962711-6
Tao-Yuan Branch	55, Min Tsu Rd., Taoyuan City, Taoyuan County 330, Taiwan	886-3-3326111
Pei-Tao Branch	258 & 260, San Min Rd., Sec. 2, Taoyuan City, Taoyuan County 330, Taiwan	886-3-3353131
Chung-Cheng Branch	1298 & 1300, Chung Cheng Rd., Taoyuan City, Taoyuan County 330, Taiwan	886-3-3171838
Ta-Nan Branch	919, Jie Shou Rd., Sec. 1, Pa Teh City, Taoyuan County 334, Taiwan	886-3-3661966
Nei-Li Branch	117, Hsin Yi Rd., Chung Li City, Taoyuan County 320, Taiwan	886-3-4552410
Chung-Li Branch	146, Chung Cheng Rd., Chung Li City, Taoyuan County 320, Taiwan	886-3-4225111
Hsi-Li Branch	30, Chung Yang W. Rd., Sec. 2, Chung Li City, Taoyuan County 320, Taiwan	886-3-4918111
Ping-Cheng Branch	68, Huan Xi Rd., Chung Li City, Taoyuan County 320, Taiwan	886-3-4939211
Ta-Yuan Branch	63, Xin Sheng Rd., Ta Yuan Township, Taoyuan County 337, Taiwan	886-3-3857111
Nan-Kan Branch	112 & 114, Chung Cheng Rd., Lu Chu Township, Taoyuan County 338, Taiwan	886-3-3216882
Hui-Lung Branch	161, Wan Shou Rd., Sec. 1, Gui Shan Township, Taoyuan County 333, Taiwan	886-3-82006111
Lin-Kou Branch	76 & 78, Wen Hua 2nd Rd., Gui Shan Township, Taoyuan County 333, Taiwan	886-3-3186611
Ta-Hsi Branch	111, Kang Chuang Rd., Ta Hsi Township, Taoyuan County 335, Taiwan	886-3-3882101
Lung-Tan Branch	80, Chung Cheng Rd., Lung Tan Township, Taoyuan County 325, Taiwan	886-3-4991111
Hsin-Chu Branch Swift: FCBKTWTP301	3, Ing Ming St., North Dist., Hsinchu 300, P.O.Box 30, Hsinchu, Taiwan	886-3-5226111
Tung-Men Branch	216, Tung Men ST., North Dist., Hsinchu 300, Taiwan	886-3-5249211
Hsinchu-Science-Park Branch	611, Kwang Fu Rd., Sec.1, East Dist., Hsinchu 300, Taiwan	886-3-5637111
Chu-Tung Branch	30, Tung Lin Rd., Chu Tung Township, Hsinchu County 310, Taiwan	886-3-5963251
Kuan-Hsi Branch	18, Cheng Yi Rd., Kuan Hsi Township, Hsinchu County 306, Taiwan	886-3-5872411
Chu-Pei Branch	176, Chung Cheng E. Rd., Chu Pei City, Hsinchu County 302, Taiwan	886-3-5559111
Miao-Li Branch	601, Chung Cheng Rd., Miao Li City, Miaoli County 360, Taiwan	886-3-7322411
Chu-Nan Branch	53, Min Zu St., Chu Nan Township, Miaoli County 350, Taiwan	886-3-7477111
Tou-Fen Branch	67, Chung Cheng Rd., Tou Fen Township, Miaoli County 351, Taiwan	886-3-7672611
Taichung Branch Swift: FCBKTWTP401	144, Tzu Yu Rd., Sec.1, West Dist., Taichung 403, P.O.Box 7, Taichung, Taiwan	886-4-22233611
Nan-Taichung Branch	33 & 35, Fu Hsin Rd., Sec.4, East Dist., Taichung 401, Taiwan	886-4-22231111
Pei-Taichung Branch	501, Taiwan Blvd., Sec. 1, Central Dist., Taichung 400, Taiwan	886-4-22238111
Chung-Kang Branch	No.912, Taiwan Blvd., Sec. 2, Hsi Tun Dist., Taichung 407, Taiwan	886-4-23136111
Pei-Tun Branch	696, Wen Hsin Rd., Sec.4, Pei Tun Dist., Taichung 406, Taiwan	886-4-22366111
Chin-Hua Branch	236, Chin Hua N. Rd., North Dist., Taichung 404, Taiwan	886-4-22300311
Nan-Tun Branch	668, Wu Chuan W. Rd., Sec. 2, Nan Tun Dist., Taichung 408, Taiwan	886-4-23801515
Feng-Yuan Branch	423, Chung Shan Rd., Feng Yuan Dist., Taichung 420, Taiwan	886-4-25225111
Ta-Li Branch	43, 45 & 47, Tung Lung Rd., Ta Li Dist., Taichung 412, Taiwan	886-4-24838111
Taichung-Science-Park Branch	6-3, Chung Ko Rd., Ta Ya Dist., Taichung 428, Taiwan	886-4-25659111
Tung-Shih Branch	105, Feng Shih Rd., Tung Shih Dist., Taichung 423, Taiwan	886-4-25874121
Sha-Lu Branch	355, Chung Shan Rd., Sha Lu Dist., Taichung 433, Taiwan	886-4-26621331

Branch	Address	Tel
Ta-Chia Branch	361 & 363, Shun Tien Rd., Ta Chia Dist., Taichung 437, Taiwan	886-4-26882981
Tai-Ping Branch	1 &2FL., 50, Chung Hsin E. Rd., Tai Ping Dist., Taichung 411, Taiwan	886-4-22799011
Ching-Shui Branch	35-10, Guang Ming Rd., Ching Shui Dist., Taichung 436, Taiwan	886-4-26238111
Ta-Ya Branch	96, Chung Ching E. Rd., Ta Ya Dist., Taichung 428, Taiwan	886-4-25686111
Nan-Tou Branch	2, Chung Shan 1st St., Nan Tou City, Nantou County 540, Taiwan	886-4-92223111
Tsao-Tun Branch	256, Tai Ping Rd., Sec. 2, Tsao Tun Township, Nantou County 542, Taiwan	886-4-92338181
Pu-Li Branch	97, Xi An Rd., Sec. 1, Pu Li Township, Nantou County 545, Taiwan	886-4-92982711
Chang-Hua Branch	48, Ho Ping Rd., Chang Hua City, Changhua County 500, Taiwan	886-4-7232161
Yuan-Lin Branch	26, Yu-Ying Rd., Yuan Lin Town, Changhua County 510, Taiwan	886-4-8328811
Lu-Kang Branch	301, Chung Shan Rd., Lu Kang Town, Changhua County 505, Taiwan	886-4-7772111
Hsi-Hu Branch	166, Chang shui Rd., Sec. 3, Hsi Hu Township, Changhua County 514, Taiwan	886-4-8824111
Pei-Dou Branch	35, Chung Shan Rd., Sec.2, Pei Dou Township, Changhua County 521, Taiwan	886-4-8782111
Ho-Mei Branch	84, 86 & 88, Ho Xian Rd., Ho Mei Township, Changhua County 508, Taiwan	886-4-7551111
Chia-Yi Branch	307, Chung Shan Rd., East Dist., Chiayi City 600, Taiwan	886-5-2272111
Hsing-Chia Branch	425 & 427, Hsing Ye W. Rd., West Dist., Chiayi City 600, Taiwan	886-5-2859833
Pu-Tzu Branch	135, Chung Cheng Rd., Pu Tzu City, Chiayi County 613, Taiwan	886-5-3795111
Dou-Liu Branch	16, Tai Ping Rd., Dou Liu City, Yunlin County 640, Taiwan	886-5-5324311
Pei-Kang Branch	96, Chung Cheng Rd., Pei Kang Township, Yunlin County 651, Taiwan	886-5-7833211
Hsi-Lo Branch	189, Yan Ping Rd., Hsi Lo Township, Yunlin County 648, Taiwan	886-5-5862131
Hu-Wei Branch	83, Chung Cheng Rd., Hu Wei Township, Yunlin County 632, Taiwan	886-5-6322330
Tainan Branch Swift: FCBKTWTP601	82, Chung Yi Rd., Sec.2, West Central Dist., Tainan 700, P.O.Box 10, Tainan, Taiwan	886-6-2224131
Fu-Chiang Branch	31, Tung Men Rd., Sec. 3, East Dist., Tainan 701, Taiwan	886-6-2904453
Chih-Kan Branch	217, Cheng Kung Rd., West Central Dist., Tainan 700, Taiwan	886-6-2268111
Chu-Hsi Branch	98, Ta Tong Rd., Sec. 1, West Central Dist., Tainan 700, Taiwan	886-6-2160111
Chin-Cheng Branch	105, Xia Lin Rd., South Dist., Tainan 702, Taiwan	886-6-2248833
An-Nan Branch	438, Hai Dian Rd., Sec. 2, An Nan Dist., Tainan 709, Taiwan	886-6-2465111
Hsin-Ying Branch	150, Chung Shan Rd., Hsin Ying Dist., Tainan 730, Taiwan	886-6-6324211
Yen-Shui Branch	57, San Fu Rd., Yen Shui Dist., Tainan 737, Taiwan	886-6-6521611
Ma-Tou Branch	12, Hsing Chung Rd., Ma Tou Dist., Tainan 721, Taiwan	886-6-5729901
Shan-Hua Branch	366, Chung Shan Rd., Shan Hua Dist., Tainan 741, Taiwan	886-6-5817350
Chia-Li Branch	225, Wen Hua Rd., Chia Li Dist., Tainan 722, Taiwan	886-6-7226111
Hsin-Hua Branch	374, Chung Cheng Rd., Hsin Hua Dist., Tainan 712, Taiwan	886-6-5901111
Ta-Wan Branch	5, Yong Ta Rd., Sec. 2, Yung Kang Dist., Tainan 710, Taiwan	886-6-2713251
Tainan-Science-Park Branch	2FL., 15, Nan Ko 3rd Rd., Hsin Shi Dist., Tainan 744, Taiwan	886-6-5051111
Kuei-Jen Branch	55 & 57, Chung Shan Rd., Sec. 2, Kuei Jen Dist., Tainan 711, Taiwan	886-6-3300111
Yung-Kang Branch	109, Chung Cheng S. Rd., Yung Kang Dist., Tainan 710, Taiwan	886-6-2513211
Kaohsiung Branch Swift: FCBKTWTP701	28, Min Chuan 1st Rd., Ling Ya Dist., Kaohsiung 802, P.O.Box16, Kaohsiung, Taiwan	886-7-3350811
Yen-Cheng Branch	115, Ta Jen Rd., Yen Cheng Dist., Kaohsiung 803, Taiwan	886-7-5519201
Hsin-Hsing Branch	17, Chung Cheng 4th Rd., Hsin Hsing Dist., Kaohsiung 800, Taiwan	886-7-2719111
San-Min Branch	291, Chung Hua 3rd Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-2718111
Ling-Ya Branch	61, Wu Fu 3rd Rd., Qian Jin Dist., Kaohsiung 801, Taiwan	886-7-2822111
Tso-Ying Branch	411 & 413, Tso Ying Avenue, Tso Ying Dist., Kaohsiung 813, Taiwan	886-7-5815511
Nan-Tzu Branch	3, Nan Tzu Rd., Nan Tzu Dist., Kaohsiung 811, Taiwan	886-7-3511211
Wu-Fu Branch	161, Chung Cheng 2nd Rd., Ling Ya Dist., Kaohsiung 802, Taiwan	886-7-2225111
Shih-Chuan Branch	57, Zi You 1st Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-3112131
Chien-Cheng Branch	191, San Duo 3rd Rd., Chien Cheng Dist., Kaohsiung 806, Taiwan	886-7-3344191
Wan-Nei Branch	147, Ta Shun 2nd Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-3821526
Po-Ai Branch	426, Po Ai 2nd Rd., Tso Ying Dist., Kaohsiung 813, Taiwan	886-7-5588311
Hsiao-Kang Branch	182, Yan Hai 1st Rd., Hsiao Kang Dist., Kaohsiung 812, Taiwan	886-7-8066601
Wu-Chia Branch	1 &2 FL., 322, Bao Tai Rd., Feng Shan Dist., Kaohsiung 830, Taiwan	886-7-7260211
Feng-Shan Branch	1, Cheng Kung Rd., Feng Shan Dist., Kaohsiung 830, Taiwan	886-7-7463611
Lu-Chu Branch	1187, Chung Shan Rd., Lu Chu Dist., Kaohsiung 821, Taiwan	886-7-6963211
Kang-Shan Branch	275, Kang Shan Rd., Kang Shan Dist., Kaohsiung 820, Taiwan	886-7-6212111
Chi-Shan Branch	120, Chung Shan Rd., Chi Shan Dist., Kaohsiung 842, Taiwan	886-7-6621811
Lin-Yuan Branch	459, Lin Yuan N. Rd., Lin Yuan Dist., Kaohsiung 832, Taiwan	886-7-6436111
Tzu-Beng Branch	306, Chung Cheng Rd., Tzu Guan Dist., Kaohsiung 826, Taiwan	886-7-6172111
Ping-Tung Branch	308, Min Sheng Rd., Ping Tung City, Pingtung County 900, Taiwan	886-8-7325111
Chao-Chou Branch	107-1, Chung Shan Rd., Chao Chou Township, Pingtung County 920, Taiwan	886-8-7883771
Tung-Kang Branch	23, Chao Yang St., Tung Kang Township, Pingtung County 928, Taiwan	886-8-8350111
Heng-Chun Branch	17, Chung Cheng Rd., Heng Chun Township, Pingtung County 946, Taiwan	886-8-8893231
Wan-Luan Branch	29, Chung Cheng Rd., Wan Luan Township, Pingtung County 923, Taiwan	886-8-7811211
Hua-Lien Branch	22, Gong Yuan Rd., Hualien City, Hualien County 970, Taiwan	886-3-8324611
Tai-Tung Branch	397, Chung Hua Rd., Sec. 1, Taitung City, Taitung County 950, Taiwan	886-8-9324211
Peng-Hu Branch	88, Guang Fu Rd., Ma Gong City, Penghu County 880, Taiwan	886-6-9273211

Overseas Network

Overseas Branches

- **Brisbane Branch**
  Mezzanine Fl., 199 George Street
  Brisbane QLD 4000, Australia
  Tel: 61-7-3211-1001
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- **Guam Branch**
  330, Hernan Cortes Ave.
  Hagatna, Guam 96910 U.S.A.
  P.O.Box 2461, Hagatna, Guam
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- **Hanoi Branch**
  8th Fl., Charmvit Tower
  117 Tran Duy Hung Street
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- **Ho Chi Minh City Branch**
  21 Fl., A&B Tower
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  Ho Chi Minh City, Vietnam
  Tel: 848-3823-8111
  Fax: 848-3822-1747

- **Hong Kong Branch**
  Rm 1101, 11 Fl., Hutchison House
  10, Harcourt Road, Central, Hong Kong
  Tel: 852-2868-9008
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- **London Branch**
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  London EC2M 2SJ, U.K.
  Tel: 44-20-7417-0000
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- **Los Angeles Branch**
  600, Wilshire Blvd., Suite 800
  Los Angeles, CA 90017, U.S.A.
  Tel: 1-213-362-0200
  Fax: 1-213-362-0244

- **Macau Branch**
  16 Fl., Finance and IT Centre of Macau
  Avenida Comercial de Macau
  Tel: 853-2857-5088
  Fax: 853-2872-2772

- **New York Branch**
  750, Third Avenue, 34th Fl.,
  New York, NY 10017, U.S.A.
  Tel: 1-212-599-6868
  Fax: 1-212-599-6133

- **Phnom Penh Branch**
  66, Norodom Blvd.
  Sangkat Cheychomnoas, Khan Daun Penh
  Phnom Penh, Cambodia
  Tel: 855-23-210026
  Fax: 855-23-210029

- **Chorm Chaov Sub-Branch**
  3,5,7 & 9, Prey Chisak Village, Sangkat
  Chorm Chaov, Khan Dangkor
  Phnom Penh, Cambodia
  Tel: 855-23-865171
  Fax: 855-23-865175

- **Olympic Sub-Branch**
  155AB, Street 215, Sangkat
  Phsar Depo 1, Khan Tuolkork
  Phnom Penh, Cambodia
  Tel: 855-23-880392
  Fax: 885-23-880396

- **Shanghai Branch**
  Room 1501, Building A, Dawning Center
  500, Hongbaoshi Road
  Shanghai 201103, China
  Tel: 86-21-3209-8611
  Fax: 86-21-3209-6117

- **Singapore Branch**
  77, Robinson Road #01-01 and #06-01
  Singapore 068896
  Tel: 65-6593-0888
  Fax: 65-6225-1905

- **Tokyo Branch**
  23 Fl., Otemachi NOMURA Building 1-1
  Otemachi 2-Chome Chiyoda-Ku
  Tokyo 100-0004, Japan
  Tel: 81-3-3279-0888
  Fax: 81-3-3279-0887

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  5000 Yonge Street, Suite 1803
  Toronto, ON M2N 7E9, Canada
  Tel: 1-416-250-8788
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- **Vancouver Branch**
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  Tel: 1-604-207-9600
  Fax: 1-604-207-9638

Overseas Representative Office

- **Bangkok Representative Office**
  9 Fl., Sathorn City Tower
  175, South Sathorn Road
  Tungmahamek, Sathorn
  Bangkok 10120, Thailand
  Tel: 662-679-5291
  Fax: 662-679-5295

- **Yangon Representative Office**
  7, Nichol's Avenue
  Parami Road, Mayangone
  Township, Yangon, Myanmar
  Tel: 95-1-9669568
  Fax: 95-1-9669568

Subsidiary

First Commercial Bank (USA)

- **Main Office & Alhambra Branch**
  200 E. Main Street
  Alhambra, CA 91801, U.S.A.
  Tel: 1-626-300-6000
  Fax: 1-626-300-5972

- **Arcadia Branch**
  1309 S. Baldwin Ave.
  Arcadia, CA 91007, U.S.A.
  Tel: 1-626-254-1828
  Fax: 1-626-254-1883

- **Artesia Branch**
  17808 Pioneer Blvd., Suite 108
  Artesia, CA 90701, U.S.A.
  Tel: 1-562-207-9858
  Fax: 1-562-207-9862

- **City of Industry Branch**
  18725 E. Gale Ave. Suite 150
  City of Industry, CA 91748, U.S.A.
  Tel: 1-626-964-1888
  Fax: 1-626-964-0066

- **Fremont Branch**
  46691 Mission Blvd., Suite 230
  Fremont, CA 94539, U.S.A.
  Tel: 1-510-933-0270
  Fax: 1-510-933-0278

- **Irvine Branch**
  4250 Barranca Parkway, Suite E
  Irvine, CA 92604, U.S.A.
  Tel: 1-949-654-2888
  Fax: 1-949-654-2899

- **Silicon Valley Branch**
  1141 S. De Anza Blvd.
  San Jose, CA 95129, U.S.A.
  Tel: 1-408-253-4666
  Fax: 1-408-253-4672

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