第一銀行
First Bank

2012 ANNUAL REPORT

第一銀行 ‧ First Bank 第一銀行 ‧ First Bank

Contents

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Mr. Hann-Chyi Lin
Executive Vice President

Auditor Report
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Rating Agency
Taiwan Ratings Corp.
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Fitch Ratings Ltd.
Tel: 886-2-8175-7604

Highlights

(in millions)	12.31.2012 NTD	12.31.2011 NTD	12.31.2012 USD
Major financial data at year end			
Total assets	2,058,874	2,023,767	70,910
Bills discounted and loans	1,429,197	1,346,878	49,223
Deposits and remittances	1,613,307	1,602,756	55,564
Common stock	62,720	58,700	2,160
Stockholders' equity	125,206	116,689	4,312
Operating results			
Total revenues	47,590	45,389	1,639
Total expenses	35,398	35,248	1,219
Pre-tax income	12,192	10,142	420
Income tax	(1,817)	(1,517)	(63)
Net income	10,375	8,625	357
Capital adequacy ratio	11.51%	10.94%	
World rank			
The Banker - by tier 1 capital (12/11)	244	286	
The Banker - by total assets (12/11)	202	188	
Distribution network			
Domestic full/mini/sub-branches	190/0/0	190/0/0	
Overseas branches/sub-branches/rep. offices/OBU	15/2/1/1	16/2/1/1	
First Commercial Bank (USA)	1 main office and 7 branches	1 main office and 7 branches	
Number of employees	7,133	7,148	

*NT$29.035:US$1.00

History

First Commercial Bank has grown strongly and steadily with Taiwan's economic development over the last 113 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
- 2012 Winning "USD RTGS Promotion Awards" from BAROC, Taiwan

Message to Our Shareholders

Ching-Nain Tsai
Chairman of the Board

Business Report for 2012

Overview of Global Economy

In 2012, the global economic recovery came to a standstill. While the U.S. and Japan showed some signs of improvements in first half of 2012, there continued to be uncertainties arising from the escalating risks of Greece leaving the euro zone. European sovereign debt concerns that were thought to have gradually subsided resurfaced, arousing investor fears and shaking the global financial markets. In the latter half of 2012, the weaker-than-expected U.S. economy and muted growth in China cast doubt on the world's economic outlook. Mature economies of the euro zone, the U.S., Japan, Australia and South Korea moved to loosen their monetary policy in an attempt to stimulate economic growth. By the end of 2012, the global economy showed some signs of stabilizing, bolstered by the gradually improving situation in the euro zone, the Chinese economy regaining strength and the U.S. averting the fiscal cliff. However, with risks of relapse continuing to threaten to derail the global economy and financial markets, the world's recovery momentum remained uneven.

Overview of Domestic Economy

On the domestic front, Taiwan's economy saw moderate growth against the backdrop of global slowdown and continually weak demand from the U.S. and China. It picked up in the fourth quarter, thanks to a stabilizing global economy and export gains driven by smart handheld devices like mobile phones and tablets. According to statistics released in February

Jin-Der Chiang
President

2013 by the Directorate General of Budget, Accounting and Statistics, for the full year of 2012, Taiwan's economy expanded by a modest 1.26% with quarterly GDP rates of 0.59%, -0.12%, 0.73% and 3.72%, respectively. Given the uncertainties in the global growth outlook and decreased inflationary pressure amid Taiwan's slow recovery, the Central Bank continued to implement moderately relaxed monetary policy. As of March 28, 2013, interest rates were kept unchanged for seven consecutive quarters to support the economic activity.

In Taiwan's banking sector, loans and investment outstanding by financial institutions at the end of 2012 increased 5.70% from the prior year, reaching a one-year high. The asset quality continued to improve with the industry-average NPL ratio in December 2012 dropping to 0.4%, down 0.07% from the previous month. The NPL coverage ratio increased by 41.63% to 274.09% from 232.46% in the previous month. The loan-deposit spread recovered to 1.42% in 2012 for the third consecutive year. Benefiting from sustained growth momentum in lending, a rising interest spread and good control over asset quality, Taiwan's banking industry saw profit grow significantly. In 2012, the industry's pre-tax profits totaled NT$240.2 billion, a growth of 20.10% over 2011, hitting record high. Return on assets (ROA) improved to 0.68%, and return on equity (ROE) increased to 10.41%.

Organizational Structure

During 2012, there was no change to the organization of the Bank. In line with our ambition to be recognized as a leading international bank with strong regional coverage, we realigned portions of the organization in February 2013 to better connect customers with markets as they expand internationally:

- 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 enforce the functions of providing legal advice and prosecution of cases in courts, and to train legal professionals to ensure compliance with local regulations and supervision 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 Executive Vice President of Information Technology & General Administration.

Performance in 2012

Back in 2012, we outlined a series of management initiatives to help us achieve the vision of "Be First with Us, Your Priority Partner in Asia Pacific" as well as our annual business targets. These initiatives were: strengthening cross-border services in Asia Pacific; adjusting product portfolio to build profit on a stable recurring income base; leveraging competitive advantages to increase product penetration; capitalizing on the changing environment and enhancing innovation capabilities; and reinforcing capital/ asset quality and implementing risk governance framework.

Thanks to our dedicated staff, in 2012 we have delivered positive results as laid out below:

Robust earnings growth

In 2012, we moved to adjust our deposit and loan portfolio and so enhanced profitability. The Bank's total loans grew briskly by 4.12%, versus deposits' 0.32%. Thanks to the expansion of interest rate spread and net interest margin, profit before tax exceeded the pre-crisis level and soared 20.21% to NT$12,192 million, or NT$1.94 per share.

Expansion in footprint in Pacific Rim

To further our ongoing initiative to become a leading international bank with strong regional coverage, we continued to expand our footprint. In 2012, we planned the launch of Chengdu Branch in Sichuan Province and several rural banks in Henan Province. We also resumed the representative office in Myanmar. We injected additional capital into Shanghai and Hanoi branches and implemented an online banking platform for branches in Shanghai, Macau and Brisbane. We were granted the license to operate a treasury marketing unit in our Hong Kong Branch and started offering renminbi (RMB)-based services to non-Hong Kong residents. The strong headway that we made in our efforts drove profit from the overseas markets to NT$4.5 billion, which accounted for 36.9% of the Bank's 2012 net profit.

Enhancement of product innovation capability

We continued to apply our passion for innovation to new ways of thinking and managing our business. In 2012, we were the ***First*** of Taiwanese government-affiliated banks to open a "smart" branch and offer third-party online payment solution. A suite of new products and services - a proprietary gold-trading platform, forfaiting, revolving credit facility, homeowners insurance, credit card acquiring for online transactions and no form-filling for mutual fund trades - not only positioned us competitively to capture new opportunities, but also delivered significant value to customers, thus creating a win-win relationship between customers and us.

Strengthened risk management infrastructure

To adapt to the changing operating environment, we continued to enhance our risk management capabilities. We carried out new stress tests to evaluate the impact of credit risks, moved towards the second phase of credit appraisal modeling for overseas branches, and implemented the second-generation debt collection system for delinquent accounts. Our goal was to strengthen the risk management infrastructure to better prevent and collect delinquent loans. Several of our asset quality indicators - NPL ratio of 0.44%, NPL coverage ratio of 248.97% and loan loss reserves to gross loans ratio of 1.17% - were a strong testament to the strength of our balance sheet. Our capital adequacy ratio and Tier 1 ratio improved in 2012 to 11.51% and 8.41%, respectively, providing sufficient cushion against long-term risks.

Fulfillment of corporate social responsibility

We are committed to giving back to the communities in which we operate. In 2012, we joined with National Taiwan University Hospital in a series of charitable activities, offered aids to underprivileged students, involved non-profit organizations in Taoyuan, Hsinchu, Changhua and Pingtung in volunteering programs, invited renowned painters to hold exhibitions and sponsored national women's weightlifting team, which won a silver medal in the London 2012 Olympic Games. On top of the above, in our efforts to manage and minimize the environmental impact of our operations, we revamped the headquarters building to earn the green building certification, moved to paperless meetings and internal trainings by using video conferencing instead, increased the use of electronic bills and made our office utility more water- and energy-efficient. These actions reflected our commitment to green finance and sustainable management.

Research and Development

To navigate the fast-changing operating environment, we continued to collect information from and publish reports on a broad and diverse range of geographies, markets and industries. We also conducted research and published reports on an irregular basis on the regulatory landscape to allow the Bank to better anticipate and respond to its changes. We worked tirelessly to ensure the breadth and depth of our market and regulatory knowledge continue to improve.

Budget Implementation, Growth and Profitability

Net Revenue totaled NT$33,731 million, an increase of NT$2,807 million over 2011, yielding pre-tax income of NT$12,192 million, an achievement of 114.98%.

- Deposits
  The average deposits were NT$1,585,473 million, a target of 97.12% and an increase of NT$5,084 million over 2011 or a growth of 0.32%.
- Loans
  The average loans were NT$1,389,238 million, an achievement of 98.81% and an increase of NT$54,924 million from 2011, a growth of 4.12%.
- Wealth Management Business
  - The sales of non-discretionary money trust, including domestic and overseas funds, collective and individual management account plus overseas securities, were NT$90,289 million, a target of 79.03% and a decrease of NT$5,256 million from 2011, a decline of 5.50%.
  - Premium income from bancassurance were NT$29,523 million, exceeding our given target by an impressive 121.00%, and an increase of NT$8,641 million over 2011, a huge growth of 41.38%.
- Custodian Business
  Custodian funds amounted to NT$301,419 million, a target of 95.11%, an increase of NT$8,890 million, a growth of 3.04% over 2011. Discretionary investment custodian assets were NT$166,152 million, reaching a target of 80.85%, a decrease of NT$28,287 million, a decline of 14.55% from 2011.

Business Plans for 2013

We aspire to lead the industry and be recognized as the bank of choice for consumers and institutions. In recent years, our ambition was embodied in mission statements including "First Bank, Your First Choice in Asia Pacific" and "Be First with Us, Your Priority Partner in Asia Pacific." For 2013, we will continue our strategy and set up ***"Be First with Us, Your Bank of Choice in the Pacific Rim"*** as the pivot of our business strategy. We will focus on deepening our footprint in the Rim countries and facilitating business cooperation between our branches in Taiwan and abroad. Through enhanced connectivity, we will leverage the advantage of our existing products and services to develop niche, selective businesses that keep us ahead of the market. We will strive to enhance profitability and return on capital as part of our efforts to become an international bank with strong regional coverage.

2013 Strategies

Capture cross-border business opportunities

We fully support the government's policy to build a currency clearing regime and develop selective financial services that meet the unique trading, financing and investing needs across the Taiwan Strait. As a DBU (Domestic Banking Unit), we have planned the sources and uses of RMB funds in a discreet and comprehensive manner through the launches of RMB hedging, investing and wealth management services. We have also identified business opportunities arising from the demand for a cross-strait settlement platform, cross-strait e-commerce payment, UnionPay Debit Card, RMB-denominated bonds and wealth management.

Enhance cross-border connectivity

We pride ourselves on our global footprint that is ahead of many of our local peers and we have maintained a top two position in terms of branch numbers in the Pacific Rim. In 2013, we will continue to focus on the Rim market, extending our presence in the faster-growing markets of China and South East Asia and leveraging our extensive overseas network to facilitate cross-border transactions. Implementing these actions is critical to realize opportunities of cross-referral between local and overseas branches.

Drive new, industry-leading business

Four trends have defined the international banking sector: differential management, customer experience, digital banking and cross-industry collaboration. We will leverage our competitive advantages and our rich heritage of innovation to drive new businesses that align with the current market trends and reflect our unique capabilities. We will also enlist the support of our subsidiaries and affiliates as well as partners in other industries to serve the needs of our primary customers. Highly tailored solutions will be delivered to high-net-worth and highly-loyal customers in an aim to enrich and deepen the relationship with them.

Optimize return on capital

Optimizing return on capital has been one of the key objectives we pursue in recent years. In addition to mitigating credit risk under the Basel III rules, we will adjust the portfolio of our risk-weighted assets, customers and product lines and increase fee revenue from non-credit risk products. In sum, for the year ahead, we shall realign our source of profit to achieve the following goals: more profit growth than loans volume growth, higher fees revenue growth than net interest income growth, increasing the profit contribution from overseas branches and maintaining stable recurring income while boosting one-off proceeds. By employing a two-thronged approach of maximizing one-off gains and stabilizing recurring income, we expect to increase profit capability.

Build environmental sustainability as a core business value

During the past few years, corporate citizenship, carbon management and protection of consumer interest are fundamental to our "green finance" initiative. This year we will continue to practice corporate citizenship, implement carbon reduction and energy conservation, support environmental-friendly industries and find new, innovative ways to minimize our operations' ecological footprint. Environmental sustainability will be embedded in our core value. Through the support of our customers, shareholders and employees, we are confident in achieving mutually-beneficial interest and common good for the environment, the corporates we serve and the society at large.

Discussion on Operating Environment

External competitive environment

China and Taiwan governments have made steady progress towards the liberalization of trade and finance as China has become the world's second largest economy and Taiwan's most important partner for bilateral trade and investments. Therefore, financial institutions in Taiwan are competing to capitalize on increasing trade to tap into important markets of China and the Pacific Rim countries. We expect that amid this favorable regulatory environment, local banks will be able to expand their capabilities in RMB business, with a full suite of RMB-based services from deposits, remittance, loans, trade to investment available to enterprises that operate across Taiwan and China. The fast-establishing status of RMB as a major trading currency should attract local enterprises and multi-national corporates in Asia to engage local banks, consequently enhancing the international competitiveness of Taiwan's banking sector. Hence, local banks are faced with the challenge of balancing risk and opportunities and tackling competition from well-capitalized Chinese peers looking to tap into Taiwan.

Regulatory Environment

The China and Taiwan governments signed a memorandum of understanding (MOU) on financial supervision in 2009, paving the way for financial cooperation across the Taiwan Strait. Since then Taiwanese banks started offering the exchange of RMB cash. In 2010, a free trade pact, or the so-called economic cooperation framework agreement (ECFA), further liberalized bilateral trade, and it became evident that the cash exchange service was no longer able to meet the growing trade and cash-flow demand from Taiwan firms operating in China. In August 2012, the two governments inked MOU 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 RMB clearing services. On February 6, 2013, 46 Taiwanese banks began offering RMB current accounts, marking the official launch of cross-strait RMB trade settlement and improving efficiencies by eliminating passage through the third currency and country. We believe that the direct exchange of RMB will further facilitate and promote bilateral trade and investment, and Taiwan may turn into another regional offshore RMB hub like Hong Kong and Singapore.

Overall Operating Environment

During the past year, the European debt crisis and the threat of U.S. fiscal cliff strained global demand, with a consequent impact on Taiwan's exports of goods. In 2012 exports declined by 2.3%, even though they reached the second-highest of all time at US$301.1 billion. Sluggish real wage growth and high levels of energy and commodity prices crimped consumer spending and corporate investments, leading to consumer lending's modest growth pace of 0.99% versus 1.14% in 2011. Loans of financial institutions also experienced slower growth from 5.58% in 2011 to 3.29% in 2012.

In the housing market, the Central Bank's restrictive measures aimed at curbing speculation and the switch to the reporting of real prices in real estate transactions dampened the growth of mortgage loans, renovation loans and construction loans, as banks began to take a conservative stance on lending. In wealth management, reduced risk appetite among investors against a lower-growth economic environment, coupled with lackluster stock performance in the latter half of 2012, presented significant challenges of operating the wealth management business for banks. In sum, the uncertain economic and geopolitical backdrop raised challenges throughout 2012 for the local banking sector.

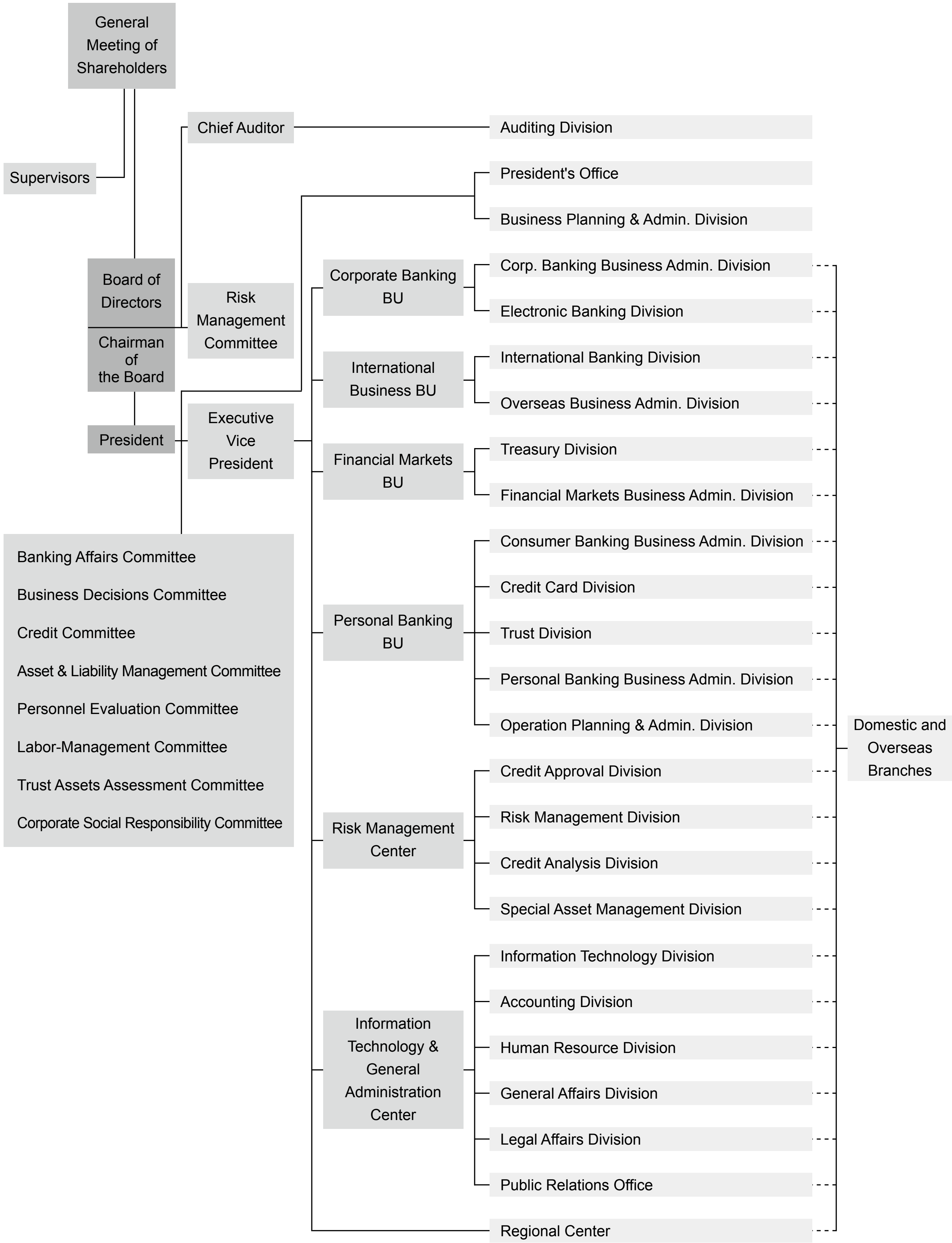
Credit-rating Results

2012				
Rating Institution	Published Date	ST	LT	Outlook
Moody's	February 5, 2013	P-2	A3	Stable
Fitch	August 20, 2012	F2	BBB+	Stable
Taiwan Ratings Co.	September 18, 2012	twA-1+	twAA	Stable
Standard & Poor's	September 18, 2012	A-2	BBB+	Stable

2011				
Rating Institution	Published Date	ST	LT	Outlook
Moody's	October 12, 2011	P-1	A3	Stable
Fitch	August 29, 2011	F2	BBB+	Stable
Taiwan Ratings Co.	December 8, 2011	twA-1+	twAA	Stable
Standard & Poor's	December 8, 2011	A-2	BBB+	Stable

Looking into 2013, while there continues to be significant risks facing the global economy and the financial markets, positive signs are beginning to emerge at home and abroad. The considerably liberalized RMB-based business shall help to bolster profit for Taiwan's banking sector. Yet as most local banks have nearly met the ceiling for real estate lending and the global currency war is heating up, challenges loom large on the operating environment. For the year ahead, guided by the strategic initiative of ***"Be First with Us, Your Bank of Choice in the Pacific Rim"***, we will strive to deliver sustainable value to our customers and shareholders.

Organization Chart



March 2013

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 Financial Holding Co., Ltd. (FFHC); Chairman, First Commercial Bank (USA); Chairman, The First Education Foundation
Managing Director	Tzuoo-Yau Lin	Jan. 21'10	■ B.A., Tamkang University Chief of International Business Division, FCB; EVP, President, Director, FCB; CEO, Chairman, Director, First Commercial Bank (USA)	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, FFHC; Chairman, Golden Garden Investment Co., Ltd.; Chairman, Golden Gate Motor Co., Ltd.; Director, 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 Director, Taiwan Stock Exchange; Supervisor, FCB; Chairman, Pan Asia Bank; Managing Director, Bank of Kaohsiung	Director, Hwa-Hsia Leasing & Financial Corp.; Supervisor, SciVision Biotech Inc.; Adjunct Professor, Dept. of Finance and Banking, Shih Chien University
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	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, 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.; Vice Chairman, The First Education Foundation; President, FCB
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	Director, FFHC; Independent Director, TXC Corporation; Director, Taiwan Stock Exchange; Dean of College of Management and Language, Yuanpei University
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.; 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 and 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	Hwey-Jane Lin	July 16'09	■ M.S.; Doctoral Program, The Wharton School, University of Pennsylvania Associate Professor, Dept. of Accounting, Fu Jen Catholic University; CPA; Associate Professor, Dept. of Accounting, National Taiwan University; Supervisor, FCB	Supervisor, CareerJust Accounting Service; Adjunct Associate Professor, Dept. of Accounting, National Taiwan University
Supervisor	Yih-Cherng Yang	July 15'00	■ 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
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.; Professor of Accounting Dept., Soochow University

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Executive Officers

Title	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
President	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, FCB; Chairman, First Financial Asset Management Co., Ltd.; Vice Chairman, Waterland Financial Holdings	Director, First Commercial Bank (USA); Director, FCB; Director, First-Aviva Life Insurance Co., Ltd.; Vice Chairman, The First Education Foundation
EVP	Po-Chiao Chou	Sep. 16'04	■ B.S., National Cheng Kung University Advisor & Head of Administration Management Dept., FFHC; Supervisor, First Securities Investment Trust Co., Ltd.; Supervisor, Tang Eng Iron Works Co., Ltd.; Director, Taiwan Asset Management Corp.	EVP, FFHC; Chairman, First Venture Capital Co., Ltd.; Chairman, First Financial Management Consulting Co., Ltd.; Supervisor, First Securities Inc.
EVP	Grace M.L. Jeng	Sep. 25'08	■ MBA., National Chengchi University SVP & General Manager of Yuan-Shan Branch; SVP & Chief of Personal Banking Business Admin. Division	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; Supervisor, First Securities Investment Trust Co., Ltd.
EVP	Ming-Hua Cheng	Jan. 1'11	■ MBA, National Cheng Kung University SVP & GM of Nanking-East-Road Branch, FCB; Advisor, FCB	Director, Taiwan Asset Management Corp.; Advisor & Head of Risk Management Dept., FFHC; Supervisor, Taiwan Small Business Integrated Assistance Center
EVP	Ying Wu	Sep. 6'12	■ B.S., National Chengchi University Supervisor, First Venture Capital Co., Ltd.; Supervisor, First Financial Management Consulting Co., Ltd.	Director, First Securities Investment Trust Co., Ltd.
Chief Auditor	Fong-Yeng Lee	Sep. 6'12	■ B.S., Fu Jen Catholic University SVP & General Manager of An-Ho Branch, FCB; SVP & General Manager of Ta-Tao-Cheng Branch, FCB; SVP & Chief of Corporate Banking Business Administration Division, FCB	None

March 31, 2013

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	2.46
Labor Insurance Fund	2.42
Civil Servants' Retirement Fund	2.23
Vanguard Emerging Markets Stock Index Fund	1.61
Dimensional Emerging Markets Value Fund	1.41
Cathay Life Insurance	1.31
Government of Singapore	0.96

April 24, 2013

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. Purchase and sale of government bonds.
28. Act as broker, dealer, registrar, and underwriter for short-term debt instruments.
29. Provide financial consultation service for financing.
30. Act as agent to sell charity lottery tickets approved by the competent authorities.
31. Engage in foreign exchange margin trading.
32. Sale of domestic mutual funds under non-discretionary trust of money service.
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.
   - Handle full discretionary investment business on a consignment basis.
   - Concurrently conduct securities investment consulting business.
   - Other related business approved by the competent authorities.

Main Figures for Business Operations

		2012 NT$,000	%	2011 NT$,000	%
Deposits at year end					
Current Deposits	Checking deposits	40,666,444	2.3	40,981,304	2.3
	Demand deposits	394,842,095	22.4	371,756,059	21.2
	Savings deposits	527,839,756	29.9	515,417,975	29.4
	Subtotal	963,348,295	54.6	928,155,338	52.9
Time Deposits	Time deposits	317,474,421	18.0	330,108,922	18.8
	Time savings deposits	330,031,214	18.7	342,716,119	19.6
	Subtotal	647,505,635	36.7	672,825,041	38.4
Others	Due to other banks	4,473,088	0.3	5,518,439	0.3
	Overdrafts from other banks	2,780,537	0.2	1,347,925	0.1
	Call loans from other banks	145,886,819	8.2	146,094,276	8.3
	Subtotal	153,140,444	8.7	152,960,640	8.7
Total		**1,763,994,374**	**100.0**	**1,753,941,019**	**100.0**
Loans at year end					
Corporate		786,458,608	54.7	752,606,864	55.6
Consumer		391,792,996	27.2	361,395,656	26.7
Domestic branches in foreign currencies		63,798,972	4.4	68,166,200	5.0
Foreign branches		194,062,251	13.5	169,614,821	12.5
Import-export negotiations		2,333,348	0.2	2,662,083	0.2
Total		**1,438,446,175**	**100.0**	**1,354,445,624**	**100.0**
Foreign Trade and Payment (US$,000)					
FX buy	Export negotiations and collections	7,444,540	3.9	7,783,093	3.9
	Inward remittances	92,286,271	48.7	98,955,735	49.4
	Subtotal	99,730,811	52.6	106,738,828	53.3
FX sell	Import L/Cs and collections	7,556,973	4.0	7,855,117	3.9
	Outward remittances	82,188,724	43.4	85,547,238	42.8
	Subtotal	89,745,697	47.4	93,402,355	46.7
Total		**189,476,508**	**100.0**	**200,141,183**	**100.0**
Total Revenues					
Interest income		35,595,809	74.8	33,073,697	72.9
Fees and commissions		5,853,085	12.3	5,720,438	12.6
Gains on financial assets and liabilities		1,738,508	3.7	2,654,645	5.8
Income from equity investments accounted for under the equity method		329,234	0.7	245,977	0.6
Foreign exchange gains		715,693	1.5	836,712	1.8
Other non-interest income		3,357,389	7.0	2,858,232	6.3
Total		**47,589,718**	**100.0**	**45,389,701**	**100.0**
Total Expenses					
Interest expense		12,593,229	35.6	12,312,489	34.9
Fees and commissions		921,739	2.6	894,578	2.5
Provision for credit losses		5,808,989	16.4	5,300,612	15.1
Business and administrative expenses		15,730,198	44.4	15,481,686	43.9
Other non-interest expenses and losses		343,684	1.0	1,258,816	3.6
Total		**35,397,839**	**100.0**	**35,248,181**	**100.0**

NT$,000		2012	2011
Trust Business			
Balance at year end	Custody of funds and discretionary investment assets	**467,571,337**	486,968,214
	Domestic trust assets	**74,357,184**	66,901,742
	Foreign trust assets	**135,323,970**	134,815,362
	Trustee accounts	**64,589,780**	52,154,286
	Family wealth trust assets	**1,272,896**	1,266,911
	Corporate employees' savings plan trust assets	**1,035,042**	937,332
	Real estate trust assets	**9,725,085**	8,719,994
	Securities trust assets	**93,256,374**	97,815,644
	Securitization trustee assets	**4,228,085**	4,515,276
	Project trust assets	**7,633,125**	4,312,267
	Collective management accounts	**623,069**	922,808
	Individual management accounts	**13,376**	12,109
Transaction volume	Registrar for issuance of securities	**57,297,718**	156,080,896
Investment Business			
Transaction volume	Bills outright buy/sell (OB/OS)	**20,091,248**	908,713
	Bills repurchase/resale (RP/RS)	**858,719**	279,881
	Bills underwriting	**-**	30,000
Balance at year end	Bonds	**100,259,630**	104,776,231
	Stocks (short-term investment)	**6,018,865**	6,122,318
Credit Card Business			
Number of active cards		**439,206**	392,990
Transaction volume		**34,324,166**	31,288,233
Revolving balance of credit cards		**1,317,421**	1,329,272
Wealth Management Business at year end			
Deposits		**509,059,491**	518,823,145
Mutual funds		**116,266,124**	101,492,957
Bonds/bills		**2,432,678**	3,562,319
Derivative financial instruments		**2,163,444**	2,851,158

Market Analysis

Multinational Network

As of the end of 2012, the Bank operated 190 domestic branch units, with all mini-branches upgraded into standard branches. Abroad, the Bank ran 15 branches (not including overseas banking unit), two sub-branches, one representative office, and one subsidiary - First Commercial Bank (USA) that owns seven branches in California. On March 28, 2013, we resumed our representative office in Yangon, Myanmar. With our operations extending across Asia, Americas, Europe and Oceania, we will focus on the Pacific Rim going forward, promoting collaboration among branches in China, Vietnam, Cambodia, Hong Kong, Singapore, Macau, and Australia. We have applied to set up rural banks in Henan Province, China. We shall also continue to extend our footprint to south-eastern Asian countries like Indonesia and Thailand, building a more comprehensive global financial service network.

Future Market Supply, Demand, and Growth

The Supply Side

The local banking sector has long been characterized by over-banking, highly standardized products and fierce competition. Looking ahead, in addition to competition from foreign banks operating in Taiwan, we expect mounting pressure from Chinese banks, which will leverage their advantages of strong global network and large net worth base to vie for high-quality local clients and Taiwanese enterprises that operate across borders. If Chinese peers opt to expand local presence through mergers & acquisitions, it would bring profound, structural changes to the sector.

The Demand Side

Increasing liberalization of cross-strait financial policies, the approval of RMB business by Taiwan's central bank in 2013 and brisk trade between Taiwan and China are creating demand for trade finance and other financial services. The rapid economic expansion of the Asia-Pacific region, where many Taiwanese-owned enterprises have based their manufacturing facilities, prompts local banks to tailor credit solutions for these enterprises. The region's growing affluence also gives rise to the demand for wealth management and consumer finance. Additionally, the Financial Supervisory Commission has allowed local banks to launch mobile payment business. We expect that with the accelerating penetration of smartphones, a new age of wireless e-commerce will soon arrive, and the use of phones as an electronic purse for payment shall open up opportunities for banks to capitalize on and expand.

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

Our extensive network, a broad customer base and solid management are key competitive advantages that contribute to our success. Faced with the volatile macro-economic environment and fierce competition in the banking sector, we will solidify and enhance our core strengths in preparation for the challenges and opportunities of the future.

Favorable Factors

- Prudent management, robust corporate culture and a classic brand of a century.
- Extensive branch network and enduring customer relationship.
- High shareholding by the Government and stability of the executive team.
- Excellent asset quality and healthy liquidity.
- Stable profit performance enabled by the diversification of profit sources and prudent risk management.
- Active development of talents with international perspective and professional financial skills to enhance the Bank's capacity to compete in overseas markets.
- An early foothold gained in the RMB business and successful coverage of the mainland Chinese market.
- High-quality professional service and a large market share.
- Early presence in the Rim market and great level of globalization that few local peers can match.

Unfavorable Factors

- Ongoing risk in the global and local economic systems and slow recovery of financing needs from SMEs.
- Scale of the local banking sector below international standards, leaving room for improvement.
- Spreads restrained by excessive liquidity in the market.
- Irrational pricing war as a result of highly standardized products and too many banks competing in the same market.
- Increasing competitive pressure faced by local banks after Chinese peers were granted access to the Taiwan market.
- Limited prospects for lending growth as banks are reaching the ceiling on real-estate lending.

Responsive Measures

- Fortify core competencies in SME lending, foreign trade finance and trust service to maintain the primary source of profit.
- Grow local and international loan syndications actively to diversify lending risks.
- Expand demand deposit, which serves as the basis to drive financial services.
- Implement customer-centric focus to increase customer loyalty.
- Leverage marketing synergies across subsidiaries of First Financial Holding Company to broaden the scope of product cross-sell.
- Strengthen the capabilities of the online banking platform to create a diverse, safe and convenient banking experience.
- Constantly expand the capacity to control risk and build a complete risk management system.
- Further the development of globally-minded talents and enhance training effectiveness.
- Connect operations in the Pacific Rim and reinforce the integration of services at home and abroad.
- Advance the development of international business such as cross-border trade finance and RMB business and offer products and services that reflect the characteristics of cross-strait finance.
- Identify, manage and respond timely to the changes in the macro-economic and industry landscape.

Business Plans for 2013

Corporate Banking

- Strengthen client referrals and create unified delivery of services for multi-national firms; build a common lending platform for the Pacific Rim market.
- Provide credit on preferential terms to industries backed by government policies, with bright prospects and of strategic importance; attract high-quality customers with good potentials.
- Expand the role of "primary bank" to attract flows of deposits and foreign trade from high-quality corporates.
- Uncover opportunities of loan syndications through a multi-thronged approach and raise the Bank's profile as a mandated lead arranger for local and international loan syndicates.
- Optimize revenues from, enhance product penetration and increase the depth and breadth of relationships with large conglomerate clients.
- Strengthen lending, trade finance, hedging, treasury and cash management services for SMEs.
- Enhance the functionalities of the Bank's global online banking platform and develop cross-border supply chain financing solutions.

International Business

- Promote foreign currency deposits (including RMB) and trade services utilizing the Bank's foreign exchange designated branch network.
- Focus on the Rim countries to build a comprehensive financial service network.
- Drive profitability through innovative foreign-exchange products and a variety of trade finance solutions.
- Expand the scale of overseas branches to increase profit contribution to the Bank.
- Increase the percentage of foreign-exchange transactions initiated via e-Banking platform; promote online banking in overseas branches and cross-border financial and cash-flow services.
- Strengthen the internal control and compliance regimes in overseas branches to protect against potential operating risks.

Treasury and Financial Markets

- Launch new products and services, train marketing professionals and uncover potential customers for overseas branches.
- Expand sources of RMB funds and effectively optimize the use of RMB funds.
- Effectively manage the funding gap; trade and manage positions flexibly to balance profitability with liquidity.
- Optimize portfolio investments; reduce risk coefficient and duration to ensure stable return.
- Enhance the information technology system's support functions, improve efficiency of processes and reduce operational risks.

Personal Banking

- Focus on high-net-worth customer groups and selective wealth-management products including bancassurance and regular investment plans.
- Capture the local opportunities of RMB-based business in line with the authorities' timeline for loosening regulations.
- Expand product portfolio, innovate on the service model and enhance online marketing channels to grow trust assets.
- Selectively target markets and customer groups to develop consumer loans business at a steady pace.
- Enhance the integration of financial, trading and cash-flow services delivered to corporate clients; optimize deposit portfolio to lower cost of capital.
- Realign the Bank's local branch units to optimize channel value.
- Market credit cards and manage customer groups with a segmentation strategy; raise brand awareness and product penetration through partnerships across industries.
- Build a personal banking platform for functions of mobile payment, third-party online payment and cross-border payment.

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 2. Use of other methods	1. Annual Report, major financial statements and corporate governance are publicized on the Bank's website. 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 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, 2012

Type of risk	Credit exposures after risk mitigation	Minimum capital requirements
Sovereigns	385,966,563	23,013
Non-central government public sector entities	29,474,457	472,604
Banks (including multilateral development banks)	111,820,192	3,248,131
Corporates (including securities firms and insurance co.)	818,333,190	60,791,511
Regulatory retail portfolios	198,012,493	11,062,384
Residential property	386,534,312	17,537,409
Equity investments	6,725,884	1,992,235
Other assets	72,517,577	2,852,848
Total	2,009,384,668	97,980,135

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 Minimum Capital Requirements for Market Risk as of December 31, 2012

Item	Minimum capital requirements (in NT$,000)
Standardized approach	
Interest rate risk	891,075.13
Foreign exchange risk	350,074.94
Equity position risk	325,699.63
Commodities risk	8,048.50
Internal model approach	-
Total	1,574,898.20

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, 2012

Year	Operating profit	Minimum capital requirements (in NT$,000)
2012	31,156,579	
2011	29,344,883	-
2010	25,388,896	
Total	85,890,358	4,199,056

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, 2012 (in NT$,000)

Type	Purchased or Held Securitized Products Exposure	Minimum capital requirements
Banking book		
Agency Mortgages	1,167,308	18,677
Trading book	-	-
Total	1,167,308	18,677

Information on Securitized Products as of December 31, 2012 (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	169,378	-	-	169,399
	Held-to-maturity financial assets	996,902	-	-	996,997
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 2012, we continued to carry out public-benefit activities summarized below:

- ▶ Held "Celebrating the Dawn of the New Year" to promote tourism.
- ▶ Sponsored "2012 Taichung Fine Arts Tour" organized by the Taichung City Government.
- ▶ 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 14 volunteering programs, benefiting as many as 973 people.
- ▶ Acted as a long-time funder of schools' athletic programs to develop table-tennis talents and sponsored national women's weightlifting team, which won a silver medal in the London 2012 Olympics Games.

■ Environmental Sustainability

- ▶ Continued to push through the "green building" project as part of the corporate citizenship and environmental sustainability initiatives spearheaded by Chairman Mr. Ching-Nain Tsai in 2010. To resonate with green building plan, we have been working to monetize assets and revamp the headquarters, and were certified by the Ministry of the Interior and praised as the first green building project of Taiwan.
- ▶ Took part in Earth Hour (March 31) 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 2012:

- Sponsored two elementary schools, and provided psychological counseling and after-school academic assistance for children in need.
- Organized large concerts featuring seasonal themes: "Flowers in the Spring Breeze", "Fragrance of Lotus on a Summer Night" and "Star-lit Night on a Fall's Day in Kaohsiung".
- 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

Condensed Balance Sheets

NT$,000	**12.31.2012**	12.31.2011	12.31.2010	12.31.2009	12.31.2008
Cash and cash equivalents, due from the Central Bank and other banks	170,387,503	170,072,724	136,398,135	226,050,552	181,527,906
Financial assets at fair value through profit or loss	15,326,525	15,268,103	21,363,219	29,753,351	53,304,284
Receivables	52,152,616	56,174,591	61,169,374	41,699,328	40,514,459
Bills discounted and loans (remittance purchased)	1,429,197,217	1,346,878,428	1,248,381,359	1,096,010,284	1,160,541,587
Available-for-sale financial assets	70,435,968	70,812,945	76,590,226	64,995,772	51,985,007
Held-to-maturity financial assets	278,126,146	322,633,882	406,186,980	419,430,881	229,985,592
Equity investments accounted for under the equity method	4,361,449	4,298,225	3,466,037	2,305,287	2,338,695
Other financial assets	3,124,537	3,532,255	3,965,001	5,207,910	9,311,714
Property, plant and equipment	26,336,701	25,528,901	22,842,268	22,793,664	23,208,338
Intangible assets	247,655	158,941	233,654	328,778	480,176
Others assets	9,177,925	8,408,109	11,201,573	12,362,613	12,343,169
Total assets	**2,058,874,242**	**2,023,767,104**	**1,991,797,826**	**1,920,938,420**	**1,765,540,927**
Due to the Central Bank and other banks	153,182,097	152,999,324	140,889,666	169,399,153	117,270,987
Financial liabilities at fair value through profit or loss	22,795,703	25,662,026	47,947,887	54,597,376	74,910,421
Bills and bonds payable under repurchase agreements	3,077,230	9,479,214	7,250,102	9,682,738	12,759,545
Payables	60,444,047	59,509,109	60,730,985	54,072,951	60,912,403
Deposits and remittances	1,613,307,734	1,602,756,237	1,582,852,202	1,519,948,686	1,384,753,557
Funds borrowed from the Central Bank and other banks, financial bonds payable	42,778,151	27,779,073	21,501,683	13,472,296	14,945,067
Accrued pension liabilities	2,933,778	2,553,681	1,869,143	1,803,944	1,687,722
Other financial liabilities	26,536,790	17,946,078	24,748,143	485,858	624,352
Other liabilities	8,612,370	8,393,740	8,146,818	7,562,529	8,219,983
Total liabilities	**1,933,667,900**	**1,907,078,482**	**1,895,936,629**	**1,831,025,531**	**1,676,084,037**
Common stock	62,720,000	58,700,000	49,490,000	49,490,000	48,290,000
Additional paid-in capital	19,669,729	19,669,729	10,460,326	10,460,326	8,660,326
Retained earnings	34,540,222	30,197,856	25,844,290	20,942,847	25,164,775
Unrealized revaluation increments	7,205,596	6,750,704	4,998,561	5,059,317	5,183,916
Unrealized gains / losses on financial instruments	3,650,093	2,917,126	6,595,295	3,897,639	2,075,526
Cumulative translation adjustments	(1,805,998)	(854,281)	(1,475,364)	62,760	82,347
Unrecognized pension costs	(773,300)	(692,512)	(51,911)	-	-
Total stockholders' equity	**125,206,342**	**116,688,622**	**95,861,197**	**89,912,889**	**89,456,890**
Total liabilities and stockholders' equity	**2,058,874,242**	**2,023,767,104**	**1,991,797,826**	**1,920,938,420**	**1,765,540,927**

Condensed Statements of Income

NT$,000	2012	2011	2010	2009	2008
Net interest income	23,002,580	20,761,208	18,179,188	16,010,760	23,951,493
Net non-interest income	10,728,485	10,162,610	9,649,968	10,431,915	8,627,925
Provision for credit losses	(5,808,989)	(5,300,612)	(5,428,680)	(10,620,806)	(7,129,966)
Operating expenses	(15,730,198)	(15,481,686)	(14,199,729)	(13,806,639)	(14,438,662)
Income from continuing operations before income tax	12,191,878	10,141,520	8,200,747	2,015,230	11,010,790
Income from continuing operations after income tax	10,374,835	8,624,869	6,339,004	2,053,658	8,965,123
Cumulative effect of a change in accounting principle	-	-	-	-	-
Net income	10,374,835	8,624,869	6,339,004	2,053,658	8,965,123
Earnings per share ($)	1.65	1.48	1.12	0.37	1.61

Financial Ratios (%)

	2012	2011	2010	2009	2008
Financial structure					
Debt ratio (total liabilities to total assets)	93.92	94.23	95.19	95.32	94.93
Fixed assets to net worth	21.03	21.88	23.83	25.35	25.94
Solvency					
Liquidity reserve ratio	20.54	22.51	32.52	36.57	21.58
Operating performance					
Loans to deposits	89.72	84.04	78.87	72.11	83.81
NPL ratio	0.44	0.47	0.84	1.32	1.45
Total assets turnover (times)	0.02	0.02	0.01	0.01	0.02
Profitability					
ROA (net income to average total assets)	0.51	0.43	0.32	0.11	0.52
ROE (net income to average shareholders' equity)	8.58	8.12	6.82	2.29	10.01
Profit margin ratio	30.76	27.89	22.78	7.77	27.52
Cash flows					
Cash flow adequacy ratio	328.71	257.61	308.58	353.44	485.96
Capital adequacy					
Capital adequacy ratio	11.51	10.94	10.36	11.01	10.88
Tier-one capital ratio	8.41	8.28	7.00	7.45	7.10
Tier-two capital ratio	3.10	2.66	3.36	3.56	3.78
Market share					
Assets	5.68	5.85	6.08	6.25	6.57
Net worth	5.21	5.34	4.59	4.64	4.98
Deposits	5.60	5.81	6.06	6.16	6.09
Loans	6.44	6.32	6.29	5.94	6.31

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(102)PWCR12000403

REPORT OF INDEPENDENT ACCOUNTANTS

To: First Commercial Bank, Ltd.

We have audited the accompanying balance sheets of First Commercial Bank, Ltd. (the "Bank") as of December 31, 2012 and 2011, and the related statements of income, of changes in stockholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the "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 financial statements referred to above present fairly, in all material respects, the financial position of First Commercial Bank, Ltd. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended 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 generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements of First Commercial Bank, Ltd. and its subsidiaries (not presented herein) as of and for the years ended December 31, 2012 and 2011. Our reports expressed an unqualified opinion on those consolidated financial statements.

PricewaterhouseCoopers, Taiwan

February 22, 2013

Balance Sheets

as of December 31, 2012 and 2011

NT$,000	Note	2012	2011
Assets			
Cash and cash equivalents	3(1)	$ 50,505,404	$ 44,491,496
Due from the Central Bank and other banks	3(2),4	119,882,099	125,581,228
Financial assets at fair value through profit or loss - net	3(3),4	15,326,525	15,268,103
Receivables - net	3(4),4	52,152,616	56,174,591
Bills discounted and loans - net	3(5),4	1,429,197,217	1,346,878,428
Available-for-sale financial assets - net	3(6),5	70,435,968	70,812,945
Held-to-maturity financial assets - net	3(7)	278,126,146	322,633,882
Equity investments accounted for under the equity method - net	3(8)	4,361,449	4,298,225
Other financial assets - net	3(9)	3,124,537	3,532,255
Property, plant and equipment	3(10),(26)		
Cost			
Land		19,556,207	18,993,448
Buildings		9,677,035	9,513,389
Machinery and equipment		2,616,998	2,597,494
Transportation equipment		833,911	845,016
Other equipment		1,701,262	1,725,096
Leasehold improvements		729,112	739,799
Leased assets		383,424	285,175
Subtotal		35,497,949	34,699,417
Less: Accumulated depreciation		(9,309,799)	(9,195,219)
Construction in progress and prepayments for equipment		148,551	24,703
Property, plant and equipment - net		26,336,701	25,528,901
Intangible assets - net		247,655	158,941
Other assets - net	3(11),(30),5	9,177,925	8,408,109
Total assets		$2,058,874,242	$2,023,767,104
Liabilities and Stockholders' Equity			
Liabilities			
Due to the Central Bank and other banks	3(12),4	153,182,097	152,999,324
Funds borrowed from the Central Bank and other banks		78,151	79,073
Financial liabilities at fair value through profit or loss	3(13),(17),4	22,795,703	25,662,026
Bills and bonds payable under repurchase agreements	3(14)	3,077,230	9,479,214
Payables	3(15)	60,444,047	59,509,109
Deposits and remittances	3(16),4	1,613,307,734	1,602,756,237
Financial bonds payable	3(17)	42,700,000	27,700,000
Accrued pension liabilities	3(18)	2,933,778	2,553,681
Other financial liabilities	3(19)	26,536,790	17,946,078
Other liabilities	3(20)	8,612,370	8,393,740
Total liabilities		1,933,667,900	1,907,078,482
Stockholders' Equity			
Common stock	3(21)	62,720,000	58,700,000
Additional paid-in capital	3(22),(23)	19,669,729	19,669,729
Retained earnings			
Legal reserve	3(24)	20,733,624	18,146,163
Special reserve	1(15)	166,000	166,000
Unappropriated earnings	3(25),(30)	13,640,598	11,885,693
Other stockholders' equity			
Unrealized revaluation increments	3(26)	7,205,596	6,750,704
Cumulative translation adjustments	3(8)	(1,805,998)	(854,281)
Unrealized gains / losses on financial instruments		3,650,093	2,917,126
Unrecognized pension costs	3(18)	(773,300)	(692,512)
Total stockholders' equity		125,206,342	116,688,622
Total liabilities and stockholders' equity		$2,058,874,242	$2,023,767,104

*NT$29.035:US$1.00

Statements of Income

for the years ended December 31, 2012 and 2011

NT$,000	Note	2012	2011
Interest income	4(2)	**$35,595,809**	$33,073,697
Less: Interest expense	4(2)	**(12,593,229)**	(12,312,489)
Net interest income		**23,002,580**	20,761,208
Net non-interest income			
Net service fee and commission income	4(2)	**4,931,346**	4,825,860
Gains or losses on financial assets and financial liabilities at fair value through profit or loss	3(3)	**1,474,852**	1,937,386
Realized gains or losses on available-for-sale financial assets		**264,096**	705,922
Realized gains or losses on held-to-maturity financial assets		**(440)**	11,337
Income from equity investments accounted for under the equity method	3(8)	**329,234**	245,977
Foreign exchange gains		**715,693**	836,712
Asset impairment losses	3(27)	**(9,010)**	(351,999)
Recovery of credit losses and overdue accounts		**2,449,937**	2,330,712
Other non-interest income	3(28)	**572,777**	(379,297)
Net revenues		**33,731,065**	30,923,818
Provision for credit losses	3(5)	**(5,808,989)**	(5,300,612)
Operating expenses	3(29),4(2)		
Personnel expenses	3(22)	**(10,654,575)**	(10,244,177)
Depreciation and amortization expenses		**(702,855)**	(763,268)
Other business and administrative expenses		**(4,372,768)**	(4,474,241)
Income from continuing operations before income tax		**12,191,878**	10,141,520
Income tax expense	3(30)	**(1,817,043)**	(1,516,651)
Net income		**$ 10,374,835**	$ 8,624,869

Earnings per common share (in dollars)		2012 Before tax	2012 After tax	2011 Before tax	2011 After tax
Net income	3(31)	$1.94	$1.65	$1.74	$1.48

Statements of Changes in Stockholders' Equity

for the years ended December 31, 2012 and 2011

			Retained Earnings			Other Stockholders' Equity				
NT$,000	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Unappropriated earnings	Unrealized revaluation increments	Cumulative translation adjustments	Unrealized gains / losses on financial instruments	Unrecognized pension costs	Total
For the year ended Dec. 31, 2011										
Balance, January 1, 2011	$49,490,000	$10,460,326	$16,244,462	$ -	$9,599,828	$4,998,561	($1,475,364)	$6,595,295	($ 51,911)	$ 95,861,197
Earnings distribution for 2010										
Legal reserve	-	-	1,901,701	-	(1,901,701)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,227,303)	-	-	-	-	(1,227,303)
Stock dividends	3,210,000	-	-	-	(3,210,000)	-	-	-	-	-
Net income for 2011	-	-	-	-	8,624,869	-	-	-	-	8,624,869
Issuance of common stock	6,000,000	9,000,000	-	-	-	-	-	-	-	15,000,000
Stocks reserved for employees	-	209,403	-	-	-	-	-	-	-	209,403
Special reserve transferred from reserve for trading losses	-	-	-	166,000	-	-	-	-	-	166,000
Reversal of revaluation increments due to land disposal	-	-	-	-	-	(38,095)	-	-	-	(38,095)
Reserve for land revaluation increments	-	-	-	-	-	1,790,238	-	-	-	1,790,238
Changes of cumulative translation adjustments	-	-	-	-	-	-	621,083	-	-	621,083
Changes of unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	(3,678,169)	-	(3,678,169)
Unrecongnized pension costs	-	-	-	-	-	-	-	-	(640,601)	(640,601)
Balance, December 31, 2011	$58,700,000	$19,669,729	$18,146,163	$ 166,000	$11,885,693	$6,750,704	($854,281)	$2,917,126	($ 692,512)	$116,688,622
For the year ended Dec. 31, 2012										
Balance, January 1, 2012	$58,700,000	$19,669,729	$18,146,163	$ 166,000	$11,885,693	$6,750,704	($854,281)	$2,917,126	($ 692,512)	$116,688,622
Earnings distribution for 2011										
Legal reserve	-	-	2,587,461	-	(2,587,461)	-	-	-	-	-
Cash dividends	-	-	-	-	(2,012,469)	-	-	-	-	(2,012,469)
Stock dividends	4,020,000	-	-	-	(4,020,000)	-	-	-	-	-
Net income for 2012	-	-	-	-	10,374,835	-	-	-	-	10,374,835
Reserve for land revaluation increments	-	-	-	-	-	454,892	-	-	-	454,892
Changes of cumulative translation adjustments	-	-	-	-	-	-	(951,717)	-	-	(951,717)
Changes of unrealized gains or losses on available-for-sale financial assets	-	-	-	-	-	-	-	732,967	-	732,967
Unrecognized pension costs	-	-	-	-	-	-	-	-	(80,788)	(80,788)
Balance, December 31, 2012	$62,720,000	$19,669,729	$20,733,624	$ 166,000	$13,640,598	$7,205,596	($1,805,998)	$3,650,093	($ 773,300)	$125,206,342

Statements of Cash Flows

for the years ended December 31, 2012 and 2011

NT$,000	2012	2011
Cash flows from operating activities		
Net income	$10,374,835	$8,624,869
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation - property, plant and equipment	579,422	601,528
Depreciation - non-operating assets	45,834	25,192
Amortization	123,433	161,740
Provision for credit losses	5,808,989	5,300,612
Compensation costs under share-based payment	-	206,723
Income from equity investments accounted for under the equity method	(329,234)	(245,977)
Loss from abandonment of property, plant and equipment	3,438	2,790
Loss on sale of foreclosed assets	148	6,559
Gain on reversal of impairment loss on foreclosed assets	(2,443)	(14,283)
Gain on sale of assets	(317,385)	(94,994)
Financial asset impairment losses	11,453	366,282
Cash dividends under the equity method	129,120	23,697
Changes in assets		
(Increase) Decrease in financial assets at fair value through profit or loss - net	(58,422)	6,095,116
Decrease in receivables	3,910,515	5,876,011
(Increase) Decrease in remittance purchased	(5,809)	1,257
(Increase) Decrease in other assets	(687,334)	658,125
(Increase) Decrease in deferred income tax assets	(6,961)	1,480,753
Changes in liabilities		
Decrease in financial liabilities at fair value through profit or loss - net	(2,866,323)	(22,285,861)
Increase (Decrease) in payables	934,938	(1,221,876)
Increase in accrued pension liabilities	299,309	43,937
Increase (Decrease) in other liabilities	124,840	(236,785)
Net cash provided by operating activities	18,072,363	5,375,415

NT$,000	2012	2011
Cash flows from investing activities		
Decrease (Increase) in due from the Central Bank and other banks	5,699,129	(15,208,264)
Increase in bills discounted and loans	(87,892,263)	(103,669,829)
Decrease in available-for-sale financial assets	1,104,429	1,805,956
Decrease in held-to-maturity financial assets	44,496,283	83,493,458
Decrease in other financial assets - net	413,527	431,489
Decrease in refundable deposits	148,567	124,551
Acquisition of property, plant and equipment	(565,470)	(542,444)
Purchase of non-operating assets	(4,469)	(1,247)
Cash paid for the construction allotment	(41,188)	-
Proceeds from sale of non-operating assets	-	95,416
Proceeds from sale of foreclosed assets	2,295	7,724
Increase in equity investments accounted for under the equity method	-	(500,000)
Increase in intangible assets	(211,940)	(87,030)
Net cash used in investing activities	(36,851,100)	(34,050,220)
Cash flows from financing activities		
Increase in due to the Central Bank and other banks	182,773	12,109,658
Decrease in funds borrowed from the Central Bank and other banks	(922)	(22,610)
(Decrease) Increase in bills and bonds payable under repurchase agreements	(6,401,984)	2,229,112
Increase in deposits and remittances	10,551,497	19,904,035
Increase (Decrease) in other financial liabilities	8,492,463	(7,087,240)
Increase in financial bonds payable	15,000,000	6,300,000
(Decrease) Increase in guarantee deposits received	(82,386)	54,175
Proceeds from issuance of common stock	-	15,000,000
Cash dividends paid	(2,012,469)	(1,227,303)
Net cash provided by financing activities	25,728,972	47,259,827
Net effect of changes in foreign exchange rate	(936,327)	(118,697)
Increase in cash and cash equivalents	6,013,908	18,466,325
Cash and cash equivalents at beginning of year	44,491,496	26,025,171
Cash and cash equivalents at end of year	$50,505,404	$44,491,496
Supplemental disclosures of cash flow information:		
Cash paid for interest during the year	$12,532,838	$12,338,511
Cash paid for income tax during the year	$1,001,986	$225,007
Partial cash flows from investing activities:		
Property received in exchange through land and cash		
Property transferred	($ 370,422)	$ -
Land cost of tranferring	11,849	-
Gain on trading of properties	317,385	-
Cash paid	($ 41,188)	$ -

FIRST COMMERCIAL BANK, LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. Summary of significant accounting policies

The accompanying financial statements 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 generally accepted accounting principles. Due to the characteristics of the banking industry, its business cycle cannot be clearly defined. Hence, the accounts on the accompanying financial statements are not classified into current and non-current items. Nevertheless, accounts are properly categorized according to the nature of each account and sequenced by their liquidity. Significant accounting policies of the Bank are summarized below:

1) Principles for preparation of financial statements

A. The accompanying financial statements include head office account, branch account and offshore banking branch account. All inter-office accounts have been eliminated during the consolidation.

B. The Bank adopts the Statement of Financial Accounting Standards No. 28, “Financial Statement Disclosure Standards for Banks,” whereby assets and liabilities are not required to be classified under current or non-current categories.

2) Financial assets and financial liabilities at fair value through profit or loss

A. Equity securities, beneficiary certificates, derivative financial instruments and when-issued trading of central government bonds are accounted for using trade date accounting, and debt securities (excluding when-issued trading of central government bonds) are accounted for using settlement date accounting. Financial instruments are initially recognized at fair value.

B. Financial assets and financial liabilities at fair value through profit or loss shall be measured at fair value with changes in fair value recognized as gains or losses in the current period.

For stocks listed on TSE or OTC and closed-end funds, fair value is determined based on the closing price at the balance sheet date.

For open-end funds, fair value is determined based on the net asset value of the given fund at the balance sheet date.

For beneficiary securities, fair value is determined based on the discounted value of expected future cash flows at the balance sheet date or the market price provided by Bloomberg, Reuters or counterparties.

For bond investments, fair value is determined based on the latest transaction price of Automatic Order Matching and Execution System in OTC, the latest transaction price of the securities market or the fair value of bonds bulletined in OTC.

For others, fair value is determined based on the discounted value of expected future cash flows at the balance sheet date or the market price provided by Bloomberg, Reuters or counterparties.

For derivative financial instruments held for trading purpose, fair value is determined based on a quoted market price in an active market at the balance sheet date. If a quoted market price in an active market is not available, fair value is determined by applying other valuation techniques, such as discounted cash flow analysis or option pricing models.

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

a. Hybrid (combined) instruments;

b. The designation can eliminate or significantly reduce a measurement or recognition inconsistency; or

c. The designation is in compliance with a documented risk management or investment strategy of the Bank to evaluate the performance of assets or liabilities based on a fair value basis.

3) Bills and bonds under repurchase or resale agreements

Bills and bonds under resale or repurchase agreements are accounted for under the financing method. Bills and bonds sold under repurchase agreements are recorded as "Bills and bonds payable under repurchase agreements" at the sale date. Bills and bonds invested under resale agreements are recorded as "Investments in bills and bonds under resale agreements" at the purchase date. Interest expenses and interest income are recognized on accrual basis over the period between sale or purchase date and repurchased or resale date.

4) Loans and receivables

A. Loans and receivables are the non-derivative financial assets that are without quoted prices in an active market except the following items; such financial assets with fixed or determinable receivable amounts, including those originated and those not originated by the Bank and its subsidiaries.

a. Assets that are to be disposed immediately or in a short period of time that shall be classified as assets for trading purposes.

b. Assets designated to be measured at fair value through profit or loss at initial recognition or available-for-sale financial assets.

c. Initial investments that are mostly unrecoverable due to reasons other than credit deterioration of the debtor.

B. Loans and receivables are measured at principal of loans plus significant transaction cost. Subsequently, the loans and receivables shall be carried at amortized cost using interest method; straight-line basis amortization could be adopted when there is no significant difference in the results.

5) Evaluation, provision and reversal of impairment losses

A. 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.

B. 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 for further impairment assessment.

C. The definitions of impairment losses' objective evidence, based on Letter No. 0971000003A dated September 24, 2008 of the Bankers Association (BAROC) and Guidelines of Loans and Receivables Impairment Evaluation, are as follows:

a. There is no principal or interest payment after the lapse of 3 full months, lawsuit has been filed against borrower and guarantor(s) or the collaterals are executed.

b. If a restructured loan meets the installment payment terms, the loan may be exempted from reporting as a non-performing loan.

c. If a loan's negotiated terms meet regulations by the BAROC in 2006, the loan may be exempted from reporting as a non-performing loan.

d. Cases approved and signed in the negotiations in accordance with the Statute for Consumer Debt Clearance.

e. Cases that are in clearance or settlement proceedings by the court's ruling.

f. Cases that have begun being restructured by the court's ruling.

g. Cases that have been declared for bankruptcy by the court.

h. Cases that meet the self-made evaluation items of the Bank.

D. After evaluating impairment of the loans and receivables of the Bank, the book value and future cash flow taking into consideration credit enhancements, including financial guarantees and net of collaterals, are discounted using the effective interest rate and the difference is recognized as impairment loss. If the impairment amount decreases in the subsequent period, and such decrease is obviously linked to the events after recognition, the recognized impairment amount is reversed through adjusting allowance for bad debts, as long as the book value does not exceed the amortized cost before recognizing impairment at the time of the reversal. Reversal amount is recognized as profit or loss of the period.

E. In accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans of the Financial Supervisory Commission of the Executive Yuan (FSC) and the Bank's Guidelines of Risk Evaluation of Credit Assets, credit assets are classified into five categories: (1) normal (2) special mentioned (3) substandard (4) doubtful and (5) loss. Except that the normal loans (excluding assets that represent claims against a government agency) are classified under category 1, which should be provided at 0.5% as allowance, the abnormal loans shall be evaluated based on the status of the credit, the length of time overdue and the loan collateral. The allowance for doubtful accounts for abnormal loans is provided at 2%, 10%, 50%, and 100% on loans classified under categories 2, 3, 4, and 5, respectively. The overdue loans are written off upon the approval of the Board of Directors and the notice to the supervisors of the Bank.

6) <u>Available-for-sale financial assets</u>

A. Equity securities and when-issued trading of central government bonds are accounted for using trade date accounting. Debt securities (excluding when-issued trading of central government bonds) are accounted for using settlement date accounting. Such financial instruments are initially recognized at fair value plus the acquisition or issuance cost.

B. Available-for-sale financial assets are measured at fair value with changes in fair value recognized in an adjustment account in the stockholders' equity. When the financial asset is derecognized, the cumulative unrealized gain or loss that was previously recognized in equity is recognized in profit or loss in the income statement. For stocks listed on TSE or OTC and closed-end funds, fair value is determined based on the closing price at the balance sheet date. For open-end funds, fair value is determined based on the net asset value of the given fund at the balance sheet date. For beneficiary securities, fair value is determined based on the discounted value of expected future cash flows at the balance sheet date or the market price provided by Bloomberg or Reuters. For bond investments, fair value is determined based on the fair value of bonds bulletined in OTC; for others, fair value is determined based on discounted value of expected future cash flows at the balance sheet date or the market price provided by Bloomberg or Reuters.

C. An impairment loss is recognized when there is objective evidence of impairment. In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, for equity instruments, the decrease shall be recognized as an adjustment account in the stockholders' equity; and for debt instruments, the previously recognized impairment loss is reversed through profit or loss.

7) <u>Held-to-maturity financial assets</u>

A. Held-to-maturity financial assets are accounted for using settlement date accounting and are initially recognized at fair value plus the acquisition or issuance cost. Gains or losses are recognized in the income statement when the investments are derecognized.

B. Held-to-maturity financial assets are measured at amortized cost using the interest method at the balance sheet date.

C. An impairment loss is recognized when there is objective evidence of impairment. In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amounts shall not exceed the amortized cost assuming no impairment loss was recognized in prior years.

8) Equity investments accounted for under the equity method

A. Long-term equity investments that the Bank owns at least 20% of the investees' voting stock interests or exercises significant influence over the investees are accounted for under the equity method. The carrying amounts of such equity investments are evaluated pursuant to the investment costs plus or minus the net income or loss and changes in stockholders' equity of the investee recognized proportionally according to the percentage of the investee's ownership held by the Bank. The cash dividends received from investees are recorded as deduction of the investment cost. When there is sufficient evidence to indicate that the fair value of the investment is impaired and the probability of the recovery is remote, the loss on investments is recognized in the current period. For the stock dividends received from investees, the investment amount will not be increased and the investment income will not be recognized. A memorandum entry will be made to record the additional shares received. When equity investments are disposed of, the cost is calculated under the weighted average method.

B. For an investee company accounted for under the equity method, if the Bank does not have control interests but can exercise significant influence over the investee, investment losses are recognized to the extent that the balance of the investment plus advances to the investee is reduced to zero, unless the Bank guarantees the debts of investee company or has a commitment or intention to provide financial support to the investee company and then recognizes the investment loss proportionally according to the percentage of the investee's ownership held by the Bank continuously. However, if the Bank has control interests over the investee company, the investment losses in excess of the investee's stockholders' equity's balance shall be fully recognized, unless other stockholders of the investee company have the obligation and ability to provide additional capital to absorb the losses. When the investee company begins to make a profit in the subsequent periods, the earnings are attributed to the Bank until the originally recognized excess losses are fully recovered.

C. The cumulative translation adjustment resulting from the financial statement translation of foreign equity investments accounted for under the equity method is recognized proportionally in the stockholders' equity account based on the percentage of the investees' ownership held by the Bank.

D. Investees in which the Bank holds control are accounted for under the equity method and included in the consolidated financial statements based on SFAS No. 7 "Consolidated Financial Statements" and the parent company's need.

9) Other financial assets and financial liabilities

A. Financial assets measured at cost

a. Long-term investments in equity securities, which are not listed on TSE or OTC, are accounted for using trade date accounting. Such financial instruments are initially recognized at fair value plus the acquisition or issuance cost and are subsequently carried at cost at the balance sheet date.

b. For financial assets measured at cost, an impairment loss shall be recognized if there is objective evidence of impairment. The impairment loss shall not be reversed.

B. Bond investments with no active market

a. Bond investments with no active market are accounted for using settlement date accounting. Such financial instruments are initially recognized at fair value plus acquisition cost. Gains or losses are recognized in the income statement when the investments are derecognized.

b. Bond investments with no active market shall be subsequently measured at amortized cost using the interest method.

c. An impairment loss is recognized when there is objective evidence of impairment. In the subsequent period, if the amount of the impairment loss decreases due to an event occurring after the impairment was originally recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amounts shall not exceed the amortized cost assuming no impairment loss was recognized in prior years.

C. Derivative financial assets and financial liabilities for hedging

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

10) Derivative financial instruments for hedging – fair value hedge

When all the criteria of fair value hedge accounting are met, the Bank recognizes the offsetting effects on gains or losses of changes in the fair values of the hedging instrument and the hedged item. The Bank currently only has fair value hedge. The accounting treatment for hedging instruments is that the gain or loss from re-measuring the hedging instrument at fair value shall be recognized immediately in the statement of income. Any gain or loss attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized immediately in the statement of income.

11) Property, plant and equipment / Non-operating assets

A. Property, plant and equipment / non-operating assets are stated at cost except for revaluation increment as permitted under the relevant regulations. Depreciation is provided on a straight-line basis over the estimated service lives of the assets plus an additional year as salvage value, except for leasehold improvements, which are depreciated over the leasing periods of the lease agreement or 5 years whichever is lower. The estimated economic service lives of major property, plant and equipment are set forth below: land improvements: 3~30 years; buildings: 5~55 years; machinery and equipment: 3~4 years; transportation equipment: 5~10 years; miscellaneous equipment: 5~17 years and leased assets: over the lease term.

B. Major renewals and improvements, which are incurred to increase the future economic benefits of the assets, are capitalized and depreciated. Routine maintenance and repairs are charged to expenses as incurred. When assets are sold or abandoned, the cost and accumulated depreciation are removed from the respective asset accounts and the related gain or loss on the disposal of property, plant and equipment is recorded as “other non-interest income or losses”.

C. Rental or idle assets are classified at carrying amount under other assets - non-operating assets. Depreciation for current period is recognized as "other non-interest income or losses" and valued at the lower of carrying amount or recoverable amount as of the balance sheet date.

12) Intangible assets

Intangible assets, mainly comprising computer software costs, are initially recorded at cost and amortized over 3 years under the straight-line method.

13) Other assets

Other assets are mainly comprised of non-operating assets, foreclosed assets, refundable deposits, temporary payments and suspense accounts, prepayments, and other assets to be adjusted, and so on.

Foreclosed assets are recorded at acquisition costs and are revalued at net realizable value as of the balance sheet date. If the foreclosed assets are impaired, an impairment loss is recognized in the current period. In the subsequent period, if the net realizable value increases, the previously recognized impairment loss is reversed to the extent that the carrying amounts, after the reversal, shall not exceed the carrying amounts assuming no impairment loss was recognized for the assets in the prior years.

14) Pension plan

A. Under the defined benefit pension plan, net pension costs are recognized in accordance with the actuarial calculations. Net pension costs include service cost, interest cost, expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Under the defined contribution pension plan, net pension costs are recognized as incurred on an accrual basis.

B. Defined contribution plan is adopted for certain overseas branches in accordance with the laws and regulations of the jurisdiction.

15) Other liabilities

Other liabilities are mainly comprised of estimated land revaluation increment tax accrual, guarantee deposits received, advanced receipts, temporary receipts and suspense accounts, other carry forward accounts, reserve for guarantees, and so on.

A. Reserve for guarantees is determined based on the estimated losses arising from default possibility of the ending balances of acceptances receivable, guarantees receivable, and letters of credit receivable, net of the margin deposits received from customers.
Please refer to "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" published by the former Financial Supervisory Commission, Executive Yuan (FSC) and "Guidelines of Risk Evaluation of Credit Assets" of the Bank for above process for assessment classification. Please refer to Note 1(5) for more information on classification methods.

B. As required by the “Rules Governing Securities Firms”, the Bank has to set aside 10% of the excess of monthly gains over losses from trading securities as the reserve for securities trading losses. Such reserve can be only used to offset losses over gains arising from the aforesaid securities trading. When the accumulated reserve reaches $200,000, no further reserve provision is required.

C. The regulations for trading loss reserve and default loss reserve that shall be allocated by securities firms were deleted pursuant to the amendment of “Rules Governing Securities Firms”. As of December 31, 2010, the balance of reserve for securities trading losses and default losses shall be transferred as special reserve pursuant to Jin-Guan-Zheng-Zi No.0990073857 of the Financial Supervisory Commission dated January 11, 2011. The special reserve shall not be used other than covering the losses of the Bank, or when the special reserve reaches 50% of the amount of paid-in capital, half of it may be used for capitalization.

16) Foreign currency transactions and translations of foreign currency financial statements

A. The Bank’s foreign currency transactions are recorded in New Taiwan dollars at the spot rates of the transaction dates. The exchange differences between actual payments or receipts and recorded transaction amounts are recognized as foreign exchange gains or losses in the current period. Assets and liabilities denominated in foreign currencies are revalued using the closing exchange rates at the balance sheet date. For the foreign currency denominated long-term equity investments, the related foreign exchange gains or losses are recognized as the cumulative translation adjustment in the stockholders’ equity. The exchange differences resulting from the other assets and liabilities of foreign currencies are included in the current statement of income.

B. When the financial statements of foreign operation units are translated into New Taiwan dollars, all asset and liability accounts are translated using the closing exchange rates at the balance sheet date, and the shareholders’ equity accounts are translated at the historical foreign exchange rate except that the beginning retained earnings are stated at the translated carrying amount of the ending retained earnings in the prior year. The exchange differences are recorded as the cumulative translation adjustment in the stockholders’ equity.

17) Non-financial assets impairment

An impairment loss shall be recognized when changes in circumstances or events indicate that an asset’s recoverable amount is less than its carrying amount. The recoverable amount of an asset is the higher of its fair value, net of selling expense, and its value in use. The fair value, net of selling expense, is the amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable and willing parties, less the costs of disposal. The value in use is the present value of the future cash flows expected to be derived from an asset.

If there is an indication that an impairment loss recognized in the prior periods for an asset may no longer exist or may have decreased, the impairment loss recognized could be reversed, and such a reversal shall not exceed the impairment loss recognized in the prior periods.

18) <u>Net interest income, commission fee income and expenses</u>

A. Interest income and expenses of all financial instruments are calculated using the effective interest rate method and are recognized as interest income and expenses on the income statement.

B. However, interest income arising from loans which meet any of the following criteria is recognized on cash basis when cash is received:

a. Reclassified as non-accrual loans.

b. Interest from restructured loans that are agreed to extend their maturities is not recognized as interest income but recorded on the memo accounts.

C. Handling fees and expenses are recognized when loan is disbursed, 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.

19) <u>Employees' bonus and directors' and supervisors' remuneration</u>

Effective from January 1, 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, dated March 16, 2007, "Accounting for Employees' Bonus and Directors' and Supervisors' Remuneration", the costs of employees' bonus and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be estimated reasonably. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by annual stockholders' meeting subsequently, the differences shall be recognized as profit or loss in the following year.

20) <u>Income tax</u>

A. According to the Statement of Financial Accounting Standards No. 22 "Accounting for Income Taxes", the Bank is required to apply the inter-period and intra-period income tax allocations. Under the inter-period income tax allocation, the income tax effects of deductible temporary differences, loss carry forwards, and income tax credits are recognized as deferred income tax assets or liabilities. Valuation allowance is provided against deferred income tax assets if it is more likely than not that the deferred income tax assets will not be realized. The 10% surtax on undistributed current earnings calculated pursuant to the Income Tax Law is recorded as income tax expense in the year when the earnings distribution is approved by the shareholders' meeting. The adjustment for over- or under-provision of previous years' income tax is included in the current year's income tax expense. Deferred income tax liabilities or assets will be recalculated in accordance with amendment to Income Tax Law in the year when the revision is promulgated. The effects on changes in deferred income tax liabilities or assets are reflected in the current period's income tax expense or revenue from continuing operations.

B. Pursuant to the Explanatory Letter Tai-Tsai-Shui No. 910458039 of the MOF dated February 12, 2003 to promulgate the "Criteria for Profit-seeking Enterprises in Filing Consolidated Profit-seeking Enterprise Income Tax Returns According to Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers and Acquisitions Law", if a financial holding company holds at least 90% of the issued capital stock of its domestic subsidiaries for twelve months in a fiscal taxable year, starting from such a fiscal taxable year, the financial holding company may elect to have itself as the taxpayer to file the consolidated profit-seeking enterprise income tax returns. Accordingly, the Bank's parent company, First Financial Holding Co. has decided to file consolidated income tax return using a linked tax system in 2004 to include the Bank and the associated entities including First Securities Inc. (FS), First Securities Investment Trust Co., Ltd. (FSIT), First Financial Asset Management Co., Ltd. (FFAM), First Venture Capital Co., Ltd. (FVC), First Financial Management Consulting Co., Ltd. (FFMC) and First P&C Insurance Agency Co., Ltd. (FPCIA).

C. The accounting treatment for the Bank including its parent company and associated entities to adopt the linked tax system to file the consolidated income tax return is in compliance with the Explanatory Note (92) No. 240 of the Accounting Research Development Foundation dated October 3, 2003.

D. Effective January 1, 2006, in accordance with the Alternative Minimum Tax Act, the Bank should calculate the alternative minimum tax in addition to the regular income tax. If the regular income tax is lower than the alternative minimum tax, the differences should be accrued as an income tax expense adjustment.

21) Share-based payment

A. The Bank's ultimate parent company, First Financial Holding Co., Ltd., reserves 15% shares for employees of the Bank and the Group during cash capital increases according to Article 267.1 of Company Law. Pursuant to SFAS No. 39, EITF 96-267 of the Accounting Research and Development Foundation, dated Oct. 12, 2007 and EITF 97-017 dated January 18, 2008, the fair value of the service received should be measured during the vesting period (or at grant date if there is no vesting period) based on the fair value of equity instrument at the grant date, and account for those amounts as payroll expenses and relevant equities.

B. According to (101) EITF No. 0000000038 of the Accounting Research and Development Foundation dated February 24, 2012, the determination of the grant date, applicable for 2011 financial statements, is based on the date that the bank's employees are informed of the quantity and price of the shares to subscribe after the resolution of the Board of Directors of parent holding company.

22) Use of estimates

In preparing the financial statements in conformity with generally accepted accounting principles, the management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Therefore, actual results could differ from those estimates.

23) Contingent loss

Due to the development of events, it may be probably confirmed that assets have been impaired or liabilities have been incurred at the balance sheet date. Whenever the amount of losses could be reasonably estimated, the amount should be recognized as loss for the current year. For those losses that could not be reasonably estimated, it shall be disclosed in the notes to financial statements.

24) Operating segments

Information of operating segments of the Bank is reported with the same method as the internal management report provided to the Chief Operating Decision-Maker (CODM). The CODM is in charge of allocating resources to operating segments and evaluating their performance. The Bank's CODM refers to the Board of Directors.

In accordance with SFAS No. 41 "Operating Segments", the Bank discloses segment information in the consolidated and separate financial statements.

2. Changes in accounting principles

1) Loans and receivables

Effective January 1, 2011, the Bank adopted the revised SFAS No. 34 "Financial Instruments: Recognition and Measurement", to assess loans and receivables and to recognize impairment losses (recorded as bad debt expenses) when objective of impairment evidence exists. For those with no objective evidence of impairment, collective assessment should be made according to the group financial assets with similar credit risk characteristics. This change in impairment assessment method had no significant impact on the net income and earnings per share for the year ended December 31, 2011.

2) Operating segments

Effective January 1, 2011, the Bank adopted SFAS No. 41 "Operating Segments" to replace SFAS No. 20 "Segment Reporting". At initial adoption, the Bank restated the segment information of the previous period pursuant to the accounting standard.

3. Details of significant accounts

1) Cash and cash equivalents

	December 31,	
	2012	2011
Cash on hand	$ 11,010,055	$ 10,900,329
Checks for clearing	24,572,588	22,625,946
Due from other banks	14,922,761	10,965,221
Total	$ 50,505,404	$ 44,491,496

2) Due from the Central Bank and other banks

	December 31, 2012	December 31, 2011
Reserve for deposits - account A	$ 16,280,811	$ 25,944,348
Reserve for deposits - account B	41,885,154	41,988,581
Deposits with the Central Bank	2,000,000	4,900,000
Inter-bank clearing fund	5,192,181	2,957,506
Deposits of national treasury account	140,892	209,199
Deposits of overseas branches with foreign Central Banks	1,432,359	809,211
Reserve for deposits - foreign currency	235,183	239,748
Call loans and overdrafts to other banks	52,715,519	48,532,635
Total	$ 119,882,099	$ 125,581,228

The Bank's reserve for deposits is required by the Banking Law and is determined by applying the reserve ratio set by the Central Bank to the monthly average balance of each kind of deposits. 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 - net

	December 31, 2012	December 31, 2011
Financial assets for trading purpose		
Short-term bills	$ 1,095,966	$ 649,109
Stocks	107,001	53,006
Bonds	7,208,074	876,626
Gold	1,258,032	-
Derivative financial instruments	4,769,181	10,798,834
Valuation adjustment for financial assets for trading purpose - non-derivative instruments	(14,331)	(2,098)
Subtotal	14,423,923	12,375,477
Financial assets designated as at fair value through profit or loss		
Bonds	868,402	2,868,222
Valuation adjustment for financial assets designated as at fair value through profit or loss	34,200	24,404
Subtotal	902,602	2,892,626
Total	$ 15,326,525	$ 15,268,103

A. For the years ended December 31, 2012 and 2011, the net realized and unrealized gains on financial assets and liabilities for trading purpose and on financial assets and liabilities designated as at fair value through profit or loss amounted to $1,474,852 and $1,937,386, respectively.

B. Financial instruments designated as at fair value through profit or loss are to eliminate or significantly reduce a measurement or recognition inconsistency.

C. Types of derivative financial instruments held for trading purpose and related contract information were as follows:

Financial instruments	December 31, 2012 Contract amount (Notional principal)	December 31, 2012 Credit risk	December 31, 2011 Contract amount (Notional principal)	December 31, 2011 Credit risk
Trading purpose:				
Foreign exchange contracts				
(FX swaps and forwards)	$ 226,905,251	$ 960,480	$ 214,684,033	$1,910,416
FX margin trading	2,533,263	200,777	2,412,997	275,870
Non-delivery FX forwards	376,291	1,314	1,676,604	1,719
FX options written	26,823,936	-	23,300,737	-
Interest rate swap options written	5,000,000	-	30,000,000	-
Commodity options written	427,281	-	35,314,952	-
Commodity swap contract issued	134,142	-	-	-
FX options held	26,100,231	705,902	24,045,698	3,135,163
Interest rate swap options held	-	-	15,600,000	275,890
Commodity options held	427,281	173,625	35,314,952	134,469
Cross currency swap contracts	44,823,808	35,182	33,302,500	1,234,731
Interest rate swap contracts	335,884,351	2,533,878	402,302,135	3,654,889
Commodity swap contract held	134,142	2,074	-	-
Futures trading (Note)	56,670	155,949	23,340	175,687

Note: For the years ended December 31, 2012 and 2011, the unwritten off losses and gains on futures contract were ($2,137) and $114, respectively. As of December 31, 2012 and 2011, guarantee deposits were $158,086 and $175,573, respectively.

4) Receivables - net

	December 31, 2012	December 31, 2011
Spot exchange receivable	$ 13,370,749	$ 13,301,170
Acceptances receivable	6,290,594	7,261,133
Interest receivable	3,448,849	3,899,423
Credit card accounts receivable	4,501,782	4,208,541
Factoring receivable	22,762,457	25,572,124
Income tax refundable	1,138,132	1,781,723
Other receivables	1,443,306	928,018
Subtotal	52,955,869	56,952,132
Less: allowance for doubtful accounts	(803,253)	(777,541)
Net amount	$ 52,152,616	$ 56,174,591

A. As of December 31, 2012 and 2011, the Bank's reserves for acceptances receivable and guarantees receivable were $552,122 and $559,872, respectively, and such reserves are recorded under "other liabilities".

B. The above tax refundable includes consolidated tax return receivable from the parent company and income tax refundable from overseas branches.

5) Bills discounted and loans - net

	December 31, 2012	December 31, 2011
Bills discounted	$ 6,065,614	$ 5,653,583
Overdrafts	986,258	1,307,939
Short-term loans	456,667,025	436,241,560
Medium-term loans	400,312,512	378,770,424
Long-term loans	572,081,418	529,810,035
Import-export negotiations	2,333,348	2,662,083
Loans transferred to non-accrual loan	6,743,302	6,318,534
Subtotal	1,445,189,477	1,360,764,158
Less: allowance for doubtful accounts	(15,992,260)	(13,885,730)
Net amount	$1,429,197,217	$1,346,878,428

A. As of December 31, 2012 and 2011, gains from hedge evaluation on loans were $44,584 and $110,978, respectively. The fair values of fixed-rate loans held by overseas branches may fluctuate with changes in interest rates. The Bank assessed that the risk might be significant, so it has hedged such risk by engaging in interest rate swap contracts. (Please refer to Note 3(19) for information on relevant contracts).

B. As of December 31, 2012 and 2011, non-accrual loans and other credit extensions where interest accruals had been ceased as regulated were $6,704,271 and $6,297,142, respectively. Interest receivable not accrued amounted to $142,643 and $173,491, respectively.

C. Proper prosecutions of claims against debtors have been made before any credit extensions and loans were written off for the years ended December 31, 2012 and 2011.

D. As of December 31, 2012 and 2011, assessment of impairment for loans and receivables were as follows:

a. Loans (Including loan receivables)

Items		Loans December 31, 2012	Allowance for doubtful accounts December 31, 2012
With individual objective evidence of impairment	Individual assessment	$ 34,038,804	$ 6,039,424
	Collective assessment	6,319,419	2,895,707
Without individual objective evidence of impairment	Collective assessment	1,440,299,706	7,345,789

Items		Loans December 31, 2011	Allowance for doubtful accounts December 31, 2011
With individual objective evidence of impairment	Individual assessment	$ 17,831,366	$ 5,581,017
	Collective assessment	3,355,038	1,202,394
Without individual objective evidence of impairment	Collective assessment	1,378,412,448	7,367,398

b. Receivables:

Items		Receivables December 31, 2012	Allowance for doubtful accounts December 31, 2012
With individual objective evidence of impairment	Individual assessment	$ 1,104,288	$ 646,542
Without individual objective evidence of impairment	Collective assessment	117,359,153	189

Items		Receivables December 31, 2011	Allowance for doubtful accounts December 31, 2011
With individual objective evidence of impairment	Individual assessment	$ 854,649	$ 682,205
Without individual objective evidence of impairment	Collective assessment	126,083,958	348

E. The Bank has revalued the allowance for doubtful accounts of loans and receivables. The movements in allowance for doubtful accounts of loans and receivables for the years ended December 31, 2012 and 2011 were as follows:

Loans	2012	2011
Beginning balance	$ 14,150,809	$ 12,118,604
Provision for doubtful accounts	5,704,906	4,832,843
Write-off of loans and advances	(3,443,363)	(2,756,519)
Foreign exchange translation adjustment and other movements	(131,432)	(44,119)
Ending balance	$ 16,280,920	$ 14,150,809

Receivables		
Beginning balance	$ 682,553	$ 1,645,504
Provision for doubtful accounts	111,460	73,500
Write-off of loans and advances (Note)	(350,824)	(860,027)
Transfer in (Note)	293,250	-
Foreign exchange translation adjustment and other movements	(89,708)	(176,424)
Ending balance	$ 646,731	$ 682,553

Note: The overseas convertible corporate bonds of ProMOS Technologies Inc. amounting to USD$10,000 thousand, falling mature this tear, have been recognized as impairment loss in 2011 and transferred from available-for-sale financial assets to receivables. The accumulated losses were transferred to allowance for doubtful accounts, which have been fully written off in September 2012.

6) Available-for-sale financial assets - net

	December 31,	
	2012	2011
Stocks	$ 8,448,460	$ 8,656,511
Bonds	56,059,967	58,622,220
Short-term bills	-	151,377
Beneficiary certificates	11,275	17,275
Others	2,265,297	744,795
Valuation adjustment for available-for-sale financial assets	3,650,969	2,923,517
Subtotal	70,435,968	71,115,695
Less: accumulated impairment losses	-	(302,750)
Total	$ 70,435,968	$ 70,812,945

Please refer to Note 5 for details of available-for-sale financial assets pledged as collateral as of December 31, 2012 and 2011.

7) Held-to-maturity financial assets - net

	December 31,	
	2012	2011
Certificates of deposit purchased	$ 233,900,000	$ 278,260,000
Bonds	35,808,603	42,007,519
Preferred stocks of Taiwan High Speed Rail Corporation	2,000,000	2,000,000
Short-term bills	6,417,543	326,127
Beneficiary securities	-	40,236
Total	$ 278,126,146	$ 322,633,882

8) Equity investments accounted for under the equity method - net

A. Equity investments:

	December 31,			
	2012		2011	
Investee company	Amount	Percentage of ownership (%)	Amount	Percentage of ownership (%)
First Commercial Bank (USA)	$ 2,846,533	100	$ 2,885,286	100
FCB Leasing Co., Ltd. (note)	1,259,929	100	1,214,153	100
First Insurance Agency Co., Ltd.	248,791	100	191,334	100
East Asia Real Estate Management Co., Ltd.	6,196	30	7,452	30
	$ 4,361,449		$ 4,298,225	

Note: According to Jin-Guan-Yin Kong Letter No. 10000003090 of the FSC and approval on December 17, 2010 by the Board of Directors at their meeting, the Bank increased its capital infusion of $500 million in FCB Leasing Co., Ltd. and made investments in Mainland China via FCBL Capital International (B.V.I) Ltd. The record date of capital increase was January 20, 2011.

B. Investment income, cumulative translation adjustments and unrealized gains and losses for available-for-sale financial assets for the years ended December 31, 2012 and 2011 were as follows:

	For the years ended December 31,	
	2012	2011
Investment income	$ 329,234	$ 245,977
Cumulative translation adjustments	(142,404)	120,714
Unrealized gains and losses for available-for-sale financial assets	5,515	(13,486)
Capital reserve - share-based payment	-	2,680

C. 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, 2012 and 2011.

9) Other financial assets - net

	December 31, 2012	December 31, 2011
Overdue receivable	$ 153,488	$ 318,563
Financial assets carried at cost	2,925,626	2,968,146
Bond investments with no active market	169,378	401,645
Remittance purchased	8,183	13,992
Subtotal	3,256,675	3,702,346
Less: allowance for doubtful accounts - overdue receivables	(132,138)	(170,091)
Net amount	$ 3,124,537	$ 3,532,255

A. The Bank’s investments in unlisted stocks, of which fair value cannot be measured reliably due to lack of quoted market price, 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 9 (1) B (b).

C. The Bank’s overdue notes and debt securities affected by the financial crisis of Iceland and Washington Mutual, U.S.A. are recognized as other financial assets – overdue receivables, and the balances as of December 31, 2012 and 2011 were $59,638 and $159,617, respectively, and the balances of allowance for doubtful accounts were $21,532 and $12,110, respectively. At current stage, the abovementioned overdue notes and debt securities have been included in prosecution procedures in relation to creditors' right preservation.

10) Property, plant and equipment

	December 31, 2012			
	Cost	Revaluation increments	Accumulated depreciation	Net book value
Land and improvements	$ 7,221,435	$ 12,334,772	($ 2,872)	$ 19,553,335
Buildings	9,621,427	55,608	(4,322,265)	5,354,770
Machinery and equipment	2,616,998	-	(2,130,624)	486,374
Transportation equipment	833,911	-	(701,685)	132,226
Other equipment	1,701,262	-	(1,465,579)	235,683
Leasehold improvements	729,112	-	(614,687)	114,425
Leased assets	383,424	-	(72,087)	311,337
Construction in progress and prepayments for equipment	148,551	-	-	148,551
	$ 23,256,120	$ 12,390,380	($ 9,309,799)	$ 26,336,701

	December 31, 2011						
		Cost		Revaluation increments		Accumulated depreciation	Net book value
Land and improvements	$	7,297,121	$	11,696,327	($	2,872)	$ 18,990,576
Buildings		9,456,596		56,793	(	4,206,934)	5,306,455
Machinery and equipment		2,597,494		-	(	2,139,600)	457,894
Transportation equipment		845,016		-	(	701,882)	143,134
Other equipment		1,725,096		-	(	1,485,691)	239,405
Leasehold improvements		739,799		-	(	624,448)	115,351
Leased assets		285,175		-	(	33,792)	251,383
Construction in progress and prepayments for equipment		24,703		-		-	24,703
	$	22,971,000	$	11,753,120	($	9,195,219)	$ 25,528,901

A. The Board of Managing Directors resolved to revalue its assets in February 2012 with balances of the revaluation increments amounting to $730,269 and the land revaluation increment tax amounting to $212,797. As of December 31, 2012 and 2011, the balances of the revaluation increments (including those for non-operating fixed assets) amounted to $17,805,196 and $17,167,936, respectively, and relevant reserve for land revaluation increment tax recorded as other liabilities were $5,713,259 and $5,529,705, respectively. The difference was recorded under capital and other stockholders' equity. Please refer to Note 3(26) for details.

B. There was no interest capitalized on property, plant and equipment purchased for the years ended December 31, 2012 and 2011.

C. As of December 31, 2012 and 2011, there was no property, plant and equipment pledged as collateral.

11) Other assets - net

	December 31, 2012	December 31, 2011
Non-operating assets		
Cost		
Land	$ 300,050	$ 234,043
Buildings	1,516,077	1,315,450
Others	24,290	20,898
Subtotal	1,840,417	1,570,391
Revaluation increments	5,414,816	5,414,816
Total cost and revaluation increments	7,255,233	6,985,207
Less: accumulated depreciation	(572,628)	(526,794)
Net non-operating assets	6,682,605	6,458,413
Other assets		
Foreclosed assets		
Cost	100,927	103,445
Less: accumulated impairment losses	(94,648)	(97,166)
Net foreclosed assets	6,279	6,279
Deferred income tax assets - net	869,079	862,118
Prepaid income tax	500,389	116,041
Prepayments	609,760	306,971
Refundable deposits	508,521	657,088
Others	1,292	1,199
Total	$ 9,177,925	$ 8,408,109

Please refer to Note 5 for details of other assets pledged as collateral as of December 31, 2012 and 2011.

12) Due to the Central Bank and other banks

	December 31, 2012	December 31, 2011
Call loans from other banks	$ 145,886,819	$ 146,094,276
Transferred deposits from Chunghwa Post Co., Ltd.	4,117,992	5,068,664
Overdrafts from other banks	2,780,537	1,347,925
Due to other banks	355,096	449,775
Due to the Central Bank	41,653	38,684
Total	$ 153,182,097	$ 152,999,324

13) Financial liabilities at fair value through profit or loss

	December 31, 2012	December 31, 2011
Financial liabilities for trading purpose		
Gold passbook	$ 1,256,823	$ -
Derivative financial instruments	4,911,583	7,604,066
Financial liabilities designated as at fair value through profit or loss		
Bonds	16,100,000	17,300,000
Valuation adjustment for financial liabilities designated as at fair value through profit or loss	527,297	757,960
Total	$ 22,795,703	$ 25,662,026

A. Financial instruments designated as at fair value through profit or loss are to eliminate or significantly reduce a measurement or recognition inconsistency.

B. Please refer to Note 3(3) for details of types of derivative financial instruments held for trading purpose and related contract information.

14) Bills and bonds payable under repurchase agreements

	December 31, 2012	December 31, 2011
Government bonds	$ 3,067,249	$ 5,321,126
Financial bonds	-	3,928,233
Commercial papers	9,981	229,855
	$ 3,077,230	$ 9,479,214

The Bank is obligated to repurchase the above bills and bonds at original sale price plus a mark-up pursuant to the repurchase agreements. The repurchase agreement amounts of such bonds and bills were $3,070,043, $9,987 and $9,270,337, $229,913 as of December 31, 2012 and 2011, respectively.

15) Payables

	December 31, 2012	December 31, 2011
Spot exchange payable	$ 13,369,243	$ 13,298,706
Accounts payable	29,279,093	28,288,596
Bank acceptances	6,462,847	7,339,138
Interest payable	2,292,341	2,281,950
Accrued expenses	4,067,908	3,878,964
Other payables	4,972,615	4,421,755
Total	$ 60,444,047	$ 59,509,109

16) Deposits and remittances

	December 31,	
	2012	2011
Checking deposits	$ 40,666,444	$ 40,981,304
Demand deposits	394,842,095	371,756,059
Time deposits	306,296,021	317,771,522
Negotiable certificates of deposit	11,178,400	12,337,400
Savings deposits	857,870,970	858,134,094
Outward remittances	28,606	22,153
Inward remittances	2,425,198	1,753,705
Total	$ 1,613,307,734	$ 1,602,756,237

17) Financial bonds payable

To strengthen the Bank's capital adequacy ratio and to finance medium- and long-term operating capital, on October 3, 2002, November 14, 2003, June 24, 2005, August 18, 2006, February 29, 2008, February 27, 2009, June 25, 2010, February 25, 2011 and February 24, 2012, the Board of Directors of the Bank resolved to issue senior and subordinated financial bonds with the quotas of $30, $20, $20, $20, $20, $8, $8, $10, and $15 billion New Taiwan dollars, respectively. The issuances of the financial bonds were approved by the MOF and FSC. The subordinated financial bonds take precedence over shareholders but rank junior in payment order to the other creditors in the event of liquidation. The detailed terms of each issuance are listed as follows:

	First to Ninth Issues, 2003
Issue date	January 20, February 25, May 2, September 10, October 27, and November 13, 2003 (maturity: on January 10, 2011)
Issue amount	NT$24.8 billion (NT$24.8 billion has been paid back)
Issue price	At par
Coupon rate	Part of interest rates is fixed rate of 2.9%, and the rest is either floating rates or inverse floating rates with the minimum yield rate of 0%. Interest rate indexes are USD 6M LIBOR, 90-day commercial paper rates or IRS rates.
Interest and repayment terms	For the fixed rates, interest is paid annually. For the floating rates, interest is paid either quarterly or semi-annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	4 years to 8 years

	First Issue, 2004
Issue date	May 25, 2004 (maturity: on May 25, 2011)
Issue amount	NT$4 billion (NT$4 billion has been paid back)
Issue price	At par
Coupon rate	Part of interest rates is fixed rate of 4%, and the rest is floating rate with the minimum yield rate of 0%. Interest rate indexes are USD 6M LIBOR.
Interest and repayment terms	Interest is paid semi-annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	First to Third Issues, 2006
Issue date	April 24, July 27 and December 4, 2006
Issue amount	NT$14 billion (NT$7.2 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	Part are with fixed rate (2.4%~3.16%), and others are with floating rate. Interest rate indexes are 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. Simple interest is adopted. The principal is to be paid pursuant to face value at maturity. Fixed rate: Interest is paid annually. Simple interest is adopted. 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 and December 24, 2008
Issue amount	NT$8.7 billion
Issue price	At par
Coupon rate	Part are with fixed rate (3.0%~3.10%), and others are with floating rate. Interest rate indexes are 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. Simple interest is adopted. The principal is to be paid pursuant to face value at maturity. Fixed rate: Interest is paid annually. Simple interest is adopted. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 years

	First to Third 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. Simple interest is adopted. 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 and 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. Simple interest is adopted. 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 and 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. Simple interest is adopted. The principal is to be paid pursuant to face value at maturity.
Maturity period	7 / 10 years

As of December 31, 2012 and 2011, interest rates of the above financial bonds ranged from 0% to 3.16% and 0% to 3.393%, respectively.

As of December 31, 2012 and 2011, the outstanding balances of the above mentioned financial bonds amounted to $58.8 billion and $45 billion New Taiwan dollars, respectively. In addition, among the above financial bonds, interest rate risk associated with the subordinated financial bonds with face value of $16.1 billion New Taiwan dollars as well as the senior financial bonds with face value of $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 a measurement or recognition inconsistency.

18) Accrued pension liabilities

A. The Bank has a defined benefit pension plan set up in accordance with the Labor Standards Law, covering all regular employees whose services are prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who choose continuously to apply the Labor Standards Law 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 it is subject to a maximum of 45 points. The Bank makes contribution monthly based on 10% of salaries and such contributions are deposited in the designated pension account at the Trust Department of Bank of Taiwan under the names of the respective companies' independent retirement fund committees. The Bank recognized net pension costs of $781,018 and $687,132 for the years ended December 31, 2012 and 2011, respectively. As of December 31, 2012 and 2011, the balances of the pension fund deposited in the Bank of Taiwan were $5,772,892 and $5,369,294, respectively.

B. Actuarial assumptions are listed below:

	2012	2011
Discount rate	1.50%	1.60%
Rate of increase in salaries	1.50%	1.50%
Expected rate of return on plan assets	1.50%	1.60%

C. Funded status of the pension plan:

	December 31,	
	2012	2011
Benefit obligation		
Vested benefit obligation	$ 6,862,057	$ 6,199,149
Non-vested benefit obligation	1,768,567	1,764,707
Accumulated benefit obligation	8,630,624	7,963,856
Effect of future salary increments	1,618,521	1,560,345
Projected benefit obligation	10,249,145	9,524,201
Fair value of plan assets	(5,722,892)	(5,415,762)
Funded status	4,526,253	4,108,439
Unrecognized gain on plan assets	(2,391,821)	(2,252,857)
Additional accrued pension liabilities	773,300	692,512
Accrued pension liabilities	$ 2,907,732	$ 2,548,094
Vested benefit	$ 7,839,061	$ 7,175,025

D. Net pension costs:

	For the years ended December 31,	
	2012	2011
Service cost	$ 650,089	$ 595,995
Interest cost	150,600	163,789
Expected return on plan assets	(88,806)	(104,294)
Amortization	69,135	31,642
Net pension costs	$ 781,018	$ 687,132

E. Effective July 1, 2005, the Bank established a funded defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Employees have the option to be covered under the New Plan. Additionally, the Bank contributes monthly an amount no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The pension can be paid out on a monthly basis or in a lump sum with the amounts determined by the employees' individual pension accounts and the accumulated benefits. The pension costs under defined contribution pension plan for the years ended December 31, 2012 and 2011 were $107,206 and $100,586, respectively.

F. Provision of $9,817 and $9,335 for the years ended December 31, 2012 and 2011 were made by overseas branches according to the local regulations.

G. The excess interest of employee deposits due to the preferential interest rate being higher than the average market rate is recognized as interest expense when the payment is made to the employees. Other relevant liabilities should be accrued in the appropriate period.

19) Other financial liabilities

	December 31,	
	2012	2011
Appropriated loan fund	$ 84,002	$ 124,577
Derivative financial liabilities for hedging	44,584	110,978
Structured deposits	26,280,378	17,551,918
Lease payables	127,826	158,605
Total	$ 26,536,790	$ 17,946,078

A. The fair value hedge of derivative financial liabilities and related disclosure information were as follows:

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

	Designated hedging instruments		
		Fair value	Fair value
Hedged item	Designated hedging instruments	December 31, 2012	December 31, 2011
Fixed-rate loans	Interest rate swap contracts	($ 44,584)	($ 110,978)

B. Nature of derivative financial instruments held for hedging and related contract information were as follows:

	December 31, 2012		December 31, 2011	
Derivative financial instruments	Contract amount (Notional principal)	Credit risk	Contract amount (Notional principal)	Credit risk
Non-trading purpose				
Interest rate swap contracts	$ 718,053	$ -	$ 1,203,132	$ -

20) Other liabilities

	December 31,	
	2012	2011
Reserve for land revaluation increment tax	$ 5,713,259	$ 5,529,705
Guarantee deposits received	1,024,454	1,106,840
Collections in advance	1,169,695	910,782
Reserve for losses on guarantees	552,122	559,872
Others	152,840	286,541
Total	$ 8,612,370	$ 8,393,740

The (gain) expense of (reversal) provision on reserve for losses on guarantees for the years ended December 31, 2012 and 2011 were ($7,377) and $394,269, respectively.

21) Common stock

A. As of December 31, 2012 and 2011, the Bank′s authorized and issued capital was $62,720,000 and $58,700,000, respectively, consisting of outstanding 6,272,000 thousand shares and 5,870,000 thousand shares of common stock with $10 (in dollars) par value per share.

B. On April 22, 2011, the Bank’s Board of Directors has approved and on behalf of stockholders resolved to increase capital through unappropriated earnings amounting to $3,210,000 by issuing 321,000 thousand shares with a par value of $10 (in dollars per share) on June 27, 2011. The capital increase was under the approval of Jin-Quan-Zheng-Fa Letter No. 1000034243, and the effective date was set on August 24, 2011. The Bank has completed the registration and the total capital was $52,700,000 after the capital increase.

C. In order to strengthen the Bank’s capital structure and increase capital adequacy ratio, the Board of Directors has approved and resolved on behalf of stockholders to raise capital by $15,000,000 on August 19, 2011 and the resolution was adopted to issue 600,000 thousand shares at a premium price of $25 in dollars per share (face value is at $10 in dollars per share) via private placement effective September 30, 2011. Following the capital increase, total issued capital amounted to $58,700,000. The related registration of the capital increase has been completed. The above capital increase was approved and evidenced by the Explanatory Letter Jin-Guan-Yin Kong Letter No.10000305200 of the FSC.

D. The Board of Director has approved on April 20, 2012 and resolved on June 29, 2012 to increase capital through unappropriated earnings amounting to $4,020,000 on behalf of stockholders’ meeting by issuing 402,000 thousand common stocks with par value of $10. Following the capital increase, total issued capital amounted to $62,720,000. The effective date for capital increase was set on September 5, 2012 with registration completed. The capital increase has been approved though Jin-Guan-Zheng-Fa Letter No. 1010034150.

22) Share-based payment – employee indemnification plan

The following share-based payment is the 15 % cash capital increase reserved for employees provided by the parent company, First Financial Holding Co., Ltd., pursuant to Art. 267.1 of the Company Law.

A. As of December 31, 2011, the Bank’s share-based payment transactions are set forth below：

Type of arrangement	Grant date	Quantity (stock) granted	Vesting condition
Cash capital increase reserved for employees	August 24, 2011	103,361,900 shares	Vested immediately

B. Relevant salary expenses for share-based payment and capital reserve were both $206,723.

23) Additional paid-in capital

A. Additional paid-in capital mainly includes capital in excess of par value on issuance of common stock and donation income.

B. As required by Company Law, additional paid-in capital resulting from price received in excess of par value of the issuance of capital stock and donation income received may not only be used to offset the accumulated deficit but also to issue new shares or distribute cash dividends in proportion to the original number of shares being held by shareholders provided there is no accumulated deficit. 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 annually. A company should not use the capital reserve to cover its capital loss, unless the surplus reserve is insufficient.

C. As of December 31, 2012 and 2011, the Bank's additional paid-in capital is as follows:

	December 31, 2012	December 31, 2011
Stock premium	$ 19,460,326	$ 19,460,326
Share-based payment (Note)	209,403	209,403
Total	$ 19,669,729	$ 19,669,729

Note: The above share-based payment has included subsidiaries.

24) Legal reserve

According to the Company Law, the legal reserve is to be used exclusively to offset any deficit or to increase capital by issuing new shares or distribute cash dividends according to original shareholders in proportion to the number of shares being held by each of them and is not to be used for any other purposes. For the legal reserve to be used for issuing new shares or distributing cash dividends, only the portion of legal reserve which exceeds 25% of the paid-in capital may be capitalized or distributed.

25) 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.)

B. Dividend policy for the next three years

Banking industry 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.

If the legal reserve is less than the capital or the capital adequacy ratio is below the statutory ratio stipulated by the Banking Law, the maximum amount of cash dividend distribution has to be subject to the stipulations set out by the Banking Law and the governing authorities.

C. The appropriation of earnings for 2011 and 2010 had been approved at the shareholders' meetings (as resolved at the Board of Directors' meetings) on June 29, 2012 and June 27, 2011 respectively. Details of the appropriation of earnings for 2011 and 2010 are summarized as follows:

	Appropriation of earnings		Earnings per share (in dollars)	
	2011	2010	2011	2010
Legal reserve	$ 2,587,461	$ 1,901,701	$ -	$ -
Cash dividends on common stock	2,012,469	1,227,303	0.34	0.25
Stock dividends	4,020,000	3,210,000	0.69	0.65
	$ 8,619,930	$ 6,339,004	$ 1.03	$ 0.90

D. Information on the appropriation of the Bank's earnings as resolved at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

E. Estimated employees' bonus totaling $583,700 was recognized as operating expense in 2012. Having taken into account 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 $482,771 for the year ended December 31, 2011.

26) Other stockholders' equity adjustments

The revaluation increments of land will adjust the original subject asset accounts, other liability account - reserve for land revaluation increment tax and other stockholders' equity account - unrealized revaluation increments. Upon disposal, the Bank will reverse other liabilities - reserve for land revaluation increment tax and other stockholders' equity - unrealized revaluation increments accounts and recognize the disposal gain or loss.

27) Asset impairment losses

	For the years ended December 31,	
	2012	2011
Available-for-sale financial assets	$ -	$ 306,642
Held-to-maturity financial assets	11,453	59,640
Foreclosed assets recovery gain	(2,443)	(14,283)
Total	$ 9,010	$ 351,999

28) Other non-interest income or losses

	For the years ended December 31,	
	2012	2011
Profit from financial assets carried at cost	$ 162,708	$ 144,750
Net rental income	236,766	238,499
Gain from disposal of property and equipment	317,385	94,994
Net other income or losses	(144,082)	(857,540)
Total	$ 572,777	($ 379,297)

29) Personnel expenses, depreciation and amortization

Personnel expenses, depreciation and amortization incurred for the years ended December 31, 2012 and 2011 are summarized as follows:

	For the years ended December 31,	
	2012	2011
Personnel expenses	$ 10,654,575	$ 10,244,177
Salaries	8,563,159	8,411,371
Employees' bonus	583,700	478,000
Labor and health insurance expense	407,639	387,814
Pension expense	898,041	797,053
Others	202,036	169,939
Depreciation	579,422	601,528
Amortization	123,433	161,740

30) Income tax

A. The details of income tax expense were as follows:

	For the years ended December 31,	
	2012	2011
Net changes in deferred income tax assets	($ 6,961)	$ 1,480,753
Income tax payable	1,381,817	333,292
Income tax expense - foreign branches and adjustment for (over) under provision of prior years' income tax expense	442,187	(297,394)
Income tax expense	$ 1,817,043	$ 1,516,651

B. Deferred income tax assets - net

As of December 31, 2012 and 2011, the income tax effects of temporary differences that gave rise to the deferred tax assets are as follows:

	December 31,			
	2012		2011	
	Amount	Tax effect	Amount	Tax effect
Temporary differences				
Allowance for doubtful accounts in excess of tax limits	$ 2,493,690	$ 423,927	$ 2,383,987	$ 405,278
Allowance for impairment losses of foreclosed assets	127,211	21,626	129,653	22,041
Loss carry forwards	-	-	1,060,590	180,300
Pension expense in excess of tax law limits	1,600,417	272,071	1,301,007	221,171
Foreign investment income recognized under equity method	(994,439)	(169,055)	(919,047)	(156,238)
Others	(169,619)	(28,834)	(139,318)	(23,684)
	$ 3,057,260	519,735	$ 3,816,872	648,868
Overseas branches		349,344		362,765
Deferred income tax assets		869,079		1,011,633
Allowance for deferred income tax assets		-		(149,515)
Deferred income tax assets-net		$ 869,079		$ 862,118

C. Imputation credit account for shareholders and its related information were as follows:

	December 31,	
	2012	2011
Balances of imputation credit account for shareholders	$ 82,607	$ 87,351
Estimated imputation credit ratio for earnings distribution	2.52%	0.73%

D. The balances of unappropriated earnings were as follows:

	December 31,	
	2012	2011
Unappropriated earnings generated after January 1, 1998	$ 13,640,598	$ 11,885,693

E. The Tax Authorities had assessed the Bank’s income tax returns through 2006. However, the Bank disagreed with the assessments in respect of interest income increase as a result of amortization of bond premiums and filed for reexamination for the 2004, 2005 and 2006 tax filing which is currently in administrative remedy process in accordance with the related laws and regulations.

31) Earnings per share

	For the year ended December 31, 2012				
	Amount		Weighted-average outstanding common stock	Earnings per share (in NT dollars)	
	Before tax	After tax	(In thousand shares)	Before tax	After tax
Net income	$12,191,878	$10,374,835	6,272,000	$ 1.94	$ 1.65

	For the year ended December 31, 2011				
	Amount		Weighted-average outstanding common stock	Earnings per share (in NT dollars)	
	Before tax	After tax	(In thousand shares)	Before tax	After tax
Net income	$10,141,520	$ 8,624,869	5,824,877	$ 1.74	$ 1.48

Retroactive adjustments of the above-mentioned weighted-average outstanding stocks have been made based on the proportion of unappropriated earnings transferred for capital increase for the year ended December 31, 2011.

32) Capital adequacy ratio

A. The minimum capital adequacy ratio, a measure of the adequacy of a bank's capital expressed as a percentage of its risk weighted credit exposures, is 8% as required by the Banking Law and other relevant rules and regulations in order to ensure a sound financial standing for banks. If the said ratio is less than the prescribed ratio, the bank's ability to distribute surplus profits may be restricted by the governing authority.

B. The capital adequacy ratio of the Bank was 11.51% and 10.94% as of December 31, 2012 and 2011, respectively.

4. Related party transactions

1) Details of related parties

Names of related parties	Relationship with the Bank
First Financial Holding Co., Ltd. (FFHC)	Parent company
Bank of Taiwan Co., Ltd.	FFHC's director (Note)
Golden Garden Investment Co., Ltd.	FFHC's director
Global Investments Co., Ltd.	FFHC's director
First Commercial Bank (USA)	Subsidiary of the Bank
FCB Leasing Co., Ltd. (FCBL)	Subsidiary of the Bank
First Insurance Agency Co., Ltd. (FIA)	Subsidiary of the Bank
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
Waterland Financial Holdings Co., Ltd.	The Bank is one of its directors.
14 people including Ching-Nain Tsai, etc.	Representatives of the Bank's directors
5 people including Hwey-Jane Lin, etc.	Representatives of the Bank's supervisors
241 people including Jin-Der Chiang, etc.	The Bank's managers (Took office on July 18, 2012)
34 people including Qin-Zhi Liu, etc.	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

Note: Bank of Taiwan was originally the supervisor of the parent company and was elected as a Director through the stockholders' meeting dated June 22, 2012.

2) Related party transactions and balances

A. Due from other banks

	As of and for the year ended December 31, 2012			
	Highest balance	Ending balance	Interest income	Annual interest rate (%)
Bank of Taiwan	$ 1,000,000	$ -	$ 21	0.388~0.88
First Commercial Bank (USA)	52,263	-	1	0.35~0.50
		$ -	$ 22	

	As of and for the year ended December 31, 2011			
	Highest balance	Ending balance	Interest income	Annual interest rate (%)
Bank of Taiwan	$ 10,000	$ 10,000	$ 24	0.88
First Commercial Bank (USA)	45,413	-	1	0.32~0.40
		$ 10,000	$ 25	

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

B. Due to other banks

	As of and for the year ended December 31, 2012			
	Highest balance	Ending balance	Interest expense	Annual interest rate (%)
Bank of Taiwan	$ 3,000,000	$ -	$ 32	0.388

	As of and for the year ended December 31, 2011			
	Highest balance	Ending balance	Interest expense	Annual interest rate (%)
Bank of Taiwan	$ 7,005,000	$ 5,000	$ 1,035	0.373~0.880

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

C. Deposits

	December 31,			
	2012		2011	
	Ending balance	Percentage of total deposits (%)	Ending balance	Percentage of total deposits (%)
FFHC	$ 867,636	0.05	$ 1,780,854	0.11
FALI	508,024	0.03	432,515	0.03
FS	265,394	0.02	213,450	0.01
FIA	249,130	0.02	192,190	0.01
FVC	95,181	0.01	304,284	0.02
Others (Note)	1,201,377	0.07	1,444,483	0.09
	$ 3,186,742	0.20	$ 4,367,776	0.27

The interest expenses paid to related parties above were $7,469 and $13,691 for the years ended December 31, 2012 and 2011, respectively.

Note: Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties, except that the savings interest rate applied for the Bank's directors, supervisors and managers is 13.00% per annum and each of their deposit balance is below $480.

D. Due from banks

	December 31,			
	2012		2011	
	Ending balance	Percentage of total deposits (%)	Ending balance	Percentage of total deposits (%)
First Commercial Bank (USA)	$ 21,345	0.14	$ 157,303	1.44
Bank of Taiwan	247,360	1.66	127,588	1.16
	$ 268,705	1.80	$ 284,891	2.60

E. Due to banks

	December 31,			
	2012		2011	
	Ending balance	Percentage of total deposits (%)	Ending balance	Percentage of total deposits (%)
First Commercial Bank (USA)	$ 400	0.11	$ 417	0.09

F. Loans

December 31, 2012

(Expressed in thousands of New Taiwan Dollars)

Items	Number or name of related party	Maximum balance for current period	Ending balance	Status of performance		Collateral	Difference with third parties in transaction terms
				Normal loans	Non-performing loans		
Consumer loans	26	$ 11,920	$ 10,448	$ 10,448	-	None	None
Residential mortgage loans	119	565,674	498,365	498,365	-	Real estate	None
Other loans	FCBL	1,580,000	1,470,000	1,470,000	-	Notes receivable from customers	None
Other loans	FFAM	330,000	330,000	330,000	-	Real estate	None
Other loans (Note)	3	407	77	77	-	Certificates of deposit	None

December 31, 2011

(Expressed in thousands of New Taiwan Dollars)

Items	Number or name of related party	Maximum balance for current period	Ending balance	Status of performance		Collateral	Difference with third parties in transaction terms
				Normal loans	Non-performing loans		
Consumer loans	27	$ 12,206	$ 11,964	$ 11,964	-	None	None
Residential mortgage loans	107	491,637	485,180	485,180	-	Real estate	None
Other loans	FCBL	1,108,263	844,464	844,464	-	Notes receivable from customers	None
Other loans	FFAM	137,000	-	-	-	Real estate	None
Other loans (Note)	3	576	565	565	-	Certificates of deposit	None

Interest income received from the above related parties was $16,665 and $9,644 for the years ended December 31, 2012 and 2011, respectively.

Note 1: Numbers are based on the information as of December 31, 2012 and 2011.

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.

G. Derivative transactions

December 31, 2012

(Expressed in thousands of New Taiwan Dollars)

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
Bank of Taiwan	Foreign exchange contracts	2012/4/27~2013/9/18	$3,193,850	$ 8,908	Valuation adjustment for trading assets – foreign exchange rate	$ 8,908
			871,050	(50,864)	Valuation adjustment for trading liabilities – foreign exchange rate	50,864
FALI	Foreign exchange contracts	2012/9/10~2013/3/11	31,102	(702)	Valuation adjustment for trading liabilities – foreign exchange rate	702
Mutual funds managed by FSIT	Foreign exchange contracts	2012/12/10~2013/1/31	2,903,500	(8,815)	Valuation adjustment for trading liabilities – foreign exchange rate	8,815

December 31, 2011

(Expressed in thousands of New Taiwan Dollars)

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
Bank of Taiwan	Foreign exchange contracts	2011/6/2~2012/3/16	$ 5,600,875	$ 105,931	Valuation adjustment for trading assets – foreign exchange rate	$105,931
FALI	Foreign exchange contracts	2011/7/12~2012/1/12	47,958	1,350	Valuation adjustment for trading assets – foreign exchange rate	1,350
Mutual funds managed by FSIT	Foreign exchange contracts	2011/12/6~2012/3/30	2,028,425	2,808	Valuation adjustment for trading assets – foreign exchange rate	2,808

Note 1: Gain (loss) on valuation for current period is based on the fair value evaluation of derivative instruments up to which quarter end of the current year.

Note 2: The period-end balance is the ending balance of financial assets or liabilities at fair value through profit or loss, and derivative financial assets or liabilities for hedging.

H. Receivables

	December 31, 2012	December 31, 2011
First Financial Holding Co., Ltd. (Note)	$ 1,138,132	$ 1,552,322

Note: Receivable as a result of consolidated income tax return filing of parent company.

I. Commission income and other income

	For the years ended December 31,	
	2012	2011
First Insurance Agency Co., Ltd.	$ 756,634	$ 478,345
First Securities Inc.	89,021	86,128
First Securities Investment Trust Co., Ltd.	41,869	36,807
First-Aviva Life Insurance Co., Ltd.	40,566	21,523
First P&C Insurance Agency	24,532	21,736
First Financial Holding Co., Ltd.	21,161	20,559
First Capital Management Inc.	14,650	14,042
First Financial Asset Management Co., Ltd.	4,447	3,670
FCB Leasing Co., Ltd.	3,768	3,599
Others	3,527	5,342
	$ 1,000,175	$ 691,751

Terms and conditions of the above transactions are executed based on contracts entered.

J. Rent and other expenses

	For the years ended December 31,	
	2012	2011
First Financial Asset Management Co., Ltd.	$ 115,521	$ 144,136
First Securities Inc.	53,061	53,260
FCB Leasing Co., Ltd.	11,917	15,966
First Financial Holding Co., Ltd.	8,063	7,963
Others	1,285	42,975
	$ 189,847	$ 264,300

Terms and conditions of above transactions are executed based on contracts entered.

K. Information on salaries and remunerations to the Bank's directors, supervisors, president and executive vice presidents

	2012	2011
Salaries	$ 27,584	$ 25,803
Bonus	9,511	5,924
Business expenses	16,718	13,793
Earnings distribution	1,881	1,174
Total	$ 55,694	$ 46,694

a. Salaries represent salary, extra pay for duty, pension and severance pay.

b. Bonus represents bonus and reward.

c. Business expenses represent transportation expense and extraneous charges.

d. Earnings distribution represents estimated bonus to be paid to employees.

5. Pledged assets

As of December 31, 2012 and 2011, the collateralized assets are listed below:

Assets	December 31, 2012	December 31, 2011	Purpose
Available-for-sale financial assets - bonds	$ 1,784,700	$ 1,806,600	Guarantees deposited with the court for provisional seizure and trust fund reserves.
Refundable deposits	508,521	657,088	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
Total	$ 2,293,221	$ 2,463,688	

6. Commitments and contingent liabilities

As of December 31, 2012 and 2011, the Bank has the following commitments and contingent liabilities:

1) Major commitments and contingent liabilities

	December 31	
	2012	2011
Unused loan commitments	$ 34,836,722	$ 41,507,871
Unused credit commitments for credit cards	53,132,007	48,522,874
Unused letters of credit issued	35,239,266	35,246,017
Guarantees	68,228,591	63,803,816
Collections receivable for customers	153,504,683	157,266,562
Collections payable for customers	92,219,839	71,274,210
Traveler's checks consignment-in	377,042	426,992
Guaranteed notes payable	55,827,977	32,456,176
Trust assets	693,477,178	664,902,832
Customers' securities under custody	316,587,861	330,853,363
Book-entry for government bonds under management	127,160,400	115,341,450
Depository for short-term marketable securities under management	55,552,718	80,093,300

2) Due to the earthquake giving rise to the collapse of Dongxing Building on September 21, 1999 residents including Xinchuan Yang in 2000 filed civil actions against Hong Cheng Building Co., Ltd., Hong Ku Construction Co., Ltd., (including their directors and supervisors) and the Bank and sought for compensation for damage. As of December 31, 2012, the civil action was still litigated by Taiwan High Court. As for the criminal liabilities, the Supreme Court has ruled employees of the Bank not guilty.

3) The Bank rented office spaces under operating leases. As of December 31, 2012, the estimated future lease commitments for the Bank were as follows:

Period	Amount
2013	$ 511,121
2014	415,074
2015	265,470
2016	188,793
2017 and thereafter	194,749
	$ 1,575,207

7. Significant losses from disasters

None.

8. Significant subsequent events

None.

9. Others

1) Disclosure of financial instruments

A. Fair value of financial instruments

Non-derivative financial instruments	December 31, 2012 Book value	December 31, 2012 Fair value	December 31, 2011 Book value	December 31, 2011 Fair value
Assets				
Financial assets with book value equal to fair value	$ 223,056,823	$ 223,056,823	$ 226,918,395	$ 226,918,395
Financial assets at fair value through profit or loss	10,557,344	10,557,344	4,469,269	4,469,269
Bills discounted and loans	1,429,197,217	1,429,197,217	1,346,878,428	1,346,878,428
Available-for-sale financial assets	70,435,968	70,435,968	70,812,945	70,812,945
Held-to-maturity financial assets	278,126,146	278,336,058	322,633,882	322,671,730
Other financial assets - bond investments with no active market	169,378	174,604	401,645	399,877
Liabilities				
Financial liabilities with book value equal to fair value	218,017,807	218,017,807	233,456,742	233,456,742
Financial liabilities at fair value through profit or loss	17,884,120	17,884,120	18,057,960	18,057,960
Deposits and remittances	1,613,307,734	1,613,307,734	1,602,756,237	1,602,756,237
Financial bonds payable	42,700,000	42,700,000	27,700,000	27,700,000
Other financial liabilities - structured deposits	26,280,378	26,280,378	17,551,918	17,551,918

Derivative financial instruments	December 31, 2012 Book value	December 31, 2012 Fair value	December 31, 2011 Book value	December 31, 2011 Fair value
Assets				
Non-hedge				
FX contracts (swaps and forwards)	$ 960,480	$ 960,480	$ 1,910,416	$ 1,910,416
FX margin trading	200,777	200,777	275,870	275,870
Non-delivery forwards	1,314	1,314	1,719	1,719
FX options held	705,902	705,902	3,135,163	3,135,163
Interest rate swap options held	-	-	275,890	275,890
Commodity options held	173,625	173,625	134,469	134,469
Cross currency swap contracts (excluding the notional principal)	35,182	35,182	1,234,731	1,234,731
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	2,533,878	2,533,878	3,654,889	3,654,889
Commodity swap contract held	2,074	2,074	-	-
Futures trading	155,949	155,949	175,687	175,687
Liabilities				
Non-hedge				
FX contracts (swaps and forwards)	1,274,086	1,274,086	549,180	549,180
FX margin trading	5,391	5,391	246	246
Non-delivery forwards	4,018	4,018	993	993
FX options written	708,562	708,562	2,899,600	2,899,600
Interest rate swap options written	93,679	93,679	511,732	511,732
Commodity options written	173,625	173,625	325,649	325,649
Cross currency swap contracts (excluding the notional principal)	664,381	664,381	331,428	331,428
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	1,985,767	1,985,767	2,985,238	2,985,238
Commodity swap contract issued	2,074	2,074	-	-
Hedge				
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	44,584	44,584	110,978	110,978

B. Methods and assumptions used by the Bank to measure the fair value of financial instruments are summarized as follows:

a. Due to future payment or receipt of the following financial instruments are approximately closed to their carrying amounts or the maturities are approximately close, the carry amount is used to determine the fair value at the balance sheet date. This method applies to cash and cash equivalents, due from the Central Bank and call loans to banks, bills and bonds sold under resale agreements, receivables (after deduction of allowance of doubtful debt), inward remittance, deposits-out, due to the Central Bank and financial institutions, funds borrowed from the Central Bank and other banks, bills and bonds purchased under repurchase agreements and bond liabilities, payables, deposits-in, other financial liabilities and so on.

b. When there is quoted market price in an active market like trade price, closing price or public referenced price for financial assets at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, bond investments with no active market, the fair value is determined using the aforementioned market price. When there is no market price available for reference, the fair value is determined by using the valuation method that the market participant would use, such as the discounted cash flow method for bonds or the observable input used in the valuation model according to the available market data (for example: interest rate, yield curve, volatility rate and etc.).

c. Bills discounted and loans and deposit are interest bearing assets or liabilities, and their carrying amounts are considered to approximate their fair value. The carrying amount of the non-accrual loan is the recoverable amount minus the allowance for bad debt. Therefore, the carrying amount is deemed as the fair value.

d. Stock investments accounted for under the equity method are all unlisted stocks with no active market quotation. The variation interval of the fair value estimates is not very low and ratio of each estimate in the variation intervals cannot be reasonably evaluated. While the fair value cannot be reliably measured, the carrying amount is determined based on the reasonable basis used to estimate the fair value.

e. Financial instruments carried at cost are the securities not traded in Taiwan Stock Exchange (TSE) or OTC, and at the same time, with no significant influence or those derivatives indexed with the securities and settled by the securities, which shall be carried at cost according to the “Regulation Governing the Preparation of Financial Reports by Public Banks”.

f. Financial bonds payables are the subordinated financial bonds issued by the Bank, of which the fair value is estimated by the discounted cash flow, approximating its carrying amount. The discount rates, ranging from 1.111% to 3.160%, are based on the interest rate of those with similar maturities.

g. Financial derivatives without quoted market price in an active market, discounted cash flow method is adopted for forward contract and interest rate swap contract and Black- Scholes model, binomial valuation or Monte Carlo method are adopted for options.

h. The Bank separately calculates the fair value of individual forward contract based on the forward interest rate at individual maturity according to the foreign exchange rate indicated by the Reuters. The fair value of interest rate swap contract and cross currency swap contract, except that interest rate swap contract and cross currency swap contract use the quoted market price from the counterparties , is evaluated based on individual contract. Above quoted price is consistently adopted and assessed based on the price-determining interest rate of the risk factor varied by contract currency.

C. Fair value hierarchy of financial instruments:

a. The three levels of financial instruments measured at fair value are defined as follows:

Level 1: In accordance with R.O.C SFAS No. 34, if the market for the financial instrument is active, the fair value of the financial instrument is represented by the quoted prices for identical instruments. An active market refers to a market that meets all of the following conditions：

a) The financial instruments traded in the market are homogeneous;

b) Willing sellers and buyers can be found anytime;

c) The price information is available to the public.

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.

Level 3: The inputs adopted to measure fair value at this level are not based on observable market data.

b. Information of the three levels of financial instruments measured at fair value was as follows：

	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 purposes				
Stock investments	$ 107,330	$ 107,330	$ -	$ -
Bond investments	7,193,461	788,239	6,405,222	-
Others	2,353,951	1,258,032	1,095,919	-
Financial instruments designated at fair value at initial recognition	902,602	-	902,602	-
Available-for-sale financial assets				
Stock investments	11,669,416	11,669,416	-	-
Bond investments	56,485,177	3,005,092	53,480,085	-
Others	2,281,375	-	2,281,375	-
Other financial assets				
Bond investments with no active market	174,604	-	174,604	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities for trading purpose				
Others	1,256,823	1,256,823	-	-
Financial instruments designated at fair value at initial recognition	16,627,297	-	16,627,297	-
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 financial liabilities for hedging	44,584	-	44,584	-
Total	$ 108,777,384	$ 18,240,881	$ 88,863,653	$ 1,672,850

	December 31, 2011			
	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 purposes				
Stock investments	$ 51,406	$ 51,406	$ -	$ -
Bond investments	876,112	663,784	212,328	-
Others	649,125	-	649,125	-
Financial instruments designated at fair value at initial recognition	2,892,626	-	2,892,626	-
Available-for-sale financial assets				
Stock investments	11,467,998	11,467,998	-	-
Bond investments	58,436,609	651,876	57,115,935	668,798
Others	908,338	-	756,943	151,395
Other financial assets				
Bond investments with no active market	399,877	-	399,877	-
Liabilities				
Financial liabilities at fair value through profit or loss	18,057,960	-	18,057,960	-
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 financial liabilities for hedging	110,978	-	110,978	-
Total	$ 112,253,929	$ 13,010,751	$ 92,642,392	$ 6,600,786

c. Movements of financial assets and liabilities measured at fair value classified as level 3 were as follows:

December 31, 2012							
Movements of financial assets measured at fair value classified as level 3							
Item	Beginning balance	Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' equity	Addition		Reduction		Ending balance
			Purchased or issued	Transferred into Level 3	Sold, disposed or settled	Transferred out of Level 3	
Non-derivative financial instruments							
Available-for-sale financial assets	$ 820,193	($ 19,204)	$ 1,637,117	$ -	$ 392,412	$2,045,694	$ -
Derivative financial assets							
Financial assets at fair value through profit or loss	3,070,859	(2,273,054)	573,387	-	393,503	-	977,689
Total	$ 3,891,052	($ 2,292,258)	$ 2,210,504	$ -	$ 785,915	$2,045,694	$ 977,689

December 31, 2012							
Movements of financial liabilities measured at fair value classified as level 3							
Item	Beginning balance	Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' equity	Addition		Reduction		Ending balance
			Purchased or issued	Transferred into Level 3	Sold, disposed or settled	Transferred out of Level 3	
Derivative financial liabilities							
Financial liabilities at fair value through profit or loss	$ 2,709,734	($ 2,264,142)	$ 795,216	$ -	$ 545,647	$ -	$ 695,161
Total	$ 2,709,734	($ 2,264,142)	$ 795,216	$ -	$ 545,647	$ -	$ 695,161

December 31, 2011							
Movements of financial assets measured at fair value classified as level 3							
Item	Beginning balance	Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' equity	Addition		Reduction		Ending balance
			Purchased or issued	Transferred into Level 3	Sold, disposed or settled	Transferred out of Level 3	
Non-derivative financial instruments							
Available-for-sale financial assets	$ 828,107	$ 11,760	$ 1,030,878	$ -	$ 1,050,552	$ -	$ 820,193
Derivative financial assets							
Financial assets at fair value through profit or loss	116,298	2,071,158	1,115,999	-	232,596	-	3,070,859
Total	$ 944,405	$ 2,082,918	$ 2,146,877	$ -	$ 1,283,148	$ -	$ 3,891,052

December 31, 2011							
Movements of financial liabilities measured at fair value classified as level 3							
Item	Beginning balance	Valuation gain (loss) recognized as gain (loss) of the period or as stockholders' equity	Addition		Reduction		Ending balance
			Purchased or issued	Transferred into Level 3	Sold, disposed or settled	Transferred out of Level 3	
Derivative financial liabilities							
Financial liabilities at fair value through profit or loss	$ 95,343	$ 1,801,220	$ 1,120,836	$ -	$ 307,665	$ -	$ 2,709,734
Total	$ 95,343	$ 1,801,220	$ 1,120,836	$ -	$ 307,665	$ -	$ 2,709,734

D. Fair values of the Bank's financial assets and liabilities determined directly by the quoted market price in an active market and by valuation techniques are analyzed as follows:

	Quoted market price		Amount estimated by a valuation technique	
Non-derivative financial instruments	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Assets				
Financial assets with book value equal to fair value	$ -	$ -	$ 223,056,823	$ 226,918,395
Financial assets at fair value through profit or loss	2,153,600	715,190	8,403,744	3,754,079
Bills discounted and loans	-	-	1,429,197,217	1,346,878,428
Available-for-sale financial assets	14,674,508	12,119,874	55,761,460	58,693,071
Held-to-maturity financial assets	1,317,833	1,197,067	277,018,225	321,474,663
Other financial assets - bond investments with no active market	-	-	174,604	399,877
Liabilities				
Financial liabilities with book value equal to fair value	-	-	218,017,807	223,456,742
Financial liabilities at fair value through profit or loss	1,256,823	-	16,627,297	18,057,960
Deposits and remittances	-	-	1,613,307,734	1,602,756,237
Financial bonds payable	-	-	42,700,000	27,700,000
Other financial liabilities - structured deposits	-	-	26,280,378	17,551,918

Derivative financial instruments	Quoted market price		Amount estimated by a valuation technique	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Assets				
Non-hedge				
FX contracts (swaps and forwards)	$ -	$ -	$ 960,480	$ 1,910,416
FX margin trading	-	-	200,777	275,870
Non-delivery forwards	-	-	1,314	1,719
FX options held	-	-	705,902	3,135,163
Interest rate swap options held	-	-	-	275,890
Commodity options held	-	-	173,625	134,469
Cross currency swap contracts (excluding the notional principal)	-	-	35,182	1,234,731
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	-	-	2,533,878	3,654,889
Commodity swap contract held	-	-	2,074	-
Futures trading	155,949	175,687	-	-
Liabilities				
Non-hedge				
FX contracts (swaps and forwards)	-	-	1,274,086	549,180
FX margin trading	-	-	5,391	246
Non-delivery forwards	-	-	4,018	993
FX options written	-	-	708,562	2,899,600
Interest rate swap options written	-	-	93,679	511,732
Commodity options written	-	-	173,625	325,649
Cross currency swap contracts (excluding the notional principal)	-	-	664,381	331,428
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	-	-	1,985,767	2,985,238
Commodity swap contract issued	-	-	2,074	-
Hedge				
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	-	-	44,584	110,978

E. The Bank has recognized $141,252 and $8,250,256 of current net loss on changes in fair value arising from valuation techniques for the years ended December 31, 2012 and 2011, respectively.

F. As of December 31, 2012 and 2011, the Bank has financial assets with fair value risk arising from interest rate changes amounting to $62,589,301 and $57,996,658, respectively.

G. As of December 31, 2012 and 2011, the Bank has financial assets with cash flow risk arising from interest rate changes amounting to $5,359,546 and $6,055,218, respectively.

H. For the years ended December 31, 2012 and 2011, the Bank has recognized interest income from the financial assets or financial liabilities not at fair value through profit or loss amounting to $35,595,809 and $33,073,697, respectively. The Bank has recognized interest expenses from the financial assets or financial liabilities not at fair value through profit or loss amounting to $12,593,229 and $12,312,490, respectively. The Bank has recognized the change in fair value of available-for-sale financial assets and has recorded it as an adjustment account in the stockholders' equity amounting to $3,650,093 and $2,917,126, respectively, and the amount of the gain on fair value change reclassified from the stockholders' equity into the statement of income was $264,096 and $705,922 for the years ended December 31, 2012 and 2011, respectively.

I. Risk management and hedging strategy (including financial hedge)

   a. The Bank engages in risk management and hedge under the principles of not only serving customers but also conforming to the Bank's operating goal, overall risk tolerance limit, and legal compliance to achieve risk diversification, risk transfer, and risk avoidance, and to maximize the benefits of customers, shareholders, and employees. The Bank mainly faces the credit risk, market risk (including the interest rate, foreign exchange rate, equity securities, and instrument risk), operational risk, and liquidity risk regardless whether they are on or off balance sheets.

   b. The Bank's Board of Directors has the ultimate approval right in risk management. Major risk management items that include the bank-wide risk management policy, risk tolerance limit, and authority must be approved by the Board of Directors. Under the Board of Directors, there is the Risk Management Committee, which is responsible for reviewing, supervising, reporting, and coordinating bank-wide risk management. Besides, Risk Management Center, which is independent from business units, is comprised of Regional Center, Risk Management Division, Credit Approval Division, Special Asset Management Division and Credit Analysis Division, and is responsible for implementing the risk management strategy of the Bank.

   c. The goal of market risk management of the Bank is to achieve optimal risk position, maintain proper liquidity position, and manage all market risk centralized by considering the economic environment, competition condition, market value risk, and impact on net interest income. In order to achieve this goal, the Bank's hedge activities concentrate on risk transfer and risk management of net interest income and market value risk. The Bank sets the strategy of fair value hedge of interest rate exposure according to the fund transfer pricing principle. The Bank primarily uses interest rate swaps to hedge fair value changes, and also hedges the interest rate exposure of partial fixed-rate loans and fixed-rate liabilities.

J. Financial risk information

a. Market risk

The Bank sets the specific trade period, position limit, and stop loss limit for its investments in marketable securities according to different degrees of risk for each specific product. The Bank monitors those limitations by various risk indicators such as value at risk and DV01, etc. In addition, the Bank periodically conducts the risk sensitivity analysis of bank-wide positions.

Each derivative financial instrument transaction undertaken by the Bank has been set Greeks, the open aggregate position limit and maximum loss tolerance amount to control the market risk of derivative financial instruments within the Bank's tolerance. In addition, the profit or loss arising from fluctuations in the market interest rate or foreign exchange rate will be substantially offset by the profit or loss from hedged items, and thus those instruments would not expose the Bank to the significant market risk.

The Bank calculates the capital requirements of financial instruments in compliance with the Standardized Approach, and the estimated values of the risk-weighted assets are stated as follows:

Type of market risk	December 31, 2012	December 31, 2011
Interest rate risk	$ 891,075	$ 1,041,255
Equity position risk	325,700	260,267
Foreign exchange risk	350,075	43,962
Value-at-Risk	8,049	-

b. Credit risk

Financial instruments held by the Bank may incur losses if counterparties are not able to fulfill their obligations at the maturity date. In order to prevent investments from significant credit risk concentration, the Bank sets up the upper credit tolerance limits for investment in stocks by industries and conglomerates. Bond investments are primarily composed of government bonds, financial bonds, and investment-grade corporate bonds. Each corporate bond is reviewed individually to control the credit risk.

Counterparties in the Bank's derivative financial instrument transactions are all financial institutions with good credit ratings. The Bank controls credit exposures of its counterparties by giving different risk limits to different counterparties based on their credit ratings.

The credit risk amounts stated below are for those with positive fair values as of the balance sheet date and those contracts with off-balance sheet commitments and guarantees.

For all financial instruments held by the Bank, the maximum credit exposures were as follows:

Financial instruments	December 31, 2012 Book value	December 31, 2012 Maximum credit exposure
Non-derivative financial instruments		
Financial assets held for trading purpose		
Bonds	$ 7,193,461	$ 7,193,461
Short-term bills	1,095,919	1,095,919
Financial assets designated for trading purpose		
Bonds	902,602	902,602
Bills discounted and loans	1,429,197,217	1,429,197,217
Available-for-sale financial assets		
Bonds	56,485,177	56,485,177
Beneficiary certificates	9,687	9,687
Other marketable securities	2,271,688	2,271,688
Held-to-maturity financial assets	278,126,146	278,126,146
Bond investments with no active market		
Bonds	169,378	169,378
Derivative financial instruments		
Non-hedging purpose		
FX contracts (swaps and forwards)	960,480	960,480
FX margin trading	200,777	200,777
Non-delivery forwards	1,314	1,314
FX options held	705,902	705,902
Commodity options held	173,625	173,625
Cross currency swap contracts (excluding the notional principal)	35,182	35,182
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	2,533,878	2,533,878
Commodity swap contract held	2,074	2,074
Futures trading	155,949	155,949
Unused letters of credit issued and guarantees	-	103,467,857

Note: The maximum credit exposure of derivative instruments stated is for those with positive fair values.

Financial instruments	December 31, 2011 Book value	Maximum credit exposure
Non-derivative financial instruments		
Financial assets held for trading purpose		
Bonds	$ 876,112	$ 876,112
Short-term bills	649,125	649,125
Financial assets designated for trading purpose		
Bonds	2,892,626	2,892,626
Bills discounted and loans	1,346,878,428	1,346,878,428
Available-for-sale financial assets		
Bonds	58,436,609	58,436,609
Short-term bills	149,861	149,861
Beneficiary certificates	13,682	13,682
Other marketable securities	744,795	744,795
Held-to-maturity financial assets	322,633,882	322,633,882
Bond investments with no active market		
Bonds	367,311	367,311
Beneficiary securities	34,334	34,334
Derivative financial instruments		
Non-hedging purpose		
FX contracts (swaps and forwards)	1,910,416	1,910,416
FX margin trading	275,870	275,870
Non-delivery forwards	1,719	1,719
FX options held	3,135,163	3,135,163
Interest rate swap options held	275,890	275,890
Commodity options held	134,469	134,469
Cross currency swap contracts (excluding the notional principal)	1,234,731	1,234,731
Interest rate related contracts (interest rate swaps and asset swaps excluding the principal of bonds)	3,654,889	3,654,889
Futures trading	175,687	175,687
Unused letters of credit issued and guarantees	-	99,049,833

Note: The maximum credit exposure of derivative instruments stated is for those with positive fair values.

The credit exposure amounts stated above are for those with positive fair values as of the balance sheet date and those contracts with off-balance sheet commitments and guarantees. There will be a significant concentration of credit risk when the counterparty of the financial instruments is highly concentrated in a single customer or a group of counterparties who engage mostly in similar business activities with similar economic nature, and such business activities make their abilities to fulfill the contractual obligations influenced similarly by the economic affairs or other situations. The Bank does not engage in transactions that are concentrated significantly in a single customer or counterparty. However, the information on concentrations of credit risks, which represents up to 5% of the Bank’s loans, bills discounted, and non-accrual loans, is classified below by counterparties and regions:

	December 31, 2012	
	Book value	Maximum credit exposure
Loans by industries		
Private enterprises	$ 713,373,283	$ 713,373,283
Private individual	441,910,286	441,910,286
Offshore entities	196,377,549	196,377,549
Government institutions	77,906,384	77,906,384
State-owned enterprises	14,073,000	14,073,000
Non-profit organizations	1,548,975	1,548,975
Total	$ 1,445,189,477	$ 1,445,189,477
Loans by regions		
Asia	$ 1,383,435,804	$ 1,383,435,804
Europe	9,041,607	9,041,607
North America	41,406,316	41,406,316
Oceania	11,305,750	11,305,750
Total	$ 1,445,189,477	$ 1,445,189,477

	December 31, 2011	
	Book value	Maximum credit exposure
Loans by industries		
Private enterprises	$ 679,565,939	$ 679,565,939
Private individual	408,682,110	408,682,110
Offshore entities	171,587,264	171,587,264
Government institutions	64,455,431	64,455,431
State-owned enterprises	34,375,251	34,375,251
Non-profit organizations	2,098,163	2,098,163
Total	$ 1,360,764,158	$ 1,360,764,158
Loans by regions		
Asia	$ 1,311,233,908	$ 1,311,233,908
Europe	7,267,263	7,267,263
North America	35,696,958	35,696,958
Oceania	6,566,029	6,566,029
Total	$ 1,360,764,158	$ 1,360,764,158

c. Liquidity risk

Stocks traded by the Bank are all listed on the Taiwan Stock Exchange or the OTC Securities Market. Thus, these stocks have high liquidity and are expected to be sold at fair value promptly when needed. Bonds that the Bank holds are primarily government bonds and their liquidity is within an acceptable range. As a result, the Bank does not have significant liquidity risk.

For the derivative financial instruments held by the Bank, all positions have an active market and high liquidity (except for those financial bonds issued by the Bank and structured with interest rate swap contracts, which have no need for further swaps). Thus, there is no significant concern for liquidity risk.

The liquid reserve ratio for the Bank is 20.54%. In addition, the Bank's capital and working capital are sufficient to fulfill all obligations. Thus, there is no material liquidity risk that the Bank may fail to meet the obligation.

d. Cash flow risk and fair value risk arising from changes in interest rates

In order to stabilize the long-term profitability and maintain the business growth, the Bank sets a certain interval for each interest-rate-sensitivity indicator.

As of December 31, 2012 and 2011, the effective interest rates of main currencies for financial instruments held or issued by the Bank were as follows:

	December 31, 2012							
Financial instruments	NTD	USD	HKD	SGD	EUR	AUD	CAD	CNY
Available-for-sale financial assets								
Government bonds	1.24%	1.80%	0.05%	-	-	-	-	0.93%
Financial bonds	-	1.65%	-	-	0.95%	-	-	3.36%
Corporate bonds	1.85%	1.20%	-	-	-	-	-	4.15%
Other marketable securities	-	1.54%	-	-	-	-	1.47%	-
Held-to-maturity financial assets								
Government bonds	-	1.19%	-	-	-	-	-	-
Financial bonds	1.83%	1.64%	2.06%	-	2.04%	4.68%	-	5.06%
Corporate bonds	1.60%	2.22%	2.62%	-	-	-	-	4.45%
Short-term bills	1.27%	0.55%	-	0.26%	-	-	-	3.13%
Loans and advances								
Short-term loans	1.98%	2.30%	-	-	-	-	-	-
Mid-term loans	2.03%	2.48%	-	-	-	-	-	-
Long-term loans	2.19%	2.45%	-	-	-	-	-	-
Financial bonds payable	2.02%	-	-	-	-	-	-	-
Deposit								
Demand deposit	0.25%	0.06%	-	-	-	-	-	-
Time deposit	1.34%	1.00%	-	-	-	-	-	-
Convertible deposit	0.92%	-	-	-	-	-	-	-

	December 31, 2011						
Financial instruments	NTD	USD	HKD	SGD	EUR	AUD	CAD
Available-for-sale financial assets							
Government bonds	1.32%	1.25%	4.33%	-	-	-	-
Financial bonds	-	1.41%	-	-	1.83%	5.86%	-
Corporate bonds	-	1.25%	-	-	-	-	-
Short-term bills	1.85%	0.71%	-	-	-	-	-
Other marketable securities	-	0.98%	-	-	-	-	3.67%
Held-to-maturity financial assets							
Government bonds	1.32%	1.31%	-	-	-	-	-
Financial bonds	2.27%	1.43%	-	-	1.95%	5.75%	-
Corporate bonds	1.92%	2.08%	-	-	-	-	-
Short-term bills	-	-	-	0.79%	-	-	-
Loans and advances							
Short-term loans	1.84%	2.01%	-	-	-	-	-
Mid-term loans	1.86%	2.22%	-	-	-	-	-
Long-term loans	2.20%	2.27%	-	-	-	-	-
Financial bonds payable	2.05%	-	-	-	-	-	-
Deposit							
Demand deposit	0.23%	0.04%	-	-	-	-	-
Time deposit	1.25%	0.85%	-	-	-	-	-
Convertible deposit	0.82%	-	-	-	-	-	-

K. Major financial assets and liabilities denominated in foreign currency

Unit: In thousands of foreign currency/ NTD

		December 31, 2012			December 31, 2011		
	Currency	Amount	Rate	NTD	Amount	Rate	NTD
Financial assets							
Monetary items	USD	11,728,794	29.0350	340,545,534	11,528,032	30.2750	349,011,138
	JPY	108,385,543	0.3360	36,417,542	88,337,891	0.3897	34,425,276
	AUD	912,033	30.1250	27,474,994	733,637	30.7450	22,555,670
	EUR	397,051	38.4500	15,266,611	507,113	38.2200	19,888,972
	GBP	266,539	46.7800	12,468,694	320,981	46.6800	14,983,393
	HKD	3,065,289	3.7460	11,482,573	3,133,967	3.8970	12,213,069
	CAD	372,666	29.1900	10,878,121	426,117	29.6700	12,642,891
	CNY	1,016,689	4.6580	4,735,737	604,868	4.7970	2,901,552
	SGD	112,617	23.7400	2,673,528	147,240	23.3000	3,430,692
	ZAR	263,466	3.4300	903,688	5,434	3.7100	20,160
Equity investments accounted for under the equity method							
	USD	98,038	29.0350	2,846,533	95,303	30.2750	2,885,286
Financial liabilities							
Monetary items	USD	14,217,935	29.0350	412,817,743	13,856,824	30.2750	419,515,347
	JPY	92,027,376	0.3360	30,921,198	85,050,235	0.3897	33,144,077
	AUD	758,496	30.1250	22,849,692	675,349	30.7450	20,763,605
	EUR	455,316	38.4500	17,506,900	515,582	39.2200	20,221,126
	GBP	323,328	46.7800	15,125,284	384,839	46.6800	17,964,284
	CAD	359,500	29.1900	10,493,805	455,501	29.6700	13,514,715
	HKD	2,355,194	3.7460	8,822,557	2,681,463	3.8970	10,449,661
	CNY	1,071,522	4.6580	4,991,149	552,133	4.7970	2,648,582
	NZD	130,888	23.8100	3,116,443	139,014	23.4100	3,254,318
	ZAR	809,553	3.4300	2,776,767	502,542	3.7100	1,864,431

Note: The information disclosed is based on the top 10 financial assets and financial liabilities denominated in foreign currency.

2) Disclosure in accordance with the Statement of Financial Accounting Standards (SFAS) No. 28

A. Non-performing loans and assets quality

(Expressed in thousands of New Taiwan Dollars; %)

Business／Items			December 31, 2012				
			Non-performing loans	Gross loans	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
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		778,902	378,581,540	0.21%	3,402,952	436.89%
	Cash cards		45	13,263	0.34%	418	928.89%
	Small amount of credit loans		20,011	5,768,072	0.35%	90,719	453.35%
	Others	Secured loans	-	8,155,713	0.00%	70,264	-
		Unsecured loans	352	119,519	0.29%	3,503	995.17%
Gross loan business			6,423,349	1,445,189,477	0.44%	15,992,260	248.97%
			Non-performing loans	Balance of accounts receivable	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card business			5,889	4,501,782	0.13%	117,487	1995.02%
Factoring receivable without recourse			-	19,504,599	-	113,812	-

(Expressed in thousands of New Taiwan Dollars; %)

Business／Items			December 31, 2011				
			Non-performing loans	Gross loans	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Corporate Banking	Secured loans		$ 2,801,563	$ 471,244,957	0.59%	$ 4,437,038	158.38%
	Unsecured loans		2,500,291	526,960,120	0.47%	6,303,228	252.10%
Consumer Banking	Residential mortgage loans		1,038,701	350,768,723	0.30%	2,994,521	288.29%
	Cash cards		36	20,836	0.17%	292	811.11%
	Small amount of credit loans		28,599	5,290,864	0.54%	96,367	336.96%
	Others	Secured loans	120	6,164,055	0.00%	47,359	39465.83%
		Unsecured loans	3,256	217,800	1.49%	6,925	212.68%
Gross loan business			6,372,566	1,360,667,355	0.47%	13,885,730	217.90%
			Non-performing loans	Balance of accounts receivable	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card business			5,547	4,208,541	0.13%	81,072	1461.55%
Factoring receivable without recourse			-	29,053,834	-	127,861	-

A-1. Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2012		December 31, 2011	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Performance in accordance with debt negotiation	$ 7,765	$ 89,738	$ 11,561	$ 117,214
Performance in accordance with debt repayment schedule and restructuring plan	42,561	106,597	35,854	103,678
Total	50,326	196,335	47,415	220,892

B. Profile of concentration of credit risk and credit extensions

December 31, 2012

(Expressed In Thousands of New Taiwan Dollars)

Ranking (Note)	Type of industry	Total outstanding loan amount	Total outstanding loan amount/net worth of the current year (%)
1	Plastic Sheets, Pipes and Tubes Manufacturing	35,307,471	28.20%
2	Liquid Crystal Panel and Components Manufacturing	21,324,316	17.03%
3	Visual Display and Terminal Service Manufacturing	19,906,942	15.90%
4	Air Transportation	14,809,316	11.83%
5	Iron and Steel Melting	11,949,502	9.54%
6	Unclassified Other Financial Intermediation	10,141,951	8.10%
7	Yarn Spinning Mills, Cotton	9,849,195	7.87%
8	Unclassified Other Financial Intermediation	9,077,580	7.25%
9	Auto Manufacturer	8,296,106	6.63%
10	Petrochemical Manufacturing	8,243,460	6.58%

December 31, 2011

(Expressed In Thousands of New Taiwan Dollars)

Ranking (Note)	Type of industry	Total outstanding loan amount	Total outstanding loan amount/net worth of the current year (%)
1	Plastic Sheets, Pipes and Tubes Manufacturing	32,796,286	28.11%
2	Visual Display and Terminal Service Manufacturing	21,278,610	18.24%
3	Liquid Crystal Panel and Components Manufacturing	16,257,306	13.93%
4	Iron and Steel Melting	14,642,236	12.55%
5	Yarn Spinning Mills, Cotton	14,446,475	12.38%
6	Civil Air Transportation	11,700,460	10.03%
7	Unclassified Other Financial Intermediation	9,173,794	7.86%
8	Private Finance	8,954,000	7.67%
9	Power Cable and Electric Cable Manufacturing	7,874,862	6.75%
10	Civil Air Transportation	7,715,699	6.61%

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

C. Sensitivity analysis of interest rate for assets and liabilities

Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2012

(Expressed in Thousands of New Taiwan Dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,405,692,000	12,923,000	33,650,000	91,290,000	1,543,555,000
Interest-rate-sensitive liabilities	439,202,000	787,900,000	91,701,000	40,962,000	1,359,765,000
Interest-rate-sensitive gap	966,490,000	(774,977,000)	(58,051,000)	50,328,000	183,790,000
Total stockholders' equity					125,206,342
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					113.52%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					146.79%

Note: The amounts listed above represent the items denominated in NT dollars (excluding foreign currency) for both head office and domestic branches, excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2012

(Expressed in thousands of US dollars, %)

Items	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
Total stockholders' equity					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 head office, domestic branches, and OBU, excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2011

(Expressed in Thousands of New Taiwan Dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,331,800,000	52,283,000	46,553,000	75,299,000	1,505,935,000
Interest-rate-sensitive liabilities	450,292,000	774,259,000	88,749,000	19,860,000	1,333,160,000
Interest-rate-sensitive gap	881,508,000	(721,976,000)	(42,196,000)	55,439,000	172,775,000
Total stockholders' equity					116,688,622
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					112.96%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					148.06%

Note: The amounts listed above represent the items denominated in NT dollars (excluding foreign currency) for both head office and domestic branches, excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2011

(Expressed in thousands of US dollars, %)

Items	1~90 days	91~180 days	181 days ~1 year	Over 1 year	Total
Interest–rate-sensitive assets	11,838,315	3,137,706	834,191	233,292	16,043,504
Interest–rate-sensitive liabilities	9,618,183	5,474,806	1,022,297	4,187	16,119,473
Interest-rate-sensitive gap	2,220,132	(2,337,100)	(188,106)	229,105	(75,969)
Total stockholders' equity					3,854,290
Ratio of interest–rate-sensitive assets to interest–rate-sensitive liabilities (%)					99.53%
Ratio of interest–rate–sensitive gap to stockholders' equity (%)					-1.97%

Note: The amounts listed above represent the items denominated in U.S. dollars for head office, domestic branches, and OBU, excluding contingent assets and contingent liabilities.

Note 1: Interest-rate-sensitive assets and liabilities are those interest earning assets and interest bearing liabilities, revenues and costs of which are sensitive to change in interest rates.

Note 2: Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities = Interest-rate-sensitive assets / interest-rate-sensitive liabilities.

Note 3: Interest-rate-sensitive gap = Interest-rate-sensitive assets − interest-rate-sensitive liabilities.

D. Profitability

		December 31,	
		2012	2011
Return on total assets (%)	Before tax	0.60	0.51
	After tax	0.51	0.43
Return on stockholders' equity (%)	Before tax	10.08	9.54
	After tax	8.58	8.12
Net profit margin ratio (%)		30.76	27.89

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 / Net revenues.

Note 4: The term "Income before (after) income tax" represents net income from January 1 to the reporting period of the balance sheet date.

E. Structure analysis of time to maturity

a. Structure analysis of NTD time to maturity

December 31, 2012

(Expressed in Thousands of New Taiwan Dollars)

	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	$ 1,724,381,501	$ 459,358,689	$ 174,486,379	$ 91,095,571	$ 178,857,569	$ 820,583,293
Primary funds 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)

December 31, 2011

(Expressed in Thousands of New Taiwan Dollars)

	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	$ 1,697,674,894	$ 431,240,874	$ 231,486,272	$ 145,130,486	$ 132,597,467	$ 757,219,795
Primary funds outflow upon maturity	1,996,862,080	216,992,787	245,787,995	171,208,673	257,439,307	1,105,433,318
Gap	(299,187,186)	214,248,087	(14,301,723)	(26,078,187)	(124,841,840)	(348,213,523)

Note: The amounts listed above represent the funds denominated in NT dollars only (excluding foreign currency) for both head office and domestic branches, excluding contingent assets and contingent liabilities.

b. Structure analysis of USD time to maturity

December 31, 2012

(Expressed in Thousands of US Dollars)

	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	$ 13,846,198	$ 4,067,702	$ 4,089,385	$ 1,983,494	$ 923,753	$ 2,781,864
Primary funds 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

December 31, 2011

(Expressed in Thousands of US Dollars)

	Total	1~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary funds inflow upon maturity	$ 13,586,573	$ 4,435,191	$ 4,972,036	$ 1,831,986	$ 520,478	$ 1,826,882
Primary funds outflow upon maturity	13,312,453	6,095,184	3,070,770	1,220,554	1,348,818	1,577,127
Gap	274,120	(1,659,993)	1,901,266	611,432	(828,340)	249,755

Note: The amounts listed above represent the funds denominated in U.S. dollars for head office, domestic branches, and OBU, excluding contingent assets and contingent liabilities.

F. Average value and average interest rates of interest-earning assets and interest-bearing liabilities

	2012	
Interest-earning assets	Average value	Average rate of return (%)
Due from the Central Bank	$ 73,195,588	0.34
Due from other banks (Note)	69,149,404	1.14
Financial assets at fair value through profit or loss	5,406,320	2.45
Credit card accounts receivable	1,315,744	16.03
Bills discounted and loans	1,389,224,995	2.14
Available-for-sale financial assets	58,924,277	1.35
Held-to-maturity financial assets	294,141,141	1.17
Other financial assets	16,134,668	1.06
Interest-bearing liabilities		
Due to the Central Bank	$ 44,418	-
Due to other banks	125,751,233	0.83
Funds borrowed from other banks	76,535	0.09
Financial bonds payable	477,403,279	2.02
Bills and bonds payable under repurchase agreements	5,955,027	0.86
Deposits	1,573,399,198	0.65
Negotiable certificates of deposit	12,073,784	0.92
Structured deposits	25,748,833	0.52

	2011	
Interest-earning assets	Average value	Average rate of return (%)
Due from the Central Bank	$ 74,976,513	0.35
Due from other banks (Note)	56,659,605	1.20
Financial assets at fair value through profit or loss	6,018,161	2.67
Investment in bills and bonds under resale agreements	1,492	0.47
Credit card accounts receivable	1,309,971	15.69
Bills discounted and loans	1,334,297,192	2.03
Available-for-sale financial assets	62,115,453	1.50
Held-to-maturity financial assets	332,281,960	1.07
Other financial assets	21,415,152	0.96
Interest-bearing liabilities		
Due to the Central Bank	$ 38,294	-
Due to other banks	131,875,089	0.99
Funds borrowed from other banks	102,594	0.16
Financial bonds payable	50,075,068	2.05
Bills and bonds payable under repurchase agreements	9,295,475	1.07
Deposits	1,568,053,221	0.61
Negotiable certificates of deposit	12,336,046	0.82
Structured deposits	25,039,062	0.70

Note: This represents due from other banks under “cash and cash equivalents” and call loans to banks and bank overdrafts under “due from the Central Bank and other banks”.

3) Net position for major foreign currency transactions

	December 31, 2012			December 31, 2011		
	Foreign Currency (in thousands)		NTD (in thousands)	Foreign Currency (in thousands)		NTD (in thousands)
Net position for major foreign currency transactions (Market risk)	CNY	748,954	3,488,630	CNY	53,434	256,324
	USD	98,879	2,870,953	USD	5,372	162,651
	HKD	73,234	274,335	HKD	12,766	49,749
	JPY	76,830	25,815	VND	32,585,333	48,878
	MOP	7,020	25,530	EUR	954	37,402

Note 1: The major foreign currencies are the top 5 currencies by position, which is expressed in New Taiwan dollars after exchange rate conversion.

Note 2: Net position represents an absolute value of each currency.

4) Trust assets and liabilities

(Expressed in thousands of New Taiwan Dollars)

December 31, 2012
Balance Sheet of Trust Accounts

Trust assets		Trust liabilities	
Bank deposits	$ 9,196,489	Payables-customers' securities under custody	$ 301,419,191
Bonds	65,087,646		
Stocks	97,745,741		
Mutual funds	210,373,388		
Real estate	9,018,277		
Net assets under collective management accounts	623,069		
Net assets under individual management accounts	13,377	Trust capital	391,906,852
Customers' securities under custody	301,419,191	Accumulated profit or loss	151,135
Total	$ 693,477,178	Total	$ 693,477,178

Property List of Trust Accounts

Investment items	Book value
Bank deposits	$ 9,196,489
Bonds	65,087,646
Stocks	97,745,741
Mutual funds	210,373,388
Real estate	9,018,277
Net assets under collective management accounts	623,069
Net assets under individual management accounts	13,377
Customers’ securities under custody	301,419,191
Total	$ 693,477,178

(Expressed in thousands of New Taiwan Dollars)

For the year ended December 31, 2012

Income Statement of Trust Accounts

Trust revenues	
Interest income	$ 976
Cash dividends income	792
Realized gain on bonds	102,257
Realized gain on stocks	4,478
Realized gain on mutual funds	943,603
Other income	845
Total trust revenues	1,052,951
Trust expenses	
Management fee	1,176
Service fee	269
Realized loss on bonds	227,088
Realized loss on stocks	21,780
Realized loss on mutual funds	2,181,843
Total trust expenses	2,432,156
Net loss before tax (net investment loss)	(1,379,205)
Income tax expense	-
Net loss after tax	($ 1,379,205)

(Expressed in thousands of New Taiwan Dollars)

December 31, 2011

Balance Sheet of Trust Accounts

Trust assets		Trust liabilities	
Bank deposits	$ 6,430,737	Payables-customers' securities under custody	$ 292,529,102
Bonds	52,100,812		
Stocks	102,672,471		
Mutual funds	202,369,790		
Real estate	7,865,003		
Net assets under collective management accounts	922,808		
Net assets under individual management accounts	12,109	Trust capital	372,177,381
Customers' securities under custody	292,529,102	Accumulated profit or loss	196,349
Total	$ 664,902,832	Total	$ 664,902,832

Property List of Trust Accounts

Investment items	Book value
Bank deposits	$ 6,430,737
Bonds	52,100,812
Stocks	102,672,471
Mutual funds	202,369,790
Real estate	7,865,003
Net assets under collective management accounts	922,808
Net assets under individual management accounts	12,109
Customers' securities under custody	292,529,102
Total	$ 664,902,832

(Expressed in thousands of New Taiwan Dollars)

For the year ended December 31, 2011

Income Statement of Trust Accounts

Trust revenues	
Interest income	$ 975
Cash dividends income	823
Realized gain on bonds	83,762
Realized gain on stocks	6,884
Realized gain on mutual funds	994,782
Total trust revenues	1,087,226
Trust expenses	
Management fee	1,108
Service fee	512
Realized loss on bonds	200,839
Realized loss on stocks	829
Realized loss on mutual funds	2,835,449
Other expenses	4,588
Total trust expenses	3,043,325
Net loss before tax (net investment loss)	(1,956,099)
Income tax expense	-
Net loss after tax	($ 1,956,099)

5) Capital adequacy ratio (expressed in thousands of New Taiwan Dollars, %)

			December 31, 2012	December 31, 2011
Capital	Tier 1 capital		$ 109,115,755	$ 99,299,574
	Tier 2 capital		40,246,164	31,859,227
	Tier 3 capital		-	-
	Total eligible capital		149,361,919	131,158,801
Total risk-weighted assets	Credit risk	Standardized approach	1,224,751,698	1,132,381,132
		Internal ratings-based approach	-	-
		Securitization	233,462	385,067
	Operational risk	Basic indicator approach	52,488,197	48,997,525
		Standardized approach/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	19,686,227	16,818,553
		Internal model approach	-	-
	Total risk-weighted assets		1,297,159,584	1,198,582,277
Capital adequacy ratio			11.51%	10.94%
Tier 1 ratio			8.41%	8.28%
Tier 2 ratio			3.10%	2.66%
Tier 3 ratio			-	-
Ratio of common stock to total assets			3.05%	2.90%
Gearing ratio			5.36%	5.57%

6) Implementation of cross-selling marketing strategies implemented between the Bank and its subsidiaries, FFHC and its subsidiaries

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.

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 Leasing (Suzhou) Co., Ltd.
        100% owned
  - First Insurance Agency Co., Ltd.
    100% owned

December 31, 2012

Key Figures

As of and for the year ended December 31, 2012

(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	13,741,606	10,895,073	2,846,533	139,756	75,392	10.77
FCB Leasing Co., Ltd.	1,000,000	6,824,232	5,564,304	1,259,928	87,874	116,122	1.16
FCBL Capital Int'l (B.V.I.) Ltd.	582,404	1,633,801	890,795	743,006	19,417	36,631	1.83
FCB Leasing (Suzhou) Co., Ltd.	580,784	1,558,531	939,613	618,918	23,022	17,215	-
First Insurance Agency Co., Ltd.	50,000	411,084	162,293	248,791	164,162	138,976	27.80

Domestic Offices Appointed to Conduct Foreign Exchange Business

International Banking Division
3 & 4 Fl. 30, Chung King S. Rd., Sec. 1,
Taipei 100-05, Taiwan
Tel: 886-2-2348-1111
SWIFT: FCBKTWTP

Business Division
1 & 2 Fl. 30, Chung King S. Rd., Sec. 1,
Taipei 100-05, Taiwan
Tel: 886-2-2348-1111

An-Ho Branch
184, Hsin Yi Rd., Sec. 4,
Taipei 106, Taiwan
Tel: 886-2-2325-6000

Chang-Chun Branch
169, Fu Hsin N. Rd.,
Taipei 105, Taiwan
Tel: 886-2-2719-2132

Chang-Hua Branch
48, Ho Ping Rd., Chang Hua City,
Chang Hua County 500, Taiwan
Tel: 886-4-723-2161

Chang-Tai Branch
99, Chung Hsin Rd., Sec. 2,
San Chung Dist.,
New Taipei City 241, Taiwan
Tel: 886-2-2988-4433

Cheng-Tung Branch
103, Nanking E. Rd., Sec. 3,
Taipei 104, Taiwan
Tel: 886-2-2506-2881

Chia-Yi Branch
307, Chung Shan Rd.,
Chia Yi City 600, Taiwan
Tel: 886-5-227-2111

Chien-Cheng Branch
40, Cheng Teh Rd., Sec. 1,
Taipei 102, Taiwan
Tel: 886-2-2555-6231

Chien-Kuo Branch
161, Min Sheng E. Rd., Sec. 2,
Taipei 104, Taiwan
Tel: 886-2-2506-0110

Chung-Ho Branch
152, Chung Shan Rd., Sec. 2,
Chung Ho Dist., New Taipei City 235,
Taiwan
Tel: 886-2-2249-5011

Chung-Hsiao-Road Branch
94, Chung Hsiao E. Rd., Sec. 2,
Taipei 100, Taiwan
Tel: 886-2-2341-6111

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60-7, Taichung Kang Rd., Sec. 2,
Taichung 407, Taiwan
Tel: 886-4-2313-6111

Chung-Li Branch
146, Chung Cheng Rd., Chung Li City,
Tao Yuan County 320, Taiwan
Tel: 886-3-422-5111

Chung-Lun Branch
188, Nanking E. Rd., Sec. 5,
Taipei 105, Taiwan
Tel: 886-2-2760-6969

Chung-Shan Branch
61, Chung Shan N. Rd., Sec. 2,
Taipei 104, Taiwan
Tel: 886-2-2521-1111

Dapinglin Branch
82, Min Chuan Rd.,
Hsin Tien Dist.,
New Taipei City 231, Taiwan
Tel: 886-2-2218-4651

Dou-Liu Branch
16, Tai Ping Rd.,
Dou Liu City,
Yunlin County 640, Taiwan
Tel: 886-5-532-4311

Feng-Yuan Branch
423, Chung Shan Rd., Feng Yuan Dist.,
Taichung 420, Taiwan
Tel: 886-4-2522-5111

Fu-Hsing Branch
36-10, Fu Hsing S. Rd., Sec. 1,
Taipei 104, Taiwan
Tel: 886-2-2772-2345

Ho-Ping Branch
151, Ho Ping E. Rd., Sec. 2,
Taipei 106, Taiwan
Tel: 886-2-2703-5111

Hsi-Chih Branch
280, Ta Tung Rd., Sec. 1, Hsi Chih Dist.,
New Taipei City 221, Taiwan
Tel: 886-2-2647-1688

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SWIFT: FCBKTWTP301

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Hsin-Chu 300, Taiwan
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Hsin-Chuang Branch
316, Chung Cheng Rd.,
Hsin Chuang Dist.,
New Taipei City 243, Taiwan
Tel: 886-2-2992-9001

Hsin-Hsing Branch
17, Chung Cheng 4th Rd.,
Kaohsiung 800, Taiwan
Tel: 886-7-271-9111

Hsin-Tien Branch
134, Chung Hsing Rd., Sec. 3,
Hsin-Tien Dist., New Taipei City 231,
Taiwan
Tel: 886-2-2918-1835

Hsin-Wei Branch
368, Fu Hsin S. Rd., Sec. 1,
Taipei 106, Taiwan
Tel: 886-2-2755-7241

Hsin-Yi Branch
168, Hsin Yi Rd., Sec. 2,
Taipei 106, Taiwan
Tel: 886-2-2321-6811

Hua-Chiang Branch
329, Wen Hua Rd., Sec. 1,
Pan Chiao Dist.,
New Taipei City 220, Taiwan
Tel: 886-2-2257-8091

Hua-Shan Branch
22, Chang An E. Rd., Sec. 1,
Taipei 104, Taiwan
Tel: 886-2-2536-8111

Jen-Ho Branch
376, Jen Ai Rd., Sec. 4,
Taipei 106, Taiwan
Tel: 886-2-2755-6556

Kang-Shan Branch
275, Kang Shan Rd., Kang Shan Dist.,
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Kaohsiung Branch
28, Min Chuan 1st Rd., Kaohsiung 802
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SWIFT: FCBKTWTP701

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Ku-Ting Branch
95, Roosevelt Rd., Sec. 2,
Taipei 106, Taiwan
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Kwang-Fu Branch
16, Kwang Fu N. Rd.,
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Tel: 886-2-2577-3323

Ling-Ya Branch
61, Wu Fu 3rd Rd.,
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Tel: 886-7-282-2111

Lu-Kang Branch
301, Chung Shan Rd., Lu-Kang Town,
Chang Hua County 505, Taiwan
Tel: 886-4-777-2111

Min-Chuan Branch
365, Fu Hsin N. Rd.,
Taipei 105, Taiwan
Tel: 886-2-2719-2009

Min-Sheng Branch
131, Min Sheng E. Rd., Sec. 3,
Taipei 105, Taiwan
Tel: 886-2-2713-8512

Nan-Taichung Branch
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Taichung 401, Taiwan
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Nanking-East-Road Branch
125, Nanking E. Rd., Sec. 2,
Taipei 104, Taiwan
Tel: 886-2-2506-2111

Nei-Hu Branch
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Taipei 114, Taiwan
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Neihu-Science-Park Branch
388, Nei-Hu Rd., Sec. 1,
Taipei 114, Taiwan
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Pa-Teh Branch
3, Tun Hua S. Rd., Sec. 1,
Taipei 105, Taiwan
Tel: 886-2-2579-3616

Pan-Chiao Branch
107, Szu Chuan Rd., Sec. 1,
Pan Chiao Dist.,
New Taipei City 220, Taiwan
Tel: 886-2-2961-5171

Pei-Tun Branch
696, Wen Hsin Rd., Sec. 4,
Taichung 406, Taiwan
Tel: 886-4-2236-6111

Ping-Tung Branch
308, Ming Sheng Rd., Ping Tung City,
Ping Tung County 900, Taiwan
Tel: 886-8-732-5111

San-Chung-Pu Branch
70, San Ho Rd., Sec. 3,
San Chung Dist.,
New Taipei City 241, Taiwan
Tel: 886-2-2982-2111

Sha-Lu Branch
355, Chung Shan Rd., Sha Lu Town,
Taichung County 433, Taiwan
Tel: 886-4-2662-1331

Shih-Lin Branch
456, Chung Cheng Rd.,
Taipei 111, Taiwan
Tel: 886-2-2837-0011

Shih-Mao Branch
65, Tun Hua S. Rd., Sec. 2,
Taipei 106, Taiwan
Tel: 886-2-2784-9811

Sung-Chiang Branch
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Taipei 104, Taiwan
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Sung-Shan Branch
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Taipei 105, Taiwan
Tel: 886-2-2767-4111

Ta-An Branch
382, Hsin Yi Rd., Sec. 4,
Taipei 110, Taiwan
Tel: 886-2-2755-6811

Ta-Chia Branch
361, Shun Tien Rd., Ta Chia Dist.,
Taichung 437, Taiwan
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Taichung Branch
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Tainan Branch
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SWIFT: FCBKTWTP601

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Taichung 412, Taiwan
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Tao-Yuan Branch
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Tao Yuan County 330, Taiwan
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Ta-Tao-Cheng Branch
63, Ti Hua St., Sec. 1,
Taipei 103, Taiwan
Tel: 886-2-2555-3711

Ta-Tung Branch
56, Chung King N. Rd., Sec. 3,
Taipei 103, Taiwan
Tel: 886-2-2591-3251

Tun-Hua Branch
267, Tun Hua S. Rd., Sec. 2,
Taipei 106, Taiwan
Tel: 886-2-2736-2711

Tung-Men Branch
216, Tung Men St.,
Hsin Chu 300, Taiwan
Tel: 886-3-524-9211

Yen-Chi Branch
289, Chung Hsiao E. Rd., Sec. 4,
Taipei 106, Taiwan
Tel: 886-2-2731-5741

Yuan-Lin Branch
26, Yu-Ying Rd., Yuan Lin Town,
Chang Hua County 510, Taiwan
Tel: 886-4-832-8811

Yuan-Shan Branch
53, Min Chuan W. Rd.,
Taipei 104, Taiwan
Tel: 886-2-2597-9234

Yun-Ho Branch
161, Chung Cheng Rd.,
Tainan 700, Taiwan
Tel: 886-6-223-1141

Yung-Chun Branch
400, Chung Hsiao E. Rd., Sec. 5,
Taipei 110, Taiwan
Tel: 886-2-2720-8696

Business Network

Name of Office	Location
▪ Business Division	Taipei
▪ An-Ho	Taipei
▪ Chang-Chun	Taipei
▪ Cheng-Tung	Taipei
▪ Chien-Cheng	Taipei
▪ Chien-Kuo	Taipei
Chi-Lin	Taipei
Chien-Tan	Taipei
Ching-Mei	Taipei
▪ Chung-Hsiao-Road	Taipei
▪ Chung-Lun	Taipei
▪ Chung-Shan	Taipei
▪ Fu-Hsing	Taipei
▪ Ho-Ping	Taipei
Hsi-Men	Taipei
Hsin-Hu	Taipei
Hsin-Sheng	Taipei
▪ Hsin-Wei	Taipei
Hsin-Ya	Taipei
▪ Hsin-Yi	Taipei
▪ Hua-Shan	Taipei
Jen-Ai	Taipei
▪ Jen-Ho	Taipei
Kung-Kuan	Taipei
▪ Ku-Ting	Taipei
▪ Kwang-Fu	Taipei
Kwang-Lung	Taipei
▪ Min-Chuan	Taipei
▪ Min-Sheng	Taipei
Mu-Cha	Taipei
Nan-Kang	Taipei
▪ Nanking-East-Road	Taipei
Nan-Men	Taipei
▪ Nei-Hu	Taipei
▪ Neihu-Science-Park	Taipei
▪ Pa-Teh	Taipei
Pei-Tou	Taipei
▪ Shih-Lin	Taipei
▪ Shih-Mao	Taipei
Shih-Pai	Taipei
Shuang-Yuan	Taipei
▪ Sung-Chiang	Taipei
▪ Sung-Shan	Taipei
Sung-Mao	Taipei
▪ Ta-An	Taipei
Ta-Chih	Taipei
▪ Ta-Tao-Cheng	Taipei
▪ Ta-Tung	Taipei
Tien-Mu	Taipei
▪ Tun-Hua	Taipei
Tung-Hu	Taipei
Wan-Hua	Taipei
Wan-Lung	Taipei
▪ Yen-Chi	Taipei
▪ Yuan-Shan	Taipei
▪ Yung-Chun	Taipei
▪ Chang-Tai	New Taipei
▪ Chung-Ho	New Taipei
Chung-Yang	New Taipei
Dan-Feng	New Taipei
Dan-Shui	New Taipei
▪ Dapinglin	New Taipei
▪ Hsi-Chih	New Taipei
Hsi-Ko	New Taipei
▪ Hsin-Chuang	New Taipei
▪ Hsin-Tien	New Taipei
Hsing-Fu	New Taipei
▪ Hua-Chiang	New Taipei
Jiangzicui	New Taipei
Jui-Fang	New Taipei
Lien-Cheng	New Taipei
Lu-Chou	New Taipei
▪ Pan-Chiao	New Taipei
Pu-Chien	New Taipei
▪ San-Chung-Pu	New Taipei
Shuang-Ho	New Taipei
Shu-Lin	New Taipei
Tai-San	New Taipei
Tou-Chien	New Taipei
Tu-Cheng	New Taipei
Wu-Ku	New Taipei
Wu-Ku Ind. Zone	New Taipei
Ying-Ko	New Taipei
Yung-Ho	New Taipei
▪ Keelung	Keelung
Shao-Chuan-Tou	Keelung
I-Lan	I Lan
Lo-Tung	I Lan
Su-Ao	I Lan
Chung-Cheng	Taoyuan
Pei-Tao	Taoyuan
▪ Tao-Yuan	Taoyuan
▪ Chung-Li	Taoyuan
Hsi-Li	Taoyuan
Nei-Li	Taoyuan
Ping-Cheng	Taoyuan
Hui-Lung	Taoyuan
Lin-Kou	Taoyuan
Nan-Kan	Taoyuan
Lung-Tan	Taoyuan
Ta-Nan	Taoyuan
Ta-Hsi	Taoyuan
Ta-Yuan	Taoyuan
Chu-Pei	Hsinchu
Chu-Tung	Hsinchu
▪ Hsin-Chu	Hsinchu
▪ Hsinchu-Science-Park	Hsinchu
Kuan-Hsi	Hsinchu
▪ Tung-Men	Hsinchu
Chu-Nan	Miaoli
Miao-Li	Miaoli
Tou-Fen	Miaoli
Chin-Hua	Taichung
Ching-Shui	Taichung
▪ Chung-Kang	Taichung
▪ Feng-Yuan	Taichung
▪ Nan-Taichung	Taichung
Nan-Tun	Taichung
Pei-Taichung	Taichung
▪ Pei-Tun	Taichung
▪ Sha-Lu	Taichung
▪ Ta-Chia	Taichung
▪ Taichung-Science-Park	Taichung
▪ Ta-Li	Taichung
Ta-Ya	Taichung
▪ Taichung	Taichung
Tai-Ping	Taichung
Tung-Shih	Taichung
Nan-Tou	Nantou
Pu-Li	Nantou
Tsao-Tun	Nantou
▪ Chang-Hua	Changhua
Ho-Mei	Changhua
Hsi-Hu	Changhua
▪ Lu-Kang	Changhua
Pei-Dou	Changhua
▪ Yuan-Lin	Changhua
▪ Chia-Yi	Chiayi
Hsing-Chia	Chiayi
Pu-Tzu	Chiayi
Hsi-Lo	Yunlin
Hu-Wei	Yunlin
▪ Dou-Liu	Yunlin
Pei-Kang	Yunlin
An-Nan	Tainan
Chia-Li	Tainan
Chih-Kan	Tainan
Chin-Cheng	Tainan
Chu-Hsi	Tainan
Fu-Chiang	Tainan
Hsin-Hua	Tainan
Hsin-Ying	Tainan
Kuei-Jen	Tainan
Ma-Tou	Tainan
Shan-Hua	Tainan
▪ Tainan	Tainan
Tainan-Science-Park	Tainan
Ta-Wan	Tainan
Yen-Shui	Tainan
▪ Yun-Ho	Tainan
Yung-Kang	Tainan
Chi-Shan	Kaohsiung
Chien-Cheng	Kaohsiung
Ding-Tai	Kaohsiung
Feng-Shan	Kaohsiung
Hsiao-Kang	Kaohsiung
▪ Hsin-Hsing	Kaohsiung
▪ Kang-Shan	Kaohsiung
▪ Kaohsiung	Kaohsiung
Lin-Yuan	Kaohsiung
▪ Ling-Ya	Kaohsiung
Lu-Chu	Kaohsiung
Nan-Tzu	Kaohsiung
Po-Ai	Kaohsiung
San-Min	Kaohsiung
Shih-Chuan	Kaohsiung
Tso-Ying	Kaohsiung
Tzu-Beng	Kaohsiung
Wan-Nei	Kaohsiung
Wu-Chia	Kaohsiung
Wu-Fu	Kaohsiung
Yen-Cheng	Kaohsiung
Chao-Chou	Pingtung
Heng-Chun	Pingtung
▪ Ping-Tung	Pingtung
Tung-Kang	Pingtung
Wan-Luan	Pingtung
Hua-Lien	Hualien
Tai-Tung	Taitung
Peng-Hu	Penghu

▪ Office appointed to conduct foreign exchange business

Overseas Network

Overseas Branches

- **Brisbane Branch**
  Mezzanine Fl., 199 George Street
  Brisbane QLD 4000, Australia
  Tel: 61-7-3211-1001
  Fax: 61-7-3211-1002

- **Guam Branch**
  330, Hernan Cortes Ave.
  Hagatna, Guam 96910 U.S.A.
  P.O.Box 2461, Hagatna, Guam
  Tel: 1-671-472-6864
  Fax: 1-671-477-8921

- **Hanoi Branch**
  8 Fl., Charmvit Tower
  117 Tran Duy Hung Road
  Trung Hoa Ward, Cau Giay District
  Hanoi City, Vietnam
  Tel: 84-43-9362-111
  Fax: 84-43-9362-112

- **Ho Chi Minh City Branch**
  21 Fl., A&B Tower
  76A Le Lai Street, District 1
  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
  Fax: 852-2526-2900

- **London Branch**
  Bowman House, 29, Wilson Street
  London EC2M 2SJ, U.K.
  Tel: 44-20-7417-0000
  Fax: 44-20-7417-0011

- **Los Angeles Branch**
  600, Wilshire Blvd., Suite 800
  Los Angeles, CA 90017, U.S.A.
  Tel: 1-213-362-0200
  Fax: 853-2872-2772

- **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**
  34 Fl., 750, Third Avenue
  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, 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
  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

- **Toronto Branch**
  5000 Yonge Street, Suite 1803
  Toronto, ON M2N 7E9, Canada
  Tel: 1-416-250-8788
  Fax: 1-416-250-8081

- **Vancouver Branch**
  Suite 100-5611, Cooney Road
  Richmond, BC V6X 3J6, Canada
  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., #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., #150
  City of Industry, CA 91748, U.S.A.
  Tel: 1-626-964-1888
  Fax: 1-626-964-0066

- **Fremont Branch**
  46691, Mission Blvd., #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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